

THE OPEC FUND
FOR INTERNATIONAL DEVELOPMENT

Questions and Answers

Vienna, Austria
October 2001



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This publication provides basic information on the OPEC Fund for International Development. Designed for the general public and those specifically involved in development work, it describes briefly and in *question-and-answer format*, the structure, objectives, philosophy and activities of the Fund. For ease of use, it is divided into three parts: *General Background*, *Public Sector Operations* and *Private Sector Facility*.

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I. General Background

1. What is the OPEC Fund for International Development?

The OPEC Fund for International Development (the Fund) is an intergovernmental development finance institution which seeks to promote cooperation between member states of the Organization of the Petroleum Exporting Countries (OPEC) and other developing countries. It does this mainly by providing financial resources to assist the latter group of countries in their economic and social advancement.

2. When was the Fund established, and by whom?

The Fund was established in January 1976 by the then 13 member countries of OPEC. The idea was to create a collective aid facility as discussed at the Conference of Sovereigns and Heads of State of OPEC Member Countries in Algiers, Algeria, held from March 4-6, 1975. The facility would consolidate the assistance extended by member countries; and its resources would be additional to those already made available by OPEC states via other bilateral and multilateral channels.

3. Who are the member countries?

The Fund presently has 12 member countries*: Algeria, Gabon, Indonesia, the Islamic Republic of Iran, Iraq, Kuwait, the Great Socialist People's Libyan Arab Jamahiriya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and the Bolivian Republic of Venezuela.

4. How has the Fund evolved?

The Fund was originally created as an international account collectively owned by the countries contributing to it. In May 1980, its status was changed to that of a full-fledged permanent international development agency with its own legal personality. Its present name was adopted from that date; it was earlier called the OPEC Special Fund.

* Ecuador withdrew from the Fund as of December 31, 1993

5. How does the Fund carry out its mandate?

The Fund strives to fulfil its mandate in several ways:

- Through the extension of loans on concessionary terms for project and program financing and for balance of payments support;
- Through the provision of grants in support of technical assistance, food aid, research and similar activities, and emergency aid;
- Through its recently established *Private Sector Facility*, under which loan and equity investment terms and conditions are market-based rather than concessional; and cooperation is with private enterprises and international development banks and agencies, rather than with governments; and
- Through financial contributions to other development agencies whose work benefits developing countries.

As a collective agency of OPEC member countries, the Fund also extends financial support on behalf of these countries as a group, and serves, when deemed appropriate by the member countries and within limits set by the Ministerial Council, as a coordinator of multilateral OPEC initiatives in the area of financial cooperation among developing countries.

6. Was the Fund established as a compensatory finance mechanism for increased oil prices?

The bulk of the Fund's assistance has been directed to those countries which are least developed and most in need of financial support. Oil imports of these countries are insignificant. The higher-income developing countries account for the larger part of the total oil imports of developing countries, but they receive lower priority from the Fund.

Historically, OPEC aid began in the early 1960s, long before any oil price adjustments had taken place. It was not conceived as compensation for higher oil prices, but as an expression of solidarity with other non-OPEC developing countries in need of such assistance.

7. Does the Fund maintain resident staff or liaison offices in other countries?

The Fund does not maintain offices or staff outside its headquarters in Vienna, Austria.

8. What is the relationship between the Fund and the OPEC Secretariat?

The two institutions have different functions. The Fund's main concern is reinforcement of financial cooperation between its member countries and other developing countries; the Secretariat's principal aim is to coordinate the petroleum policies of member countries and to determine the best means for safeguarding their interests, individually and collectively. Both institutions are located in Vienna, Austria, but are housed and managed separately. The supreme authority in the Fund is the Ministerial Council, comprising the Ministers of Finance of member countries, whereas in the case of the OPEC Secretariat, it is the Conference, consisting of the Ministers of Energy.

9. How is the Organization of the Fund structured?

- The *Ministerial Council* is the Fund's supreme authority and comprises the Ministers of Finance of the member countries or any other authorized senior representatives. The Council issues policy guidelines to be followed by the Governing Board, approves the replenishment of the Fund's resources, authorizes the administration of special funds and makes major policy decisions. It normally meets once a year.
- The *Governing Board* comprises one representative and one alternate each from member countries. Subject to directives issued by the Ministerial Council, the Board is responsible for the conduct of the Fund's general operations. It stipulates, in particular, policies with regard to the use of the Fund's resources and usually meets four times a year.

- The *Director-General*, who is appointed by the Ministerial Council, is the chief executive officer of the Fund. He conducts the day-to-day business of the Fund and is its legal representative.

In addition to the *Office of the Director-General*, the Fund has four main departments: *Public Sector Operations*, *Private Sector Operations*, *Financial Operations* and *Information and Economic Services*. The total staff as of August 30, 2001, numbered about 105, comprising nationals of 27 countries.

10. What are the Fund's privileges and immunities?

The Fund enjoys, in the territory of its member countries, immunity from all confiscation, as well as from sequestration, moratoria or any form of seizure by executive or legislative action. Its assets, property, income, and its operations and transactions are also exempted from rules and regulations applicable to national public funds as well as from exchange control regulations and all forms of taxes and duties which exist in the member countries.

The Fund also ensures, by virtue of appropriate provisions in its loan agreements, that its assets, transactions, revenues and documents receive in the borrowing countries adequate immunity and are exempt from taxation and charges, control over transfer of currencies, measures of expropriation, nationalization, sequestration, custody or seizure, as well as submission to the jurisdiction of national courts in matters related to its loan agreements.

11. What is the arrangement between the Fund and its host country?

The Fund has a headquarters agreement with its host country, the Republic of Austria, under which it enjoys all the privileges and immunities within the general framework of the Vienna Convention on Diplomatic Relations, 1961.

12. What is the unit of account of the Fund?

The unit of account of the Fund is the United States dollar.

13. What is the Fund's working language?

The working language of the Fund is English. The Fund's publications are issued in English and occasionally in other languages. The *Annual Report* is published in Arabic, French and Spanish, as well as English.

14. Are the Fund's accounts audited?

The Fund's financial statements are audited by a firm of independent accountants appointed by the Ministerial Council which, itself, approves the audited accounts.

15. What are the resources of the Fund?

The resources of the Fund consist mainly of voluntary contributions by OPEC member countries and accumulated income derived from the Fund's investments and loans (interest and service charges).

16. How much did the member countries contribute to the Fund?

The Fund's operations were launched in August 1976 with initial contributions of US\$800 million. These resources have been replenished three times. They have been further increased by the profits accruing to seven OPEC member countries through the sale of gold held by the International Monetary Fund, and by the Fund's accumulated income. As of the end of 2000, pledged contributions to the Fund amounted to US\$3,435 million while paid-in contributions totaled US\$2,891 million.

17. Does the Fund borrow on the world's capital markets?

The Fund does not borrow on the world's capital markets.

18. What does the Fund do with loan repayments?

Loan repayments are added to the Fund's resources to be used for future operations.

19. Are the contributions from member countries received according to a specific schedule?

The Fund requests and receives periodically from its member countries the amount needed to meet its disbursement requirements in each fiscal year.

20. What does the Fund do with undisbursed loan proceeds?

Undisbursed loan proceeds are temporarily invested.

21. Who benefits from Fund assistance?

All developing countries, with the exception of OPEC member countries, are in principle eligible for Fund assistance. The least developed countries, however, are accorded higher priority. Also eligible for Fund assistance are international institutions whose activities benefit the developing countries.

22. Why are OPEC countries not eligible for Fund assistance?

According to the Agreement establishing the Fund, the intention of OPEC member countries is to help other developing countries only, and not the member countries themselves. The Fund is seen as an instrument of cooperation between its founders and other developing countries in an expression of South-South solidarity.

23. Is Fund assistance used to finance luxury goods or armaments?

Fund assistance cannot be used to finance the purchase of luxury goods or armaments, generally items that are ethically objectionable. Fund assistance is earmarked for sound development purposes, which contribute to the recipient country's socio-economic progress.

II. Public Sector Operations

24. How is the assistance of the Fund allocated?

Although all developing countries are in principle eligible for Fund assistance, the Fund's limited resources demand that an order of priority is established in the allocation of this assistance. This order is based on an objective assessment of the economic and financial situations prevailing in the developing countries.

25. How are the Fund's lending activities carried out?

Lending activities are carried out within the framework of lending programs which determine the countries eligible for assistance, the types of loans to be extended and the amount of financial resources to be allocated tentatively to each country.

26. How are these lending programs established?

They are established on the basis of objective and recognized criteria, taking into consideration social, economic and financial indicators.

27. What types of loans are extended by the Fund?

Through its traditional public sector window, the Fund extends three different types of loans:

- *Project loans* which are provided for the implementation of specific development projects (lines of credit are also extended to national development banks, to finance small- and medium-sized enterprises).
- *Program loans* which have a broader coverage: they are used to rehabilitate or improve an economic sector or sub-sector and assist recipient countries in obtaining inputs, equipment and spare parts. For this type of loan, the Fund and the recipient agree on a clearly defined list of items to be purchased with the loan proceeds.

- *Balance of payments support loans* which have more flexibility in their utilization. The only condition attached is that they are used to import foodstuffs and other essential consumer goods and/or capital goods needed for agricultural or civilian industrial production.

28. Why does the Fund provide different types of loans?

The various types of loans demonstrate the flexibility that the Fund exercises in giving its assistance in the form best suited to the needs of each recipient.

29. How are the terms of lending determined?

The terms applied to the Fund's public sector loans depend upon the type of loan and the economic conditions prevailing in the recipient countries.

30. What is the general procedure for obtaining a loan for the public sector from the Fund?

Generally, for public sector financing, the government of the eligible developing country requests a loan from the Fund through the minister in charge of mobilizing foreign assistance, usually the Finance Minister. Following receipt of this request, the Fund management examines the type of assistance being requested. In considering a project or a program for financing, the viability and economic soundness in each case have to be ascertained through appraisal. In the case of balance of payments assistance, the need has to be demonstrated. If the Fund management is satisfied, it then recommends to the Governing Board the type of assistance envisaged.

31. How are the Fund projects and programs identified?

The Fund basically responds to official requests by eligible countries rather than promoting particular projects itself. This falls in

line with the Fund's objective of responding to governments' priorities and choices, rather than imposing its own. A country may propose a project or a program to the Fund; the Fund may send out a mission specifically to identify suitable projects and programs; projects and programs may be identified through the work of other development finance institutions such as the World Bank Group, regional development banks and national and multilateral development aid agencies of OPEC countries, or United Nations specialized agencies.

32. Does the Fund appraise projects and programs itself?

Yes, although appraisal may also be entrusted to an appropriate international development agency or a qualified institution of a member country.

33. Why does the Fund call on the services of other development finance institutions?

The Fund seeks to complement the work of other development finance agencies and aims at avoiding a duplication of effort. It also benefits from the expertise of other institutions. The Fund, therefore, often co-finances projects already appraised and approved by other development institutions. Similarly, the administration of a large proportion of the Fund's project and program loans is entrusted to appropriate development aid agencies.

34. Does the Fund charge interest on its public sector loans?

Initially, the Fund extended interest-free loans to the vast majority of its beneficiary countries. But, starting with its Seventh Lending Program (1986-87), the Fund began to charge interest on all its loans. The rate, however, was kept low, ranging from 2 to 3% in most cases. Terms in the current Fourteenth Lending Program (2000-01) are even more concessional - interest rates stand at between 1 and 2% - in deference to the high

levels of debt borne by most recipient countries. The Fund also applies a service charge (currently 1%) on amounts withdrawn and outstanding.

35. Does the Fund finance local costs of public sector development projects and programs?

The Fund finances local expenditures under certain circumstances: when a country is not able to generate enough domestic savings and when the type of project or program financed by the Fund has a low foreign exchange requirement.

36. How does the Fund encourage the mobilization of local funds to finance public sector development projects and programs?

In almost all cases, the recipient countries contribute to the financing of the local costs involved in Fund-assisted projects. Lines of credit extended by the Fund also help mobilize local funds for investment in small and medium-sized enterprises.

37. Does the Fund condition its assistance on economic reforms or changes in policies in a borrowing country?

It is not the Fund's practice to recommend to the governments of the recipient countries that they undertake reforms or adopt new policies designed to improve their countries' economic performance. But the Fund, nevertheless, requires proper implementation of the assisted projects and/or programs.

38. Does the Fund take into account the social impact of the projects and programs it finances?

The impact of a development project or program on the economy of a recipient country is a major – but not the only – factor in a decision to finance or not. The social impact of the project or program is also taken into consideration.

39. Are the proceeds of the Fund's public sector loans tied to procurement from a specific country?

No. The Fund's procurement guidelines follow the general principle of international competitive bidding which is open to all sources. The loans are not tied to procurement from member states of the Fund or from any other countries. However, the margin of preference is allowed for goods and services obtainable in the recipient country or originating in other developing countries. Such a preference is allowed on the request of the borrower and within defined limits. A document outlining the Fund's procurement guidelines is available on request.

40. Does the Fund encourage regional schemes?

The Fund believes in the importance of regional cooperation among developing countries. A number of countries, owing to their size or their uneven endowments of physical and human resources, are often unable to bring about a change in their economic situation if they have to rely only on themselves. The Fund's objective is to promote cooperation and assist regional endeavors.

41. Does the Fund lend to the private sector?

Yes, in two ways: through lines of credit extended to national development banks which on-lend the proceeds to small- and medium-sized productive enterprises for which traditional financing would otherwise not normally be available under similar terms; and, through the Fund's recently established *Private Sector Facility*.

42. How does the Fund intervene in the national development banks sector? And why?

The public sector lines of credit are in fact extended to the governments of the recipient countries for on-lending to the national development banks under subsidiary loan agreements. Conditions for the utilization of the proceeds are decided on a case by

case basis, but the objectives set for the main loans dictate most of them. The justification for line of credit financing springs from the Fund's conviction that small and medium-sized enterprises are important contributors to economic development. National development banks which finance and supervise the projects of small and medium-sized enterprises are not merely financial intermediaries but also development promoters.

43. When does the Fund extend lines of credit?

Before extending a line of credit, the Fund must be satisfied that: (i) the government is encouraging the development of small and medium-sized enterprises; (ii) the economic environment of the country is favorable for investment by small entrepreneurs; and (iii) the selected national development bank is technically, financially and administratively able to identify, appraise and supervise projects.

44. Does the Fund finance technical assistance?

Yes. Financing technical assistance is an integral part of the Fund's activities. Almost all the projects financed by the Fund have technical assistance components. In addition, the Fund extends grants in support of technical assistance operations.

45. Are Fund grants used only to finance technical assistance activities?

No. Grants are also used by the Fund to finance other activities such as research and studies, food aid and humanitarian and emergency operations.

46. Why does the Fund extend grants for research?

This activity reflects the Fund's policy of helping to build a sound base for long-term social and economic advancement in developing countries. It also incorporates a more general wish to express South-South cooperation in a way that was not

previously covered on a systematic basis. Research grants aim at promoting developing countries' interests in ways that do not necessarily yield measurable results. Although relatively small in amount, research grants have supported a wide range of activities.

47. Does the Fund provide emergency aid?

Development aid to generate lasting benefit rather than quell crises, is central to the Fund's strategy. The Fund recognizes, however, that natural disasters and humanitarian considerations sometimes call for a more flexible approach. For this reason, it contributes when occasion demands to international emergency efforts aimed at alleviating human suffering.

48. How else does the Fund extend its assistance besides through direct loans and grants?

The Fund's objective is to promote solidarity and further the interests of the developing world. Thus, it has been instrumental in the establishment of other institutions which aim at improving the lot of the developing countries.

49. How much has the Fund lent to the public sector so far?

By the end of August 2001, 897 loans valued at US\$4,747.8 million had been approved, and US\$3,031.9 million of this sum disbursed. The loans break down into 649 project loans valued at US\$3,565.6 million; balance of payments support assistance for 185 operations in the amount of US\$724.2 million; 41 program loans worth US\$305.3 million; and 22 loans amounting to US\$152.7 million extended as debt relief under the *Heavily Indebted Poor Countries (HIPC) Initiative*.

50. How have Fund resources been distributed regionally?

Total lending through the end of August 2001 was as follows: 46 African countries had received 507 loans in the amount of

US\$2,331.7 million; 27 Asian countries had obtained 243 loans in the amount of US\$1,800.1 million; 21 countries in Latin America and the Caribbean had taken 139 loans valued at US\$577.9 million; and two European countries had benefited from seven loans totaling US\$38.2 million.

51. Why have Africa and Asia received larger shares of Fund lending?

Both regions have received larger shares because the Fund gives priority to countries which have a low per capita income, an overwhelming need for concessionary funding and which cannot easily secure capital from other sources. Most of these countries are located in Africa and Asia.

52. What is the Fund's record of lending to the least developed countries?

Since the inception of the Fund, a large share of its assistance has been directed to the least developed countries (LDCs). As of the end of August 2001, US\$2,602.4 million, representing 55% of the Fund's total lending commitments, had been devoted to these countries.

53. What are LDCs?

Developing countries suffering from long-term handicaps to development, in particular low levels of human resources development and/or severe structural weaknesses are classified by the United Nations as LDCs. These LDCs are recognized as such because of their extremely low level of development as indicated by the level of the gross domestic product (GDP) per capita, the share of manufacturing in total GDP and the literacy rate.

54. Which countries are so designated?

The United Nations list of LDCs comprises 49 countries, 35 of which are in Africa, 13 in Asia and one in the Caribbean.

55. What is the sectoral breakdown of Fund project lending?

As of the end of August 2001, the sectoral breakdown of the Fund's total project lending was as follows:

| Sector | Commitments | |
|-----------------------------|----------------|--------------|
| | (in US\$) | (in percent) |
| Energy | 767.3 | 21.5 |
| Transportation | 820.1 | 23.0 |
| Agriculture & agro-industry | 594.5 | 16.7 |
| Education | 467.6 | 13.1 |
| Health | 245.5 | 6.9 |
| Water supply and sewerage | 245.0 | 6.9 |
| National development banks | 174.7 | 4.9 |
| Industry | 92.7 | 2.6 |
| Telecommunications | 18.1 | 0.5 |
| Multisectoral | 140.1 | 3.9 |
| Total | 3,565.6 | 100.0 |

56. Does the breakdown represent a deliberate order of priorities?

The Fund does not fix sectoral priorities; it lends on the basis of the needs and priorities of a particular country as that country itself perceives them. The needs vary from country to country and, of course, may change over time. The relatively large amounts lent for energy simply reflect the fact that, in a large number of recipient countries, there was, in the 1970's and until recently, an important need to invest in this sector. However, the demand in recent years has been for investment in social sectors, such as health and education, as well as in other important areas such as transportation and agriculture.

57. How do potential suppliers of goods and services for Fund-assisted projects and programs learn of them?

When the Fund makes a loan or a grant, it publicizes the event by distributing a press release to information media and other

interested parties and organizations. But it is the borrower or grant recipient who prepares specifications and other details about the types of equipment and services required for the project or program. They also determine how and when tenders are to be submitted.

58. Any specific examples of recipients who have benefited from Fund grants?

Grants have been provided, among others, to the *Carter Center* for a Guinea Worm eradication program, *Sight Savers International*, the *African Regional Center for Technology*, the *Pan Arab Project for Family Health*, as well as to various international research centers supported by the *Consultative Group on International Agricultural Research*. Grants have also been extended to the *International Ocean Institute*, *Help Age International*, the *Third World Network of Scientific Organizations* and the *Arab Organization for Agricultural Development*. Other grants have been used in support of projects and programs sponsored by specialized agencies of the United Nations.

59. How much has the Fund committed in grants?

By the close of August 2001, a total of 553 grants valued at US\$250.3 million had been committed, including US\$98.3 million for technical assistance, US\$83.6 million for the Common Fund for Commodities, US\$43.6 million for emergency relief operations, US\$20 million to the International Fund for Agricultural Development (IFAD), US\$4.5 million for research and other intellectual activities and US\$327,000 for project preparation.

60. Has the Fund extended assistance to other international institutions?

Yes. Apart from its special grant to IFAD, the Fund has made substantial financial contributions to that organization in the name of OPEC member countries. The Fund also helped channel the

profits accruing to seven OPEC member countries, through the sale of gold held by the International Monetary Fund (IMF), to the IMF Trust Fund.

61. What is the most important area of cooperation between the Fund and other development finance institutions?

The area of co-financing. A large number of Fund projects have been financed by a combination of Fund money and bilateral and/or multilateral funding.

62. Does the Fund coordinate its activities with other development finance institutions?

Yes. Aid coordination among development finance institutions helps improve the effectiveness of the aid extended by those institutions. It ensures that a duplication of efforts is avoided. The Fund cooperates and coordinates with a number of international organizations such as the World Bank, the regional development banks, the Development Assistance Committee of the Organization for Economic Cooperation and Development, the European Union and the various agencies of the United Nations.

63. Does the Fund coordinate its activities with other OPEC aid institutions?

Yes. There is close coordination between the Fund and other Arab/OPEC aid institutions. To that effect, a Coordination Secretariat was established in 1975 and its activities entrusted to the Arab Fund for Economic and Social Development, based in Kuwait. Today eight development aid institutions belong actively to the Coordination Group, which includes five multinational agencies and three national institutions. The Coordination Group meets twice a year. Its aims are to make its aid more effective in beneficiary countries and to increase the efficiency of the operations of its members, particularly in the area of co-financing.

III. Private Sector Facility

64. What is the Private Sector Facility?

The Private Sector Facility is a separate lending window, endowed with its own resources, through which the Fund can support *directly* the private sector of beneficiary countries. It was set up in 1998 specifically to finance operations in the private sector in response to growing emphasis on private enterprise by beneficiary countries, greater demand for private capital, and an increasing need among private enterprises for longer-term financial support.

65. What are the objectives of the Facility?

Its primary aims are: to further economic development by encouraging the growth of productive private enterprise in developing countries, particularly in the least developed areas; to boost the development of local capital markets; and to encourage efficient use of resources. Involvement is also seen as a way of allowing the Fund to maintain ties with beneficiary countries that are graduating out of the concessional window.

66. What are the eligibility criteria for financing under the Facility?

Proposed investments must be in the private sector of a developing country and beneficiary enterprises must be established within the laws of the country where the investment will be made, although ownership may be either local and/or foreign. They should also be privately owned and commercially managed. In addition, investment schemes should be technically and financially viable, have significant economic merit and be both ethically and environmentally sound. The reliability of promoters is another important prerequisite. As well as new schemes, those concerned with the expansion and rehabilitation of already established schemes are also eligible.

67. What kind of investments does the Facility support?

At present, the focus is on investment in micro as well as small and medium-sized enterprises. Middle to large schemes in agribusiness and industry, and others with significant economic merit, may be considered on a case-by-case basis.

68. What form does the financing take?

Financing may be extended directly to the enterprise concerned or channeled through intermediate organizations such as national and regional financial institutions. It may also take the form of participation in investment funds. For the time being, involvement is restricted to equity participation and debt instruments but, as the Facility gains a stronger footing, this will expand to include guarantee instruments, trade facilitation and advisory services.

69. How is investment under the Facility decided upon?

Investment requests are received by the Fund from its strategic partners, be they multilateral or bilateral agencies, entrepreneurs, chambers of commerce, government agencies, etc. Selection of investment schemes is made on the basis of compatibility with the Fund's policies, which take into account: (i) the country's eligibility, (ii) the preferred instruments, (iii) and the acceptable risk level, portfolio diversification and preferred investment area.

70. Does the Fund require a government guarantee from the host country when investing in a private enterprise?

No. Unlike the public sector, a government guarantee is generally not required, although a *no-objection* commitment is needed from the host government.

71. How are investment opportunities identified?

Investment requests are made directly by the promoters of the investment scheme(s), the Fund's strategic partners, financing

institutions or other agents mandated by the investment schemes' promoters or sponsors.

72. How are the terms of financial support determined?

Financial support is undertaken on terms which the Fund considers appropriate, taking into account the requirements of the enterprise and the nature of its business, as well as the risks being borne by the Fund and the terms normally obtained by private investors for similar financing. Terms will be based on the market situation and reflect the underlying risk of the operation (macroeconomic conditions in the host country, financial and commercial risks, etc.).

73. Does the Fund have an exit strategy for equity investment?

The Fund requires a pre-determined option to exit any scheme in which it becomes a shareholder, and would seek to divest its shareholdings at a fair price. To facilitate divestment, the Fund may enter into a suitable buy-back agreement ('put option') with the investment scheme's sponsors or other party(ies) acceptable to the sponsors. When divesting, the Fund would, as far as practical, consult with its main investment partners and give due consideration to their views.

74. Does the Fund seek controlling interest in the investee enterprise?

No. The Fund neither seeks controlling interests, nor does it assume any management responsibilities. However, the Fund does reserve the right to appoint its nominee to the board of directors of the concerned enterprise.

75. Who are the Fund's partners in the area of private sector financing?

The Fund will maintain cooperation with its traditional partners in the area of private sector financing. In addition, new partner-

ships are constantly being developed, with regional development agencies such as, among others, the Inter-American Investment Corporation, the European Bank for Reconstruction and Development, the European Investment Bank, national agencies such as the FMO (*Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.*) of Holland, *Kreditanstalt für Wiederaufbau* of Germany, Proparco (*Agence Française de Développement Group*), and with regional institutions such as the West African Development Bank and the East African Development Bank.

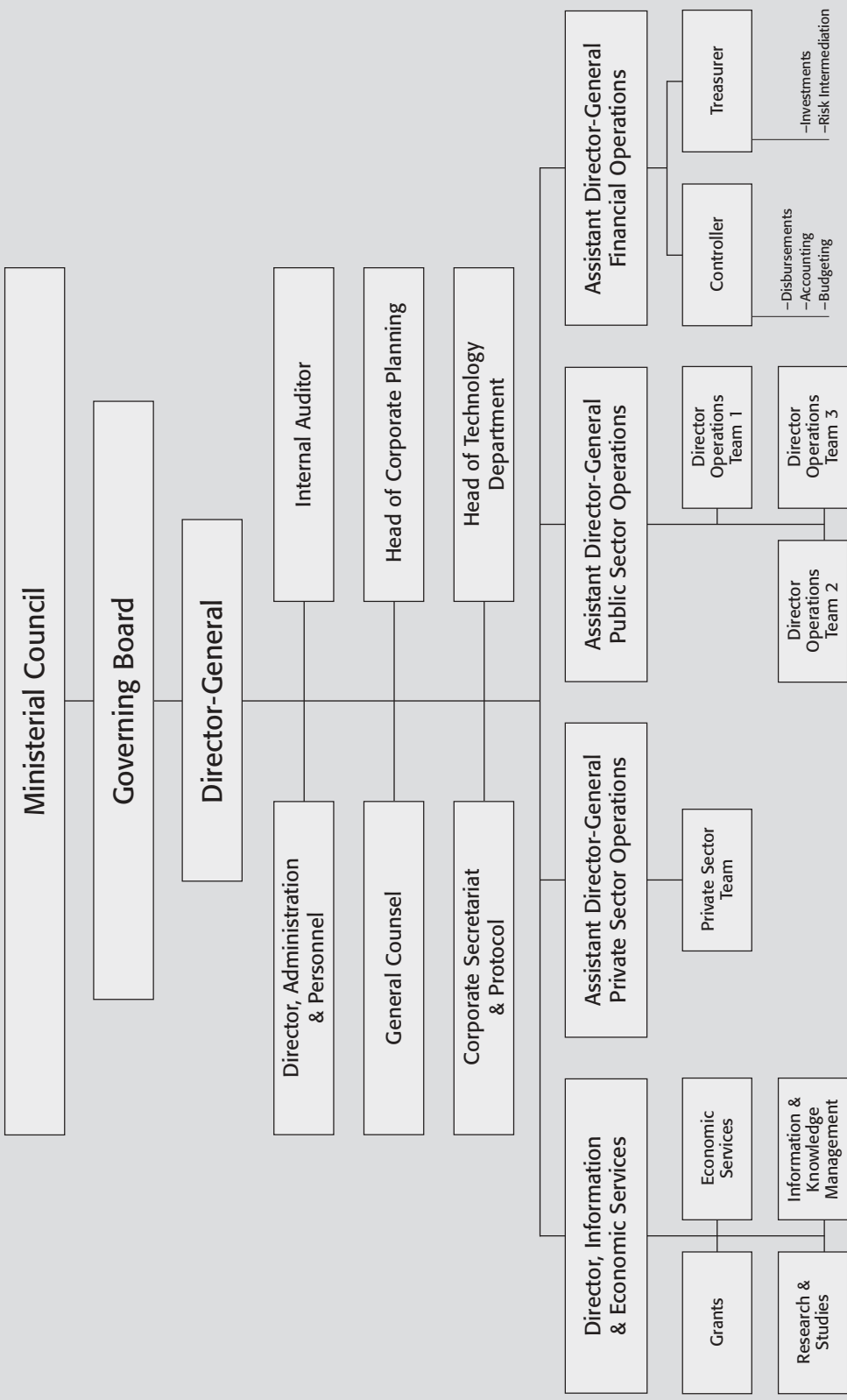
76. What does cooperation with strategic partners in the private sector entail?

Beyond the initial contacts where assistance can be provided by the strategic partners in sourcing private sector projects, cooperation covers the exchange of information at various stages, including review and appraisal of projects, and due diligence. This cooperation continues throughout the implementation of the project and is formalized with the help of cooperation agreements.

77. How much has the Fund committed so far to the private sector?

By the end of August 2001, a total of 21 private sector operations had been approved by the Fund with financing extended to support private sector entities in Africa, Asia, Latin America and the Caribbean, and Europe.

OPEC Fund Organizational Chart



Total commitments and disbursements, as of August 31, 2001

(in millions of dollars)

| | Commitments | Disbursements |
|---|--------------------|----------------------|
| 1. Public sector lending operations | | |
| Project financing | 3,565.6 | 2,050.9 |
| Balance of payments support | 724.2 | 713.9 |
| Program financing | 305.3 | 263.0 |
| HIPC Initiative financing | 152.7 | 4.1 |
| <i>Subtotal</i> | 4,747.8* | 3,031.9 |
| 2. Private sector lending operations | 96.8 | — |
| 3. Grant program | | |
| Technical assistance | 98.3 | 91.0 |
| Emergency aid | 43.6 | 42.5 |
| Research and similar activities | 4.5 | 3.8 |
| Special contribution to IFAD | 20.0 | 20.0 |
| Common Fund for Commodities | 83.6 | 11.5 |
| Project preparation | 0.3 | 0.3 |
| <i>Subtotal</i> | 250.3 | 169.1 |
| 4. IFAD | 861.1 | 732.0 |
| 5. IMF Trust Fund | 110.7 | 110.7 |
| <i>Total</i> | 6,066.7 | 4,043.7 |

* No account is taken of terminations and balances subsequent to original commitments.

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