

THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES FUND FOR
INTERNATIONAL DEVELOPMENT (OPEC)

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The OPEC Fund is an intergovernmental development finance institution dedicated to promoting cooperation between OPEC countries and other developing countries, as an expression of South-South solidarity. It does this by, among other things, providing financial resources to assist those countries in realizing their economic and social development goals.

The Fund, now in its 20th year of existence, was established by the 13 member countries of OPEC (which include Arab oil exporting countries and Gabon, Nigeria, Ecuador, Venezuela, Indonesia, and Iran.) The idea was to create a collective aid facility that would consolidate the assistance extended by member countries; its resources are in addition to those already made available by OPEC states via other bilateral and multilateral channels.

The Fund extends loans on concessionary terms of three types: for projects, for programs and for balance of payments (BOP) support. It also provides grants for technical assistance, food aid, research and other activities. Loans carry a 2% interest rate which is to be lowered to 1% (one) in 1998; maturity is 17 years with a grace period of 5 years. While it does not normally engage in emergency relief work, the Fund occasionally contributes to international efforts to alleviate suffering in regions devastated by natural or man-made disasters such as the recent floods in Somalia, and a typhoon in Vietnam.

All non-OPEC developing countries are, in principle, eligible for Fund assistance, as are international institutions whose activities benefit developing countries, such as IFAD. The least developed countries and in general low-income countries are accorded priority. Close attention is paid to the priorities identified by the recipient countries. Over the years, fund assistance has benefited 95 countries in Africa, Asia, Europe and the Caribbean, and loans have been extended to all major economic sectors.

Since its inception, the OPEC Fund has made available a cumulative total of US\$4.64 billion in loans and grants to more than 1,000 projects. In 1996, it approved 28 project loans valued at US\$146.2 million and US\$13 million for commodity imports program. In the area of grants, 18 grants were made worth US\$2.324 million, mostly to technical assistance. As mentioned above, all sectors are represented with education agriculture 16% and energy 7%.