Review
Economic Cooperation and Development

VOL.5 NO.2 SEPTEMBER 2012

Organisation of Islamic Cooperation

Statistical Economic and Social Research
and Training Centre for Islamic Countries
(SESRIC)

Economic Cooperation and Development Review

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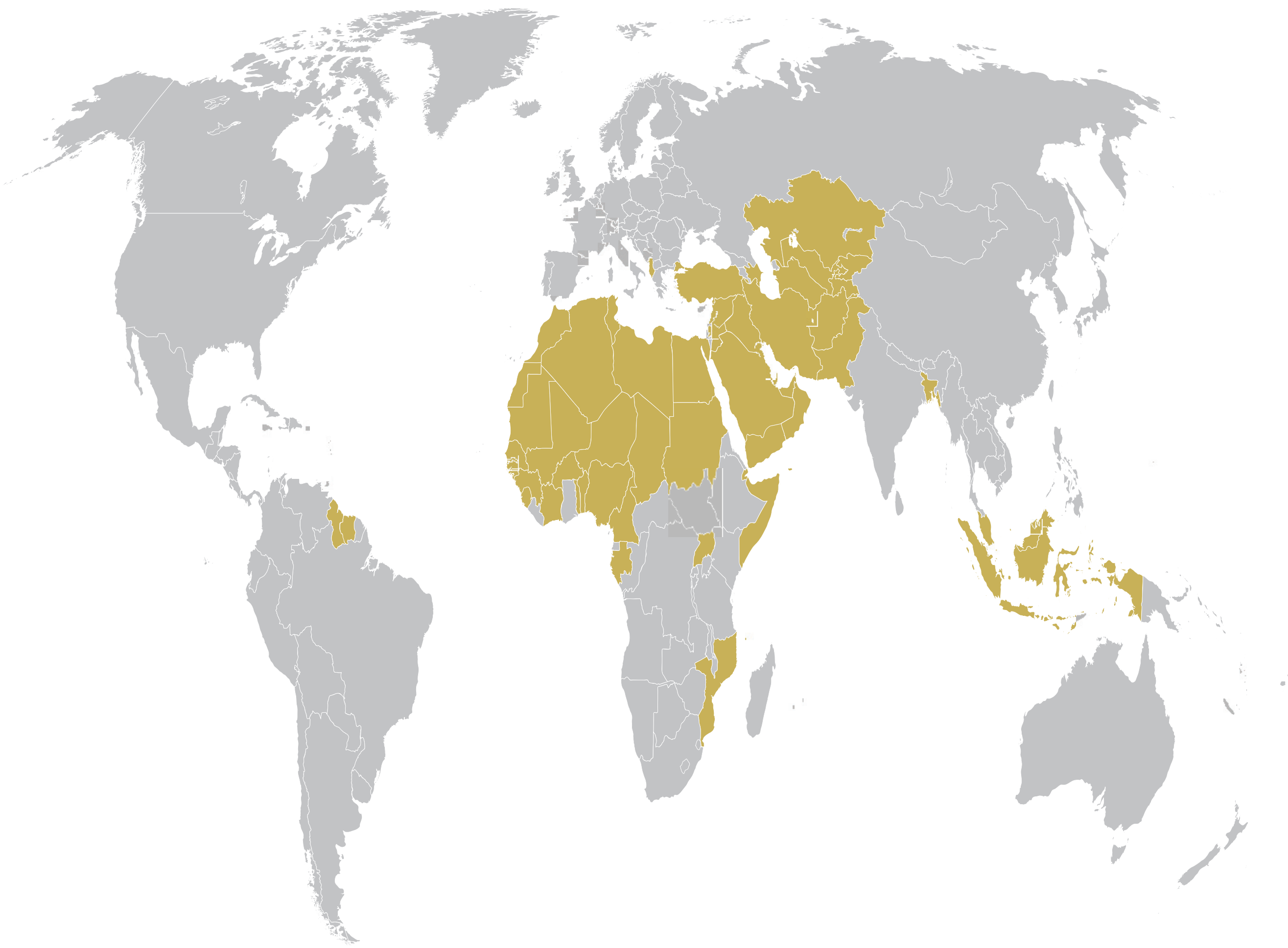

Statistical Economic and Social Research
and Training Centre for Islamic Countries
(SESRIC)

Savaş Alpay
Director General, SESRIC

The publication of this present issue of the Review coincides with a historical moment for SESRIC. I am very pleased to inform our distinguished readers that the construction of the new Headquarters of our Centre has been recently completed and now the Centre is operating in the new premises. The Government of the Republic of Turkey, the host country of our Centre, has granted us a valuable piece of land in the new diplomatic district in the Capital City of Ankara to construct this new Headquarters. This generous initiative of the Republic of Turkey was a clear sign of the importance of the role of the Centre in serving the OIC Member States in an ever increasing number of areas of socio-economic development and technical cooperation.

We have celebrated the inauguration of the new Headquarters of our Centre on 8 September 2012. The opening ceremony of the new Headquarters of the Centre was inaugurated by H.E. Mr. Ali Babacan, Deputy Prime Minister of the Republic of Turkey and high level representatives of some member countries, including H.E. Dr. Cevdet Yılmaz, Minister of Development of the Republic of Turkey, HRH Prince Abdulaziz Bin Abdullah Bin Abdulaziz, Deputy Minister of Foreign Affairs of the Kingdom of Saudi Arabia, H.E. Dr. Abdullah Motaouq Al-Matouq, Advisor in Al-Diwan Al-Amiri of the State of Kuwait, Members of the Board of Directors of SESRIC, ambassadors of OIC Member Countries in Ankara and representatives of other international organisations.

In this connection, I would like to make use of this opportunity to once again express, on behalf of all the staff of SESRIC, our profound gratitude and deep appreciation to the Governments of the Republic of Turkey, Kingdom of Saudi Arabia, State of Qatar, State of Kuwait and State of United Arab Emirates for their generous contributions to the construction of our new Headquarters. With its new and modern facilities, the new Headquarters of the Centre will, undoubtedly, be a big incentive for us at SESRIC to further our efforts towards introducing more innovative approaches in our work with a view to increasing the depth and coverage of our services and enhancing our contribution to the OIC Member States.

The present issue of Economic Cooperation and Development Review includes an interview with H.E. Professor Ahmet Davutoğlu, Minister of Foreign Affairs of the Republic of Turkey. The interview focused on the views of H.E. Davutoğlu on various national, regional and global issues such as the impact of the current Turkish foreign policy at the regional and international level, particularly the new Turkish policy of zero problems with neighbours. The interview also reflected the views of H.E. Professor Davutoğlu on the issue of the Arab Spring, particularly the case of Syria, and the expected role of the OIC in fostering cooperation and solidarity in the Muslim world.

This issue also includes an article by H.E. Angel Gurría, Secretary-General of the Organization of Economic Cooperation and Development (OECD). In his article titled “Supporting Inclusive Growth and Development with Better Policies for

Better Lives", Mr. Gurría presents his views on the role of the OECD in promoting policies aimed at improving the economic and social well-being of people around the world in Member as well as non-Member countries. In so doing, he emphasises the role of international and multilateral dialogue and cooperation through organizations such as the OECD, G20, OIC and others, which facilitate the sharing of knowledge and experiences and seeking solutions to common problems across countries at different stages of development.

In addition, SESRIC also contributes with two recent reports, namely: (1) Current Stance of Energy Resources and Potential in OIC Member Countries; and (2) Islamic Finance in OIC Member Countries.

While wishing a pleasant and useful reading to all the readers, I would like to express my deep thanks and appreciation to H.E. Professor Ahmet Davutoğlu, Minister of Foreign Affairs of the Republic of Turkey, Mr. Angel Gurría, Secretary-General of the Organization of Economic Cooperation Development, and all the contributors to this issue of the Economic Cooperation and Development Review.

Dr. Savaş Alpay
Director General
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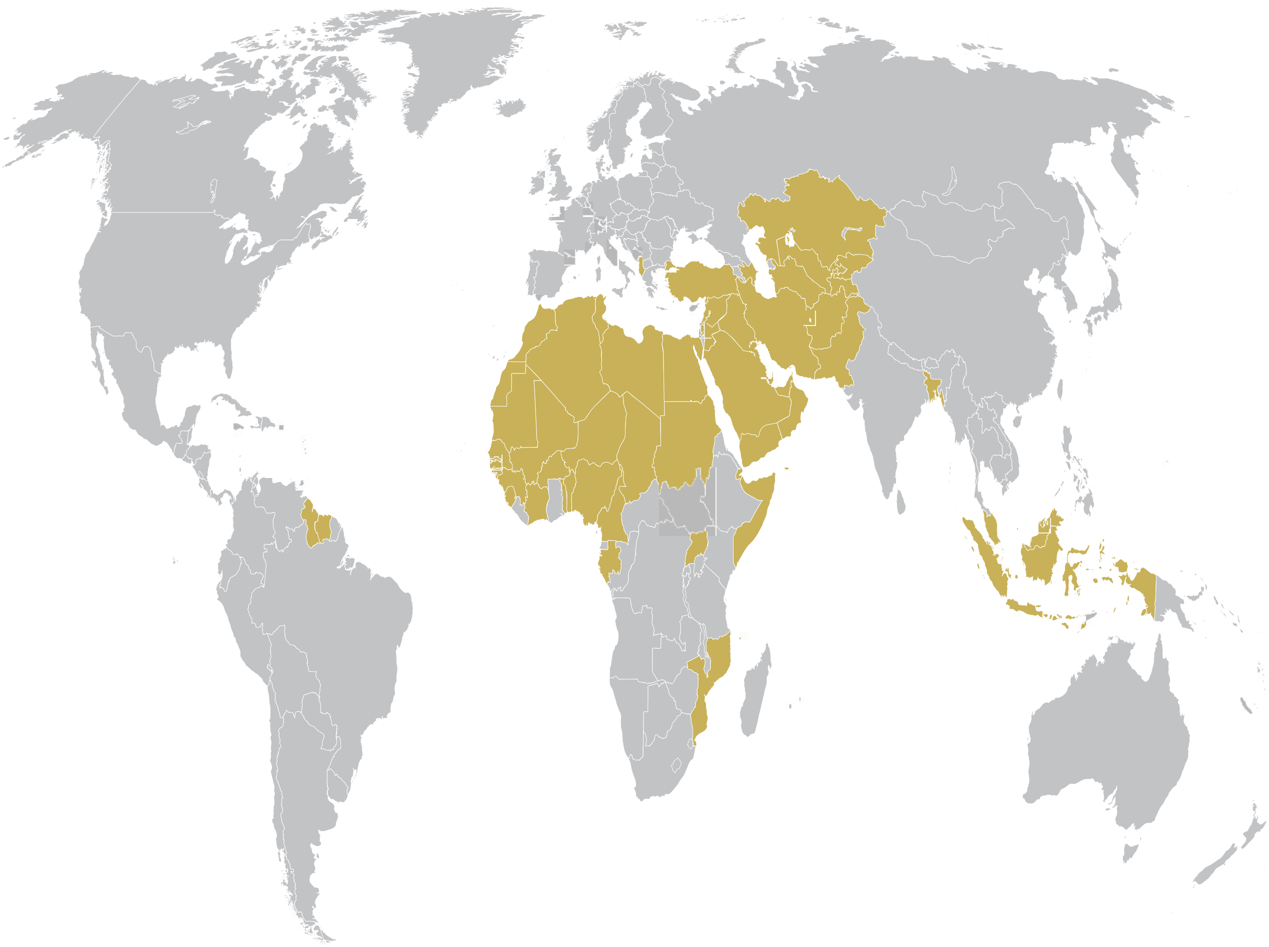

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SESRIC hereby expresses its profound appreciation to the Turkish Statistical Institute (TurkStat) for providing printing facilities.

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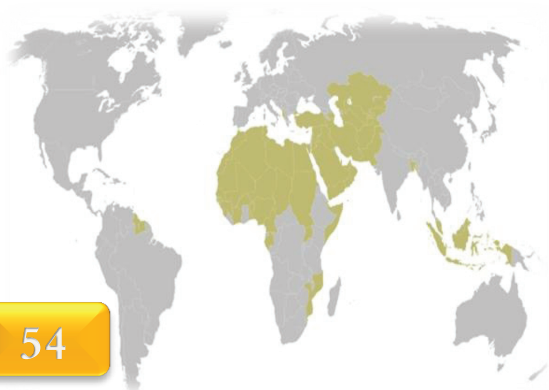

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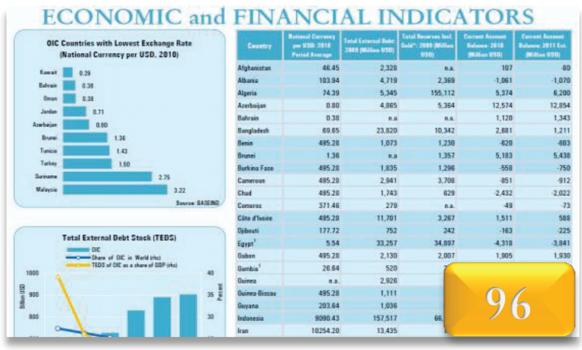

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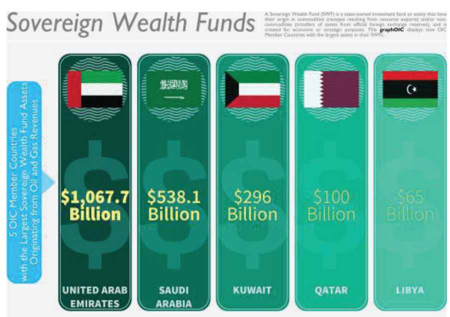
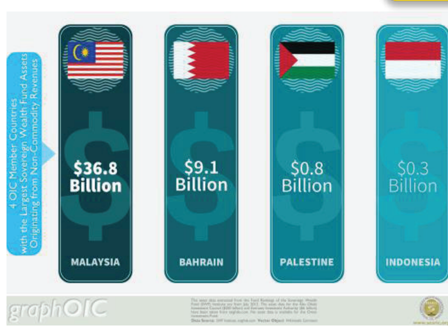




SESRIC CALENDAR

01-02 October 2012: First Technical Meeting on the Development and Harmonization of Standards on Pharmaceuticals and Vaccines among OIC Member States, Kuala Lumpur, Malaysia

2-3 October 2012: Meeting of the OIC Broadcasting Regulatory Authorities Forum (IBRAF), OIC Headquarters, Jeddah - Saudi Arabia

08-11 October 2012: 28th Session of the Standing Committee for Economic and Commercial Cooperation of the Organisation of Islamic Cooperation (COMCEC), Istanbul – Turkey

October 2012: 4th Monitoring and Advisory Committee Meeting of the OIC-VET Programme, Yaoundé – Cameroon

November 2012: 8th Islamic Conference of Tourism Ministers, Khartoum - Sudan

15-17 November 2012: 39th Session of the Council of Foreign Ministers (CFM), Djibouti – Djibouti

20-22 November 2012: 6th Islamic Conference of Higher Education and Scientific Research Ministers, Khartoum – Sudan

4-6 December 2012: 4th Conference on the Role of Women in Development of OIC Member States, Jakarta - Indonesia

4-6 December 2012: 4th Conference on the Role of Women in Development of OIC Member States, Jakarta - Indonesia

16-17 December 2012: 2nd International Conference on Management of Technology, Tehran – Iran

December 2012: 7th Ministerial Conference on Food Security and Agricultural Development, Dakar - Senegal

December 2012: 18th Meeting of the Committee for Coordination of Joint Islamic Action, Tehran - Iran

December 2012: Coordination Meeting on Implementation of the OIC Water Vision, OIC Headquarters, Jeddah - Saudi Arabia

INTERVIEW WITH H.E. AHMET DAVUTOĞLU MINISTER OF FOREIGN AFFAIRS OF THE REPUBLIC OF TURKEY

Professor Ahmet Davutoğlu was born on February 26th, 1959 in Konya, Republic of Turkey. He completed his secondary education at the Istanbul High School. In 1983, he graduated from the Bosphorus University with a double major in Political Science and Economics at the Faculty of Economics and Administrative Sciences.

He completed his MA in the Department of Public Administration and received his PhD from the Department of Political Science and International Relations, Bosphorus University. In 1990, he became an Assistant Professor at the International Islamic University of Malaysia where he established and chaired the Political Science Department until 1993.

In 1993, he became an Associate Professor. Between 1995 and 1999, he has worked at Marmara University, teaching at the Institute for Middle Eastern Studies, the Institute for Insurance and Banking, at the Doctoral Program on Local Administrations and Political Science Department.

Between 1998 and 2002, he was a visiting lecturer at the Military Academy and the War Academy. Following the November 2002 elections, he was appointed as Chief Adviser to the Prime Minister and Ambassador at large by the 58th Government of the Republic of Turkey. He continued to serve in the 59th and 60th Governments.

He worked at Beykent University in Istanbul as a professor from 1995 to 2004, serving as Head of the Department of International Relations, Member of University Senate and Member of Board of Management while teaching as a visiting scholar at the Marmara University.

Professor Davutoğlu published several books and articles on foreign policy in Turkish and English. His books and articles have also been translated into several languages including Japanese, Portuguese, Russian, Arabic, Persian and Albanian.

On May 1, 2009 he was appointed as the Minister of Foreign Affairs of the 60th Government of the Republic of Turkey.

Professor Davutoğlu is married with four children and speaks English, German and Arabic.

SESRIC: During the past decade, Turkey has witnessed important changes and reforms not only in its domestic policies and political life, but also in its foreign policy, which is currently shaped around five principles: balancing freedom and security; zero problems with neighbours; active rather than reactive; complementary relations with global powers; and activism in international organizations. How do you evaluate the impact of the current Turkish foreign policy at the regional and international level?

H.E. DAVUTOĞLU: Indeed, Turkey has undergone a sweeping transformation within the past decade which has also made its impact on our foreign policy formulation. Our democratic advances and economic growth at home enabled us to pursue a more active and dynamic foreign policy in our region and beyond. In other words, the sense of responsibility which has always been an important driver of our foreign policy has now been matched with the necessary capability to actually achieve peace at home and peace in the world.

In that respect, the five principles you mentioned in your question are indeed the guiding tenets of our current foreign policy. We want to generate peace and stability in a wide geography by pursuing proactive, cooperative and multi-dimensional policies based on our national interests, as well as on common values we share with the rest of the international community.

As a result, Turkey has started contributing in earnest to the stability and welfare of a great number of countries and regions. In our close vicinity, we have improved our bilateral ties with our neighbours through enhanced political dialogue, increasing economic interdependence and better understanding among our peoples. To this end, we have put in place new mechanisms such as High Level Strategic Cooperation Councils and also benefited from lifting visas with many of our close neighbours.

We have also worked hard to foster regional ownership through several cooperation and dialogue initiatives. From Balkans to Central Asia, Black Sea to the Middle East; there are now many regional cooperation schemes pioneered or actively participated by Turkey.

Yet, our vision is not limited only to the neighbouring regions. We also try to further develop our links with once remote regions; such as Africa, Latin America and Far East. In all these geographies, Turkey emerges as a major cooperation partner or as a donor country. These growing relations help us benefit from our respective experiences and capabilities. In this regard, not only our trade volume increased dramatically over a rather short period of time but Turkey has also become an important actor in helping maintain peace and security in these regions as evidenced by our constructive involvement in Somalia.

On the other hand, as the international system still evolves and every development becomes more interconnected, we are also determined to emphasize the importance of political dialogue, increased social, cultural and economic interaction and harmony among all nations. Our desire for a better world and efforts towards reaching this goal is best reflected in the initiatives we have undertaken on the international arena.

The "Alliance of Civilizations" which we are pioneering with a view to enhance tolerance and understanding among nations; our "Mediation for Peace" initiative, which in a very short period of time gained enormous support from the international community and the "Global Counter Terrorism Forum" which we co-chair with the USA to foster international cooperation on global security issues are some prominent initiatives that we are leading.

As a result, Turkey today has become a major player in the world pushing for positive change. Our contributions and cooperation is increasingly sought in a wide region.

SESRIC: "Zero Problems with Neighbours" principle has attracted a great deal of attention globally; however, a lot of suspicions and criticisms have been raised against it, perhaps mostly due to misinterpretations. Can you elaborate more on this principle and, in this context, how do you view the role of Turkey in fostering international and regional peace, security and development?

H.E. DAVUTOĞLU: Turkey is surrounded with regions prone to instabilities and events which take place in these areas have the potential to produce global and regional repercussions in terms of stability and security. As a country directly affected by all these developments, Turkey naturally feels the need to pursue more proactive policies towards averting crises and steering events in a positive direction whenever possible.

It is with this understanding that we set the "Zero Problems with Neighbours" policy and started taking decisive steps towards making positive contributions to stability, security and welfare both in our region and beyond.

In this regard, we gave impetus to developing relations with countries in our neighbourhood, on the basis of the principles of "Security for All", "Political Dialogue", "Economic Interdependence", "Cultural Harmony" and "Mutual Respect".

We established new mechanisms of cooperation and lifted visas with many countries in order to ensure more people to people contacts and created a new sense of cooperation that shapes a common regional identity. We tried to lift as many obstacles as we can in the way of more cooperation, interaction and welfare in our region.

The "Zero Problems with Neighbours" policy has actually been quite successful in creating a more positive agenda in our relations. Our policy is bringing prospects of cooperation to the forefront rather than being captive to disagreements. On the other hand, no one expects all problems to be solved overnight. Moreover, relationships are inherently two sided, which indicates that the outcome of efforts towards improving relationships and enhancing cooperation will also depend on the reactions of the other side. Our relations with Israel and Syria for instance could be viewed in this perspective. The current difficulties do not arise from Turkey's lack of determination to resolve problems but rather from the aggressive policies of these countries.

Yet, we are determined to work towards the ideal of zero problems as we believe that these efforts will pave the way towards laying the groundwork for solving problems in the long run. Therefore, we will continue our efforts towards fostering more dialogue and cooperation.

SESRIC: Turkey has been following a principled stance on the Arab Spring from the very beginning based on supporting the legitimate aspirations of the people of these countries, beginning with Tunisia, Yemen, Libya, Egypt, and later in Syria. How do you envisage the long term implications of these developments for the people of these countries as well as for the region as a whole? And how do you evaluate the response of the Turkish government to the Arab Spring?

H.E. DAVUTOĞLU: Turkey's value-based approach and emphasis on democracy and popular legitimacy have underpinned its policy toward the uprisings in the Middle East. Since the revolution in Tunisia, we have pursued a dynamic foreign policy reflecting our basic principles. First, we decided to support the people who rise to demand such basic rights as freedom of expression and other political freedoms. Our chief concern was to sustain the deep and dear friendship we established with the people and to not trade these ties for temporary balance of power calculations. Second, we emphasized that the transition towards stable and legitimate democratic political structures can only be achieved via a balance between security and freedom. Third, we believed that there is no contradiction between our emphasis on democratic demands which in some cases required us to confront repressive regimes and our foreign policy principle of zero problems with neighbours. Fourth, we expressed our opposition to foreign intervention because this region's future has to be decided by its people. Fifth, we considered all people of the region as our eternal brothers irrespective of their background and saw it our duty to dampen sectarian tensions.

With these principles in mind, we believed that the youth demonstrating in the streets represented the future of the region and their aspirations needed to be taken into account. The values demanded by the young Arab generation is the same as what our people enjoy and we believed that they had a right to claim them: free and fair elections, rule of law, transparency and accountability.

SESRIC: Let us take the case of Syria. Turkey and Syria have had very strong relations, including a joint cabinet meeting before the crisis, and now the relations are at a minimum diplomatic level. How do you evaluate the way the Turkish foreign policy dealt with the crisis in Syria? What do you think will be the best solution to the current turmoil and what is the role of Turkey in fostering it?

H.E. DAVUTOĞLU: Syria is not just a neighbouring country for Turkey. We have a common history, we share a long border and we are destined to live next to each other. We have a common future as well as opportunities and challenges. Our societies are interwoven through the ties of kinship. Indeed, Turkish-Syrian border could be qualified as an artificial line in the sense that two peoples have interacted for decades and centuries. This is why we could not remain indifferent or turn a blind eye to the developments taking place right on our doorstep.

Being determined to extend a helping hand to the people in Syria, we approached the Syrian leadership well before the outbreak of the current popular movement. We explicitly urged the Syrian leadership to address the legitimate aspirations of the Syrian people. Syrian citizens asked only for a better life in dignity, more democracy and human rights. We offered to share our experience and expertise in the field of democratization which could inspire the Syrian leadership to take the difficult yet necessary steps. The Government did not only deny them some basic rights but also the good governance, employment opportunities, sustainable economic activity and social security. In sum, they have not been given a prospect for a promising future and a better environment for the coming generation.

What could have they done? To continue living under pressure, with no perspective for improvement in the conditions they are living? Or to try to change the course for a better life for all?

Despite relentless efforts by the Turkish Government, the Syrian leadership chose to confront its own citizens by engaging in a dead-end policy based on the brutal repression of street protests. As such, the Syrian Administration has not only disregarded the outcries of its own people but also lent a deaf ear to international calls for abandoning violence and use of force against peaceful protestors.

Each day hundreds of innocent people are being killed by indiscriminate shelling of regime forces. August has been recorded as the deadliest month since the beginning of the conflict with an amount exceeding 5000. The regime which can no longer be qualified as legitimate has become a ruthless militia murdering its own people. The situation of more than 2 million of internally displaced people, a quarter of a million of refugees and a devastating economy only adds to the gravity of this tragedy.

From the outset, we have been strongly emphasizing that it is the duty of the UN Security Council to take action in developing required responses to the pressing challenges as Syria poses today. We appealed to the members of the Security Council to take responsibility in putting an end to the atrocities committed by the regime against the people of Syria and to pave the way for the democratic transition in accordance with the legitimate demands of the people and thereby to restore security and stability in this part of the world. The UN is facing a serious test. This test is about whether the UN can represent the good conscience of the international community and act in accordance with it or not. So far, the track record has not been promising.

We are taking necessary steps to minimize the negative ramifications of the situation in Syria. However, the longer the pressure from the crisis in Syria continues to build on, the more difficult it will be to keep the countries in the region immune from the ripple effects. We will continue to repeat our calls to the international community to act in solidarity and react in a decisive manner to the on-going human tragedy.

The members of the international community might have different approaches vis-à-vis the Syrian crisis. On the other hand, I would like to believe that we all subscribe to the same objective which is the peaceful completion of the transition process in accordance with the expectations of the Syrian people. Unless the Asad regime ceases its attacks on its own people there can be no prospect for peace and stability in Syria and in the wider region.

SESRIC: With 57 Member States, the Organisation of Islamic Cooperation (OIC) is the second largest inter-governmental organisation after the United Nations. After 42 years of its establishment, how do you view the performance of this Organization as the collective voice of the Muslim World? Are you satisfied with the current level of cooperation and integration among the Member States of OIC? Considering the current global and regional geopolitical and economic challenges, how do you think the OIC can become more effective in fostering cooperation and solidarity in the Muslim world?

H.E. DAVUTOĞLU: The OIC is indeed the second largest inter-governmental institution with a number of subsidiary organs. Turkey is a member of the Organisation since its establishment in 1969. The OIC has been undergoing a conceptual change towards having a complete overhaul for addressing effectively the real aspirations of the Muslim world. The OIC was reorganized through a reform process to meet the contemporary challenges and play a major role in international affairs. Adoption of a new charter and "Ten Year Programme of Action", establishment of new structures such as Independent Permanent Human Rights Council have all augmented the capacity of OIC.

We believe that the OIC could and should play a bigger role and assume a greater responsibility in the international fora. For this purpose, the reform process aimed at creating more competitive and effective organization equipped with necessary tools and organizational structure that are commensurate with the needs of the current global dynamics is strongly supported by Turkey.

The recent events which we have been witnessing in the Middle East and North Africa, have once again proved the need to further develop the existing OIC capabilities in order to play a leading role in conflict prevention, resolution and management.

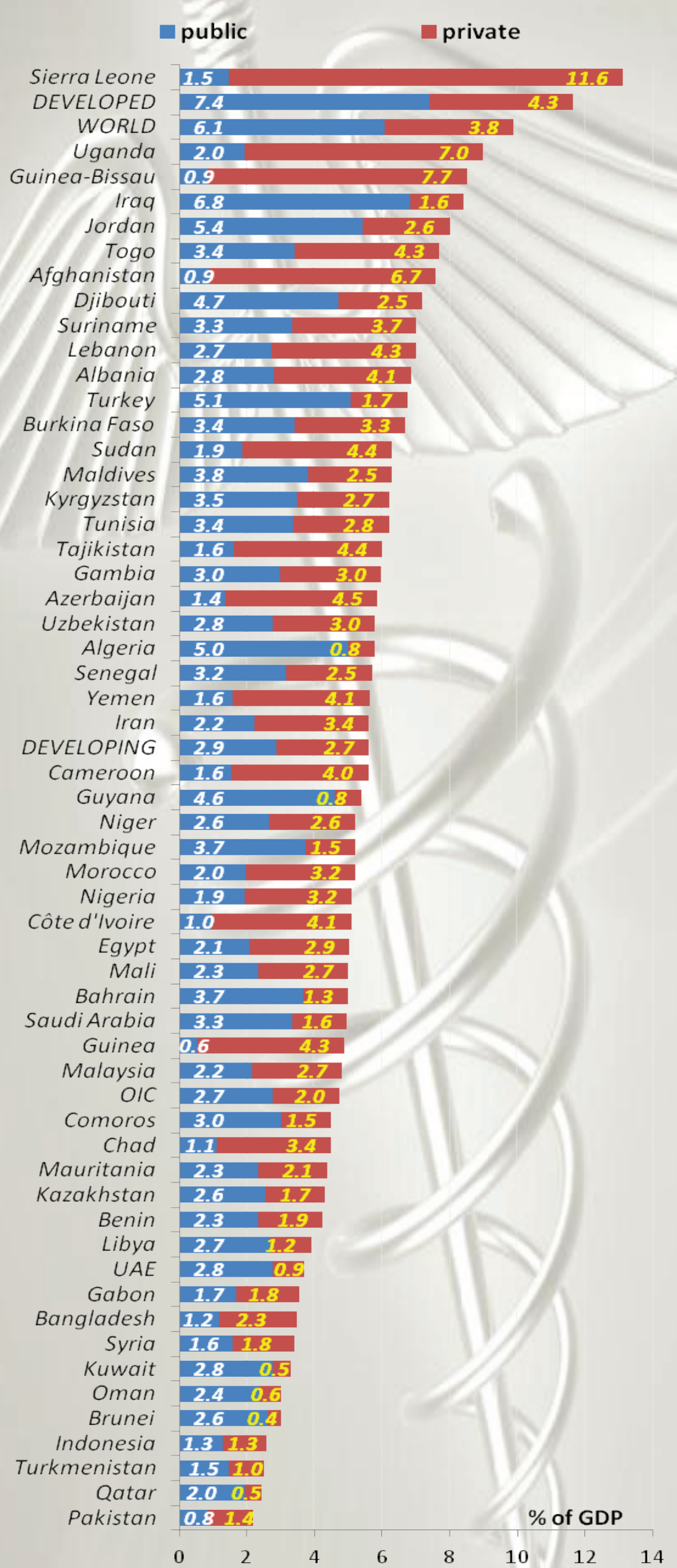
The last OIC Extraordinary Islamic Summit held in Mekkah on 14-15 August 2012 was an important instance showing that member countries can act in harmony and solidarity to work towards resolving the painful and worrisome challenges Muslim countries and communities are facing today. Suspension of Syria's membership and decisions taken towards improving the state of Rohingya Muslims in Myanmar were among the concrete outcomes of this Summit.

SESRIC: As you know, the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) is a subsidiary organ of the OIC operating in Ankara–Turkey since June 1978 as the economic and social research arm, statistics centre and training organ of the OIC. How do you evaluate the contribution of our Centre to the social and economic development of the OIC Member States and its future role in enhancing socio-economic cooperation and collaboration among the OIC Member States?

H.E. DAVUTOĞLU: We highly appreciate the valuable contributions of SESRIC to the OIC countries and to the work of COMCEC through its reports, evaluations and recommendations. We are pleased to host this Centre in Ankara. As you know, we allocated a land to SESRIC at ORAN, a very prestigious neighbourhood of Ankara, to build its headquarters. Opening ceremony of the new building has been held on 8 September 2012 with the participation of high level officials from OIC member countries, as well as Ministers from Turkey. SESRIC, in addition to working in its mandated areas, is the major research body of the OIC and COMCEC. SESRIC actively participates in the annual sessions, Follow-up Committee meetings and undertakings of COMCEC by presenting significant research outputs and implementing technical cooperation projects. In addition to that, I would also like to underline that SESRIC continues to monitor world economic developments and their implications for the OIC member states and report its policy recommendations and technical cooperation proposals to the COMCEC. In this context, I value very highly the existing level of cooperation between SESRIC and the Islamic Development Bank, and encourage both SESRIC and the IDB to continue to strengthen their strategic collaboration to address the contemporary socio-economic challenges faced by the OIC member states.

SESRIC- Thank you very much, your Excellency.

Did You Know?



Source: World Health Organization

Total health expenditure is the sum of public and private health expenditures. Public health expenditure consists of recurrent and capital spending from government budget, external borrowings and grants and social health insurance funds. On the other hand, private health expenditure includes direct household (out-of-pocket) spending, private insurance, charitable donations, and direct service payments by private corporations.

In 2010, the OIC average for total health expenditure as a percentage of GDP is 4.7%, on average, while the global figure is around 9.9% that is surpassed by Sierra Leone, only.

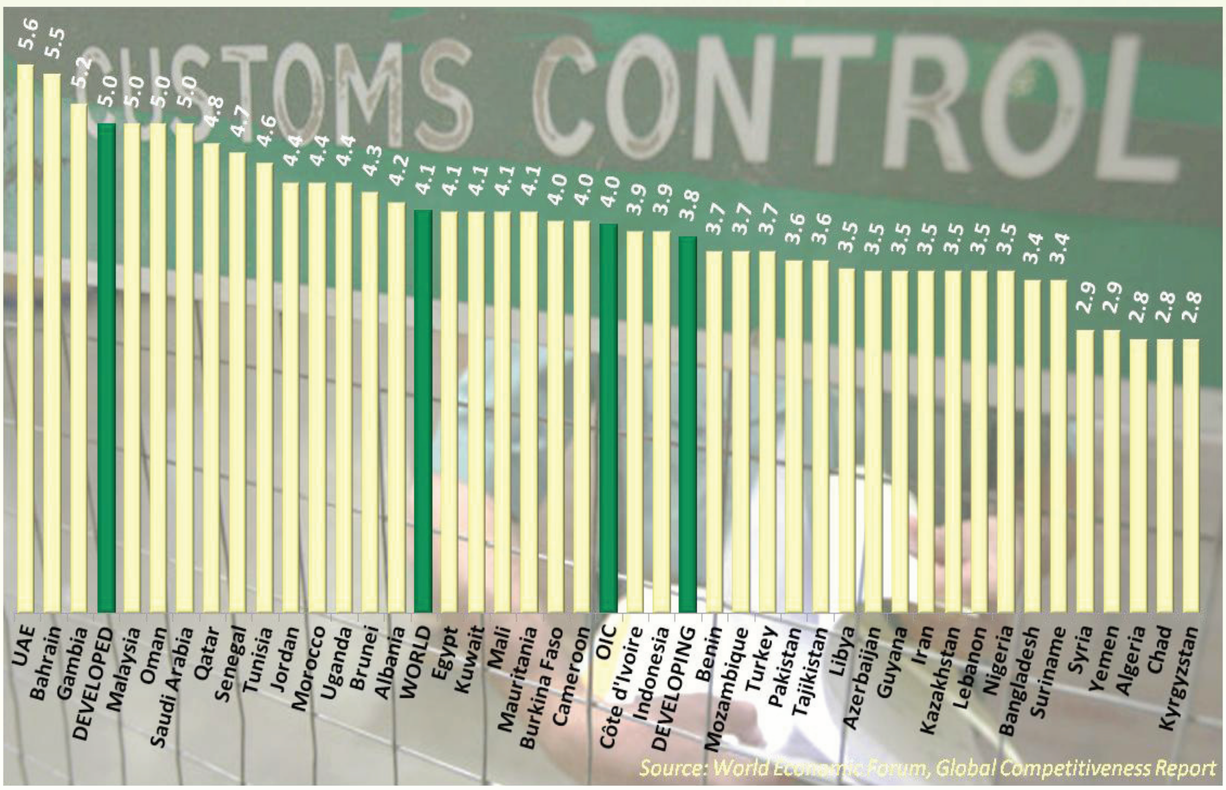
The share of total health expenditure in Sierra Leone's GDP, 13.1%, is even higher than the average of the developed countries, 11.7%. However, nearly 89% of the expenditure is made by private sources which results in private health spending as a percentage of GDP to be as high as 11.6%.

For the GDPs of 26 OIC Member Countries, the total health spending constitutes more than the average share allocated by developing countries, 5.6%. Among these, Uganda, Guinea-Bissau, Iraq, Jordan, Togo, Afghanistan, Djibouti, Lebanon and Suriname managed to rank in top ten with a total share greater than 7%.

The primary source of financing for health expenditure can be said to be equal number-wise, i.e. public share is higher than the private share in 26 member countries and the vice versa is valid for 27 member countries. An egalitarian distribution among the sources is evident only for Gambia and Indonesia.

DID YOU KNOW?

- Trade facilitation is one of the key factors of economic development of countries and is closely tied into social well-being and poverty reduction. However, achieving the true balance between trade facilitation and compliance with statutory requirements of customs control is a great challenge for most of the administrative bodies of countries.
- In this regard, Burden of Customs Procedure measures business executives' perceptions of their country's efficiency of customs procedures. Data are from the World Economic Forum's Executive Opinion Survey of which the latest round included more than 13,000 respondents from 133 countries.
- The rating ranges from 1 to 7, with the lowest score (1) meaning the country's customs procedures to be perceived as extremely inefficient and the highest score (7) as extremely efficient.
- In 2011, the OIC average, 4.0, is slightly below the world average of 4.1, but higher than that of developing countries, 3.8.
- The customs procedures of UAE, Bahrain and Gambia have been perceived as more efficient than the average of developed countries with ratings 5.6, 5.5 and 5.2, respectively. The scores of Malaysia, Oman, Saudi Arabia, Qatar, Senegal, Tunisia, Jordan, Morocco, Uganda, Brunei and Albania are also above the world average.



Supporting Inclusive Growth and Development with "Better Policies for Better Lives"

Angel Gurría
OECD Secretary-General

Born on 8 May 1950, in Tampico, Mexico, Angel Gurría came to the OECD following a distinguished career in public service, including two ministerial posts.

As Mexico's Minister of Foreign Affairs from December 1994 to January 1998, he made dialogue and consensus-building one of the hallmarks of his approach to global issues. From January 1998 to December 2000, he was Mexico's Minister of Finance and Public Credit. For the first time in a generation, he steered Mexico's economy through a change of Administration without a recurrence of the financial crises that had previously dogged such changes.

As OECD Secretary-General, since June 2006, he has reinforced the OECD's role as a 'hub" for global dialogue and debate on economic policy issues while pursuing internal modernization and reform. Under his leadership, OECD has expanded its membership to include Chile, Estonia, Israel and Slovenia and opened accession talks with Russia. It has also strengthened links with other major emerging economies, including Brazil, China, India, Indonesia and South Africa, with a view to possible membership. The OECD is now an active participant in both the G-8 and the G-20 Summit processes.

Mr. Gurría has participated in various international not-for-profit bodies, including the Population Council, based in New York, and the Center for Global Development based in Washington. He chaired the International Task Force on Financing Water for All and continues to be deeply involved in water issues. He is a member of the International Advisory Board of Governors of the Centre for International Governance Innovation, based in Canada, and was the first recipient of the Globalist of the Year Award of the Canadian International Council to honour his efforts as a global citizen to promote trans-nationalism, inclusiveness, and a global consciousness.

Mr. Gurría holds a B.A. degree in Economics from UNAM (Mexico), and a M.A. degree in Economics from Leeds University (United Kingdom). He speaks: Spanish, French, English, Portuguese, Italian and some German.

He is married to Dr. Lulu Quintana, a distinguished ophthalmologist, and they have three adult children.

The financial and economic crisis made it clear: in today's globalised and highly interconnected world, international and multilateral cooperation is more important than ever. The creation of the G20 as the Premier Forum for global economic governance and cooperation between advanced and emerging economies is the most visible example of a new form of international dialogue and cooperation defining ways out of the crisis. But it is not the only one: we need more platforms for such cooperation across countries at different stages of development. By working together to share experiences and seek solutions to common problems we are more likely to succeed. This is why organisations, such as the OIC and the OECD, are so important to their members.

The large and diverse membership of the Organisation of Islamic Cooperation (OIC) requires differentiated answers to the different challenges posed by countries' respective development paths. OIC Members, like Turkey or Indonesia, are among the new engines of growth for the world economy, while other countries, such as those in the MENA region, face different political, economic and social challenges on their transition path. This transition offers them fresh opportunities to improve growth, employment perspectives, and access to education, as well as to strengthen horizons for women constrained by gender inequality, and to bring men, women and children out of poverty. In countries like Sierra Leone and Cameroon, a large percentage of the population still lives on less than $1 a day. In these countries access to economic opportunities, basic health care and education and other social services are a key priority. Tackling these diverse challenges requires customized and well-tailored policy guidance to which organisations like the OECD are also committed.

Many OIC member states are already making use of the OECD's policy dialogue, analysis and advice. For example, African governments are using the Investment Policy Framework to create a truly attractive, robust and competitive environment for domestic and foreign investment. At the end of September 2012 I will travel to Indonesia to discuss our reviews of the economic situation, regulatory reforms and agriculture policies in Indonesia with the Government. Turkey is one of our most active members and its Deputy Prime Minister, H. E. Ali Babacan, recently chaired our May 2012 Ministerial Council Meeting on the theme "All on Board – Policies for Inclusive Growth and Jobs", which discussed and endorsed policies for growth and employment, skills, gender and a new strategy for development.

"Better policies for better lives": tailor-made policy advice for countries at different stages of development

The OECD has worked for more than fifty years to promote policies aimed at improving the economic and social well-being of people around the world. Achieving global prosperity, social inclusion and the well-being of citizens has always been at the heart of our mandate. By sharing knowledge and best practices, and through analysis and fact-based policy advice, we

contribute to the development of all countries. Our mission is to design "better policies for better lives."

The 'D' in OECD stands for development. The OECD Convention mandates the Organisation to promote policies "designed to contribute to sound economic expansion in Member as well as non-Member economies in the process of economic development". Indeed, our work on development has improved the quality, the effectiveness and the impact of international co-operation. The OECD helped to formulate the Millennium Development Goals and has since demonstrated ways to achieve them through policies to enhance the investment climate, improve public and corporate governance, build stronger national institutions, foster health care, promote education and create social safety nets.
More generally, the OECD has encouraged a range of domestic, economic and structural reforms that all countries require to reap the benefits of globalisation. We work with governments to examine what drives economic, social and environmental change and we provide tailor-made policy advice to our Members and partners. We produce high-quality internationally comparable data and indicators and develop key statistics used to understand the economy. We analyse and compare data to predict future trends. We track the dynamics of growth and development at the international, country and regional levels. We compare how effective social and tax policies reduce inequalities and contribute to eradicate poverty, how school systems are readying young people for their lives, and how pension systems will look after citizens in old age. And we look at governments themselves, at all levels: how they shape the economic, social and environmental landscape for business and citizens, how open and transparent they are in their practices, how they produce and deliver goods and services, and how responsible they are in managing their budgets and finances.

Drawing on facts and real-life experience, we recommend customised and well-tailored policies designed to make the lives of ordinary people better. Our work begins with data collection and is followed by analysis and discussion amongst Member countries. The recommendations are then reviewed in the OECD Committees. At the committee level governments develop guidelines, principles and other "rules of the game." This can create binding international agreements as well provide countries with building blocks for national policies. In order to make best use of the research and the advice, myself and our experts conduct country visits, meet with Leaders and Ministers, and develop relationships with policy makers and stakeholders to reach a full understanding of policy challenges on the ground. For example, the OECD's Directorate for Financial and Enterprise Affairs is currently looking at Tunisia's progress in developing an effective policy framework to promote investment for development. To this effect the OECD Secretariat is engaged with various stakeholders on the ground. Through this exercise the OECD will suggest ways in which the climate for both domestic and foreign investment might be further improved.

Multilateral cooperation to promote Economic Development and well-being in Member and Partner countries

The OECD dates back to 1961, when 18 European countries, alongside the United States and Canada, joined forces to create an organisation dedicated to global development. Since its inception, the OECD's membership and involvement with countries at all economic stages of development has grown significantly. Today our 34 member countries span the globe, from North and Latin America to Europe and the Asia-Pacific region. We also work closely with more than 100 countries via key Partnerships with emerging-market economies like China, India, Brazil, Indonesia and South Africa. Moreover, we have developed regional initiatives with developing economies in Africa, Asia, Eurasia, Latin America and the Caribbean.

Global co-operation beyond the OECD's 34 Members has become an integral part of the Organisation's work. As economies become more integrated, the OECD has opened its doors to become a more inclusive organisation. Increasingly, Partner countries can benefit from the work of the OECD in a number of ways.

Our Partners contribute to core OECD work and processes as Members and Observers in Committee meetings and as participants in Working Groups. One example of such cooperation is the MENA-OECD Working Group on Corporate Governance, which provides a platform to discuss corporate governance priorities in the MENA region, enabling countries to share best practices and evaluate their implementation. This group is comprised of representatives of regional securities regulators, central banks, stock exchanges, ministries of Finance and Economy

as well as other public and private sector actors interested in further promoting corporate governance in the region.

The OECD's Global Forums also provide an opportunity for the engagement of Partner countries. The OECD Global Forums bring together an international network of policy makers, academics, business leaders, labour representatives and members of civil society with topically relevant expertise. The OECD coordinates over fifteen Global Forums, with topics ranging from competition policy, international investment, agriculture, biotechnology, sustainable development and education. In fact, the Global Forum on Education was created to meet the demand of Partner countries for education-oriented peer reviews.

Furthermore, the OECD has also continued to strengthen its relationships with other international and regional organisations through joint publications, joint conferences and other forms of cooperation. For example, the OECD Forum on International Investment, which focuses on important emerging trends in international investment and the activities of multinational enterprises, works with the Food and Agriculture Organisation of the United Nations, the International Fund for Agricultural Development, the United Nations Conference on Trade and Development, and the World Bank Group. The OECD also supports important international governance processes, such as the G20, to which we have provided considerable analysis, data and policy recommendations since 2008. From an OIC perspective, the OECD is already engaged with OIC Member countries and regions in the Middle East and North Africa (MENA), Africa, Southeast and Central Asia.

The Middle East and North Africa: OECD support for the transition process

The OECD-MENA Initiative has focused on governance and investment with the aim of helping our Partners strengthen public sector institutions and generate sustainable private sector-led growth. Participants currently include Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, the Palestinian Authority, Saudi Arabia, Syria, Tunisia, the United Arab Emirates and Yemen.

To further strengthen public governance in this region, we are helping our Partners develop accountable, responsive and inclusive governance frameworks. By fighting corruption and preventing misconduct, countries in the region can enhance the rule of law and rebuild citizens' trust in government. By strengthening public procurement systems and improving the transparency of laws, regulations and codes, the OECD is also enabling these countries to deliver public services more effectively.

To enhance the ability for these countries to attract both foreign and domestic investment, we have helped them to strengthen their frameworks and to create a level playing field. We focus on private sector development and on practical ways to improve the business climate for firms. We are pleased that MENA countries are increasingly making use of OECD investment instruments. For example, the OECD Declaration on International Investment and Multinational Enterprises aims to provide a level playing field to foreign-owned companies and includes a code of conduct for multinationals. Egypt, Morocco and Tunisia have adhered to this declaration, while Jordan's accession to this instrument is pending. By committing to these principles, these countries agree to promote a non-discriminatory, transparent investment framework and to ensure responsible business conduct.

The success of these partnerships has driven the OECD to broaden its co-operation with MENA countries to other policy areas. We have built networks of experts with regional governments, private sector participants and civil society members to ensure that we address each country's most important challenges. These relationships have provided us with an opportunity to deepen and broaden our engagement and better tailor the OECD-MENA Initiative to each country's emerging priorities. Beyond the important work on investment and governance, the OECD now supports reform efforts in a range of other policy areas, including tax, entrepreneurship, education and skills, employment, statistics, water management and tourism policy.

Our engagement in the MENA region has also advanced within the framework of the G8 Deauville Partnership with Arab Countries in Transition. The OECD contributes to both the financial and the governance pillars of this Partnership. It participates in the International Financial Institution (IFI) Co-ordination Platform to contribute its knowledge of best practices and its experience with peer-to-peer policy exchanges. Together with the United Nations, the Arab League and the Union for the Mediterranean, the OECD is a co-founder of the Network for Co-ordination, which seeks to enhance co-operation, exchange information and data, and explore synergies among the organisations' activities aimed at improving governance and regional integration. For example, under the Open Government Agenda, we are helping countries align their public sectors with modern information management practices.

The OECD's mandate in the MENA region, as defined by its Member countries, will further deepen the regional evidence-based policy dialogue, foster peer-to-peer learning, monitor and measure progress of reforms at the national level and provide implementation support. The OECD orients its activities to ensure policies produce visible and measured results on the ground. Our consolidated approach defines a three-step strategy:

First, immediate action is needed in 2012-13 to facilitate Tunisia, Egypt, Libya, Morocco and Jordan's access to OECD policy tools and instruments aimed at improving policy making in critical areas, namely public governance and private sector development. In this capacity, the OECD has built strong networks and in-house expertise to drive immediate and effective intervention.

Second, the OECD will offer structural assessments and thematic support to help the governments in the region identify roadmaps for improving governance, social justice, economic performance and job opportunities. This will include innovative peer-reviews, economic assessments of countries and targeted policy advice on structural reforms to boost employment and growth.

Third, the Organisation's core comparative advantage in fostering policy conditions for strong, sustainable and balanced growth can provide regional policy makers with an effective institutional framework. By engaging in OECD Committees and benchmarking against the OECD's legal instruments and standards, MENA countries can advance their reform process at their own pace.

Our Work for Africa: Promoting Sustainable Growth And Development

The OECD also believes that Africa's development is a matter of important global interest. The OECD has intensified its commitment to the region and currently supports governments throughout the continent in their broad reform agendas. We are aiding governments to strengthen democratic and effective governance structures, to enhance representative forms of government, to improve the investment climate through their investment framework and appropriate capital market rules and institutions, and to promote sustainable economic growth and employment through growth-enhancing structural policies that can help tackle poverty.

In 2002, co-operation with Africa became part of our mainstream work programme. The OECD established cooperation with the New Partnership for Africa's Development (NEPAD), which is widely seen as a credible initiative to help achieve the United Nation's

Millennium Development Goals in Africa. Under this engagement, the OECD agreed to identify opportunities to advance the NEPAD Initiative, contribute to its objectives of eradicating poverty, and to promote sustainable growth and development. It also aims to integrate Africa in the world economy and accelerate the empowerment of women.

Much of our work on Africa has continued under similar, multi-lateral partnerships. For example, the NEPAD-OECD Africa Investment Initiative helps countries to strengthen their capacity to design and implement reforms to improve their business climate. This initiative helps to raise Africa's profile as an investment destination and to facilitate regional co-operation, as well as emphasizing the African perspective in international dialogue on investment policies.

We also collaborate with the African Development Bank and other regional players on a number of projects. For example, we have recently agreed to undertake a three-year regional investment policy programme alongside the 14 Member states of the Southern African Development Community (SADC), by drawing on the standards set in our Policy Framework for Investment and in our country reviews.

Furthermore, the OECD has established a Network on Corporate Governance of State-Owned Enterprises in Southern Africa, set up in partnership with the Development Bank of Southern Africa (DBSA) and a joint initiative with the African Development Bank to support business integrity and anti-bribery efforts. We also contribute to initiatives taken in and by Africa, such as the African Competition Forum, the Collaborative Africa Budget Reform Initiative and the African Tax Administration Forum. This latter Forum has recently proposed the signing of an agreement with the OECD to enhance our co-operation in the tax area, which would make us the first organisation to be recognised in such a way.

The leading role and support of South Africa in many of these initiatives has been of crucial importance. For example, in 2010, we collaborated with the South African Treasury and the Development Bank of Southern Africa to launch a Centre for African Public Debt Management and Bond Markets in Midrand, South Africa.

On climate change, we have developed a comprehensive analysis of its effects on Africa, with a focus on assessing the costs and benefits of adaptation. In response to the famine crisis in

the Horn of Africa, donors participating in the OECD's Development Assistance Committee (DAC) provided strategic and effective funding to meet immediate humanitarian needs and also offered long-term policy guidance to help build a sustainable recovery. To address food insecurity, we have carried out a detailed assessment of the impact of rising and volatile food prices on hunger, poverty and security, as well as an analysis of possible policy options.

Our commitment to Africa's development is also illustrated by initiatives such as the *African Economic Outlook*, produced jointly with African Development Bank, the UN Economic Commission for Africa and the UN Development Programme. This Outlook annually charts economic, social and political developments in fifty African countries. We also host the Africa Partnership Forum Support Unit and the Sahel and West Africa Club; and have launched new initiatives like the African Tax Administration Forum, which supports regional governments in their efforts to fully mobilise their domestic resources and improve governance through accountability and effective public financial management.

Southeast Asia: A Strategic Priority

Over recent years the OECD has employed similar efforts to strengthen our relationship with Southeast Asia, in particular with Indonesia. Indonesia and other Southeast Asian countries participate in several OECD Committees and working groups, peer reviews and studies, as well as statistical data collection and international benchmarking exercises, such as the Programme for International Student Assessment (PISA). Several Southeast Asian countries have adhered to international standards and norms developed by the OECD in areas such as tax transparency, chemicals assessment and development co-operation, in order to advance their own domestic reform agendas.

The OECD's recognition of Indonesia as a Key Partner, together with Brazil, China, India and South Africa, demonstrates the increasing importance of this country to the world economy. Through direct involvement in the OECD's work programme, each of these Partners enriches the policy debate among the international community and ensures that OECD analysis and policy standards reflect the wide spectrum of interests and practices. By

taking part in OECD economic surveys and other peer reviews, Indonesia benefits from in-depth evaluations of its economic and social performance based on international best practices. Produced in close co-operation with the government, these reviews facilitate peer dialogue and learning with other countries and provide practical policy recommendations. In addition to the biennial *Economic Survey of Indonesia*, this year will see the publication of policy reviews of Indonesia's regulatory reforms and agriculture policy.

Through its participation in OECD Committees, Working Parties and projects focused on issues such as green growth, innovation and policy coherence, Indonesia is invited to discuss emerging policy issues in an open multi-lateral setting. This engagement has also provided Indonesia with the opportunity to learn from policy experiences of other countries, bring its own insights and know-how to the table and ultimately contribute to the definition of emerging global standards and guidelines.

Central Asia: A Growing Relationship

Our work with Central Asia has significantly developed over the past few years. Our Central Asia Initiative (CAI) was launched in 2008 as part of the OECD Eurasia Competitiveness Programme. CAI includes seven countries; Afghanistan, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan and Uzbekistan. It is aimed at supporting the economies of the region in their quest to develop more vibrant and competitive markets. It also seeks to increase their competitiveness by creating a sound business climate for investment and to enhance productivity, foster entrepreneurship, develop the private sector, and build knowledge-based economies.

The initiative leverages OECD instruments and tools in order to assess where and how to enhance the competitiveness of countries, sectors and regions to generate sustainable growth. Since its inception, the initiative has developed and implemented several regional and country-specific competitiveness strategies, complemented by capacity building seminars and policy coaching. Recently, the initiative led to the publication of the first OECD *Central Asia Competitiveness Outlook*, carried out in collaboration with the World Economic Forum. This Outlook examines the key policies necessary to increase competitiveness in Central Asia and reduce dependence on the natural resource sector through developing human capital, improving access to finance, and capturing more and better investment opportunities.

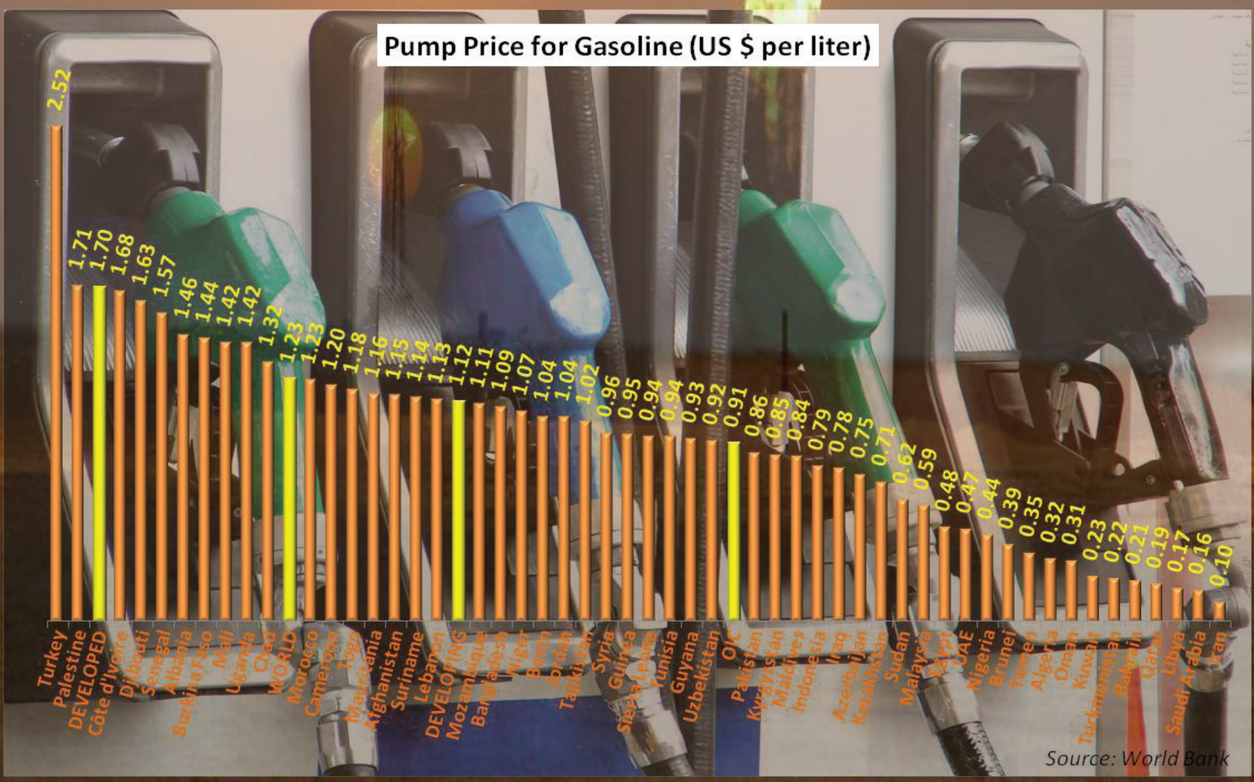
Looking ahead: new lessons, new partnerships, joined forces

The OECD is an open, inclusive and dynamic organisation, working with stakeholders the world over, no matter what point they have reached in their economic development trajectories. We recognise the need to draw further lessons from the development paths, experiences and approaches of emerging and developing economies in order to design better policy tools for all. In particular, there is much that we can learn from Partner countries in MENA, Africa, Southeast Asia and Central Asia.

In return, the OECD can share international best practices, facilitate peer dialogue and provide tailor-made policy advice to support the implementation of national and regional development strategies. The OECD can also offer Partner countries the knowledge accumulated from its unique network of experts, who are able to offer objective technical policy advice. The OECD is open and ready to engage with new partners from the OIC in all parts of world to promote "better policies for better lives". Let's join forces!

Did You Know?

- Fuel prices refer to the pump prices of the most widely sold grade of gasoline.
- The world average pump price was 1.23 US $ per liter in 2010 while the average of the developing countries was 20 cents lower at 1.12 US $. Having the lion's share in the global production of gas, the OIC Member Countries paid 0.91 US $ per liter.
- A liter cost even less than half a dollar in 14 member countries, namely Egypt, UAE, Nigeria, Brunei, Yemen, Algeria, Oman, Kuwait, Turkmenistan, Bahrain, Qatar, Libya, Saudi Arabia and Iran.
- On the other hand, the pump prices were higher than the average of world average, 1.23 US $ in 10 member countries. Among them, the gasoline was sold above the average price of developed countries, 1.71 US $, in Palestine and Turkey. Actually, with 2.52 US $ per liter, Turkey had the most expensive pump price of gasoline in the world after Eritrea.



ISLAMIC FINANCE IN OIC MEMBER COUNTRIES

*SESRIC**

INTRODUCTION

Islamic finance is emerging as an alternative source of finance in addressing the major development challenges faced by many Organization of Islamic Cooperation (OIC) countries. The global market for Islamic financial services, as measured by the total volume of Shariah compliant assets, is estimated to have reached US$ 1.1 trillion at end-2011. OIC countries, with a collective share of over 95% in these assets, continue to be the main actors in the industry's impressive growth story.

Recently, the global financial and economic crisis of 2008-09 has brought to the forefront a wide range of issues concerning the stability and soundness of the conventional financial system. This has prompted an extensive global re-examination by the international community on the adequacy of the existing international economic and financial architecture and the search for a more enduring solution. In the search for a new architecture, there was a general consensus on the need to restore the financial transactions to their basic function – to provide services that add value to the real economy. This, in fact, represents the very essence of Islamic finance, which can be traced back to the Shariah principles. However, concerns remain regarding the compatibility of Islamic financial principles with the conventional performance metrics. Whether socioeconomic goals like sustainability and poverty alleviation can be reconciled with the goals of profitability and market share is strongly challenged. Although certain Islamic products and practices have been lauded for their potential to advance socioeconomic development in OIC member countries, many still argue that the impact of Islamic finance on the development process has primarily been modest. Particularly the development of Islamic financial products has generally been limited to the re-engineering of the conventional products to meet Shariah requirements. All these factors have contributed to Islamic finance's missing the opportunity during the recent financial turmoil to promote itself as a sound alternative to the conventional system, which was then on the brink of collapse. Moreover, the recent crisis has highlighted that the Islamic finance industry remains vulnerable to the similar systemic risks as its conventional counterpart, and its quest for achieving authenticity is still a challenging task.

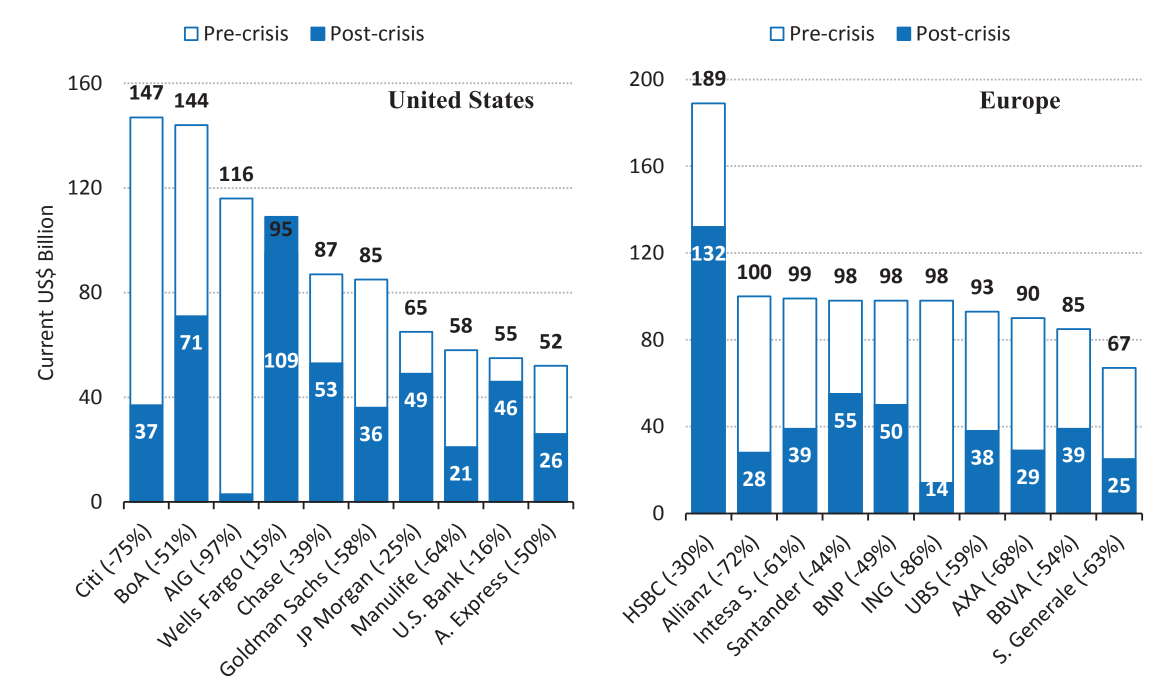
In the light of these observations, the present report examines the contemporary trends in the Islamic finance industry in the OIC member countries and its inherent potential for developing into a mainstream financing alternative to the conventional interest-based system.

THE RECENT FINANCIAL CRISIS AND ISLAMIC FINANCE

Unprecedented increase in the derivative activity, appetite for excessive risk-taking, disruptive financial innovation and loose regulatory oversight brought the conventional financial system to the brink of collapse in the late 2000s. The surviving financial institutions have lost a significant portion of their market values. Ernst & Young (2009) estimated that respectively the 50 and 56 per cent of the total market capitalization of top 10 largest American

**This report is prepared by Nadi Serhan Aydin, Researcher at the Economic and Social Research Department, SESRIC.*

Figure 1 – Change in market capitalizations of top 10 largest conventional financial institutions



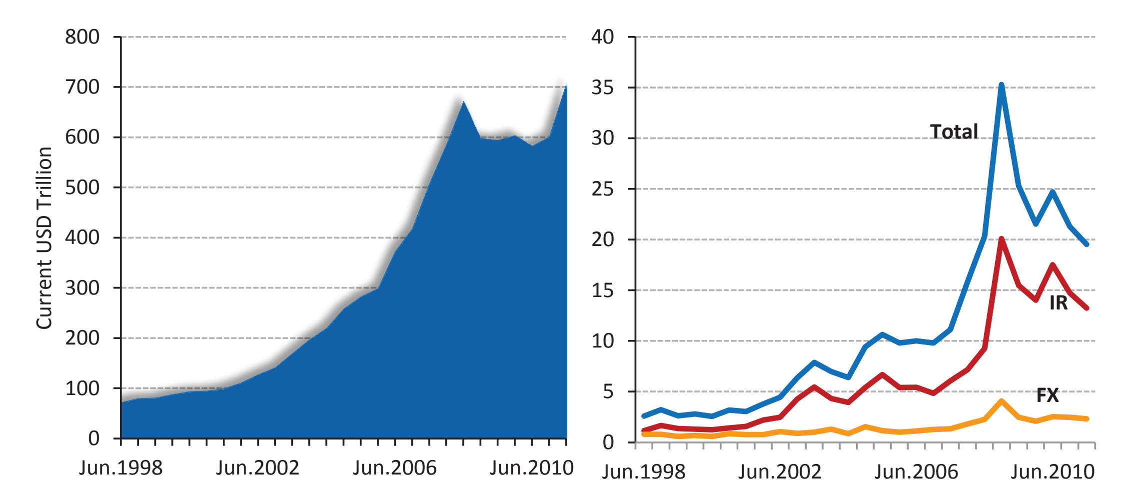
Source: Ernst & Young (2009)

and European financial institutions were swept away during the crisis as a result of the quick deterioration in market confidence (Figure 1).[1] The crisis is not over yet and it continues to take its toll on the real economy. The Eurozone countries have seen the crisis quickly spilled over into their economies and are still striving to fix its negative impacts. Opponents of the conventional system, on the other hand, argue that the global financial system has diverged from supporting the real economy, and that it is hardly creating any jobs and real wealth for the society. Supporting their argument, a cursory look at the derivative activity reveals that, the total notional amount of derivatives traded in the global over-the-counter (OTC) markets reached $673 trillion[2] in June 2008 (Figure 2 left), which is around 11 times the total market value of the publicly traded firms[3] and the global output, separately. As far as the total market value of the derivative contracts is considered, the volume of OTC derivatives more than doubled from 2007 to 2008, as a result of a rapid increase from $16 trillion to $35 trillion, with the interest rate (IR) derivatives holding the first place (Figure 2 right). With the break of the global financial crisis, however, the market value of derivatives dropped by $10 trillion in 2009, from $35 trillion to $25 trillion. While the plummeted market value of the derivative contracts has not picked up yet, the nominal value of traded derivatives appears to be back on the mend and the size of the market still goes far beyond that of the global economic activity. Accordingly, another crisis is almost impossible to avoid.

On the other hand, notwithstanding the adverse developments in the conventional financial system, the growth of global Islamic finance assets remained uninterrupted over the past decade. The overall size of the industry increased notably from only $80 billion at the

[1] Change between 1.1.2008 and 13.3.2009 for banks and between 1.6.2007 and 20.11.2008 for insurers.
[2] Bank for International Settlements (BIS) Statistics.
[3] Based on data from World Federation of Exchanges and the International Monetary Fund (IMF).

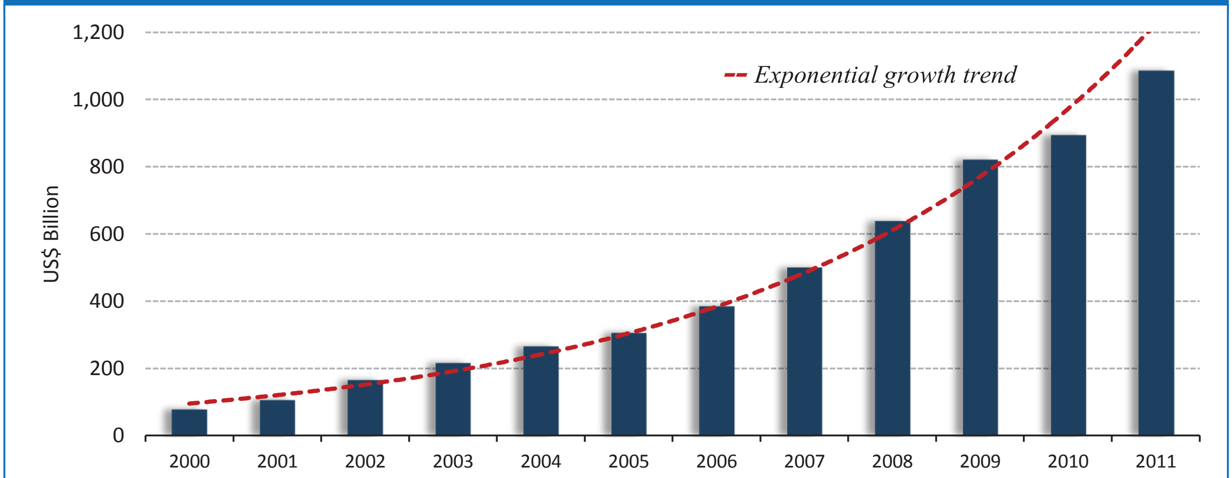
Figure 2 – Nominal (left) and market (right) values of conventional derivative products



Source: Bank for International Settlements (BIS) Statistics

beginning of the last decade to $1.1 trillion at end-2011 (Figure 3). As of 2011, the OIC countries possessed an impressive share of over 95% in the Islamic finance assets globally. The exponential trend observed in Figure 3 translates into a compounded growth rate of over 25% for the Islamic finance industry during the period under consideration. The average growth rate for the period 2000-2007 was recorded even higher (close to 30%), however, as the second round negative impacts of the global financial crisis started to be felt on the real economy starting from 2009, the overall performance of Islamic financial institutions, that were mostly involved in asset-based financing activities, was also affected. Despite the slight moderation in the growth pace due to these second round effects, the majority of the many sharia-compliant institutions and their assets have remained unscathed from the direct impact of the financial crisis on the conventional financial institutions. Yet, the phenomenal growth rates have so far translated little into a sound presence in global financial assets: the share of Islamic finance in global financial assets is estimated at around 1%.

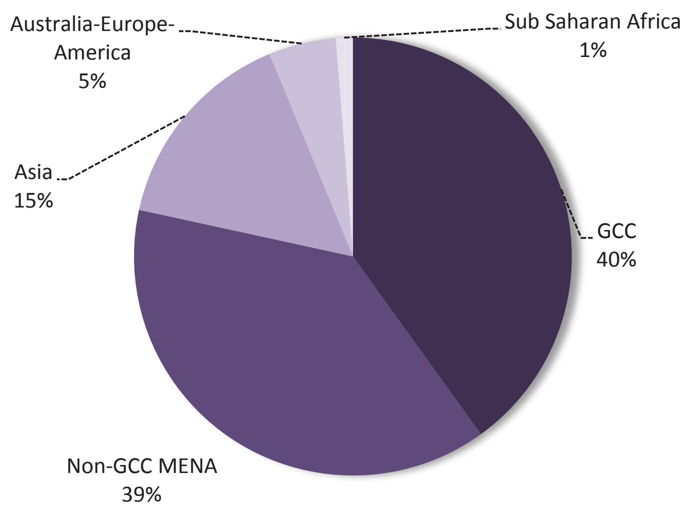
Figure 3 – Global Assets of Islamic Finance



Source: The Banker Survey

OIC countries in the Middle East and North Africa (MENA) region, with a total share of 79% in 2011, are home to the majority of the global Islamic finance assets. The six Gulf Cooperation Council (GCC) countries in the region account for 40% of the $1.1-trillion global Islamic finance industry. In Asia, where the majority of the Muslim population live, the industry is largely underrepresented with a relatively small share of 15%, which, in turn, implies a great potential in the region. Large non-Muslim regions such as Australia, Europe and America hold a collective share of 5% in the global Islamic finance market. On the other hand, the countries in Sub-Saharan Africa (SSA), which face large funding gaps particularly in the area of infrastructure, are missing to tap into the Islamic finance market which is emerging as a new source of funding for large infrastructure development projects.

Figure 4 – Regional distribution of sharia compliant assets, 2011

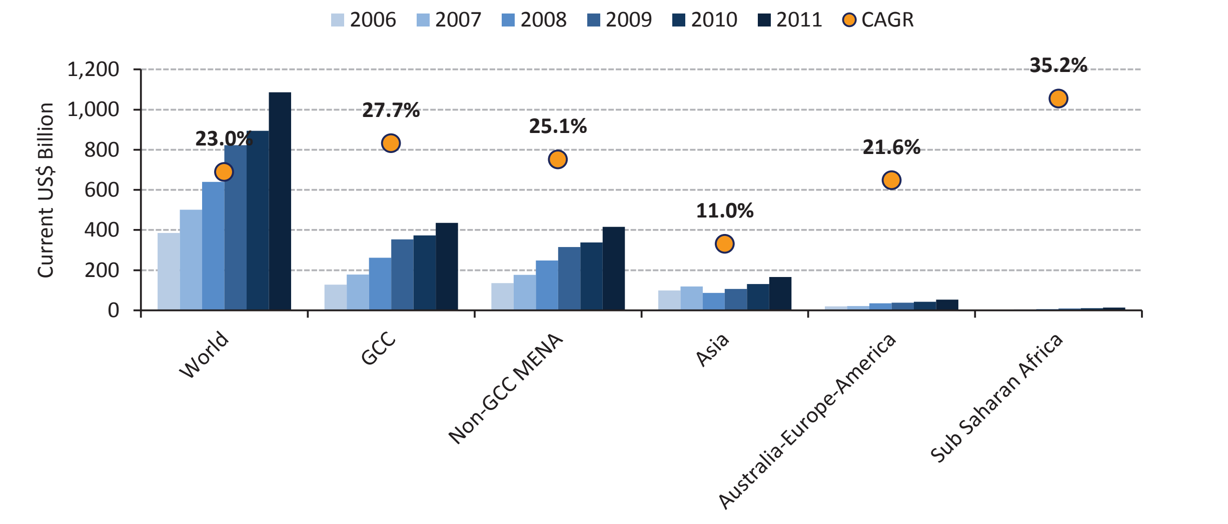


Source: The Banker (2011)

In terms of the regional growth, much of the contribution to the growth of the Islamic finance industry again comes from the OIC countries in the MENA region as the industry in the region, which represents almost four-fifth of the global Islamic finance assets, has been expanding at a compounded average growth rate (CAGR) of 26.4% since 2006. Islamic finance assets in the GCC countries, in particular, have seen an average compounded growth rate of 27.7% over the same period (Figure 5). On the other hand, despite their currently weak presence in the total assets of the industry, non-Muslim regions such as Australia, Europe and Americas are emerging as new centres for Islamic finance. Recording an average growth of 21.6%, Islamic finance assets in these regions have more than doubled during the period 2006-2011, indicating that the Islamic financial services industry is broadening its customer base to non-Muslim regions.

Figure 6 indicates that, at the country level, the largest centres for Islamic finance remain concentrated in Middle East, including Iran, with a share of 35.7% in total Islamic finance assets, Saudi Arabia, 13.9%, United Arab Emirates (UAE), 8.7%, Kuwait, 7.3%, Bahrain, 5.3%, and Qatar, 4.8%, in addition to Malaysia in Asia, with a share of 12.3%. Islamic financial institutions operating in these countries are expected to drive the future growth of the industry and its expansion to new markets. In other OIC member countries in the Middle East

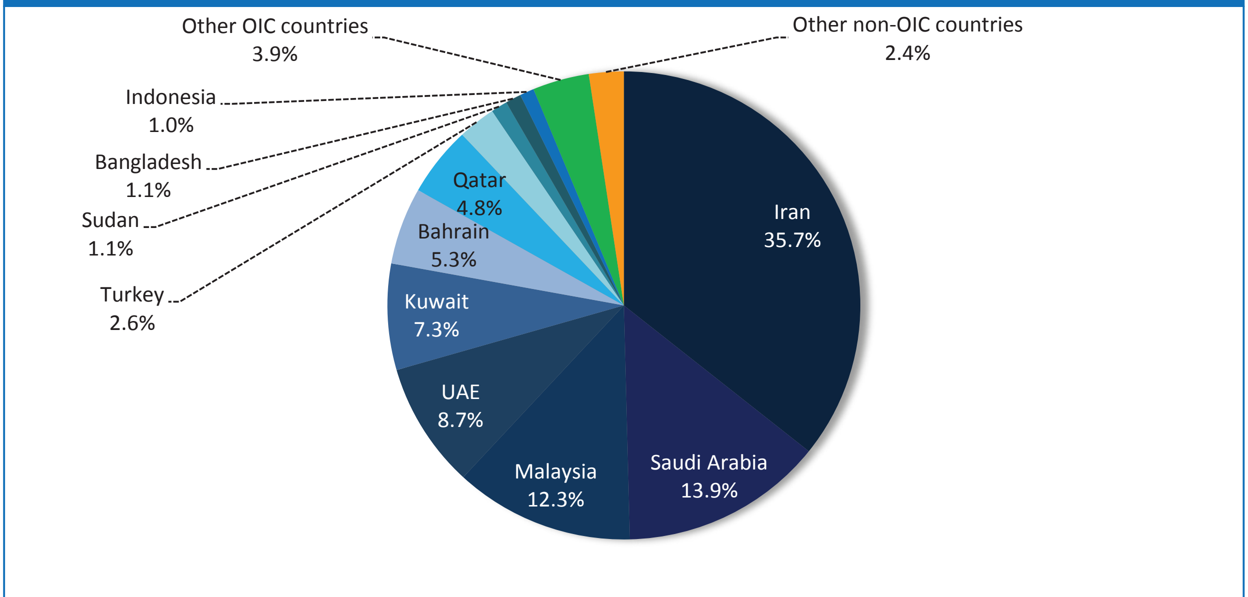
Figure 5 - Regional growth in global assets of Islamic finance



Source: The Banker (2009)

such as Turkey, Sudan, Egypt, Jordan and Syria, Islamic finance industry is developing very quickly. In SSA, Nigeria is stepping up the efforts to capitalize on the Islamic finance industry. Other OIC member countries in Asia such as Indonesia, which has the largest indigenous Muslim population, and Bangladesh each represent around 1% of the global Islamic finance industry.

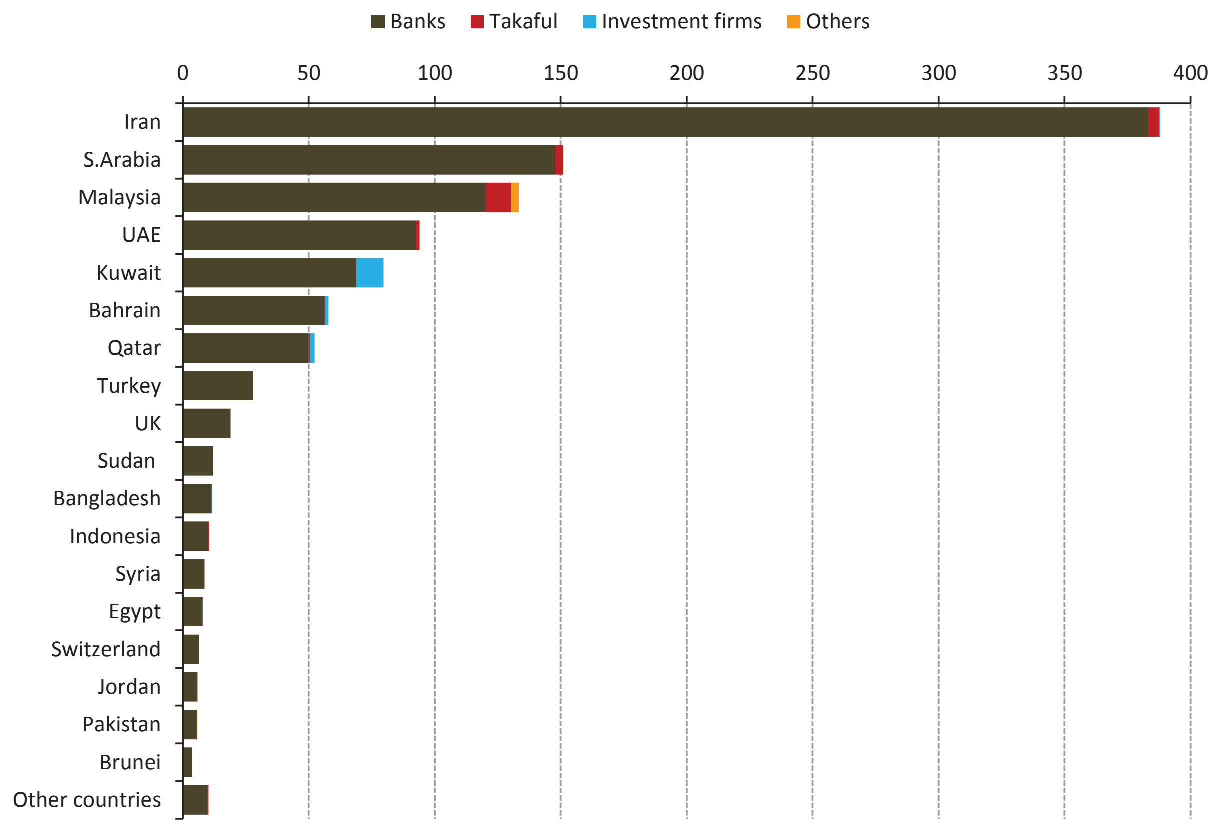
Figure 6 – Country-level decomposition of sharia compliant assets, 2011



Source: The Banker (2011)

Assets of Islamic finance comprise those of Islamic banks, Islamic investment firms, Takaful institutions and others. Figure 7 reveals that, in almost all countries where Islamic financial services are available, Islamic banking assets represent a predominantly higher share in the overall size of the industry in that country. On the other hand, Takaful has relatively significant presence in countries such as Iran, Malaysia, Saudi Arabia and the UAE. As far as the Islamic investment activity is considered, it is observed that, in Kuwait, Islamic investment firm assets represent an important portion of the industry's assets in that country. In 2011, the overall volume of Islamic finance assets was recorded at $388 billion in Iran, followed by Saudi Arabia ($151 billion), Malaysia ($133 billion), UAE ($94 billion), Kuwait ($80 billion), Bahrain ($58 billion), Qatar ($52 billion) and Turkey ($28 billion).

Figure 7 - OIC Countries by largest sharia-compliant assets, US$ Billion, 2011



Source: Maris Strategies & The Banker

KEY DEVELOPMENTS IN THE ISLAMIC FINANCE INDUSTRY

Since the dawn of this 21st century, Islamic finance has undergone the most dramatic transformation to its landscape. In the current global economic environment of extraordinary challenges and uncertainties, Islamic finance is becoming very much a part of the global financial system, with OIC countries being the main suppliers of Islamic financial services. The last decade in the history of Islamic finance is remarkable for its many significant milestones and for the rapid growth that has been sustained.

An important development during the last decade has been the growing significance of the international dimension of Islamic finance and its increased role in the international financial system. Continuing in the same vein, the Islamic finance industry has already witnessed a number of significant developments at the beginning of this decade. A recent report by TheCityUK (2012) identifies the following as significant international developments in the Islamic finance industry in 2011:

Table 1 – Key developments in the Islamic finance industry during 2011

November 2011	Launch of the world's first Islamic interbank rate, **International Islamic Benchmark Rate (IIBR)**, by Thomson Reuters, Islamic Development Bank (IDB), SESRIC, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), together with a consortium of world's largest Islamic banks.
May 2011	Oman's decision to permit the establishment of Islamic banks in the country – the last of the six GCC states to do so.
February 2011	Qatar's move of preventing conventional banks from offering Shariah compliant products through Islamic windows.

The launch of IIBR was a significant leap towards achieving a fully Islamic capital market and decoupling Islamic finance industry from the conventional system. Since the establishment of the first Islamic commercial bank in 1975, the Islamic finance industry has been searching for an indigenous benchmark that can be used to value a wide spectrum of Islamic financial products ranging from short-term liquidity instruments to long-term investment instruments, such as Sukuk (Islamic securitization). IIBR is expected to fill an important gap by providing the Islamic financial institutions with a reliable alternative to conventional benchmarks such as the London Interbank Offered Rate (LIBOR). Although the IIBR is currently calculated from expected Murabaha returns for Shariah-compliant interbank funding denominated in US dollars, its instrument-neutral nature, as resolved by the IIBR Islamic Benchmark Committee, will no doubt pave the way for further expansion of its rate contribution base into other Islamic finance instruments, such as Mudaraba, Musharaka, Sukuk and Wakala, as these instruments are becoming increasingly widespread.

On the other hand, Oman, with its decision in May 2011 to permit new start-ups by Islamic banks in the country, aimed to tap into the regional demand for Shariah compliant financial services currently being met in other countries in the region, thereby curtailing the current outflow of Islamic investments from the country.

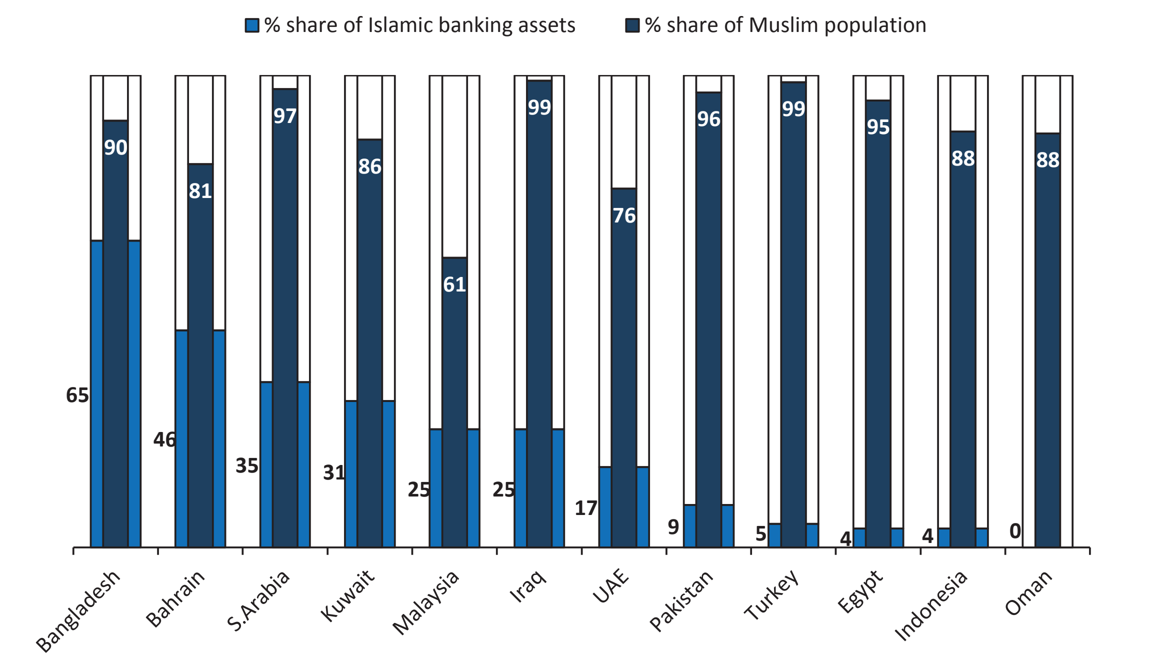
In Qatar, the boundary imposed on the conventional banks is expected to provide opportunities for fully Islamic banks and encourage new conversions to Islamic banking.

CHALLENGES AND PROSPECTS FOR ISLAMIC FINANCE

While Islamic financial institutions have successfully qualified the robustness test by exhibiting greater resilience during the recent global financial crisis, the crisis have also brought under the spotlight some important challenges the industry is currently facing. Going forward, the stakeholders of Islamic finance in OIC countries, and in the global arena at large, will need to address a broad spectrum of issues surrounding the industry. Although these challenges will take time and effort to overcome, none of them appears to be insurmountable.

Muslims make up roughly one-fourth of the world's population and OIC countries are spread over four continents. The penetration level of Islamic finance varies substantially across the member countries. Excluding two OIC member countries, namely Iran and Sudan, where the financial systems are acclaimed to be fully Islamic, Figure 8 illustrates the penetration levels for Islamic banking services in the selected member countries as well as the share of Muslim population in the total population of these

Figure 8 – Islamic finance penetration in the selected OIC countries



Source: Maris Strategies, The Banker, Pew Research (2011)

countries. In Bangladesh, where the penetration of Islamic finance is highest, the industry accounts for 65% of total banking assets; in Bahrain, for 46%; and, in Saudi Arabia, for 35%. However, in other member countries such as Pakistan, Turkey, Egypt and Indonesia with large Muslim populations (approx. 540 million in total), penetration of Islamic banking is limited to the 4-5% of total banking assets. Apparently, the low with penetration rates vis-à-vis high Muslim concentrations in many OIC countries indicate that there is plenty of room to sustain the recent rapid growth of the Islamic finance industry by reaching more Muslim customers who either remain unbanked due to their religious sensitivities or have no choice but to use conventional financial services to meet their financing needs.

Yet, in many OIC countries, economic development is constrained by a lack of access to finance. Based on data from CGAP Financial Access 2009 Survey, Oliver Wyman (2011) reports that

An estimated that 70% of Muslims have no access to basic financial services;

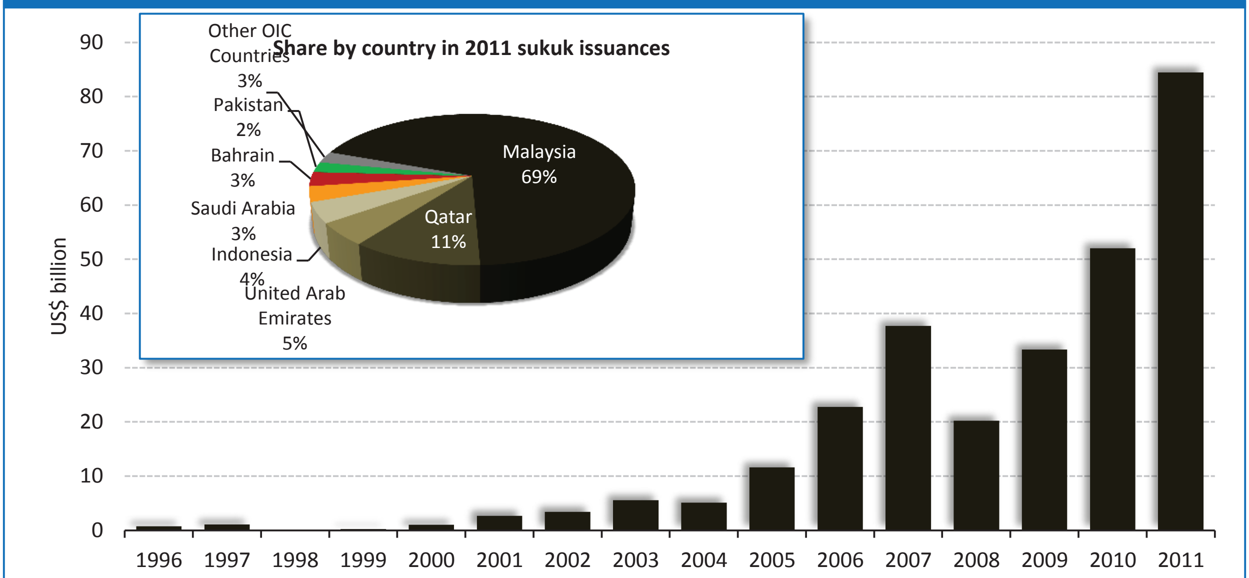
Only 28% of the adult population in OIC member countries uses formal financial intermediaries;

Less than 50% of adults in OIC countries in Sub-Saharan Africa have a deposit account. In developed countries the number of accounts exceeds the number of people by far.

Supporting these findings, the present study also finds that OIC countries have on average 5 physical bank branches per 100,000 adults, while this number is around 10 in other developing countries and 40 in developed countries in the same year (CGAP Financial Access 2010 Survey). The gap in 'access to finance' in the Muslim world, in turn, creates attractive opportunities for the Islamic finance industry with positive development effects.

On the other hand, the recent global financial crisis coincided with the growing concerns over the possibility that excessive financial innovation might lead the Islamic finance products to bend certain key precepts of Muslim jurisprudence to breaking point. Perhaps the most prominent example is the Sukuk – sometimes even called the "Islamic bond" – as many Islamic Sukuks have gone too far in mimicking conventional, interest-bearing bonds, which are prohibited in Islam. Over the past fifteen years, the volume of annual Sukuk issuances has increased substantially. Notably, the total annual volume of Sukuk issuances in the OIC member countries increased to US $84.5 billion in 2011, recording an exponential growth history since the beginning of the decade (Figure 9). However, as compared to the enormous amounts of financing that is needed in the area of infrastructure development in the OIC countries, the Sukuk market is essentially a nascent market and needs to be further developed. Compounding the "form-over-substance" arguments, the majority of the Sukuk issuances, be it corporate or sovereign, have so far concentrated more on raising finance for balance sheet purposes than on addressing funding needs of large infrastructure projects with positive developmental impacts.

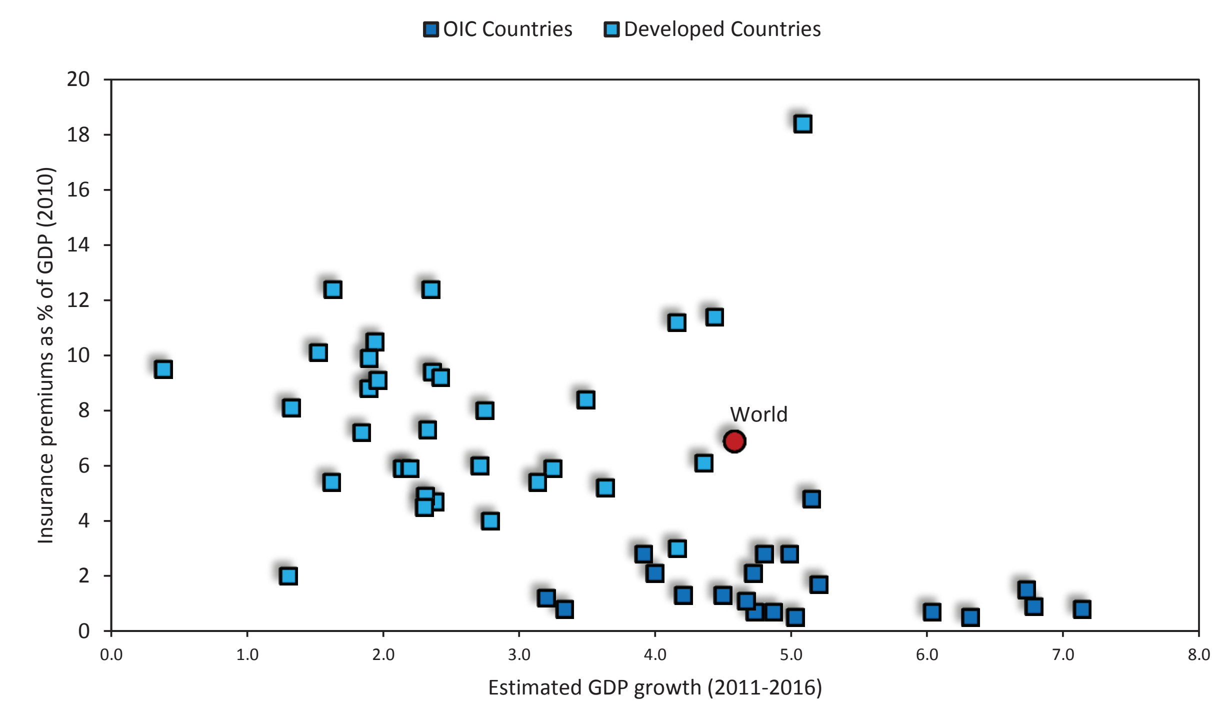
Figure 9 – Sukuk issuances originating from OIC countries



Source: Zawya Sukuk Monitor ** Includes only closed auctions and matured sukuks*

Furthermore, the low penetration levels of Takaful (Islamic insurance) in OIC countries are posing another challenge for the Islamic finance industry. OIC member countries as key Takaful markets are characterized by low insurance penetration rates versus huge potential for rapid economic growth in the future (Figure 10). This explains to a large extent why the global market for Takaful remains at an early stage of development. Global Takaful premiums are estimated by Ernst & Young (2011b) to have reached $16.5 billion in 2011. Moreover, Takaful premiums remain highly concentrated in Iran which generated almost 30% of the global Takaful premiums in 2011. The global Takaful market is expected to reach $25 billion by the end of 2015. Similar to the relative size of Islamic finance to the global financial industry, the Takaful market represents only 1% of the global insurance market at present (Ernst & Young, 2011c). Issues such as customer reach and cost competitiveness are yet to be addressed.

Figure 10 – Insurance penetration in key Takaful markets



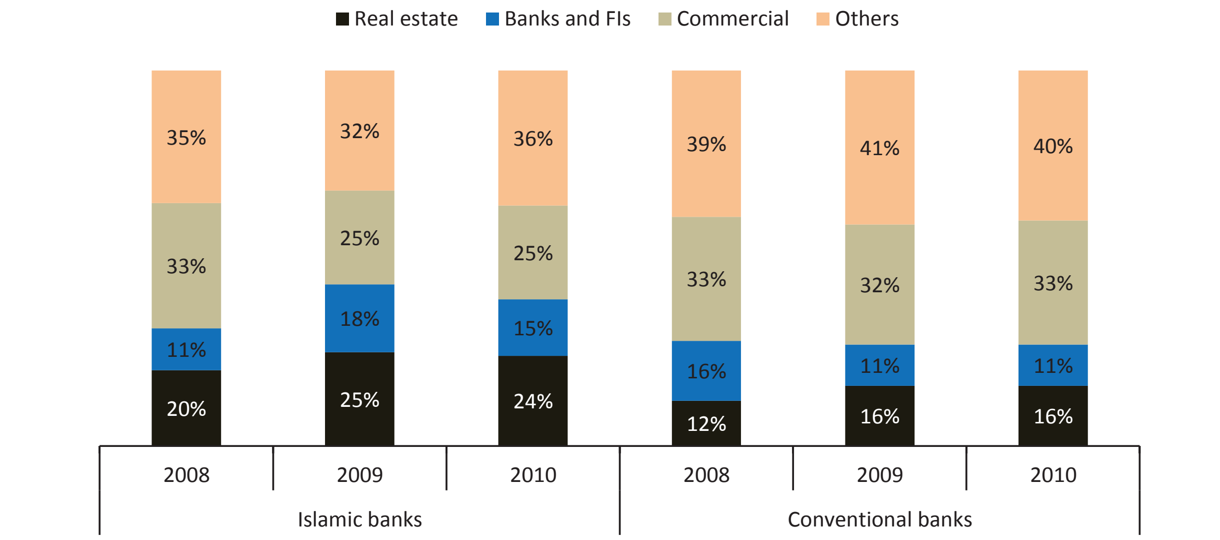
Source: Ernst &Young (2011b), Swiss Re (2011), World Bank and IMF

Since there is little room for diversification of assets, the risk management capabilities of the Islamic financial institutions are limited. A direct consequence of this was observed in the last financial crisis when large exposure to real estate of Islamic financial institutions resulted in falling asset values in many of these institutions operating in the OIC member countries, particularly in the MENA region. A study by Ernst & Young (2011a) reveals that the real estate concentration still remains a concern for Islamic finance industry and may affect its future growth (Figure 11).

Another major impediment to the growth of Islamic finance industry is the weak Islamic finance enabling infrastructure in many OIC countries, as shown in Figure 12. Enabling infrastructure would include, among others, legislative, regulatory, legal, accounting, tax, human capital, and Shariah business frameworks. Although member countries such as Bahrain, Malaysia and UAE are among the major Islamic finance centres with their developed infrastructures, in many others, particularly those in the Africa region, an enabling environment is not in place. This, in turn, increases the operational risks, including the risk of Shariah compliance, and creates a negative incentive for Islamic financial institutions and Islamic windows of large international financial institutions to offer Islamic financial services in these countries.

Development of Islamic money and capital markets, provision of standardized liquidity management tools, improvement of the operational efficiencies of Islamic financial institutions, standardization in products, synchronization of regulatory frameworks, and human capital accumulation are other areas where the Islamic finance industry needs to take structural steps. So far, the geographic reach of Islamic finance standard setting institutions has been limited while enforceability of their standards remains a challenge.

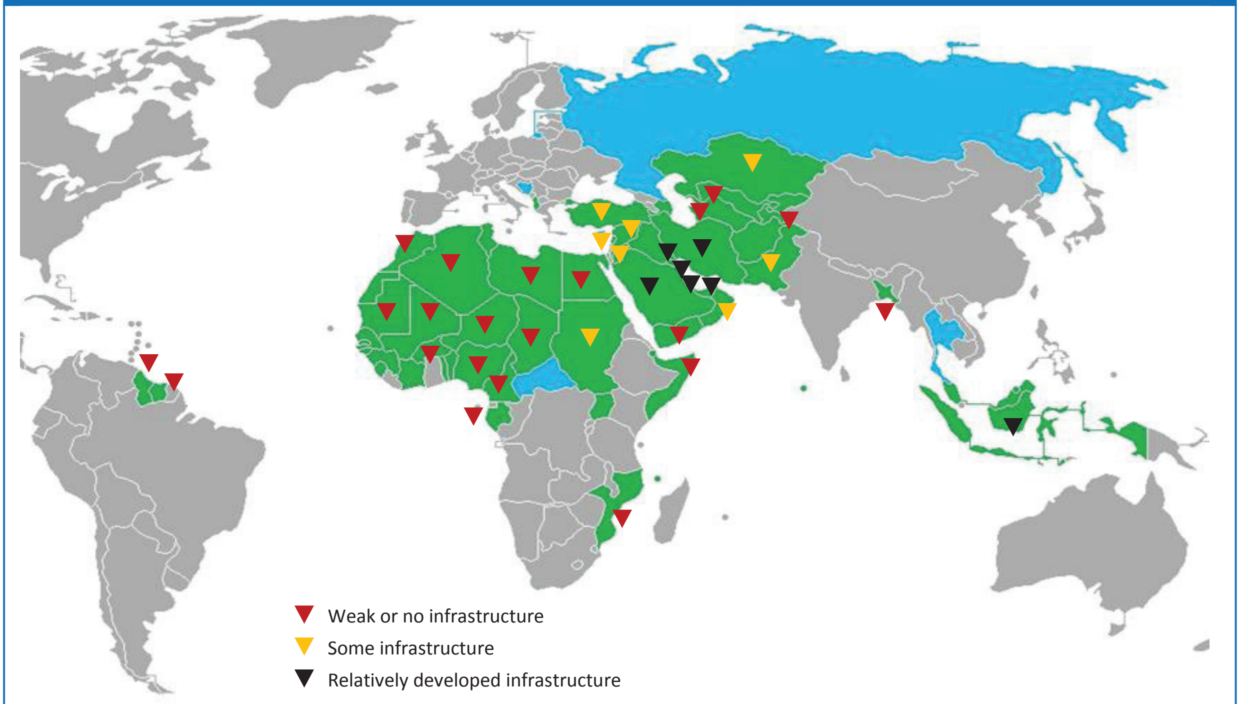
Figure 11 – Concentration of assets in Islamic and conventional banks*



*Source: Ernst &Young (2011a). * Sample based on selective banks*

The broadening of the global skills base in Islamic finance, on the other hand, is desirable since the number of qualified practitioners, as well as Shariah scholars available for Shariah boards, is currently very low. Representation of Shariah scholars on Shariah boards is highly concentrated. Indeed, a survey by Funds@Work (2011) reveals that only the top 20 Shariah scholars hold 619 board positions which represent more than half of the 1,141 positions available.

Figure 12 – Islamic finance infrastructure in OIC member countries



Source: Ernst &Young (2011a)

Despite the formidable challenges remain, the Islamic finance industry has its own inherent strengths – at both supply and demand sides – that derive from the core values of Islam. These inherent strengths, if employed in true spirit, are expected to drive the future growth of the industry.

Notably, the recent and past surveys suggest that, if given the choice, a significant portion of Muslims would opt for Islamic finance alternatives. Some of these surveys are reported in Table 2 with their respective outcomes. In Palestine, for example, the majority of the low-income households reportedly prefer Islamic financial services over their conventional counterparts, with half of these households having indicated that they would continue to prefer Islamic financial products even if they are required to incur higher costs for these products.

Table 2 – Preference for Islamic finance in the Muslim world

Country	Survey (Year)	Result
Algeria	Frankfurt School of Finance and Management (Bankacademie International) (2006)	A study revealed that 20.7% of microenterprise owners do not apply for loans primarily because of religious reasons.
Indonesia	Bank Indonesia (2000)	In East Java, 49% of the rural population considers interest prohibited and would prefer to bank with Sharia-compliant financial institutions.
Jordan	IFC and FINCA (2006)	Studies show that 25% and 32%, respectively, of those interviewed cite religious reasons for not seeking conventional loans. The study also showed that 18.6% of those interviewed rank religious reasons as the single most important factor in their decision on obtaining a loan.
Lebanon	Hamze (2001)	The success in outreach of Islamic programs relative to conventional microfinance institutions strongly suggests that large numbers of poor people prefer Islamic finance. In addition, microfinance practitioners report that many of the poor refuse financial services unless they are Sharia-compliant.
Palestine	PlaNet Finance (2007)	More than 60% of low-income survey respondents claim a preference for Islamic products over conventional products. More than half of such respondents prefer such products even if they come at a higher price.
Table 2 – Continued		
Syria	IFC (2007)	Survey revealed that 43% of respondents considered religious reasons to be the largest obstacle to obtaining microcredit. In addition, 46 percent of respondents who had never applied for a loan stated that religious reasons were the primary reason they had never applied. Nearly 5 percent of current borrowers said they would not apply for another loan for religious reasons
Yemen	National Microfinance Foundation	An estimated 40% of the poor demand Islamic financial services, regardless of price
Afghanistan, Indonesia, Syria, and Yemen	FINCA (Afghanistan), German Technical Cooperation (Indonesia), Sanadiq in Jabal-al-Hoss (Syria), Social Fund for Sustainable Development (Yemen), and Hodeidah Microfinance Program (Yemen)	Microfinance practitioners (please see left) indicate That in these countries some conventional microborrowers tend to switch over once Islamic products become available (CGAP, 2008).

Furthermore, the Islamic finance industry has already successfully weathered the global financial crisis, turbulence in Europe, and the challenges introduced by the recent political unrest prevailing in some of the member countries. The financial crisis of late 2000s provided us with a natural experiment to evaluate the resilience of Islamic finance industry. There is now growing evidence that the Islamic finance institutions were more stable before, during and after the last financial crisis. Most notably, an recent empirical study by International Monetary Fund (IMF) (Working Paper No: WP/10/201), capturing 80% of the global Islamic finance industry in assets, concludes that although the average profitability of Islamic banks were similar to that of conventional banks in the crisis period, the profits of Islamic banks' were more stable while their asset and credit growth rates were at least twice higher than that of their conventional counterparts and external ratings generally favourable. The stability and resilience arguments were indeed previously echoed by a number of OIC Central Banks governors, including Zeti Akhtar Aziz of the Central Bank of Malaysia and Durmus Yilmaz of the Central Bank of Turkey. They essentially argued that the inherent strengths of Islamic finance, including the close link between financial transactions and productive capital flows, the built-in dimensions of governance and risk management, limitations on excessive leverage and disruptive financial innovation, had contributed to its viability and resilience.

On the other hand, some others like Chapra (2009) and Saddy (2009) argue that claims of adherence to Islamic principles by Islamic financial institutions are not borne out by the facts and, as a result, they were not immune to the direct (primary) impacts of the last crisis. According to them, some Islamic financial institutions have not only relied on leverage and undertaken significant risks, but also funded western corporations, some of which have risky profiles and low credit ratings, without conducting the needed due diligence. A third group, including The Economist (2009), El-Said and Ziemba (2009), and Ali (2011), while agreeing that Islamic banks have avoided direct exposure to toxic subprime assets, stress that they were subject to the second round effects of the global crisis due to the fact that many Islamic banking contracts were backed by real estate and property, both of which experienced a downturn during the crisis.

All in all, with the challenges ahead, the growth of Islamic finance, free from interest and subject to high moral codes, would be slow in the long-run. And the slow growth of the industry would also slow down economic growth and wealth creation. However, the wealth created would be real, more equitably and profitably distributed, and would encourage spin-offs into real economy, creating jobs, increasing trade both domestically and internationally.

CONCLUDING REMARKS

As one of the fastest growing segments in global fina As one of the fastest growing segments in global financial services industry, Islamic finance has become systemically important in many OIC countries and too big to ignore in some others. While conventional intermediation is to a large extent debt-based and allows for the transfer of risk, Islamic intermediation, in contrast, is asset-based, and centres on the sharing of risk between the depositor, bank, and the entrepreneur. Although these characteristics leave Islamic financial institutions with additional operational burdens, these features make their activities more closely related to the real economic activity and tend to reduce their contribution to financial anomalies, such as excessive risk-taking and speculation on prices.

While the global crisis gave Islamic financial institutions an opportunity to prove their inherent stability and resilience characteristics, it also highlighted the urgent need to address important challenges. Building a well-functioning Islamic finance infrastructure is imperative for providing the industry with a level playing field. Moreover, regulators and standard-setters in OIC countries should ensure that the supervisory and legal infrastructure for Islamic finance remain relevant to the rapidly changing Islamic financial landscape and global developments. Infrastructure development efforts should interface with the global financial reform agenda.

Furthermore, greater convergence and harmonization of regulations and products among the member countries is needed to facilitate an efficient and sustainable growth of the industry. Synchronisation of policies and actions across different jurisdictions and markets in the group of OIC countries is a major task, and therefore, a broad-based and constructive strategic platform to build cross-border consensus is necessary. This is also important for the promotion of financial stability within the Islamic financial system.

As the demand for financing for infrastructure projects will be strong in OIC countries, particularly in GCC countries and those in the Africa region, Islamic financial institutions should look closer into the opportunities in the field of infrastructure by promoting appropriate Islamic instruments, such as Sukuk, innovating new products, and cooperating with the regional and international development organizations.

Developing the industry and improving its competition skills will require, inter alia, the establishment of large, well-managed, and operationally efficient Islamic financial institutions that can compete in the global arena; better accounting, auditing and disclosure standards; development of a macro-prudential surveillance framework; improvement of rating process and transparency; as well as capacity building.

Above all, addressing these challenges will require that the stakeholders of Islamic finance in the OIC countries conjoin their efforts in developing the needed human capital and broadening the skills base of the industry.

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CURRENT STANCE OF ENERGY RESOURCES AND POTENTIAL IN OIC MEMBER COUNTRIES

*SESRIC**

INTRODUCTION

Energy is a key factor for economic development and, thus, rising living standards. It is required for satisfying all of the basic demands, from agriculture, education, infrastructure to information services (Sopian et al. 2011). Energy is also a key factor in economic growth, which is among the most important factors to be considered in projecting changes in world energy consumption. Despite the consensus regarding the correlation of economic growth and energy consumption, the direction of causality between these two variables is also an interest among economists and policy-makers (Eggoh et al. 2011). To consume energy, the countries should either be able to produce it or import it. It is, therefore, very important to possess energy sources as well as being able to process it.

This special report illustrates the trends in energy resources, including their production and consumption, in the OIC countries. It is clearly illustrated that even though the OIC countries are blessed with the wealth of energy resources, they are lacking the necessary technology and R&D investments to process these resources. As of renewable energy sources, the performance of the OIC countries during the last decade is impressing. However, it is still far below the performance of the developed countries and the OIC member countries are at the beginning of their journey.

ENERGY AND SOCIO-ECONOMIC DEVELOPMENT

Four-fifths of total world primary energy is obtained from fossil fuels – with crude oil and natural gas having shares of 32 per cent and 21 per cent, respectively (IEA, 2009). Having said that, the OIC member countries, blessed with the wealth of energy resources – particularly with the crude oil and natural gas, are apparently enjoying a great potential for furthering their stages of socio-economic development and welfare. The OIC member countries, as a group, hold almost two-thirds of the planet's proven crude oil and natural gas reserves (63 per cent and 62 per cent, respectively).

Yet, despite their geostrategic importance and rich natural resources, a significant portion (according to the World Bank: about 26 per cent) of the OIC population live under income poverty line (PPP $1.25 a day). As clearly shown in Figure 1, a significant portion of the population is associated with low levels of human development, measured by UN Human Development Index (HDI), and prevalent poverty. This is, in turn, a clear indication that the aforesaid strategic opportunities from the possession of natural resources are not being used effectively within the OIC group. These resources, if used more effectively, can lead to the elimination of poverty and enhancement of socio-economic development within, and increase in cooperation among, the group of OIC member countries.

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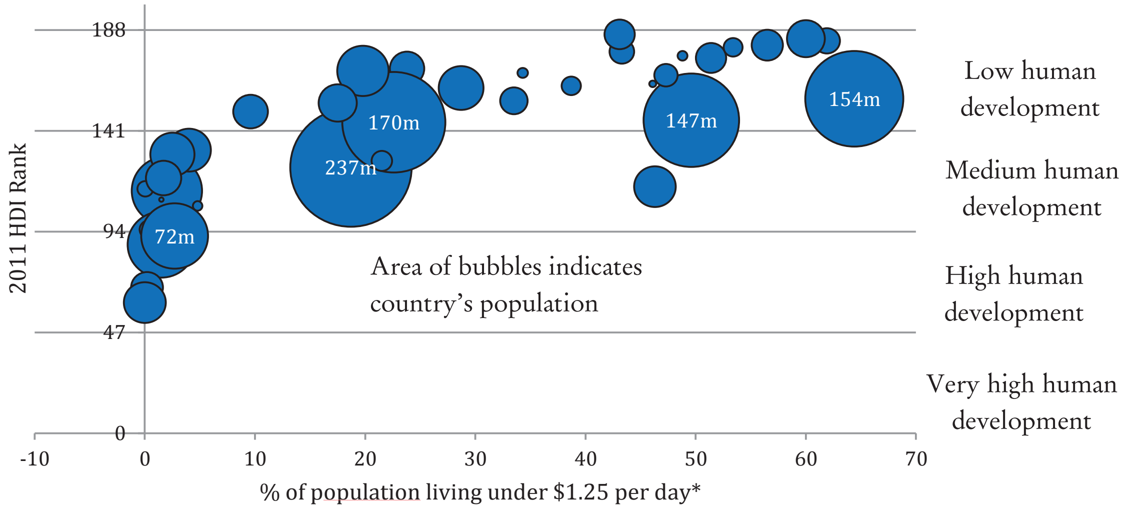
* *This report is prepared by Umut Ünal and Nadi Serhan Aydin, Researchers at the Economic and Social Research Department, SESRIC.*

Figure 1: Human Development and Poverty



Source: World Bank, UN. * Refers to latest available data between 2000-2009

PRIMARY ENERGY PRODUCTION AND CONSUMPTION

3.1 Primary Energy Production

Table 1 summarizes the energy production data by indicating the shares different groups in the world total, and the corresponding growth rates. Share of the OIC countries, as a group, in world energy production was around 21 per cent in 1990; and, it steadily increased in the following years to reach 25.40 per cent in 2009. At the average growth rate level, OIC countries have been far above the world particularly for the first half of the 1990-2009 period. However, during the second half of the twenty-year period, the average growth rate in energy production of the OIC countries showed a declining trend. Even though it decreased from 2.8 per cent during 1990-2000 to 2.4 per cent during 2000-2009, it was still above the world average growth rate during the same period. Or, to put it differently, the share of OIC countries in total energy production of other developing countries increased from 50.20 per cent in 1990 to 55.59 per cent in 2009. Similarly, the corresponding ratio for developed countries increased to 89.63 per cent in 2009 from 61.19 per cent in 1990.

Table 1: Primary Energy Production, (kt of oil equivalent)

						Average Growth Rate (%)	
	1990	1995	2000	2005	2009	1990-2000	2000-2009
OIC	1,893,418	2,131,224	2,508,743	2,953,843	3,108,950	2.8	2.4
Non-OIC Developing	3,771,514	3,740,401	3,937,436	5,014,454	5,592,358	0.4	3.9
Developed	3,094,516	3,324,790	3,482,076	3,474,955	3,468,707	1.1	-0.04
World	8,815,610	9,250,948	9,987,405	11,510,310	12,240,882	1.2	2.2
OIC % of Non-OIC Developing	50.2	56.9	63.7	58.9	55.5		
OIC % of Developed	61.1	64.1	72.0	85.0	89.6		
OIC % of World	1.3	4.1	5.0	5.5	7.3		

Source: World Bank, WDI Online Database

Energy production in the OIC countries concentrated in a few of them. In 2011, Saudi Arabia took the lead with 528,377.1 kt of oil equivalent energy production, accounting for 16.9 per cent of the total energy production of all OIC countries, followed by Indonesia (351,841 kt), Iran (349,781 kt), Nigeria (228,721 kt), United Arab Emirates (169,799 kt), Algeria (152,291 kt), Kazakhstan (145,814 kt), Qatar (139,945 kt), Kuwait (130,240 kt), and Iraq (119,640 kt). These ten countries, together, accounted for 74.4 per cent of the total energy production in all OIC countries.

3.2 Primary Energy Consumption

Table 2 characterizes the energy consumption data by indicating the shares of different groups in the world total, and the corresponding growth rates. The energy consumption of the world has been on the rise. It was growing at an annual average rate of 2.1 per cent during 2000-2009, compared to 1.2 per cent between 1990 and 2000.

Table 2: Primary Energy Consumption, (kt of oil equivalent)

						Average Growth Rate (%)	
	1990	1995	2000	2005	2009	1990-2000	2000-2009
OIC	802,714.4	930,744.9	1,084,665	1,355,687	1,544,515	3.0	4.0
Non-OIC Developing	3,458,610	3,390,564	3,557,289	4,469,917	5,231,082	0.2	4.3
Developed	4,223,711	4,570,292	4,967,308	5,153,829	4,854,514	1.6	-0.2
World	8,573,627	8,997,069	9,739,437	11,125,279	11,786,571	1.2	2.1
OIC % of Non-OIC Developing	23.2	27.4	30.4	30.3	29.5		
OIC % of Developed	19.0	20.3	21.8	26.3	31.8		
OIC % of World	9.3	10.3	11.1	12.1	13.1		

Source: World Bank, WDI Online Database

In 1990, OIC as a group consumed 802,714.4 kt of oil equivalent energy accounting for 9 per cent of the total energy consumed in the world. During 2000-2009, OIC consumption increased by 4.0 per cent per year compared to 3.0 per cent per annum between 1990-2000. Such growth rates are far above the world average pace of growth. Therefore, the share of OIC in world energy consumption increased to 13.1 per cent in 2009 from 9.3 per cent in 1990. Accordingly, the share of OIC countries in total energy consumption of developed countries has been on the rise since 1990.

As was the case in energy production, energy consumption in the OIC countries concentrated in a few of them. Iran is the largest energy consuming country in 2009 with 215,850 kt of oil equivalent energy production, accounting for 13.9 per cent of the total energy production of all OIC countries, followed by Indonesia (201,998 kt), Saudi Arabia (157,854 kt), Nigeria (108,251 kt), and Turkey (97,660 kt). These five countries, together, accounted for more than half (50.6 per cent) of the total energy production in all OIC countries.

SOURCES OF ENERGY

There are three groups of energy sources: fossil fuels, renewable energy and nuclear power. Fossil fuels are the remains of decomposition of plants and animals which forms in finite supply.

There are also three main types of fossil fuels: coal, petroleum and natural gas. Renewable energy is coming from the natural sources such as wind, rain and sunlight. Nuclear power is, on the other hand, obtained through fission and fusion reactions to generate energy from uranium. However, since the data is not widely available for nuclear power, it will not be studied in this report.

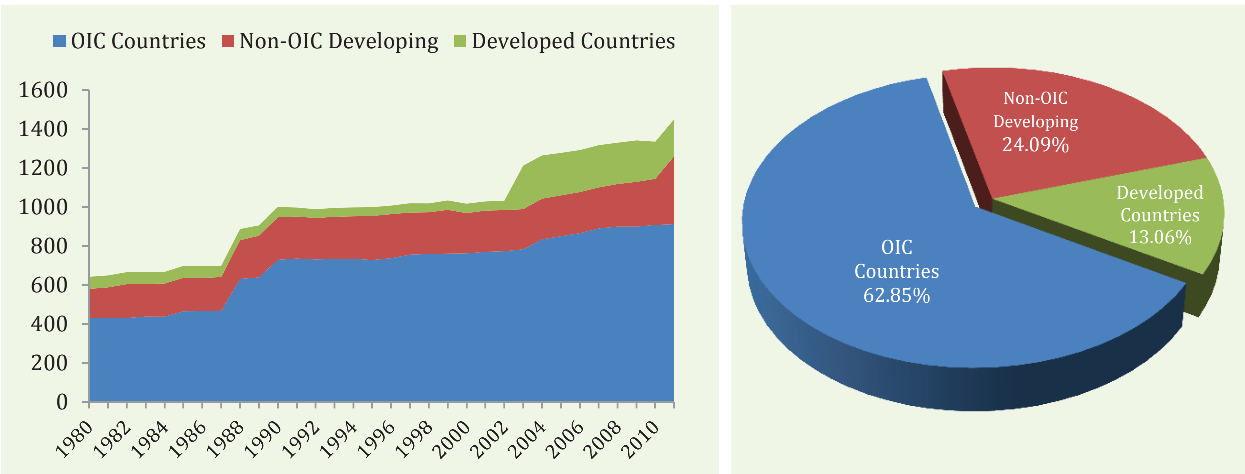
4.1 Fossil Fuels

Oil

Oil is another fossil fuel found in geological formations underneath the Earth's surface. It is refined and separated through a series of process to produce a large number of refined products from petrol to jet fuel, plastics and pharmaceuticals.

By 2011, world crude oil reserves reached to 1.5 trillion barrels, of which OIC countries represent a share of 63 per cent equivalent to 911 billion barrels (Figure 2). Developed and non-OIC developing countries hold 13 per cent and 24 per cent of the world total, respectively. At the individual country level, Saudi Arabia, alone, with total proved oil reserves of 263 billion barrels, possesses 18 per cent of the world total crude oil reserves and 29 per cent of the OIC total, followed by Iran (137 billion barrels), Iraq (115 billion barrels), Kuwait (104 billion barrels), and United Arab Emirates (97.8 billion barrels). These five countries together accounted for 78.6 per cent of the OIC total crude oil reserves.

Figure 2: Crude Oil Reserves (billion barrels) and Shares



Source: Table A.1 in the Appendix

World crude oil production grew by 1.1 per cent per year between 2000 and 2011, compared to 1.6 per cent per year in the period 1990-2000 (Table 3). In 2011, the crude oil production of the OIC countries constituted 44 per cent of the world total, which was 5 percentage points higher than the share observed in 1990.

Table 3: Crude Oil Production (thousand barrels/day)

						Average Growth Rate (%)	
	1990	1995	2000	2005	2011	1990-2000	2000-2011
OIC	25,915.2	30,119.2	33,993.7	37,888	38,364.4	2.8	1.2
Non-OIC Developing	23,773.4	23,774.1	26,521.0	30,356.2	31,275.8	1.1	1.7
Developed	16,747.1	16,411.4	17,193.9	16,173.6	17,372.6	0.3	0.1
World	66,435.7	70,304.6	77,708.7	84,417.8	87,012.8	1.6	1.1
OIC % of World	39.0	42.8	42.9	44.8	44.0		

Source: Table A.2 in the Appendix

On the other hand, world oil consumption grew by an annual average growth rate of 1.2 per cent in the period 2000-2011 compared to 1.4 per cent in the period 1990-2000 (Table 4). The main reason for the slight decline in consumption of oil is the sharp increase in the price level of oil from 2000 to 2008. Throughout the period under consideration, consumption of the OIC member countries remained far above the world average. The same is true for the non-OIC developing countries during 1990-2000 and for the developed countries between 2000 and 2011.

Table 4: Crude Oil Consumption (thousand barrels/day)

						Average Growth Rate (%)	
	1990	1995	2000	2005	2011	1990-2000	2000-2011
OIC	6,448.1	8,408.2	9,484.6	11,200.5	13,722	3.9	3.4
Non-OIC Developing	23,374.7	18,498.9	21,241.8	24,777	29,539	-1.0	3.0
Developed	36,326.8	42,770.3	45,596.2	47,572.6	43,396	2.3	-0.5
World	66,149.7	69,677.5	76,322.6	83,550.1	86,557	1.4	1.1
OIC % of World	9.7	12.0	12.4	13.4	15.8		

Source: Table A.3 in the Appendix

In 2008, OIC countries had a trade surplus of 23 million barrels of crude oil per day, compared to 16.9 million barrels per day in 1990 which simply implies the significant increase in oil export of the OIC member countries (Table 5). During the same period, non-OIC developing countries could only increase their trade surplus of crude oil by 1.1 million barrels/day. The crude oil trade deficit of developed countries, on the other hand, increased to 26.1 million barrels/day in 2008 from 17 million barrels/day in 1990.

However, as shown in Table 5, in 2008, the OIC countries could only produce 11.4 million barrels of refined oil even though they amounted to 38.3 million barrels of crude oil per day. This is simply due to the low capacity of the OIC countries to refine crude oil. In 2008, refined oil trade surplus of OIC countries, as a whole, decelerated to 1.5 million barrels per day from 2.6 million barrels per day in 1990. On the other hand, non-OIC developing countries and developed countries represented a different trend. Both of the country groups had better refining capacity. The refining capacity of developed countries is impressive. In 2008, their crude oil production per day was only 17.7 million barrels. It seems from Table 6.7 that developed countries refined more than they produced. Non-OIC developing countries, on the other hand, had a production of 26.1 million barrels of refined oil per day despite the production of 29.3 million barrels of crude oil in 2008.

To sum, even though the OIC countries are major suppliers of primary oil and run large crude oil trade surpluses, this does not translate into a strong presence in the production and trade of refined oil products due to insufficient refinery capacity.

Natural Gas

Natural gas is one of the cleanest and safest burning fossil fuels which emits 50 per cent less carbon dioxide than that released by coal and 25 per cent less carbon dioxide than oil, for the same amount of energy produced (Haktanir, 2004). Therefore, its usage has been increasing in the world to satisfy the environmental concerns.

Table 5: Output and Trade of Crude Oil and Refined Products (million barrels/day)

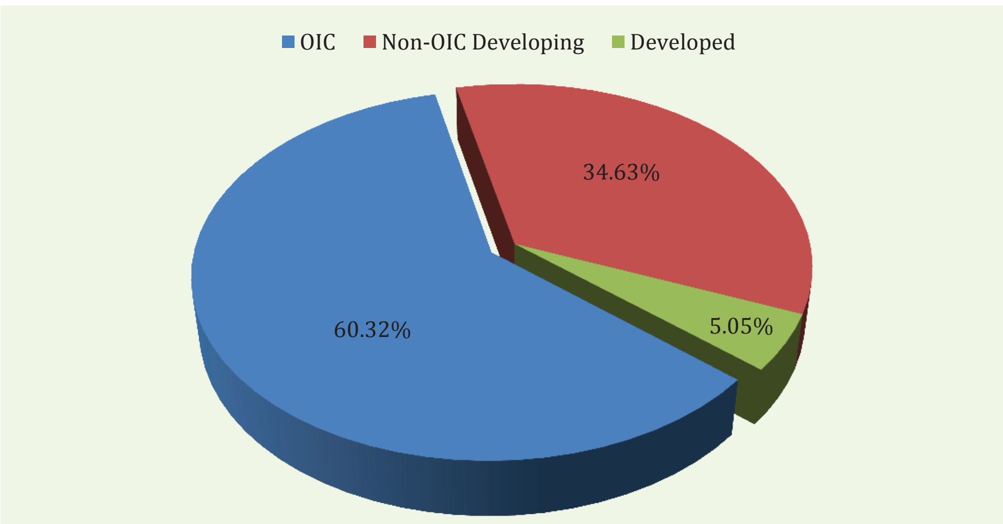
			1990	1995	2000	2005	2008
Crude Oil	OIC	Supply	25.9	30.1	34.0	37.9	38.3
		Trade Balance	16.9	18.6	21.3	22.6	23.0
	Non-OIC Developing	Supply	23.3	23.7	26.5	30.3	31.2
		Trade Balance	0.0	2.7	2.3	3.2	1.1
	Developed	Supply	16.7	16.4	17.1	16.1	17.3
		Trade Balance	-17.0	-21.4	-23.7	-26.5	-26.1
Refined Oil	OIC	Supply	7.8	9.5	10.4	11.9	11.4
		Trade Balance	2.6	2.7	2.9	2.4	1.5
	Non-OIC Developing	Supply	23.6	18.1	21.2	25.8	26.1
		Trade Balance	0.9	0.2	0.8	2.0	1.3
	Developed	Supply	34.2	40.9	43.5	44.9	37.0
		Trade Balance	-2.0	-1.5	-2.4	-2.4	0.0

Source: Energy Information Administration Online Database

Figure 3 provides information on the share of various country groups in natural gas reserves worldwide. By 2011, recoverable natural gas reserves worldwide were approximately 6,216.6trillion cubic feet (Tcf). As seen from the figure, the OIC countries held 62.1 per cent of the world total in 2011. Developed and non-OIC developing countries, on the other hand, represented shares of 5.2 per cent and 35.7 per cent, respectively.

At the individual country level, with total proved natural reserves of 1045.7 Tcf, Iran, alone, possesses 27 per cent of the OIC total natural gas reserves followed by Qatar (895.8 Tcf), Saudi Arabia (275.7 Tcf), Turkmenistan (265 Tcf), and United Arab Emirates (227.9 Tcf). These five countries together accounted for almost 70.0 per cent of the OIC total.

Figure 3: Share of Natural Gas Proven Reserves, 2011



Source: Table A.4 in the Appendix

Natural gas production has been increasing to satisfy the demand for the last twenty years (Table 6). In 2010, the OIC countries produced 35,862 billion cubic feet (Bcf) of natural gas compared to 9493 Bcf in 1990 which is equivalent to an annual average growth rate of 5.6 per cent between 2000-2010 compared to 8.5 per cent between 1990-2000. Such growth rates simply imply that the pace of growth in natural gas production of the OIC member countries remained far above the world average throughout the period under consideration.

Table 6: Dry Natural Gas Production (billion cubic feet)

						Average Growth Rate (%)	
	1990	1995	2000	2005	2010	1990-2000	2000-2010
OIC	9,493.08	15,651.1	21,495.9	28,092.7	35,862.9	8.5	5.3
Non-OIC Developing	3,5274	28,246.3	28,428.7	33,381.7	37,170.6	-2.1	2.7
Developed	29,020.8	34,207.4	37,175.3	36,918.7	39,057.2	2.5	0.5
World	73,787.9	78,104.7	87,099.9	98,393.1	112,090	1.7	2.6
OIC % of World	12.8	20.0	24.6	28.5	1.9		

Source: Table A.5 in the Appendix

Natural gas production in the OIC countries concentrated in a few of them. In 2010, Iran took the lead with 5,161 Bcf, accounting for 14.3 per cent of the total natural gas production of all OIC countries, followed by Qatar (4,121 Bcf), Saudi Arabia (3,095 Bcf), Algeria (2,988 Bcf), and Indonesia (2,917 Bcf). These five countries, together, accounted for 51 per cent of the total gas production in OIC countries.

The growth in natural gas consumption of the OIC countries also remained above the average for the period under consideration. In 2010, the consumption increased to 25,563 (Bcf) which is almost 71.5 per cent higher than the level in 2000 (Table 7). The annual average growth rate of natural gas consumption was 8.2 per cent in 1990s, and 5.5 per cent in 2000s. OIC countries' consumption formed 22.6 per cent of the world total in 2010 compared to 9.2 per cent in 1990. At the individual country level, Iran consumed 5,105 Bcf of natural gas, accounting for 19.9 per cent of total OIC consumption, followed by Saudi Arabia (3,095 Bcf), United Arab Emirates (2,137 Bcf), Egypt (1,630 Bcf), and Uzbekistan (1,614 Bcf).

Table 7: Dry Natural Gas Consumption (billion cubic feet)

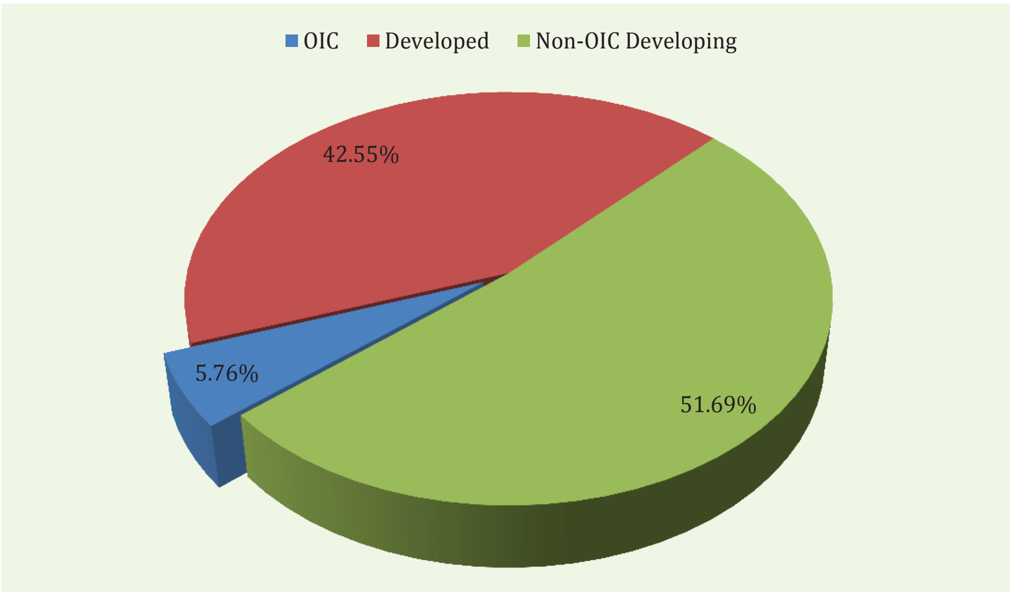
						Average Growth Rate (%)	
	1990	1995	2000	2005	2010	1990-2000	2000-2010
OIC	6,762.7	11,357.1	14,903.2	20,153.9	25,563.2	8.2	5.5
Non-OIC Developing	35,083.2	26,023.9	26,354.8	31,604.7	35,754.8	-2.8	3.1
Developed	31,783.4	41,544.5	46,001.3	48,250.7	51,601. 7	3.8	1.7
World	73,629.4	78,925.5	87,259.3	100,009.2	112,919.7	1.7	2.6
OIC % of World	9.18	14.39	17.08	20.15	22.6		

Source: Table A.6 in the Appendix

Coal

Coal is a fossil fuel which is widely used in generating energy since the 18th century. Coal can be found in different forms, with some being more common and more useful than others. As of 2008, world's current recoverable coal reserves are approximately 948 billion tons (Figure 4). Coal reserves are very limited in OIC countries. Only 5.75 per cent of the world's recoverable coal is hold by OIC member states. At the country level, Kazakhstan possesses 67 per cent of the total coal reserves of the OIC member countries, followed by Indonesia (11.1%) and Turkey (4.7%).

Figure 4: Share of Total Recoverable Coal Reserves, 2008



Source: Table A.7 in the Appendix

Accordingly, the coal production of the OIC countries in 2010 only constituted only 7.3 per cent of the world total production (Table 8). However, it seems from the table that coal production of the OIC countries has been significantly increasing over time. It increased to 585 million tons in 2010 from only 72 million tons in 1990. The annual average growth rate is 13.1 per cent during the 1990s compared to 8.9 per cent in 2000s. Notably, the annual average growth rate of coal production of the OIC countries remained far above the world average for this period. In 2010, Indonesia was the leading country among OIC in terms of coal production. Indonesia produced 370 million tons of coal, accounting for 63.2 per cent of the total coal production of the OIC member countries, followed by Kazakhstan (122 million tons), Turkey (79 million tons), Pakistan (3.7 million tons), and Uzbekistan (3.6 million tons).

Table 8: Coal Production, (million short tons)

						Average Growth Rate (%)	
	1990	1995	2000	2005	2010	1990-2000	2000-2010
World	5,347	5,077	4,894	6,554	7,985	-0.8	5.0
Non-OIC Developing	3,693	2,943	2,706	4,156	5,411	-3.6	7.1
Developed	1,582	1,923	1,939	2,037	1,989	2.0	0.2
OIC	72	210	249	361	585	13.1	8.9
OIC % of World	1.3	4.1	5.0	5.5	7.3		

Source: Table A.8 in the Appendix

The growth in coal consumption of the OIC countries also remained above the world average for the period under consideration. In 2010, the consumption increased to 297.9 million tons which is almost 61 per cent higher than the level in 2000 (Table 9). The average annual growth rate of consumption was recorded at 8.1 per cent in 1990s, and 4.9 per cent in 2000s. OIC countries' coal consumption formed 3.7 per cent of the world total consumption in 2010 compared to 1.5 per cent in 1990. At the individual country level, Turkey consumed 109.1 million tons of coal, accounting for 36.6 per cent of total OIC consumption, followed by Kazakhstan (86.8 million tons), Indonesia (54.2 million tons), Malaysia (21.3 million tons), and Pakistan (11.5 million tons).

Table 9: Coal Consumption, (million short tons)

						Average Growth Rate (%)	
	1990	1995	2000	2005	2010	1990-2000	2000-2010
OIC	84.06	173.01	184.58	239.40	297.94	8.1	4.9
Non-OIC Developing	3,561.43	2,864.11	2,654.95	3,956.76	5,541.61	-2.8	7.6
Developed	1,618.04	2,042.18	2,202.83	2,302.42	2,155.15	3.1	-0.2
World	5,263.53	5,079.30	5,042.36	6,498.57	7,994.70	-0.4	4.7
OIC % of World	1.5	3.4	3.6	3.6	3.7		

Source: Table A.9 in the Appendix

4.2 Renewable Energy Sources

Although most of the energy demand is met by fossil fuels, combustion of fossil fuels has negative impacts on planet such as acid precipitation, stratospheric ozone depletion, and, as a result, global climate change. To overcome these issues, safe energy policies have to be implemented. Renewable energy sources appear to be the most efficient option among the others. There is also high correlation between renewable energy and sustainable development. In other words, sustainable development requires a sustainable supply of energy resources. Notably, supplies of energy resources such as fossil fuels are finite; other sources such as solar, wind and hydro are renewable and sustainable in the long-run.

In 2011, global investment in renewable energy reached a record high of $257 billion, of which developed countries made 65 per cent (Bloomberg, 2011). According to the Energy Information Administration, 21 per cent of all R&D expenditures in energy go to the development of renewable energy sources. The most important renewable energy sources are wind and hydro energy.

Wind Energy

Despite global economic crisis, investment in new wind tribunes exceeded all previous years. As shown in Figure 4, the wind capacity worldwide increased to 240,000 MWe in 2011 out of which 43,000 MWe were added in the same year. Wind power showed a growth rate of 22 per cent in 2011.

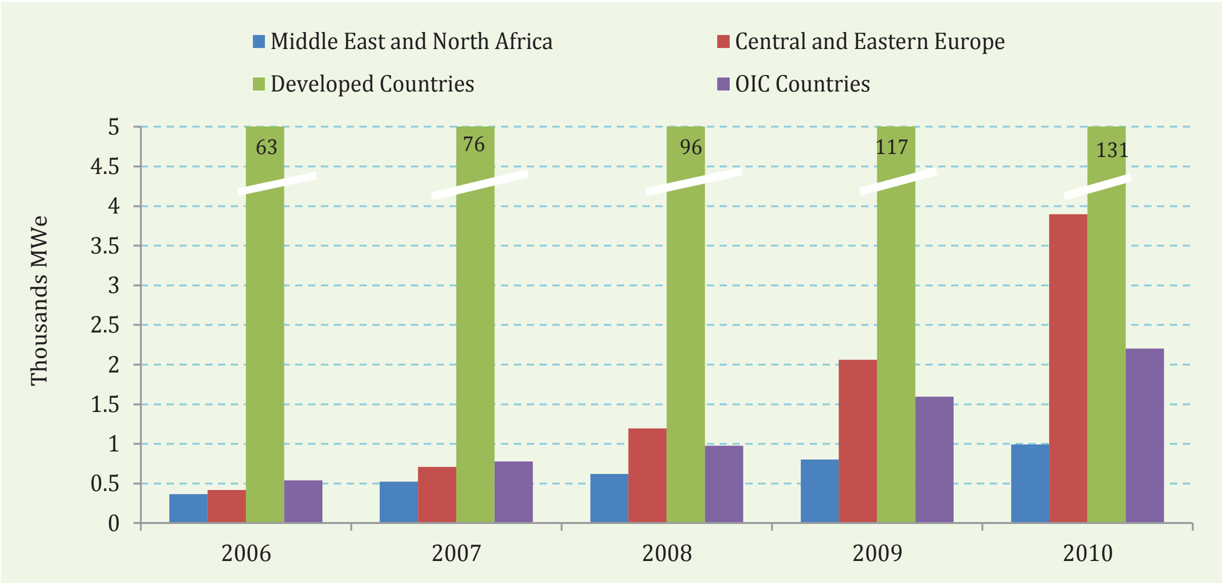
Figure 5. Total Wind Installations

Source: World Wind Energy Association Annual Report 2010

Figure 6 shows that developed countries are still accounting for the bulk of the world's total installation, with a total capacity of 131 gigawatt (GW) in 2011, followed by the Central and Eastern Europe (3.8 GW), and the OIC countries (2.2 GW).

Investment in wind energy has shown impressive growth rates in OIC member countries since 2006. It increased to 2.2 GW in 2011 from only 0.53 GW in 2006 which is almost quadrupled. According to Sopian et al. (2006), investments in wind energy farms in OIC countries will continue to grow at an average growth rate of 25 per cent per year in parallel to global wind markets. This is due to foreseen improvement in world financial markets, development in wind power generation technologies, additional financial and tax incentives, worldwide adoption of Feed-in-Tariff (FiT) by respective countries and improved community power ownership models as developed and applied in Scotland, Canada, Australia and many other parts of the world. Yet, it is worth mentioning that the percentage of total wind generation capacity in OIC countries constitutes only 1 per cent of the worldwide wind capacity by 2010. This ratio is expected to be 2 per cent in 2020.

Figure 6: Total Wind Installations by Regions (Thousand MWe)



Source: World Wind Energy Association Annual Report 2010

At the individual country level, Turkey stood first in 2010 with wind tribunes installed capacity of 1274 MWe (58 per cent of the OIC capacity) out of which 477.5 MWe were added in 2009. Turkey is followed by Egypt with a capacity of 550 MWe, Morocco (286 MWe), Iran (47.4 MWe), and Tunisia (20.7 MWe) in 2010.

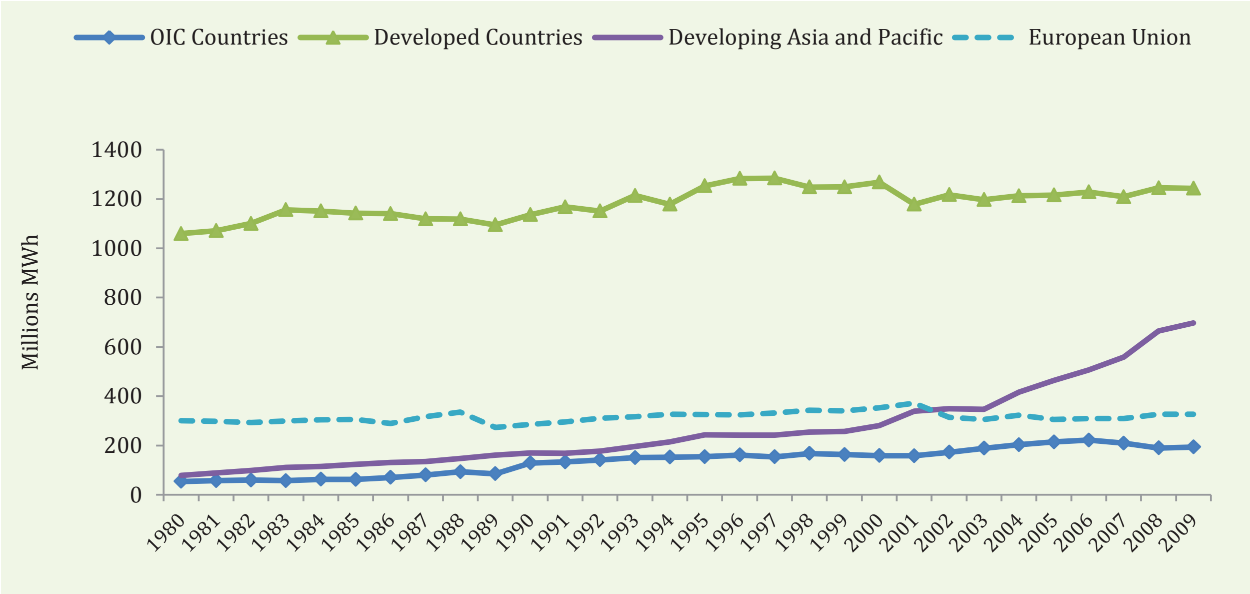
Hydro Energy

Being one of the oldest yet efficient methods of producing power, hydro energy is the production of electrical power through the kinetic energy of falling water. There are two important advantages of hydro energy. First, it is unceasingly renewable because of the recurring nature of the hydrologic cycle. Second, it has no direct waste in the sense that it does not particulate pollution.

In 2009, the world as a whole generated 3.23 million gigawatt hours of hydroelectric power, approximately 30 per cent higher than the amount generated in 1990. Developed countries continued to be the leading group in electricity generation from hydroelectric sources in 2009 where 38.4 per cent of the world total hydroelectric energy is produced in these countries. In the year 2010, European Union countries lost their position as the second most dynamic region. Developing Asia and Pacific countries took the second rank and increased their capacity by 24 per cent between 2000 and 2002, adding 0.06 million gigawatt hours, to a total of 0.28 million GWh. 2002 was, therefore, a kind of milestone for developing Asia and Pacific countries in terms of hydro energy which lead an important trend to start. By 2009, the total capacity of these countries increased to 0.7 million GWh which was 2.5 times greater than the amount generated in 2002.

The OIC countries, as a group, generated 0.19 million GWh of hydroelectric power, approximately 50 per cent higher than the amount generated in 1990, with an annual average growth rate of 2 per cent which is higher than the EU average (0.6 per cent) in the same period. Yet, the OIC countries were able to generate only 6.0 per cent of the world hydroelectric power generation in 2009.

Figure 7: Electricity Generations from Hydroelectric Sources



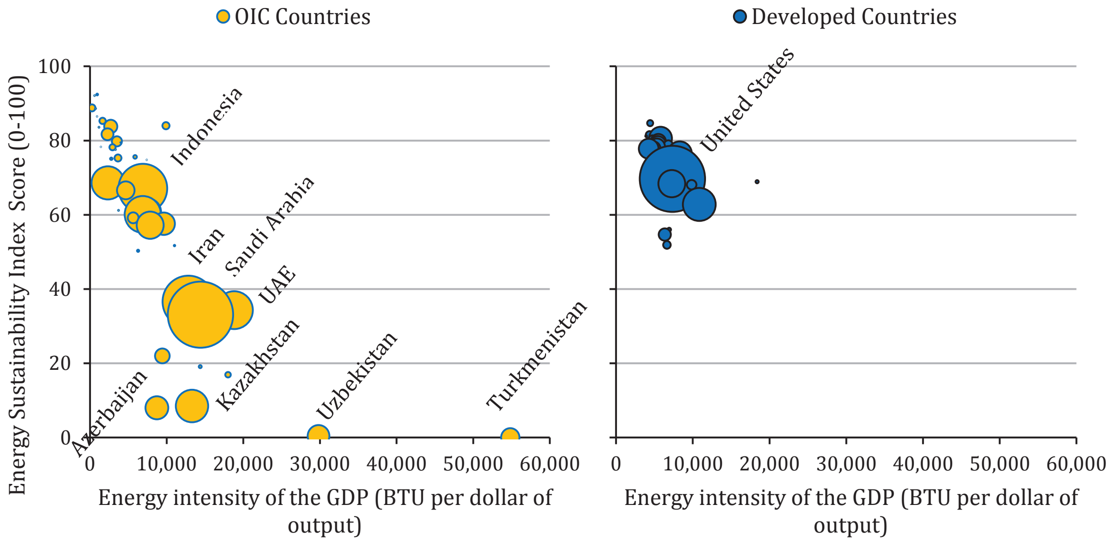
Source: World Bank, WDI Online Database

At the individual country level, Turkey was the leading OIC country in hydroelectric power generation since 1990s. According to Haktanir (2004), much of this can be attributed to the country's Southeastern Anatolia Project, which includes the construction of a system of 21 dams and 19 hydroelectric power plants on the Euphrates and Tigris rivers and their tributaries. Turkey is followed by Pakistan, Mozambique, Tajikistan, and Egypt with a production of 0.028, 0.017, 0.016, and 0.013 million MWh of hydroelectric power, respectively.

ENERGY SUSTAINABILITY AND ENERGY INTENSITY

Energy sustainability means that the energy is provided in a way that it meets the needs of the present without compromising those of future generations. Technologies that promote sustainable energy include renewable energy sources (as discussed in Section 4.2), such as hydro power, solar and wind energy, and also some other technologies that are designed to improve energy efficiency. In this connection, the Energy Sustainability Index (ESI), as a sub-index of the Environmental Performance Index developed by Yale University, ranks the countries according to their scores in three areas that are directly linked to the sustainability of energy. Namely, these areas are energy efficiency, renewable energy, and carbon emissions. Figure 8 depicts the ESI scores versus energy intensity of the GDP in some selected OIC countries and compares them to developed countries. It is clear from the figure that there is a strong positive (negative) relationship between energy efficiency (intensity) and energy sustainability. In addition to that, major energy producers within the group of OIC countries, such as Saudi Arabia, Iran, UAE, Algeria, Kazakhstan, Azerbaijan and Uzbekistan are characterized by low levels of Energy Sustainability Index and high degrees of energy inefficiency. Developed countries, on the other hand, maintain high levels of energy efficiency and sustainability. Overall, these figures are a clear indication that energy resources-rich OIC countries should develop policies to promote sustainability of their energy use and resources by investing in more energy efficient technologies.

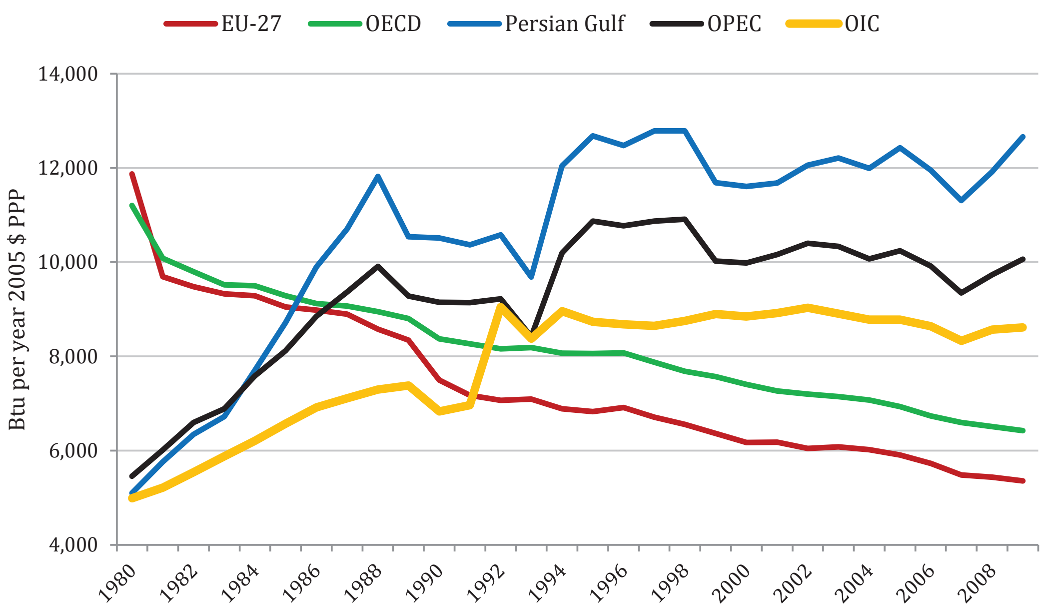
Figure 8: The Relationship between Energy Sustainability and Energy Intensity



Source: Yale University, Energy Information Administration

Figure 9 depicts the evolution of the level of energy intensity of the economic output in OIC member countries. Since 1980s, OIC countries have become less energy-efficient as the amount of energy consumed per dollar of output has increased significantly. Particularly during the 1990s, with the participation of Central Asian countries into the OIC, the average energy intensity of the economic output has seen a substantial increase. On the contrary, EU-27 and OECD economies have converged to very low levels of energy intensity and become more energy efficient over the same period.

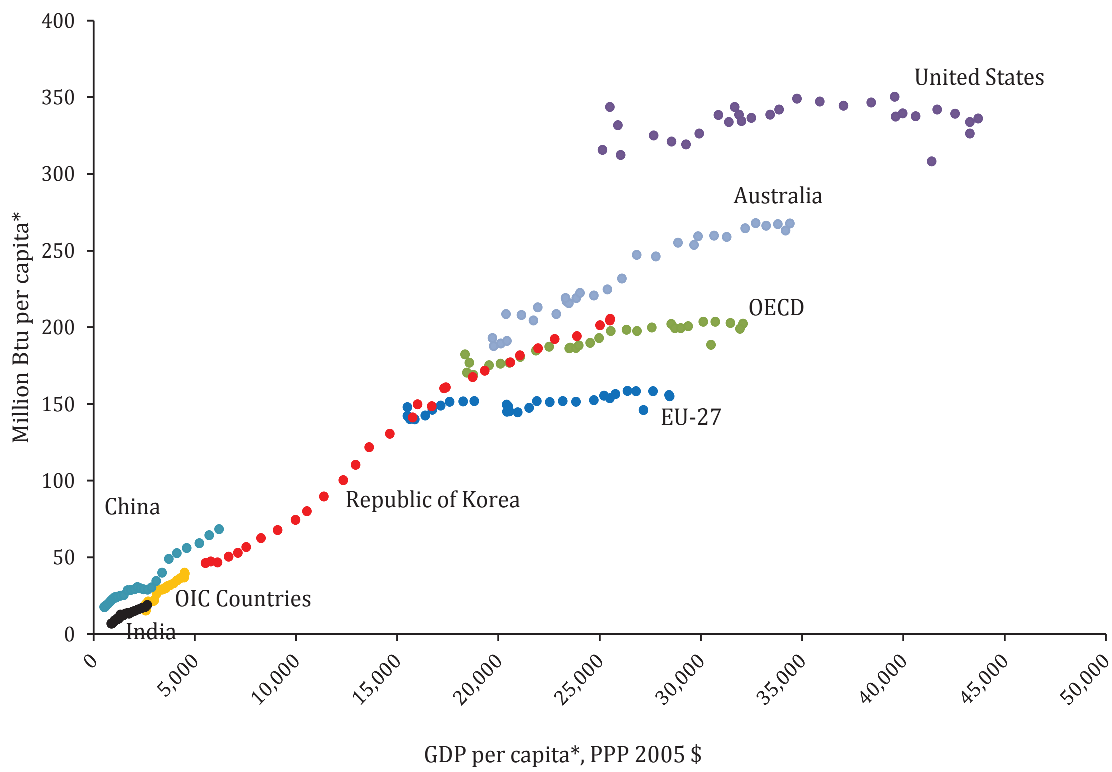
Figure 9: Energy Intensity of the Output (1980-2009)



Source: Energy Information Administration

Energy is essential for economic development and rising living standards of the community. Changes in countries' energy consumption attitudes mark transitions in the economic and social development of these countries and societies. Energy ladder, in this context, shows the improvement of per capita energy use corresponding to an increase in per capita income over time. Basically, as per capita income increases, the energy types used by economies would be cleaner and more efficient, but more expensive as moving from traditional biomasses to electricity. As it can be noted from Figure 10, where the positions of different countries and country groups on the energy ladder is indicated for the period 1980-2009, there are important differences between economic and energy performances of these countries and country groups. Developing countries, such as China, India and OIC countries, scramble to produce the energy sufficient to climb the ladder, whereas wealthy nations, such as the Republic of Korea, Australia, the US, and EU-27 countries, struggle to adapt their energy consumption patterns to maintain their existing lifestyles. Per capita energy consumption grows with income in a similar pattern across countries and time. Around $15,000 per capita the relationship shifts as less energy-intensive services dominate economic growth. There are signs of saturation beyond $25,000 and evidence that later developers require less energy. The figure also implies that many OIC countries still lack access to commercial energy as they are on average characterised by poor per capita primary energy consumption and low levels of per capita income. In other words, OIC countries are still at the beginning of their journey on the energy ladder.

Figure 10: Relationship between Income and Energy Consumption (Energy Ladder)



Source: World Bank, EIA, Shell International. ** Data covers the period 1980-2009*

CONCLUSION

OIC member countries are blessed with the wealth of energy resources, particularly with the crude oil and natural gas. They, as a group, hold almost two-thirds (63 per cent and 62 per cent) of the planet's proven crude oil and natural gas reserves, respectively. Notwithstanding this fact, for many member countries, poverty is still a prevalent issue: a considerable portion of the OIC population lives beneath poverty threshold.

It is well known that strong economic growth, particularly coming from the developing countries, will increase the demand for energy for the upcoming years– exceeding the reductions with the help of the energy-efficient technologies. It is, therefore, very important to possess energy sources as well as being able to process it. However, it is illustrated that OIC member countries are lacking the necessary technology and R&D investments to process crude oil to produce more value-added energy products. This leads to an inability to take the full advantage of their leading position in primary energy supply.

On the other hand, it should also be noted that supplies of energy resources such as fossil fuels are finite. Moreover, the combustion of fossil fuels has negative impacts on planet such as acid precipitation, stratospheric ozone depletion and, as a result, global climate change. Therefore, as the world faces an unsustainable energy future, with OIC countries being no exceptions, renewable energy sources (wind, hydro and others) appear to be the most efficient alternative to overcome these challenges. OIC countries, however, show heterogenous structure in terms of renewable energy production from alternative sources.

There are several strategies exist in order to enhance the widespread application of renewable energy technology among OIC countries (Sopian et al. 2006). For instance, establishing education and capacity building programs will lead to understanding of renewable energy technology. Creating a renewable energy market and financing mechanism, on the other hand will let the countries import high skill labor which may be needed for high-tech RE investments. Moreover, such a market will allow host countries to implement appropriate taxes and incentives to attract international manufacturers utilizing the RE technology. Another strategy can be implementing efficient energy policy provide a healthy business environment for manufacturers. Finally, enhancing industrial collaboration and R&D activities among OIC members would help member countries to not only capture knowledge spillovers but also reduce duplication. It will also support the exploitation of scale economies in R&D and accelerate the commercialization of new technologies and the transfer of research outcomes from universities to industry.

The member countries are just starting their journey on the energy ladder. The member countries are characterised by on average relatively low per capita income and per capita energy consumption levels. In terms of the energy intensity of the output, the majority of the OIC countries, particularly those blessed with rich energy resources, are economically energy-inefficient and lacking necessary technologies to be able to produce and export higher value-added energy products. This state of affairs, in turn, offers a significant potential for developing the energy industry in OIC member countries, which could be achieved through, inter alia, investing in more energy-efficient technologies and increasing R&D and technology investments in the energy sector.

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OIC

NEWS

SESRIC New Headquarters Inaugurated

08 September 2012

The new headquarters of the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) has been inaugurated on Saturday, 8 September 2012 in Ankara, Republic of Turkey, with the high-level participation of H.E. Ali Babacan, Deputy Prime Minister of the Republic of Turkey; H.E. Cevdet Yılmaz, Minister of Development of the Republic of Turkey; HRH Prince Abdulaziz bin Abdullah bin Abdulaziz, Deputy Minister of Foreign Affairs of the Kingdom of Saudi Arabia; H.E. Dr. Abdullah Motaouq Al-Matouq, Advisor in the Al-Diwan Al-Amiri of the State of Kuwait, ambassadors of OIC Member Countries and other representatives of international organisations.

The Republic of Turkey, Kingdom of Saudi Arabia, State of Kuwait, State of Qatar and the United Arab Emirates generously contributed to the construction of the new headquarters while the Republic of Turkey donated the land within the Diplomatic District in Oran-Ankara.

In his inaugural speech, Dr. Savas Alpay, Director General of SESRIC, briefed the guests about the activities of the Centre in the three areas of mandate of the Centre; namely, statistics, socio-economic research, training and technical cooperation. He stressed that during the last 6 years of work, new measures have been introduced by the Centre with a view to reaching more result-oriented activities and soundly coordinated actions to address the challenges facing the OIC member countries in their developmental efforts. In this connection, he assured that the new Headquarters would constitute a big incentive for SESRIC to continue its efforts towards introducing more innovative approaches in order to enhance the services for more benefit to OIC member countries in all priority areas.

Dr. Alpay expressed the profound gratitude and appreciation of the Centre to the Government of the Republic of Turkey for granting the Centre the very valuable land in the new Diplomatic District in Ankara and to the Kingdom of Saudi Arabia, State of Qatar, State of Kuwait and State of United Arab Emirates for their generous financial contributions to the construction budget of the new Headquarters. He also extended his deep thanks to the other member countries for backing the efforts and encouraging the initiatives of the Centre.

Speaking at the opening ceremony, H.E. Ali Babacan, Deputy Prime Minister of the Republic of Turkey; stated their confidence that SESRIC will contribute more to the economic and social development of Organisation of Islamic Cooperation (OIC) member countries with its new service building in Ankara. Highlighting the necessity of free mobility for socio-economic progress of countries, Mr. Babacan mentioned their desire to see the borders lose meaning one by one and the humans, capital, goods, and energy move freely among the members of the OIC. In this regard, he referred to the immense efforts of Republic of Turkey such as signing free trade agreements, annulling visas with countries including OIC members.

In his Statement, HRH Prince Abdulaziz bin Abdullah bin Abdulaziz, Deputy Minister of Foreign Affairs of the Kingdom of Saudi Arabia; appreciated the increasing efforts of SESRIC in the OIC arena. He particularly stressed the importance of capacity building programs for transferring knowledge among member countries and stated their readiness to involve more in these programs. HRH Prince also promised to provide support for the Centre in the future as in the past.

On the other hand, H.E Dr. Abdullah Matouq Al-Matouq, Advisor in the Al-Diwan Al-Amiri of the State of Kuwait, lauded the role of SESRIC in research, statistics and technical cooperation. Underlining the generous financial contribution given by the State of Kuwait for the construction of new Headquarters, he pointed out the eagerness of Kuwait to continue to support the Centre in all means.

Following Dr. Matouq Al-Matouq, H.E. Ambassador Dr. Hasan bin Ibrahim el Mohannadi, Director of Diplomatic Institute of the State of Qatar, noted that the support should not be limited to few countries and invited all OIC member countries to support the Centre to achieve its objectives.

Fourth Extraordinary Session of the Islamic Summit Conference

Makkah Al Mukarramah, Saudi Arabia, 14-15 August 2012

In response to a kind invitation from the Custodian of the TwoHoly Mosques, King Abdullah bin Abdulaziz, to his brothers, their Majesties, Excellencies and Highnesses and Heads of State and Government of the Member States of the Organization of Islamic Cooperation (OIC), the Fourth Extraordinary Session of the Islamic Summit Conference was held in Makkah al- Mukarramah on 26-27 Ramadan 1433 AH (14-15 August 2012). Amongst the participants were Turkish President Abdullah Gul, Egyptian President Muhammad Mursi, Jordanian King Abdallah, Iranian President Mahmoud Ahmedinejad, Qatari Emir Hamad bin Khalifa Al Thani, Yemeni President Abdo Rabbo Mansour Hadi, Palestinian President Mahmoud Abbas, Malaysian President Najib Razak, Sudan's President Omar al-Bashir, Afghanistan's President Hamid Karzai, Tunisian President Moncef Marzouki,

Pakistani President Asif Ali Zardari and Bangladesh's President Mohammad Zillur Rahman.

The Summit Conference discussed a number of important issues on its agenda related to the exceptional circumstances that the Islamic World is experiencing.

In the political field, the Conference discussed the question of Palestine, situation in Syria, situation in Mali and the Sahel region, plight of Rohingya Muslim community in Myanmar, solidarity with other Member States like Sudan, Somalia, Afghanistan, Jammu and Kashmir, Iraq, Yemen, Cote d'Ivoire, the Union of Comoros and the Turkish Republic of Cyprus, reform-related issues and, need for dialogue among religions, cultures and civilizations.

In the economic and social field, the Conference discussed the optimal use of the human, natural and economic resources, intra-OIC trade, cooperation in capacity building, the fight against poverty and unemployment, literacy, eradicating diseases, agricultural and industrial development, development in Africa and the NEPAD initiative, scientific and technological development and innovation and higher education. The Conference also welcomed the results of the implementation of the Ten-Year Programme of Action (TYPOA) and called on Member States to intensify their participation in the implementation of the TYPOA; and to enhance their cooperation within the framework of the Organization of Islamic Cooperation by signing and ratifying the multilateral agreements and treaties concluded within the OIC framework, with a view to putting them into effect.

Against the backdrop of current social, economic, cultural, and geo-political circumstances that the Islamic World is experiencing, the Conference emphasized the need for the enhancement of Islamic Solidarity and in this regard, welcomed the proposal of the Custodian of the Two Holy Mosques King Abdullah Bin Abdualziz to establish a centre for dialogue among Islamic schools of thought to reach a common understanding.

5TH SESSION OF THE ISLAMIC CONFERENCE OF ENVIRONMENT MINISTERS

17-18 MAY 2012, ASTANA, REPUBLIC OF KAZAKHSTAN

The Islamic Conference of Environment Ministers (ICEM) held its fifth session on 17-18 May 2012, in Astana, Republic of Kazakhstan. The Conference was organized by the Islamic Educational, Scientific and Cultural Organization (ISESCO) and the General Presidency of Meteorology and Environment Protection (PMEP) of the Kingdom of Saudi Arabia, in coordination with the General Secretariat of the Organization of Islamic Cooperation (OIC), and in cooperation with the Ministry of Environment Protection of the Republic of Kazakhstan. The 5th ICEM comes ten years after the convening of the first session in June 2002, in Jeddah, Kingdom of Saudi Arabia, during which a founding document entitled "Jeddah Commitments on Sustainable Development" was adopted, laying down the first pillars of joint Islamic action in the field of the environment.

The Conference started in the first day with Experts Meeting Session where senior officials from the ministries of environment of the OIC member countries and experts from relevant OIC and other international and regional institutions reviewed and discussed a number of reference documents aimed at developing joint Islamic action in the field of the environment at the level of OIC member countries. These documents included the draft updated version of the "General Framework of the Islamic Agenda for Sustainable Development", the draft "Executive Plan for the Implementation of the Strategy for Disaster Risk Reduction and Management in Islamic Countries", and the draft "Islamic Declaration on Sustainable Development within the framework of the Islamic world's participation in the Rio+20 Summit". The Experts Meeting also examined the draft document on "Green Economy: its Role and Relevance in Islamic Countries" and a progress report on implementation of the project of "Islamic Academy for the Environment and Sustainable Development".

At the official opening ceremony of the Ministerial Session, statements have been made by H.E. Mr. S. Ahmetov, First Deputy Prime Minister of Republic of Kazakhstan, His Royal Highness Prince Turki bin Nasser bin Abdulaziz, President of the 5th ICEM, Chairman of the Islamic Executive Bureau for Environment (IEBE) and President of General Presidency of Meteorology and Environment Protection of Saudi Arabia (PMEP), H.E. Mr. Nurlan Kaparov, Minister of Environment Protection of Republic of Kazakhstan, H.E. Dr Abdulaziz Othman Altwaijri, Director General of ISESCO, and H.E. Ambassador Abdul Muiz Bukhari, Assistant Secretary General of the OIC for Science and Technology.

Following the opening ceremony, the Ministerial Working Sessions started under the Chairmanship of His Royal Highness Prince Turki bin Nasser bin Abdulaziz, where in the first sessions, the Ministers and Head of Delegations reviewed and discussed the reference documents of the conference and adopted the “Islamic Declaration on Sustainable Development within the framework of the Islamic world’s participation in the Rio+20 Summit”, which will be presented as part of the participation of the Islamic world in the Rio+20 Summit, due to be held by the United Nations in Brazil, in June 2012. They also adopted a set of resolutions on various areas of joint Islamic action in the field of the environment at the level of OIC member countries, such as Green Economy and its role and relevance in Islamic countries, the work plan for the implementation of the “Strategy for Disaster Risk Reduction and Management in Islamic Countries”, the updated version of the General Framework of the Islamic Agenda for Sustainable Development, and the project of the Islamic Academy for Environment and Sustainable Development .

In the second Ministerial Working Session, statements and reports were made by the Heads of Delegations of the member countries and international institutions. In this session, the Head of Delegation of SESRIC, Mr. Nabil Dabour, Director of Research Department, made a statement, in which he briefed the Conference on the activities of SESRIC in the field of environment under the three mandated areas of the Centre; statistics, research and training. In the area of statistics, he mentioned that the Centre has developed and regularly updated a section on “Environment” in the Centre’s main database “BASEIND” which includes major statistical indicators on environment issues in OIC countries. In the area of research, he mentioned that the Centre has so far prepared a number of technical background reports on various aspects of environment in the member countries, such as “Environmental Sustainability and Performance in the OIC Countries”, “Climate Change and Kyoto Protocol: Implications for the OIC Member Countries”, “Climate Change: Challenges in the OIC Member Countries”, and “Climate Change: Impacts on Agriculture in OIC Countries”. He also briefed the Conference on the currently prepared technical document by the Centre, in collaboration with the Islamic Development Bank (IDB) and other relevant international organizations titled “Strategic Framework for Disaster Risk Management in OIC Countries”. In the area of training, Mr. Dabour briefed the Conference on the Environment Capacity Building Programme of the Centre.

During the closing session, the Conference elected the members of the Islamic Executive Bureau for Environment and decided to hold the 6th Session of the Conference in 2014 in a member country to be decided on in due course based on the communications which will be undertaken by the ISESCO and the OIC General Secretariat with the member countries.

THE 2012 MEETING OF THE CENTRAL BANKS AND MONETARY AUTHORITIES OF THE OIC MEMBER COUNTRIES

14-15 MAY 2012, ISTANBUL, REPUBLIC OF TURKEY

The 2012 Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries has been organized by SESRIC, in collaboration with the Central Bank of Turkey (TCMB), and held in Istanbul, Turkey on 15 May 2012 under the theme "Promoting Strong and Stable Capital Flows among OIC Countries: Roles of the Financial Sector and Central Banks".

At the opening session of the Governors Meeting, Dr. Savaş Alpay, Director General of SESRIC, and Dr. Erdem Başçı, Governor of the Central Bank of the Republic of Turkey, welcomed the participants and shared their views on the role of the financial sector and central banks in promoting strong and stable capital flows among the member countries. In his speech, Dr. Alpay provided some figures on the impacts of recent financial crisis on capital flows to developing economies and subsequent fragilities. In this context, Dr. Alpay stressed the importance of developing a well-designed, harmonized, and standardized network of Islamic financial systems sourced by the existing abundant capital in several OIC countries to promote strong and stable capital flows among the OIC countries. In his speech, Dr. Başçı highlighted the increasing trade and capital flows among developing countries and briefed the participants on the policies of the Central Bank in weathering the global financial crisis. After the opening speeches, Dr. Başçı chaired the panel discussions of the governors meeting, where the governors shared their experiences during the crisis and discussed the risks ahead.

The Meeting has been preceded by an Experts Group Workshop on 14 May, where experts from central banks in OIC and non-OIC countries discussed and exchanged their views and experiences on issues related to the role of central banks in promoting strong and stable capital flows among OIC countries and strategies towards fulfilling these goals. The Workshop had two main sessions which were both chaired by Mr. Mushtak Parker. In the morning session of the Workshop, Mr. Rushdi Siddiqui, Global Head of Islamic Finance and OIC Countries, Thomson Reuters, made a presentation on the role of financial sector and participants from Albania, UAE, Nigeria, Palestine, Saudi Arabia, BCEAO, Mauritania, Brunei, Uganda, Turkey and Malaysia expressed their views on the subject. In the afternoon session, Prof. Dr. Necdet Şensoy, Board Member, Central Bank of the Republic of Turkey, made a presentation on the role of central banks in promoting capital flows. The presentation was followed by Q&A session during which participants from Palestine, Malaysia, Turkey, BCEAO, UAE, Saudi Arabia, Uganda and Kuwait made interventions.

Following the 2012 Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries, also, the 9th Islamic Financial Services Board (IFSB) Summit has been held on 16-17 May 2012 under the theme "Global Financial Reforms: The Changing Regulatory Model and Islamic Finance". The Summit, hosted by the Central Bank of Turkey and organized by the IFSB, provided a platform for deliberating whether global reforms in financial regulation structure and prudential standards equally equip the Islamic financial services industry in addressing its future challenges. It also discussed the priority areas in the prudential regulation of Islamic finance that may need focus and attention by regulators and market players alike. The Summit brought together some 200 delegates from all sectors of the financial services industry across the globe.

At the end of the 2012 Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries, the Governors of the Central Banks of the participated member countries adopted a Final Communiqué in which they emphasized the importance of having an environment that is conducive to strong and stable capital flows between the member countries, which includes strengthening of regulatory and supervisory frameworks. In this regard, the Governors stressed the role of Islamic finance in supporting these endeavours, which should take place within a transparent and stable regulatory environment.

The Governors also agreed to establish working groups to prepare technical background papers until the next meeting in the following three areas: Payment Systems, Macro-Prudential Regulations, and Liquidity Management in Islamic Finance. The Governors consequently affirmed their commitment to enhance technical cooperation among their institutions, and their support for SESRIC's initiatives in this respect, including the SESRIC Capacity Building Programme for Central Banks of the OIC Member Countries.

The 2013 and 2014 Meetings of the Central Banks and Monetary Authorities of the OIC Member Countries will be hosted by the Kingdom of Saudi Arabia and the Republic of Indonesia, respectively.

THE 28TH MEETING OF THE FOLLOW-UP COMMITTEE OF OIC STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION (COMCEC)

9-10 MAY 2012, ANKARA, REPUBLIC OF TURKEY

The 28th Meeting of the Follow-up Committee of the COMCEC was held on 9-10 May 2012 in Ankara, Turkey, with the participation of the member countries of the Committee (Saudi Arabia, Turkey, Palestine, Senegal, Kuwait, Iran, Kazakhstan, Pakistan, Qatar, Mali and Cameroon). Representatives of Malaysia and Iraq also attended the meeting as observers. The OIC General Secretariat and the following subsidiary, affiliated and specialised organs (SESRIC, ICDT, IDB, ICCIA, IUT, and SMIIC) attended the Meeting. A representative of UNIDO has also attended the meeting.

The Committee reviewed and discussed the progress achieved in the implementation of the resolutions and decisions of the 27th Session of the COMCEC, which was held in October 2011 in Istanbul. The discussion included a set of common issues of concern to the member countries with a view to enhancing economic and commercial cooperation among them. These issues were discussed under the following main Agenda Items:

- Review of the implementation of the OIC Ten-Year Programme of Action and the Plan of Action to Strengthen Economic and Commercial Cooperation among the OIC Member States;
- Intra-OIC trade;
- Cooperation in the priority areas of agriculture, tourism and transport;
- Poverty alleviation and OIC-VET Programme;
- Financial cooperation (Central Banks, Stock Exchanges and Capital Markets);
- Private sector cooperation;
- Preparations for the exchange of views on "Enhancing the Competitiveness of SMEs in OIC Countries".

During the working sessions of the Meeting, SESRIC made some presentations and briefed the Committee on the latest developments on the following issues: cooperation among the Central Banks and Monetary Authorities of the OIC member countries, OIC-VET Programme, and the preparations for the exchange of views on "Enhancing the Competitiveness of SMEs in OIC Countries". In this connection, the Committee took notes, welcomed and appreciated the efforts made by the SESRIC towards the implementation of the various agenda items which fall within the framework of the Centre's mandates.

The Committee also took note of the following proposals as possible themes for the exchange of views sessions to be held during the 28th Session of the COMCEC: (1) The role of PPP (Public Private Partnership) in tourism sector development in the Member States; (2) Increasing FDI Flows to the OIC Member States; and (3) Promoting Islamic Financial Services in the OIC Countries. In this context, the Committee requested the SESRIC to circulate a questionnaire to the Member States to explore their views on the above-mentioned themes and report to the 28th Session of the COMCEC, which will be held in Istanbul in October 2012. The Committee also prepared the Draft Agenda of the 28th Session of the COMCEC.

SESRIC and IFSB Signed Training and Research Collaboration MoU to Promote Islamic Economics and Finance

An agreement to facilitate international cooperation between the two organisations in providing relevant activities relating to training and education in Islamic economics and finance was signed on 15 May 2012 between the SESRIC and the Islamic Financial Services Board (IFSB).

SESRIC Director-General, Dr. Savas Alpay, and Secretary-General of the IFSB, Mr. Jaseem Ahmed, signed the Memorandum of Understanding (MoU) prior to the 9th IFSB Summit, which was held on 16-17 May 2012 in Istanbul, Turkey. Also present at the meeting were Mr. Abdullah Haron and Mr. Abdelilah Belatik, Assistant Secretaries-General of the IFSB; Mr. Nabil Mohammed Dabour, SESRIC Director for Economic and Social Research; and Mr. Nadi Serhan Aydin, SESRIC Researcher.

The collaboration, which aims to develop framework for cooperation to enhance knowledge and expertise in Islamic finance, has three main objectives: to promote capacity building for regulators, market players, and other stakeholders of Islamic financial services industry; to enhance stakeholders' awareness on key issues with regards to specificities of Islamic finance, particularly in the effort to maintain stability and resilience of the industry, and; to expand research areas on Islamic finance in order to bridge theories into practice, specifically in the area of regulations, supervisions and market development of the Islamic financial services industry.

In the operationalization of the MoU, the IFSB and SESRIC will be participating together in relevant activities related to training and education; undertaking the development of joint research and publications; and building awareness among the industry players through joint conferences, seminars, workshops, roundtables and trainings.

Dr. Savas Alpay said: "The development of the industry's skills base will play a decisive role in the future success of the Islamic finance. Particularly at a time when the ability of the existing global financial architecture to preserve economic stability and contribute to development has come under question, Islamic economics and the Islamic finance should be promoted as a growth and stability friendly alternative to the existing system. In this connection, setting up a cooperation framework between SESRIC and the IFSB is a timely initiative and will enable our institutions to leverage on their mutual strengths in enhancing the awareness about Islamic economics and finance through high-quality research and capacity building activities."

Mr. Jaseem Ahmed said: "We are all aware of the capacity and capability constraints in Islamic

finance globally. I am optimistic that this cooperation will help to address this constraint and contribute to greater human capital development in the Islamic financial services industry. The IFSB–SESRIC cooperation will increase the quantity and quality of capacity building provided for industry stakeholders and assist to resolve legal and prudential issues necessary to the industry's continued growth and resilience. The cooperation will also allow the IFSB to enhance its outreach to the OIC countries which are not members of the IFSB, especially in creating awareness and understanding on the IFSB Standards."

Workshop on "Enhancing the Competitiveness of Small and Medium Sized Enterprises in the OIC Member States"

12-14 June 2012, Ankara, Republic of Turkey

In accordance with the resolution of the 27th Session of the Standing Committee for Economic and Commercial Cooperation of the OIC (COMCEC), the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) and the Islamic Development Bank Group (IDBG) organized, in collaboration with the Small and Medium Enterprises Development Organization of Turkey (KOSGEB) and SME Corporation Malaysia (SME Corp Malaysia), a workshop on 12-14 June 2012 in Ankara, Republic of Turkey as a preparatory event for the Ministerial Exchange of Views Session on the theme "Enhancing the Competitiveness of Small and Medium Sized Enterprises in the OIC Member States" during the 28th Session of the COMCEC, to be held on 8-11 October 2012. Representatives of national agencies responsible for policy making related to SMEs in 25 OIC Member States attended the Workshop. In addition, representatives of the OIC General Secretariat, COMCEC Coordination Office, Islamic Development Bank Group (IDBG), Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) and Islamic Centre for the Development of Trade (ICDT) attended the Workshop.

The Workshop was also attended by experts from the Organisation for Economic Cooperation and Development (OECD), United Nations Development Programme (UNDP), Martin J. Whitman School of Syracuse University, USA, Economic Policy Research Foundation of Turkey (TEPAV), Albaraka Turk Participation Bank and Halk Bank of Turkey.

The workshop included five working sessions where representatives of national agencies responsible for policy making related to SMEs and representatives of international institutions made presentations on various aspects related to enhancing the competitiveness of SMEs under the following three main challenges facing SMEs in the member countries: (1) access to markets; (2) access to finance; and (3) access to Technology and Innovation. The last working session was designated to discuss some country practices and SME experiences.

During the general discussions and deliberations, the participants highlighted a set of challenges, obstacles and problems facing the SMEs in the OIC member countries in their efforts to enhance their competitiveness. In the light of these challenges, obstacles and problems, the participants made two groups of policy recommendations to be implemented at both the national and OIC cooperation levels as responsibilities of governments and national institutions dealing with SMEs, to improve the competitiveness of SMEs in OIC countries.

SESRIC Organized a Side Event on Disaster Risk Management during Rio+20 UN Conference on Sustainable Development

The United Nations Conference on Sustainable Development (Rio +20) is held from 20 to 22 June at the Riocentro Convention Center, Rio de Janeiro, Brazil. At the Rio+20 Conference, world leaders, along with thousands of participants from governments, the private sector, NGOs and other groups, came together to shape how to reduce poverty, advance social equity and ensure environmental protection on an ever more crowded planet to get to the future we want.

Before and during the main conference, a number of side events sponsored by Governments, Major Groups, UN system and other Inter-Governmental Organizations are organized on the seven critical topics on the agenda of the conference. In order to contribute to the global efforts towards sustainable development, SESRIC organized, in cooperation with the Islamic Development Bank (IDB), a side event during the Conference at RioCentro Convention Centre on 19 June 2012, entitled as 'Building Resilience for Sustainable Development in the OIC Member Countries: Accelerating Actions for Comprehensive Disaster Risk Management'.

The side event focused on one of the seven critical topics on the agenda of the Rio Conference - Disasters - with the aim of generating higher level of awareness among policy makers and experts in the OIC member countries with regard to the need for a comprehensive disaster risk management strategy as an integral part of their overall national development strategy. Given the fact that the majority of the population in the 57 member countries is extensively prone to natural and man-made disasters due to extensive exposure to natural hazards and other vulnerabilities, this event aimed at mobilizing actions on the part of OIC member countries, and initiating the necessary exchange of knowledge and best practices to improve upon existing national capacities for building resilience to natural disasters.

The side event took place at 11:30-13:00 in room T-3 at RioCentro Convention Centre. Dr. Savas Alpay, Director General of SESRIC, chaired the event. At the outset, Dr. Alpay highlighted the importance of disaster risk management in OIC countries by emphasizing the fact that OIC countries are significantly exposed to hazards and various vulnerabilities that exacerbate the impacts of hazards. After his welcome speech and opening remarks, the representative of IDB, Dr. Azhari G. Ahmed, Lead Economist, welcomed the participants on behalf of the Islamic Development Bank. Following the opening remarks, Dr. Kenan Bagci, Researcher at SESRIC, made a presentation on natural and man-made disasters in OIC countries and, based on the available statistics, stressed the need for immediate action for comprehensive disaster risk management in the member countries.

The side event hosted two main distinguished panellists, Ms. Margarita Wahlström, the Special Representative of Secretary General at UNISDR and, Ms. Sigrid Kaag, the Assistant Secretary-General and Assistant Administrator, Bureau of External Relations and Advocacy at UNDP. In their presentations, they mainly focused on socio-economic vulnerabilities in the formation of natural and man-made disasters and strategies for reducing such vulnerabilities.

As the first key panellists of the session, Ms. Margarita Wahlström stressed the relationship between the level of development and vulnerabilities and importance of education and health improvement in this context. She highlighted that exposure increases with economic development, as rapidly growing economies accumulate exposure fastest. Her discussion continued with main drivers of disaster risks, which includes climate variability, urbanization and sophisticated societies. While urbanization has an impact on agricultural production, sophisticated societies make it difficult to talk about generalities. Costs of disasters and major challenges in dealing with different types of disasters were the other issues that are pointed out by Ms. Wahlström. She also called attention to the fact that in many countries disaster risk management is regarded as a disaster response issue only. In this regard, the need for strong cooperation among the related institutions in each country is recommended for effective disaster risk management, which includes not only response but also prevention, preparedness, and recovery.

The other key panellist, Ms. Sigrid Kaag made a presentation with a focus on promoting disaster resilience through preparedness, risk reduction and recovery. She highlighted the importance of interface between natural and man-made disasters and building resilience for sustainable development. She also stated that disasters allow turning crises into opportunities provided there is strong leadership, vision and support of international communities. There is need for long-term strategies, comprehensive but prioritized, to increase the resilience. Bringing together the humanitarian efforts in post-disaster response, enhancing social protection systems, reducing poverty, improving governance, preventing conflicts, strengthening institutions are among the other highlights of the speech that are deemed to be important in dealing with disaster management.

Both UNISDR and UNDP provided some information on their programmes and activities in the area of disaster risk management and declared once again their readiness to cooperate further with OIC countries and institutions for effective disaster risk management. Lastly, Dr. Faiq Billal, Director of Science Dept. in ISESCO, made a presentation on the actions taken by OIC countries on disaster risk management. The side event ended with Q&A session.

Consequently, the side event organized by SESRIC and IDB provided an opportunity to intensify the efforts to consolidate partnership with the various international, governmental, and non-governmental organizations as well as the private sector organizations, development agencies, and community based groups. The event is, therefore, expected to contribute to efforts in devising an effective and comprehensive disaster risk management strategy for 57 OIC member countries.

BRAINSTORMING WORKSHOP ON THE PREPARATION OF THE OIC STRATEGIC HEALTH PROGRAMME OF ACTION (2013-2022)

11-12 JUNE 2012, ANKARA, REPUBLIC OF TURKEY

In its capacity as the leading OIC institution for the preparation of the OIC Strategic Health Programme of Action 2013-2022 (OIC-SHPOA), SESRIC organized a brainstorming workshop on 11-12 June 2012 in Ankara, Turkey, to discuss and finalize the structure of the OIC-SHPOA document. The workshop was attended by the experts representing following members of the OIC Steering Committee on Health: Kazakhstan, Djibouti, Saudi Arabia, OIC General Secretariat, SESRIC, IDB, COMSTECH, ISESCO, WHO, and Global Fund to Fight AIDS, Tuberculosis and Malaria. The workshop was also attended by experts from Turkish Ministry of Health, TOBB University, Harvard School of Public Health and Abdul Latif Jameel Poverty Action Lab (J-PAL).

In the opening session, Dr. Razley Mohd Nurdin, Director General of Department of Science and Technology in OIC General Secretariat, Dr. Savas Alpay, Director General of SESRIC and Dr. El Bashier Sallam, Manager of Health Division in IDB Group, delivered their opening remarks. All the speakers highlighted the vital role of health sector in the development of OIC countries. They underlined the progress made by member countries w.r.t some major health indicators in comparison with global and regional averages. They also highlighted the importance of OIC-wide cooperation in the area of health and crucial role of OIC-SHPA in this regard.

During the first working session, Mr. Mazhar Hussain, researcher from SESRIC made a background presentation on the OIC-SHPA. In his presentation, Mr. Hussain briefed the participants about the mandate, objectives and proposed structure/outlines of the OIC-SHPA. The presentation followed by an open debate which continued up to the last working session. During the discussion, the participants expressed their views about the contents of the OIC-SHPA and made valuable contributions to improve its structure to make it an effective and implementable document. After deliberating on the chapters of OIC-SHPA one by one the participants unanimously agreed upon the final structure of OIC-SHPA.

The participants also discussed the procedure of finalization of the draft document and agreed to communicate virtually up to the next review meeting which could be organized on the sidelines of the upcoming EMRO Health Conference to consider the first draft. Afterwards, the members of the Steering Committee will review the final draft of the SHPA document before presenting it to the Health Ministers during the first quarter of 2013. Members of the Health Steering Committee as well as other participating institutions committed to assist SESRIC by providing technical support during the preparation of the SHPA draft document.

The participants also took note with appreciation of the generous offer made by the WHO representative to facilitate OIC to convene an annual SHPA progress review meeting on the sidelines of the World Health Assembly in Geneva. At the closing session, the participants unanimously adopted the report of the workshop and expressed their gratitude to the SESRIC for warm hospitality and excellent arrangements.

IDB Board Approves More than US$ 1 Billion to Support Development Projects in 20 Member Countries

The 284th Meeting of the Board of Executive Directors of the Islamic Development Bank (IDB), which convened at its headquarters on 16 July 2012, under the chairmanship of Dr. Ahmad Mohamed Ali, President, IDB Group, approved more than US$ 1,158 million towards development projects financing for IDB member countries and Muslim communities in non-member countries. This is the largest amount of approvals by a single IDB Board meeting since the Bank's inception in 1975.

The approvals covered a large number of strategically important development projects comprising US$ 683 million for power generation and power transmission projects in five IDB Member Countries namely Morocco, Tunisia, Iran, Uzbekistan and Tajikistan; US$ 274.8 million for food security and rural development activities in African countries (Cameroon, Chad, Uganda, Benin, Burkina Faso, Mali, Niger, Mauritania and Togo); US$ 146.2 million for educational projects in Indonesia, Yemen and Bangladesh; US$ 45 million to Indonesia Exim Bank for the financing of export-oriented small and medium size industries; US$ 7.6 million as additional financing for Durres fishing in Albania (bringing IDB contribution for that project to $ 16.8 million):US$ 400,000 Technical Assistance grant to Djibouti for the "Mother to Child AIDS Transmission Prevention Project "in the health sector.

In line with the Bank's resolve to support development efforts in Muslim communities in non-member countries, the Board approved US$ 1.1 million as grants from the Wakf fund for participation in 4 educational projects for Muslim communities in Ethiopia, India, Papua New Guinea and Germany and one health project in the Philippines.

COUNTRY

NEWS

Malaysia Sees Increase In Tourist Arrivals In 2012

Malaysia recorded an overall growth of 1.2% tourist arrivals for the first five months of this year, from 9,323,827 in 2011 to 9,438,592 in 2012.

Arrivals from the United States and Canada to Malaysia both saw a greater increase compared to the same period last year, 16.9% and 1.3%, respectively. Total receipts by tourists from January to May 2012, rose by 1.9%, generating USD6.89 billion (RM21.8 billion) for the country's revenue. Dato' Sri Dr. Ng Yen Yen, the Tourism Minister, said that in line with the Malaysia Tourism Transformation Plan 2020, which aims to receive 36 million tourist arrivals and RM168 billion in receipts by 2020, it is important for Malaysia to shift its focus on growing yield per tourist rather than to rely heavily on tourist arrival growth.

Recognized as one of the national key economic areas, the tourism industry remains as one of the major contributors to gross national income, foreign exchange earnings and employment. In 2011, tourism ranked as the seventh largest contributor and the third largest foreign exchange earner. The tourism industry in 2010 provided 1.8 million jobs to the country.

Source: Cruise News

Indonesia Aims To Be One Of World's Top 10 Largest Economies

Indonesia aims to be one of the world's top 10 largest economies by 2025. And that would take its gross domestic product to some US$4.5 trillion. Per capita income would also jump five times from US$3,000 currently to US$15,000. Speaking at a business forum in Singapore, Indonesia's Coordinating Minister for Economic Affairs Hatta Rajasa said Jakarta plans to achieve this through the government's economic acceleration programme. The programme focuses mainly on infrastructure development in six regional economic growth corridors spread across Indonesia. However, such a programme will require the investment of billions of dollars to trigger growth. To do so, Jakarta plans to attract foreign investment in mainly in the infrastructural and economic production sectors.

Hatta Rajasa, Indonesia's Coordinating Minister for Economic Affairs, said: "The policies that we have taken are all in line with the international commitments and we remain open for business. I do not believe in trade protectionism. I am fully committed to an open, fair and competitive trade regime for Indonesia."

Source: Channel News Asia

UAE, Turkey To Share Expertise In Trade, Tourism And Energy

As part of the visits made by the diplomatic missions and consulates in Dubai to the Dubai Supreme Council of Energy, Saeed Mohammed Al Tayer, vice-chairman of to the Dubai Supreme Council of Energy (DSCE), received Elif Comoglu Ulgen, Turkish Consul General, who was heading a delegation from the Consulate.

Elif Comoglu Ulgen, the Turkish Consul-General in Dubai highlighted the importance of Dubai's position in attracting the most important countries in the fields of energy and sustainability.

Al Tayer welcomed the Turkish Consul-General in Dubai and stressed the importance of coordination and collaboration of between the UAE and Turkey and highlighted the two sides of pursuit to strengthen the mutual relationships and promote collaboration in the field of energy to higher levels. "This meeting is a good opportunity for the two sides to share expertise, especially in the fields of trade, tourism and energy which will promote Dubai's position as a global hub for finance, business and tourism."

During the meeting, the two sides tackled the World Energy Forum 2012, which will be organised under the sponsorship of His Highness Shaikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai. Invitations have been sent to heads of states as well as ministers of energy to ensure active participation.

The Turkish delegations expressed their interest to participate in this global event. They are also keen to take part in the Emirates Energy Award that is going to be held next year.

Source: Zawya

Saudi Arabia Allocates SR250bn to Address Growing Social Housing Needs

Owing to the planned construction of approximately 500,000 housing units across the country, the Kingdom of Saudi Arabia has allocated up to SR250bn for social housing projects alone. The Saudi Government has geared its attention towards the social infrastructure and consequently announced the Ninth Development Plan (2010-2014) worth SR1443bn, in addition to social benefit packages totalling SR487.5bn. The Government's incessant funding of social infrastructure projects has been a key factor in sustaining the growth of the construction industry, by acquiring the latest trends, adopting best practices and recruiting top notch experts in the field of construction technology.

Ziyad Al-Rukban, Assistant General Manager, Riyadh Exhibitions Company (REC) said: "The Saudi construction market continues to open exciting opportunities for growth, driven by sustained governmental investments to address the country's rapidly expanding social infrastructure needs. We are therefore confident that this year's edition of Saudi Stone-Tech Exhibition will be one of the largest and most successful to date as we have already generated strong feedback from exhibitors and trade visitors".

Al-Rukban added: "The Saudi Stone-Tech Exhibition is seen as the most comprehensive showcase of stone products and technologies that cater to all the specific requirements of construction projects in KSA. The continued success of Saudi Stone-Tech and Saudi Build certainly highlights the reputation of Saudi Arabia as a key destination for suppliers, manufacturers and other leading stakeholders in the global construction industry".

Saudi Stone-Tech serves as a gateway for local, regional and international companies to explore the lucrative Saudi market and engage in new business opportunities. The event will feature designers and landscapers keen to exhibit their cutting-edge stone products and machinery.

Source: AMEinfo.com and Middle East News

Turkey-Arab League Trade Volume Targeted To Reach $100b

Turkish Science, Industry and Technology Minister Nihat Ergun said that they targeted to reach 100 billion USD of trade volume between Turkey and Arab League countries within the next five years.

Turkey is ready to share its experiences with Arab countries in the areas of organized industrial zones, small and medium scale enterprises, incentive system, consumer rights and strategy documents.

Speaking at the 2nd Turkish-Arab Industrial Cooperation Conference in Libya in June, Ergun said that trade volume between Turkey and Arab League countries had been six billion USD in 2002, and it rose to 35 billion USD in 2011, thus Arab League countries constituted nine percent of Turkey's total foreign trade. Ergun said that it was necessary to increase free trade agreements and visa exemption between Turkey and Arab countries.

Speaking at the Conference, Tunisian Industry Minister Mohamed Amine Chakhari asserted that Arab region appreciated the successes of Turkey in economy and industry areas. He added that Tunisia would like to benefit from Turkey's experiences in industry and economy, adding that the world was envying Turkey.

Source: Anadolu Agency

GCC on the Brink of Unprecedented Healthcare Investments: Technology Key

GCC healthcare standards may surpass other developed regions as governments invest in the quality and availability of healthcare and integrate new technologies. An estimated $10bn worth of healthcare projects are planned or currently underway in the GCC, and the Middle East health care sector is expected to be worth $60bn by 2025 as the need for investment in facilities and services continues to escalate. Due to the increase of new and advanced technologies in the health care sector as well as the support lent by authorities, it is expected that given time, the standards in GCC will match or even surpass those in developed countries of the world.

The region is currently focusing on incorporating technology into its healthcare, which will ease the burden on health care workers. The outlook for health care technology in the region is promising and this is because of factors such as increasing population, rising income levels of residents, increased penetration of insurance etc. The UAE's IT sector spend from healthcare is expected to reach $4.7bn by 2013. Saudi Arabia

has one of the largest and most developed markets for healthcare services in the region, allocating a $23bn budget in 2012, according to Deloitte's recent GCC Healthcare report.

The Kingdom announced a $73bn budget for its ninth Five Year Plan (2010-2014), which pays for the construction of 121 hospitals, 700 primary healthcare centres and 400 emergency health facilities.

Source: AMEinfo.com

Key Role for Private Sector in Elevating Kuwait Educational System

Kuwait's private sector has contributed greatly in the last decade in creating a comprehensive educational system, Minister of Education Dr Nayef Al-Hajraf said on 25 September at the opening ceremony of the new Arab Open University (AOU) headquarters in Ardiya area.

Al-Hajraf highlighted in his address that there are nine operating universities in Kuwait that hold 18,000 students; two extra universities are to see the light in the near future. "The output of private education should focus on delivering quality not quantity to serve the community and to create an added value to local markets, Al-Hajraf, who is also Minister of Finance and Acting Minister of Higher Education, said in the ceremony that was attended by His Highness the Amir Sheikh Sabah Al-Ahamd Al-Jaber Al- Sabah, His Highness the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al- Sabah and House Speaker Jassem Al- Khorafi.

He further clarified that in order to guarantee qualified output from such universities; the Private Universities Council (PUC) and the World Bank have collaborated to set up a project that aims at evaluating the educational experience, its curricula and the qualifications of its output in the country.

Source: Kuwait News Agency

World Bank to Support Nigeria's Final Push to Eradicate Polio

The World Bank's Board has approved an International Development Association (IDA) credit of US$95 million for the Nigeria Polio Eradication Support Project, which will help the country to achieve and sustain at least 80% polio immunization across all states, supporting the eventual eradication of the disease from Nigeria. The project will finance roughly 655 million doses of oral polio vaccine for children under age five across Nigeria, with a special focus on the northern states where polio is more prevalent. The World Bank has worked with Nigeria's National Primary Health Care Agency since 2003 to ensure timely vaccine supply.

As part of a worldwide drive to eradicate polio, this effort builds on Nigeria's strong performance in recent years, with the number of polio cases falling from 1,100 in 2006 to 62 in 2011. Nigeria is one of the last three countries in the world where polio is endemic, the others being Afghanistan and Pakistan.

"What we do over the next four years is going to determine whether we will succeed in this historic undertaking to eradicate polio in Nigeria," said Dr. Mohamed Pate, Nigeria's Minister of State for Health and Chairman of Presidential Task Force on Polio Eradication. "We have beaten back the disease to a large extent already, and with the support of our partners, we are gearing up to make the last big push."

"Eradication of polio is now within reach in Nigeria, so we must keep up the momentum to defeat this dreaded disease once and for all," said Marie Francoise Marie-Nelly, World Bank Country Director for Nigeria. "Also, we must take in the main lesson from Nigeria's success against polio, which is that improving outreach and closely involving communities will help build a stronger national health system."
The new project is aligned with the Federal Government of Nigeria's 2012 Polio Eradication Emergency Plan, and with the World Bank's strategy in Africa, which aims to reduce vulnerability to illness and disability among poor people.

Source: World Bank

Senegal and Gambia Sign MoU On the Trans-Gambia Bridge

The governments of Senegal and the Gambia signed a Memorandum of Understanding (MoU) on 3 August 2012 for the construction of the Trans-Gambia Bridge and the rehabilitation of a cross-border road section to link Keur Ayib-Senoba-Farrafenni-Bounkiling. Mambury Njie, the Gambia's Foreign Minister and his Senegalese counterpart, Alioune Badara

Cisse, signed on behalf of their respective countries.

Speaking at the ceremony, the Senegalese Foreign Affairs minister, disclosed that the cost involved to implement this project stands at CFA50 billion to be funded by the African Development Bank with a construction period of five years. He said the laying of the foundation stone of this work is scheduled later this month of August 2012. He described this project as probably the largest project in the history of the new Senegalese government under Macky Sall. The first country to have been visited by Macky Sall, a few days after installation, was The Gambia.

For his part, Minister Mambury Njie, confirmed that the construction of the bridge will begin before the end of 2012. He said this project is coming into reality after long negotiation, but added it will further strengthen the old ties between the two countries.

Mor Ngom, the Senegalese Minister for Infrastructure and Equipment said this dynamic partnership will subjugate the South.

Source: AllAfrica.com

Sudan Pins Economic Hope on Gold Prospects

Sudan hopes that gold exports can take up some of the economic slack created by lost oil revenues. According to Khartoum, gold exports since April account for US$603 million and it is hoped they will reach US$3 billion by the end of the year; double that for 2011.

Although gold mining remains a predominantly cottage industry, with up to 250,000 Sudanese seeking their fortune in the unforgiving desert in the north of Sudan, 600 contracts have been issued to private mining companies and new mining areas are to be opened.

In 2011 Sudan reportedly produced 33.7 tonnes of gold. In the same year the world's biggest gold producer was China, producing 355 tonnes. Although the potential US$3 billion in gold exports falls short of the US$5 billion oil brought to Sudan in 2010, it is hoped that it can plug the gap while Khartoum continues its wrangling with Juba at the negotiating table.

Despite the inflation it causes, much of Sudan's gold is bought from individual traders by Khartoum's central bank at above international trading prices, in order to secure much-needed dollars from importers: dollars that would have come from South Sudan's oil.

Canadian mining firm La Mancha Resources recently did a deal with an Egyptian company to develop Sudan's biggest gold mine; the majority state-owned Hassai. However, trade sanctions on Sudan continue to impinge on the viability of investing in Sudan's gold mining industry.

Source: Sudan Tribune

EU Grants Cameroon Banana Sector 48 Mln Euros

The European Union will grant Cameroon 48 million euros for its banana sector as the Central African country seeks to double its annual output to 500,000 tonnes by 2013.

EU representative Raul Mateus Paula noted that the EU had signed an interim Economic Partnership Agreement (EPA) with Cameroon in 2009 and was currently negotiating a full EPA for the Central Africa sub-region. EPAs are designed to reduce trade barriers between the EU and its partners.

Emmanuel Mbarga, head of the external trade department in Cameroon's Ministry of Trade, highlighted that the money will be shared out to major producing firms with plans to boost output.

Cameroon produced 250,000 tonnes of bananas in 2011, up from 230,000 tonnes in 2010, due in large part to improved farming methods. It has announced plans to raise output to 500,000 tonnes by 2013 by opening more plantations. The EU is Cameroon's largest trading partner, accounting for 55 per cent of all its exports.

Source: Reuters

UN Expert Urges Cameroon to Step Up Measures to Ensure Food Security

UN Special Rapporteur on the right to food Olivier De Schutter has urged Cameroon to take measures to achieve food security in the long-term, including investing in small farmers, increasing accountability, and implementing stricter tax laws for foreign companies that draw natural resources from the country.

In Cameroon, food security indicators are on red alert despite measures taken in response to the 2008 food crisis and the increasing revenues drawn from the extensive use of its natural resources.

Political will is not lacking in Cameroon. But it is doubtful whether the strategy in place for access to food is really tailored to the needs of poor populations. In Cameroon's Great North region, 81% of rural households live in food insecurity. Cameroon needs to shift away from short-term oriented solutions and focus on long-term investment in its population to ensure they can keep producing food. In Cameroon, 33% of children are suffering from chronic malnutrition. The majority of them come from families of smallholders, herders and fishers.

And yet, national efforts are primarily focused on developing large-scale plantations. Such plantations create jobs primarily for migrant workers who are willing to accept lower working conditions, and significantly, fewer jobs than small-scale agriculture would yield if it were duly supported, the UN expert said.

Source: Afriquejet.com

Beirut Replaces Abu Dhabi As Most Expensive City In Middle East

The Middle East sees its ranking fall in Mercer's 2012 Worldwide Cost of Living Survey due largely to a drop in rental prices.

The survey found that Beirut is the most expensive city to live in this year within the Middle East, moving up eight notches to number 67. Mercer's survey factors in the cost of living for 214 cities globally. The consultancy compares the price of more than 200 factors in each location, including housing, transport, food and clothing costs.

Abu Dhabi, the most expensive city in the region in last year's survey, is the 76th most expensive city in the world to live in this year, which is down from 67 last year. The cost of living in Dubai has also fallen, with the city ranking 94th overall this year compared with 81 last year. However, the UAE is nonetheless still the most expensive place to live in the GCC, Mercer's report noted. In addition to the lower accommodation costs across the UAE, the fall in Abu Dhabi and Dubai's ranking has come about as a result of several other factors that range from slower increase in the prices of goods and services in the country relative to the base city, New York, to the stabilisation of the real estate market in the Middle East. The top 5 most expensive cities, in the Middle East, for 2012 are: 1 Beirut, Lebanon 2 Abu Dhabi, UAE 3 Dubai, UAE 4 Amman, Jordan 5 Riyadh, Saudi Arabia.

Source: AMEinfo.com

Bahrain Housing Loans Up 121%

Bahrain's housing ministry and Eskan Bank have said housing loans in the kingdom in the first half of the year grew 121% to BD32.2m ($8.54m), compared with BD10.5m spent in the same period last year. The total is part of plans by the lender to provide 2,500 housing units between 2012 and 2016. Eskan Bank has invited contractors to bid for the construction of 1,800 units in Isa Town, Hamad Town, Karbabad, and Bandar Al Saif for low-income families.

Source: AMEinfo.com

Saudi Arabia Tourism Forecast to Grow 8% and Accounts for 3.2% of Saudi GDP with Total Value of Sr59.5bn

Business Monitor International (BMI) has said tourist arrivals into Saudi Arabia are forecast to increase by 8% year-on-year to 14.87 million in 2012, Arab News has reported. The number of tourist arrivals is expected to grow by an average of 6% year-on-year by the end of 2016, BMI said. The Saudi market is also seen to have 424,000 hotel rooms by 2016, up from a projected 317,000 this year, the report said. The tourism industry has accounted for 3.2% of the Kingdom of Saudi Arabia's total

GDP in 2011, as well as 7.1% of non-oil GDP and 11.8% of private sector GDP, according to recent figures released by the Saudi Tourism Information and Research Center (MAS). The total value of the tourism industry in 2011 was estimated to reach SR59.5bn, increasing by 6.8% from SR55.7bn in 2010, and is forecast to further increase in 2012 driven mainly by an expected 5.3% increase in inbound tourists reaching 18.42 million this year.To support the sustained growth of the tourism sector, Saudi Arabia is expected to channel more investments for qualitative improvements and to further diversify the range of tourism products and services.

Source: AMEinfo.com

LEBANON MANAGING CRISIS WELL, SAYS HSBC

HSBC has said Lebanon is still managing to hold up fairly well despite some isolated incidents witnessed in the second quarter of the year and the deepening instability in neighbouring countries, The Daily Star has reported. Government revenues rose during the quarter and, although much of this growth came from one-off payments into the 'other revenues' category, tax revenues were also up by a nearly 13% year-on-year in the first quarter of 2012, the lender said. Although spending on imports was up by nearly 23% year-on-year over the first four months of 2012, however, exports also reported a double-digit growth, despite the troubled global demand climate, the report said.

Source: AMEinfo.com

IDB URGES MALAYSIA TO LEAD ISLAMIC FOOD SUFFICIENCY PROGRAM

The Islamic Development Bank (IDB) has asked Malaysia to lead a program to increase food production among Islamic countries. Deputy Prime Minister Muhyiddin Yassin and IDB fund manager and Chairman Abdullah El-Kuwaiz met in July 2012 and asked Malaysia to lead the mission. "Food is a critical matter and its supply is insufficient despite our population increasing by the billions. Many Muslim countries are having hunger problems because of food shortage, so they have asked me to head a team to drive efforts on an agriculture project to produce food with IDB's help. "This shows that they recognize and highly regard Malaysia's capability," Yassin said. He added "fruits of the agriculture program would not only be enjoyed by Malaysia but other Muslim countries worldwide."

Source: Saudi Gazette - 29 July, 2012

Iran Emerges as Biggest Export Destination for Turkey

Iran was the biggest single destination for Turkish exports in June 2012. Turkish exports to Iran increased 471.2 percent to $1.6 billion from a year earlier. Turkey's total June exports rose 16.9 percent to $13.27 billion and imports decreased 5.4 percent to $20.44 billion. Turkey's trade deficit narrowed more than expected in June mainly due to gold exports to Iran, a dip in oil prices and a slowdown in the economy, data showed on Tuesday, indicating an improvement in the country's troublesome current account gap. The trade deficit fell to $7.18 billion in June from $10.26 billion a year earlier, the Turkish Statistics Institute said, lower than a forecast deficit of $ 8 billion in a Reuters poll. Turkish gold exports to Iran stood at $1.3 billion in June, bringing the total gold exports so far in 2012 to $ 4.4 billion.

The Turkish Statistics Institute said there were no findings suggesting gold exports to Iran were used as a tool for oil and gas payments, rejecting media speculation to that effect. Most of the gold export payments were made in cash, it said. Turkey, which imported around 200,000 barrels a day of Iranian crude in 2011, sharply reduced shipments earlier this year to win a waiver from U.S. sanctions that allows it to continue purchasing Iranian crude through the second half of 2012. Turkey also imports gas from Iran.

Source: Tehran Times - 02 August, 2012

Oman Sets up Planning Council, Data Centre

Oman has constituted a new ‘Supreme Council for Planning’ and a ‘National Centre for Statistics and Data’ which, between them, will take over many of the functions and responsibilities of the erstwhile Ministry of National Economy. Also, the Directorate-General of Civil Aviation and Air Navigation has been removed from the Ministry of Transport and Communication and reconstituted as an independent ‘Public Authority for Civil Aviation’. The high-profile Supreme Committee for Town Planning was done away with and most of its powers assigned to the Ministry of Housing. The National Economy Ministry was abolished early last year as part of several far-reaching changes in government announced by His Majesty Sultan Qaboos bin Said after protests broke out in the country demanding economic and political reforms.

The new Supreme Council for Planning, with its secretariat-general headquartered in Muscat and enjoying financial and administrative autonomy, will receive all allocations and assets of the scrapped ministry’s Directorates-general of Development Planning, Service Sectors Development, Economic Affairs and Private Sector Affairs, a decree issued by Sultan Qaboos on Saturday said. All the administrative departments affiliated to the ministry’s under-secretaries for economic affairs and development affairs and their employees will also be transferred to the council's secretariat-general.

The rest of the allocations, assets and liabilities of the National Economy Ministry will be transferred to the Finance Ministry, while the Foreign Ministry will be given the tasks and activities of joint committees between the sultanate and Arab and foreign countries previously attached to the National Economy Ministry. The National Centre for Statistics and Data, constituted through another royal decree on Saturday, will be affiliated to the Supreme Council for Planning. It will be a financially and administratively independent body and based in Muscat.

Source: Khaleej Times

Sudan Invites Malaysia to Set up Islamic Banks

Sudan has invited Malaysia to set up Islamic financial banks in the country in a move that can go a long way in facilitating trade and investment financing between both countries. Last year, total trade between Malaysia and Sudan stood at US$94.4 million, an increase of 5.9 per cent from 2010. Sudan's Ambassador to Malaysia Nadir Yousif Eltayeb said the country welcomes three Islamic banks to set up branches. Speaking at a press conference on Business Opportunities in Sudan here, he said more than 50 Malaysian companies are expected to invest in the country, in selected sectors. Among these are electrical and electronics, small medium enterprises and halal products.

"There is abundant land in Sudan, and therefore, we would like to focus on agriculture. Sudan is seeking expertise from Malaysia's Malaysian Agricultural Research and Development Institute (MARDI) and the Federal Agriculture Marketing Authority (FAMA)," Nadir said. Sudan has at present cultivated corn and basmati rice. Apart from that, the country which is a major supplier of beef and lamb to Saudi Arabia, also plans to export its meat products to Malaysia, especially during the festive season. Nadir said Malaysian investors need not worry about the country's stability as Petronas had managed to do its business there for the past 15 years. A Malaysia-Sudan Trade and Investment Forum will be held in Khartoum from Nov 4-5 to highlight business opportunities in the country.

Source: NNN-Bernama

Yemen Expected to Join WTO in 2012

Yemen is expected to join the World Trade Organization (WTO) in 2012 after a number of negotiations which have taken place from the year 2000 on. Over the past few years, a group was assigned to work on the issue of Yemen's joining the organization. The group looked at whether Yemeni trade laws were compatible with those of the WTO.
Ukraine stood in constant opposition to Yemen joining the trade organization and effectively provided obstacles to the latter's entrance. The Ukrainian government required prominent diplomats to interfere and promote

Yemen's entrance. The Ukrainian trade envoy told Reuters that his country wanted guarantees from those who wished to join the WTO that customs fees for agricultural and metal goods would be reduced.

"Our country is interested in importing metal goods to Yemen, which would help Yemen improve its infrastructure and its industrial sector," he added.

In a related matter, the WTO issued a document stating that member countries had agreed on new, less stringent membership standards for countries with weak economies, including Yemen, Sudan and Afghanistan. The document provided for standards being made easier for poorer countries to join. Also, all countries with the veto right could reject new countries' entrance until the latter agreed on trade rules, especially those related to customs fees.

Source: National Yemen

OPEC: Iraq's oil Production at Highest Since 2003

The Deputy Chairman of the Energy and Oil Parliamentary Committee, Ali al-Fayadh, predicted the Iraqi production of cured oil to increase on the beginning of the next 2013 from (3.5) million barrels to (3.75) million barrels per day.
MP Fayadh reported in a statement to IraqiNews.com that "We are optimistic about increasing the production of the cured oil in order to adjust the needs of Iraq and the global markets," noting that "The technical possibilities and international experience of the Ministry of Oil contributed in increasing oil production."

He added that "Iraq will be the first country in the world in producing Oil," stressing that "Iraq can invest this oil through granting licensees and contracting with global companies which are specialized in this sector."

A report issued by the Organization of Petroleum Exporting Countries [OPEC], on Saturday, confirmed that "Iraq has reached the highest level in producing Oil since 2003."

Source: Iraqinews

Kyrgyzstan and Iran to Boost Trade and Economic Cooperation

Closing ceremony of the 10th meeting of Joint Intergovernmental Commission on trade-economic, scientific-technical and cultural cooperation between Kyrgyzstan and Iran was held in the Iranian capital city of Tehran, July 10, 2012.

According to the press service of the Ministry of Finance of Kyrgyzstan, on the results of the work of the Commission the sides suggested to develop cooperation of two countries in such areas as halal industry, banking, cement production, joint projects in geological exploration, power generation, gas and tourism. The Kyrgyz side also suggested to supply Kyrgyz meat and live cattle to Iran and the Iranian side expressed its readiness to accept the proposal, in case of observance of all veterinary procedures.

In conclusion, the Minister of Finance of Kyrgyzstan A. Japarov and Minister of Industry, Mines and Trade of Iran Mahdi Gazanfari signed the minutes of the meeting of the Joint Intergovernmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation between the two countries.

"I think that the signed document will serve the economy of both countries and pave the way multisectoral, mutually beneficial cooperation of Kyrgyzstan and Iran. I hope that we will achieve open trade between the two countries and be able to increase turnover up to 1 billion U.S. dollars", added A. Japarov.

Source: Kabar

Maldives' Per Capita Income Climb Over MVR50,000

Maldives Monetary Authority (MMA) has revealed that the Real Gross Domestic Product (GDP) per capita income has climbed over MVR50, 000 this year.

In last month's economic review, MMA detailed that Real GDP in Maldivian Rufiyya was at 50,385 which is equivalent to 3,936 in US Dollars. However, the real GDP growth rate has been gradually declining. To that end the real GDP growth rate was at 5.5 percent this year in comparison to 14.2 percent in 2003.

According to MMA's report, the Real GDP per capita has been on the rise where it was at MVR38, 134 in 2003 while climbing to MVR47, 453 at the end of 2008.

Source: Haveeru Online

Focus on Education in Brunei

To boost the quality of its education system, Brunei Darussalam has formed key partnerships with foreign governments and leading international institutions, as well as taken a leadership role in regional education.

On June 11, the University Brunei Darussalam (UBD) and the US-based East-West Centre, a research organization aimed at promoting better relations between the US and Asia, signed a memorandum of understanding (MoU) to provide English-language instruction to all 10 ASEAN countries.

The MoU represents just one education-related partnership the Sultanate has formed in recent years. Indeed, it follows up on an announcement in November 2011 launching the Brunei-US English Language Enrichment Project for ASEAN, a US$25m project funded by the Bruneian government to span five years. Brunei Darussalam has taken an active role in promoting education within the region as well. This is part of the country's overall goal of developing a competitive knowledge-based economy, with specialized labor at all levels. Indeed, the Sultanate has participated in several initiatives to boost education in ASEAN, thus asserting a leadership role within the region.

Source: The Brunei Times

Qatar Deposits $2 Billion to Support Egyptian Economy

Qatar will deposit $2 billion at the Egyptian Central Bank in an effort to help support an economy battered by a year and a half of political turmoil, an Egyptian presidency statement said. Egypt's foreign reserves began a steep decline last year when a popular uprising sent the economy into a tailspin and led the central bank to start selling dollars to prop up the country's pound. The economy faces a looming balance of payments crisis and high state borrowing costs, and experts say financial aid is urgently needed to avoid currency devaluation.

The emir of oil-rich Qatar, Hamad bin Khalifa al-Thani, held talks with newly elected Islamist President Mohamed Mursi during a visit to Cairo on Saturday. It was the first trip by a Gulf leader since Mursi was sworn in on June 30. Mursi's new cabinet will have to decide whether it should implement new and potentially painful austerity measures to help stabilise government finances and secure foreign financial help.

Political unrest has chased away tourists and foreign investors and prompted government employees to strike for higher wages. A mission from the International Monetary Fund (IMF) will arrive in Cairo this month to resume talks with the government over a $3.2 billion loan. Political tensions have been delaying the unlocking of aid as the IMF demanded that any loan gets broad political support. Egyptian government expects a growth rate of 3.5-4 per cent in the 2012-2013 fiscal year. Gulf governments have offered some aid, including a Saudi $1 billion deposit at the central bank earlier this year.

Source: Reuters, Yahoo

Egypt's Unemployment Rate Hits Record High in Second Quarter

The national unemployment rate rose to 12.6 per cent in the second quarter of 2012 up from 11.8 per cent for the same quarter last year, Egypt's official statistics agency CAPMAS reported.

According to CAPMAS, the total number of unemployed Egyptians currently stands at 3.395 million, more than a quarter of whom have recently lost their jobs.

CAPMAS figures further reveal that the unemployment rate for women (24.1 per cent) is almost triple that for men (9.2 per cent).

Unemployment in urban areas, meanwhile, stands at 16.2 per cent, more or less the same level as that for the last quarter. Joblessness rates stand at 9.8 per cent in rural areas, where agriculture and fishing – the main economic activities – absorb almost one third of the total labour force. Unemployment rates for young people (from 15 to 29 years old) hit a whopping 77.5 per cent in the second quarter of 2012, 41.4 per cent for those between 20 and 24 years old and 25.3 per cent for those between 25 and 29 years old. Holders of intermediate, university and higher degrees – some eight out of ten of whom cannot find work – have been the most affected by skyrocketing unemployment, according to CAPMAS.

Source: Al Ahram

Libya Sees Return to Pre-War oil Output in October

Libya expects to be back to pre-war oil production in October, later than previously forecast due to interruptions and the slow return of oil services firms to the North African country, Deputy Oil Minister Omar Shakmak told Reuters. Output has climbed back close to pre-war levels of 1.6 million barrels per day (bpd) since a virtual standstill during last year's uprising. "If everything goes as planned and there are no more interruptions, I think within three months time from now ... we hope we will achieve the 1.6 (million bpd)," Shakmak said. "Our plan was for by the end of July, the second quarter, but there are a lot of reasons - one of them the interruptions ... and also the delay of the support from oil technical service contractors. They are not back 100 percent."

Going forward, Libya plans to boost production which could reach 2 million barrels by end-2015, Shakmak said. "We're talking about the capacity of the production but the plan is that we should be able to have such production," he said. He said there were also study proposals to upgrade the country's refineries and build two new ones. "A plan is being discussed for the development of the refinery industry in Libya, both upgrading the existing refineries and to have new refineries," Shakmak said. "They will study where we will have these two refineries - maybe in east, in the Tobruk area and Derna and the other one in the south."

Source: Reuters

French Financier Invests in Cameroon High-Speed Rail

French financier Vincent Bollore announced that his investment group Bollore plans to invest about 50 billion CFA francs ($97.86 million) in a high-speed train line linking Cameroon's capital Yaounde to its commercial hub Douala.

He also highlighted that the group also plans to extend Cameroon's rail line to some countries in the sub-region and invest in renewable energy.

In the short-term, a high-speed train line between Yaounde and Douala is intended to introduce within 12 months and project will cost about 50 billion CFA francs.

Bollore group took over management of Cameroon's national railway in 1999 for a 20-year concession following the government's decision to privatise the former state-run rail company.

Though Cameroon is the sub-region's economic powerhouse and gateway port serving neighbours such as Chad and Central African Republic, its rail and other transport network remains underdeveloped, undermining efforts to boost economic growth, the International Monetary Fund has said.

Source: Reuters

Saudi Development Fund to Lend Tunisia $220 Million

The Saudi Fund for Development will extend a total of about $220 million to Tunisia in low-interest loans, Tunisia's Investment and International Cooperation Ministry said, as the North African country seeks to recover from last year's revolution. It said there would be three loans, one to develop a power station at Sousse, one to invest in the transport of gas and one to be spent on vocational and other training.

The loans are repayable over 20 years at 2 per cent interest, and loan agreements will be signed in the coming days, it said in a statement on the official TAP news agency. Tunisia has received several bilateral soft loans this year, aimed at helping it recover from the revolution that overthrew Zine Al-Abidine Ben Ali in January 2011.

Source: Reuters, Al Ahram

Qatar And Algeria Plan To Partner On Steel Plant

The official Qatar News Agency says the gas-rich Gulf nation has agreed to build a steel plant in Algeria, extending its business ties to North Africa. A deal signed calls for a plant in the eastern coastal city of Jijel with the capacity to produce five million tons of metal annually. The news agency reported that Algeria would have a 51 per cent stake in the project, with Qatar holding the rest. Financial terms were not disclosed. Qatar has been ramping up its investments in North Africa's telecom sector and other industries. It offered Algeria's neighbour Tunisia a $1 billion low interest loan

in April to shore up the country's battered economy.

Source: Al Ahram

IDB – ADB Funding to Promote Wind Energy Farms in Pakistan

The Islamic Development Bank (IDB) in partnership with the Asian Development Bank (ADB) has signed a US$133 million agreement for long-term lease finance (Ijara) facility for the development of two wind power projects in the Sindh province of Pakistan. A consortium of local financial institutions comprising National Bank of Pakistan, Faysal Bank, United Bank Limited, Allied Bank and Meezan Bank are also participating in the transaction. Under an innovative risk participation structure between IDB and ADB, the project companies were able to raise 100% Islamic financing for these important infrastructure projects.

The projects are sponsored by the Fauji Foundation and Tapal Group in Pakistan. Once complete, the projects shall add generation capacity of 100MW to the national grid under long term Energy Purchase Agreement with the National Transmission and Distribution Company (NTDC) of Pakistan and thereby make a significant contribution to improving the power supply situation in the country.

These projects are the first generation wind energy projects that Pakistan has embarked on. IDB has been a long term development partner of Pakistan and has been involved in both public and private sector projects. Since its inception, IDB's cumulative operations in Pakistan have reached to almost US$7.5 billion.

Source: Islamic development Bank (IDB)

Euro Crisis Sends Moroccan Workers Packing

Thousands of people who had immigrated to EU countries have started to return home to Morocco after losing their jobs as a result of the economic and financial crisis plaguing the euro zone. Some of these expatriates spent decades building the European economy only to return to their parents empty-handed. Previously, they had been a source of hard currency for both their families and the local economy.

According to preliminary estimates, roughly half of the 800,000 Moroccan migrants (mostly from the north of Morocco) who work in Spain have lost their jobs and are considering a permanent return to their home country. This is due to the deteriorating economic and social situation in Spain. The Spanish government will offer financial compensation to those leaving the

country if they forfeit their residence cards. Statistics show that about 100,000 people have declared their desire to voluntarily leave the country. Most of these people had been working in construction, tourism and agriculture, and some of them were left unable to pay their home loan bills.

Source: Al Monitor

LARGEST SOLAR ENERGY PLANT TO BE BUILT IN AFGHANISTAN

New Zealand is to help fund the largest solar energy plant in Afghanistan, which will be built by two New Zealand companies.

New Zealand government would provide 18.6 million NZ dollars (15.05 million U. S. dollars) for a solar energy system in the Bamyan province. Energy is a top priority for Afghanistan's development and the government of Bamyan welcomed this initiative to bring power to the province.

Once completed, the 1.05 megawatt solar plant will provide power for as many as 2,500 homes, businesses and government buildings.

Two New Zealand companies, NetCon Ltd. and Sustainable Energy Services International, had been awarded the contract for the 1.05 MW plant, with construction expected to be completed at the end of 2013.

Source: English.News.cn

SOMALI STOCK MARKET WILL BE BASED IN NAIROBI

Somalia plans to set up its own stock exchange to be based in Nairobi to help tap investments aimed at reviving the troubled country's economy.

Representatives of the Somalia government and the Somalia Stock Exchange Investment Corporation signed a Memorandum of Understanding with the Nairobi Securities Exchange to help in technical expertise needed to set up a bourse.

Somalia which has suffered economically and socially, has never had a stock market. "Initially the exchange could be based here in Nairobi but as the situation improves it could move to a suitable place in Somalia," said NSE chairman Peter Mwangi. NSE will have the primarily help in technical development of the Somalia stock exchange and also help in developing a business plan for the planned exchange.

Idd Mohamed, a Somali diplomat and deputy representative to the United Nations, revealed that key firms that are likely to support the Somali bourse are private banks, oil exploration firms and others in the energy sector, telecommunication and Hawallas (money transfer institutions) that are vibrant in Somali and dominated by the community of that country.

Source: All Africa

50-Year Makkah Development Plan Unveiled

In 19 August 2012, Saudi Interior Minister Prince Ahmed highlighted the new 50-year plan for the comprehensive development of Makkah and the holy sites of Mina, Arafat and Muzdalifah, saying it would bring about massive improvement in services to pilgrims. Speaking to reporters after chairing a meeting of the Supreme Haj Committee in Jeddah, Prince Ahmed said the new plan would be completed in phases. “A new study has been conducted for the development of Makkah and the holy sites. Its findings will be announced later,” he said. Part of the project would be implemented in the next 10 years. “Detailed studies have been conducted by experts to implement the project in the best way possible,” he said.

The Plan includes construction of buildings on top of mountains and other places.” The minister said the committee discussed the reorganization of places and new development projects in the holy sites. It aims at creating more room in the holy sites to accommodate the growing number of Haj pilgrims. “There are a number of ideas to increase the capacity of Mina. These include shifting of some government departments from Mina to other places,” the minister explained.

Source: IINA

Kazakhstan Increases the Volume of Exported Grain to 1.2 Million Tons Per Month

Kazakhstan increased the volume of exported grain to 1.2 million tons per month for the last three months of 2011, the Minister of Agriculture Asylzhan Mamytbekov said on 3rd February 2012.

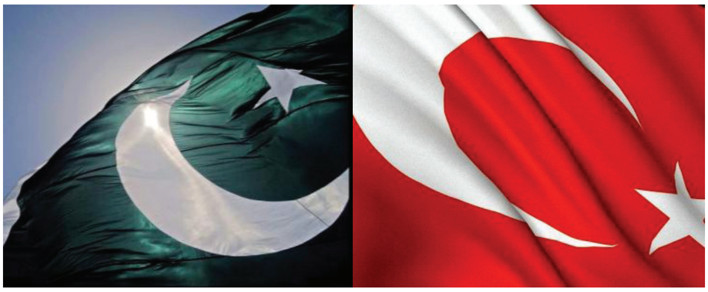
"The volume of grain shipments was increased significantly. Some 3.6 million tons of grain crops including the flour were sent for export during the last three months of 2011, so we reached the average volume of 1.2 million tons a month," Mamytbekov said.

Kazakhstan is one of the largest grain exporters in the world. Record harvests of grain - almost 27 million tons in net weight were registered in

2011. Kazakhstan plans to export 15 million tons of grain in the 2011-2012 marketing year.

Source: Trend News Agency

Pakistan and Turkey to Achieve $2 Billion Trade Target



Prime Minister Raja Pervez Ashraf has said that Pakistan values close and time-tested friendship with Turkey and is strongly committed to further deepen, broaden and strengthen its partnership with Turkey in every field.

He remarked that their excellent political relations should translate into a qualitative up-gradation of our bilateral economic and commercial ties. He expressed these views while talking to Mustafa Baber Hizlan, Ambassador of Turkey, who called on him at the PM House in August this year.

The PM stressed that in order to achieve the mutually agreed trade target of $ 2 billion by the end of this year; they need to create facilitative mechanisms and opportunities for their private sectors.

The Prime Minister further desired that the two brotherly countries should now fast track the conclusion of Pakistan-Turkey Preferential Trade Agreement.

He invited Turkish investors to make investments in Pakistan, adding that the country welcomes Turkish investment in key sectors such as infrastructure, housing, engineering, energy, agriculture, telecommunication and mining.

The Turkish Ambassador pledged that he would work to further deepen cooperation between Pakistan and Turkey in all fields for the benefit of people of two countries.

Source: Pakistan Today

Morocco Aims 25 Per Cent Renewable Energy By 2020

Morocco's minister of Mines, Energy, Water and Environment, Fouad Douri, announced the government has set the target of seeking 25 per cent of the country's energy needs from renewable resources like wind and sun by 2020, Brazil-Arab News Agency reported. The North African nation updated its ambitious target from 15 per cent which was set around three years ago. "This is economically important and fundamental for society, and it is this form of energy we want for the future," Douri said after participating in a seminar titled "Green Energy in Morocco" which was held on the sidelines of Rio+20.

Rabat has kick started at least five new projects for wind farms which would produce 850 megawatts of energy. A city with around 1.3 million inhabitants demands, on average, 230 MW for its energy needs. By 2020, the country plans to be generating 2,000 MW of wind energy. Morocco is establishing solar energy farms in its Saharan desert areas, to tap into hours of sunshine.

In July 2011, the French Development Agency (AFD) granted €100 million to the Moroccan Solar Energy Agency to start implementing the plan for generating another 2,000 MW of renewable energy from 2020. Morocco already has a thermo-solar plant, which generates energy from natural gas and solar panels, in Ain Bni Mathar near the Algerian border. Around 20% of the energy plant's 420 MW is produced through solar panels.

Morocco is a big importer of oil and gas and aims to reduce its dependence on hydrocarbons in upcoming years. The government is taking active measures to make the economy less susceptible to commodity price variations and shield from political instability related to inflation and energy price hikes.

Source: Arabian Gazette

Red Tape Holds Back Food Production in Saudi Arabia

As Riyadh looks to reduce the significant shortfall between domestic food production and imports, easing the restrictive ownership rules that deter potential foreign investors will be key. As the Gulf peninsula's largest country, Saudi Arabia faces unique challenges in feeding a population of 27 million scattered across almost 2 million square kilometres. The UAE's Alpen Capital states in a report that the kingdom consumed almost 28 million tonnes of food in 2011, of which 80 per cent was imported. It also forecasts Saudi Arabia's food consumption will grow at a rate of 4.2% between 2011-2015. The cost of food imports is estimated at $10bn a year. The shortfall between domestic production and imported supply highlights the serious challenge facing Saudi Arabia in terms of securing food resources for the long term. Riyadh has acknowledged the issue and initiated a number of schemes, both domestically and abroad, aimed at diminishing the potential for future food shortages. Domestically, the two biggest issues facing food production are Saudi Arabia's rugged terrain and its harsh climate. Despite being the world's 13th largest country by size, only a tiny fraction of the kingdom's land, 1.7%, is suitable for crop production.

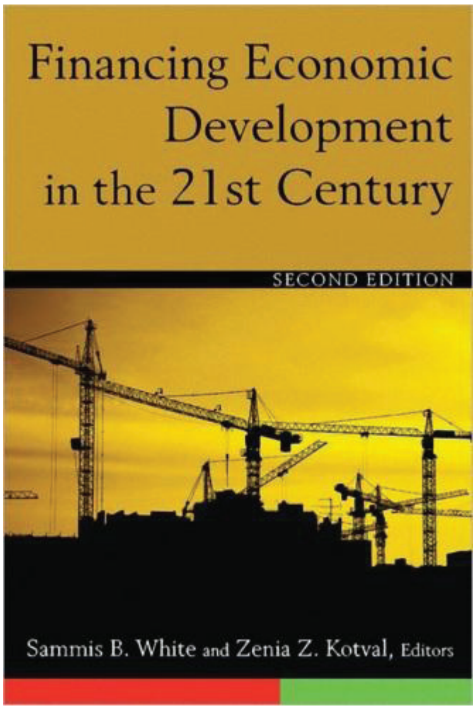
The situation has compelled Riyadh to look abroad for arable land on which to produce food crops. To date, the kingdom has agreed several multibillion-dollar deals with countries such as Sudan, Egypt and Pakistan for land plots to produce crops for domestic consumption. Adding to the food challenge is a lack of food manufacturing facilities currently operating within the kingdom. Mahboob Murshed, managing director at Alpen Capital, says potential foreign investors are deterred from entering the kingdom due to the high levels of bureaucracy and restrictive ownership regulations. "In Saudi Arabia, the vast majority of manufacturing plants are either owned by a local company or are joint ventures between locals and multinationals such as the US' Kraft Foods," says Murshed. "There are very few expatriates who own operations in the kingdom, compared with neighbouring countries such as the UAE."

Source: AMEinfo.com

BOOK REVIEWS – RECENT TITLES

Financing Economic Development in the 21st Century

Sammis B. White; Zenia Z. Kotval, 424 pages, M E Sharpe Inc; 2nd Edition, 2012

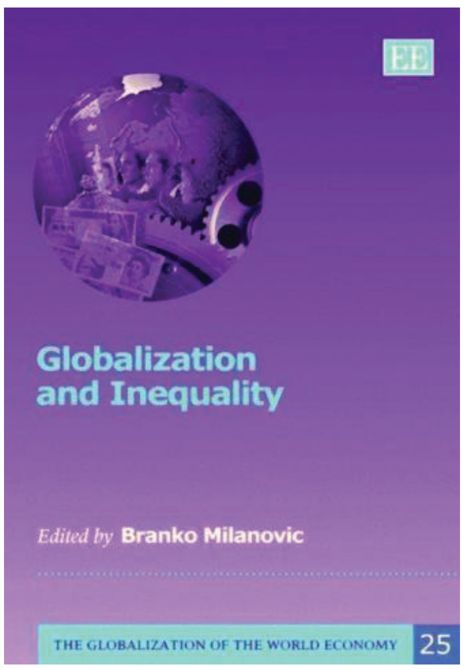


Completely revised, this new edition presents a well-balanced set of economic development financing tools and techniques focused on the current times of economic austerity. While traditional public sector techniques are evaluated and refocused, this volume emphasizes the role of the private sector and the increasing need for cobbling together different techniques and sources to create a workable financial development package. The chapters address critical assessments of various methods as well as practical advice on how to implement these various techniques. New chapters on entrepreneurship, the changing nature of the community banking system, and the increasing need for partnerships provides critical insights into the ever-evolving practice of economic development finance.

Globalization and Inequality

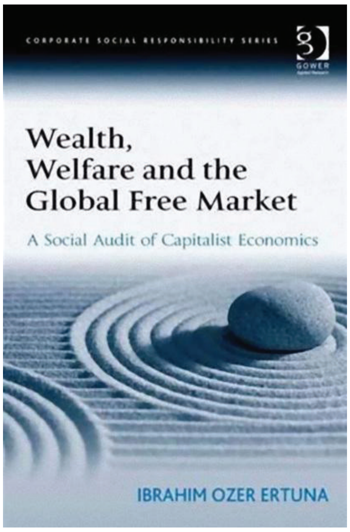
Branko Milanovic, 648 pages, Edward Elgar Pub, 2012

This volume brings together the most significant modern contributions to the literature on globalization and inequality. The editor's selection, set in context by an authoritative introduction, uses broad analyses and important case studies to illustrate the impact on levels of inequality of previous periods of globalization and of the current era of globalization. The collection further focuses on the issues of openness and inequality, and concludes with several benchmark papers that examine global levels of inequality. It also maps the debates about globalisation and inequality: how globalisation impacts national inequality and how an open global economy shapes inequality within and across the borders of states.



Wealth, Welfare and the Global Free Market

Ibrahim Ozer Ertuna, 244 pages, Gower; Har/Ele Edition, 2012



Using a mixture of theory and practical examples in this challenging book, Professor Ertuna examines markets and international trade in the era of globalization from scientific, economic, cultural, philosophical and faith-based viewpoints. He explains how what he describes as 'The Science of the 21st Century' may be part of any new emergent order. His survey of the different perspectives details what is being proposed by the 'Post Autistic Economics' movement; the Nobel laureates of the Santa Fe Institute; 'critical theoreticians'; environmentalists; and others. Vedic philosophy, other belief systems, and the significance of Anatolian culture may not be part of the usual discourse for business leaders, but as the role of business in society becomes ever more critical, an understanding of the range of perspectives brought to us by this book becomes increasingly essential. Those with an academic interest in the issues addressed here, as well as business and community leaders, policy makers, and those in government and non-governmental organizations will want to read this valuable addition to Gower's Corporate Social Responsibility Series.

The Gulf Region: Economic Development and Diversification

Giacomo Luciani, Steffen Hertog, Eckart Woertz, Richard Youngs, 1136 pages, Gerlach Press, 2012

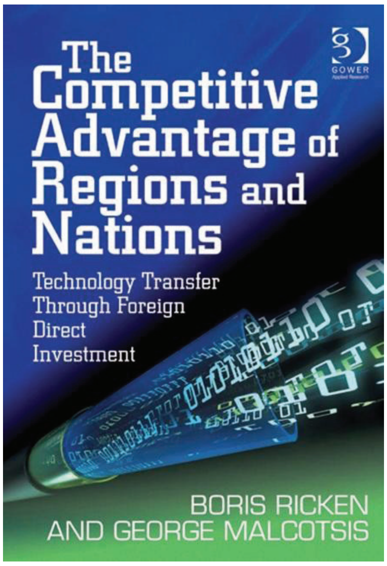
The four volumes in this major research collection address the key economic issues which affect the future development and diversification of the member states of the Gulf Cooperation Council (GCC), namely Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates and Oman.

Specifically, this recent research covers: (i) Economic Diversification, (ii) Development of Global Partnerships, (iii) Labour Markets and Migration, and (iv) Financial Markets as Global Players The work brings together analysis by some 40 international scholars who participated in a major joint initiative by the EU and the GCC, the al-Jisr Gulf-Europe Research Program.

This collection will prove a reference work for policy makers and scholars on all the critical issues facing the Gulf countries as their economies develop beyond dependence on the oil and gas sector and forge new international alliances.

The Competitive Advantage of Regions and Nations

Boris Ricken, George Malcotsis, 256 pages, Gower, 2012



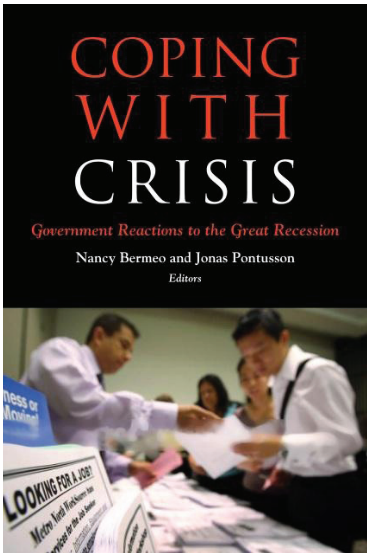
The importance of technology transfer for the competitive advantage of companies and the economic success of nations cannot be overstated. Technology is a determining element for firms and nations to increase productivity, to compete, and to prosper. In "The Competitive Advantage of Regions and Nations", the authors stress that companies, investment promotion agencies, and government bodies cannot simply sit and wait until new technologies arrive in their domain. Rather, they need to manage the identification, assessment, attraction, absorption and application of new technologies.

In this comprehensive book, Boris Ricken and George Malcotsis explain how technology transfer in Foreign Direct Investment (FDI) projects can be systematically managed. Using some 40 case studies as illustration, they give step-by-step guidance for managers.

The explanation of theory in this book, together with the frameworks and cases delivering solutions to the various challenges of technology transfer will be highly appreciated by managers of companies, investment promotion agencies, and government bodies alike. It also offers students confronted with the topic an understandable study guide.

Coping with Crisis: Government Reactions to the Great Recession

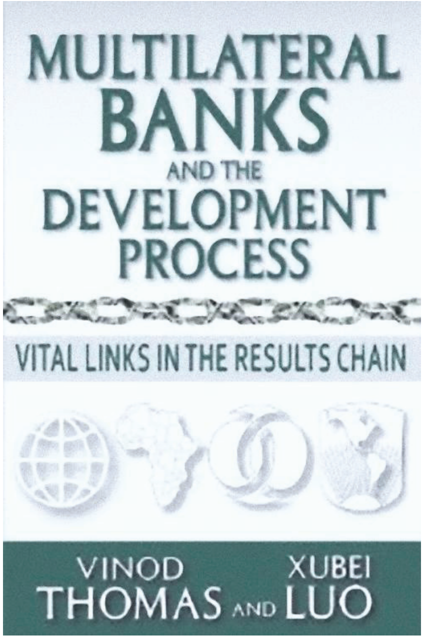
Nancy Bermeo, Jonas Pontusson, 272 pages, Russell Sage Foundation, 2012



The financial crisis that erupted on Wall Street in 2008 quickly cascaded throughout much of the advanced industrial world. Facing the spectre of another Great Depression, policymakers across the globe responded in sharply different ways to avert an economic collapse. Why did the response to the crisis — and its impact on individual countries — vary so greatly among interdependent economies? How did political factors like public opinion and domestic interest groups shape policymaking in this moment of economic distress? *Coping with Crisis* offers a rigorous analysis of the choices societies made as a devastating global economic crisis unfolded. With an ambitiously broad range of inquiry, *Coping with Crisis* examines the interaction between international and domestic politics to shed new light on the inner workings of democratic politics. The volume opens with an engaging overview of the global crisis and the role played by international bodies like the G-20 and the WTO. The volume also features several case studies and country comparisons. *Coping with Crisis* offers analysis of the decisions made in the developed world during this critical period.

Multilateral Banks and the Development Process: Vital Links in the Results Chain

Vinod Thomas, Xubei Luo, 179 pages, Transaction Publishers, 2012



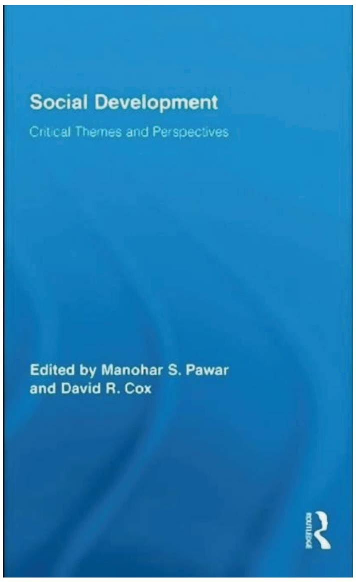
A chain is only as strong as its weakest link. When the links in the chain represent development projects, if individual projects fail to achieve their purpose, the development program's effectiveness is compromised. When the chain's links are strong and well-connected, the results are improved for the sector, country, and region. The role of multilateral banks is crucial; they inform the impact of development operations and support policymakers in decision making.

This volume emphasizes that some crucial links in development tend to be systematically overlooked. In these matters, preoccupation with the immediate exigencies seems to come at the expense of attention to enduring problems—at a great cost to society.

Development practitioners should apply policies that have produced results over time, ensuring that the links in the chain are strong, but too often they overlook those links—because of myopia, complexity, tradition, or special interests. This book will help policy makers and practitioners focus on the links that measure progress, apply lessons, and matter for lasting results.

Social Development: Critical Themes and Perspectives

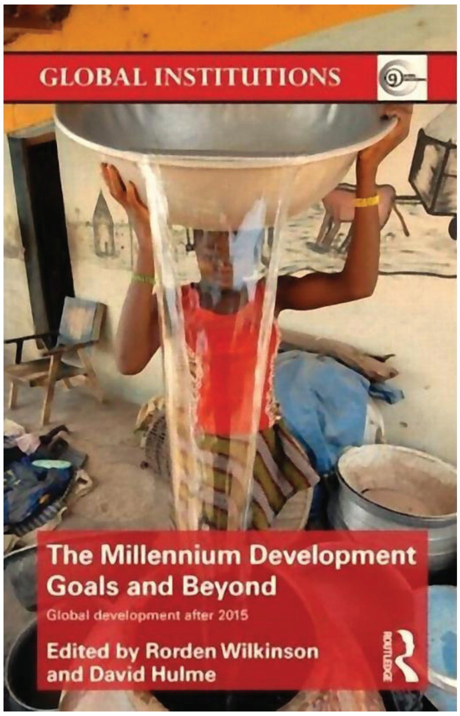
Manohar S. Pawar, David R. Cox, 274 pages, Routledge, 2012



This edited collection demonstrates that the ideas inherent in social development are practical and not utopian. By discussing and delineating a social development approach, the book argues the need for practicing it at local or grassroots-level communities to promote universal social justice and wellbeing. Towards this end, several leading scholars have presented critical and inspiring thoughts on the significance and usefulness in development of genuine participation of people, bottom-up strategies, self-reliance, capacity building, and egalitarian and empowering partnerships. They also delve into hitherto neglected aspects of social development related to preparing personnel for social development work, ethical imperatives and a new social development paradigm. The world's contemporary problems persist in part because the social development approach in its comprehensive form has not been planned and implemented at local, national and global levels. *Social Development* presents the optimistic argument that the application of social development ideas can help create a world in which almost all people's wellbeing can be significantly enhanced.

The Millennium Development Goals and Beyond: Global Development after 2015

Rorden Wilkinson, David Hulme, 214 pages, Routledge, 2012



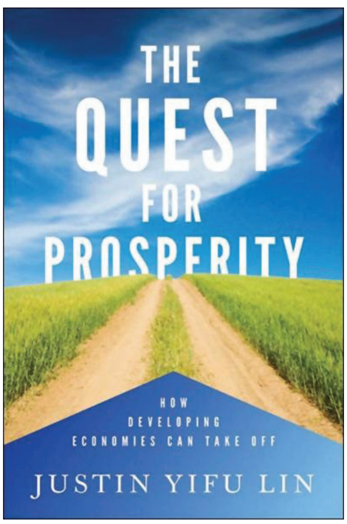
The Millennium Development Goals (MDGs) have contributed to reductions in poverty and improvements in the human condition in many parts of the world since their "invention" in 2000 and 2001. It nonetheless remains the case that today, as on all the previous days of the twenty-first century, almost one billion people will go hungry.

Debates about whether the MDGs have made a positive contribution to poverty eradication and/or whether they have achieved as much as they should have done are becoming more frequent as 2015 and the "end of the MDGs" approaches. This book highlights that active debate about what the MDGs have achieved and what that means for the crafting of a post-2015 international framework for action, must become a priority. The work begins by examining the global context of the goals from a variety of perspectives, and moves on to focus on the region that continues to be the most impoverished and which looks likely to fall short of meeting many of the MDGs: Africa.

Presenting both a broad overview of the issues and drawing together prestigious scholars and practitioners from a variety of fields, this work provides a significant contribution to debates surrounding both global poverty and the success and future of the MDGs.

The Quest for Prosperity: How Developing Economies Can Take Off

Justin Yifu Lin, 345 pages, Princeton University Press, 2012



How can developing countries grow their economies? Most answers to this question centre on what the rich world should or shouldn't do for the poor world. In The Quest for Prosperity, Justin Yifu Lin--the first non-Westerner to be chief economist of the World Bank--focuses on what developing nations can do to help themselves. Lin examines how the countries that have succeeded in developing their own economies have actually done it. He shows that economic development is a process of continuous technological innovation, industrial upgrading, and structural change driven by how countries harness their land, labour, capital, and infrastructure. By following this "new structural economics" framework, Lin shows how even the poorest nations can grow at eight per cent or more continuously for several decades, significantly reduce poverty, and become middle- or even high-income countries in the span of one or two generations. This book provides a road map and hope for those countries engaged in their own quest for prosperity.

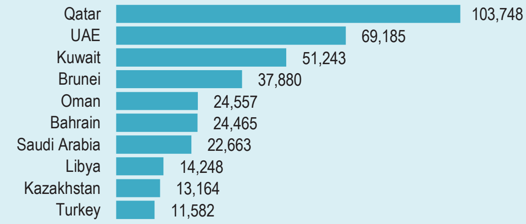
ECONOMIC and FINANCIAL INDICATORS

Country	GDP Growth 2012	GDP Growth 2013 Est.[1]	GDP Growth 2014 Est.[1]	Inflation Rate (CPI) 2012	Inflation Rate (CPI) 2013 Est.[1]	Inflation Rate (CPI) 2014 Est.[1]
Afghanistan	7.17	5.78	5.42	4.46	5.00	4.67
Albania	0.50	1.70	2.50	1.87	3.03	3.00
Algeria	3.07	3.42	3.38	5.45	4.45	4.25
Azerbaijan	3.10	1.90	2.83	5.60	6.07	6.50
Bahrain	1.99	2.83	2.58	0.95	1.45	2.00
Bangladesh	5.86	6.41	6.81	10.36	7.90	6.46
Benin	3.50	4.75	4.78	7.00	3.50	3.44
Brunei	3.15	1.60	4.94	1.62	1.42	1.37
Burkina Faso	5.00	6.37	6.77	2.50	2.00	2.00
Cameroon	4.10	4.50	4.70	3.00	3.00	2.50
Chad	6.89	0.14	3.21	5.50	3.00	3.00
Comoros	2.45	4.00	4.01	5.63	3.13	2.07
Côte d'Ivoire	8.13	6.21	6.53	2.00	2.50	2.50
Djibouti	4.78	4.97	5.02	4.26	2.45	2.46
Egypt	1.54	3.34	4.97	9.46	12.15	11.69
Gabon	5.57	2.26	2.72	2.30	2.60	2.80
Gambia	-1.70	9.69	8.33	4.69	5.50	5.50
Guinea	4.65	4.82	5.03	15.03	11.15	7.32
Guinea-Bissau	4.47	4.75	4.72	3.54	2.50	2.00
Guyana	3.86	6.31	6.12	5.48	5.59	5.65
Indonesia	6.10	6.60	6.90	6.19	5.97	5.10
Iran	0.36	1.27	1.65	21.80	18.20	17.20
Iraq	11.15	13.47	11.05	7.00	6.00	4.50
Jordan	2.75	3.00	3.30	4.88	5.62	5.34
Kazakhstan	5.87	6.00	6.20	5.52	6.98	6.61
Kuwait	6.56	1.85	3.27	3.54	4.01	3.98
Kyrgyzstan	4.99	5.46	5.52	4.10	8.08	7.46
Lebanon	3.00	4.00	4.00	4.01	3.25	2.00
Libya	76.29	20.99	6.36	1.91	-2.32	5.00
Malaysia	4.40	4.70	5.00	2.70	2.50	2.50
Maldives	4.38	3.50	3.50	11.50	8.30	7.50
Mali	5.98	5.82	5.60	6.11	2.20	2.81
Mauritania	5.28	6.08	6.49	5.30	6.13	6.05
Morocco	3.70	4.30	4.84	2.00	2.50	2.50
Mozambique	6.75	7.18	7.79	7.22	5.58	5.56
Niger	13.99	6.56	7.26	4.50	2.00	2.00
Nigeria	7.12	6.57	6.49	11.17	9.72	8.19
Oman	5.01	3.96	3.25	3.18	3.03	2.99
Pakistan	3.40	3.50	3.50	12.00	12.50	13.00
Palestine[2]	9.78	n.a	n.a	2.88	n.a	n.a
Qatar	6.02	4.56	4.64	4.01	4.05	4.00
Saudi Arabia	6.02	4.15	4.38	4.77	4.41	4.11
Senegal	3.84	4.55	4.90	2.97	2.24	2.14
Sierra Leone	35.87	9.09	4.54	11.49	9.06	7.23
Somalia	n.a	n.a	n.a	n.a	n.a	n.a
Sudan	-7.26	-1.55	n.a	23.20	26.03	22.76
Suriname	4.92	5.40	7.50	6.31	5.53	3.97
Syria	n.a	n.a	n.a	n.a	n.a	n.a
Tajikistan	6.00	6.00	6.00	7.86	8.38	7.13
Togo	4.39	4.59	4.77	1.48	3.03	2.87
Tunisia	2.18	3.49	4.85	5.00	4.00	3.50
Turkey	2.29	3.17	4.02	10.61	7.06	5.75
Turkmenistan	6.97	6.75	6.18	6.21	6.99	7.00
Uganda	4.16	5.37	6.03	23.35	7.63	5.13
UAE	2.28	2.83	3.31	1.53	1.74	1.92
Uzbekistan	7.00	6.50	6.50	12.70	10.93	11.00
Yemen	-0.86	2.95	4.43	17.11	14.06	11.00

* CPI: Average consumer prices **Source**: BASEIND

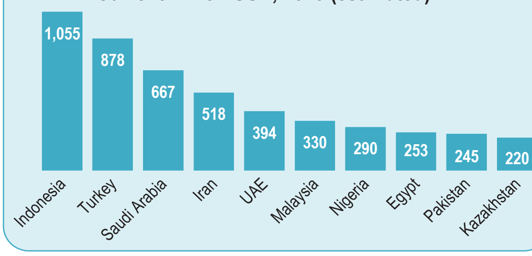
1. IMF WEO April 2012 2. The figures reflect the data of year 2011 (Palestinian Central Bureau of Statistics)

Top 10 OIC Member Countries, by GDP Per Capita Current USD, 2013 (estimated)



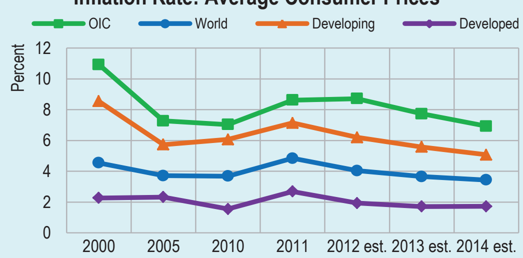
Source: IMF WEO April 2012

Top 10 OIC Member Countries, by GDP Current Billion USD, 2013 (estimated)



Source: IMF WEO April 2012

Inflation Rate: Average Consumer Prices



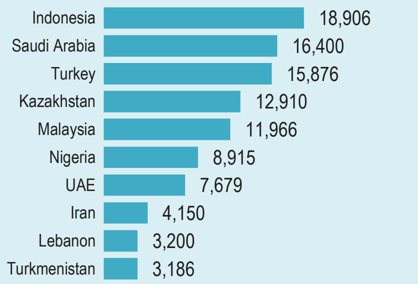
Source: BASEIND, IMF WEO April 2012

Stock Exchange Performance				
Country	Last (21 Sep '12)	3-Months to Date[1]	Year to Date[1]	1 Year[1]
Bahrain	178.61	-11.00%	-7.65%	-21.28%
Bangladesh	717.34	3.73%	-7.31%	-19.98%
Egypt	706.27	21.43%	60.37%	31.57%
Indonesia	880.64	7.22%	1.67%	5.31%
Jordan	103.74	2.98%	-5.20%	-7.63%
Kazakhstan	554.92	12.93%	25.68%	9.84%
Kuwait	541.10	-1.81%	-7.96%	-10.33%
Lebanon	707.90	-0.81%	-6.16%	-12.05%
Malaysia	472.11	4.36%	7.38%	14.27%
Morocco	309.41	-3.88%	-17.44%	-26.66%
Nigeria	446.99	31.88%	39.94%	41.67%
Oman	699.77	-2.47%	-12.31%	-9.53%
Pakistan	97.33	8.50%	19.79%	4.97%
Qatar	793.33	4.16%	-0.60%	2.66%
Saudi Arabia[2]	448.28	5.26%	9.45%	11.84%
Tunisia	1,138.83	3.73%	-1.10%	-7.55%
Turkey	546.15	10.21%	38.20%	11.93%
UAE	213.11	11.75%	20.08%	10.71%
Arabian Markets	*498.40*	*4.95%*	*7.24%*	*6.10%*
Emerging Markets	*1,006.60*	*7.39%*	*9.84%*	*7.08%*
Frontier Markets	*473.67*	*6.39%*	*1.41%*	*-3.73%*
GCC Countries	*448.53*	*4.09%*	*5.23%*	*5.93%*

Source: Morgan Stanley Capital International **1.** in US$ terms **2.** Domestic

ECONOMIC and FINANCIAL INDICATORS

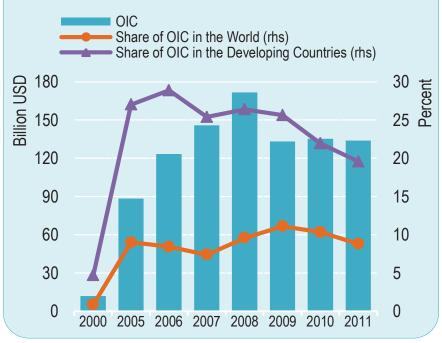
OIC Countries with Highest FDI (Million USD, 2011)



FDI = Foreign Direct Investment

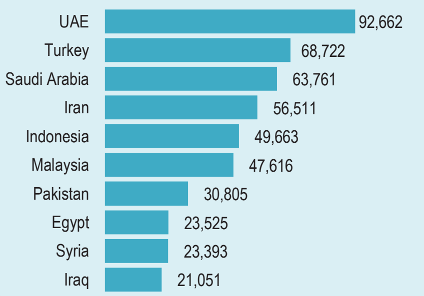
Source: UNCTADStat

Total Flow of FDI



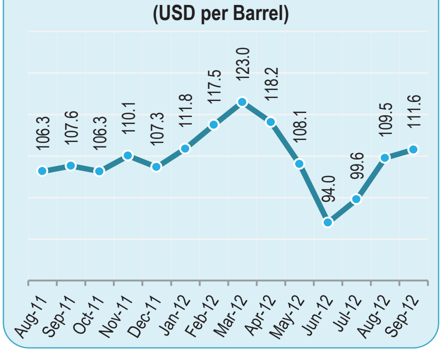
Source: BASEIND; UNCTAD Stat

Top 10 OIC Member Countries by Intra-OIC Trade (Million USD, 2011)



Source: BASEIND

OPEC Basket Price (USD per Barrel)



Source: OPEC

Country	Foreign Direct Investment: 2011 (Million USD)	Total Reserves Incl. Gold: 2011 (Million USD)	Trade Balance (Million USD, 2011)	Intra-OIC Trade (Million USD, 2011)	Intra-OIC Trade (% of Merchandise Trade, 2011)	Current Account Balance: 2012 Est. (Million USD)	Current Account Balance: 2012 Est. (% GDP)
Afghanistan	83.4	6,345	-9,784	3,493	32.64	-214	-1.09
Albania	1,031.4	2,471	-3,443	569	8.00	-1,667	-13.24
Algeria	2,571.0	191,369	26,255	10,046	8.33	20,617	9.98
Azerbaijan	1,465.0	10,274	17,100	5,829	13.81	15,728	21.79
Bahrain	780.9	4,774	20,983	8,722	18.79	1,985	7.14
Bangladesh	1,136.4	9,175	-16,452	9,495	16.98	-1,217	-1.03
Benin	118.5	887	-9,359	1,473	13.42	-573	-7.60
Brunei	1,208.3	2,584	5,088	1,702	9.52	8,997	52.64
Burkina Faso	7.4	957	-1,364	949	32.17	-818	-8.01
Cameroon	360.0	3,199	-457	1,960	17.82	-1,215	-4.76
Chad	1,855.0	951	2,586	342	7.58	-987	-9.97
Comoros	6.8	156	-177	110	38.65	-66	-11.09
Côte d'Ivoire	344.2	4,316	2,050	6,227	31.55	-715	-2.83
Djibouti	78.0	244	-2,936	1,878	46.92	-163	-12.07
Egypt	-482.7	18,638	-28,712	23,525	26.15	-6,643	-2.63
Gabon	728.0	2,157	6,595	1,344	9.79	2,105	11.72
Gambia	36.0	223	-1,017	349	27.24	-168	-17.93
Guinea[1]	1,210.8	96	-3,054	615	8.16	-1,973	-36.11
Guinea-Bissau	19.4	220	-4	145	20.76	-68	-7.17
Guyana	165.3	802	-502	104	3.20	-328	-12.25
Indonesia	18,906.0	110,137	26,051	49,663	13.04	-3,888	-0.42
Iran	4,150.0	n.a.	35,015	56,511	25.44	32,722	6.59
Iraq	1,616.7	61,033	34,664	21,051	19.68	13,117	9.10
Jordan	1,469.0	12,095	-12,197	11,527	44.92	-2,607	-8.29
Kazakhstan	12,910.5	29,215	29,375	6,670	6.73	13,099	6.59
Kuwait	398.6	29,682	62,819	18,349	16.51	93,332	46.17
Kyrgyzstan	693.5	1,831	-7,845	1,689	16.68	-312	-4.84
Lebanon	3,200.0	47,859	-15,914	7,079	30.46	-5,943	-14.22
Libya	0.0	110,539	8,425	5,593	21.05	12,303	15.44
Malaysia	11,966.0	133,572	39,359	47,616	11.47	33,088	10.82
Maldives	281.6	349	-1,307	469	27.57	-444	-21.55
Mali	177.8	1,379	-3,581	1,188	26.70	-1,143	-10.33
Mauritania	45.2	502	-376	824	12.79	-758	-18.32
Morocco	2,519.1	20,611	-22,835	10,720	16.64	-5,934	-5.91
Mozambique	2,093.5	2,592	-4,037	589	5.30	-1,818	-12.74
Niger	1,013.6	673	-1,073	659	30.57	-1,802	-26.58
Nigeria	8,915.0	36,264	49,131	11,712	7.07	20,058	7.35
Oman	788.0	14,366	18,899	19,052	26.98	10,171	12.90
Pakistan	1,327.0	17,698	-25,340	30,805	40.24	-4,457	-1.91
Palestine[1,2]	213.8	n.a.	n.a.	383	8.44	n.a	n.a
Qatar	-86.8	16,809	82,313	12,402	9.46	61,679	31.53
Saudi Arabia	16,400.0	556,571	203,531	63,761	13.92	181,886	27.91
Senegal	286.1	1,946	-4,127	1,894	20.82	-1,422	-10.05
Sierra-Leone	48.7	439	-1,203	302	15.84	-328	-10.05
Somalia	102.0	n.a.	-1,040	1,503	67.56	n.a	
Sudan	1,936.0	193	462	5,221	27.60	-2,449	-4.60
Suriname	-585.2	817	-510	377	12.00	-555	-12.96
Syria[1]	1,059.5	20,632	-10,427	23,393	56.44	n.a.	n.a
Tajikistan	11.1	519	-3,813	1,558	27.03	-263	-3.63
Togo	53.8	774	-2,529	859	18.14	-337	-9.28
Tunisia[1]	1,142.9	9,764	-9,410	6,314	14.86	-3,260	-7.06
Turkey	15,876.0	87,937	-105,792	68,722	18.28	-71,748	-8.78
Turkmenistan	3,186.0	n.a.	-613	4,792	31.90	634	2.12
Uganda	792.3	2,617	-2,510	1,308	21.69	-2,423	-12.49
UAE	7,679.0	37,269	25,095	92,662	20.30	39,969	10.34
Uzbekistan	1,403.0	n.a.	-4,918	3,794	25.48	1,481	2.85
Yemen	-712.8	4,525	-580	6,265	31.45	-365	-0.99

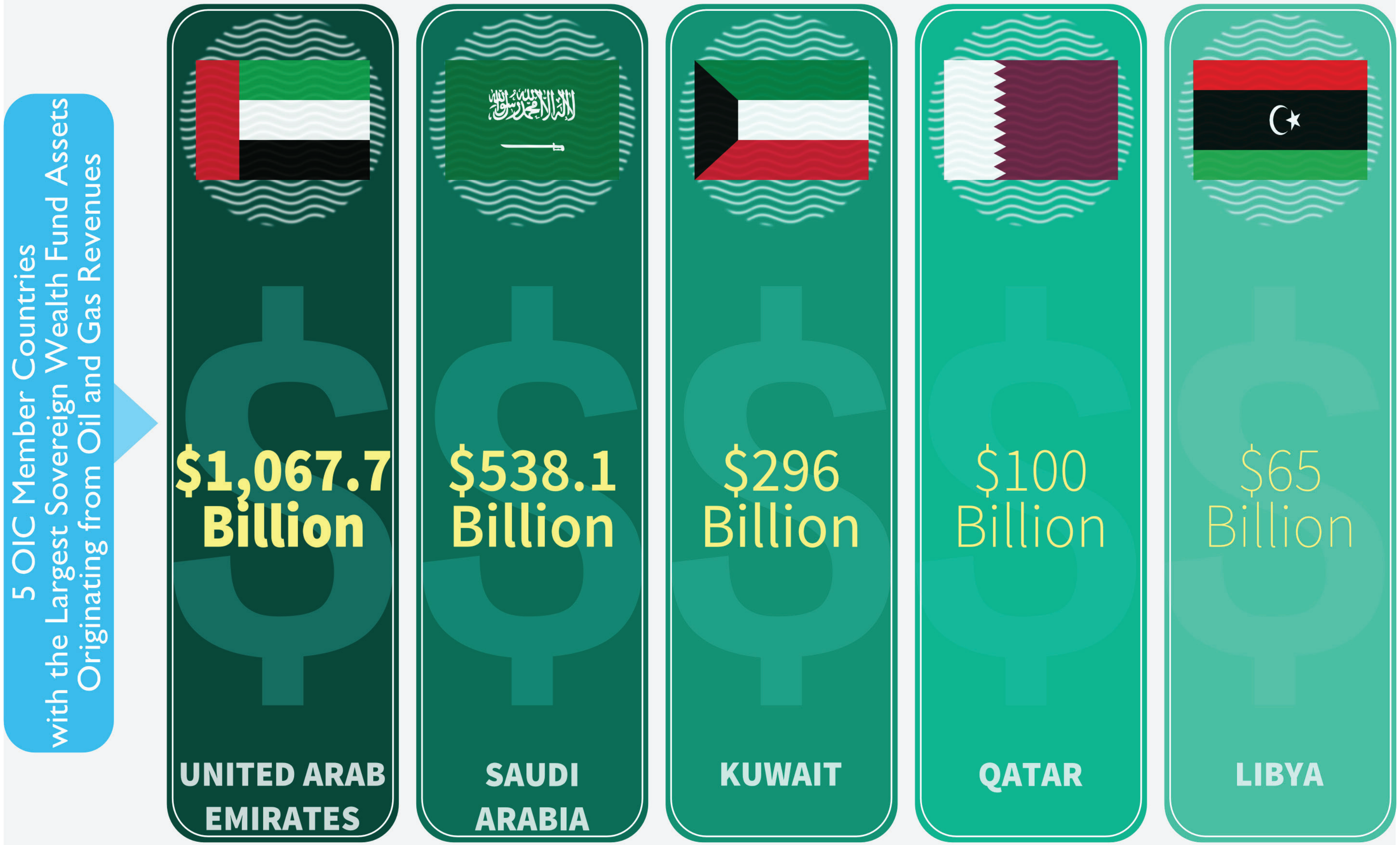
1. Total reserves including gold reflects the data of previous years.

Source: BASEIND; UNCTADStat; IMF, DOTS; IMF, WEO April 2012

2. Intra-OIC figures reflects the data of year 2010. (Palestinian Central Bureau of Statistics)

Sovereign Wealth Funds

A Sovereign Wealth Fund (SWF) is a state-owned investment fund or entity that have their origin in commodities (receipts resulting from resource exports) and/or non-commodities (transfers of assets from official foreign exchange reserves), and is created for economic or strategic purposes. This **graphOIC** displays nine OIC Member Countries with the largest assets in their SWFs.



4 OIC Member Countries
with the Largest Sovereign Wealth Fund Assets
Originating from Non-Commodity Revenues
MALAYSIA
$36.8 Billion
BAHRAIN
$9.1 Billion
PALESTINE
$0.8 Billion
INDONESIA
$0.3 Billion
The asset data extracted from the Fund Rankings of the Sovereign Wealth Fund (SWF) Institute are from July 2012. The asset data for the Abu Dhabi Investment Council ($250 billion) and Emirates Investment Authority ($6 billion) have been taken from taighde.com. No asset data is available for the Oman Investment Fund.
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