



Global outreach

As the OPEC Fund for International Development celebrates its 30th anniversary, its director general, Suleiman Jasir Al-Herbish, reflects on successes and setbacks in the campaign to roll back poverty. By PETER DE IONNO.

In a world that is long on rhetoric and short on translating promises into action, Suleiman Al-Herbish and the OPEC Fund stand out as exceptions to the rule – their actions speak for them.

Al-Herbish is an economist by training with more than 40 years of experience as a business leader and administrator in the energy and resources sector in his native Saudi Arabia.

He has become a powerful voice for the cause of the world's poor since his appointment in November 2003 to lead the OPEC Fund in pursuit of its mandate to foster South-South solidarity and enhance the quality and effectiveness of aid for developing countries.

Al-Herbish takes justifiable pride in the achievements of the OPEC Fund, which he describes as an inter-governmental development finance organisation. The Fund is an observer to the deliberations of the World Bank and is waiting to be granted observer status at the United Nations General Assembly.

'The OPEC Fund alone has distributed US\$8 billion in aid in its three decades.

Collectively, the member countries have distributed a total of US\$81 billion through a variety of bilateral and multilateral channels, including the Fund,' he says.

'Amidst unprecedented global prosperity, the least developed countries (LDCs) have been marginalised from the mainstream of the world economy and the gap between rich and poor continues to widen.

'Over the past 30 years, 50 percent of our commitments have been to Africa and 80 percent of our commitments go to low-income countries around the globe.

'The 50 LDCs, 34 of which are located in sub-Saharan Africa, are more vulnerable today than ever. Despite ongoing efforts, African LDCs will fall short of all Millennium Development Goals (MDGs) if current trends continue. African LDCs need a fair chance to trade themselves out of poverty, debt and hunger.'

While acknowledging that levels of official development financing have been increasing since 2001, Al-Herbish says that current aid volumes remain extremely short of the US\$100 billion that is needed every year to meet the MDGs. It is estimated that the

deficit will rise from the current US\$46 billion a year to US\$52 billion by 2015.

'The shortage is especially large for sub-Saharan Africa where the aid flows need to double over the next five years for the MDGs to be achieved.'

Al-Herbish says that despite a series of impasses in the campaign to win meaningful trade concessions for LDCs from the developed countries of the North, the World Trade Organisation (WTO) remains one of the most important forums for solving the world's problems.

However, he says, WTO deliberations need to be speeded up. 'With regard to the problems facing developing countries, the WTO is a very slow process. It took nine years for Saudi Arabia to be admitted as a member of the WTO.

'This applies to any problem being debated in the WTO; any solution can take five to seven years. This tells me there is a reluctance on the side of the developed countries to do their share in shouldering the problems of the countries in the South.'

He points to commitments from developed nations to increase their aid funding to 0.7 percent of gross national product (GNP) as one area where promises can be turned into reality.

'This is not a grant, it is loan that will be repaid. The average sits at around 0.4 percent and that is far short of 0.7 percent.

'The problem of alleviating poverty in developing countries is a global issue. We are all involved.'

Al-Herbish says a recent trip to Burkina Faso to see OPEC Fund projects had reinforced his personal understanding of the complexity of the challenges faced by developing countries in Africa.

'I saw the problem with my own eyes, a landlocked country with the per capita consumption of clean water only a tenth of the world standard of 200 litres a day and the consumption of energy only 20 percent of

the world standard,' he says. 'These things tell me that for many in Africa poverty is getting worse and worse.

'It is the poorest region in the world and the issues of outstanding development, infrastructure, hospitals, schools and clean water are huge. Africa needs global action and solutions instead of rhetoric.

'Through its work the OPEC Fund is trying to make a real difference in people's lives. When you build roads, dams, hospitals and schools, you are making a direct contribution to economic and social development. Our target is the poor, the people who really need help.

'The global contribution to poverty relief is not compatible with the need, but at the OPEC Fund we are doing all we can to increase and intensify our activities in these countries. It should be a simple matter of supply and demand.'

Al-Herbish says the most pressing problem facing the OPEC Fund is reconciling the increasing demands it faces with the need to ensure its own sustainability, while maintaining its ability to continue to make concessional loans.

'We are giving loans at one percent. There is a leakage that goes on over time. You need to replenish or else one day you will find yourself committing more than your resources can support,' he says.

One solution, he says, is for the Fund to borrow from the markets to fund projects financed under its Private Sector Facility. Commitments through this window are expected to reach US\$500 million this year and amount to US\$1.6 billion over the next three years.

Tackling the challenges is what makes his job exciting, says Al-Herbish, but his motivation comes from making a difference.

'We are an organisation with no ideology and we are not shaped by religion. We give assistance because it is needed, regardless of such considerations.'

The only developing countries excluded from benefiting from the Fund's resources are its own members, he points out. 'All our members are themselves developing countries and some have a dire need for resources to service their own problems. Even in the middle-income members, they have regions that need to be lifted above the poverty line. For the sake of the Fund and its work, I hope they will continue with their generosity.'

• Peter De Ionno is weekend editor of *Business Report*



The OPEC Fund Headquarters – where aid distribution to developing countries begins.