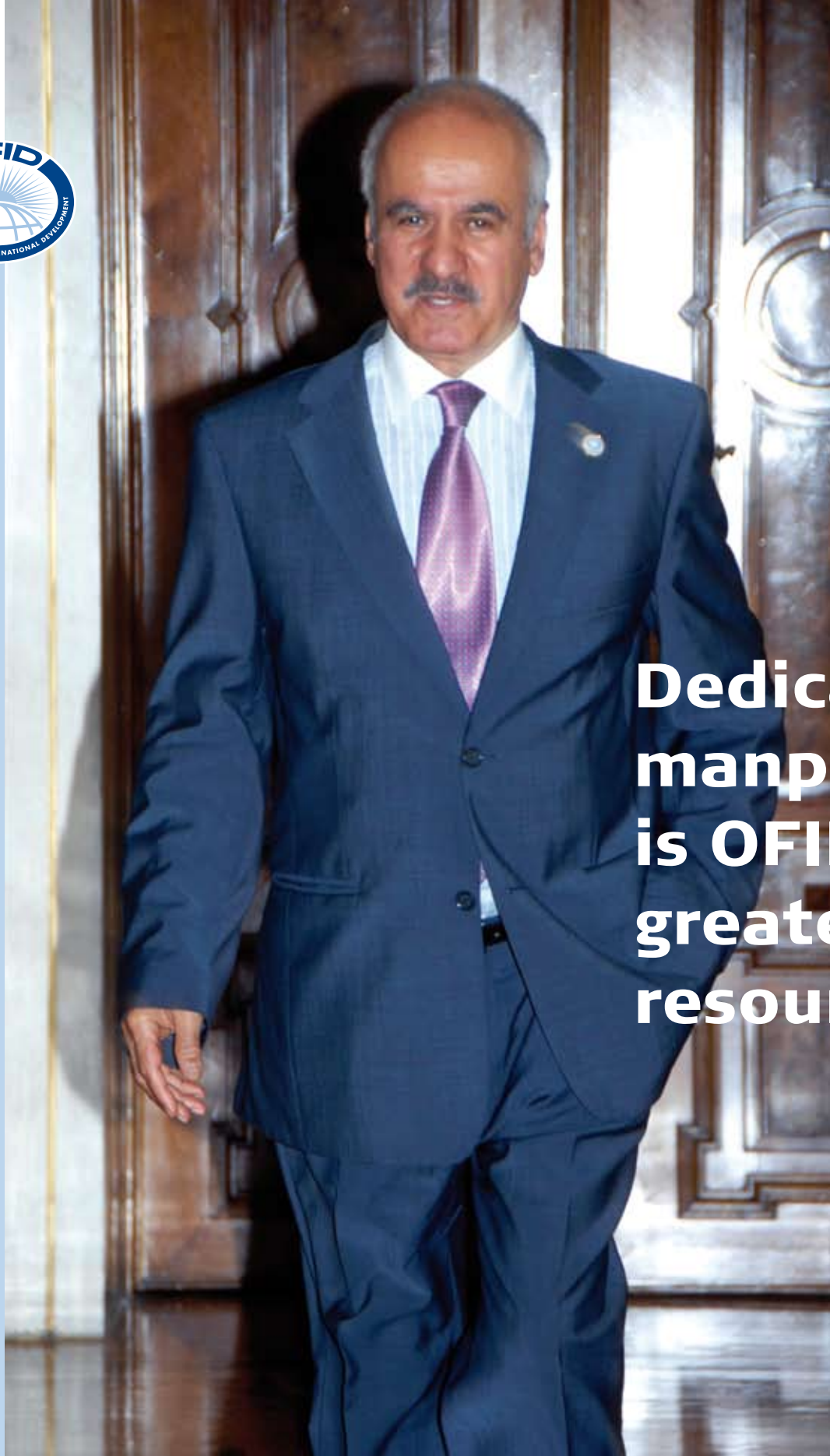


OPEC bulletin

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ALGERIA ON TRACK





**Dedicated
manpower
is OFID's
greatest
resource**

Suleiman Jasir Al-Herbish, Director-General of the OPEC Fund for International Development (OFID).

Al-Herbish begins new five-year term with heartfelt message ...

Suleiman Jasir Al-Herbish of Saudi Arabia has just completed his first term as Director-General of the OPEC Fund for International Development (OFID). And on November 1, 2008, the former OPEC Governor, who has a long history in the oil sector, as well as extensive experience in development issues, began his second five-year period at the helm of the Vienna-based institution, following unanimous approval by the Fund's Ministerial Council. To mark the occasion, **Farouk U Muhammed**, Officer-in-Charge, Department of Information at OFID, spoke to Al-Herbish on his impressions concerning the success of his first five years and what challenges he thinks the institution will face during his second term.

On behalf of my colleagues, I would like to congratulate you on your re-appointment for a second five-year term as Director-General of this institution by the OFID Ministerial Council.

Thank you very much. Actually, the tribute should go to my colleagues, in fact the whole family of OFID. I am extremely proud of the people I work with here and I want to thank them for their dedication, cooperation and support. It is because of them that I am getting this renewal of my contract from the Ministerial Council. And that is exactly what I said when I addressed the Council following the approval of my appointment.

On October 31, 2008, you completed your first five-year term as Director-General. During that time, you introduced many innovations and, of course, saw numerous achievements. Could you perhaps reflect on what that period has meant for you and how it will help you prepare for the next five years?

Well, if I can just briefly mention my background — I actually came from the oil sector and spent a lot of time working closely with OPEC. But my involvement with development issues began in 1968. In fact, my very first

mission out of Saudi Arabia was to do with development — in attending the second session of the United Nations Conference on Trade and Development (UNCTAD). I started to familiarize myself with development issues from that year and, as it turned out, that second session of UNCTAD proved to be the most important session in the organization's history.

Over the years, I gained more experience in energy and development projects, particularly the problems associated with poverty. So when I came to OFID, I came with the full awareness of the noble mission of this institution. The first concern, or challenge, I found was the pressing need to increase our involvement, our resources, in the work we were doing. You might remember that in OFID's 16th lending programme, we introduced something that was called the Blend Facility which actually set out to accommodate more projects in different countries and based on different criteria.

Then, in 2006, we obtained approval from our Ministerial Council in Jeddah to launch another instrument which has proved to be very, very important. That was the Trade Finance Facility and today it is working extremely well. So, when I came to OFID we had the private sector operations, the public sector activities and the grants programme. And then we added the Blend Facility, which was a different kind of public sector financing and the

Trade Finance Facility. And then in the grants programme, we also, as you know, introduced a separate account for emergency relief.

I am sure that the vast experience you have gained, especially over the last five years, must have prepared you for tackling your next term. What is your vision for the challenges that lie ahead and what specifically will you be focussing on?

The challenges I, and the institution, faced in 2003 are still with us today. The problem is that, unfortunately, these challenges are increasing in number and intensity. For example, we are now facing a food crisis, and we are facing an energy crisis, and this is especially acute for the poorest countries of the world, in Africa, for example. Mindful of the situation, the Third Summit of OPEC Heads of State and Government, which was held in Riyadh, Saudi



Arabia, in November 2007, stressed in its final declaration, a commitment towards bringing about better conditions for supporting energy and sustainable development, especially the eradication of energy poverty.

We in OFID were instructed to do some work in this regard and I am really proud — and I thank my colleagues — that OFID took the first step in the implementation of the Riyadh Declaration by holding an energy workshop in Abuja, Nigeria, which was inaugurated by the Nigerian President. This was held specifically to address the problem of energy poverty. This is really one of the toughest problems we and the world are facing — energy poverty, combined with the food crisis, with biofuels being developed at the expense of food supply and the basic needs of the people. These are challenges that I must add to the challenges I first faced in November 2003.

You have touched on the issue of the shortage of food supply and the high prices for staples like maize, which are being used in the biofuels process. You have also talked about a research project being conducted by OFID to address this issue. Can you elaborate on this?

Yes, this project is part of efforts we are undertaking. In principle, we are looking at the issue in general and trying to determine ways and means of solving the problem, or at least contributing to the solution of the problem. Earlier in the year, I participated in a meeting of the International Fund for Agricultural Development (IFAD) and I chaired one of the panels on this very same subject. I also delivered a paper to this meeting.

We have also had dealings with the United Nations Committee on Sustainable Development and spoken at length on the subject with World Bank Group President, Robert B Zoellick. We are doing all this to familiarize ourselves with the problem. And, in-house, we are conducting a research study with a well-known institute to

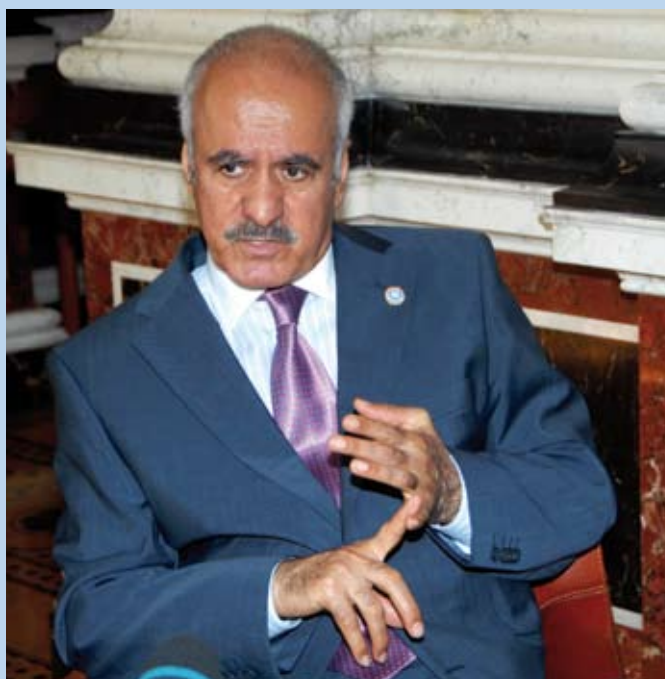
examine the scientific part of the problem and to come up with suitable solutions.

Undoubtedly, demand for the kind of financial assistance that OFID offers will continue to grow from the developing countries, especially the poorer nations, which means OFID will need to boost its resources to be able to provide the additional services required. What strategies will you be adopting to make this extra financing available?

This is the main challenge facing us. The demand on our resources is increasing in what I describe sometimes as an exponential way. And we are doing all that we can, not only to cope with the increasing demand, but also to further our proactive work on this subject. We call it enhancement of resources. We are doing something in-house, for example, in the investment field where our resources consist of contributions, plus reserves, which we then invest in different parts of the world. We are doing a lot of work in collaboration with our investment committee, which is a sub-committee of the Governing Board, to increase and enhance the resources. So far, we are doing very well.

Unfortunately, this year is a year of general decline (due to the overall economic situation), so we are losing somewhat, but we are trying to make up for it in other resource areas. But in order to meet the demand coming from four continents and from different parts of the world, in fact from more than 100 developing countries, most of them low-income states, we have to look for ways and means to enhance these resources. Last year, we had our Corporate Plan approved by the Ministerial Council. This plan is based on a model we developed in the Corporate Planning Department. The model is simple, it is flexible, we can add assumptions to it, and we can change the input or output schedule.

We are really thankful to our Ministerial Council for



approving the plan in principle. Now we are doing our homework and looking into the ways and means of running the facility, including borrowing. We may outsource some services and then report on our progress to the Ministerial Council and the Governing Board. This is the main issue when we talk about enhancing OFID's resources.

We are, of course, looking for other support — this is very important. For example, we are looking for more support from our Member Countries. And we expect our Member Countries to contribute more. They are fully aware of the severity of the problem nowadays with regard to energy and food and I am just hoping they will intervene and give us more support in terms of fresh contributions, or maybe utilizing the agreement, which is flexible, to accommodate contributions from a Member or Member Countries. Again, I have to stress that the main challenge facing OFID is the enhancement of its resources. The fact is



our resources are not coping with the increasing demand coming from our beneficiaries.

It is clear that OFID Member Countries have consistently supported the institution. And I am sure that this is highly appreciated. Could you comment on this support? Also, are there other areas that you think should be expanded in terms of giving the Fund additional support?

Yes, I agree with you, the strong support of our Member Countries goes right back to 1975 when the idea of OFID first came about and the following year when the Fund was legally established by the Finance Ministers of Member Countries. Let me put a footnote here. It is really interesting when one looks back to 1960, when our sister organization, OPEC, was created. It was established by representatives from Member Countries — I think only two of them were Ministers. And the idea of the OPEC Fund was born at the First Summit of OPEC Heads of State and Government in Algeria in 1975 when Member Country finance ministers were delegated to set it up.

In the Algiers Declaration, if you remember, our Heads of State clearly stipulated their full support for developing countries and indicated their commitment and willingness to do more work for and with these nations. Hence, the next year the Fund was established. Then, in Caracas, Venezuela, in 2000, the Second Summit, hosted by President Hugo Chávez, reaffirmed this commitment and support. It specifically mentioned OFID.

The Heads of State said something very important in the final Declaration — that poverty is the most serious environmental problem facing the world today. Some eight years on, that situation is still the same and the problem of poverty is still with us. At the Third Summit in Riyadh, Saudi Arabia, which was hosted by King Abdullah, the format of the conclusions was different from the previ-

ous two. At this one there were three chapters — one for energy, one for climate change, and one that we, in OFID, consider our mandate, which covers energy and sustainable development. This support is really something we are very proud of and we are relying on our governments to continue supporting us because the problems we are facing today are getting deeper and deeper. You remember I mentioned my first involvement in development issues was when I attended UNCTAD II.

Well, I remember at that conference back in 1968, the price of oil was \$1.80/barrel. But to be fair to our Member Countries, even before the establishment of OPEC, they were fully committed to the cause of the eradication of poverty. They have quite a record behind them. In fact, when the UN came with their request for nations to contribute a percentage of their gross domestic product to help the needy, some of our Member Countries exceeded the level requested by five or six times. That is truly commendable.

What steps are you contemplating in order for OFID to be able to cope with the internal challenge of the extra manpower you will need, both in terms of quantity and quality?

Whenever I am asked about OFID's resources, or capital, I mention that they come as a result of contributions from our Member Countries or from our reserves. But actually, the real asset of OFID is the manpower — the people here. We have so many different nationalities — in fact from 24 countries, comprising different cultures. Without this manpower, without the teamwork, the cooperation and the quality of the people we could not have achieved what we have already achieved. We are doing all we can to enhance and develop our manpower base. We are offering more training and trying to create

a level of qualified — and satisfied — manpower that will be able to deliver on the huge mission we are shouldering. We are right now engaged in a project that aims to look at ways and means of improving this cultural aspect of cooperation and friendship, which, in my eyes, is necessary for us to achieve our targets. Since I came here, we have undertaken considerable recruitment of “fresh blood”, especially young university graduates. Together with the colleagues who have been working at the Fund for the last 10 or 20 years, this cooperation and mentoring is going very well, and we can be proud of it. I think it is going to help us deliver the mission the way we would like it.

OFID has been doing very well in the area of cooperation with its partner institutions — the World Bank group, the regional development banks, the UN organizations and OFID sister agencies, etc. Are there new areas in which you intend to build such bridges towards further enhancing cooperation?

Cooperation with like-minded organizations is part of the system — part of our programme and our culture. Through our work with such institutions, we are gaining two-way experience — us from them, and them from us. Over the last five years, we have hosted many workshops and meetings for these sister organizations. For example, during the celebrations we had for OFID’s 30th anniversary, we hosted a meeting of Heads of Arab Institutions. We have also had many Coordination Group meetings and workshops here. We even hosted donors’ meetings. This is the culture of OFID and we will continue to carry on in this vein.

Earlier in this interview, you mentioned that OFID held a workshop on energy poverty in Africa, in Abuja, Nigeria.

That workshop was judged as being highly successful. Do you have plans to build on that success and maybe hold similar workshops elsewhere?

In my presentation to the OFID Governing Board, I paid recognition to the efforts carried out by my colleagues in this regard. In fact, I mentioned them by name, in recognition of their very good work in preparing for that workshop. The workshop, as you say, was a big success because we had very good participation and the quality of the papers delivered was outstanding. We had papers from the World Bank, UNIDO, the United Nations Environmental Programme, and from energy companies, such as Chevron.

It was really a big deal for us and I am really proud of the workshop and its outcome. Building on that success, we are thinking of having another workshop next year. But this kind of workshop is very involved. It is one with a particular chosen subject and requires the hiring of consultants — we have to talk to potential panelists and then come up with points for discussion.

We are planning, in principle, to have the next one in Venezuela, prior to our Ministerial Council meeting. I have already spoken to the Minister of Planning of Venezuela, who is the new representative of Venezuela on the Ministerial Council, and we have agreed to have a workshop. And I already have something in mind on the subject for this workshop — which is to do with the various obstacles that sometimes delay a project from being implemented.

But it is important that when we have these workshops we concentrate on a subject and try to analyze it fully with expert opinion and then arrive at some solutions. The workshop in Abuja was very successful because we were dealing with Saharan people where some 80 per cent of their energy consumption comes from primitive sources. 