

OFID Quarterly

THE OPEC FUND
FOR INTERNATIONAL
DEVELOPMENT



OFID Ministerial Council holds 30th Annual Session in Vienna
Bartolina Sisa wins OFID Annual Award for Development 2009
Micro-finance revolution comes to Africa
Genetically modified crops: a panacea for world hunger?

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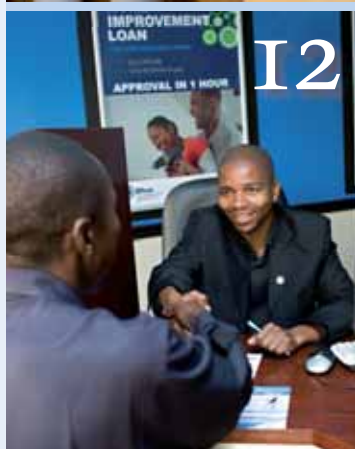
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contents

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Cover photo:
Ms. Leonida Zurita Vargas of the Bolivian
NGO, Bartolina Sisa, recipient of the 2009
OFID Annual Award for Development.

COMMENT

The New International Economic Order revisited	2
--	---

COVER STORY

OFID Ministerial Council holds 30th Annual Session in Vienna	4
Bolivian NGO Bartolina Sisa wins OFID Annual Award for Development 2009	11

OUTREACH

Micro-finance revolution comes to Africa	12
2008 Annual Report highlights steadfast delivery of aid	18
Energy for the poor: OFID co-finances Arab Gas Pipeline	20
First OFID Scholarship recipient graduates	23
Vienna holds City Marathon 2009 – OFID participates as co-sponsor	24
Pan Arab Highway: OFID attends foundation stone ceremony	26
OFID Diary	28
Meetings attended by OFID	30
Loan signature photo gallery	31
127 th Session of the Governing Board	34
Visitor highlights	36

DEVELOPMENT COOPERATION

UNCSD-17 calls for integrated solutions to multiple crises	40
Women unduly affected by global employment crisis	43
World Conference on Education for Sustainable Development	47

MEMBER STATES FOCUS

Saudi Energy Minister speaks on <i>Energy for the Poor</i>	48
OFID welcomes OPEC MDTC participants	51
Fragrances of Light: a photographic journey through Algeria and Kenya	52

PARTNERSHIPS

UNIDO Board recommends reappointment of Yumkella as Director-General	55
IFAD President addresses OFID Ministerial Council	56
IFAD-funded programs help lift Zanzibar farmers out of poverty	58

SPOTLIGHT

Genetically modified crops: a panacea for world hunger?	61
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The New International Economic Order revisited

Thirty-five years ago, the *Sixth Special Session of the United Nations General Assembly* adopted a Declaration and Program of Action on the establishment of a *New International Economic Order (NIEO)* based on “equity, sovereign equality, interdependence, common interest and cooperation among all states, irrespective of their economic and social systems.” The Declaration called for adjustments in the policies and economies of industrialized nations to help eliminate the widening gap between developed and developing countries and accelerate economic and social development in peace and justice for present and future generations.

Further steps towards a NIEO were taken in Algiers, March 1975, when the Sovereigns and Heads of States of OPEC Member Countries met in a First Summit. Their mandate was to discuss the economic crisis and consider what measures could be taken “to safeguard the legitimate rights and interests of their peoples, in the context of international solidarity and cooperation.” A Solemn Declaration of the Conference reaffirmed “the natural solidarity which unites OPEC countries with other developing countries in their struggle to overcome underdevelopment” and called for measures to strengthen cooperation among these coun-

tries. It was this notion that led to the conceptualization and subsequent birth of the OPEC Fund for International development (OFID) in January 1976. The Declaration also announced the agreement of OPEC Sovereigns and Heads of State to hold an international conference that would bring developed and developing countries together. Such a conference would not be confined to energy, but would also include “the questions of raw materials of the developing countries, the reform of the international monetary system, and international cooperation in favour of development in order to achieve world stability.”

The September 1975 Seventh Special Session of the UN General Assembly was intended to arrive at a North-South compromise on the basic principle of maintaining the existing economic order. The resulting *Resolution 3362* recalled the demands for a NIEO, the commitment of developed nations to provide 0.7 percent of their gross national income to official development assistance (ODA), and stressed the need to speed up trade liberalization, the transfer of technology, and programs to stabilize commodity prices. The Resolution also called for a substantial increase in the volume of assistance for agriculture and food production in developing countries to help resolve world food problems.

Three-and-a-half decades later, the 0.7 percent target for ODA has still not been achieved, the Doha Development Round of multilateral trade negotiations of the WTO has reached another deadlock, and the number of chronically undernourished worldwide is set to hit one billion as agriculture and food production continue to suffer from neglect.

Meanwhile, the most severe financial crisis since the Great Depression of 1929 has pushed advanced economies into a deep recession and spilled over to activity in developing and emerging market economies. The crisis was triggered in part by economic uncertainties following the events of September 11, 2001, which led the US Federal Reserve to cut policy interest rates aggressively in an effort to prevent a serious recession. This added fuel to the US real estate bubble, and stimulated the re-financing and securitization of sub-prime mortgages in a largely deregulated financial services market. The ensuing credit crunch prompted extraordinary liquidity injections by central banks to restore the flow of credit, a move that socialized the losses, while the gains were privatized.

The credit crunch marked an important turning point for financial markets and the world economy, and sparked calls for a fundamental re-think of the Anglo-Saxon model of transactions-orientated financial capitalism, supervision and regulation. It also brought the long-standing debate on the NIEO back onto the international development agenda with the adoption, on December 19, 2008, of a *UN Resolution reaffirming the need to work towards a New International Economic Order*. The Resolution, adopted by the UN during its 63rd session,

The credit crunch has brought the long-standing debate on a New International Economic Order back onto the global development agenda.

after two months of intense discussions, should help shape UN thinking on how to build a NIEO based on the principles of equity, sovereign equality, interdependence, common interest, and cooperation among states.

OFID applauds the renewed impetus given to the establishment of a NIEO, a topic that will be

debated during the 64th session of the UN General Assembly later this year. In spite of their own development needs, OFID Member Countries have remained leaders in aid for more than three decades, providing more than US\$100 billion in concessional financing for development through a variety of multilateral and bilateral channels, such as the Saudi Fund for Development, the Kuwait Fund for Arab Economic Development, the Arab Fund and the Islamic Development Bank, among others. Some US\$10 billion of this total has been channeled through OFID. Products offered include Islamic banking and finance, which prohibits interest (riba) and excessive speculation (gharar), and which, at a 15-20 percent per annum growth rate, is rapidly gaining popularity as an alternative model of economic behavior. Acting collectively through OFID, Member Countries also provided substantial funding to help build up other relevant institutions, such as the International Fund for Agricultural Development (IFAD) and the Common Fund for Commodities (CFC). Together with these and other strategic partners, OFID will maintain its battle against poverty and hunger, as the search for a NIEO and more sustainable models of economic and social development continues. ■



OFID Ministerial Council holds 30th Annual Session in Vienna

Council welcomes IFAD President and OFID Annual Award winner

BY SAM IFEAGWU

The Ministerial Council of OFID met June 16 in Vienna to review the work of the institution and set policies for the coming year. It was the Council's 30th Annual Session.

The Session elected as Chairman, HE Dr. Seyed Shamseddin Hosseini, Minister of Economic Affairs and Finance of the Islamic Republic of Iran. As Vice Chairman, the Council elected, HE Dr. Ali Rodríguez Araque, Minister

of the Peoples Power for Economy and Finance, Venezuela. The Ministerial Council is OFID's highest policy-making body.

The Council welcomed, as special guests, HE Abdalla Salem El-Badri, Secretary General of OPEC; HE Dr. Kanayo F. Nwanze, President of IFAD; and Ms. Leonida Zurita Vargas, Executive Secretary and Representative of the National Confederation of Indigenous



From left: HE Abdalla Salem El-Badri, Secretary General of OPEC; HE Jamal Nasser Lootah, Chairman of the Governing Board of OFID; HE Dr. Seyed Shamseddin Hosseini, Chairman of the Ministerial Council of OFID; Mr. Suleiman J. Al-Herbish, Director-General of OFID; HE Dr. Kanayo F. Nwanze, President of IFAD.

Peasant Women of Bolivia “Bartolina Sisa,” [*Confederación Nacional de Mujeres Campesinas Indígenas Originarias de Bolivia “Bartolina Sisa”*], winners of this year’s *OFID Annual Award for Development*.

Dr. Nwanze addressed the opening ceremony of the Council Session, recalling the long-standing relationship between IFAD and OFID and OPEC Member Countries (see separate story, page 56). Thereafter, Ms. Leonida Zurita

Vargas received, with gratitude, the OFID 2009 Award in recognition of her organization’s continuing endeavors to bring to global attention the life and work of rural folk, especially women, in Bolivia, drawing strategic response from the authorities. The OFID Annual Award honors individuals and groups that, in various ways, contribute to the progress and advancement of societies across the world (see separate story, page 11).

The Ministerial Council went on to adopt OFID’s 2008 *Annual Report* and reaffirm the support of Member Countries for the basic principles and objectives of OFID, reiterating their commitment thereto. The Council mandated the Governing Board to further discuss issues relating to the negative impact of the current financial crisis on OFID’s resources. It approved the audited financial statements of OFID for its 32nd ►



In their statements to the Council, both Council Chairman, HE Dr. Seyed Shamseddin Hosseini (right), and Governing Board Chairman, HE Jamal Nasser Lootah, highlighted the negative impact of the global recession on development trends and prospects.

◀ fiscal year (2008), and reappointed the institution's current External Auditors.

Three new countries (the Democratic Republic of Congo, Senegal and Mozambique) were added to the list of eligible countries to benefit from subscriptions (and obtain subscription payments) to the Common Fund for Commodities' (CFC) First Account. The Council approved a further replenishment of OFID's *Special Grant Accounts*

for HIV/AIDS Operations and for Palestine for an implementation period of two years (June 2009 - June 2011). The Special Grant Account for Palestine was replenished with US\$20 million; while the HIV/AIDS account received US\$15 million in its own replenishment.

Concluding the Session, the Council expressed its sincere gratitude to the Government and People of the Federal Republic of Austria (OFID's host nation)

for the hospitality extended toward facilitating the day's meeting.

The 30th Council Session was opened by Chairman Dr. Hosseini, who described the agenda as capturing the many existing and new challenges in the way of development cooperation. Dr. Hosseini chronicled the most salient trends and their impact on OFID's efforts to fight poverty, hunger and other development constraints, particularly

in the world's poorest countries. He said the prospects for the global economy had hardly improved since 2008. World output is forecast to contract by 1.3 percent this year; down from a positive 3.4 percent in 2008, and to expand by only 1.9 percent in 2010. Output growth for the developing countries as a whole is projected to drop markedly to 1.6 percent in 2009, down from 6.3 percent in 2008, reflecting a sharp reversal of private capital inflows and worker remittances, as well as weaker demand and investment. All of these, he said, were compounded by consistently high food prices. And although food prices have fallen from their peaks of 2008, the food crisis per se has not abated. Contributing to the crisis has been the increased use of food crops to satisfy the needs of a rapidly growing biofuels industry.

The Council Chairman declared that the global economic and food crises were rapidly reversing hard-won gains toward debt sustainability and the *UN Millennium Development Goals (MDGs)*. Such gains, he said, had been made possible by external assistance extended by OFID and others.

In his statement, HE Mr. Jamal Nasser Lootah, Chairman of the Governing Board of OFID, recalled that it had been a year since he last addressed the Council in Isfahan, IR Iran. He said since then, the world had witnessed a swift unraveling of the global financial system, with the impact of the crisis dimming economic prospects for the rest of 2009, 2010 and some time to come. Mr. Lootah said, if it persisted, this new economic environment could influence OFID's work patterns. Nevertheless, and despite the difficulties, OFID had concluded another eventful year since the last Ministerial Council meeting. OFID "has continued to implement the objectives of its mandate, addressing itself to the changing priorities of its beneficiary countries which are deemed essential for poverty eradication, sustainable development and the achievement of the MDGs."

Mr. Lootah said despite the global economic downturn, "OFID has demonstrated its strength in critical times by making available an assortment of financial products for development purposes." Since lending operations began, and as of end March 2009, the Governing Board had approved a total of 1,223 public sector loans worth about US\$8.1 billion. These loans were extended to 121 countries, and included 20 under the Blend Facility and 25 under the Heavily Indebted Poor Countries Initiative. Over the past year, Mr. Lootah reported, the Governing Board had ►

"Despite the global financial crisis, OFID has rigorously maintained its aid volumes."

SULEIMAN J. AL-HERBISH

PHOTO: ISLAMIC RELIEF



OFID has channelled millions of dollars in emergency aid to Gaza in the past 12 months.

Replenishment boosts Palestine Account to US\$90 million

The approval by the Ministerial Council of US\$20 million in fresh funding brings the resources set aside for OFID's operations in Palestine to US\$90 million. Such activities are organized under the *Special Grant Account for Palestine*, a dedicated window established in 2002 to address the priority needs of the Palestinian population in the West Bank and Gaza Strip. The Account supports operations ranging from emergency relief and the reconstruction of damaged property and infrastructure to assistance to local civil society organizations, educational institutions and health facilities. Some US\$10 million from the Account has been earmarked for the PalFund, a micro-finance scheme, which is helping to create jobs and generate incomes among the poorest segments of the population. OFID's operations in Palestine are carried out in cooperation with UN specialized agencies, notably UNRWA, and sister Arab aid institutions, including the Arab Fund for Social and Economic Development and the Islamic Development Bank.

For further information see: http://www.ofid.org/projects_operations/palestine.aspx

HE Ali Rodríguez Araque, Minister of the Peoples' Power for Economy and Finance of the Bolivarian Republic of Venezuela (*right*); with Mr. Luis Arias Bellorín, Vice-President for International Financing and Cooperation, Venezuelan Bank for Economic and Social Development (BANDES).



◀ approved 53 public sector loans in the amount of approximately US\$616 million, out of which US\$107 million was under “blend” terms.

Mr. Lootah also spoke about the Grants Program of OFID. He disclosed that total grant assistance in the amount of US\$447 million had been approved. The sum included US\$84 million destined for the First and Second Accounts of the Common Fund for Commodities. Since June 2008, the Board had approved a total of US\$5.8 million to be used for technical assistance, research-related activities, as well as humanitarian relief and food aid following natural and other disasters. The Board Chairman pledged that, for the future, “OFID will continue to operate to benefit the world’s poor, the vulnerable and underserved population groups.”

In his own address, Mr. Suleiman J. Al-Herbish, OFID Director-General, said the Ministerial Council was meeting today “in very troubled times, with the world economy experiencing its deepest downturn for 60 years.” According to

projections by the International Monetary Fund, per capita GDP is expected to fall by 2.5 percent this year, compared to an average drop of 0.4 percent in the recessions of 1975, 1982 and 1991. Against this background, the Director-General disclosed, “our work as a development finance institution has become more challenging than before, not least because of the impact of the global financial crisis on OFID investments.” Along with the rest of the financial community, OFID has not escaped the fallout from the crisis, which has wiped trillions of dollars off world stock markets, leaving no country untouched. Still, throughout 2008 and into 2009, OFID has rigorously maintained its aid volumes, often providing supplementary financing for projects that have encountered cost overruns as a direct result of spiralling prices.

The Director-General touched on other issues such as energy and biofuels; food security and OFID’s Public Information Strategy. He also spoke about the biofuels study conducted on

behalf of OFID by staff of the Vienna-based International Institute for Applied Systems Analysis (IIASA). The study concluded that, if energy consumption targets – such as the one fixed by the EU of reaching a share of 10 percent of biofuels in transport fuels by 2020 – are maintained, millions of people will be put at risk of hunger, Mr. Al-Herbish said. This issue, he declared, raised the related difficulty of energy poverty. The Director-General referred to the Third OPEC Summit of November 2007 and its resultant *Riyadh Declaration*. He quoted Item 6, Chapter 2 of the Declaration in which OPEC Member Countries “resolved to continue to align the programs of our aid institutions, including those of the OPEC Fund for International Development, with the objective of achieving sustainable development and the eradication of energy poverty in the developing countries, and study ways and means of enhancing this endeavor, in association with the energy industry and other financial institutions.” ▶



HE Aderemi Waheed Babalola, Nigerian Minister of State for Finance (*left*) and Mr. Muniru Abiodun Alao, Governor of Nigeria to OFID.



HE Yousef Hussain Kamal, Qatari Minister of Finance (*right*) and Mr. Ismail Omar Al-Daffa, Alternate Governor of Qatar to OFID.



PHOTO: IFRC

HIV/AIDS Account receives US\$15 million in fresh funds

Total resources allocated to OFID's *HIV/AIDS Special Grant Account* now stand at US\$80 million, following the US\$15 million replenishment approved by the Ministerial Council. The additional funding will enable OFID to maintain its support to the battle against HIV/AIDS for a further two years. The Special Account was set up in June 2001 in the wake of increasing concerns about the impact of the global pandemic on developmental progress. Since its inception, the Account has supported numerous initiatives in strategic partnership with lead agencies, such as WHO, UNFPA, UNAIDS, UNICEF, UNODC, UNHCR, ILO and UNESCO, among others. OFID's interventions cover many areas, including awareness, prevention, testing and counselling, as well as care, treatment and support to those living with and affected by the virus.

For further information see http://www.ofid.org/projects_operations/hiv_aids.aspx

◀ The Director-General went on to recall the Jeddah Energy Summit of 2008, at which the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz Al Saud, announced an *Energy for the Poor Initiative*. The initiative is aimed at helping developing countries confront a lack of access to energy. For OFID, said Mr. Al-Herbish, the placement of energy poverty on the global agenda was a welcome rally-call. "As an institution, we have long recognized the importance of energy to the development process.

Mr. Al-Herbish told the Council that OFID had continued to pursue its mandate to the best of its ability in 2008. In terms of core operations, and in the course of the year, OFID approved US\$815 million in fresh financing for some 140 operations. From this amount, a total of US\$527 million was given as public sector loans, including US\$96 million from the Blend Facility, with the bulk going to low-income countries. Investments in the area of private sector financing amounted to US\$216 million; an increase of two-thirds over 2007, while operations worth US\$149 million were approved under the Trade Finance Facility. A further US\$27 million was committed through the Grants window, the lion's share going to support emergency operations in Gaza, Palestine. Total disbursements for the year reached US\$484 million.

On OFID's Public Information Strategy, the Director-General said heightened visibility was the primary aim. He mentioned new developments in the Strategy, including a second scholarship scheme – the Careers Development Program; a Media Guest Program; and sponsorship of the high-profile Vienna City Marathon. Evaluating the benefits of the Strategy, Mr. Al-Herbish said it was always difficult to quantify the dividends from investment in communications activities. "What we can say with certainty is that OFID has risen from a position of limited visibility just five years ago, to an institution with a respected public profile."

The 31st Annual Session of the Ministerial Council will be held June 17, 2010, in the Bolivarian Republic of Venezuela. ■

Bolivian NGO Bartolina Sisa wins OFID Annual Award for Development 2009

BY FAROUK U. MUHAMMED



Ms. Zurita Vargas accepts the award from OFID Director-General Al-Herbish, watched by HE Dr. Seyed Shamseddin Hosseini.

This year's OFID Annual Award for Development has been won by a non-governmental organization (NGO) from Bolivia, and OFID was pleased to welcome a representative of that Organization to its Vienna Headquarters to receive the honor. Ms. Leonida Zurita Vargas, Executive Secretary of *La Confederación Nacional de Mujeres Campesinas Indígenas Originarias de Bolivia "Bartolina Sisa"* (the National Confederation of Peasant Native Women of Bolivia) was presented the Award by Mr. Suleiman J. Al-Herbish, OFID Director-General. Ms. Zurita Vargas was accompanied by HE Dr. Horacio Bazoberry Otero, Bolivia's Ambassador to Austria.

A few days before the presentation, the Ambassador had called on the Director-General to thank OFID for choosing *Bartolina Sisa*. He told Mr. Al-Herbish that Bolivia's President HE Evo Morales was aware of the Award "which was a pleasant surprise that had generated plenty of interest both within *Bartolina Sisa* and the country, as they did not expect such a great honor."

Presenting the Award to Ms. Zurita Vargas on the sidelines of the 30th Annual Session of OFID's Ministerial Council, June 16, Mr. Al-Herbish said "it is given in recognition of *Bartolina Sisa*'s commendable efforts at improving the quality of life among Bolivia's poor, indigenous women." He added that "such efforts are in accord with OFID's commitment and assistance toward raising living standards among the poorest segments of society, particularly women." Mr. Al-Herbish encouraged *Bartolina Sisa* "to carry on with its noble work." The presentation of the Award was witnessed by HE Dr. Shamseddin Hosseini, Chairman of the Ministerial Council; HE Mr. Jamal N. Lootah, Chairman of the Governing Board, other Council Members and Members of OFID Senior Management. The OFID Annual Award for Development carries a US\$100,000 prize.

Ms. Zurita Vargas accepted the Award and expressed her gratitude to OFID for its recognition of *Bartolina Sisa*. She also conveyed the appreciation of Bolivian women, particularly the indigenous women, the majority of whom dwell in the rural areas. She stressed that her organization was "very proud" of the Award and assured OFID that "the US\$100,000 Award money will be used to further assist indigenous women in Bolivia, as well as other poor women in some adjoining countries."

Bartolina Sisa is a Bolivia-based grassroots organization, which was established in January 1980 and became a confederation in November 2008. Its core activities include: promotion of land ownership rights as a basic principle of sovereignty for the indigenous and rural populations; participation of women in the economic, social and political life of Bolivia; improvement of food security; and reduction of illiteracy in the rural areas. Others are strengthening the economic potential of peasant indigenous women; promotion of organizational capacity and self determination of women. To date, *Bartolina Sisa* has achieved commendable results in many areas of its work including: education, access to land, rural economy, and empowerment of its target groups – indigenous women.

The OFID Annual Award for Development was established in 2006. The first Award went to HUMANA People-to-People, a Zimbabwe-based NGO. In 2007, the Award was won by Austria-based NGO, SOS Children's Villages, and last year, the Award was clinched by the Grameen Bank of Dhaka, Bangladesh. OFID will within its financial resources, continue to support projects and programs that will help in enhancing the living standard of poor people, especially in the poorest countries around the world. ■

Micro-finance revolution comes to Africa

OFID partners with leading micro-lender

BY AUDREY HAYLINS

Compared with other regions of the world where there is a long tradition of lending to the micro-enterprise sector, the continent of Africa has been sorely neglected. This is all changing, however, thanks in no small part to the innovative efforts of a young micro-finance company, Blue Financial Services.



Dave Van Niekerk

In the following interview, **Dave Van Niekerk**, Blue CEO, describes his company's vision for Africa and explains how a US\$15 million loan from OFID is helping to realize that vision.

Since Muhammad Yunus founded the Grameen Bank in Bangladesh in 1976, the micro-business sector has carved out a vital role in developing country economies, most notably in Asia and Latin America, where today micro-credit outlets abound. Providing loans of as little as US\$50, these micro-lenders offer a lifeline to millions of poor people, giving them a means to earn a living and support their families. In many cases, what starts off as a tiny enterprise grows into a flourishing business, with benefits to the wider community.

Indeed, micro-financing has become so popular and successful that the United Nations designated 2005 the year of micro-credit. Micro-financing is now widely appreciated as a highly effective “bottom-up” approach to development that offers considerable advantages over traditional “top-down” aid instruments.

Until recently, the micro-finance revolution had largely passed Africa by, mainly due to reluctance on the part of the commercial banking sector to ►

Micro-enterprises, like this tailor's shop in Kenya, are widely recognized as a highly effective "bottom-up" approach to development.





*Another satisfied Blue customer.
Prospective borrowers can get their
loans approved in under one hour.*

PHOTO: BLUE FINANCIAL SERVICES LTD.

◀ provide credit. “Access to credit is something that the banks have been very slow to do,” explains Van Niekerk. “They take deposits and provide banking services, but they are not doing anything to stimulate the economy.” As a result, the vast majority of populations in Africa are what Van Niekerk terms “unbanked”. Where micro-financing is available – usually through NGOs and similar institutions – the eligibility criteria are so strict that most people are excluded from applying.

Serving the unbanked

Blue’s mission is to promote the micro-finance sector across Africa by bringing affordable, ethical loan products to the historically unbanked. Its products, which target different segments of the market and are continually under development, range from consumer finance to small business seed capital and housing finance. Its client base is very much at the lower-income end of the market. “We take on the people who are turned away by risk-averse commercial banks because they have no credit rating or collateral to secure a loan,” says Van Niekerk. He describes typical customers as people with small businesses such as bicycle repair shops or grocery stores. “They come to us for additional capital so that they can buy more stock and increase their turnover,” he says. In South Africa, Blue also gets a lot of clients from the franchise market. “The majority of these people are young black male entrepreneurs who are taking their first step into business and need a small loan to get started,” explains Niek-erk. Blue also provides education loans to help parents cover the cost of their children’s schooling. These micro-credits are usually taken for just one year at a time and are used to pay for anything from primary to tertiary education.

Van Niekerk points out that the majority of Blue’s loans are unsecured. In spite of this, defaults are surprisingly few, a fact that he puts down to a combination of trust and social pressure. “People

are looking for an opportunity to get access to credit and they do not want to disappoint the person who has put their trust in them,” he says. “Nor do they want to risk being publicly ostracized for breaking their society’s moral code.”

Managing risk

Nevertheless, Blue does go to extraordinary lengths to mitigate risk, an effort that Van Niekerk deems essential when operating in an African context. “Africa is an interesting place to do business,” he says. “Many countries lack an efficient national ID system, so we need to find other ways of establishing or confirming an individual’s identity.” He reveals that this can include fingerprinting and biometric facial recognition techniques. “Getting people on our database can be quite a process, but once they are there, they can borrow again and start building a credit history.” And borrow again they do, with 85 percent of Blue customers returning for repeat loans.

Since setting up business in late 2000, Blue has gone from strength to strength. Much of the growth has come in the last three years, following the company’s listing on the Johannesburg Stock Exchange and the involvement of foreign shareholders and investors, including the International Finance Corporation and FMO of the Netherlands. Today, Blue operates 300 branches in 14 countries across sub-Saharan and Southern Africa, employing a staff of over 3,000.

Competitive advantages

Van Niekerk attributes Blue’s success to its many competitive advantages, chief of which is the state-of-the-art IT system that links all of the company’s branches via a satellite network to its head office in Johannesburg, where all loan decisions are made on the main server. Once a loan is approved, the originating branch – wherever it might be – can print out a computer-generated cheque for the customer to cash immediately. Under this ►



Blue CEO, Dave Van Niekerk, with OFID Director-General, Suleiman J. Al-Herbish, at the loan signature ceremony.

Case study



Mary O. Lyimo, a teacher from Dar es Salaam, Tanzania, watched proudly as her two nephews completed school. However, her joy was short-lived as the two boys couldn’t find jobs and were soon on their way to becoming vagrants on the city streets. With the intention of creating work for them by starting a small business, Mary put a business plan together, but as she did not have the collateral sought by commercial financial services, her applications were declined. Despondently, she walked through the doors of Blue. As a gainfully employed person who could afford a loan she was granted the equivalent of US\$800 to pay off over 36 months. With this money, Mary rented three hectares of land and planted aubergines. Soon she was reaping the benefits and could employ both her nephews full time while continuing her work as a teacher. As her business grew, Mary was able to buy herself a light commercial vehicle to transport her produce to the market. At present she has branched out and is growing chillies and a health herb too.

Source: Blue Financial Services

Case study



Isaac Khonde Kanguya of Livingstone, Zambia used his loan from Blue to manufacture good quality ox-drawn carts to transport goods and people. Transport in rural areas is often very expensive in Zambia, and Isaac came up with the idea of the carts to provide a cheaper alternative. Isaac's carts do not require fuel, so they have become extremely popular and he has received orders from villages more than 150 km away. Isaac either sells the carts or exchanges them for cattle. So far he has managed to collect and sell 16 herds of cattle and has made more than four times the original loan amount applied for. Isaac employs two people to build the carts and recently obtained his biggest order to date for 25 units. With the profits from his cart business, Isaac has been able to complete the construction of his own house and is building two other houses as well as a block of three flats.

Source: Blue Financial Services

◀ system, small loans can be turned around in under one hour. According to Van Niekerk, it is this kind of service that has elevated his company above all its competitors. "People want the best when it comes to service, and that is what we aim to give them," he says. "We understand that our customers are working people with families and aspirations. They want to be treated with dignity and respect, and they want to borrow in an environment that is upmarket and professional. Above all, they want to be dealt

with quickly and efficiently and to walk out with money in their hand." Another of Blue's advantages is its pricing policy. "We keep a close eye on our competitors and always try to price ourselves under them," says Niekerk.

Social conscience

For a company operating in the hard-nosed business of finance, Blue shows remarkable compassion for both the people and the communities it serves. "Our model is built on a double bottom

line," says Niekerk, "one that delivers both social and financial returns." Blue's ethos, he insists, is not simply about turning a profit. "We are driven by the knowledge that, handled responsibly, micro-financing is a powerful tool for poverty alleviation. So, we make a point of ensuring that we have the dual effect of giving our investors a return on their money and, at the same time, empowering and uplifting the communities we serve."

Such statements are far from window dressing: corporate social investment (CSI) forms an integral component of the Blue philosophy. "We believe we have a responsibility to plough back some of our profits into the community," says Niekerk. Thus Blue allocates 10 percent of its annual earnings to a comprehensive CSI program that funds projects ranging from the purchase of equipment for hospitals and schools, to sports' sponsorship and charity work. "We never give cash, as there is always the chance it will not reach the end user," says Niekerk. "Instead, we take a hands-on approach and actively encourage staff to get physically involved. Another key principle is that we will not allocate funding to emotion-driven lost causes, or to communities that are not prepared to work to help themselves." As part of its CSI program, Blue also runs financial "road shows" to help educate people how to handle money wisely.

Future expansion

As far as the future is concerned, Blue has big plans for expansion. "For this, we are looking at countries that have economic and political stability and good foreign exchange movements," says Niekerk. "We are also interested to see what is being spent on infrastructure development and on uplifting the people." Steps have already been taken by Blue to move into Ghana and, further north, into Egypt, where the company will be the first registered micro-financier. Egypt will

Blue staff member, Irene Wambui, volunteers her time at a local orphanage as part of her company's corporate social investment program.



also be Blue's first foray into an Islamic country and the company is developing some Sharia compliant products specifically for the Egyptian market. "If we get it right there, we would hope to then move into some other North African countries," reveals Niekerk. He points out, however, that expansion is not always straightforward, due to the red tape involved in getting the necessary licence. "As a foreign company, we need government support to come in and set up a financial services operation. And, where possible, we like governments to give us access to the civil service payroll so that we can deduct loan repayments directly from source. All this can take as long as three years," explains Niekerk.

Blue also has plans to attract more female customers. Unlike the Asia and Latin America experiences, where the

majority of micro-borrowers are women, loan seekers in Africa are predominantly men. Van Niekerk ascribes this to the comparatively large number of civil servants on the continent, a situation that has created a formally employed market with a strong male bias. "However, we think this spread is likely to change," he says, "and when it does we will be ready with products that will be attractive to female entrepreneurs."

Partnering with OFID

Van Niekerk is confident that Blue will continue to grow at its current pace for at least another five to six years and reports that the company is beefing up its resources, both financial and human, accordingly. He admits, however, that this is not an easy task in the current economic climate. "Blue's biggest challenge right

now is to attract new investors in order to raise the capital needed to support the company's growth and meet the demands of the market," he says. With the commercial banks largely cash strapped, Blue's corporate finance team is talking with development finance institutions like OFID, as well as with sovereign funds and private equity funds. "OFID's US\$15 million loan has come at the perfect time and is a great boost," says Van Niekerk. "The funds will allow us to channel additional capital into about six or seven of our countries where there is greatest need. They will be used to provide small business credits as well as education and home improvement loans." ■

2008 Annual Report highlights steadfast delivery of aid



In 2008, OFID approved a total of US\$815 million in fresh financing for development. The sum nearly equalled the record commitments of 2007 which were almost double the average annual amount approved in 2003-2006. The funds were provided mostly as concessional loan and grant financing. This brings OFID's total cumulative development assistance to US\$10.6 billion.

These and other figures are published in OFID's 2008 Annual Report, which was released on June 16 following its adoption by the Ministerial Council at its 30th annual meeting in Vienna, Austria. Published in English, Arabic, French and Spanish, the Report details OFID's activities during 2008. It also gives an overview of operations since the institution's inception in 1976.

In his Foreword to the Report, OFID Director-General, Mr. Suleiman J. Al-Herbish, points out that despite 2008 being a year beset by soaring food and fuel prices as well as a global financial crisis, OFID maintained its steadfast delivery of untied assistance to vulnerable countries. For example, in March, OFID responded swiftly

to an appeal by the World Food Program to help bridge a major funding gap by extending a US\$1.5 million grant. OFID also redoubled efforts to encourage growth and help create employment in the private sector with commitments through this window totalling US\$216 million – a 66 percent increase over the previous year. Furthermore, the institution boosted the resources of its Trade Finance Facility, which was launched in December 2006 to help meet the “rising demand for trade finance credits in the South.” In 2008 alone, US\$44.5 million in loans and lines of credit was approved under the Facility together with US\$104.5 million in risk-sharing guarantees. The latter reflects more than a three-fold increase over 2007.

Mr. Al-Herbish also recalls a major development of 2008: an *Energy for the Poor Initiative* launched by the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz Al Saud of Saudi Arabia. The initiative aims at mobilizing the donor community to provide a reliable, affordable source of energy to impoverished countries. Its launch came on the heels of a highly successful *Workshop on Energy Poverty in Africa*, which was organized and hosted by OFID in Abuja, Nigeria in early June 2008.

OFID would not have been able to continue its poverty-alleviation mission without the “generous support” of its Member Countries, the Director-General stresses. He also mentions that OFID

would continue to “play its part” in helping to lessen the impact of the global recession on the “poorest and hardest-hit countries.”

Public Sector Operations

In 2008, OFID approved 45 project loans worth US\$517.9 million to 38 countries. The funding helped to finance development operations in a range of sectors, including transportation (35 percent), agriculture (30.1 percent) and multi-sectoral (13.8 percent). Substantial resources were also directed toward the water supply and sewerage, energy, health and education sectors.

Private Sector Operations

Through its Private Sector window, OFID approved US\$216.6 million in fresh commitments. The amount was shared between the financial sector (32 percent) and the non-financial sector (68 percent). The funds will support activities ranging from micro-financing, iron and steel production, sugar refining, expanding a container terminal and river barge operations, among others.

Trade Finance Operations

Some US\$44.5 million was approved in loans and lines of credit, and US\$104.5 million in risk-sharing guarantees to various development banks.

Grant Operations

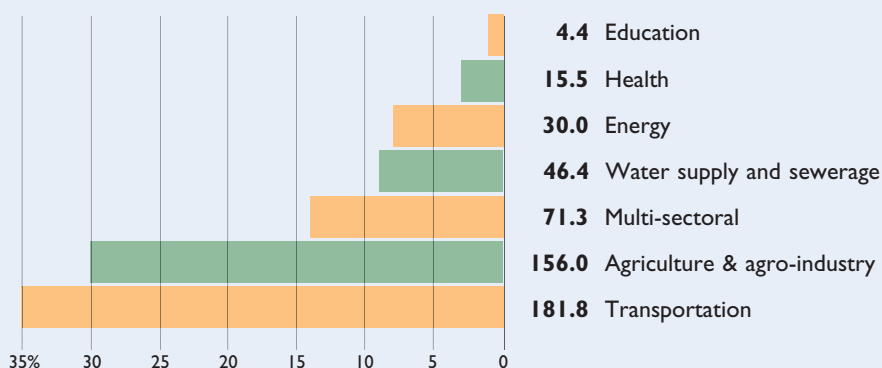
Resources committed in grant financing totalled US\$27 million in support of 74 projects. There were substantial approvals from the Special Accounts for HIV/AIDS and Palestine. Furthermore, nine grants were provided as Technical Assistance for a diverse range of causes. These included affordable electrical energy to the poor, a polio eradication initiative and strengthening the delivery of healthcare services, as well as knowledge management and vocational training for women. Research grants numbered 14, while US\$3.5 million was given in emergency aid following a spate of natural disasters. ■

Commitments and disbursements in 2008 (in millions of dollars)

	Commitments	Disbursements
1. Public Sector Operations		
Project financing	517.940	284.139
Program financing	9.300	—
HIPC Initiative financing	—	7.000
Subtotal	527.240	291.139
2. Trade Finance Operations	44.500*	61.756
3. Private Sector Operations	216.600	87.465
4. Grant Operations		
Technical assistance	4.250	4.088
Emergency aid	3.500	3.172
Research and similar activities	0.855	1.506
HIV/AIDS Special Account	0.350	8.780
Special Grant Account for Palestine	18.000	21.027
Common Fund for Commodities	—	5.000
Subtotal	26.955	43.573
Total	815.295	483.933

*Excluding \$104.5 million in risk-sharing guarantees.

Sectoral distribution of Public Sector project loans in 2008 (in millions of dollars)



The 2008 Annual Report is available by post (in both digital and printed formats) or online at www.ofid.org.

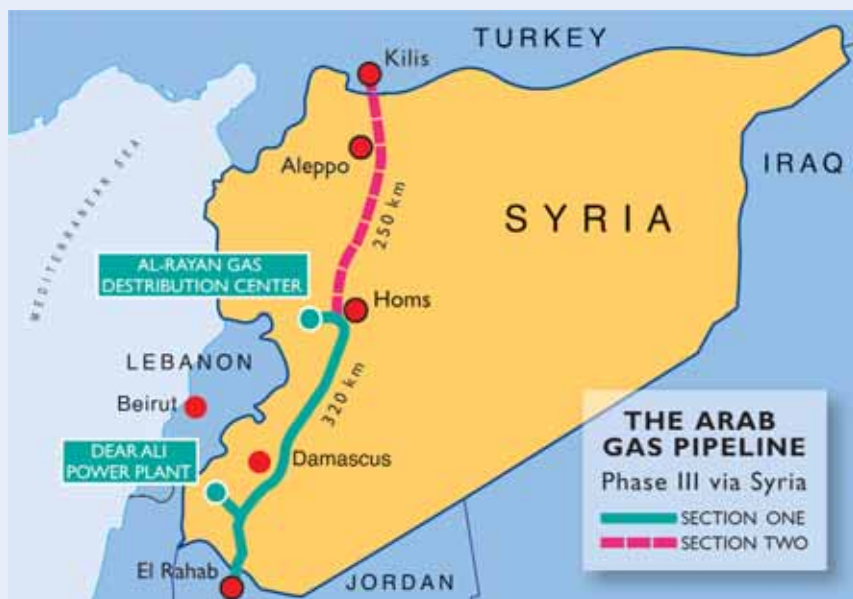
Energy for the poor: OFID co-finances Arab Gas Pipeline

BY TURKI AL-MUAIKIL

OFID's mandate revolves around its noble role of financing projects that will enhance development in poor countries around the world, especially the poorest amongst them. One of the core areas of development that OFID supports is the provision of energy. Among the many examples of OFID's efforts in this area is the Arab Gas Pipeline, a project that was the topic of discussion recently when OFID Director-General, Mr. Suleiman J. Al-Herbish, led a high-level delegation to Syria.

During the April mission to Damascus, the Director-General and his delegation met with Syria's Prime Minister, HE Mohammad N. Al-Atri; Minister of Oil, HE Sufian Al-alw, and other ranking officials in the country's energy sector. Mr. Al-Herbish explained to the officials that "OFID has at the heart of its mandate the spurring of sustainable development in non-OPEC developing countries." He specifically focused on the issue of energy for the poor in developing countries, especially the least developed among them. The Director-General spoke about the experience gained and the lessons learned in this area by OFID. He also outlined some new initiatives that are underway to combat energy poverty in developing nations.

To drive home the importance of the issue, Mr. Al-Herbish stressed that energy poverty was recognised by the Heads of State of OPEC Member Countries during their Third Summit in Riyadh, Saudi Arabia, in November 2007. He said the leaders, in the Riyadh Declaration, emphasized the need to eradicate poverty, and promote sustainable development in order to achieve the Millennium Development Goals. "In this context, as reflected in Chapter 2 Item 6 of the Declaration," Mr. Al-Herbish went on, "the OPEC Member Countries pledged to work through their aid institutions, as well as through OFID, to achieve these objectives."



OFID Director-General Al-Herbish (left) with Senior Operations Officer, Turki Al-Muaikil, at the Al-Rayan gas distribution center in Syria.

The Director-General informed the Syrian officials that OFID was helping to coordinate the stakeholders' actions regarding this initiative in which the World Bank and the Saudi Fund are actively participating. He said, "Our institution has contributed to the conceptualization of this initiative. OFID has proposed a financial mechanism to reach the dual objective of first, increasing the level of concessionality to make it accessible to the poor countries and second, to achieve a scope and volume of funding commensurate with the scale of the financial challenge in this domain." He added that OFID had played a catalytic role and suggested blending grants and loans to reach this dual objective. "Furthermore, we have already identified concrete energy poverty alleviation projects totaling US\$500 million," he stated.

In conclusion, the Director-General said "OFID will continue to combat energy poverty and foster pro-poor policies as part of its global mandate." Mr. Al-Herbish added that OFID welcomed collaboration with the energy industry and other financial institutions, along the lines spelled out in the Riyadh Declaration.

The aforementioned efforts by OFID are in tune with partner countries' energy development projects such as the Arab Gas Pipeline which spans several countries including Syria and Lebanon. The project has an interesting history.



PHOTO: OFID/HELEN ABU JURJI

After the Lebanese Civil War (1975-1991), the country's government had to rebuild its entire infrastructure, including electricity production and distribution facilities. In addition to the provision of electricity the government also aimed to reduce the national energy bill by 30 percent. This reduction in the cost of electricity was to be realized by significant use of natural gas for power generation. However, neither the government at that time nor its successors were able to achieve the objective, partly due to the project's extent and its cap-

ital intensiveness. Nevertheless, hope was kept alive and other ways and means of tackling the problem of insufficient electricity were examined.

In 2002, the former Lebanese Prime Minister HE Rafik Hariri came up with the idea of constructing an Arab Gas Pipeline which would run from Egypt through Jordan to Lebanon. Prime Minister Hariri wanted the pipeline to utilize Egypt's natural gas, as the sector was expanding rapidly with production having increased by over 30 percent between 1999 and 2007. ►



PHOTO: OFID/HELEN ABU JURJ

Syrian Prime Minister Mohammad Al-Atri with Director-General Al-Herbish. The pair engaged in discussions about the development of Syria's energy sector.

◀ The countries through whose territory the Pipeline would pass took up Prime Minister Hariri's challenge. Thus, that same year, ranking officials from Egypt, Lebanon, Jordan, Syria and Turkey, met and discussed the construction of an Arab Gas Pipeline. An agreement to proceed was signed in early 2003 by all participating countries and co-financiers. To the delight of all the stakeholders, the project was completed at the end of 2008 and has been operating successfully ever since.

OFID supported the project with a US\$30 million loan, drawn from the institution's Blend Facility. The loan represented 18 percent of the project's total cost of US\$163 million. Specifically, the funds were used to finance part of the foreign exchange costs of the electrical and mechanical equipment, as well as pipes and spare parts. Other co-financiers of this aspect were the Government of Syria and the Islamic Development Bank (IsDB). This particular part of the pipeline runs from the Syria/Jordan border to Al-Rayan gas distribution center in the City of Homs in the country's central region. In addition, there is a 14 km spur pipe that delivers gas to Dear Ali power plant in Syria.

According to the stakeholders in the project, the final phase of the Arab Gas Pipeline will be a 63 km stretch from Aleppo, Syria to Kilis in Turkey. As with the completed segments of the project, the Syrian Government is keen to see OFID participate with the IsDB in the final phase of the pipeline, and Prime Minister Al-Atri has submitted a request accordingly. So far, OFID has been coordinating with IsDB and the latter is planning to appraise the last phase of the project before the end of this year. To be known as the Arab-European Gas Pipeline, the project would entail the construction of a new pipeline from Kilis to some countries in Europe. Once underway, the project is estimated to be completed within three to four years. ■

First OFID Scholarship recipient graduates

BY REEM ALJARBOU

In 2007, OFID instituted an Annual Scholarship Award to support a student from any developing country to pursue higher education in a relevant field of development. This initiative was in line with OFID's continuous support to education, one of the crucial aspects of the Millennium Development Goals. Ms. Leah Manuzon, from the Philippines, was the first recipient of the OFID Scholarship Award. She has just graduated from the University of Southern California (USC), with a Master's Degree in Public Administration.

The OFID Annual Scholarship aims at supporting a highly motivated and academically driven individual, from a developing country to overcome one of the biggest challenges: the cost of advanced academic graduate training. The winner of the OFID Scholarship receives up to US\$100,000 toward the completion of a Master's Degree in a recognized institution of higher learning anywhere in the world.

Ms. Manuzon applied to OFID after being offered a place at USC to pursue a Masters' Degree in Public Administration at the School of Policy, Planning and Development (SPPD). Ms. Manuzon graduated with honors in May 2009. She also made the SPPD's Dean's list by achieving an almost perfect cumulative Grade Point Average (GPA) of 3.9 (A+). A maximum cumulative GPA is 4.0.

Ms. Manuzon states that "throughout my graduate studies, the OFID scholarship inspired me to perform well. After completing my studies, I was awarded the Dean's Certificate of Merit which is given in recognition of the top 5 percent of the graduating class in the MPA program." She stresses that the OFID Schol-



PHOTO: COURTESY LEAH MANUZON

Ms Manuzon at her commencement ceremony with Dean Jack Knott of the USC School of Policy, Planning and Development.

arship encouraged her not only to complete her studies, but to excel as one of USC's top students as well.

During her studies, Ms. Manuzon conducted research on the Challenges of Public Administration and Analysis of Future Perspectives in the Philippines. Her work was one of the three papers awarded SPPD's highly esteemed *Haynes Outstanding Performance Award*. Ms. Manuzon says, "I share these accomplishments with OFID, for they would not have been possible without the institution's support." She adds, "I would like to thank OFID again for this opportunity. I hope that the institution will continue with this noble endeavour."

OFID strives to support human capacity building in developing countries in various forms. The OFID Scholarship seeks to guide young men and women from developing countries to make a difference within their communities through education. The OFID Scholarship is currently in its third year with winners attending top programs in development-related fields. ■

2009 Scholarship winner announced

The winner of the 2009 OFID Scholarship is Ms. Sameen Shahid from Pakistan, who will read for a Master's in Public Administration in International Development at Harvard University's John F. Kennedy School of Government. Ms. Shahid was selected from a highly competitive field of more than 3,000 applicants. In addition to an outstanding academic record, Ms. Shahid has a strong background in development, having worked for the Poverty Alleviation Fund in Pakistan. She will commence her studies in September this year.





Vienna holds City Marathon 2009

OFID participates as co-sponsor

The City of Vienna, host to OFID's headquarters, was alive, Sunday, April 19, with accomplished local and internationally acclaimed long-distance runners participating in *City Marathon 2009*. The Vienna race is one of Europe's main Spring attractions, drawing much attention from all over the world.

For a second time, OFID joined the list of co-sponsors of the event, providing staff members the opportunity to meaningfully participate. OFID donated €100,000 to the organizers (VCM) and produced a number of corporate promotional items for the purpose. Management had approved a total €150,000 budget for OFID's participation, of which €100,000, as indicated, went to the organizers as support, and €50,000 covered incidental expenditures.

Against the backdrop of the event, OFID presented humanitarian grants to

two Vienna-based non-governmental organizations (NGOs) working to assist development. These are: the *Austrian Doctors for the Disabled* and the *Society for Austro-Arab Relations*. The NGOs were each presented US\$50,000 in grant assistance.

Yet other attractions of the Marathon were a concert of the *Vienna Philharmonic Orchestra*; an exhibition at the *Vienna Sports Fair* at Vienna's Exhibition Centre; and a VIP tent presence close to the finishing area of the race. OFID also received television coverage on Austrian national television.

At a joint press conference with the Marathon Organizers, preceding the Marathon, OFID Director-General Mr. Suleiman J. Al-Herbish noted that this was the second time OFID was supporting the race. He said "sports have always been an instrument in implementing soft

diplomacy." Mr. Al-Herbish spoke of OFID's relationship with the City of Vienna that has spanned more than 33 years, and said that the host city had enabled the institution to perform its global work.

On OFID's cooperation with VCM *per se*, the Director-General noted that OFID staff, who comprise individuals from some 23 different countries, were "runners of a global marathon." He said OFID staff struggled to improve living conditions in 121 countries across the globe. The Vienna City Marathon also exemplified the "strong cooperation OFID aspires to in battling poverty and encouraging economic growth," said Mr. Al-Herbish.

Mr. Wolfgang Konrad, General Manager, VCM, expressed his thanks to the Director-General and said that it was an honor that OFID was continuing to be



As part of its VCM sponsorship, OFID presented cheques to two Austrian NGOs. Pictured from left: Professor Martin Salzer, Doctors for the Disabled; Mr. Al-Herbish, OFID Director-General; Mr. Fritz Edlinger, Society for Austro-Arab Relations; Mr. Wolfgang Konrad, General Manager, VCM.

an active co-sponsor of the event. Mr. Konrad noted that the cooperation between OFID and the VCM had “established a new dimension.”

Mr. Al-Herbish then led – at the press conference – the grants presentation ceremony, giving symbolic cheques to the two Austrian NGOs “in recognition of their remarkable work.” The awards were accepted by the heads of the organizations, Professor Dr. Martin Salzer and Mr. Fritz Edlinger, respectively.

Professor Salzer thanked the Director-General, saying the grant would “go far in helping further the work” of his NGO, namely, by helping seriously disabled individuals in Bosnia, who represent a highly marginalized group. Mr. Edlinger also conveyed his thanks to Mr. Al-Herbish and pointed out that the cooperation between OFID and the Society for Austro-Arab Relations began 25 years



OFID's stand at the Vienna Sports Fair which preceded the marathon.

ago, when OFID's grants went toward an initiative to bring 50 young individuals from Palestine, Jordan and Syria to Austria to acquire technical skills “so they could become valuable contributors to their societies.”

On the day of the Marathon itself, some OFID staff members (with family,

friends and acquaintances) gathered in front of the OFID building on Parkring and, later, at the Vienna Heroes Square (*Wiener Heldenplatz*) to cheer-on OFID star athletes and celebrate the successful conclusion of VCM 2009. The 42.1km marathon was won by Kipruto Kirwa, a Kenyan athlete. ■



Lebanese Prime Minister, Fuad Siniora, flanked by HE Yousef I. Al-Bassam, Vice Chairman/Managing Director of the Saudi Fund for Development (*right*), and Mr. Adel Bakhsh, Ambassador a.i. of Saudi Arabia to Lebanon.

Pan Arab Highway: OFID attends foundation stone ceremony

Since its inception 33 years ago, OFID has been contributing to the enhancement of strategic areas in the economies of many developing countries, especially the poorest amongst them. Areas of focus include the health, agriculture, water supply, education and transport sectors. Recently, OFID joined the Saudi Fund, the Kuwait Fund, the Arab Fund and the Government of Lebanon to co-finance the 62 km Lebanon-Syria stretch of the Pan Arab Highway. The total cost of the project is estimated at US\$246 million.

OFID Director-General, Mr. Suleiman J. Al-Herbish was recently invited along with the Vice Chairman/Managing Director of the Saudi Fund, HE Yousef I. Al-Bassam, to attend the ceremonial laying of the Highway's foundation stone on May 13-15, 2009 in Lebanon. Mr. Al-Herbish could not attend the occasion due to earlier commitments elsewhere. Therefore, he sent a two-man delegation comprising Mr. Imhemed Bukader, Director, Asia Region; and Mr. Turki Al-Muaikil, Senior Operations Officer.

The foundation stone ceremony was witnessed by HE Fuad Siniora, Prime Minister of Lebanon, together with representatives of the co-financiers, including OFID. Others were ranking Lebanese officials as well as the project's contractors. During the ceremony, the following high-level officials made speeches: HE Siniora; HE Ghazi Al-Aridhi, Minister of Transportation; HE Nabil Al-Jisir, President of the Council for Development and Reconstruction (CDR); HE Yousef I. Al-Bassam Vice Chairman/Managing Director of the Saudi Fund; and OFID's representative.

All the speakers highlighted the importance of the highway project in terms of the enhanced economic activities it will engender in the countries it will pass through. They said the highway will also have a positive economic spillover effect in the region in general. Prime Minister Siniora praised OFID and the other co-financiers for their continued support, adding that he was confident such cooperation would continue to be strengthened. The inauguration stone had inscribed on it the names of the Prime Minister of Lebanon, the Vice Chairman/Managing Director of the Saudi Fund and the Director-General of OFID.

At the end of the ceremony, the Lebanese President invited the OFID delegation to meet with him. During the meeting which was also attended by HE Al-Jisir, President Suleiman requested the OFID representatives to convey his gratitude to Mr. Al-Herbish as well as OFID, for participating and supporting the highway project. He also said he looked forward to the strengthening of cooperation between Lebanon and OFID. In conclusion, President Suleiman requested the OFID representatives to convey his invitation to the Director General of OFID to visit Lebanon at his convenience.

Later, the OFID representatives met with HE Al-Jisir and Mr. Tala'at Dada, Director of Projects, at CDR. The meeting focused on ongoing as well as future operations, in particular, the Hilly Areas Sustainable Agricultural Development Project (HASAD). HE Al-Jisir expressed his appreciation to OFID for its support of the proposed HASAD project.

HE Al-Jisir also requested OFID to consider participating in co-financing (with the Saudi Fund), one of the government's two priority projects, namely, the Pan Arab Highway Phase II or the Beirut



The OFID co-financed project will upgrade sections of the highway that links Beirut to the Syrian border.

General Hospital. Mr. Al-Jisir emphasized that he always considers OFID to be a major partner in the development of the Lebanese economy through the institution's assistance in co-financing projects in various sectors. OFID's delegation promised to convey to the Director-General all the points made during the various meetings in Lebanon.

Furthermore, the OFID delegation held separate discussions with Ms. Gloria Abouzeid, President of the Green Plan Executive Committee. The meeting talked about the role of the Committee in the execution of the proposed HASAD project. Ms. Abouzeid said the Green Plan is an autonomous organization under the oversight of the Ministry of Agriculture, adding that its mandate is to study and execute land reclamation and development projects such as HASAD.

Overview of the Pan Arab Highway

The 62 km Pan Arab Highway stretch joining Beirut to Masnaa, which lies directly on the Syrian border, passes through key agricultural territory as well as popular tourist areas.

Under the project, a 26 km-long section of the existing Beirut-Damascus Road connecting Hazmieh (a Beirut suburb) to the town of Saoufar, will be widened and upgraded to a divided, six-lane dual car-

riageway, including lighting and traffic signs. Three new sections totaling 36.5 km linking Saoufar to Masnaa will be constructed and paved with a bitumen surface. Other related works will entail the construction of overpasses, viaducts, drainage structures, interchanges and concrete barriers. The highway sections are designed with a 20-year life span, with the built-in potential to extend the useful life by another 20-25 years.

The total cost of the project is estimated at US\$246.30 million, and it is co-financed with three sister institutions, namely the Arab Fund, the Kuwait Fund and the Saudi Fund, in addition to the Government of Lebanon. OFID's loan is in the amount of US\$15 million. The Highway is divided in four sections. OFID, the Saudi Fund and the government are co-financing one section. The Saudi Fund loan is US\$45 million, while the other 3 sections are co-financed by the government, the Arab Fund and the Kuwait Fund.

The 62 km Pan Arab Highway project will entail the rehabilitation and construction of the new sections of a major artery that will link the capital city of Beirut to the Syrian border. Upon completion, the project will facilitate the transport of goods for export, improve economic activity and encourage trade opportunities between the two countries. ■

APRIL 2

Private sector loan agreement signed

Azerbaijan. US\$5 million.
Line of credit to *Azerigazbank*.

APRIL 5

Public sector loan agreement signed

China. US\$10.5 million.
Bosten Lake Basin Rehabilitation.

APRIL 14

Research grants approved

International Association for Energy Economics (IAEE). US\$30,000. To sponsor the attendance of 25 students from developing countries at two conferences of the IAEE, which will be held this year in San Francisco, USA and Vienna, Austria.

Friends of Environment and Development Association (FEDA). US\$100,000. This grant will co-finance a pilot project of FEDA which, since 1999, has rehabilitated and constructed important infrastructure in the Gamalia District of Cairo, Egypt. OFID's grant will support additional activities, which include provision of vocational and technical training courses and literacy programs, as well as schemes to raise community awareness of environmental issues.

Foundation Linau. US\$100,000. This grant will support the participation of 45 young scientists from Arab and developing countries at the 59th Meeting of Nobel Laureates in Chemistry, which will hold at Lake Constance on June 28 - July 3, 2009. The program will consist of lectures and discussions, including two panel discussions entitled *The Role and Future of Chemistry for Renewable Energy* and *Global Warming and Sustainability*.

APRIL 28

Public sector loan agreement signed

Syria. US\$30 million.
Ar re-gga Deir Ez-zoor - Hassaka Road.

MAY 8

Private sector agreement signed

Africa. US\$15 million.
Line of credit to Blue Financial Services
See story page 12

MAY 27

Mission to IR Iran

OFID Director-General Al-Herbish leads delegation to Member Country, IR Iran. The delegation met with HE Dr. Seyed Shamsedin Hosseini, Chairman of OFID's policy-making Ministerial Council and Minister of Economic Affairs and Finance of Iran; HE Dr. Manouchehr Mottaki, Minister of Foreign Affairs; HE Dr. K. Parviziyan, Chairman and Managing Director of the Export Development Bank of Iran; and HE Mr. Khorshid Anwar, Secretary General of the Economic Cooperation Organization (ECO).

JUNE 2

Public sector loan agreement signed

Egypt. US\$30 million. Abu Qir Power Plant.

JUNE 4

Research grants approved

Bibliotheca Alexandrina (BA). US\$200,000. This grant will help fund the production of a series of TV programs in Arabic covering scientific topics. The programs will target a large local and regional audience in the Arab-

speaking world, particularly students, young scientists, researchers and educators. BA is a major library and cultural center established in Alexandria, Egypt in 2002.

United Nations Register of National Damage Caused by the Construction of the Wall in the Occupied Palestinian Territory (UNRoD). US\$200,000. This grant will co-finance an outreach program *Claim Intake Activities for Damage caused by the Separation Wall in Palestine* sponsored by UNRoD. The program aims at insuring that all individuals who sustained material damage as a result of the separation wall in the West Bank are duly informed of their rights and given the opportunity to file a legal claim. Temporary offices will be set up at various places in the West Bank and Gaza, each of which will be staffed by two claim intake teams.

Colombo Plan. US\$50,000. This grant will support the Colombo Plan Secretariat's *Professional Development Program for Sciences and Mathematics Educators (PDPSM)*, which will be held from July 29 - August 18 in Penang, Malaysia. The Program is expected to directly benefit 30 educators from 17 countries, including 10 least developed countries.

JUNE 8

Emergency assistance grant approved

India and Bangladesh. US\$600,000. This grant helped finance essential relief supplies and emergency operations for victims of Cyclone *Aila*, which left hundreds dead and thousands of communities homeless in India and Bangladesh. The funds were channeled through the International Federation of Red Cross and Red Crescent Societies (IFRC). Urgently-needed items included blankets, cloths, plastic sheets, jerry cans, hygiene parcels, oral rehydration salts, water purification tablets and tents. OFID's grant was divided equally between the two countries.

JUNE 12

Loan agreements signed

Belize. US\$3.26 million.
Solid Waste Management.

DR Congo. US\$5 million.
Rehabilitation of Primary Schools.

Swaziland. US\$25 million.
Sicunusa - Nhlangano Road.

Uzbekistan. US\$12.73 million.
Rehabilitation of Irrigation Network.

Zambia. US\$6 million.
Cancer Diseases Hospital (Phase II).

JUNE 16

OFID Ministerial Council holds 30th Session in Vienna, Austria

The Ministerial Council, OFID's highest policy-making body, adopted the Annual Report for 2008 and approved replenishments of OFID's Special Grant Account for HIV/AIDS Operations and Special Grant Account for Palestine. *See story page 4*

JUNE 17

127th Session of the Governing Board approves US\$187 million in fresh financing for development**Project loans approved**

Bolivia. US\$10 million.
Extreme Poverty Eradication Program
Plan Vida.

Bosnia and Herzegovina. US\$6 million.
Rural Livelihoods Development.

Egypt. US\$25 million.
Social Fund for Development.

Ethiopia. US\$15 million.
Nekemte-Bedelle Road.

Honduras. US\$25 million.
Rehabilitation of the Agricultural Corridor Road.

Mali. US\$8 million. Taoussa Dam.

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

Nepal. US\$15 million.
Lumbini Connectivity and Infrastructure Improvement.

Pakistan. US\$31.1 million.
Neelum Jhelum Hydropower Plant.

Paraguay. US\$29 million.
National Rural Roads Program – Stage II, Phase II.

Rwanda. US\$10 million.
Electricity Access Scale-up.

Senegal. US\$4.7 million.
Linguère-Boulal Road (supplementary loan).

Grant approved under the HIV/AIDS Special Account

OFID/ILO (International Labor Organization) multi-regional project on Strengthening the World of Work Response to HIV/AIDS. US\$2.5 million.

The initiative aims at developing comprehensive programs to address high-risk populations and vulnerable workers and their families. It will also address capacity gaps in the national AIDS response. The ultimate beneficiaries will be workers and employers in the selected countries, including their families. The project will be implemented, under the overall coordination of the ILO/AIDS program, by the relevant ILO field offices in the Africa, Latin America and the Caribbean regions. The beneficiaries are African countries Ethiopia, Kenya, Liberia, Senegal and Sierra Leone, and Latin America and the Caribbean countries Bolivia, Guyana, Haiti, Honduras, Nicaragua and Paraguay.

Grant approved under the Special Grant Account for Palestine

United Nations Relief and Works Agency (UNWRA). US\$1.2 million. Scholarship Fund for Talented Palestinians. This grant will help finance a comprehensive, large-scale scholarship program that will provide higher education opportunities to Palestinian students from the West Bank, Gaza Strip and refugee camps in neighboring countries. The Scholarship Fund represents one of a broad range of activities UNRWA is undertaking to commemorate its 60th anniversary. The first component of the envisaged activities will entail the creation of a privately-run endowment fund, independent of UNRWA, which will be overseen by a board of trustees. A second component will develop UNRWA's capacity, together with partners and experts,

to select scholarship recipients and establish an entity to effectively manage and distribute the offered scholarships.

Technical assistance grants approved**Consultative Group on International Agricultural Research (CGIAR).**

US\$1.2 million. This grant will be allocated to eight CGIAR-sponsored agricultural research centers; namely CIAT (International Center for Tropical Agriculture), CIMMYT (International Maize and Wheat Improvement Center), CIP (International Potato Center), ICAR-DA (International Center for Research in the Dry Areas), ICRISAT (International Crops Research for the Semi-Arid Tropics), ILRI (International Livestock Research Institute), IWMI (International Water Management Institute) and the World Fish Center. The funds will help finance schemes that target areas of research and capacity-building policies. In turn, these will have major impact on agricultural development; food security; health; technology transfer and the management and conservation of natural resources. Beneficiaries include some 30 countries in Africa, Asia, Latin America and the Caribbean.

Pan American Development Foundation.

US\$1 million. This grant will help fund a project aimed at improving water supply and sanitation services in Haiti. Objectives are to boost the health and quality of life of Haitians by increasing access to potable water and safe sanitation services. Other benefits include strengthening the capacity of local institutions to manage and sustain the related infrastructure. Project activities will entail reviewing the status of the existing water supply and sanitation sector; identifying priority areas; construction and rehabilitation of water supply stations; provision of technical assistance; and the introduction of modern technologies in the form of pilot projects.

Hilfswerk Austria International.

US\$400,000. This grant will support a rural development scheme in the coastal zones of Lake Managua, Nicaragua. The project aims to improve the living conditions of farming communities in the districts of Matere and Managua south of Lake Managua, where soil degradation and the large-scale depletion of natural resources is having a deleterious effect on the environment. Activities will focus on the reforestation of 300 ha of ►

◀ degraded forest area; capacity building among farmers in natural disaster mitigation; and the construction of water wells. Works will be conducted in cooperation with the Hilfswerk branch in Nicaragua and the Tropical Agricultural Research Center based in Costa Rica.

Research grants approved

Aga Khan Foundation. US\$50,000. This grant will help finance a program that aims at improving the delivery and quality of education in one of the poorest regions in Tajikistan, the Gorno Badakhshan Autonomous Oblast. Mountainous and remote, the area offers little in the way of agricultural potential and thus, improving education is the primary means of ensuring a good future for the population. The program will carry out institution-strengthening and capacity-building to make education more participatory, efficient and effective.

Islamic Academy of Sciences (IAS). US\$45,000. This grant will sponsor the 17th Annual IAS Conference which will hold December 14-17, 2009, in Malaysia. The theme of the event is *Towards the Knowledge Society in the Islamic World: Knowledge Production, Application and Dissemination*. Some 250 participants, including academics, decision-makers, scientists and researchers are expected to attend the Conference

JUNE 18

Loan agreements signed

The Gambia. US\$8 million.
Banjul Airport Rehabilitation, Phase II.

Senegal. US\$9.08 million.
Agricultural Value Chains Support.

JUNE 24

Loan agreement signed

Pakistan. US\$6 million.
Promotion of Rain Water Harvesting in the Earthquake Affected Areas.

JUNE 29

Loan agreement signed

Cambodia. US\$7 million.
Road Asset Management.

Meetings attended by OFID

April – June 2009

MARCH 31 – APRIL 2

WASHINGTON DC, USA
World Bank Group's Energy Week 2009

APRIL 14 -18

AMMAN, JORDAN
Meeting of Arab Institutions

APRIL 21-23

LONDON, UK
Human Resource Development Conference

APRIL 23

VIENNA, AUSTRIA
3rd Banking Forum for CIS Countries & Eastern Europe and 20 BACEE Country and Bank Conference

APRIL 24-25

PARIS, FRANCE
Oxford Institute for Energy Studies -
Annual Brainstorming Session

APRIL 27-30

DAMASCUS, SYRIA
General Assembly and Board of Directors meeting for Byblos Bank Syria and Byblos Bank Africa

MAY 2-5

BALI, INDONESIA
42nd Annual Meeting of the Board of Governors of the Asian Development Bank

MAY 10

KUWAIT
Joint Meeting of the Members of the Coordination Group and the OECD Development Assistance Committee.

MAY 10-15

DAKAR, SENEGAL
Annual meeting of the African Development Bank

MAY 15

NEW YORK, USA
17th Session of the United Nations Commission on Sustainable Development (UNCSD-17)

MAY 17

RIYADH, SAUDI ARABIA
Meeting with the International Finance Corporation Regional Office

MAY 19-20

RIYADH, SAUDI ARABIA
Euromoney Saudi Arabia Conference

MAY 23

ABU DHABI, UNITED ARAB EMIRATES
Meeting with the Arab Monetary Fund

MAY 24

DOHA, QATAR
Meeting with the Emir of Qatar

JUNE 2-3

ASHGABAT, TURKMENISTAN
34th Annual Meeting of the Board of Governors of the Islamic Development bank

JUNE 24-25

BRUSSELS, BELGIUM
20th Annual Session of the Crans Montana Forum

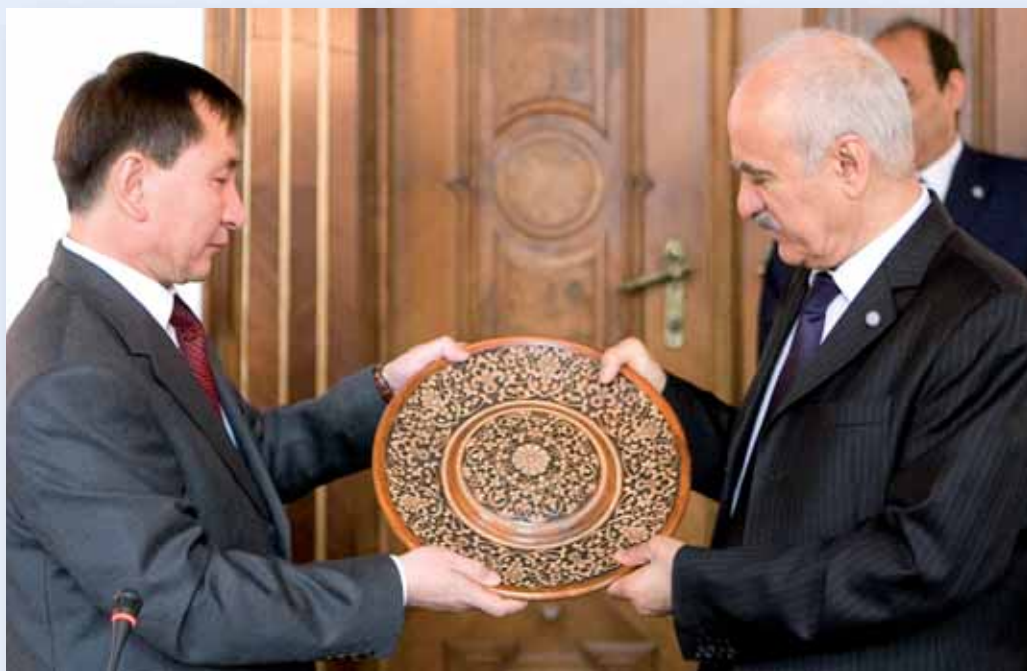
JUNE 29 – JULY 1

RIYADH, SAUDI ARABIA
65th meeting of the Coordination Group of Arab/OPEC/Islamic Development Aid Institutions.

LOAN SIGNATURE photo gallery

April 5

HE Li Yong, Vice-Minister of Finance of China, with OFID Director-General Al-Herbish. The Minister secured a US\$10.5 million loan to rehabilitate the Bosten Lake Basin in China's Xinjiang Uyghur Autonomous Region.



June 6

HE Yorkin Yergashevich Tursunov, Deputy Minister of Finance of Uzbekistan with Mr. Al-Herbish. The Minister signed a US\$12 million loan agreement in support of a project to construct a new pumping station for irrigated agriculture.



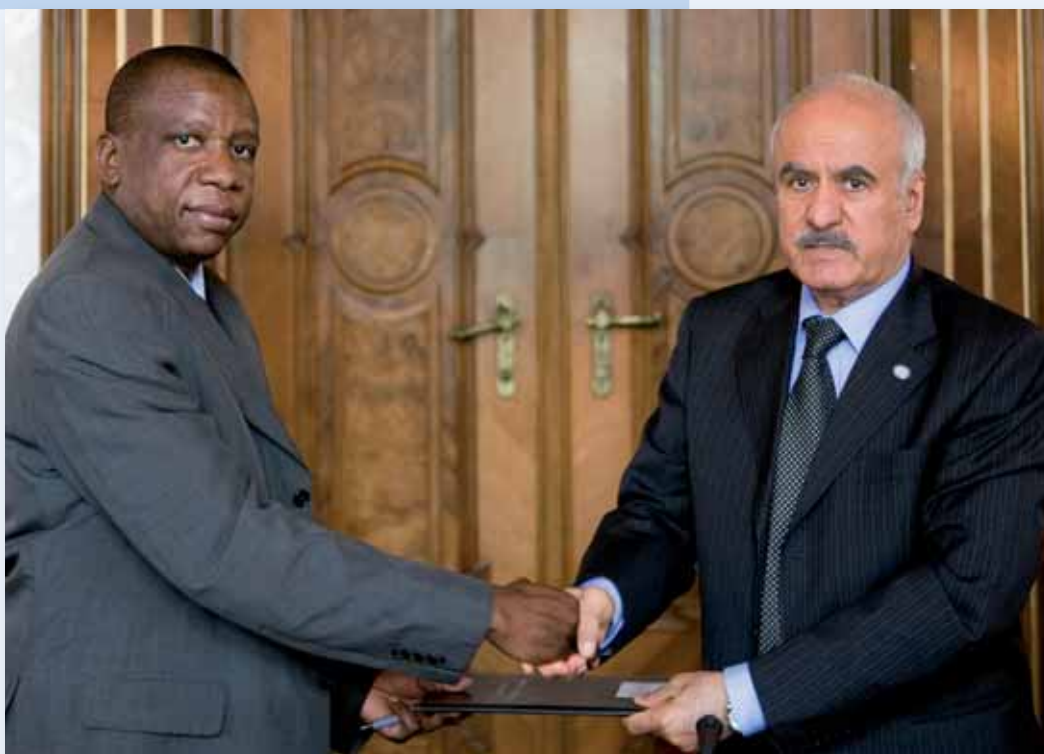
June 10

Mr. Georges Wembi Loambo, Director, Head of Office, Ministry of Finance of DR Congo, secured US\$5 million in financing for a primary schools rehabilitation project.



June 10

HE Dr. Thembayena Annastasia Dlamini, Ambassador of Swaziland to Switzerland, initialled a US\$25 million loan agreement to help upgrade an important road link in the southwest of the country.



June 12

Mr. Michael U. Mwaanga, Director of Investments and Debt Management, Ministry of Finance and National Planning of Zambia, with Mr. Al-Herbish. The US\$6 million loan will co-finance the second phase of a cancer hospital project.



June 18

HE Cheikh Sylla, Ambassador of Senegal to Germany, with Mr. Al-Herbish. The US\$9.08 million loan will be used to improve rural infrastructure and help small farmers access new, profitable value chains.



June 18

Mr. Serign Cham, Second Permanent Secretary, Ministry of Finance and Economic Affairs of The Gambia, signed a US\$8 million loan agreement to co-finance the rehabilitation of Banjul Airport.

June 29

HE Aun Porn Moniroth, Secretary of State of the Ministry of Economy and Finance of Cambodia, with Mr. Al-Herbish, following conclusion of the loan agreement. The US\$7 million credit will be used in support of a national road asset management project.



The full list of loan signatures can be found on pages 28-30



HE Jamal Nasser Lootah,
Chairman of the Governing Board



Dr. Behrouz Alishiri,
Governor of IR Iran
to OFID (*left*)
and Mr. Saman
Ghasemi, IR Iran's
Alternate Governor.

Mr. Abdul Wahab Ahmed Al-Bader, Governor of Kuwait to OFID (left) and Mr. Fawzi Yousef Al-Hunaif, Alternate Governor.



127th Session of the Governing Board

Meeting in its 127th Session in Vienna, Austria, OFID's Governing Board released over US\$210 million in fresh funds for development. Project loans amounting to US\$186.6 million were approved for 12 countries in Africa, Asia, Latin America and Europe, while US\$18.5 million was committed in debt relief for Burkina Faso (US\$10 million) and Côte d'Ivoire (US\$8.5 million). Approval was also given for several grant-financed activities. Totalling US\$5.1 million, the grants will support activities relating to HIV/AIDS, agricultural research, water supply and sanitation and rural development.



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

VISITOR highlights



May 27

A group of approximately 25 students and two instructors from the Hamburg, Germany Institute for Security and Peace Policy (IFSH) visited OFID for a brief lecture on the aims and record of the institution. The presentation was followed by a lively Q&A session. OFID regularly receives groups of this kind as part of the institution's outreach program.





April 15

Students from the Austrian Association for the Middle East gathered for a photograph in OFID's atrium after a lecture and discussion on the institution's mission and activities.



June 9

OFID Director-General Mr. Al-Herbish welcomed to his office Ambassador Hans Winkler, Director of the Diplomatic Academy in Vienna, for a briefing on the work of the institution.



VISITORhighlights

June 18

HE Dr. Zul-Kifl, Minister of State and Special Advisor to the President of the Central African Republic, led a high-level delegation to OFID to discuss recommencing cooperation between his country and the institution.



June 29

OFID Director-General Al-Herbish greets HE Alexander Zmeevskiy, Multilateral Ambassador of Russia for a meeting to discuss international development and other matters of mutual interest.



June 30

A delegation from Indonesia consisting of officials from various ministries and agencies, including military officers, visited OFID for a briefing on the institution's activities and mission. The delegation was in Vienna as part of their strategic study at Indonesia's National Resilience Institute.





UNCSD-17 calls for integrated solutions to multiple crises

BY FATIMAH ZWANIKKEN

PHOTO: SHUTTERSTOCK/HOLGER METTE

With the world facing a plethora of crises, ranging from climate change to food shortages and financial meltdown, the recent Seventeenth Session of the UN Commission on Sustainable Development (UNCSD-17) provided a platform to plot strategies to deal with the various challenges. In its closing documents, the meeting pinpointed support to farmers and agriculture as the lynchpin of an integrated long-term response.

U NCSD-17 convened May 4-15 at UN Headquarters in New York City. In attendance were over 1,000 delegates, including more than 40 Ministers and representatives from UN agencies, as well as representatives of international organizations – including OFID – national governments, the private sector and civil society. The session, meeting in its policy year, was chaired by Ms. Gerda Verburg, Netherlands’ Minister of Agriculture, Nature and Food Quality.

The conference highlighted the multiple crises currently confronting the world: among them climate change, ecosystem degradation, food insecurity, financial meltdown and economic recession. Deep concern was expressed about the impact of the crises on the most vulnerable countries and peoples and on progress toward the Millennium Development Goals (MDGs). The Session stressed the responsibility of global policy makers to design policies that would help to overcome the challenges, pointing to an integrated solution that would combine the economic, social, and environmental dimensions of sustainable development.

The conclusions of UNCSD-17 are captured in a 52-page negotiated final outcome document which details policy options and practical measures to address the six priority areas of agriculture, rural development, land, drought, desertification and Africa. Emphasizing the urgent need to increase food security and agricultural development, the *Final Adopted Text* emphasizes that agriculture is at the center of sustainable development. It says farmers – particularly women – must be at the heart of a “green revolution,” especially in Africa. Delegates also stressed the need for a successful conclusion of the World Trade Organization’s Doha Development Round of Multilateral Trade Negotiations, and highlighted the role of integrated water and land resource management in achieving sustainable development and food security. On rural development, the delegates pledged to promote equitable access to land, water and technologies by rural women, indigenous people and other vulnerable groups. They said the aim should be to strengthen the human capacities of rural people and stimulate job creation. The delegates ►

UNCSD delegates pledged to strengthen the human capacities of rural people and stimulate job creation.



PHOTO: IISD REPORTING SERVICES



PHOTO: IISD REPORTING SERVICES

CSD Chair Gerda Verburg gaveling CSD 17 to a successful close after 10 days of deliberations.

Sustainable farms, food, feed, fuel and funds are all needed to secure a steady path to the future.

◀ also focused on the need for increased investment in agriculture and rural infrastructure, adding that the challenges and opportunities posed by biofuels also needed to be addressed.

A *Shared Vision Statement* formulated by delegates from both developed and developing countries, also highlighted the urgent need for bold, determined, innovative and integrated responses to the various parallel crises. The shared vision – which had the status of Chairperson's Summary – stresses that agriculture is an important part of the solution to today's multiple crisis, adding that sustainable farms, food, feed, fuel and funds are all needed to secure a steady path to the future. It recognizes that today's multifaceted challenges require integrated responses which must address short-term emergencies while developing long-term strategies within a sustainable development framework. Ac-

cording to the statement, the most important actors in this process are farmers, especially women farmers, and rural communities, whose empowerment is the key to poverty eradication and sustainable development.

In line with its tradition, the Commission briefly touched on its 18th Session (UBCSD-18), scheduled for May 3-14, 2010 to elect the Chairperson and Bureau that would guide its work. The thematic cluster for the implementation cycle 2010-2011 review session will include matters related to transport; chemicals; waste management and mining. Mr. Alberto Ferrate, Minister of Environment and Natural Resources of Guatemala was elected to Chair the Commission. Likewise, Hilario Davide (Philippines) and Mohamed Alahraf (Libya) were elected as two of the four Vice-Chairs. The remaining Vice-Chairpersons will be elected at a later date. ■

OFID at UNCSD-17

In a side event at UNCSD-17, OFID and the International Institute for Applied Systems Analysis (IIASA) jointly presented the conclusions of a special study commissioned by OFID entitled, *Biofuels and Food Security*: (OFID Pamphlet Series No. 38). The study was initiated by OFID in response to its concerns about the potential adverse effects of an accelerated biofuels production on sustainable agriculture and food security in poor countries. The presentation was well attended and triggered a lively debate on the pros and cons of biofuels.

Women unduly affected by global employment crisis



As the global recession tightens its grip, a report by the International Labor Organization (ILO) suggests that women are shouldering a disproportionate share of the fallout. In addition to suffering greater unemployment, women also continue to be discriminated against when it comes to job choices, pay and promotion.

The global financial crisis and economic downturn that started in the second half of 2008 has significantly weakened international labor markets. The ILO estimates that the number of unemployed rose by 10.7 million to 190 million people between 2007 and 2008. This was the largest year-on-year increase since 1998. Experts believe that, should the economic crisis continue to deepen, the ranks of the unemployed could rise to 239 million in 2009. The strong possibility is that the number of working poor – people who earn less than US\$2 per day – may reach 1.4 billion, or 45 percent of all the world's employed.

Despite important progress towards reducing unemployment, 2008 unemployment rates were highest in the Middle East and North Africa regions, at 9.4 percent and 10.3 percent respectively. This was followed by Central and South Eastern Europe and the Commonwealth of Independent States (8.8 percent), sub-Saharan Africa (7.9 percent), and Latin

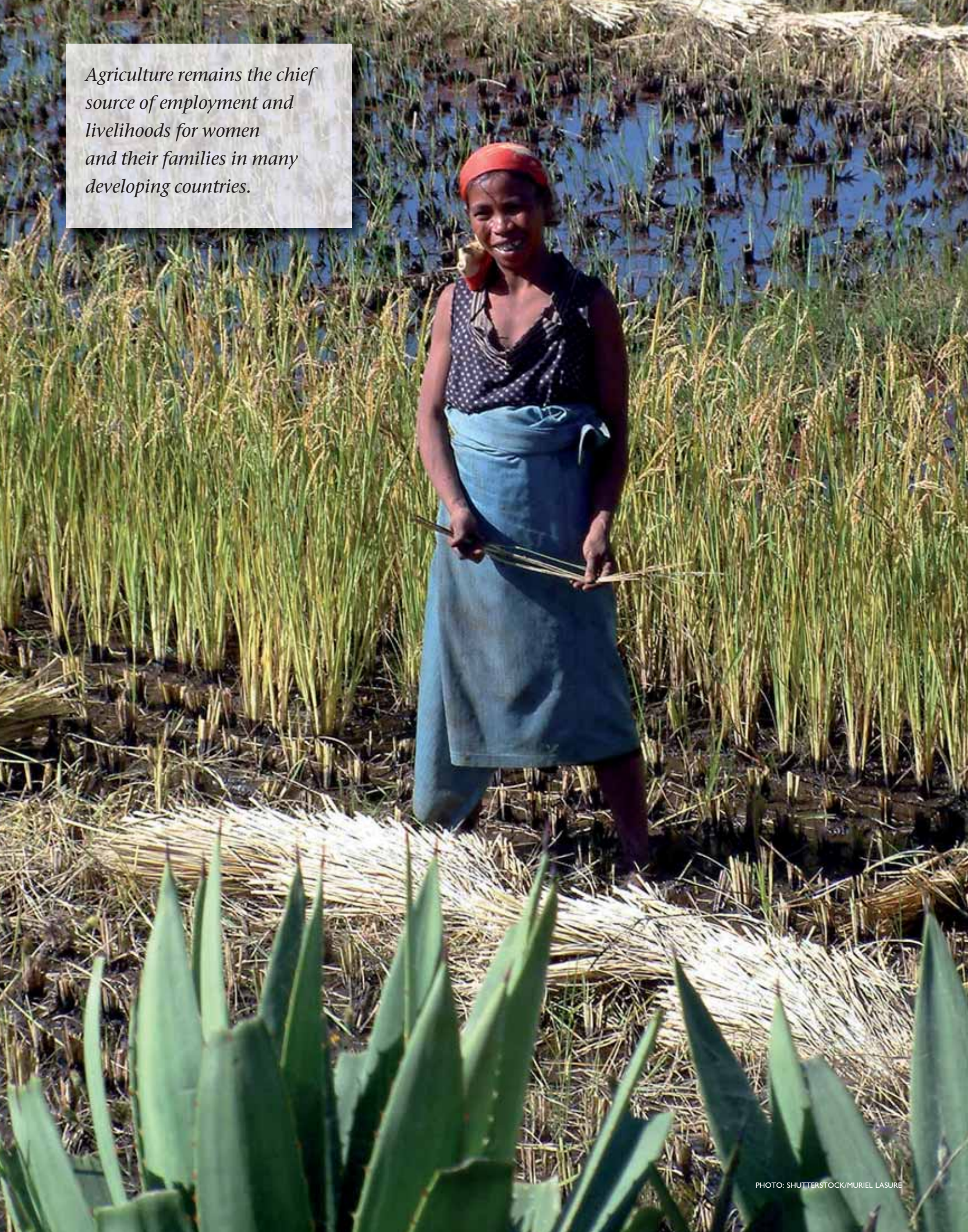
America and the Caribbean (7.3 percent). The lowest unemployment rates were observed in East Asia at 3.8 percent, followed by South Asia and South-East Asia (5.4 percent) and the Pacific (5.7 percent).

Although the global employment crisis is affecting both men and women in different regions of the world, the downturn has had a detrimental impact on women in particular. As it were, women have continued to suffer disadvantages in terms of access to labour markets. According to the ILO's *Global Employment Trends for Women 2009* Report, unemployment among women rose by 6.3 percent in 2008, compared to 5.8 percent for men. The crisis underscores the need for the international community to remain fully committed to reaching the United Nations Millennium Development Goals (MDGs) by 2015. These eight ambitious targets include MDG3 – the Goal of Promoting Gender Equality and Empowering Women.

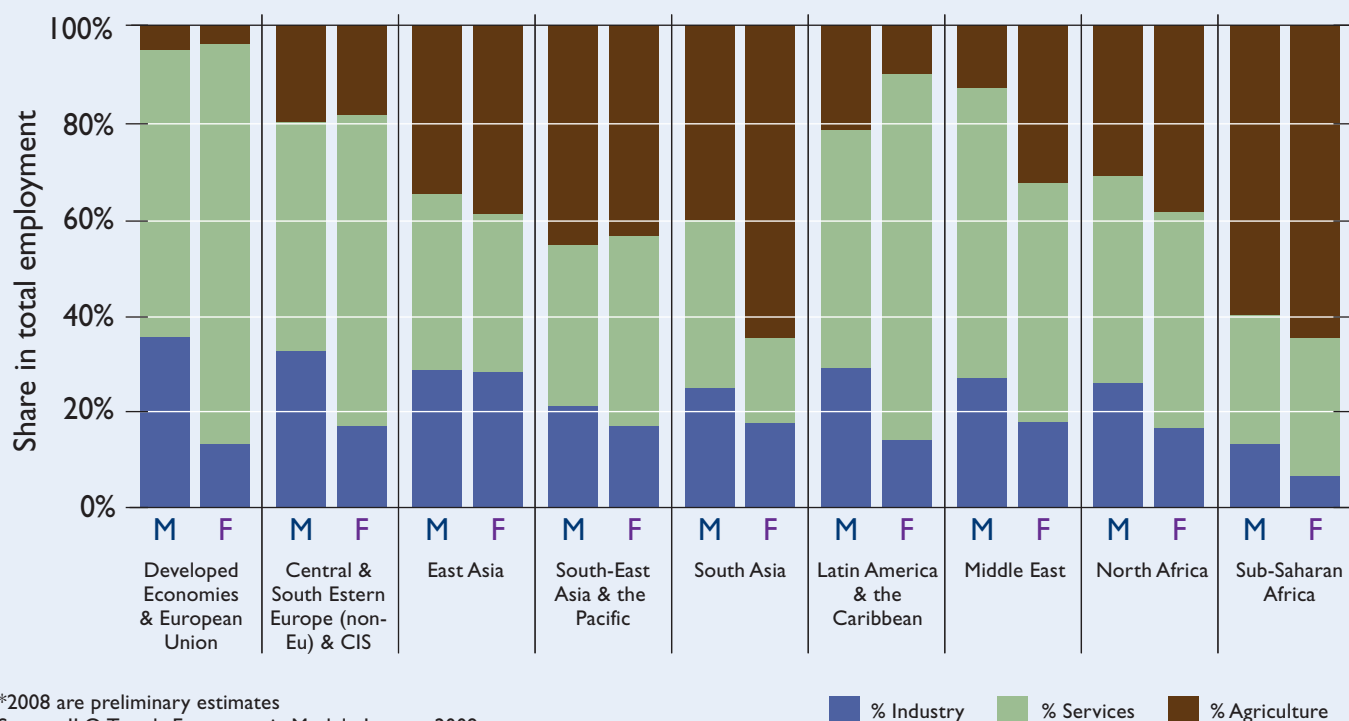
Most regions of the world have a long way to go towards integrating women into the labour force. Women still face discrimination in access to training and jobs, and are too often trapped in insecure employment situations with low productivity. In wage and salaried employment across all sectors, women receive lower pay for work of equal value. Also, they face persistent earning gaps which cannot always be justified by differences in skills, experience or tenure. To compound their myriad problems, women are confined mostly to “female” occupations and have little chance of mobility.

This is particularly the case for women in the agricultural sector. Despite a decline in the share of agriculture in total female employment, the profession remains the predominant source of employment and livelihoods for women and their families in many developing economies – especially in Africa. An analysis of women in African ►

Agriculture remains the chief source of employment and livelihoods for women and their families in many developing countries.



Distribution of employment by sector
(sectoral employment as percentage of total employment), by sex and region, 2008*



◀ agriculture points at gender inequality as an important reason for the sector's failures. According to the International Development Research Centre, women in Africa only own one percent of the land. And their land is often of lower quality than the land owned by men. Also, women's access to financial and technical resources is limited. It is noteworthy that in Africa, formal social protection systems are almost non-existent, and where they do exist, they often discriminate against women.

To be sure, there are steps that could lead to the enhancement of food security in Africa in particular, and in the developing countries in general. For example, given the key role of women in agriculture, improving their situation would greatly enhance progress for the sector in terms of food security and the economy at large. Economic growth could be much higher if women would have more equal access to productive

and decent employment. However, political will, plus coordinated and coherent policies are required to further these goals. These include integrating finance, trade, economic development and labour issues, as well as investment in physical and social infrastructure.

On the one hand, employment opportunities can be enhanced through construction and rehabilitation of physical infrastructure, including roads, bridges, schools, hospitals and clinics. Investing in rural infrastructure, in particular, creates employment and builds foundations for sustainable growth for the large percentage of women working in agriculture, including subsistence farmers. On the other hand, social infrastructure is required to enhance women's access to farming land, education and healthcare. There is also the need to encourage women's participation in decision-making and improve the level of their social protection.

OFID is conscious of the need to support the recovery of the global economy by creating employment opportunities for both men and women in the South. Accordingly, OFID has been an active supporter of agriculture, education, as well as physical and social infrastructure through its public and private sector windows. As of April 30, 2009, more than a quarter of OFID's cumulative public sector lending had been dedicated to agriculture (16 percent) and education (10 percent). Almost two-thirds had been allocated to building new and maintaining existing infrastructure. Modes of implementation have included innovative mechanisms for financing, such as Social Investment Funds. As of January 1, 2009, 74 percent of outstanding OFID concessionary loans were with Low Income Countries. Half of all commitments were to Africa – the traditional focus of OFID. ■

World Conference on Education for Sustainable Development promotes the vision of education for all peoples

Midway through the UN Decade of Education for Sustainable Development (ESD), representatives from 147 countries, UN specialized agencies, civil society organizations, the youth, and the private sector gathered in Bonn, Germany, on March 31-April 2 for the *World Conference on Education for Sustainable Development*.

Education, as a means of empowerment, has long been recognized as the driving force behind sustainable economic growth and human development. And, together with its partners, OFID has made substantial financial contributions to support developing countries as they seek the best means and ways of improving education for their teeming populations.

The recent ESD Conference was organized jointly by the United Nations Scientific and Cultural Organization (UNESCO) and the German Federal Ministry of Education and Research. The basic vision of the ESD is a world where each human being has the opportunity to benefit from education for positive societal transformation and a sustainable future.

ESD encourages an interdisciplinary and holistic approach to teaching and learning. It also promotes critical and creative thinking in the education process.

The Conference served as a platform for dialogue and advocacy to realize the ESD vision at the global level. Specifically, the Conference aimed to achieve the following four objectives: (i) to underline the essential contribution of investment in education in helping developing countries reach the Millennium Development Goals (MDGs); (ii) to promote international exchange and networking among stakeholders in ESD, (iii) to assess implementation of the UN Decade for ESD to date; and (iv) to develop strategies for a sustainable future.

The conclusions of the Conference are captured in the *Bonn Declaration*, adopted by participants on April 2, 2009. In the Declaration, the participants recognize that substantive progress has been made by many countries towards realizing the shared vision of ESD with the assistance of the international community. Several development cooperation agencies – including OFID – regional bodies, NGOs and partner networks are engaged in concrete activities that support specific areas of ESD. Consequently, efforts are underway towards the promotion of better understanding, as well as implementation and assessment of the quality of education.



PHOTO: SHUTTERSTOCK/ERVIN MONN

Despite being a basic human right, access to education is still fraught with difficulties in many developing nations, especially among girls.

However, progress has been uneven, and ESD remains a central challenge – particularly to poor countries and peoples. A decade into the 21st century, the world still faces complex and interlinked development and lifestyle challenges. These have arisen from values that have created persistent global patterns of poverty, inequality and conflict.

The Bonn Declaration attests the importance of education in light of today's critical and urgent sustainability challenges. These include climate change, water and food security, and the financial and economic crises. In order to overcome these sustainability challenges, the *Declaration* calls for strong commitment and decisive action in several key areas. These are re-orienting education systems through capacity building for change and coherent policies at national and local levels; the sharing of knowledge and experiences; and the reinforce-

ment of synergies between different education and development initiatives. The *Declaration* also calls for action to develop mechanisms to involve youth and women in the design and implementation of ESD; to respect cultural diversity; and to strengthen North-South and South-South cooperation and scientific research. In addition, it calls for a redoubling of efforts to achieve quality education, to raise public awareness, and mobilize adequate financial resources to realise the ESD vision.

Conscious of the importance of education in helping developing countries climb the development ladder, OFID has to date, allocated 10 percent of its cumulative public sector project loans, or close to US\$700 million in concessional financing, to support the education sector, especially in the world's poorest countries. In addition, the institution has extended over 24 grants totaling

US\$41.6 million to strengthen the quality of education and build human and institutional capacity in the South. This has been done largely in collaboration with OFID's partners in development, including UNESCO. Activities have included, among many others, the expansion of vocational training centers in Paraguay and Tunisia, and the establishment of a training center for general health in Burkina Faso. OFID has also provided special support to help finance technical assistance, training and the establishment of universities in Palestine. Furthermore, OFID has reinforced scientific exchange and cooperation among researchers and scientists from the South; for example, through its longstanding partnership with the Third World Academy of Sciences. ■

Saudi Energy Minister speaks on Energy for the Poor

The Minister of Petroleum and Mineral Resources of the Kingdom of Saudi Arabia, HE Mr. Ali Al-Naimi, was a keynote speaker at the *G8 Energy Ministers Meeting* in May, in Rome, Italy. The meeting was also attended by several non-G8 member states, including OFID Member Countries Algeria, Indonesia, the Libyan Arab Jamahiriya and Nigeria. Mr. Al-Naimi addressed the meeting's Third Session: a Program of Action. His topic was *Energy for the Poor*.

G8

ENERGY MINISTERS MEETING 2009

Rome, May 24-25



Reporting, the Saudi Press Agency (SPA) said Mr. Al-Naimi told the gathering that there was no world challenge more critical than poverty; and that poverty threatened millions of people each year, especially in Africa and Asia. After a period of growth and reasonable living standards, the global downturn, with high energy costs, had hit the least developed nations hardest. Al-Naimi called for solutions for countries which do not produce energy and which lack access to international financial markets.

Said the minister: The Kingdom of Saudi Arabia recognizes assistance to the energy-poor as an objective in the interest of the international community; and the Kingdom's own "emerging status" reflects solidarity with other developing countries. Mr. Al-Naimi spoke of development financing, offered bilaterally and through regional and multilateral organizations (including OFID) in which the Kingdom is a shareholder. He said such assistance has been highly concessional, focusing on sustainable economic and social development in accordance with recipient countries' own priorities.

For the past 36 years, Al-Naimi explained, such assistance has averaged about 2 percent of Saudi Gross Domestic Product (GDP). This figure exceeds the United Nations recommended target of 0.7 percent of GDP. Mr. Al-Naimi said Saudi development assistance has been "geographically diverse, reaching a large number of countries in all developing regions." He disclosed that cumulatively till end of 2008, the bilateral *Saudi Fund for Development* had provided soft loans to finance development projects and programs in 73 countries. Additionally, Saudi Arabia is a major contributor to several regional and international funds offering soft loans.

On energy *per se*, the Petroleum and Mineral Resources Minister said modern energy was essential to development. The economic benefits of increased ener-



HE Ali Al-Naimi, Saudi Minister of Petroleum and Mineral Resources, called for greater efforts to eradicate energy poverty.

gy supply to business, industry, agriculture and services are self-evident, he said. Indeed, "increased energy provision correlates highly with raised per-capita income." Likewise, increased household access to energy, such as electricity, diminishes social costs and increases social benefits. The burden on women who no longer must walk long distances to gather fuel wood and water is, thus, dramatically reduced. "Lighting becomes available for children to do their homework after dark, while refrigeration serves

public health – not only by making food storage safer, but by increasing the availability of much-needed medication in local clinics."

Another vital function of energy, Mr. Al-Naimi argued, touches on the central importance of modern fuels for transportation, "which not only make people and goods mobile, but also help markets function." An ability to increase agricultural productivity is vital in rural areas, where the majority of the world's poor live. And a similar argument ►

PHOTO: MINISTRY OF ECONOMIC DEVELOPMENT, ITALY

◀ can be made for fast-growing urban areas of developing countries.

The issue of energy for the poor has been of concern to leaders of OPEC. For instance, OPEC Sovereigns and Heads of State and Government, meeting in a *Third OPEC Summit* in Riyadh, Saudi Arabia, November 2007, had highlighted energy as a key requirement for development. In the Summit's resultant *Riyadh Declaration* (Item 6 in Chapter 2), the leaders pledged that Member Countries would continue to align the programs of [their] aid institutions, including those of OFID, with the objective of achieving sustainable development and the eradication of energy poverty in the developing countries. They would study ways and means of enhancing this endeavor in collaboration with the energy industry and other financial institu-

tions. In Jeddah, at an Energy Summit, June 2008, called by the Custodian of the Two Holy Mosques, an announcement was made by King Abdullah bin Abdulaziz Al Saud, proposing an *Energy for the Poor Initiative*, the stated aim of which is to help developing countries confront the lack of access to energy.

The G8 Energy Ministers Rome meeting concluded with a joint statement, pledging support to initiatives aimed at combating energy poverty, including King Abdullah's Energy for the Poor proposal. The ministers also urged global institutions, including OFID, to prepare a strategy for the development of energy networks and corridors and assure transit toward the integration of national energy markets.

For OFID, the placement of energy poverty on the global agenda has been a

welcome development. As an institution, OFID has long recognized the importance of energy in the development process. OFID is keen to pursue this challenge and has, in the past year, independently approved almost US\$120 million in financing for projects whose primary aim is to improve the delivery of energy services to the poor. As far as the *Energy for the Poor Initiative* is concerned, OFID is working closely with the World Bank and the Saudi Fund for Development to build an appropriate framework. Also in keeping with the *Riyadh Declaration* of the November 2007 OPEC Summit, OFID is vigorously continuing efforts along with other partners to re-emphasize energy in its own mandate as a primary means of eradicating poverty and promoting sustainable development. ■



The G8 Energy Ministers concluded their meeting with a pledge to support initiatives that address energy poverty.

PHOTO: MINISTRY OF ECONOMIC DEVELOPMENT, ITALY



OFID welcomes OPEC MDTC participants

OFID, May 15th, welcomed a group of about 60 participants from the OPEC Secretariat's 9th *Multi-Disciplinary Training Course (MDTC)*. They were in Vienna to – among other objectives – learn about the work of the Secretariat and the operations of OFID. The visitors were received by the OFID Department of Information and given a PowerPoint Presentation on the aims and record of the institution by Assistant Director-General Operations, Mr. Said Aissi.

MDTC participants are mid-level professionals from Member Countries of OPEC, eager to acquire information on both institutions to apply in their own work back home. OFID welcomes such visitors as part of its Public Information Strategy aimed at raising awareness in Member Countries and elsewhere about the global engagement of the institution.

The group was briefed on the accomplishments and work methods of OFID, its strategic direction and its view of the current, global financial crisis. OFID, they were informed, was created in 1976, in response to the growing financial needs of non-OPEC developing countries. The objectives were to strengthen

South-South solidarity and promote co-operation between OPEC Member States and other developing countries.

The guiding philosophy of OFID remains respect for the development paths and priorities of cooperating countries and contributions to improvement in institutional capacity, the formulation of capital and the supply of public goods and services. OFID also shares the risks of development with private sector enterprises.

Mr. Aissi informed the visitors that OFID works with a strong network of partners and observes flexibility in its operations. OFID is “apolitical,” he said, and is responsive to tabled needs. The visitors were also told that OFID addresses general needs in the public and private sectors and deals with humanitarian needs *via* grant financing. They were informed of the various financing windows of the institution, including the new Trade Finance Facility (TFF). “Our record,” Mr. Aissi explained, “includes 2,451 projects in 121 countries, as at March 2009, with a wide geographical spread.” These were “quality projects and programs with only 5 percent facing problems.” He explained that the project cycle entailed: sourcing,

appraisal, negotiations, loan signature, disbursement and project monitoring, completion and post-evaluation.

With regard to the new TFF, the visitors were informed that the “delivery instruments” included revolving lines of credit; direct loans to parastatals, government agencies and/or private companies; guarantees and risk-sharing; as well as Islamic (*Shari'a*) banking. According to Mr. Aissi, the status of TFF implementation showed that OFID had, by March, 2009, some 18 transactions approved for a total sum of US\$173 million.

OFID Grants Program was also accorded attention in the presentation. Technical assistance grants, coupled with research funding and emergency aid have gone to support efforts aimed at raising standards of living in developing countries across the world. Much has also been extended to reduce the impact of natural and related disasters and to promote literacy and numeracy. The *Special Grant Accounts* were equally discussed covering HIV/AIDS operations; assistance to Palestine; response to the food crisis in Africa; and contributions to the *Common Fund for Commodities*. ■

Fragrances of Light: a photographic journey through Algeria and Kenya

Continuing its series of Member Country Exhibitions, OFID hosted May 5 – June 5 a dramatic exhibit of work by the accomplished photo-journalist, **Nadia Ferroukhi**. Entitled “Fragrances of Light”, the exhibition featured deeply contrasting impressions of two African countries – Algeria, the artist’s homeland, and Kenya.



Algerian photo-journalist Nadia Ferroukhi accepts a gift from OFID Director-General Al-Herbish.

The exhibition was opened jointly by OFID Director-General, Suleiman J. Al-Herbish, Algerian Ambassador, Ms. Taous Feroukhi and Ms. Consolata Kiragu, Charge d’Affaires at the Embassy of Kenya in Vienna. The Exhibition Series was launched earlier this year by the OFID Social Committee to celebrate the diverse cultural talents of the institution’s 12 Member Countries.

The daughter of an Algerian father and a Czech mother, Nadia Ferroukhi’s photography is influenced by a largely nomadic childhood that instilled in her a love of travel and a keen sense of social justice as well as a desire to learn about other cultures. In “Fragrances of Light,” an exhibition put together especially for OFID, Ferroukhi presented side-by-side the objective and subjective aspects of her work: a pictorial documentation of matriarchal society in the Kenyan village of Tumai (see opposite page), together with “Algerian Chronicles” a deeply personal study of modern Algeria.

Ferroukhi’s Tumai reportage forms part of an ongoing work that looks at matriarchal societies, both ancient and modern, in different parts of the world. Ferroukhi spent 10 days living in the female-only village near Mount Kenya, and her powerful images depict the village’s day-to-day life as well as its religious and political processes. The pictures show a fiercely independent community of ►



Tumai – the village where men are banned

The village of Tumai is located about 300 km north of Nairobi, near Mount Kenya. It was founded in 2001 by a group of Samburu and Turkana women as a refuge from marital violence and other abuse such as female circumcision. All males, except for boys under the age of 16, are excluded from the community. The women of Tumai are completely self-sufficient, building their own huts, raising their own livestock and hunting for food. The

community enjoys a 100 percent participative democracy, with all decisions – from buying a chicken to accepting a new member – taken by vote after an open debate. The women earn an income by selling handicrafts to tourists, with a percentage of the profit going into the communal kitty to finance schooling, medical care and other expenses. Today, over 100 women together with their children live in the village.



Ferroukhi's Algerian Chronicles are suffused with impressions of distance, reflecting the artist's own feeling of separation from her home country.

◀ women, united in their democracy and self-sufficiency. Says Ferroukhi: "In my work as a photo-journalist, I want to get as close to reality as possible." For this reason, she chooses not to shoot contrived or "posed" pictures, preferring to capture real-life moments. "Sometimes I will make small adjustments for aesthetic reasons, but I never try to create something that isn't there," she stresses.

In contrast to the pure reportage of the Tumai exhibit, "Algerian Chronicles" is very much "a voyage of personal discovery," according to Ferroukhi. The photographs were taken when she returned to her homeland to rediscover her country and its people after many years living in Europe and the United States. At a subconscious level, she also wanted to capture her own personal impressions of a country that, on the one hand, she adored, and on the other hand, felt separated from, having lived there for just a short time as a very young child. "I had

never really felt integrated into the Algerian culture," she explains. "I didn't have the typical physical features or the same gestures, so I somehow felt different and excluded."

Ferroukhi's "Algerian Chronicles" are thus suffused with feelings of melancholy and distance, themes that reflect her own estrangement as well as disappointment in what she found to be the "real" Algeria: a modern-day country still bearing the scars of its difficult past. Although reluctant to analyze or intellectualize her work, Ferroukhi surmises that her disenchantment was all the greater as it undermined many of her idealized childhood memories. "I had wonderful memories of when I was a child and everything was perfect, so it was a shock to discover that there is another, darker side to my beautiful country," she says. "However, this is the side that I want to show, and I will continue to criticize it through my photography." ■



HE Dr. Kende K. Yumkella will begin a second four-year term as CEO of the United Nations Development Organization.

UNIDO Board recommends reappointment of Yumkella as Director-General

The United Nations Industrial Development Organization (UNIDO) announced June 13, a recommendation of its policy-making *Industrial Development Board* for the reappointment of HE Dr. Kende K. Yumkella (Sierra Leonean) as Director-General of the Vienna, Austria-based institution. The appointment is to be ratified in December, 2009, by the General Conference of UNIDO meeting in its 13th Session. Yumkella will thus begin a second, four-year term as Chief Executive Officer. He is the first Director-General of UNIDO from sub-Saharan Africa.

The recommendation for Yumkella's reappointment came at the 36th Session of the Industrial Development Board which comprises 53 of UNIDO's 173 Mem-

ber States. The Board is one of three governing bodies of UNIDO. It reviews the implementation of the institution's Budget and Work Program and makes recommendations to the General Conference on major policy matters.

Dr. Yumkella expressed appreciation for the confidence reposed in him by the Board, pledging to continue with his vision of a strengthened and refocused UNIDO. The Board recognized that Yumkella "needed a second term in office to fully implement his vision and leadership." Yumkella recalled that UNIDO faced serious financial problems – especially in the late 1990s – and that at a point in time, the very existence of the institution "was in question." Now, he asserted, "we are back on a fast track, doing

what we do best; that is, working hard across the globe to lift countries out of poverty through industrial development."

Yumkella told the Board that many countries were now "revisiting" the industrial policy debate, reviewing the role of the State and looking at "rebalancing" their economies. "UNIDO cannot afford to be a backbencher. We have relevant ideas we can provide to Member States. We must be a vital part of the intellectual debate and offer strategic advice on economic development and growth," he declared. Yumkella spoke of adding value by "moving upstream." He sees UNIDO, not just as a technical cooperation agency. "We must enhance our normative function and the powerful potential of our convening role," he said.

Many an Asian and African country is determined to pursue social and economic development *via* technological advancement and industry. Many of these countries see Yumkella as one of their own, able to understand their peculiar circumstances, needs and aspirations.

Yumkella, in his first term, moved quickly to create alliances for UNIDO. He toured key industrialized countries, attracting friends and recruiting expertise and skills for developing countries. He expanded UNIDO's network of partners and organized symposia and seminars to bring together experts from the developing and the developed regions of the world. Dr. Yumkella identified poverty as a major drawback and has devoted quality time and effort toward global endeavors to combat the scourge. Under Yumkella, UNIDO has also stepped up cooperation and consultation with OFID, pooling skills and resources to battle poverty and promote industry in developing countries.

UNIDO is a specialized agency of the United Nations System. It works to help improve quality of life among the world's poor, by assisting countries to achieve sustainable industrial development. According to UNIDO, industrial ►


◀ development should be a critical means of creating employment and income generation to overcome poverty. UNIDO thus works with developing countries and economies in transition to produce goods that are tradable on the global market. UNIDO provides tools, training, technology and investment to help make countries competitive. At the same time, it encourages production processes that will neither harm the environment nor place too heavy a burden on limited energy resources.

UNIDO is to report that it has been supporting UN efforts to accomplish an agreement in Copenhagen, Denmark, in December on a successor accord to the *Kyoto Protocol*. The organization promotes renewable energy, clean technologies and green-industry which can generate new jobs. Says Dr. Yumkella: “Energy is the other side of the coin of climate change and central to manufacturing.” Yumkella would like to see energy become a *Millennium Development Goal*; perhaps the ninth of the established goals.

This June, Yumkella was appointed by the UN Secretary-General Ban Ki-Moon to lead a new high-level advisory group consisting of business leaders and experts who will advise on energy and climate change challenges. Dr. Yumkella already chairs the inter-agency mechanism known as *UN-Energy*. ■

IFAD President addresses OFID Ministerial Council

The Ministerial Council of OFID welcomed, at its 30th Session, the President of IFAD (the International Fund for Agricultural Development), HE Dr. Kanayo F. Nwanze, who had come to pay respects and deliver a message of goodwill and solidarity. It was the first time an IFAD President had addressed the Council in many years.

 FID and IFAD go back a long way. Established roughly at the same period in time (OFID, 1976; and IFAD, 1977), OFID was instrumental in the establishment of IFAD. The relationship since has been close and fruitful. On this “common history,” Dr. Nwanze said it was useful to step back and recall that the two institutions had now worked together for some three decades to achieve their common goal of empowering poor people throughout the world, and especially in rural areas, to secure a better life. With

nearly US\$420 million in co-financing, OFID is the third largest co-financier of IFAD-sponsored projects and programs in all developing regions of the world.

Dr. Nwanze (Nigerian) told the Ministerial Council that IFAD owed its very existence to “the vision and leadership of OPEC nations.” He called June 16, 2009 “a particularly special moment” for himself and for IFAD because it was the first time since 1984 that a president of IFAD was addressing the OFID Ministerial Council. The event, he said, “signified a

reaffirmation of the bonds between our two organizations.”

Only two months into his presidency at IFAD, Dr. Nwanze told assembled OFID ministers that deepening IFAD’s relations with OPEC nations would be one of the priorities of his tenure. He reported that he had been in the Gulf region in May and had been warmly received by the leadership of Gulf countries. He spoke of what he called the desire of officials in Saudi Arabia and Qatar to strengthen relations between IFAD and the bilateral as well as multilateral finance institutions of Gulf countries. He said it was his intention to visit other OPEC countries in the near future to equally strengthen existing ties.

IFAD, Nwanze asserted, shares with OFID and OPEC Member States a determination to achieve the *Millennium Development Goals*, particularly the first goal of halving the proportion of people living in extreme poverty and hunger. “Today, our partnership is more important and vital than ever, as we jointly seek to improve global food security.”



HE Dr. Kanayo F. Nwanze is the first IFAD President to address the Ministerial Council of OFID since 1984.

He recalled last year's unexpected global food crisis, when world prices of basic food staples, such as wheat and rice, nearly doubled, pushing essential food crops out of reach for the poor. He said hundreds of millions of poor people around the world were pushed deeper into poverty. The situation had become worse this year, he asserted, with developing countries also facing the brunt of a global financial and economic crisis. Various estimates indicated that there were now close to one billion people living in extreme poverty and becoming more vulnerable to hunger each day, the IFAD President revealed.

Dr. Nwanze called for fresh initiatives to avert a worsening of the food security crisis. "It is in this spirit that I urge a new global partnership to protect core investments in agriculture." He said such partnership would help developing countries improve food production by supporting smallholder agriculture, fostering a mutually beneficial relationship between land-poor and land-rich countries; and according special attention to the sustainable use of scarce natural resources.

In the light of the food security challenge, Nwanze expressed the hope that "a new push will be made by OECD

and OPEC Countries to address the challenge." In this regard, "we very much welcome the renewed interest that many Arab Funds and the Islamic Development Bank are giving to agriculture programs."

The IFAD President went on to express gratitude at the eighth replenishment of IFAD, which, he said, resulted in an unprecedented 67 percent increase in IFAD resources. This had been made possible, he disclosed, "by the generous pledges of many of our OPEC partners and will enable us to support millions of poor smallholder farmers to increase their productivity and incomes."

Dr. Nwanze acknowledged, especially, the leadership role that the Kingdom of Saudi Arabia had taken at the replenishment by announcing a US\$50 million contribution, representing a five-fold increase in Saudi assistance. Other OPEC Member Countries also announced contributions, including US\$15 million from Nigeria and US\$10 million from Algeria. OFID Member Indonesia contributed US\$5 million.


Dr. Nwanze expressed confidence that other OPEC Member Countries that have yet to announce their pledges to IFAD would do so soon. It was his "fervent hope that such actions will result in OPEC countries assuming once again, a role in the affairs of IFAD similar to the one they had at its establishment."

The IFAD President argued that poverty and hunger were inhumane and not to be tolerated. It was an earlier food crisis, he recalled, that actually brought about the creation of IFAD at which OPEC countries took a leadership role.

It was IFAD's wish that a major global food security initiative would be launched this year and that OPEC countries would again play a major part. "I am confident that with your continued generosity and our strong partnership, and with a renewed global commitment, we will indeed reduce human poverty and eradicate the scourge of hunger," Dr. Nwanze concluded. ■

IFAD-funded programs help lift Zanzibar farmers out of poverty

Through farmers' field schools, the International Fund for Agricultural Development (IFAD) is encouraging small-scale producers in Zanzibar to learn new methods, share useful experiences and join in groups to make the most of their agricultural potential and overcome poverty. Two such programs are supporting more than 200 farmers' field schools.

 ver the centuries, the Zanzibar Archipelago, also known as the Spice Islands, has been an important trading centre. Many types of commodities such as ivory and gold, mainly from the Tanzanian mainland, were traded on the flourishing local market. These goods also found their way to foreign markets.

Although the islands have been a magnet for trade, the profits have not benefited many islanders because the key business players were foreigners, mainly from Oman and other Arab countries. To date, a large proportion of the population of the archipelago, which is off the coast of East Africa and part of the United Republic of Tanzania, remains poor. According to the Zanzibar Poverty Reduction Paper Progress Report of 2002/2003, poverty levels are still high among various socio-economic groups. These include small-scale farmers in rural areas and peo-

ple in urban areas who are engaged in the informal sector.

Statistics from the report show that the maternal mortality rate is high, at 377 deaths per 100,000 women, while the infant mortality rate is 83 per 1,000 births. Also, the mortality rate for children under five is 114.3 out of 1,000. Life expectancy is 48 years on average and may be even lower as a result of the HIV/AIDS pandemic.

These factors indicate that poverty is a major concern in Tanzania, as in other developing countries, and it needs to be fought on all fronts. With the help of the Revolutionary Government of Zanzibar, working with partners in development such as IFAD, farmers in Zanzibar are looking into all possible solutions to combat poverty.

One way to engage for development is poultry farming. Farmers in Zanzibar

are now practicing a modern technique of poultry farming that is more profitable than the traditional free-range method.

The free-range method allows chickens to roam about freely to search for food, and it does not provide proper housing and feed for them. For example, "Because the chickens are poorly managed, the result is a 60 percent loss, which leads to low poultry production. Consequently, farmers have been losing a substantial amount of the income they would earn if they applied a better method, like the one now being introduced," says Zaki Khamis, coordinator for the Agricultural Services Support Program and Agricultural Sector Development Programme – Livestock (ASSP/ASDP-L). IFAD funds support to the programs, which work to improve farmer's livelihoods.

One of the approaches that the IFAD programs use in helping farmers is the

formation of farmers' groups known as Farmers Field Schools (FFS), each having 15 to 20 members. By the end of 2008, the ASSP/ASDP-L had established 217 Farmers Field Schools, with a total membership of 4,192 farmers.

Members of a Farmers Field School engage in a farming activity that depends on the type of crop grown in the area. Some schools are involved in cultivating bananas, paddy, cassava or vegetables, while others are occupied with livestock husbandry. It is noteworthy that women constitute about 56 percent of the farmers working in the Farmers' Field Schools. According to Khamis, "Most of these

Farmers' Field Schools are led by women, in an effort of the ASSP/ASDP-L in Zanzibar to ensure the high participation of women in economic activities."

The Coordinator further explains that members of the farmers' groups are given training on better farming practices. The training is offered by facilitators who are professional agricultural extension officers working with the ASSP/ASDP-L. He adds that the training ranges from the management of farming activities to the selection of better seeds that will yield a good harvest.

Mwashamba Alhaji is a poultry farmer. She also heads a farmers' group

named *Nguvu Sawa*, literally 'Equal Opportunity for All', based in Jumbi in the outskirts of Stone Town of Zanzibar. She says, "For years, I have been practicing a free-range system, which I now realize was a waste of time and resources. I did not make as much profit as I am now earning through the use of improved poultry farming technology."

Speaking further, Alhaji adds that "Under the old method, if you wanted to sell your chickens, it was difficult to catch them. But under the new system, the chickens are partially confined so it is easier to manage them. Likewise, if you keep them free range, there are a lot of ►

PHOTO: IFAD



Poultry farmer, Mwashamba Alhaji, heads the Nguvu Sawa farmers' group. The name means "equal opportunity for all."



PHOTO: IFAD

Members of a farmers' field school listen to a facilitator during a training session.

◀ disadvantages, such as vermin, theft and even disease transmission.”

Alhaji's success is beginning to spread, as her neighbors have become aware of the good income she is earning from poultry farming. They, too, have started to adopt the new method. “I organized my neighbors into a group, and collectively we gathered building materials for our poultry house, which serves as a training centre for the group where we learn new farming practices and share skills with others,” Alhaji says.

The IFAD programs are also generating interest in other areas of agriculture. For example, Mwajina Hassan Nassib, the wife of a retired soldier, grows vegetables and keeps a dairy goat at her vegetable farm in Kitope, about 20 km north of Zanzibar Town. Her farm plot is about one hectare. She grows tomatoes, amaranth, onions, eggplants and other produce. She sells her produce locally, to individual consumers and nearby hotels.

Nassib is one of the farmers who have benefited from the training offered by ASSP/ASDP-L through Farmers' Field

Schools. However, Nassib is not the only one enjoying the fruits of the IFAD initiatives, as her neighbours have also adopted the new farming methods.

Speaking to the members of the IFAD Tanzania country team, who visited her farm recently, Nassib said the program's training in good vegetable farming practices, has enabled her to perform her farming activities in a better way. “I am earning more income than I earned before. I can now pay school fees for my children and I am able to support other extended family members,” she explained.

Nassib also keeps a dairy goat, a project she started recently with the capital she earned from vegetables sales. She says her two activities are interconnected. From the dairy goat project, Nassib said she obtains manure for her farm, which means she does not have to buy industrial fertilizer. Also, from the money she earns by selling vegetables, she is able to buy medicines and feed for her goat. “In this way,” Nassib emphasized, “each of the two projects depends on the other

and, above all, the projects are all mine.” This shows clearly that women who are empowered have a significant role to play in the development process.

Nassib said with confidence that marketing her produce was not a problem, as the market is not saturated. But she faces some challenges. One is the scarcity of a reliable source of the water she needs during the dry season to irrigate her farm. “I sometimes use tap water for irrigation but it is too expensive, as I have to pay a monthly bill for water. And that reduces the profit margin on the produce.”

Whatever the challenges they face, smallholder farmers in Zanzibar are now meeting them with a smile. The impact of the efforts of the ASSP/ASDP-L is clear, as the community becomes aware of the potential benefits of applying the lessons learned from training in methods of poultry and vegetable farming. “It is so promising to see that the knowledge learned in the Farmers' Field Schools, is being adopted and widely shared by a large proportion of farmers,” says Khamis.

While appreciating the positive impact of the existing Farmers' Field Schools, the Coordinator points out that poverty is still a major challenge, adding that most farmers cannot conduct their agricultural activities as they would like to. “As a program,” Khamis says, “we are looking into a number of ways to support the farmers not only technically, but also by linking them with an institution that will provide credit facilities, so they can expand their farming activities.”

In conclusion, Khamis explains that a good thing about this initiative is that farmers receive knowledge that is both theoretical and practical. He emphasizes that Farmers have shown enthusiasm and willingness in adopting the skills they gained from the training. He adds that the initiative helps farmers to manage their activities profitably, thereby empowering them to fight poverty. *Source: IFAD* ■

Genetically-modified crops: a panacea for world hunger?

BY ANNA ILARIA-MAYRHOFER

There is unlikely to be a more divisive controversy today than the one surrounding GM technology. One side declares that GM crops are vital for developing countries to achieve food security, and hails biotechnology as the sole means of staving off starvation in the third world. The other side asserts that genetically-modified foods are unsafe and threaten the environment, and that thrusting GM crops on developing countries is tantamount to using vulnerable populations as guinea pigs.

The list is endless. One side proclaims that GM crops are the panacea to world hunger, while the other deems GM crops to be a sinister scientific experiment that is doomed from the start.

But a polemic argument does not a rational viewpoint make. Thus, individuals seeking a balanced perspective must be prepared to wade through a mire of trumped up claims and hype to unearth the facts. And, as with many controversial topics, it is more effective to assume a healthily sceptical approach.

The mainstream media is largely responsible for disseminating and propagating misconceptions about GM crops. After all, “gloom and doom” stories make far more fascinating copy than straightforward facts. And how could a consumer not derive a negative connotation from a food item stridently labelled “GM technique-free” – implying that GM equates to an unsafe and suspect product?

What is genetic modification?

Using breeding techniques to achieve favorable characteristics in a species is not a new phenomenon. Historians have unearthed evidence that selective and cross-breeding practices date as far back as 10,000 years ago. However, it wasn't until the mid-19th century that the principles of genetics became better understood with Gregor Mendel's pioneering genetic research involving the cross-breeding of pea plants. Even then, a more wide-spread acceptance among the scientific community didn't take place until the early 20th century.

Long before the genesis of molecular biology, the practice of cross-breeding to produce hybrid plants that would be unlikely to occur in nature (i.e. breeding two species from different geographic regions) was commonplace. Even as early as the 1920s, genetic manipulation was developed by applying controlled doses

of radiation on plant species to promote mutagenesis – or induced mutation. This was done to achieve genetic variability, thereby increasing the breeding pool of plant cultivars. This process is still being used today, and according to the Food and Agricultural Program of the United Nations (FAO), some 3,000 new crop varieties have been developed using this technique.

Although these methods do produce new varieties, they are nonetheless slow and involve a good deal of trial and error. Often many generations must be produced to attain an ideal end-offspring. Using genetic testing and biotechnology to produce the desired strain eliminates the “guesswork” involved, as geneticists can isolate an individual gene possessing the favored trait. This eliminates the risk of carrying over unwanted genetic material, and by and large, the “end-product” varies little from the parent organism. Thus a simplified definition of a genetically-modified organism is when a gene or genes have been added, deleted or modified. Genes that are added need not be from the same species. The resultant offspring is referred to as a transgenic organism.

It is thus understandable that numerous concerns have been raised regarding the effect of GM crops on both human health and the environment. There are, however, a number of stringent controls in place. At the beginning of ►



PHOTO: SHUTTERSTOCK/LAWRENCE WEE

Developing new cultivars. Contrary to fears that GM crops are being hastily developed, the “laboratory-to-field” journey can take up to 10 years because of stringent regulations and controls.



◀ the experimental process, the cultivars are first tested in an enclosed laboratory and glasshouse to prevent any cross-pollination with other species. It is only after other safety tests are carried out that the plants are tested through a series of field trials that can take up to 10 years. Once the results of the trials have been closely scrutinized by experts, approval must be sought from the relevant authorities that the seeds can be released into the marketplace. There are also a host of international bio-safety regulations that must be adhered to. This pro-active approach was devised in an attempt to allay safety fears.

GM crops in the world

Although today GM products are more frequently touted as a tool for developing countries to fight the hunger crisis, they were originally intended for large-scale, commercial use in industrialized countries. It is also clear that developed countries are in a better financial position to purchase more expensive technology. The US was the first nation to commercialize a GM food with its “Flavr Savr®” tomato, which reached the store shelves in 1994. The tomato possessed a trait that suppressed early ripening, thus resulting in a hardier variety with better flavor than the rapid-ripening varieties. This trend continued, and today GM ingredients are present in over 80 percent of processed foods sold in grocery stores across the US.

More and more countries have since come on board. According to ISAAA (the International Service for the Acquisition of Agri-Biotech Applications) in its *2007 Report on the Global Status of Biotech Crops*, the US has some 57.7 million hectares of biotech crops under cultivation. The majority of these comprise herbicide-resistant soybean, followed by maize, cotton, canola, squash, papaya and alfalfa. Argentina is second, with 19.1 million ha of soybean, maize and cotton, followed by Brazil with 15 million ha of GM crops. Among the developing countries, India leads with 6.2 million ha of GM cotton fields.

By far the most prevalent transgenic crops being planted today are herbicide tolerant species; and to a lesser extent, those that are resistant to insects. Other varieties of plants being developed and tested include those with a resistance to harsh conditions, such as droughts, floods and extreme temperatures, as well as salinity. According to 2008 statistics from the International Food Policy Research Institute (IFPRI) GM crops are being grown on a total of 125 million ha in 25 different countries, including 15 developing countries.

Cultivars are also being created that can resist devastating crop-diseases. For instance, in Uganda field trials are testing a variety of Cavendish banana that is conferred with a resistance to Black Sigatoka fungus, which can reduce yields by one-half or more. Sigatoka has become so resistant to fungicides that higher and more frequent applications are needed, thus driving up farmers’ costs and posing both environmental and health risks. Although more time is needed to complete the trial, the results could provide a significant boon for Uganda, where bananas are a staple crop.

Scientists and geneticists have also been developing strains of GM crops that confer extra nutritional benefits. One example is Golden Rice which contains a beta-carotene gene, the precursor to vitamin A. In the developing world, vitamin-A deficiency poses a serious health threat, as it can lead to blindness and immune system pathologies. Also on the horizon are beta-carotene varieties of sweet potato and sorghum.

Undoubtedly, biotechnology offers myriad promises for resolving many of the problems that face the agriculture sector. But is it the ultimate pro-poor solution to the developing world?

Science takes a stand

Some anti-biotech groups border on irrationality in their vehemence against planting any type of GM crops under any circumstances. But there are many ra-

tional points of view that proffer a more balanced approach.

Sense about Science, a charitable trust that “promotes good science and evidence in public debates,” perhaps sums up the issue in its guide *Making Sense of GM*: “A lot of discussion about GM crops has been about whether or not they solve world hunger, which is not a useful discussion because GM is a plant breeding method, not a social or economic system.”

While many may agree that transgenics are a breakthrough that could solve many of today’s food supply issues, they do not necessarily provide the key to eradicating world hunger and poverty. A complex network of socio-political and economic variances must be taken into consideration, and these factors are clouding research findings about the effectiveness of GM crops in the lesser-developed countries. Many scientific organizations are warning that a closer examination of the facts, without clouding the issue with a pro-poor bias, must be taken before wholeheartedly endorsing GM crops for developing countries. Some have carried out systematic meta-analyses of published studies, and material is available to enable individuals – from the consumer to policy-maker – glean an overall picture of this technology and its appropriate application.

One such analysis, a working paper published by the STEPS Centre¹ and written by Dominic Glover, addresses this issue in depth. Entitled *Undying Promise: Agricultural Biotechnology’s pro-poor Narrative, Ten Years on*, the paper looks at Bt Cotton, (cotton containing a gene with a naturally-occurring toxin commonly used as a pesticide) and makes a compelling point: “The performance and impacts of transgenic crops depend critically on a range of technical, ▶

1 The STEPS Centre is an interdisciplinary global research and policy engagement hub, funded by the Economic and Social Research Council. It aims to develop a new approach to understanding, action and communication on sustainability and development.

Bt cotton contains a naturally-occurring toxin that is commonly used as a pesticide. Its proponents claim that planting the crop saves farmers money and produces higher yields.



PHOTO: SHUTTERSTOCK/NOAM ARMONI

◀ socio-economic and institutional factors. By themselves, genetically modified seeds are not enough to guarantee a good harvest or to create a sustainable and productive farm livelihood.”

Some of the observations raised in the report relate to studies which revealed that farmers who planted Bt cotton enjoyed higher yields and lower costs from reduced pesticide use. But Glover observes that results of the efficacy of Bt Cotton are highly variable and often tainted with reviewer bias or misleading conclusions. For instance, did the farmers use less pesticide because they were *told* that the crops would be insect resistant? Was reduced pesticide more of a behavioral change? Glover also questions the methodology used in some studies which did not take into ac-

count that pest pressure and the type of pest pressure are highly variable. Another point Glover makes is that some results showing higher yields for Bt Cotton planted in India are equivocal, as the crops were irrigated. As most of the cotton grown in India is done so under rainfed, not irrigated conditions, it would be misleading to generalize these findings across the entire country. These, and many other points do indeed offer considerable food for thought and should undoubtedly be considered.

The Panos Network, a global partnership of eight independent institutions that “work to insure that information is effectively used to foster public debate, pluralism and democracy,” has also issued an informative report: *The GM Debate – Who Decides?* The document

provides an extensive, balanced overview of the controversy, and proffers explanations as to why the ongoing debate has “aroused such strong passions.” It additionally recommends what factors policymakers, stakeholders and others should consider in the decision-making process.

While an end to the GM debate is unlikely in the very near future, it can be hoped that a middle-of-the-road approach may be adopted so that modern technology can take its place appropriately and with ample forethought. ■

For further reading:

www.senseaboutscience.org.uk
www.steps-centre.org
www.panos.org.uk

Our vision

OFID aspires to a world of opportunity, where progress is equitable, accessible and sustainable, and where the alleviation of abject poverty is considered a common aim and a global responsibility. OFID's role is that of an informed institution, in tune with the goals of its partner countries and capable of making an effective contribution to economic growth and sustainable development.

Our mission

OFID pursues a mission to work with other, less privileged developing countries in a spirit of South-South cooperation and solidarity, with the aim of encouraging economic growth and alleviating poverty. In keeping with its mandate, OFID focuses its resources on projects designed to help the poorest nations and the most vulnerable members of their societies.

OFID A Dynamic Partner





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