

Background

OFID was conceived at the *Conference of the Sovereigns and Heads of State* of member countries, held in Algiers, Algeria, in March 1975. A Solemn Declaration “reaffirmed the natural solidarity which unites OPEC countries with other developing countries in their struggle to overcome underdevelopment,” and called for measures to strengthen cooperation between these countries.

In this spirit, OFID was established in January 1976 by the then 13 member countries of OPEC. Initially, it was called *The OPEC Special Fund*. The idea was that OFID’s resources are additional to those already made available by OPEC states through a number of bilateral and multilateral channels.

The supreme authority of OFID is the *Ministerial Council*, made up of finance ministers of member countries. The Council issues policy guidelines followed by the *Governing Board*, which oversees the general operations. The Director-General, who is appointed by the Council, is Mr. Suleiman Jasir Al-Herbish (Saudi Arabia). Mr. Al-Herbish is also the institution’s Chief Executive Officer.

The resources of OFID consist mainly of voluntary contributions by OPEC member countries and income derived from OFID’s investments and loans (interest and service charge).

OFID’s operations were launched in August 1976 with initial resources of about US\$ 800m. 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.

All developing countries, with the exception of OPEC member countries, are in principle eligible for OFID assistance. The least developed countries, however, are accorded higher priority and therefore receive a large share of OFID’s assistance.

OFID has over the years spread its presence to 121 countries, of which 50 are in Africa, 40 in Asia, 27 in Latin America and the Caribbean, and 4 in Europe.

In the **public sector**, OFID has implemented sixteen *lending programs* since its inception. The 17th lending program, approved for a three-year duration, became effective January 1, 2008. By the end of May 2009, a cumulative amount of US\$ 8,061m had been committed for 1223 public sector loans, of which US\$ 4,905m had been disbursed. As of January 1, 2009, 74% of outstanding loans were with Low Income Countries and 50% of all commitments were to Africa.

Under the **Private Sector Facility**, established in 1998, 130 operations have been approved in support of private entities in Africa, Asia, Latin America and Europe. By the end of May 2009, US\$ 956m had been committed and US\$ 423m disbursed.

In 2006, a **Trade Financing** program was launched. By end of May 2009, US\$ 169m in lines of credit and US\$ 139m in risk-sharing guarantees had been approved and US\$ 95m had been disbursed.

In the framework of **grants**, assistance is extended to social and humanitarian development operations through three regular grant programs; *Technical Assistance, Research and Similar Activities* and *Emergency Relief Aid*. OFID has also established special grant accounts to respond to specific global needs. These include grants for the establishment of *CFC*¹⁰, in addition to a *Special Account for HIV/AIDS Operations* and a *Special Account for Palestine*. Intermittently, OFID extended special grants in support of contemporary issues, such as the grant for the establishment of *IFAD*¹¹ and the *food crisis in Africa*. By the end of May 2009, 1080 grants, amounting to US\$ 447m, had been extended.

In addition, OFID channelled US\$ 972m to two international institutions: it has channelled OPEC members’ contributions to the initial capital and first replenishment of IFAD’s resources and made irrevocable transfers in the name of seven OPEC members to the Trust Fund of the International Monetary Fund.

OFID’s **total approved commitments**¹² (including grants and contributions to other institutions) as at the end of May 2009, stood at US\$ 10,605m, of which US\$ 6,619m has been disbursed.

¹⁰ Common Fund for Commodities

¹¹ International Fund for Agricultural Development

¹² Further details are found in the OFID Annual Report as well as various other publications, obtainable through the OFID website.



Profile

June 2009



Destructed homes in Rafah, Gaza

In 2002 **OFID** established A *Special Grant Account for Palestine*. Almost US\$ 70 m consisting of 220 grants has been committed to ease the plight of the Palestinian people.

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OFID

The OPEC Fund for International Development

Cumulative Activities²

as at May 31, 2009

US\$ m

Date Established	January 28, 1976	
Start of Operations	August 9, 1976	
Headquarters	Vienna, Austria	
Member Countries	Algeria Gabon Indonesia Iran Iraq Kuwait	Libya Nigeria Qatar Saudi Arabia UAE Venezuela
Mandate	To reinforce financial cooperation between OPEC member countries and other developing countries and promote South-South solidarity.	
Beneficiaries	All developing countries other than OPEC member states, with priority given to the less developed among them.	
Resources (January 1, 2008) in US\$ m		
Contributions¹	2,303	
Reserve	<u>3,699</u>	
Total Resources	6,002	

Means:

OFID is empowered to engage in all functions necessary or incidental to the achievement of its objective, including the following:

- ◇ Extending concessionary financial assistance in the form of loans for development projects and programs and for balance of payments support.
- ◇ Participating in the financing of private sector enterprises located in developing countries.
- ◇ Supporting developing countries' trade with lines of credit and guarantees.
- ◇ Providing grants in support of technical assistance, food aid, research and similar activities, and humanitarian emergency relief.
- ◇ Contributing to the resources of other development institutions whose work benefits developing countries.

OFID may also act as an agent on behalf of OPEC member countries in their relations with other international financial institutions.

¹ This amount excludes US\$ 972m in contributions from OPEC Member Countries channelled through OFID to IFAD and the IMF Trust Fund.

	Commitments ³	Disbursements
1. Public Sector Operations⁴		
Project Financing	6,711	3,605
Balance of Payment Support	724	714
Program Financing	324	303
HIPC Initiative	251	234
PRGF Trust ⁵	50	50
Sub-total	8,061	4,905
2. Trade Finance Operations⁶	169	95
3. Private Sector Operations⁴	956	423
4. Grant Operations		
Technical Assistance	127	116
Emergency Relief Aid	60	59
Research & Similar Activities	12	11
HIV/AIDS Special Account	55	39
Food Aid Special Grant Account	20	20
Special Account for Palestine	69	55
Special Contribution to IFAD	20	20
Common Fund for Commodities	84	32
Sub-total	447	353
5. IFAD⁷	861	732
6. IMF Trust Fund⁷	111	111
TOTAL	10,605	6,619

Total Number of Approved Operations

Public Sector Loans	1,223
Private Sector Operations	130
Trade Finance Operations	21
Grants	1,080
Total	<u>2,454</u>

Number of Beneficiary Countries

Africa	50
Asia	40
Latin America & Caribbean	27
Europe	4
Total	<u>121</u>

² Due to rounding, totals may not add up.

³ Approvals by Governing Board.

⁴ Part of these operations is in €, which has been converted into US\$.

⁵ Poverty Reduction and Growth Trust Fund.

⁶ Excluding US\$ 139m in risk-sharing guarantees.

⁷ Contributions from Member Countries channelled through the OFID.

Regional Distribution

of Public Sector Operations (US\$ m)⁸

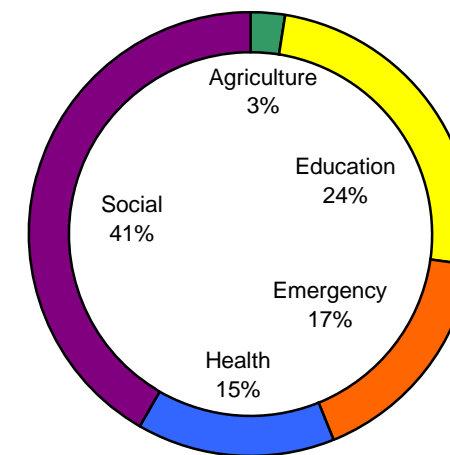
	Project Loans	Balance of Payment Support	Program Loans	HIPC Loans	Total
Africa	3,217	430	185	200	4,033
Asia	2,511	176	64	0	2,751
LAC ⁹	859	118	74	51	1,102
Europe	124	0	0	0	124
Total	6,711	724	324	251	8,011

Sectoral Distribution

of Public Sector Project Loans (% by value)

Energy	18	Water & Sewerage	8
Transportation	30	Development Banks	3
Agriculture	16	Industry, Telecomm	2
Education	10	Multi-sectoral	<u>7</u>
Health	6	Total	100

Special Grant Account for Palestine



Sectoral Distribution (% by value)

⁸ Excluding the PRGF, which is a multi-regional facility.

⁹ Latin America and Caribbean