



صندوق النقد العربي  
ARAB MONETARY FUND

# ANNUAL REPORT 2022







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Arab Monetary Fund  
April 2023



**Contact Details:**

**Economic Department:**

**Arab Monetary Fund**

**P.O. BOX: 2818**

**Abu Dhabi – UAE**

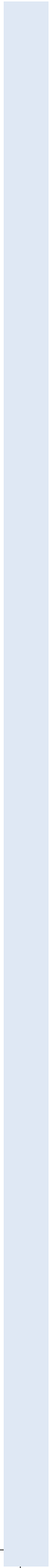
**Telephone: (+971) 62150002**

**E-mail: [economic@amf.org.ae](mailto:economic@amf.org.ae)**

**Official Website: <http://www.amf.org.ae>**



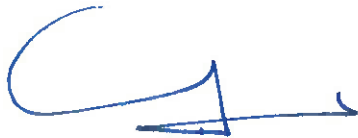
Content	Page
- Introduction .....	III
- Director General, Chairman’s Message .....	IV
- About the Arab Monetary Fund .....	01
- AMF's Activities Summary during 2022 .....	13
- The AMF's Lending Activities .....	16
- Technical Assistance Activities Provided by the AMF to the Member Countries ....	23
- Research Activities and Publications .....	26
- Meetings, Conferences, Seminars and Workshops .....	34
- The AMF's Activities within the Initiatives Framework .....	47
- Activities to Support the Development of the Financial and Banking Sector in the Arab countries .....	49
- The AMF's Activity in the Field of Training, and Capacity Building .....	51
- The AMF's Investment Activity .....	53
- Arab Trade Financing Program (ATFP) Activities .....	57
- “Buna” Payment system .....	59
- The AMF's Consolidated Financial Position as of 31 December 2022 .....	62
- The Consolidated Financial Statements and External Auditors' Report 2022.....	68
- Organizational and Management Structure .....	110
- Appendices .....	115



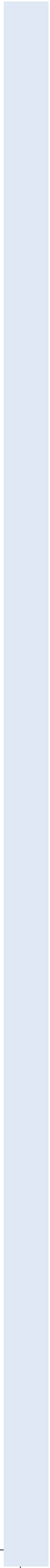
## Introduction

The annual report of the Arab Monetary Fund (AMF) is prepared as stipulated in Article 33 of AMF's Articles of Agreement. The report provides a summary of the AMF's activities and financial position for the year ended December 31<sup>st</sup>, 2022, including financial and technical support through lending and technical assistance to its member countries. The AMF's activities also contribute to developing the monetary, financial, and banking sector in Arab countries. Additionally, the AMF builds and develops the capacity of Arab officials' authorities, including the Ministries of Finance, Planning, Economy, and Trade, in addition to the Central Banks & Arab monetary institutions, and the official Statistical Bureaus through the training courses, workshops, and seminars organized by AMF Training and Capacity Building Institute (TCBI).

The Report also reviews research activities, including economic, financial, and monetary studies, reports, statistical bulletins, booklets, brochures, and manuals. Furthermore, the Report includes the activities and events organized by the AMF in the economic, monetary, financial, and statistical fields with a view to exploring solutions and proposals for the various challenges faced by Arab economies and exchanging views and experiences on contemporary economic issues, which contributes to supporting economic development efforts in the Arab countries, especially the financial and banking sectors and the government finance. The Report sheds light on the AMF's initiatives to address the technical support needs of its Member Countries, developing the infrastructure of financial, monetary, banking, and statistical systems in Arab countries. Moreover, the Report states the developments in the AMF's investment activity in accordance with Article 5 of its Articles of Agreement and its activities in supporting external Arab trade.



**Abdulrahman A. Al Hamidy**  
**Director General**  
**Chairman of the Board of Executive Directors**



## Message of the Director General, Chairman of the Board

Global economic activity experienced a widespread slowdown in 2022, accompanied by relatively high levels of inflation, prompting most countries of the world to tighten monetary conditions. These developments unfolded against the backdrop of unfavorable international conditions, including disruptions on supply chains and prices of basic materials in international markets, particularly energy and food products, as well as the ongoing repercussions of the Covid-19 pandemic in several countries.

The global economy had been relatively recovering from the pandemic's repercussions until tensions erupted in Europe, which were reflected not only on the European continent but also on the entire global economy and resulted in adverse effects that led to a slowdown in growth in many economies worldwide, with the possibility that some of them would witness an indefinite contraction.

The European continent's developments exacerbated the global economy's unfavorable conditions for some time, as it experienced a number of challenges, most notably relatively high levels of inflation and the subsequent successive waves of raising interest rates with the objective of reducing inflation to the target level, in addition to the negative implications of rising global energy prices caused by lack of understanding of the importance of improving energy security, which can be regarded as one of the major contributors of production declines in a number of countries worldwide and an increase in the prices of most goods, particularly food. Thus, inflation is expected to persist more extended period. On a related context, the global stock and bond markets have suffered relatively significant losses since the beginning of 2022, amounting to about USD 30 trillion, as these markets have witnessed a decline since the beginning of the year, driven by investor uncertainty concerning global economic prospects, considering global trends towards tightening monetary policy.

in light of the above developments, projections indicate that global growth will decrease from 6.0 percent in 2021 to about 3.4 percent in 2022. The decline is projected to continue during 2023, reaching about 2.9 percent. Global trends are likely to have varying effects on the economies of different groups of countries and regions. Economic growth is expected to decline in the major economies with the largest contribution to global growth, such as the USA, China, and EU countries. Regarding the emerging and developing countries, it is expected that the need for fiscal and monetary policies supportive of economic recovery processes will persist, as growth in those countries is expected to slow from 6.6 percent in 2021 to 3.9 percent in 2022 and 4.0 percent in 2023, which are rates lower than the economic growth rate achieved by these countries prior to the pandemic, which averaged about 5.5 percent over the previous decade.

With regard to global inflation, the inflationary wave that the world witnessed in 2022, is expected to continue at least through the first half of 2023, due to the continued shortage in supply and production as a result of global supply chain evolutions. This resulted in irregular supply operations of some basic commodities and low consumer goods stocks even in developed countries, which may lead to structural supply challenges and delays in supplying raw materials to producers due to delayed shipments and transportation.

This eventually contributes to a relative slowdown in production and a decline in producers' ability to meet global demand. In the same context, these challenges may pose a real threat to developing and low-income countries, weakening their ability to achieve food security. The number of people suffering from food insecurity worldwide exceeded 227 million in 2022, with 80 percent living in developing and low-income countries. Furthermore, the economic policies pursued by advanced economies, particularly monetary policies, to meet the challenges of the inflation crisis may transfer the crisis to developing economies, resulting in a double inflationary wave in these economies, particularly with expectations of persistent inflation to longer time frames than expected.

On the other hand, tightening monetary policy to contain inflation may exacerbate poor financial conditions in developing countries and emerging market economies. It may also increase debt sustainability challenges in these economies, particularly due to the significant decrease in fiscal space after more than three years of the outbreak of the Covid-19 pandemic, further to the procedures and measures required to protect vulnerable groups. From this perspective, the importance of improving governments' ability in low-income countries to create an appropriate fiscal space to help mitigate the effects of inflation by improving and developing social security networks.

The alignment of fiscal and monetary policies is important to mitigate the effects of high inflation and high financing costs in a way that enhances financial stability, maintains a suitable fiscal space to confront the implications of crises, and provides protection for the household sector and companies, particularly small ones. In this regard, the vital and effective role of fiscal policy is clear in the areas of improving the investment environment and productivity through improving human capital, digitization, and investment in energy production from all resources, particularly renewable, and diversifying supply chains, in a way that contributes to increasing the degree of flexibility of economies and enhancing their capacities to confront the ramifications of crisis.

With regard to global debt, the world's debt expansion since the beginning of 2020 has caused the global debt stock to reach unprecedented levels since World War II. It amounted to more than USD 226 trillion by the end of 2022, and accounts for more than 256 percent of the total global GDP, which was primarily driven by an increase in government borrowing. The government debt rose from 70 percent to about 124 percent of GDP. Moreover, private debt increased at a slower pace, from 164 percent to 178 percent of GDP by the end of 2022.

It is noted that the severity of the debt crisis has increased in developing and emerging countries, most of which struggle financially in servicing their debts. In addition, the fragility of the economies of some of these countries may increase the possibility that they will not

be able to fulfill their financial obligations without default. This makes the debt level one of the most significant challenges that may impede its economic recovery, given the continued unfavorable economic outlook and the high cost of debt servicing as global interest rates rise.

Against this backdrop, there is an urgent need to develop appropriate and effective debt settlement mechanisms, as well as to intensify international and regional efforts to implement the G20's common framework for debt treatment, broaden the scope of coordination among creditors, and increase contributions from developed countries to low-income countries to help them bridge the financing gap.

Although the allocation of Special Drawing Rights in 2021 contributed to enhancement of reserves and meeting urgent needs, unfavorable developments and the indirect effects of global developments resulted in a significant decrease in precautionary reserves, there may be a need for more voluntary guidance of Special Drawing Rights and additional financing from additional donors to tackle the challenges encountered by low-income countries and emerging market economies.

Regarding the international trade, it is crucial to boost efforts to achieve food security by reducing restrictive practices and lifting restrictions on food and fertilizer exports in accordance with World Trade Organization commitments, and on a broader scale, protecting and strengthening the multilateral trading system.

It is noteworthy that the coincidence of the energy crisis with an increase in natural disasters represents an additional challenge that necessitates combined global and regional efforts to assist developing economies in their attempts to mitigate the economic, health, and social impacts of climate change. It may also necessitate intensifying measures to adapt the effects of climate change, as well as increasing investments in the production of all types of energy, particularly renewable energy, and infrastructure, in addition to developing national action plans that prioritize reforms aimed at strengthening economies' resilience to future climate-change-related challenges and providing fundamental data and requirements for achieving energy security.

This confirms the urgent need for global cooperation to assist countries most affected by shocks, particularly low-income countries. These countries face challenges in terms of food security, a decline in capital flows, a rise in debt and interest rates, and the effects of all these factors on financial stability. This necessitates immediate help to these countries who lack the capacity to address the previous challenges, owing to the restricted fiscal space, as well as assistance they need in the context of debt restructuring.

It is worth noting that the IMF managed, with the assistance of several international partners, to meet the urgent and growing needs of many countries worldwide by activating the new Resilience and Sustainability Trust (RST) and creating a new financing window for food aid. This will contribute to supporting member countries facing urgent balance of payments needs related to food security challenges, a step that may be useful to be guided by other international and development institutions, keeping in mind that time is not on the side of the

affected countries, the longer the wait, the more expensive the work will become and may be less feasible.

It is also important to note that the rise in inflation rates and subsequent monetary tightening by central banks may result in inability to improve the low level of real incomes and may make achieving macroeconomic stability more difficult, in addition to the growing possibility of the global economy heading towards unfavorable levels of growth, particularly if the tightening measures implemented by central banks do not contribute to achieving their desired goals in the foreseeable future.

Similarly, it is appropriate to work on escalating human capital investment to improve productive capacities, expand digitization, boost energy production from all sources, particularly renewable ones, and diversify supply chains, as these factors contribute to economies becoming more adaptable to the prospect of future crises. Strengthening social safety nets, on the other hand, would aid in addressing a broad spectrum of challenges, including unemployment and poverty.

Modern technologies and big data analysis tools have become critical factors for policymakers and central banks when developing and implementing macroeconomic policies, enabling them to collect and analyze various types of economic data quickly and efficiently, and understand changes in aggregate demand, prices, and effects in real time, in addition to their significance in contributing to the more effective decision-making process.

Accordingly, it may be important to emphasize the relevance of the infrastructure required for the production and analysis of big data, as well as the critical role of training programs and capacity building for human cadres to enable them to cope with big data concerns. In this regard, investing in new technology, such as digital technologies and artificial intelligence, may help to drive growth in emerging markets. For example, Emerging markets that are focused on updating physical infrastructure to speed the deployment of 5G technology are likely to gain more from these trends.

It is noteworthy that non-traditional types of financial services are projected to play a critical and effective role in achieving economic growth through the innovative solutions they provide in markets where banks provide insufficient services. Moreover, the introduction of new payment methods will also accelerate the expansion of digital transfer channels between individuals, businesses, and governments.

In the same context, there is a pressing need than ever for greater vigilance and focus on macroprudential policies to protect against the increasing systemic risks associated with the government sector's, corporate sectors, and family sector's high indebtedness, particularly with the rising interest rates and expectations of a decline in economic activity in 2023. It will also be critical to examine the risks associated with financial technology and crypto assets, particularly the risks to which individuals and financial institutions may be exposed, directly or indirectly.

Climate change threats occupy a significant portion of the concerns of Arab decision-makers and policymakers, as many Arab countries confront challenges because of high temperatures and drought, as well as the damages that arise from these obstacles, the most significant of



which are: Poor agricultural yield, widespread desertification, and internal migration from the countryside to cities. In this regard, it may be important to focus on issues related to climate change, such as global warming, melting Arctic ice, drought, and floods, given their increasing frequency in recent years, which necessitates greater efforts to identify their causes, economic ramifications, and ways to confront them.

In this regard, the AMF pays special attention to the circular carbon economy and its economic significance, which is one of the most important innovative solutions for managing carbon dioxide emissions, supporting efforts to achieve carbon neutrality, and addressing the risks of climate change, through techniques of capturing, storing, and using Carbon Dioxide. Within the framework of its support for Arab countries' efforts in this field, the AMF's activities shed light on the environmental, social, and economic implications of the circular carbon economy.

Several studies prepared in this field by the AMF indicate the possibility of accomplishing a transition towards a circular carbon economy by promoting reliance on advanced technologies in the effective use of energy sources, as well as establishing energy security. It is noteworthy that several Arab countries have made significant advances in the circular carbon economy.

In the light of the foregoing, during 2022 the AMF continued to consolidate its approach followed since its inception of being the closest partner to Arab countries through its various activities and programs, as well as what it provides to its member countries in terms of financing windows, research and capacity-building activities, in addition to the pivotal role it plays in coordinating policies and exchanging experiences among Arab countries in their bid to meet challenges, as the AMF looks forward to effectively supporting Arab countries in the coming period.

## About the AMF

### The Inception

The Arab countries established the Arab Monetary Fund (AMF) aiming at laying the monetary foundations for Arab economic integration and to advance economic development in all Arab countries. The AMF's Articles of Agreement was signed in Rabat, the capital of the Kingdom of Morocco, in April 27<sup>th</sup>, 1976. This Agreement was characterized by its comprehensive objectives and the flexible means with which it was entrusted to achieve such objectives. All members of the League of Arab countries are members of the AMF. Abu Dhabi city, the capital of UAE, is the permanent headquarter of the AMF.

### Mission

The establishment of the AMF crowned the efforts made by the Arab countries in the area of monetary and financial cooperation since the middle of the forties, and the Arab region thus became the only region among all regional and economic blocks in the world to have a monetary fund of its own. The establishment of the AMF realized the dream to which decision-makers in the Arab countries had long aspired to find the mechanism that would promote monetary cooperation and integration between Arab countries, within the joint Arab action system, which seeks to strengthen economic cooperation and

integration ties among the Arab countries, as a prelude to achieving the desired Arab unity at all levels.

The AMF also adopts a proactive systematic approach in providing support to its Member Countries, through investigating the repercussions of economic developments on the Arab economies, at the regional and global levels. Similarly, it sets appropriate alternatives to provide financial and technical support to help cope with such repercussions and to bring the Arab economies affected by those developments back on track of sustainable development. The AMF applies strategic plans to manage the crises to which the Arab region economies may be exposed and to address their repercussions.

The AMF pays great attention to achieving cooperation and exchanging of experiences in monetary and fiscal policies between Arab countries, and to coordinate their positions in international fora and meetings. It also seeks to strengthen coordination among Arab central banks and monetary authorities in various fields relevant to these banks' mandates, so they could exchange experience and expertise among them, and harmonize their positions towards regional and global developments related to the banking sector. These efforts are geared towards achieving monetary cooperation between Arab countries to reach a common vision for building monetary policies in the region.

Moreover, The AMF pays particular importance to the development of Arab financial markets, based on its conviction of the important role these markets play in mobilizing and channeling financial resources to finance comprehensive and

sustainable economic development plans, to contribute to creating productive job opportunities and to diversify and expand the economic base and productivity.

The AMF provides its Member Countries with technical assistance programs connected to the development of policies and mechanisms, and the development of national cadres' capacities. It also strives to enrich the adopted initiatives at the regional level, to develop payment systems and modern financial technologies as well as capital markets, economic databases, and national accounts statistics, and to foster efforts aiming at improving financial inclusion and other activities related to the AMF.

### Objectives

Article IV of the AMF's Articles of Agreement identifies eight objectives for the AMF. Those include:

1. Correcting disequilibria in the balances of payments of AMF Member Countries.
2. The stability of exchange rates among Arab currencies, rendering them mutually convertible, and striving for the removal of restrictions on current payments between Member Countries
3. Establishing such policies and modes of Arab monetary cooperation. The aim is to achieve the rapidest pace of Arab economic integration and expedite the process of economic development in Member Countries
4. Rendering advice, whenever called upon, with regard to policies related to the investment of financial resources of

Member Countries in foreign markets, to ensure the preservation of the real value of these resources and to promote their growth.

5. Studying ways to promote the use of the Arab Accounting Dinar (AAD) and paving the way for the creation of a unified Arab currency.
6. Promoting the development of Arab financial markets.
7. Coordinating the position of Member Countries in addressing international monetary and economic challenges to realize their common interests while, at the same time, contributing to the resolution of world monetary challenges.
8. Settling current payments between Member Countries to promote trade among them.

Furthermore, Article VIII of the AMF's Articles of Agreement stipulates that the AMF shall provide technical assistance and services in the financial and monetary domains to Member Countries pursuing economic agreements aimed at attaining monetary union between them, being a phase towards the realization of the goal of the AMF, namely, Arab economic and monetary integration.

### Means and Resources

The AMF relies on several means to achieve its objectives, identified in Article V of the AMF's Articles of Agreement, including providing short- and medium-term facilities to Member Countries, to help finance the overall deficit in their balance of payments, and implementing restructure reforms in both financial and

banking sector and public finance sector. Such means also include issuing guarantees in favor of Member Countries, so they would have better opportunities to benefit from other financial sources to fund the total deficit in their balance of payments and playing the role of intermediary in issuing loans in the Arab and international financial markets for the favor of Member Countries and with their guarantees.

These means also include the coordination of monetary policies in the Arab Member Countries and the strengthening of cooperation between monetary authorities in these countries, as well as striving to liberalize and promote trade and ensuring current payments and encouraging capital flows between Member Countries.

Similarly, the AMF's Articles of Agreement provided for that the AMF shall set, with the consent of the relevant member country or countries, all necessary arrangements for the management of any funds that a Member Country entrusts it with, in favor of other Arab or non-Arab parties, in accordance with the AMF's objectives.

Article VI of the Articles of Agreement stressed the need for cooperation among Member Countries, and between them and the AMF, to reduce restrictions on current payments, as well as restrictions on the capital movement and returns thereof while targeting the removal of all mentioned restrictions. It also underlined the need to achieve enough coordination between economic policies, particularly fiscal and monetary policies, to serve the Arab economic integration and to help create the conditions for a unified Arab currency.

As a confirmation of the flexibility given to the AMF in achieving its objectives, Article IX stipulates the possibility for the AMF, pursuant to a decision by the Board of Governors, to resort to any other means that help in achieving its objectives.

In accordance with the provisions of Article XI of the AMF's Articles of Agreement, the resources of the AMF shall consist of the paid-up capital, reserves, loans, and facilities obtained by the AMF, and any other resources approved by the Board of Governors.

### Governance Framework of the AMF

The AMF's governance framework is based on a set of principles. The AMF places the task of adherence to them at the forefront of its priorities, which are summarized as follows:

**Protection of membership rights and equal treatment:** The governance framework of the AMF ensures the protection of the shareholders' rights, facilitates their practices in the said rights, and the equal treatment. However, the framework does not allow for unilateral decisions to be taken on substantive matters, neither at the level of the Board of Executive Directors nor in the executive departments. Indeed, the appointment of the members of the Board of Executive Directors is approved by the highest authority which is the Board of Governors, and they are nominated among the citizens of member countries known for their expertise and efficiency. The Board of Executive Directors acts by procedural rules governing the decision-making process. At the level of executive

departments, the responsibilities and powers are regulated by policies and procedures in place, while the specialized committees examine matters of substance and receive recommendations thereon.

**Recognition of stakeholder rights:** It aims to protect the rights of stakeholders, including member countries as well as the AMF's employees and contractors.

**Disclosure and Transparency:** Since the Board of Governors is itself in charge of the salaries and benefits granted to the Board members, and of disclosing the extent of their neutrality, knowing that the Board approves collectively the appointment of the members and determines the benefits granted to them.

**Accountability:** The principle of accountability, applied by the AMF at all levels: The applied governance framework reflects the keenness given by the AMF to defining the terms of reference across its supervisory, oversight, and executive bodies, their integration, and interaction, and to enhancing communication and coordination channels between them, in addition to expanding the scope of their participation in sharing opinions before taking decision.

**The governance bodies' structure consists of the Board of Governors and the Board of Executive Directors under which there are the Audit and Risk Committee, the system of organizational units for the executive management, which includes the executive departments and the**

**administrative committee, as well as the internal audit office and the external auditors.**

**The Board of Governors:** It comprises governors of all Arab member countries and is considered as the AMF's supreme authority for strategic direction, accountability, and performance assessment. The AMF's Articles of Agreement entrusted the Board of Governors with all management powers and authorized it to delegate to the Board of Executive Directors the exercise of any power except for exclusive powers<sup>(1)</sup>. The Board shall hold its meetings annually according to the procedural rules that govern the meetings and voting procedures. It shall annually elect a governor from among its members, as its chairman, on a rotational basis.

**Board of Executive Directors:** It consists of the Director General, Chairman of the Board and eight members appointed by the Board of Governors among the citizens of member countries for renewable three-year tenures on a part-time basis. The Board of Executive Directors oversees AMF operations. It is collectively entrusted with oversight of key policymaking, strategic plans and action programs, performance, and accountability of executive management. It reports to the Board of Governors. The Board holds quarterly meetings to take decisions under relevant voting and decision-taking procedure specified in AMF's Articles of Agreement.

<sup>1</sup> Exclusive powers of the Board of Governors as per the Articles of Agreement include: the appointment of the Director General and Chairman of the Board of Executive Directors, members of the Board of Executive Directors, decisions on the remuneration of its members, admission of new members,

suspension of membership increases of capital, distribution of income, appointment of external auditors, approval of final accounts and deciding on the interpretation and amendment of AMF Agreement.

**Audit and Risk Committee emanating from the Board of Executive Directors:**

It comprises four members who are independent of the executive management of the AMF and elected by the Board of Executive Directors at the beginning of each session. The Committee carries out its functions according to a charter governing its duties, and aims to assist the Board in carrying out its supervisory role through monitoring the integrity of the financial statements, following up the implementation of risk management policies and internal control, assessing the effectiveness of the office of internal audit and discussing its reports, monitoring the independence of the external auditor and discussing his reports, receiving irregularities notifications and submitting recommendations thereon.

**The organizational framework for executive management:**

It consists of the Director-General Chairman of the Board of Executive Directors, the Adviser (Senior Economist) and six specialized executive departments: The Economic Department, the Training and Capacity Building Institute, the Investment Department, the Finance Department, the Support Services Department, the Legal and Compliance Department, Strategy and Evaluation Unit, and Risk Management Unit. In addition, the committees of the executive management, in their capacity as advisers, render advice on substantive matters. They are composed of competent and specialized senior staff in the AMF as follows: The Loan Committee, the Investment Committee, the Administrative Committee, and the Risk Management Committee. These organizational units in the AMF operate within an interconnected and integrated system of internal control which includes regulations, policies, and

rules, as well as working procedures regulating the AMF's activities and operations. This system does not allow for unilateral decisions to be taken in substantive matters.

**The Internal Audit Office (IAO):** It is a major component of the internal control system. The senior management ensures that it plays its role independently. The functions of IAO include assessing the effectiveness of internal control systems, the activities related to risk management and governance according to an approved methodology and communicating directly with the Audit and Risk Committee under the Board of Executive Directors.

**External Audit:** It is another important link in the AMF's governance system. The Board of Governors is invested with exclusive powers to appoint external auditors. Under the AMF's Articles of Agreement, these powers cannot be delegated to another body of the AMF.

It should be noted that the AMF adopts the best internationally recognized practices for monitoring, controlling, evaluating, and addressing risks that may affect its ability to achieve its strategic objectives. It sets and applies procedures and measures to prevent or mitigate the effects of such risks.

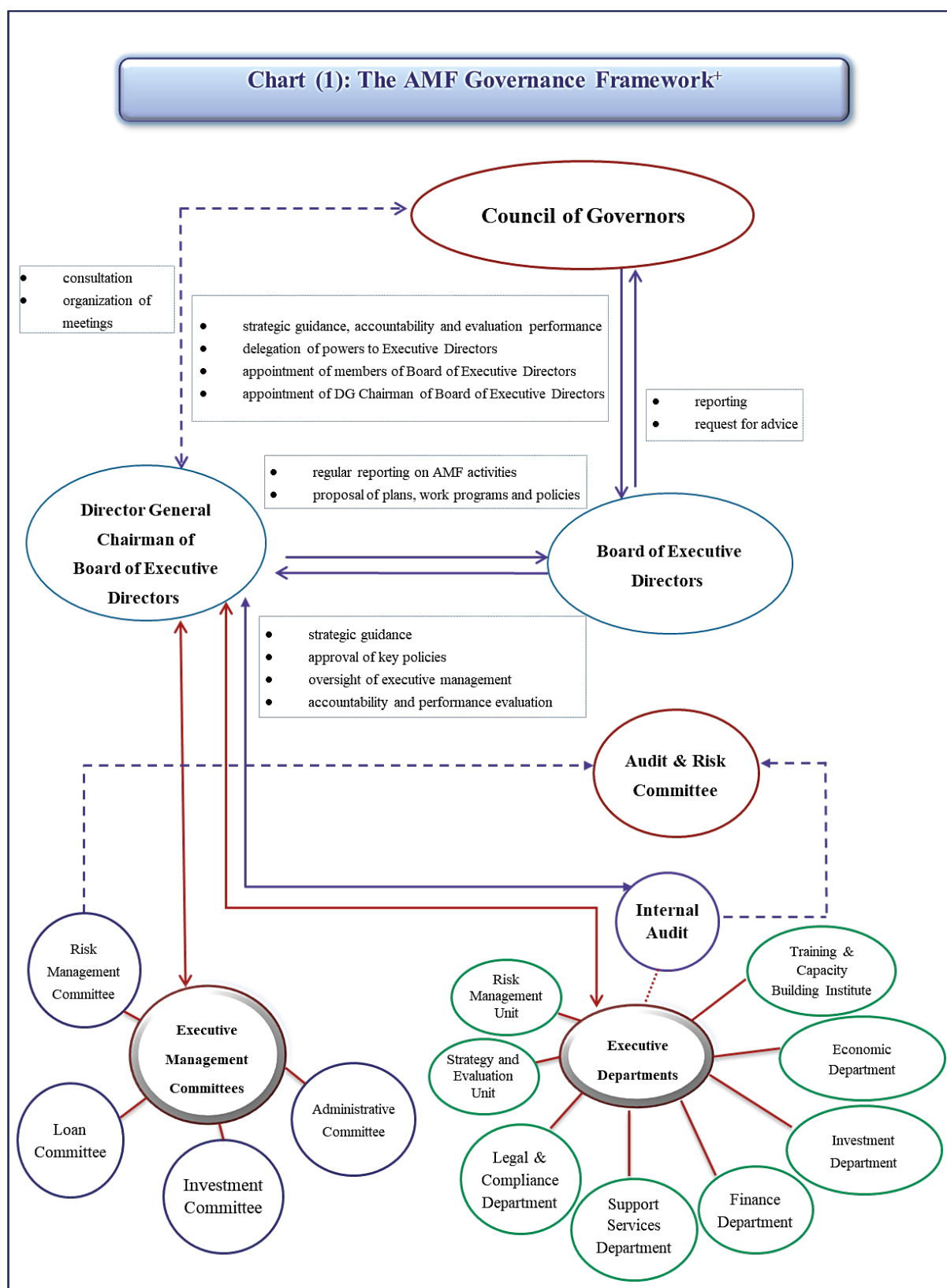
In this regard, the AMF's risk management policy is designed to enhance risk management to ensure the proper management of risks that may hamper the AMF's ability to fulfill its mission and achieve its objectives, and to take the necessary steps to minimize the impact of potential risks. The AMF's risk management policy is also intended to address potential negative events by identifying, measuring, monitoring,



controlling, reporting risk exposure within limits and permissible levels, and reporting to senior management and the Board of Executive Directors. The policy is also aimed at ensuring that the AMF's risk-management functions are consistent with leading practices, which helps to strengthen institutional risk-management discipline.

To strengthen the AMF's governance framework, a **Risk Management Unit** has been established within the institutional structure, to strengthen the governance system, which includes three lines of defense for the risk management side, represented by the organizational units as the first line of defense, followed by the Risk Management Unit, then the Internal Audit Office as the third line of defense. The Risk Management Unit aims to mainstream the concept of "effective management" of the core risks associated with the AMF's activity, by focusing on institutional determinants of doing business, ensuring, and organizing group performance, and emphasizing the AMF's proactive approach.

In this context, the Risk Management Unit continued during 2022 strengthening and developing institutional capabilities affecting risk management by undertaking independent monitoring and supervision at the institutional level of strategic, financial, investment, operational, and reputational risks, as well as establishing appropriate and effective procedures for managing such risks in accordance with a suitable and flexible framework commensurate with the AMF's activities, nature of operations, and strategic directions, taking into account the need to provide an appropriate degree of flexibility and alternatives to deal effectively with variables and events.



<sup>+</sup> The scheme of the governance bodies in the Arab Monetary Fund does not constitute the organizational structure of the Fund, but rather reflects the components and institutional working relationships with its governance bodies.



## AMF's Strategy Framework (2020 – 2025)

### Strategic Vision

**The Arab Monetary Fund to be "The closest partner to the Arab Countries in their interaction with developments to enhance the process of stability and economic, financial and monetary development".**

*To achieve this vision, the AMF's strategic dimension includes four five-year strategic plans, beginning with 2020 - 2025 strategy and ending with 2035 - 2040 strategy.*

### Strategy Features and General Framework

The 2040 vision emphasizes that the AMF set to be the **"The closest partner of the Arab countries in their interaction with developments to enhance the process of stability and economic, financial and monetary development."** This vision also frames the AMF's ongoing efforts to achieve its goals, which are embodied in its Article of Agreement, which is centered on **"laying the monetary foundations for Arab economic integration and advancing the economic development of all Arab countries."**

The Board of Governors has adopted **the 2040 vision and AMF's five-year strategic plan (2020-2025)**, which reflects the hopes and aspirations of its member countries and

includes plans for continuous development in its areas of work and activities to keep pace with changes in the international and regional arenas. The AMF's strategy also takes into account the results of the evaluation of achievements in its previous strategy (2015-2020), as well as its future potential role, given the different needs of the Arab member countries, amid increasing domestic, regional, and international challenges, to the extent that it supports their efforts to set the priorities of the required action and the appropriate policies for monetary, financial and economic reforms and moving forward with its development programs.

The AMF's strategic directions have considered ways of making greater use of its comparative advantages, being the sole monetary institution in the Arab region, and the importance of its role as a center of convergence and consultation for economic, financial, and monetary policymakers. In addition to its role in providing aid and technical advice, and supporting reforms with the AMF's lending resources, in addition to its support in capacity-building through specialized training programs provided by the AMF's Training and Capacity Building Institute for Member Countries' cadres.

Within the framework of its 2020-2025 strategy, the AMF also attaches great importance to exploiting available opportunities to enhance channels of effective communications with its member countries, to develop and strengthen its capacity to respond to their growing needs, and provide financial support, advice, and technical assistance in the areas of economic reform and meeting the growing and diverse needs of training and capacity building in various economic, monetary, financial and statistical areas. In addition to expanding its research and statistics

activities to deliver more trustworthy economic data and more extensive and in-depth analytical studies to aid policymakers and academics.

The flexibility of the available means and the breadth of its activities provides the AMF with another comparative advantage to deal with the challenges that the Arab economies might face, in keeping pace with the international economic and financial trends and developments, and the possible repercussions on the Arab financial, banking, and financial markets.

### Strategic Objectives

The AMF is working to realize its strategic vision through a set of objectives, covering integrated areas including: Promoting inclusive and sustainable growth opportunities; establishing effective economic, financial, and monetary institutions; and strengthening Arab economic cooperation and integration; in close cooperation with other relevant regional and international financial, monetary and economic institutions, as well as developing the capacity and effectiveness of its institutional structure.

**The objectives of the AMF's (2020 - 2025) strategy are: Developing lending to support efforts to redress economic and financial imbalances in the Arab countries, developing the financial sector through supporting its role as an engine of growth and development, strengthening the AMF's role as a consultative center for economic, financial, and monetary policymakers, and the AMF's role as a center of excellence for knowledge and capacity-building.**

### Means and Activities to Achieve Strategic Objectives

For the period (2020-2025), the AMF's seeking within its strategic framework to improve the efficiency of the use of available means and to develop new means that will contribute to enhancing the outputs of the diverse and evolving activities undertaken to achieve the best desired results and strategic goals in a way that meets the aspirations of the member countries.

What distinguishes the AMF in carrying out its tasks is its framework's flexibility, which enables it to modernize and diversify its activities, keeping up with innovations, and addressing issues of common concern to Arab member countries, such as: circular carbon economy, green and sustainable finance, cryptocurrencies and the digitization of financial institutions and services, and addressing cyber threats are all topics on the agenda.

In this respect, **the means adopted by the AMF to achieve the first objective of developing the lending activity include** a set of lending facilities to provide financial support to meet the overall balance of payments deficit and to support structural reforms in the public finance and banking and financial sector. This is within the context of the lending activity set by the AMF's Article of Agreement at the top of the list of means made available to achieve the objectives of its establishment.

**As for other means used by the AMF to achieve the second goal of its (2020 - 2025) Strategy, which is developing the financial sector in a way that supports its role as an engine of growth and**

**development**, they include the programs and initiatives that AMF adopts to strengthen the financial, monetary, and banking sectors in the Arab countries, and to enhance access to finance and financial services. These initiatives and programs contribute to deepening the financial and banking sector and strengthen its role in promoting inclusive growth opportunities and achieving economic and financial stability.

In this context, the AMF has adopted the following means to achieve its strategic objective of financial sector development:

- Supporting the Arab countries' efforts to promote financial inclusion and assisting them to build national strategies for financial inclusion, enhancing digital financial services system, developing financial education and awareness programs, developing frameworks for protecting consumers of financial services, and strengthening capacities in providing statistics on financial services, especially those relating to the extent to which women, youth, entrepreneurs, micro, small and medium-sized enterprises benefit from finance and financial services.
- Contributing to the development of bond markets in local currencies in Arab countries, including providing technical advice to Arab countries, offering training courses, and organizing workshops.
- Adopting programs to develop non-bank financial institutions in Arab countries.
- Supporting the development programs of the modern financial technologies, thereby contributing to the creation of an incubating environment for the growth of the modern financial techniques industry and the development of digital financial services in the Arab countries, within the framework of an appropriate legislative and regulatory environment.
- Launching initiatives to strengthen and promote the infrastructure of the Arab financial and banking sector, including the development of credit and risk-centralization information and secured lending systems.
- Implementing activities and initiatives to support Member Countries' efforts within the framework of strengthening regulatory legislation and macro-prudential control policies, including developing and releasing Arab Financial Stability Index.
- Contributing to support the Arab countries' efforts to develop tools for green financing and sustainable financing, as well as to the exchange of experiences and knowledge in this field.
- Launching activities to develop the Sharia-compliant finance sector to achieve a set of objectives including strengthening Islamic finance activities, developing, and modernizing Islamic financial markets, and exchanging experiences through the organization of forums and workshops.
- Assisting Member Countries to implement relevant international standards and build necessary capacities.
- Promoting financial integration among Arab countries and supporting their association with other financial blocs, through processing payments via “Buna’s” payment system.
- Publishing a variety of guiding manuals and frameworks to provide support and technical advice, improve the financial and banking sector's ability to confront challenges, support Arab countries' efforts to develop the financial sector, digital financial transformation, and promote financial innovations.

**Regarding the means used to achieve the third strategic objective, namely, strengthening the role of the AMF as a consultative center for economic, financial, and monetary policymakers,** the AMF provided an adequate framework for consultation and exchange of thoughts on the accelerated developments in the field of knowledge economy, digitization, the varying economic drivers, and the anticipated competition for resources. In this regard, the AMF worked to enhance an effective partnership with the Arab countries to coordinate its positions in dealing with other economic blocs and to confront the challenges facing their financial, banking, and monetary systems.

To achieve this goal, the AMF focused on strengthening its role as a center for policy dialogue and technical advice to support the Arab countries' efforts in the areas of developing public debt strategies, strengthening public-private partnerships, reforming the support system, and social safety nets, and supporting tax reform, and enhancing the efficiency of public spending.

The AMF also focused on strengthening partnerships with local, regional, and international financial and development institutions and activating cooperation frameworks in priority areas for policymakers in Arab countries.

**Regarding the means of achieving the fourth strategic goal of strengthening the role of the AMF as a center of excellence for knowledge and capacity-building,** it includes a variety of key themes for achieving the goal especially: Training to build and strengthen the capabilities of Arab technical cadres, expanding the scope of activities and increasing the number of trainees of training programs through the expansion of training programs, as well as research and statistical activities that

support policymakers in the Arab countries, as well as building partnerships with a number of relevant regional and international institutions, development of the AMF's website through enriching its content and its continuous updating, the intensification of the AMF's media activity to highlight Arab countries' economic and financial reforms.

The investment activity is also an important tool used by the AMF to support its Member Countries. The activity includes accepting deposits from Member Countries and Arab financial institutions, managing investment portfolios on their behalf, and providing investment technical assistance and advice.

In this regard, the AMF, pursuing this objective, has adopted a series of instruments that contributes to capacity-building in the management of funds and investments, and to the development of its activity of accepting deposits from Member Countries and Arab financial institutions, to ensure the expansion of depositors' base and geographical diversity by attracting the largest number of Member Countries, Arab institutions and organizations. This will contribute to the expansion and diversification of the sources of funding for this activity.

During the strategy period, the AMF also adopted a series of activities to ensure the development of portfolio management activity, including encouraging Member Countries, Arab institutions, and organizations, to take advantage of the AMF's potential to manage their external reserves, as the AMF provides portfolio management services.

The AMF in its capacity as **the technical Secretariat for the Council of Governors of Arab Central Banks, and Monetary Authorities and the Council of Arab**

**Finance Ministers**, as one of the means used to achieve its objectives of coordination between Member Countries in the monetary and financial fields and to coordinate Member Countries' positions in facing the international monetary and economic challenges, for their common interests.

The annual meetings of the two Councils represent an important framework for discussing several topics directly related to the objectives of the AMF, as well as the various current issues.

## Summary of AMF's Activities 2022

Supporting economic policymakers in the Arab countries, is at the top of the AMF's priorities, where its activities are concentrated in fields related to the economic, financial, and monetary developments on the regional and international levels, which are directly or indirectly reflected in the Arab economic performance. This will help strengthening the capacity of policymakers in the Arab countries to identify challenges and ways to address them, thereby providing a basis for them to formulate policies and identify the necessary reform paths.

The AMF also highly attaches importance to providing information, data, and economic analysis that enable those interested in Arab economies and researchers to discuss the most important economic issues facing the Arab region, in addition to enabling Arab policymakers to develop future strategies based on scientific and objective foundations.

Since the beginning of 2022, and the entry of several Arab economies into the recovery phase, and the return to normal economic growth paths, the Arab region, like other economic regions around the world, confronted multidimensional challenges emanating from global events on multiple levels.

On the one hand, global commodity and oil prices have been rising steadily since the beginning of the year, adversely affecting fiscal budgets and the balance of payments in Arab countries, thereby reducing the fiscal space required for the recovery phase, particularly for borrowing countries, adding to the challenges that already existed as a result of the Covid-19 pandemic, which had

already drained a large portion of the fiscal space. On the other hand, the Arab countries faced the challenges of successive rises in interest rates in global financial markets to confront the waves of inflation that swept most developed and developing economies, not to mention the unfavorable conditions in global supply chains and the high prevalence of a state of uncertainty about how long those challenges would continue, and the cost to the global economy.

The AMF intensified its efforts and interventions to support its Member Countries to restore recovery, putting their economies back onto the normal growth paths before the Covid-19 crisis.

Accordingly, rapid lending procedures have been affected, through consultations to agree with the relevant authorities in the borrowing Member Countries, on reform programs supported by existing facilities, or tranches to be drawn on contracted loans.

In this regard, the AMF has responded to all Arab countries' loan requests during 2022 to support economic, monetary, and financial reform programs, while providing financing for overall deficit in their balance of payments. Moreover, the AMF responded to requests from Member Countries to support the enabling environment for SMEs, to avail resources for emergency financing, and to enable borrowing Member Countries withdrawing tranches on existing loans.

The AMF has also paid particular attention to enhancing the capabilities of Arab countries to pursue fiscal policies aimed at achieving fiscal sustainability, including promoting mechanisms and programs for



social protection of the lower income groups, enhancing public spending that supports inclusive and sustainable growth, and ensuring the continuity of public resources in the medium term.

Furthermore, one of the priorities of the AMF's activities during 2022 was to assist its Member Countries in implementing reforms aimed at increasing economic diversification, deepening financial inclusion, and creating an enabling environment for SMEs to play their vital role in achieving inclusive and sustainable economic growth and creating productive employment.

The reform priorities in 2022 included those related to supporting the enabling environment for SMEs, through implementing measures that facilitate access to finance and financial services, developing databases and credit inquiry systems, and other related reforms, in light of the important role that SMEs play in providing productive employment opportunities and achieving inclusive economic growth with focus on a larger segment of producers, particularly youth and women.

Furthermore, the reforms supported by the AMF included programs aimed at improving the efficiency of public finance management including the processes of preparing and implementing the general budget, and the development and strengthening of tax administration, government procurement management, social protection systems, and public debt management, as well as reforms aimed at supporting the authorities in Arab Member Countries build their capability to contain risks that threaten financial stability, including cybersecurity threats, to face the challenges of the financial and banking

sector, which is witnessing a major shift towards digitization, and the wider use of Fintech.

At the same time, the AMF has supported the Arab countries' trends in building on the gains from those reforms, by encouraging innovations, disseminating technologies, increasing participation in the labor market, and promoting investments in education and training to increase employment opportunities.

In the context of the **lending activity**, during 2022, the AMF approved three loans to Egypt, Morocco, and Tunisia, amounting to AAD 119.6 million, equivalent to approximately USD 478.5 million, to meet urgent financing needs and support economic and financial reform efforts in light of the current challenges.

The loans extended during 2022 are a Compensatory Loan to the Arab Republic of Egypt, amounting to AAD 87.7 million, a loan to Morocco within the framework of the Small and Medium Enterprise's Conducive Environment Support Facility at an amount of AAD 12.784 million, and an Ordinary Loan to Tunisia at an amount of AAD 19.175 million.

The AMF also approved during 2022 the withdrawal of tranches of loan previously approved, included the withdrawal of the second tranche of the loan provided to Morocco within the framework of the Small and Medium Enterprise's Conducive Environment Support Facility at an amount of AAD 5.1 million, and the withdrawal of the second tranche of the loan provided to the Jordan within the framework of the facility, at an amount of AAD 5.905 million.

About the **Technical Assistance** provided by the AMF to its Member Countries during 2022, it covered areas related to its activities

such as the development of the financial, banking, and government bond markets infrastructure, and enhancing the capabilities of the Arab countries to achieve financial coverage within the framework of activities under the AMF's financial inclusion initiative, and developing and enhancing capacities in the development of economic statistics in accordance with the international statistical methodologies, within the framework of the Arab Statistics Initiative, "Arabstat", and other relevant areas.

The technical assistance provided by the AMF to its Member Countries during 2022, included the activities related to policy development, program design, skills enhancement, enhancing capacities to apply, implement and measure policy efficiency, as well as institutional development, which would help improving the quality of structural reform programs, enhancing their economic conditions, and directing their policies toward the desired development goals.

The AMF also intensified its activities related to expanding the use of Fintech in the economic, financial, and banking fields, enhancing the capabilities of the Arab countries in applying them and benefiting from the international experiences in this field. In addition to continuing to provide support through its activities aimed at developing the financial systems in the Arab countries.

During 2022, the AMF continued to fulfil the functions associated with its role as the Technical Secretariat of the Governor's Council of Arab Central banks and Monetary Authorities, as well as to assume the Technical Secretariat of the committees and task forces emanating therefrom. The AMF also serves as the Technical Secretariat of the Council of Arab Ministers of Finance.

Regarding the AMF's **training and capacity building activity**, the Training and Capacity Building Institute continued its training activity during 2022 by establishing "remote" training, continuing to activate the "Moodle - e-learning Platform", and providing the necessary technical requirements to provide this type of training, keeping in mind that "remote" training has become a strategic alternative within the AMF's direction, and the institute strives to further develop and upgrade its various technical and logistical components.

In 2022, 62 courses were held "remotely", they benefited 1,850 trainees from the official Arab cadres. Thus, from its inception to the end of 2022, the number of beneficiaries of the training courses offered by the AMF has reached 17,410 trainees.

**Regarding the reports, working papers, research and studies, bulletins, books, introductory booklets aiming to increase the economic and financial awareness of Arab youth, and guiding principles released by the AMF during 2022**, reached 69 publications, dealt with various issues and topics aimed to assist economic decision-makers and policymakers in the Arab countries and to correspond to the interests of its Member Countries within the framework of its strategy for the period (2020 - 2025).

As per the AMF's **investment activity**, during 2022, the AMF maintained a high level of deposits from Arab Member Countries to be invested by the AMF on their behalf. The AMF also continued its approach to a conservative investment policy and strategy for managing portfolio funds and risks, in line with Basel (III) risk management decisions, which protected invested capital and continued to yield positive, stable returns at the macro level, while maintaining acceptable investment risk ratios.



The AMF also continued, within its investment activity, to employ its resources, in addition to its activity in investing part of the AMFs of the Arab Trade Financing Program (ATFP), and the AMFs collected in the unified account of the specialized Arab organizations, as well as the supervision of the foreign-controlled part, by the approved investment policy and strategy for their management.

With regard to the activities of the **ATFP**, in which the AMF holds a controlling share, the value of applications received by the program in 2022 amounted to approximately USD 907.31 million, as the program agreed to finance them, and the value of withdrawals in the same year amounted to approximately USD 907.16 million.

Accordingly, the program received approximately USD 20.3 billion in applications from its inception until the end of December 2022, to finance commercial deals worth approximately USD 27 billion. The program agreed to finance USD 19.9 billion. The value of withdrawals during the aforementioned period amounted to approximately USD 19.2 billion.

### The AMF's Lending Activities

The AMF's Article of agreement prioritizes lending as one of the means available to fulfill its objectives. In this context, the AMF provides lending facilities to member countries in accordance with the requirements of the "Lending Policy and Procedures" applicable thereto, in the form of loans with different terms and concessions.

The AMF, through its lending activity, supports economic and structural reform

programs in Arab countries in areas relevant to its functions and provides technical support for the design of these programs, appropriately and efficiently, to help establish macroeconomic stability and to address balance of payments imbalances, support efforts to implement the reforms required in several sectors to improve the efficiency of resource use and to promote opportunities for inclusive and sustainable economic growth.

The AMF's lending activity also contributes primarily to the achievement of its (2020 - 2025) strategy objectives by continuously harnessing and developing its potential to meet the changing and growing needs of its Member Countries.

### Categories of Loans and Facilities

The loans and facilities provided by the AMF include two major groups. The first group contributes to addressing the imbalances in Member Countries' balance of payments, while the second group is provided to support reforms in several economic sectors.

Loans and facilities offered by the AMF to address the Member Countries' imbalances in their balance of payments are: Automatic loans, ordinary loans, extended loans, compensation loans, oil facilities, and short-term liquidity facilities.

Regarding the **Automatic Loan**, it is extended to contribute to financing the overall deficit in the balance of payments, up to 75 percent maximum of its subscription in the AMF's capital, paid in convertible currencies. This loan is a three-year term, and it is not conditional on the implementation of an economic reform program.

As for the **Ordinary Loan**, a Member Country eligible to borrow when its resource requirement exceeds 75 percent of its paid subscription in convertible currencies, up to 100 percent of the Member Country's paid subscription in convertible currencies which can be expanded, up to a maximum of 175 percent, by adding automatic loan limits.

To obtain Ordinary Loan, an agreement with the borrowing Member Country on a financial correction program that is valid for not less than a year is required.

The policies and procedures included in this program are aimed at working on fiscal rebalancing to reduce the balance of payments deficit. Each payment shall be made from the regular loan within five years from the date of its withdrawal.

Regarding the **Extended loan**, it is provided to a Member Country qualifying for borrowing in the event of a chronic deficit in its balance of payments, resulting from a structural imbalance in the economy. It requires an agreement between the AMF and the borrowing Member Country on a comprehensive economic adjustment program for at least two years. This loan is providing up to 175 percent of the Member Country's subscription in convertible currencies and could be expanded to a maximum of 250 percent by adding the automatic loan limits thereto. Each payment of the said loan shall be made within seven years of the date of its withdrawal.

As for the **Compensatory Loan**, it is extended to assist a Member Country experiencing an emergency in its balance of payments, resulting from the decline in the revenues of its exports of goods and services and/or a significant increase in the value of its imports of agricultural products, due to the regression of the domestic production of crops. The maximum amount

of this loan, of which term covers three years, is 100 percent of the Member Country's subscription in convertible currencies. The compensatory loan requires that any decline in exports or the increase in agricultural imports be an urgent and temporary situation. The loan shall be repaid within three years from the date of withdrawal.

In terms of an **Oil facility**, it was established by the Board of Governors' decision No. (3/2007), which was adopted on the recommendation of the Board of Executive Directors in its decision No. (1/2007), as a temporary lending mechanism for five years from its inception, to provide support to Member Countries affected by high import prices of oil and natural gas products, and to assist them in implementing appropriate reforms that enhance their capacity to cope with external shocks.

The rules governing the granting of loans in the framework of oil facility included that the facility is offered to eligible countries, up to a maximum of 100 percent of the subscription paid in convertible currencies and could be provided with a maximum of 200 percent of the subscription paid in convertible currencies, provided that the Member Country agrees with the AMF to implement a reform program. The loan is to be repaid within the framework of the oil facility within a maximum period of four years from the date of withdrawal.

According to Executive Directors Council Resolution No. (2/2017), dated March 13, 2017, the Loan Committee's recommendations to consider oil facility as expired were approved, and the possibility of re-establishing future facility according to oil price developments in world markets was considered, following approval by the Board of Governors for re-operation.

As for **short-term liquidity facility**, it is a lending mechanism to help Member Countries meet temporary liquidity challenges caused by developments in global financial markets. Loans are provided in a manner that is fast and without the requirement of agreement with the qualified Member Country on a reform program, up to a maximum of 100 percent of the subscription paid in convertible currencies, and the loan amount is withdrawn in one payment or installments at the request of the borrowing Member State. Each payment shall be made six months after the date of its withdrawal, with the possibility of extending the same period up to two times.

It is noteworthy that the short-term liquidity facility was established according to the Board of Governors' decision No. (4) for the year 2009. The rules governing the facility were also adopted by Executive Board decision No. (13) for the year 2009. According to Executive Board decision No. (2) of 2017 the extension of the facility was approved for a three-year interim period, after which consideration would be given to activating the facility permanently, extending it for another temporary period, or suspending it.

**The Second Group of loans and facilities** is related to available loans and facilities to support reforms in several economic sectors.

These include the structural adjustment facility, trade reform facility, and the SMEs Conducive Environment Support Facility.

Regarding the **structural adjustment facility**, it was introduced in 1998, since loans provided under such facility focus on providing support to reforms implemented by borrowing Member Countries in the financial and banking sector, and the public finance sector. Loans under this facility

require that the borrowing member has already initiated structural reform efforts and has achieved an appropriate degree of macroeconomic stability. The facility shall be provided after agreeing on a structural reform program, of which its implementation will be followed up by the AMF.

According to the Board of Governors' decision No. (4/2009), the two tiers of the facility (the financial and banking sector, and the public finance sector) were separated so that the maximum borrowing within the framework of each tier reached 175 percent of the member's paid subscription in convertible currencies, and each installment of the loan is repaid over four years from the date of its withdrawal.

As for the **Trade Reform Facility**, which was endorsed by the AMF's Board of Governors in 2007, to provide support to Member Countries in overcoming burdens that could ensue from trade reform policies and procedures, and to back up the necessary reforms to raise their ability to utilize of the loans provided by international financial markets, to promote growth and create productive employment opportunities.

The facility shall be provided up to a maximum of 175 percent of the Member Country's subscription in convertible currencies, after agreeing on an appropriate structural reform program, the implementation of which shall be followed up by the AMF. Each payment shall be made from the regular loan within four years from the date of its withdrawal.

As for the **Facility of SMEs Conducive Environment Support**, it was introduced by the AMF in 2016, to support the reforms in the SMEs sector, knowing the important role that companies working in this sector play in driving economic growth and

providing employment opportunities. Loans under the facility are provided up to 100 percent of the subscription paid in convertible currencies, and each payment of the loan shall be made over four years from the date of its withdrawal.

### New Loan Contracts & Commitments

In 2022, the AMF contracted three loans to its member countries reaching approximately AAD 119.6 million, as follows: A compensatory loan to the Arab Republic of Egypt amounting to AAD 87.7 million, a loan to the Kingdom of Morocco within the framework of SMEs Conducive Environment Support Facility with a value of AAD 12.784 million, and an ordinary loan to the Republic of Tunisia with a value of AAD 19.175 million.

By adding the value of the new loans provided by the AMF to its Member Countries, during 2022, to the balance of the loans provided since the beginning of its lending activity in 1978, the total value of the loans provided by the AMF to its Member Countries, until the end of 2022, is approximately AAD 2.9 billion, equivalent to approximately USD 11.4 billion.

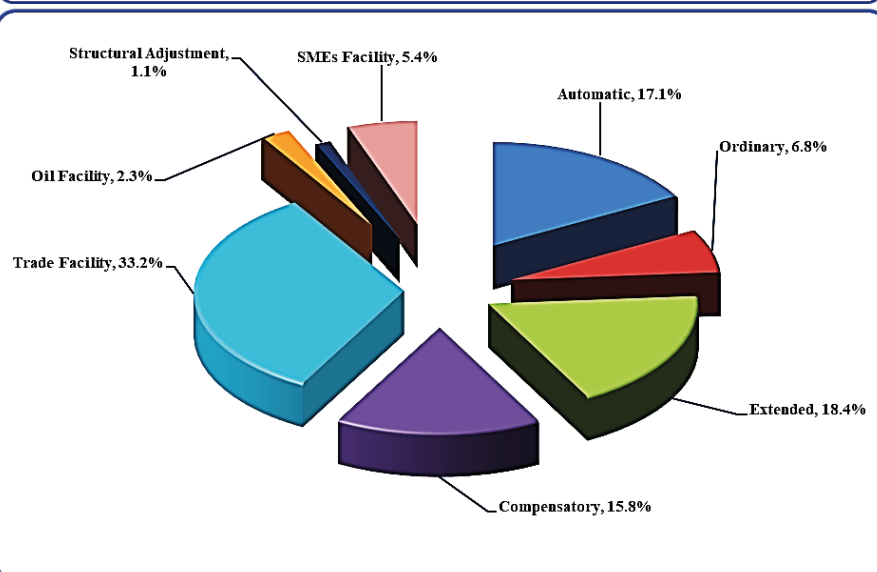
Fourteen Arab Member Countries benefited from the 199 loans provided by the AMF during the period 1978 - 2021. Table (1) in Appendix No. (1),

shows the details of these loans, by year and by the recipient country.

Chart (2) shows the relative distribution of loans, by type, during the period 1978-2022, as loans that support the balance of payments (automatic, ordinary, compensatory, and extended loans) came at the forefront of the facilities provided by the AMF since the beginning of its lending activity in 1978, until end of 2022, with a share of approximately 58 percent of the total loans provided during that period, followed by the structural adjustment facility loans in both parts of the financial and banking sector and public finance sector, with a share of 33.2 percent, then the facilities to support the enabling environment for SMEs by 5.4 percent, then the trade reform facility by about 2.3 percent, while the percentage of loans granted in the oil facility framework to total loans is about 1.1 percent.

Appendix (A2) shows the value and number of loans obtained by each Member Country, distributed according to the types of loans offered.

Chart (2): Distribution of loans types as percent of total loans (1978 - 2022)



## Technical consultations with Member Countries

### ❖ Technical consultations with Member Countries on new loan applications

During 2022, the AMF also continued to provide technical and financial support to its Member Countries to assist them in overcoming the repercussions of regional and global developments, as well as the challenges associated with the recovery phase from the repercussions of Covid-19 pandemic, by utilizing all available means and tools in accordance with circumstances and developments. In this regard, the AMF responded to all applications by member countries related to strengthening the balance of payments situation, or financing reform programs adopted by these countries to enhance the capabilities of economic sectors, strengthen financial conditions, and increase the economy's resilience, as the AMF studied funding applications received from the Arab countries. Furthermore, the AMF responded to those applications by activating rapid and exceptional procedures, which contributed to meeting finance needs in a timely and appropriate manner.

In this context, the AMF conducted interviews and consultations with concerned officials in Arab countries to better understand the balance of payments developments, diagnose the need for financing, and implement various reforms.

The consultations provided the basis for agreement with borrowing countries on the components of reform programs that could be financed with the AMF resources, which included packages of measures to strengthen their economies' resilience, enabling them to return to the conventional tracks of inclusive and sustainable economic growth.

The countries with which consultations were held concerning requests to use the AMF's resources or to withdraw the remaining installments related to existing loans included: The Arab Republic of Egypt, the Kingdom of Morocco, the Republic of Tunisia and the Hashemite Kingdom of Jordan.

Regarding the new loans contracted during 2022, a compensatory loan agreement was signed on January 26, 2022, with the **Arab Republic of Egypt**, under which a loan value of AAD 87.7 million, equivalent to approximately USD 368 million, was provided to Egypt, based on the decision of the Board of Executive Directors No. (15) of 2021. The total loan amount is withdrawn on January 28, 2022. The loan aimed at strengthening the external situation, in view of the urgent challenges that the country faced, including the increase in global food costs, and the challenges in terms of exports.

As for the loan provided to the **Kingdom of Morocco** in 2022, it was within the framework of the of supporting the enabling environment for SMEs facility, with a value of AAD 12.784 million, equivalent to approximately USD 54 million, in order to support reform program in the mentioned sector.

The agreed-upon program, backed by loan resources, featured three pillars; improving access to finance and financial services for SMEs, strengthening the guarantee system, and creating databases and credit information systems.

The agreement was signed on January 16, 2022, based on the decision of the Board of Executive Directors No. (23) on December 12<sup>th</sup>, 2021.

Regarding the ordinary loan provided to the **Republic of Tunisia**, based on the decision of the Board of Executive Directors No. (16/2022) issued on September 29, 2022,



for agreement to provide an ordinary loan to the Republic of Tunisia to support a reform program with a value of AAD 19.175 million, aimed at enhancing the macroeconomic stability. The loan agreement was signed on November 4, 2022.

On Thursday, November 10, 2022, the first installment of the aforementioned loan was transmitted in the amount of AAD 9.587 million via the "Buna" payment system, affiliated with the Arab Regional Payments Clearing and Settlement Organization.

❖ **Technical consultations with Member Countries for evaluation of the progress of reform projects backed by current loans, in preparation for the withdrawal of loan installments.**

During 2022, the AMF held meetings and consultations with official in the **Kingdom of Morocco**, in the context of the AMF follow up of the implementation of the reform program agreed-upon with the Kingdom of Morocco, covering the period (November 2021 - November 2022).

Supported by the loan provided to the Kingdom within the framework of the supporting the enabling environment for SMEs facility, pursuant to the Board of Executive Directors Decision No. (23/2021), which provided for the withdrawal of the loan amount in two installments, the first installment amounting to AAD 7.648 million to be withdrawn after signing the loan agreement, and the second installment amounting to AAD 5.1 million, to be withdrawn after the AMF ensures the implementation of the agreed-upon reform program.

The loan agreement was signed on January 16, 2021, and the first installment of the said loan was withdrawn in the same month, after signing the loan agreement.

The officials in the Kingdom of Morocco were contacted for data, information, and statistics to enable determining the progress of the agreed-upon reform program implementation. A series of "remote" consultative meetings were also held to discuss macroeconomic developments, and its impact on economic performance.

In this context, the Economic Department prepared a report on the implementation progress of the program, within the framework of its three pillars as follows: Enhancing access to finance and financial services for SMEs, and enhancing the guarantee system, and building databases and credit information systems. the AMF found that the implementation of the program, within the framework of the aforementioned pillars, was satisfactory, as there was progress in implementing the majority of the procedures.

The report was presented to the Loan Committee, during its meeting No. (5) of 2022, where the committee recommended that the implementation of the reform program subject of the follow up be considered satisfactory and approved the withdrawal of the loan's second installment amounting to AAD 5.1 million. Upon the approval of the Director General, Chairman of the Board's to the minutes of the Loan Committee meeting and its recommendations, the installment was withdrawn on December 23, 2022.

During 2022, the AMF held meetings and consultations with official in the **Hashemite Kingdom of Jordan** in the context of the AMF follow up of the implementation of the reform program agreed-upon with Jordan, covering the period (October 2021 - October 2022), supported by the loan provided by the AMF within the framework of the of supporting the enabling environment for SMEs facility, pursuant to

the Board of Executive Directors Decision No. (22/2021), which provided for the withdrawal of the loan amount in two installments, the first installment amounting to AAD 7.385 million to be withdrawn after signing the loan agreement, and the second installment amounting to AAD 5.905 million, to be withdrawn after the AMF ensures the implementation of the agreed-upon reform program.

The loan agreement was signed on December 9, 2021, and the first installment of the said loan was withdrawn, after signing the loan agreement.

On December 18, 2022, information and data were received from the Central Bank of Jordan to determine the progress of implementing the referred program supported by the aforementioned loan.

In this regard, Jordanian officials were contacted for consultations to enable determining the progress of the agreed-upon reform program implementation, as well as to identify the macroeconomic developments, and its impact on economic performance. Based on that, the Economic Department prepared a report on the progress of the implementation of the program, within the framework of its four pillars, to indicate that the implementation is satisfactory, as there was progress in implementing the majority of the procedures.

The report was presented to the Loan Committee, during its meeting No. (5) of 2022, where it recommended that the implementation of the agreed-upon reform program supported by the framework of the supporting the enabling environment for SMEs facility be considered satisfactory, and approved the withdrawal of the loan's second installment amounting to AAD 5.905 million, upon the approval of the

Director General, Chairman of the Board's to the minutes of the Loan Committee meeting and its recommendations, the aforementioned installment was withdrawn on December 12<sup>th</sup>, 2022.

### Withdrawal and Repayment of Loans

The total withdrawal of contracted loans amounted to about AAD 110.035 million, during 2022, compared to AAD 137.255 million during 2021.

On the other hand, the borrowing countries repaid according to the loan repayment schedules, an amount of AAD 127.930 million during 2022, representing instalments of previously provided loans. In this context, the balance of outstanding loans owed by the borrowing Member Countries amounted to approximately AAD 578.540 million, by the end of 2022, compared to AAD 596.436 million by the end of 2021.

It is noteworthy that the balance of undrawn contracts amounted to about AAD 33.748 million by the end of 2022, compared to AAD 24.160 million by the end of 2021.

Table (3) in Appendix No. (1) shows details of withdrawn and unwithdrawn balances and loan obligations for Arab countries in 2021 and 2022, while Table (4) in the same Appendix shows their details for the period 1978-2022.

### Arrears

The borrowing country is considered in arrears when the delay in repaying the outstanding loans exceeds twelve months.

According to the financial position as of the end of December 2022, there are four cases of a delayed payment namely: **The Federal Republic of Somalia, the Syrian Arab Republic, the Republic of Yemen, and the Republic of Sudan.**

The total arrears owed by the borrowing Member Countries amounted to AAD 243.709 million by the end of December 2022. Arrears consist of overdue loan installments amounting to AAD 165.589 million, and accrued interests totaling approximately AAD 78.120 million.

About the arrears owed by **Federal Republic of Somalia**, the delay has started in 1984, and the arrears reached AAD 74.780 million by the end of December 2022.

As for the **Syrian Arab Republic**, the delay has started in December 2011, and the arrears reached AAD 3.617 million by the end of December 2022.

Regarding the **Republic of Yemen**, the delay has started in June 2016, and the arrears reached AAD 72.996 million by the end of December 2022.

As for the **Republic of Sudan**, the delay has started in April 2020, and the arrears reached AAD 92.317 million by the end of December 2022.

### Technical Assistance Activities Provided by the AMF to the Member Countries

The AMF's Articles of Agreement defined the technical advice activity as one of the most important means to be relied upon to achieve its goals, as the AMF provides technical support to the official bodies in the Member Countries, to enhance their capabilities in the areas of design and

implementation of economic, financial, monetary and trade policies, and the implementation of economic reforms as well as achieving financial inclusion and strengthening statistical frameworks.

The AMF's activities in the field of providing technical assistance also aim to strengthen its role as a hub and consultation center for economic, financial, and monetary policymakers, and to coordinate the positions of Arab countries in dealing with the challenges facing their economies, to achieve their common objectives.

In this regard, the AMF is keen to continuously develop the operational framework of its strategy, enhance capabilities of the AMF units by technical aspects, and utilize the information technology advancements that have become the basis for modern working methods. This enables the AMF to play its expected role as a technical reference and expertise center in its areas of competence, as well as to enhance risk management and business continuity, considering the application of appropriate governance principles and an effective and efficient internal control system.

The AMF initiates technical assistance to Member Countries, as per the AMF's experts view, as well as based on the results of the questioners, periodically send to identify the views and aspirations of Member Countries about the AMF's current and anticipated activities. The technical assistance and advice activities are also major activities that the AMF is implementing in its strategy framework (2020-2025), the strategic vision framework ensures that a range of activities and initiatives are launched and that the necessary expertise and competencies are provided more effectively and efficiently, with a focus on the priority aspects of



technical assistance for Member Countries, as well as strengthening partnerships and areas of cooperation with regional and global financial institutions.

The AMF is also keen on promoting activities that enable the establishment of the foundations of economic, financial, and monetary integration in the Arab countries, support reform programs aimed at achieving macroeconomic stability and strengthening the resilience of Arab economies to face challenges, as well as promoting access opportunities to promising groups such as youth, women, and MSMEs to finance and financial services.

Within its technical assistance framework for Member Countries, the AMF focuses on activities related to policy development, program design, skill enhancement, strengthening capacities to implement and measure policy efficiency, as well as institutional development to improve the quality of the design and development of the necessary reform and structural adjustment programs for the reform of their economic situation and direct their policies toward the desired development goals.

The AMF's methodology in providing direct technical assistance includes an advanced and rapid mechanism for responding to received requests from Member Countries wishing to benefit from its expertise in specific areas relevant to its activities, through technical missions involving members of its technical staff, with the participation of external experts, when needed. In addition, it provides technical assistance within the framework of lending missions.

The AMF also provides assistance and technical advice to Member Countries indirectly through its initiatives, as well as

seminars, conferences, and consultative meetings organized by its experts, or in cooperation with regional and international institutions, covering a range of areas, including: Strengthening the financial and banking sector infrastructure, and developing government bond markets, in addition to developing economic, financial, and monetary statistics, supporting trends towards the digital economy, expanding reliance on Fintech, as well as initiatives to assist in the preparation of national financial inclusion strategies, and supporting government efforts to create a conducive ecosystem for SMEs, build up modern national credit-information systems and other initiatives that enable the Member Countries to achieve inclusive and sustainable economic growth.

Also, the general framework of the AMF's activities in providing technical support to its Member Countries includes assistance in setting the general frameworks necessary for the establishment of public debt management offices, including the regulatory framework for these offices, the governance framework, coordination with other authorities concerned with issues of public debt management and debt markets, and public debt management performance indicators, public debt management report forms, and the Public Debt Management Office website content, in addition to supporting the efforts of Arab countries in reconciling their positions to obtain membership in the World Trade Organization, and applying internationally approved methodologies in banking supervision, information security, and preparing and classifying balance of payments data in accordance with the internationally agreed-upon guidelines issued by the IMF, and the preparation of national accounts according to international evidence and methodologies.

Also, reform programs were designed for several Member Countries to tackle the current challenges in the public finance, and financial and banking sectors, which were supported by the AMF's resources.

### **Managing the Consolidated Account for Specialized Arab Organizations**

Based on the approval of the Economic and Social Council via its Resolution No. 1056 dated July 1988, a special consolidated account was created with the AMF to finance the specialized Arab organizations through the contributions received in their favor in this account from the Arab countries, for the purpose of spending on their approved budgets. Specialized Arab organizations, which were established to be channels of the Arab League as the technical arm to promote development in the Arab region in different perspectives, and a major pillar of the joint Arab action. These institutions are also considered as Arab expertise firms that provide advice and expertise on economic, social, cultural, and financial issues and activities. They also play a pivotal role in achieving the aspirations of the Arab countries through cooperation and coordination in all their areas of specialization that pertain to Arab citizens and have a direct impact on their living standards and decent life.

#### **The organizations currently concerned by the consolidated account are:**

- The Arab Organization for Administrative Development.
  - The Arab Labor Organization (ALO).
  - The Arab Industrial Development and Mining Organization (AIDMO).
  - The Arab League Educational, Cultural and Scientific Organization (ALECSO).
  - The Arab Organization for Agricultural Development (AOAD).
  - The Arab Center for the Studies of Arid Zones and Dry Lands (ACSAD).
  - The Arab Atomic Energy Agency (AAEA).
  - The Arab Civil Aviation Authority (ACAO).
  - The Arab Center for the Prevention of Earthquake and Other Natural Disaster Hazards.
- The AMF submits a quarterly report to each organization showing funds already spent and the remaining balance, as well as Member Country's positions in paying their contributions to the budget of the concerned organization. In addition, a quarterly combined periodic report on the activity of the Consolidated Account is issued.
- In this regard, the financial position of the Consolidated Account shows that the balance of the net assets amounted to USD 39 million as of December 31, 2022, which is the same balance by the end of 2021.
- It is worth noting that returns on investments in the consolidated account are included in the calculation of the special reserve for these organizations in the consolidated account. The special reserve balance amounted to approximately USD 11 million by the end of 2022. Thus, it currently covers about 25% of the overall budgets' appropriations of the organizations for the

last financial year, mentioning that this percentage varies from one organization to another. It should be noted that the decisions of the Economic and Social Council aim to continue building up this reserve and use it for emergency purposes, by virtue of decisions it would issue.

### Research Activities and Publications

The AMF's activities in the areas of releasing reports, research and economic studies, books and introductory booklets, and statistical bulletins aim to support decision makers and economic policy makers in the Arab countries, in the economic, financial, monetary, and statistical fields, by shedding light on important economic issues and studying them in a way that contributes to setting priorities, identifying challenges and recommending strategies for tackling them.

Within the framework of these areas, the AMF's activities in 2022 focused on studying the repercussions of regional and international challenges and developments, their implications on Arab economies, and ways to confront them, as well as studying routes of recovery and a return to normal routes of economic growth in the post-crisis period.

**The AMF's publications released during 2022 included a set of research, studies, reports, periodicals, statistical bulletins, working papers and policies, and introductory booklets concerned with Arab youth, which enhanced economic, financial, and monetary culture, in addition to guiding principles. Most of these publications deal with the development of the financial and banking sector.**

**The AMF released the following publications in 2022:**

#### 1. Economic studies and research:

1. A study entitled **“Economic Repercussions and Macro Policy for Arab Food Security”**: Aimed at identifying the impact of a set of macroeconomic variables on the food production index for a group of Arab countries using cross-sectional time series methodology.

2. A study on **“Risk Management of Climate Change using Financial Derivatives”**: Aimed at introducing the climate system and its most important components, as well as highlighting the risks of climate change and their impact on banks, businesses, and the financial system as a whole, with a review of financial derivatives for managing climate change and determining the size of this market at the international level, as well as providing methods for pricing this modern type of financial derivatives, while also highlighting opportunities to benefit from this field in the Arab region, and the challenges relevant thereto.

3. A study entitled **“Implications of Capital Inflows on Financial Stability in Arab countries”**, (in English): The study gives insight on the impact of capital flows, whether direct investment, portfolio investment, or other investments, on the financial sector stability in Arab countries. The study also provides an analytical framework to assist in the efforts to foster financial stability.

4. A study on **“Sources of Economic Growth in the Arab countries”**: Aimed at analyzing the contribution of both human and physical capitals, as well as the capital stock, to GDP growth, and estimating the

flexibility of the coefficients of these two variables, in order to determine the degree of correlation between production inputs and outputs, using the "Douglas Cobb" production function. According to the study, the commodity production sector in Arab countries is one of the most important economic sectors contributing to economic growth, and the activity of extractive industries is one of the economic activities most affected by external shocks.

5. A study on **"Economic Structural Transformations in the Arab countries: Reality and Challenges"**: The study addressed the topic of economic structural transformations in terms of theory and practice, with a group of transformations addressed at the macro, micro, and sectoral levels, as well as the economic system that supports them, and the role of the Central Bank in this regard.

6. A study entitled **"Assessment of the Impact of Structural Adjustment Programs in some Arab countries"**: Aimed at determining the effects of the Arab Monetary Fund and the IMF structural adjustment programs in a number of Arab countries, as it included a comparison of economic indicators prior and post implementation of the structural adjustment program.

7. A study on **"Policies of Exchange Rate Liberalization in Arab countries: Between Theory and Practice"**: The study addressed the trend towards increasing exchange rate flexibility for developing countries and countries in a transitional phase in the exchange rate system in the midst of rapid developments in the global monetary system, given economic challenges such as rising energy, food, and other basic materials prices.

8. A study entitled **"Intra-Arab Trade - Reality, Challenges and Future Prospects"**: The study discussed the

conceptual framework of intra-trade and its economic significance, as well as the Arab experience with foreign trade policies aimed at increasing Arab trade integration. It also provided insight on the facts, indicators, and components of intra-Arab trade, as well as evaluating the foreign trade gap and the challenges of boosting intra-Arab trade.

9. A study entitled **"Challenges of Applying Accounting Standards in the Digital Era"**: The study addressed the growing challenges that have accompanied the emergence of the digital economy, as well as its impact on financial and accounting data and related statements of businesses and organizations, as well as the appropriate disclosure and presentation mechanisms for them, as unique challenges with ongoing implications. The study also examined the variables that affect investment, administrative, and financial decisions, as well as how resources are directed and allocated.

10. A study on **"The Role of Islamic Finance in Promoting Agricultural Growth in Arab countries"**: The study focused on the agricultural sector's role and importance in the economy, highlighting the significance of enhancing agricultural financing and what this entails, such as adopting regulations and laws pertaining to Islamic finance or establishing Sharia-compliant financial institutions.

11. A study on **"The Role of Economic Freedom, Governance, and Business Environment in Attracting Foreign Direct Investment in the Arab Region"**, (in English): The study focused on evaluating the role and indicators of Economic Freedom, Governance, and Business Environment in Attracting Foreign Direct Investment in The Arab Region.

12. A study on **"Determinants of Banks' Capital Adequacy (a Case Study of the Kingdom of Saudi Arabia)"** used cross-sectional time series analysis to determine the factors of capital adequacy for Saudi banks. The study provided the relationship between the risk-weighted capital adequacy ratio, the size of the banks' assets, their profitability ratio, their levels of liquidity, and the degree of risk to which they are exposed.

13. A study on **"Determinants of Financial Stability for Arab Banks"**: Aimed at determining the impact of a collection of macroeconomic variables (economic growth, inflation, financial sector indicators (the ratio of credit offered to the private sector to GDP), and bank-specific variables (bank assets, capital adequacy, return on assets, loan-to-deposit ratio, debt-to-equity ratio, and equity multiplier) on the financial stability for banks using the (z-score) scale.

14. A study on **"Trends of Arab Central Banks on Issuing Digital Currencies"**: The study addressed the trends of Arab central banks on issuing digital currencies. The study also provides the basis for periodic monitoring of the degree of development in issuing digital currencies in Arab countries, as well as the motivations of Arab central banks in issuing them and the major challenges they confront. As a result, it is possible to track Arab countries' efforts in this framework over time, and compare them to similar international central banks, whether developed or developing.

15. A study entitled **"Proposals to Reform the Global Monetary System: Which of these is most compliant with Islamic finance requirements?"** The study reviewed the global monetary and financial system's imbalances based on the partial reserve system, as well as the most

significant tools and policies to address these imbalances. The study also addressed the most major reform proposals and the Islamic banking and monetary system, as well as its restrictions. It also reviewed various reform recommendations and the extent to which they can be compatible with the principles of the Sharia-compliant banking system.

16. A study on **"Towards a Circular Economy in The Arab Region: Development of Transformation Measurement Index"** (in English) aimed at creating a regional index to measure the extent to which countries are moving towards circular economies. The proposed index assists in determining the level of transition towards a circular economy and, as a result, the appropriate policies for the transition.

17. A study on **"An Analysis of Symmetric and Asymmetric Information in the Volatility Structure of Real Exchange Rates"** (in English) included an analysis of the importance of Symmetric and Asymmetric Information in the Volatility Structure of Real Exchange Rates. The study provides critical information that can be utilized to make decisions that improve the stability of Arab exchange markets.

18. A study on **"Determinants of Foreign Direct Investment Inflows to the Arab Region"** (in English): Highlighted the main determinants of foreign direct investment inflows to Arab countries throughout the period (2001 - 2019). The study also provided an analytical framework for Arab countries, which helps to strengthen efforts to increase and improve the efficiency of foreign direct investment inflows to Arab countries.

19. A study on **"Understanding the Dynamic Correlation Between Bitcoin, Gold, Oil, and Stock Market Indices in the Arab Region"** (in English): Included an analysis of the correlation between the Arab



stock indices and movements in Bitcoin, gold, and oil markets. The study results referred to the nature of the correlation between financial assets (including Bitcoin, gold, and oil) and stock returns in Arab countries. The study findings assist supervisory authorities in their monitoring of the implications of dealing with cryptocurrencies.

20. A study on **“Bitcoin Mining Energy Consumption and Global Carbon Dioxide Emissions”** (in English): It aimed at analyzing the degree of correlation between Bitcoin mining energy consumption and the global carbon emissions index during the period 2012-2021.

21. A study on **“The Role of Oil Prices in Forecasting Economic Growth in Oil Exporting Countries: Evidence From The Kingdom of Saudi Arabia and the United Arab Emirates”** (in English): It aimed at forecasting economic growth for the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE) using a standard model includes a variety of economic variables reflecting the impact of global oil prices and the fiscal policy situation in both countries, based on the assumptions expecting exogenous variables 2021-2023.

22. A research paper on **Introduction to Non-Fungible Token (NFT): From an organizational and financial prospective**: Thoroughly discussed non-fungible tokens, their use cases, characteristics, legal and regulatory framework, obstacles encountered, non-compliance risks, AML/CFT, and fraud issues.

The paper also provided an overview of smart contracts and their function in the creation of non-fungible tokens, as well as the coding process and the future of non-fungible tokens in the financial industry. It

also made several recommendations to strengthen regulatory frameworks to mitigate the risk of noncompliance, as well as the need to establish regulatory sandboxes.

23. A study on **“Public Debt in the Arab World: Unequal Implications on the Economic Growth”**, (in English): It aimed at raising awareness of the unequal implications of public debt on economic growth in Arab countries. It has examined the nature of the correlation between the size of the public debt and economic growth in a number of Arab countries, both on the short and long-term.

24. A study on **“Islamic Banks and Sustainable Development Goals in the Arab World”**, (in English): Aimed at identifying the extent to which Islamic banks contribute to the Arab world's achievement of the United Nations Sustainable Development Goals (SDGs).

25. A study on **“The Sectoral Factors for Economic Growth in Sudan Using the Autoregressive Distributed Lag Model”**, (in English): It aimed at identifying the factors impacting productive sectors, that supports the inclusive and sustainable economic growth, while accounting for the degree of inconsistency between Arab countries. The study also examined the impact of the added value of agriculture, industry, and services on economic growth to identify the sectoral drivers of economic growth in Arab countries using the quantitative regression model.

26. A study on **“Mechanisms to Support Monetary Policy to Enhance Sectoral Productivity in Arab countries”**: It aimed at demonstrating the effectiveness of monetary policy's role in the development of productive sectors by using tools available to monetary authorities such as the

nominal interest rate, the statutory reserve ratio, and open market operations to ensure the impact of central bank decisions being transmitted through the banking market. Furthermore, it reviewed the efforts exerted by the Arab countries to strengthen the loan guarantee system provided to promote productive sectors, as well as the most significant challenges to their financing access.

27. A study on **“Implications of Climate Change and Natural Disasters on Financial Stability”**: It covered the most significant implications of climate change and natural disasters on financial stability, as well as the economic and financial risks associated with climate change and the impact of natural disasters on the financial system. The study also examined the implications of climate change and natural disasters on financial stability, as well as the experiments of a number of Arab countries in this regard.

28. A study, **“Lessons from the Coronavirus Pandemic on Arab Central Banks' Policies Aimed at Improving Financial Stability,”**: Aimed at determining the impact of the Covid-19 pandemic on financial stability in the Arab countries and identifying the most significant actions and measures taken to mitigate its repercussions, as well as highlighting the role of the private sector in the Arab countries in coping with the crisis. The study also reviewed the most important plans and strategies implemented by central banks and Arab monetary organizations considering the ongoing assessment of the pandemic repercussions, as well as the most important lessons learnt in terms of central bank policy.

29. A study on **“Bank Deposit Guarantee System in the Arab countries: Tools and Objectives”**: It aimed at shedding light on

the role of the deposit management system in crisis management, as well as Arab countries' experiments in this regard.

30. A study on **“ Reviewing Banking Sector Recovery Plans in Light of the Emerging Coronavirus Pandemic (Bank Al-Maghrib Experiment)”**: It included an assessment of the recovery plans in the Moroccan banking sector, by analyzing three cycles of recovery plans in the Kingdom of Morocco, the gaps that need to be addressed, and an overview of their content, in addition to shedding light on the most prominent preventive measures in light of the Coronavirus pandemic. The study also addressed the most pressing issues confronting financial institutions, such as identifying crisis circumstances and the boundaries between the stages of a single crisis.

31. A study on **“The Impact of the Financial Stability Governance framework and Communication Strategies on the Fluctuation of the Financial Cycle in the Arab Region”**, (in English): It presented an analysis of the relationship between the governance of financial stability and the communication policy of Central Banks in the Arab region, and their effectiveness in reducing the fluctuations of the financial cycle in twelve Arab countries during the period (2005-2020). Furthermore, it provided a theoretical framework for how to assess systemic risks by the Central Banks and then attempting to measure the role of the existence of specific characteristics for the governance of financial stability in the Central Bank along with the existence of an effective framework for communication in reducing the fluctuations of the financial cycle.

32. A working paper on **“Strategies for Digitizing Government Stock Markets in the Arab countries”**: It was discussed at



the Council of Arab Finance Ministers meeting held in April 2022. The paper addressed digital transformation and its role in improving the efficiency of the government stock markets, regulatory frameworks, and the level of development and security of the financial infrastructure.

The paper also discussed the role of digital financial transformation as an important axis in addressing the challenges of developing government stock markets, such as enhancing market liquidity, reducing transaction time and cost, increasing the efficiency of data, reports, and compliance, attracting new investors, and strengthening the digital infrastructure, as well as the role of digital transformation in increasing prospects for financial market integration and promoting cross-border financial transactions.

33. A study entitled **"The Role of The Loan-To-Value and the Debt- To-Income Ratios in Reducing the Systemic Risk Arising from Household Credit and Asset Bubbles"**, (in English): It examined the potential impact of the macroprudential policy instruments related to assets (Asset-side instruments), specifically the loan-to-value (LTV) and debt-to-income (DTI) ratios, on controlling the systemic risks arising from the household sector, and real estate assets, by measuring the impact of activating or changing these two tools on the growth of household lending (personal loans and housing loans) for a panel of Arab countries based on quarterly data covering the (2014-2020) period.

34. A study on **"Implementation of Basel Requirements in the Arab countries"**: It aimed at monitoring the level of implementation of Basel requirements in Arab countries, as well as the efforts made by central banks and Arab monetary organizations to do so in previous years. It

focused on banking supervision reforms in Arab countries related to the implementation of Basel Committee on Banking Supervision recommendations throughout the last decades. It was based on the results of a questionnaire developed for this purpose by the Arab Monetary Fund and completed by professionals from central banks and Arab monetary institutions.

## B: Reports and Periodicals

1. **The forty-second edition of the "Joint Arab Economic Report 2022"**: in addition to the topics on following up economic developments in Arab countries, a thematic topic on climate change in Arab countries, taking into account the scientific, economic, and social dimensions of climate change, its causes, effects, and programs to address it, as well as Arab governments' efforts to confront the repercussions of climate change and preserve a sustainable environment and mild climate, in the framework of adhering to the Intergovernmental Panel on Climate Change's road map for the sustainability of life on the planet.
2. **A report on "the Role of Fintech in Post- COVID Era"**: Sheds light on various models of Fintech activities and applications that Arab countries have adopted to mitigate the repercussions of the Corona pandemic, including the transition to non-cash channels, progress in the conditions of remote customer enrolment and "eKYC" rules, and the activation of digital financial services, all of which to enhance access to financial services, as well as strengthening electronic safety frameworks.

The report also reviews Arab countries' efforts to promote modern financial techniques and activities in response to the impacts of the Covid-19 pandemic and the various models of modern financial techniques activities and applications adopted by Arab countries to mitigate the impacts of the pandemic.

### 3. The fifth edition of the "Annual Financial Stability Report in the Arab countries":

It covered several economic and financial aspects of interest to Arab countries in their efforts to enhance financial stability. The report chapters also addressed developments in the modern financial techniques and their impact on financial stability in Arab countries, as well as the methodologies and objectives of financial stability indicators.

### 4. The Annual Report on "Achievements of the Financial Inclusion in Arab Region Initiative (FIARI):

It aimed to introduce the initiative's activities according to the priorities of the financial inclusion strategy and programs in the Arab region.

### 5. "Arab Economic Outlook" Report:

published semi-annually and includes forecasts of the Arab countries' economic performance with the objective to provide decision-makers in Arab countries with a forward-looking and analytical vision for the performance of Arab economies on several levels, namely: economic growth, domestic price trends, monetary conditions, the public financial sector, the external sector and the balance of payments.

### 6. The fifth edition of the "Competitiveness of Arab Economies" report":

reviewed

the state of competitiveness in Arab countries. It sheds light on the economic measures and policies adopted by Arab countries to improve their productivity and competitiveness.

### 7. "On The Way to Reform report":

It touched on the topic of "reforms of commodity support systems in Arab countries," in which the report reviewed the reforms adopted by Arab countries in the field of commodity support systems, as part of public finance reforms, which would expand fiscal space to enable governments to spend more in support of growth and employment, while also confronting financial challenges.

### 8. A Joint Report with UNDP on Application of Environmental, Social and Governance (ESG) Standards with Pension Funds in Arab countries":

The report measures the progress of Arab pension funds by incorporating ESG factors, and the potential for greater alignment between their fiduciary duty of prioritizing financial returns and minimizing risk and the growing interest in incorporating ESG factors into their investment decisions, with growing evidence that such management protects the long-term value of assets.

### 9. A research series entitled "Policy Brief":

It aimed to support the decision-making process in the Arab countries by providing brief research publications that address the most prominent priorities and topics of interest to Member Countries, accompanied by recommendations for policymakers. In this regard, the AMF worked during 2022 to publish six editions of this series, addressing the following topics:

- Policies to attract foreign direct investment in the aftermath of the Covid-19 pandemic.
- Fiscal policy challenges and alternatives in Arab countries post the Covid-19 pandemic.
- Using Sukuk to finance infrastructure projects in Arab countries.
- The economic repercussions of current issues on a regional and international scale.
- Reality and prospects of microfinance sector in Arab countries.
- Using Sukuk to support the capital base of Islamic banks.

### C. Books and Bulletins.

1. **A book on “Sukuk: Theory and Practice Framework”:** It addresses a variety of theoretical and applied topics related to Sukuk, that are likely to benefit policymakers, concerned with sukuk mechanisms and their role in capital markets. The book reviewed the most important basics of Sukuk and the Sukuk process, its parties, and its divisions, in addition to a set of case studies with the objective of offering a collection of applied and practical visions that help to understand the mechanism of Sukuk, and the possibility of putting it into practice, as most of the well-known applications of Sukuk were dealt with, such as financing infrastructure projects, support capital, finance a commercial project, or otherwise (Mudaraba Sukuk, Musharaka Sukuk, Ijarah Sukuk).
2. **"The Quarterly Arab Economic Statistics Bulletin":** It monitors the development of the key economic variables, including the real sector, the monetary sector, the government finance sector, and the external sector.
3. **The ninth edition of “Macro and Intra Arab Trade Competitiveness Bulletin”:** It includes measuring the volume of

macro and intra trade for 99 commodities according to the Harmonized System 2017, as well as calculating the Revealed Comparative Advantage index for commodity exports, the share of Arab countries' commodities exports in international markets, and the share of intra-commodity exports to total commodities exports over the period (2014-2020).

Furthermore, the bulletin includes a detailed presentation of the Arab countries' individual foreign commodities trade from 2014 to 2020, including chapters and sections of the second level of the Harmonized System of International Trade classification, as well as intra-trade according to these chapters and sections for each Arab country with other Arab countries as a group during the same period.

The bulletin also includes international commodity trade data and commodity external trade data for Arab countries as a whole, as well as their market share in international markets.

4. **The fourth edition of the "Cross Exchange Rates bulletin”:** It covers the period from January 2015 to December 2021 and the exchange rates of Arab currencies against the US dollar and their average annual change rate. It also includes exchange arrangements in Arab countries.
5. **The “Arab Capital Markets Performance Quarterly Bulletin”:** It deals with the key economic developments related to the activity of Arab capital markets. It also addresses the changes in the legislative and institutional frameworks regulating them, aiming to inform the investors of the developments in these markets and their performance and the evolution of foreign investors' transactions in these markets.

6. **The “Arab Capital Markets Monthly Bulletin”**: It seeks to track these markets' total monthly trading movement.
7. **The “Arab Capital Markets Weekly Bulletin”**: It seeks to capture the key developments in the Arab financial markets, based on the AMF database for the Arab financial markets and the data published by the Arab stock exchanges.
8. **“The Islamic Finance in Arab countries Bulletin”**: It seeks to track the AMF's activities in the Islamic financial industry sector. It also addresses reality and prospects of Islamic financial industry in Arab countries.

**D. A series of introductory booklets aiming to increase the economic and financial awareness of Arab youth and enable them to understand the basics of priority economic issues in Arab countries.**

The AMF issued 17 introductory booklets during 2022, which dealt with many topics, and economic and financial issues, including:

- 1) Short selling and margin purchase.
- 2) Innovation and entrepreneurship.
- 3) Agriculture financing: The concept and significance.
- 4) Planning for future jobs.
- 5) Commodity exchanges.
- 6) Principles of investing in bonds.
- 7) Green finance.
- 8) Quality in institutional performance.
- 9) Distributed ledgers and blockchain.
- 10) Market Maker.
- 11) Financial evaluation of investment projects.
- 12) Islamic Finance Institutions.
- 13) Why do countries borrow from abroad?
- 14) Foreign Direct Investment.

- 15) Accounting treatment of encrypted assets.
- 16) Stock trading.
- 17) Financial Derivatives.

During 2022, the content included in the **“AMF's Interventions to Support the efforts of Arab countries in confronting the emerging Coronavirus pandemic”** has been updated continuously basis on the AMF's website, covering interventions on several levels, namely: This section highlights the role of the AMF in supporting its member countries, including Financial and technical support and interventions in terms of strengthening the AMF's role as a center of excellence for policymakers to discuss priorities at the policy level related to mitigating the impact of the Pandemic, supporting economic recovery. This section also sheds light on interventions by ministries of finance, Arab central banks, and monetary authorities, and the AMF's activities in periodic monitoring and analysis of relevant economic developments.

**Meetings, Conferences, Seminars and Workshops**

The AMF is keen to strengthen consultation channels with Arab authorities to discuss financial and economic developments and their implications for the Arab economies through organizing meetings, workshops, seminars, and conferences to facilitate knowledge and expertise exchanges among Arab countries, and to benefit from the experiments of different countries worldwide in the economic, monetary, and financial fields.

In this context, the AMF organized the following high-level meetings, workshops,

conferences, and seminars in 2022 to discuss ways to face challenges arising from developments at the regional and international levels on the Arab economic sectors:

❖ **High-level meetings to discuss the repercussions of regional and international developments on financial and banking sector in the Arab region:**

- **The 17<sup>th</sup> high-level annual meeting on "Financial Stability and Legislative and Supervisory Priorities":** A number of important topics were discussed, including: "Current Risks and Trends in the Banking Sector", and "Legislative and Supervisory Reforms as a Priority in the Schemes of Policymakers in the Arab Region". The meeting also discussed the use of digital currencies in the Arab countries, how to maintain a balance between the opportunities and risks associated with the issuance of digital currencies, and their impact on financial and monetary stability.

The meeting also addressed the role of the crisis management system in enhancing financial stability, as well as the need to review the banking crisis management framework for central banks in light of the risks and challenges faced by the financial sector, as well as the requirements of recovery plans for banks of systemic importance, in addition to the commodity market uncertainty and regulatory implications, and the role of economic policies in containing commodity market volatility.

In addition, the issue of addressing climate change and the role of prudential regulation in managing transition risks were discussed. The impact of climate change on financial stability was examined, along with the legislative and prudential requirements for alleviating these risks and the role of sustainable finance in assisting countries' strategies and programs to address them. Additionally, the meeting discussed the role of regulatory requirements and micro and macro-prudential policies in mitigating the micro and systemic risks to which the financial system is vulnerable, including micro and macro-stress tests, capital and liquidity requirements.

- **The Extraordinary Meeting at the Level of Heads of Regional Financial Institutions and the IMF<sup>2</sup>:** It discussed the steps taken to rebuild better after the Covid-19 pandemic, to support a sustainable recovery, as well as the proposed initiatives and lessons learned from the network of regional financing arrangements and the IMF, to strengthen their role as key actors in light of the current developments and challenges. Enhancing the international financial system's resilience against climate change concerns, restructuring finance arrangements to facilitate the transition to a sustainable economy, and expanding the social obligations of the financial industry were also discussed.
- **The high-level meeting with Arab Insurance Supervisory Authorities:** The meeting focused on "Green and sustainable insurance in light of climate change risks and the repercussions of

<sup>2</sup> In addition to AMF, membership of Regional Financial Institutions includes the following: The Latin American Reserve Fund, Macroeconomic Research Office, European Stability Mechanism,

Eurasian Fund for Stabilization and Development, BRICS Contingent Reserve Arrangements, and the European Commission, with partnership of the AMF.



the post-Covid 19 pandemic" where issues of supervision, regulation, and legislation pertaining to green and sustainable insurance were discussed. The meeting also addressed a number of pertinent topics, including: "The role of regulatory authorities in promoting and applying the principles of green and sustainable insurance", "Methods to develop mechanisms to identify and evaluate the application of environmental and social standards at the level of insurance companies", "The importance of raising awareness of environmental and social issues, governance and risk management issues", and "Developing solutions in the field of environmental and social risk management". In addition to discussing the challenges of developing green and sustainable insurance products, and the opportunities of benefiting from current financial technology in the insurance sector, this meeting highlighted the Arab and international experiments in using green and sustainable insurance principles.

❖ **The following workshops were hosted by the AMF to support the digital financial transformation and encourage financial innovations to increase financial inclusion and sustainable development:**

- **An "online" workshop on "Strengthening Policies: Enhancing Legislative and Regulatory Frameworks for Digital Financial Services":** It discussed several topics, including: "Foundations for supporting the enabling environment for inclusion of digital financial services, the role of the non-banking financial sector in providing alternative options for offering digital financial services, and promoting access to digital accounts by taking into account the consumer

protection requirements." The discussions also addressed the role of open banking services in the significance of data protection and privacy within the comprehensive system of digital financial services, as well as the role of open banking services within the system.

- **A workshop on "Regulatory Frameworks for Crowdfunding Platforms: Regional and International Experiments":** It provided insights into the current state of Crowdfunding Platforms in the Arab region, their future potential, as well as the nature of challenges they face, in addition to exchanging regional experiences and knowledge regarding Crowdfunding Platforms' regulatory frameworks based on the best regional and international experiences, so as to activate their role in financing the targeted groups, primarily MSMEs.
- **A workshop on "Digital Banks: Opportunities, Challenges, and Regulatory Frameworks":** It discussed concepts and potential of promoting bank digitization, its role in increasing financial inclusion, in addition to the regulatory and legislative requirements necessary for launching digital services in banks. The workshop also discussed the role of regulatory entities in ensuring that the advantages of digital banking services are not outweighed by the risks associated with them.
- **A workshop on "Central Bank Digital Currencies (CBDCs) and the Future of Monetary System":** It covered three important topics: "Design Considerations, Technical and Regulatory Requirements Pertaining to Issuing CBDCs and Their



Consequences", "The Role of CBDCs in Increasing Financial Inclusion", and "Applications of CBDCs in Cross-Border Payments."

- ❖ **Workshops focused on the impacts of climate change on the financial sector and banking services, promoting the transition to a green economy, and developing green and sustainable finance instruments. The AMF held the following workshops:**

**A high-level workshop on "Implementing environmental, social and governance standards in the investment policies of institutional Investor in Arab countries: Opportunities and Challenges":** It addressed the requirements for adopting appropriate plans to incorporate these standards in investment policies, to support efforts to achieve sustainable development goals, as well as the challenges for their alignment with the investment policies of financial and banking institutions. The workshop also examined the relationship between the environmental, social and governance standards and the goals of sustainable development as well as the AMF and UNDP report on the application of environmental, social and governance standards to the investment policies of pension funds in Arab countries.

Infrastructure requirements for the application's success were discussed, in addition to the required markets, data, and skills, as well as aspects of documenting the integration of environmental, social, and governance standards in investment policies, defining the requirements for implementing these standards, and lessons learned from relevant regional

and international experiments, and G20 activities to support its implementation.

- **A high-level workshop on "Climate Financing and Sustainable Development in Arab Countries":** It was organized as part of efforts to support dialogue on the requirements of transitioning to a green economy and developing green and sustainable finance instruments, with the goal of enhancing opportunities for financial inclusion and sustainable development.

Several important topics were discussed, such as: "Appropriate Policies to Face Climate Financing Challenges", "The Role of Financial Supervisory Authorities in Developing an Appropriate Regulatory and Legislative Framework for Climate Finance", "Mechanisms for Developing the Climate-related Investment Market Development", "Future Trends for Climate Financing and Sustainability", and "Sustainable Investment Opportunities to Support Innovations in Climate Finance Services", and "Financing projects and assets consistent with sustainable green activities by issuing of securities, such as bonds and Sukuk, whether for the private sector or sovereign institutions."

- **A workshop on "Challenges and Requirements for Enhancing Food Security in the Arab countries: The Implications on Economic and Financial Stability and the Role of Macroeconomic Policies":** The topic of food security was discussed from multiple perspectives, including the impact of climate change, food supply chains, economic policies to address the implications of food security risks on economic and financial stability, and policies supporting the achievement of

food security in the Arab region, financing opportunities for agricultural communities to become self-sufficient, the role of technology in ensuring food security, and more.

**A workshop on “Circular Carbon Economy”** organized in collaboration with the Ministry of Finance and the Circular Carbon Economy National Program of the Kingdom of Saudi Arabia: It discussed several topics, including: "The implications of climate change on agricultural policies and production", "working mechanisms for the Global Food System", and "trends in global food production chains". The workshop also addressed the effect of food insecurity concerns on economic and financial stability, as well as the role of financial and monetary policy in development of mechanisms for food commodity markets to reduce inflationary pressures. In addition, the workshop addressed the requirements and policies of food security in the Arab countries, the opportunities to improve access to finance and financial services for individuals and businesses in agricultural societies, the role of financial and banking institutions, and the role of new technologies in achieving food security.

❖ **Meetings within the context of the Activities of the Secretariat of the Council of Arab Central Banks and Monetary Authorities’ Governors, and the Committees and Task Forces emanating from the Council:**

The AMF serves as the Secretariat of the **Council of Arab Central Banks and Monetary Authorities’ Governors**, and its committees and task forces emanating from the Council, including the Arab committee

on Banking Supervision, the Arab Committee on payments and settlements systems, and Arab committee on Credit Information, as well as the Arab Financial Inclusion Task Force, the Financial Stability Task Force, and the Arab Regional Fintech Group. In 2022, the technical secretariat of the Council was responsible for planning meetings of the Council and its Committees and task forces, as well as preparing the necessary studies, working papers and reports for the Council, and its committees and task forces. In addition, it conveys the views of supervisory authorities and committee members to relevant international conferences, meetings and committees in a manner that contributes to representing the views of Arab countries in the establishment of international principles and guidelines. Furthermore, to the exchange of ideas and experiments.

**In this context, of the AMF hosted the following meetings as a part of its role as the Secretariat of the Council of Governors of Arab Central Banks and Monetary Authorities, and its permanent office, the committees emanating from the Council:**

- **The meeting of the Permanent Office of the Council of Arab Central Banks and Monetary Authorities Governors** aimed to prepare for forty-sixth session of the Council, where the agenda included, in addition to addressing the report of Council Secretariat, other reports on the work of the Council's committees and Task Forces, as well as a number of current relevant topics and issues.

- **The meeting of the Council's forty-sixth session:** Discussion at the meeting centered on three main topics: "The Global Inflation Wave and its implications for Monetary Policy in Arab countries", "The Risks of the Implications of Climate Change on the Financial Sector and Banking Services and the Challenges of Transitioning Towards Green Financing", and "The Requirements and Challenges of Rebuilding Capital and Liquidity Margins in the Banking Sector After lifting Removing Support Packages".
- **During a meeting of Deputy Governors of Arab Central Banks and Monetary Institutions,** the problem of bolstering financial stability during the post-Covid-19 pandemic recovery phase were reviewed. During the meeting, a variety of issues and topics were discussed, including: "Current global financial stability issues", "Trends of the global economy in the phase of economic recovery and their impact on the situation of global financial stability", "Evaluation of opportunities to achieve a balance between opportunities and risks resulting from reliance on modern financial technologies", "The impact of digital banking licensing on traditional banking business models", "the role of the digital economy in the next phase", "How to Eliminate Cybersecurity Risks", "The Effect of Digital Currency Use on the Effectiveness of Macro-Monetary and Prudential Policies", "The Role of the Green Economy in the Next Phase", and "Ways to Reduce Natural Disaster and Climate Change Risks".
- **Five meetings for the Technical Committee deriving from the small Supervisory Committee formed by**

their excellencies the Governors of Central Banks and Arab Monetary Institutions to oversee the progress of the project to establish the Arab Regional Payments Clearing and Settlement Organization and its affiliated Payment Platform "Buna", where developments on the Platform's Arab currencies, the progress in connecting banks with the Platform, as well as expanding transactions via its system have been discussed.

**During 2022, the following AMF meetings were convened within the framework of the secretariat of the committees and task forces deriving from the Council of Arab Central Banks and Monetary Authorities Governors and its permanent office:**

**- Arab Committee on Banking Supervision (ACBS) meetings:**

The AMF convened three meetings of the committee during which a variety of subjects were examined, including: "Regulatory Frameworks for Climate Change Risks and Green Finance", "Digital Banks and their Services", and "The Effect of the Coronavirus Epidemic on Bank Asset Quality". The committee also discussed the revisions and updates required by the pandemic's effects on supervisory and banking legislation, the adequacy of the internal assessment process for the capital needed to face risks, and the supervision requirements to support open financing for the Arab region, and to expand the scope of financial services.

Furthermore, during the meeting, the most recent legislative and supervisory developments in Arab countries were discussed, as well as the topics of

"supervision and control of modern financial technology companies", "financial fraud and the role of central banks in protecting customers", "application of micro stress tests", and "risk based banking supervision ", "Instructions governing the controls that must be available to fill leadership positions for banks", "Conditions for the appointment of Bank board members".

**- Arab Committee on Payment and Settlement Systems Meetings:**

During the committee's two meetings a number of topics were discussed, including: "Modern trends in payment systems and financial infrastructure in light of the G20 work", "Prospects and future of Automated clearinghouses and their role in the era of rapid payments", and "Recent trends on trade payment gateways and digital wallets, as well as the role of payment acceptance intermediaries".

In addition, the committee considered "the Role of Central Banks in Establishing Payment Systems, and the Requirements for Using the Legal Entity Identifier (LEI) in Payment Operations", as well as "the Impact of Modern Technologies on Payment Systems from the point of view of Central Banks".

The committee also discussed the following subjects: "Electronic resilience and cybersecurity challenges in the payment infrastructure and its impact on financial stability", "Recent developments related to the control mechanisms of payment systems and their compatibility with international requirements", and "Enhancing the efficiency of central securities clearing, settlement and depository systems: Settlement of OTC derivatives

transactions", "Recent Trends in Using Big Data in Payment and Settlement Processes", "Implications of Stable Currency and Digital Currency Arrangements for Cross Border Payment Systems and Ways to Control Them", "Anti-Money Laundering Framework in Virtual Assets and Stable Currencies," and "Analyzing and Processing Policy Issues resulting from Innovations in Digital and Real-time Payments".

**- the Arab Committee on Credit Information Meetings:**

During 2022, the AMF hosted two committee meetings, in which a number of topics were discussed, notably: "Using modern financial technologies and electronic Platforms for sharing of credit information in enhancing credit access", "The role of digitization in the credit information industry", and "Methods of dealing with negative credit information in the credit information industry".

The committee also discussed the following topics: "The Importance of Providing an Information Platform for Small and Medium Enterprises", "How the Non-Banking Financial Sector Can Benefit from Credit Information", "The Role of Credit Information Companies in Recording Financial Derivatives", and "The Role of Digitization in the Credit Information Industry".

Furthermore, the committee discussed: "The Impact of the COVID-19 Pandemic on Credit Information Systems and Lessons Learned", "The Role of the Credit Information Industry in Transitioning Toward the Digital Economy", "Determining the Comprehensiveness of Risks in the Credit Information Industry", and

"Methods of Reporting Bounced Checks in Credit Reports, as well as Arab countries' experiments in this Regard". The committee also touched on the following topics: "Using Modern Financial Technologies and Electronic Platforms for Sharing of Credit Information in Enhancing Credit Access", and "Credit Information Industry in light of Modern Financial Technologies".

**- Meetings of Financial Stability Task Force in Arab countries:**

The AMF organized two meetings of the Task Force, in which a number of topics were discussed, notably: "Implications of the emerging Coronavirus Pandemic on financial stability", "Preparation for the stage of withdrawing support in the post-crisis phase", and "Lessons learned to cope with the Coronavirus Pandemic, and preparation for the recovery phase".

During the meetings, the committee also discussed: "The implications of climate change and natural disasters on financial stability", "Methods for strengthening central banks' crisis management systems", "The role of macro stress tests, the need to develop them in the future, and Arab countries' experiments in this regard", "Supervisory and Regulatory Techniques from the Perspective of Financial Stability", "The anticipated impact of the percentage of non-performing credit facilities when central banks remove support measures", "risks of the non-banking financial sector", and "a methodology for evaluating and mitigating risks related to the insurance sector".

Other topics were also discussed, notably: "Requirements for developing

early warning systems in the banking sector", "The implications of digital currencies on financial stability", "Development of micro and macro stress tests in light of current global developments", "The impact of high volume of public debts on financial stability", "The Banking Crisis Management System and Recovery Plans", "The Central Bank of Oman's Experiment in Implementing the Financial Stability Index", and "The Deposit Guarantee System".

In addition to the foregoing, the experiments of selected Arab countries were reviewed, in the field of methodology of establishing the Financial Stability Index.

**- Meetings of the Arab Financial Inclusion Task Force:**

The AMF organized two meetings of the Task force, in which a number of topics were discussed, notably: "Establishing Financial Security and Soundness to Develop an Inclusive, Resilience, and Stable Financial Sector", "Promoting social and environmental responsibility and implementing requirements of responsible financing", and "AML/CFT Measures, and their Impact on Financial Inclusion".

Further, during the two meetings, the Task Force also discussed relevant topics, including: "The consumer's role in ensuring financial system stability, and enhancing financial inclusion among the youth", and "Digital payments and their importance in promoting financial inclusion". The discussions also covered the prospects and challenges of mobile financial services, their impact on financial inclusion in the Arab region, and Arab countries' experiments in this field.



On the other hand, discussions during the two meetings, focused on topics related to green finance, the role of financial and banking institutions in guiding entrepreneurs toward sustainable projects and investments, and the promotion of environmentally conscious products by examining the experiments of a number of Arab countries and global trends in this regard. Discussions also addressed the importance of the financial and strengthening its participation in the national economy.

In addition to the above, the two meetings reviewed and discussed the Arab countries' preparations and proposals for the activities and events of the Arab Day for Financial Inclusion, and the priorities of the Financial Inclusion for the Arab region Initiative for 2023 work program. On the other hand, within the framework of the technical secretariat's work, the AMF coordinated the activities of the Arab day for Financial Inclusion, celebrated on April 27, 2022, under the theme "Significance of Social Responsibility for Financial and Banking Institutions in Increasing Financial Inclusion", in collaboration with Arab central banks, Monetary Institutions, bank unions, and the task force members.

#### - Meetings of the Arab Regional Fintech Task Force:

The AMF organized two meetings of the Task Force, in which a number of topics were discussed, notably: "Modern Financial Technologies and Sustainable Finance", "Decentralized Finance and Non-Fungible Tokens", in addition to discussing the Task Force's recommendations for implementing smart contract obligations, their legal

and regulatory frameworks, as well as the "buy now and pay later" models, and the relevant regulatory frameworks. The Task Force also discussed regulatory frameworks for various financial innovations, such as major financial technology businesses, financial information governance and open data, efficiency of regulatory sandboxes, and measurement of important performance indicators.

Furthermore, the Task Force discussed: "Digital financial assets and the relevant regulatory and legislative frameworks", "Metaverse technologies (Fictional universe)", "Risks of integrating traditional finance models with decentralized finance", "Balance of Tools of Green Modern Financial Technologies", "Strategies of Open Finance", and "Regulatory Frameworks to Promote Financial Innovations".

#### ❖ Meetings within the Framework Activities of the Secretariat of the Council of Arab Finance Ministers:

The achievements of the AMF during 2022 included within the framework of its duties as the Technical Secretariat for the Council of Arab Finance Ministers, organizing meetings of the Councils and Deputies, completing studies, working papers, and reports required by the work of the council.

On the other hand, the AMF issued the two annual letters for the Council of Arab Finance Ministries to the President of the World Bank Group and the Managing Director of the IMF, within the framework of the arrangements for upcoming annual meetings of the IMF and the World Bank.

The letters addressed the Arab countries' needs and requirements from both organizations and were based on issues



previously agreed upon at the 13th Regular Session of the Council, as well as proposals received by the AMF from their excellencies the ministers on these issues.

**The AMF's meetings, workshops, and forums within the framework of its activities as the technical secretariat included the following:**

- **The meeting of the 13<sup>th</sup> Regular Session of the Council of Arab Finance Ministers:**

The agenda of the meeting focused on discussing regional and international economic developments, as well as the challenges facing Arab economies during the recovery phase from the implications of the Covid-19 pandemic, particularly in light of the additional challenges resulting from current global developments, their negative repercussions on financial and commodity markets, and the requirements for returning to normal paths for economic growth.

During the meeting, working papers and reports have been discussed which covered several topics, including: "Modernizing the role of the country to stimulate growth driven by the private sector", "Challenges of the health sector's disruption to macroeconomic transformations in the Arab region", "Digital transformation strategies in government stock markets in the Arab countries", and "Digitization of tax collection in the Arab countries". The Council also discussed international tax reforms and their repercussions for emerging economies and developing countries, as well as financial policies to support the recovery phase from the implications of the Covid-19 pandemic.

- **Meetings of the Deputy Finance Ministers in the Arab countries:**

The AMF organized the **Seventh Meeting of the Deputy Finance Ministers in the Arab countries**. Several topics were discussed during the meeting, most importantly: "Digital Transformation Strategies in the Arab Government Stock Markets", "The Importance of Digitizing Tax Collection in Arab countries", "Corporate Tax Reforms", "Modernizing the Role of the State to Stimulate Growth Driven by the Private Sector", in addition to reviewing a number of Arab countries' experiments with digitizing government payments and transfers, as well as publishing public finance statistics. Furthermore, the meeting discussed proposed financial policies to support the recovery phase from the implications of the Covid-19 pandemic in the Arab countries, as well as the challenges that impede the health sector's work to macroeconomic transformations in the Arab region.

- **The second workshop on "Improving the efficiency of public debt management in the Arab countries":**

The workshop discussed the region's economic prospects, the interactions of public debt, approaches of public debt management, and debt transparency. The workshop also included a panel discussion on sovereign instruments that are consistent with environmental, social, and governance standards, as well as a roadmap for issuing sustainable sovereign instruments for Arab countries.

- **The Arab Regional Tax Forum:**

The AMF organized the fourth Arab Regional Tax Forum under the title “Tax Policies to Support Economic Recovery and Accelerate Inclusive and Sustainable Growth in the Post-Covid-19 Pandemic Phase”. The forum discussed opportunities for economic recovery, with a focus on tax policy options appropriate for supporting inclusive and sustainable economic development considering the challenges and risks surrounding regional and international economic prospects.

The forum discussed indirect tax reforms in the Arab countries in terms of opportunities to expand and diversify their scope in order to improve the sustainability of tax revenues, as well as international efforts to reform international taxes within the framework of implementing the G20 arrangements, particularly in terms of addressing the challenges of applying taxes to the digital economy, and opportunities to benefit from digital applications in developing Tax systems.

- ❖ **AMF's Activities, Meetings, Conferences, and Events organized within the framework of its Activities aimed at Strengthening Cooperation Frameworks with Arab, Regional, and international institutions:**

The AMF is keen on strengthening its relationship with local, regional, and international financial organizations and institutions. In this context, during 2022 the AMF's activities focused on the following:

- A. Partnerships and Memoranda of Understanding:**

- ✓ **Signing of a Memorandum of Understanding with the European Stability Mechanism, on the**

promotion of collaborative activities, including the annual high-level dialogue between the Regional Financial Institutions and the IMF. The Memorandum covers technical assistance, joint studies and research, training, and capacity building, as well as information exchange.

- ✓ **Signing of a Memorandum of Understanding with the Arab Gulf Program for Development (AGFUND), to coordinate the AMF and the Program efforts in promoting economic development and achieve sustainable development goals in the Arab region through boosting financial inclusion, supporting micro, small and medium-sized projects, small agriculture sector, digital financial transformation, which contributes to accelerating the inclusive economic growth and creating job opportunities in the Arab region, in addition to supporting legislations and supervisions of the financial sector including microfinance in all relevant fields.**

Signing the aforementioned Memorandum of Understanding contributes to deepening partnership efforts between the AMF and the Program to reflect the strategy of both AMF and AGFUND for building partnerships, cooperation to support reforms in Arab countries to help them achieve inclusive and sustainable development, by launching a joint initiative to provide technical assistance and capacity-building, in the fields of developing financial infrastructure, traditional and innovative financing, including green finance, responsible and sustainable finance, microfinance and agricultural insurance, in addition to cooperation in

organizing conferences, joint engagement in both parties activities and events, as well as cooperation in the field of research, preparation of joint reports and studies.

- ✓ **Joining the United Nations - Better Than Cash Alliance:** Joining the alliance which includes over 80 governments, regional and international financial institutions, will enhance the AMF courses of action aimed at supporting Arab countries' efforts to expand using responsible digital payments, with the goal of promoting access to finance and financial services, transparency, and efficiency in Arab financial systems, in addition, joining the alliance represents an opportunity to inform its members about the AMF's relevant activities, as well as exchange knowledge and expertise with other members.

Furthermore, joining the alliance also aligns with the AMF's priorities by assisting in attracting more segments of society, particularly youth, women, and small businesses, to the financial system in accordance with their requirements and needs, as well as supporting its efforts to digitize payments in a way that promotes sustainable growth, create employment opportunities, reduce inequality and maintain financial stability in the Arab countries.

#### **B. The AMF's participation in international committee meetings:**

The AMF participated in the meeting of the **International Committee for Credit Information**, during the meeting, the recent developments relevant to the committee's activities were discussed, as

well as the states' efforts to promote the credit information industry in a way that eliminates credit risks and improves financial stability, in addition to looking into what can be done in this field in the coming period.

On the other hand, the AMF attended the meeting of the **Basel Committee on Banking Supervision**, to discuss the latest developments in the committee's activities, actions taken by international institutions and supervisory authorities related to banking supervision, and the most significant challenges and risks confronting the banking sector.

#### **C. The AMF's participation in the IMF and the World Bank meetings:**

The AMF participated in the **spring and annual meetings of the IMF and the World Bank**, as well as the Governors of the Arab Group meeting with both the President of the World Bank Group and the Director General of the IMF. The AMF also participated in the meeting of the Heads of the Coordination Group Institutions with the World Bank. Furthermore, the AMF participated in the (G-24) ministerial meeting and the International Development Committee meeting, where discussions focused on topics of Financial Security and Soundness to support sustainability. The AMF also participated in the meeting of central bank governors in the Middle East and Central Asia.

On the side-lines of these meetings, the AMF also participated in the **seventh periodical meeting at the level of heads of regional financial institutions and the IMF**, to exchange views on the current state of the world economy, and ways to strengthen the global financial system and safety net.

Within the framework of its partnership with the World Bank, the AMF completed an updated version of the deep consultations document on financial sector development, which dealt with joint activities and initiatives between the two organizations within the framework of the World Bank's deep consultations initiative with the Arab Coordination Group Institutions.

#### **D. Organization and Participation in regional and international conferences and events:**

- **Organizing the Extraordinary Dialogue Meeting between the Regional Financial Institutions and the IMF**, with the participation of heads and seniors of the international and regional financial institutions, members of the group. The meeting discussed the steps taken to rebuild post-the Covid-19 pandemic, support a sustainable recovery, as well as the proposed initiatives and lessons learned from the network of regional financing arrangements and the IMF, to strengthen their role as key actors in light of the current circumstances and challenges. The discussion also touched on increasing the international financial system's resilience in the face of climate change concerns, restructuring financing frameworks to support the transition to a sustainable economy, and furthering the financial sector's social responsibilities.
- On the sidelines of the **World Government Summit meetings**, the AMF organized a dialogue session on **international taxes**, in cooperation with the Ministry of Finance in the United Arab Emirates, as well as participating in a closed seminar on the implications of climate change.
- **The AMF participation in meetings of the “Knowledge and Communication Management Task Force” emanating from the International Committee for Credit Information**, where the Draft International Principles on the Responsible Use of Technology in Credit Reporting prepared by the Task Force was discussed.
- **Participation in the periodic meeting of the operations directors of the Arab Coordination Group, held in the Kingdom of Saudi Arabia.** The participation included presentations on “Policies for Confronting Climate Change Implications - the Role of Regional Institutions”, and “Evolution of opportunities for sustainable finance instruments: Green Bonds and Sukuk”, Developments of “Buna” Platform for Payments, in addition to reviewing the summary of the updated report on in-depth consultations with the World Bank on aspects of financial sector development.
- **Participation in the activities of the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27)**, as well as the periodic meeting of the operations directors of the Arab Coordination Group. The AMF also participated in the **joint meeting of the Arab Funds Coordination Group and the OECD's Development Assistance Committee.**
- **Participation in meetings of the Middle East and North Africa Financial Action Task Force (“MENAFATF”), the 10th meeting of the International Payments Forum, and the meeting of the Regional Committee for the Middle East and North Africa, and the International Association of Deposit Insurers (IADI).**

- **Participation in the OPEC Fund for International Development Forum**, conducted in Vienna on the sidelines of the annual meeting of the Heads of the Coordination Group Institutions. The forum discussed development challenges, with a focus on food security issues, and confronting Climate Change Implications.
- **Participation in the 92<sup>nd</sup> meeting of the Bank for International Settlements**, held in Basel, where within the framework of this participation, bilateral meetings held with the objective of increasing cooperation, including meetings with Basel Committee, the International Committee on Payment Systems and Financial Infrastructure, the board of financial stability, the financial stability institute, and the center for modern financial technology. In addition, meetings with a number of Arab and International Central Bank Governors were also conducted.

#### AMF's Activities within the Framework of Initiatives

- **AMF's activities within the framework of the Arab Statistics Initiative "ArabStat":**

The provision of comprehensive and reliable statistics on Arab economies is among the priorities and concerns of the AMF, in recognition of the importance of providing statistical data to enhance work in the economic and financial fields of the Arab countries. In this regard, during 2022, the AMF's activities within the Framework of Initiatives, represented in:

- **Organizing the ninth meeting of the initiative**, in presence of more than 147 participants from national statistical centers, Arab central banks and monetary institutions, ministries of finance and economy in Arab countries, and several international and regional experts in the statistical fields.

The meeting dealt with priority topics for Member Countries in line with the goals of the initiative, including Statistics of employee remittances, the role of modern technology in the development of official statistics, statistics of micro, small, and medium-sized businesses, and the challenges that statistics face during pandemics. In addition to public debt statistics, financial security indicators, integrated sectoral financial accounts, and non-banking sector statistics. In this context, the AMF presented a number of presentations on the aforementioned topics, as well as developments in the Arab countries' adoption of international statistical guides and methodologies.

- **Organizing a joint workshop with the IMF, in coordination with the Bank for International Settlements, and Eurostat on "Measuring Commercial Property Price indices in Arab countries"**, in cooperation with representatives for central banks, national statistical agencies, and ministries of finance in the Arab countries. The sessions addressed a number of technical topics relevant to methodologies for Measuring Commercial Property Price indices in Arab countries.
- **Organizing a joint workshop with the World Bank on "Gender Statistics in Arab countries"**, attended by 82 representatives from central banks, Arab monetary institutions, ministries of



finance, statistical agencies, ministries in charge of women's affairs, ministries of trade, and Arab coordination institutions. The workshop discussed the realities of gender statistics in Arab countries, as well as states' experiments in producing and publishing gender statistics, as well as applications of this sort of statistics in financial inclusion policies.

- **AMF's Activities within the Framework of the Financial Inclusion for the Arab Region Initiative (FIARI)**

The AMF is keen on intensifying its efforts to promote financial inclusion in the Arab countries through numerous activities and events within the FIARI framework. During 2022, the efforts were based on four main axes represented in corresponding with the launch of financial inclusion strategies in the Arab countries, raising awareness and knowledge of financial inclusion, capacity building, and promoting and disseminating financial and banking knowledge.

**The AMF's efforts within the framework include the following important activities:**

- **Organizing the activities of the Arab Day for Financial Inclusion 2022, held on April 27<sup>th</sup> annually, under the theme "The importance of social responsibility for financial and banking institutions in promoting financial inclusion",** the activities included launching a media campaign to raise awareness of the Arab Day for Financial Inclusion, in which the statement released by the Secretariat of the Council of Governors of Arab Central Banks and Monetary Authorities was published in Arabic, English and French. Also, a press conference was

conducted on this occasion, during which many presentations were made on: "Requirements for the Implementation of Environmental, Social, and Governance Standards in the Business of Financial and Banking Institutions", as well as the "Arab Financial Inclusion Initiative: Achievements and Action Plan", "Disclosure of Climate Change Risks as an Approach for Lowering the Cost of Access to Finance", and "Green and Sustainable Financing Tools".

- **Organizing a workshop entitled "Strengthening Policies: Enhancing Legislative and Regulatory Frameworks for Digital Financial Services,** where a number of topics were discussed, including: "Foundations for supporting the enabling environment for inclusion of digital financial services, the role of the non-banking financial sector in providing alternative options for offering digital financial services, and promoting access to digital accounts while taking consumer protection requirements into account." The workshop also included discussions on the issues related to the role of open banking services in the comprehensive system of digital financial services, as well as the significance of data protection and privacy in the comprehensive system of digital financial services.
- **Organizing a workshop on "The Role of Loan Guarantee Funds and Mechanisms in Supporting the Sustainability of Small and Medium Enterprises in Arab countries",** in which a number of topics related to the role of loan guarantee funds and mechanisms in supporting the sustainability of small and medium enterprises in Arab countries were discussed, including: "The Ecosystem



for Financing Micro, Small, and Medium Enterprises", "Evaluation of Economic Policy Priorities for Arab countries", "Loan Guarantee Plans to Assist Enhancing the Economic Resilience of Small and Medium Enterprises", "The Role of Digitization in Promoting Risk Sharing and Its Implications on Loan Guarantee Institutions", and "Opportunities for regional cooperation among loan guarantee funds and programs".

**Activities to Support the  
Development of the Financial  
and Banking Sector in the Arab  
countries**

The AMF pays great attention to support the development of the financial and banking sector, enhance the elements of financial stability in the Arab countries, provide opportunities for exchanging experiences, and expertise, transferring knowledge on methods to confront the developments and challenges posed by the Covid-19 pandemic, both regionally and globally, in addition to the requirements for recovery and the return to normal economic growth routes.

In this regard, the AMF intensified its consultations with policymakers in member countries during 2022, in addition to issuing a number of manuals and frameworks, and reference papers on policies and tools relevant to sustainable financing, financial stability, and support for digital financial transformation in Arab countries at this stage. In addition, research papers and studies on many aspects of the financial sector continued to be published.

During 2022, the AMF's efforts in the field of developing the financial and banking sector included the issuance of guiding principles and manuals in collaboration and consultation with supervisory authorities and other relevant authorities in Arab countries, with the objective of offering support and technical advice during the recovery phase, strengthening the financial and banking sector's ability to confront the implications of crises, in addition to supporting digital financial transformation, and promoting financial innovations in the Arab countries.

**The AMF produced guidelines and manuals in 2022 with the objective of supporting Arab countries' efforts in the field of financial sector development, which included:**

- 1. Guidelines on “enhancing early warning systems and banking crisis management at central banks”:** Included a number of topics of significance to the Central Bank as an authority solving financial crisis, such as providing the Central Bank with a recovery plan approved by the Bank's Board of Directors. The principles stressed the need of establishing a deposit guarantee institution as a body corporate with financial and administrative independence, being a cornerstone of the banking crisis management system. Furthermore, the principles demonstrated the significance of establishing a banking crisis management committee, a financial stability committee in the central bank, as well as an effective governance framework for this committee within the central bank's organizational structure.
- 2. ‘Islamic Finance Glossary’:** The glossary was created in response to the growing global interest in Islamic

financial transactions, as well as the AMF's interest in developing the Islamic finance industry in Arab countries and improving its role in achieving Arab financial inclusion. The glossary contains about 270 terms in both Arabic and English, divided into four sections: Financial Markets, Islamic Solidarity, Islamic Banking, Waqf (Endowment), in addition to a section for General Terms used in the Islamic Financial Industry.

### 3. Guidelines on supporting digital financial transformation and promoting financial innovations in the Arab countries.

During 2022, the AMF continued its efforts to supporting digital financial transformation in the Arab countries and transitioning to digital financial services, as well as promoting financial innovations, as a number of guidelines were published in this respect as follows:

- **A manual on “Issuing Digital Currencies”:** The manual sheds light on a set of policies that can be developed while designing the digital currency based on the unique circumstances of each country. It provides a series of proposed decisions to support Arab central banks in making judgments during the stages of studying and reviewing the process of issuing digital currencies, beginning with recognizing the motivations for issuing, up to the point of selecting the most appropriate design for digital currency that is compatible with central banks' objectives and resources.
- **A manual on “Digital Identity, “eKYC” rules, and remote customer enrollment”:** The manual outlined a set of guiding policies required to

assist the transition to adopting a digital identity, as well as the procedures to be followed for a smooth transition to the full application of the digital identity and "know your customer" rules, which included: Developing the legislative and regulatory framework to support digital identity applications, identify associated risks and how to deal with them, clearly outline the procedures for customers along with awareness requirements, the importance of coordination and cooperation with private sector institutions, in addition to the requirements for establishing an effective framework for supervision and control.

- **A manual on “Adoption of Smart Contracts and their Legal Enforcement in Arab countries”:** The manual covers requirements for dealing with hazards that are not covered by present legislation, such as non-disclosure of the identities or nicknames of smart contract parties.

The manual also addresses aspects such as improving customer due diligence, enhancing efforts to combat money laundering and terrorist funding, data protection frameworks, and improving investor protection. The manual touched on legitimacy of decentralized smart contract protocol as an intermediary, and the party that bears the legal responsibility for its transactions.

On the other hand, the manual highlighted the significance of adhering to existing financial and civil regulation and laws, as well as standards when enforce operations of smart contracts in financial sector. The manual also included case studies on

smart contract uses by governments and organizations, a set of recommendations, and a roadmap with action steps for proper smart contract implementation.

- **A guiding principle entitled “Introduction to Non-Fungible Token (NFT): From an organizational and financial prospective”:** The guide summarizes smart contracts and their role in the creation of non-fungible tokens, as well as the coding process and its relationship to non-fungible tokens.

The guide also discusses non-fungible token characteristics, use cases, legal and regulatory frameworks, and challenges, as well as the future of non-fungible tokens in the financial sector and the requirement for a financial infrastructure built on decentralized finance systems.

The guide also offered some recommendations issued by regulatory and supervisory authorities on regulatory frameworks to mitigate noncompliance risks, Platforms and marketplaces for non-fungible tokens, and approaches to ensure environmental sustainability.

The AMF, during 2022, continued to issue the **Arab Financial Stability Index**, to measure the Financial Stability in Arab countries, and acts as a tool for guidance and early warning, as it assists decisionmakers and policymakers in identifying the possibility of an emerging potential financial crisis before their occurrence, to take the necessary preventive and proactive policies and procedures.

### The AMF's Activity in the Field of Training & Capacity Building

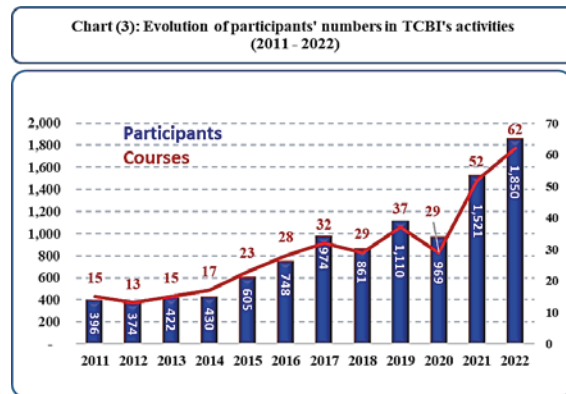
The Training and Capacity Building Institute activities are aligned to support the AMF's role as a center of excellence for knowledge and capacity building by developing the capacity for Arab technical staff in the economic, financial, monetary, commercial, and statistical sectors. In this regard, the AMF is continuing to promote training activities, improving, and updating the content of all the offered training programs, expanding its list of training topics and programs, and focusing on topics related to the needs and challenges facing Arab economies, in addition to strengthening its partnerships with regional and international institutions.

In this regard, during 2022, Training and Capacity Building Institute continued its training activity through “online” training, as a strategic option within the AMF's strategy. All the scheduled training courses for the aforementioned year were provided “virtually”. The 2022 work plan primarily relied on the online training Platform in line with international standards and best practices and considering the current and future training needs .

In this context, 62 training courses were delivered during 2022, which covered topics that correspond with the aspirations of Member Countries, meet their needs, and maximize their cadres' utilization of the courses, in addition to focusing on practical workshops and case studies.

The number of Arab staff participating in the training programs held during 2022 was 1,850 compared to 1,521 participants during 2021 (chart 3). Thus, the number of

participants from official Arab cadres in the training courses, workshops, and seminars organized by the Institute since its establishment until the end of 2022 was 17,410 participants (annex 3).



48 training courses were provided by the AMF's staff during 2022 and the other 14 training courses have been provided within a collaboration between the Institute and a group of leading international and regional institutions, including 7 courses with the International Monetary Fund, one with the Islamic Development Bank, one with Deutsche Bundesbank, one with the Bank for International Settlements, one with the World Bank, one with JICA, and one with Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

**The following is a list of topics covered by the training courses and workshops that have been provided during 2022, and their dates:**

1. Economic uses of Eviews: Introductory Course, (10 - 13) January 2022.
2. Economic and Financial Balances, (17-20) January 2022.
3. Reforms in the Financial and Banking Sector in the Arab countries, (24-27) January 2022.
4. Price Statistics, (24-27) January 2022.
5. Regulation and Supervision of the Islamic Microfinance Sector, (January 31-February 3), 2022.

6. Economic Analysis of the Main Economic Indicators, (7-10) February 2022.
7. Fiscal Policy Analysis (7-17) February 2022.
8. Monetary Sector Diagnostics, (14-17) February 2022.
9. Climate-Related Financial Risks, (14-16) February 2022.
10. Reforms in the Public finance Sector in the Arab countries, (21-24) February 2022.
11. Investment Portfolios Management, (21-24) February 2022.
12. Balance of Payments Statistics, (February 28-March 3), 2022.
13. Financial Stability, (1-3) March 2022.
14. Fiscal Policy, Stability, and Growth: the case of Arab countries, (7-10) March 2022.
15. External Trade Competitiveness, (14-17) March 2022.
16. Financial Soundness Indicators, (14-17) March 2022.
17. Macroeconomic Framework, (21-24) March 2022.
18. Econometrics, (28-31) March 2022.
19. Macroeconomic Diagnostics, (16-26) May 2022.
20. Risk Management of Bond Portfolios, (16-19) May 2022.
21. Green Finance Policies and Tools, (16-19) May 2022.
22. Financial Markets and Securities Analysis, (23-26) May 2022.
23. Digital Economy and Economic Policies, (23-26) May 2022.
24. Policies for Financial and Economic Stability, (May 30-June 2), 2022.
25. Compliance & AML/CFT, (6-8) June 2022.
26. Fiscal Framework, (6-16) June 2022.
27. Macroeconomic Modeling, (13-16) June 2022.
28. Technical Aspects of the Monetary and Prudential Policies, (20-23) June 2022.

29. Economic Crisis Management, (27-30) June 2022.
30. Regulatory Frameworks and Legislation for the Modern FinTech Industry, (5-8) September 2022.
31. Fiscal Vulnerabilities Diagnosis, (12-15) September 2022.
32. Risk Management in Islamic Financial Institutions, (12-15) September 2022.
33. Public Goods and Services and their Economic and Social Impact, (19-22) September 2022.
34. Corporate and Financial Institutions Governance, (26-29) September 2022.
35. Economic uses of EViews: Introductory Course, (26 - 29) September 2022.
36. Multidimensional Data Analysis, (3-6) October 2022.
37. AML/CFT & Financial Crimes (3-6) October 2022.
38. Alternative Investment in Reserve Management, (3-6) October 2022.
39. Public Sector Debt Statistics, (10-13) October 2022.
40. Financial Technology and its Application in the Financial and Banking Sector, (17-20) October 2022.
41. Strategic Planning, (24-27) October 2022.
42. Economic uses of EViews: Time Series Analysis, (24-27) October 2022.
43. Sukuk Standards, (24-27) October 2022.
44. Advanced Econometrics, (October 31-November 3), 2022.
45. Residential Real Estate Price Indices, (7-10) November 2022.
46. of Public Investment Management, (7-10) November 2022.
47. Debt Management Strategies and Domestic Debt Markets Development, (7-10) November 2022.
48. Financial Stability and Macprudential Policy tools, (14-17) November 2022.
49. Public-Private Partnership projects in the Arab countries: Reality, Challenges, and Prospects, (21-24) November 2022.
50. Financial inclusion & Integration, (21-24) November 2022.
51. The Economy and the Challenges of Environmental and Climate Change, (21-24) November 2022.
52. Financial Statements Analysis for Islamic Banks, (21-24) November 2022.
53. Inclusive Growth, (5-15) December 2022.
54. Handling Missing Data Using (R) Software, (5-8) December 2022.
55. Primary Data Analysis Using Structured Equation Modeling (SEM) - Advanced Level, (6-8) December 2022.
56. Economic uses of EViews: Panel Data Analysis, (12-15) December 2022.
57. Small and Medium Enterprises Development Policies, (12-15) December 2022.
58. Practical Aspects of Accounting Standards for Islamic Financial Institutions, (19-22) December 2022.
59. Forecasting Public Revenue, (19-22) December 2022.
60. Regulation and supervision of Takaful insurance sector, (19-22) December 2022.
61. foundations of Economic Forecasting Using (R) Software, (19-22) December 2022.
62. Support of the Arab countries that are in the Accession process of joining the World Trade Organization, (7-9) February 2022.

### The AMF's Investment Activity

The investment activity is considered as one of the AMF main activities, based on the objectives and the scope defined by the AMF's Articles of Agreement, and the resolutions issued by the Board of Governors, that define the general framework of the investment activity.

The resolutions of the Board of Executive Directors set the general guidelines for the investment policy, in addition to setting the



controls and the standards for its implementation and for the management of various investments and their associated risks. In this context, the AMF follows a conservative and balanced investment policy based on the principle of diversification of investment risks in line with its nature as a regional financial and developmental institution. The AMF's approved investment policy is based on four main principles: the protection of the principal invested as a priority, the availability of liquidity, the free transferability, and then realizing the highest possible return on an annual basis while complying with portfolio risk limits to protect the value of the overall investments.

The AMF's investment activities include investing its accumulated financial resources, which consist of capital and reserves that are employed in activities consistent with its strategic objectives. Such activities include lending and investing in Arab government bonds within set limits in the interest of developing Arab capital markets in line with approved investment strategy and policy. The AMF earns an income which contributes to cover its administrative expenses and grow its reserves and its own resources.

The investment activity also includes the engagement in activities that are expected to enhance channels of cooperation with both public institutions of Member Countries and with Arab financial institutions; these activities include accepting deposits and deployment of investments in line with the approved investment policy in addition to offering portfolio management services in deposits, money market and bonds to Member Countries and to Arab financial organizations.

It is worth mentioning that the AMF's investment activity is directly and indirectly affected by economic and financial

developments at the regional and international levels. These factors are considered in setting the investment strategy within the AMF's strategy.

In this context, 2022 witnessed significant fluctuations in financial markets, as well as a state of uncertainty, as a result of global central banks' monetary policies to mitigate high levels of inflation against the backdrop of challenges facing global supply chains, as well as unfavorable developments in the European continent and their implications on performance of the global economy. In this regard, inflation reached its highest level in decades, forcing the US Federal Reserve and a number of other central banks to raise interest rates, causing bond and stock market indexes in many international markets to fall.

In terms of monetary policy, the US Federal Reserve raised official interest rates by 425 bps seven times in 2022, to a rate ranging between (4.25% - 4.5%), the highest level in 15 years. In addition, the Fed Chairman declared that the central bank could conduct a few more rate hikes to combat rapid rise in prices.

The European Central Bank also raised the official interest rate four times in 2022, to reach 2.5 percent at the end of the year, the highest level in 14 years. In addition, the President of the European Central Bank declared that interest rates are expected to rise further in the near future, due to ongoing inflationary trends.

The Bank of England raised the official interest rate by 325 percentage point eight times in 2022, to reach 3.5 percent at the end of the year, due to a considerable rise in the level of inflation, which exceeded 11 percent in October 2022. Furthermore, the Governor of Bank of England warned that UK is facing economic challenges that could last two years.



In Japan, the Japanese Central Bank kept the zero interest rate and continued quantitative easing measures within the bond-buying program, but it changed its policy of controlling the yield curve on government bonds (ten-year maturity), allowing the rate of return to be determined within a range of 50 percentage point around the target zero percentage, compared to 25 bps previously, which investors interpreted as the Bank willingness to abandon its accommodative monetary policy as a result of the country's inflation rising to 3.8 percent in November 2022.

As for China, the Chinese central bank decreased the statutory reserve ratio for banks for the second time to support the slowing economy; the reduction went into effect on December 5<sup>th</sup>, 2022 and is expected to result in an injection of approximately 500 billion yuan (USD 70 billion) of liquidity in the national economy.

Tight monetary policies are predicted to persist in the United States of America and many other advanced economies, against the backdrop of predictions that inflation rates would remain quite high, potentially leading to more interest rate hikes until inflation hits the target level.

Considering the economic and investment climate that has prevailed during 2022, the AMF ensured its conservative approach by prioritizing the safety of its investments through allocations to highly rated investment instruments and dealing with regional and global financial institutions with high credit ratings, in addition to the regular monitoring of these institutions.

The AMF actively manages risks of its investment portfolio by focusing on major investment risks including concentration risk, interest rate risk, liquidity risk, exchange rate risk, and credit risk.

The AMF's investment portfolios consist of its own funds, as well as deposits received from Member States. The total value of these investments amounted AAD 4.05 billion, equivalent to approximately USD 16.16 billion as of the end of 2022. The investment portfolio consists primarily of investments in bank deposits and bonds and marketable securities apart from limited investments in multi-strategy investment and property funds.

As of the end of 2022, the total investment portfolio had an allocation of 35.4 percent to bank deposits, 62.70 percent to bonds and marketable securities, and 1.90 percent to multi-strategy and property investment funds.

The AMF's investment policy allows allocation to investments through various investment instruments, including deposits with Arab and foreign commercial banks that fall within the list of approved banks for the purposes of deposit. The list currently includes about 100 banks and financial institutions. The list, which is approved annually by the Board of Executive Directors, is prepared according to established rules for bank selection and limit setting for dealing, and it is subject to continuous monitoring on banks' financial status and credit ratings.

As for investment in bonds and marketable securities, the AMF maintains high quality instruments in its portfolios in terms of liquidity and credit ratings, aiming to diversify its exposures and geographical distribution. An allocation of 55 percent of the bond portfolios were invested in government and semi-government securities, and money market instruments; the share of bonds rated AA or better stood at 83 percent of the total bond portfolios while bonds rated A stood at 13 percent.

In order to reduce country risk and respond to developments in financial markets, the AMF continued to diversify its investments to ensure a balanced geographical distribution for all its investment portfolios including its own funds and accepted deposits in line with approved investment guidelines.

Investment in deposits, bonds and marketable securities in Arab countries amounted to AAD 1,166 million, equivalent to USD 4,653 million, representing about 30 percent of the total value of the AMFs invested at the end of 2022, including an amount of AAD 715 million, equivalent to USD 2,855 million invested in deposits with Arab banks and financial institutions, and an amount of AAD 450 million, equivalent to USD 1,798 million invested in bonds and marketable securities issued by Member Countries, banks and Arab corporate issuers, with government issues totaling AAD 285 million, equivalent to USD 1,140 million, representing 63 percent of total investment in Arab bonds. The remaining balance of 37 percent of the total portfolio, represents bonds issued by Arab commercial banks and financial institutions.

In terms of investments in Arab currencies, the investment policy allows, under specific conditions, the investment of a portion of the Fund's available for investment in deposits, bonds and securities in the Arab convertible currencies, where the Fund's investments in Arab currencies amounted to AAD 89 million, equivalent to USD 355 million by the end of 2022.

In terms of the credit rating of Arab government bonds, 80 percent of the portfolio value is invested in government bonds with a credit rating of A or higher; the remaining balance represents investments in Arab government issues with a credit rating ranging from BBB to B.

It is worth noting that the Board of Governors expressed its support, during its 2012 meeting, to the creation of an Arab government bonds' portfolio. In response, the Fund's Board of Executive Directors resolved to regulate investments in Arab government bonds rated below A, expanding the credit ratings' categories that were acceptable for investment in Arab government bonds to include the B credit rating category.

In addition, part of the Fund's own resources was allocated to investment in Arab government bonds with a credit rating ranging from BBB to B, amounting to AAD 115 million (equivalent to USD 459 million), under a Board of Executive Directors' resolution increasing the number of Arab countries in which the Fund may invest.

The Board's decision to invest in Arab government bond markets reflects the Fund's growing interest in expanding its participation in, and contribution to, supporting and developing Arab bond markets through investment in bond issuances of Member Countries with a credit rating of BBB and lower, as part of the AMF's continuous efforts to further develop Arab financial markets, including bond markets.

Deposit acceptance from Arab governments and financial institutions is conducted in line with the Fund's strategic objectives as set out in its Articles of Agreement and in accordance with the Board of Governors' various resolutions which called upon Arab countries to voluntarily deposit a portion of their funds with the AMF. These resolutions established several rules including prohibiting the AMF from using its deposits in providing loans to its Member States, and it allocated a portion of the AMF's resources to support this activity.

The Board of Executive Directors issued several resolutions that govern the management of this activity in terms of deposit acceptance and management of its investment funds, which includes the voluntary adoption of the Basel framework as a reference for managing risks and limits for this activity, in addition to allocating necessary financial resources from its reserves to support the activity and enhance confidence.

The investment instruments allowed for this activity are limited to bank deposits, bonds and securities, in addition to the management of assets and liabilities on a conservative basis.

The Fund has distinctive capabilities that contribute to enhancing confidence of depositing countries, predominantly through its conservative investment policy that accords greater weight to the preservation of invested capital. Deposited funds also enjoy a high level of safety by virtue of the Fund's financial solvency, and its risk mitigation approach to investment activities.

The AMF voluntarily adopted the Basel framework to manage risks of the investment portfolio of the accepted deposits of Member States, achieving a Capital Adequacy Ratio of 31.06 percent at the end of 2022, compared to the minimum requirement of Basel III at 13 percent, including the capital entitled Counter Cyclical and Capital Conservation Buffers.

The 30-day short-term Liquidity Coverage Ratio reached 1,196.84 percent, compared to the minimum requirement of 100 percent which came into force in January 2019. The Fund recorded a Net Stable Funding Ratio of 1,645.31 percent, compared to the minimum requirement of 100 percent. The Leverage Ratio reached 8.19 percent, compared to the minimum required of 3 percent.

These indicators reflect the robustness of the risk management of this activity and the attention the AMF allocates to deposits from Member Countries.

These characteristics have collectively contributed to the growth in the size of accepted deposits from Member States. This activity recorded a remarkable growth over the past several years. The amount of accepted deposits, at the end of 2022, amounted to AAD 3,376 million, equivalent to USD 13,479 million received from 15 Arab countries and financial institutions. The AMF's conservative implementation of its investments policy and proactive risk management practices effectively contributed to protecting the value of invested funds and recorded a positive stable performance from these investments, despite the recent challenges in the global financial markets.

In addition, the Fund continued managing investment portfolios directly for ATFP and funds in the Consolidated Account of Specialized Arab Organizations. In addition, the AMF continued to oversee the portfolios managed by external parties, on behalf of the ATFP according to the approved investment policy and strategy.

### **The Activities of the Arab Trade Financing Program (ATFP)**

The Arab Trade Financing Program (ATFP) is a specialized joint Arab financial institution, established in 1989 by a resolution of the Board of Governors of the AMF. ATFP's authorized capital is USD 1 billion, distributed over 200,000 shares with a par value of USD 5 thousand per share.

The number of shareholders in the capital includes 53 national and regional Arab financial and banking institutions.

ATFP aims to contribute to the development of Arab trade and to enhance the competitiveness of Arab exporters by providing the necessary financing for their trade and supporting parties involved in Arab trade. ATFP also provides information on Arab trade and on means to promote Arab goods and commodities.

ATFP's mechanism is based on the financing of exporters and importers in Arab countries through a network of National Agencies including banks, financial institutions, and official agencies designated by their respective monetary purpose. ATFP also provides unfunded credit facilities, such as issuance of guarantees or irrevocable reimbursement undertakings, or participation with other banks in bearing the financial risks of ATFP's National Agencies under eligible trade transactions.

ATFP also provides financing facilities other than the lines of credit facilities through secondary market operations in cooperation with regional and international financial institutions, such as discounting of accepted drafts and financing documentary credits loans. In addition, ATFP has recently activated the "Direct Finance" services to enable ATFP to finance Arab corporates in cooperation with its National Agencies.

ATFP's network of National Agencies contribute to expanding the scope of the ATFP's activities. By the end of December 2022, there was a total of 217 National Agencies operating in 20 Arab countries and 5 foreign countries.

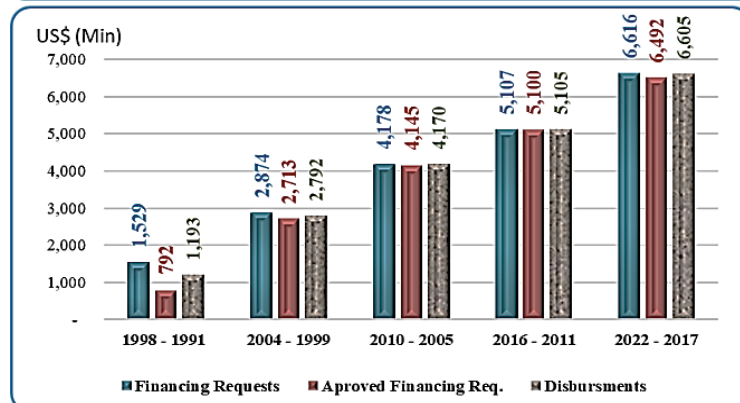
The value of applications for financing received by ATFP in 2022 amounted to approximately USD 907.31 million, as

ATFP agreed to finance them, and the value of withdrawals in the same year amounted to approximately USD 907.16 million.

Accordingly, applications for financing ATFP received since its inception amounted to approximately USD 20.3 billion to finance trade deals worth approximately USD 27 billion, out of which USD 19.9 billion were approved. The value of withdrawals during that period amounted to approximately USD 19.2 billion.

Chart (4) illustrates the progressive development of cumulative funding activity between 1991 and the end of December 31<sup>st</sup>, 2022.

Chart (4): ATFP's Progressive Development of the Financing Activities (1991 - 2022)



As for the trade information services provided by ATFP to Arab traders, ATFP continues to develop and update its Intra-Arab Trade Information Network (IATIN), which is available at the regional level. IATIN provides information on all Arab countries and their trade through ATFP's official website. ([atfp.org.ae](http://atfp.org.ae)).

Within the framework of its activity to promote intra-Arab trade, ATFP organizes and holds meetings for exporters and importers working in specific sectors. In this context, ATFP organized, in cooperation with various stakeholders in Arab countries, eighteen buyers/sellers' meetings in the following sectors: textiles and apparel, food industries, agricultural



products and accessories, mineral industries, pharmaceutical industries and their supplies, petrochemical industries, furniture, and building and construction material.

### **“Buna” Payments System**

the AMF completed all steps related to the establishment, operation, and management of the Arab Regional Payments Clearing and Settlement Organization, with the most recent being the completion of the formation of the organization’s supervisory committee from the central banks of eligible currencies, and the organization’s board of directors. Accordingly, the AMF implemented the entire requirements for the establishment of the organization, pursuant to the Council of Governors of Arab Central Banks and Monetary Authorities Decision No. (10/2017) which has been approved by the Board of Governors of the AMF through its resolution No. (4/2018).

The AMF continued to support Buna’s efforts related to developing and expanding use of its innovative services. In this regard, the most important achievements during 2022 were:

- **Increasing participants to “Buna”:**

During 2022, the AMF supported efforts to enhance the participation of Arab banks in the system, as the number of banks that were communicated with reached 241 by the end of 2022, among them 147 commenced testing procedures, and 94 completed technical readiness, while the number of banks that went live reached 77 banks. It should be noted that by the end of December 2022, the number of banks that signed the agreement reached 100 banks.

- **Incorporation of Arab and international currencies, as well as enhancing engagement of central banks:**

By the end of 2022, five Arab central banks onboarded to “Buna’s” payments system, as a direct participant. Namely: The Central Bank of Jordan, the Central Bank of Tunisia, Banque d’Algérie, the Central Bank of Iraq, and the Central Bank of Egypt. In addition, there are ongoing discussions with a number of additional Arab central banks to connect them to Buna as direct participants. Moreover, in 2022, the Jordanian dinar and the Euro were added as settlement currencies to the system, joining the previously listed UAE dirham, Saudi riyal, Egyptian pound, and US dollar, bringing the total number of currencies to six Arab and international currencies. Efforts are underway to list additional Arab and international currencies.

- **Initiating Transactions:**

During 2022, the system initiated the transfer transactions, which witnessed a relatively increasing development in terms of their number. According to the data, about 73.3% of all transfers in 2022 were in UAE dirhams, 24.9% in Egyptian pounds, 1.4% in Saudi riyals, and 0.3% in US dollars.

- **Increasing participation with the financial industry:**

12 workshops were held in 2022, bringing the total number of workshops held to 38, with a considerable number of banks and financial institutions from the Arab region and overseas participating, including international financial institutions, central banks, and global financial services businesses. These workshops aimed at enhancing communication and consultation with financial and banking institutions, as well as to introduce Buna’s various

services, as well as to hold discussions on relevant topics. On the other hand, "Buna" continued to hold meetings with numerous Arab central banks and banks operating in a number of Arab countries during 2022 in order to improve their readiness to connect with the system

- **Building Strategic Partnerships:**

"Buna" continued its efforts to build strategic partnerships with regional and international financial institutions and global financial service providers, in order to improve the development and spread of its services and its response to the needs of financial and banking institutions, and there has been progress in the paths of strategic partnerships with a number of international institutions and payment systems within the framework of the memoranda of understanding signed with them. Furthermore, there is a progress in efforts to connect the system with (NPCI) system in India, and African system (PAPSS).

- **Buna's Instant Payment System:**

During 2022, "Buna" finalized its Instant Payment System, adding value to its participants and improving the system's services. Three memoranda of understanding were signed in this regard, one with the Egyptian Banking Company for Technological Advancement, one with the Jordan Payments & Clearing Company (JoPACC) in Jordan, and one with Bahraini Company "BENEFIT". These memoranda aim at creating a harmonious connection between "Buna" and these companies' real-time payment networks to gain access to various payment services via innovative solutions to receive and send cross-border payments instantly 24/7, in accordance with the highest global compliance standards. The strategic cooperation between "Buna" and these

companies will support many uses such as personal transfers and digital trade, which contributes to increasing the benefits for the individual and institutional sectors and improving the opportunities for Arab countries' economic and financial integration.

- **"Buna's Payments System complies with international standards:**

Buna conducts self-assessments on a regular basis to ensure compliance with the International Principles for Financial Market Infrastructures (PFMIs), which were issued in April 2012 by the International Committee on Payment Systems and Financial Infrastructure (CPMI) of the Bank for International Settlements and the International Organization of Securities Commissions (IOSCO). The third assessment, which was more comprehensive, was undertaken in July 2022, using the disclosure framework and assessment methodology designed for the principles of financial infrastructure. The findings demonstrate "Buna" 's conformity with the international principles. Furthermore, Buna is also considered as a model that reflects the G20 directions for developing and increasing the efficiency of cross-border payment systems.

- **Launching an Initiative for Pension Payments:** The Central Bank of Iraq launched an initiative in December 2022 to pay the salaries of Iraqi retirees living in other Arab countries through "Buna". The launch of this initiative provides fresh opportunities for improving the efficiency of government payments in a variety of applications, such as allowances for scholarship students, allowances for health care recipients, transfers of diplomatic missions, and other government payments, with the



objective of bolstering efforts in the field of joint Arab engagement and activating inter-Arab payments in Arab currencies.

- **Current Challenges:** Despite the constant expansion in the number of banks connected to "Buna", the number remains lower than aspirations and ambitions, and is insufficient in comparison to the benefits, options, and innovative payment services offered by the payments system. This reflects a variety of challenges, notably the importance of completing the connection of major banks from various Arab countries, as well as banks' awareness of the Buna's strategic dimensions in strengthening the Arab financial and banking sector. There is also a need for a strategic and comprehensive approach to improving the utilization of the Platform's services, such as exploring opportunities to improve the adoption of "Buna" as being a success factor in efficiently achieving Arab interconnection.

### The AMF's Consolidated Financial Position as of December 31, 2022

The consolidated financial statements of the AMF and its subsidiaries (the Arab Trade Financing Program, and the Arab Regional Payments Clearing and Settlement Organization), are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The consolidated financial statements incorporate the consolidated financial position as of December 31, 2022, as well as the results of operations, cash flows and changes in Net assets attributable to Member Countries and Non-Controlling Interest in the ATFP for the year ended on that date, in addition to significant accounting policies and other explanatory notes.

According to Article (49) of the AMF's Articles of Agreement; assets, liabilities and transactions are expressed in Arab Accounting Dinars (AAD). Each AAD is equal to three Special Drawing Rights (SDR) as defined by the IMF.

The main items contained in the consolidated financial statements of the AMF are summarized below:

#### Resources

The resources of the AMF, according to the provisions of Article Eleven of the AMF's Articles of Agreement consist of: the paid-up capital, reserves, loans and facilities, and any other resources approved by the Board of Governors. The AMF's Board of Governors had approved in 1989 the acceptance of deposits from Arab Central

Banks and monetary institutions, with the aim of supporting the Arab countries in managing their foreign reserves, provided that such resources would not be used in lending activities, so the AMF could achieve its objectives, based on means authorized by the Fifth Article of the AMF's Agreement.

The Board Council also approved, through the Statute of the Arab Trade Finance Program, the contribution of financing institutions of different categories to the program's capital to enhance resources for Arab trade financing.

#### Capital

Article No. (12) of the AMF's Articles of Agreement, set the authorized capital stock at AAD 600,000 thousand, divided into twelve thousand shares of AAD 50 thousand each.

The Board of Governors of the AMF had approved through its resolution No. (3) of 2013, to increase the authorized share capital by AAD 600,000 thousand to become AAD 1,200,000 thousand.

The resolution has also called for subscription of Member Countries at AAD 300,000 thousand and thus, the subscribed capital has increased to AAD 900,000 thousand.

The resolution included the payment of half the subscription standing at AAD 149,010 thousand by transfer from the general reserve, and the other half by cash transfer from the Member Countries, in five annual instalments starting from April 2014. However, the claim for the payment of Palestine's share in the capital would remain deferred, by virtue of the Board's Decision No. (7) of 1978.

The paid-up capital amounted to AAD 883,025 thousand at the end of 2022. The unpaid portion standing at AAD 16,975 thousand at the end of 2020 represents the overdue instalments paid by cash transfer from some member Countries, in addition to the state of Palestine's deferred share.

### Reserves

The Reserves has reached to AAD 517,708 thousand on 31 December 2022, compared to AAD 540,809 thousand on 31 December 2021, represents approximately 59 percent of the paid-up capital, compared to 61 percent on 31 December 2021.

Reserves are consisting of general reserve, and contingency reserve. The General Reserve, of AAD 322,708 thousand on 31 December 2022 (AAD 350,809 thousand on 31 December 2021), including a provision for unrealized change in the financial investments held at fair value. The Contingency Reserve has reached to AAD 195,000 thousand on 31 December 2022, compared to AAD 190,000 thousand on 31 December 2021.

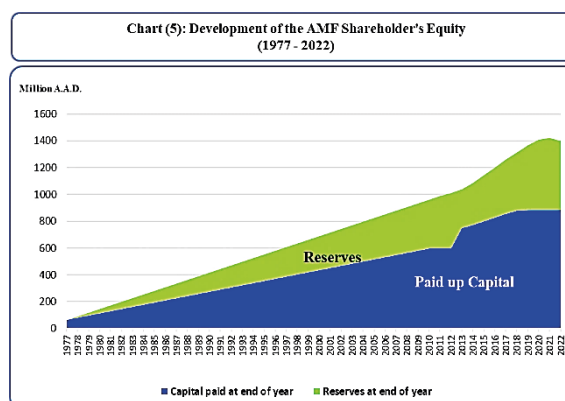
The Contingency Reserve was established according to the Board Governors' resolution No. (7/1989 & 4/2000), where the greater of AAD 5,000 thousand or 10 percent of the operating income per annum, is transferred to this reserve. The Contingency reserve is intended to be used to mitigate any unforeseen future losses.

### Net Assets Attributable to Member Countries

The Net Assets Attributable to Member Countries, consists of the paid-up capital

and the reserves, has reached to AAD 1,400,733 thousand on 31 December 2022, compared to AAD 1,423,834 thousand on 31 December 2021, representing a decrease of AAD 23,101 thousand and at a decline of 2 percent.

Chart no. (5) below shows the evolution of the Arab Monetary Fund Net Assets Attributable to Member Countries since its establishment until 31, December 2022.



As for the Non- Controlling Interest in the subsidiary, which represents interest of other shareholders in the capital and reserves of the Arab Trade Financing Program, amounted to AAD 130,089 thousand on 31 December 2022, compared to AAD 122,143 thousand on 31 December 2021, with an increase of AAD 7,946 thousand at growth rate of 6 percent.

This is mainly due to disparities resulting from the difference in the conversion rate of the US dollar (the base currency of the Program), compared to the Arab Accounting Dinar. Thus, the total of Net Assets Attributable to Member Countries and the Non- Controlling Interest in the subsidiaries has reached to AAD 1,530,822 thousand on 31 December 2022, compared to AAD 1,545,977 thousand on 31 December 2021.

The resources were spread over the financing of Member Countries' lending operations, credit lines for accredited national agencies, financial investments, and other assets, as shown below:

### Loans to Member Countries

The balance of outstanding loans owed by Member Countries of AAD 578,540 thousand on 31 December 2022, compared to AAD 596,436 thousand as of 31 December 2021. The AMF's commitments for contracted loans with member countries has reached to AAD 612,288 thousand on 31 December 2022. The loans commitments represent the outstanding loan balances owed by Member Countries, in addition to the balances of loans contracted and not disbursed, which was amounting to AAD 33,748 thousand on 31 December 2022.

### Lines of Credit

Lines of credit represent facilities provided by the Subsidiary to the Approved National Agencies with the aim of promoting intra Arab trade in commodity exports and imports and in related services. The balance of drawings against contracted lines of credit has reached to AAD 182,579 thousand (U.S.\$ 731 million) on 31 December 2022, compared to AAD 182,641 thousand (U.S.\$ 769 million) on 31 December 2021.

### Deposits at Central Banks of Member Countries

In accordance with Article Fourteen of the Articles of the AMF Establishment Agreement, 2 percent of the initial capital contributions were paid in the national currencies of Member Countries and deposited with their central banks. These deposits are adjusted by the Member Countries at the end of each year, based on

exchange rate announced by the IMF to maintain their nominal value in Arab Accounting Dinar. The total of these deposits was equivalent to AAD 5,336 thousand on 31 December (2022 and 2021) respectively.

### Investments

The consolidated investment portfolio is comprised of current and call accounts and time deposits with banks, accounts of other shareholders with the IMF, and financial investments portfolios.

The value of this portfolio has reached to AAD 4,150,263 thousand on 31 December 2022, compared to AAD 3,833,351 thousand on 31 December 2021.

The Accepted deposits from Arab monetary and financial institutions has reached to AAD 3,376,101 thousand on 31 December 2022, compared to AAD 3,097,798 thousand on 31 December 2021.

Whereas the investments of fund's self-resources have reached to AAD 774,162 thousand on 31 December 2022, compared to AAD 735,553 thousand on 31 December 2021.

### Forward Currency Contracts

the AMF uses derivative financial instruments, including foreign currency swaps and forward currency contracts to manage exposure to foreign exchange risk. The net fair value of the forward currency contract payable on 31 December 2022 were AAD 9,233 thousand (2021: AAD 35,584 thousand receivable)

### Investment in Related Entity

This item represents the AMF's contribution in the share capital of Arab Investment and Export Credit Guarantee Corporation denominated in Kuwaiti dinars.

AMF's contribution was amounted to AAD 8,301 thousand on 31 December 2022 compared to AAD 7,987 thousand on 31 December 2021.

The AMF's Board of Governors approved, by virtue of its decision No. (6/2002), to contribute, on behalf of its Member Countries, to increase the Corporation's capital by the equivalent of Kuwaiti Dinars (KWD) 8,118 thousand, that have been fully paid.

It was followed by its decision No. (3/2015) about the AMF subscription in the increase of the Corporation's capital by 25 percent from its paid-up contribution, equivalent to KWD 2,030 thousand and to be paid in five equal instalments, raising its contribution to KWD 10,148 thousand. the AMF paid the entire subscribed increase approved by the Council of Governors.

### Other Assets

Other assets have reached to AAD 35,433 thousand on 31 December 2022, compared to AAD 22,025 thousand on 31 December 2021. The balance of other assets includes intangible assets amounted to AAD 6,635 thousand as at 31 December 2022, (AAD 7,459 thousand:2021) represents the net book value of the computer software of "BUNA payment system" owned by the Arab Regional Payments, Settlement and Clearing Organization.

### Results of Operations

The consolidated Operating income from operations for the year ended 31 December 2022, inclusive of the share of the non-controlling shareholders in the income of the ATFP, was amounted to AAD 18,364 thousand, compared to AAD 33,890 thousand in year 2021. After excluding the share of the non-controlling shareholders in the income of the ATFP, the operating income was amounted to AAD 14,989 thousand, compared to AAD 31,960 thousand in 2021. The components of operating income are as follows:

### Income

The total consolidated income of the AMF and the subsidiary, after deducting interests' expense on accepted deposits from Arab monetary and financial institutions, amounted to AAD 29,054 thousand for the year ended 31 December 2022, compared to AAD 39,579 thousand for 2021.

### Administration and General Expenses

This item includes the administrative and general expenses of the AMF, and its two subsidiaries (Arab Trade Financing Program, and Arab Regional Payments Clearing and Settlement Organization).

The administrative and general expenses comprise of: Personnel expenses, Board of Governors and Board of Executive Directors meetings expenses, office, communications, bank expenses and consultancy, in addition to operating

expenses of “Buna” Payment system. The total administrative and general expenses amounted to AAD 10,653 thousand for the year ended 31 December 2022 compared to AAD 5,649 thousand in 2021.

### Technical Assistance Expenses

the AMF provides technical assistance programs to Arab Member Countries, to which regional and international institutions contribute within the framework of partnerships. Total spending on technical assistance programs provided through 2022 amounted to AAD 65 thousand, compared to approximately AAD 108 thousand, in 2021.

In-kind contributions from participants parties amounted to AAD 28 thousand in 2022 (representing 43 percent of total expenses) compared to AAD 68 thousand in 2021 (representing 63 percent). i.e., the expenses incurred by the AMF for technical assistance amounted to AAD 37 thousand in 2022 (representing 57 percent), compared to AAD 40 thousand, (representing 37 percent) in 2021.

### Currencies

the AMF manages currency risk by substantially maintaining its assets in currencies that are closely aligned to the components of the SDR basket. All lending to Member Countries is provided in Arab Accounting Dinar. the AMF's share in ATPF denominated in U.S. dollars, is included in the US dollar component of the AMF's assets. The other resources are invested in convertible currencies, in conjunction with forward foreign exchange contracts.

Table No. (1) shows the weights of currencies included in the SDR basket, and SDR exchange rates. 1 AAD equal to 3 SDRs, by the end of 2021, and 2022, as well as the weights applicable as of August 1st, 2022.

Table (1) : The Actual Weight of the currencies included in the SDR basket (2016 - 2022)

Currency	The weights of the currencies included in SDR basket			SDR Exchange Rates Against each currency included in the basket	
	30 September, 2016	31 December, 2021	31 December, 2022	31 December, 2021	31 December, 2022
US Dollar	41.73 %	42.62%	43.44%	1.400	1.331
Euro	30.94 %	31.29%	29.81%	1.236	1.254
Pound Sterling	7.98 %	8.25%	7.33%	1.042	1.103
Japanese Yen	8.43 %	7.44%	7.62%	159.966	176.623
Renminbi-RMB	10.92 %	11.40%	11.80%	8.922	9.317
	% 100	100%	100%		

### Contribution to Humanitarian Support of the Palestinian People

The AMF contributes to the collective effort of Arab financial institutions, with a view to provide humanitarian support to the Palestinian people, by allocating 10% of the net annual income of the AMF to such aid, since 2002. In this context, the AMF's Board of Governors in its forty-fifth annual meeting held in the Kingdom of Saudi Arabia on 07 April 2022, adopted Resolution No. (6) of 2022 on which the Board has agreed on a 20th allocation of AAD 3.196 million (equivalent to about USD 13.4 million). Thus, allocations approved by the Council of Governors, to humanitarian support to Palestinian people, totaled AAD 62 million (equivalent to approximately USD 570 million).

The Board of Executive Directors adopts the components of programs supported by AMF contributions, based on a methodology agreed with the Al-Aqsa Fund, managed by the Islamic Development Bank.



Under that methodology the Administrative Committee of Al-Aqsa Fund approves sectors included in the support programs and components projects for implementation to be supported by each allocation, taking into consideration the necessary coordination with the governors of Arab financial institutions, the AMF, and Al-Aqsa Fund, to ensure the integration of priority projects to provide humanitarian support to the Palestinian people.

Allocations contributed by AMF were distributed across sectors and projects for humanitarian support to the Palestinian people as follows:

- 1. Education Sector:** It includes establishment of new schools, support to the Palestinian Student Loan Fund, rehabilitation, maintenance and equipping of schools. The total allocation directed to supporting the education sector amounted to about USD 108.2 million, accounting for 40% of the total allocated amounts.
- 2. Healthcare Services Sector:** It includes establishing medical centers, building and expanding hospitals and providing medical equipment to hospitals and clinics. The total allocation directed to this sector amounted to around USD 33.2 million, accounting for 12% of the total Allocations.
- 3. Institutional and NGOs Support Sector:** This includes support for Red Crescent activities as well as youth employment and rehabilitation projects. The total allocation amounted to approximately USD 28.8 million dollars, and 11% of total allocations.
- 4. Integrated Rural Development and Economic Empowerment Sector:** This includes support to small-scale artisans, rehabilitation of areas, support to

villages, and decision support, networks of electricity, water, rural roads, and land reclamation, paving and rehabilitation of internal roads, establishment of sanitation systems, projects for productive women, and support to needy families and orphans. The total allocations to support this sector amounted to USD 94.2 million, and 35% of total allocations.

- 5. Protection and upgrading of historical buildings sector:** It include reconstruction of the Old Town in Jerusalem and the rehabilitation of historical buildings. The total allocations for the sector amounted to USD 5.5 million, and 2% of the total allocations.

In addition, the AMF provides the government cadres in Palestine with opportunities for training and capacity building in the areas of specialization of the AMF, through training courses and workshops provided by the Training and Capacity Building Institute, according to regular annual programs in collaboration with many regional and international institutions, to which cadres of all the Arab countries are invited.

**The number of Palestinian trainees stood at 769, as of the end of December 2022.**

**External Auditors' Report  
and the Consolidated Financial Statements,  
as of December 31<sup>st</sup>, 2022**





صندوق النقد العربي  
ARAB MONETARY FUND

**Arab Monetary Fund  
Consolidated financial statements  
December 31, 2022**

## The Arab Monetary Fund

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### CONSOLIDATED FINANCIAL STATEMENTS 31 December 2022

<b>Contents</b>	<i>Page</i>
Independent Auditors' Report on the Consolidated Financial Statements	1 - 3
Consolidated statement of financial position	4
Consolidated statement of comprehensive income	5
Net assets attributable to Member Countries and non-controlling interest	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 39



Ernst & Young Middle East  
(Abu Dhabi Branch)  
P.O. Box 136  
27<sup>th</sup> Floor, Nation Tower 2  
Abu Dhabi Corniche  
Abu Dhabi, United Arab Emirates

Tel: +971 2 417 4400  
Fax: +971 2 627 3383  
abudhabi@ae.ey.com  
ey.com  
CL No. 1001276

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE ARAB MONETARY FUND

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of the Arab Monetary Fund and its subsidiaries, Arab Trade Financing Program and Arab Regional Payments Clearing And Settlement Organization, (the "Fund"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, and consolidated statement of net assets attributable to member countries and non-controlling interest in the subsidiaries for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2022 and its financial performance for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board of Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.





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Abu Dhabi, United Arab Emirates

Tel: +971 2 417 4400  
Fax: +971 2 627 3383  
abudhabi@ae.ey.com  
ey.com  
CL No. 1001276

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE  
ARAB MONETARY FUND (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

*Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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(Abu Dhabi Branch)  
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Abu Dhabi, United Arab Emirates

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Fax: +971 2 627 3383  
abudhabi@ae.ey.com  
ey.com  
CL No. 1001276

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE  
ARAB MONETARY FUND (continued)**

**Report on Other Legal and Regulatory Requirements**

Further, as required by the Articles of the Fund's Agreement of Establishment and Financial Rules, we report that:

- 1) we have obtained all the information we considered necessary for the purposes of our audit;
- 2) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Fund's Financial Rules;
- 3) the Fund has maintained proper books of account in accordance with the Fund's Financial Rules;
- 4) the total administrative expenses for the year ended 31 December 2022 are within the limits specified in Administrative Budget approved by the Fund's Board of Executive Directors, as required by the applicable provisions of the Fund's Financial Rules; and
- 5) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Fund has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the Articles of Fund's Agreement of Establishment or of the Fund's Financial Rules which would have a material impact on its activities or its consolidated financial position as at 31 December 2022.

Signed by  
Raed Ahmad  
Partner  
Ernst & Young  
Registration No 811

21 March 2023  
Abu Dhabi

## The Arab Monetary Fund

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION As of 31 December

	Notes	2022 AAD 000	2021 AAD 000
<b>Assets</b>			
Cash and cash equivalents	3	382,572	467,708
Term deposits with banks	3	1,086,885	742,436
Financial investments	4	2,680,806	2,623,207
Forward currency contracts receivable	5	-	35,854
Lines of credit	6	182,579	182,641
Loans to Member Countries	7	578,540	596,436
Deposits with central banks of Member Countries	8	5,336	5,336
Investment in a related entity	9	8,301	7,987
Accounts receivable and other assets	10	35,433	22,025
<b>Total assets</b>		<b>4,960,452</b>	<b>4,683,630</b>
<b>Liabilities</b>			
Deposits from Arab monetary and financial institutions	11	3,376,101	3,097,798
Forward currency contracts payable	5	9,233	-
Accounts payable and other liabilities	12	44,296	39,855
		<b>3,429,630</b>	<b>3,137,653</b>
<b>Net assets attributable to Member Countries</b>			
Subscribed capital 900 million AAD			
Paid-up capital	13	883,025	883,025
Reserves	13	517,708	540,809
		<b>1,400,733</b>	<b>1,423,834</b>
<b>Non-controlling interest</b>	13	<b>130,089</b>	<b>122,143</b>
<b>Total net assets attributable to Member Countries, non-controlling interest, and liabilities</b>		<b>4,960,452</b>	<b>4,683,630</b>



Abdulrahman A. Al Hamidy  
Director General Chairman of the Board

These consolidated financial statements were agreed by the Board of Executive Directors on 16 March 2023. The accompanying notes from 1 to 23 are an integral part of these consolidated financial statements. The independent auditors' report is set out on pages 1 to 3.

## The Arab Monetary Fund

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2022 AAD 000	2021 AAD 000
<b>Income</b>			
Income from loans and lines of credit			
Interest and fee income on loans to Member Countries		6,198	4,249
Interest and fee income on lines of credit		5,214	2,169
		<u>11,412</u>	<u>6,418</u>
Income from investment activities			
Interest income on securities at amortized cost		20,064	11,854
Interest income on securities at fair value		17,103	6,898
Other investment income	14	9,071	13,499
Interest income on deposits and current and call accounts		23,048	6,379
		<u>69,286</u>	<u>38,630</u>
Interest expense on deposits from Arab monetary and financial institutions	11	(51,724)	(5,581)
		<u>17,562</u>	<u>33,049</u>
Other income		80	112
<b>Total income</b>		<u>29,054</u>	<u>39,579</u>
<b>Expenses</b>			
Administration and general expenses	15	(10,653)	(5,649)
Technical assistance	16	(37)	(40)
		<u>(10,690)</u>	<u>(5,689)</u>
<b>Operating income before other changes in net assets attributable to Member Countries and non-controlling interest (NCI)</b>		<u>18,364</u>	<u>33,890</u>
<b>Other changes in net assets attributable to Member Countries and NCI</b>			
Unrealized change in investments held at fair value	17	(35,539)	(6,998)
Appropriation support the Palestinian people		(3,196)	(4,123)
Expenses for the establishment of the Arab Regional Payments, Clearing and Settlement Organization		-	(4,279)
Other Changes	18	5,216	1,961
<b>Total other changes in net assets attributable to Member Countries and NCI</b>		<u>(33,519)</u>	<u>(13,439)</u>
<b>Change in net assets attributable to Member Countries and NCI</b>		<u>(15,155)</u>	<u>20,451</u>
<b>Operating income before other changes in net assets attributable to:</b>			
• Member Countries		14,989	31,960
• Non-controlling interest		3,375	1,930
		<u>18,364</u>	<u>33,890</u>
<b>Change in net assets attributable to:</b>			
• Member Countries		(23,101)	16,560
• Non-controlling interest		7,946	3,891
		<u>(15,155)</u>	<u>20,451</u>

The accompanying notes from 1 to 23 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 to 3.



## The Arab Monetary Fund

NET ASSETS ATTRIBUTABLE TO MEMBER COUNTRIES AND  
NON-CONTROLLING INTEREST  
For the year ended 31 December

	Paid up capital	General reserve	Contingency reserve	Non- controlling interest (NCI)	Total net assets attributable to the Member Countries and NCI
	<i>AAD 000</i>				
<b>2021</b>					
Balance at 1 January	883,025	339,249	185,000	118,252	1,525,526
Change in net assets attributable to Member Countries and NCI	-	16,560	-	3,891	20,451
Transferred to the contingency reserve	-	(5,000)	5,000	-	-
<b>Balance at 31 December</b>	<b>883,025</b>	<b>350,809</b>	<b>190,000</b>	<b>122,143</b>	<b>1,545,977</b>
<b>2022</b>					
Balance at 1 January	883,025	350,809	190,000	122,143	1,545,977
Change in net assets attributable to Member Countries and NCI	-	(23,101)	-	7,946	(15,155)
Transferred to the contingency reserve	-	(5,000)	5,000	-	-
<b>Balance at 31 December</b>	<b>883,025</b>	<b>322,708</b>	<b>195,000</b>	<b>130,089</b>	<b>1,530,822</b>

The accompanying notes from 1 to 23 are an integral part of these consolidated financial statements.  
The independent auditors' report is set out on pages 1 to 3.



## The Arab Monetary Fund

### CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December

	Notes	2022 AAD 000	2021 AAD 000
<b>Operating activities</b>			
(Decrease) / Increase in net assets attributable to Member Countries and non-controlling interest		(15,155)	20,451
Adjustments for:			
Interest Income		(71,627)	(31,549)
Interest Expense		51,724	5,581
Unrealized change in investments at fair value	17	35,539	6,998
Unrealized change in net assets value of multi strategies and property funds		(2,264)	(7,243)
Depreciation of property and equipment		1,699	1,125
Change in provision for expected credit loss		10	637
Change in loans to Member Countries		17,896	(26,744)
Change in lines of credit		102	(17,366)
Change in forward currency contracts receivable		33,095	(29,903)
Change in forward currency contracts payable		8,525	(23,232)
Change in accounts receivable and other assets		(368)	8,955
Change in accounts payable and other liabilities		(17,652)	17,994
Change in appropriation to support Palestinian people		777	4,123
Change in deposits with banks maturing after three months from inception		(344,519)	163,147
Change in deposits from Arab monetary and financial institutions		278,303	294,163
Interest Received		45,870	40,737
Interest Paid		(30,409)	(6,392)
<b>Net cash (used in) / generated from operating activities</b>		<b>(8,454)</b>	<b>421,482</b>
<b>Investing activities</b>			
Net cash used in investments	19	(76,682)	(215,326)
<b>Net (Decrease) / increase in cash and cash equivalents</b>		<b>(85,136)</b>	<b>206,156</b>
Cash and cash equivalents at beginning of year		467,708	261,552
<b>Cash and cash equivalents at end of year</b>	3	<b>382,572</b>	<b>467,708</b>

The accompanying notes from 1 to 23 are an integral part of these consolidated financial statements.  
The independent auditors' report is set out on pages 1 to 3.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 1 LEGAL STATUS AND ACTIVITIES

The Arab Monetary Fund (“The Fund”) is an Arab financial institution formed in 1976 and started its operations in April 1977, aiming at laying the monetary foundations of Arab economic integration and accelerating the process of economic development in all Arab countries. The Fund includes all the Arab countries members in the League of Arab States. The Fund is situated in Abu Dhabi, United Arab Emirates (P.O. Box 2818, Abu Dhabi, United Arab Emirates).

The Fund relies on a number of means to achieve its objectives, as defined in Article five of the AMF’s Articles of Agreement, including providing short and medium term credit facilities to Member Countries, to help financing the overall deficit in balance of payments, and implementing reforms in financial & banking sectors and public finance sector. Loans and facilities currently offered by the Fund include Automatic Loan, Ordinary Loan, Extended Loan, Compensatory Loan, Structural Adjustment Facility, Trade Reform Facility, Oil Facility, Short-Term Liquidity Facility, and Supporting an Enabling Environment for SMEs Facility. The means also include the coordination of monetary policies in the Arab Member Countries and the strengthening of cooperation between monetary authorities in these countries, as well as striving to liberalize and promote trade and ensuring current payments and encouraging capital flows between Member Countries.

The Fund provides technical assistance and training to its Member Countries to help them adopt effective policies and institutions and build human capacity aiming at enhancing their effort to foster inclusive and sustainable development. It also adopts initiatives at the regional level, with a view to develop payment systems and modern financial technologies capital markets, economic databases and statistics. As well as to foster efforts aiming at improving financial inclusion and other activities related to the Fund.

The objective is to help Arab countries to lay the foundations for macroeconomic stability, and to address imbalances in the balance of payments and support their efforts to implement the required reforms in a number of sectors in order to improve the efficiency of resources utilization and enhance opportunities for achieving inclusive and sustainable economic growth.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB), and in accordance with the historical cost convention, except for the portfolio of investments measured at fair value.

In accordance with the Articles of Agreement of the Fund dated April 1976, the consolidated financial statements are presented in Arab Accounting Dinar (“AAD”). Each AAD is equal to three Special Drawing Rights (“SDR”) as defined by the International Monetary Fund. The value of the SDR is calculated from a weighted basket of major currencies including the U.S. dollar, Euro, Japanese yen, Pound Sterling and the Chinese Yuan.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the current circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis to ensure appropriate valuations of assets and liabilities and recognition of results in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Accounting policies have been consistently applied for periods presented in these consolidated financial statements.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Arab Monetary Fund (the “Fund”), Arab Trade Financing Program and Arab Regional Payments Clearing and Settlement Organization (the “Subsidiaries”).

Arab Trade Financing Program was established in accordance with resolution number (4) of 1989 by the Board of Governors of the Arab Monetary Fund with the aim of promoting and developing intra-arab trade by providing the necessary financing in the form of lines of credit to arab exporters and importers in Member Countries. The Fund owns 56.4% of the subscribed and fully paid-up capital of the Arab Trade Financing Program as of 31 December 2022 (2021: 56.4%)

The Arab Regional Payments Clearing and Settlement Organization (“The Organization”) is a regional Arab Financial Organization established pursuant to Arab Monetary Fund Board of Governors resolution No. (4) of 2018, in implementation of the Council of Arab Central Banks and Monetary Authorities Governors resolution No. (10) of 2017. The Organization is wholly owned by Arab Monetary Fund. The authorized capital of the Organization is 100 million US dollars, and the costs incurred by the Fund until the establishment of the Organization are considered part of its contribution to the capital.

The organization’s objectives are to support opportunities for economic and financial integration among Arab Countries and with the trading partners of Arab countries through the establishment, management and operation of a platform that provides the necessary services for payments clearing and settlement among Arab Countries and trading partners.

The two Subsidiaries headquarters are located in Abu Dhabi, United Arab Emirates. All significant inter-entity balances, transactions and profits have been eliminated on consolidation.

Note 13 to the consolidated financial statements explains the non-controlling interest in the Subsidiaries.

### (c) Financial instruments: recognition and measurement

The policies adopted with regard to the definition, recognition and measurement of financial instruments are as follows:

#### i. Initial recognition:

Financial instruments at Fair Value Through Profit or Loss FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other changes in net assets attributable to member countries and non-controlling interest in the statement of comprehensive income (FVOCI).

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Fund commits to deliver or receive a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.



## The Arab Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 December 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial instruments: recognition and measurement (continued)

##### ii. Classification of financial assets:

Under IFRS9, on initial recognition, a financial asset is classified either at amortized cost, fair value through other comprehensive income (other changes net assets attributable to member countries and non-controlling interest in the statement of comprehensive income) or fair value through profit and loss, based on two factors: the approved business model for managing the financial assets and the cash flow characteristics of the financial assets.

- A financial asset is classified at amortized cost if it meets the following conditions:
  - The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.
  - The objective of the business model is to hold assets to collect contractual cash flows.
- A debt instrument is measured at fair value through other changes in the statement of comprehensive income only if it meets both of the following conditions:
  - The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.
  - The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset.
- All other financial assets are classified as subsequently measured at fair value, with changes in fair value recognized in profit or loss.

The business model was assessed based on the approved corporate policies for investment and lending activities at the level of corporate portfolios; not according to individual asset levels, taking into consideration all relevant available evidence at the date of assessment which include:

- The stated policies and objectives for the investment and lending portfolios, the extent of application of these policies in practice, management strategy focus on the collection of the contractual cash flows and matching of the financial assets durations with respective liabilities funding those assets, or realizing cash flows from the sale of financial assets.
- How the performance of the portfolio is evaluated and reported to the management.
- The risks that affect the performance of the business model and how those risks are managed.
- The frequency, volume and timing of sales in prior periods, the reasons for sales and its expectations about future sales activity.

For the purpose of assessing contractual cash flows, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, liquidity risk, administrative expenses as well as profit margin.

In assessing whether the contractual cash flow are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet these conditions. In making the assessment the Fund considers:

- Contingent events that would change the amount and timing of cash flows.
- Early settlement and extension terms.
- Terms that limit the Fund claim to the cash flows from specific assets.
- Features that modify consideration of the time value of money.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (c) Financial instruments: recognition and measurement (continued)

###### iii. *Reclassification:*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after which the Fund changes its business model for managing the financial assets.

###### iv. *Financial liabilities:*

The Fund classifies its financial liabilities as measured at amortized cost.

###### v. *Modification of financial assets:*

The Fund sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Fund assesses whether the modification of contractual cash flows is substantial considering the following factors: any new contractual terms that substantially affect the risk profile of the asset, and significant change in interest rate. If the modified terms are substantially different, the rights to cash flow from the original asset expire and the Fund derecognizes the original financial asset and recognizes a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a significant increase in credit risk has occurred. If the terms are not substantially different, the modification does not result in derecognition, and the Fund recalculates the gross carrying amount based on the revised cash flows of the financial assets and recognizes a modification gain or loss in the consolidated statement of comprehensive income. The Fund also assesses whether the new loan or debt instrument meets the Solely Payment of Principal and Interest (SPPI) criterion. Any difference between the carrying amount of the original asset derecognized and fair value of the new substantially modified asset is recognized in profit or loss.

###### vi. *Derecognition:*

The Fund derecognizes a financial asset when the contractual right to the cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows in a transaction in which it transfers substantially all the risks and rewards of ownership of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in the profit or loss.

The Fund enters into securities lending and repurchase contracts whereby it transfers financial assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled or expired).

##### (d) Impairment of financial assets

Under IFRS 9, at each reporting date, an entity is required to recognize a loss allowance based on either 12-month expected credit loss or a lifetime expected credit loss, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. Based on this the standard defined three stages of impairment of financial assets depending on the change in its credit risk since initial recognition:

**Stage one:** When the financial asset is initially recognized or where there have not been significant increases in credit risk since initial recognition, an entity is required to provide for 12-month expected credit loss.



## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Impairment of financial assets (continued)

**Stage Two:** Where there have been significant increases in credit risk since initial recognition on an individual or collective basis, but the asset has not defaulted the entity is required to recognize a lifetime expected credit loss.

**Stage Three:** Where there have been significant increases in credit risk since initial recognition, and the asset has defaulted the entity is required to recognize a lifetime expected credit loss and to recognize the interest income based on the value of the asset net of the expected credit loss.

IFRS9 defines lifetime expected credit loss as the amount that results from all possible default events over the expected life of a financial instrument, whereas 12-month expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events that are possible within the 12-months after the reporting date.

The Fund recognizes provisions for expected credit loss in the consolidated statement of comprehensive income for debt instruments measured at amortized cost and those measured at fair value through other changes in net assets attributable to member countries and non-controlling interest (FVOCI). However, the financial assets classified at fair value through profit and loss, the effect of future events on credit loss is directly recognized as changes in fair value through the consolidated statement of comprehensive income.

The Fund provides for lifetime expected credit loss, except for the following, for which 12-month expected credit loss will be provided for:

- Debt investment securities that are determined to have low credit risk at the reporting date; and other financial assets on which credit risk has not increased significantly since their initial recognition.
- The Fund considers debt security to have low credit risk when its credit rating is equivalent to the globally understood definition of “investment grade”.

### (1) Measurement of Expected Credit Loss

In measuring the expected credit losses on its financial assets, the Fund applies a model based on the probability of default, loss given default, and the exposure at default. The variables, methods of measurement and factors affecting the measurement of expected credit losses vary according to the nature and characteristics of the financial portfolio, as follows:

- **For loans to Member Countries** The probability of default is calculated taking into account the most influencing factors for occurrence of default in the sovereign debt, which include (i) economic indicators, such as the ratio of external debt to GDP, the number of months of imports covered by reserves, and the ratio of external debt to exports of goods and services of the borrowing country, (ii) the historical experience of the Fund with the borrowing country and their repayment history, and (iii) credit rating of the borrowing country is also considered. The loss given default is calculated taking into consideration the Fund's experience with its member states. The Fund estimates the exposure at default based on the forecast of the amounts due on default. This applies to all other portfolios.
- **For Financial investments and lines of credit extended to national agencies**, the probability of default and loss given default are calculated based on data provided by credit rating agencies.



## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Impairment of financial assets (continued)

#### (2) Significant Increase in Credit Risk

To determine if there is a significant increase in credit risk related to financial assets, the Fund takes into consideration the quantitative and qualitative factors affecting the financial asset, as follows:

- **For loans to Member Countries** the Fund considers that there is a significant increase in credit risk if the borrowing country is late in paying its dues for a period of six months, unless there are sufficient evidences that the credit risk has not increased significantly despite the delay, such as that the delay is due to internal administrative procedures. The Fund also considers geo-political risks of the borrowers in assessing whether there is a significant increase in credit risk.
- **For financial investments** the Fund considers that there is a significant increase in the credit risk if there is a decline in the credit rating of the financial investments by more than 3 notches downgrade or that there is a noticeable unfavorable change in the future outlook of the issuer. Investment securities with a credit rating of BBB and above are considered to have low credit risk and as such the Expected Credit Loss [ECL] allowance is based on 12-month ECLs.
- **For lines of credit to national agencies** the Fund considers that there is a significant increase in credit risk, if the borrower fails to perform his financial obligations, either over the next 12 months or for the remaining life of the borrower's commitment, and the level of default depends on the amounts expected to be incurred at the time of the default.

The following data are typically used to monitor the Fund's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilization of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;

The Fund uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Fund collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of financial asset and borrower as well as by credit risk grading. The information used is both internal and external depending on the financial asset assessed.

The Fund has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that a significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes past due.

#### (3) Definition of Default

IFRS9 does not give a unified definition for 'Default', however, it requires entities to have their own definition that is relevant to the nature of their financial assets. The definition of default should be applied consistently as it is defined for normal credit risk management practice.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### (d) Impairment of financial assets (*continued*)

The Fund has made an assessment at the consolidated statement of financial position date to determine whether there is objective evidence that the borrower has defaulted or if it is unlikely that the borrower would pay its obligations to the Fund in full as follows:

- **For loans to Members Countries**, the Fund considers that the borrowing countries have defaulted if they are in arrears for a period of one year. The Fund adopts a policy of making provisions against interest on loans to Member Countries that defaulted in settlement of any installment due for more than a year, as well as against interest calculated in delayed loan principal and interest installment. The Fund then endeavors to reach agreements with those countries for the settlement of their arrears.
- **For lines of credit to national agencies**, The Fund considers an instrument to be in default when the borrower is more than 90 days past due on its contractual payments.
- **For financial investments**, the Fund considers default has occurred if the financial asset is past due for at least 90 days. The Fund assesses, periodically, the exposure of its investments to conclude whether due to adverse factors (financial, economic, legal, political or managerial) might have an impact on the market value of the security.

##### • *Loans Expected Credit Loss*

Loans to Member Countries are financial assets that are measured at amortized cost. Interest income on loans to Member Countries is recognized using the effective interest method. The Fund's assessment of its loans receivable for impairment is grounded in the context of the nature of the Fund's lending and the unique institutional status with the Member Countries.

The Fund has a unique relationship with its member countries, all of which are shareholders in the Fund. Furthermore, loans to Member Countries are sovereign debts by their nature and support corrective reform programs to overcome balance of payments problems, thereby enhancing countries capacity to repay in the medium and long term. Member Countries are committed to these programs which are subject to regular reviews of performance. In addition, the Fund has not recognized any impairment losses on its loans extended to Member Countries since its inception.

Taken together these factors significantly reduce the likelihood of the Fund incurring credit losses on its loan portfolio.

Due to its unique characteristics, the Fund's credit risk exposure is not comparable to credit risk faced by commercial financial entities. Accordingly, credit risk for the Fund is assessed holistically based on qualitative and quantitative considerations pertaining to each member country, such as the status of the economic programs supported by lending, the member's cooperation on policy implementation and timely settlement of financial obligations, and forward-looking assessments of the member's capacity to repay.

The Fund has developed a model for ECL and performed an impairment analysis of loan outstanding in accordance with its ECL model taking into consideration the unique nature of the Fund financing and institutional status.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### (e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

##### (f) Debt restructuring

The Fund adopts a flexible mechanism for managing and settling loans to Member Countries that were in default. The policy aims to assist the troubled countries and at the same time preserve the Fund's financial rights. Each case is treated separately, considering the size of the debt, economic conditions and financial capabilities of the borrowing countries and their ability to settle overdue debts in a manner that leads to restructuring of the loan principle and the interest accrued on them.

Due to the distinguished relationship with its member states, the Fund does not write off loans that it provides to its Member Countries.

##### (g) Collateral and credit enhancements

The Fund does not issue guarantees or credit enhancements for debts of other parties.



## The Arab Monetary Fund

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### (h) Foreign currency transactions

The Fund's assets are closely aligned to the components of the SDR basket of currencies comprising the Special Drawing Rights unit to which the AAD is associated.

Foreign currency transactions are recorded at rates of exchange ruling at the dates of the transactions. Assets (except property and equipment) and liabilities denominated in foreign currencies at the statement of financial position date are translated to Arab Accounting Dinar (AAD) which is equivalent to three Special Drawing Rights (SDR) at the exchange rates announced by the International Monetary Fund for the said date.

Assets and liabilities of the subsidiaries are translated into AAD using the year-end exchange rates. Revenue and expenses are translated at the average exchange rates prevailing during the relevant period of the transaction. Gains and losses arising from the translation of the subsidiaries operations are recorded in the consolidated statement of comprehensive income.

##### (i) Derivative financial instruments

The Fund and its Subsidiaries use derivative financial instruments, currency swaps and forward foreign exchange contracts, to manage exposure to foreign exchange risks. The Fund and its Subsidiaries do not hold or issue derivative financial instruments for trading purposes. Any profit or loss arising from changes of the fair value of the derivatives is recorded in the consolidated statement of comprehensive income.

##### (j) Cash and cash equivalents

For the purposes of the consolidated cash flow statement presentation, cash and cash equivalents are defined as current and call accounts with banks and International Monetary Fund and deposits with banks maturing within three months from the inception date.

##### (k) Depreciation of property and equipment

The cost of property and equipment is depreciated in equal annual installments over the expected useful lives of the assets concerned.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (l) Revenue recognition

For all financial instruments measured at amortised cost, interest income is recognised in profit or loss using the effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

##### (m) Critical judgements in applying the accounting policies

IFRS requires management, in preparing financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, management is required to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements.

The following are the critical judgments that the management has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

##### Business model assessment

Classification and measurement of financial assets depends on the results of Solely Payment of Principal and Interest (SPPI) and the business model test. The Fund determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Fund monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Fund's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate.

##### Impairment losses

- Significant increase of credit risk: Expected Credit losses (ECLs) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Fund considers qualitative and quantitative reasonable and supportable information. Determination of a significant increase of credit risk for each type of investment is defined in note (2) – d above.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. instrument type, credit risk grade, remaining term to maturity, etc.). The Fund assesses the credit risk characteristics to ensure that the basis of grouping is still appropriate.



## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (m) Critical judgements in applying the accounting policies (continued)

###### **Determination of the redemption value to Member Countries**

Management has applied judgement in interpreting the clauses in the Articles of Agreement of the Fund. The amount payable on redemption or liquidation of the Fund is determined by management to include all paid capital and reserves. It was further judged by Management, that the reserves include those of the subsidiaries and the non-controlling interest would also be considered a liability on the consolidated Fund level.

##### (n) New and revised International Financial Reporting Standards (IFRSs)

The following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2022. These amendments to IFRSs had no material impact on the Fund's consolidated financial statements for the period ended 31 December 2022.

- **Amendments to IFRS 3: Reference to the Conceptual Framework:** The amendment add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition.
- **Amendments to IAS 16: Property, Plant & Equipment:** The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- **Amendments to IAS 37: Provisions, Contingent Liabilities & Contingent Assets:** In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

In addition, the Fund did not early apply the new International Financial Reporting Standards or the amendments that were issued and did not become effective on or before the date of the financial statements, which include:

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (n) New and revised International Financial Reporting Standards (IFRSs) (continued)

**New and revised International Financial Reporting Standards (IFRSs) Standards and Interpretations in issue but not yet effective.**

- **International Financial Reporting Standard No. (17) Insurance Contracts:**  
*Effective date: annual periods beginning on or after 1 January 2023*

This standard covers accounting treatments for all types of insurance contracts (for example, life insurance, direct insurance, and reinsurance), regardless of the type of institutions that issue them, as well as covers some guarantees and tools Finance with participatory features.

##### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

*Effective date: annual periods beginning on or after 1 January 2023*

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- **Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies** *Effective date: annual periods beginning on or after 1 January 2023*

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- **Amendments to IAS 8: Definition of Accounting Estimates** *Effective date: annual periods beginning on or after 1 January 2023*

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. It clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

### 3 CASH AND CASH EQUIVALENT AND TERM DEPOSITS WITH BANKS

#### 3.1 CASH AND CASH EQUIVALENTS

	2022 AAD 000	2021 AAD 000
Current and call accounts with banks and International Monetary Fund	11,891	8,938
Deposits maturing within three months from inception	370,681	458,770
	<u>382,572</u>	<u>467,708</u>

#### 3.2 TERM DEPOSITS WITH BANKS

	2022 AAD 000	2021 AAD 000
Maturing within three months from inception.	370,681	458,770
Maturing after three months from inception.	1,086,885	742,436
	<u>1,457,566</u>	<u>1,201,206</u>

### 4 FINANCIAL INVESTMENTS

Financial investments are comprised of highly rated instruments of governments, governmental corporations, international institutions, financial and non-financial corporations, banks and multi strategies and property funds. Financial investments listed at fair value are evaluated using the hierarchical approach of valuation inputs as follows:

**Level 1:** The quoted market price (unadjusted) in an active market for a matching instrument (the closing price of stocks and derivatives and the bid price of a fixed-income security).

**Level 2:** This category includes instruments for which a significant valuation input is observable either directly, such as quoted market prices in active markets for similar instruments and quoted market prices for identical or similar instruments in markets that are considered less active, or by other valuation techniques in which all significant inputs are directly observable, or indirectly from market data.

**Level 3:** This category includes all instruments whose evaluation methods include inputs that are not based on observable data and the unobservable inputs have a significant impact on the evaluation of the instrument.



## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 4 FINANCIAL INVESTMENTS (continued)

Investments reported at fair value are categorised using the fair value hierarchy of inputs used to measure fair value as follows:

	2022 AAD 000	2021 AAD 000
Investments at fair value through other change in the statement of comprehensive income (level 1)	1,020,587	1,309,908
Investments at fair value through other change in the statement of comprehensive income (level 2)	596,389	429,814
Investments at fair value through profit and loss (level 3)	111,492	103,201
Investments securities at amortised cost	953,417	781,382
	<u>2,681,885</u>	<u>2,624,305</u>
Less: Provisions for expected credit losses on investments	<u>(1,079)</u>	<u>(1,098)</u>
	<u>2,680,806</u>	<u>2,623,207</u>

There were no transfers between levels of the fair value hierarchy during the year ending 31 December 2022, or 31 December 2021.

The fair value of investments categorized within level (2) of the fair value hierarchy is determined from observable market information such as recently executed trades in securities of the issuer or comparable issuers and the yield curves.

#### Investments at amortized cost

The fair value of investments at amortized cost at 31 December 2022 was AAD 942,063 thousand (2021: AAD 781,990 thousand). The fair value is determined based on a compilation of significant observable market information such as recently executed trades in securities of the issuer or comparable issuers.

#### Investments at fair value (Level 3)

They represent investments in multi-strategy funds and property funds that are measured at their net assets value as at the consolidated financial statements date. Net asset valuations are provided by the fund managers.

Movements of investments at fair value (Level 3) for the year ended 31 December 2022 and 2021 is as follows:

	2022 AAD 000	2021 AAD 000
Fair value at 1 January	103,201	88,204
Gains or losses recognised in profit or loss for the year	2,264	7,243
Subscription during the year	5,718	13,345
Redemption during the year	(2,636)	(5,692)
Exchange difference	2,945	101
Fair value at 31 December	<u>111,492</u>	<u>103,201</u>

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 4 FINANCIAL INVESTMENTS (continued)

##### Investments at fair value (Level 3) (continued)

Unrealized gain on investments at fair value (level 3) that is recognised in the profit or loss for the year ended 31 December 2022 is AAD 2,264 thousand (2021: AAD 7,243 thousand).

The composition of investments portfolio by category as of 31 December is as follows:

	2022			2021		
	Arab	Non- Arab	Total	Arab	Non- Arab	Total
	AAD 000			AAD 000		
<b>Debt Securities</b>						
Government & Semi Government	290,586	737,498	1,028,084	548,376	970,081	1,518,457
Banks & Financial Institutions	113,213	1,161,955	1,275,168	82,523	677,630	760,153
Industrial Sector	59,508	39,988	99,496	-	14,768	14,768
Other Commercial Sectors	-	63,708	63,708	-	92,585	92,585
Supranational Organizations	14,523	89,414	103,937	-	135,141	135,141
Expected Credit Loss	(831)	(248)	(1,079)	(805)	(293)	(1,098)
<b>Total Debt Securities</b>	<b>476,999</b>	<b>2,092,315</b>	<b>2,569,314</b>	<b>630,094</b>	<b>1,889,912</b>	<b>2,520,006</b>
<b>Unquoted Investment Funds</b>						
Multi- Strategy Funds	-	64,904	64,904	-	61,956	61,956
Real Estate Funds	-	43,295	43,295	-	40,214	40,214
Investment in exchange traded funds	-	3,293	3,293	-	1,031	1,031
<b>Total Unquoted Investment</b>	<b>-</b>	<b>111,492</b>	<b>111,492</b>	<b>-</b>	<b>103,201</b>	<b>103,201</b>
	<b>476,999</b>	<b>2,203,807</b>	<b>2,680,806</b>	<b>630,094</b>	<b>1,993,113</b>	<b>2,623,207</b>

##### Externally Managed Funds

The Fund and the Subsidiaries assigned parts of their investment portfolios for management by a number of specialized external fund managers for agreed fees in accordance with respective fund management agreements. Managed funds amounted to AAD 231,347 thousand as at 31 December 2022 (2021: AAD 227,157 thousand).

#### 5 FORWARD CURRENCY CONTRACTS

The Fund uses foreign currency swaps and forwards currency contracts to manage exposure to foreign exchange risk. The Fund and its Subsidiaries do not hold or issue derivative instruments for trading purposes, all derivatives are held for economic hedging purposes.

The net fair value of the forward currency contract payable at 31 December 2022 were AAD 9,233 thousand (2021: AAD 35,584 thousand receivable). The fair value of the forward currency contracts is determined using a pricing model that incorporates foreign exchange forward rates obtained from reliable sources of financial instruments pricing, mainly Bloomberg and Reuters. Given that the significant inputs into the pricing models are market observable, these instruments are included within Level 2 of the fair value hierarchy.



## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 6 LINES OF CREDIT

	2022	2021
	AAD 000	AAD 000
Balance at 1 January	182,641	165,516
Drawings during the year	227,217	241,121
	409,858	406,637
Repayments during the year	(236,778)	(228,572)
Provision for expected credit loss	40	(241)
Differences in translation to AAD	9,459	4,817
Balance at 31 December	182,579	182,641

Lines of credit represent facilities provided by the Arab Trade Financing Program to approved national agencies with the aim of promoting intra-Arab trade. There are no unutilised balances of contracted lines of credit as at 31 December 2022 and 31 December 2021.

#### 7 LOANS TO MEMBER COUNTRIES

	2022	2021
	AAD 000	AAD 000
Balance at 1 January	596,436	569,692
Drawings during the year	110,035	137,255
Repayments during the year	(127,931)	(110,511)
Balance at 31 December	578,540	596,436

Loans to Member Countries at 31 December 2022 include over one-year principal amounts overdue and not received of AAD 165,589 thousand (2021: AAD 128,224 thousand).

The unwithdrawn balances of the contracted loans at 31 December 2022 amounted to AAD 33,748 thousand (2021: AAD 24,160 thousand).

#### 8 DEPOSITS WITH CENTRAL BANKS OF MEMBER COUNTRIES

These deposits represent the portion of capital contributions paid by Member Countries in their national currencies and deposited with their central banks in accordance with Article Fourteen of the Articles of Agreement of the Arab Monetary Fund.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 9 INVESTMENT IN A RELATED ENTITY

The Fund's share in the Arab Investment & Export Credit Guarantee Corporation consists of 10,148 shares at a nominal value of one thousand Kuwaiti Dinar (KWD) per share, representing about 11% of the paid-up capital, which were fully paid. This investment is classified at cost as the Fund has no significant influence on the decision taken by the Corporation. The Fund has no representation in the Board of Directors of the Corporation nor the right of voting in its general assembly meetings.

#### 10 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2022	2021
	AAD 000	AAD 000
Interest receivable from loan to Member Countries (Gross)	79,920	72,804
Overdue interest receivable on loans	(78,234)	(71,459)
	1,686	1,345
Interest receivable from lines of credit	1,804	714
Interest receivable from deposits and financial investment	20,897	8,149
Total interest receivable	24,387	10,208
Intangible assets (*)	6,635	7,459
Property and equipment	2,173	2,488
Other debit balances	2,238	1,870
	35,433	22,025

(\*) Intangible assets comprise of the net book value of the computer software of "BUNA platform" owned by the Arab Regional Payments, Settlement and Clearing Organization.

#### 11 DEPOSITS FROM ARAB MONETARY AND FINANCIAL INSTITUTIONS

In fulfilling its objectives, and in accordance with article 5 of its Articles of Agreement, the Fund accepts deposits from Arab monetary and financial institutions at agreed rates of interest.

Interest expense paid on deposits accepted from Arab monetary and financial institutions for the year ended 31 December 2022 amounted to AAD 51,724 thousand (2021: AAD 5,581 thousand).

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 12 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2022	2021
	AAD 000	AAD 000
Accrued interest payable	22,195	880
Net value of investment transactions	371	932
Contribution to support Palestinian people	15,647	14,870
Collateral margin payable	225	17,096
Other credit balances	5,858	6,077
	<u>44,296</u>	<u>39,855</u>

#### • Contingent Liabilities

The balance of outstanding contingent liabilities as of 31 December 2022 amounted to AAD 15,102 thousand (2021: AAD 5,597 thousand) representing bank guarantees and other matters arising in the ordinary course of business of the Arab Trade Financing Program and from which it is anticipated that no material liabilities will arise.

#### 13 NET ASSETS ATTRIBUTABLE TO MEMBER COUNTRIES AND NON- CONTROLLING INTEREST

In accordance with article thirty five of the Fund's Establishment Agreement, each Member Country has the right to withdraw from the Fund after 5 years from the initial date of membership and receive a percentage of the Fund's net assets based on its holding of the Fund's shares. As payments of capital shares were made by Member Countries on different dates, the Board of Governors resolution number (3) of 2005 accorded the application of the principal of weighted average capital by taking payment timing differences into account in determining the shares of each Member Country in the income and reserves. The Fund maintains books of account for each Member's weighted average share in the Fund's net assets at each reporting date.

Based on that, and in accordance with the definition of IAS 32 Financial Instruments: Presentation, the Fund's subscribed capital and reserves are puttable financial instruments that are classified as financial liabilities.

#### (a) Subscribed and Paid-up Capital

	2022	2021
	AAD 000	AAD 000
Authorized Capital		
(24,000 shares of AAD 50 thousand each)	<u>1,200,000</u>	<u>1,200,000</u>
Subscribed capital (18,000 shares)	<u>900,000</u>	<u>900,000</u>
Unpaid capital	<u>(16,975)</u>	<u>(16,975)</u>
Paid-up capital	<u>883,025</u>	<u>883,025</u>

The Board of Governors of the Arab Monetary Fund had approved through the resolution number (3) of 2013 increasing the Fund's authorized share capital by AAD 600 million, to become AAD 1,200 million. The resolution has also called for subscriptions from Member Countries amounting to AAD 300 million, of which AAD 149.01 million to be paid by transfer from general reserve, and the other part by cash transfer from Member Countries in five annual instalments commencing in April 2014, and continued consideration of deferring the payment of Palestine share in accordance with the Board's resolution number (7) of 1978. The unpaid capital amount represents the instalments and the deferred share of Palestine.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 13 NET ASSETS ATTRIBUTABLE TO MEMBER COUNTRIES AND NON- CONTROLLING INTEREST *(continued)*

##### (b) Reserves

The transfer to the contingency reserve is made in accordance with the Board of Governors' resolutions number (7) of 1989 and number (4) of 2000, under which an annual sum being the greater of AAD 5 million or 10% of the operating income attributable to Member Countries for the year is to be appropriated to the contingency reserve each year. This reserve is to be used to mitigate any unforeseen future losses and the remaining amount of the operating income is transferred to the general reserve. The general reserve at 31 December 2022 includes AAD 29,123 thousand (2021: AAD 26,622 thousand) being the Fund's share in reserves of the Arab Trade Financing Program.

The Board of Governors approved through resolution number (6) of 2022, the 20<sup>th</sup> appropriation of 10% of 2021 operating income attributable to Member Countries amounting to AAD 3,196 thousand as contribution towards the efforts exerted to support the Palestinian people. The Board of Governors had also approved through resolution number (6) of 2021, the 19<sup>th</sup> appropriation of 10% of 2020 operating income attributable to Member Countries amounting to AAD 4,123 thousand for the same purpose.

##### (c) Non-Controlling Interest

Non-controlling interest comprises minority shareholders interest in the net assets of the Arab Trade Financing Program at the consolidated statement of financial position date. Their interest is denominated in US dollars, being the base currency. The non-controlling interest is classified as a financial liability.

	2022 USD 000	2021 USD 000
Net assets attributable to shareholders in US dollars:		
- Paid-up capital	986,635	986,635
- Reserves	204,354	189,411
Total	<u>1,190,989</u>	<u>1,176,046</u>
 The share of non-controlling interest	 <u>519,382</u>	 <u>512,873</u>
	2022 AAD 000	2021 AAD 000
Movement in non-controlling interest		
Balance at the beginning of the year	122,143	118,252
Net income for the year	3,375	1,930
Dividends paid during the year	(1,073)	(1,004)
Unrealized change in fair value of investment at FVOCI	(645)	-
Exchange rates difference	6,289	2,965
	<u>130,089</u>	<u>122,143</u>

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 December 2022

#### 14 OTHER INVESTMENT INCOME

	2022 AAD 000	2021 AAD 000
Amortization of FX currency swaps	8,585	3,288
Investment in multi-strategy funds and property funds	2,264	7,243
Gain\ loss on sales of securities	(1,623)	3,732
Other income	(155)	(764)
	<u>9,071</u>	<u>13,499</u>

#### 15 ADMINISTRATION AND GENERAL EXPENSES

Administration and general expenses for the year ended 31 December 2022 amounted to AAD 10,653 thousand (2021: 5,649 thousand) include Board of Executive Directors remuneration and employees' salaries and benefits amounting to AAD 6,222 thousand (2021: AAD 4,918 thousand) of which AAD 490 thousand represent the cost and compensation of key management personnel (2021: AAD 290 thousand). The Fund and its subsidiaries have a total number of 210 employees as at 31 December 2022 (2021: 185 employees).

Administration and general expenses for the year ended 31 December 2022 include AAD 3,806 thousand pertaining to the Arab Regional Payments, Clearing and Settlement Organizations. Board of Directors remuneration and employees salaries and benefits of the Organization amounts to AAD 994 thousand. The remaining balance of administration and general expenses relates to the operating cost of BUNA platform.

#### 16 TECHNICAL ASSISTANCES

	2022 AAD 000	2021 AAD 000
Training courses, seminars and direct technical assistance	65	108
Cash and in-kind contributions from partner institutions	(28)	(68)
Technical assistance incurred by the Fund	<u>37</u>	<u>40</u>

#### 17 UNREALIZED CHANGE IN INVESTMENTS HELD AT FAIR VALUE

	2022 AAD 000	2021 AAD 000
Change in fair value of securities	(32,072)	(10,781)
Change in fair value of forward contracts	(3,467)	3,783
	<u>(35,539)</u>	<u>(6,998)</u>

#### 18 OTHER CHANGES

	2022 AAD 000	2021 AAD 000
Cash dividends to holders of non-controlling interest	(1,073)	(1,004)
Exchange difference of non-controlling interest	6,289	2,965
	<u>5,216</u>	<u>1,961</u>



## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 19 NET CASH FROM INVESTMENTS

	2022 AAD 000	2021 AAD 000
Cash used in investment in multi-strategy and property Fund	(6,026)	(7,754)
Cash/received from/(used in) investment at FVOCI	92,191	(52,368)
Cash used in investment at amortized cost	(161,973)	(155,081)
Difference in conversion	(874)	(123)
	<u>(76,682)</u>	<u>(215,326)</u>

#### 20 MANAGED FUNDS

Funds managed by the Arab Monetary Fund for Arab Specialised Organization amounted to AAD 9,847 thousand as at 31 December 2022 (2021: AAD 9,311 thousand).

#### 21 RELATED PARTIES TRANSACTIONS

Related parties for the Fund are the Member Countries who are targeted by the Fund's activities as explained in Note (1).

Balances and transactions with Member Countries as of 31 December are as follows:

		2022 AAD 000	2021 AAD 000
	Notes		
Loans to Member Countries	7	578,540	596,436
Deposits from Arab monetary and financial institutions	11	3,376,101	3,097,798
Interest and fee income on loans to Member Countries		6,198	4,249
Interest expense on deposits from Arab monetary and financial institutions	11	51,724	5,581
Technical assistance expense	16	37	40

#### 22 GEOGRAPHICAL DISTRIBUTION OF INVESTMENT PORTFOLIO

The geographical classification of the investment portfolio is based on the country of institution for current, call and deposit accounts with banks and International Monetary Fund, and on the location of the issuer for securities portfolio. The geographical distribution of the investment portfolio as at 31 December was as follows:

	2022 AAD 000	2021 AAD 000
Arab and African Countries	1,299,877	1,485,055
Europe	1,228,696	781,227
North America	371,064	225,774
Far East and Pacific	1,146,650	1,206,384
Supra National Organisations	103,976	134,911
	<u>4,150,263</u>	<u>3,833,351</u>

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 23 FINANCIAL INSTRUMENTS

##### (a) Maturities of assets and liabilities- 31 December 2022

Maturity analysis of the consolidated assets and liabilities as at 31 December 2022 were as follows:

	Total	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Unspecified maturity
	AAD 000					
<b>Assets</b>						
Cash and cash equivalent	382,572	382,572	-	-	-	-
Term deposits with banks	1,086,885	1,077,918	8,967	-	-	-
Securities at fair value	1,616,728	981,469	216,980	335,192	83,087	-
Securities at amortized cost	952,586	512,825	293,835	137,078	8,848	-
Multi- strategy and property funds	111,492	111,492	-	-	-	-
Lines of credit	182,579	100,008	53,025	29,546	-	-
Loans to Member Countries	578,540	222,069	96,559	245,036	-	14,876
Deposits with central banks	5,336	-	-	-	-	5,336
Investment in related entity	8,301	-	-	-	-	8,301
Accounts receivable and other assets	35,433	18,278	3,684	4,117	546	8,808
	<u>4,960,452</u>	<u>3,406,631</u>	<u>673,050</u>	<u>750,969</u>	<u>92,481</u>	<u>37,321</u>
<b>Liabilities</b>						
Deposits from Arab monetary and financial institutions	3,376,101	2,461,127	914,974	-	-	-
Forward contracts payable	9,233	9,233	-	-	-	-
Accounts payable and other liabilities	44,296	21,456	17,805	1,105	3,930	-
Net assets attributable to Member Countries	1,400,733	-	-	-	-	1,400,733
Non-controlling interest	130,089	-	-	-	-	130,089
	<u>4,960,452</u>	<u>2,491,816</u>	<u>932,779</u>	<u>1,105</u>	<u>3,930</u>	<u>1,530,822</u>
<b>Loan commitments</b>	<b>33,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,748</b>

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### (a) Maturities of assets and liabilities- 31 December 2022 (continued)

Maturity analysis of the consolidated assets and liabilities as at 31 December 2022 were as follows:

	Total	Up to 12 Months	More than 12 Months
	AAD 000		
<b>Assets</b>			
Cash and cash equivalent	382,572	382,572	-
Term deposits with banks	1,086,885	1,086,885	-
Securities at fair value	1,616,728	1,198,449	418,279
Securities at amortized cost	952,586	806,660	145,926
Multi- strategy and property funds	111,492	111,492	-
Lines of credit	182,579	153,033	29,546
Loans to Member Countries	578,540	318,628	259,912
Deposits with central banks	5,336	-	5,336
Investment in related entity	8,301	-	8,301
Accounts receivable and other assets	35,433	21,962	13,471
	<b>4,960,452</b>	<b>4,079,681</b>	<b>880,771</b>
<b>Liabilities</b>			
Deposits from Arab monetary and financial institutions	3,376,101	3,376,101	-
Forward contracts payable	9,233	9,233	-
Accounts payable and other liabilities	44,296	39,260	5,035
Net assets attributable to Member Countries	1,400,733	-	1,400,733
Non-controlling interest	130,089	-	130,089
	<b>4,960,452</b>	<b>3,424,594</b>	<b>1,535,857</b>
<b>Loan commitments</b>	<b>33,748</b>		<b>33,748</b>

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### Maturities of assets and liabilities- 31 December 2021

Maturity analysis of the consolidated assets and liabilities as at 31 December 2021 were as follows:

	Total	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Unspecified maturity
	AAD 000					
<b>Assets</b>						
Cash and cash equivalent	467,708	467,708	-	-	-	-
Term deposits with banks	742,436	682,414	60,022	-	-	-
Securities at fair value	1,739,444	1,106,755	221,949	327,161	83,579	-
Securities at amortized cost	780,562	503,665	64,973	194,338	17,586	-
Multi- strategy and property funds	103,201	103,201	-	-	-	-
Forward contracts receivable	35,854	35,854	-	-	-	-
Lines of credit	182,641	125,687	35,555	21,399	-	-
Loans to Member Countries	596,436	188,919	89,724	302,917	-	14,876
Deposits with central banks	5,336	-	-	-	-	5,336
Investment in related entity	7,987	-	-	-	-	7,987
Accounts receivable and other assets	22,025	10,318	1,346	414	-	9,947
	<b>4,683,630</b>	<b>3,224,521</b>	<b>473,569</b>	<b>846,229</b>	<b>101,165</b>	<b>38,146</b>
<b>Liabilities</b>						
Deposits from Arab monetary and financial institutions	3,097,798	3,097,798	-	-	-	-
Accounts payable and other liabilities	39,855	19,744	15,468	816	3,827	-
Net assets attributable to Member Countries	1,423,834	-	-	-	-	1,423,834
Non-controlling interest	122,143	-	-	-	-	122,143
	<b>4,683,630</b>	<b>3,117,542</b>	<b>15,468</b>	<b>816</b>	<b>3,827</b>	<b>1,545,977</b>
<b>Loan commitments</b>	<b>24,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,160</b>

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### Maturities of assets and liabilities- 31 December 2021 (continued)

Maturity analysis of the consolidated assets and liabilities as at 31 December 2021 were as follows;

	<i>Total</i>	<i>Up to 12 Months</i>	<i>More than 12 Months</i>
	<i>AAD 000</i>		
<b>Assets</b>			
Cash and cash equivalent	467,708	467,708	-
Term deposits with banks	742,436	742,436	-
Securities at fair value	1,739,444	1,328,704	410,740
Securities at amortized cost	780,562	568,638	211,924
Multi- strategy and property funds	103,201	103,201	-
Forward contract Receivable	35,854	35,854	-
Lines of credit	182,641	161,242	21,399
Loans to Member Countries	596,436	278,643	317,793
Deposits with central banks	5,336	-	5,336
Investment in related entity	7,987	-	7,987
Accounts receivable and other assets	22,025	11,664	10,361
	<b>4,683,630</b>	<b>3,698,090</b>	<b>985,540</b>
<b>Liabilities</b>			
Deposits from Arab monetary and financial institutions	3,097,798	3,097,798	-
Accounts payable and other liabilities	39,855	35,212	4,643
Net assets attributable to Member Countries	1,423,834	-	1,423,834
Non-controlling interest	122,143	-	122,143
	<b>4,683,630</b>	<b>3,133,010</b>	<b>1,550,620</b>
Loan commitments	<b>24,160</b>	<b>-</b>	<b>24,160</b>

#### (b) Credit risk management and concentration of credit risk

For all classes of financial instruments, the maximum credit risk exposure is the carrying value as disclosed in the consolidated financial statements at the consolidated statement of financial position date.

Investments accounted for at amortized cost are concentrated in highly rated debt securities with lower risks. Loans are extended by the Fund to Member Countries in order to correct disequilibria in their balance of payments and to finance structural adjustment programs in those countries. Lines of credit are extended by the Arab Trade Financing Program to provide financing to Arab exporters and importers in the Member Countries with a view to promoting and developing intra-Arab trade in line with its mandate.

The Fund and the Arab Trade Financing Program seek to contain their exposure to credit risk relating to their financing activities through the implementation of policies and procedures that are designed to maintain the exposures within pre-defined limits. These limits have been set on the basis of the type of loans and the Member Countries' subscription to capital in convertible currencies and the credit rating of the counterparties. Accordingly, the occurrence of expected credit loss is unlikely.



## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### (b) Credit risk management and concentration of credit risk (continued)

Included in the consolidated financial statements provisions of AAD 1,713 thousand as at 31 December 2022 (2021: AAD 1,703 thousand) for expected credit loss recognized on time deposits, debt instruments, in addition to the lines of credit extended by the Arab Trade Financing Program.

For credit risk management purposes, the fund classifies its financial instruments into investment and non-investment grade exposures. The fund definition of “investment grade” is consistent with the globally understood definition- i.e.- financial exposures with credit rating of BBB and above are classified as investment grades, and those with rating less than BBB are classified as non-investment grades.

The fund provides loans only to its member countries. The balance of the outstanding loans to one of the member countries represents 41% of the total loans outstanding as on 31 December 2022.

Analysis of the Fund’s credit risk exposures by class of financial asset is provided in the following tables as at 31 December 2022 and 31 December 2021 respectively:

Credit Rating	2022			Total
	Stage (1)	Stage (2)	Stage (3)	
<b>Loans to Member Countries (*)</b>				
Outstanding Loans	387,533	-	191,007	578,540
ECL	-	-	-	-
<b>Net of ECL</b>	<b>387,533</b>	<b>-</b>	<b>191,007</b>	<b>578,540</b>
<b>Lines of Credits</b>				
Sovereign Authorities	140,513	-	-	140,513
Commercial Banks	42,485	-	-	42,485
<b>Total</b>	<b>182,998</b>	<b>-</b>	<b>-</b>	<b>182,998</b>
ECL	(419)	-	-	(419)
<b>Net of ECL</b>	<b>182,579</b>	<b>-</b>	<b>-</b>	<b>182,579</b>
<b>Deposit with banks</b>				
Investment Grade	1,407,061	-	-	1,407,061
Non-investment Grade	36,193	-	-	36,193
Not rated	14,527	-	-	14,527
<b>Total</b>	<b>1,457,781</b>	<b>-</b>	<b>-</b>	<b>1,457,781</b>
ECL	(215)	-	-	(215)
<b>Net of ECL</b>	<b>1,457,566</b>	<b>-</b>	<b>-</b>	<b>1,457,566</b>
<b>Investments Securities</b>				
Investment Grade	2,473,533	-	-	2,473,533
Non-investment Grade	96,860	-	-	96,860
Not rated	-	-	-	-
<b>Total</b>	<b>2,570,393</b>	<b>-</b>	<b>-</b>	<b>2,570,393</b>
ECL	(1,079)	-	-	(1,079)
<b>Net of ECL</b>	<b>2,569,314</b>	<b>-</b>	<b>-</b>	<b>2,569,314</b>

(\*) The Fund does not classify its loans to Member Countries according to the rating used by the rating agencies.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### (b) Credit risk management and concentration of credit risk (continued)

(AAD 000)				
Credit Rating	2021			Total
	Stage (1)	Stage (2)	Stage (3)	
<b>Loans to Member Countries (*)</b>				
Outstanding Loans	405,429	-	191,007	596,436
ECL	-	-	-	-
<b>Net of ECL</b>	<b>405,429</b>	<b>-</b>	<b>191,007</b>	<b>596,436</b>
<b>Lines of Credits</b>				
Sovereign Authorities	124,560	-	-	124,560
Commercial Banks	58,540	-	-	58,540
<b>Total</b>	<b>183,100</b>	<b>-</b>	<b>-</b>	<b>183,100</b>
ECL	(459)	-	-	(459)
<b>Net of ECL</b>	<b>182,641</b>	<b>-</b>	<b>-</b>	<b>182,641</b>
<b>Deposit with banks</b>				
Investment Grade	1,158,292	-	-	1,158,292
Non-investment Grade	43,060	-	-	43,060
Not rated	-	-	-	-
<b>Total</b>	<b>1,201,352</b>	<b>-</b>	<b>-</b>	<b>1,201,352</b>
ECL	(146)	-	-	(146)
<b>Net of ECL</b>	<b>1,201,206</b>	<b>-</b>	<b>-</b>	<b>1,201,206</b>
<b>Investments Securities</b>				
Investment Grade	2,426,416	-	-	2,426,416
Non-investment Grade	94,688	-	-	94,688
Not rated	-	-	-	-
<b>Total</b>	<b>2,521,104</b>	<b>-</b>	<b>-</b>	<b>2,521,104</b>
ECL	(1,098)	-	-	(1,098)
<b>Net of ECL</b>	<b>2,520,006</b>	<b>-</b>	<b>-</b>	<b>2,520,006</b>

(\*) The Fund does not classify its loans to Member Countries according to the rating used by the rating agencies.

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### (b) Credit risk management and concentration of credit risk (continued)

The movement of gross exposure for the year 2022 and 2021 is as follows:

	(AAD 000)			
	2022			
	Stage (1)	Stage (2)	Stage (3)	Total
<b>Loans to Member Countries</b>				
Balance at 01 January	405,429	-	191,007	596,436
Change Attributable to:				
Transfers between stages	-	-	-	-
Withdrawals during the year	110,035	-	-	110,035
Repayments during the year	(127,931)	-	-	(127,931)
Balance at 31 December	<u>387,533</u>	<u>-</u>	<u>191,007</u>	<u>578,540</u>
<b>Lines of Credits</b>				
Balance at 01 January	183,100	-	-	183,100
Change Attributable to:				
Transfers between stages	-	-	-	-
Withdrawals during the year	227,217	-	-	227,217
Repayments during the year	(236,778)	-	-	(236,778)
Foreign exchange difference	9,459	-	-	9,459
Balance at 31 December	<u>182,998</u>	<u>-</u>	<u>-</u>	<u>182,998</u>
<b>Deposit with banks</b>				
Balance at 01 January	1,201,352	-	-	1,201,352
Change Attributable to:				
Transfers between stages	-	-	-	-
Originated during the year	17,969,402	-	-	17,969,402
Sold/matured during the year	(17,766,169)	-	-	(17,766,169)
Foreign exchange difference	53,196	-	-	53,196
Balance at 31 December	<u>1,457,781</u>	<u>-</u>	<u>-</u>	<u>1,457,781</u>
<b>Investments Securities</b>				
Balance at 01 January	2,521,104	-	-	2,521,104
Change Attributable to:				
Transfers between stages	-	-	-	-
Originated during the year	3,913,580	-	-	3,913,580
Sold/matured during the year	(3,949,037)	-	-	(3,949,037)
Foreign exchange difference	84,746	-	-	84,746
Balance at 31 December	<u>2,570,393</u>	<u>-</u>	<u>-</u>	<u>2,570,393</u>

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### (b) Credit risk management and concentration of credit risk (continued)

(AAD 000)

	2021			Total
	Stage (1)	Stage (2)	Stage (3)	
<b>Loans to Member Countries</b>				
Balance at 01 January	378,685	110,645	80,362	569,692
Change Attributable to:				
Transfers between stages	-	(110,645)	110,645	-
Withdrawals during the year	137,255	-	-	137,255
Repayments during the year	(110,511)	-	-	(110,511)
Balance at 31 December	405,429	-	191,007	596,436
<b>Lines of Credits</b>				
Balance at 01 January	165,734	-	-	165,734
Change Attributable to:				
Transfers between stages	-	-	-	-
Withdrawals during the year	241,121	-	-	241,121
Repayments during the year	(228,572)	-	-	(228,572)
Foreign exchange difference	4,817	-	-	4,817
Balance at 31 December	183,100	-	-	183,100
<b>Deposit with banks</b>				
Balance at 01 January	1,159,955	-	-	1,159,955
Change Attributable to:				
Transfers between stages	-	-	-	-
Originated during the year	20,991,457	-	-	20,991,457
Sold/matured during the year	(21,115,390)	-	-	(21,115,390)
Foreign exchange difference	165,330	-	-	165,330
Balance at 31 December	1,201,352	-	-	1,201,352
<b>Investments Securities</b>				
Balance at 01 January	2,329,769	-	-	2,329,769
Change Attributable to:				
Transfers between stages	-	-	-	-
Originated during the year	3,063,043	-	-	3,063,043
Sold/matured during the year	(2,981,300)	-	-	(2,981,300)
Foreign exchange difference	109,592	-	-	109,592
Balance at 31 December	2,521,104	-	-	2,521,104

## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### (c) Movement of expected credit losses

Following table shows the movement of expected credit loss (ECL) by instrument type:

	12-Month expected Credit loss	
	2022 AAD 000	2021 AAD 000
<b>Time deposits</b>		
Balance at 1 January	146	117
Changes in ECL during the year	69	29
Balance at 31 December	215	146
<b>Investments</b>		
Balance at 1 January	1,098	731
Changes in ECL during the year	(19)	367
Balance at 31 December	1,079	1,098
<b>Lines of Credit</b>		
Balance at 1 January	459	218
Changes in ECL during the year	(40)	241
Balance at 31 December	419	459
<b>Total</b>		
Balance at 1 January	1,703	1,066
Changes in ECL during the year	10	637
Balance at 31 December	1,713	1,703

##### (d) Interest rate risk management

The risk of interest rate volatility for the Fund and its Subsidiaries is very limited, as its being managed through revising the interest on lines of credit and loans to Member Countries and through maturity date management techniques for investments at amortized cost and repayment periods for investment at fair value.

The following sensitivity test table is showing the effect on net assets attributable to Member Countries and non-controlling interest and the consolidated statement of comprehensive income, resulting from a change of 25 basis points in interest rates on financial assets and financial liabilities tied to floating interest rates, with other variables remaining unchanged:

	Change in basis points	2022 AAD 000	2021 AAD 000
Effect on net operating profile	25	924	841
net assets attributable to Member Countries and non-controlling interest	25	1,213	1,293



## The Arab Monetary Fund

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

#### 23 FINANCIAL INSTRUMENTS (continued)

##### (e) Fair value risk management

The fair value of the financial assets and liabilities is almost equal to their book values as shown in the consolidated financial statements and the fair value risk is being managed by diversifying the components of the assets.

The fair value of loans to Member Countries as defined under IFRS 13 cannot be determined due to their unique characteristics and the absence of a principal or most advantageous market of these loans.

The book value of the lines of credit, term deposits with banks, current and call accounts, accounts receivables and other assets, accounts payable and other liabilities, are reasonable estimates of their fair value due to their short-term nature.

##### (f) Foreign currency risk

The Fund principally manages currency risk by substantially maintaining its assets in AAD that are closely aligned to the components of the SDR basket of currencies, matching deposits received with deposits placed in terms of currency and maturity, and also through the use of forward foreign exchange contracts. The Fund and Subsidiaries manage currency risk by hedging financial assets and liabilities denominated in currencies other than base currency against exchange rates fluctuations by using forward foreign exchange contracts, within the limits specified in the investment policy. As such exchange risk is minimal.

##### (g) Liquidity risk management

Fund is exposed to the risk of not meeting the financing needs of Member Countries, honouring own obligations in a timely manner. Resources to meet Members Countries demand for financing need to be readily available. Moreover, uncertainties in the timing and amount of credit extended to Members Countries during financial crises expose the Fund to liquidity risk and it must stand ready to provide resources for unexpected needs.

The Fund manages its liquidity risk by closely monitoring developments in its liquidity position, and closely following economic and financial development in Member Countries to better forecast their financing needs.

The Fund may periodically invest in forward currency swap contracts and debt securities that are traded over the counter and equity in multi-strategy funds and real estate funds that are not traded in an active market. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The liquidity risk is being managed by diversification in the components of assets, taking in consideration due dates of liabilities, liquidity requirements and by retaining enough balances of cash, cash equivalents and tradeable debt securities.

Maturity analysis of the fund's financial liabilities is as follows:

	Total	Less than Three months	Three to six months	Six to Twelve months
<b>31 December 2022</b>				
Deposits from Arab Monetary and financial institutions	3,376,101	1,811,202	649,925	914,974
Interest on deposit from Arab Monetary and financial institutions	75,605	25,363	8,970	41,272
	<u>3,451,706</u>	<u>1,836,565</u>	<u>658,895</u>	<u>956,246</u>
<b>31 December 2021</b>				
Deposits from Arab Monetary and financial institutions	3,097,798	2,568,800	528,998	-
Interest on deposit from Arab Monetary and financial institutions	1,847	1,350	497	-
	<u>3,099,645</u>	<u>2,570,150</u>	<u>529,495</u>	<u>-</u>

## The Arab Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 December 2022

### 23 FINANCIAL INSTRUMENTS *(continued)*

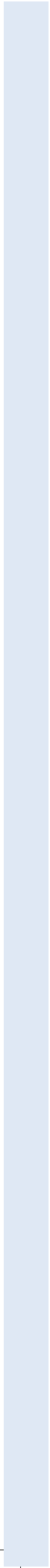
#### (h) Capital risk management

Capital is being managed in a way to achieve the main objectives of the Fund and its Subsidiaries as stated in the Fund's Articles of Agreement and the Subsidiaries' Articles of Association. This is being fulfilled by diversifying and managing the components of the assets taking into consideration due dates and costs of liabilities, in order to generate a return that supports the financial position through what gets allocated to their reserves to expand operations, in addition to Arab Trade Financing Program obligation to distribute cash dividends to its shareholders. The capital base is composed of capital and reserves as detailed in the net assets attributable to Member Countries and non-controlling interest in the Subsidiaries.

#### (i) Price risk management

The Fund is exposed to debt securities price risk and forward currency swap contracts price risk, this arises from investments held by the Fund for which prices in the future are uncertain. Where financial instruments are denominated in currencies other than AAD, the price initially expressed in foreign currency and then converted into AAD will also fluctuate because of changes in foreign exchange rates. Note (f) "Foreign currency risk" above sets out how this component of price risk is managed and measured. The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management of the Fund.

The Fund's policy requires that the overall market position is monitored on a daily basis and is reviewed on a quarterly basis by the management of the Fund.



## Organizational Structure

## Organizational Structure

AMF Organizational Structure consists of: The Board of Governors, the Board of Executive Directors, and Director General Chairman of the Board of Executive Directors.

### The Board of Governors

The Board of Governors consists of the Governor and deputy Governor appointed by each Member Country in the AMF, and the Board shall elect its chairman from among its members on a rotational basis. The Board of Governors is considered the General Assembly of the AMF and has all the administration authorities. The Board of Governors of the AMF meets annually, in the first half of each year, in or outside the headquarters country. The following table shows the composition of the Board of Governors of the AMF, as on December 31<sup>st</sup>, 2022:

Member Countries		Governors and Deputy Governors
Hashemite Kingdom of Jordan	Governor	H.E. Dr. Adel Ahmed Ismail Al-Sharkas <sup>(1)</sup>
	Deputy Gov.	H.E. Dr Mohammad Mahmoud Al Ississ
United Arab Emirates	Governor	H.E. Mohammed bin Hadi Al Hussein
	Deputy Gov.	H.E. Khaled Mohamed Balama
Kingdom of Bahrain	Governor	H.E. Sheikh Salman Bin Khalifa Al Khalifa
	Deputy Gov.	H.E. Rashid Mohammed Al Mearaj
Republic of Tunisia	Governor	H.E. Dr. Marouane El Abassi
	Deputy Gov.	H.E. Mourad Abdesslem
People's Democratic Republic of Algeria	Governor	H.E. Brahim Djamel Kassali <sup>(2)</sup>
	Deputy Gov.	H.E. Salah Eddine Taleb <sup>(3)</sup>
Republic of Djibouti	Governor	H.E. Isman Ibrahim Robleh <sup>(4)</sup>
	Deputy Gov.	H.E. Ahmed Osman Ali
Kingdom of Saudi Arabia	Governor	H.E. Mohammed Bin Abdullah Al-Jadaan
	Deputy Gov.	H.E. Dr. Fahad Abdullah al-Mubarak
Republic of the Sudan	Governor	H.E. Dr. Gibril Ibrahim Mohammed
	Deputy Gov.	H.E. Hussein Yahya Jangoul <sup>(5)</sup>
Syrian Arab Republic	Governor	H.E. Dr. Kenan Yaghi
	Deputy Gov.	H.E. Dr. Muhammad Essam Hazimeh
Federal Republic of Somalia	Governor	H.E. Dr. Elmi Mohamud Nur <sup>(6)</sup>
	Deputy Gov.	H.E. Abdirahman Mohamed Abdullahi
Republic of Iraq	Governor	H.E. Mustafa Ghaleb Makhaif
	Deputy Gov.	H.E. Dr. Salahuddin Hamid Juaatta



Member Countries		Governors and Deputy Governors
Sultanate of Oman	Governor	H.E. Sultan bin Salim Al Habsi
	Deputy Gov.	H.E. Tahir bin Salim bin Abdullah Al Amri
State of Palestine	Governor	H.E. Dr. Mohamed Mustafa
	Deputy Gov.	H.E. Major General Talal Dwikat
State of Qatar	Governor	H.E. Ali bin Ahmed Al Kuwari
	Deputy Gov.	H.E. Sheikh Bandar bin Mohammed bin Saoud Al-Thani
Union of Comoros	Governor	H.E Mze Abdou Mohamed Chanfiou <sup>(7)</sup>
	Deputy Gov.	H.E. Younoussa Imani
State of Kuwait	Governor	H.E. Abdul Wahab Al-Rasheed <sup>(8)</sup>
	Deputy Gov.	H.E. Basel Al-Haroon <sup>(9)</sup>
Republic of Lebanon	Governor	H.E. Riad Toufic Salame`
	Deputy Gov.	H.E. Dr. Wassim Manssouri
State of Libya	Governor	H.E. Saddek Omar Elkaber
	Deputy Gov.	H.E. Naji Mohammed Issa
Arab Republic of Egypt	Governor	H.E. Hassan Abdullah <sup>(10)</sup>
	Deputy Gov.	H.E. Dr. Mohamed Maait
Kingdom of Morocco	Governor	H.E. Nadia Fettah
	Deputy Gov.	H.E. Abdellatif Jouahri
Islamic Republic of Mauritania	Governor	H.E. Mohamed Lemine Dhehby <sup>(11)</sup>
	Deputy Gov.	H.E. Filaly Mohamed Filaly
Republic of Yemen	Governor	H.E. Salim Saleh Bin Buriek
	Deputy Gov.	H.E. Ahmad Ahmad Ghaleb

- 1 Replacing H.E Dr Ziyad Muhammad Fariz, as of January 2022.
- 2 Replacing H.E Abderrahmane Raouya, as of June 2022, who replaced H.E Aymen Benabderrahmane.
- 3 Replacing H.E Rustum Fadli, as of May 2022.
- 4 Replacing H.E Abdul Karim Adam Sher, as of February 2022.
- 5 Replacing H.E Muhammad Al-Fateh Zain Al-Abidin, as of March 2022.
- 6 Replacing H.E Abdirahman Duale Beyle, as of September 2022.
- 7 Replacing H.E Kamal Dein Saif, as of May 2022.
- 8 Replacing H.E Khalifa Musaed Hamada, as of December 2021.
- 9 Replacing H.E Dr. Muhammad Yousef Al-Hashel, as of April 2022.
- 10 Replacing H.E Tariq Amer, as of August 2022.
- 11 Replacing H.E Sheikh El Kabeer Ould Moulay El Taher, as of April 2022.

### The Board of Executive Directors

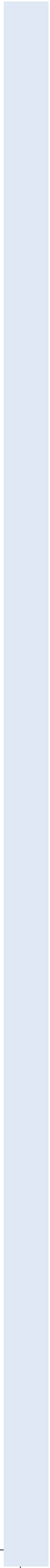
The Board of Executive Directors is composed of the Director General of the AMF as Chairman and eight non-resident members elected by the Board of Governors for a renewable term of three years. The Board is entrusted with the oversight of the AMF's activities and renders advice when deemed necessary. The following table shows the composition of the Board of Executive Directors for (2022-2025), as at the end of December 2022:

Executive Directors	Country/Countries represented	Voting power (%)
H.E. Dr Abdulrahman A. Al-Hamidy	Director General Chairman of the Board of Executive Directors	
H.E. Dr. Riyadh Mohammed Alkhareif	Kingdom of Saudi Arabia	13.96
H.E. Ali Bouharaoua	People's Democratic Republic of Algeria	12.27
H.E. Mazen Sabah Ahmed	Republic of Iraq	12.27
H.E. Samia Gurashi Eltyab Omer (Sudan)	Arab Republic of Egypt	*19.65
	Republic of Yemen	
	Republic of the Sudan	
	Federal Republic of Somalia	
	Republic of Djibouti	
	Union of Comoros	
H.E. Faisal Fahad Abdulaziz Almuzaini (Kuwait)	State of Kuwait	15.13
	United Arab Emirates	
H.E. Abdelali Eddebbagh (Morocco)	Kingdom of Morocco	12.87
	State of Libya	
	Republic of Tunisia	
	Islamic Republic of Mauritania	
H.E. Dr. Qais bin Issa Alyahyai (Oman)	State of Qatar	6.77
	Kingdom of Bahrain	
	Sultanate of Oman	
Dr. Nedal Issa Al- Azzam (Jordan)	Syrian Arab Republic	7.07
	Hashemite Kingdom of Jordan	
	Republic of Lebanon	
	State of Palestine	

\* The above voting power is affected by the temporary suspension of the voting power of Somalia.

## AMF Executive Management

The Board of Governors appoints a Director General of the AMF for a renewable five- year term. The General Director of the AMF chairs the meetings of the Board of Executive Directors. The Director General of the AMF is considered as the Supreme Chief of the AMF's staff and responsible for all its operations. He/she submits an annual report on the AMF's operations to the Board of Governors at its regular annual meeting. The Director General is assisted, in the accomplishment of the AMF's operations, by technical staff in several departments. In addition to departments, the organizational structure includes an internal audit office and a Strategy and Evaluation Unit. Five committees have also been established, two of which are standing committees, namely the Loan and Investment Committees provided for in the Agreement establishing the AMF, in addition to the Administrative Committee set up under the Workers' Statute, approved by the Board of Executive Directors, and adopted by the Board of Governors, as well as the Risk Management Committee, in addition to the Audit and Risk Committee under the Board of Executive Directors.



## Appendices



Appendix (1-a) : Loans Extended to Member States (1978 - 2022)

(Thousands of AAD)

Year	Loan No.	Country	Automatic	Ordinary	Extended	Compensatory	Trade Facility	Oil Facility	Structural Adjustment	SMEs Facility	Total
1978	1	Egypt	4,688								
	2	Sudan	1,875								
			6,563	0	0	0	0	0	0		6,563
1979	3	Mauritania	750								
	4	Morocco	1,875								
	5	Syria	750								
	6	Sudan	1,875								
	7	Sudan			11,250						
			5,250	0	11,250	0	0	0	0		16,500
1980	8	Mauritania	750								
	9	Mauritania		4,500							
	10	Somalia	1,500								
	11	Sudan				5,000					
			2,250	4,500	0	5,000	0	0	0		11,750
1981	12	Yemen	2,940								
	13	Morocco	1,875								
	14	Morocco			31,850						
	15	Morocco	3,600								
	16	Yemen		8,820							
	17	Morocco				9,800					
	18	Somalia	1,440								
	19	Somalia			12,740						
	20	Sudan	1,875								
	21	Yemen	3,675								
			15,405	8,820	44,590	9,800	0	0	0		78,615
1982	22	Sudan			5,000						
	23	Sudan	3,600								
	24	Mauritania	2,190								
	25	Morocco	1,875								
	26	Syria	2,940								
	27	Mauritania			8,240						
	28	Yemen	3,675								
	29	Yemen				3,920					
			14,280	0	13,240	3,920	0	0	0		31,440
1983	30	Iraq	27,930								
	31	Sudan				4,800					
	32	Sudan	1,875								
	33	Yemen					3,920				
	34	Mauritania	750								
	35	Iraq				27,000					
	36	Syria					3,000				
	37	Jordan	3,990								
	38	Jordan					1,960				
	39	Yemen		5,700							
			34,545	5,700	0	31,800	8,880	0	0		80,925
1984	40	Somalia	1,500								
	41	Yemen					4,900				
	42	Sudan			4,335						
	43	Morocco	1,875								
	44	Yemen	3,690								
			7,065	0	4,335	0	4,900	0	0		16,300
1985	45	Yemen	3,975								
	46	Morocco	3,600								
	47	Morocco	3,750								
	48	Yemen				5,100					
	49	Jordan	1,050								
	50	Jordan				2,660					
	51	Jordan					700				
	52	Mauritania	2,190								
	53	Iraq	27,930								
			42,495	0	0	7,760	700	0	0		50,955

Appendix (1-b) : Loans Extended to Member States (1978 - 2022) (Cont.)

(Thousands of AAD)

Year	Loan No.	Country	Automatic	Ordinary	Extended	Compensatory	Trade Facility	Oil Facility	Structural Adjustment	SMEs Facility	Total
1986	54	Yemen	3,675								
	55	Morocco	1,875								
	56	Syria	2,940								
	57	Syria	2,400								
	58	Morocco		6,250							
	59	Morocco					2,500				
	60	Mauritania			3,250						
	61	Mauritania	1,500								
	62	Tunisia	3,675								
	63	Jordan	3,990								
	64	Tunisia	1,500								
			21,555	6,250	3,250	0	2,500	0	0		33,555
1987	65	Tunisia					3,450				
	66	Yemen		2,500							
	67	Iraq					18,620				
			0	2,500	0	0	22,070	0	0		24,570
1988	68	Morocco	1,875								
	69	Yemen	3,690								
	70	Jordan					1,960				
	71	Morocco	7,350								
	72	Algeria					18,620				
	73	Mauritania				2,460					
	74	Yemen		6,150							
	75	Egypt	4,687								
	76	Yemen	3,975								
	77	Mauritania	2,190								
	78	Yemen					5,100				
	79	Syria		8,200							
	80	Algeria	27,930								
	81	Iraq	27,930								
			79,627	14,350	0	2,460	25,680	0	0		122,117
1989	82	Iraq	3,300								
	83	Jordan		5,320							
	84	Egypt	5,250								
	85	Morocco			17,150						
	86	Algeria		41,640							
			8,550	46,960	17,150	0	0	0	0		72,660
1990	87	Mauritania			9,050						
	88	Egypt				6,625					
			0	0	9,050	6,625	0	0	0		15,675
1991											
1992	89	Morocco			14,800						
	90	Tunisia	3,675								
			3,675	0	14,800	0	0	0	0		18,475
1993	91	Mauritania			3,250						
			0	0	3,250	0	0		0		3,250
1994	92	Yemen	11,340								
	93	Mauritania				2,460					
	94	Jordan			7,980						
	95	Algeria			29,150						
			11,340	0	37,130	2,460	0	0	0		50,930
1995	96	Yemen		15,120							
	97	Tunisia	5,175								
	98	Jordan			5,320						
			5,175	15,120	5,320	0	0	0	0		25,615
1996	99	Algeria			31,230						
	100	Mauritania			4,955						
			0	0	36,185	0	0	0	0		36,185

Appendix (1- c) : Loans Extended to Member States (1978 - 2022) (Cont.)

(Thousands of AAD)											
Year	Loan No.	Country	Automatic	Ordinary	Extended	Compensatory	Trade Facility	Oil Facility	Structural Adjustment	SMEs Facility	Total
1997	101	Jordan				2,660					
	102	Djibouti		367							
	103	Yemen			19,656						
			0	367	19,656	2,660	0	0	0		22,683
1998	104	Jordan							3,910		
	105	Yemen							9,057		
			0	0	0	0	0	0	12,967		12,967
1999	106	Algeria							30,605		
	107	Tunisia	5,175								
	108	Morocco							10,878		
	109	Tunisia							5,072		
	110	Lebanon	3,675								
			8,850	0	0	0	0	0	46,555		55,405
2000	111	Djibouti			245						
	112	Lebanon							3,601		
	113	Mauritania			4,000						
	114	Morocco				7,400					
	115	Egypt							23,153		
			0	0	4,245	7,400	0	0	26,754		38,399
2001	116	Jordan							5,214		
	117	Morocco							14,504		
	118	Egypt				15,750					
	119	Egypt	23,625								
	120	Tunisia				3,450					
	121	Tunisia							6,762		
			23,625	0	0	19,200	0	0	26,480		69,305
2002	122	Egypt							30,870		
	123	Djibouti							420		
	124	Lebanon	3,675								
			3,675	0	0	0	0	0	31,290		34,965
2003	125	Morocco							11,100		
	126	Djibouti			368						
	127	Egypt			55,125						
			0	0	55,493	0	0	0	11,100		66,593
2004	128	Comoros	184								
	129	Tunisia							5,175		
	130	Sudan			9,800						
	131	Egypt							23,625		
			184	0	9,800	0	0	0	28,800		38,784
2005	132	Mauritania			8,600						
	133	Sudan							9,800		
	134	Lebanon							6,825		
			0	0	8,600	0	0	0	16,625		25,225
2006	135	Djibouti							350		
			0	0	0	0	0	0	350		350
2007	136	Syria							2,000		
	137	Lebanon							9,100		
			0	0	0	0	0	0	11,100		11,100
2008	138	Comoros		184							
	139	Djibouti						614			
	140	Syria							9,600		
	141	Lebanon						18,200			
			0	184	0	0	0	18,814	9,600		28,598
2009	142	Jordan	7,365								
	143	Jordan							12,275		
	144	Morocco							47,863		
	145	Mauritania							9,120		
	146	Morocco				21,880					
			7,365	0	0	21,880	0	0	69,258		98,503

## Appendix (1- d) : Loans Extended to Member States (1978 - 2022) (Cont.)

(Thousands of AAD)											
Year	Loan No.	Country	Automatic	Ordinary	Extended	Compensatory	Trade Facility	Oil Facility	Structural Adjustment	SMEs Facility	Total
2010	147	Jordan				9,820					
	148	Jordan							17,185		
	149	Morocco							47,863		
	150	Yemen			43,000						
			0	0	43,000	9,820	0	0	65,048		117,868
2011	151	Morocco						13,675			
	152	Egypt	43,725								
	153	Egypt							58,300		
			43,725	0	0	0	0	13,675	58,300		115,700
2012	154	Jordan	7,365								
	155	Yemen		21,000							
	156	Yemen				24,000					
	157	Tunisia							15,935		
	158	Tunisia				12,750					
	159	Tunisia	9,562								
	160	Morocco				27,350					
			16,927	21,000	0	64,100	0	0	15,935		117,962
2013	161	Sudan							9,800		
	162	Yemen		21,000							
	163	Jordan				12,790					
	164	Jordan			12,790						
	165	Comoros			787						
	166	Tunisia							12,000		
	167	Tunisia							20,000		
	168	Morocco							60,000		
			0	21,000	13,577	12,790	0	0	101,800		149,167
2014	169	Mauritania			20,000						
	170	Yemen			36,510						
			0	0	56,510	0	0	0	0		56,510
2015	171	Jordan							13,285		
	172	Egypt							78,880		
	173	Egypt	59,160								
	174	Sudan			39,900						
			59,160	0	39,900	0	0	0	92,165		191,225
2016	175	Jordan	9,964								
	176	Mauritania				12,340					
	177	Egypt				81,820					
			9,964	0	0	94,160	0	0	0		104,124
2017	178	Jordan				13,400					
	179	Morocco							69,500		
			0	0	0	13,400	0	0	69,500	0	82,900
2018	180	Tunisia				18,532					
	181	Tunisia								18,532	
	182	Sudan								22,800	
	183	Egypt								87,700	
	184	Morocco				41,125					
			0	0	0	59,657	0	0	0	129,032	188,689
2019	185	Sudan		27,400							
	186	Sudan				27,400					
	187	Jordan							23,000		
			0	27,400	0	27,400	0	0	23,000	0	77,800
2020	188	Morocco	30,844								
	189	Egypt							153,475		
	190	Tunisia	14,381								
	191	Morocco							51,406		
	192	Tunisia							23,968		
	193	Jordan	10,000								
			55,225	0	0	0	0	0	228,849	0	284,074
2021	194	Tunisia				19,175					
	195	Jordan				14,770					
	196	Jordan								13,290	
			0	0	0	33,945	0	0	0	13,290	47,235
2022	197	Morocco								12,748	
	198	Egypt				87,700					
	199	Tunisia		19,175							
			0	19,175	0	87,700	0	0	0	12,748	119,623
Total			486,475	193,326	450,331	523,937	64,730	32,489	945,476	155,070	2,851,834

Appendix (2) : Loans Extended to Member States By Type (1978 - 2022)

Automatic Loans	No. of Loans	Value of Loans (Million AAD)	Extended Loans	No. of Loans	Value of Loans (Million AAD)
Jordan	7	43.724	Jordan	3	26.090
Tunisia	7	43.143	Algeria	2	60.380
Algeria	1	27.930	Sudan	5	70.285
Sudan	5	11.100	Somalia	1	12.740
Syria	4	9.030	Egypt	1	55.125
Somalia	3	4.440	Morocco	3	63.800
Iraq	4	87.090	Mauritania	8	61.345
Lebanon	2	7.350	Yemen	3	99.166
Egypt	6	141.135	Djibouti	2	0.613
Morocco	11	60.394	Comoros	1	0.787
Mauritania	7	10.320			
Yemen	9	40.635			
Comoros	1	0.184			
	67	486.475		29	450.331

Ordinary Loans	No. of Loans	Value of Loans (Million AAD)	Trade Facility	No. of Loans	Value of Loans (Million AAD)
Jordan	1	5.320	Jordan	3	4.620
Algeria	1	41.640	Tunisia	1	3.450
Syria	1	8.200	Algeria	1	18.620
Morocco	1	6.250	Syria	1	3.000
Mauritania	1	4.500	Iraq	1	18.620
Yemen	7	80.290	Morocco	1	2.500
Djibouti	1	0.367	Yemen	3	13.920
Comoros	1	0.184			
Sudan	1	27.400			
Tunisia	1	19.175			
	16	193.326		11	64.730

Compensatory Loans	No. of Loans	Value of Loans (Million AAD)	Structural Adjustment Facility	No. of Loans	Value of Loans (Million AAD)
Jordan	6	56.100	Jordan	6	74.869
Tunisia	4	53.907	Tunisia	7	88.912
Sudan	3	37.200	Algeria	1	30.605
Iraq	1	27.000	Sudan	2	19.600
Egypt	4	191.895	Lebanon	3	19.526
Morocco	5	107.555	Egypt	6	368.303
Mauritania	3	17.260	Morocco	8	313.114
Yemen	3	33.020	Yemen	1	9.057
			Djibouti	2	0.770
			Syria	2	11.600
			Mauritania	1	9.120
	29	523.937		39	945.476

Oil Facility	No. of Loans	Value of Loans (Million AAD)	SMEs Facility	No. of Loans	Value of Loans (Million AAD)
Djibouti	1	0.614	Sudan	1	22.800
Lebanon	1	18.200	Egypt	1	87.700
Morocco	1	13.675	Tunisia	1	18.532
			Jordan	1	13.290
			Morocco	1	12.748
	3	32.489		5	155.070



**Appendix (3): Balance of Outstanding Loans (2021 - 2022)**

(Thousands of AAD)

Country	End of 2021			End of 2022		
	Balance of Outstanding Loans	Balance of Undisbursed Loans	Total Loans Commitments	Balance of Outstanding Loans	Balance of Undisbursed Loans	Total Loans Commitments
<b>Jordan</b>	50,609	5,905	<b>56,514</b>	35,435	5,905	<b>41,340</b>
<b>Sudan</b>	110,645		<b>110,645</b>	110,645		<b>110,645</b>
<b>Syria</b>	2,880		<b>2,880</b>	2,880		<b>2,880</b>
<b>Somalia</b>	14,876		<b>14,876</b>	14,876		<b>14,876</b>
<b>Egypt</b>	202,587		<b>202,587</b>	237,667		<b>237,667</b>
<b>Morocco</b>	86,539		<b>86,539</b>	59,527		<b>59,527</b>
<b>Yemen</b>	62,605	18,255	<b>80,860</b>	62,605	18,255	<b>80,860</b>
<b>Mauritania</b>	2,500		<b>2,500</b>	625		<b>625</b>
<b>Tunisia</b>	63,195		<b>63,195</b>	54,280	9,588	<b>63,868</b>
<b>Total</b>	<b>596,436</b>	<b>24,160</b>	<b>620,596</b>	<b>578,540</b>	<b>33,748</b>	<b>612,288</b>

**Appendix (4): Balance of Loans Commitments (1978- 2022)**

(Thousands of AAD)

Year	Loans Extended during the year	Outstanding Loans Commitments *	Balance of Outstanding Loans **
1978	6,563	6,563	6,563
1979	16,500	23,063	18,062
1980	11,750	48,687	42,187
1981	78,615	102,834	68,674
1982	31,440	129,733	111,700
1983	80,925	198,587	193,037
1984	16,300	189,388	183,423
1985	50,955	187,724	181,759
1986	33,555	195,558	183,843
1987	24,570	167,666	157,451
1988	122,117	226,484	213,717
1989	72,660	283,740	242,041
1990	15,675	244,329	233,379
1991	-	213,441	198,641
1992	18,475	189,467	179,467
1993	3,250	162,451	151,131
1994	50,930	203,450	167,985
1995	25,615	211,728	177,562
1996	36,185	218,253	186,905
1997	22,683	231,295	206,697
1998	12,967	227,413	199,314
1999	55,405	263,858	229,129
2000	38,399	276,416	250,459
2001	69,305	300,630	278,997
2002	34,965	278,180	275,970
2003	66,593	316,658	281,121
2004	38,784	280,182	252,695
2005	25,225	275,201	253,376
2006	350	262,611	231,511
2007	11,100	247,693	226,218
2008	28,598	283,693	251,111
2009	98,503	352,671	318,273
2010	117,868	418,105	356,614
2011	115,700	466,769	416,119
2012	117,962	509,723	440,605
2013	149,167	541,148	466,096
2014	56,510	474,284	402,047
2015	191,225	528,846	451,978
2016	104,124	570,911	542,869
2017	82,900	542,813	486,578
2018	188,689	574,279	502,558
2019	77,800	504,396	465,981
2020	284,074	683,872	569,692
2021	47,235	620,596	596,436
2022	119,623	612,288	578,540

\* Total outstanding loans and undisbursed balances.

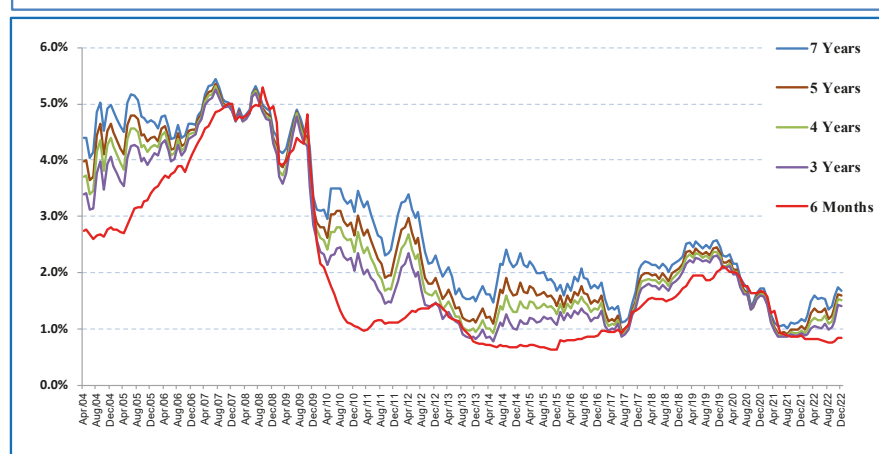
\*\* Total disbursed loans minus repayments.

No changes for the number of historical contracted loans with retroactive effect, because of non-withdrawal for loans fully, partially or for an addition of new tranche.

Appendix (5): Interest Rates According to Maturity of Loans ( Jan. Dec.) 2022

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
<b>7 Years</b>	1.88%	2.03%	2.08%	2.64%	3.11%	3.05%	3.17%	2.83%	3.50%	3.99%	4.09%	3.71%
<b>5 Years</b>	1.79%	1.96%	2.00%	2.65%	3.04%	2.99%	3.09%	2.79%	3.51%	4.03%	4.13%	3.78%
<b>4 Years</b>	1.72%	1.91%	1.96%	2.66%	3.00%	2.96%	3.04%	2.79%	3.53%	4.06%	4.17%	3.85%
<b>3 Years</b>	1.62%	1.84%	1.90%	2.64%	2.95%	2.92%	3.00%	2.83%	3.58%	4.10%	4.24%	3.98%
<b>6 Months</b>	0.95%	0.99%	1.12%	1.21%	1.41%	1.53%	1.79%	2.29%	2.47%	2.97%	2.38%	3.66%

Chart (6) : Interest Rates on Loans According to Maturity, (2003 - 2022)



## Appendix (2): Capital at 31 December 2022

(Thousands of AAD)

	Country	Subscribed Capital	Paid-Up Capital			
			Local Currencies	Convertible Currencies	By a Transfer from General Reserve <sup>(2)</sup>	Total
1	Jordan	14,850	80	7,795	6,975	14,850
2	UAE	52,950	300	27,725	24,925	52,950
3	Bahrain	13,800	80	7,220	6,500	13,800
4	Tunisia	19,275	100	10,113	9,063	19,275
5	Algeria	116,850	760	61,115	54,975	116,850
6	Saudi Arabia	133,425	760	69,878	62,788	133,425
7	Sudan	27,600	200	14,400	13,000	27,600
8	Syria	19,875	80	7,120	9,363	16,563
9	Somalia	11,025	80	3,920	5,188	9,188
10	Iraq	116,850	760	61,115	54,975	116,850
11	Oman	13,800	80	7,220	6,500	13,800
12	Qatar	27,600	200	14,400	13,000	27,600
13	Kuwait	88,200	500	46,200	41,500	88,200
14	Lebanon	13,800	100	7,200	6,500	13,800
15	Libya	37,035	186	19,427	17,423	37,035
16	Egypt	88,200	500	46,200	41,500	88,200
17	Morocco	41,325	200	21,688	19,438	41,325
18	Mauritania	13,800	80	7,220	6,500	13,800
19	Yemen	42,450	280	16,535	19,975	36,790
20	Palestine <sup>(1)</sup>	5,940	-	-	-	-
21	Djibouti	675	5	245	313	563
22	Comoros	675	5	245	313	563
<b>Total</b>		<b>900,000</b>	<b>5,336</b>	<b>456,979</b>	<b>420,710</b>	<b>883,025</b>

(1) Payment of Palestine's share was deferred by the Board of Governors' Resolution No. (7) of 1978.

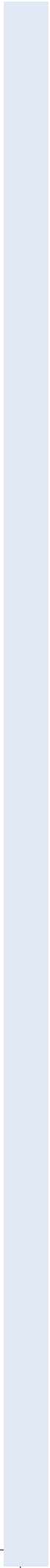
(2) The Board of Governors of the Arab Monetary Fund had approved through resolution number (3) of 2013 increasing the Fund's authorized share capital by AAD 600 million, to become AAD 1,200 million. The resolution has also called for subscriptions from member countries amounting to AAD 300 million, half of which amounting to AAD 149.010 million to be paid by transfer from general reserve, and the remaining half by cash transfer from member countries in five annual instalments commencing in April 2014, and continued consideration of deferring the payment of Palestine share in accordance with the Board's resolution number (7) of 1978.

**Appendix (3):**  
**Number of Participants Courses / Seminars / Workshops (1988-2022)**

Activities Countries	Courses delivered by AMF Staff	Courses Coordinated With Various Inst.	Total
<b>Number of Activities</b>	<b>298</b>	<b>275</b>	<b>573</b>
<b>Jordan</b>	569	555	<b>1,124</b>
<b>U.A.E</b>	606	449	<b>1,055</b>
<b>Bahrain</b>	444	343	<b>787</b>
<b>Tunisia</b>	412	376	<b>788</b>
<b>Algeria</b>	442	404	<b>846</b>
<b>Djibouti</b>	70	337	<b>407</b>
<b>Saudi Arabia</b>	697	636	<b>1333</b>
<b>Sudan</b>	581	530	<b>1111</b>
<b>Syria</b>	494	528	<b>1022</b>
<b>Somalia</b>	39	80	<b>119</b>
<b>Iraq</b>	449	601	<b>1050</b>
<b>Oman</b>	392	400	<b>792</b>
<b>Palestine</b>	415	354	<b>769</b>
<b>Qatar</b>	309	261	<b>570</b>
<b>Comoros</b>	53	49	<b>102</b>
<b>Kuwait</b>	472	359	<b>831</b>
<b>Lebanon</b>	231	300	<b>531</b>
<b>Lybia</b>	351	251	<b>602</b>
<b>Egypt</b>	631	500	<b>1131</b>
<b>Morocco</b>	498	515	<b>1013</b>
<b>Mauritania</b>	298	302	<b>600</b>
<b>Yemen</b>	456	371	<b>827</b>
<b>Total</b>	<b>8,909</b>	<b>8,501</b>	<b>17,410</b>

International and regional institutions the Fund co-provides courses and workshops include IMF, World Trade Organization, Islamic Development Bank, Bundesbank, Bank of England, Bank for International Settlements, World Bank, German International Cooperation Agency, Islamic Financial Services Council, The Banque de France, And The Japan International Cooperation Agency (JICA).









صندوق النقد العربي  
ARAB MONETARY FUND

Contact us:  
Economic Department,  
Arab Monetary Fund,  
P.O. Box 2818, Abu Dhabi, U.A.E.  
Telephone: (971) (2) 6215000  
Facsimile : (971) (2) 6326454  
Email: [economic@amfad.org.ae](mailto:economic@amfad.org.ae)  
Official website: <https://www.amf.org.ae>