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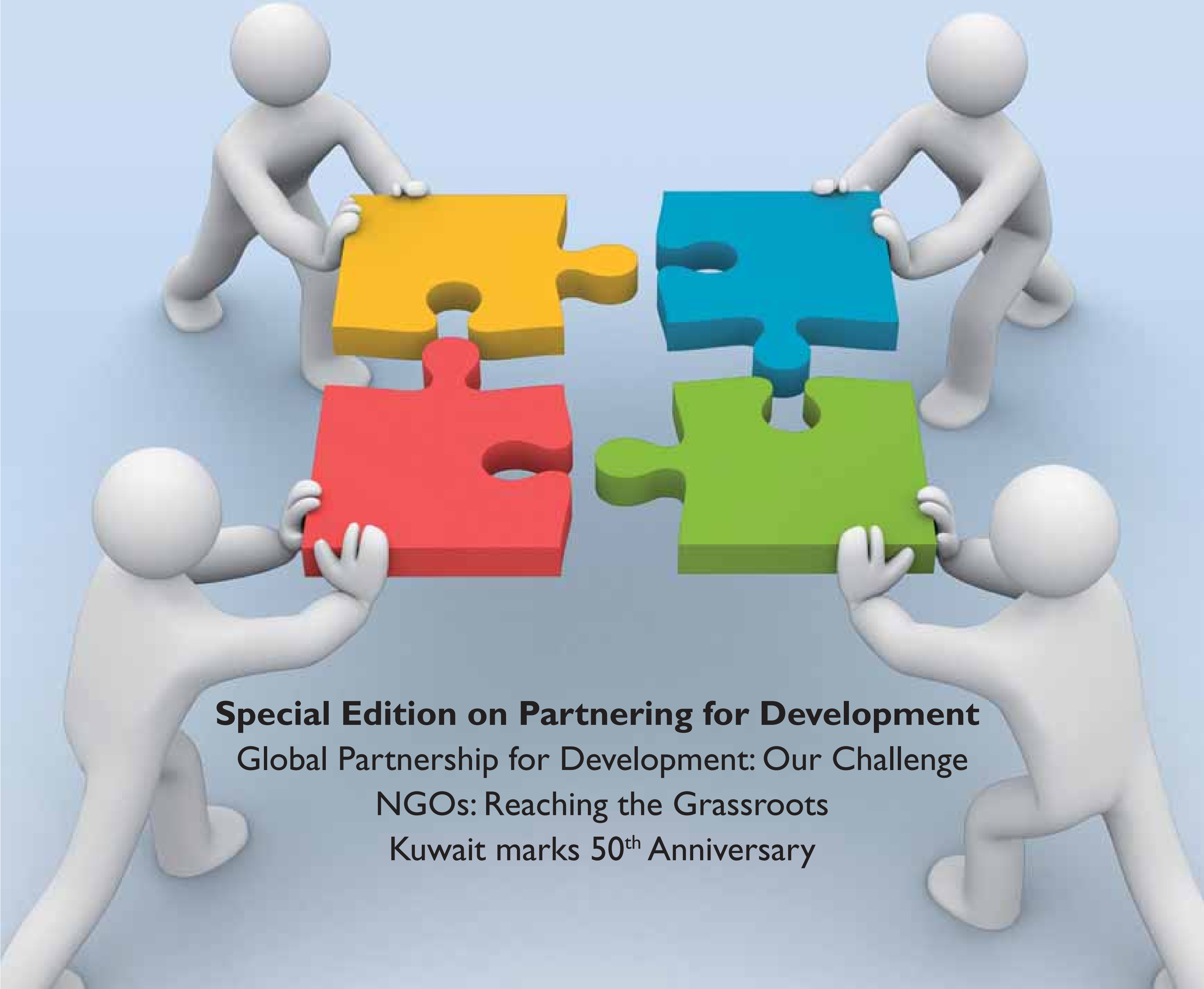
OFID Quarterly

THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

APRIL 2011

Uniting against Poverty



Special Edition on Partnering for Development

Global Partnership for Development: Our Challenge

NGOs: Reaching the Grassroots

Kuwait marks 50th Anniversary

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Uniting against Poverty

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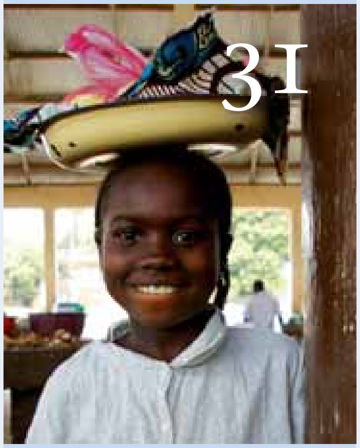

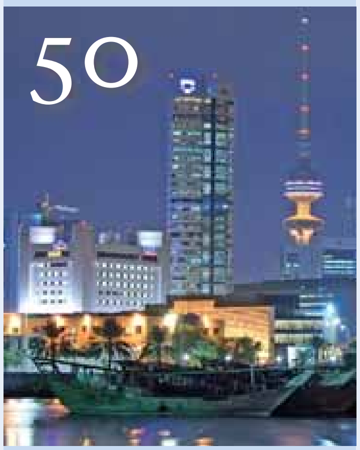

COVER PHOTO: SHUTTERSTOCK

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Fostering partnerships to *Unite against Poverty*

Today's complex development challenges cannot be addressed by any national government or development cooperation agency acting alone. Concerted international efforts and a pooling of financial resources are required to resolve the totality of interrelated problems peculiar to an increasingly globalized world.

Throughout its 35 years of existence, OFID's preferred method of work has been to collaborate with a broad range of partners, including national governments, multilateral, regional and bilateral development cooperation agencies, the private sector, civil society and academia.

Particularly noteworthy has been the high degree of collaboration and procedural harmonization with other members of the *Arab Coordination Group (ACG)*. The Group was established in 1975 to enhance and synchronize the development efforts of member agencies in the area of project evaluation, financing, and monitoring, and management of loans. It also seeks to achieve uniformity and consistency in its members' development policies and financing procedures[1]. Until now, the ACG have together contributed a cumulative total of around US$100 billion in financing for development, benefiting developing countries in regions worldwide.

Although the amount of development financing is important, this should not be the sole consideration or determinant. The rising demand for support and scarce financing for development made it all the more important that the available resources are used efficiently and effectively as envisaged by the *2005 Paris Declaration on Aid Effectiveness* and the 2008 *Accra Agenda for Action*. In this vein, OFID has consistently placed emphasis on strengthening partnerships for development in line with the objectives of the eight *Millennium Development Goals (MDGs)*. In mitigating the fallout of the global crisis on the poorest countries and their populations, OFID continues to pay special attention to addressing the twin-challenges of safeguarding energy and food security. During 2010, a *Memorandum of Understanding* (MoU) was signed with the World Bank Group, and a *Framework Agreement* concluded with the International Fund for Agricultural Development (IFAD), among other institutions.

The MoU with the World Bank Group was a common response to the havoc wreaked on the poorest countries by the global economic crisis, with both institutions acknowledging that international development institutions needed to be better prepared to anticipate such events in the future and act rapidly and cooperatively. The MOU aims at strengthening collaboration between OFID and the World Bank Group to address several new challenges, with an emphasis on energy poverty, water, agribusiness, the financial sector and trade facilitation. The Framework Agreement with IFAD enhances the longstanding partnership between the two institutions with a view to attracting investment for promoting agriculture and rural development in the South to guarantee food security. The agreement also includes a common pipeline of projects for a three year rolling program covering the period 2011-13.

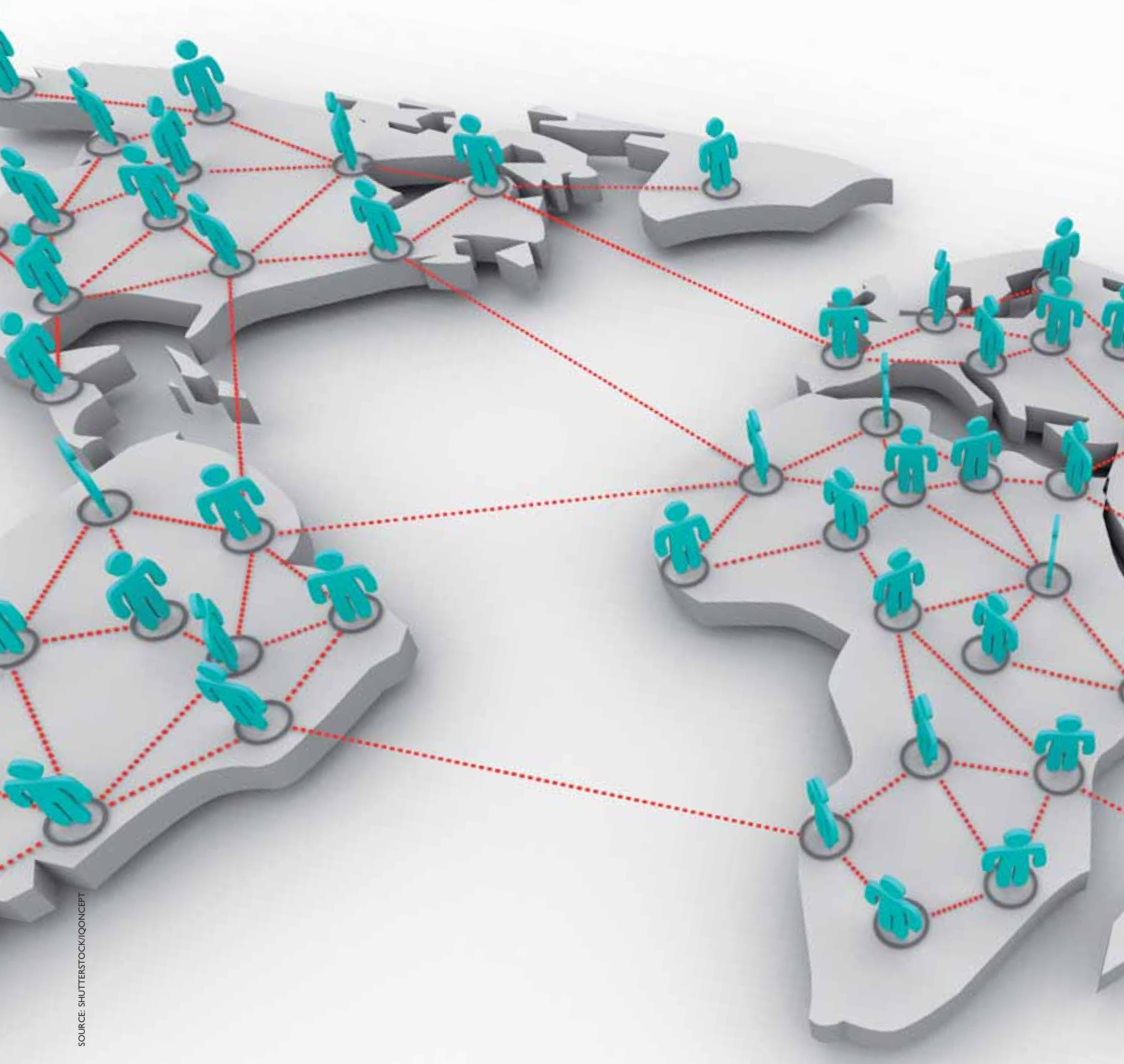
Similarly, a regional agreement was signed with the Andean Development Corporation (CAF), aiming at stimulating, developing and facilitating joint activities to support the public and private sectors of Latin American countries. Effort is equally underway to initial similar agreements with other partner institutions including the Islamic Development Bank and the Asian Development Bank.

To further promote development in the South, OFID has also played, and intends to continue to play an active role with non-governmental organizations (NGOs) and civil society organizations (CSOs) focusing on people, results and efficiency. This collaboration is centered on core issues such as fighting poverty and hunger, improving women's conditions at work and home and preserving the environment.

Innovative forms of financing for development are required to foster inclusive economic growth and development. In responding to the financial crisis, OFID substantially boosted its private sector operations under the *Private Sector Facility*, including with the signature in 2010 of a *Master Cooperation Agreement* with the International Finance Corporation. Of particular note are contributions to global initiatives designed to reduce the impact of the economic downturn on developing countries, such as the *Microfinance Enhancement Facility*, the *Private Sector Platform*, and the *Africa Bank Capitalization Fund.* Similarly, OFID substantially increased the level of funding dedicated to boost trade expansion in the South under its separate *Trade Finance Facility*.

Drawing on 35 years of experience in development cooperation, OFID looks forward to strengthening existing partnership for development and building new alliances as we *Unite against Poverty,* and increasingly work together to maximize the results of our collective development cooperation efforts on the ground. ■

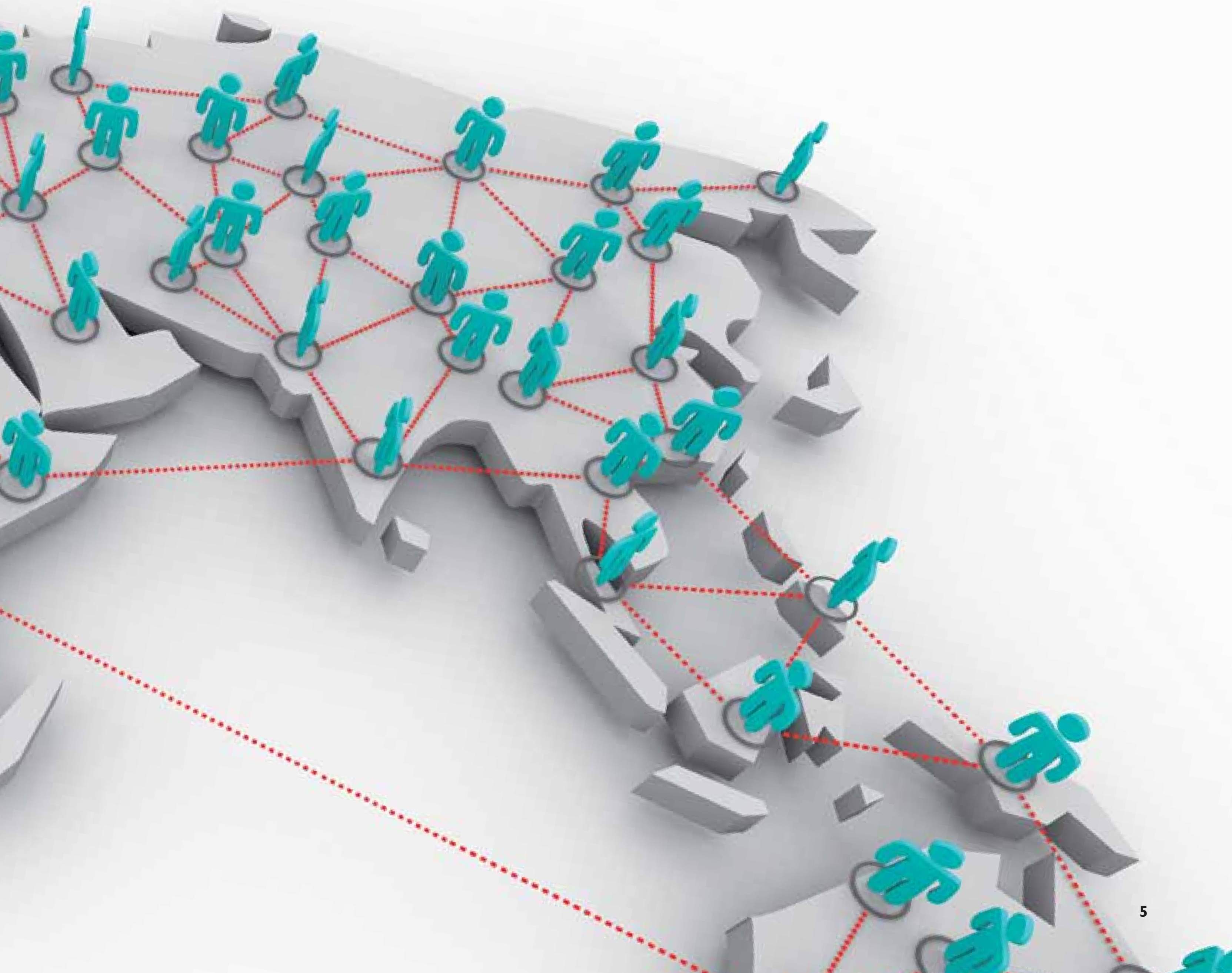
Partnering



SOURCE: SHUTTERSTOCK/IQONCEPT

for development

The task of development requires all parties involved to work together to attain desired progress in the lives of those less endowed. The concerned countries, the development finance institutions, non-governmental organizations and, indeed, individuals constitute the development cooperation community. OFID, in 35 years of development work, is convinced that partnering with others should remain the norm. The following pages detail OFID's commitment to partnership and cooperation.



Global partnership for development: *Our challenge*

Poverty has a long history. The perennial challenge of its alleviation has been on the agenda of development policy making for decades. A renewed attempt was made by world leaders at the United Nations Millennium Summit in New York, September 2000. The subsequent eight UN *Millennium Development Goals (MDGs)* adopted by the summit included a target of reducing extreme poverty and hunger by half by 2015. This represented a *new global partnership* to help poor countries escape the poverty trap.

BY FATIMAH ZWANIKKEN

Five years before the 2015 deadline for achieving the goals, the overall level of achievement of the MDGs is below expectations. At the *High-level Plenary Meeting of the 65th Session of the UN General Assembly on the MDGs* (MDG Summit) in September 2010, world leaders welcomed progress made toward the goals since the last review in 2005, but they also expressed deep concern that it fell short of what is needed. It was observed that, whereas noticeable progress had been made in some countries, others, particularly in sub-Saharan Africa and South East Asia, continue to fall short on all goals.

Since 2005, two dramatic shocks in rapid succession – the global financial crisis that started in 2007 and the 2008 world food crisis – presented new challenges, pushing additional millions into poverty and hunger. The impact of the crises has been particularly severe on the 48 *Least Developed Countries (LDCs)*, most of which are in Africa and are most susceptible to external economic shocks. The crises put insurmountable pressure on already fragile balances of payments and government finances, creating an extraordinarily large and urgent demand for external financing for development.

It is the primary responsibility of poor countries to work toward achieving the first seven MDGs with the design and implementation of sound national development strategies, including the strengthening of social safety nets and the efficient use of resources. Ultimately, however, strong multi-polar and inclusive economic growth is the overriding factor for poverty reduction. This, in turn, requires stronger global cooperation on aid and trade, as envisaged in the eighth MDG: the global partnership for development (MDG8). For poor countries to achieve the first seven goals, it is critical that rich countries deliver on their promises with more effective *Official Development Assistance* (ODA), and development of an open, rule-based trading system. However, there are signs that the global partnership is proving less effective than had been hoped.

Gleneagles commitment

When the MDGs were set in 2000, the financial means to achieve them had not been identified. Since then, the global partnership on financing for development has gradually taken shape – at least on paper – as embodied in the 2002 *Monterrey Consensus,* and the 2008 *Doha Declaration on Financing for Development*.

PHOTO: PANOS/GIACOMO PIROZZI

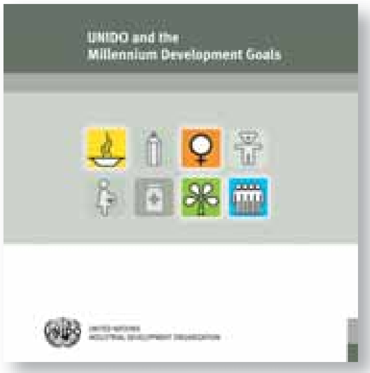
Identifying the location of countries and cities across the globe. School children in the Philippines.

At 0.32 percent of donors' Gross National Income (GNI) in 2010, ODA remains a far cry from the UN target of 0.7 percent of GNI, and the Group of 8 (G-8) *Gleneagles Commitment* to double aid to Africa by 2010 has not been met. Africa has received only about US$12 billion of the US$25 billion a year increase in net ODA envisaged at Gleneagles in 2005.

Similarly, the *Doha Development Round* of multilateral trade negotiations organized under the auspices of the World Trade Organization (WTO) has remained stalled since 2003, mainly over deep rifts between North and South about the liberalization of trade in agriculture – the livelihood of 70 percent of the world's poor. Reducing and eliminating trade-distorting measures in agriculture could play a key role in helping reach the first MDG of cutting the number of poor and chronically undernourished by half by 2015 by raising farm productivity, creating employment and improving rural living standards. However, the most trade distorting forms of agricultural support still dominate in the majority of industrialized countries. As long as subsidies remain high in agriculture, developing countries cannot compete on a level playing field with industrialized nations, which in 2009 together spent US$253 billion to subsidize their farmers, dwarfing the amount they provide for ODA. In addition, developing country requests to enhance *differential and more favorable treatment* for their trade as embodied in the WTO inaugural declaration have remained unanswered.

Most industrialized nations have adopted preference schemes for exports from LDCs, and several have improved their market access for these countries. Nonetheless, with relatively high tariffs in agriculture and low-wage manufactures (sectors accounting for about half of LDCs' non-oil exports), market access barriers remain substantial. Trade flows from the LDCs to industrialized nations have increased by less than 1 percent since 2004. Today, the LDCs account for less than 1 percent of world trade, and less than 0.5 percent of global non-oil exports.

Since neither trade nor aid could help the LDCs escape the poverty trap, many poor countries have taken multiple measures to attract foreign direct investment (FDI), which has been the most stable amongst all private capital inflows to the South. FDI can play a critical role in reducing poverty in LDCs, and has been the most rapidly increasing resource flow to LDCs over the past ▶



UNIDO: Also working with others to reach the Millennium Development Goals.

◀ decade. Nonetheless, the LDCs receive less than 2 percent of global FDI, reflecting the general trend that the bulk of FDI benefits very few countries. Many investments are concentrated in a small number of LDCs and have focused on resource extraction, which do not fully release the potential for developmental progress that FDI could deliver.

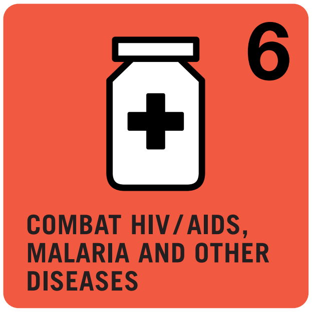
Keeping the promise

According to the UN, the MDGs can and must be achieved by the 2015 target date. The Action Plan adopted at the end of the MDG Summit Outcome Document, *Keeping the Promise: United to Achieve the Millennium Development Goals* dated September 17, 2011, commits world leaders to accelerate efforts to deliver and fully implement MDG8. It was noted that, on the positive side, progress toward MDG8 continued toward debt sustainability and the transfer of technology transfer, especially information and communication technologies, and access to affordable essential drugs, particularly for HIV/AIDS patients.

However, the Action Agenda lacks specific measures related to the scaling up of ODA, new funding to help poor countries adapt to climate change, and implementation of the Doha Development Round. At the Summit, donors made several pledges, including US$40 billion for the *Global Strategy for Women's and Children's Health* over the next five years, and US$11.7 billion to support the *Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria* over the next three years. However, questions remain about delivery and additionality.

Since the onset of the 2008-2009 global financial crisis, increasing emphasis has been placed on international collaboration within the framework of the Group of Twenty (G-20) to resolve the complex problems of systemic risk that trigged the global financial crisis. An effort to complement the MDGs with a new growth-oriented development strategy was made by leaders of the G-20 at their Summit in Seoul, South-Korea, November 2010. The *Seoul Development Consensus for Shared Growth* (the Seoul Consensus) and *Multi-Year Action Plan* set out medium-term outcomes to be delivered in nine key areas.

The MDGs and the Seoul Consensus constitute important steps toward broadening the global consensus and strengthening the global partnership for development. However, the Action Plans are by no means exhaustive. The eight MDGs concentrate mainly on the social sectors, leaving out productive sectors essential for reducing poverty and hunger, such as infrastructure and agriculture. Both the MDGs and the Seoul Consensus leave out the important global issues of inequality and the distribution of income, assets – both physical and human capital – and opportunities.



Also left out are the twin challenges of energy poverty and climate change adaptation and mitigation. Energy correlates closely with many poverty indicators through its strong links with employment creation, income, education, health, gender and the environment, and is vital as such for attainment of almost all MDGs. Nonetheless, 1.4 billion people – the majority in sub-Saharan Africa and South Asia – do not have access to electricity. Clearly, energy poverty – the missing Ninth MDG – should receive the priority it deserves. The G-20 meeting in Pittsburg, September 2009 recognized the importance of access to energy for poverty reduction. A heightened international awareness will be required to help mobilize the financial resources required to achieve the objective of universal energy access by 2030.

Similarly, climate change poses a rising threat to development and poverty reduction. It also makes development more costly, with the additional funds required to adapt to climate change estimated at US$70-100 billion per year. To help poor countries tackle climate change, a *Green Climate Fund* was established at the 2009 Copenhagen Summit. The Fund would include US$30 billion in fast track financing by 2013, and long term finance of US$100 billion by 2020. As in Copenhagen in 2009, the 2010 climate conference in Cancun, Mexico did not secure the future of the Kyoto Protocol, which expires in 2012. Questions also remain about the delivery, additionality and burden sharing of the resources to be mobilized under the Green Climate Fund.

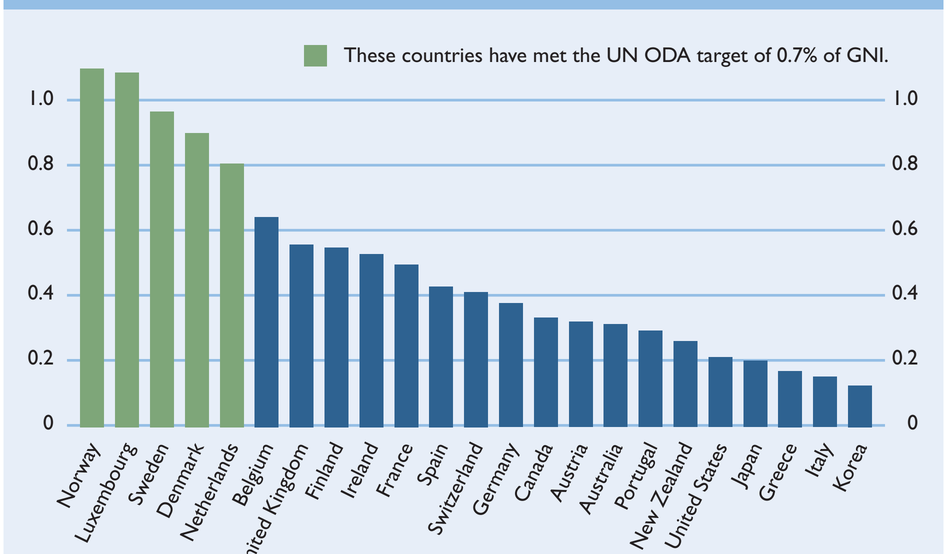
Challenges ahead

Given the mixed results so far, the key question remains what can be done in the next five years to insure maximum success by 2015. At a minimum, developed countries should pursue their support for the poorest countries by honoring their commitments relating to the scaling up of ODA in order to help mobilize the estimated US$143-189 billion needed annually to reach the MDGs by 2015, and to help LICs overcome the challenges of climate change. Actions also need to be taken for a timely conclusion of the Doha Round, particularly *special and differential treatment* for developing countries in recognition of food security and rural development.

Whereas the availability of adequate financial resources will be a major determining factor in reaching the MDGs in full and on time, efforts should also be redoubled to improve the quality of aid by reducing fragmentation, improving alignment, and enhancing aid effectiveness and harmonization, as envisaged in the 2005 *Paris Declaration on Aid Effectiveness,* and the 2008 *Accra Agenda for Action.*

Unless we redouble our efforts to assist the most vulnerable segments of the international community, most MDGs will remain distant ideals. It is a challenge that should be tackled if the world's poorest people are to be given the opportunity to live a life of dignity, free from hunger, want and exploitation.

ODA performance of selected countries



SOURCE: OECD 2010

Delivering impact through coordination and harmonization

When it comes to the coordination and harmonization of development assistance, some of the most active practitioners are to be found in the assembly of nine development finance agencies gathered together under the umbrella of the *Coordination Group of Arab Aid Institutions, the Islamic Development Bank (IsDB) and OFID**.

BY AUDREY HAYLINS

Comprising most of the bilateral and multilateral development agencies of OPEC Member Countries, the Coordination Group has collectively provided more than US$100 billion in development financing to countries in need across the globe, its assistance spreading far beyond the confines of the Arab region.

Since its establishment in 1975, the Group has pioneered the concepts of coordination and harmonization, practicing them long before the same principles were embraced by the wider development community as part of the international aid effectiveness movement.

The Group meets regularly at the level of heads of institution and twice a year at the level of directors of operations to share initiatives, synchronize programs and harmonize approaches and best practices. By pooling information and resources, coordinating efforts and drawing on the combined skills and experience of its members, the Group has made appreciable progress toward maximizing aid effectiveness and cost efficiency, while eliminating duplication and waste.

Respect of peers

Over time, the Group has come to assume a respected position in the global development arena, drawing praise from UN Secretary General Ban Ki-moon and World Bank President Robert Zoellick, among others. In 2005, at the Paris High Level Forum on Aid Effectiveness, the Group was singled out by the developing countries for its long-standing commitment to the notion of "ownership," which supports the right of beneficiary countries to set their own priorities and take responsibility for their own development. Both individually and collectively, Group members are prepared to advise but never to dictate.

Another hallmark of the Group is the unconditional nature of its assistance, which is given free from economic, political or religious considerations, in a genuine spirit of solidarity with developing countries, of whom the Arab donor nations are an integral part. Similarly, the Group does not, generally speaking, tie

* The nine members of the Coordination Group are the Abu Dhabi Fund, the Arab Bank for Economic Development in Africa, the Arab Fund, the Arab Gulf Program for United Nations Development Organizations (AGFUND), the Arab Monetary Fund, the Islamic Development Bank, the Kuwait Fund, OFID and the Saudi Fund.

PHOTOS: PMAESA SECRETARIAT; SHUTTERSTOCK/NATHAN HOLLAND; ICARDA; BANCO LOS ANDES; SHUTTERSTOCK/ANDRÉ KLAASSEN; SHUTTERSTOCK/A.S. ZAIN; KAVI

its aid to the procurement of goods and services from preferred sources, a consideration that allows for the most cost-efficient use of funds.

Until the early 1990s, the Group collaborated mostly on project co-financing, coming together to finance large- and medium-scale infrastructure projects that were beyond the scope of a single institution. It also worked at streamlining policies and procedures in important areas such as feasibility studies, project appraisal, design and supervision, procurement and disbursement. The obvious advantages of such unification have resulted in many developing countries preferring to have their projects co-financed exclusively by Coordination Group members.

The bigger picture

Over the last decade or so, the Group has started paying more attention to thematic issues, with each institution playing to its individual strengths and leading the others accordingly. In all cases, the experiences and expertise of the lead partner are shared with the Group as a whole, strengthening its knowledge base for the wider benefit of the beneficiary developing countries. The IsDB and OFID, for example, are showing the way in trade finance and the private sector. The Arab and Kuwait Funds are jointly championing water and food security, both of which are issues of growing international concern. OFID and the Saudi Fund, meanwhile, are pushing forward with the energy for the poor initiative, looking at ways to improve the accessibility, affordability and reliability of electricity through joint initiatives with the Group and other members of the international donor community. OFID has also been responsible for coordinating development of the Arab Development Portal, a comprehensive online knowledge and resource center for donors, potential investors and other parties interested in the region.

Other issues being discussed by the Group include education – in particular the need to match higher and vocational education systems with the requirements of the job market – and micro-financing as a means of increasing productivity and employment opportunities and alleviating poverty.

At a wider level, the Coordination Group – together with the governments of Arab countries – is a key partner in the World Bank's Arab World Initiative (AWI). Launched in 2007, the AWI seeks to increase the Bank's engagement in the region with a view to improving integration and helping to address key areas such as human capacity building, infrastructure development, competitiveness, technological advances, financial sector development and environmental sustainability.

On account of its decades of experience with Arab countries, the Coordination Group is considered by the World Bank to be a valuable ally in the initiative. Meetings take place twice yearly between the heads of all concerned institutions, and the Group also attends the annual meeting between Mr. Zoellick and the Finance Ministers of the Arab countries. OFID has assumed an active role in the dialogue with the Bank.

The Group has also scaled up its dialogue recently with the Organization for Economic Cooperation and Development (OECD). Although there already exists a strong relationship between the two parties, most notably with regard to the harmonization of aid, the Coordination Group is keen to tap into the other strengths of the OECD, especially its knowledge in the area of reporting. ■

PHOTO: SHUTTERSTOCK/SHYSHAK ROMAN

Partnering with the World Bank Group and the United Nations System

BY CHIBO ONYEJI

From its inception, OFID has been of the opinion that, in international development practice, partnership is essential to accomplishing sustainable socio-economic advancement. With the advent of globalization, the role of partnership in international development has become increasingly evident and appreciated by the various stakeholders intent on greater effectiveness.

OFID was thus convinced from the beginning that close cooperation with the World Bank Group (WBG) and the global community of nations under the flag of the United Nations System would be essential to realizing the goals and aspirations it had set itself.

OFID began early cooperation with both the WBG and the UN to quickly and effectively move development forward. This cooperation takes three major approaches to reaching OFID's goals: 1) project co-financing; 2) contributing to the resources of other development institutions; and 3) providing grant financing in support of social and humanitarian development projects, HIV/AIDS initiatives, capacity building, research and similar activities, as well as emergency food and relief operations.

As the years have rolled by, OFID has increasingly sought partnership arrangements as a more effective means of strengthening its ability to respond to the challenges of modern times. The increasing trend in partnership arrangements in international development practice underscores the urgency and desirability of partnerships in delivering effectiveness. Two important examples are 1) the Millennium Development Goals (MDGs), whose attainment hinges, to a large extent, on Goal 8: to *develop a global partnership for development*; and 2) the *Paris Declaration on Aid Effectiveness,* which is about meaningful partnerships between donors and beneficiary countries through greater harmonization, alignment and management of aid for results.

PHOTO: IFC

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

Enhancing partnership

Within the context of the WBG, OFID and various institutions of the Group have continued to address mounting development challenges. Over the years, cooperation here has progressed into a robust partnership for delivering tangible projects and programs in the least developed economies. The partners are convinced that the 21st century, in general, and the global economic climate, in particular, obligates international development institutions to adopt innovative approaches to their development programming work. Indeed, in 2010, OFID and the Bank Group agreed a *Memorandum of Understanding (MoU)* to strengthen partnership and better coordinate development programming. The memorandum addresses the special needs for overcoming energy poverty and the management of natural resources, favoring cooperation in expanding economic and social infrastructure.

The World Bank Group

The WBG is one of the world's largest sources of funding and knowledge for developing countries. In fiscal year 2010, the WBG committed more than US$72 billion supporting more than 850 projects to promote economic growth, overcome poverty and promote private enterprise. The Group comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the International Centre for Settlement of Investment Disputes (ICSID); and the Multilateral Investment Guarantee Agency (MIGA).

Partnering with other institutions in the UN system

◀ Besides working with the WBG, which is an independent specialized agency of the UN, OFID has also developed close relationships with other UN institutions, among the major UN agencies and organs working with OFID have been:

IFAD

OFID played a significant role in the establishment of IFAD in 1977, having channelled US$861.1 million in contributions from OPEC Member Countries to the agency's initial capital and first replenishment. In addition, OFID itself advanced a further US$20 million to the agency as a special contribution from OFID's own resources. Cooperation with IFAD has enabled the two institutions to pool experience, knowledge and resources and jointly implement over 60 projects in what has turned out to be a continuously strong relationship.

In December 2010, OFID and IFAD announced an enhanced partnership that would promote innovative financing mechanisms to attract private sector investment in agriculture, and develop inclusive business models to benefit investors and local small farmers. This framework agreement aims at enhancing the scope of existing cooperation, and includes a common pipeline of projects for a three-year rolling program, for the period 2011-2013. OFID Director-General Al-Herbish described cooperation with IFAD as "a cornerstone of OPEC Member Countries' commitment to eradicating poverty and boosting agricultural productivity in developing countries."

www.ifad.org
www.unido.org
www.fao.org

UNIDO

OFID and UNIDO have worked together in addressing, among other issues, the question of energy poverty in developing countries. UNIDO Director-General, Dr. Kandeh Yumkella, who also holds the Chair of the UN-Energy group, has expressed on several occasions that a growing energy access problem has exacerbated poverty in Africa, and he has called for the energy sector to be accorded higher priority on the development agenda.

Because energy underpins all the eight MDGs – its availability and affordability being a potent lever of economic and social development – OFID has made alleviating energy poverty one of the cornerstones of its lending programs. Accordingly, OFID supports the proposal to *Eradicate Energy Poverty* as a missing MDG No. 9. Already, in June of 2008, OFID convened a *Workshop on Energy Poverty in Africa* in Abuja, Nigeria, at which UNIDO along with other organizations, businesses and government ministries participated. The conference identified key barriers to improving energy access and solutions to the barriers.

UNIDO's current Five-year Plan, in which various UN organizations are involved, targets energy access and energy efficiency, especially with regard to industry and transport. It also covers renewable energy for household, industrial and commercial uses. OFID Director-General Al-Herbish has spoken of both institutions' mutual interest in supporting the development of affordable energy. UNIDO and OFID are part of a group promoting the *Vienna Energy Forum* 2011 with the motto, "Energy for All. Time for Action."

OFID's collaborative work with UNIDO also embraces related areas such as the environment, trade and the private sector. As progress in any of these areas increases the chances of sustainable development and poverty reduction, each organization has a strong incentive to ensure successful partnership.

FAO

The Food and Agriculture Organization (FAO) of the UN has a mandate to raise nutritional levels and living standards, to improve agricultural productivity, and to better the condition of rural peoples. OFID's partnership with the FAO involves financial collaboration to address solutions to the problem of food security such as investment in rural infrastructure, technology and modern inputs. Investment in these crucial areas, which are also among the key sector priorities of OFID operations, has been limited or inconsistent for several decades. The dearth of such investment over the years has been described as the "single structural cause" of the global food crisis by the FAO, which has estimated that developing country agriculture would need US$44 billion a year, for several years, in Official Development Assistance (ODA) to solve the food insecurity problem once and for all.

Among the other UN organs and agencies OFID has partnered with are the United Nations Children's Fund (UNICEF); the World Health Organization (WHO); the World Food Program (WFP); the International Atomic Energy Agency (IAEA); the United Nations Relief and Works Agency for Palestinian Refugees (UNRWA); and the United Nations Development Program (UNDP). OFID has supported joint activities with these organizations to the tune of around US$200 million in grant financing for projects such as rural water supply and sanitation, disease eradication, small-scale energy initiatives and others. The bulk of OFID's HIV/AIDS work is also carried out in conjunction with UN specialized agencies.

For OFID, therefore, partnership and cooperation continues to be an overriding principle of its operations. In an era in which stakeholders are increasingly intent on greater development effectiveness, building partnerships remains key. ■

PHOTO: ANDREAS URBAN/HWA

NGOs: Reaching the grassroots

With the backing of both the public and private sectors and unique access to civil society, non-governmental organizations (NGOs) are undisputed experts when it comes to grassroots development.

BY AUDREY HAYLINS

The World Bank defines them as "private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development." With such a broad mandate, it is hardly surprising that NGOs hold a key position in the global development alliance. Tackling poverty where it really matters, with the minimum of fuss and red tape, NGOs are seen by many as the natural partners of the poor.

Today, it is estimated that there are over 40,000 internationally operating NGOs. Hundreds of thousands more operate regionally or nationally. The vast majority demonstrate success in what they do – on a small-scale perhaps, when compared to the work of the multilateral donors; but at a level, nevertheless, that delivers tangible results and makes a sustainable difference to people's lives.

Thirty years ago, NGOs relied heavily on public fundraising and private philanthropy to finance their activities. As respect for their efficiency has grown, however, more and more funding is being channeled from governments and other official sources, as well as from a private sector increasingly eager to showcase its corporate social responsibility (CSR). Donors, it seems, have unshakeable confidence in the ability of NGOs to utilize funding wisely and effectively.

Unique selling point

What, then, do NGOs have that sets them apart from other development partners? According to Heidi Burkhart, Managing Director of *Hilfswerk Austria International*, an NGO with over 60 years experience, the difference between NGOs and the bigger players lies in their access to civil society. "Our ability to go in at a grassroots level and effectively become one of the people is our unique selling point," she told the Quarterly. ▶

Heidi Burkhart with partners and beneficiaries in the Sudan.

◀ Typically, NGOs shy away from the notion of donor and beneficiary, preferring to look upon target communities as human beings with dignity, knowledge and resources. "Never underestimate how innovative people can be in difficult situations," says Ms. Burkhart. "Always bear in mind that people know a lot, that they want to take responsible for their country and just need a little input." It is imperative, she adds, to talk to beneficiary groups, especially women, "who often know exactly what is missing and needed."

By working closely with local communities, NGOs are able to gain their trust and active engagement in projects. Such an approach acknowledges that change has to come from within and with the full participation of the people concerned. It also gives communities an opportunity to develop their knowledge and skills and, at the same time, promotes a sense of ownership and pride in the projects. Says the Hilfswerk chief: "It's a matter of empowering in a simple, common-sense way."

Supporting local priorities

Pilar Lara is the founder and president of leading Spanish NGO, *Fundación Promoción Social de la Cultura* (FPSC), which has been active in the field of international cooperation since 1992. She agrees wholeheartedly with Heidi Burkhart on the role of civil society and local organizations in the design and implementation of development activities: "Experience has shown us the importance of supporting the priorities of the people and using local partners," she told the Quarterly. For FPSC, this participatory process includes a written contract with the partners concerned, committing them to undertake the agreed actions. This, says Ms. Lara, has a double benefit: it instills ownership and, simultaneously, safeguards the sustainability of the project.

In keeping with the aim of strengthening domestic capacities, the most efficient NGOs staff their field offices with local personnel. Hilfswerk, for example, has only 17 people working out of its headquarters in Vienna. A further 80 staff – hand-picked in the field and trained by the organization – are located in various offices throughout the world. Says Ms. Burkhart: "This is one of the principles – to discover the resources, the good people with leadership potential, who always exist and who are waiting for the right opportunity to contribute to the development of their own country."

Getting governments on side

While working with civil society is very much the *raison d'être* of NGOs, such efforts would come to naught without the backing of host governments. "Whether a government is deemed good or bad, it is the institution that leads the country," Heidi Burkhart states, arguing that it would be wrong to try and substitute this authority. Moreover, she stresses: "Without government support, a project would have a very short life." NGOs such as Hilfswerk and FPSC thus try to work in alignment with government strategy, embedding projects in the structure of the country and often filling gaps that might not be addressed in any other way. They also work with other stakeholders, such as the multilateral finance institutions, the United Nations agencies and the European Commission, among others. "For every project, we undertake a thorough stakeholder analysis to see who's there and who's doing what so that we can avoid overlap and duplication and ensure that every cent of our money is well spent," explains Ms. Burkhart.

Because of their dependence on donor funding, whether from governments or other sources, NGOs are more aware than most about getting value for money. "Volatility of financing is an ongoing concern," says the Hilfswerk chief. "Another problem we face is that nobody wants to fund things that go on behind the scenes, such as knowledge management and development." Burkhart admits to finding this attitude frustrating and says she would like to see a change in the mindset of donors. NGOs, she points out, generally pare their administrative costs to the bone, unlike governments and other large institutions, where bureaucracy very often eats up a large share of the budget.

Key alliances with private sector

In terms of funding, a growing boon for NGOs has been the burgeoning amounts of financing coming from the private sector in the form of CSR. Pilar Lara reports that 56 percent of FPSC's resources in 2010 came from small, medium and large corporate donors. "This balance between public and private funding is important," she says.

Hilfswerk actively promotes itself as an "ideal partner" for companies seeking to expand abroad in a socially responsible way, and runs a joint program for this purpose with the Austrian Chamber of Commerce. "It's a win-win situation for everyone involved," says Heidi Burkhart. Companies gain access to new markets. Local populations get access to services and jobs. And the NGO gets funding for its projects.

In order to retain the support of their financial backers –whether public or private – NGOs have to be reliable and transparent and, most of all, they have to deliver demonstrable results. For this reason, they invest a lot of effort in measuring the impact of their work. In many ways, this task is made easier by their proximity to the local population, which allows them to view results first hand and adjust practices accordingly.

During her many years with FPSC, Pilar Lara has witnessed a sea change in the way project evaluations are carried out. "It is no longer adequate to measure the effectiveness of a training project for women, for example, by counting the number of courses taught or how many women attended," she states. "Today, we want to know if the course has enabled a woman to secure employment or if her new skills have helped her find a better, higher-paying job."

In the interests of transparency, most NGOs also subject their projects to independent, external evaluation. According to the FPSC president, this is an "extremely comprehensive process," in which experts assess the impact of a project in terms of effectiveness, efficiency, relevance and sustainability, seeking the views of all actors involved, especially the beneficiaries. It is also an invaluable way of learning lessons for future interventions and maintaining the excellence for which NGOs have become renowned. ■

PHOTO: FPSC

Reaching the grassroots also involves attracting the very young to get them involved early. The future belongs to them.

OFID in the private sector: Building new partnerships as a way forward

BY MALCOLM BRICKNELL

PHOTO: SHUTTERSTOCK/PHOTOSLB.COM

The issue of international aid effectiveness and donor cooperation has become increasingly important in recent years for all the leading Development Finance Institutions (DFIs), including OFID. Both partner countries and international financial institutions (IFIs) have realized that lack of collaboration had placed a huge burden on developing countries and made development aid much less effective. Accordingly, IFIs are now working more closely together to harmonize development activity and to increase needed impact and outcomes.

OFID prioritized cooperation and partnership from its very beginnings. Co-financing has always been a major part of the *modus operandi* of OFID. By actively cooperating with other institutions, OFID has been able to implement ambitious development projects and programs. In fact, within seven years of its establishment, OFID had extended concessional finance to about 170 projects and programs in more than 80 countries. The performance of IFIs is normally measured by criteria such as the number of loans made annually, the number of beneficiary countries and the social impact, the ratio of disbursements to commitments and the ratio of administrative costs to disbursements. Using such criteria, the performance of OFID has been impressive. This success has been substantially due to OFID's pragmatic policy on partnership and cooperation.

As the years have rolled by, OFID, in its forward march has developed new financing mechanisms (windows and facilities) aimed at reaching out to a broader sweep of players and stakeholders in the quest for social and economic advancement in developing countries. OFID introduced such new financing windows as the *Private Sector Facility* and the *Trade Finance Facility*. Their introduction has required OFID to extend its network of cooperating partners to include institutions active in these areas.

OFID's approach to working with private enterprise is transparent and straight forward. For the private sector, as well as in general for trade finance, OFID does not typically rely on other arrangers for clear-cut projects, in particular those in the financial sector. However, in order to operate efficiently and at a high technical standard OFID needs to cooperate with other financial institutions in the co-financing of larger and more complex projects. In these cases, a lead arranger may produce an information memorandum, financial model, terms sheet, etc; which can save OFID valuable time. Lead institutions also assist in the monitoring and effective implementation of projects and will coordinate action and enforcement in the case of a problem loan. So, in many ways, the general approach of OFID for its new windows has followed the traditional approach for the public sector.

One important opportunity for cooperation between both the public and private windows of OFID, as well as with other institutions, arises from Public Private Partnerships (PPPs). Combining concessional and commercial sources in PPPs has become increasingly important in finding solutions for development finance. Funding for such projects is separated into private sector and governmental components. OFID has been able to contribute to both sides, due to having windows for both the public and private sectors.

In the area of trade finance, OFID has implemented funding directly to governments and parastatals for strategic commodity imports and has worked with commercial banks in providing liquidity for trade finance. One significant cooperative transaction has been a US$500 million risk sharing program with Standard Chartered Bank. This program, signed in September 2009, covered over 80 banks in 18 countries for estimated trade volumes of US$2 billion per annum.

OFID recently cooperated with other leading DFIs in establishing the *Currency Exchange Fund (TCX)*. This company takes long-term local currency exposures on a portfolio basis due to IFIs pooling their local currency interests together. This cooperation creates a more complete risk spreading and efficiencies of scale. The involvement of OFID in TCX has allowed OFID, like other leading IFIs, to offer local currency funding solutions to clients, thereby mitigating their foreign exchange risk and so reducing the risk of project failure. ▶

Welding and industrial works. Private investment in industry promises to help accelerate development.

PHOTO: SHUTTERSTOCK/MIRCEA BEZERGHEANU

PHOTO: HAGER

In Cambodia, production of Soya milk.

The need for close cooperation between IFIs was again highlighted by the recent economic and financial crisis which followed the collapse of the US sub-prime mortgage market. OFID was asked to contribute to a series of crisis response initiatives at the same time as increasing its regular funding, to allow its partner countries to maintain vital infrastructure and social sector projects.

The Global Trade Liquidity Program was one International Finance Corporation (IFC) initiative for providing financing to commercial banks in the wake of the financial crisis. OFID participated in the program with US$100 million. Another initiative from the IFC was the Africa Bank Capitalization Fund. This Fund makes equity investments for recapitalizing private sector banks in sub-Saharan Africa. OFID agreed to a commitment of US$30 million. A further initiative was the Microfinance Enhancement Facility which has provided funding to Microfinance institutions to ease the liquidity crunch, to which OFID has committed US$15 million.

The recent increase in the level of cooperation between IFIs has led to a desire to further streamline procedures with a view to making cooperation more effective. So, in April 2010, a Master Cooperation Agreement was signed between IFC and OFID. This Agreement provides that documentation and procedures will be standardized for transactions where IFC is the lead arranger and OFID is co-financing. Furthermore, OFID has quite recently entered into a number of Memoranda of Understanding (MoUs) with leading IFIs, including the World Bank Group, Inter-American Development Bank and IFAD. These MoUs typically provide for exchanges of ideas on sectors, products and institutional development and cooperation on projects (identification, appraisal and loan administration).

The MoU signed in October 2010 between OFID Director-General Suleiman J. Al-Herbish and World Bank President Dr. Robert B. Zoellick was an important step toward enhancing OFID's activity levels with this preeminent institution. It covers all of the main constituent organisations of the World Bank Group (IBRD, IDA, IFC and MIGA). Furthermore, it has coincided with a number of key initiatives of strong interest to both organisations such as *energy for the poor,* food security, Middle East initiatives and others.

In conclusion, it can be seen that cooperation with both partner countries and other IFIs is central to the work of OFID. Over time, priorities have changed along with the prevailing development paradigms. The scope of OFID's operations has also changed dramatically with the introduction of its new financing windows covering the private sector and trade finance. However, one constant is the need for close cooperation and effective partnership with both cooperating countries and with other institutions. This is innate to OFID and its ways of working. ■

OFID and Ecobank launch strategic partnership

Following signature mid-March of a US$30 million loan agreement, Ecobank Transnational has become OFID's newest partner in Africa. In the following interview with *Audrey Haylins*, Ecobank Chief Executive Officer **Arnold Ekpe** describes the bank's African roots, its phenomenal growth and its double bottom-line approach to business.

OQ: *Does Ecobank see itself differently to other banks in the region because of its African roots?*

AE: I think so. We certainly feel that we are more than a bank, that we represent almost a movement for the advancement of Africa. We are very proud of certain things. We have managed to have the African private sector – anglophone, francophone, lusophone – working together, which is very unusual. We've also been instrumental in prompting regional integration, creating larger regional groupings and products than enable regional integration. We see ourselves as a stateless bank. We have a regional DNA.

OQ: *Since you took the helm in 2005, Ecobank has undergone phenomenal growth, increasing its assets from US$2.2 billion in December 2005, to US$9 billion as of December 2009, and expanding outreach to 30 countries. How have you managed this growth in terms of institutional capacity?*

AE: I think we set ourselves a challenge from the beginning. We wanted to be Pan-African sooner rather than later. And we accepted that there would be a cost to that growth. A strategic analysis showed that what we call "Middle Africa" has enormous potential. The demographics are very good – fifty percent of the population is aged 20 or younger; it is fast growing; it has abundant natural resources; it is highly underbanked – penetration is less than 10 percent in many countries; and it is also less competitive in many ways. So we felt this was an opportunity for us, and we decided to move into that market as aggressively as we could. In terms of cost, we knew that we would have to look for people and invest in their training and development, and also that we would have to invest significantly in technology. What we've tried to do is balance things in such a way that, although we are growing geographically, we are not creating systems and processes that we cannot handle.

Ecobank – a profile

Ecobank dates back to the early 1980s, when most of the banks in West Africa were either state-owned or foreign-owned. It was set up by the Federation of West African Chambers of Commerce as a regional, privately owned bank, with shareholders from 14 countries. The first branch opened in Togo in 1988. Today, Ecobank operates in 30 countries across west, central, eastern and southern Africa, making it the leading Pan-African bank. It offers a full range of products and services to governments, financial institutions, multinationals, medium, small and micro-enterprises and individuals. Ecobank is listed on the Nigerian Stock Exchange, the Ghana Stock Exchange and the Bourse Regionale des Valeurs Mobilieres (BRVM) in Abidjan.

◀ **OQ:** *What would you say are the key challenges and opportunities for the banking sector in Africa?*

AE: Actually, I like to look at the challenges as opportunities. For example, the continent has an emerging middle-class, and it's both a challenge and an opportunity to develop financial products for them. Infrastructure is another challenge: almost every branch of Ecobank has its own generator because the public power supply is not reliable. But, there are opportunities there too, to help develop the energy sector. The biggest challenge, however, is people. We need to attract people internationally to support and strengthen our internal talent pool.

OQ: *How does the banking system in Africa differ to other regions?*

AE: It differs in several fundamental ways. I have worked in the UK and in South Africa, and if you look at a market like Europe, the potential for growth is very limited. A lot of the profitability and performance comes from containing costs and not from growing. We don't have that problem yet in Africa, because banking penetration is so low. The second thing is, we're still at a very early stage in terms of sophistication and product variety, so the financial sector on the continent is still broadening and deepening. Africa's story is a growth story, not a cost management story.

OQ: *Ecobank describes itself as the Pan-African Bank. How do you justify this statement?*

AE: We say we are the only true Pan-African bank in the sense that we are present in more countries in Africa than any other bank in the world. Also, although we're located in West Africa, we have 35 nationalities in the bank. We've tried in many ways to be pioneers, not just in terms of a Pan-African footprint but also in terms of trying to push certain initiatives that we feel are in the long-term interests of Africa. So, for example, our mission/ vision says that we will build a world class Pan-African bank and at the same time contribute to the development of Africa. We sometimes hear from our competitors that we have an African strategy. My reply is always, no we don't; Africa *is* our strategy.

OQ: *You are very clear in your annual report about being committed to a double bottom line, i.e. delivering superior returns for shareholders, while showing concern for the welfare of the communities in which you operate. How does Ecobank integrate these two principles?*

AE: We do it at several levels. The thing about banking is that if the communities you are serving do well, then you do well. So in many ways, it is self-reinforcing. But we also, as a matter of policy, dedicate up to one percent of our profit after tax for corporate social responsibility projects. We have set up an Ecobank Foundation, which is separate from the bank and which focuses on five areas: women, children, education, health and culture. But, we've gone beyond that. For example, we have the largest number of microfinance banks of any bank in Africa, because we feel that financial inclusion is important. And we run them commercially. So, yes, we take our corporate social responsibility very seriously.

OQ: *How are you adapting your activities to address the vast youth demographic?*

AE: We are very focused on addressing the interests of the youth. The youth represent the future of the continent, but they have very specific needs. And they are not really very different from the Western youth. They have access to mobile phones, Internet, CNN, and their thinking and expectations are very modern. So we've tried to develop products that relate to them; things like electronic banking and mobile banking.

OQ: *How were African markets affected by the financial crisis? And how did the crisis manifest itself the bank's business?*

AE: Ecobank was relatively unscathed in terms of lines of credit still being there for us to do business. We remained reasonably profitable even during the worst times, and we are beginning to see light at the end of the tunnel. On a more general basis, I think that the financial and economic crises did slow down growth in Africa. But that was a temporary situation and Africa is still seen as one of the fastest growing regions in the world.

OQ: *What does this new partnership with OFID mean to Ecobank?*

AE: We've been talking to OFID for a while, looking for avenues of coopera-

PHOTO: CURT CARNEMARK/WORLD BANK

Ecobank Foundation: focusing on children, women, education, health and culture.

tion. We like to work with development institutions for two reasons. One, I think, is that they have a long-term commitment. They are not like the international financial markets, where, when things go wrong, the capital dries up. Second, beyond the money, they have the objective of enabling development. And those two principles fit in with our own philosophy.

OQ: *OFID's loan will be used to support Ecobank's operations in four countries: Cameroon, Côte d'Ivoire, Kenya and Senegal. How exactly will the funds be used and how will they impact not just on economic development but also on human development?*

AE: The money will be used to develop our business in those markets. Firstly, it will enable us to make more loans. And, as we're an embedded bank, not a foreign bank, our loans tend to go to the locals, not to the multinationals. Secondly, making more credit available has spillover, multiplier effects in terms of employment, both at our end and within the companies we finance. Underpinning it all is the fact that we enable development by financing local businesses, which can be part of the development story of their respective countries.

OQ: *Do you see scope for a long-term strategic partnership with OFID?*

AE: Definitely. This is what we discussed in the run up to signing the loan agreement. Our position is that we like what OFID is doing and to the extent that we can support that in any way, we would be delighted.

OFID holds Emerging Markets Workshop

The growing role of Emerging Markets in the global economy drew significant discussion at a Workshop held March 17 at OFID. The Workshop examined crucial developments particularly regarding investment risks and opportunities in Emerging Markets. ***Reem Aljarbou*** covered the Workshop for the *OFID Quarterly*.

OFID deemed it opportune, particularly following the 2008 financial crisis, to examine more closely some of the important developments in Emerging Markets and their impact on the future growth of the global economy. The one-day Workshop on Emerging Markets at the OFID Headquarters in Vienna had the theme, *'Investing in Emerging Markets: Risks and Opportunities'* and was specially designed for executive directors and investment professionals from leading development finance institutions (DFIs) and OFID's Member Countries. The purpose of the workshop was to explore these risks and opportunities, and to discover more about the role of Emerging Markets in global growth and development. Additionally, the workshop aimed to encourage delegates to enhance cooperation and exchange views on seeking investment opportunities in Emerging Markets particularly following the financial crisis.

Mr. Al-Herbish, Director-General of OFID, stated at the opening of the workshop that throughout the 35 years of OFID's existence, the institution had maintained the focus of its assistance even during uncertain times, and had managed to scale up its support to its partner countries. "We believe that this support is particularly crucial in these days of financial constraints and have thus sought continuously to deliver innovative financing instruments alongside sustainability." The Director-General reiterated that OFID focuses on strengthening its partnership network with leading and regional banks, member country institutions, and DFI's across priority sectors to meet new development challenges. He affirmed the importance of the discussions at the workshop and their ability to raise awareness and embrace an inclusive approach on the synergies of all those involved in eradicating world poverty.

HE Dr. Hamad Al-Bazai, Vice-Minister of Finance, Saudi Arabia and Chairman of OFID's Investment Committee delivered opening remarks at the workshop. He highlighted OFID's driving commitment to contribute to the development priorities of its partner countries: the Emerging and Developing Economies. He stressed that OFID's financial assistance was conceived to support investments that promote sustainable growth, generate employment opportunities and build social and economic infrastructure with the overarching objective of reducing poverty.

"Today, Emerging Markets are highly influential in leading economies and their growth and economic ascendance will benefit low-income countries," said Dr. Al-Bazai, who then concluded that while the present workshop aimed to explore the risks and opportunities of investing in Emerging Markets, it would also help to discover more about their influence in global growth and development.

The workshop began with a keynote address by Xavier Sala-i-Martin, Professor of Development Economics, Columbia University. In a presentation, *Emerging Markets – Growth Prospects & Policies,* Martin argued that Emerging Markets no longer existed. He demonstrated how overall global trends were similar in relation to growth. He gave comparisons of the world development economic outlook between 1950-2010. In his analysis, he focused on the growth of China and India as an example of the strong historical shift from a dual world to encompass a more global and variant growth where poverty and growth are interlinked. He predicted that as a result of the growth within Africa during the 1990s and its current acceleration, it would be at the center of opportunities which would ultimately end its many poverty issues.

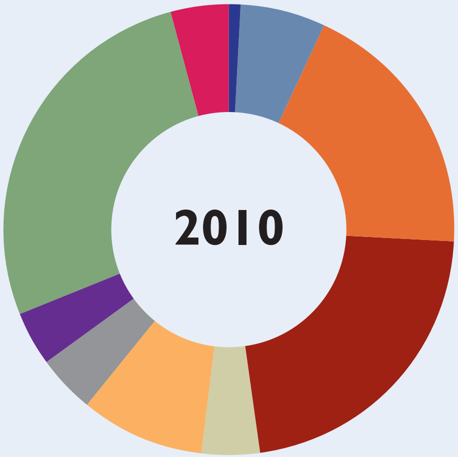
Professor Martin focused on six key factors to defend his theory on the demise of inequality in opportunities for markets at the global level. He mentioned convergence, globalization, institutions, macroeconomics and fiscal sustainability. He also spoke of the concept of models and mirrors, highlighting the importance of following changing market dominance and learning best practices. His dynamic presentation forecast that Africa would be a success story especially because of fast moving innovation. He further stressed that countries that were solely dependent on natural resources should create significant mechanisms to utilize these resources to create other developmental efforts and spur such innovation which can be sustainable without these resources.

The workshop then listened to guest speaker Akbar Ali, Vice President and Senior Portfolio Manager at Dimensional Fund Advisors. Mr. Akbar's presentation focused on *Emerging Market Equity Strategies-Risks & Opportunities* in which he exhibited in detail the process of building a portfolio of value stocks, and described the unique risks and opportunities, emphasizing the importance of company valuation and stock picking, as ▶

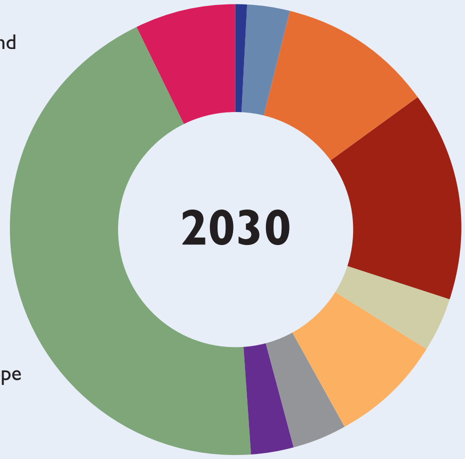
About the Keynote Speaker

Xavier Sala-i-Martin is Professor of Development Economics at Columbia University and Senior Economic Advisor to the World Economic Forum since 2002. He is also CEO and Founder of the Umbele Foundation, a non-governmental organization which is committed to poverty reduction in Africa. Additionally, he is currently a member of the Advisory Board for Telefonica, one of the leading telecommunications companies in Latin America and Europe. Sala-i-Martin was a visiting professor of economics at Harvard University, 2003-2004. He is ranked among the most-cited economists in the world for works produced in the 1990s. His works include the topics of economic growth, development in Africa, monetary economics, social security, health and economics, classical-liberal thinking and convergence. He constructed an estimate of the World Distribution of Income, which he has then used to estimate poverty rates and measures of inequality. He has thrice won the Distinguished Teacher in Graduate Economics Award, both at Columbia and at Yale University. Also worthy of mention is the King Juan Carlos I prize, 2004 (a biannual prize given to the best economist in Spain and Latin America); and the Lenfest Prize 2006, given to the best teacher at Columbia University. Sala-i-Martin earned his degree from the Autonomous University of Barcelona in 1985 and his PhD from Harvard University in 1990, both in economics.

Composition of World GDP



2010	2030	
1%	1%	Australia and New Zealand
6%	3%	Japan
19%	11%	Western Europe
22%	15%	North America
4%	4%	Middle East
9%	8%	Latin America
4%	4%	Soviet Union and FSU
4%	3%	Central and Eastern Europe
27%	44%	Developing Asia
4%	7%	Africa



SOURCE: PROFESSOR XAVIER SALA-I-MARTIN, EMW PRESENTATION

◀ well as the importance of other factors such as local legal system. Akbar concluded that there is no correlation between GDP growth and long term stable investment returns, describing the risks as unique.

Mr. Michael Gomez, Executive Vice President, Portfolio Manager and Co-head Emerging Markets Portfolio Management Team, PIMCO, was the next presenter. Gomez focused on *Emerging Markets Debt-Risks, Rewards, and Similarities & Differences to Developed Markets*. He demonstrated the asset class as being robust compared to developed markets, and highlighted the tripling in size of the asset class in the last five years. Mr. Gomez also pointed out that relative and absolute valuations are attractive, He concluded by stating that emerging markets real exchange rates are undervalued and countries' Balance sheets are "cleaner."

The morning session ended with a presentation on the *Challenges facing Emerging Markets*. The speaker was Jean Pierre Lacombe, Head of Global Markets Strategy & Financial Engineering at the Corporate Strategy Department at IFC. Lacombe concluded that sound macroeconomic policies in the region reinforced the growth potential and the attractiveness for investors in comparison to unsustainable policies in the past.

The afternoon session encompassed a panel discussion on the *Role of DFIs Investments in Emerging Markets.* The panel discussion was moderated by Mr. Said Aissi, OFID's Assistant Director-General for Operations. Guest panellists included Mr. Michael Barrow, Director, Infrastructure Finance Division 1, in the Private Sector Finance Department at the Asian Development Bank; Mr. Ossama Deeb, former Chief Financial Officer (CFO) of the Zain Group; Mr. Jean Pierre Lacombe; and Ms. Valerie Mercer-Blackman, Acting Regional Economic Advisor at the Inter-American Development Bank. The session covered a wide range of issues which exhibit that Private Sector-Public Sector cooperation and synergy can stimulate growth and that DFIs provide environmental, social input and a good degree of credibility and transparency. Furthermore, the panel concluded that emerging markets will broaden and deepen over the medium to long-term, resulting in the narrowing of the gap in market capitalization of the equity and bond markets with the developed markets.

At the conclusion of the workshop, Mr. Saeid Niazi, OFID's Assistant Director-General for Financial Operations highlighted the many discussions throughout the day and reiterated the key issues that were covered by the speakers. He stated: "Many of the presentations throughout the workshop exhibited the resilience of capital markets of emerging economies and their resilience during the last financial crisis due to the prior implementation of solid structural reforms." ■

Participating Institutions at the workshop were from various member-country institutions, other global development finance institutions and other entities; among them, Banco de Desarrollo Económico y Social de Venezuela (BANDES); Bank of Industry and Mine, IR Iran; Bank of Tose'e and Ta'avon, IR Iran; Emirates Industrial Bank; Federal Ministry of Finance, Nigeria; Ministry of Finance, Algeria; Ministry of Finance, Saudi Arabia; African Development Bank; Asian Development Bank; Austrian Development Bank; International Finance Corporation (IFC); International Fund for Agricultural Development (IFAD); Islamic Development Bank; WKO – Aussenwirtschaft Österreich; Saudi Fund for Development; Social Investment Fund; UNIDO; Asian Development Bank; Columbia University; Dimensional Fund Advisors; Inter-American Development Bank; International Finance Corporation (IFC); PIMCO.

OFID Director-General Suleiman Al-Herbish *(second from right)* gave the opening address at the Workshop. He is flanked *(right)* by Mr. Ahmed M. Al-Ghannam, Director Manager of the Saudi Export Program, who chaired the Meeting; and *(left)* by Mr. Azzedine Bouchelaghem, Secretariat Coordination Group Meeting and Economist Expert from the Arab Fund for Economic and Social Development and Mr. Said Aissi, OFID Assistant Director-General, Operations.

OFID hosts Trade Finance Workshop

BY FATIMAH ZWANIKKEN

Trade can be an important engine for economic growth and poverty reduction. Owing largely to rapid expansion in some large developing economies, the share of South-South trade in total world trade has doubled from 9 percent in 1990 to 18 percent in 2009. Today, almost 40 percent of world trade is conducted by developing countries. However, although markets are recovering from the 2008-2009 global economic crisis and the collapse of world trade and trade financing, many traders still encounter difficulties in accessing trade finance at affordable cost.

Conscious of the importance of trade as a key instrument in the fight against poverty, OFID hosted a *Trade Finance Workshop (TFW)* at its Headquarters in Vienna, Austria, March 28, 2011. It was the second time OFID was hosting such a gathering. Experts and ranking officials from 22 multilateral and regional development finance institutions (DFIs), the World Trade Organization (WTO), export credit and rating agencies, commercial banks, and OFID sister institutions attended the workshop, which served as a platform for sharing experience, expertise, and expectations on issues of common concern.

In his opening statement, OFID Director-General Mr. Suleiman J. Al-Herbish highlighted the role of OFID's *Trade Finance Facility (TFF)* in fostering South-South cooperation, and in ensuring additionality and developmental impact. "Our strategy," the Director-General said, "is to cooperate with those who share our views and aspire to help the poor. We have developed strategic partnerships with institutions that have the knowledge of the trade and the local presence which we lack."

Since the onset of the financial crisis, OFID has raised the level of resources allocated to the TFF to US$1 billion in an effort to boost South-South trade and support the recovery. Activities include a wide range of funded and unfunded operations, such as direct trade finance loans and guarantees, revolving lines of credit, structured trade finance, and risk sharing agreements. In addition, several strategic partnerships were developed, including the conclusion of risk sharing agreements with the Standard Chartered Bank in October 2009, and the Standard Bank in March 2010.

Some of the institutions delivered presentations on important issues that recently emerged in trade finance and the response provided by DFIs in the post-crisis era. Items featuring on the agenda of this second TFW included *the Group of Twenty (G-20) and Trade Finance*; *Basel II and III recommendations*; the role of *structured commodity finance* in responding to the financial crisis; *warehouse financing* in emerging markets; *commodity price risk*, and *risk management*. Also discussed were *the measurement of* ▶

Mr. Rudolf Putz, Head, EBRD's Trade Facilitation Program *(left)* and Mr. Nazeem Noordali, ITFC Marketing General Manager, addressing the workshop.

◀ *the development impact* of trade finance operations, and the role of *large trading companies.*

Through its TFF, OFID regularly co-finances projects with the *International Islamic Trade Finance Corporation (ITFC)* - a member of the Islamic Development Bank (ISDB) Group. Addressing the Workshop, ITFC Marketing General Manager Mr. Nazeem Noordali explained the ITFC's role in responding to the financial crisis, using all modes of financing for trade operations that are compatible with the principles of *Sharia* (Islamic law), including warehouse financing, i.e. trade finance collateralized by the commodities financed.

On measuring the development impact of trade finance operations, Mr. Rudolf Putz, Head of the *EBRD's Trade Facilitation Program* (TFP) said: "We have to ask ourselves, as DFIs, the question what we achieved in terms of supporting the transition from centrally planned to market economies." He added that trade finance was not an objective in itself. "It has to be assessed by its transition effect as measured by established transition targets." The EBRD established four clear objectives for evaluating the development impact of its TFP. These include: (i) fostering trade, both intra- and inter-regional; (ii) providing liquidity; (iii) assisting participating banks in creating track records with international banks, and (iv) strengthening trade finance capabilities of local banks.

The workshop presentations served as a backdrop for discussions on the feature of trade finance, risk mitigation, the synergies derivable from different programs, and the parameters for development impact assessment. The workshop provided participants from the various institutions attending ample opportunities for the sharing of the state-of-the art knowledge, the exchange of views, experiences and best practice and in the field and an opportunity to network. ■

Participating institutions

The multilateral and regional institutions present at this TFW included the World Trade Organization (WTO); the International Finance Corporation; the European Bank for Reconstruction & Development. Also attending the workshop were the Eastern and Southern African Trade and Development Bank (PTA Bank) and the Andean Development Corporation (CAF).

Also participating were representatives of the Secretariat of the Coordination Group; some members of the Group such as the Arab Fund for Economic and Social Development and the Arab Bank for Economic Development in Africa. Equally present were the International Islamic Trade Finance Corporation; Dhaman; ICIEC; the Saudi Export Program; ACE - Audit Control & Expertise Global Ltd; the Austrian Ministry of Finance; Deutsche Bank; BNP Paribas Fortis; Société Générale; Credit Agricole; Fitch Ratings; the Standard Bank; the Standard Chartered Bank; Swiss Re International SE; JP Morgan Chase; Unicredit; TCX Investment Management Company B.V.; and Sumitomo Mitsui.

OFID hosts Coordination Group meeting

Following the Trade Finance Workshop, OFID hosted a meeting of the Coordination Group of Arab Aid Institutions, the Islamic Development Bank and OFID, March 29. The aim was to seek to strengthen cooperation between national, Arabic and Islamic Trade Finance and Guarantee Programs. It was the 5th such Coordination Meeting. *Reem Aljarbou* attended and reports for *OFID Quarterly*.

The meeting was chaired by Mr. Ahmed M. Al-Ghannam, Director Manager, Saudi Export Program, who highlighted the importance of strong coordination and partnerships among the participating institutions.

The participating institutions included sister and other organizations such as the Arab Fund for Economic and Social Development; the Arab Bank for Economic Development in Africa; the International Islamic Trade Finance Corporation; the Saudi Export Program (Saudi Fund for Development); the Islamic Cooperation for the Insurance of Investment and Export Credit; and *Dhaman*.

Speaking of the importance of the meeting, Mr. Al-Ghannam said it continued to exemplify the many areas of synergy in trade finance and trade guarantee programs which continue to produce significant cooperation.

According to Al-Ghannam, the preceding workshop was in line with the issues tabled far the Coordination Meeting. He stressed the importance of intensive discussions with banks, institutions and programs in widening the horizon of cooperation. He added that hosting institutions of future Coordination Meetings should follow this initiative and create a similar workshop focusing on trade issues with similar institutions. "These discussions," he added, "create a variety of initiatives and different opportunities at the backdrop of our crucial meeting and are issues covered continuously within the coordination group."

Participants reviewed cooperation and coordination among the participating institutions and focused on future joint promotional activities, operations and pipeline projects. Al-Ghannam stressed that regardless of the current situation in the Arab region, which had resulted in economic suffering, the positive results in trade were proof that institutions had to continue with their work in Public/Private sectors within trade initiatives.

Strategic issues examined at this *5th Coordination Meeting* included synergies, shared objectives and effectiveness; the level of cooperation and coordination among participating institutions; and the exchange of information on trade finance, risk assessments, guarantees, and default operations. Also discussed were joint activities; networking; the pricing of products and services and its mechanisms; technical assistance for institutional capacity building and trade promotion, and future operations. Yet other matters encompassed the individual performance reports of the participating entities (especially what was achieved during the preceding year) and a shared vision for future coordination efforts. It was concluded that a unified development reporting system should be established and an automated exchange system guideline drafted.

At the end of the gathering, participants confirmed the importance of an open and rules-based multilateral trading system for uniting – rather than dividing – the world. They agreed that, in addition to access to affordable trade finance, enhanced access to global markets as envisaged in the World Trade Organization's *Doha Development Round* of multilateral trade negotiations and more *aid for trade* would be required to help countries in the South reap the full benefits of trade in the aftermath of the global financial crisis. The next meeting will take place in Kuwait and will be hosted by *Dhaman*.

PHOTO: AFDB

OFID in the Field

OFID projects and programs around the world remain sources of pride for the institution. The same applies to the work of OFID with private entrepreneurial efforts worldwide. Across Africa, Asia, Latin America, the Caribbean and the Middle East, the numbers of projects and programs are growing and OFID is pleased to count itself among the active supporters of socio-economic advancement in a considerable number of countries. *OFID Quarterly* presents, in the following pages, three projects OFID expects will serve the different countries to the benefit of their peoples.

Fetching water in difficult terrain. OFID project is designed to improve access to safe water supply services.

Sierra Leone: *Water project creates fountain of hope for healthy living*

BY TAMANNA BHATIA

Hygiene, water and sanitation are basic necessities for good health. In Sierra Leone, where people have to walk for kilometers to fetch drinking water, OFID, in partnership with the African Development Bank (AFDB) is working with the government to realize a *Three Towns Water Supply & Sanitation Project.*

The project targets rehabilitation of damaged and dilapidated water supply facilities to improve access to safe water supply services in urban and semi-urban areas. Beneficiary communities are the residents of Bo, Kenema, and Makeni, which currently have low access to clean water. The project will seek to improve sanitation in schools, health centers and other public places such as markets and motor parks.

Sierra Leone experienced a civil war from 1991 to 2002. The decade-long war worsened poverty across the country. About 80 percent of the population lives in absolute poverty and only 34 percent have access to safe water and sanitation.

Traditionally, fetching water is considered a task for young girls, who spend their time trying to obtain water rather than attending school or doing something more productive. The shortage of safe water profoundly affects children's chances of survival. Sierra Leone has a high level of infant mortality (some 283 out of every 1,000 children die before the age of five). Diarrhea, malaria and acute respiratory diseases pose the greatest danger. There is, thus, a desperate need throughout the country for water, sanitation and healthcare services to help prevent tragic deaths.

Bo, Kenema and Makeni, with a total population of 496,000 (representing 10 percent of the population of Sierra Leone) were selected on the basis of low service as a result of widespread destruction of facilities and rapid population growth during the years of war and thereafter. The choice of the three, which are regional capitals, is also based on their importance as political, economic and cultural centers. Access to safe water supply is available to less than 5 percent of the population in these towns. In a comment, Ms. Mona Alessa, OFID's backstopping officer for the project disclosed that the project aimed at improving access to safe water supply services in these cities from current levels of less than 5 percent to 50 percent by 2015.

Health statistics in the three towns show a high incidence of waterborne diseases including cholera, typhoid and diarrhea, especially during the rainy season. It is expected that the project will also result in improvements that, in turn, would lead to a decrease in the healthcare cost.

According to Ms. Alessa, cross-cutting benefits of the project will include improvements in living conditions and public health in the cities with the associated gender impact such as improvement in girls' education and women's economic activity. Alessa says the project, when complete, would reduce the time that women and girls spend in collecting water. The project will equally promote community involvement in the management of water and sanitation and include specific measures to enhance women's participation and voice. It will enable access to pipe-borne water in the three cities and introduce a *Revolving Social Connection Fund* that will provide loans for house connections for the poor, who cannot afford the required high connection fees. Currently, only about 12,000 people in the three cities have access to pipe-borne water. The project will bring this to 248,087 people by 2015.

Beneficiary communities will also be involved in the project either as water kiosk operators or as members of "water-user committees." Better hygiene and health conditions will empower and activate the community. Adequate supply of clean water will contribute to the improvement of the country's economy – reduction of water-borne and other diseases will lead to an increase in life expectancy; and healthier people are in a better position to contribute to the economy and the development of their country.

Sierra Leone, West Africa. OFID's Three Towns Water Supply and Sanitation Project aims at benefitting Bo, Kenema and Makeni.

Jordan: *Quality health care for children and young people*

BY TAMANNA BHATIA

Recognizing the need for specialized healthcare for children and young people, the King Hussein Medical City (KHMC) in Jordan, with funding from OFID and other organizations, set up a Children's Hospital in 2009. Within a year of opening its doors, the hospital had catered to the medical needs of over 10,000 children.

PHOTO: ROYAL HASHEMITE COURT

HM King Abdullah and Queen Rania with a young patient at the Queen Rania Al Abdullah Hospital for Children.

The hospital was set up in an area of 27,000 m² with 200 beds and has been contributing significantly to improving health services for children. Although children up to 14 years constitute almost 40 percent of the population in Jordan, the proportion of paediatric beds in the public hospital was around 20 percent of the total number of beds. Rather than increasing the number of beds within the general tertiary hospital, it was decided to establish a separate Children's Hospital because children have different needs than adults and require different care, with regard to both nursing care and medical treatment.

The hospital aims to meet the current and future healthcare needs of children and young people. Its goal is to advance the practice of pediatric care so that children and families can receive the best care locally in an environment that promotes better healing. "There have been more than 14,000 complicated cases; parents from the capital city Amman and other parts of the country would have had to go to the US or the UK or a Gulf state [Saudi Arabia, the UAE and State of Kuwait] in order to get the appropriate treatment for their children," explains Mr. Turki Al-Muaikil, the OFID Officer backstopping the project.

The new Children's Hospital offers a comprehensive range of pediatric specialty care services in a child-focused environment, says Al-Muaikil. The hospital is equipped to handle even delicate procedures, such as open heart surgery and treatment of diseases related to kidney, liver, etc., and cancer. Patients with severe

PHOTOS: QUEEN RANIA AL ABDULLAH HOSPITAL FOR CHILDREN

From left: Dr. Nadia Hawashma, Head, Complicated diseases treatment Unit; Col-Brigardier Essa Hazza'a, Director of Planning, Royal Jordanian Military Medical Services; OFID's Al-Muaikil; Dr. Muna Hamidat, Head, Child Health Services, with the technical staff, Nursing care & medical treatment Section

conditions are able to get treatment on time, and waiting time for non-emergency surgical cases has reduced because a larger number of beds and operating theaters are available at the hospital. Early treatment of diseases has helped in saving costs and reducing human suffering.

The hospital is equipped with state-of the-art equipment and ranks among the top ten world hospitals. The designing firms, selected after international tender, combined local knowledge with profound experience of health facility design. That the planning and design was implemented in collaboration with user representatives further enhanced their ability to design a well functioning hospital. Since the hospital became fully operational, it has operated on 5,563 patients, handled 80,937 emergencies and catered to 106,596 outpatients. More cases can now receive treatment in the country itself due to increased capacity and more equipment. This has also reduced government expenditure in the treatment of patients abroad.

All Jordanian nationals and residents with low income are able to get their children treated at the hospital as do similarly poor nationals of Yemen, the Sudan, Palestine and Somalia. Since the hospital is located adjacent to the existing Al Hussein Hospital and is within the KHMC, it helps in avoiding duplication of technical services and ensures that hazardous waste is handled with the same appropriate routines as those from existing facilities in the KHMC.

Being part of the KHMC, the hospital has access to medical research and KHMC's complicated diseases treatment unit. The hospital and the KHMC management have signed an agreement for cooperation, exchange of information on treatment of patients, training and doctors' skills improvement programs as well as consultation programs for extremely complicated cases with the best hospitals in the United States, such as the Mayo Clinic, the Houston Cancer Centre, the Johns Hopkins University Hospital and the Cleveland Ohio Medical Centre. The hospital hires specialized doctors from US, UK, Germany and France to train local and Jordanian doctors as well as technical nurses.

Widely acknowledged nationally and internationally, the Children's Hospital is committed to providing personalized care to patients. It strives to provide the highest standard of medical and service excellence, patient care, scientific knowledge and medical education. Al-Muaikil reports that the expectation is that the high technical standards combined with available skills will attract patients and students not only from Jordan but also from neighboring Middle Eastern countries. The hospital will be able to play an important role in maintaining and promoting child health services at both national and regional levels. The ability to attract fee-paying patients (maximum 20 percent of the beds) can contribute to financing the operational costs. If 20 percent of the hospital's beds (i.e., 40 beds) are reserved for private patients, the annual revenue of the hospital could amount to JOD 1.77 million; and would thus contribute to the sustainability of this world-class healthcare facility.


PHOTOS: ROMULO MARTINEZ

Paraguay: *Moving forward and paving the way to greater development*

BY DAMELYS DELGADO

Paraguay is a landlocked country that shares the third largest groundwater reservoir in the world, *the Guarani Aquifer,* with a below-surface area of 1.75 million square km, with Brazil, Argentina and Uruguay. Despite a well-developed network of rivers, consisting of the Paraguay and the Parana with a navigable length of approximately 6,200 kilometers, Paraguay needs to develop a network of roads for the transport of goods, mainly agricultural products, one of the country's principal exports.

Paraguay's road network requires development, when compared with its partner countries in *Mercosur*. Few paved roads connect the main production and population centers. Paraguay has an officially inventoried road network of 32,059 km of which only 4,860 km are paved. Current infrastructure efforts average only 100 km of newly paved roads per year.

As a member of Mercosur, it is imperative to increase Paraguay's regional competitiveness by improving access to neighboring countries and international markets. In recent years, public infrastructure investments have been made with a significantly diverse number of financing institutions.

OFID has had, from the very beginning, an active role in this improvement process as part of an *Initiative for the Integration of Regional Infrastructure in South America (IIRSA),* which was launched by and remains supported by regional multilateral development financing institutions. The IIRSA initiative has conceptually organized the South American region into integration and development blocks based on intra-regional and global investment and trade opportunities, according to productive supply chains. In the IIRSA context, Paraguay has the highest priority due to its lack of road infrastructure.

Eager for development

Around 90 percent of all domestic freight traffic uses the road system, where poor conditions hinder the smooth transportation of mainly agricultural products. Paraguay, the 6th largest producer of soybeans globally, is the 4th largest exporter of soybeans, just behind Brazil, the United States and Argentina. In the last 10 years, soybean exports have exceeded exports of cotton and meat.

So far, OFID has participated in two projects related to the road network. The first, called "Road Rehabilitation Project," supported by OFID in partnership with CAF and the government of Paraguay, increased access to international markets and reduced vehicle, road operation and transportation costs. Concurrently, improvement in road transport conditions has reduced travel time and provided a safe alternative route for trade between Paraguay and Brazil. On the other hand, OFID's partnership with CAF has grown significantly since both organizations started working together in Paraguay in 2004, and has been strengthened with the enhanced Cooperation Agreement signed in June 2010.

Mr. Romulo Martinez, the Officer in charge of Paraguayan projects and programs at OFID, commented that the road rehabilitation project would be of direct benefit to 85,000 people, particularly rural populations and the inhabitants of the Departments of San Pedro, Caaguazu and Amambuay. Martinez said the project was "a successful milestone in efforts to improve the country's road sector." The project was designed to improve 23.5 km between Yasy Kany-Capiibary towns and 58.7 km between Nueva Germania-San Pedro towns. OFID financed US$12 million, equivalent to 46.5 percent of the total cost, which was estimated at US$26 million. The rest of the funding came from CAF and the Government of Paraguay. These areas are among the poorest in terms of unmet basic needs, with an estimated population of one million, although the region contributes almost 100 percent of the national production of soybeans and maize.

More roads to strengthen the economy

Says OFID's Martinez: "With the positive performance of Paraguay, OFID is currently funding a second project called the National Rural Roads Program." This program is funded through a US$50 million loan from the Japan International Cooperation Agency, a US$65.5 million loan from IDB, a US$29 million loan from OFID and a US$25.4 million loan from the Paraguayan government. OFID's support is equivalent to 17.1 percent of the total cost, estimated to be US$170 million.

This project will improve approximately 1,150 km of roads and involve 4 km of bridges. According to Efraín Alegre, Public Works Minister, the project will aim to improve roads in the most critical zones and replace some 200 wooden bridges with reinforced concrete structures'.

For Javier Recalde, Head of Unit CAF-OFID Projects, from the Public Works Ministry of Paraguay, "OFID's support has been positive, as demonstrated by the efficiency in the administration of resources and also by the adjustments made to the project in a fast and easy-going way". OFID made the project disbursements in just about a year.

The social impact of the project will benefit up to 70,000 families or more than 350,000 people, in 10 departments of the eastern region: Concepción, Cordillera, Guairá, Itapúa, Misiones, Paraguarí, Alto Paraná, Ñeembucú, Amambay and Canindeyú. International trade in, and local sales of soybeans, maize and other cereals are enhanced by shortening travel time between the production and the export areas.

Paraguay is clearly moving forward and OFID is helping to pave the way to greater development.

It is imperative to increase Paraguay's regional competitiveness by improving access to neighboring countries and international markets.

Mr. Javier Recalde, Head of Unit CAF-OFID's Projects, from the Public Works Ministry of Paraguay *(left)* and Mr. Romulo Martinez, the OFID Officer in charge of projects and programs in Paraguay.

Director-General Al-Herbish with the two artists, Mr. Seddiq Wassil *(left)* and Ms. Manal Al-Dowayan *(middle)*.

OFID's 35th Anniversary commemoration begins

The 35th Anniversary commemoration of OFID took off to an auspicious start January 27 with a reception hosted by Director-General Suleiman J. Al-Herbish and the formal opening of an Anniversary Exhibition by Member Country Saudi Arabia. In attendance were ranking representatives of governments, members of the diplomatic corps, international institutions and the business community as well as art experts.

The distinguished gathering heard about the aims and accomplishments of OFID and the institution's expectations through the years ahead. The Director-General spoke of an institution which, with the unwavering support of its Member States, has sought to make a difference in the lives and times of low-income countries and poor peoples around the world. Mr. Al-Herbish said OFID and partner institutions, including the bilateral development finance agencies of Member Countries, were united against poverty and doing what they could to ease hardships, worldwide. He called the anniversary an opportunity to reaffirm the organization's mission and vision and to revitalize efforts against poverty and obstacles to development.

The number of cooperating countries working with OFID has grown to an impressive 129, spread across Africa, Asia, Latin America, the Caribbean, the Middle East and parts of Europe. Thus far, Mr. Al-Herbish related, OFID had committed more than US$13 billion in support of sustainable development, building infrastructure and utilities. Many roads, bridges, schools and hospitals count among these, in addition to technical assistance and funding for research and studies. Over the past few years, OFID has seen the various financing windows through which it does its work grow to cover private and public sector interventions; trade financing; and grants.

Saudi Exhibition

HH Prince Mansour bin Khalid al Saud, Ambassador of the Kingdom of Saudi Arabia and Representative to the International Organizations in Austria, opened the Saudi Exhibition, *Look Beyond*. The works on display were by Noha Al-Sharif, Manal Al-Dowayan and Seddiq Wassil; all three of them leading Saudi artists. The exhibition was also in continuation of an OFID in-house exhibition series begun in 2009 and aimed at bringing the art and culture of member and cooperating countries to the community of OFID host city Vienna. In the past, OFID has held such exhibitions focusing on Venezuela, Algeria, Sudan, Iraq and Kenya. The next in-house, Anniversary-related exhibition will feature artwork from Indonesia (see separate article, page 53).

Prince Mansour, addressing the guests, commended the active role and wise management of OFID by the Director-General. The Prince also praised the staff of the institution and their dedication toward accomplishing the noble goals set in OFID's mandate to assist and positively contribute to fulfilling the social and economic needs of many parts of the developing world.

HH Prince Mansour bin Khalid al Saud.

Ms. Manal Al-Dowayan presenting one of her works.

Staff Awards

Later in February, OFID management and staff assembled to honor colleagues who had given five and more years of service to the institution and whose contributions were described as exemplary. It was the first in planned, regular service award ceremonies and a highlight of the Anniversary celebration. "New-comers" (those with less than five years of service) were also commended at the ceremony.

Opening the event, Mr. Abdulwahab Al Abbas, Head of OFID's Human Resources Policies and Planning Group, explained the importance of recognition for the contributions of staff. Mr. Al-Herbish called on OFID staff to do more to battle poverty, as the world increasingly united against poverty. "Think of synergies," he advised, and "let us have genuine collaboration." Mr. Al-Herbish is a proponent of team work. He said there was a lot of untapped talent and ideas among the staff, and this should be encouraged and developed.

Anniversary program

OFID's 35th Anniversary, to be observed through 2011, has thus far also featured neon signs outside the OFID building. Still forthcoming will be publication of two books – one on the building and another, a Children's book. There will be participation in the *Vienna City Marathon, 2011;* the construction of special towers and poster designs decorating the atrium of the OFID building; a revamped website; and the production of a new video on OFID's achievements and challenges. ■

Honored OFID staff assembled for a group photograph

OFID diary

January – March 2011

JANUARY 13

Public sector loan agreement signed

Benin. US$11million. Kandi-Segbana-Nigeria Border Road. To upgrade a 118 km-long earth road that links the town of Kandi to the Nigerian border via the village of Segbana, thus facilitating the transport of inputs and agricultural goods and improving the population's access to social services.

JANUARY 21

Public sector loan agreement signed

Burundi. US$8 million. Ntamba-Ndora Road. To construct a 14.5 km-long paved stretch of road passing through the Bubanza and Cibitole Provinces in the northwest, thus boosting access to basic services and helping end isolation.

JANUARY 27

OFID launches 35th Anniversary celebration

OFID began its 35th Anniversary celebrations with an in-house member country series exhibition Look Beyond, which showcased works of Saudi Arabian artists.
Read more page 48

FEBRUARY 8

HRH Princess Dina Mired of Jordan visits OFID

Mr. Suleiman J. Al-Herbish, OFID Director-General, welcomed HRH Princess Dina Mired of Jordan, Director-General of the King Hussein Cancer Foundation. HRH and her delegation were at OFID to give a presentation about the King Hussein Cancer Center and its recently-built Interventional Radiology Suite. OFID helped finance the construction with a US$600,000 grant.

FEBRUARY 23

Public sector loan agreements signed

Bosnia and Herzegovina. US$7 million. Housing Reconstruction. To co-finance the reconstruction of approximately 700 housing units, thereby providing accommodation for around 3,000 people and aiding their reintegration in their home communities.

Burkina Faso. US$7.2 million. Ziniaré Regional Health Center. To provide the population with access to specialized, high-quality healthcare services through the construction of a fully-equipped, 249-bed health center.

Cambodia. US$12 million. Water Resources Management Sector Development. To improve and rehabilitate 15,000 ha of irrigation infrastructure in three provinces, and in turn, raise agricultural productivity.

China. US$18 million. Bayin River Management. To prevent the frequent flooding that occurs in Delingha City, which places the lives of the 71,000-strong population at risk and destroys vital infrastructure.

Cuba. US$12 million. Havana Electricity Rehabilitation. To improve energy efficiency, reduce energy losses and provide cost-effective delivery of electricity in the capital, Havana, particularly among the poorest households.

Ethiopia. US$20 million. Energy Access. To enhance Ethiopia's socioeconomic growth by expanding the country's national grid and providing electricity to some 70,000 rural households.

The Gambia. US$5 million. University of The Gambia. To bolster the higher education sector through the expansion and upgrading of the university to accommodate around 3,000 additional students.

Niger. US$10 million. Bella II Gaya Border with Benin Road Rehabilitation. To improve the transportation sector through the rehabilitation of 73.4 km of road and installation of drainage works.

Niger. US$8.36 million. Emergency Food Security and Rural Development Program. To carry out a wide range of activities aimed at improving food security among poor farmers and herders heavily affected by recurrent food and livestock crises.

Sierra Leone. US$19 million. Water Supply and Sanitation. To increase accessibility to safe water and improve sanitation in schools, health centers and other public place in three selected towns.

MARCH 4

Emergency assistance grant approved

World Food Program. US$500,000. To respond to a global appeal to provide food and assistance to some 2.7 million people leaving the Socialist People's Libyan Arab Jamahiriya in light of the crisis there.

MARCH 16

134th Session of the Governing Board

Public sector project loans approved

Armenia. US$20 million. Rural Assets Creation Program. To help finance construction or rehabilitation of public utilities as part of a wider-scale project aimed at improving incomes and raising living standards among poor, small-scale farmers in Armenia.

Burundi. US$8 million. Bujumbura-Nyamitanga Road. To help promote socio-economic development in northwest Burundi through the construction of a road that will facilitate the movement of agricultural goods and people residing in some of the poorest provinces in the region.

El Salvador. US$15 million. Rural Territorial Competitiveness Program. To help reduce rural poverty in eastern El-Salvador through the implementation of schemes aimed at improving incomes, boosting food security and implementing market-diversification schemes, benefiting over 225,000 people.

Lao PDR. US$12 million. Second Northern Greater Mekong Sub-region Transport Network Improvement. To rehabilitate and upgrade around 143 km of roads in the Houaphanh Province in the northeast, which will improve access to social services and marketplaces for some 60,000 people residing in the project area.

Mali. US$10 million. Markala Sugar. To expand Mali's sugar production capacity to enable the export of excess sugar to neighboring countries and raise incomes of independent sugarcane farmers, benefiting some 156,000 individuals.

Technical assistance grants approved

International Atomic Energy Agency. US$450,000. Advancing Cancer Control in Vietnam. To support a project that will cover two priority areas; namely, improving screening programs for breast and cervical cancer and building national radiotherapy capacity for cancer treatment.

United Nations International Children's Emergency Fund (UNICEF). US$300,000. To support a School Water Sanitation and Hygiene program in Tanzania. Activities relating to improved health and hygiene practices will take place in 57 schools, benefiting some 40,000 children.

Grant approved under the HIV/AIDS Special Account

International Partnership for Microbicides (IPM). US$1.5 million. Advancing Microbicide Development Project. To support IPM in developing microbial gels that can prevent HIV transmission. Activities will be carried out in Kenya, Malawi, Rwanda, South Africa and Zimbabwe.

Grant approved under the Special Grant Account for Palestine

Assistance to Civil Society Organization in Palestine – Phase III. US$1.5 million. To help finance the third phase of a program that is providing assistance to 20 Palestinian civil society organizations that are carrying out activities in the areas of agriculture, community development, education and health.

Research grants approved

Food and Agricultural Organization of the United Nations. US$100,000. To support a small-scale, livelihood-oriented bio-energy pilot project that aims at promoting sustainable natural energy resource development to rural communities in Laos, Cambodia, Mali, Nepal, Peru and Senegal.

Optimist Organization. US$80,000. To help finance the establishment of an Orphan Residential Care center in Delhi, India, to house children between the ages of four – 16 in a secure, caring environment.

G-77. US$40,000. To support the First General Conference of the Consortium for Science, Technology and Innovation for the South.

MARCH 17

OFID hosts Emerging Markets Workshop

OFID hosted a one-day Workshop focusing on Emerging Markets, which held under the theme Investing in Emerging Markets – Risks and Opportunities. *See story on page 24.*

MARCH 18

Private sector loan agreement signed

Ecobank Group. US$30 million. This loan will be used to strengthen Ecobank's capital in four countries (Cameroon, Côte d'Ivoire, Kenya and Senegal), where it is playing a vital role in the local markets.

MARCH 25

Public sector loan agreement signed

Paraguay. US$19 million. To support an urban redevelopment and modernization project in the capital Asunción. The majority of OFID's loan will be directed to the establishment of a Bus Rapid Transit System between the city centers of San Lorenzo and Asunción.

MARCH 28 – 29

OFID hosts Trade Finance Workshop and Arab Coordination Group Meeting

OFID hosted a one-day Trade Finance Workshop at its headquarters in Vienna, Austria. *See story page 27*

Meetings attended by OFID

JANUARY 8-9

BEIRUT, LEBANON
Annual Meeting of the Arab Energy Club

JANUARY 18-19

SHARM EL-SHEIKH, EGYPT
2nd Arab Economic, Social and Development Summit

JANUARY 20

VIENNA, AUSTRIA
Goldman Sachs Key theme conference "Economic and Investment Outlook for 2011"

JANUARY 23-24

TEHERAN, IR IRAN
Regional Forum on Grain Trade organized by the Governmental Trading Corporation of Iran

JANUARY 31 – FEBRUARY 3

AUSTIN, TEXAS, USA
Annual Investment Symposium organized by Dimension Fund Advisors (DFA)

FEBRUARY 16-18

BRUSSELS, BELGIUM
Arab-African Crans Montana Forum on Energy

MARCH 1-2

RIYADH, SAUDI ARABIA
Annual Saudi Economic Forum 2011

MARCH 7-8

VIENNA, AUSTRIA
UN International Meeting on the Question of Palestine under the theme

"The urgency of addressing the plight of Palestinian political prisoners in Israeli prisons and detention facilities".

MARCH 9

VIENNA, AUSTRIA
4th Vienna Energy Club Meeting

MARCH 13-17

KUWAIT CITY, KUWAIT
Symposium on *"Food and Water Security in the Arab World"* organized by the Arab Fund for Economic and Social Development

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

HE Danladi Kifasi, Nigerian Governor to OFID *(left)* and Mr. Muniru Abiodun Alao, Alternate Governor.

HE Alí De Jesús Uzcategui Duque, Alternate Governor Ad Hoc (*right*) and Mr. Carlos Lopez Herrera, Specialist in Development Banking, BANDES.

HE Dr. Fadhil Nabee Othman, Governor of Iraq to OFID.

134th Session of the Governing Board

At its 134th Session in Vienna, the OFID Governing Board approved US$65 million in new financing for projects in Armenia, Burundi, El Salvador, Laos and Mali. The five public sector loans will support primarily initiatives in the agriculture and rural development sector, with the aim of boosting incomes and food security among small-scale farming communities. Road construction also featured. Other approvals at the meeting included four grants totalling US$3.75 million.

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

LOAN SIGNATURE

photo gallery

January 21

HE Saidi Kibeya, Minister of Transport, Public Works and Equipment of the Republic of Burundi secured a US$8 million loan for a priority road project, which he said would help his country develop its rural areas and further improve its economy.

February 23

HE Norma Miguelina Goicochea Estenoz, Ambassador of Cuba to Austria, signs the US$12 million agreement for the third phase of an electricity rehabilitation project in the capital Havana.

February 23

HE Shi Mingde, Ambassador of the People's Republic of China to Austria, and OFID Director-General Al-Herbish initial the US$18 million loan agreement for a water management project along the Bayin River.

February 23

HE Dragan Vrankic, Minister of Finance and Treasury of Bosnia and Herzegovina, shakes hands with Mr. Al-Herbish following signature of the US$7 million loan agreement for a housing reconstruction project in the Brcko District. At the rear is Mr. Dragan Pajic; Mayor of Brcko District.

February 23

HE Mambury Njie, Minister of Finance and Economic Affairs of The Gambia, signs the US$5 million agreement for a project that would take his country to "the next frontier" in terms of being able to offer its youth the possibility of university education.

February 23

HE Sufian Ahmed, Minister of Finance and Economic Development of Ethiopia received a US$20 million loan to help expand the country's national grid and deliver electricity to 70,000 rural households.

The full list of loan signatures can be found on pages 40-41.

VISITOR highlights

January 25

HE Mr. Abdulhakin Al-Eryani,
Ambassador of Yemen.

January 31

HE I Gusti Agung Wesaka PUJA,
Ambassador of Indonesia.

February 8

HRH Princess Dina Mired,
Director-General of Jordan's King
Hussein Cancer Foundation.

February 25

HE Dr. Uche Amazigo, APOC Director *(right)* and Prof. Donald Bundy from the Human Development Network of the World Bank. They met with OFID officials to review APOC progress and donor financing.

February 25

OFID Director-General, Mr. Al-Herbish *(left)* greets HE Dr. Diala Alhaj Arif, Minister of Social Affairs and Labour of Syria.

PHOTO: JOLANDA FLUBACHER

DAVOS 2011 addresses water, energy and food security

Public-Private partnerships for a sustainable future

BY FATIMAH ZWANIKKEN

Over 2,500 leaders from business, civil society and government – including over 35 heads of state or government – gathered in Davos, Switzerland on January 26-30, 2011 for the 41st *World Economic Forum (WEF)* Annual Meeting. Organized under the theme *Shared Norms for the New Reality*, the five-day meeting focused on defining shared norms required for improving global cooperation and dialogue to address the complex and intertwined challenges of our time. "The shifts of political and economic power from West to East and from North to South, as well as the speed of technological innovation, have created a completely new reality. Global systems and decision models can no longer cope with the speed and complexity of all these changes," said Klaus Schwab, WEF Founder and Executive Chairman.

The Forum's Global Risks 2011 Report warns that "any strategy that focuses on one part of the water-food-energy nexus without considering its interconnections risks serious unintended consequences." The analysis shows how food, water and energy security are linked to other factors such as population growth, environmental pressures, economic disparities and global governance. These interrelated issues impact global economic growth, and could lead to geopolitical conflict.

In a panel discussion at Davos, more than 100 world leaders from the public and private sectors and civil society discussed how they could better work together to tackle the interrelated challenge associated with the tightening of water, food and energy resources. Among the participants addressing the Forum were Mexican President Felipe Calderón; United Nations (UN) Secretary-General Ban Ki-moon; HE Mr. Susilo Bambang Yudhoyono, President of OFID Member Country Indonesia; South African President HE Mr. Jacob Zuma, and Mr. Bill Gates of the Bill & Melinda Gates Foundation.

"Developing new sources of renewable energy is an amazing business opportunity and key to achieving sustainable economic growth," said Mexican President Felipe Calderón. However, energy efficiency and the appropriate use of new technologies may yield rewards that exceed the benefits of renewable energy sources such as biofuels. As industrialized nations try to reduce their dependency on fossil fuels, their efforts to move towards biofuels resulted in increased demand on scare water and land resources amid rising problems of food security.

The UN Food and Agriculture Organization (FAO) recently reported that global food prices hit a record high. In February 2011, the FAO Food Price Index (FFPI) – a measure of the monthly change in international prices of a basket of food commodities – reached its highest level (both in real and nominal terms) since January 1990, the inception date of the index. With poverty and food prices among the key drivers of political unrest, the issue of food security continues to pose serious challenges for both developed and developing nations.

Problems of food security are compounded by climate change. UN Secretary-General Mr. Ban Ki-moon called for fast and decisive action on climate change. This, he said, requires revolutionary change in the way people live, the way they organize socially and the way politics are conducted. "We need a free market revolution for global sustainability," he said. "The days of consumption without thought are over. Climate change is rendering the old model obsolete. The old economic model now amounts to a global suicide pact," he added.

South African President Jacob Zuma vowed to press for a greater corporate role in the UN climate talks that his country will host in Durban later this year. "I think that's one of the areas we are going to work very hard leading to Durban to convince business to be party so that it's not just governments alone," Mr. Zuma said. Sharing the floor with Mr. Zuma, HE Mr. Susilo Bambang Yudhoyono, President of Indonesia declared that his government was committed to policies that balanced growth and environmental protection. There is serious concern about how to keep the global economy moving forward while, at the same time, ensuring that people in the developing world are not denied a chance to better their lives without contributing to factors that have caused global warming. "We should not make a contradiction between growth and the need to protect the environment," Mr. Yudhoyono stated.

Mr. Bill Gates said he was optimistic that humankind's ability to innovate would eventually produce solutions. Just demanding that developing countries cut energy use would not resolve the problem. "You cannot tell a guy in India who is using two candles that he can only use one," he said.

The Forum concluded that diminishing natural resources and climate change called for business and governments to work together in new ways. The WEF identified a number of steps that could be taken to address the water-food-energy-climate change nexus. Businesses must get more involved in global efforts to slow climate change and enact policies that promote green growth. To help global leaders better understand, manage and respond to risk, the WEF launched a *Risk Response Network*. The network will address a wide range of interrelated risks ranging from financial governance to cyber-security and resource scarcity through an umbrella of projects and initiatives.

PHOTO: MORITZ HAGER

Professor Klaus Schwab, Founder and Executive Chairman of the World Economic Forum.

Free Independent Kuwait

BY SUAD AL-MOJIL

PHOTO: SHUTTERSTOCK/MESHAL ALAWADHI

Whenever the anniversary of independence approaches, Kuwaitis cherish and remember their ruler Abdullah Al-Salem, whose wisdom in establishing democracy in Kuwait has always acted as a solid wall that protects Kuwait from drastic political upheaval.

Historically, Kuwait was famous for the walls that were erected by its people to protect the small city from invaders. Three walls marked that method of defense, and Kuwaitis added to them a fourth wall; namely the committee of senior Kuwaiti figures appointed by the late Sheikh Abdulla Al-Salem.

To go even further back in the history of the Kuwaiti democracy and constitution, we could say that on the internal scene, Kuwait witnessed advances related to both the rule and the local administration.

In 1921, the state consultative council was formed by appointment, but in June 1938, Kuwait witnessed the election of the first legislative council. This was followed by an increase in the intellectual and cultural movements that would flourish in Kuwait, and in the number of literate people and schools.

By the 1950s, Kuwait was heading to independence. National and political awareness was at its peak, and the activities of Kuwaitis were increasing tremendously in volume and nature. At that time, the ruler of Kuwait, Sheikh Abdulla Al-Salem who had been the chairman of the first parliament of Kuwait in 1938, welcomed constructive criticism and was keen to achieve fully considered steps to independence and constitutional government. Abdullah Al-Salem and the Kuwaiti people could no longer accept the restrictions imposed by the protectorate agreement of the British, who later accepted the Kuwaiti demand. Diplomatic notes were exchanged between Sir William Luce, the British Political Resident in the Arabian Gulf at that time, and Sheikh Abdulla Al-Salem, on June 19, 1961. According to the agreement, the terms of Kuwaiti independence were carried out, and a few months after independence, the ruler of Kuwait gave instructions for the formation of a popular committee to draft a modern constitution for independent Kuwait. According to this constitution, the national assembly has absolute power to draw up the legislative policies and control over the executive authority.

Matters continued as planned and scheduled, though the day for celebrating this achievement was shifted to February 25, a month that would, thirty years later, mark another pillar in Kuwait history, when the liberation of Kuwait took place on February 26, 1991.

Nowadays, celebrations carry on throughout February which stands as independence and liberation month, or as Kuwaitis now call it Hala February, which means Welcome February.

This is a brief introduction to the fourth wall or the constitution that opened up the horizon for a new independent Kuwait, and later on for a free liberated Kuwait.

PHOTO: REUTERS/STEPHANIE MCGEHEE

Releasing white doves, in Salmiya February 24, to symbolize a message of peace to the country and the world. Deputy Minister of the Amiri Court Sheikh Ali Jarrah Al Sabah is on the right.

Kuwait marks 50th Anniversary

Kuwait marked, in February, its 50th Anniversary as an independent State. It certainly was a celebration widely observed across the country and elsewhere.

Kuwait gained political independence from Britain in June, 1961. In May 1964, a decision was made to celebrate Kuwait's National Day on February 25th each year in honour of the late Emir Sheikh Abdallah Al-Salim Al-Sabah, whose rule had begun the same day in the year 1950.

The Head of the Committee organizing this year's celebrations was Sheikha Amthal Al-Ahmad Al-Sabah. She told Kuwaitis that the event provided an opportunity for the people to boost social bonds and promote national unity. She said: „We are celebrating great accomplishments through which our small homeland proved mighty and way beyond its geographical limit of space…and …[provided] an example for the world on many fronts and in many fields." The government declared two days of holiday and extended an *emiri grant* of 1,000 Kuwaiti Dinar to every citizen.

Several heads of state and senior government officials from various parts of the world visited to join in the celebration. According to news agency reports, they witnessed an impressive parade that included acrobatics by fighter planes flying in formations. Along with Kuwaiti ground and air forces, there was participation by friendly forces drawn from, among others, Saudi Arabia and Syria.

The festive mood in Kuwait was felt way beyond the nation, among friends and well-wishers. Addressing a Commonwealth Council of the British House of Commons, the Kuwaiti Ambassador to the United Kingdom and Dean of the diplomatic *corps* in the UK, HE Mr. Khaled Al-Duwaisan asserted that there were no differences between the leadership and the people in Kuwait. He said the government offers free education at all levels; provides free health care; and runs housing funds to give cheap, interest-free loans. Work opportunities were also abundant.

In the area of development cooperation, Kuwait stands out among major donors of the world. Kuwait established its own bilateral development finance institution – the Kuwait Fund – back in 1971 and was instrumental in the founding of several multilateral and inter-governmental aid institutions, including OFID. A study published recently by the World Bank revealed that Arab states are among the most generous regarding donations to global development. The Bank recognized Kuwait as the second most generous in the region, next to the Kingdom of Saudi Arabia. Among the numerous international organizations that have paid glowing tribute to Kuwait on the occasion of its Anniversary have been the Organization of Arab Petroleum Exporting Countries (OAPEC) and IFAD, the International Fund for Agricultural Development. OAPEC Secretary-General HE Mr. Abbas Ali Naqi extolled the role of Kuwait in OAPEC saying Kuwait was playing a leading role in supporting joint Arab work at all levels. Kuwait is one of only three countries which established OAPEC in 1968.

Also in February, a *Kuwait Hall* was opened at IFAD headquarters in Rome. HE Ambassador Sheikh Jaber Al-Duaij Al-Ibrahim Al-Sabah joined IFAD President Dr. Kanayo Nwanze in opening the Hall. Reporting, KUNA, the Kuwait News Agency (19 February, 2011), said the opening highlighted Kuwait's pioneering role at IFAD and Kuwait's international efforts at combating poverty and hunger. Earlier, Kuwait had pledged that the country intends to increase its share to IFAD by 50 percent to more effectively fight poverty and hunger in the world. ■



PHOTOS: COURTESY MR. MADE WIANTA

Indonesia prepares for Art Exhibition at OFID

BY SILVIA MATEYKA

In 2009, OFID initiated an in-house exhibition series aimed at bringing the art and culture of its Member Countries and Partner Countries to the community of its host city Vienna. In the past, OFID has held exhibitions focusing on Algeria, Iraq, Kenya, Saudi Arabia, the Sudan and Venezuela.

OFID is next showcasing the art of Indonesia and welcoming multi-talented Balinese artist Made Wianta, whose artworks reflect the power of nature and its fundamental elements: water, earth, wind, fire and ether (space).

Titled "Transformation of Nature," the exhibition will be inaugurated with a cultural evening including traditional cuisine, music and a dance performance from Indonesia. The exhibition will be jointly organized with the Embassy of the Republic of Indonesia in Austria and will run from May 26th until June 10th 2011.

Twenty-five paintings will be on display, showing the beauty of nature that Wianta perceives as the "alphabet" for creation. For Wianta, nature is the life source of all fine art, providing the basic material with which artists create. In his life, Wianta has taken up the challenge to perceive visible nature as a "usefully put together system" and to seize the "invisible working powers" with all his senses in order to transform them into art. In the *solid* of the earth, the *liquid* of the water, the *breeze* of the wind, the *fire* and the *sound* of space, the artist finds inspiration and the qualities of matter with which he works and forms into a new reality: Art.

With his works, Wianta is also aiming at raising awareness and responsibility for the global environment. His strong sense of environmental awareness and social responsibility also prompted him to hold several exhibitions, donating his paintings for sale in support of various social causes.

Contemporary artist Made Wianta was born in 1949 in the village of Apuan in the remote highlands of Tabanan Regency in Bali, Indonesia. He studied at the Indonesian School of Fine Art in Denpasar, and at the Indonesian Academy of Fine Arts in Yogyakarta central Java, where he received his diploma in 1980. In decades of an artistic career, he has articulated himself in many different styles and art forms including paintings, installations and poems. He has created more than 14,000 pieces of artwork and has exhibited nationally as well as internationally at prestigious galleries and museums. Among the countries where he has exhibited his works or participated in group art shows have been Bangladesh, Belgium, France, Germany, Italy, Japan, Malaysia, the Netherlands, Russia, Singapore and the United States of America. ■

Multi-talented Balinese artist, Made Wianta.

QATAR to host football World Cup 2022

Friends worldwide and neighbors welcome choice

BY OPEC BULLETIN CORRESPONDENT

PHOTO: REUTERS/CHRISTIAN HARTMANN

"This is an opportunity to eradicate misconceptions, not just about Qatar, but about the wider Islamic and Arab world. We are a very welcoming country, a young nation. And we are not just dreamers, we are achievers."

SHEIKHA MOZAH BINT NASSER AL MISSNED, WIFE OF QATAR'S EMIR SHEIKH HAMAD

OPEC Member Qatar, which successfully hosted the Asian Cup soccer tournament in January this year, is on the road to the World Cup – and even though it is not for another 11 years, the people of Qatar already cannot wait. What began with government determination to develop Qatar's international standing, particularly with regard to the promotion of sports of all kinds, has resulted in success that few could have envisioned.

The fact is that when the Gulf state of Qatar figured in the 'final four' showdown in Zurich as to who would host the world's premier soccer competition in 2022, few gave Qatar any chance. The competition had been against the United States, Japan, South Korea and Australia. Many felt Qatar had done amazingly well just to get as far as it did in the final selection process, but most harbored the thought it was just making up the numbers in the final run in.

When FIFA President, Sepp Blatter, pulled the name of Qatar out of the winning envelope in Zurich there were the understandable looks of surprise, but also gasps of sheer delight. The surprise, that it had beaten its heavyweight adversaries, but delight that such a small country with seemingly fewer credentials could be entrusted to stage such a prestigious event.

"Guts, gumption and glory" is how the local media termed it, stating that Qatar's win in the bidding process to host the tournament had never been in doubt and was justly deserved. It was also in keeping with FIFA's aim of broadening the horizons and ultimate reach of international football – and people in the Middle East are great football enthusiasts.

Whichever way one looks at it, the decision speaks volumes about Qatar, a country with a population of just 1.64 million living on a land area covering 11,000 square kilometers, but which has undergone considerable development over the years.

Occupying a strip of land that protrudes into the Gulf waters from the larger Arabian Peninsula and Saudi Arabia, Qatar has used its considerable oil and gas wealth to develop the economy. Sport is extremely important to the people of the country and the government is always keen to support new ventures to enhance its portfolio.

Of note, it has now hosted the Asia Cup twice, it held the 15th Asian Games in 2006 and staged the 14th edition of the World Indoor Track and Field Championships last year. It also stages international tennis tournaments and is an avid supporter of motor sports, to name but a few. And it was recently announced that Qatar is set to bid for the 2017 World Athletics Championships.

Qatar is also home to the Aspire Academy of Sports Excellence, an elite

FIFA President Sepp Blatter announces Qatar as the host nation for the FIFA World Cup 2011.

sports educational institute, which was launched in September 2004 and identifies promising student-athletes in the disciplines of soccer, athletics, swimming, gymnastics, fencing and table tennis. Of course, the beautiful game – football – is the most popular sport in Qatar, so the fact that the country has been selected to stage the World Cup is the proverbial icing on the cake – it can get no better. And there are no more delighted about the news than the country's Emir, Sheikh Hamad Bin Khalifa Al Thani, who said after the decision was announced that FIFA's bold decision to award the hosting rights for the 2022 World Cup to Qatar represented a milestone for football in the Middle East.

He was quoted as saying that he believed that the competition presented the region with a fantastic opportunity. In addressing comments to FIFA, the Emir said: "On behalf of millions of people living in the Middle East, thank you for believing in us, thank you for having such a bold vision. Thank you also for acknowledging this is the right time for the Middle East. We have a date with history which is summer 2022."

He acknowledged that his country had a lot of work to do to prepare for the tournament, but pointed out that Qatar would stand by its promise to deliver and would honour "the sacred trust given to us today." The Emir added: "We will deliver with a lot of passion and we will make sure this is a milestone in the history of the Middle East and in the history of FIFA."

Sheikha Mozah bint Nasser Al Missned, wife of the Emir, was quoted in an interview with Reuters as saying that the tournament was not just for Qatar – but for the whole region. "This is an opportunity to eradicate misconceptions, not just about Qatar, but about the wider Islamic and Arab world. We are a very welcoming country, a young nation. And we are not just dreamers, we are achievers," she affirmed.

It was Sheikha Mozah who was at the heart of the final presentation that helped persuade FIFA to choose her country over the others in contention. Interestingly, the only other bid to have their final presentation spearheaded by a woman was Russia, winner of the 2018 tournament.

To back all the words of optimism expressed, Qatar will be investing heavily over the next years to prove itself a worthy host. Reports say it intends building a US$25 billion rail network, a US$5.5bn deep-water seaport, and a ▶

PHOTO: REUTERS/CHRISTIAN HARTMANN

Qatar's 2022 World Cup bid chairman Sheikh Mohammed bin Hamad bin Khalifa al-Thani *(left)*, FIFA Secretary-General Jerome Valcke *(middle)* and Qatar's Emir Sheikh Hamad bin Khalifa al Thani *(right)* hold a replica of the World Cup after the announcement that Qatar will be host nation for the FIFA World Cup 2022.

"On behalf of millions of people living in the Middle East, thank you for believing in us, thank you for having such a bold vision. Thank you also for acknowledging this is the right time for the Middle East. We have a date with history which is summer 2022."

Emir, Sheikh Hamad Bin Khalifa Al Thani

◀ new airport, costing US$11bn, which will be connected to large residential and commercial projects in the northern part of the capital, Doha, by a US$1 bn crossing. The Emirate will also spend an additional US$20 bn on providing new roads.

For the tournament itself, the country is planning to construct no fewer than nine state-of-the-art stadiums, at an estimated cost of US$3 bn. Plans are also in place to provide a metro system connecting each of the stadiums, which will be not more than one hour apart from each other.

One of the doubts cast about Qatar's bid was the extreme temperatures the players, fans and officials would have to endure in the summer months when the World Cup is customarily held. At that time of the year, it is not uncommon for the country to have temperatures well in excess of 40° Celsius.

However, the Qatari authorities have come up with a novel idea to provide all its new stadiums with solar-powered air conditioning that will keep the temperature on the pitch at around 27° C, ensuring comfortable conditions for both players and fans.

However, both Sepp Blatter and UEFA chief, Michel Platini, have gone on record as saying they would not be adverse to the idea of staging the tournament in January or February, when the weather is cooler. That was the case for this year's Asian Cup, which was held in very pleasant conditions.

However, Asian Football Confederation President, Mohamed Bin Hammam, is adamant that the competition will remain a summer event. Himself a Qatari, and seen as a frontrunner to eventually replace Blatter at FIFA, Bin Hammam is convinced that Qatar can "organize a very good World Cup, an amazing World Cup." He was instrumental in helping bring the tournament to his homeland.

Nonetheless, Bin Hammam, who has been a FIFA executive since 1996, did not totally dismiss the possibility of an earlier tournament, stating that January was a season during which several of the leagues in Europe suspended fixtures, due to the winter. Whether the tournament is held earlier in the year, or in the summer, one thing is certain – Qatar is aiming to make it one of the most successful World Cups ever.

Bruno Metsu, coach of the Qatari team that competed in January's Asia Cup, said he was sure Qatar would organize a fantastic World Cup. "We have time to prepare a strong team over the next 11 years to be ready for the World Cup." Metsu, who took Senegal to the quarter-finals of the World Cup in 2002, pointed out that the huge investments Qatar had made in sport were already paying dividends. "I think people will be surprised. The stadiums will be ready for spectators and players and it will be fantastic for football," he was quoted as saying. ■

Our vision

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

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

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