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THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

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1976-2011

Uniting against Poverty

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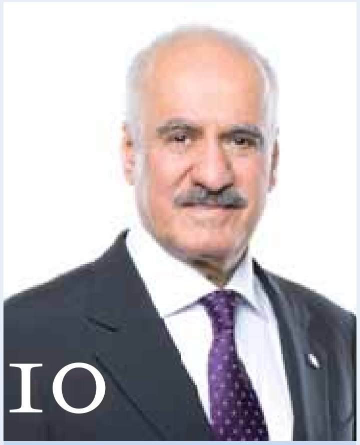
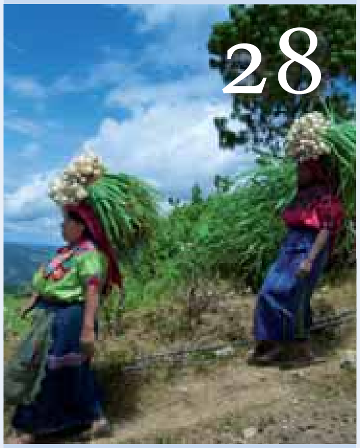
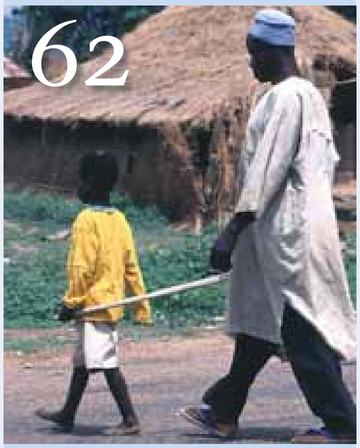






COVER PHOTO: RUPERT STEINER

COMMENT

SPECIAL FEATURE

OUTREACH

DEVELOPMENT COOPERATION

MEMBER STATES FOCUS

OPEC

35 years
but mountains still to conquer

This January, 2011, the OPEC Fund for International Development (OFID) marks the 35th Anniversary of its establishment. A significant milestone by any reckoning. But even more so for an institution that was conceived with modest, short-term ambitions and a limited endowment.

Today, OFID is a mature and respected international development organization with a solid record of achievement, built in no small part on its unique ties of solidarity with developing country partners. The once fledgling OPEC Special Fund has come a long, long way in three-and-a-half decades.

And, in many respects, so has the world we live in. But not all have prospered. Indeed, the gap between rich and poor countries continues to widen, even as the international community reaffirms its millennium pledge to reduce global poverty and hunger by half by 2015.

It is in this complex and unpredictable environment that OFID has been working for 35 years. And if it has learned anything in this time, it is that development cooperation is about much more than just good intentions. In a landscape that is constantly shifting, it's about flexibility, innovation and, above all, an ability to respond to change.

Something that has never changed, however, are OFID's goals, as originally set out when the institution was conceived at the First OPEC Summit in Algiers, in 1975. Today, these goals are summarized in a formal mission statement, which reads: "To foster South-South Partnership with fellow developing countries worldwide with the aim of eradicating poverty."

It is to OFID's great pride that, at the age of 35, it counts no fewer than 129 countries in its global partnership network. But what of actual results? Is OFID fulfilling its mission to help eliminate poverty? The numbers, while modest in the grand scheme of things, are quietly impressive for an organization financed by just 13 founding Member Countries*: to date more than US$13 billion in total approved commitments for some 2,800 operations.

OFID, however, has never been one for spouting statistics. At the end of the day, its work is about people, not numbers in an accounts book. The real impact of its efforts is thus best measured in the field. And what better way to do that than to listen to the voices of individuals who know first hand how OFID helps to change lives.

People like Noor Hassan in Karachi, whose job at the OFID-partnered Pakistan International Container Terminal has enabled him to

* Today OFID has 12 Member Countries: Algeria, Gabon, Indonesia, IR of Iran, Iraq, Kuwait, GSP Libyan AJ, Nigeria, Qatar, Saudi Arabia, UAE and BR of Venezuela. Ecuador, the 13th founding Member, withdrew from the institution in 1993.

support his family and educate his children. People like Palestinian entrepreneur Suhaila Meqdad, who has built up a thriving retail business with the help of micro-credits from OFID. And people like Anahid, the Armenian grandmother, whose son died accidently while cutting down wood to provide fuel for their home, before it was connected to the OFID co-financed gas supply network. These stories, and others like them, are evidence – if indeed any is needed – that development cooperation can, and does, work.

But it hasn't always been smooth sailing – there have been challenges too for OFID over the past 35 years. As well as the constant pressure to remain relevant in the face of changing needs, there have been times when OFID's commitment has been tested to the limit. Such as when decades of progress are swept away in minutes by an earthquake or other natural disaster. Or when circumstances conspire to trigger international crises – like the recent economic recession, or the food emergency of 2007-08 that pushed millions more below the breadline.

With the unwavering support of its Member Countries, however, OFID has stood firm, pursuing its mission as defined anew at the Third OPEC Summit in Riyadh in November 2007, when heads of state reaffirmed their countries' commitment to poverty eradication through their various bilateral, multilateral and regional development assistance channels, including OFID.

Without doubt, however, there are more testing times ahead. The 2015 target date for the Millennium Development Goals is just around the corner, but still an estimated 1.2 billion people continue to live in extreme poverty. Almost one billion people are chronically undernourished. And over 1.4 billion people are without access to something as basic as electricity – an outrage that OFID has set its sights on pushing to the top of the international development agenda through the *Energy for the Poor* Initiative. With the backing of its Member Countries, OFID has assumed a catalytic role in the Initiative and is working hard to mobilize approval and support.

Clearly, then, there are still huge mountains to conquer – thirty-five years notwithstanding, OFID's work is far from done.

So, where do we go from here? As far as OFID is concerned, there is only one way forward – to continue doing what it does best: *uniting against poverty* to banish hunger, deprivation and disease and build a better life for the world's poor. Noor, Suhaila and Anahid are some of the lucky ones. But there are millions more like them desperate for the chance of a brighter future. It's OFID's job to help ensure that they get one.


OFID
THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

35 years
Uniting against Poverty

In the 35 years since its establishment, the OPEC Fund for International Development has undergone a steady but comprehensive transformation, growing progressively in size, stature and influence, as it strives to fulfill the mandate of its founding fathers. From the temporary account of 1976, the OFID of today is a prominent member of the global development finance community, respected by donors and recipients alike for its core principles of partnership, cooperation and South-South solidarity.

PHOTO: RUPERT STEINER

Milestones: the OFID journey in overview

1975	The Fund is conceived at the First OPEC Summit in Algiers, Algeria
1976	The "OPEC Special Fund" comes into being on January 28
	Dr. Ibrahim F. Shihata is appointed Director-General of the Fund (March)
	The OPEC Special Fund starts operations with an initial endowment of $800 million (August)
	First loan agreement is concluded: Balance of Payments support to Sudan (December)
	Mr. Mohamed Yeganeh is elected Chairman of the Governing Committee
	US$435 million is channeled to IFAD on behalf of OPEC Member Countries
1977	First Technical Assistance operation is concluded through UNDP
1978	Mr. Osama Faquih is elected Chairman of the Governing Board
1979	Mr. Mahsoun Jalal is elected Chairman of the Governing Committee
1980	Grant Account for Research and Similar Intellectual Activities is established
	US$111 million is channeled to the IMF Trust Fund on behalf of OPEC Member Countries
	The OPEC Fund becomes a fully fledged and permanent international development agency (May)
1981	OFID resources exceed US$2 billion
	Contribution of US$83.56 million is made to the Common Fund for Commodities
	Purchase of *Palais Deutschmeister* as headquarters building

First OPEC Summit in Algiers, March 1975.

PHOTO: COURTESY OPEC

The first OPEC Special Fund loan was concluded with the Sudan on December 23, 1976. HE Dr. Mohamed Yeganeh, then Iranian Minister of State and first Chairman of the Governing Board *(right)*, and HE Dr. Ibrahim Nimir, then Governor of the Bank of Sudan, signed the agreement.

HE Mahsoun Jalal and HE Mrs. M. Eugenia Charles, then Prime Minister of Dominica *(left)*, concluding a loan agreement. Dr. Jalal presided over the Governing Board from 1979 to 1982.

Initialing the *Headquarters Agreement* on April 21, 1981. Dr. Ibrahim Shihata *(left)* represented OFID, while HE Dr. Willibald Pahr, then Austrian Minister of Foreign Affairs, signed for the Republic of Austria.

HE Dr. Osama Faquih,
Chairman of the Governing Board, 1982 to 1995.

Dr. Y. Seyyid Abdulai,
Director-General, 1983 to 2003.

1982	OFID moves to new premises
	Mr. Osama Faquih is elected Chairman of the Governing Board
1983	Dr. Y. Seyyid Abdulai is appointed Director-General
1986	OFID's 10th Anniversary – Ministerial seminar
1990	OFID's 500th loan goes to Madagascar
1991	OFID resources exceed US$3 billion
1994	Concessional loan of US$50 million is provided to the Enhanced Structural Adjustment Facility of the IMF
1995	Dr. Saleh A Al-Omair is elected Chairman of the Governing Board
1996	OFID's 20th Anniversary
1997	OFID resources exceed US$4 billion
	Participation in the HIPC debt relief initiative
1998	Establishment of the Private Sector Facility
1999	First Private Sector Operation is approved
2000	Second OPEC Summit in Caracas, Venezuela
2001	Launch of the HIV/AIDS Special Grant Account
2002	Launch of the Special Grant Account for Palestine
	Launch of the first three-year Lending Program

HE Dr. Saleh Al-Omair,
Chairman of the Governing Board, 1995 to 2004.

Dr. Saleh A. Al-Omair *(right)* signs OFID's first Private Sector financing agreement with Mr. Ismaîl Ould Abeïdna, Chairman of the Board of Mauritanie Leasing *(left)*.

2003	Mr. Suleiman J. Al-Herbish is appointed Director-General
	Approval of emergency aid for the food crisis in Africa
2004	Mr. Jamal Nasser Lootah is elected Chairman of the Governing Board
	OFID resources exceed US$5 billion
	Establishment of the Blend Facility
2005	Establishment of the Special Grant Account for Emergency Relief Operations
	OFID's 1,000th loan goes to Morocco
2006	OFID's 30th Anniversary
	Launch of the Trade Finance Facility
	OFID is granted Observer Status to the UN General Assembly
2007	Third OPEC Summit in Riyadh, Saudi Arabia.
2008	Launch of the Energy for the Poor Initiative
	Outbreak of financial crisis
2009	Record volume of financing approved in one year: US$1,400 million
2010	OPEC's 50th Anniversary
2011	OFID's 35th Anniversary

Mr. Suleiman J. Al-Herbish
has been Director-General since November 1, 2003.

HE Mr. Jamal Nasser Lootah,
Chairman of the Governing Board since March 2004.

31st Ministerial Council Session in Caracas, Venezuela. Council Chairman, HE Gustavo Hernandez, Vice Minister of Finance of the Bolivarian Republic of Venezuela *(center)* flanked by Mr. Jamal Nasser Lootah, Governing Board Chairman *(left)* and Mr. Suleiman J. Al-Herbish, Director-General *(right).*

Poverty: the challenge still remains

Interview with OFID Director-General

As OFID marks the 35th Anniversary of its founding, Director-General Suleiman Jasir Al-Herbish reflects on three-and-a-half decades of challenge and accomplishment and evaluates the priorities moving forward.

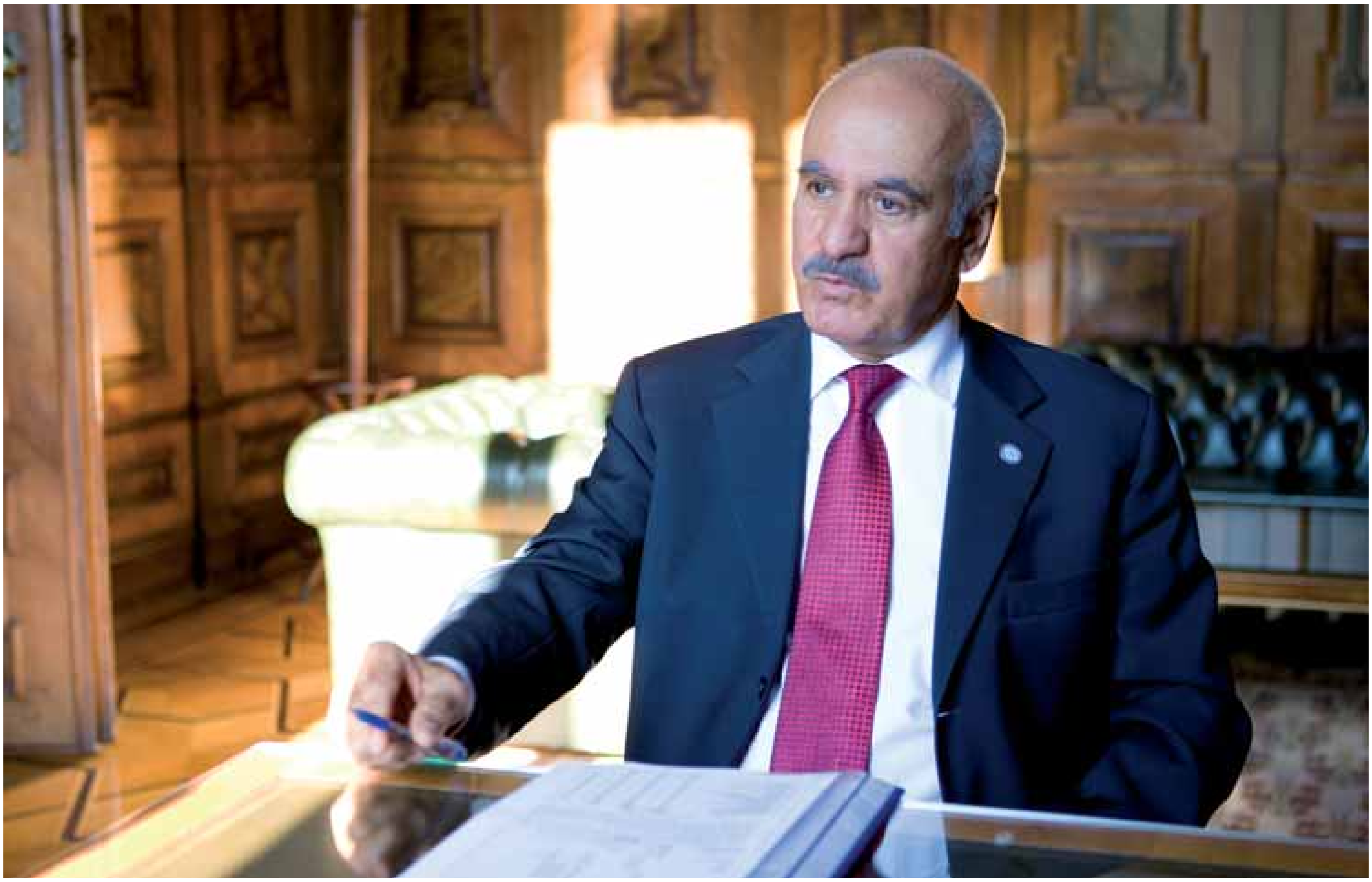
OQ: *OFID has been working for 35 years in the field of development. How has the environment changed over the years? And how has OFID adapted to these changes?*

DG: Economic development, or sustainable development as we now call it, is a concept which emerged out of the political independence process that started to take place in Africa, Asia and other parts of the world in the late 1950s and early 1960s. After political independence, economic development became a priority for these countries. Since those early days, the development paradigm has evolved constantly, driven by influences such as debt burdens, globalization and climate change, among others.

At the beginning of the last decade, hopes were raised through global adoption of the Millennium Development Goals (MDGs). These established, for the first time, an overarching strategy that sought to align priorities and approaches and establish a "global partnership for development." The MDGs set targets for reducing poverty and hunger, for achieving universal primary education, for gender equality, for improving child and maternal health, for combating HIV/AIDS, malaria and other diseases, and for ensuring environmental sustainability. Around the same time, "aid effectiveness" became something of a buzzword, supporting the notion that aid efforts have to be better coordinated in order to have optimum impact.

Sadly, it has to be said that, despite the MDGs and other initiatives, the problem of poverty is increasing, and the gap between the rich and the poor is widening. Indeed, the September 2010 UN meeting on the MDGs acknowledged as much. There has been some progress, largely due to the improvement in the economies of China and India, but when you look at Africa, especially sub-Saharan Africa, you will find that the problem is in fact worsening.

So, for whatever reason, we have not really achieved very much, especially when you consider that 1.2 billion people globally are still living below the poverty line on less than US$1.25 a day, around 1.4 billion people are



still deprived of electricity, and two billion households are still using biomass for cooking. These are not statistics to be proud of. Nor is the fact that the number of chronically undernourished people on our planet is close to one billion. It is thus no coincidence that, for OFID, two of the most pressing concerns at the present time are food security and energy poverty.

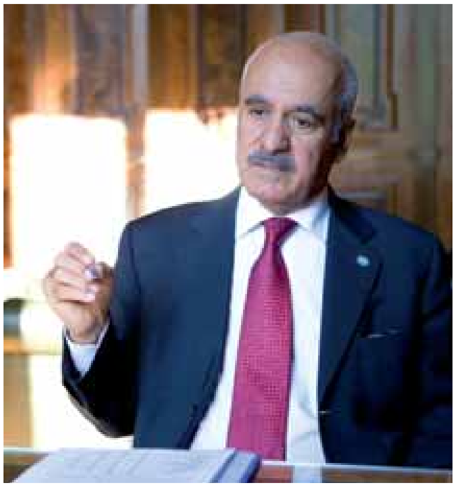
This is the challenging environment that OFID has been working in for three-and-a-half decades. OFID, though, is just one of several channels of assistance set up by OPEC Member Countries, many of whom also have their own bilateral aid agencies, such as the Saudi Fund, the Kuwait Fund, the Abu Dhabi Fund and, in Latin America, Venezuela's *BANDES*. In addition to OFID, there are also a number of other multilateral institutions set up by, or with the participation of, OPEC members. These include the Arab Fund for Economic and Social Development, the Arab Bank for Economic Development in Africa (BADEA), the Islamic Development Bank, the Arab Monetary Fund and the Arab Gulf Program for United Nations Development Organizations (AGFUND). Together, these banks and funds have been doing their fair share in helping to alleviate the problems of poverty.

Over the years, the way OFID carries out its work has evolved considerably. This is partly in response to the changing demands and priorities of the countries in which we operate, but it also stems from a desire on our part to play an ever more proactive role in the international development arena.

For instance, in order to maintain our relevance and effectiveness we have broadened our range of funding mechanisms to include private sector and trade financing, among others. These complement our traditional modes of financing and have enabled us to widen our geographical reach, while at the same time retaining our focus on the low income countries, which sit at the heart of our mandate. The challenge of this development, however, is that we have an ever-growing constituency which is placing increasing pressure on our resources.

In terms of advocacy, our voice has grown ever stronger, especially in recent years, since we were granted Observer Status to the ▶

"For OFID, two of the most pressing concerns at the present time are food security and energy poverty."



"We are discussing with our Member Countries how to enhance our resources so that we can live up to their expectations and deliver on our mandate."

◀ UN General Assembly. Currently, we are working extremely hard to draw international attention to the issue of energy poverty, which unfortunately escaped being included in the MDGs, but is nevertheless a dire problem. I am pleased to say that our efforts are bearing fruit and that the "Energy for the Poor" initiative is gaining a lot of respect and acceptance. We initially got the ball rolling at a special workshop on "Energy Poverty in Africa", which we convened in Abuja, Nigeria in June 2008, and thereafter presented the issue at a number of forums and conferences. Over the past 18 months or so, we have been delighted to see the Initiative receive the approval of bodies like the G8 and the G20, and then in March 2010, the International Energy Forum, which at its 12th meeting in Cancun, dubbed the eradication of energy poverty as the "ninth MDG." Many of our partner institutions have also pledged their support, as have leading donor governments. So, the momentum is building, and we are committed to continue doing everything within our power to push energy for the poor to the top of the international agenda.

OQ: *Working in such a testing environment must bring with it many challenges. What would you identify as the greatest challenge facing OFID today?*

DG: Our main challenge has not changed – it is still poverty, and in order to tackle it we need resources. Let us not forget that OFID's core mandate is to combat poverty, which for many reasons – including growing populations – is deeper and more widespread than ever before. So, there is mounting pressure on us to raise our level of support. This pressure has increased since the Third OPEC Summit of November 2007, when our heads of state reaffirmed their expectations of OFID and called upon the institution to continue with its efforts – independently and with other organizations – towards poverty eradication and, moreover, to focus its attention on the elimination of energy poverty. So, today, we find ourselves in a situation where we are expected to do more, but with the same resources. This is a real – and growing – challenge, because the number of countries we work with has increased steadily and now stands at 129. The dilemma we face, therefore, is how to strike a balance between executing our mission and protecting the long-term financial viability of the institution. We are thus discussing with our Member Countries how to enhance our resources so that we can live up to their expectations and deliver on our mandate. One solution we are considering is borrowing from the market to help finance our private sector operations.

OQ: *What about the environment – is this something that OFID also considers a challenge? What is OFID's position vis-à-vis the environment?*

DG: Of course we are concerned about the environment and the management of natural resources. I would say that OFID is very much pro-environment. So much so, in fact, that we make it a condition of our lending that we will only finance projects that take care not to cause any environmental damage. In many instances, our projects actually help improve the environment, for example, through reforestation or other measures to prevent or reverse land degradation. Much of this kind of work is financed through our grant program and also includes projects to improve water management, which is a very serious problem in the Middle East and some parts of Africa. Another example of our efforts in this area is the recent study we commissioned on the development and use of biofuels as an alternative to gasoline. One of the things we looked at was the possible negative impact of biofuel production on the environment and biodiversity. So, basically, we are doing everything we can to be responsible global citizens and protect the environment for future generations.

I should point out that OFID's position on the environment is an extension of that of our Member Countries and, consequently, one that we share with the OPEC Secretariat. When it comes to representing the views of our Member Countries in international forums, we have a gentleman's agreement with OPEC that "energy and the environment" is an issue they will take care of, while OFID takes care of matters relating to "energy and sustainable development." Thus it was OPEC, and not OFID, that attended the Climate Change Conference in Cancun last December, while OFID represents both organizations and Member Countries at conferences where energy poverty is being discussed. Of course, we follow both debates very closely as both are relevant to our work.

OQ: *Did the recent financial crisis force OFID to cut back on its operations?*

DG: On the contrary. Despite its own investments being hit by the volatility in financial markets, OFID has worked, both independently and with its co-financing partners, to mitigate the impact of the financial crisis on the low-income countries. Indeed, we felt a moral obligation to do so. While the commercial banks tend to step back from lending in such circumstances, the development banks are expected to stand by their partners in times of crisis. OFID thus collaborated with other major donors, including the World Bank, to devise joint strategies to support banking, trade, micro-finance, infrastructure, agribusiness and other key sectors. We even stood by countries whose credit rating dropped – in one particular case from B to CCC – sometimes actually increasing our involvement. During 2009, when the crisis was at its height, OFID posted record commitments of US$1.4 billion, compared to the US$815 million approved in 2008. Moreover, looking forward, our 18th Lending Program, which was approved by our Ministerial Council in June 2010 and covers the three-year period 2011-2013, has been allocated resources of US$3 billion – an increase of 30 percent over the allocation of the previous program. This is a very clear indication of our commitment to scaling-up rather than scaling-down our assistance.

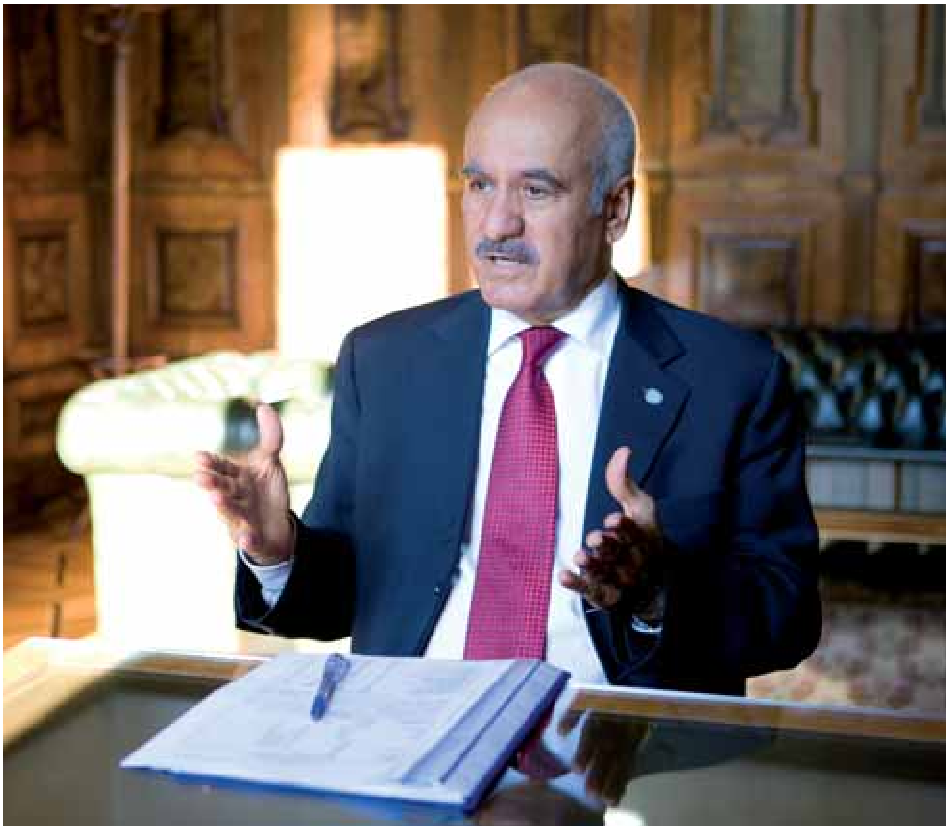
OQ: *What are OFID's priorities going forward?*

DG: Our main focus now and for the foreseeable future is energy poverty eradication. As I mentioned earlier, our heads of state have singled out OFID for this purpose, and we are exploring all ways of intensifying our activities and influence in this area. In fact, since the 2007 Riyadh Summit, there have been additional calls on OFID, notably from King Abdullah Bin Abdulaziz Al Saud of Saudi Arabia, who in June 2008 launched the Energy for the Poor Initiative, with the request that OFID and the World Bank play a leading role in developing the US$1 billion program.

It is worth pointing out that, actually, energy has always been an important sector for OFID, accounting for 20 percent of cumulative commitments. However, since the Riyadh Summit, we have intensified our efforts and approved financing for around 30 new projects, some of which, like a geothermal power generation project in Djibouti, cater to non-conventional forms of energy. Indeed, we are open to supporting any project that will help the poor to solve their energy problem. What we have to bear in mind, though, is that large-scale infrastructure projects are very expensive and generally take a long time to come on-line. So, we have to identify short-cuts that will deliver energy faster to those in urgent need. For this purpose, we are already networking with the wider energy industry – including some major oil companies – to see if we can find simpler projects that we could support through grant financing.

Another area we are concentrating on is building alliances with key financing partners in order to strengthen our impact and influence. In October last year, for example, I signed a Memorandum of Understanding with World Bank President Robert Zoellick, which will further structure our cooperation with the Bank in priority areas such as water supply, energy and other basic infrastructure. I signed a similar agreement with the International Fund for Agricultural Development in December, which will support innovative and increased investment in agriculture. These and others – some already signed and others in the pipeline – will provide a strong strategic framework for OFID's operations well into the future.

Basically, then, these are our priorities and how we are facing them. To tackle them effectively, however, will require increased institutional capacity on OFID's part, so we are also looking at ways of improving our human capital and other key resources. Clearly, there are even more challenging times ahead for OFID, but I am confident that we will continue moving forward in the same way we have always done – with commitment, determination and, of course, the support of our Member Countries.



OFID: an institution with a noble mission

Excerpts from an interview with HE Mr. Jamal Nasser Lootah, Chairman, OFID Governing Board, on the occasion of the 35th Anniversary of the institution. Mr. Lootah spoke to the *Quarterly's* Sam Ifeagwu about his pride in OFID's accomplishments and offered his encouragement and support for the future. Speaking on behalf of the Board, he urged others to emulate the example of OPEC countries in extending hands of friendship and support to the less privileged.

OQ: *Mr. Chairman, OFID is 35 years old this year. What message would you have for the institution itself and for those we work with?*

JNL: We have come a long way since January, 1976. These have clearly been years of discovery and marked accomplishments. We took off in 1976, expecting to be a temporary institution; a transient facility to disburse some US$800 million in voluntary contributions by OPEC Member States and then say goodbye. But we soon found out that the mission for which we were set up was of an enduring nature. We lifted off and have never looked back since. Thirty-five years later, we are as present and as engaged as ever, indeed now in an impressive 129 countries, working with associates, peers and partners to move development forward. Our continued presence is evidently testimony to the vision of those who set up our institution, and I dare say that we have managed to make them proud.

Speaking on behalf of my colleagues on the Governing Board, I can only but encourage the institution to continue with what it is doing well and take advantage of lessons learned to move forward. OFID should take pride in the positive echoes reverberating across the world on its continuing accomplishments. And, to our partner institutions and cooperating countries, I can only reiterate the assurance that OFID will continue to be by their side as a dependable partner and support pillar. We have all done well, listening to one another and cooperating to move our peoples out of poverty. As they say in Africa, South of the Sahara, the battle continues.

OQ: *Your association with OFID goes back many years. What policy-related changes come readily to mind?*

JNL: We were very young men when we first joined the services of OFID. Some of us were junior ministry officials in our home countries. We have, over the years, worked like everyone else connected with OFID to determine the future and positive direction of the institution. Thus, in my position, you take especial pride in the way the institution has evolved and developed, having contributed what you possibly can.

The changes I have seen over the years are multiple. These range from staff complement to policy development, rules and regulations. OFID has moved on with the times. Today, OFID has become an established development finance institution with its own legal personality and equipped, by Member Countries, to remain part of the global community of international finance institutions for years to come. Remember, OFID, as the OPEC Special Fund, began as a simple international financial account, extending balance of payments support to cooperating countries. We called them "beneficiary countries" at the time and regarded what we did as development "assistance." Usage has changed over time, and in keeping with political correctness, we "cooperate with" these countries to mutual benefit. You do not sleep well and comfortably in your own country if your neighbour is restless and helpless. This has been a guiding principle of our times. You extend a helping hand to mutual benefit.

Again, we went from balance of payments support to projects and program financing in the public sector, moving gradually to private sector financing, and recently to trade financing. Now we have several facilities and financing windows. We also have been very much part of the development dialogue, backing issues of primary importance to developing countries and, indeed, helping to make the voices of our Member Countries heard in the corridors of development thinking and negotiations.

OQ: *What direction do you see OFID taking in the next couple of years? What should the world be saying about the institution in the near- to medium-term?*

JNL: In the near term, OFID, as the Governing Board sees it, will continue to do what it does best: working with the many countries that ▶

"OFID should take pride in the positive echoes reverberating across the world on its continuing accomplishments."

Mr. Lootah guides proceedings at the 129th Session of the Governing Board, flanked by Director-General Al-Herbish *(left)* and Assistant Director-General, Financial Operations, Mr. Saeid Niazi *(right)*. Mr. Lootah assumed Chairmanship of the Board in March 2004.

"The world should see us as a group of [developing] countries ... extending hands of friendship and support to the less privileged, with a view to sharing that which we have and aiming at a more equitable and just world."

◀ seek close cooperation with OPEC countries with regard to their development. I should mention that OFID is not the only development institution working on behalf of our Member Countries in the area of development financing. Recall the Abu Dhabi Fund for Development, the Kuwait Fund for Arab Economic Development, the Saudi Fund for Development, BANDES, and various others. All of these agencies, working in harmony and coordination with OFID, are dedicated to the same purpose: backing the poorer countries of the world – many of which are our neighbours – in their quest for social and economic advancement.

My Board colleagues and I would want to see the international media give larger coverage to what we are doing and the successes we are recording. The world should see us as a group of countries, all of them developing countries themselves and by no means wealthy, extending hands of friendship and support to the less privileged, with a view to sharing that which we have and aiming at a more equitable and just world. We also would like to see many others emulate the example of OPEC countries, especially as we all agree that it is all about One World and a Global Village.

OQ: *The Management and Staff of OFID are particularly proud of this 35th Anniversary milestone. Would the Board Chairman have a comment on the work of both?*

JNL: The Board and the Management of OFID are in no doubt that whatever the achievements of the institution are, they are, in large part, the result of the performance and the commitment and dedication of the staff. I have had the privilege of watching many of our staff at work and on mission, and I could hardly be more impressed. If I have any message for OFID staff, it would simply be that the momentum should be maintained and morale kept as high as always. The Management is also in no doubt as to the appreciation of the Board vis-à-vis Management's effort. We work well together. We have a fine institution. Let us keep it that way. ■

Surviving all odds: the genesis of OFID

From temporary account to multilateral development finance institution, the transformation of the OPEC Special Fund into the OPEC Fund for International Development was as unplanned as it was inevitable. In this special report for the Quarterly, OFID Senior Counsel, **Mirghani Hassan**, explains why.

It is a premature spring in Algiers, Algeria, and the year is 1975. For nine of the assembled heads of state, Members of the Organization of the Petroleum Exporting Countries (OPEC), there was nothing novel about providing financial assistance to the least developed countries (LDCs). Already over US$6 billion in aggregate had been disbursed by those Members individually to poorer countries of the South. It was felt, nevertheless, that there was room for a collective mechanism to further strengthen South-South solidarity. Hence the recommendation eight months later (by the Ministerial Committee of OPEC Member Countries in Vienna, Austria) that a new facility for providing additional financial assistance to LDCs be established.

With national economic assistance agencies already operational, however, the majority of OPEC Member Countries had no desire to set up a large, let alone permanent, multilateral bureaucracy for assisting LDCs. Whatever entity was established, it would be a transient one. A self-perpetuating agency would "encourage expectations beyond the … thinking of OPEC members", according to a memo prepared by the delegation of one OPEC country. Thus, in place of an autonomous international legal entity, the consensus was to settle for a special fund in the form of an international special account, directly and collectively owned by the parties to the Agreement Establishing the OPEC Special Fund, signed in Paris on January 28, 1976 (the Agreement).

A cursory look at the new institution's birth certificate – the Agreement – reveals its self-liquidating nature: a 'one-off' facility born on a cold Paris morning and not anticipated to last many European winters. Article 4.01 of the Agreement, for instance, restricted the Fund's ▶

An early session of the Governing Board on January 28, 1981. HE Dr. Mahsoun Jalal, then Chairman of the Board (left), and Dr. Ibrahim F. I. Shihata, OFID's first Director-General, are seated at the head of the table.

The OPEC Special Fund began life in a suite of rented offices in the building of the Vienna Stock Exchange on the city's famous "Ringstrasse."

◀ resources to US$800 million. The peculiar structure of the Fund, an international account made up of 13 national accounts, each held by the Executing National Agency (ENA) of the particular party to the Agreement, left no space for doubt about its predestined transient existence. Each ENA was enjoined to disburse its country's *pro rata* share in loan amounts earmarked for it by the Governing Committee of the Fund. Thus, no 'Fund' *per se* had been established and no budget had been set aside for administrative costs. Each ENA was required to disburse its country's share of the Fund's expenses.

With no legal personality to its name, Fund loans were concluded between the borrowing country, on the one hand, and all the parties to the Agreement, represented by the Chairman of the Governing Committee. Each country's share in a loan was transferred by the particular government to the ENA, which then passed it on to the Fund. Thus, in respect of each loan, there wasn't just one but 13 possibilities that the earmarked amount may not be disbursed on time by a particular ENA. The involvement of ENAs in loan financing had one purpose only: to enable them to continue the administration of loans once the Fund had been terminated. For it was expressly agreed that once the initial aggregate contribution had been committed, appropriate measures would be taken to dissolve the Fund.

The imminent termination of the Fund was, however, deferred, albeit not abandoned, a little after its first birthday, when the Agreement was amended in August 1977 to broaden the Fund's resource base to include "funds received from operations or otherwise accruing to the Fund". This new lease of life seemed to be the gift of two practical considerations: (a) recycling loan repayments was certainly more expedient than reverting to ENAs to disburse *pro rata* loan amounts for each and every loan, and (b) the Fund had had a remarkable start: by the end of 1977, it had provided over 70 loans to nearly 60 countries.

Already unique among lending facilities, the extraordinary leanness of the minimally staffed Fund was ensured by a provision for mandatory outsourcing of financial, technical and economic appraisals of projects to other international lending agencies. These agencies would also administer the Fund's loans.

In addition to the commitments it had made to other development lending institutions, by August 1976 the Fund had approved US$200 million in quick-disbursing balance of payment support loans to 45 countries, while arrangements had also been made for committing US$83.6 million in grants to support the proposed Common Fund for Commodities. By June 1979, another US$40 million had been approved in technical assistance grants to the United Nations Development Program. The Fund, it seemed, was anxious to deliver its assistance as quickly as possible, even though this would mean exhausting its limited resources in a short period of time.

But the 1980s opened to great advantage to the Fund. The notion of a self-terminating account seemed to have gradually given way to a nascent sense of contentment with the Fund's achievements. Perhaps it did not make much business sense after all to liquidate an entity that had disbursed an aggregate US$330 million before its fourth birthday by way of assistance to so many countries. Thus, in May 1980, the OPEC Special Fund gave way to the OPEC Fund for International Development (OFID) under a

By the time of its re-naming as the OPEC Fund for International Development, the institution had moved to its own premises at the "Palais Strudlhof" in Vienna's 9th District.

revised version of the Agreement, now renamed the Agreement Establishing the OPEC Fund for International Development. The new institution was endowed with an international legal personality as a multilateral agency for financial cooperation and assistance. It would have its own staff and could provide loans in its own name. And although ENAs could still be entrusted with the appraisal and subsequent management of OFID loans, their previously direct involvement in loan financing was done away with. Member Countries' faith in the new institution was reflected in the repeated replenishments of its resources which, by 1981, stood at US$2,463 million, three times the amount specified under the original Agreement.

As alluded to earlier, the initial success of the Fund in its first year had, in part, prompted the 1977 amendment of the Agreement. And undoubtedly, the staggering results achieved by the end of the 1970s played a significant role in urging the transformation of the Fund into a permanent agency.

Nearly two decades after its establishment, OFID's track record spoke volumes about its labors as a concessional lender for development on a world scale. In 1998, as a measure of confidence in its achievements, the Ministerial Council authorized the extension of OFID's mandate to include financing for the private sector. Trade finance followed eight years later. But the event that was no less significant than the establishment of the Fund itself was the authorization granted it in June 2007 to borrow funds in its own name by way of resource enhancement. Although this decision is yet to be implemented, many observers would describe this move as *the* defining moment in the entire history of OFID. Like a caterpillar that had shed off its cocoon, the institution ceased to be a 'fund' in the literal, legal sense of the word. It could now function as an intermediary between lenders and the developing world borrowers. The ramifications were clear: once OFID sought market funding, it would have to remain in existence until the borrowed funds were repaid.

Today, 35 years after commencing operations, and over 30 years since attaining international legal personality, OFID's record of achievement is easily beyond the wildest imagination of the original parties to the Agreement Establishing the OPEC Special Fund. By the end of 2010, its aggregate commitments exceeded US$13 billion, of which around US$8 billion had been disbursed in nearly three thousand transactions. Over 70 percent of its resources had been disbursed for public sector projects or programs, including debt relief under the Heavily Indebted Poor Countries Initiative. In excess of US$400 million had been disbursed for trade finance, almost US$650 million for private sector projects and approximately US$400 million in a wide range of grant operations.

The termination of OFID as a going concern, an option still retained in the Agreement, now seems like a birthmark on a 35 year-old: both ancient and benign. While OFID cannot deny its humble beginning as a transient facility, it is entitled to claim credit for surviving a host of odds. Its instinct for survival has been the gift of a remarkable record of achievement. This, in turn, has ensured for it an important position in the universe of economic development. OFID's perpetuity is as much a certainty now as its liquidation in infancy once seemed.

Past accomplishments and future challenges

Reflections from the Governing Board on 35 years of development cooperation

The Governing Board of OFID is made up of one representative and one alternate from each Member Country. Meeting four times a year, the Board is responsible for overseeing the general operations of OFID and, in particular, for stipulating policies with regard to use of the institution's resources. Some of the representatives at December 2010's 133rd Board Session spoke to the *Quarterly* about OFID's anniversary milestone.

"I am happy to have been part of OFID's existence for 30 of its 35 years. In this time, I have seen its gradual evolution into a global institution, working in different fields throughout many continents. OFID has successfully met many challenges over the years. One of the main obstacles we will have to overcome for the future is living within our means. Taking into consideration the situation in some of our Member Countries, we have to be prudent and thoughtful and manage our resources well. Mechanisms like trade financing and the private sector are helping in this regard by giving us more resources to work with. For sure, the idea of OFID discontinuing has never been in question. For this, we have to thank the support of Member Countries."

Mr. Abdul Wahab Ahmed Al-Bader, Governor of Kuwait

"I would like to commend the Director-General and Management for the excellent achievements of OFID over the past 35 years. Looking ahead, OFID faces real challenges, because the needs of its beneficiaries are increasing while its resources are limited. OFID is working hard to leverage additional funds for developing countries by collaborating with other development institutions. Considering OFID's performance over the past years, one can be assured that it will continue to respond well to new challenges. As Member Countries, we are confident that OFID is looking at a bright future for itself and also in advancing the main objectives as they are stipulated in the articles of agreement."

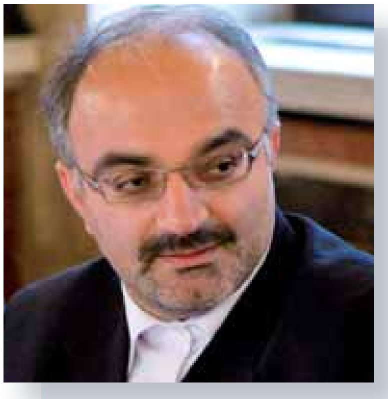
HE Dr. Hamad S. Al-Bazai, Governor of Saudi Arabia

"OFID has done an excellent job supporting poor people all over the world. Reports to the Governing Board show a lot of transactions in both the public and private sectors and that these have achieved their goals. All this has been done according to the plans approved by the Board which have been very well implemented by Management. The relations between us [Member Countries] are excellent. We have a clear understanding of our goals, and I am sure we will do an even better job in the future because we have learned from our experience. Of course, we have a small problem concerning the enhancement of our resources; we have to find a way to increase them and the future activities of our organization."

Mr. El Boueshi M. Ellafi, Governor of Libya

"OFID was founded many years ago, with the mission to fight poverty and contribute to the development of poor countries. The time has been very long, but short at the same time, knowing that there are huge needs and that the achievement of sustainable development is not easy. Resources are very scarce and OFID, with its entire means, is trying to tackle these needs. In the last few years, there have been external shocks and the financial crisis that touched everyone, including OFID, but we have still tried to fulfill our mission and our commitment to these countries. Poverty is the world's biggest challenge, so our mission will go on. We will always be here to participate in the development of our partner countries and try to achieve our goals."

Mr. Omar Bougara, Governor of Algeria

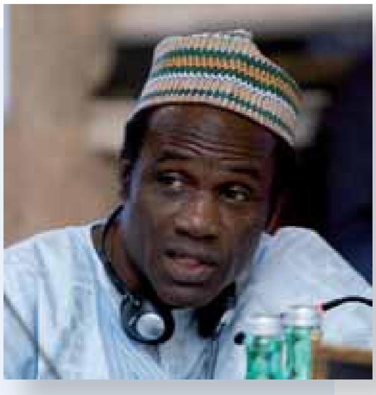


"On behalf of my Government, and in my capacity as a Member of the Governing Board, I would like to convey my appreciation to OFID Management for its efforts. I believe that OFID has gradually found its position as an institution for the eradication of poverty in the world. And our work must continue. If you look at the trends, you find that the gap between developed and developing countries is vast: based on per capita GDP, US$40,000 compared to US$1,000. Our mandate is to fill this gap. In order to raise money for new operations, OFID has to supplement its resources from the market. This will mean huge changes in institutional behavior, as we will have to open up our books so that we can get a credit rating. This is a great challenge for an institution that, until now, has relied solely on the contributions of its shareholders."

HE Dr. Behrouz Alishiri, Governor of IR Iran

"If you compare where we started with where we are now, OFID's accomplishments are obvious. We are almost everywhere, especially in Africa, where there is a lot of poverty. OFID is doing a good job; its contribution is really being felt. So, as far as Africa is concerned, we are happy. The challenge moving forward is the magnitude of the problem we are trying to tackle. Poverty has grown over time and OFID has limited resources. These may have to be increased somehow if we are to continue helping in the way that is expected of us."

Mr. Haruna Mohammed, Governor Ad Hoc of Nigeria



35th Anniversary greetings

Message from President Carter and The Carter Center

PHOTO: SARA SAUNDERS/THE CARTER CENTER

The Carter Center is grateful to have the support of the OPEC Fund for International Development (OFID) as we help some of the world's poorest and most neglected people improve their own lives and build hope for a better future.

Through simple, cost-effective strategies at the grassroots and in partnership with national ministries of health, The Carter Center is a leader in the eradication, elimination, and control of neglected diseases.

OFID's long-term support of our work is helping to rid the Western Hemisphere of river blindness and the world of Guinea worm, two diseases that cause untold suffering and debilitation. We look forward to many more years of partnership and congratulate the OFID on its 35th year of fostering social and economic progress in the developing world.

Jimmy Carter
39th US President and founder of The Carter Center

1976-2011

Message from Austrian Foreign Minister, HE Dr. Michael Spindelegger

Dear Director-General,

On the special occasion of OFID's 35th anniversary, I have the honor to express my sincere congratulations on behalf of the Austrian government. Austria wholeheartedly commends you for your work of solidarity with non-OPEC developing countries in pursuit of their social and economic advancement. Thirty-five years of solid engagement through concessional financial assistance is an impressive record.

Austria and OFID share a longstanding partnership and common objectives, be it in fighting energy poverty in developing countries or our joint engagement in the field of dialogue between cultures.

The OFID initiative of energy for the poor matches our special engagement in the framework of the Africa-EU energy partnership. In September 2010, Austria hosted the first High Level Meeting of the Africa-EU energy partnership in Vienna, bringing together ministers and energy specialists of 33 countries. The High Level Meeting endorsed an ambitious road-map with clearly defined targets and goals for 2020 aiming at giving access to energy to 100 million Africans. The partnership focuses specifically on renewable energy and energy efficiency.

The needs, especially of African countries, are huge and only if the international donor community teams up to finance the necessary infrastructure projects by using new means of cooperation, blending grants and loans, job the can be done effectively. OFID can be a valuable partner in this regard, and our efforts should be coordinated, if not combined.

In the field of dialogue between cultures, OFID and Austria have been jointly engaged in concrete and successful cooperation: The first Arab-European Young Leaders Forum held between 23 and 27 November 2010 in Vienna, organized by my Ministry with the assistance of OFID, was highly successful in creating a vibrant and sustainable forum to connect young professionals in politics, civil society, business, environment and culture from the European Union, Turkey and the Arab world. The Arab-European Young Leaders Forum wants to deepen cross-cultural understanding and support participants to further cooperate within and across sectors, countries and regions. The interest and support Austria has seen for the Arab-European Young Leaders Forum, namely by partners such as the the League of Arab States and BMW Foundation Herbert Quandt shows that there is a great potential in effectively connecting young professionals eager to work for reform and social cohesion in their respective countries and on a global scale.

PHOTO: HOPI-MEDIA MEDIENSERVICE GMBH

OFID's generous support and cooperation has been crucial in making the Forum a success and I am looking forward to continue and even expand our cooperation in the future.

Let me assure you Austria is proud to be your host. I hope that our long-standing relationship will continue and even deepen in the years to come.

Michael Spindelegger
Austrian Federal Minister for European and International Affairs

OFID's people: its greatest asset

OFID places its hopes and aspirations in the hands of a dedicated staff of 150 highly motivated individuals from a wide range of professional and cultural backgrounds. Regardless of whether they are involved at the sharp end of operations or providing backroom support, it is their daily contributions that sit at the heart of OFID's achievements.

BY AUDREY HAYLINS

In addition to nationals of Member Countries, OFID's staff come from countries as diverse as Armenia, Austria, Australia, Bulgaria, Canada, Egypt, Ethiopia, Great Britain, Hungary, India, Ireland, Italy, Jordan, Lebanon, Morocco, the Netherlands, Pakistan, Palestine, Peru, the Philippines, Sudan, Tunisia, Vietnam and the USA.

OFID is proud to count among its professional cadre graduates of some of the world's most respected universities. Among them are economists, engineers, lawyers and accountants, as well as IT, HR and communications specialists. OFID also has a diverse range of highly-qualified support staff. Institution-wide, the ratio of female to male employees stands at almost 50:50.

OFID's longest serving staff member is Austrian, **Barbara Weninger**, who joined the institution in November 1979, when the number of employees stood at just 25. As secretary to the assistant director-general, finance, Barbara has witnessed many changes in the working environment over the years. "In the early days, we used to spend long hours typing up, then photocopying and collating extensive reports by hand," she recalls. "Thankfully, there was – and still is – a strong team spirit."

Barbara Weninger

Barbara admits that she sometimes finds it hard to conceive that she has devoted her whole working life to OFID, especially considering that she originally intended staying for just 12 months. "I don't know where the years have gone," she says, "but it has been time well spent." Barbara believes that OFID has given her a better understanding of different cultures and religions and made her realize how privileged people in Europe are compared to those in the developing countries. "I am proud to have served in such an organization," she affirms.

A lasting impression

Another employee to have spent the greater part of his career with OFID is **Mahfouz Nada** from Egypt, who joined the institution in December 1982 as security officer. He has since risen through the ranks to the position of protocol officer and, like Barbara, is proud to have dedicated a major part of his professional life "contributing to the greater good."

Mahfouz Nada

Reflecting on almost three decades at OFID, Mahfouz recognizes three distinct phases in the evolution of the organization: first, the establishment phase of founding Director-General, Dr. Ibrahim Shihata; second, the consolidation phase of Dr. Y. Seyyid Abdulai, who headed the institution from 1983 to 2003; and third, what Mahfouz calls the "expansion" phase, under current Director-General, Suleiman J. Al-Herbish. "Since the arrival of Mr. Al-Herbish, OFID has witnessed a new era of development," says Mahfouz. "The institution has a new corporate identity and has become more open to the world through initiatives such as the Scholarship Program, the Annual Award for Development and sponsorship activities. We have grown to be more visible in our host country and throughout the world."

Mahfouz, who is due to retire in 2011, says he will carry the imprint of OFID with him forever. "OFID has changed me in so many ways," he acknowledges, relating how he and his family have become keen humanitarians as a result of their increased awareness of poverty. "Long after I leave OFID, I will continue to be an ambassador for the institution and its work," he vows.

Shirin Hashemzadeh

Young blood

In building its HR capacity, OFID consistently seeks to secure the services of both seasoned professionals and talented young individuals with strong leadership potential, who can be groomed to acquire relevant experience and move on to greater professional challenges. **Shirin Hashemzadeh** from Iran is one of OFID's newest young recruits, joining the institution in January 2010 from the Organization for Investment, Economic and Technical Assistance of Iran in the Ministry of Economic Affairs and Finance. Since coming on board, Shirin, who works as a technical assistance officer in the grants unit, has taken advantage of every opportunity to further her knowledge and capabilities. "At OFID I am fulfilling my long hoped-for ambition ▶

Ahdi Al-Hunaif

Walid Mehalaine

Khaled Al-Zayer

◀ of contributing to the socio-economic advancement of developing countries," she says, adding "It is so refreshing to evaluate a project on the basis of social and humanitarian criteria rather than on profitability for the shareholders." Shirin believes strongly in the objectives of OFID's grant program "to strengthen the voice and influence of the poor and marginalized groups in the development process," and hopes that it will continue to expand.

Job satisfaction

Sharing Shirin's humanitarian ambitions is **Ahdi Al-Hunaif**, who spent nine years in the cut and thrust of high-finance in his native Kuwait before coming to OFID in April 2009. "As a young boy, I dreamt of working with the poor and needy, but somehow my career took a different path," he recalls. "Then, one morning, I woke up and realized that while I had everything a person could possibly want, in the process of developing my career I had lost sight of the things that really mattered." Today, Ahdi works in OFID's operations department where he oversees a portfolio of private sector clients. Seeing the impact of his contribution on the lives of poor people has given him a renewed sense of job satisfaction. "Developing a career and at the same time doing something positive for society is a very rewarding feeling," he says.

Sustainable footprint

Walid Mehalaine, a mid-career professional, came to OFID in 2007 as an experienced development practitioner, having spent eight years in the Middle East working successively with the Islamic Development Bank and the United Nations Development Program. Algerian Walid is responsible for OFID's public sector operations in Burundi, Central African Republic, Congo DR, Congo Republic, Niger and Rwanda, a portfolio he describes as "very challenging" due to the special (post-conflict, very poor, weak institutional capacities and sometimes politically unstable) circumstances of these countries. He feels, nevertheless, that "based on the feedback I receive from partners and field visits, during which I have contact with the direct beneficiaries, my work, and OFID support, is very useful and generally appreciated, mainly because beyond financial assistance, we give them hope and faith in a better future."

Walid admits to sometimes feeling frustrated at not being able, as an individual and through OFID, "to do more for the countries and people we serve," but acknowledges that "making poverty history in those places will require continuous engagement and efforts by all partners, including the governments concerned." Looking forward, Walid sees OFID as a "leading institution in South-South cooperation, shaping the agenda in critical areas such as energy for the poor and access to water and sanitation." He suggests that, to achieve its goals, OFID should place more emphasis on developing its institutional memory "in order to learn from its experience and share this knowledge with new staff as well as to leave a sustainable footprint in the history of development cooperation."

Sharing the joy

Working alongside Walid in the operations department is Saudi, **Khaled Al-Zayer**, who joined OFID in 2007 after 20 years with Saudi Aramco, where his training and experience in project management and finance equipped him well for the challenges of his new position. Khaled describes himself as "fortunate" to be so involved in the "core business" of OFID. "I used to envy soccer players, musicians, actors and artists for getting paid for doing something they enjoyed," he says, adding "Now, I'm the one getting paid for doing a job I love." Part of this pleasure, he continues, comes from witnessing "the sheer joy on people's faces" at the opening of a hospital, school or road co-financed by OFID. According to Khaled, the biggest challenge of his role is "synchronizing the needs of the countries with OFID's resource capacity."

Agus Suhartono

Esther Okoh

Equal contribution

Supporting OFID's core operational activities are key service departments such as finance, IT, communications and administration. "Their role and the contribution of their staff is no less important to the achievement of OFID's mission," stresses Director-General, Suleiman J. Al-Herbish, who, on taking over as head of the institution eight years ago, coined the term "OFID Family" to underline the unity and shared sense of purpose of the staff. Few appreciate this sentiment more than Mr. Al-Herbish's driver, **Agus Suhartono** from Indonesia, who is immensely proud of his role in the smooth running of OFID. "I provide support to the Director-General on a daily basis, both inside and outside of work," he says. "It's my job to make his day trouble free so that he can concentrate fully on his mission."

Esther Okoh, a Nigerian, who works as a disbursement officer in the finance department, is equally convinced of her contribution. An accountant by profession, Esther started at OFID in January 2008. She describes her responsibilities as "reviewing and processing disbursement withdrawal applications to ensure that loan and grant recipients get their money in a timely fashion and in line with OFID's policies, procedures and contractual obligations." With well over 100 financing agreements signed in a typical year, and each disbursed in a number of tranches, the work of the disbursement unit is very demanding. "It certainly keeps me very busy," says Esther, "but I enjoy doing it because every bit of my output impacts greatly on the final recipients of OFID's assistance."

As a systems analyst, **Phuong Truong** from Vietnam is also used to having a relatively low profile in the workplace. He believes firmly, however, that this does not detract in the slightest from the significance of his role. "My job is to ensure the smooth functioning of the IT system and to enable my colleagues to fulfill their tasks in the most convenient way possible," says Phuong. "By doing so, I assist them in pursuing the mission of OFID."

Common purpose

Indeed, it is the pursuit of their shared mission that guides each and every member of the OFID Family as they go about their daily work, whether that involves answering the telephone, managing OFID's investments or making sure everyone gets paid at the end of the month. Also falling to every employee is the task of spreading the word about OFID's mission, particularly when representing the institution in an official capacity. For staff of the department of information, this objective is a full time occupation, as **Silvia Mateyka**, another of OFID's bright young talents, knows only too well. Silvia, who is Bulgarian by birth, was recruited in March 2009 and promoted to her "dream job" of information assistant just 12 months later. She speaks with unreserved passion about her role in helping to communicate OFID's mission and vision to the wider world. "This communication is crucial for raising awareness about the incredible work OFID has accomplished over the years," she says, pointing out the importance of such awareness in strengthening OFID's ties both with its Member Countries and partner countries. "Moreover, the greater the attention we can bring to issues like poverty and hunger, the greater our chances of achieving the goals we strive for." ■

Phuong Truong

Silvia Mateyka

Touching lives

At its heart, development cooperation is all about giving people an opportunity to change their lives for the better. Opportunities like those provided by a good education, a decent income, or even something as basic as access to electricity.

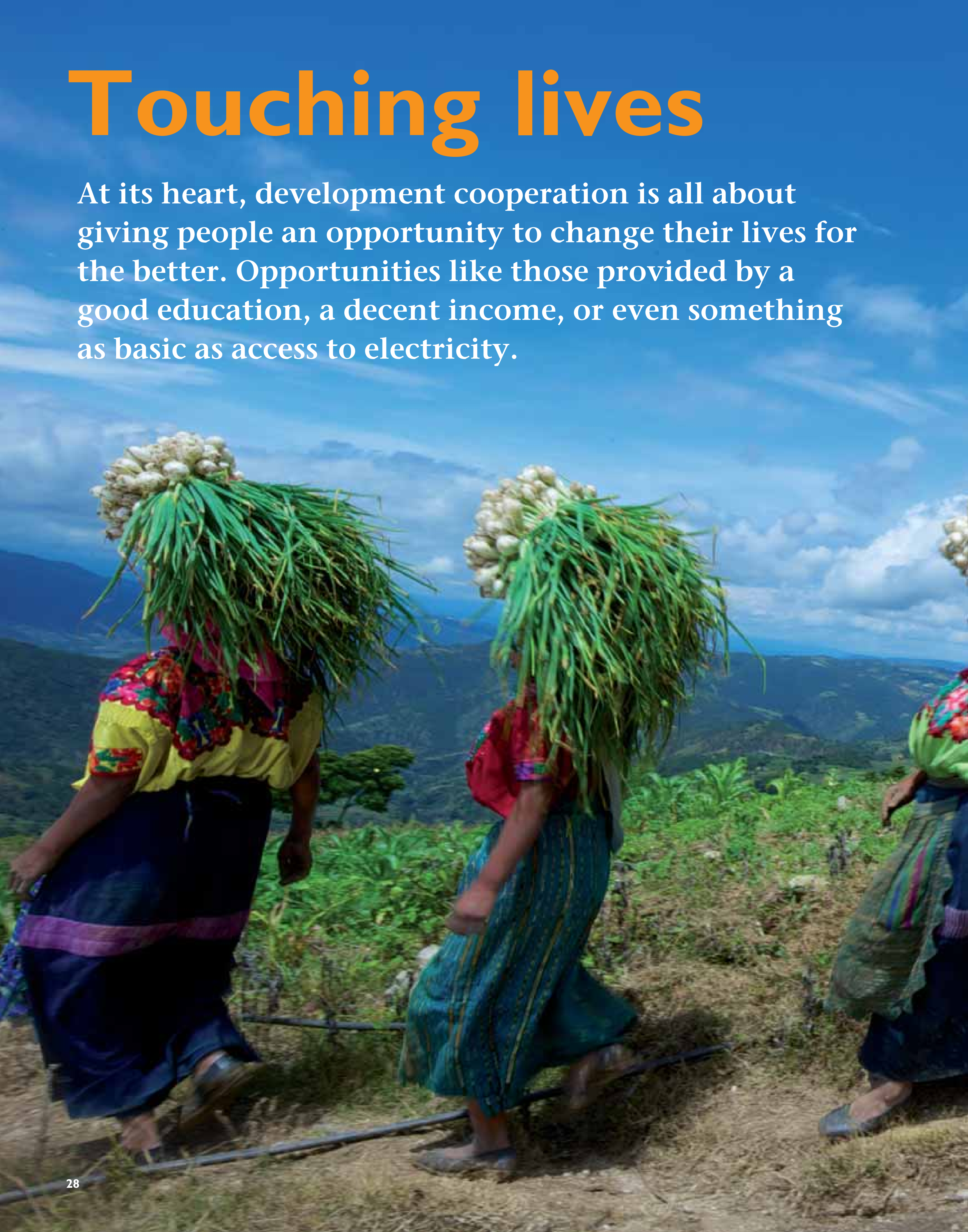


PHOTO: IFAD/SANTIAGO ALBERT PONS

The following pages tell the stories of individuals who, today, face a brighter future thanks to opportunities made available by OFID and its cofinancing partners.

Transforming a community in Karachi

For the Pakistan International Container Terminal (PICT), operating a successful business is about more than simply generating profits. It's also about providing quality of life to its employees and the local community.

BY AUDREY HAYLINS

Noor Hassan has a lot to be thankful for. He has a well-paid job with a good company, owns his own home and is confident of providing a secure future for his five sons – opportunities he could only have dreamed of 25 years ago.

Noor is one of 1,200 employees at PICT, one of OFID's most successful private sector partners. Operating out of Karachi Port since 2003, PICT is the smallest but fastest growing of Pakistan's three container terminals and handles an estimated 27 percent of the country's container traffic. It is the only local, private operator in the Indian sub-continent and has the unique distinction of being the first container terminal in the world to be listed on a stock exchange. Another distinction is its commitment to its workforce and their families.

As one of PICT's start-up staff of just a few hundred, Noor Hassan's fortunes have been inextricably linked to those of his employer. As PICT has gone from strength to strength, so has Noor, progressing through the ranks from an unskilled support worker to team supervisor.

"I had always been keen on working with machines," he says. "To my good fortune, management identified my potential and trained me up." He explains how this training has taught him how to manage conflict and motivate himself and his team. "I'm now more confident and polished and a better human being," he adds.

As a supervisor in PICT's mechanical department, Noor Hassan (right) enjoys a good salary and benefits. He intends to devote the rest of his career to the company.

PHOTOS: PICT

Rapid expansion

Since 2005, PICT's handling volume has increased almost three fold and annual turnover has risen four fold. The company's success has taken even its founders by surprise. The Siddiqui family are maritime specialists with decades of experience in the industry. It was this experience that won them the concession from the Karachi Port Trust in 2002 to develop the terminal.

Director, Aasim Siddiqui, attributes the company's remarkable growth to two things: Pakistan's strong economic performance in the first three-quarters of the decade and the early decision to raise equity by listing PICT on the Karachi stock exchange.

"The decision in 2003 to go public was an unusual one," says Siddiqui. "The returns on infrastructure projects are usually delayed, so it can be hard to attract investors. However, we knew the potential was there for rapid growth, and for that we needed equity."

Being in the equity market has enabled PICT to expand at a pace far beyond that of its rivals. Thanks to an aggressive investment program, the terminal has evolved into a state-of-the-art facility, with an intelligent and fully-integrated operating system that allows for a particularly fast turnaround time for ships. Siddiqui reports that 100 moves an hour on vessels is not unusual. "Such efficiency is unprecedented in Pakistan and comparable to any port in the world," he claims.

PICT has thus been well placed to take advantage of the massive increase in container volumes that Pakistan has experienced over the past seven years. Since 2003, throughput has tripled, soaring to 2.2 million units in the 12 months from June 2009 to June 2010. Of this total, PICT handled around 602,100 units, an increase of 17 percent over the previous year. ▶

PICT, the smallest but fastest growing of Pakistan's three container terminals, is a state-of-the-art facility with an impressive turnaround time for ships.

Boosting economic growth and competitiveness

Siddiqui believes that PICT has made a useful contribution to the infrastructural development of Pakistan and, through this, to the country's continued economic growth, which is driven by international trade.

"Many developing countries lose out on foreign trade because of inadequate transportation infrastructure," he explains. "By improving container handling services in Karachi, PICT is reducing the cost to traders of transporting goods and thereby boosting the competitiveness of Pakistani exports," he adds.

To date, PICT has successfully implemented four development phases – all with the help of financing from OFID – and is about to embark on a fifth. Another project nearing completion is one in association with Pakistan Railways to provide a direct link from Karachi Port to Lahore in the country's northern region. The city is a key industrial center and home to 60 percent of the regional population. Says Siddiqui: "We will be running direct services in partnership with the railways to provide a fast and efficient transport of containers." The project is expected to be fully operational by the end of March 2011.

Investing in the workforce and community

The Siddiqui family is well aware that none of PICT's achievements would be possible without the support of its workforce. So, as well as investing in infrastructure and equipment, the company works hard to maintain and upgrade the skills of employees at all levels and to create a safe and harmonious working environment. All staff have life insurance cover as well as free healthcare for themselves and their dependents. Lower-salaried staff receive reimbursement of education costs for up to two children and the chance of a sponsored Hajj pilgrimage for two lucky employees every year.

PICT also takes seriously its responsibility to the wider community. It has adopted five government-run schools, where it is carrying out both qualitative and quantitative improvements so that the children can benefit as much as possible. In addition, the company recently started a program to sponsor a number of high-school drop-outs through the local technical institute. On completion of their training, these young people will be invited to take up apprenticeships at PICT. "The idea is to give them an opportunity to work in a professional environment and increase their market value for better career prospects," says Siddiqui.

Siddiqui is equally proud of his company's reaction to the recent devastating floods in Pakistan: "We decided to waive all handling charges on relief goods and donated US$100,000 towards the relief efforts," he reveals.

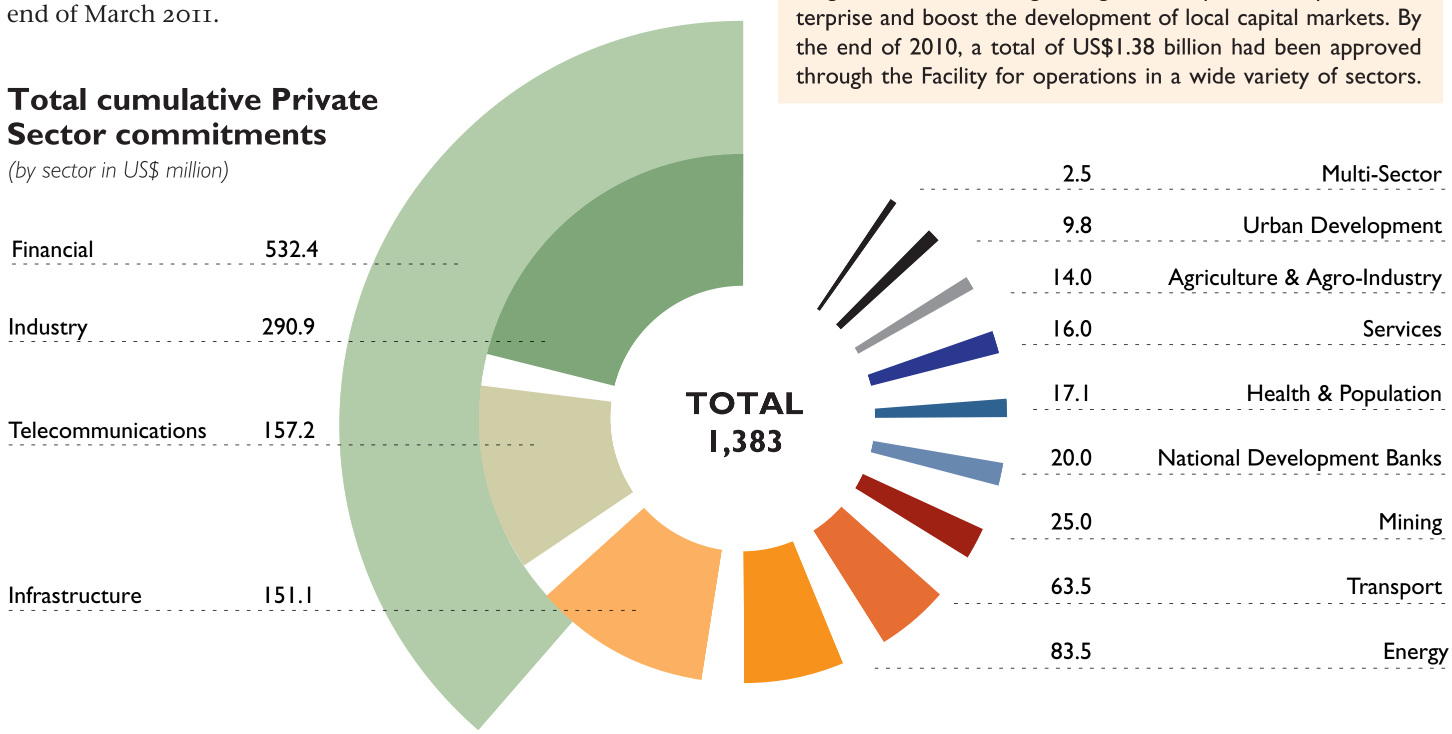
Few appreciate PICT's commitment to its people more than Noor Hassan. For Noor and his fellow workers, PICT is much more than simply an employer. "The company is an extension of my family," he says. "I have PICT to thank for my professional and social standing and for my overall quality of life." A view no doubt shared by each and every one of his colleagues.

OFID in the Private Sector

OFID's Private Sector Facility was launched in 1998 in response to changing economic and social policies in partner countries. Its goals are to encourage the growth of productive private enterprise and boost the development of local capital markets. By the end of 2010, a total of US$1.38 billion had been approved through the Facility for operations in a wide variety of sectors.

Total cumulative Private Sector commitments

(by sector in US$ million)



Improved roads will allow rural producers easier and cheaper access to markets and lead to higher and better quality yields. PHOTO: ADF

Albania on the road to modernization

The rehabilitation and construction of secondary and local roads is yet another step toward the long-awaited modernization of Albania.

BY DAMELYS DELGADO

Albania is a small Balkan country with a coastline of almost 400 kilometres and 70 percent of its territory shaped by often inaccessible mountains. One half of the population lives in rural areas more than 1,000 meters above sea level. Its economy depends mainly on agriculture and mining.

Of the 15,000 km-long road network only 35 percent is paved and 80 percent is in a poor or very poor condition, with some stretches impassable for much of the year. Roads and bridges are often too narrow, very potholed, and lacking in adequate signage, making them unsafe.

It is not difficult to understand that, after to unemployment and low incomes, many Albanians consider infrastructure problems to be a chief difficulty and a significant factor in the country's low living standards. Nearly one-half of rural producers state that a lack of adequate transportation, primarily good roads, is their biggest marketing constraint. Improvement of the road infrastructure is essential to alleviating poverty, generating local jobs and integrating the rural population into the country's economy.

Building the future

Albania's transport sector was underdeveloped at the time of the political transition of 1992. Nevertheless, a rapid modernization process has taken place since then and Albania at present is a success story in many respects. The Ekonomia and Albania Daily News quotes Mrs. Kseniya Lvovsky, World Bank Country Manager: "The pace of economic and social transformation over the past two decades has been so dramatic that global perceptions lag behind. A journey from a very poor country in early 1990s to an upper middle-income economy, the status Albania gained this summer, is remarkable by any comparison."

According to the Albanian Times, the Minister of Economy, Trade and Energy, Mr. Dritan Prifti, said that with a ▶

growth index of almost five percent, Albania is the country with the highest economic growth in Europe in 2010. Poverty decreased by one-half (to about 12.4 percent) between 2002 and 2008, while extreme poverty now affects under two percent of the population. This indicates clear progress towards achievement of the Millennium Development Goals. OFID has helped to change the course of this country, which is eager to join the international community and to better its economic condition. Since 1993 OFID has extended 10 loans to effect improvements in water supply, health services, agriculture, education and transportation.

Seeds of hope

For Bekim Aliti, the road reconstruction in Albania represents much more than just asphalt. It means hope for a better harvest. With travel made easier, the agricultural cooperative he belongs to will be able to buy the best quality seed. No longer will they have to make do with whatever they can get in Karca, the nearest town. Now, they can go directly to the big market and choose the very best seed. "I can already predict the kind of yields we will have", Aliti says, a smile of hope lighting up his face. Next to him, Dritan Jasari, a member of the same cooperative, nods. "Yes, everything is now much easier", he whispers, his few words reflecting the deeply felt relief that saving on travel time will open up a market full of promises.

To open roads

In March 2005, with funding from the European Union, the Albanian National Transport Plan (ANTP) was drafted. Endorsed by the country's partners in development, this plan encompasses the substantial improvement of local roads within the 2006-2016 timeframe. In 2006, a task force was established to improve the management, financing and overall condition of the secondary and local road networks. Headed by the Minister of Public Works, Transport and Telecommunications, the task force was given the mandate to initiate the rehabilitation process. In 2007, Albania requested the support of the World Bank in the design, preparation and implementation of a nationwide program for that purpose.

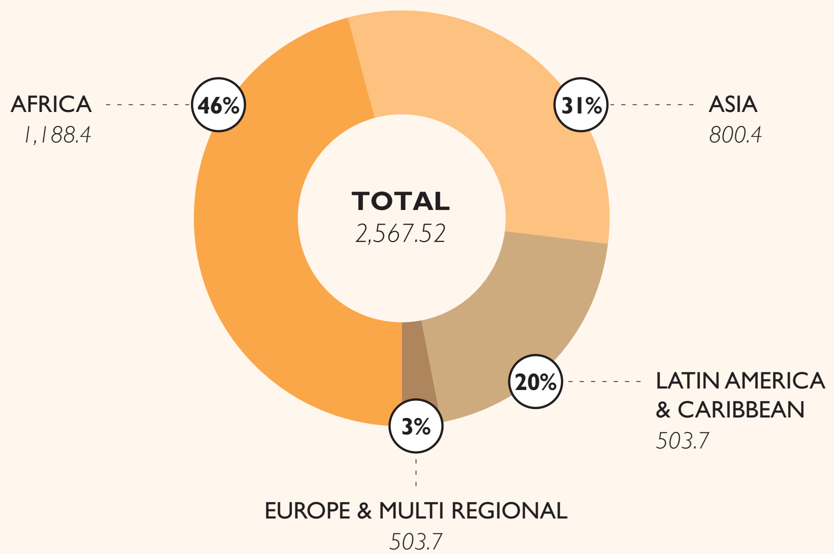
OFID has been actively involved in this effort, approving in 2008 a loan of US$15 million to co-finance, with the World Bank, the first phase of the rehabilitation. In June 2010, a second loan of US$10 million was approved to complement financing from the Albanian Government for the second phase, which will rehabilitate seven key road segments – totalling 44 km – in the western regional departments of Durres and Lezhe.

44 km closer

This new project will benefit approximately 25,000 people living in the less developed rural areas where the road segments are located. In addition to the renovation works, the project will also strengthen the institutional framework for the management of local and secondary road networks, thereby contributing to the long term sustainability of investments. On completion, the project is expected to improve access to main roads for rural communities and agricultural settlements, reducing travel time by one-third between some towns. The project will also provide a welcome boost to local job markets through the training and hiring of local people as contractors and for routine maintenance work on the roads.

Albania is modernizing as quickly as it can, with a better future 44 km closer, thanks to its own efforts and OFID's support.

OFID in the transportation sector
(cumulative commitments by region)
in US$ million



Micro-finance: a lifeline for Palestinians

Palestinians today are enduring one of the most difficult periods of their turbulent history. Poverty is deeper and more widespread then ever before, and only the very few enjoy the luxury of regular employment. But hope still exists, thanks to the lifeline provided by the PalFund, an OFID micro-financing scheme.

BY AUDREY HAYLINS

Like thousands of Palestinian women, Suhaila Meqdad became an entrepreneur out of necessity, when the economic closures in Gaza left her husband without regular employment and the family without a reliable source of income. In 2002, Suhaila took matters into her own hands, using her savings of US$800 to purchase a small supply of candy and cheap toys, which she began peddling from a street-side stand near the family home.

Thanks to her business savvy, and the help of a micro-finance loan provided through OFID's PalFund, Suhaila was able in 2003 to turn her stop-gap venture into an increasingly secure source of income. The loan was just for US$200, but this small amount of financing allowed her to expand her inventory to include inexpensive children's and women's clothing. These new products proved popular and brought in higher profit margins.

By 2004, Suhaila's business was doing so well that she was able to take additional loans to support further expansion and diversification. In 2005, she finally decided to concentrate on selling only clothing, in particular baby-wear. With her accumulated profits, she moved off the street and set up a proper clothes store, where she was able to employ both her husband and her eldest son.

Thanks to her own entrepreneurial spirit and support from the PalFund, Suhaila Meqdad is not only her family's main breadwinner but also an employer.

From housewife to entrepreneur

◀ Today, Suhaila has not only established herself as her family's main breadwinner, earning a monthly income of roughly US$1,000 from her business, but is also recognized as a successful entrepreneur in Gaza's Beach Camp. With about US$12,000 in business capital accumulated since 2002, she has recently opened a second shop in a rented facility.

Since she first started borrowing through the PalFund, Suhaila has been issued with a total of nine loans. She hopes to continue borrowing larger amounts in the future to further develop her business, for which she has many ideas. Seven years after she was forced to sell candies and toys on the street, she also knows that she has the perseverance and entrepreneurial skills to pull them off. "Micro-credit has given my business a push forward and anchored my self-confidence," she says.

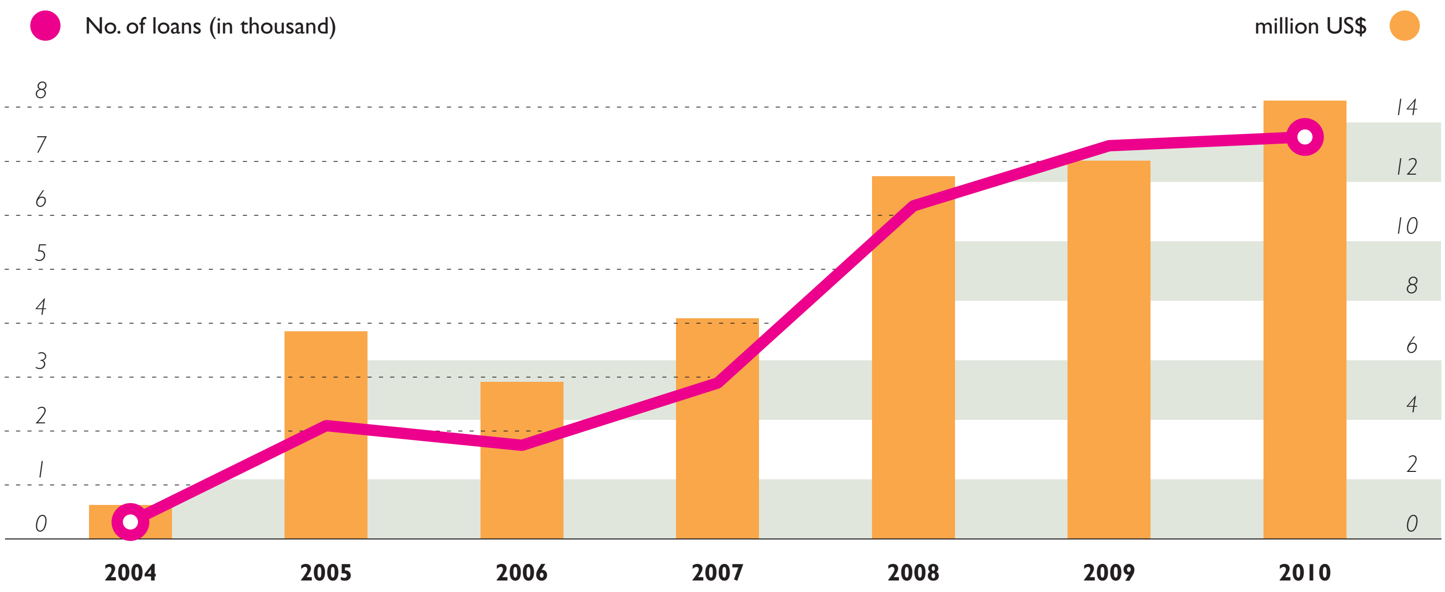
The PalFund lifeline

Suhaila's story is typical of thousands of micro-entrepreneurs in the West Bank and Gaza who have had their dignity and hope restored thanks to the PalFund, a dedicated micro-finance facility set up by OFID and administered by UNRWA (United Nations Relief and Works Agency for Palestine Refugees in the Near East).

To date, OFID has invested a total of US$10 million in the scheme, which is the largest micro-finance program operating in the region. This amount has been recycled many times, as loans are repaid and channeled back into the revolving PalFund program. In this way, from a fund of just US$10 million, the scheme has so far been able to provide some 31,200 loans worth more than US$46.5 million.

The PalFund portfolio is diverse, covering all economic sectors and all types of businesses, from informal enterprises engaged in home-based production, street trading and small animal husbandry, to more formal enterprises involved in small industry and commercial trading. The service sector accounts for 41 percent of PalFund loans, followed by commercial enterprises with 39percent, then industry with 11 percent and finally agriculture with nine percent.

Annual PalFund Lending



The revolving nature of the PalFund allows for continued growth in outreach

PHOTOS: UNRWA MD - MARKETING UNIT, 2010

Perseverance paid off for Ammar Shehadeh, one of the PalFund's youngest clients, and his Internet café now generates a monthly income of up to US$600 a month.

Giving youth hope

A substantial proportion of PalFund lending – around 38 percent – has gone to the most vulnerable groups in Palestinian society, including women, youth and the elderly. This is in keeping with the social mission of the scheme to serve the poor and marginalized and bring them financial inclusion.

The West Bank and Gaza currently suffers one of the highest youth unemployment rates in the world, most recently estimated at 40 percent. These young people – typically defined as between the ages of 18 and 24 – find it hard to obtain micro-credit through regular banks, as they have little in the way of personal savings and lack credit histories as well as collateral.

Ammar Shehadeh is one of the PalFund's youngest and most rapidly successful entrepreneurs. In March 2009, the 21 year-old student of Business Administration at Al Quds Open University decided to open a small Internet café – the first in his village. Starting out with five old computers, he charged a clientele of mostly other young people around US$1 per hour to use them. His venture was not a terrific success at first, however, as Ammar explains:

"My computers were worn out, and I had no cabins or separate compartments for each device. The computers were placed on regular tables with no dividers, and all cables and wires were on the floor under my clients' feet. This was causing me a lot of technical problems, and there was always the risk of an electrical short. I was thinking of shutting down the business ..."

It was at this point that Ammar turned to the PalFund, which provided him with a loan of US$1,130. He bought a printer and two more computers and set about re-organizing his internet café. His income improved and he was soon able to pay off his university fees and start helping with household expenses.

By the time that Ammar had repaid his loan in March 2010, he was earning a net income of around US$500 – 600 per month, some of which he uses to help support his parents and six brothers and sisters. He has since taken out a second loan, this time for US$1,695, which has been used to carry out more renovations.

In a letter of thanks to PalFund administrator UNRWA, Ammar says: "Participating in the scheme has made my life much easier, personally, as well as for my family of eight. You have validated the proverb that says that even a journey of one thousand miles begins with the first footstep. And my first footstep started with you."

Additional material courtesy of UNRWA.

Saving the lives of life-givers in Ghana

Their stories couldn't be more different: Abena and Dormenyo, two young Ghanaian women eagerly anticipating motherhood. One of them in a remote village, attended by a traditional birth attendant. The other in a modern hospital in the capital Accra.

BY TAMANNA BHATIA

After a long and painful labor, 28 year-old Abena eventually gave birth to a baby daughter. she then bled to death as a result of complications that the unskilled native midwife could not treat. Such incidents are not uncommon in Ghana, where an estimated 1,400 to 3,900 women die every year during pregnancy and childbirth because of the lack of adequate hospital facilities.

Dormenyo's story has a happier ending. Suffering with severe uterine fibroids, Dormenyo had given up hope of ever having a baby. Traditional herbal medicines had failed, and she had even gone to prayer camps, hoping in vain that God would cure her. Dormenyo eventually received successful treatment at the OFID-sponsored Lister Hospital in Accra and is now about to deliver her baby there under the care of qualified doctors.

A dream realized

Lister Hospital and Fertility Center opened on July 1, 2004. Its founder is Dr. Edem Kojo Hiadzi, a Ghanaian whose idea of a medical career was never conventional. While pursuing obstetrics and gynecology at the Queen Mother's Hospital in Glasgow, Scotland, Dr. Hiadzi always dreamed of returning to his homeland and serving his people. Lister Hospital and Fertility Center is his dream come true.

Dr. Hiadzi recalls the hospital's first day: "I gave a sigh of relief when it finally opened. For a few months I had been operating an outpatient clinic because the equipment had not yet arrived. We could not do any deliveries in the clinic because patients could need surgery in the middle of delivery. When the hospital became fully functional, I was extremely happy because we could admit patients and treat them in the hospital."

PHOTOS: LISTER HOSPITAL AND FERTILITY CENTER

Left: Since its inception in 2004, Lister Hospital has treated over 20,000 patients. *Right:* Dr. Edem Hiadzi, the hospital's founder, with expectant mother Dormenyo Fiagbedzi.

A research study conducted in Ghana reveals that there are about 451 maternal deaths for every 100,000 babies born. This is largely due to poor access to skilled birth attendants. Blood loss is the leading cause, accounting for 29 percent of maternal deaths in Ghana in the year 2009-10, according to the Ghana Health Service annual report. This situation is further worsened by delays that occur in the home, in accessing health facilities and in receiving care at a health facility.

Striving for excellence

Lister Hospital and Fertility Center was established with a vision to strengthen healthcare in the community and empower patients to make informed choices. "As I received my training from the UK, I try to follow the same standards of patient care as in the West. I want my hospital to provide modern facilities with well motivated and qualified staff. To achieve this goal, we focus on continuing education and the provision of all necessary inputs for optimum service delivery," explains Dr Hiadzi.

The hospital provides comprehensive healthcare services under one roof, creating a platform for transparent patient-centric care where every life matters. With over 20-years of experience, Dr Hiadzi has made sure that the hospital provides state-of-the-art equipment and procedures, cutting-edge diagnostic and surgical solutions and, most significantly, the best medical practitioners. The equipment was imported from the United Kingdom, Germany and Denmark, after the hospital received funds from OFID. The main area of specialism is fertility management, although the hospital offers other services as well.

For Dr. Hiadzi, the realization of his dream was a prolonged and challenging business. "I bought the first plot of land back in 1996, slowly adding to it as more funds became available. The construction work started in 1999. The pace of work was slow initially. However, as the project began to take shape, I was able to convince more people about its potential and attract funding from friends and associates. I invested every penny that I earned while working at the Police Hospital in Accra," he recalls.

Sickle-cell sufferer, Naana Halm (pictured with her two children), is just one of the beneficiaries of Dr. Hiadzi's pioneering work.

Unique challenges

Motivating Hiadzi was his knowledge that women in his home country were susceptible to some serious gynecological problems. "One of the challenging medical issues with Ghanaian women, especially the rural folk, is the use of herbs in douching. These are sometimes unsterile and can cause pelvic infections," he informs, adding: "Other problems include the absence of approved termination services, which leads to unsafe abortions and significant maternal morbidity and mortality." Dr. Hiadzi reveals that cancer is also high on the list because of the lack of national screening programs.

Among the hospital's pioneering success stories are the first ever radical prostatectomy in Ghana, and the case of Naana Efua Kwansima Halm, a 35 year-old lawyer and sickle-cell sufferer, who was successfully managed through pregnancy till delivery.

The hospital currently has 25 beds and is set to expand to 100 beds. There are 106 permanent staff and 30 locum staff. Although it is a private hospital, Dr Hiadzi makes sure that any patient who needs emergency care is treated, even if he or she is unable to pay. The hospital takes care of such patients and later sends them to a government hospital.

Hiadzi points out that there is a high demand for health services in Ghana. Since its inception, Lister hospital has registered over 20,000 patients. It is now undergoing expansion to diversify and cover new areas in order to meet the demand of its clients. New departments planned include accident and emergency, dentistry, intensive care and physiotherapy, among others. These will be complemented by the expansion of laboratory and pharmacy services, together with larger administrative and accounting units. Two additional operating theatres will be provided to support the increased workload.

PHOTO: IFAD/SANTIAGO ALBERT PONS

New hope for Guatemala's Highlands

Thanks to the sustainable achievements of a multi-faceted rural development project, the damaging legacy of Guatemala's prolonged civil war is a distant memory for over 9,000 of the country's indigenous farming families.

BY DAMELYS DELGADO

Before the *Cuchumatanes Highlands Rural Development Project* came along, life was intolerably hard for 37 year-old Ricarda. Up at four in the morning to collect firewood, she would then work the land and tend the family's few chickens, pigs and sheep, before dropping exhausted into bed. She, her husband and their five children survived on a diet of potatoes, maize tortillas and, occasionally, beans.

This hand-to-mouth existence is now a distant memory. Thanks to technical assistance, training and marketing support delivered through the project, the family's small farm was able to work more efficiently and productively. A new planting technique improved the potato crop, and hardier seeds meant they could grow forage and oats, something that had been impossible before. For Ricarda, one of the greatest benefits was attending meetings organized by the project. "I now know other people who have the same problems we have," she says. "Before, I didn't speak to anybody. Now, I'm really happy."

An inhospitable land

The Sierra de los Cuchumatanes is the highest non-volcanic mountain range in Central America. Isolated, cold throughout the year, and 2,000 meters or more closer to the sky, it creates living conditions that are among the most difficult in Guatemala. In this bleak and unforgiving region, 79 percent of the population subsist on less than US$1 per day.

Agriculture, especially smallholder farming, plays a fundamental role in the Guatemalan economy. The majority of these farms are concentrated in the Highlands, which are inhabited mostly by indigenous families of Mayan descent. These people are among the poorest in the country and barely speak Spanish. The steep slopes of the mountain range, as well as the forested areas, are all devoted to agriculture, leading to major environmental problems, such as soil erosion and deforestation.

Focus on several fronts

In 1998, the government of Guatemala selected the Western Highlands as a priority region for social and economic development. Three years later, the *Cuchumatanes Highlands Rural Development Project* was launched with co-financing from IFAD, the World Food Program, the Governments of The Netherlands and Guatemala, and OFID.

At the time, the country was just emerging from 36 years of civil war that had set back Guatemala's entire social structure. Living conditions were harsh and social indicators correspondingly dismal.

The Cuchumatanes Highlands were targeted because up to 90 percent of the 22,000 rural families in the area were without drinking water or electricity. The primary aim of the project was to increase earning capacity. The area designated for the project covered 2,100 square kilometres in Huehuetenango Department.

On the agricultural front, many different tactics were employed. These included introducing new, more suitable crops and agricultural technologies, and providing modern inputs, tools and post-harvest storage methods, together with extension service training. Diversification into crops of higher value and sustainability was also promoted. As the lack of irrigation was one of the main constraints on productivity, the agricultural package included building catchment basins and small-scale irrigation systems, as well as identifying untapped water resources.

Because firewood is the only source of energy in most of the area, the natural forests had been heavily depleted. Environmental damage and erosion had reached alarming proportions. Special emphasis was therefore placed on reforestation, slope stabilization and soil conservation.

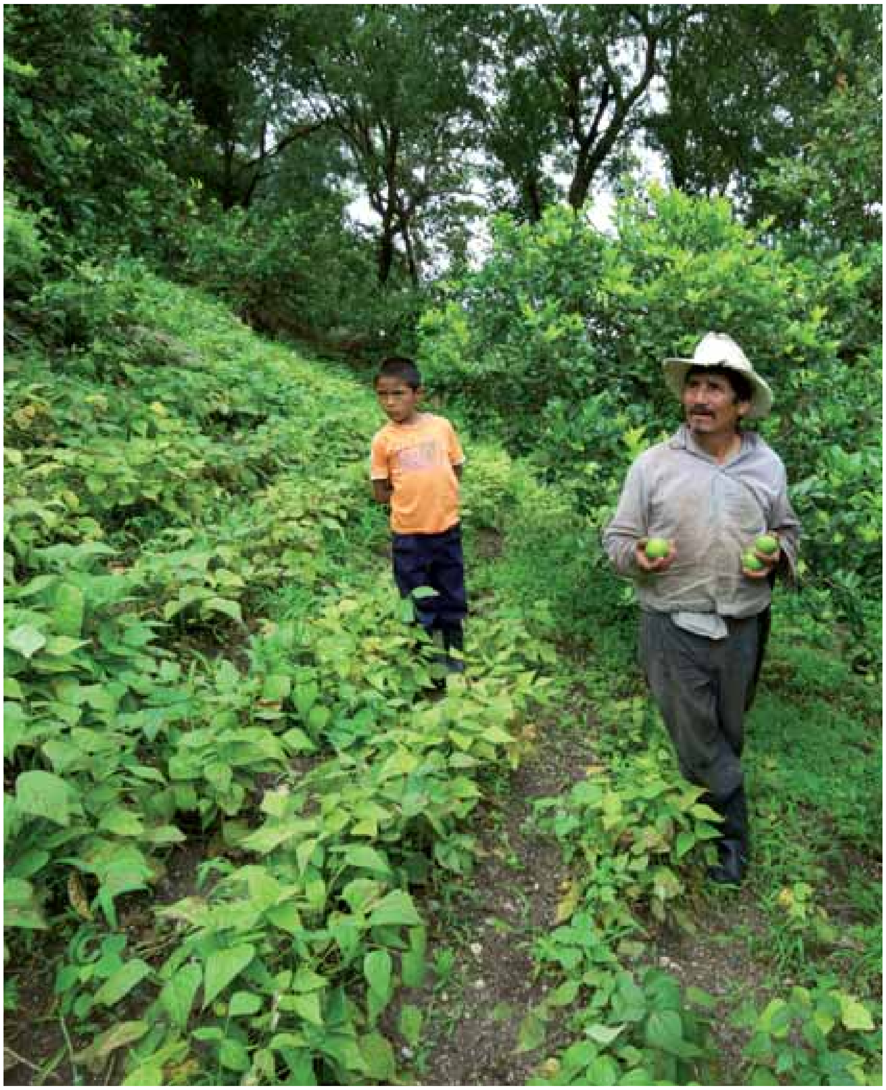


PHOTO: IFAD/SANTIAGO ALBERT PONS

Accompanied by his grandson, a peasant farmer inspects his crops of green beans and lemons, grown with the help of technical support provided through the project.

PHOTO: IFAD/NANCY MCGIRR

A project technician meets with farmers to discuss tree cultivation and the use of fertilizers.

Roads were another focus of attention: mostly unpaved and extremely narrow, they represented a considerable obstacle to travel and were in desperate need of upgrading. In all, through the roads component, nearly 98 km of rural access roads were constructed. Another 13.5 km were improved, with annual maintenance planned on over 760 km. A total population of 54,500 benefitted from this component.

Regarding the strengthening of marketing conditions for the smallholders' agricultural products, peasant groups were organized and supported, and training was provided to help the members work more effectively. In addition, marketing infrastructure, such as storage sheds, sorting and handling facilities for vegetables and fruits, and cold storage rooms were built.

Women were encouraged to take part in all aspects of the project and educated in the use of credit to fund initiatives for micro-businesses or production enterprises, such as weaving cooperatives, small restaurants or bakeries. Because literacy levels were low in the project area, logistic and economic support was given to the National Committee for Literacy, whose focus is on improving women's education. Women also received training in nutrition and food preparation in order to improve nutrition levels.

Hope in the Highlands

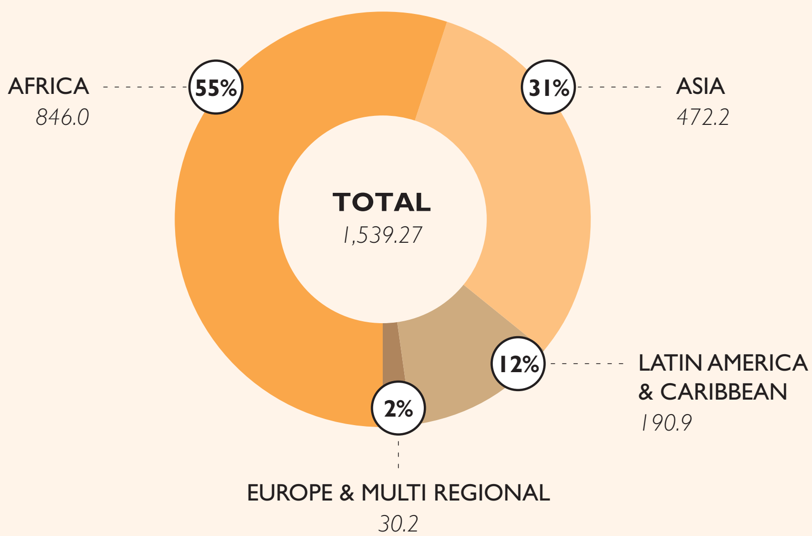
The Cuchumatanes project succeeded in reconstructing the social fabric and strengthening grass-roots organizations. It attracted the cooperation of national and international organizations. A total of 17 cooperative agreements were reached with the major agricultural and industrial organizations operating in the project area. Together, they constitute the Association of Cuchumatanes' Organizations. Moreover, agreements were signed with the Guatemalan Social Investment Fund, BANDESA and FONAPAZ, an organization that works to assist areas severely affected by the civil war. Their activities complement the work of the Cuchumatanes Rural Development Project.

The project brought many positive changes to the Highlands. A decade has passed since fresh hope was planted in those distant lands, but a good seed always produces good fruit, as Ricarda and thousands like her have discovered.

Additional material courtesy of IFAD.

OFID in the agriculture sector

(cumulative commitments by region)
in US$ million



Empowering a new generation of women in Zambia


PHOTO: PANOS/KIERAN DODDS

Gender roles are changing rapidly in Zambia, as more and more girls acquire the education and training they need to pursue a career in fields traditionally dominated by men.

BY TAMANNA BHATIA

Lucia, a bright young 15 year-old girl from Ndola province in Zambia, has stars in her eyes when she speaks about her ambition to become a doctor. "I want to have a better life. I do not want to depend on a man for money. One day my parents will arrange my marriage. I don't have a problem with that, but I want economic independence."

Lucia was one of the first batch of 200 students to enroll at the province's new technical high school for girls when it opened in 2008. Previously, there was no such school in Ndola that catered exclusively for girls. Lucia is confident that the school will provide her with the knowledge she needs to gain admission to university and continue her studies to become a doctor. Her dream is to live and work in Ndola, where she can be close to her family.

The school was built with the aim of empowering women by providing them with the technical skills and knowledge that would enable them to secure the kind of well-paid technical jobs traditionally dominated by men. OFID provided a loan of US$6 million for the project, which was co-financed by the government of Zambia. Mr. Syahrul R. Luddin, OFID country officer for Zambia, recalls visiting ▶

PHOTO: MINISTRY OF EDUCATION, ZAMBIA

The purpose-built, residential school offers a wide range of technical and vocational study programs.

◀ the project site in 2008. "The school construction had been underway for about two years and was almost finished. Six months after I left, it was already operational." He shakes his head when asked about obstacles faced during the implementation of the project. "Although there were delays initially for its approval, we managed to complete the project without encountering any hurdles. In fact, I was amazed to see the fast pace of construction work."

A stepping stone to independence

Currently, 600 girls are studying at the residential school which offers technical and vocational education. The facilities are excellent and there is a wide range of programs on offer, including industrial studies, agricultural studies, mining and manufacturing, as well as science and engineering. The school prepares the girls well for further study, and many expect to continue their education at one of Zambia's three technical universities.

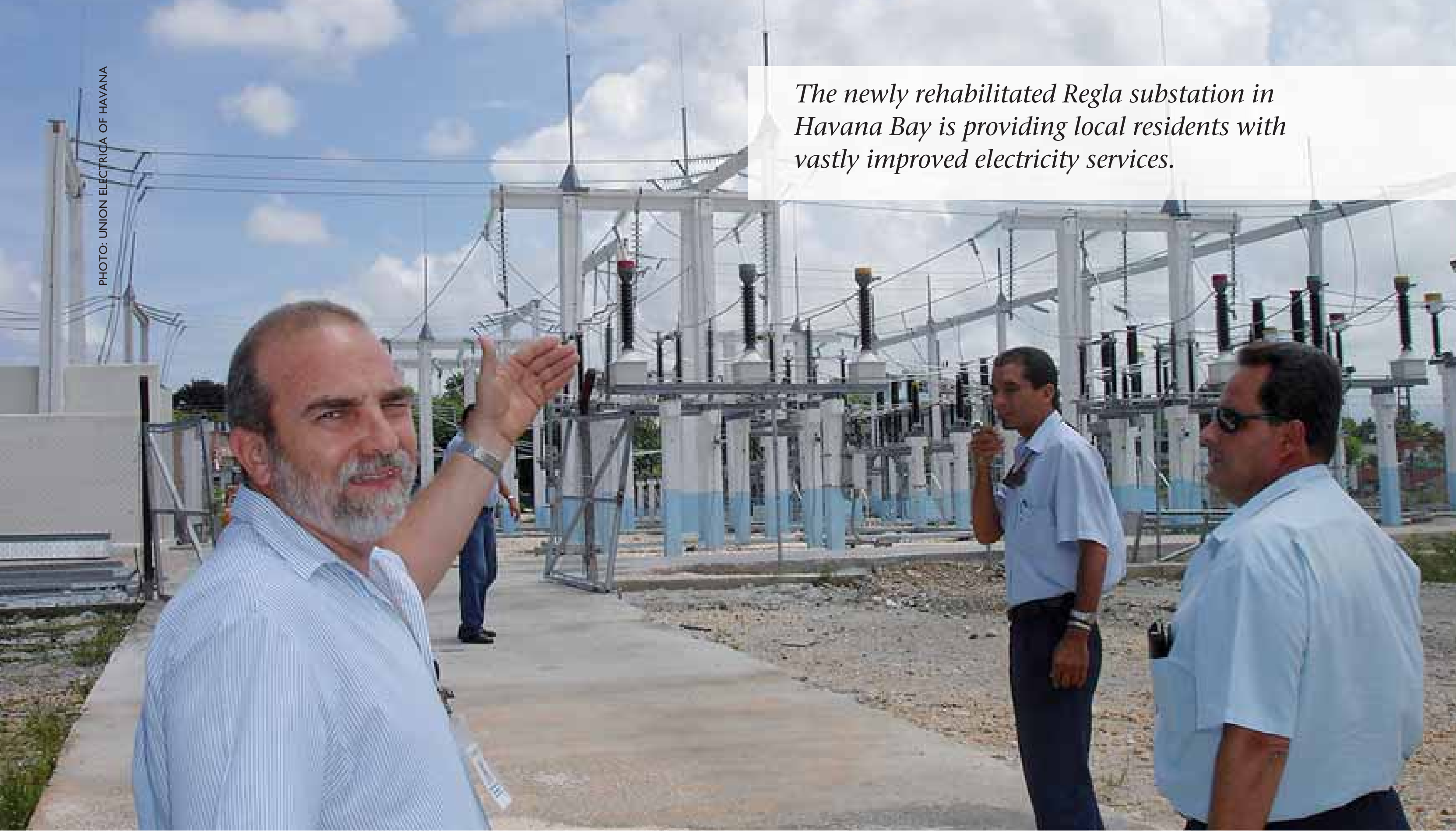
Providing an insight into the local culture and the reasoning behind the school project, Mr. Luddin says: "Ndola is a copper belt province and the mining center of Zambia, so there is a high demand for technical expertise. In the past such jobs have been filled by young men, but AIDS has decimated the workforce and now women are required to fill the gap." He explains further: "If girls learn the technical skills, they can obtain better jobs with good pay and will not have to migrate to other cities for low wage employment. In any case, it is a necessity, since there are jobs within the province but not enough men to do them. Women need to learn the skills to be the breadwinners."

Globally, girls represent the majority of children who are out of school and face some of the biggest challenges in getting an education. Women in Zambia have traditionally grown up in a male-dominated society, but their status is now changing. Mr. Luddin emphasizes that the country is going through a transformation – the economy is booming and girls have started to realize that there are opportunities to be had. "Women do not want to be confined to taking care of the home and relying on their men folk. They are aware that education is important and that they need to work in order to support their families and have a better life for themselves."

Government backing

The government of Zambia recognizes fully the important role women play in society, not just as nurturers but as providers and decision-makers too. Their social and economic empowerment is thus seen as critical to improved living standards and economic growth, as well as to the health and nutrition of the population. So convinced is the government of this vision that it is actively encouraging girls to study by offering them financial help in the form of a national saving scheme.

The single-sex, residential status of the new technical high school is another inducement. Here, the young women can pursue their studies in secure surroundings, free from the cultural constraints they might otherwise encounter in a co-ed environment. The challenge now is that there are more girls seeking to study at the school than the number of students the school can accommodate. What better measure of its success could there be? ■



The newly rehabilitated Regla substation in Havana Bay is providing local residents with vastly improved electricity services.

Bringing energy to Cuba for a better life

An energy initiative, led by the Cuban Government and powered by the country's development partners, has brought electricity to thousands of homes and businesses in Havana, improving everyday life for almost two million people.

BY DAMELYS DELGADO

Every year from June to November, the largest island nation of the Caribbean, an archipelago consisting of the Island of Cuba, the Isle of Juventud and 4,195 islands, keys and keylets, wakes with a feeling of uncertainty.

This is due to the annual hurricane season. Strong winds cause loss of and damage to basic services, including temporary suspension of electric power. But this is just one part of the problem. This beautiful tropical island lacks sufficient supplies of indigenous fossil energy resources to sustain long term economic and social development. Currently, the Cuban energy situation is characterized by a lack of access to affordable energy services, especially in rural areas, and inadequate financial resources for energy imports and infrastructure improvements and expansion.

In May 2004, a serious accident at the Antonio Guiteras power plant in Matanzas province, which supplies a significant share of the power needs of Havana, resulted in the longest power cuts in the capital in years. In August and September of that year, two hurricanes tore down several transmission and distribution lines in the city and in the surrounding provinces. Although emergency repairs to the power generation and electricity network were completed by late 2004, these events highlighted the poor physical condition of the Havana power supply system and its resulting vulnerability.

Home run

October 2008. The global economy is reeling from the financial crisis. Carlos Gonzalez, behind the wheel of his Pontiac 1957, complains that life is hard … but minutes later he reflects – perhaps it's not all bad. Thanks to improvements in the electricity system, he can go home and watch his favorite baseball team on TV, without the fear of a power cut ruining the closing minutes of the game and stealing his joy at witnessing that triumphant home run.

Yes, despite other hardships, Carlos admits that having a reliable power supply with far fewer blackouts means a lot to sports-mad Cubans. And to others as well. Like Carlos, thousands of Havana's residents are benefiting from the upgrading of the electricity network. Hospitals, schools and businesses all have a steady power supply, and shortages are a thing of the past. Now, everybody – not just the sports fans – can see to the end of the game.

PHOTO: UNION ELECTRICA OF HAVANA

The project has expanded power supply to domestic, commercial and industrial customers.

In search of solutions

In view of these deficiencies, the Cuban government declared 2006 the *"Year of the Energy Revolution"*, a strategy for overhauling the country's electricity system, reducing dependence on imported fuels, increasing efficiency and reducing costs.

Cuba had already requested international assistance in this priority area and implemented a number of United Nations-led technical assistance programs. In 2005, the government asked OFID to contribute to the financing of the Havana Electricity Rehabilitation Program.

At a total cost of approximately US$120 million, financing for the program came from two OFID loans (Phase I in 2005 and Phase II in 2006), supplemented with financing from the Economic and Social Development Bank of Venezuela (BANDES). In 2010, Cuba requested an additional loan from OFID for a third phase to guarantee both the completion of all originally planned components, as well as other necessary investments for the operational sustainability of the system. This provided another opportunity for OFID to support one of the country's most important development priorities: ensuring modern energy services for both household consumption and production. By supporting Cuba's efforts to guarantee universal electricity access, the project is well embedded in OFID's Energy for the Poor Initiative.

Phase III allows for the consolidation and expansion of the household, commercial and industrial customer base in Havana, through improvements in the reliability of electrical services. OFID's contribution toward achieving these goals is a loan of US$12 million, equivalent to just over half of the total cost, with the remaining US$10 million provided by the Government of Cuba.

Enduring partners

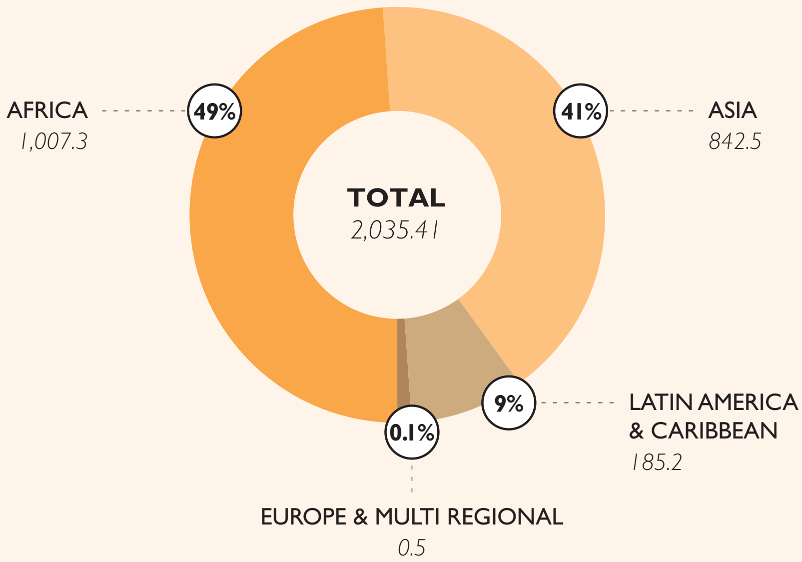
OFID commenced operations in Cuba in 2002 and has become one of the country's most important development partners. To date, OFID has approved seven loans to Cuba, totalling US$80 million. These loans have financed key government development priorities in the water, sanitation, agriculture and energy sectors. The funded projects have performed well, attesting to the country's commitment to progress.

Energy for the Poor Initiative

OFID considers improved energy access as critical to the achievement of all eight of the Millennium Development Goals. Since enjoined by its Member Countries in the Solemn Declaration of the Third OPEC Summit to focus on the eradication of energy poverty, OFID has intensified its support to the sector, utilizing all financing mechanisms at its disposal to help make energy services more accessible to the poor. Projects financed include both conventional and non-conventional forms of energy, as innovative methods are sought to deliver fast solutions to those in urgent need. In addition to providing what it can in the way of financial resources, OFID has also taken a leading advocacy role in gathering support for the international Energy for the Poor Initiative and pushing it up the global development agenda.

OFID in the energy sector

(cumulative commitments by region)
in US$ million



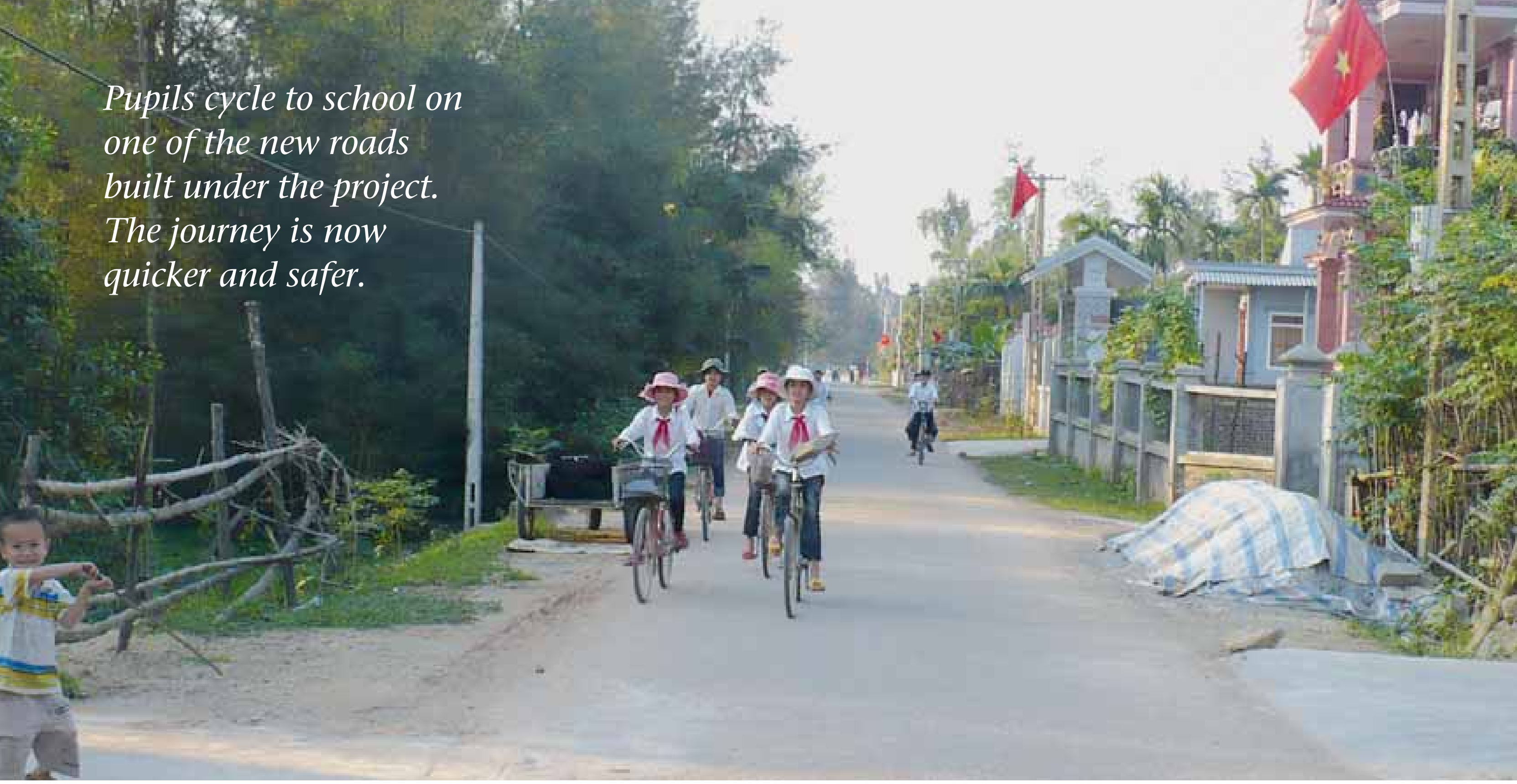
Energy in the archipelago

Cuba has made significant efforts to improve energy efficiency and to expand the use of alternative energy. Power generation installed capacity increased from less than 400 MW in 1958 to about 5,400 MW in 2008, an annual compound rate of growth of 10 percent. During the same period, total electricity consumption grew from about 1,500 GWh to about 19,000 GWh, an annual average rate of growth of nine percent. Per capita electricity consumption rate reached 1,300 kWh in 2007. This growth has been driven by the increased demand resulting from economic and social development.

The Havana Electricity Rehabilitation Project has made a significant contribution to reducing energy deficiencies, enhancing the quality of life and improving living standards in Havana. Overall benefits include improved access to electricity and lower energy costs, particularly for the poorest non-connected households and businesses.

Another benefit is the significant improvement in indoor air quality caused by the wider use of electricity for cooking. Emissions from old-fashioned cooking stoves are known to be a serious health hazard, including infectious respiratory diseases such as tuberculosis, chronic respiratory diseases such as bronchitis and lung cancer, adverse pregnancy outcomes, and asthma. These problems were particularly widespread in Havana in the 1970s and 1980s, when the majority of households used kerosene for cooking. Substituting kerosene and diesel with electricity is expected to bring about a significant further reduction in respiratory problems in the city.

This project might not prevent hurricanes and storms, but it has transformed the lives of almost two million people, comprising 16 percent of Cuba's total population.



Pupils cycle to school on one of the new roads built under the project. The journey is now quicker and safer.

PHOTO: PIU

Breaking the shackles of poverty in Vietnam

With no electricity, scant water supply and poor transport links, life used to be intolerably hard for the inhabitants of Vietnam's Ha Tinh province – until an OFID-sponsored multi-purpose rural development project brought new hope to 140,000 people.

BY TAMANNA BHATIA

Nightfall used to mean nothing but darkness for the residents of Chau Khe village in Vietnam's Ha Tinh province. Then, in 2008, a miracle happened: the village got connected to the national grid – a milestone that has improved villagers' way of life beyond measure.

"Since the village got power supply, 98 percent of households have televisions, 70 percent cook rice in an electric cooker and some even use a fridge. We are also able to cultivate our fields in a better way because of the water pumps," explains local resident Tran Xuan Hung. "What's more, because electricity is more economical than petrol or firewood, farmers have been able to divert more funds towards the cultivation of crops and pig rearing." Everything, it seems has become more efficient, even the village meetings, which are now announced over a loudspeaker system. Earlier, it fell to the village chief to inform everyone personally.

Ha Tinh is one of Vietnam's poorest provinces, with per capita income less than half the national average. As well as low incomes, people have to contend with a lack of basic social infrastructure, such as schools, medical services and clean drinking water. Agriculture is the main occupation, but during monsoon season, the area is prone to damage from typhoons, when high winds and flooding destroy crops and livestock, as well as homes and other vital infrastructure. All these factors explain the persistent poverty in the region.

This specter of poverty and deprivation inspired the OFID-sponsored multipurpose poverty reduction project, which was executed by Ha Tinh Provincial People's Committee. The project aimed at improving rural infrastructure in order to increase agricultural and non-agricultural productivity, boost farmers' incomes and reduce living costs for the population of this region. Completed in 2009, the project directly benefitted almost 140,000 people.

Ending isolation

Nguyen Thi Lan lives in the remote area of Huong Tho. Life changed for Nguyen and her family after the construction of a road and bridge connecting her village to the district's main town, 11 kilometers away. "Although the distance is not too much, it used to be extremely difficult to travel, especially in the rainy season," says Nguyen, recalling the perilous ferry trips that had to be made across the flood-swollen Ngan Sau river. "Many people died because they could not reach the hospital in an emergency. My family also suffered because of the problems in transporting our produce to market."

Nguyen says that construction of the new road and bridge has changed their lives. "We have access to the town and all the facilities there, including markets. And our children can travel safely to high school on their bikes, without having to worry about crossing the river in the rainy season."

Across the province, the upgrading and construction of some 193 km of rural roads and 48 bridges has dramatically reduced living costs, by providing people with easy access to markets, where they can sell their produce and buy fertilizers and seeds for the next growing season. Nguyen Van Dinh's story is typical: "For years we had been using self-made paddy, plant seed and fertilizers and were not able to increase our production. In spite of our hard work, we remained poor. Thanks to the new roads, we can travel and buy good fertilizers and seeds. Our income is more now. Besides better production, the buyers come to us to buy green tea, and we do not have to take it to the market," quips Nguyen Van Dinh.

Meeting basic needs

As well as the absence of electricity, residents of Ha Tinh Province also had to deal with a scarce water supply, for drinking as well as farming. Under the project, the building of water reservoirs and dams has contributed towards improved water control and distribution. This has enhanced land utilization and improved living conditions and health.

Among the multifarious activities undertaken by the project, the upgrading of education infrastructure was a key focus. Both primary and secondary schools were targeted, either through the renovation of existing facilities or the construction of new ones. More than 18,000 students have benefitted, among them many who were previously unable to attend school either because of difficulty in getting there or because of the cost. The infrastructure development has encouraged more teachers to come to the remote and mountainous region and has created more job opportunities. Most significantly, the area is already seeing reduced illiteracy rates because more children are attending school and thriving in the improved study environment.

Tran Lan Huong, studying in the 11^{th} grade at Nguyen Dinh Lien High School in Cam Xuyen district, is passionate about studying. "I wish to be a teacher. Two years ago, I had to study in small classrooms in bad conditions. Now my classroom is spacious and beautiful. I will try to learn hard to become a literature teacher like my mother," says Tran Lan Huong proudly.

The multipurpose poverty reduction program has not only led to a substantial increase in the income of the local people but has also had a social impact. With more options available to the communities, incomes are improving and rural people are beginning to lift themselves out of poverty.

With more options available to the communities, incomes are improving and rural people are beginning to lift themselves out of poverty.

OFID cements ties with key partners

In pursuing its mission to alleviate poverty, OFID has worked with dozens of like-minded institutions over the past 35 years. To deploy its support more efficiently, OFID recently strengthened its strategic network of leading development finance institutions by concluding cooperation agreements with the World Bank Group and the International Fund for Agricultural Development (IFAD).

BY SILVIA MATEYKA

New role for international development institutions

In a Memorandum of Understanding (MoU) signed on October 11, OFID and the World Bank agreed on a framework for increased cooperation across a range of priority sectors. The move came in response to the havoc wreaked on the poorest countries by the global financial crisis, with both the Bank and OFID acknowledging that international development institutions needed to be better prepared to anticipate such events in the future and act swiftly and cooperatively.

The MoU targets cooperation in the areas of economic and social infrastructure and emphasizes the urgency of overcoming energy poverty, among other challenges. The agreement also addresses the need for efficient public services and an enhanced role for the private sector, as well as trade facilitation and strengthening of the financial sector. Both institutions acknowledged that natural resource management, equitable development and globalization presented new challenges.

At the signing ceremony, Mr. Suleiman J. Al-Herbish, Director-General of OFID, said that the MoU represented "a timely opportunity to move from ad-hoc co-financing to a more formalized and structured relationship between our two institutions." He added that the agreement would provide "even better solutions to those who need them the most."

PHOTO: IFC

Mr. Robert Zoellick, President of the World Bank and Mr. Suleiman Al-Herbish, OFID Director-General, after the signing ceremony.

Mr. Robert Zoellick, President of the World Bank, said that the agreement built on a very positive experience of cooperation between OFID and the World Bank over the years and commended OFID for being "one of the first to heed the Bank Group's call to scale up funding for development." He stressed, in addition, that OFID's support had been influential in bringing in other partners. "We [the World Bank] look forward to opening up new horizons in our cooperation," he concluded.

Collaboration between the World Bank Group and OFID began in the late 1970s when OFID was created. Relations have since grown to encompass joint projects and programs, especially in the least developed countries, and covering the expansion of economic and social infrastructure, the promotion of economic efficiency and the development of institutional capacities.

Responding to the food security challenge

The Framework Agreement signed by OFID and IFAD on December 3 is a response to the 2006-08 international food price crisis, which saw for the first time in history the ranks of global hungry rise to over one billion people in 2009. Under the agreement, the two institutions agree to intensify their longstanding partnership with a view to supporting developing countries' efforts at promoting agriculture and rural development. The agreement also includes a common pipeline of projects for a three-year rolling program covering the period 2011-13.

According to IFAD's Rural Poverty Report 2011, more than two-thirds of the 1.4 billion people globally who live in extreme poverty reside in rural areas and rely on farming for a living. Focusing on agriculture in order to increase yields and incomes is therefore a vital means for reducing poverty and world hunger.

The agreement builds on existing policies already adopted by OFID and IFAD and emphasizes the importance of an integrated approach to on- and off-farm investments and supply chains, together with the development of entrepreneurships. Rural infrastructure and services, such as those advocated by the Energy for the Poor Initiative in global efforts to alleviate energy poverty, are also a key concern.

At the signature ceremony, Mr. Al-Herbish said that said that the Agreement "gives not just directions for future operations, but sets us off on a stronger path of cooperation." The Director-General went on to highlight the importance of the agriculture sector, pointing out that development had to be spurred in areas where it had the greatest chance to alleviate poverty and end exclusion. "We believe that agriculture is one of these areas," he stressed.

Mr. Kanayo F. Nwanze, President of IFAD, agreed with Al-Herbish, noting that sustainable development and the eradication of rural poverty were "highly prioritized objectives" pursued by OFID and IFAD. He added: "This new partnership will promote innovative financing mechanisms to attract private sector investment in agriculture, as well as develop inclusive business models that can bring benefits for investors and small farmers."

PHOTO: IFAD/PUBLIFOTO

Mr. Kanayo F. Nwanze, President of IFAD, with OFID Director-General, Mr. Suleiman J. Al-Herbish.

Following signature of the Agreement, OFID and IFAD issued a joint communiqué, urging all national and international stakeholders to increase their commitments to the agriculture sector. The two institutions also called on donors and development institutions to harmonize their policies and to align their programs for strong and decisive support to agriculture and food security in low-income developing countries.

Over the past three decades, IFAD and OFID have forged a unique partnership, rooted in their common goal of enabling poor people, especially in rural areas, to secure a better life. To date, IFAD and OFID have co-financed 84 operations in 45 countries. With a total contribution of US$452.3 million, OFID is the fourth largest co-financier of IFAD programs and projects.

Cooperation and partnership

The World Bank and IFAD are just two of OFID's co-financing partners. Others include the bilateral and multilateral development agencies of OPEC Member Countries, the specialized agencies of the United Nations System, the regional development banks and – for grant-financed operations – a large number of non-governmental organizations. Over the past decade, with OFID's diversification into private sector and trade financing, new partnerships have been cultivated with these areas specifically in mind. OFID is a strong proponent of the movement for increased harmonization of development aid, believing that such cooperation allows for a pooling of financial resources, manpower and skills and helps avoid wasteful duplication of effort.

OFID diary

October – December 2010

OCTOBER 4

Public sector loan agreements signed

Sri Lanka. US$8 million. National Highways Sector.

Sri Lanka. US$16 million. Kalu Ganga Development.

OCTOBER 6-11

Public sector loan agreements signed

Cameroon. US$22.5 million. Limbe Shipyard.

Djibouti. US$7 million. Geothermal Power Generation.

Grenada. US$8.5 million. Agricultural Feeder Roads Rehabilitation (Phase II).

Mozambique. US$8 million. Energy Development and Access Program.

OCTOBER 9

Risk-sharing agreement signed

OFID signed a risk sharing agreement with the International Finance Corporation (IFC) and Italian banking group Intesa Sanpaolo for €250 million under the IFC Global Trade Liquidity Program. OFID's participation will be a maximum of US$50 million. The scheme covers a wide variety of single trade transactions originating from 129 banks in 47 countries worldwide.

OCTOBER 11

OFID and World Bank sign Memorandum of Understanding

The agreement for increased cooperation in defined areas was concluded by OFID Director-General Al-Herbish and World Bank President, Mr. Robert Zoellick. *See story, page 50.*

OCTOBER 12

Grant agreements signed

Carter Center. US$500,000. Onchocerciasis Elimination Program for the Americas.

Carter Center. US$500,000. Guinea Worm Eradication Program.

OCTOBER 27

Public sector loan agreements signed

Egypt. US$30 million. Giza North Power Plant Project.

Egypt. US$40 million. Banha Power Plant Project.

NOVEMBER 18-19

OFID hosts meetings of the Private Infrastructure Development Group

In attendance were representatives from the Austrian Ministries of Finance and Foreign Affairs, and development finance institutions such as the IFC, KfW Bankengruppe, and the Swedish International Development Cooperation Agency.

NOVEMBER 26

Public sector loan agreement signed

Nepal. US$17 million. Urban Infrastructure Improvement.

DECEMBER 3

OFID signs framework agreement with IFAD

Mr. Suleiman J. Al-Herbish, OFID Director-General, and HE Kanayo F. Nwanze, President of the International Fund for Agricultural Development (IFAD), signed a Framework Agreement to further strengthen cooperation between the two institutions.
See story, page 50.

DECEMBER 10

Public sector loan agreement signed

Belize. US$11 million. Southside Poverty Alleviation, Phase II.

DECEMBER 14

133rd Session of the Governing Board

Project loans approved

Bangladesh. US$28 million. Moghbazar-Mouchak Flyover Bridge.

Burkina Faso. US$7.2 million. Ziniaré Regional Health Center.

Colombia. US$30 million. Santiago de Cali Integrated Mass Transit System.

Egypt. US$15 million. Buhiyyah Canal Irrigation Improvement Project Phase II.

Ethiopia. US$20 million. Energy Access.

The Gambia. US$5 million. University of The Gambia.

Ghana. US$10 million. Trauma and Acute Care Center.

Grenada. US$10.5 million. Schools Rehabilitation.

Maldives. US$8.4 million. Hithadhoo Regional Hospital.

Mali. US$11 million. Irrigation Development Program in Bani-Selingue Basin Phase I.

Niger. US$6.36 million. Emergency Food Security and Rural Development Program.

Panama. US$20 million. Panama Metropolitan Area Sanitation Improvement.

Paraguay. US$19 million. Asunción Urban Redevelopment and Modernization.

Swaziland. US$14.16 million. Lower Usuthu Water Supply.

Uganda. US$10 million. Energy Development and Access Expansion.

Vietnam. US$22.5 million. Vietnam Healthcare.

Technical assistance grants approved

Alliance to Fight Avoidable Blindness. US$1 million. The Alliance is a partnership program of donors, government ministries and NGOs that was set up by the Islamic Development Bank (IsDB) in 2008. Its aim is to address preventable blindness in IsDB member countries. This grant will help finance activities of the Alliance in Benin, Burkina Faso, Cameroon, Chad, Djibouti, Guinea, Mali and Niger, where some 50,000 cataract operations are planned, as well as capacity building among eye care personnel.

United Nations International Children's Emergency Fund (UNICEF). US$700,000. This grant will support an initiative that aims at reactivating the education sector in Pakistan after severe flooding displaced millions of people and destroyed vital infrastructure. Transitional schools and temporary learning centers will be established, existing schools rehabilitated, and capacity building measures carried out among school councils and teachers.

Grant approved under the HIV/AIDS Special Account

Food and Agricultural Organization of the United Nations (FAO). US$1 million. This grant will further an OFID/FAO project entitled *Strategic Response to HIV/AIDS for Fishery Communities in Africa*. Activities will be carried out in Benin, Cameroon, Chad, Congo DR, Côte d'Ivoire, Gabon, Equatorial Guinea, Ghana, Nigeria and Niger.

Grant approved under the Special Grant Account for Palestine

Assistance to Educational Institutions in Palestine (Phase V). US$1.5 million. This grant will help finance the fifth phase of a program launched in 2002 to enable needy Palestine students continue with tertiary education. The initiative provides funding to higher education institutions in Palestine to cover tuition fees and living expenses.

Research grants approved

Center for Agribusiness and Rural Development. US$150,000. This grant will help finance a *Milk for Money* project that aims at providing dairy farmers in northern and southern Armenia with access to veterinary and animal breeding services. Also planned is the creation of marketing opportunities as well as training programs for veterinarians and farmers.

Green Globe. US$80,000. This grant will help fund a national campaign in Lebanon that will carry out capacity building and training of 300 environmental specialists from the Ministry of Education. The specialists will in turn hold workshops and seminars at public schools, with the aim of raising environmental awareness. Green Globe is a Lebanese NGO that seeks to promote sustainable societies and the protection of ecosystems in the Middle East and North Africa region.

DECEMBER 19

Public sector loan agreement signed

Egypt. US$15 million. Buhiyyah Canal Irrigation Improvement Project Phase II.

Grant agreement signed

National Cancer Institute. US$700,000. Provision of a Da Vinci Surgical System for the National Cancer Institute – Egypt.

Meetings attended by OFID

OCTOBER 1

VIENNA, AUSTRIA
3rd Vienna Energy Club Meeting

OCTOBER 6-11

WASHINGTON DC, USA
World Bank and International Monetary Fund Annual Meetings / G24 Ministers Meeting / Development Committee Meeting/ Meeting of the Heads of Multilateral Financial Institutions

OCTOBER 16-17

RIYADH, SAUDI ARABIA
Energy Security Workshop

OCTOBER 18-20

RIYADH, SAUDI ARABIA
OPEC's 50th Anniversary Exhibition and Symposium

NOVEMBER 4-5

BEIRUT, LEBANON
3rd Annual Conference of the Arab Forum for Environment and Development (AFED)

NOVEMBER 9-14

TANGIERS, MOROCCO
MEDays Forum 2010 under the theme: "The South: Between crises and emergence."

NOVEMBER 24-26

VIENNA, AUSTRIA
1st Arab-European Young Leaders Forum

DECEMBER 6-8

DUBAI, UNITED ARAB EMIRATES
Global Symposium on Pension and Sovereign Fund Investments

DECEMBER 7

LONDON, UNITED KINGDOM
2010 Food Security Conference under the theme "Making Food Security Work: Matching Supply to Demand"

DECEMBER 7-9

ABUJA, NIGERIA
16th Session of the Joint Action Forum (JAF) of the African Programme for Onchocerciasis Control (APOC)

DECEMBER 8-9

BEIRUT, LEBANON
FIKR 9 Conference of the Arab Thought Foundation under the theme "Shaping the Future … Arabs' role."

www.ofid.org

From left: Mr. Said Aissi, Assistant Director-General, Operations; Mr. Suleiman J. Al-Herbish, Director-General; Mr. Jamal Nasser Lootah, Governing Board Chairman; Mr. Saeid Niazi, Assistant Director-General, Financial Operations.

133rd Session of the Governing Board

Meeting in its 133rd Session in Vienna on December 14, OFID's Governing Board approved a significant US$241 million in new funding. Of this amount, US$237 million will go in loan financing for projects across a variety of priority sectors in 16 developing countries. The approvals were the last under the highly successful 17th Lending Program (2008 - 10), which registered record achievements in terms of social impact, number of projects and funds committed. The remaining US$4 million was approved in grant financing.

Mr. Mohamed Abdulbaki Mohamed,
Alternate Governor, United Arab Emirates.

Mr. Ahmed M. Al-Ghannam,
Alternate Governor of Saudi Arabia.

Mr. Jamal Nasser Lootah chairs the
133rd Session of the Governing Board.

Mr. Azez J. Hassan, Governor of Iraq to OFID.

LOAN SIGNATURE photo gallery

October 4

HE Musthafa Mohamed Jaffeer, Ambassador of Sri Lanka to Austria, concluded two loan agreements with OFID. The first, worth US$8 million, is for a transportation project, while the second, of US$16 million, is for an agriculture initiative.

October 27

HE Fayza Aboulnaga, Minister of International Cooperation, Egypt, with Mr. Al-Herbish, following the conclusion of two loan agreements worth a total of US$70 million. Both loans will be used to co-finance power plant construction.

November 26

Mr. Lal Shanker Ghimire, Joint Secretary, Foreign Aid Coordination Division, Minister of Finance of Nepal, initials the US$17 million agreement for a project to improve essential urban infrastructure such as water supply and sanitation services, among others.

December 10

HE Anthony Martinez, Minister of Works of Belize, shakes hands with Director-General Al-Herbish after signing a US$11 million loan agreement for the second phase of an urban water supply and sanitation project.

The full list of loan signatures can be found on pages 52-53.

G-20 endorses multi-year action plan on development

In the wake of the worst financial crisis in recent history, the G-20 has endorsed a new growth-oriented development strategy that is seen as critical to safeguarding strong, sustainable and balanced global economic growth.

BY FATIMAH ZWANIKKEN

PHOTOS: 2010 G20 SEOUL SUMMIT

G-20 members comprise the world's top 19 economies and the European Union.

The *Seoul Development Consensus for Shared Growth (the Seoul Consensus)* forms part of the outcome document of the G-20's November 2010 Seoul Summit, and outlines the commitment of G-20 leaders "to contribute to the reconstruction of the world economy in a form conducive to strong, sustainable, inclusive and resilient growth." Through the Seoul Consensus, the leaders said, they sought "to add value to and complement existing development commitments, particularly those made at the recent High-Level Plenary Meeting on the *Millennium Development Goals*, and in other fora."

The Seoul Consensus (Annex I to the Seoul Summit Document) identifies nine key pillars or priority areas for inclusive and sustainable economic growth in developing countries, in particular low-income countries (LICs). These are: (i) infrastructure, (ii) private investment and job creation, (iii) human resource development, (iv) trade, (v) financial inclusion, (vi) growth with resilience, (vii) food security, (viii) domestic resource mobilization, and (ix) knowledge sharing.

The Consensus is matched by a *Multi-Year Action Plan* (Annex II to the Summit Document) drafted by a Development Working Group composed of the Government of South Korea, United Nations agencies, the World Bank and other lending institutions. The Action Plan sets out medium-term outcomes to be delivered in the nine key areas identified, including:

(i) ***Infrastructure.*** Developing action plans to fill existing gaps in infrastructure, and mobilizing resources with the establishment of a G-20 high-level panel for infrastructure investment.

(ii) ***Human resource development.*** Building human resource capacities, including the development of national employable skills strategies and internationally comparable indicators.

(iii) ***Trade.*** Enhancing trade capacity and market access, and supporting trade between advanced and developing economies, including through negotiations to bring the World Trade Organization's Doha Development Round of trade negotiations to an ambitious, comprehensive and balanced conclusion.

(iv) ***Private investment and job creation.*** Supporting responsible, value-adding domestic and foreign private investment and employment creation.

(v) ***Food security.*** Fostering policy coherence and coordination of food and agriculture policies, and mitigating food price volatility to enhance access to food and protect the most vulnerable.

(vi) ***Growth with resilience.*** Enhancing income security in developing countries by strengthening social protection programs, and by facilitating international remittances.

(vii) ***Financial inclusion.*** Improving access to finance for the more than two billion adults that are excluded from financial services required for establishing small, medium and micro-enterprises.

(viii) ***Domestic resource mobilization.*** Strengthening tax regimes and fiscal policies in order to help developing countries build a sustainable revenue base.

(ix) ***Knowledge sharing.*** Enhancing the effectiveness and reach of knowledge-sharing activities, including on North-South, South-South and triangular cooperation.

The G-20 believes that these action plans will address some of the "most critical bottlenecks to strong and sustainable economic growth and resilience in developing countries, in particular LICs." The proposed actions also have "high potential for transformative, game-

PHOTOS: 2010 G20 SEOUL SUMMIT

changing impact on people's lives, helping to narrow the development gap, improve human rights and promote gender equality", G-20 leaders affirmed. The leaders also pledged to increase their financial and technical support for poor countries and to follow through on existing aid commitments. Furthermore, G-20 leaders agreed on specific time tables: "We commit to full, timely and effective implementation of these action plans and, to this end, will continue to closely monitor their progress, in synergy with other processes, including preparations for the Fourth High-Level Forum on Aid Effectiveness to be held in Korea in late 2011".

The G-20 members comprise the world's 19 top economies and the European Union. Collectively, they account for 85 percent of the world economy, 80 percent of global trade, and two-thirds of the world's population. Progress towards the Plan and eventual additional measures to be taken will be reviewed at the next G-20 Summit in Cannes, France, 2011.

The full text of the Seoul Summit Declaration can be found on the G2O website: www.g20.org

Africa Industrialization Day observed worldwide

UNIDO organizes Symposium

November 20 is Africa Industrialization Day *(journée de l'industrialisation de l'Afrique)*. As every year since 1990, the occasion was this year observed by much of Africa, friends and supporters of the continent and various international institutions; among them, the Vienna-based United Nations Industrial Development Organization (UNIDO).

BY SAM IFEAGWU

Africa Industrialization Day is meant for Africa and cooperating partners and friends, worldwide, to ruminate and exchange thoughts and views and ideas on promoting industrialization on the continent.

The United Nations General Assembly, by Resolution 44/237, mandated in December, 1989 the observation of this annual event. At the global level, it has been an occasion for both the UN System and the international community as a whole to reaffirm commitment to Africa's accelerated economic transformation through sustainable industrialization.

As in previous years, this year's celebrations served as a backdrop for each African country to reflect on progress made toward achieving strategic and sustainable industrial development. It was an opportunity to evaluate the results of previous efforts, identify achievements and gaps, and refresh endeavors, taking into consideration the dynamic realities against which industrial development, as a process, takes place.

The theme (and primary focus) of this year's observation was *Competitive Industries for the Development of Africa*. According to the UN, the theme underlined the great need for such industries, implicitly recognizing that competitiveness can be drawn from not only existing ("static") comparative advantages, such as Africa's immense natural resources base, but also from created ("dynamic") comparative advantages. In recent years, many African countries have undertaken comprehensive policy reforms with the objective of creating a conducive policy environment for industrialization and economic advancement.

UNIDO, a major sponsor, lead agency and promoter of the event, organized a symposium in Vienna on Friday, November 19, to mark the Day. UNIDO accordingly focused on competitive industries, especially agro-industries.

UNIDO said Africa Industrialization Day served as an occasion for Africa's leadership to reflect, not only on the progress made, but also on rededicating itself to fighting poverty through the promotion of sustainable industrialization. The UNIDO symposium drew a large crowd of policy makers, government representatives, members of the Vienna diplomatic corps and heads of several international institutions.

UNIDO Director-General HE Mr. Kandeh K. Yumkella spoke, in his opening address, of the strides Africa had made thus far and called on the nations of the continent to do even more. He said "We live in 'interesting times' with its own new vocabulary: jobless growth; quantitative easing; de-risking investment; and volatility of markets." Yumkella said Africa was not untouched by these phenomena, even though the worst impact of the recent financial crisis did not hit the continent to the extent anticipated and feared. Africa, he asserted, managed to escape the worst impact of the crisis.

Yumkella said he thought agro-business, the theme of UNIDO's own observation, was apt. If food prices and food scarcity were up, he argued, this would push more people into poverty. Were minerals in Africa a curse or a blessing, he asked, calling on investors to put their money in agro-business and in mineral resource trade. "Africa does not want to sell only commodities," Yumkella pleaded, "we also want to sell chocolates and *prêt-a-porter* (ready-to-wear) jackets." He also spoke of green-growth, arguing that Africa should take advantage of that trend.

Yumkella spoke of "triangular cooperation" linking South-South with the European Union and Asia and involving transfer of knowledge and technology that brought investment, technical progress and jobs.

Other speakers discussed Africa's "retrospect and prospects" in the global setting; low value-added products; a need to transform potential into reality; improving rural infrastructure; and, indeed, mobilizing funds "from within Africa" for investments. There were repeated calls for lesser dependence on "foreign aid."

Yet other presenters highlighted primary commodity exports which, they said, should be temporary, and called for the mobilization of domestic finance. Domestic and regional markets, they assured the gathering, offered huge opportunities, and institutional capacities should be given priority. Investment promotion "should equally be aligned with wider economic growth strategies."

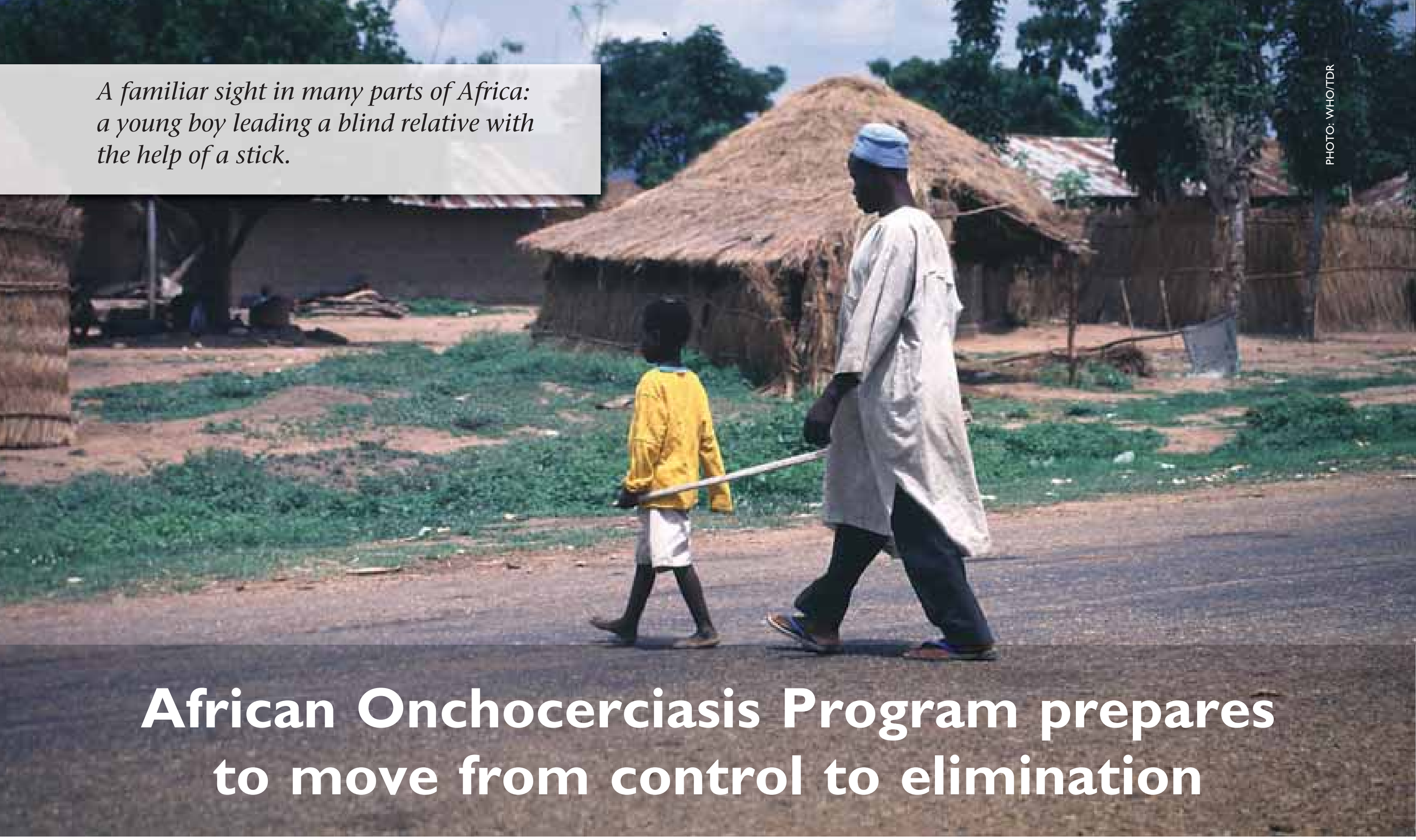
Much later, a *Joint Statement on Africa Industrialization Day* was issued by the African Union Commission, the United Nations Economic Commission for Africa and UNIDO. The statement was signed by HE Mr. Jean Ping, Chairperson, African Union Commission; Mr. Abdoulie Janneh, Under Secretary-General and Executive Secretary, UN Economic Commission for Africa; and Yumkella.

The statement called for the "creation of competitive industries, as a way to promote Africa's development." We wish to call upon the key actors in Africa's industrialization process, i.e. individual countries, Regional Economic Communities, and the African Union Commission, to take a closer look at an implementation strategy, the Statement read. "We also urge all bilateral and multilateral development partners and the private sector to join hands in translating the implementation strategy of the action plan for Action Plan for the Accelerated Industrial Development of Africa (AIDA), which is an essential strategic framework for promoting competitive industries for Africa's development into concrete bankable projects. The group gave a guarantee of their continued commitment and support for related efforts within the context of their mandates, competences, and resource capacities.

Although sound policies were *sine qua non* for development, the group argued, they were not sufficient for stimulating a strategic and sustainable development process. A multitude of other conditions also had to be met. Industrial transformation was a complex and long-lasting process, which required, in addition to conducive policy environment, skilful mobilization and efficient deployment of financial as well as diverse non-financial resources into productive sectors. Such non-financial resources, as physical infrastructure, human capital, and technological capacities, were essential for 'resourcing' a sustainable process of industrialization while financial resources were needed to mobilize the non-financial resources, the group concluded.

PHOTO: UNIDO

HE Mr. Kandeh Yumkella, UNIDO Director-General.



A familiar sight in many parts of Africa: a young boy leading a blind relative with the help of a stick.

PHOTO: WHO/TDR

African Onchocerciasis Program prepares to move from control to elimination

After years of effort by development partners in endemic countries across Africa, the debilitating disease Onchocerciasis – also known as river blindness – seems finally to be under control. Next step – eradication.

APOC, the African Program for Onchocerciasis Control concluded December 9, 2010, the 16th Annual Session of its governing body, JAF, the Joint Action Forum, with a communiqué targeting, among other issues, the elimination of river blindness across Africa. If accomplished in the years ahead, elimination would be a major achievement beyond the original APOC objective of "controlling" the disease by 2015. The Abuja communiqué also discussed capacity building in various countries and addressed issues of sustainability and the need for flexibility in managing possible future challenges.

The JAF Abuja session assembled governments (represented by health ministers), beneficiary countries, various international organizations, non-governmental development partners and donor institutions. For three days, the assembly debated a range of topics, among them treatment coverage, status of control in former OCP (the earlier Onchocerciasis Control Program) countries, an update of the disease distribution map, a health impact assessment of operations, current research projects, a budget for 2012-2013 and additional funding for the Program Plan of Action through 2015.

APOC received much praise for its research, education of communities and field work. Special commendation went to Nigeria's Dr. Uche Veronica Amazigo, outgoing Director of the Programme. She was lauded for her leadership and her assembly of scientists and expert staff and for the multiple studies she has conducted to shed greater light on the causes and effects of river blindness. Also expressing admiration for the successes of APOC was Nigeria's General Theophilus Y. Danjuma, a former military leader now philanthropist. To further the work of APOC, which Danjuma described as a unique partnership, the General announced a fresh donation of US$1 million to the APOC Trust Fund.

Equal appreciation went (from APOC beneficiary countries and administration) to OFID Member States Saudi Arabia and Kuwait for the dedication and the multiple contributions of the Saudi

Fund and the Kuwait Fund to the success and accomplishments of APOC. Both counties were visibly represented at the Abuja meeting, with Kuwait's A.M Bahman chairing most of the sessions. Drawing applause from a full house, Mr. Bahman described his country as Africa's friend-in-need.

OFID has, over several years, supported APOC financially, providing a cumulative total of US$3.4 million to the African Program, which would like to see continued involvement of OFID, especially as plans are finalized to move from control to elimination.

Headquartered in Ouagadougou, Burkina Faso, APOC was established in 1995 as a science-based partnership primarily to serve sub-Saharan Africa. Originally a single-disease intervention, the Program has seen its mandate expand to encompass related diseases and "a more holistic approach" to health matters. APOC worked to protect millions of people from the ravages of river blindness and help improve their overall health and quality of life.

Outgoing Director Amazigo describes the Program as "an unprecedented partnership." A former university lecturer, Amazigo is a biologist with training in public health and parasitology and specialized in tropical diseases and reproductive health. Dr. Amazigo was described by the governing JAF, her staff and World Bank/WHO supervisors as a firebrand professional, teacher and mother.

In her closing address at JAF 16, she described the partnership battling river blindness in Africa as unique. She spoke of the effectiveness of community-driven projects as "the best way to empower Africans to overcome their own problems." The APOC-created community distribution concept or CDTI (community-directed treatment with *Ivermectin*) is now being introduced to the curricula of 34 medical schools in sub-Saharan Africa. CDTI is today widespread, participatory and almost entirely in the hands of communities, which see to it that the drug is effectively distributed and indeed taken by the infected. Amazigo said CDTI will herald a new dimension in public health: "Now that communities have effectively brought river blindness under control in most endemic areas, the commitment of communities and the organizations supporting them have provided the proof-of-principle that elimination of infection and interruption of transmission is possible," Amazigo declared.

PHOTO: WHO/APOC

Dr. Uche V. Amazigo, outgoing Director, APOC.

River blindness remains a devastating disease of great medical and socio-economic import. It has troubled much of *riverine* Africa for over 30 years. Indeed, it has equally been widely reported elsewhere, including the Americas. In June, 2010, OFID extended a US$500,000 grant to the Atlanta, Georgia-based Carter Center to target elimination in the Americas. The Carter Center was also represented at the Abuja JAF meeting.

River blindness is caused by chronic and long-term infection by a parasitic filarial worm transmitted by a black fly vector. Control of the disease saw initial success with aerial spraying of chemicals which destroyed fly larvae. Greater success came with the drug Ivermectin credited with bringing "crucial innovation" to the campaign. Epoch-making Ivermectin, donated under the brand name Mectizan by a US-based pharmaceutical company, is described as "a unique, safe and highly effective multi-purpose drug that can be taken without direct medical supervision."

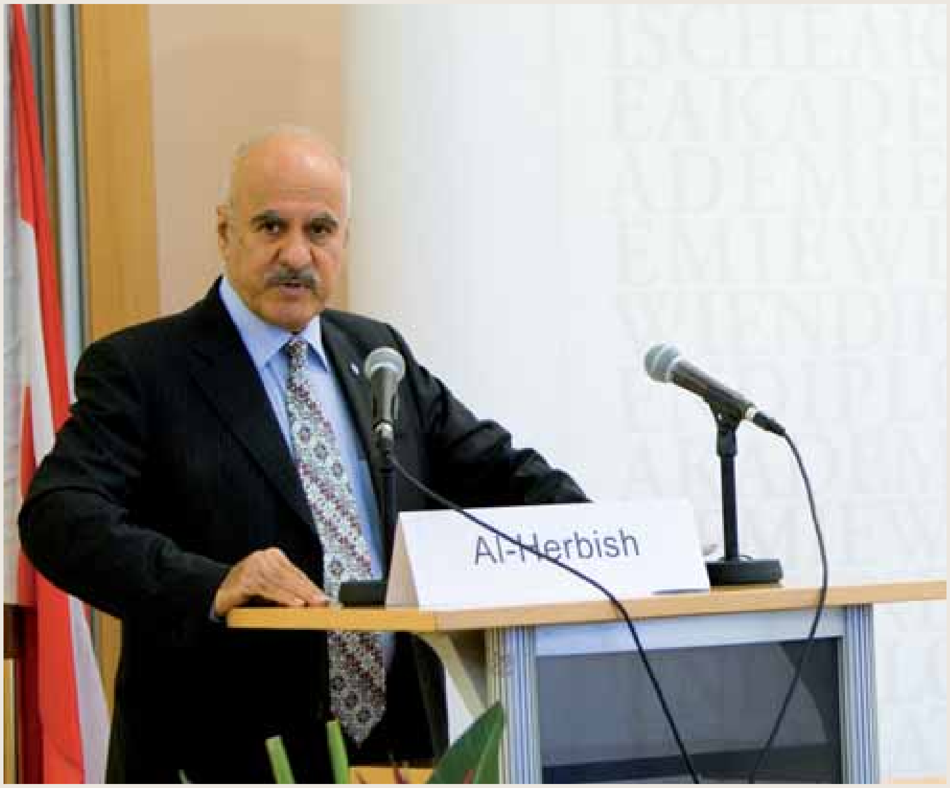
Arab-European Young Leaders Forum launches in Vienna

Young professionals from across the European Union and the Arab World gathered in Vienna at the end of November for the inaugural Arab-European Young Leaders Forum.

Held under the motto *Promoting Responsible Leadership – Innovative Forms of Cross-Cultural Cooperation*, the first ever Arab-European Young Leaders Forum was organized jointly by the Austrian Federal Ministry for European and International Affairs and the League of Arab States, and co-sponsored by OFID, the BMW Foundation Herbert Quandt and the Diplomatic Academy of Vienna. The Forum is one of the many outcomes of a dialogue that began in 2008 with the Conference on Europe and the Arab World, which also took place in Vienna.

The main objective of the five-day event was to foster international cross-cultural dialogue and cooperation between emerging leaders from both the public and private sectors, academia, civil society and religious communities. More specifically, the Forum aimed at inspiring young professionals (aged 25-40) from across the European Union and the Arab World to take social responsibility beyond their professional roles and boundaries, and to develop

The inaugural Forum brought together young professionals from across Europe and the Arab World to engage in constructive dialogue about common economic, social and political challenges.



Addressing the gathering, OFID Director-General, Suleiman J. Al-Herbish, encouraged the young leaders to come up with “uncommon solutions to common problems.”

viable solutions to the common political, economic and social challenges of our time. To this effect, the Forum brought together for the first time some 50 representatives from the EU’s 27 member countries, the Arab League’s 22 member countries, and Turkey.

OFID Director-General, Mr. Suleiman Jasir Al-Herbish, participated in the opening ceremony, together with other dignitaries, including Arab League Secretary-General, HE Mr. Amr Moussa, and Austrian Federal Minister for European and International Affairs, HE Dr. Michael Spindelegger.

Addressing the gathering, Mr. Al-Herbish stressed the importance of dialogue, cooperation and the sharing of ideas as the tools for fostering meaningful change. It was crucial, he said, to involve young people in this process, because they would continue to experience change at a rate far greater than previous generations. “I am pleased to see their inclusion in this partnership of productive discourse between Europe and the Arab World,” he continued, adding “Throughout history, young people have been the agents of change and catalysts for the future.”

Mr. Al-Herbish urged the young delegates to come up with “uncommon solutions to common problems” and to listen to and learn from each other. “Learning is a lifelong process, and the positive relationships you build in this Forum’s workshops are at the core of building the leader within yourselves,” he stated.

Mr. Al-Herbish went on to talk about the Millennium Development Goals (MDGs), which he described as “OFID’s road map in bringing about change.” Underlining the significance of the MDGs in shaping a better future for younger generations, he pointed out that their “common denominator” was their shared impact on shaping the future wellbeing of today’s youth.

Minister Spindelegger also stressed the importance of collaboration and dialogue in resolving common problems through reform, pluralism and integration. “Dialogue needs commitment,” Dr. Spindelegger said. “I wish the first Arab-European Young Leaders Forum plenty of success. I have the strong hope for a follow-up together with the League of Arab States, the BMW Foundation and OFID as our strong partners in the near future,” he added.

In his own address, Arab League Secretary-General HE Mr. Amr Moussa highlighted the need to strengthen the Euro-Arab dialogue through civil participation, including greater engagement of youth and women in pursuing cross-regional cooperation and development. “This Forum constitutes an important basic step forward towards connecting Europe and the Arab world,” Mr. Moussa stated.

Through its various activities, the Forum allowed for productive exchanges and the development of concrete partnership initiatives and institutional cooperation networks on issues ranging from employment, immigration, integration, health, food security, the environment and climate change to resource management, business development, and conflict resolution. Several workshops facilitated the exchange of best practices and lessons from experience and the deliberation of viable solutions through a diversity of approaches and perspectives.

The Arab-European Young Leaders Forum is scheduled to meet every one or two years for four days, closely engaging other international and regional initiatives in deepening cooperation among emerging leaders.

PHOTO COURTESY OF MANAL AL DOWAYAN AND CUADRO FINE ART GALLERY

"I am an Educator" is the title of this striking image by Manal Al Dowayan, who has exhibited all over the world.

Saudi Arabia holds exhibition in observance of Anniversary

As OFID marks its 35th year of existence, all of its Member States are, in one way or another, joining in the observance, wishing the institution well and encouraging it to do even more to optimize its cooperation with the global community, especially with such stakeholders as cooperating countries, partner institutions and host country, Austria.

The Kingdom of Saudi Arabia is one of several Member Countries which have taken the additional step of physical presence, presenting an exhibition that is expected to draw crowds to OFID's premises in Vienna, Austria.

The Kingdom is exhibiting arts and craft from Saudi Arabia. The exhibition begins January 28 and will run for four weeks. It is one of the major series of activities with which OFID proposes to inaugurate observance of the Anniversary. Three Saudi artists are expected to feature prominently: Seddiq Wassil, Noha Al-Sharif and Manal Al Dowayan. These Saudi artists display a wide range of artwork, from photography, to sculptures and mixed media objects. They represent a new breed of contemporary artists, emerging with different expressions within the dynamic and diverse country of Saudi Arabia. They also come from different regions within Saudi Arabia, bringing the "new voice of expression." Their passion is vividly demonstrated in their combinations of media and lines of work. The artists allow viewers to *look beyond* existing realms and experience beliefs and feelings from a challenging perspective.

PHOTO COURTESY OF ATHR GALLERY

Much of Seddiq Wassil's artwork is created from scrap metal using a hammer and blowtorch.

Seddiq Wassil was born 1973 in Mecca. He is considered part of the new breed of emerging Saudi artists. He originally studied agriculture, and later took interest in sculpture, dedicating much of his time to the art form. He experimented with a hammer and blowtorch to create new entities from discarded car parts and metal scavenged from scrap yards. His sculptures project a rejection of binding stereotypes and a will to defeat material subjugation to achieve spiritual freedom. Siddiq has won many awards both in Saudi Arabia and elsewhere across the world.

Noha Al-Sharif, born in 1980 and currently resident in Jeddah, is also a sculptor. She obtained her BA from King Abdul-Aziz University in Jeddah. At present, she is studying for a diploma in the History of Art at the School of Oriental and African Studies (SOAS) in London. Among other items, Noha creates tiny figurines of groups of women conducting the Islamic prayer ritual. The figurines are made of clay, marble aggregate and polyester resin. Noha says she is inspired by the regularity of prayer. She depicts prayer as a daily task and her work has attracted collectors following her participation in the exhibition "Edge of Arabia" at SOAS Brunei gallery, London in 2008 and at Art Dubai in 2009.

Manal Al Dowayan was born and raised in the Eastern Province of Saudi Arabia. The strength and beauty of her images lie in the "visual conflict" she creates and in the harsh tonal contrasts. Over the course of her education, Manal took part in a range of courses in various art institutions in Saudi Arabia, Dubai, Bahrain and London. In 2009 she was a resident artist at the Delfina Foundation in London and attended the Clore Leadership program. Manal has participated in numerous exhibitions including the British Council's Common Ground project in 2006 and Nawafith: the Saudi-Italian artist exchange (2007/09). Manal has also exhibited in Spain, Italy, Belgium, Bahrain, the UK, USA, UAE, and Saudi Arabia. She won an international call for artists for the Imagining Ourselves anthology in 2003, which was managed by the International Museum of Women in San Francisco. A photograph of hers, *Pointing to the Future,* was exhibited in New York at the 49th Session of the United Nations Commission on the Status of Women in 2005.

The Saudi OFID exhibition is also in continuation of an OFID in-house exhibition series begun in 2009 to bring the art and culture of Member and Partner Countries to the community of its host city Vienna. In the past, OFID has held exhibitions focusing on the Sudan, Iraq, Venezuela, Algeria and Kenya.

Noha Al-Sharif's work focuses on representations of women at prayer, as in this piece entitled "Humbly & Devout".

PHOTO COURTESY OF ATHR GALLERY

Facts, figures and futures: OPEC releases key publications

The position of the Organization of the Petroleum Exporting Countries (OPEC) as an established and respected member of the global energy community is in part due to the strong research, modelling and analysis undertaken by the OPEC Secretariat in Vienna. This in-depth focus is underscored in two recent publications – the Annual Statistical Bulletin (ASB) 2009 and the World Oil Outlook (WOO) 2010.

BY ALVINO MARIO FANTINI AND JAMES GRIFFIN

In a world that is increasingly interlinked, with globalization, international trade and mass communication seemingly bringing all corners of the globe closer together, it is ever more important to appreciate and understand the scope and intricacies of the global energy system. It is essential to have a handle on just what is happening – as well as where, when and why – and to better understand the possibilities surrounding the energy future the world may face.

The ASB, now in its 45th year, and the WOO, in its fourth, are part of OPEC's efforts to advance awareness and provide a better understanding of the major issues that are of concern to the Organization, in particular, and the oil market, in general. The ASB ties in the past and the present, bringing together time-series data for a wide variety of oil market and energy sector indicators. The WOO links the present and the future, with state-of-the-art economic modelling and forecasting used to present information, projections and concepts for the medium- and long-term outlooks.

The Organization's efforts are visible in comments expressed by OPEC Secretary General, Abdalla Salem El-Badri, in the forewords of both publications.

In the ASB, the Secretary General explains that the data-rich publication "is meant to further enhance transparency through data sharing." With information on the global petroleum industry and comprehensive data on regional imports and exports, as well as upstream and downstream data, the ASB, he adds, provides the public with important raw data with which they may better understand the stocks and flows in Member Countries, in oil-consuming countries and around the world.

As for the WOO, he stresses that the publication “provides all interested parties with a better understanding of how decisions, policies and trends might impact the industry’s future. He is clear, however, that “it is not about predictions, but a tool of reference to aid both OPEC and other industry stakeholders.”

The publications were released in front of assembled press and analysts at the OPEC Secretariat in Vienna. The event was presided over by El-Badri, who was joined by Dr Hasan M Qabazard, Director of the OPEC Research Division, Oswaldo Tapia, Head of the Energy Studies Department, and Puguh Irawan, Statistical Systems Coordinator in the Data Services Department.

Reserves growth

In presenting the ASB’s findings, Irawan indicated that proven oil reserves in OPEC Member Countries had risen by 41 billion barrels (bn/b) in 2009. This had occurred despite an overall increase in production, he noted. Specifically, OPEC’s proven reserves had reached 1.06 bn/b at the end of 2009, compared with 1.03 bn/b at the end of 2008. This was more than double OPEC’s cumulative oil production (436 bn/b) since the beginning of productive activities in Member Countries, he noted.

With OPEC’s current proven reserves in Member Countries representing 80 percent of the global total of 1.34 trillion barrels, the 2009 data underscores the ongoing importance of the Organization’s activities for meeting future world energy needs.

Proven natural gas reserve data was also included in the ASB, said Irawan. At the end of 2009, OPEC Member Countries held 91 trillion cubic meters, or 48 percent of total world gas reserves, he stated. Non-OPEC reserves, on the other hand, were 99 trillion cubic meters and 52 percent.

Both publications are available for free download at: www.opec.org. The ASB is also available as an interactive on-line version with time-series data going back to 1960.

Rigs and refineries

The 2009 ASB data showed that the global financial crisis and rising production costs had had a noticeable impact on the number of active rigs worldwide. In OPEC Member Countries, the number of active rigs had dropped by 12 percent, while in non-OPEC countries there had been a 27 percent fall. The total number of producing wells in OPEC Member Countries was 32,194 in 2009, added Irawan.

The figures also showed that OPEC Member Countries had continued their downstream investments, both at home and in major consuming countries. ASB data showed that refinery capacity had consistently maintained positive growth, reaching 8.8 million barrels/day (m b/d). In fact, in 2009 OPEC refining capacity had grown 2.7 percent more than in OECD countries, Irawan noted.

Consumption and export levels

The ASB also provided a look at worldwide consumption levels. In 2009 consumption had dropped by 1.5 m b/d, said Irawan, to a level of 78 m b/d. This reflected the largest decline in consumption since 1981. Moreover, in OECD countries, consumption levels had dropped by 2 m b/d between 2008 and 2009 and by 4 m b/d between 2005 and 2009.

In addition, the ASB provided summary export data for all OPEC’s Member Countries. Oil exports remained the primary means for Member Countries to generate export revenues, with an average of 75 percent of total export revenues coming from oil. Furthermore, due to the ongoing effects of the global economic crisis, the value of all OPEC exports in 2009 had decreased by US$427 billion, a 43 percent drop over 2008, noted Irawan. ▶

PHOTOS: OPEC/DIANA GOLPASHIN

OPEC Secretary General, Abdalla Salem El-Badri, presided over the press conference to launch the ASB and the WOO.

Who Gets What from Imported Oil?

◀ Irawan concluded the ASB presentation with a look at the latest version of the OPEC publication, 'Who Gets What from Imported Oil?' The publication graphically illustrates the tax burden imposed on oil in G-7 consuming countries and provides a breakdown of the average price per liter of imported crude oil, the industry margin, which includes the costs of refining, transportation and distribution, and the taxes charged on different oil products in oil consuming countries.

Irawan explained that the price end-users pay per litre of oil was made up not only of the actual crude price along with the industry margin, but also the taxes imposed by the national governments of the biggest oil-consuming countries. According to the data gathered, the portion of the cost of a litre of oil that goes to taxes in the majority of G-7 countries (with the exception of Japan, Canada and the United States) is higher than the actual price of a litre of crude.

In aggregate, Irawan noted, for the five-year period 2005–09, the total level of oil taxes received by G-7 governments was US$3,522 billion, compared with the US$3,459 billion in revenues received by OPEC Members.
In the United Kingdom, the tax on a litre of oil represented nearly 64.1 percent of the cost of a litre in 2009, with only 29.2 percent going to the actual price of crude oil and nearly 16.6 percent to cover industry margins. Thus, the UK government ended up making nearly 1.9 times more off each litre of oil than the producers of that oil.

In conclusion, Irawan noted that the data in the brochure indicated that the real price burden on consumers did not come from the prices charged by oil-producing countries, but from the oil tax burden placed by the governments of oil-consuming countries.

Supply and demand

Following the conclusion of the ASB presentation, the floor was given to Tapia to present the WOO. It was clear from his initial comments that much of the focus for this year's WOO was the global economic recession, which he said had "turned out to be the deepest and longest in more than six decades." Over the past year, however, he added "that the pace of recovery has been swifter than initially expected."

In turn, he said, this had led to a faster rise in oil demand than previously expected, with demand growth in 2010 "more that double that in the World Oil Outlook 2009". In fact, after the fall in demand in 2008 and 2009, oil demand levels of 2007 would be reached once more by 2011. "Over the medium-term period to 2014, oil would reach close to 90 m b/d, which is almost 1 m b/d higher than in the last outlook," he added.

In the longer term, oil would remain the leading fuel type in satisfying the world's growing energy needs, but its share would decline. In the Reference Case, oil demand by 2030 was essentially unchanged from last year's publication, reaching 105.5 m b/d.

OECD demand would continue to fall throughout the period to 2030 and the net long-term demand increase would be driven by developing countries.


Left to right: Mr. Oswaldo Tapia, Head, Energy Studies Department, and Mr. Puguh Irawan, Statistical Systems Coordinator, Data Services Department.

Of the total global oil demand growth in the long-term, 75 percent would be in developing Asia. However, the WOO stresses that a key aspect of the outlook is that energy poverty will remain a major global issue, "that needs the urgent and critical attention of world leaders."

On the supply side, in the medium-term to 2014, it is expected that there will be a continued expansion in non-OPEC supply, partly as a reflection of the oil prices that have been witnessed this year. Tapia added that what this means for OPEC crude is a slow rise over this period, "from just under 29 m b/d in 2009 to 30.6 m b/d by 2014."

Looking further ahead, he stressed that it was widely recognized that resources were sufficient and that future supply would come from a wide range of sources. "Non-crude liquids supply, from both OPEC and non-OPEC sources, such as non-conventional oil, condensate and natural gas liquids, biofuels, gas-to-liquids and coal-to-liquids will rise fast, from 15 m b/d in 2009 to almost 31 m b/d by 2030."

As a result, although the amount of OPEC crude needed would rise throughout the projection period, it would still be less than 37 percent of global supply by 2030, not much more than today.

Investments

OPEC, for its part, is investing in accordance with perceived demand for its crude. Currently, considerable investments are underway in OPEC Member Countries to expand upstream capacity: around 140 projects should come on stream in Member Countries by 2014, the result of an investment of US$155 billion.

Tapia said that "the Reference Case thereby foresees stable and comfortable OPEC crude oil spare capacity of 6–7 m b/d, around seven to eight percent of world demand."

It was important to stress, he added, that this picture was consistent with oil prices remaining around current levels. "It is not that long ago that we witnessed how a slump in prices can affect investment activity, in both OPEC and non-OPEC countries."

Downstream realignment

From the downstream perspective, this year's WOO highlights that there is evidence that the coming years will see a significant refocusing and reshaping of the downstream. Tapia said: "The refining industry is now suffering from the past demand collapse and surplus capacity, especially in the OECD regions." On top of this, he stressed, "it is estimated that more than 7 m b/d of new crude distillation capacity will likely be added to the global refining system in the period to 2015, supported by additional secondary processes."

Thus, the WOO highlights that the medium-term outlook is for an extended period of low utilization rates and depressed profitability. In the long-term, however, capacity additions will be required because of changing regional needs and increases in global crude runs that are driven by a further shift towards middle distillates and light products.

From a regional perspective, the Pacific basin is expected to grow in importance, with new capacity primarily ▶

◀ placed in the Asia-Pacific and Middle East regions. On the other hand, the Atlantic basin is expected to suffer from a surplus in capacity. There was also an increasing potential for refinery closures, said Tapia, "especially in the US, Europe and Japan, with the refining industry in the US being likely the most adversely affected."

Uncertainties cloud the picture

The WOO underlines the fact that there remain great uncertainties clouding the outlook for the future. The economy is at the forefront of these uncertainties. Tapia said that "while we are currently witnessing a more rapid recovery from the global crisis than previously expected, risks are skewed towards the downside."

The publication stresses the concern about the "timing and pace of the exit from the unprecedented – and in some cases increasingly burdensome – stimulus measures." And looking longer term, the question arises: what might the implications of these events be on economies? For example, Tapia asked whether structural reforms that place a new emphasis upon regulation may dampen economic growth.

There is also much discussion on policy announcements, specifically those related to energy and the environment, which Tapia said "continue to send confusing signals to investors." One issue, he added, "is the extent to which long-term demand projections should also reflect possible policies and measures that are linked to greenhouse gas emission reduction or limitation targets."

The potential impacts of these uncertainties is highlighted clearly in the WOO. Alternative scenarios, documented in the publication, show that oil demand by 2030 could be as high as 113 m b/d, or as low as 93 m b/d. This means that very different paths for required OPEC crude could emerge: the higher growth scenario sees this rising by more than 14 m b/d to 2030, while the lower growth one sees essentially flat demand for OPEC crude over the next two decades.

The implications for OPEC Member Country upstream investment needs were significant, said Tapia. "The difference between the higher and lower growth scenarios over the next decade reaches US$230 billion in real terms." This is a considerable sum, particularly given the socio-economic needs of these countries, he added, and "demonstrates that security of demand is a real and genuine concern."

Climate change

The WOO also addresses what increased fossil fuel use means for future carbon dioxide (CO_2) emissions. The rise in fossil fuel use in the Reference Case implies an increase in global CO_2 emissions of 38 percent from 2009 to 2030. However, on a per capita basis, by 2030, Annex I countries emit, on average, 2.6 times more CO_2 than non-Annex I countries.

Moreover, said Tapia, cumulative emissions were more relevant to possible impacts upon the climate. Despite stronger expected emissions growth from developing countries in the Reference Case, the cumulative contribution from Annex I countries would continue to dominate.

By 2030, they would account for almost two-thirds of the cumulative CO_2 emissions since the year 1900. This underscored, he stressed, "the need to fully reflect the historical responsibility in reaching an agreed outcome in the current climate change negotiations."

Helping chart a future path

Together, the ASB and the WOO provide a detailed look at the past, present and future of the global oil industry and underscore the links among the industry's different stakeholders. With the publication of the 2009 ASB, OPEC continues to provide statistical data about all aspects of the industry in their ongoing effort to generate greater transparency in the market. And with the WOO, the organization once again demonstrates its commitment to research and to understanding and anticipating some of the challenges in developing a more sustainable energy future in an increasingly interdependent world. ■

According to data gathered by the Secretariat, government taxes account for the larger share of the cost of a liter of oil in the majority of G-7 countries.

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Our vision

To aspire to a world where Sustainable Development, centred on human capacity-building, is a reality for all.

Our mission

To foster South-South Partnership with fellow developing countries worldwide with the aim of eradicating poverty.

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