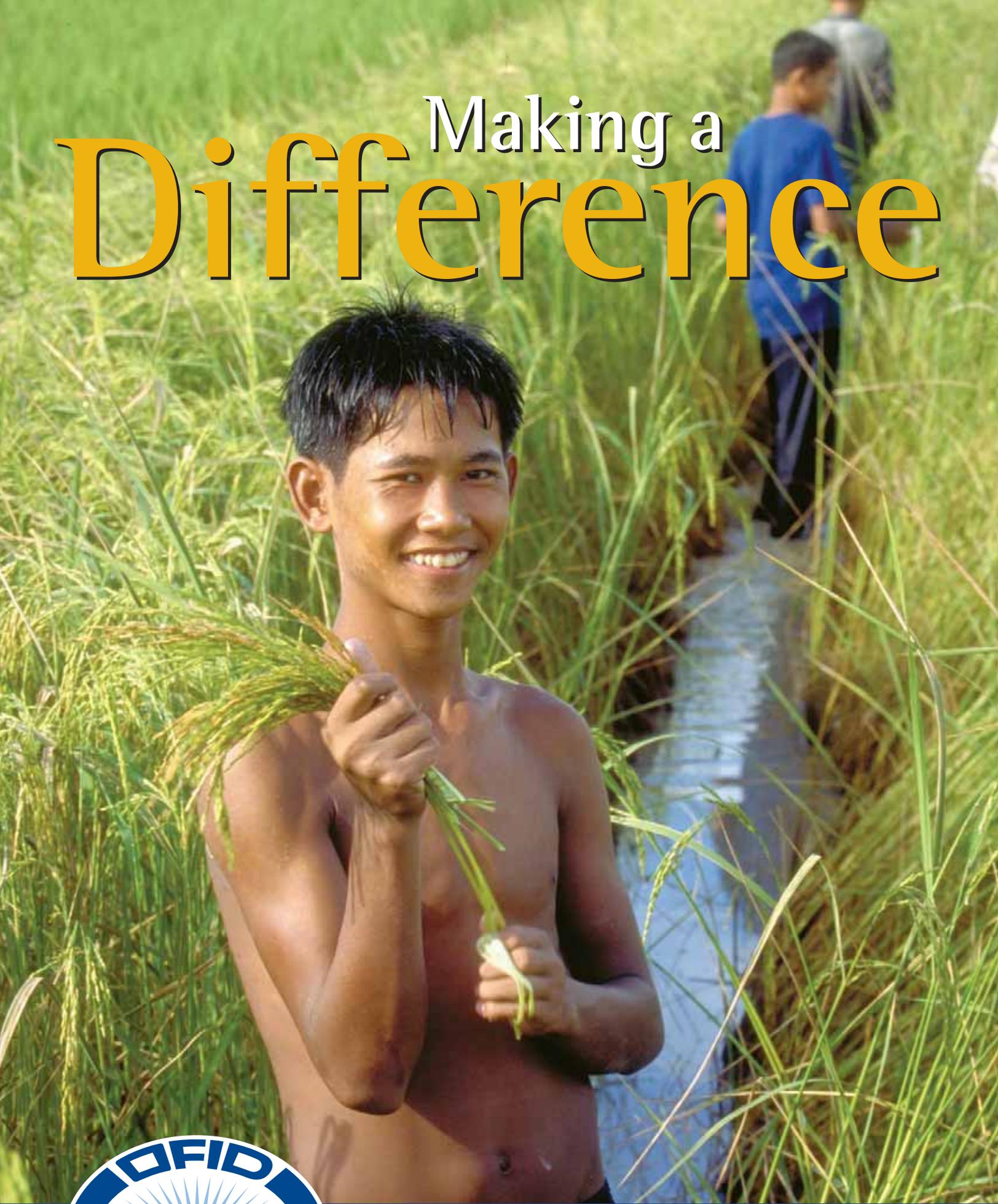


Making a Difference



The OPEC Fund and the
Fight against Poverty

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Photo Credit: Anette Friedel-Preminger

Foreword of the Director General

It gives me great pleasure to welcome readers, old and new, to this second issue of Making a Difference OFID and the Fight against Poverty. Its re-appearance is due largely to the success of the inaugural edition, two years ago, which was received with appreciation in all quarters.

SECTION 1: The OPEC Fund: An Overview





Introduction:

30 years of making a difference

In 2006 OFID celebrated its 30th anniversary with a splash: many activities were planned throughout the year not only to mark the occasion but also to raise the profile of the organization and create greater awareness of its role and operations. OFID hosted a Conference of Heads of Arab Development Organizations and a High-Level Roundtable of Heads of global financial institutions, and played host to a distinguished procession of visitors.

A new feature film on the organization was produced, and two art exhibitions were staged, one consisting of works produced by OFID staff and their families.

2006 also marked the presentation of the first OPEC Fund Award, to HUMANA People to People (see page 62). This award will be presented annually to an organization or personality who promotes the cause of sustainable development. OFID also introduced a

generous scholarship that will fund students from developing countries in their Masters' studies.

During a special 30th anniversary assembly with OFID staff on 27 January, the Director-General Mr Suleiman J. Al-Herbish paid tribute to OFID's member states, its Governing Board and Ministerial Council. The two preceding Directors-General, Dr Ibrahim F. Shihata and Dr Y. Seyyid Abdulai also came in for praise. The Director-General had particularly warm words of

founded, OFID's basic goals have remained the same: to help narrow the gap between the rich and poor, and to spur development in the world's least developed countries.

Global reach

In April 2003 the Fund marked the approval of its 1,000th loan. Today, around 120 countries from the developing world - in Africa, Asia, the Middle East, Latin America, the Caribbean and Europe - have benefited from OFID's assistance. The stories of some of the beneficiaries are told in the pages of this book.

At the end of December 2005, the level of cumulative development assistance extended by the Fund stood at US\$7.9 billion. The Fund was by this stage well into its 16th lending program, scheduled to run for three years beginning January 2005. A total of US\$1.5 billion has

HIPC

OFID has always paid particular attention to the problems of the least developed countries (LDCs), the most impoverished group in the world economy. Cumulatively, more than half of the organization's lending commitments has gone to support operations in those countries, which numbered 50 in 2006.

One of the biggest barriers to development in these countries is the large external debt that many of them bear, despite recent international moves to reduce their debt burden. OFID actively participates in the Heavily Indebted Poor Countries (HIPC) Initiative, a scheme launched by the international donor community to reduce the external debt of eligible countries to sustainable levels through a strategy of burden-sharing among all creditors. The scheme was started in 1996, at the suggestion of the World Bank and the IMF. To become eligible, beneficiary countries have to pursue sound economic and social reform targeted at measurable poverty reduction, thus encouraging sustainable development aimed at assisting the poorest of the poor.

OFID is honoring its responsibilities under the Initiative and, so far, has approved the delivery of debt relief within the framework of the HIPC Initiative to Benin, Bolivia, Burkina Faso, Chad, Ethiopia, the Gambia, Ghana, Guinea, Guyana, Honduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Tanzania, Uganda and Zambia. It has extended a total of 29 loans amounting to US\$206.9 million under the scheme.



▲ Children are the beneficiaries of many projects funded by OFID in all corners of the globe.

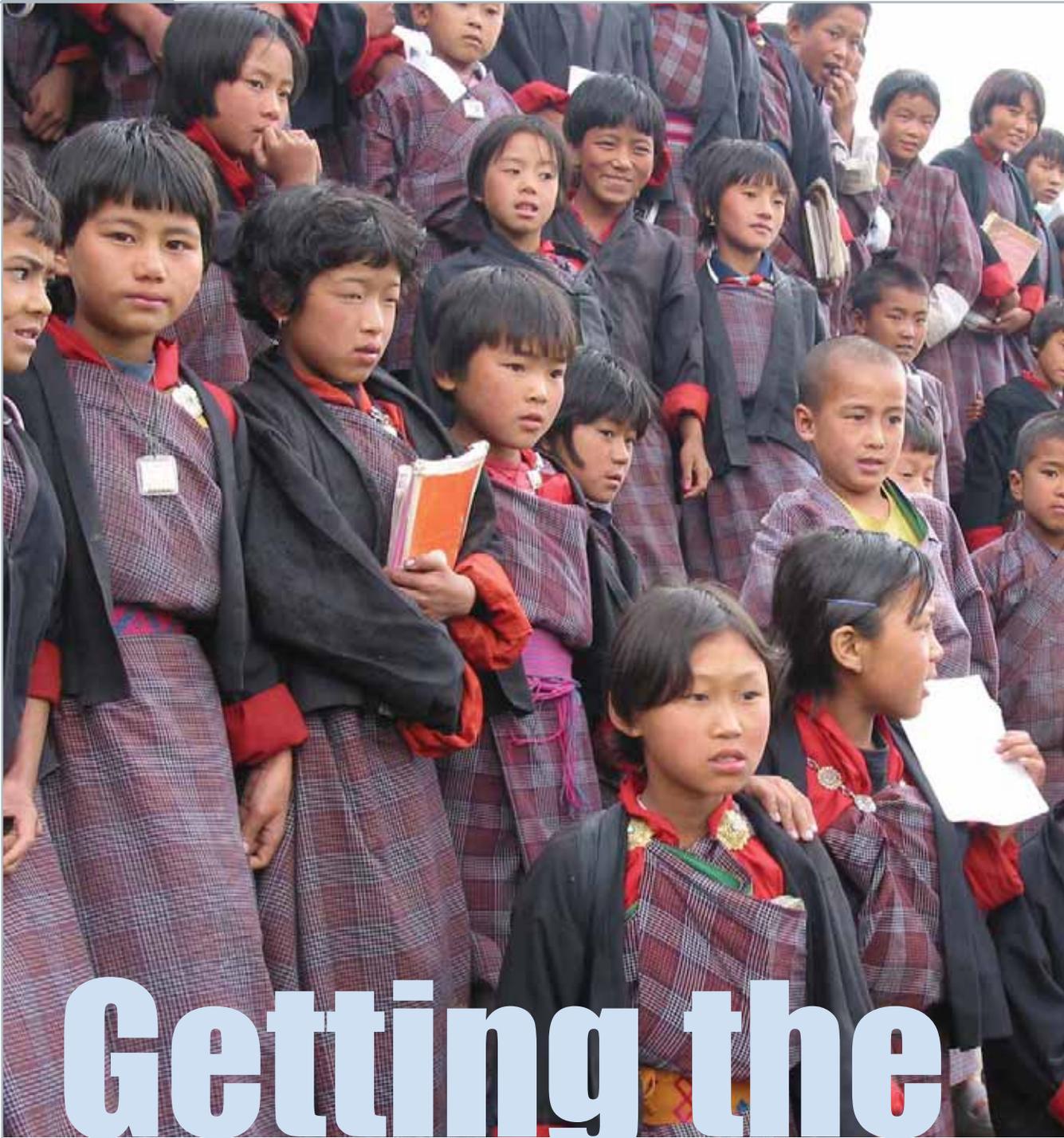
been allocated to the new program, with about 80 countries eligible for assistance.

When the Fund first started operations its public sector lending tended to focus on balance of payments support. As time went on, however, a greater proportion of project and program loans were extended, and these now constitute the bulk of the Fund's activities.

The 1990s saw a move away from large-scale infrastructure projects in the fields of energy and industry to projects that targeted social needs and human development. In recent years, transport projects have received a high priority because the poor state of roads and other transport links in many developing countries perpetuates isolation and poverty for millions of people. Altogether, the Fund has approved some US\$6.2 billion in financing for public sector operations. The OPEC Fund is currently engaged in public sector projects in 110 countries, a number that grows from year to year as it forges new partnerships and widens eligibility to include more middle-income countries. While the Fund is constantly evolving, however, it remains faithful to its goal of focusing on the low-income countries, and within those countries on

SECTION 2: Case Studies





Getting the daughters of the Thunder Dragon to school

A long time ago, so the Bhutanese legend goes, a Buddhist saint called Guru Rinpoche flew across the Himalayas on a tiger. As a fierce thunderstorm raged in the rugged valleys below him, he paused to declare that this was Bhutan, Land of the Thunder Dragon.



◀ **Primary school children line up in traditional Bhutanese dress.**

is problematic, but in recent years the Bhutanese government has made enormous efforts to improve the quality of life of its people by advancing health and education. The educational system, in particular, has made impressive strides, with dramatic increases in the numbers of schools and qualified teachers, together with information campaigns about the importance of schooling, which have led to improved enrolment rates. Like many developing countries, however, Bhutan has a discrepancy between the numbers of boys and girls in education, with fewer girls than boys enrolled. This is due in many cases to parents keeping their daughters at home to assist with household chores and rear younger siblings. People are also fearful of allowing their young daughters to walk long distances to and from school. The result is that literacy among women was estimated to be as low as 18 percent in 2002.

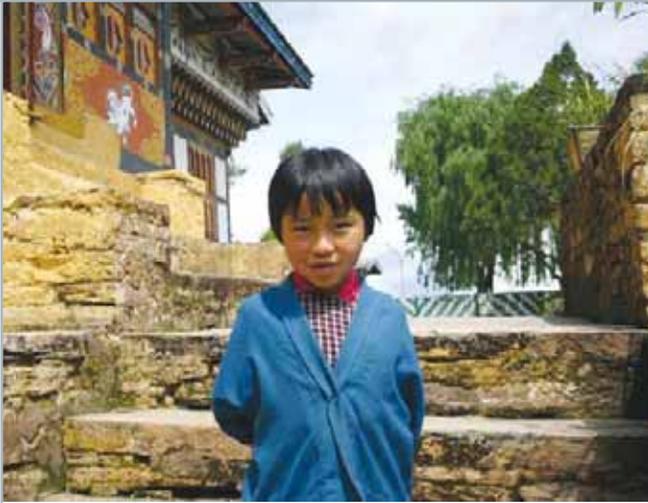
That same year, Bhutan's government launched an action plan to establish 137 new primary community schools in Bhutan's poorest areas. The new schools greatly alleviated the problems in primary education, but there was still a large difference in the numbers of boys and girls registered. The United Nations Children's Fund (UNICEF) therefore undertook to establish the extra schools needed to provide equal access to education by 2007. In support of UNICEF's initiative, OFID approved a technical assistance grant of US\$200,000 in June 2004.

The results have been impressive. In 2004, 54 primary schools were built, each provided with furniture and reading materials. Beneficiary communities willingly contributed to the scheme by supplying unskilled labor during construction, knowing that the new schools would also serve as premises for informal literacy classes and community functions, and a community library. The initiative will also create eight School Resource Centers in target districts where girls' enrolment is the lowest. These centers will offer seminars and workshops for teachers for improving teaching methods, and encourage schools to work together and share resources and common experiences.

In addition to building new schools the project includes a program of advocacy and social mobilization to promote the concept of education among girls and the value of completing primary education. For this purpose, UNICEF Bhutan has sent out 1,000 "scouts" and 200 local authority members to boost education awareness in the country's 20 districts. The project recognizes that it is not enough just to build schools; they must also be of good

Just as extreme as the climate is Bhutan's landscape, with snow-laden peaks towering over steep valleys and icy, rushing rivers. In this remote Himalayan kingdom children sometimes have to walk for half a day across rugged mountain terrain to reach the nearest school. It's not surprising that many youngsters, especially from poor families, don't get an education at all.

One of the world's smallest and least developed countries, Bhutan faces many challenges particular to its situation. It is isolated, and so mountainous that there is little land suitable for agriculture. There are few roads and other transport links, and the small population of just over two million people is very scattered. Providing social services



- ▲ Above: As part of the drive to improve education in Bhutan, new school buildings are being constructed to replace unsuitable school structures.
- ▼ Below: Measures taken to get more girls into education have resulted in a dramatic decrease in the gender disparity at community schools.

quality and must have 'girl-friendly' environments, such as better sanitation and water supply, including separate latrines for boys and girls. They must also be equipped with sturdy, comfortable furniture, unlike many of the schools in the past where children had to sit on cold concrete floors.

The money provided by OFID has enabled approximately 5,000 school age children in six districts to access basic primary education. In addition, around 90 school caretakers from eight districts have been trained in school furniture maintenance. This is important because many of the schools are so isolated that it is extremely difficult to bring in outsiders to provide services.

All in all, it's a major success story. There's still a long way to go, but while there was a gender disparity in school enrollment of 11 percent in 2002, it fell to four percent in 2005.



“I am going to school, no matter what”

A little girl in Eastern Bhutan has a special glow on her face. Nine-year-old Sonam Choki's dream of going to school has finally come true. Having waited for three years, the one hour walk to school every day is a joy that she wouldn't want to give up for anything in the world.

Born in Jomcholi, a remote village in the district of Mongar in Eastern Bhutan, Sonam Choki was just an ordinary girl who loved playing with her siblings and friends. However, with the passage of time, one by one, her older sisters and friends started going to school. She yearned to grow up fast and accompany her friends to school.

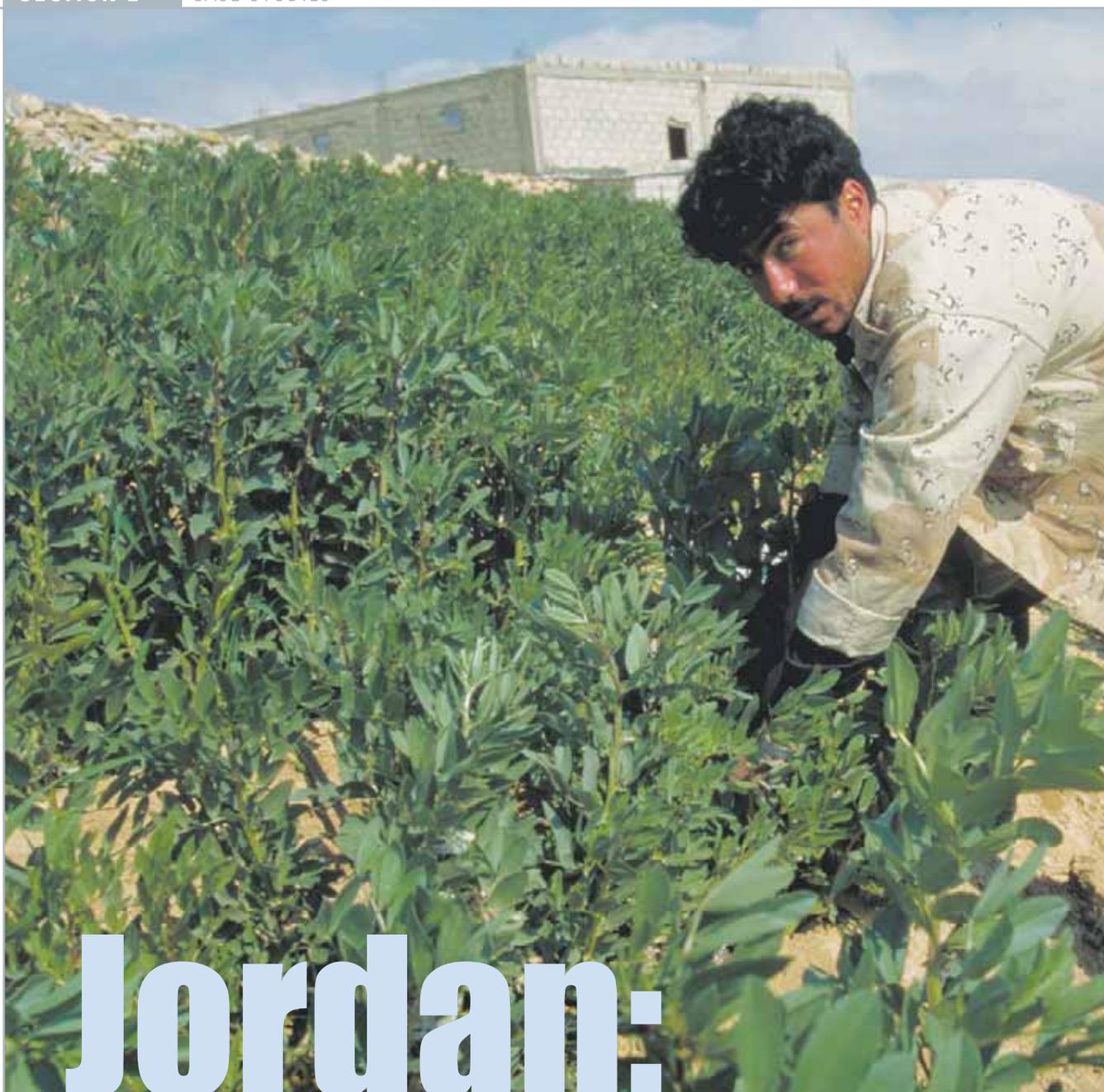
Then, after what seemed like decades to her, she finally turned six (The school going age for Bhutanese children). And she couldn't wait to remind her parents that it was time to buy her a school uniform. But her father told her: “You don't need school, Sonam, you are the lucky one. We have chosen you to inherit the family estate. So it's better for you to learn how to manage household affairs from your mother.” She felt like her world was falling apart. Sonam's parents, both illiterate, did not understand the value of education.

At the age of eight, Sonam somehow managed to get admitted to school with the help of her relatives. However, her joy was short-lived. Her parents were furious and she eventually had to drop out. She tried to forget about going to school, but she just could not let go of her dream. Finally, one fine day, at the age of nine, Sonam turned up at school on her own. Upon arrival at Ridaza Community Primary School, she met the head teacher, and with tear-filled eyes, she narrated her story — how much she wanted to come to school, how long she had waited, and how hard it was to persuade her parents.

The head teacher was most surprised at the little girl's determination to get an education. He decided to visit Sonam's home and meet her parents. He had a long talk with them, making them understand the value of education in the present world. Then the teacher left and days went by, but nothing happened. And then one morning, her mother woke her up and said, “Get up, Sonam, you are going to school today . . .”

Sonam can't stop smiling as she proudly narrates her 'long and hard three-year journey to school.' “I love studying English, Mathematics and Dzongkha (the national language),” she says, and she talks of nothing else but her school.

Text by Tamami Zaha, UNICEF Bhutan, 2005



Jordan:

finding sustainable solutions to rural poverty

In the northwest highlands of Jordan, the average farmer has a very small farm, a large family and very little wealth to tide him over in the frequent dry periods when crops fail. The farmers cannot afford the kinds of investments that would make their farms more productive, and the land has become so degraded that many families have been obliged to leave their farms or turn to off-farm sources of income in order to survive.



◀ A worker picks olives on a Jordanian farm.

▼ A farmer collects rainwater from a well built by funds provided IFAD.



The harsh fact is that less than five percent of Jordan's land area is actually suitable for arable agriculture. Yet despite the precariousness of their occupation, approximately a third of the country's 5.7 million people live in rural areas. It's no surprise, then, that rural people make up about 45 percent of those Jordanians who are classified as living in 'extreme' poverty, or subsisting on less than a dollar a day. However, because of the difficult conditions people have few resources to help them diversify their agricultural activities. Lacking collateral, the poor farmers cannot get loans for necessary investment in farm activities that could lead to higher incomes. Imaginative, far-reaching and sustainable measures are needed to support agricultural development and reduce rural poverty in Jordan.

One ambitious initiative is producing just this kind of result for 2,850 poor farming households in the Yarmouk River Basin in the northwest of the country. OFID has contributed \$5 million to this project, which is co-financed by IFAD and the Jordanian Government, to improve food security and raise incomes and living standards in this area. The Yarmouk Agricultural Resources Development Project (YARDP) is a pilot project within the framework of the government's new agricultural and rural development strategy. By promoting the sustainable use of land and water resources in the highlands of Irbid and Mafraq Governorates, part of the Yarmouk watershed, it will help enhance food self-sufficiency and income levels among farmers. The project, which was approved in 1999 and commenced in 2001, set out to teach farmers how to manage and conserve their resources, and provide them with the skills and technology necessary to increase yields and facilitate the sale of produce. As far as the environment is concerned, the project aims to minimize groundwater depletion, arrest environmental degradation and restore soil fertility. A key to the project's success is full participation by resource-poor farmers, particularly women, and their empowerment to take responsibility for managing their resources.



Eligible groups and individuals are required to participate in soil and water conservation and spring protection/rehabilitation initiatives, contributing to costs in cash or in kind and assuming responsibility for repairs and maintenance.

The results have been promising. The project has made significant achievements in soil and water conservation, water harvesting, income generation and infrastructure. On-farm water harvesting using underground cisterns has proved to be one of the most successful water harvesting measures supported by the project, enabling supplementary irrigation of orchards.

Farmers are also being taught about appropriate crop rotation and patterns, viable tillage practices, improved seed strains, and pest and disease control.

Off-farm measures include the protection of the banks of wadis (drainage courses) to prevent soil erosion and to

safeguard threatened arable areas from flooding; the construction of mini earth dams to store seasonal floods for water harvesting; and the rehabilitation of public springs to enable dependable irrigation.

A wide range of support activities is also being undertaken. These include the construction of 160 km of rural roads to enhance transportation links, the provision of seasonal loans to farmers to promote intensified production, and the establishment of a scheme to assist an estimated 800 women to develop small-scale businesses from which they can earn their own living. A total of approximately 20,000 people stand to benefit from the project.

Jordan has been the recipient of eight OFID loans in total, which have financed projects in the energy, agriculture, education, industry and health sectors, to the tune of \$68.9 million.

▲ Top left and right: Olive farmers working their plantations.

▼ Below: Herding the sheep.





▲ Red Cross Youth volunteers disseminate HIV/AIDS prevention messages to their peers.

Peer education on HIV/AIDS in Cambodia *by Hout Cheng Chhay and Rosemarie North*

Hour Sina wanted to kill herself when she tested positive for HIV in December 2003.

What kept her going was the thought of what would happen to her five children, the youngest of whom is four years old, and the two children she took in after two of her brothers died of AIDS.

"I was very angry with my husband because he transmitted HIV to me," says Hour Sina, 42, who lives in Cambodia's Kampong Cham province. "I wanted to jump into the river to drown myself but I did not because my children are still so young."

Now Hour Sina is not strong enough to work so hard in her noodle stand, an essential part of her family's income. And she is resentful that she didn't have any power to protect herself from HIV, which affects 2.6 percent of people aged 15-49 in Cambodia, the highest rate in the Asia-Pacific region.

She says she used to give Ros Sopheat, her policeman husband, money to go out with his colleagues to eat, drink alcohol and visit brothels. If she refused, he would hit her, she says.

In a frightening trend, monogamous women like Hour Sina have become one of the most at-risk groups in Cambodia, says Dr Tia Phalla, secretary-general of the National AIDS Authority of Cambodia.

"We have an average of 20 new infections daily but out of them, seven housewives get infected and seven babies get infected. That's a pity, a very sad story," he says.

Mobile groups like the police can act as a bridge to move HIV/AIDS from high risk groups like sex workers to broader sections of the population, including married women and children, producing a more generalized epidemic.

The fact that HIV/AIDS is spreading from traditionally high-risk groups into the general population is one of the reasons why the Cambodian Red Cross has launched a peer education program with police.

In two- or five-day training sessions, the police learn the facts about HIV/AIDS and how it is transmitted; they consider their own behavior and options, resisting peer pressure to go out partying with their colleagues; they are introduced to gender awareness and goal setting.

So far about 2,100 of Kampong Cham's 3,800 policemen have been through the program. The province is Cambodia's largest, with 1.7 million people, and one of seven provinces to have had the program since 1999.

Phan Sophy, whose husband is a police inspector, remembers the exact date he went on the Red Cross peer education course - it was March 11, 2003. She knows the date because his behavior changed so radically afterwards, she says.

Before his five-day training to become a peer educator, Sam Nal would often go out to bars and brothels. When he came home late, the fence to his home would be shut, indicating his wife's displeasure. That was all the power she had to influence his behavior.

After the Red Cross course, Sam Nal stopped drinking and started to do some more household chores. Now he comes home at lunchtime to feed the pigs, says his smiling wife, and thanks to his savings, the family's pig herd has expanded to more than 100, a tangible sign of Sam Nal's commitment to his family's future and to his responsibilities.

An evaluation found the peer education and life skills program was a unique approach that had resulted in a substantial shift in police attitudes and behavior.



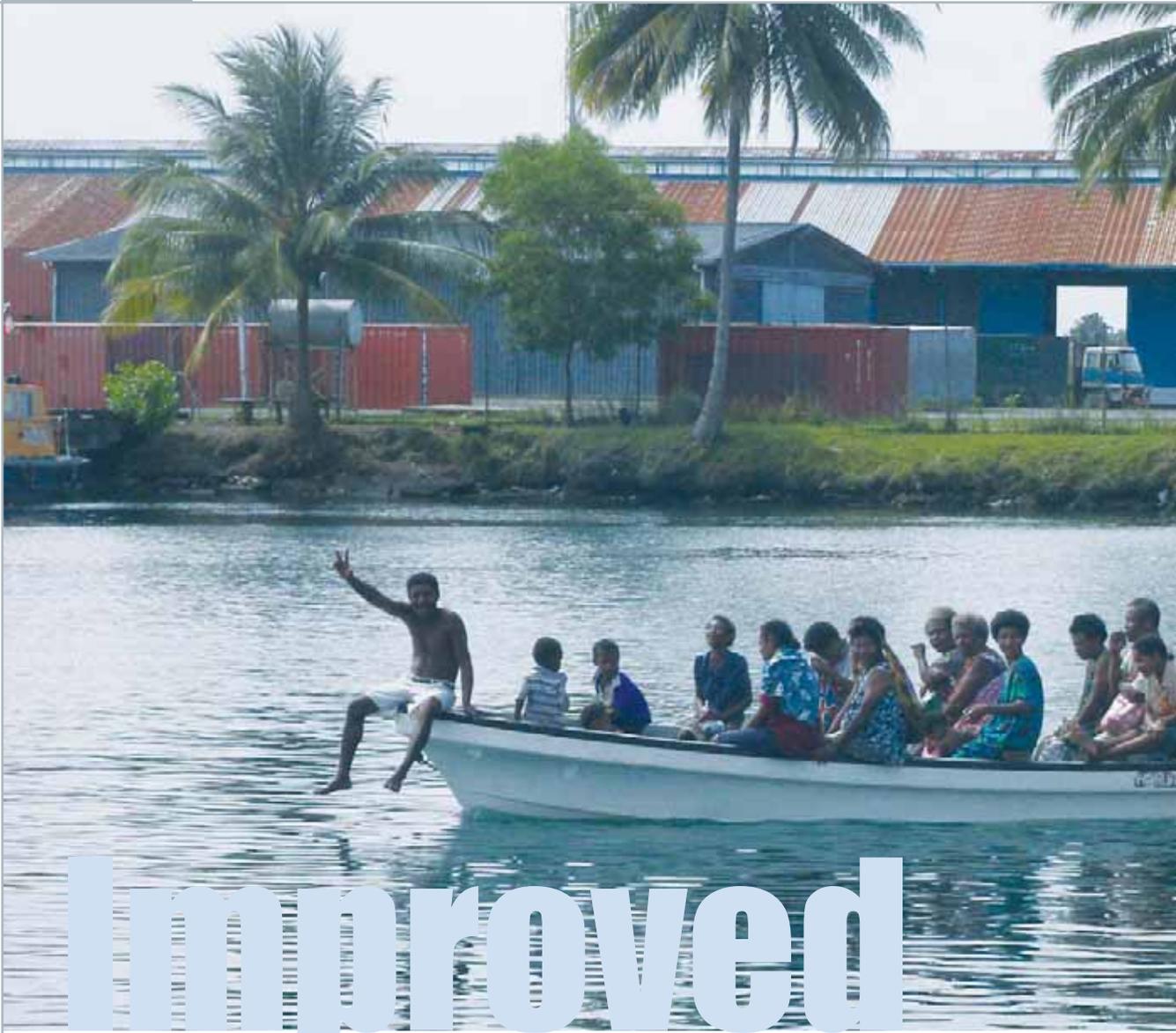
OFID assists in Albanian cement factory revamp

Visitors to the south-east European nation of Albania cannot fail to notice that construction is taking place all over the country as it goes all-out to modernize and develop its infrastructure, one of the most dilapidated on the continent. The building boom is fueling a demand for cement that until now could only be met by importing large amounts from abroad. At the end of 2006, a newly rehabilitated cement plant, co-financed by OFID, will come onstream, supplying most of the local demand and giving a huge boost to Albania's economic reconstruction efforts.

Albania emerged from 47 years of strict communist rule in 1990, and it is still in the process of liberalizing its political system as well as its economy. There has been considerable progress in the past decade and a half, but the country remains relatively underdeveloped, with unemployment high and poverty widespread.

By European standards, Albania is disproportionately

dependent on agriculture, and without substantial growth in the industrial, commercial and service sectors of the economy it will struggle to catch up with its wealthier neighbors. According to the World Bank, in 2005 Albania's gross national income per capita stood at \$2,080, the lowest figure in Europe. Some 40 percent of households have no access to necessities such as basic education, water, sanitation and heating. Albania's



Improved

water transport on Papua New Guinea raises living standards

Papua New Guinea (PNG) is a land of spectacular beauty, with jagged mountain ranges rising from jungle-covered lowlands, plunging gorges and rushing rivers. It is made up of the eastern half of the island of New Guinea, the largest in the Pacific, and about 600 other islands scattered over a large area. The long, palm-fringed coastline and the rugged inland terrain may make tourists gasp with delight, but they have severely hampered the development of an efficient and affordable transport system in the country.



- ◀ Water taxis are a common form of transport in the islands of Papua New Guinea.
- ▼ The marine infrastructure project aims at providing proper quay and mooring facilities.

“ A \$4 million loan from OFID, agreed in 2004, is helping to alleviate the water transport problems in PNG by providing transport subsidies to poor communities and restoring dilapidated infrastructure at 40 maritime transport facilities. ”

Most services are inaccessible to residents of remote communities, who are also among the poorest people in the archipelago. It is estimated that these isolated regions are home to about 500,000 people, half of whom live on less than \$1 a day. For the people on smaller islands in particular, water transport is vital to their way of life, whether for going to school, work or market.

Despite this dependence on water transport, the availability, frequency and quality of maritime services varies widely, and in some of the more remote islands they are virtually nonexistent. Most existing water transport services are provided by small craft – often large canoes with outboard motors attached – which are both expensive to run and very unstable. Safety is compromised by overloading, long travel distances, lack of safety equipment and communications, travel in bad weather, and





▲ The most remote communities of PNG will be given priority under the maritime infrastructure project.

inadequate search and rescue capability. Inevitably, there are frequent boating accidents and many lives are lost. Ease and safety of travel is further hampered by non-existent or poorly maintained wharves and jetties.

A \$4 million loan from OFID, agreed in 2004, is helping to alleviate the water transport problems in PNG by providing transport subsidies to poor communities and restoring dilapidated infrastructure at 40 maritime transport facilities. The project is being co-financed by the Asian Development Bank (ADB) and the government of PNG. A spokesman for the ADB summed up the benefits of the project: 'Inaccessible, unaffordable, and unreliable water transport in areas [of PNG] has marginalized rural communities as they cannot reap the benefits of development or economic activity, or easily access basic services such as health and education. The project offers an opportunity to directly and indirectly improve their quality of life.' Key to the project is the establishment of a community water transport fund, which will subsidize the operations of franchised transport providers, initially

prioritizing routes that serve remote communities and have a strong potential to reduce poverty and expand local economic activity. To support these services the fund will also carry out improvements to the maritime transport infrastructure by restoring 40 selected piers, pontoons, jetties, landing ramps and small wharves. Safety standards will be raised by introducing a formal marine accident reporting and investigation system, the preparation of safety guidelines, the development of a boat licensing system and the installation of a countrywide marine radio network.

Because the overall aim of the project is to raise living standards and reduce poverty in remote maritime and river-based communities, it will include an outreach campaign in target areas to help people make the most of their new opportunities. Extension workers will assist and encourage vulnerable communities to develop innovative schemes to improve access to health and education facilities, and boost incomes through micro-enterprise opportunities. There will also be improved access to and awareness of preventative health care, including HIV/AIDS.



Rebuilding

Tajikistan's new Silk Road

The central Asian republic of Tajikistan once lay astride the Great Silk Road, for centuries the major link between Western Europe and Asia. Of massive importance for trade between the two regions, the route was also one of the world's great communication routes: channeling ideas, culture and technology between the two main cultural centers of the era.



- ◀ The road traverses extremely rugged countryside that is also exposed to great extremes of weather.
- ▼ High-tech bridges and modern road design mean journeys that once took days can be completed in hours.



“ Most of the people of Khatlon Oblast are poor farmers growing cotton, grain, fruit and vegetables, with some animal husbandry on the side ”

Spending most of the 20th century as a member of the Soviet Union, Tajikistan suffered more than most of the Soviet republics when the USSR finally fell apart. Not only having to contend with a sudden and severe economic slump, the country then had to endure a brutal civil war that ran from 1992 to 1997. More recently, Tajikistan has begun to show promising signs of economic recovery, but poverty levels are still unacceptably high, particularly in rural areas, and the country is the poorest of the former Soviet Republics. In 2005 it was ranked 122nd out of 177 nations in the UN HDR poverty index.

Tajikistan is landlocked and mountainous, and as in the heyday of the Silk Road, it is still heavily dependent on

the overland movement of goods, both for internal and external trade, especially as farming accounts for more than 65 percent of total employment. Therefore, the country's transport network and connections to neighboring countries are of the utmost economic importance. As over 90 percent of the country is made up of very high mountains, roads represent the most important mode of transport in Tajikistan, taking all but a fraction of freight volume and virtually all passenger traffic.

However, many of the country's roads have not been maintained for decades. Unless they are restored to an acceptable level, it will prove impossible for Tajikistan to sustain its economic recovery, and attempts to reduce the stubborn levels of poverty are doomed to failure. In view of this, OFID has helped finance the repair of one particularly important road running through the



▲ Workers on the rehabilitation project.

Khatlon "Oblast" (region) in south-western Tajikistan. More level than the rest of the country, this oblast is the largest and most populous in the country; about a third of Tajikistan's six million people live there. The road in question runs from the capital Dushanbe to the country's third-largest city of Khulyab, taking in the important market towns of Kurgan Tube and Dangara, as well as several mountain passes more than 2,500 m high, along the way. Built in the 1950s, the Dushanbe-Khulyab road was handicapped by poor design from the very beginning. And while it was extensively rehabilitated in the early 1970s, a lack of maintenance thereafter has resulted in serious deterioration and damage. In winter, heavy snowfalls and avalanches blocked the road. In spring and summer, melting snow and heavy rainfall caused frequent subsidence and landslides, particularly in the mountainous sections, and often made the road impassable. Even when the road was open, its dilapidated state made driving extremely hazardous.

The result was that the livelihood of the whole region was being constricted. Most of the people of Khatlon Oblast are poor farmers growing cotton, grain, fruit and vegetables, with some animal husbandry on the side.

However, they farm 40 percent of the country's vegetable acreage, with households depending not only on their small private plots for self-consumption, but also for income. Good roads, kept open permanently, are thus absolutely vital to allow their produce to reach markets as quickly as possible, as well as to bring in the supplies they need.

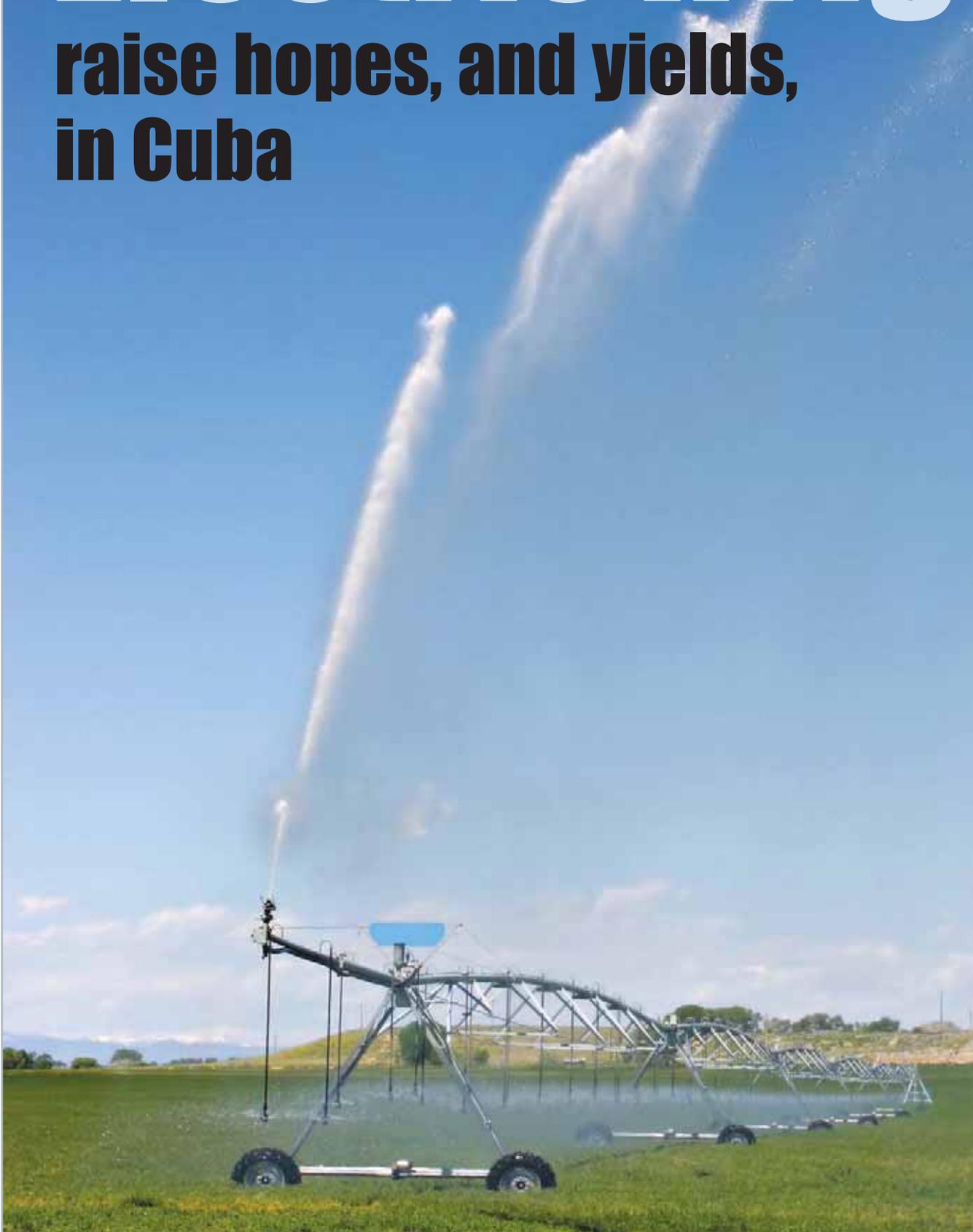
Reconstruction would have been a massive, costly, and for the farmers, an enormously disruptive enterprise. Fortunately, the need for such an exercise has now been avoided with a timely rehabilitation project.

The project focused on repairing and rehabilitating approximately 80 km of the most damaged sections. About 150 km of rural, local and farm roads were also upgraded by filling in potholes, grading dirt road surfaces, building drainage facilities, and re-surfacing selected sections with gravel. The work began in 2001 and was completed by the end of 2004.

The repairs to this vital artery have made a big difference to the people of Khatlon Oblast. Transport is now both less expensive and more dependable, and the rural population has started to take advantage of previously unavailable social services and new economic opportunities.

Electric irrigation

**raise hopes, and yields,
in Cuba**



ators

By rehabilitating worn-out irrigation systems in two important agricultural districts of Cuba, an OFID loan has helped to turn a dusty corner of the island green and fertile after years of disappointing yields and outright crop failures.

The largest island in the Caribbean, Cuba has almost as much land as all the other Caribbean islands combined. About 60 percent of the country's land is suitable for agriculture, and about 20 percent of it is normally under irrigation, with sugar cane and vegetables being the most important crops. Cuba's promising agricultural sector was, however, dealt a tremendous blow in the early 1990s after the collapse of the Soviet Union, the source of most of the country's foreign economic assistance and a major importer of Cuba's sugar. Without Russian investment, aid and trade, the Cuban economy imploded and between 1989 and 1994 agricultural production fell 54 percent. Food shortages and deprivation were the inevitable results.

Agricultural reform

Since then, an impressive reform program has helped restore agricultural yields, but farmers in the irrigated sector still struggle to make do with antiquated irrigation systems. Most of Cuba's irrigation equipment is hydraulically-driven Soviet diesel combustion systems, installed in the late 1970s and due for replacement years ago. They frequently break down despite the heroic efforts of local mechanics, and the cost of replacement parts and maintenance is inordinately high. Considering that crops under irrigation make up around one-third of the country's export earnings and provide a substantial portion of its 11 million-strong population with jobs, the stakes are high.

In 2001, the Cuban Ministry of Agriculture responded to the irrigation crisis by launching the National Plan for Electrification. According to this high-level directive, all the old diesel-driven irrigation systems were to be replaced by electric center pivots within 10 years. The Plan called for 900 irrigation systems to be replaced, an ambitious task for a country with limited foreign currency reserves and no access to international capital markets.

The brand-new center pivot irrigators in action.



▲ **Reliable irrigation enables a bumper crop of potatoes to be harvested.**

Almost one-quarter of Cuba's irrigable land is concentrated in the provinces of Matanzas and Ciego de Avila, home to over one million people. An increase in the amount of land used for irrigation in these provinces, in combination with the ever-decreasing performance of the old diesel-pivot irrigators, made it necessary to replace the entire network, piece by piece. In June 2003, OFID contributed a loan of \$10 million towards a \$15.35 million project, co-financed by the Cuban government, which aimed to install a total of 125 electrically driven, low-pressure irrigation systems in the two provinces. OFID's money was used to buy and commission 65 electrically-driven irrigation systems in Matanzas and 60 in Ciego de Avila. Many of the small civil works were carried out by work crews on the recipient farms directly, and thanks to their skilled and enthusiastic support, the project was completed in 2005, almost a year ahead of schedule. In addition to the new electric center-pivot pumps, wells and water pipes were overhauled and repaired, 47 km of electric lines were laid, service sheds built, and seven sub-stations installed. In all, 4,380 ha of prime agricultural land can now be cultivated to full advantage in Matanzas and Ciego de Avila. The new equipment allows for fertilizers and pesticides to be applied during irrigation, resulting in less wear and tear on the soil and a reduction in erosion. Maintenance equipment such as cranes, mobile workshops and tools will also be provided to insure the smooth running of the network. And as flow rates will be regulated by an integral hydro-module, water losses and energy usage will be significantly reduced. The anticipated rise in agricultural yields in Matanzas and Ciego de Avila will reduce the cost of basic foodstuffs, particularly of potatoes, the Cuban staple food, and help create extra jobs. Also, money formerly spent on importing costly diesel to run the irrigation pumps can now be diverted to other areas such as health and education.



As the long, graceful boom of the irrigation system came closer, Felipe Garcia Diaz, 43, was greeted first by a breath of cool, damp air and then by a cloud of fine spray. He watched the first droplets trickle off the foliage and hit the ground, setting off little puffs of dust. He saw the red soil darken as it soaked up the welcome moisture. With their leaves freed of the dust, the potato plants already looked fresher and healthier. Felipe gazed across the field and smiled: "These are the first potatoes we've planted since our cooperative got the new electric pivots," he said. "And this time, with a little luck, we're going to have a good harvest!"

"The old Fregats have caused us nothing but trouble and delays for a long time now," Felipe said. "The flow of spare parts dried up when the 'Special Period' started back in 1990, and ever since we've had to beg, borrow and improvise to keep these rusty old things running. It takes all our time and energy to squeeze something out of them.

"Most of the large farms around here used to produce three irrigated crops a year, but for about eight years now, we've been lucky to bring in two harvests. Mostly, we could only manage one. Why? Because even when the old Fregats were working, we couldn't get enough diesel.

"Seed potatoes must be imported, too, you know, but that investment is simply wasted, if the fields aren't irrigated. It's not just the money, mind you, it's the lost work! It's so frustrating to put all that effort into planting and weeding, and then watch a promising crop wither for lack of irrigation."

The old Fregats have many other flaws, as Felipe explained. Besides being unreliable and expensive to operate, the "diesel-guzzling stinkers" pollute the air more effectively than they irrigate the crops. And since they push out water at very high pressure, the Fregats cause soil compaction and erosion.

To Felipe and his fellow campesinos, the new machinery is more than a collection of pipes and pumps; it is "simply beautiful" and represents a major change in their everyday lives and expectations, a hint that years of hardship and rationing may be coming to an end. "Next year our potato yield is going to top everything you ever saw," predicts Felipe.



New dam

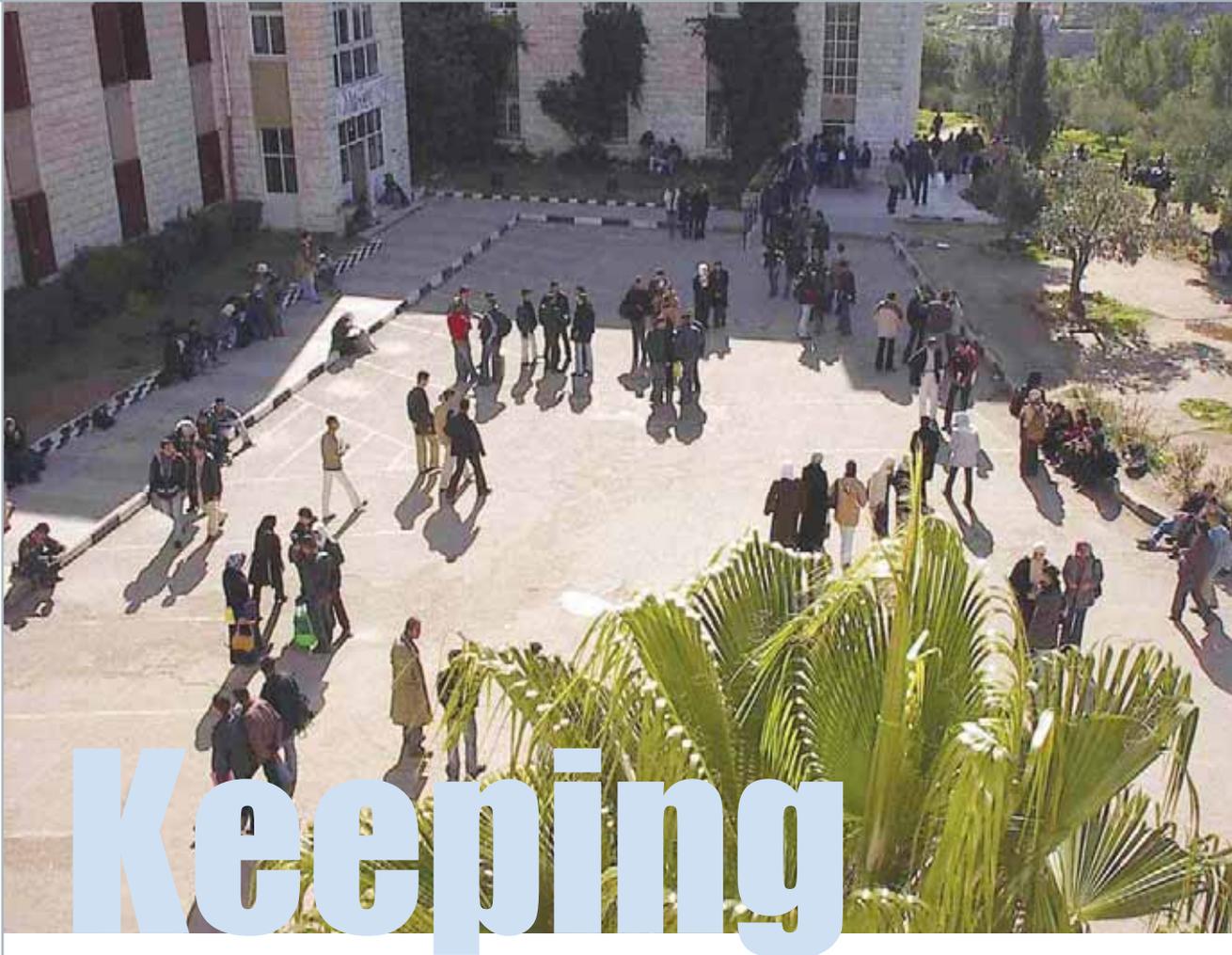
brings relief to thirsty Burkina capital

July 10, 2004, marked a milestone in the history of the West African city of Ouagadougou, capital of Burkina Faso. Over 10,000 of the city's inhabitants plus many local dignitaries attended a glittering ceremony with singing, dancing, speeches and general jubilation. The climax came when State President Blaise Compaore opened a giant tap, releasing a 10-meter high fountain of water.

Ouagadougou has a rich history, dating back to the 15th century when it was the capital of the powerful Mossi kingdom, one of several West African empires that arose in the area in pre-colonial times. In recent years, however, the city's very existence was threatened by an ever-worsening water shortage. But now, the first water has begun flowing from a new dam that will secure Ouagadougou's water supply for decades. Burkina Faso, home to 13 million people, is no stranger to drought. The northern part of the country is in Africa's Sahel, the transition zone between the arid Sahara to the north and the wetter, more tropical, area to the south. Rainfall throughout the country is modest, ranging from around 700 to 1300 mm per annum in the south, to a mere 400-700 mm in the north. Falls are unreliable, and

with year-round heat rising to the upper-30s for much of the dry season, evaporation is very high.

Not surprisingly, water, and more specifically how to get enough of it, is an extremely important issue in Burkina Faso. Ouagadougou's situation had become particularly acute as its population has trebled in the last 20 years, from just 425,000 in 1984 to an estimated 1.2 million today. As far back as the mid-1980s the city fathers had started thinking about securing alternative sources of water, and in 1990 technical studies into the possibility of a dam began. With a total of 12 co-financiers, including OFID, the planning phase was long and complicated, but construction work finally started in February 1998. One of the largest projects ever undertaken in Burkina Faso, the dam is part of a project aimed not only at establishing a



Keeping

Palestine's education hopes alive

“ Especially in Palestine, it is easy to lose your material possessions. Education is the only thing you can keep. ”

Muna Aghawani, graduate of Birzeit University, Palestine

This poignant comment sums up why students in Palestine keep on attending schools, colleges and universities under conditions that most people would regard as unendurable. The Palestinians have always placed a high value on education, and for many students, giving up on their studies would be like relinquishing hope in the future. But for a huge percentage of them, learning the lessons is the easy part. Since the outbreak of the present Intifada in 2000, the situation has been steadily worsening for Palestinians, with almost 4,000 killed and over 29,000 injured in sporadic violence in the West Bank and Gaza. With

houses, schools, clinics and roads all affected by the indiscriminate destruction, infrastructure in general is in tatters. However, the education sector has been particularly badly affected.

The buildings of the Palestinian Authority Ministries in Ramallah, including the premises of the Ministry of Education and Higher Education, have been destroyed, along with office equipment, computers and data storage facilities. Consequently, the whole Palestinian education system has effectively been thrown into disorder.

The educational sector's central disarray, however, is probably exceeded by the problems of its pupils and

Monetary Fund, the Arab Fund for Economic and Social Development, the Arab Bank for Economic Development in Africa, and the Arab Authority for Agricultural Investment and Development.

The money was used to provide grants to nine non-governmental, non-profit universities to cover the tuition fees of over 85,000 needy students during the 2002-2004 academic years. The scheme helped universities to continue providing educational services, while at the same time ensuring regular class attendance.

Universities also received an allocation to help set up a revolving credit fund to help poor students defray their living expenses. The credit is paid back in small monthly installments once the beneficiaries graduate and start their careers. This helped over 12,000 students meet their living expenses.

Building on the early achievements of this project, OFID in September 2004 contributed a further \$2 million for a second phase, to run over the 2004 to 2006 academic years.



▲ This relaxed campus scene belies the fact that Palestinian students face an uphill struggle attending universities.

OFID has been assisting Palestine since 1979, but after the second Intifada began in 2000 the situation in the area deteriorated so fast that humanitarian and development assistance was required on a much larger scale. In November 2002 therefore OFID started its 'Special Grant Account to Address the Needs of Palestine.' Endowed initially with \$10 million, the special account has accelerated social and economic assistance to the beleaguered inhabitants of the West Bank and Gaza.

The initial resources were replenished with \$15 million in 2004, and by another endowment of \$15 million in June 2005. Since its inception the account has extended grants for 44 projects ranging from the rebuilding of damaged homes and the purchase of equipment for the overstretched and under-funded local hospitals, to a micro-credit scheme and a number of social and capacity-building projects.

The Special Grant Account for Palestine remains an important OFID aid channel that provides relief from destitution and poverty and encourages sustainable social and economic growth in the region. New projects are currently in the pipeline to boost the Palestinian people's chances of a more protected future, economically and socially.

In addition to operations financed from the Special Account, OFID had previously extended more than \$18.1 million in grants to Palestine for a number of emergency assistance schemes and a wide range of development projects that supported, among others, hospitals, and maternity and pediatric clinics, together with rehabilitation and vocational training centers and universities.



Bolivia:

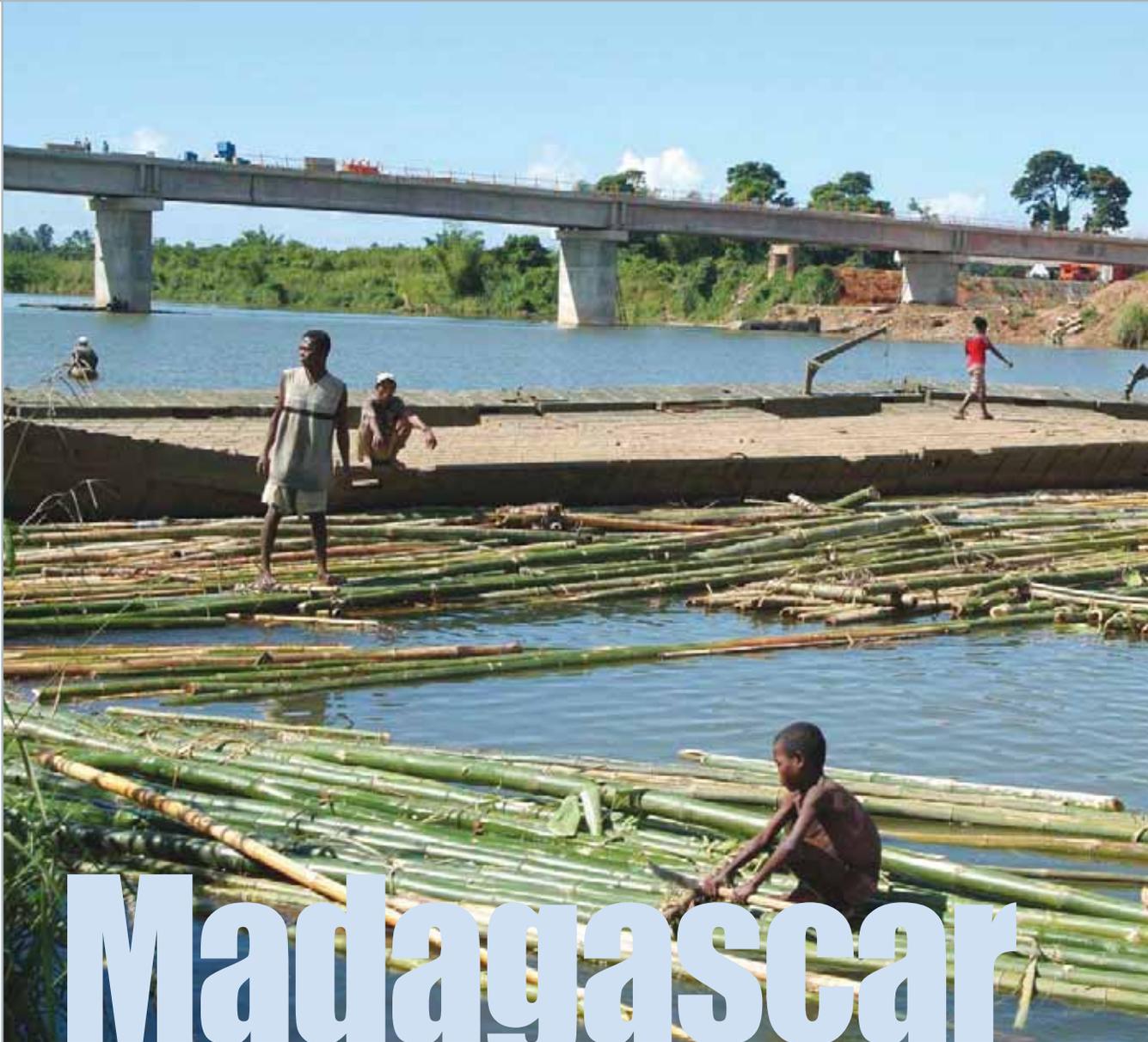
combating drug abuse through education

The South American country of Bolivia is fighting the war on drugs on many fronts. To many, this vast nation straddling the Andes Mountains in the center of the continent is almost synonymous with illicit coca growing for cocaine production. In recent years the Bolivian government has carried out a vigorous campaign to destroy the illegal coca fields and dismantle the drug processing equipment that fuels the cocaine trade.

It is not just drug production that is the problem, however. In recent years drug abuse has also been on the rise in Bolivia. The main drugs are coca derivatives, particularly coca paste, which is smoked, as well as marijuana and inhalants such as gasoline. There is also considerable abuse of alcohol. The problem is acute among adolescents, many of whom are street children or living in violent and neglectful circumstances. As the country has a very young demographic profile and a high birth rate, the rise in drug-taking among the young is a particular cause for concern. Apart from the appalling social effects of drug abuse, it hampers

Bolivia's development efforts. OFID is helping to fund an ongoing program to educate young Bolivians about drugs and warn them off future drug abuse.

In 1999, UNODC, the United Nations Office on Drugs and Crime, in conjunction with the Bolivian government, launched an initiative to help disadvantaged groups avoid high-risk behaviors and settings that give rise to drug and alcohol problems. As education is widely recognized as the most effective strategy to achieve such an aim, it was decided to incorporate prevention curricula into the country's formal and alternative education systems.



Madagascar

bridge reconstruction aids development

During the rainy season from December to March the vast Indian Ocean island of Madagascar often receives several unwelcome visitors: powerful cyclones that sweep in across the sea from the direction of India, far to the north. The island's northeast coast, sandwiched between the ocean and the central highlands, is particularly vulnerable.

The raging winds are accompanied by extremely heavy rains that often cause severe flooding and other damage to the island's already fragile infrastructure.

The periodic cyclone damage to Madagascar's bridges

and roads is all the more tragic because the country already has one of the poorest road networks in the world. Only about 600 km of the country's 25,500 km of main roads are tarred, and the remainder are often little more than tracks that become impassable in the



◀ The new bridge rises high above the Ivoloina River.

“ The hurricane season of 2000 was particularly severe, with three successive storms, Eline, Gloria and Hudah, making landfall in little over a month. They claimed the lives of more than 1,000 people, and destroyed the homes and crops of thousands more ”

rainy season. Most of Madagascar's people are poor rural smallholders who find it difficult to produce more than enough for their own subsistence. The dilapidated transport system makes it hard for them to sell their produce or obtain essential supplies, not to mention preventing them from accessing schools, medical and other social services.

The hurricane season of 2000 was particularly severe, with three successive storms, Eline, Gloria and Hudah, making landfall in little over a month. They claimed the lives of more than 1,000 people, and destroyed the homes and crops of thousands more.

Vital roads were washed away and many bridges crumbled into the raging floodwaters, including one that supported the main highway along Madagascar's northeast coast, National Route 5 (NR5). Just 12 km north of the provincial capital Taomasina, the loss of the Ivoloina River Bridge had drastic consequences for transport to and from the town.

While a temporary 'floating bridge' was constructed across the river just upstream of the old one, it was a poor substitute. As it could only carry a limited load, vehicles had to wait up to an hour to get on. And when the water level increased, the bridge could not get near enough to the banks for cars to drive on to it. Vehicles then had to wait even longer for a ferry, but as the service was suspended at dusk, drivers often had to spend the night in their vehicles. The floating bridge was also extremely expensive to use, with a toll of 15,000 Malagasy francs (MGF) - about \$2, a prohibitive sum for most Madagascans.

Losing the bridge was particularly harsh for the communities north of the bridge in the aftermath of the destructive cyclones because it delayed deliveries of food, fuel and other necessities. It also made it difficult, after the harvest, for farmers to get their produce to Taomasina or markets further south.

The loss of this bridge was a particular blow for the country's already fragile economy. Taomasina is the main port in Madagascar, through which 80 percent of the nation's exports are transshipped. Southbound traffic over NR5, which spans the Ivoloina bridge, is dominated by trucks heading for the port. The city is also an important center of trade, commerce and industry, as well as the site of the country's only oil refinery, so traffic in the other direction is busy too. Moreover, many of the island's main tourist attractions



▲ Construction of the new bridge provided employment for many local residents, and it will stimulate the economy in many other areas as well.

are nearby, including the Ivoloïna Zoological Park, which is one of the main sites for viewing lemurs and many of the island's other rare and fascinating wild life. With up to 140,000 visitors a year the Park - and the Ivoloïna Bridge - were crucial to the local economy.

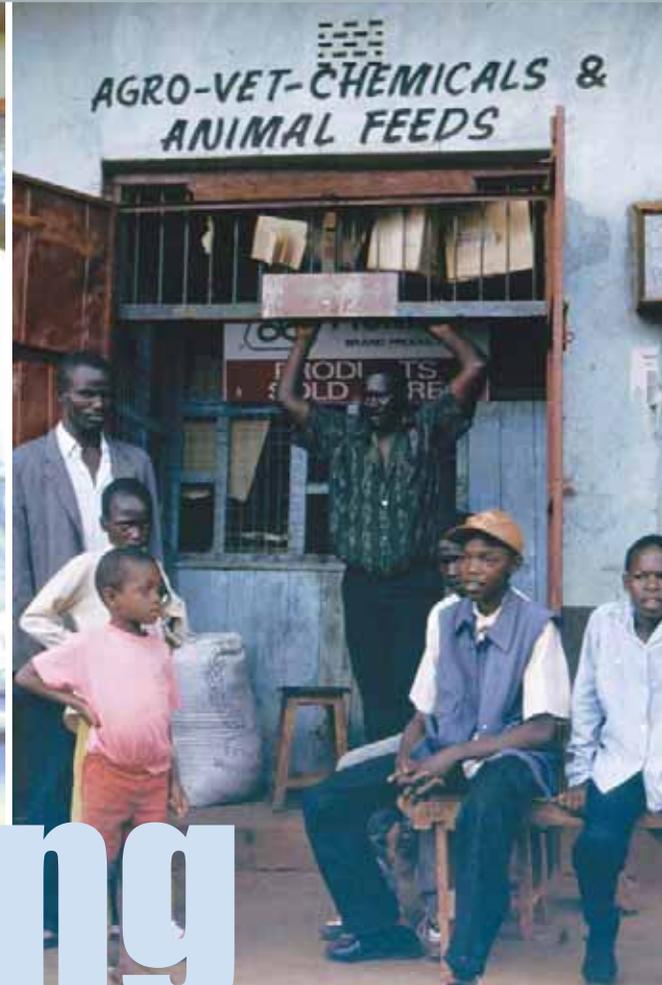
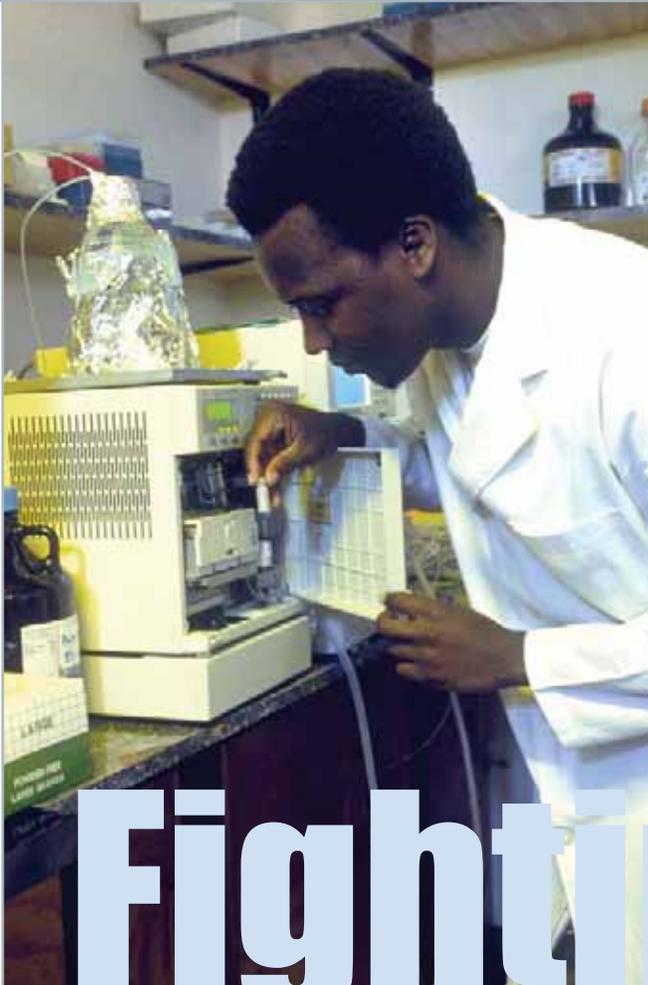
It is not surprising that in 2003 the government of Madagascar made transport a top priority by launching a program to upgrade thousands of kilometers of roads and dozens of bridges. A new bridge over the Ivoloïna River was a priority. Soon a 240-meter-long prestressed concrete construction was being built under the supervision of Scetauroute International SA, at a cost of \$4.2 million. It was financed jointly by OFID, BADEA and the Madagascar government. Built in just 13 months, its official opening in July 2004 by President Marc Ravalomanana was a true cause for celebration for the local population, as well as for the many government ministers and ambassadors who attended. After four years of disrupted travel the opening of the massive new bridge was good news indeed.

Further good news that day was President

Ravalomanana's announcement that building roads and bridges was key to the national strategy for reducing poverty and promoting economic recovery. He promised to turn Toamasina Province into "one enormous construction site." He was as good as his word. Soon, 25 new bridges would be under construction on an 80 km stretch of NR5 between Soanierana- Ivongo and Mananara.

In fact, together with international donors the government of Madagascar invested over \$1 billion in transportation infrastructure, especially roads, between 2002 and 2005.

By the end of 2005, Madagascar had received a cumulative total of more than US\$134 million in finance from OFID. This amount includes financing for balance of payments support and projects in the energy, health, transportation, agriculture and education sectors. The country has also benefited from grant assistance.



Fighting famine through agricultural research

Famine is one of the most prevalent forms of natural disaster. It is distressingly common in parts of the world where subsistence farmers rely on one or two staple crops or on small livestock, and have no other means of feeding their families if the crops fail or the animals die. It may not be possible for humans to influence the environmental factors that bring about famine, but much can be done to help poor farmers grow more and better food, so they are not at the mercy of the weather, insect pests and other external factors beyond their control.

Through agricultural research, varieties of crops can be produced that are resilient to drought and pests, and that are more likely to produce decent yields in difficult conditions. Through its support of the Consultative Group on International Agricultural Research (CGIAR) (see box), OFID is helping to finance just such a project aimed at increasing maize yields in sub-Saharan Africa, one of the world's most drought-

prone regions, and also one of the poorest.

First introduced to Africa by the Portuguese in the 16th century, maize has become Africa's most important staple food crop and is grown by both large- and small-scale farmers throughout the continent. Many of the 250 million people involved in agriculture in the sub-Saharan region grow nothing but maize, and over 314 million people live on a staple diet of the grain. The rural



- ▲ Educating small farmers about optimizing their output is as important as providing the best quality seed.
- ▶ An ear of healthy 'ZM521' maize, developed by CIMMYT, yields 30–50% more than traditional varieties in conditions of drought and low soil fertility.

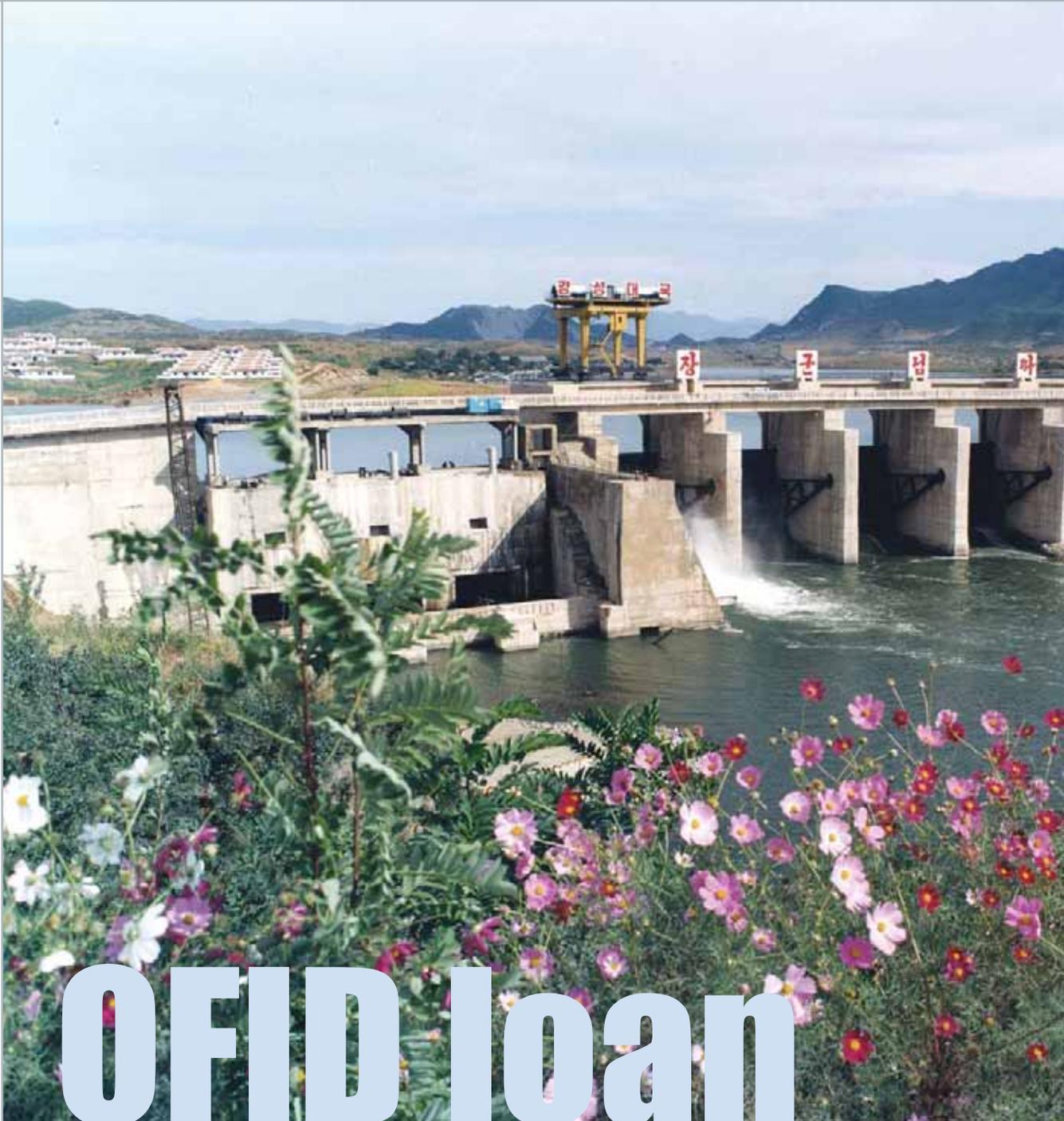
drought-tolerant and streak-resistant maize varieties through participatory plant breeding with farmers. CIMMYT researchers work not only in laboratories, developing new strains of maize, but also out in the field, testing them. Testing is done on small farms in 150 communities in eastern and southern Africa, in close cooperation with the local farmers. According to Ms. Banziger, the researchers enjoy excellent cooperation from the farmers, and there is great interest in the project as well as a lot of pressure on CIMMYT to increase the number of communities involved. 'We have built up long-term relations with the farmers who are sampling our maize. There's a lot of goodwill about the project, and also a great thirst for information about what we are doing and how to grow better maize in general. There is a demand for much more support than we can supply at the moment.'

The CIMMYT's involvement in improving maize production in Africa goes beyond producing superior seeds for farmers. It also provides support for small seed producers and retailers in the countries concerned, to ensure that their seeds are available in local markets. They do this by teaching the companies' staff how to produce and disseminate seeds, making sure that permission to produce the various seed varieties is divided fairly between companies, and acting as a liaison between seed manufacturers and farmers. They even help teach business skills to the producers' and retailers' staff. The CIMMYT also works closely with non-governmental organizations, national ministries of agriculture and community-based organizations to promote good practice in maize growing and to ensure that the benefits of its seed technology are widely disseminated. The improved QPM varieties in the pipeline will be of particular benefit



to the resource-poor, and to women and children, who tend to be those most dependent on a good maize crop. It should go a long way to enhance food and income security in drought-prone areas of sub-Saharan Africa. The beneficiary countries of the OFID-sponsored project are: Angola, Botswana, Burundi, Democratic Republic of Congo, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Rwanda, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

CIMMYT was established in 1966 to help alleviate poverty by increasing productivity in maize and wheat in developing countries, while protecting the environment through agricultural research in concert with national research systems. Across all developing countries, wheat and maize rank second and third in importance after rice among all cereals. CIMMYT acts as a catalyst and leader in a global maize and wheat innovation network. Based in Mexico City, it became part of the CGIAR system in 1971. The Consultative Group on International Agricultural Research is an informal association of over 60 private and public sector donors and member countries that support a group of 15 practice-oriented agricultural research institutions, all helping to increase agricultural productivity, among other goals. Over the years, OFID has extended more than \$17 million in grants to the various institutes that make up the group.



OFID loan

fuels North Korea's food security drive

The Democratic People's Republic of Korea has always struggled to feed its people. With its rugged, mountainous terrain and severe climate, just 20 percent of the land area is suitable for agriculture. Moreover, a large amount of fertilizer and machinery is needed to make the land productive, a difficult burden for a poor country like North Korea.



- ◀ The impressive barrage across the Taedong River enables water to be diverted to the irrigation canals.
- ▼ Water gushes from the river into the 154-km long main canal.
- ▼ The new irrigation project enables farmers to increase not only rice and maize production, but to grow more potatoes, wheat, barley and many other crops.



After the food shortages of the 1990s, the government made it a priority to achieve food security. As part of this drive toward self-sufficiency, it signed an agreement in 1999 with OFID for a \$10 million loan to rehabilitate a 106,000-hectare irrigation system in Pyongyang, the country's premier cereal growing region.

North Korea has long, dry winters and a short growing season that is plagued with uncertainties. Rainfall, although plentiful, is both unpredictable and unevenly distributed, so irrigation is essential for producing the country's main food staples of rice and maize, and over 80 percent of the agricultural land is irrigated. The irrigation systems are expensive to run, however,

because they rely on electricity, and frequent power cuts mean that they run only intermittently. The Pyongyang scheme involved replacing electric pumps by gravity-fed technology to irrigate crops without using a great deal of energy. The project area covers 14 counties and towns in South Pyongan Province, Pyongyang and Nampo cities.

The work included the construction of a 154-km canal, as well as the building of an intake barrage across the Taedong River to divert water into the canal. Hydraulic structures and tunnels were also installed to replace the existing pump-driven system. The earth works for the canal were done by farmers, many of whom are now enjoying the benefits of the irrigation project. The

project was so successful that in 2000 the Korean government requested more assistance from OFID to extend its benefits, and in December 2000 OFID approved an additional \$8 million loan for the Pynongnam irrigation system's second phase. This was completed in July 2002, with the main water canal inaugurated that October.

Production soars

Upon completion of the project, rice and maize production in the irrigated area rose by an estimated 20 percent. Not only that, but the availability of reliable water supplies has enabled farmers to carry out double cropping, by which they grow cereals such as wheat, barley and potatoes in winter and spring, leaving them to cultivate rice and maize in the traditional growing season of July to September. Because of this, it is predicted that the production of potatoes, wheat and barley will expand from four percent to 30 percent of the country's total farming area.

During the project, branch stations in were set up in the 14 towns and counties that will benefit from the irrigation works. These branch stations are managing the water supply to the farms in their

areas, and fixing the tariff for the irrigation water. The proceeds from the water are used to cover their operating costs, thus ensuring the sustainability of the project.

In addition, the new irrigation system will allow farmers to expand areas used for fodder and green manure (plants grown to benefit the soil) which will increase the production of livestock and have a positive long-term impact on soil fertility and conservation. After seeing its output of edible crops plummet in the 1990s, North Korea has enjoyed an expansion of agricultural output every year since 2001, thanks partly to favorable weather conditions, but largely due to the improved irrigation facilities. Along with improved livelihoods of farmers, the goal of achieving food security for the country is now firmly in sight.

The Pynongnam irrigation project constitutes one of four loans provided by the Fund to DPR Korea. The first supported a project in the health sector, while another loan extended \$4.74 million to rehabilitate the Sinhung-Sonhwan highway, a key corridor that provides links to DPR Korea's two main seaports.





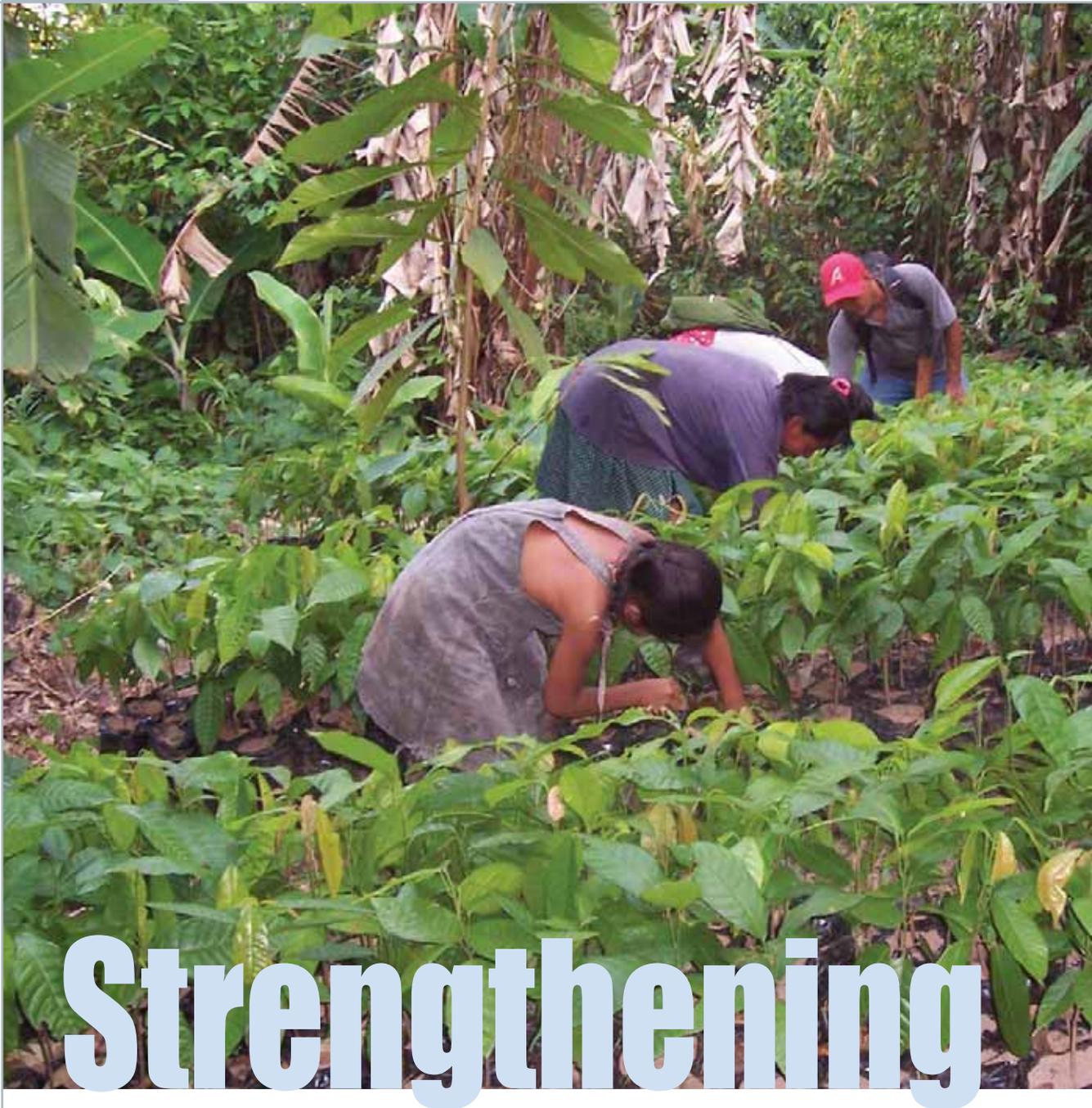
Beyond the classroom: training Angola's future teachers

Students at the teacher's training college in Huambo, Angola, have a varied curriculum indeed: all the usual academic subjects plus lessons on repairing roads, constructing wooden beds, managing the school's eucalyptus plantation...

This innovative program, supported by OFID, gives the young students a truly rounded training that equips them well for their future as teachers and community leaders in one of the world's most battle-scarred nations. The central African nation of Angola confronts many of the developmental challenges typical of other sub-Saharan countries, but in this case it also recently emerged from a prolonged conflict that left its infrastructure in tatters. Angola was a Portuguese colony until independence in 1976, when it plunged into a civil war that only ended in 2002. Some 1.5 million people are thought to have been killed during the hostilities, with four million displaced. The country currently has one of the world's worst child mortality rates, 80 percent of homes have no electricity, and according to the United Nations half of Angola's 14 million people are living in poverty, without safe water,

proper health care or education. The country's substantial natural resources include oil and diamonds as well as rich agricultural land, but the population has failed to benefit from what economic activity there is. Without access to basic services and sustainable incomes, subsistence farming is usually the only option available. At present this potentially rich nation stands at 161st out of 173 countries in terms of human development, according to the United Nations.

Needless to say, the long civil war also devastated Angola's education sector. Between 1992 and 1996 alone, more than 1,500 classrooms were destroyed in the fighting. Those schools that survived the shelling are not only in very poor condition, they are overwhelmed with an average of 65 pupils per classroom. In many places teaching is done in shifts - two or even three a day - to



Strengthening the Mayangnas: a sustainable future for an indigenous minority

‘Our whole way of looking at things has changed. Before, we were just surviving, because we lacked opportunities. Now, because of the project we take better care of our crops and our environment. We think about how to improve our living conditions and community, and about our children’s future.’



◀ Project beneficiaries cultivating cacao shrubs.

among the poorest and most excluded populations in the world. The expansion of Western culture and economic activity has tended to marginalize such groups even further, and in many places their future as viable communities is threatened. While it is essential to include indigenous peoples in poverty reduction activities, their specific lifestyle, background and experience needs to be taken into account when developing such activities. As with all communities, development projects and programs aimed at indigenous groups should provide them with enabling conditions, technical skills and financial resources to participate actively in the planning and implementation of their own development. This notion of self-development tries to strike a balance between maintaining and strengthening the cultural identity of indigenous communities and improving their economic conditions.

Precarious livelihoods

Almost by definition, indigenous peoples usually live in remote and/or inhospitable regions, with precarious livelihoods and uncertain futures. They represent a rich heritage of knowledge and ideas, which may have been lost to the mainstream population but is a potential resource to the entire planet. The forced assimilation or loss of indigenous groups is a tragedy not only for the groups themselves, but for all of mankind.

The indigenous peoples of Latin and Central America face similar challenges to traditional peoples elsewhere, the most intractable of which is poverty. The Central American country of Nicaragua is one of the least developed in the region, with more than a quarter of its 5.4 million people living on less than \$1 a day. As with many developing countries, poverty is not uniform throughout the country but higher in certain regions, most of them rural. Among the rural poor is Nicaragua's small indigenous population, which not only faces poverty but marginalization and multifaceted threats to its traditional way of life.

Many of Nicaragua's indigenous people live in the Autonomic North Atlantic Region (RAAN), the rugged but beautiful eastern part of the country. According to the World Bank the Atlantic coast of Nicaragua contains the 'largest remaining area of pristine forest in South America'. RAAN comprises about 25 percent of Nicaragua's total land area, but has a small population of just 160,000 people, many of them from the

This comment, made by one of the beneficiaries of a rural project part-funded by OFID in Nicaragua, sums up the difference that sustainable, targeted and participatory development programs can make to the lives of the poor. People who were formerly marginalized and impoverished find their whole perspective on the world changes, and whereas before they were preoccupied with mere survival new opportunities open up before them. The beneficiaries of this project were the Mayangnas, one of Nicaragua's indigenous groups.

The present and future situation of the world's 300 million indigenous or traditional people is one of the key concerns in development policy today. Indigenous people, or those descended from the original inhabitants of a particular region or territory, have historically been



▲ Cocoa beans, the produce of the cacao bushes.

indigenous groups known as the Miskitos and the Mayangnas. The Mayangnas are the oldest indigenous tribe in Nicaragua, and are among the poorest people in the region. OFID is assisting the Austrian Relief Organization, a non-profit non-governmental organization (NGO), in a project aimed at strengthening the communal organization and productive capacities of the Mayangna, with the long-term aim of ensuring the sustainability of the tribe.

The RAAN territory has an abundance of natural resources, including minerals such as gold, silver, copper and lead, extensive stocks of fish and shellfish, pine forests, and rainforests rich in valuable hardwood species such as mahogany. Traditionally, the Mayangna have protected and managed the forest and other resources using traditional means, but exploitation operations are causing great damage to the living conditions of these groups, their culture and the environment.

In the 1990s the Nicaraguan NGO FADCANIC (Foundation for the Autonomy and Development of the Atlantic Coast of Nicaragua) carried out a participatory study of the region's economic and cultural environment. The three-year 'Strengthening the Mayangnas' Project was based on this research. In 2000 an external evaluation found:

- There was increasing intrusion of non-indigenous farmers in the Mayangna territory, posing a threat to one of the biggest protected areas in Central America
- Food security for the local population could not be assured all year round
- Health and educational facilities were 'disastrous'
- Communal organizations needed to be strengthened to enable them to defend the group's basic rights effectively
- There was a lack of female participation in decision-making processes.

The Austrian Relief Organization project was tailored to address some of these pressing problems. The project, which runs from 2003 to the end of 2007, has two components: agricultural production and organisational development. The funds provided by OFID are directed mainly at the first component. The project concentrates on 350 indigenous families from 13 villages in the Sauni territory along the River Tungky. Around 5,260 people in total will benefit directly from the activities.

Self-sufficiency the goal

As far as agriculture is concerned, the project's main aim is to help the Mayangna to produce more food and become self-sufficient in basic foodstuffs. It is also

pollution of the environment by animal wastes. In November 2005, just two years after the start of the project, one of the farmers who is benefiting from the project told visitors: 'Before, we did not participate, our rights were not taken into account, and our children did not study for lack of money. Now our children go to school, and they go with full stomachs because we have some income. Right now my son is studying agronomy in Siuna. Before this project started we would never have dreamed that this would be possible.'

Marketing activities

As the project nears its end, marketing efforts for surplus crops are being carried out at local and regional markets, and exchange visits will be undertaken so that communities can share in the successful experiences of others. Previously, goods for trade had to be transported to market either on people's backs or by canoe, and it sometimes took several days. Often the produce was spoiled by the time it got to the selling point. Now that the people have horses they are able to get their products to market much faster and in better condition, thus raising more money from them. Confident that they have now reached the point where they can grow enough for

their own needs, the farmers are very keen to produce more for the market.

A FADCANIC official noted: 'Before, the people referred to this as FADCANIC's project, it was an outside project that they didn't know anything about. But now they know it's their project - it's a community project and it benefits the whole community.'

'There are still many problems that have to be resolved, but the project has taught the people that they have the capability to solve them. They have gained in self-confidence.'

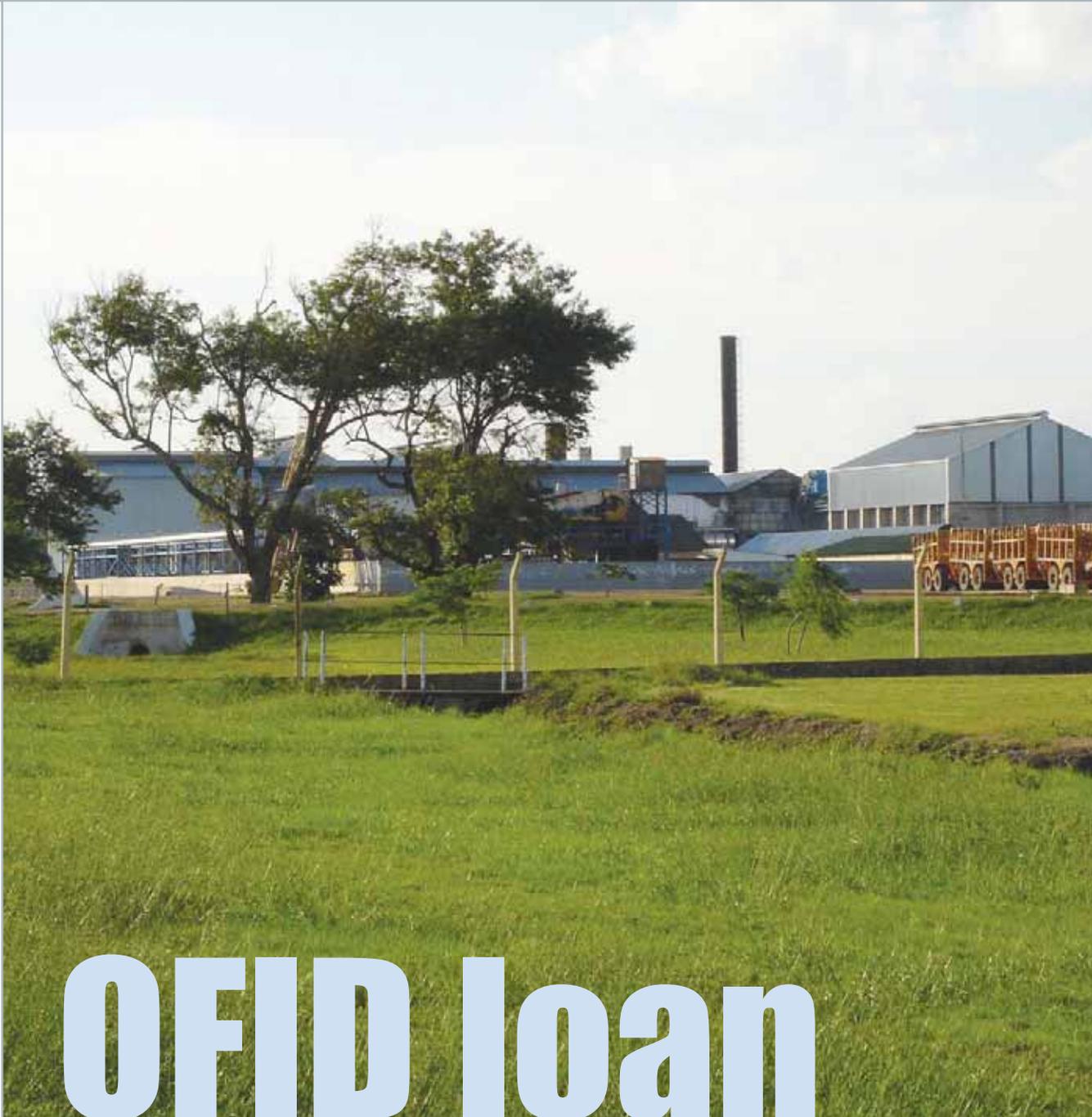
With regard to the all-important area of capacity-building and organizational development, the project is running workshops for community leaders and forest guards on essential topics to help them run their own reserves.

There is a strong emphasis on getting all the local people involved in decision making, planning and problem solving. Special efforts are made to include women, who were formerly discouraged from taking an active part in community affairs.

The ultimate goal is to enable the Mayangna themselves to take charge of their own development activities so that long after the project has wound up its effects will be felt throughout their ancestral homeland.

- ▼ Despite initial difficulties getting the animals acclimatized, some beneficiary animals have begun rearing pigs successfully.





OFID loan

helps rebuild Mozambique sugar industry

Ten years ago Mozambique's once-thriving sugar industry lay in ruins, all but destroyed after 17 years of civil war. But today, thanks to a vigorous rehabilitation program, aided by a \$10 million loan from OFID, the sugar industry is back on its feet and Mozambique is well on the way to becoming a major African producer again. OFID's loan was for the rehabilitation of Xinavane sugar mill and cane-growing estate, one of the country's premier sugar producers.



- ◀ Xinavane mill has been rebuilt after years of neglect.
- ▼ The area is ideally suited to growing sugar cane.



managers and specialists at the cane plantations and sugar mills fled the country, as did any formal sources of investment capital. Most of the sugar mills closed, and several were damaged in the fierce fighting. With droughts and floods also taking their toll, the sugar industry simply collapsed.

The situation in the sugar industry mirrored the general ruination of Mozambique's infrastructure. Ground down by years of war, Mozambique had the disturbing distinction of being ranked the poorest country in the world for much of the 1990s.

Once the war was over, however, the post-war government threw itself into the task of repairing infrastructure and rebuilding the agricultural foundations of the country's economy. President Joaquim Chissano especially targeted the revival of the sugar sector, the largest formal employer in the country, as a catalyst to relaunch the economy.

The rehabilitation of the Xinavane estate was to be a cornerstone of his plan. Under the scheme, which was first approved in 1998 and cost a total of \$49 million, Xinavane has been transformed into a state-of-the-art sugar production facility. The project involved increasing the cultivated area from 2,100 to over 5,300 hectares, with an eventual target of 12,000 hectares. Irrigation and drainage networks were upgraded and extended, and mobile pumping stations repaired and converted into fixed, electrified units.

The sugar mill underwent a facelift, with the installation of new equipment and machinery to allow for increased production. Support activities included upgrading 400

Conditions for sugar growing in this sub-tropical country are ideal, and the first sugar plantations were established here as far back as the 1890s. The Xinavane sugar estate and mill, which is in southern Mozambique some 136 km north of the capital Maputo, was first established by a British company in 1910 and transferred to Portuguese ownership in 1954. Its fortunes soared with the rest of the sugar industry, which, at its height in 1972, employed nearly 17,000 people and produced 326,000 tons of sugar annually. Xinavane alone contributed 53,000 tons of this total, much of it exported.

Then, in 1975, when the Portuguese colonists left the country, Mozambique was plunged into a prolonged civil war that was to end only in 1992. Foreign

“ The sugar industry also benefits the Mozambican economy by increasing the country's reserves of foreign capital. ”

km of feeder roads and rehabilitating the accommodation and facilities in the workers' residential village. The mill was officially re-opened by President Chissano on 6 June, 2003.

The newly rehabilitated mill produced 61,000 tons of sugar in 2005, comprising a major part of Mozambique's overall output of 265,000 tons in that year. The second phase of the investment plans for an increase in this one mill's output to 140,000 tons.

Thanks to the reconstruction and modernization of Xinavane and other estates, the sugar industry has risen in a few short years to become one of the country's biggest employers and a major regional industry. In fact it is hard to understate the importance of the sugar industry to Mozambique's nascent economic recovery. Sugar provides permanent and seasonal employment for about 30,000 people directly, and further employment through orders for packaging and the use of transport services. This knock-on effect for the wider economy is particularly important given the limited industrialization in Mozambique.

The sugar industry also benefits the Mozambican economy by increasing the country's reserves of foreign capital. Mozambique exported an estimated 84,000 tons of sugar in 2005, bringing over \$30m to the country. By



▲ Mozambique's president, Joaquim Chissano, presides at the mill opening in 2003.

▼ Once the 2nd phase of Xinavane's rehabilitation is complete the mill will turn out 140,000 tons of sugar a year.

producing sugar locally, the industry has already reduced the need to import sugar paid for with scarce foreign currency, which is required to purchase sorely needed machinery and oil.

Furthermore, in line with the government's privatization program, a 49% stake in the Xinavane mill has been sold to South African sugar company Tongaat Hulett, bringing in both fresh capital and an infusion of expertise.

The re-emergence of the sugar industry is just one hopeful sign in Mozambique's rehabilitation. The country has moved from last place in the UN Human Development Index to number 171 out of 175. Between 1994 and 2004 average annual GDP growth was 8.2 percent, and today the nation is once again self-sufficient in terms of food production. There is still much to do, but so far, it seems to be working.



The Xinavane rehabilitation project was the latest in a number of projects in Mozambique that have involved OFID. Altogether, OFID has approved loans totaling over \$153 million for Mozambique. These loans delivered debt relief under the Heavily Indebted Poor Countries Initiative (HIPC), provided balance of payments support and helped finance projects in the agriculture, transportation, health, energy, industry and education sectors. Mozambique has also been the recipient of grant assistance for a variety of initiatives and has received emergency aid for flood victims. The country has also benefited from OFID's initiative against HIV/AIDS in Africa, as well as OFID's special Food Aid Grant Account.



Fighting

poverty through microfinance: small sums, big results

“ Sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs. Together, we can and must build inclusive financial sectors that help people improve their lives. ”

Kofi Annan - UN Secretary-General



◀ **Harvesting onions in rural Bolivia. Caja Los Andes has helped many small farmers grow and diversify their activities by lending them small amounts of money.**

interested in lending money to those with little or no collateral. Unofficial moneylenders charge prohibitively high interest rates, and if people are late paying back the money they often face such exorbitant charges that they end up poorer than when they started. Micro-credit is a way of allowing small-scale entrepreneurs and farmers to borrow money without incurring high interest rates. The idea was first tried out in the 1950s in the form of development projects that experimented with subsidized agricultural credit. These credit programs aimed to increase the productivity and incomes of small and marginal farmers, but most of them failed; either because the loans were so heavily subsidized that the lending program itself was not self-sustainable, or because the lenders tended not to follow up defaulters, so many of the loans were not repaid. As microfinance has evolved, non-governmental organizations involved in providing credit to the poor have found that they have to transform themselves into formal microfinance institutions. This enables them to diversify into more sectors and alternative products such as savings accounts and insurance policies. This in turn means they can carry on meeting the mushrooming demand for micro-credit from budding entrepreneurs of all kinds.

One of the first really successful microlending institutions, the Grameen Bank, was founded in Bangladesh in 1974, targeting the country's many rural poor. Grameen has now diversified into many other areas besides microlending and has no fewer than five million customers. It served as a model for other successful microlenders, and more than 30 years later the industry has come of age. The UN even declared 2005 'the International Year of Microcredit', and supported a number of activities relating to the industry during that year.

Caja Los Andes

The small and micro-business sector is particularly important in South America, and Bolivia is no exception: some 60 percent of the country's working population is involved in one or other micro-enterprise, and in recent years about 90 percent of new jobs created have come from this sector. To service this burgeoning area of the economy Bolivia has developed a world-class micro-lending system, one of the most mature and

A basket seller sitting by a dusty road in Mbabane, Swaziland, holding up her traditionally crafted wares to catch the attention of passing drivers may not seem to have much in common with a small-scale potato grower in rural Bolivia. But both of them are in business because they've managed to borrow small amounts of money to start their own enterprises. Until recently, you could only get credit if you were already well off, but through microfinancing poor people throughout the developing world have been able to start or expand their own enterprises. Many are then able to make enough money to send their children to school, obtain health care and other services, and even sometimes to employ others.

Because jobs are hard to come by in most developing countries, many people are self-employed, often in the informal sector, selling goods on the street or at market, carrying out small-scale farming or home-based services such as dressmaking, repairing and craftwork. Others may have more established businesses employing just one or two people. Such small enterprises are usually short of capital because conventional banks are not



MDGS:

Health goals central to success

“ How will the world look in 2015 if the Goals are achieved? More than 500 million people will be lifted out of extreme poverty. More than 300 million will no longer suffer from hunger. There will also be dramatic progress in child health. Rather than die before reaching their fifth birthdays, 30 million children will be saved. So will the lives of more than two million mothers. ”



- ◀ Continuing the course of infant care started during pregnancy.
- ▼ Improving the health of women and their children.



UN Millennium Project 2005. Investing in Development: A Practical Plan to Achieve the Millennium Development Goals. Overview.

All over the world, enormous efforts are being made to achieve the Millennium Development Goals (MDGs) by the 2015 deadline. Whether or not the goals are met, just the push to meet them will change the lives of millions for the better. The MDGs provide a vision for development in which health and education are squarely at the center. The high priority given to improving health in particular reflects a recognition that good health is not a human right to which all people are entitled, but a critical input to development. All sectors - economic, environmental and social - share an interest in protecting and promoting health, because health is also an important contributor to several other goals; a foundation that has to be in place before the fruits of many development efforts will be seen.

Good health is important to all of us, whether we are rich or poor. Health is key to wellbeing and productivity. When breadwinners suffer ill health, long-term disability or death, the results can be disastrous - the entire household suffers due to loss of income combined with the cost of medical care. And the ones who often suffer most are the weakest members of society: women and children. Through ill health many people fall into poverty, and those already impoverished become poorer still. Three of the eight MDGs, eight of the 16 targets, and 18 of the 48 indicators relate directly to health.

The three directly health-related goals are:

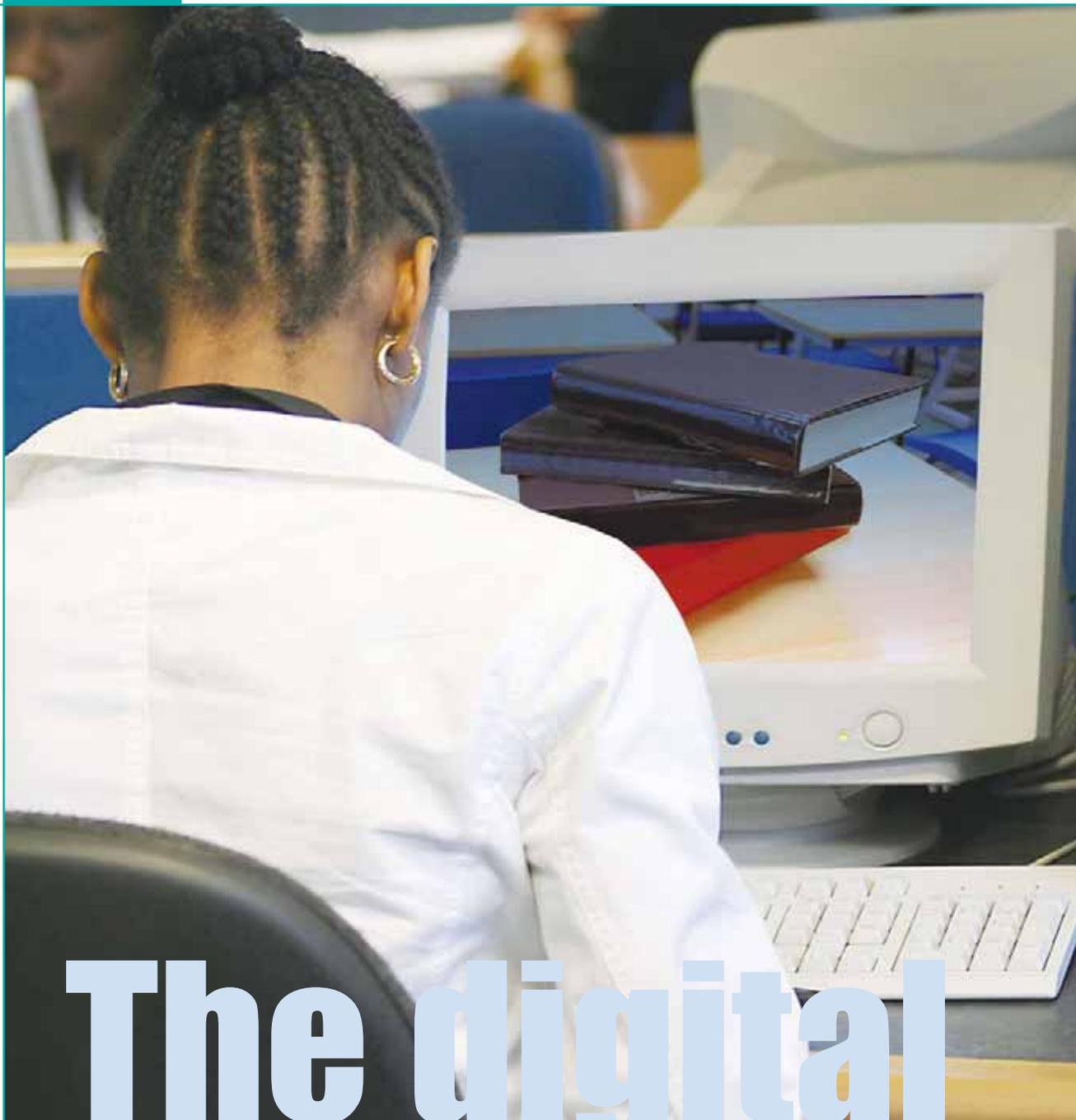
- **Goal 4.** Reduce by two-thirds, between 1990 and 2015, the under-five child mortality rate.
- **Goal 5.** Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate.

departments of Cajamarca, Cuzco and Apurímac, areas with the lowest health care coverage. Workshops were held to evaluate the quality of existing health care delivery and identify what supplies and equipment would be needed to provide adequate pre- and post-natal care. Health care workers learned how to handle obstetric emergencies through internships at specialized centers, and all staff received training in women's rights and child rearing practices. A follow-up program is offering women with high-risk pregnancies household visits from qualified medical personnel. A strong focus is placed on the aspects of community education, social mobilization, gender equality and cultural sensitivity in providing maternal health services. These new services offer thousands of women a more enabling environment for safe pregnancies and deliveries, and give them confidence to seek medical assistance. The program will later be replicated in other underserved provinces.



- ▲ Care and support for mothers and babies.
- ▼ Health is key to wellbeing and productivity.





The digital

dividend: harnessing ICTs for development

“ Creating digital opportunities is not something that happens after addressing the “core” development challenges; it is a key component of addressing those challenges in the 21st century ”

G8 Dot Force, *Creating Opportunities for All*, 2001

medical and public health practices and to make the knowledge of health specialists available to all citizens of the world through Internet-based technology. It promotes good health by explaining essential public health functions in a language that all people can understand, taking into consideration their individual cultural sensitivities. Specific topics covered include hygiene, food safety, prevention of tuberculosis, HIV/AIDS and other communicable diseases.

The e-learning technology used by the Health Academy is more than just distance learning. It allows the learner to understand from first principles the very essence of what is being taught and to build on this knowledge. This approach helps to develop critical thinking and enhances concentration capacities. The curriculum is exciting to both educators and students, as it is a truly interactive mix of different media technologies. The scheme was piloted in 46 schools in Jordan and Egypt in 2003 and was an unmitigated success.

The goal of the project is to use the experience gained in The Gambia and Ghana to devise a model that can be carried over to other sub-Saharan African countries. WHO will form a National Health Academy Committee in each country, comprising high-level representatives from the Ministries of Health, Education and Telecommunications, together with the International Telecommunication Union. The Committee, in conjunction with WHO and national experts, will be responsible for developing and designing 12 e-learning courses per country and tailoring them to specific needs. Ten schools each in The Gambia and Ghana have been selected for implementation. Additionally, health education will be incorporated into school curricula. Mentor training for principals and teachers will also be organized and regular feedback provided to the Committee throughout the project's two-year duration. An awareness campaign will also make the coursework available to the general public via universities, libraries, community centers and other outlets.

Maldives cellular business booms

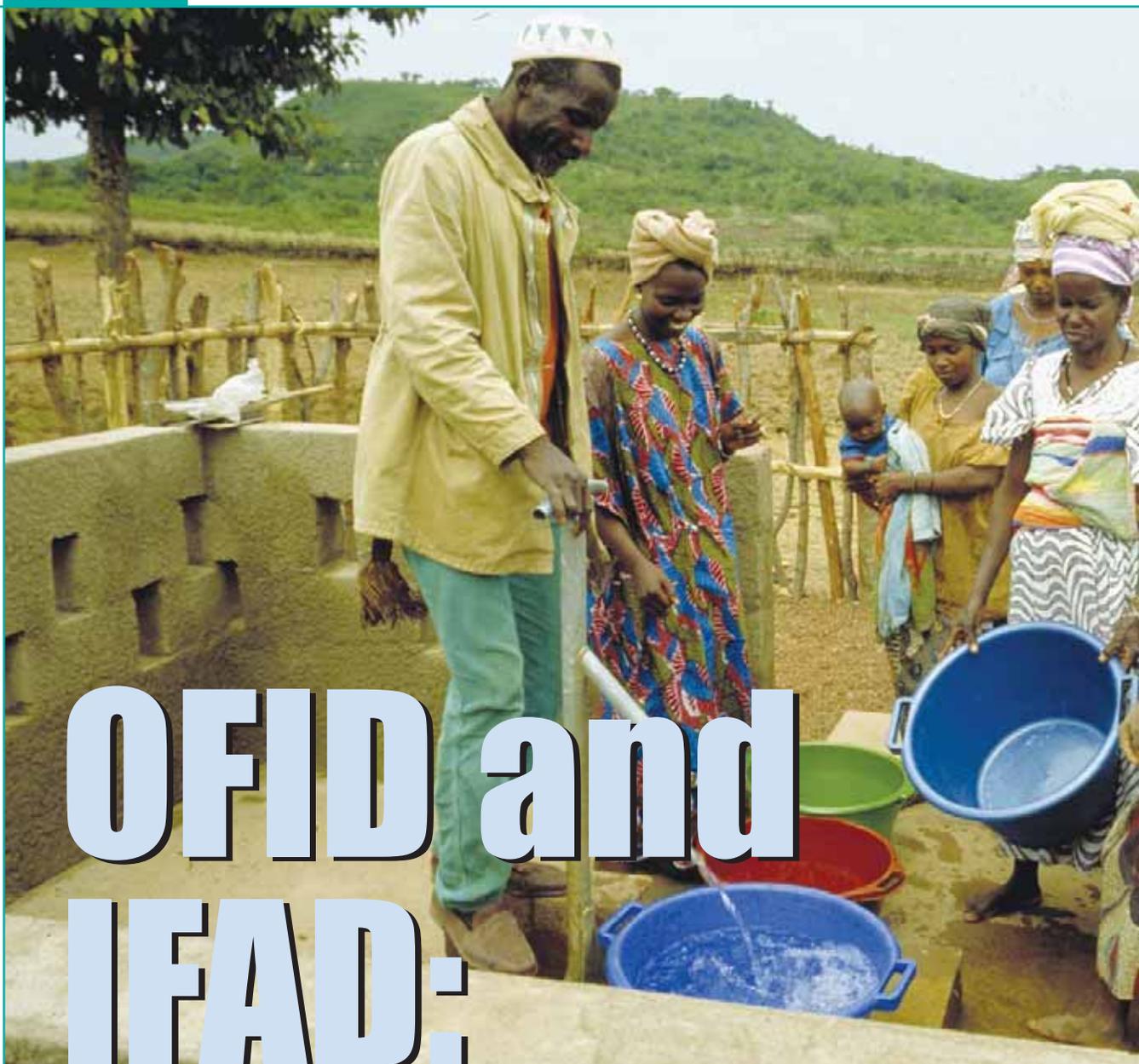
In a very different part of the world from West Africa, the Maldives has its own problems that ICTs can help solve. This beautiful Indian Ocean archipelago consists of over 1,190 islands, spread over some 90,000 square kilometers. Only 200 of the islands are inhabited. The island complex measures 820 kilometers from north to south and 120 kilometers from east to west. The population of just under 350,000 is thus widely scattered, and communications difficulties have in the past tended to be a major constraint to development. Tourism is a major part of the Maldivian economy, and visitors expect to find



▲ **Increased competition in the Maldives phone industry has been a boon for customers and business growth alike.**

a world-class phone service when they get there. The cellular telephone has been a major boon to this country, which now has more than twice as many cellular connections as land lines. Until recently there was just one cellular network provider in the Maldives, however, which meant the service was expensive and limited. The Maldives Government was keen to open up competition, and in February 2005 Watinya Telecom Maldives won a tender to become the second service provider in the islands, with the help of a \$7 million loan from OFID. After it launched its service in August 2005 Watinya was able to capture around 20 percent of total market share, with about 60,000 subscribers. The OFID loan was used to co-finance the launch of a GSM network to provide good quality mobile coverage throughout the country and facilitate the use of services such as text and multimedia messaging, email and Internet. Watinya will also be part of a group that installs fiber-optic submarine cable to India in order to develop an international communication gateway in the Maldives.

Simply defined by UNDP, ICTs are any information-handling tools - a varied set of goods applications and services that are used to produce, store, process, distribute and exchange information. They include the 'old' tools of radio and television as well as 'new' ICTs such as computers, satellites and wireless technology and the Internet.



OFID and IFAD:

partners in the fight against rural poverty

“ The creation of IFAD represented a new type of partnership - between OPEC countries and industrialized countries, between developing countries and developed countries - in which each group provided substantial financing for the institution. It was an early example of a global alliance across geographic or ideological differences, joining together for the shared goal of eradicating poverty and hunger. ”

Kofi Annan, Secretary-General, United Nations



◀ **Drilling new wells is essential for rural development in the poor West African state of Guinea.**

Rome Food Conference

IFAD had its origins in the UN-sponsored World Food Conference in Rome in November 1974. This conference was held in an atmosphere of some urgency because of the extensive food shortages experienced in parts of Africa and Southeast Asia at the time. The conference delegates were motivated to find ways not only to foresee and mitigate such famines, but to ensure that food shortages would eventually become a thing of the past.

The OPEC country delegates in Rome suggested that an international fund be set up to help finance food production in the world's poorest nations. They underscored their commitment by agreeing to provide almost one half of the new fund's starting capital. IFAD was thus founded in December 1977 as the 13th specialized agency of the UN. OPEC nations, acting through the newly established OPEC Fund, pledged \$435.5 million toward the initial resources, while OECD countries gave \$569 million and other developing countries \$20.6 million. The OPEC Fund contributed an additional \$20 million to IFAD's First Replenishment. Given the relative size of the GDP of its members in comparison with OECD countries, the contribution from OPEC countries was a substantial amount.

Today, one can see that IFAD was a milestone in the history of international development. As an initiative suggested by developing countries, who took the lead in forming the new organization, it was unprecedented at the time. Even today, when globalization and North-South dialogue are supposed to be the order of the day, it remains a rare phenomenon. As the first president of IFAD expressed it, in an interview not long after the body was set up:

'IFAD was born in the questioning seventies, and reflects a new approach to problems of food production and distribution. With its focus on the rural poor and its unprecedented governing structure, IFAD is the first institutional embodiment of the spirit of the new international economic order.'

Even today, IFAD remains one of the few multilateral development finance institutions in which OPEC and other developing countries hold a majority of the votes. It is of course true that OFID was also set up in this era, reflecting a broad acknowledgement that partnerships were key to addressing urgent global problems. The 1974 Rome Conference marked a change in the prevailing thought on the world food problem.

Throughout OFID's 30 years of operation, it has worked with dozens of like-minded institutions with a view to maximizing every cent of aid disbursed, avoiding repetition and replication, and making full use of the expertise of other agencies (see also article on aid harmonization, page 108). As the case studies in this book testify, all projects with which OFID is involved are co-financed, either by governments, sister aid organizations, UN agencies or other development institutions.

One of OFID's closest partners is the International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations that focuses on rural poverty reduction, primarily through agriculture-related programs and projects. One of the reasons why the two organizations work closely together is that OPEC Member Countries played a major part in establishing IFAD, which celebrates its own 30th anniversary in 2007.



▲ An extension worker teaches Egyptian farmers how to make butter using modern machinery. They are beneficiaries of an IFAD project centering on livestock.

Delegates recognized that the problems of food and nutrition were not just the result of occasional crop failures, but reflected a deep-seated phenomenon with roots entrenched in the wider issues of poverty and development. The conclusion reached was that unless the poorest segments of rural society gained access to more employment and better income opportunities, they would remain hungry and malnourished. The reason for establishing IFAD was not to supply food aid in the event of crop failure, but to finance projects that would enable rural poor people to take charge of their own development.

Nowadays, this idea of 'participatory development' is commonplace in development thinking, but at the time it was fairly revolutionary, because for generations people had thought of hunger, and the problems associated with it, as somehow inevitable. Today, the idea of not only participating in, but taking charge of, development is clearly reflected in the objectives of IFAD. IFAD has recognized that vulnerable groups can and do contribute to economic growth. These groups have shown that they

can join the mainstream of social and economic development, provided the causes of their poverty are understood and enabling conditions are created.

Agriculture and the poor

Thirty years have gone by, but the problems IFAD set out to address are still in evidence in many parts of the world. Poverty still stalks the least developed countries in particular, and within these countries rural dwellers make up the majority of the poor. They depend on agriculture and agriculture-related small industries and services for their livelihoods. They work as farmers, fishers, herders and landless farm laborers. Their countries tend to depend on agriculture to a disproportionate extent for jobs, exports and economic growth. This is why focusing on agriculture is so vital to reducing poverty, and thereby reducing world hunger. The greater the investment in agriculture, the greater the chances are that a country can raise itself out of poverty and underdevelopment. It is also more likely to reach the point where its people can diversify into other



▲ A Rwandan carpenter plies his trade. IFAD actively promotes the growth of micro-enterprises in this war-damaged country.

themselves developing countries. This makes it a valuable ally to other developing nations and an excellent partner for IFAD.

Since 1978, IFAD has invested \$8.2 billion in 660 rural development projects and programs in 115 countries and territories around the world. IFAD estimates that these projects have enabled more than 250 million small farmers, herders, fisher folk, landless workers, artisans and indigenous people to take steps to achieve a better life for themselves and their families. IFAD works with partners that include not only the rural poor, governments and other NGOs, but also the private sector, and financial and development institutions.

IFAD member states and governance

Membership in IFAD is open to any state that is a member of the United Nations, as well as any of its specialized agencies and the International Atomic Energy Agency. Its 164 Member States are classified as follows: List A (primarily OECD members); List B (primarily OPEC members); and List C (developing countries). The Governing Council is IFAD's highest authority, with full decision-making powers. It has representatives from all of IFAD's Member States and meets annually at the organization's Rome headquarters. Each Member State is represented in the Governing Council. The Executive Board is responsible for overseeing the general operations of IFAD and for approving its program of work.

The way forward

Although the Rome Conference delegates' commitment to end world hunger in 10 years has proved to be over-optimistic, the OFID-IFAD partnership is as strong today

Healthier livestock produces more milk in Lebanon

Lebanon's 17-year civil war, which ended in 1990, left rural families with few cattle, sheep and goats. In response, IFAD and OFID joined forces in 1993 to co-finance the Smallholder Livestock Rehabilitation Project. With contributions totaling \$21.9 million, the project enabled herding families in the Bekaa Valley to purchase animals and obtain technical assistance to improve the production of milk, meat and wool.

Farmers secured loans to buy high-yielding imported dairy cows and local varieties of sheep and goats. Dairy cattle were vaccinated against foot-and-mouth disease. Ten milk collection centers were built to provide a more hygienic way of collecting milk. Five extension centers trained nearly 1,000 participants in animal health, livestock breeding and post-harvest processing.

Women were heavily involved. Many took courses in how to organize small-scale entrepreneurial activities, such as selling handicrafts. Others formed food production cooperatives to process fruits and vegetables.

One of the greatest impacts of the project, which ran until 2002, was an increase in annual milk production, from about 3,500 liters per cow to more than 6,000 liters. More hygienic processing reduced the amount of milk rejected due to poor quality from 20 percent to seven percent, while leading to a 50 percent rise in the price farmers received for their milk. The vaccination campaign also reduced the incidence of animal diseases.

as it was at its founding. As long as there is extreme poverty in the world, there will be hunger. Ending hunger is a major drive in the focus on poverty reduction, which now engages the whole development community as never before. The first and undoubtedly the most important of the Millennium Development Goals is to halve the proportion of people living in extreme poverty by 2015. Some progress has been made toward achieving this, particularly in Southern and East Asia, but other areas of the world lag behind and seem to have little chance of meeting goal number one. One of the reasons why some regions have succeeded while others have not is that they have accorded priority to the agriculture sector, making significant investments in food production. One of the functions of IFAD is to help channel official development assistance to areas where such investments are most needed.



Doing

aid better: the move to harmonize development assistance

“ Poor countries need aid that is delivered in a predictable fashion, without too many strings attached and in ways that minimize transaction costs and maximize value for money. All too often they get aid that is unpredictable, hedged with conditions, uncoordinated and tied to purchases in donor countries. ”

2005 United Nations Human Development Report



▲ **Effective development assistance depends on thorough planning and harmonization on the part of donors, particularly when it comes to field surveys and reporting.**

made since the Rome Forum two years earlier. They also identified the areas in which further, or more intense, work was needed. The Paris Declaration on Aid Effectiveness, signed at the end of the forum, included an agreement by all participants to measure their success at making aid more effective, with a clear set of indicators and targets.

This moved the aid effectiveness agenda beyond the general consensus reached at Rome in 2003 to what is now a practical blueprint for donors and developing countries to monitor each others' progress.

It was a memorable moment: some of the wealthiest and poorest countries from across the world signed up to around 50 commitments to improve aid effectiveness, with progress monitored against 12 specific indicators. Donor countries, for example, agreed to work toward ending the practice of 'tying' aid, where recipients have to obtain certain goods or services from the donor country, whether they want to or not. The 2005 UN Human Development Report estimates that tied aid costs low-income countries \$2.6 billion a year, which represents a 'tax' of about eight percent on aid. This means an 'aid tax bill' for Africa alone of \$1.6 billion a year, resources which could be spent on poverty reduction.

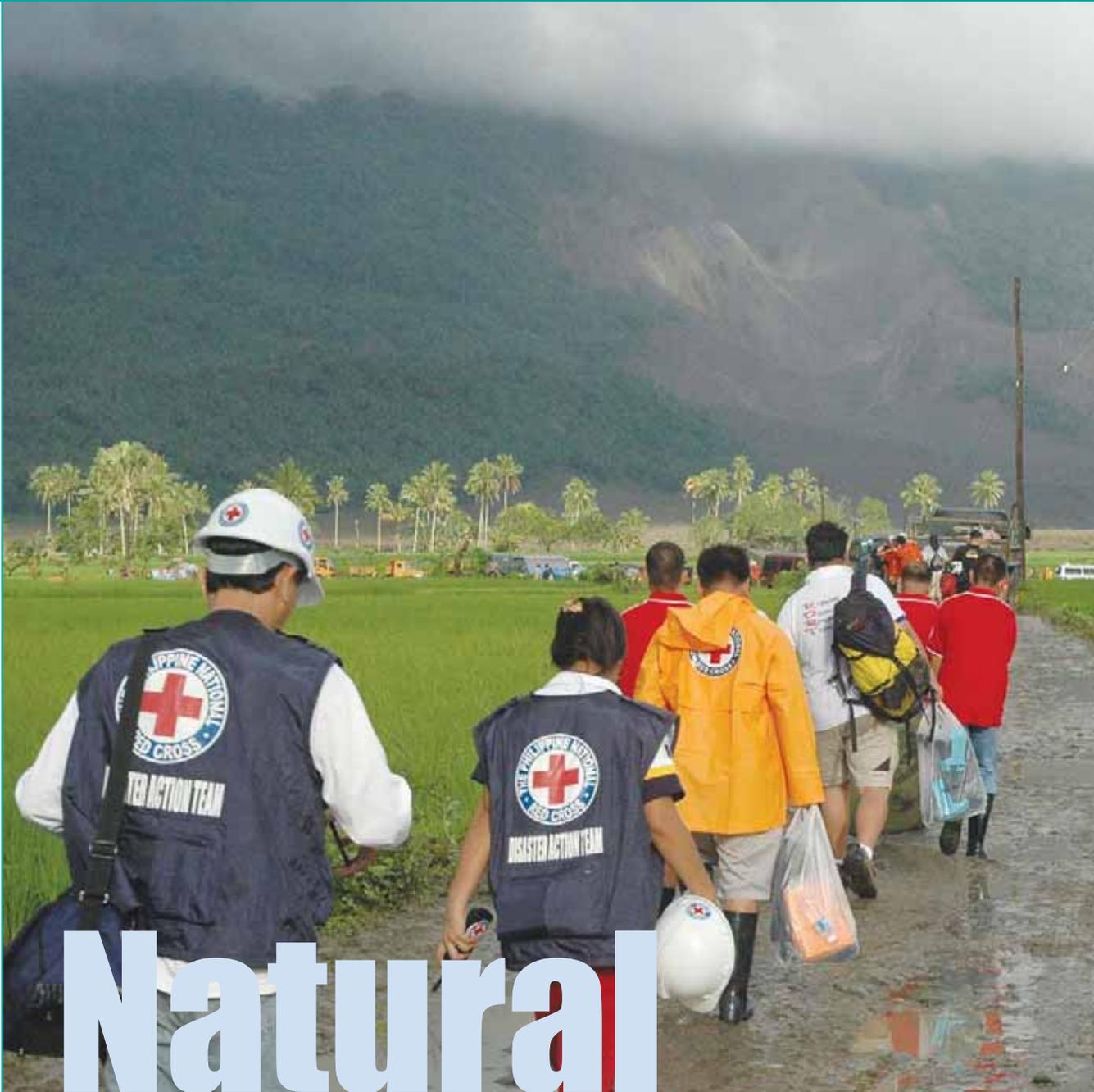
For their part, developing countries, with the assistance of donors, agreed to develop proper strategies for poverty reduction and to reform national systems wherever

necessary to improve their capacity to manage development resources.

OFID and harmonization

OFID is highly conscious of the benefits to be gained from collaborating closely with other aid organizations, and it has done so throughout its existence. Such cooperation allows for a pooling of financial resources, manpower and skills and helps avoid wasteful duplication of effort. OFID's cooperating partners include the bilateral and multilateral development agencies of its Member States (see box), the specialized agencies of the United Nations System, the World Bank, the regional development banks and a host of non-governmental organizations. OFID was an active participant at both the Rome and Paris conferences on aid effectiveness.

Right from the start OFID sought to place beneficiary governments and peoples in charge of the development process. It has argued against the type of donor-driven development policies historically prevalent among many development finance institutions, preferring to work on the basis of requests presented to it by cooperating countries. OFID listens closely to partner countries and recipients to identify their priorities and tailors aid accordingly. Throughout its existence, it has avoided imposing conditionalities that do not match the wishes and aspirations of the borrowing countries.

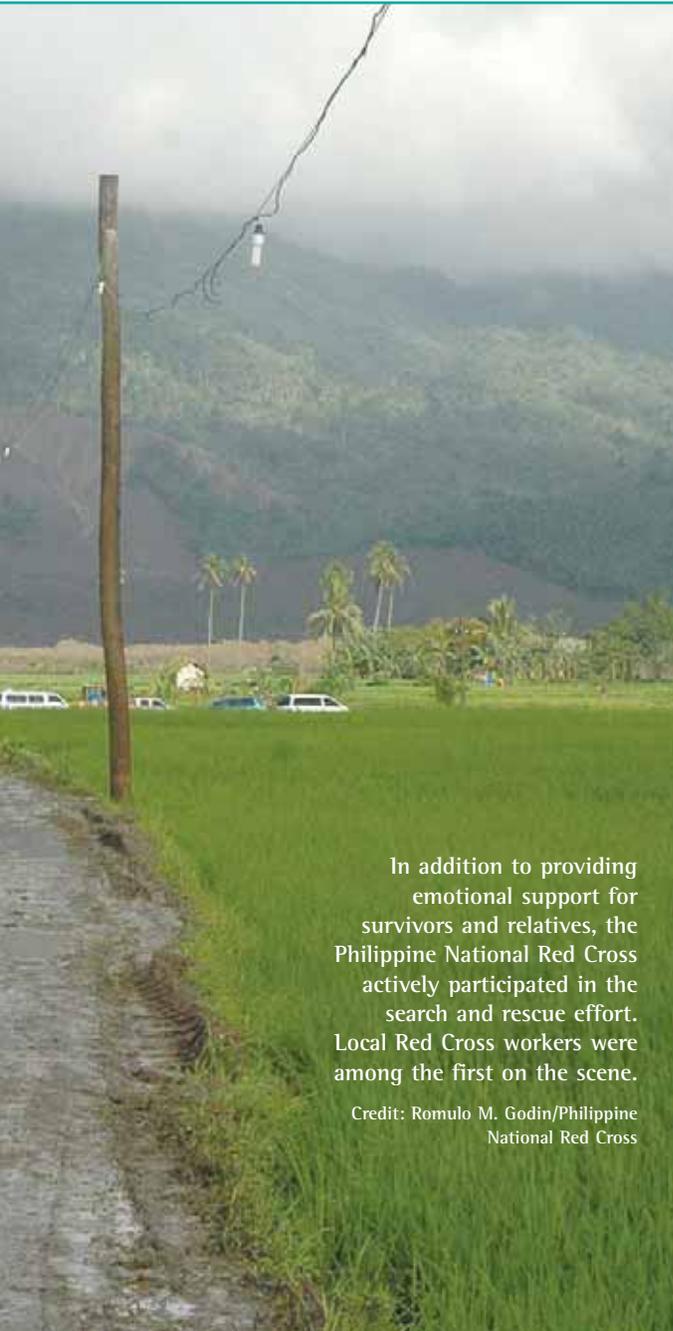


Natural

disasters: going beyond relief to mitigation

“ Disasters are first and foremost a major threat to development, and specifically to the development of the poorest and most marginalized people in the world – [disasters] ensure they stay poor. ”

Didier J. Cherpitel, former Secretary General,
International Federation of Red Cross and Red Crescent Societies



In addition to providing emotional support for survivors and relatives, the Philippine National Red Cross actively participated in the search and rescue effort. Local Red Cross workers were among the first on the scene.

Credit: Romulo M. Godin/Philippine National Red Cross

Floods, earthquakes, cyclones, tsunamis, droughts and famine have always been part of life, and despite all the advances that modern technology has brought us they seem, if anything, to have become more frequent, and more deadly, in recent times. According to the UN's Bureau for Crisis Prevention and Recovery, some 75 percent of the world's population lives in areas that were affected at least once by either an earthquake, a tropical cyclone, flooding or drought between 1980 and 2000. The human death toll in the past few years alone has been staggering: the greatest natural disaster in modern times, the December 2004 tsunami, claimed over 226,000 lives, and in the first nine months of 2005 another 88,000 people worldwide were killed in natural disasters, ranging from Hurricane Katrina in North and Central America, to a famine in Niger caused by locusts,

to the October earthquake in India and Pakistan. Scientists believe the rising toll taken by natural phenomena may be due not only to our continuing population growth but to the increased concentration of people in vulnerable areas such as coastal regions, flood plains, drought-prone areas and seismically active zones. As a result, it is feared that more lives will be lost, more property will be destroyed, and the social and economic fabric of disaster-prone communities will be disrupted. But this does not have to be so. Just as human activity can worsen the damage caused by natural disasters, so human ingenuity can help mitigate it.

There is no doubt that disasters hit developing countries the hardest. Already coping with food insecurity, poor infrastructure, crippling debt burdens and, in many cases, ongoing civil conflict, they are ill-prepared to withstand such onslaughts. Loss of life and injuries apart, the aftermath of such events sees numerous families left homeless, while livelihoods are brought to a standstill by the destruction of crops and livestock. Ruined seed stores jeopardize the next harvest, and all too often affected populations must rely on emergency assistance to rebuild their lives. In economic terms, figures compiled by the World Bank show that between 1990 and 2000 natural disasters hit the affected countries' GDP by anything between two and 15 percent.

While it is important to deliver humanitarian aid after natural disasters to ease the suffering of populations and to prevent further fatalities, it is equally important to look beyond the immediate needs and examine how future disasters can at least be managed, if not avoided, so that the toll of damage and human loss is minimized. The harm done by natural disasters, and the need to try to mitigate this harm, was recognized by aid donors and other relevant institutions as far back as 1989, when the UN declared the International Decade for Natural Disaster Reduction. But, like many ideas in development, the importance of this issue has taken some time to become widely accepted within the development community. As donors increasingly focus their interventions to meet the Millennium Development Goals, they are looking more closely at how disasters can affect their work and how they can reduce the impact of natural phenomena on their development efforts. The particular challenge for development institutions is not only to support projects aimed directly at disaster mitigation, but to incorporate the whole concept of disaster management into their policymaking so that every project or program automatically takes this important point into account.

This is more challenging than it sounds, however. There

are countless variables involved in disaster management and mitigation, and sometimes the issue is seen as an 'add on' to the core tasks of development agencies that threatens to divert resources from mainstream development activities. The execution of disaster mitigation is also very complicated, involving many different actors in areas ranging from health, engineering and science to government agencies, non-governmental organizations (NGOs) and commercial firms. It is no wonder that disaster mitigation has a reputation as a bureaucratic nightmare. Notwithstanding this, research centers and NGOs, as well as disaster-affected communities themselves, have developed mitigation strategies that have proven to be viable and, in some cases, require little in the way of investment.

Flood mitigation in Bangladesh

Although OFID has always been willing to respond swiftly to the emergency needs of developing countries in the face of natural catastrophes, it has made a point also of supporting projects that fall within the context of disaster mitigation. An example of the latter is its contribution to a project that aims to protect nine regional Bangladeshi towns from flood damage.

Situated in the broad delta of the Ganges and Brahmaputra rivers in south Asia, and with its extremely flat topography, Bangladesh is one of the most flood-prone countries of the world. During a normal monsoon season a quarter of the land area is generally flooded, and in years of particularly heavy rain up to three-quarters of the country is submerged. While, ironically, the flooding contributes to the high fertility of Bangladesh's soil, it wreaks havoc on urban areas, where commercial and industrial activity is severely disrupted. The social impact is also profound, with waterlogged sewage systems leading to widespread environmental degradation and unsanitary living conditions. The floodwaters often lie around for weeks, allowing the spread of waterborne disease, and the death toll from such diseases usually exceeds that of deaths from drowning.

The civic and economic devastation caused by floods and other natural disasters such as cyclones is a prime reason why Bangladesh is one of the poorest countries in Asia, with the UN estimating that 49 percent of its 144 million people lived on less than a dollar a day in 2005. OFID's flood protection project involves building and reinforcing embankments in the targeted towns, excavating drainage outfalls and enlarging existing ones, as well as a wide range of solid waste management works. A capacity-building component will also



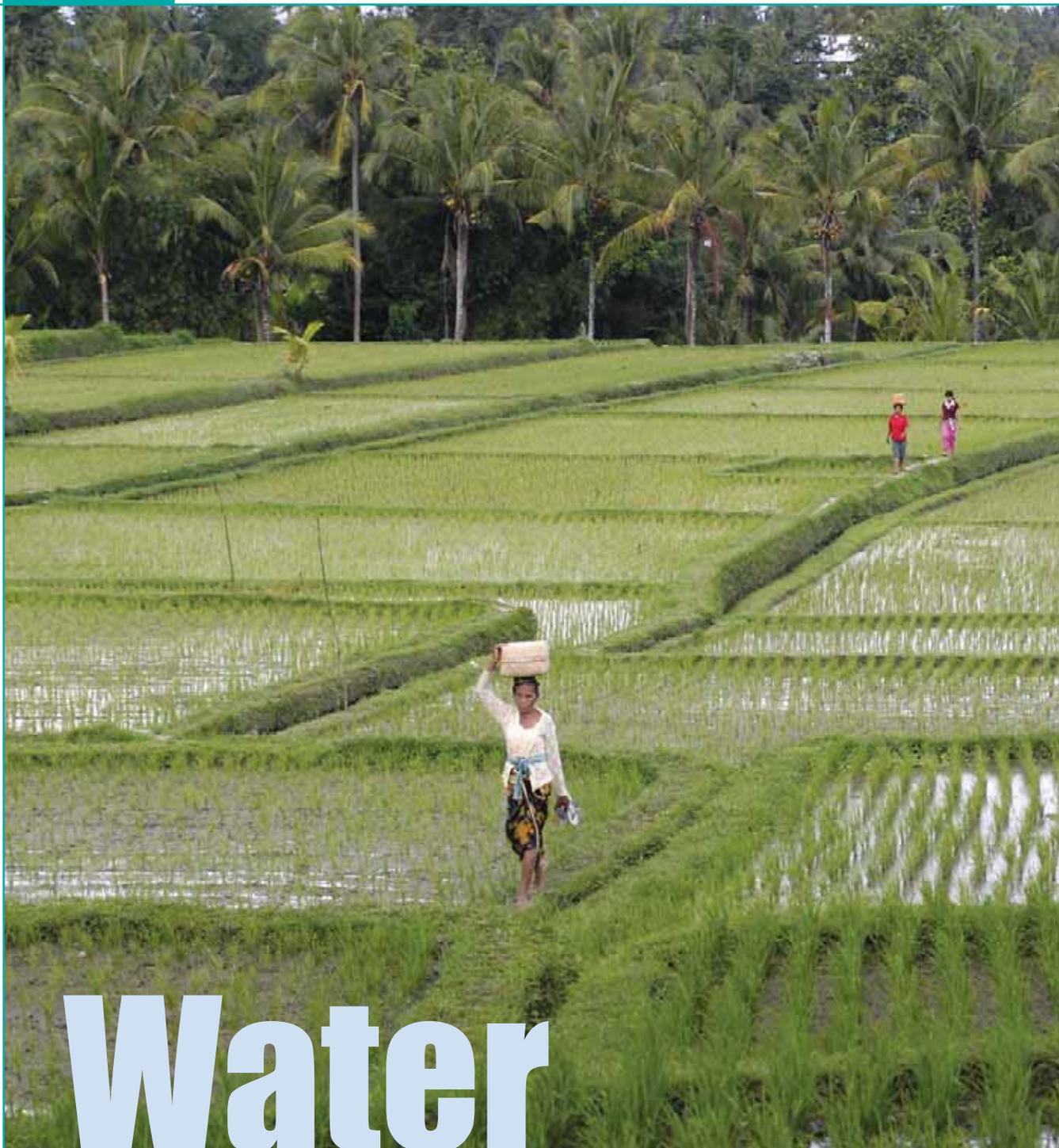
▲ An official disseminates weather information via VHF radio from Bangladesh Red Crescent Society headquarters in Dhaka. This radio early warning system relays information to volunteers in flood-prone areas so they can give communities advance warning of heavy rain on the way.

strengthen the ability of local authorities to manage and maintain the new assets.

Under Phase 1 of the project, the Bangladeshi capital Dhaka and six district towns have already benefited from these measures. OFID's loan of \$15 million, extended in 2005, will help extend flood protection to a further nine towns that are vulnerable to extreme flooding.

The completed project will bring many benefits to Bangladesh's town dwellers, as the residents of the seven settlements that have already received flood protection will testify. As well as enjoying cleaner and healthier living environments, the beneficiary populations will be able to access markets and social services more easily. The project will also generate considerable income-earning opportunities, thus making a significant contribution to poverty alleviation.

The total cost of the second phase, 'The Secondary Towns Integrated Flood Protection Project,' is \$115.9 million. The project is being co-financed by the Asian Development Bank and the Government of Bangladesh and is one of a number of preventative measures undertaken by Bangladesh in recent years. While the monsoons will remain an annual fixture and Bangladesh's location and geography mean that it will always suffer some degree of extreme flooding, the hope is that in future the impact will be reduced because of wide-ranging measures to protect the infrastructure.



Water

resource management: making every drop count

“ Of all the social and natural crises we humans face, the water crisis is the one that lies at the heart of our survival and that of our planet Earth. ”

Koichiro Matsuura, Director-General, UNESCO.



Since the Earth began, water has been shaping its face. Not only geologically, carving valleys and canyons and sculpting rock formations, but also geopolitically, enabling settlements to grow into cities and tribal territories to develop into great civilizations. The first major civilizations arose on the banks of great rivers - the Nile in Egypt, the Tigris-Euphrates of Mesopotamia, the Indus in Pakistan, and the Hwang Ho of China. All of these civilizations built extensive irrigation systems that made the land far more productive.

But by the same token, civilizations collapsed when water supplies failed or were improperly managed. The

◀ **The agricultural sector uses more water than any other. Rice cultivation needs a particularly large water supply.**

decline of the Sumerian civilization of Mesopotamia, for example, is believed to have been due to prolonged droughts and poor irrigation practices resulting in salt build-up in the soil. Similarly, the abandonment of Roman aqueducts, canals and reservoirs in North Africa helped return the region to desert conditions.

Throughout human history water has sustained human life, our environment and our cultures. But now the global demand for water is increasing at such a pace that we face the very real threat of running out of this precious resource. We simply cannot afford the vast social upheaval that global water shortages would inevitably lead to. In the 21st century, allowing our civilization to simply sink back into the sands is not an option. Fortunately, some solutions are emerging. But there is little time to be lost in their implementation.

While world water use has increased six-fold since the beginning of the 20th century, only 10 percent of all the water that is withdrawn from rivers or from underground sources is used for residential purposes. Twenty percent is used by industry, and all the rest, 70 percent, is used for irrigation. Irrigated land now plays an enormously large role in the world food economy, accounting for 40 percent of our food supply. But as irrigation tends to be very inefficient and much of the water is simply wasted, the potential benefit from helping farmers develop better irrigation methods is enormous.

OFID is therefore supporting projects to aid the sustainable management of scarce water resources in some of the driest parts of the planet.

The countries of West Asia and North Africa (WANA) have always been short of water. In recent years, however, heavy demand from agriculture and growing populations has led to a crisis situation. With virtually no untapped water sources left, the countries in this region have no choice but to better manage the limited water they have, and a project co-financed by OFID to the tune of \$500,000 is intended to help them do just this.

ICARDA

Spearheaded by the International Center for Agricultural Research in Dry Areas (ICARDA), in cooperation with the International Fund for Agricultural Development (IFAD), the multi-faceted research scheme aims to enhance the productivity of agriculture through the efficient and



▲ Irrigating paddy fields with piped water. Improving the efficiency of irrigation systems helps save scarce river and ground water.

sustainable management of water resources, with the full participation of rural communities.

At present, agriculture accounts for over 75 percent of the total water consumption in the WANA region, but the pressure from other sectors is increasing to the point that the farmers now have to optimize every drop they use.

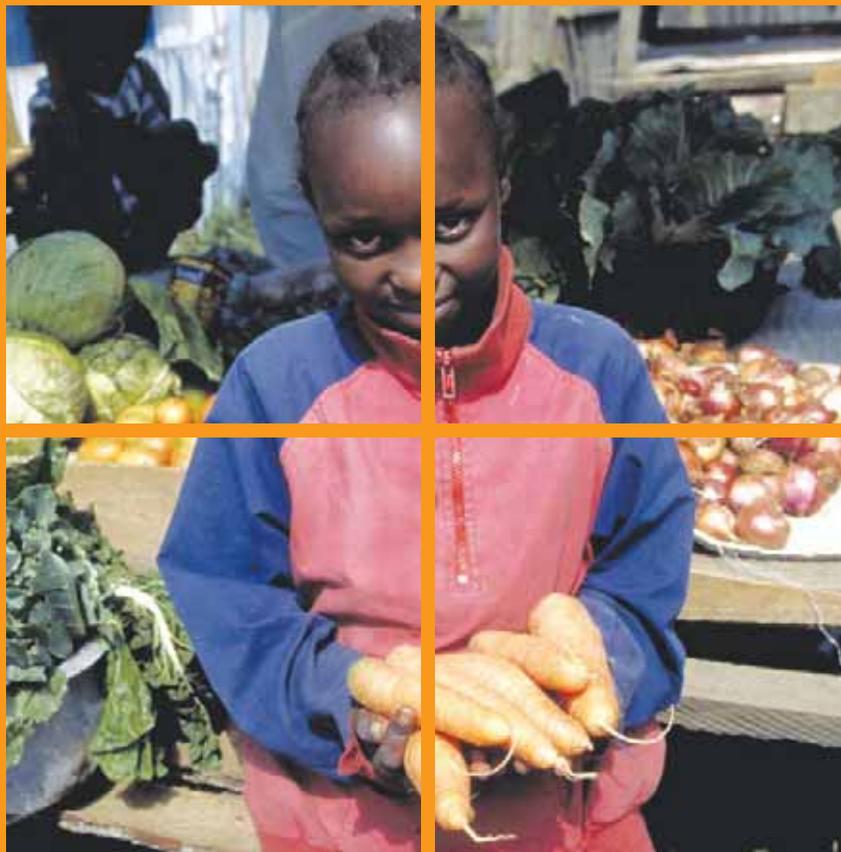
With three significantly diverse agricultural zones, the region has to develop a range of strategies when it comes to water management and conservation. The rainfed areas depend on a low and extremely variable rainfall, resulting in minimal yields - a problem exacerbated by frequent drought. The *badia*, or drier environments, are home to a substantial proportion of the region's poorest rural populations. Rainfall occurs in the form of intense and unpredictable storms, and as a result, the crusting soils are unable to absorb the moisture, which rapidly becomes lost through evaporation or runoff. Irrigated areas utilize rivers and groundwater sources, which are becoming depleted from over-use.

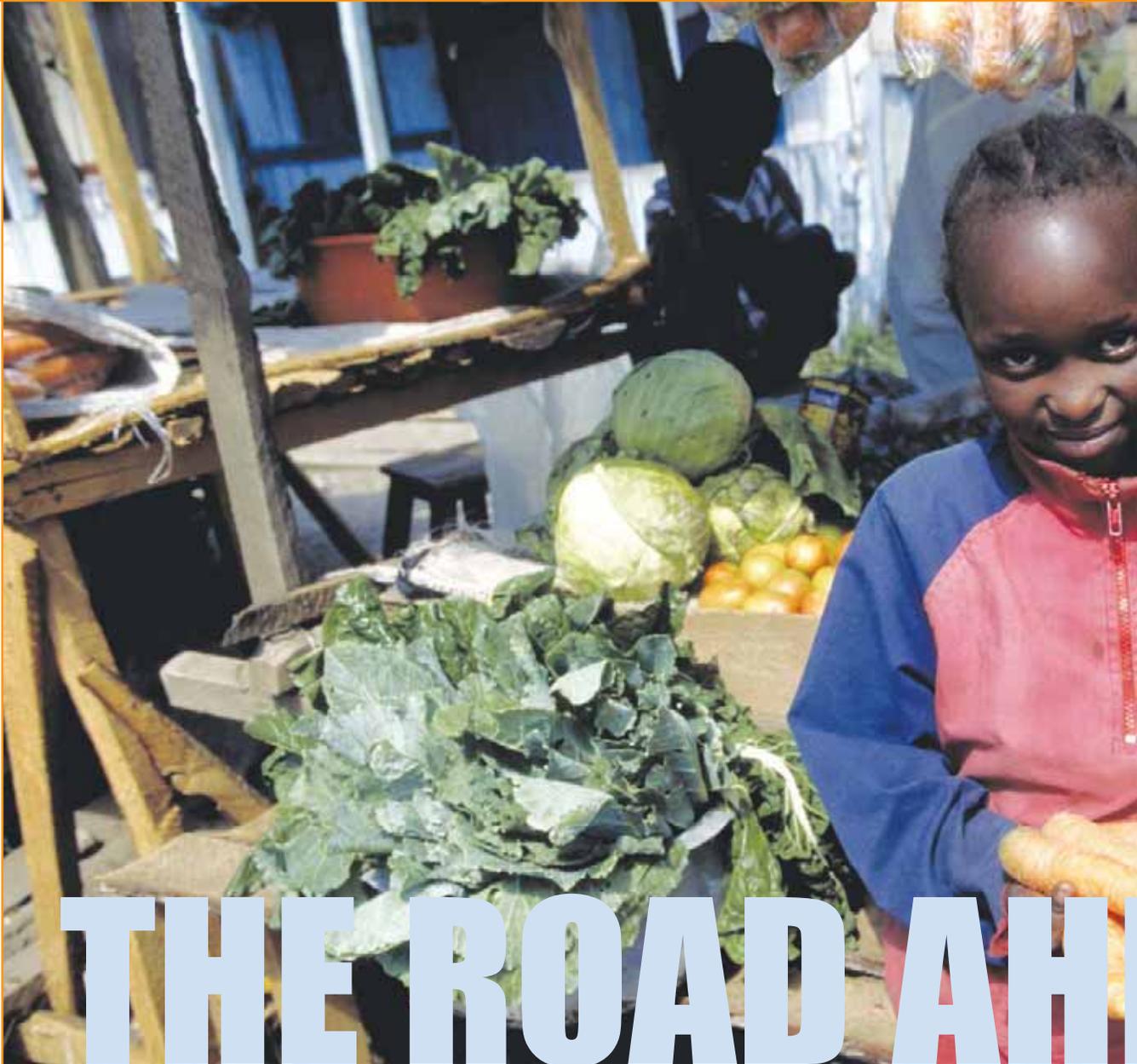
In cooperation with National Agricultural Research Systems (NARS) in the WANA countries, ICARDA has established benchmark sites in each of these three agricultural zones and linked them to NARS satellite sites in other WANA countries. Research is being conducted with farming communities at each site. The rainfed benchmark site, with the research focus on supplemental irrigation, is located in Morocco, while complementary research activities are conducted at satellite sites in Algeria, Syria and Tunisia. Jordan is

hosting the *badia* site, with satellite sites in Libya and Saudi Arabia. For the irrigated areas, the benchmark site is located in Egypt.

Using a multidisciplinary approach, researchers at these sites are studying water use at the household and community level, as well as the watershed and policy levels. Issues specific to each WANA country are being taken into consideration, such as water quality, special soil conditions and local water-related policies. In each of the three zones, efficient water-use strategies will be developed and tested under farm conditions. This project is based on community participation in research, and the development and adaptation of improved water management options at the farm level. Involving the farmers is likely to give them a greater sense of ownership of the project, and will hopefully lead to their adoption of the new conservation measures as a result. Ideas that are being tested by the project include the use of supplemental irrigation in rainfed cropping areas. This involves applying a limited and controlled amount of water to rainfed crops in years when rainfall fails to provide the moisture essential for normal crop growth. In the *badia*, or steppe areas, which are the driest areas of the WANA states outside of the desert areas, the focus will be on promoting water harvesting. Although water has been harvested in these areas for centuries, the traditional water capture and storage systems have fallen into disrepair in many places. This trend has to be reversed, and the people have to be encouraged and empowered to save every drop when it rains. Capacity building will take the form of regional training

SECTION 4: 30th Anniversary





THE ROAD AHEAD

OFID is celebrating its 30th anniversary at a really propitious time – a time of unprecedented global focus on poverty eradication and the problems of underdevelopment.

The year 2005 saw the formation of many mass movements aimed at fighting poverty. The Global Call to Action Against Poverty (GCAAP) united more than 150 million people in the world's largest anti-poverty coalition. Local campaigns including Make Poverty History in the UK, 'Wakati Ni Sasa' (The time to act is now) in Kenya, 'Wada Na Todo Abhiyan' (Keep Your Promises) in India and 'Sin Excusas contra la Pobreza' in Paraguay had one basic goal: to pressure the leaders of the world's rich countries to do more to live up to their promises on poverty alleviation, so that after years of talking a real advance might finally be made in the war on poverty. The campaigns called for

trade justice, debt forgiveness and a considerable increase in the amount of ODA extended by the world's developed nations, to help achieve this breakthrough. The high profile achieved by poverty and development issues means they have now achieved a greater political importance than ever before. This does not necessarily mean that trade and debt reform will take place overnight, or that ODA budgets will be doubled. It does, however, mean that the world's richest and most powerful countries will find it harder in future to ignore the problems of the poorer nations. Perhaps for the first time in history, the world has enough resources, knowledge and technologies to eradicate



LEAD

poverty. What it needs now is the political will on the part of rich country governments, to go ahead and do just this. The year 2015, the target date for achieving the MDGs, is less than a decade away and the countdown has begun.

Although by global standards OFID is a small player in the development assistance arena, it punches above its weight and achieves many successes, as the case studies in this book demonstrate. Since it began its work in 1976, many thousands of people have been lifted out of poverty through its actions, and perhaps millions more have benefited either directly or indirectly from its contribution, whether through the many research projects it funds, the education and health campaigns it supports, or the humanitarian assistance it provides to those affected by disasters. This will continue to be the case, whatever challenges it faces in the future.

◀ Lifted out of poverty.

Section 3 of this book, 'Agenda issues', provides a detailed look at some of the issues or themes that currently impact on the activities not only of OFID but of the entire development assistance community. The wide variety of topics featured in this section highlights the fact that the process of alleviating poverty and achieving sustainable development is complex and multifaceted with many influencing factors.

Furthermore, the process requires inputs and actions from many institutions and organizations both in the recipient countries and elsewhere.

At the end of it all, however, the success of all these inputs and efforts depends on the effective involvement of the intended beneficiaries of the projects. Without this involvement even well-intentioned, well-planned and well-financed projects cannot really succeed. This is why OFID focuses so much on partnership. For us it is not a development buzz-word that we repeat endlessly to make ourselves sound good but forget about as soon as we get into the field. All OFID members are developing countries themselves, so we understand the conditions and constraints of our beneficiary countries. We understand that they need flexible, untied and focused assistance, and we try to provide this. We have always believed in partnership, not paternalism, and our record proves this.

This book is a showcase for our activities, and an opportunity to make OFID's work better known to those who are not yet familiar with it. While we are delighted to share our successes, we are still mindful of the sobering facts outlined in the preamble to the Beirut Declaration of the GCAAP, made in March 2006: 'At the start of the 21st century more than a billion people are trapped in a situation of abject poverty and gross inequality, 70% of them are women. We face an AIDS and malaria emergency, with 40 million people infected by the disease [HIV]. 104 million children are denied access to school, and 860 million adults (70% of them women) can not read or write.'

While conditions such as these prevail in so many parts of the world, no one in the development assistance field can rest on their laurels. To achieve the MDGs, and go beyond them to reach even loftier goals, all those who work in this arena need to redouble their efforts both in the field and in the lobbying chambers of the world. Whether or not the MDGs are achieved in time, OFID will be actively trying to achieve its central goal of improving the lives of the poor, in the future as it has for the past three decades.