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Organisation of Islamic Cooperation

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

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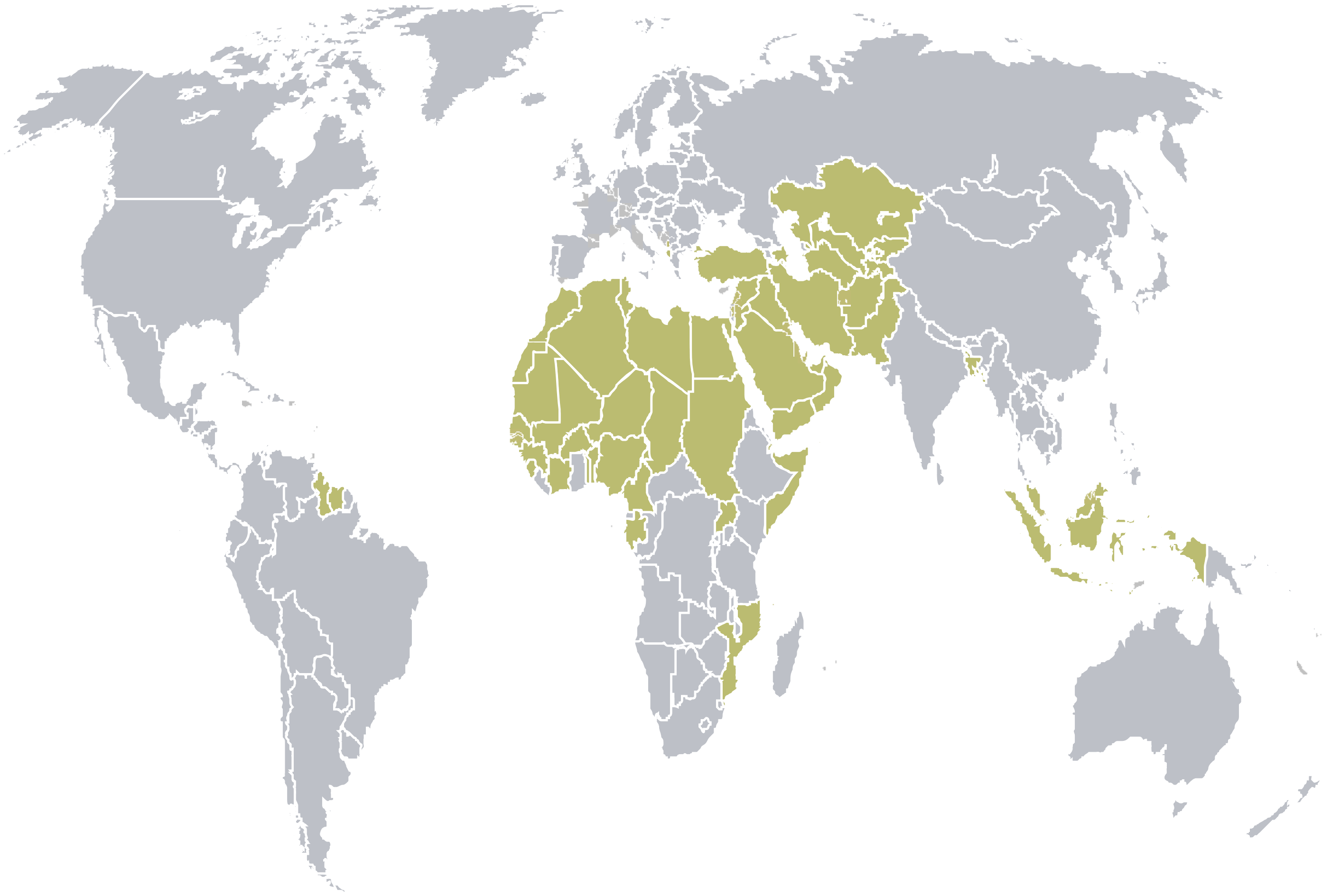

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Savaş Alpay
Director General, SESRIC

The development of modern and sustainable health systems has recently gained greater importance and attention in many developing countries as a major driver of socio-economic progress where more resources have been invested in this sector than ever being before. However, while the progress achieved over the years in health sector has remained highly concentrated in the developed countries, many developing and least-developed countries are still seriously lagging behind. This is particularly true in the regions of South Asia and Sub-Saharan Africa where health care coverage and health services remained significantly poor in many countries including most of OIC Member Countries in these regions.

In this connection, SESRIC has recently prepared the *OIC health Report 2011* as one of the main technical background documents of the 3rd Islamic Conference of Ministers of Health (ICMH), which will be held in Astana, Republic of Kazakhstan on 29 September – 1 October 2011. The Report provides an overall assessment of the current state of health situation and health care coverage in OIC Member Countries. It provides a detailed analysis of the trends on major health indicators in the OIC Member Countries at the average OIC group level as well as at the individual country and OIC sub-regional levels. The Report also highlights some health related issues in these countries such as health expenditures, the using of Information and Communication Technology (ICT) in health sector "e-Health" and the OIC cooperation efforts and initiatives in the domain of health. The Report ends with a set of broad policy recommendations related, in particular, to health financing, preparing health workforce, improving health services infrastructures, health reforms and complying with international health regulations. In addition to this main report, we have also prepared three short reports on the main health-related issues at the agenda of the 3rd ICHM, namely maternal and newborn health, eradication of polio and pharmaceutical industry in OIC Countries.

On the other hand, in its capacity as the Secretariat of the annual meetings of the Central Banks and Monetary Authorities of the OIC Countries, SESRIC continued to play a significant role in organising these meetings with a view to enhancing and strengthening cooperation among these important institutions in critical issues of concern to the member countries such as mitigating the impact of the global and regional financial and economic crises on the economies of the member countries. In this connection, we will organise, in collaboration with the Central Bank of Malaysia (Bank Negara Malaysia), the 2011 Meeting of the Central Banks and Monetary Authorities of the OIC Countries. The Meeting will be held in Kuala Lumpur, Malaysia on 16th November 2011 under the theme "Central Banking and Financial Sector Development". The Meeting will be preceded on 14th November by an Experts Group Workshop on the same theme, where experts from central banks in OIC and non-OIC countries will discuss and exchange their views and experiences on issues related to the role of the central banks in financial sector development and economic growth in emerging economies and strategies towards fulfilling their mandates. At the end of the Meeting, a Final Communiqué is expected to be adopted by the Governors of the Central Banks of the participated member countries, in which they will express their commitment to enhance technical cooperation among their institutions, particularly in the area of capacity building and exchanging experiences. The Governors will also listen to the SESRIC's presentation on the follow-up actions which have been taken since the 2010 Meeting. In this context, as requested by the 2010 Meeting, SESRIC is currently designing a special website to establish knowledge sharing platform on payment systems of OIC Member States to monitor future developments in this area.

The present issue of the *Economic Cooperation and Development Review* includes an interview with H.E. Recep Tayyip Erdoğan, Prime Minister of the Republic of Turkey. The interview focused on the views of H.E. the Prime Minister on various national, regional and global issues such as the successful political and economic development experience of Turkey during the last eight years and his vision for Turkey in 2023, the accession process and the full membership of Turkey to the European Union, the recent political turmoil and unrests in some Arab countries in the Middle East and North Africa, the Palestinian-Israeli conflict, and efforts of the international community for eradicating poverty, particularly in the least-developed countries.

This issue of the *Economic Cooperation and Development Review* also includes articles by Dr. Kandeh K. Yumkella, Director-General of the United Nations Industrial Development Organization (UNIDO), and Dr. Supachai Panitchpakdi, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD). In his article titled "Enabling the Poorest of the Poor to Escape Poverty through Universal Energy Access", Dr. Yumkella underlines the importance and the role of the availability and accessibility to reliable energy services in helping the poor people to escape poverty. In particular, he presents his views on this issue, which constitutes a serious challenge for eradicating poverty and food security in Africa where, as he mentioned, "the absence of reliable energy services means neither health clinics nor schools can function properly, and access to clean water and sanitation is constrained without effective pumping capacity". On the other hand, in his article titled "Rebalancing the Global Economy: China's Role in the Economic Recovery and the Implications for Development", Dr. Panitchpakdi presents his views on the role of China as the leading engine of global recovery and growth, particularly the expectation that China will, on its own, correct the global imbalances which have emerged at the time of the global crisis in 2008. While highlighting the role of China in helping emerging and developing countries to lift out of recession and widening the "South-South" cooperation, he still has twofold concerns on this role in the future: China's own development prospects and unruly process of adjustment in China. These could have very negative consequences for the wider multilateral economic cooperation system. In addition to these two articles, SESRIC also contributes with three recent reports, namely: (1) The State of Maternal and Newborn Health in OIC Member Countries; (2) Pharmaceutical Industry in OIC Member Countries: Production, Consumption and Trade; and (3) Transportation Networks in OIC Countries: Impact on Trade and Tourism.

While wishing a pleasant and useful reading to all the readers, I would like to express my deep thanks and appreciation to H.E. Recep Tayyip Erdoğan, and all the contributors to this issue of the *Economic Cooperation and Development Review*.

Dr. Savaş Alpay
Director General
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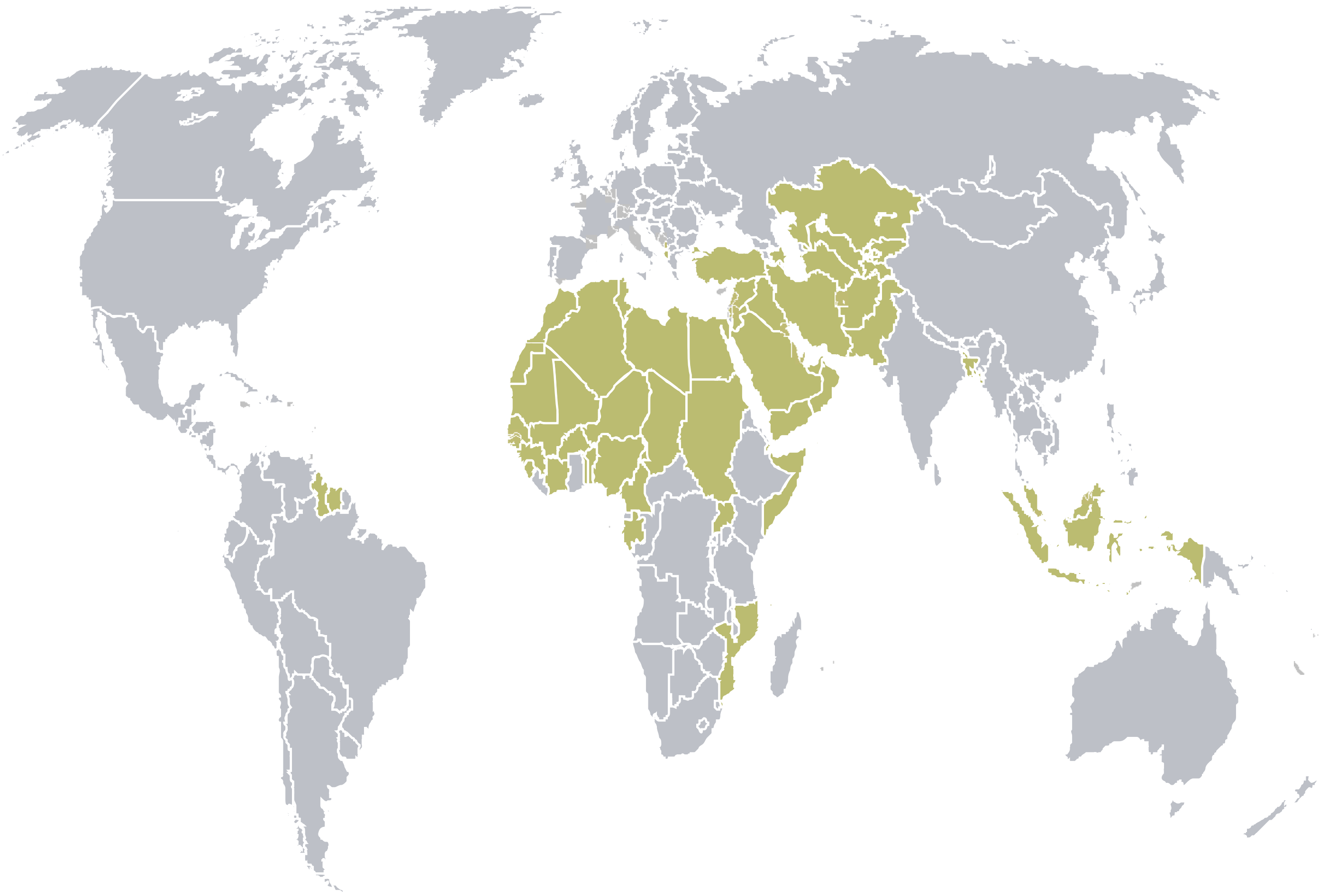

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SESRIC hereby expresses its profound appreciation to the Turkish Statistical Institute (TurkStat) for providing printing facilities.

FACE TO FACE

Sesric Reports

OIC Outlook

OIC NEWS

Country News

SESRIC CALENDAR

10 September 2011 Meeting of Labour Ministers of the OIC Member States of the XIX World Congress on Safety and Health at Work, Istanbul –Turkey

13 September 2011 Symposium on 'International Partnership in OSH Training' at XIX World Congress on Safety and Health at Work, Istanbul –Turkey

14 September 2011 OIC-OSHNET Follow-up Meeting on the Sidelines of the XIX World Congress on Safety and Health at Work, Istanbul –Turkey

29 September – 01 October 2011 The 3rd Session of the Islamic Conference of Health Ministers (ICHM), Astana – Kazakhstan

06-08 October 2011 6th Ministerial Conference on Food Security and Agricultural Development, Istanbul – Turkey

17-20 October 2011 The 27th Session of the OIC Standing Committee for Economic and Commercial Cooperation (COMCEC), Istanbul – Turkey

14-16 November 2011 The Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries, Kuala Lumpur – Malaysia

19-21 December 2011 Eighth International Conference on Islamic Economics and Finance - Sustainable Growth and Inclusive Economic Development from an Islamic Perspective, Doha – Qatar

INTERVIEW WITH H.E. RECEP TAYYIP ERDOĞAN PRIME MINISTER OF THE REPUBLIC OF TURKEY

With family origins in Turkey's Rize, ***H.E. Recep Tayyip Erdoğan*** was born in Istanbul on February 26, 1954. He graduated in 1965 from Kasımpaşa Piyale Elementary School and in 1973 from Istanbul Religious Vocational High School (İmam Hatip Lisesi). ***H.E. Erdoğan*** received his high school diploma from Eyüp High School and graduated in 1981 from Marmara University's Faculty of Economics and Commercial Sciences.

H.E. Erdoğan assumed the posts of Chairman of the Youth Branches of the National Salvation Party, MSP, first in the Beyoğlu District, then the Istanbul Province until 1980.

Following the September 12 military intervention which closed down all political parties, ***H.E. Erdoğan*** worked in the private sector as a consultant and a senior executive.

When the Welfare Party, RP, was established in 1983, ***H.E. Erdoğan*** returned to politics and worked in various bodies of the RP. He was elected Istanbul Mayor in the local elections of March 27, 1994. Outperforming his predecessors, ***H.E. Erdoğan*** was able to find solutions for the many chronic problems of Istanbul.

H.E. Erdoğan was removed from the office of Istanbul Mayor as he was sentenced to a prison term because of a poem he recited on December 12, 1997 in a public address in the province of Siirt. The poem was quoted from a book published by a state enterprise and one that had been recommended to teachers by the Ministry of Education. After four months in prison, ***H.E. Erdoğan*** responded to the insistent demands of the public in an environment of improved democratic conditions, and established the Justice and Development Party (AK Party) with a group of friends on August 14, 2001.

He was subsequently elected Founding Chairman of AK Party by the Founding Board. In 2002, the general elections resulted with AK Party winning two-thirds of the seats in parliament, forming a single-party government.

Appointed Prime Minister on March 15, 2003, ***H.E. Erdoğan*** continued to fulfil his ideal of a bright and rapidly developing Turkey, implementing numerous reforms of vital importance within a short period of time.

After 45 years, the negotiations for Turkey's accession to the EU started during ***Prime Minister Erdoğan***'s tenure. Parallel to this, inflation, which had for decades adversely affected the country's economy, was taken under control and the Turkish Lira retrieved its former prestige through the elimination of six zeros. Interest rates for public borrowings were pulled down; per capita income grew significantly. The AK party won the elections of 2007 making it the first time in 52 years that a party in power has increased its votes for a second term.

Prime Minister Erdoğan is married and the father of four.

SESRIC: Mr. Prime Minister, Ak Party achieved a very great accomplishment in the General Election of June 12, and it has been voted for by 50% of the electorates in Turkey. A party which has increased its votes in three successive elections is hardly seen in the world. What is your assessment about the results of the Election?

H.E. Recep Tayyip Erdoğan: The Election of June 12 is a good example indicating that democracy has reached very high standards in Turkey, and that democratic maturity is well-established. The participation rate of the election was 87%, and the rate of representation in the parliament is 95%. The electorates make their choices among the parties with their free will by considering the projects, targets, services and visions of the parties. Inspired by its own conscious, the society chooses the administration which will govern the nation for the next four years. Moreover, all disputes, problems and question marks are dissolved through elections. Turkey achieved it once more on June 12. The Turkish society has made a choice in favour of stability and safety. We, as Ak Party, are doing our best to read the message the nation has given to us through the election. We have more responsibilities now with more power and support given to us by our society. I think that we are at a new stage regarding the development of Turkey. We are going forward by taking firmer steps towards higher stability and safety and by increasing peace and welfare in Turkey as well as in our region.

SESRIC: During your election campaign you put a particular emphasis on year 2023, with very ambitious goals and aspiring projects. How do you envisage Turkey in 2023?

H. E. Recep Tayyip Erdoğan: The year 2023 carries a rather significant importance for Turkey and for our nation. The Republic of Turkey was founded in 29 October 1923 following the Ottoman Empire. In 2023, the Republic of Turkey will be celebrating the 100th Anniversary of its Foundation.

When the Republic of Turkey was founded in 1923, the country was constrained by serious economic problems, with most of its human and natural resources being depleted during the long-lasting War of Independence, and it had to make a fresh start. In 1923, it was like Turkey was reborn from its ashes. During the early years of the Republic, Turkey recorded significant progress due to the nationwide mobilization of resources and efforts. This rapid progress, however, decelerated during the 1940s and the country was trapped into a period of serious stagnation. In effect, Turkey experienced significant progress and development whenever democracy was strengthened, stability was maintained and nationwide solidarity was preserved. When these periods of expansion were, however, interrupted with occasional interventions to democracy, most of these hard-earned achievements had to be lost.

We took over the government in 2002. Taking into consideration past experiences of Turkey, we put a particular emphasis on democratisation. We made democratic reforms never made before, and expanded the freedoms. Parallel to this, we made important economic structural reforms with solid determination. During this period, we stood up to all kinds of threats and attempts against the democracy, economic reforms and internal peace as well as the anti-democratic and unlawful interventions, and we decisively pursued a crucial campaign against illegal networks and organisations.

When we assumed the government in 2002, the Republic of Turkey was 79 years old. As of now, we are in power for the last 8.5 years. I would like to share with you the following figures to make comparisons on what has been done in 79 years before us, and what we have done in 8.5 years:

What I want to say is that when stability and confidence are maintained, Turkey is effectively utilizing its potential and growing rapidly. Turkey is enjoying the contentment of stability and confidence. Now, we want this to continue. With the level of democracy, freedoms, stability and confidence that the country acquired, let Turkey proceed in its way to prosperity with determination.

- 6.100 km divided roads were constructed in 79 years; we constructed 13.600 km just in 8.5 years.
- We had 350.000 classrooms including those left from the Ottoman Empire; we added 163.000 new classrooms to this.
- 76 universities were founded in 79 years; we founded 89 new universities.
- The national income of Turkey reached up to 230 billion USD in 79 years; we tripled this figure in 8 years, and increased it to 736 billion USD.
- Our exports were 36 billion USD, and we raised it to 114 billion USD.
- We introduced our people to high-speed trains, and we made air transportation accessible by all.

We have a long list of this kind of significant changes.

Additionally, we demonstrated outstanding performances as regards to levels of inflation, interest rates, debt burden, number of hospitals and houses constructed compared to the last 30 or 40 years, and even to the whole history of our Republic.

Our targets for the year 2023 can easily be achieved as long as Turkey continues to move forward with such determination.

Where will Turkey be in the year 2023? One of our targets is to increase the national income up to 2 trillion USD, and to become one of the top 10 economies of the world. Export volume will reach a total of 500 billion USD. With an estimated population of 82 million people, per capita income will reach 25.000 USD. Turkey, having become a member of the European Union, will be a powerful, reputable and stable country in its region.

SESRIC: You are talking about the EU... Do you think that Turkey has still ambition and dynamism towards the EU membership? Do you think the EU will approve the membership of Turkey? Are you still hopeful?

H. E. Recep Tayyip Erdoğan: If there is a real European vision, if the values in Europe are real common values of mankind, if there is a European spirit, yes, the EU should, and is even obliged to, accept Turkey as a member. In fact, they have no other choice. With its big, strong and dynamic economy, it is for sure that Turkey will not be a burden, but a relief for Europe.

There is an on-going campaign against the EU membership of Turkey, due to the attitude of some visionless, short-sighted and populist politicians. There are some attempts to make EU membership of Turkey disputable and controversial.

I would like to remind you that there are more than 3 million Turkish nationals living in EU member states. Thus, a significant number of our nationals, even more than the total populations of some EU member states, have already become Europeans. Our citizens in Europe are actively contributing to economic and social life as businessmen, entrepreneurs, industrialists, merchants, academicians, artists and sportsmen. Some European leaders do not want to see this either.

But we are determined to carry out our reforms. We are doing our job. In fact, this process is also a big test for the EU in terms of their loyalty to their commitments. Whether or not the EU will pass this test of sincerity, is their problem and not ours!

SESRIC: In 2023, how do you envisage the region around Turkey, particularly the Middle East and North Africa? Do you think that we will still be talking about the Palestinian conflict in 2023?

H. E. Recep Tayyip Erdoğan: Insha'Allah we won't. Insha'Allah, we will be talking about Palestine quite differently and pleasantly.

Change can be deferred to some point, but cannot be put off indefinitely. We have witnessed recently that the Middle East and North Africa would not, and could not, be decoupled from the transition and progress happening in other parts of the world. People in the region want democracy and more freedom;

they are speaking out for their rights with a stronger voice. All feelings and desires depressed for years are now coming forward. Leaders in Tunisia and Egypt got the message and seceded. In Libya, unfortunately, things have not evolved as in others. But, sooner or later change will happen in Libya as well. We are living in a globalizing world. Our young people have instant and direct access to the information from all over the world by means of TV and internet. They are following the people and the youth in other countries. In such a globalized world, it is difficult to remain silent against demands of reform. In 2023, I hope the people in the Middle East and North Africa will have successfully completed this rather painful process of transformation.

SESRIC: Excellency, it has been claimed that, although you displayed a clear stance towards the recent events in Tunisia and Egypt, you remained silent towards similar events in Libya. Has Turkey behaved timidly in the Libyan case?

H. E. Recep Tayyip Erdoğan: Each country has its own distinct characteristics and conditions. Today, I'd like to express this very clearly: The casualties would have been much higher, and more blood would have been shed if Turkey had not adopted a calm and principled attitude towards the Libya incident.

As I said in all occasions, when we look at Libya, we don't see oil wells, like some others do. When we look at Libya, we see humans, and we do not want a single person to suffer.

The altruistic attitude we adopted, and the humanitarian aid we provided to the people of Libya, are clear evidences of our approach.

We all said from the very beginning that Muammar Qaddafi should step down and some other person, with the consent of the Libyan nation, should replace him.

Unfortunately, Qaddafi ignored our warnings. We always strived and will continue to strive for a Libya that preserves its territorial integrity and internal peace.

SESRIC: The conflicting groups in Palestine reconciled finally, and Turkey played a significant role in this process. Are you optimistic about this reconciliation?

H. E. Recep Tayyip Erdoğan: We have to be optimistic. Palestine is much an open sore for us as it is for the whole Muslim world. Every dying Palestinian left a deep pain in us. While we were experiencing such a hard pain, clashes between Palestinian parties made the situation even bitter. But the pain suffered after the separation of Palestinian parties, and even the massacre in Gaza were not sufficient to unite them.

Today it makes us extremely happy to witness that the parties are finally shaking hands. Our inspiration and support for this alliance between the parties as well as for its permanence will continue.

SESRIC: Your bilateral relations with Israel deteriorated after the military raid on the Turkish humanitarian aid flotilla (Mavi Marmara).

Do you expect a moderation in Turkey's relations with Israel in the near future?

H. E. Recep Tayyip Erdoğan: Our stance is extremely clear. First of all, we expect an apology for the piracy they did. Then, compensation must be paid to all Mavi Marmara victims and their families.

Finally, the embargo on Gaza must be lifted immediately. So long as these three conditions are not met, our stance towards the Israeli government will not change.

SESRIC: At the beginning of May, the fourth UN Conference on Least Developed Countries took place in Istanbul. Do you expect to see novel approaches towards addressing the rapidly growing poverty across the world?

H. E. Recep Tayyip Erdoğan: As I mentioned in the conference, today, poverty is not a problem of poor people only, but it is a global problem.

Recognizing no borders, poverty is a global phenomenon seriously affecting all countries of the world.

Desperateness, unequal income distribution and poverty are major factors behind all problems that we are facing today, ranging from the latest global economic crisis to terrorism and immigration. Our civilization has already put in front of us a critical yardstick that "He, who sleeps satiated while his neighbours sleep hungry, is not one of us".

Today, we realize once again how vital this important principle is. It is also very clear that we need a global concerted action against this global problem. Individual engagements of countries or organizations are not sufficient anymore.

Unfortunately, developed countries did not show much interest in this conference. In every possible occasion, I draw attention to this indifference and unresponsiveness of developed countries.

In today's globalized world, if one person's safety is under threat, everyone's safety is under threat. If one person goes to bed hungry, nobody can claim innocence.

We will continue keeping this global issue on the world's agenda. All these issues that we bravely raise voices over and defend are forewarnings for a real global threat. A world with rising poverty, terror, racism and discrimination is not liveable anymore. We are striving to put an end to this dangerous phenomenon through the "Alliance of Civilizations" initiative, and by calling for cooperation, sharing, rights and justice.

SESRIC: But these appeals of yours are interpreted in a different way as if there is an axis shift in Turkish foreign policy and a drifting apart from the EU ambitions...

H. E. Recep Tayyip Erdoğan: Since when, defending the rights of the poor is an axis shift?

Since when, defending rights and justice is an axis shift?

Since when, putting more emphasis on peace and democracy is an axis shift?

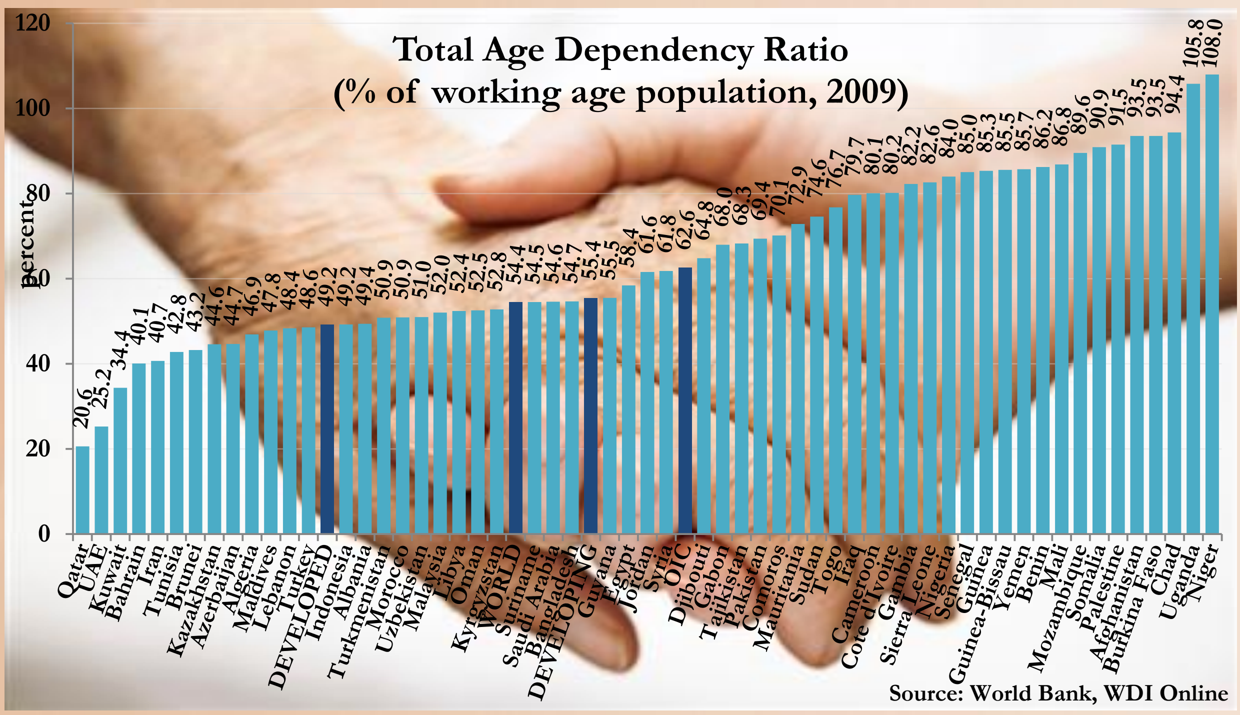
Frankly, we are addressing the consciences of people and some people get disturbed because of this. These are rumours invented and spread by those people, who do not feel comfortable with their consciences. We follow consistent foreign policy based on strong principles. We do not have any goal other than peace, freedom, the rule of law and justice.

SESRIC: Excellency, thank you very much.

H. E. Recep Tayyip Erdoğan: I thank you and I wish SESRIC the continuation of its great success.

DID YOU KNOW?

- The total age-dependency ratio is a measure of the age structure of the population. It relates the number of individuals who are likely to looked after or be "dependent" on the support of others for their daily to the number of those individuals who are capable of providing this support.
- The total-age-dependency ratio is calculated as the ratio of the sum of the number of young and the number of elderly people at an age when both groups are generally economically inactive, (i.e. under 15 years of age and aged 65 and over), compared to the number of people of working age (i.e. 15-64 years old). In this regard, it is also the sum of the two ratios, the young-age-dependency ratio and the old-age-dependency ratio.
- Age-dependency ratios affect the global environment where social policy operates and the types of needs that it will be called to meet. Countries that have a high dependency ratio have more people who are not of working age, and fewer who are working and paying taxes. As the largest proportion of a government's expenditure is on health, education, social security and pensions which are most used by old and young population, a high dependency ratio can cause serious problems for a country.
- The average total age dependency ratio of OIC, 62.6%, is above the averages of developing countries, 55.4% and the world, 54.4%
- On the other hand, 13 Member Countries, namely Qatar, UAE, Kuwait, Bahrain, Iran, Tunisia, Brunei, Kazakhstan, Azerbaijan, Algeria, Maldives, Lebanon and Turkey. have dependency ratios less than the average of developed countries, 49.2%. In Qatar and UAE, the ratios were even below 25% meaning that each economically active worker supports more than 4 economically inactive people.



REBALANCING THE GLOBAL ECONOMY: CHINA'S ROLE IN THE ECONOMIC RECOVERY AND THE IMPLICATIONS FOR DEVELOPMENT

Mr. Supachai Panitchpakdi

Secretary-General of UNCTAD

Dr. Supachai Panitchpakdi, whose first four-year term as Secretary-General of UNCTAD began on 1 September 2005, was appointed to a second term by the General Assembly in July 2009. His second term will run from 1 September 2009 to 31 August 2013. He previously served as Director-General of the World Trade Organization and as Thailand's Deputy Prime Minister and Minister of Commerce. As Deputy Prime Minister, he was in charge of the country's economic and trade policy-making, signing the Uruguay Round Agreement in 1994 and contributing to the formulation of regional agreements. Dr. Supachai received his Master's in Econometrics, Development Planning and his Ph.D. in Economic Planning and Development from Erasmus University in Rotterdam.

The reemergence of China as an economic powerhouse is, arguably, the defining feature of our era. Certainly, it is no exaggeration to say that many of the positive achievements often attributed to the forces of globalization – declining levels of global poverty, the narrowing of income gaps across countries, the deepening of economic integration, etc. – are to a large extent explained by China's stellar economic performance over the past 30 years.

That contribution has been particularly pronounced over the past decade and has been augmented by the strong performance of other emerging economies. During the period 2002 to 2008, the contribution of developing countries to overall global growth was significantly higher than advanced countries, with China, alone, contributing as much as a quarter of world GDP growth. Moreover, since the crisis hit in 2008, a truly global depression has been avoided thanks, in large part, to the continued – albeit slower – growth of leading emerging economies, particularly China.

Not surprisingly, with a sluggish Europe and a credit-fatigued United States (US), pundits and policy makers everywhere have been looking to China to maintain the global recovery and even to provide the leading engine of renewed global growth. In doing so there is also an expectation that China will, on its own, correct the global imbalances which have emerged at the same time as its own growth has accelerated. In much of the recent discussion about the global economy there is an implicit, and often explicit, perception that China is responsible for those imbalances; indeed, that because the imbalances helped cause the financial crisis, China is moreover responsible for the crisis too.

Such talk runs the very serious danger of not only missing the systemic causes of that crisis, rooted in the "financialization" of economic activity, particularly in the United States, but also of underestimating the difficulties that China – where over one third of the population still live on less than 2 dollars a day - will face in shifting to a new growth and development path over the coming years.

History certainly holds some worrying lessons for building a strong East-West axis around which a healthy global economy can revolve. In 1839, Britain forced China to open up through 'gun-boat diplomacy' setting back its development by almost a century; could undue pressure on China today lead to similarly injurious policies through different means?

From my own position as the head of a UN development agency, my concerns are twofold: first of all, for China's own development prospects and, second of all, that an unruly process of adjustment in China could have very negative consequences for the wider multilateral economic system. In particular, these consequences could be severe for other developing countries, including the disruption of closer south-south economic ties that have been built up in recent years.

China's response to the crisis: a structural perspective

In the aftermath of the Lehman Brothers collapse and the subsequent freezing of credit lines, the stalling of international trade and the slowdown in global demand, China enacted a huge two-year stimulus package, in the order of 7 per cent of its 2008 GDP, with a large component directed to infrastructure programmes. This public spending effort helped to keep household consumption relatively buoyant; indeed this increased by per cent in 2009, in real terms, dwarfing all other major countries' attempts to revive their domestic markets. Arguably, China's stimulus measures were a key reason why the global economy did not fall further into a general depression. Yet China has been criticized internationally for its exchange rate and trade policies, which are often portrayed as a super-mercantilist stance promoting its own export-led growth at the expense of other countries.

It is certainly true that a strong export-investment nexus has been an important component of China's rapid growth performance. This has allowed it to release an underemployed labour force in the rural economy and absorb it in a growing formal economy, principally in the urban sector. However, it is important to recognize that the resulting high levels of corporate profits which accompanied this process were saved and reinvested as part of a quite remarkable job creation process: the urban labour market is estimated to have grown by a compound rate of 3.5 per cent during 2000-07, absorbing between 12-15 million people each year (OECD, 2010). In this respect China has been following a classical development path, one, it should be added, adopted by an earlier generation of newly industrializing economies from the East Asia region.[1] Moreover, China's growth has acted as

[1] This experience has been extensively examined by UNCTAD in its Trade and Development Report;

an important source of export demand for its neighbouring countries, mainly through the supply of intermediate inputs, as well as for raw material suppliers, particularly from Africa and Latin America.

The flip side of this story, however, is a pattern of under-consumption at home. In the past decade China's consumption, despite growing at an average of 8 per cent per year, has been falling as a share of GDP, from between 45-50 per cent in 2000 to around 36 per cent today. There seems to be broad agreement, including from China's own policy makers, that the next chapter of its growth story will need to shift away from external demand and be driven much more strongly by domestic demand, implying a steady rise in the share of wages in national income as well as reforms to the pensions, housing and healthcare systems.

According to a recent estimate by former UNCTAD chief economist Yilmaz Akyüz , "for every 10 percentage point decline in the growth rate of exports, consumption would need to grow by at least 5 percentage points faster in order to stabilize growth".[2] This implies a very large structural shift, which will require careful management by policy makers using a broad range of policy tools.

Certainly, a key challenge for policy makers will be untying China's investment dynamic from the high share of exports in GDP, which has recently resulted in excess capacity in several sectors[3]. Moreover, for growth to be sustained it will be important for China's economy to move into more capital and technology intensive industries and services that can meet the shifting tastes of its own emerging middle class.

Shifting to such a growth path should also help to address global imbalances that have built up over the past decade or so. However, the excessive pressure on China to concentrate on monetary policy tools, and particularly exchange rate measures, to manage these adjustments is unlikely to produce the desired results in terms of trade and financial imbalances. Indeed, one recent study has estimated that coefficients for the real effective exchange rate of the Renminbi has had an insignificant impact on China's net foreign asset position over the period 1985-2007 (Ma and Haiwen, 2009).

Indeed, if any past experience is relevant here, it is perhaps the case of the Plaza Accord in 1985,

and in a Special Issue of the Journal of Development Studies in 1998.

[2] Akyuz, Y. (2010). Export Dependence and Sustainability of Growth in China and the East Asian Production Network. South Centre Research Paper 27, April.

[3] For example, China's spare capacity in the cement industry in November 2009 equaled the total annual consumption in the US, Japan and India combined. See: http://money.cnn.com/2009/11/10/news/international/china_debt.fortune/index.htm

which orchestrated a rapid devaluation of the dollar by over 50 per cent to tackle a large US current account deficit (3.5 per cent of GDP) and to help the US economy emerge from a period of slow growth. Yet after its signing, the US still maintained a trade deficit with Japan, which saw its currency appreciate against the dollar and, together with a significant credit easing, led to a Japanese asset price bubble in the late 1980s. The world is well aware of the consequences of the bursting of that bubble, and the current potential asset bubbles in China, in the housing and loan markets. Sudden currency realignment may not be in the interests of either China or the US.

With a sudden re-orientation of the economy towards domestic consumption, through exchange rate and trade policies, a deflationary episode may be triggered, as happened in Japan. Therefore, the key lesson for China and for other countries, is that a rebalancing of the economy through the expansion of the domestic market must be done by China, *at its own pace*. The introduction of 'shock therapy' through sudden exchange rate realignment could cause immense harm both domestically and externally. An important step will be shifting investments into basic social services, such as health and education. According to one estimate by China's Development Research Foundation, building a modern social welfare system will require some $85 billion dollars annually for the next 10 years.

A New Deal with Chinese characteristics

What China, and by extension its trade partners, needs therefore is a New Deal for economic development in the medium-term that can help rebalance the economy in a measured and sustainable manner. Despite the strain of China's stimulus package on public finances, its public debt remains healthy by international standards, at around 40 per cent of GDP, most of which is held by its own citizens. The country has enough fiscal space therefore to continue its support to domestic demand, in particular by targeting investment in the development of public health and social security systems. This will not only help improve the quality of life for millions of Chinese, but can help increase domestic consumption by reducing the need for precautionary savings.

But the elements of a New Deal do not just involve public spending; they also need to target redistribution and regulation. Rising levels of inequality, albeit from low levels, have accompanied China's remarkable growth performance, both in terms of a rural-urban divide but also in terms of growing income gaps in the burgeoning urban economy. The pronouncements of the political leadership in China along with policy makers have indicated a strong desire to address these growing gaps. Investment in a social security system will obviously help towards this end, but most effectively an increase in real wages can help redress this problem, along with ensuring a progressive fiscal system.

Until not long ago, real wages had been falling or were stagnant in China – as they have been elsewhere in the world – but in the past 10 years that has started to change, with wage increases hitting double digits in some sectors – for which data is available. Increasing the share of productivity gains which accrue to labour will have a positive impact on living standards and the deepening of local markets. Additionally, taking a global view of redistribution, low wages in China and other emerging economies have

actually represented a de facto subsidy to developed country consumption in the past decades. This has made it easier to substitute steady wage improvements in some leading advanced countries with debt-driven consumption which has in turn been an important part of the global imbalances story. Thus, rising wages in China can have a healthy knock-on effect on labour markets in advanced economies as well.

Finally, a New Deal must address regulation, particularly in China's banking sector, where lending has reached 140 percent of GDP. This is not a crushing level, but there are growing risks of increasing internal indebtedness, asset bubbles and underperforming loans which could still slow China's recovery and create economic shock waves that reach further afield. A more effectively regulated financial sector should, moreover, be seen as part of the deepening of China's domestic financial markets and, again, an important factor in rebalancing financial flows for the benefit of the larger global economy.

Global imbalances need a multilateral approach

It is too simplistic to think that the actions of one country alone will be adequate to bring about a smooth reduction in imbalances. The US is now the world's largest debtor and its recent efforts at pump priming to stimulate recovery will mean that it is in for a difficult period of adjustment over the medium term. China is still not economically big enough, nor is its domestic market sufficient to replace US demand in the global economy and bring about a managed rebalancing. According to UNCTAD calculations, the US is likely to see a 5 percentage point drop in its consumption share as it tries to correct its own macroeconomic imbalances, to compensate for the loss of global demand that this implies; China would have to raise its own consumption share by at least 15 percentage points, and almost certainly more than this. Such an increase will take time to come about.

In fact such a rebalancing process will require coordinated multilateral action and for the big developed surplus economies, such as Japan and Germany, perhaps supported by some oil-exporting surplus countries, to also play their role in boosting consumption, at home and abroad, and compensating for the decline in the US deficit. Yet having made encouraging noises about coordinated action, the members of the G20 now seem to be going their own way, even as they put more emphasis on China for having sole responsibility for adjusting its exports relative to its domestic consumption. For the reason I have outlined I do not believe that a global solution lies along this route.

The United Nations has been advocating a reexamination of the global economic system to make sure that it puts financial stability and access to predictable sources of development finance back at the centre of its agenda. The report to the UN Commission on the financial crisis by Joseph Stiglitz offers a series of proposals, on liquidity provisioning, exchange rate management and regulation and surveillance, which push in the required direction.

Regional approaches to development in the medium-term

For emerging and developing economies, both in the Asian region and internationally, China may have a more significant role to play in helping to lift countries out of recession and contributing to their development. For example, the strengthening trade and investment ties between ASEAN and China have been partly responsible for the relative resilience of this bloc; in East and South East Asia intraregional trade accounts for 40 per cent of the region's total trade, the highest of any developing region. However, trade in this region has been strongly driven by production networks ultimately tied to Northern markets, and deeper and more formal integration measures could be a driver for more robust regional trade and investment in the future. Research undertaken in UNCTAD has shown that such intra-regional integration can encourage more diversification and structural change than traditional trade relations, especially as growth in more advanced countries is likely to be curtailed by efforts to cut their large fiscal deficits and address problems of indebtedness.

In the absence of a multilateral effort that could coordinate a process of rebalancing, China, and indeed other emerging economies, could exert a significant influence in regional initiatives. There is an acknowledgement that the accumulation of large foreign reserves, while an understandable response to an unruly global financial system, is an expensive, and thereby inefficient, form of protection against shocks and crises. But the development of regional mechanisms, such as the Chiang Mai Initiative in Asia, the nascent Banco del Sur in Latin America, and even the recent suggestion to create a European 'monetary fund', benefit from efficiencies of scale and an institutional structure tailored to the needs of countries. In the aftermath of the Asian financial crisis, countries in that region took deliberate steps to ensure they would not only be able to protect themselves in the future, but that they would also be free to pursue their own policy framework without the sort of conditionalities imposed by the IMF at the time.

Recently, the Chiang Mai Initiative has deepened its cooperation among members by increasing its funds and extending its swap mechanism. However, it is important to be realistic about the pace of development of such regional initiatives. As with the European experience, there are significant differences between the region's big economies, and it is unlikely there will be even a regional bond market any time soon, let alone a central bank; in Europe it took more than 40 years to launch a single currency, which has in any case progressed at two speeds. So, the development of regional cooperation mechanisms in the medium-term will take time and require the gradual evolution of institutions and relationships.

Perhaps a possible intermediate step would be to encourage the large Sovereign Wealth Funds, whose investments are still predominantly in financial assets in developed countries, become more involved in regional investment opportunities.

Widening 'South-South' cooperation

An unanticipated consequence of the unhealthy dependence of advanced economies on the growth of their unregulated financial sector has been the closer productive economic ties that have begun to be forged among developing countries. To give a sense of the shift, South-South trade has risen from less than 8 per cent of global trade in 1990 to almost one fifth today. China has been at the centre of these intensifying South-South economic linkages, deepening already close political ties with many developing countries established during their independence struggles.

Strong linkage effects associated with closer trade, investment and financial flows are part of a new and potentially inclusive development circle. On one recent estimate, for every 1 percentage point increase in Chinese growth, growth in middle-income countries rises by 0.37 percentage points and 0.2 percentage points in low income countries (Garroway et al, 2010).

On closer examination, the picture is uneven. In Asia, for example, which accounts for the bulk of the rise of South-South trade, there have been both complementary and competitive development forces at play, with some manufacturing sectors suffering from the very high investment levels in China. However, China is currently sustaining growth through intra-regional trade, albeit largely through value chains supported by trans-national corporations from advanced developed countries. These chains eventually supply third markets mainly in Europe and the US and it is not yet certain what impact the crisis will have on their activity or how shifting demand will affect location decisions across the region, as China adopts a new development path.

China's demand for commodities has contributed to a favourable shift in the net barter terms of trade of commodity exporting regions in recent years, and has helped maintain prices and investment in the extractive industries and farming even during the global downturn. As long as China continues to grow and urbanize, it will require rising imports of raw materials and energy. This should have a continued beneficial effect, particularly on Africa's trade performance

Moreover, Chinese direct investment often tends to be targeted at infrastructure and productive capacity development, which in UNCTAD's view will have qualitatively different developmental outcomes than providing finance primarily to social, education and health targets, which has been the tendency of OECD DAC countries in the past decade. For example, it is estimated that about 54 per cent of China's support to Africa over the period 2002-2007 was in infrastructure and public works during a period when aid commitments of OECD countries directed at productive capacity development were falling.

In 2008, China was Africa's second most important trade partner after the US, and merchandise trade between China and Africa increased from $8 billion in 2000 to $93 billion in 2008. China has also been extending trade preferences to the Least Developed Countries, has providing concessional loans to African

countries and has committed to writing off African LDC debt which was lent prior to 2009.

This is not to say that emerging economy investment and involvement in Africa is unproblematic. Trade and investment flows tend to be very heavily concentrated in a few countries: some 85 per cent of Africa's exports to China come from just five countries. Last year, UNCTAD's World Investment Report, which focused on investment in agricultural production, warned of some potential risks for African countries, such as land grab and environmental dangers.

It will be important for South-South cooperation to extend development cooperation to allow the African region to diversify its productive capacities away from the primary sector. As a rapidly urbanizing continent it is imperative that Africa also begin to industrialize and Chinese assistance in this regard, particularly as it upgrades its own economic structure, could mark a new development chapter for the continent.

Conclusion

As economies struggle to maintain the nascent recovery, China will certainly play a decisive role, and whilst it is not yet sizable enough to replace US demand, it is big enough to influence the world economy in a number of ways, including through commodity prices, reserve holdings and the global price of manufactures, among others. However, to assume that China can take responsibility for the rebalancing of the global economy ignores the systemic nature of the problem and the need for truly multilateral responses and, indeed, the limitations of China's own capabilities. As I have said, the burden of rebalancing must be shouldered by other big surplus countries, and the reestablishment of inclusive and sustainable growth post-crisis must be undertaken multilaterally, rather than putting pressure on China alone through the G20.

As China seeks to expand its domestic market, increase the share of wages in its GDP, and move in to more capital and technology intensive sectors, and hence to tackle the problems of poverty and income inequality, it needs to be supported by the international community, not lectured as to how it should be done. China has already embarked on a New Deal – albeit with Chinese characteristics – and it should now be left to the Chinese themselves to gradually shift the focus of their economy.

Putting pressure on China to achieve this in as short a time as possible is damaging and risks repeating the mistakes that were made by Japan in the 1980s. Indeed, the policies and programs of the original New Deal of Roosevelt were left in place by successive administrations right up to Johnson. China may have been in a hurry to catch up with the West, but now it needs time to rebalance at its own pace.

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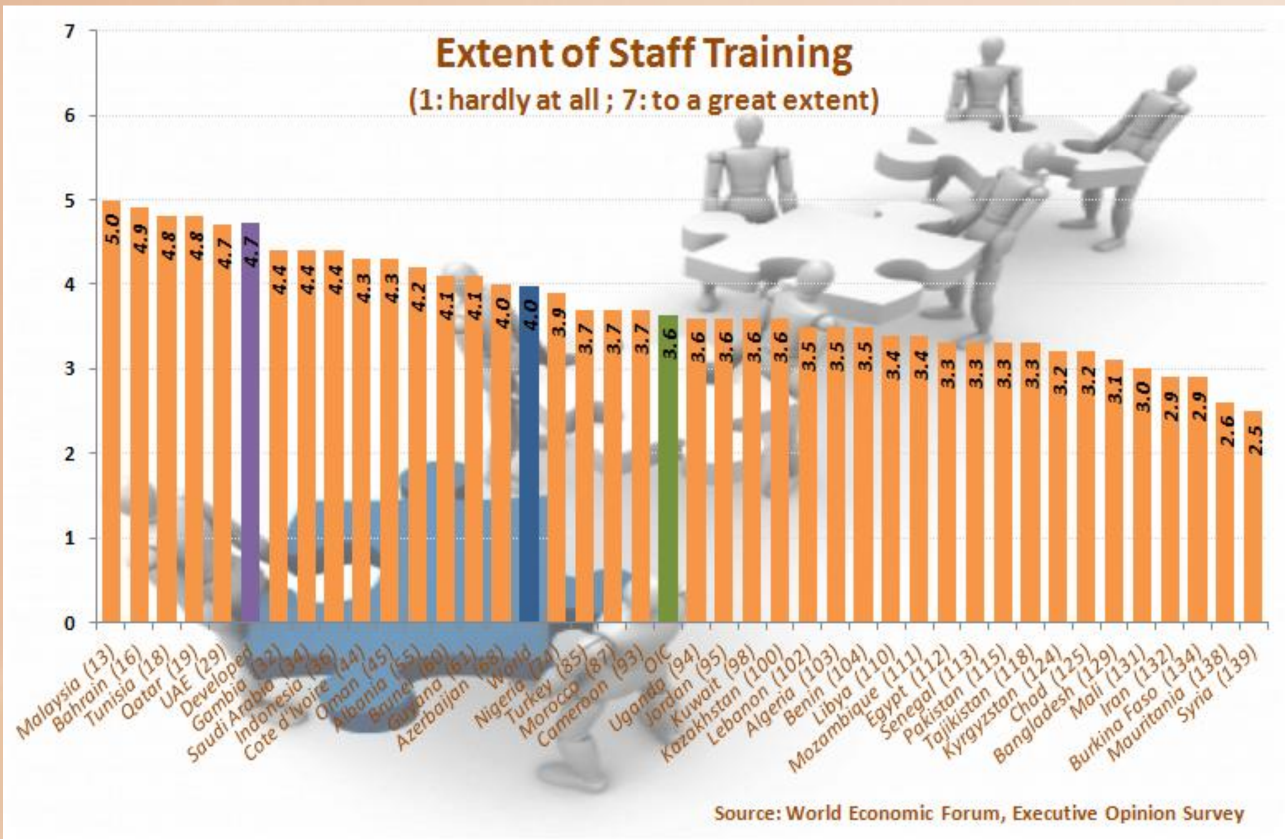
DID YOU KNOW?

- Vocational and continuous on-the-job training is neglected in many countries though it is highly critical to ensure a constant upgrading of workers' skills.
- **The Extent of Staff Training** highlights the perceptions of businessmen answering the question ***"To what extent do companies in your country invest in training and employee development?"*** in the Executive Opinion Survey of World Economic Forum.
- The scores reflect the weighted average of 2009 and 2010 surveys and range from 1 to 7 according to the level of investment in training and employee development.
- The **OIC** average, **3.6**, was well below that of the **World, 4.0,** and of the **developed** countries**, 4.7**, as well.
- Among the 39 OIC member countries with available data, 14 of them had scores over the **World** average of 4.0.
- The companies in **Malaysia** was perceived as highly focusing on vocational educational training with an average score of 5.0 and thus carried their country to the top position in the OIC and 13th in the World.
- Additionally, the extent of staff training in 4 member countries, **Bahrain, Tunisia, Qatar** and **UAE**, were also above the average of developed countries, 4.7.



Source: World Economic Forum, Executive Opinion Survey

ENABLING THE POOREST OF THE POOR TO ESCAPE POVERTY THROUGH UNIVERSAL ENERGY ACCESS

Dr. Kandeh K. Yumkella

UNIDO Director-General

Dr. Kandeh K. Yumkella is the Director-General of the United Nations Industrial Development Organization (UNIDO), a specialized agency of the United Nations whose mandate is to promote sustainable industrial development in the developing countries and economies in transition. He was elected to the post of Director-General in December 2005, and re-elected for a second term in December 2009. With over 20 years' experience in international development, he has provided leadership for various initiatives and managed high-level consultations and negotiations with Member States on global development issues. He served as Director of the Africa and LDCs Regional Bureau and UNIDO Representative and Director of the first UNIDO Regional Office in Nigeria. Prior to joining UNIDO he had served as Minister of Trade, Industry and State Enterprises of the Republic of Sierra Leone. Dr. Yumkella has authored and co-authored several publications. Dr. Yumkella is an active member of the UN system Chief Executives Board and is the current Chair of the UN-Energy Coordination Group and one of the conveners of the inter-agency dialogue on technology issues under the Secretary General's Climate Change initiative. He also chaired the Secretary-General's Advisory Group on Energy and Climate Change (AGECC), a multi-stakeholder group with CEOs of leading energy companies. Dr. Yumkella is a strong believer that the most effective way to fight poverty is to strengthen the productive capacities of countries and people, enhance their adaptive capabilities to use modern technology and devices, and to commercialize new knowledge. He has advocated pro-poor industrial and agribusiness development as sustainable means of wealth and job creation, and the economic empowerment of the poor.

In Africa, the continent I come from, the absence of reliable energy services means neither health clinics nor schools can function properly. Access to clean water and sanitation is constrained without effective pumping capacity. Food security is adversely affected; often with devastating impact on the vulnerable populations and productive economic activities that could help lift people out of poverty are severely constrained.

Moreover, approximately 3 billion people rely on traditional biomass for cooking and heating and about 1.5 billion have no access to electricity. Up to a billion more have access only to unreliable electricity networks. The "energy-poor" suffer the health consequences of inefficient combustion of solid fuels in inadequately ventilated buildings, as well as the economic consequences of insufficient power for productive income-generating activities. In particular, women in the developing world are disproportionately affected in this regard.

Indeed Energy is at the heart of every challenge we face today: be it economic growth, equity, climate change, poverty reduction, or food security.

Furthermore, the demand for energy in developing countries is expected to grow dramatically, and increases in population and improvements in living standards are adding to the scale of the challenge. If 'business as usual' conditions persist, the future is stark: over the coming decades the total number of people without access to modern energy services will not decrease. Developing countries in particular need to expand access to reliable and modern energy services if they are to reduce poverty and improve the health of their citizens, while at the same time increasing productivity, enhancing competitiveness and promoting economic growth. However current energy systems are inadequate to meet the needs of the world's poor and are jeopardizing the achievement of the Millennium Development Goals (MDGs).

To achieve basic universal access to modern energy services by 2030, an investment of $35-40 billion would be required on average per year.
Additionally, energy access must be addressed simultaneously with climate change by promoting the use of cleaner and more efficient technologies.

In June 2009, the UN Secretary-General established the Advisory Group on Energy and Climate Change (AGECC) to advise him on the energy-related dimensions of the climate change negotiations. AGECC is a prime example of a multi-stakeholder partnership bringing together the UN system, including the World Bank, with the private sector and research institutions. Its work has benefited from a unique mix of policy orientation, technical expertise and business experience of leading figures in the field of energy.

AGECC calls on the United Nations system and its Member States to commit themselves to two complementary goals.

First is to ensure universal access to modern energy services by 2030. The global community should aim to provide access for the 2-3 billion people excluded from modern energy services, to a basic minimum threshold of modern energy services for both consumption and productive

uses. Access to these modern energy services must be reliable and affordable, sustainable and, where feasible, from low-GHG-emitting energy sources. In this regard, all countries have a role to play: the high-income countries can contribute by making this goal a development assistance priority and catalyzing financing; the middle-income countries can contribute by sharing relevant expertise, experience and replicable good practices; and the low-income countries can help create the right local institutional, regulatory and policy environment for investments to be made, including by the private sector.

Second is to reduce global energy intensity by 40 per cent by 2030. Developed and developing countries need to build and strengthen their capacity to implement effective policies, market-based mechanisms, business models, investment tools and regulations with regard to energy use. Achieving this goal will require the international community to harmonize technical standards for key energy-consuming products and equipment, to accelerate the transfer of know-how and good practices, and to catalyze increased private capital flows into investments in energy efficiency. The successful adoption of these measures would reduce global energy intensity by about 2.5 per cent per year – approximately double the historic rate.

Delivering these two goals is key to achieving the Millennium Development Goals, improving the quality and sustainability of macroeconomic growth, and helping to reduce carbon emissions over the next 20 years.

There are also important synergies between these two goals.

Modern energy services are more efficient than biomass, and the acceleration of energy access will also contribute to a more rapid reduction in net energy intensity. Increased energy efficiency allows existing and new infrastructure to reach more people by freeing up capital resources to invest in enhanced access to modern energy services. Similarly, energy-efficient appliances and equipment make energy services more affordable for consumers – residential, commercial and industrial. While there is no agreement as yet on the minimum target for universal energy access, the initial steps do not entail significant climate impacts.

For example, the International Energy Agency (IEA) recommended threshold of 100 kWh per person per year, even if delivered through the current fossil fuel-dominated mix of generation technologies, will increase GHG emissions by only around 1.3 per cent above current levels.

The impact of this increased energy consumption can be reduced through energy efficiency and a transition to a stronger reliance on cleaner sources of energy, including renewable energy and low-GHG emitting fossil fuel technologies, such as a shift from coal to natural gas. While each goal is worth pursuing independently, there will be clear synergies in pursuing them as part of an integrated strategy.

2012 INTERNATIONAL YEAR OF SUSTAINABLE ENERGY FOR ALL

Accordingly, the United Nations has launched a Global Campaign for Universal Energy Access and has designated 2012 as the "International Year of Sustainable Energy for All." The global campaign would be focused on improving access to modern energy services and enhancing energy efficiency, as well as raising awareness about the essential role of clean energy in reaching the MDGs while addressing climate change, promoting economic growth and conserving natural resources and biodiversity.

The campaign should encourage the United Nations and its Member States, other multilateral institutions, and the private and non-profit sectors to take the actions needed to achieve its ambitions.

In order to garner the required support, the international goal for energy access would be a useful catalyst for action. We need to focus on refining and delivering existing national and regional plans and objectives. A recent paper showed that 68 developing countries have electricity targets, but in order to meet them, these countries will require financial support, capacity development, and better regulation and governance structures. The same is true of regional plans for energy such as those prepared by the EAC and ECOWAS. These plans provide an excellent foundation for immediate action.

A focus on developing bankable projects, establishing regulatory policies that improve country investment attractiveness, and supporting human and institutional capacity development will be the first critical steps.

Now is time for action: Energy matters. Energy matters for poverty reduction and sustainable development. It matters also for economic growth and combating climate change. This can only be achieved through working together.

Success Stories

UN-Energy

How Energy is Changing Lives in Benin

Courtesy Solar Energy Light Fund

For the first time, farmers in the rural villages of Bessassi and Dunkassa in Benin are able to grow fruits and vegetables all year round. With help from the Solar Electric Light Fund (SELF), a non-profit, solar drip irrigation has made it possible. Prior to the introduction of the new innovative solar technology, during the dry season the land was so parched that little could grow on its arid soils, leading to widespread malnutrition in the community. This all changed with the introduction of a community solar-powered drip irrigation system, which pumps water for food crops when rainfall is scarce.

With the new system the community has gained invaluable food security. Now families are well fed all year, and nutrition has greatly improved for the villages' growing children. This means that the people of Bessassi and Dunkassa are healthier and more productive, with more time for other activities, such as starting their own businesses or studying for school. Farmers are also increasing their income by selling excess crops in the market.

Soon, the villages will also be getting solar electric systems to provide electricity to their schools, homes, health clinics, and businesses.
"Now, I can't wait to go into the field each day!"
- Beninese farmer

How Energy is Improving Lives in Tajikistan

In Bozorboi Burunov, a rural community south of Dushanbe, Tajikistan, clean and renewable energy generated by small-scale hydro power plants and solar panels is helping to improve people's lives.

With support from the United Nations Development Program, a new, small-scale hydro plant is not only bringing reliable electricity to homes, schools, and businesses but also heating the local hospital and schools and pumping clean water into the community. This is encouraging better attendance in schools, improved services in the hospital, and safer drinking water for the community. The reliable source of power is also improving economic conditions by creating better business opportunities for some such as Rahim Sharipov, whose mini dairy can now

Courtesy United Nations Development Programme

operate all year round and at night. Children are able to study after the sun goes down, and community members no longer need to travel long distances to receive quality health services.
The mini hydro power plant will eventually be connected to the main grid and sell electricity during periods of low consumption, helping to make the power plant economically sustainable over a period of time.

“My wife used to sell milk in Dushanbe market over 30 kilometers away – now the dairy is buying milk right from my house.” - Rahim Sharipov

The State of Maternal and Newborn Health in OIC Member Countries

SESRIC

INTRODUCTION

Maternal and Newborn Health (MNH) basically refers to health of women and babies during pregnancy, childbirth and after childbirth. Provision of quality care during this period is very critical for the health and very survival of mother and infant. According to the latest estimates, around half a million maternal and about four million newborn deaths are mainly caused by the lack of quality antenatal care, safe and clean delivery and post-natal care for mother and infant.

Maternal and newborn health is of serious concern in the OIC member countries. Every year around 0.2 million women and 2.4 million babies die from preventable causes related to pregnancy and childbirth in OIC member states. Majority of these deaths are occurring in member countries located mainly in Sub-Saharan Africa and Asian region. According to the latest estimates, these two regions accounted for 90 percent of maternal and 80 percent of neonatal deaths (dying within first four weeks of life) in OIC member countries. The higher prevalence of maternal and newborn mortality in these regions reflects inequities in access to health services across the OIC groups and underlines the gap between high income and low income member countries.

Provision of good MNH services is emphasized in the Millennium Development Goals (MDGs). Over the years, many OIC member countries made great progress to achieve these targets; however some members especially in Sub-Saharan Africa and South Asia are still lagging behind in increasing coverage of MNH. According to the research findings, most of the maternal and newborn deaths are preventable by ensuring proper care and counseling before and after pregnancy, at the time of delivery and after child birth. Therefore, member countries must take all necessary measure both at national and intra-OIC level, to ensure safe and secure motherhood and childhood across the OIC region.

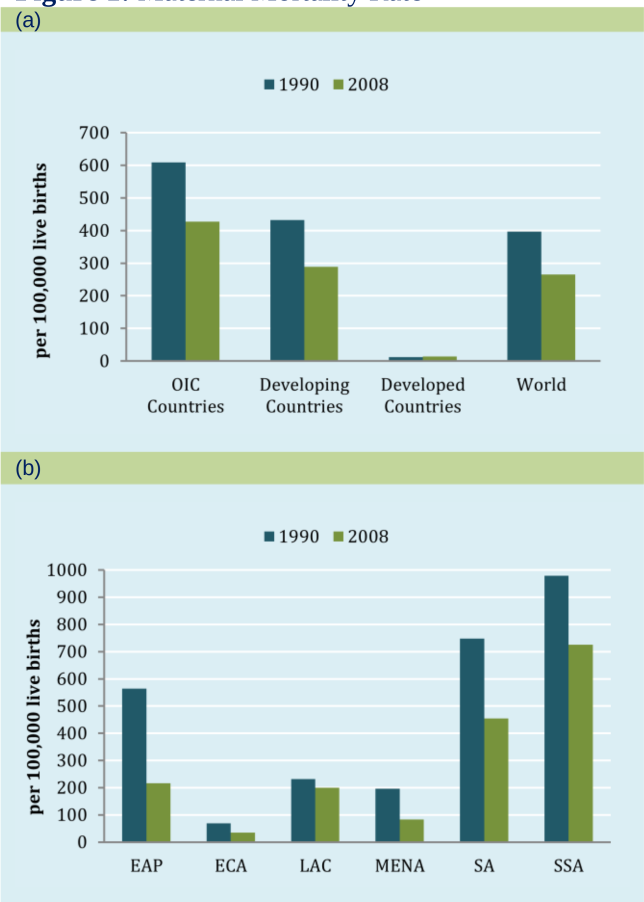
In this short report, we will investigate the progress on maternal and newborn health in OIC member countries. To achieve this objective, we will analyze the maternal and newborn mortality trends and progress on some specific measures to improve MNH. At the end, we will discuss the OIC level cooperation to improve MNH and formulate some policy measures to further enhance the pace of efforts to achieve the goal of safe and healthy motherhood and childhood in all OIC member countries.

MATERNAL HEALTH

Under the MDG 5, countries are committed to reducing maternal mortality by three quarters between 1990 and 2015. Pregnancy and childbirth related complications remained the leading cause of death and disability for women age 15-49 especially in developing countries.

According to the latest estimates (WHO, 2011), globally nearly a half million women die during and following pregnancy and childbirth. About 99.5 percent of these maternal deaths are occurring in developing countries especially in Sub-Saharan Africa and Asia.

Figure 1: Maternal Mortality Rate



Source: WHO, World Health Statistics 2011.

In OIC member countries, about 0.2 million women die from preventable causes related to pregnancy and childbirth. This corresponds to 50 percent of the world total maternal deaths in 2008. Majority of the maternal deaths in OIC countries occurred in Sub-Saharan Africa and South Asia region and these two regions accounted for about 90 percent of the total maternal deaths (i.e. 66 percent and 23 percent respectively) in 2008. Health experts are of the view that almost all of global maternal deaths are preventable through timely prenatal and postnatal care, skilled birth attendance and the availability of emergency care to deal with complications.

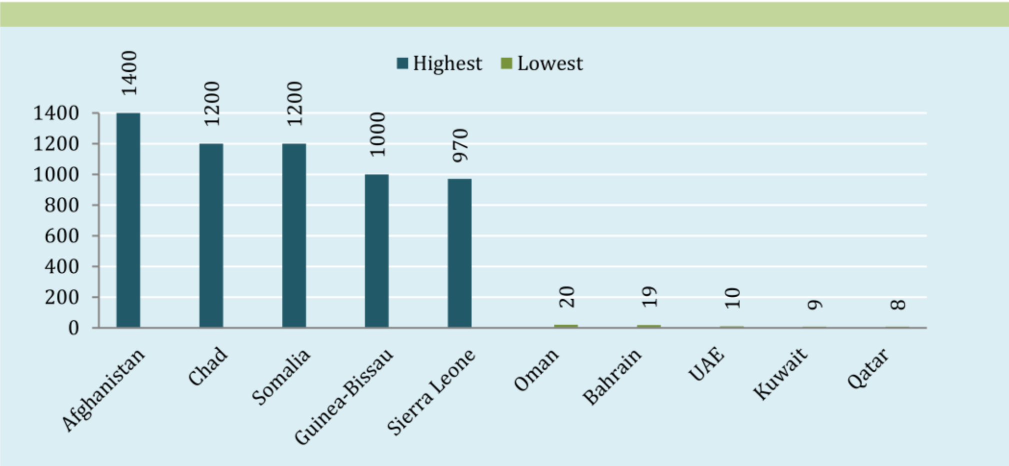
Over the years, world has made some progress to control the maternal deaths and maternal mortality rate (MMR) has declined from 397 deaths per 100,000 live births in 1990 to 266 deaths in 2008, corresponding to a decrease of 33 percent (Figure 2.25). A similar trend can be observed for the developing countries as well. The situation in developed countries was quite the opposite where maternal mortality witnessed an increasing trend. Nevertheless, despite the increase, MMR in developed countries remained comparatively negligible at 14 deaths per 100,000 live births. OIC member countries also witnessed some improvement in maternal health conditions and MMR declined from 609 deaths in 1990 to 427 deaths in 2008, corresponding to a decrease of 30 percent. However, compared to other groups, OIC member countries recorded higher MMR in 2008.

During the period 1990-2008, maternal mortality rate has declined across the OIC regions. As shown in Figure 2.26, in 2008, MMR ranged from a low of 35 and 83 deaths per 100,000 live births in Europe & Central Asia (ECA) and Middle East & North Africa (MENA) respectively to a high of 725 and 455 deaths in Sub-Saharan Africa (SSA) and South Asia (SA) respectively. Among other OIC regions, the average MMR remained 200 deaths per 100,000 live births in Latin America and Caribbean (LAC) and 216 deaths in East Asia & Pacific (EAP). Between 1990 and 2008, OIC member countries in EAP region witnessed the highest decrease in MMR (62 percent) followed by MENA (58 percent), ECA (49 percent), SA (39 percent), SSA (26 percent) and LAC (14 percent). With the exception of SSA and SA region, MMR for OIC regions remained below the world, developing countries and OIC averages in 2008.

At the individual country level, as shown in Figure 2, Afghanistan recorded the highest MMR (1400 maternal deaths per 100000 live births) in OIC region, closely followed by Chad (1200 deaths), Somalia (1200 deaths), Guinea Bissau (1000 deaths) and Sierra Leon (970 deaths). Among these countries, Afghanistan is ranked 1st with respect to highest MMR in the world, Chad and Somalia are ranked 2nd, Guinea

Bissau is ranked 3rd and Sierra Leon is ranked 6th. In contrast, Qatar recorded the lowest MMR in OIC region (8 maternal deaths per 100,000 live births) followed by Kuwait (9 deaths), UAE (10 deaths), Bahrain (19 deaths) and Oman (20 maternal deaths). Between 1990 and 2008, 30 member countries registered more than 40 percent decrease in MMR. In these 30 member countries, 13 are from MENA, 7 from SSA, 5 from ECA, 3 from SA and 2 from EAP region. The member countries with highest decline in MMR from SSA region are as follow: Benin, Gambia, Togo, Senegal, Mozambique, Guinea and Niger. On the other hand, three member countries namely: Kyrgyzstan, Somalia and Suriname witnessed 5 percent, 9 percent and 19 percent increase in MMR respectively.

Figure 2: Member Countries with Highest and Lowest Maternal Mortality Rates, 2008



Source: WHO, World Health Statistics 2011.

NEWBORN HEALTH

According to the latest estimates (WHO, 2011), around 134 million babies are born every year. And about 99% of these births are occurring in developing countries. Mainly due to the lack of maternity care and poor health conditions, 2.5 million babies are stillborn whereas 3.2 million die within first four weeks of their life (neonatal deaths). In 2009, both stillborns and neonatal deaths accounted for 96 percent (42 percent and 54 percent respectively) of total infant deaths across the globe. Almost all of these deaths are occurring in low income developing countries, including several OIC member countries located mainly in South Asia and Sub-Saharan Africa.

In OIC member countries, more than 41 million babies are born every year, corresponding to 31 percent of the world and 34 percent of the developing countries total. In 2009, about 1.1 million were stillborns whereas 1.3 million died within first four weeks of their life. About 44 percent of world total stillborns were registered in OIC member countries whereas 40 percent of world total neonatal deaths occurred in member countries in 2009.

In line with the global trends, infant mortality situation has been improved in the OIC member countries and infant mortality rate (IMR) exhibited a down ward trend since 90's. As shown in Figure 3 (a), the average IMR in OIC countries has declined from 87 deaths per 1000 live births in 1990 to 58 in 2009, corresponding to a decrease of 33 percent. However, despite this impressive progress, IMR in member countries remained quite higher than the developing countries and world averages. In 2009, one in every 17 children died before their first birthday in OIC countries compared to one in 22 children in developing countries, one in 24 children in world and one in 218 children in developed countries.

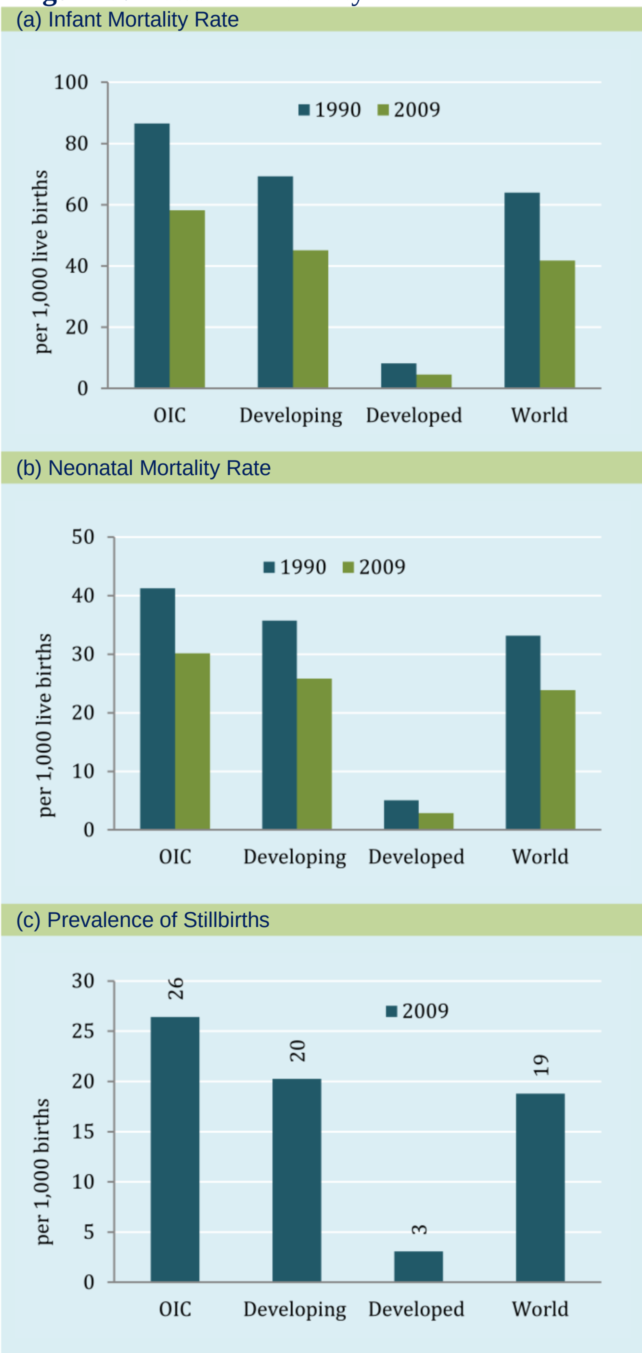
A similar trend can be observed in case of neonatal mortality rate (NMR) as well. As shown in Figure 3 (b), average NMR in OIC countries has declined from 41 deaths per 1000 live births in 1990 to 30 in 2009, corresponding to a decrease of 18 percent. However, despite this positive trend, NMR in member countries remained higher than the other regions. In 2009, one in every 33 newborns died within first four weeks of birth in OIC countries compared to one in 39 newborns in developing countries, one in 42 newborns in world and one in 349 newborns in developed countries.

The prevalence of stillbirths also remained comparatively higher in OIC region. And in 2009, OIC member countries recorded 26 stillborns per 1000 births compared to 20 stillborns in developing countries and 19 in the world (Figure 3 (c)). This means that one in every 38 newborns was stillborn in OIC member countries whereas this ratio was one in 49 newborns for the developing countries, one in 53 newborns for the world and one in 325 newborns for the developed countries.

At the OIC regional level, both births and newborns deaths remain highly concentrated in few regions. In 2009, more than 61 percent of total births and 75 percent of total infant deaths in OIC countries were recorded in SSA and SA region whereas these two regions accounted for 81 percent of total stillborns and 79% of total neonatal deaths in OIC member states.

During the period 1990-2009, infant mortality rate has declined across the OIC regions. Yet, substantial differences exist among the regions. As shown in Figure 4 (a), in 2009, average IMR ranged from a low of 26 deaths per 1000 live births in EAP, ECA and MENA region to a high of 86 and 58 deaths per 1000 live births in SSA and SA respectively. Average IMR was recorded at 27 deaths per 1000 live births in LAC. Between 1990 and 2009, member countries in ECA region witnessed the highest decrease in IMR (61 percent) followed by MENA (53 percent), EAP (49 percent), SA (43 percent) and LAC (41 percent). On the other hand, SSA where a bulk of OIC infant deaths occurs has registered only 26 percent decrease in IMR during 1990-2009. In 2009, average IMR for

Figure 3: Newborn Mortality



Source: WHO, World Health Statistics 2011.

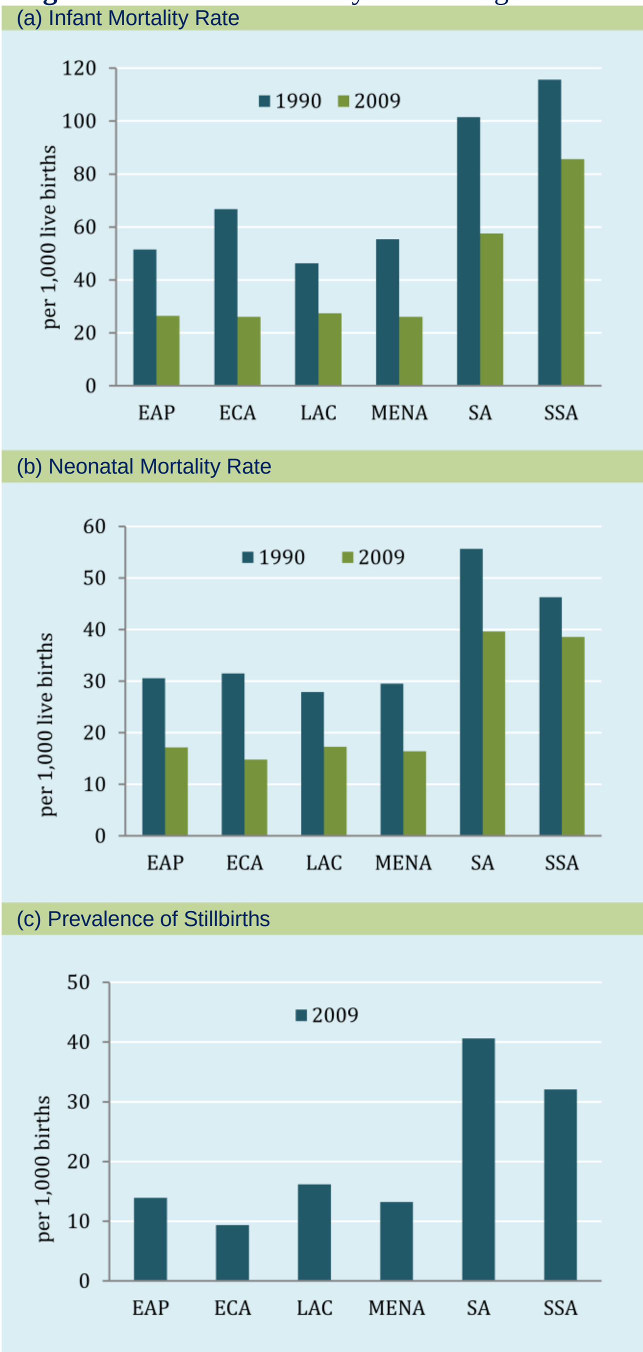
member countries in EAP, ECA, LAC and MENA remained below the OIC and developing and world averages (58, 45 and 42 deaths per 1000 live births respectively).

A similar trend can be observed in case of neonatal mortality rate as well. As shown in Figure 4 (b), NMR remained highest in SA and SSA [i.e. 40 and 39 deaths per 1000 live births respectively] whereas all other OIC regions recorded NMR between 15 to 17 deaths per 1000 live births in 2009. NMR in SA and SSA regions remained higher than the OIC, developing and world averages whereas it was significantly lower in all other OIC regions. In case of stillborns, as shown in Figure 4 (c), once again member countries in SA and SSA regions witnessed the highest prevalence with 41 and 32 stillborns per 1000 births respectively. On the other side of the scale, member countries in ECA region registered the lowest prevalence of stillborns followed by MENA, EAP and LAC.

At the individual country level, IMR in OIC member countries ranges from a low of 5 deaths per 1000 live births in Brunei Darussalam to a high of 134 in Afghanistan (Figure 5 (a)). Four member countries from MENA region registered the lowest IMR, ranging from nine to seven deaths per 1000 live births. On the other hand, five member countries from SSA and one from SA region registered IMR of over 100 deaths per 1000 live births. At the global level, these six countries are ranked among the top ten countries with highest IMR. In 2009, IMR ranged between 64 to 96 deaths per 1000 live births for 16 member countries (14 of them from SSA region). In six of these countries (all from SSA), IMR was equal or greater than 80 deaths per 1000 live births. On the other hand, 28 member countries registered IMR ranging from 11 to 52 deaths per 1000 live births. In ten of these 28 countries, IMR remained equal or lower than 20 deaths per 1000 live births.

In 2009, as shown in Figure 5 (b), Afghanistan and Somalia recorded the highest NMR (53 deaths per 1000 live births) in OIC region,

Figure 4: Newborn Mortality in OIC Regions

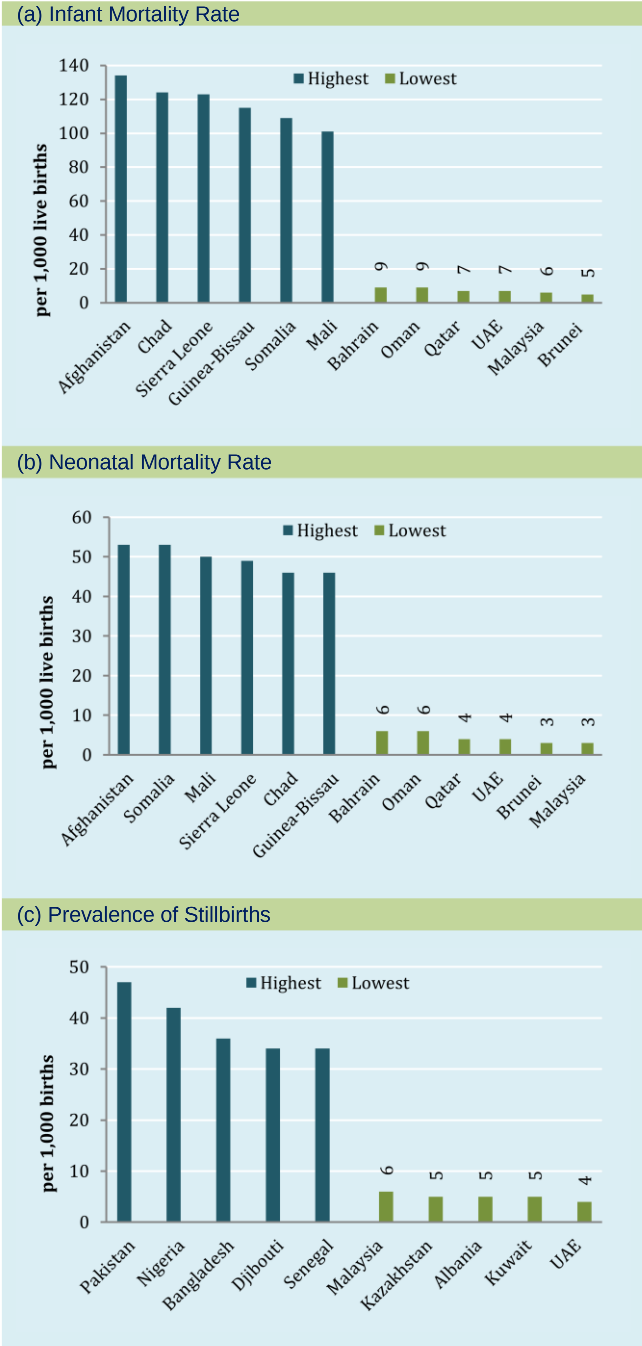


Source: WHO, World Health Statistics 2011.

closely followed by Mali (50 deaths), Sierra Leon (49 deaths), Chad and Guinea Bissau (46 deaths per 1000 live births). Among these countries, Afghanistan and Somalia are ranked 1st with respect to highest NMR in the world, Mali is ranked 4th, Sierra Leon is ranked 5th, and Chad and Guinea Bissau are ranked 6th. In contrast, Malaysia and Brunei recorded the lowest NMR in OIC region (3 deaths per 1000 live births) followed by UAE and Qatar (4 deaths) and Oman and Bahrain (6 deaths per 1000 live births).

A similar trend can be observed in case of prevalence of stillbirths in OIC member countries. As shown in Figure 5 (c), Pakistan registered the highest prevalence of stillbirths (47 stillborns per 1000 births) followed by Nigeria (42 stillborns), Bangladesh (37 stillborns) and Djibouti and Senegal (34 stillborns per 1000 births). In 2009, 16 member countries are included in the top 20 countries with highest prevalence of stillbirths in the world. In these 16 countries, 13 are from SSA region whereas two are from SA and one from MENA region. On the other hand, 26 member countries registered less than 20 stillborns per 1000 births whereas 16 out of these 26 member countries recorded equal or less than 10 stillborns per 1000 births. In these 26 countries, 15 are from MENA region whereas 8 from ECA and 2 from EAP region.

Figure 5: Member Countries with Highest and Lowest IMR, NMR and Stillbirths



Source: WHO, World Health Statistics 2011.

PROGRESS ON SOME SELECTED MEASURES TO IMPROVE MNH

Health experts are of the view that some small and affordable measures can play a significant role to reduce the health risks that women and babies face during pregnancy, delivery and after childbirth. Therefore, most maternal and newborn deaths are avoidable by ensuring quality antenatal care during pregnancy, skilled care during childbirth, and care and support in the weeks after childbirth. In this section, we will evaluate the performance of OIC member countries with respect to some selected interventions to improve MNH conditions.

Antenatal Care

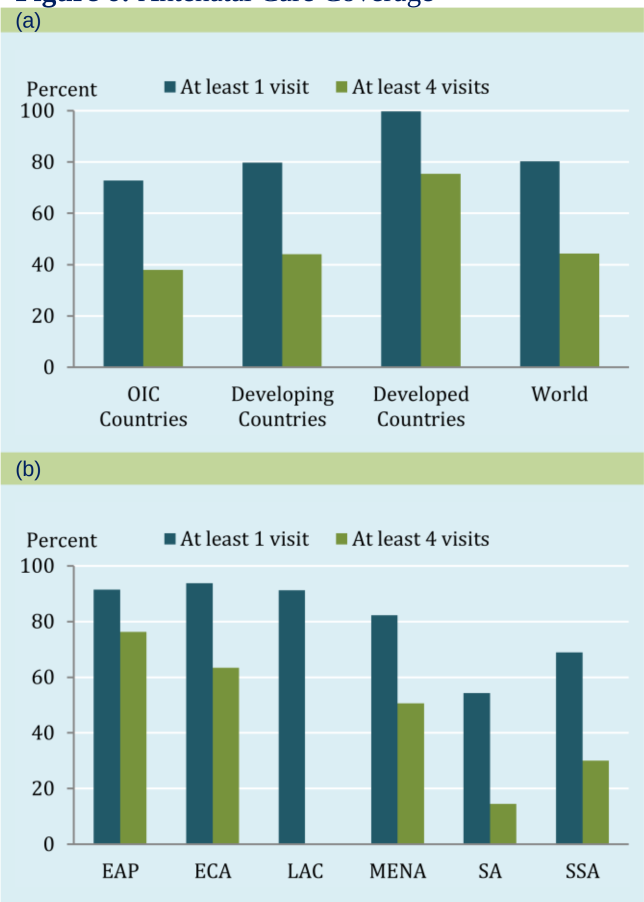
Antenatal care and counselling is the entry point to the formal health care system and provides a solid base to monitor and improve the mother-baby health by identifying and preventing/controlling antenatal complications at the earliest stage (WHO, 2010). Antenatal Care Coverage (ANCC) measures the proportion of total pregnant woman aged 15-49 who visited a skilled health professional for reasons related to pregnancy. For the quality and effectiveness of ANCC, number of visits and their timing are also considered very important. In this regard, WHO recommends at least four antenatal visits for uncomplicated pregnancies and advises first visit at a very early stage of pregnancy followed by the second from 24-28th weeks, the third at 32nd weeks and the fourth around 36th week.

The provision of quality ANCC is a major concern in the OIC member countries. During the period 2000-2010, around 73 percent of total pregnant women in member countries used antenatal care services at least once during the pregnancy whereas 38 percent of total pregnant women benefited from recommended four antenatal checks up. In both cases, OIC average remained below the average of the developing countries and world.

At the OIC regional level, both in terms of at least one and at least four antenatal visits, ANCC remained comparatively very low in SA and SSA regions. As shown in Figure 6(b), in SA and SSA region only 15 percent and 30 percent pregnant women went for four antennal checks up whereas this share was 54 percent and 69 percent in case of one antenatal visit respectively.

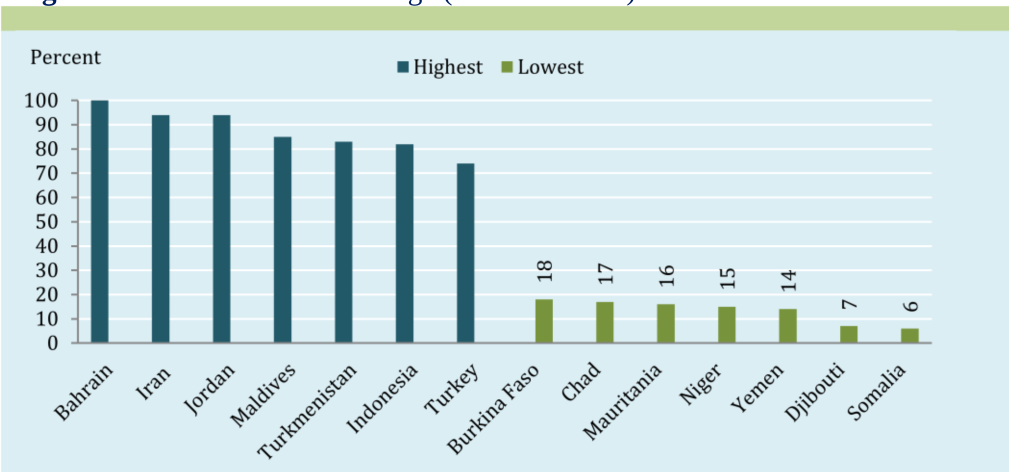
At the individual country level, more than two thirds (67 percent to 100 percent) of total pregnant women visited a health clinic at least four times for antenatal checks up in 10 member countries. Out of these 10 countries, Bahrain, Iran and Jordan remained at the top with ANC Coverage rate of over 90 percent (Figure 7). Among others, 7 member countries registered ANC coverage rate of 50 percent to 66 percent. 6 out of these 7 countries are from SSA region, namely: Gabon (63 percent), Benin (61 percent), Cameroon (60 percent), Sierra Leon (56 percent), Mozambique (53 percent) and Guinea (50 percent). In contrast, 18 member countries registered ANC coverage rate of less than 50 percent. Out of these 18 members, ANC coverage remained less than 20 percent in 7 countries (see Annex Table A.2). The situation remained worse in Djibouti and Somalia, where even less than 10 percent of total pregnant women actually benefitted from WHO recommended four antenatal visits during the period under consideration (Figure 7).

Figure 6: Antenatal Care Coverage



Source: WHO, World Health Statistics 2011.

Figure 7: Antenatal Care Coverage (at least 4 visits) in OIC Member Countries



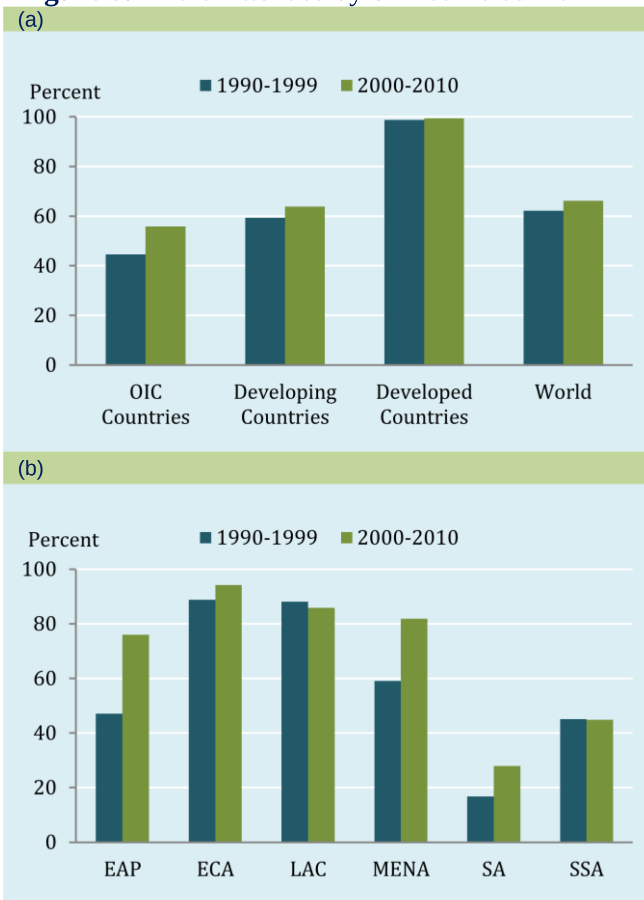
Source: WHO, World Health Statistics 2011.

Births Attended by Skilled Health Personnel

Skilled health care and assistance at the time of delivery are very critical for the health and very survival of both mother and baby. According to the WHO estimates (Countdown Report, 2010), lack of proper health care during labor and child birth is the major cause for about 2 million maternal and newborn deaths every year. Most of these deaths could be prevented by ensuring assistance of skilled health personnel - a doctor, nurse or midwife- during the birth.

In the last two decades, OIC member countries have exerted great efforts to increase the proportion of total deliveries attended by skilled health personnel. These noble efforts have actually paid off and the proportion of total births attended by skilled personnel increased from 45 percent in 1990-1999 to 56 percent in 2000-2010, corresponding to an increase of 11 percentage points which remained quite higher than that for world (four percentage points) and developing countries (five percentage points). However, despite this positive trend, OIC averages remained well below the world, developed, and developing countries averages during the period under consideration (Figure 8 (a)).

Figure 8: Births Attended by Skilled Personnel



Source: WHO, World Health Statistics 2011.

Since 1990s, the coverage of skilled personnel attendance at the time of delivery has improved in all OIC regions except in LAC where the coverage rate has slightly declined. Like ANCC, the situation remained quite alarming in member countries located in SA and SSA regions where majority of the births (72 percent and 55 percent respectively) are still taking place without any skilled health care and assistance at the time of delivery (Figure 8 (b)).

At the individual country level, majority of OIC members managed to improve the coverage of skilled health attendants at the time of delivery during the period 1990-2010. According to the latest estimates, in 24 member countries more than 90 percent deliveries were assisted by skilled health personnel in 2000-2010. In 11 of these countries (Brunei, Kazakhstan, Kuwait, Libya, Malaysia, Oman, Qatar, Saudi Arabia, Turkmenistan, UAE and Uzbekistan) all births (100 percent) were attended by skilled health personnel. In contrast, less than 50 percent of total pregnant women received skilled health care during birth in 14 OIC member countries (see Annex Table A.2). In three of these 14 countries, namely: Afghanistan, Bangladesh and Chad, less than 30 percent of total births were attended by skilled health personnel during 2000-2010 (Figure 9).

Figure 9: OIC Members with Less than 50 percent Births Attended by Skilled Personnel

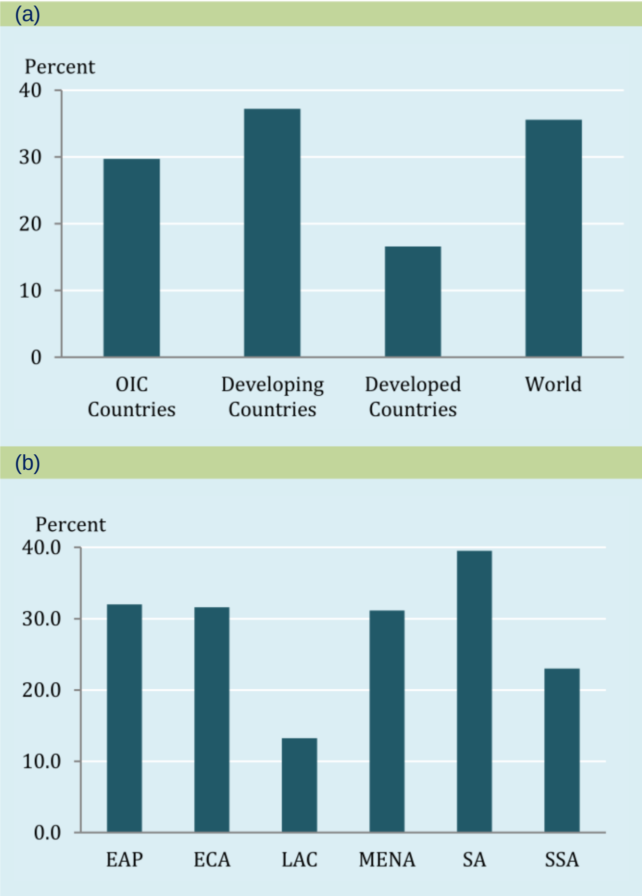
Source: WHO, World Health Statistics 2011.

Infants Exclusively Breastfed

Globally, every year about four million babies die during the very first week of life mainly due to poor neonatal conditions. According to the UNICEF, one of the best measures to prevent most of these deaths is an early initiation of breastfeeding. Breast milk is fundamental to child health, growth, development, and survival. As it not only provides newborns with nutrition but also protects them from diarrhea and acute respiratory infections, stimulates their immune systems and improves response to vaccinations. Keeping in view these benefits of breast milk, health experts are of the opinion that exclusive breastfeeding from the birth to six months could help to reduce neonatal mortality by 20 percent (Niles. C, 2010).

However, in spite of its crucial importance for the healthy survival of a newborn, a vast majority of mothers don't exclusively breastfeed their children for the first six months of life. As shown in Figure 10, worldwide slightly more than one third (36 percent) of newborns were breastfed during 2000-2010. In developing countries where bulk of neonatal deaths occurs about 37 percent of newborns were exclusively breastfed. While in OIC member countries, 30 percent of newborns were exclusively breastfed for the first six months of their life.

Figure 10: Infants Exclusively Breastfed, 2000-2010

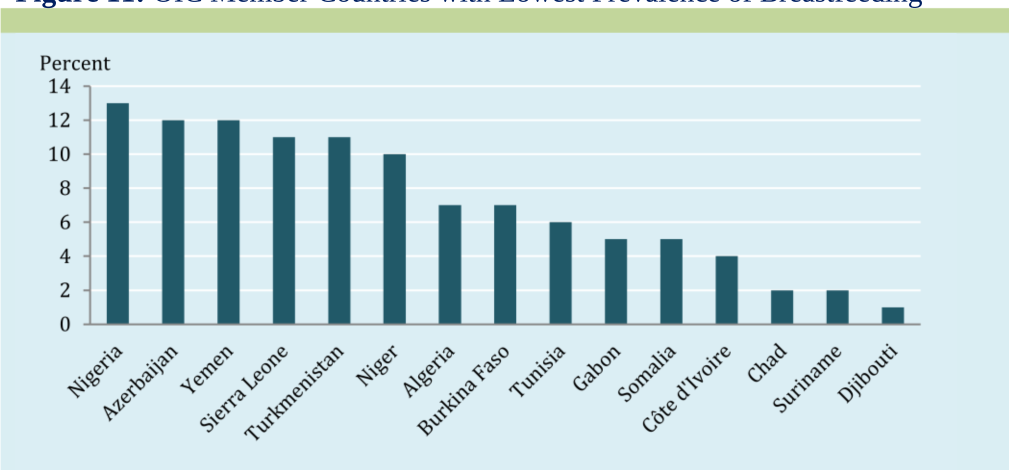


Source: WHO, World Health Statistics 2011.

At the OIC regions level, prevalence of exclusive breastfeeding for the first six months was highest in SA and EAP where 39.5 percent, 32 percent of newborns were exclusively breastfed respectively (Figure 10). In contrast, breastfeeding was lowest in LAC and SSA where only 13.2 percent and 23 percent of newborns were exclusively breastfed respectively. Among other regions, over 31.6 percent of newborns in ECA and 31.1 percent in MENA were exclusively breastfed in 2000-2010. Prevalence of exclusive breastfeeding in SA region remained higher than the world, OIC and developing countries averages.

At the individual country level, prevalence of breastfeeding ranged from a low of one percent in Djibouti to a high of 60 percent in Uganda. Among the 45 OIC member countries with available data, breastfeeding rate remained higher than the developing countries average of 37 percent in 11 member countries (see Annex table A.3). In contrast, prevalence of breastfeeding remained less than 15 percent in 15 member countries. In 9 of these 15 countries, it remained even less than 10 percent. As shown in Figure 12, member countries with lowest prevalence of breastfeeding include Algeria (7 percent), Burkina Faso (7 percent), Tunisia (6 percent), Gabon (5 percent), Somalia (5 percent), Côte d'Ivoire (4 percent), Chad (2 percent), Suriname (2 percent), and Djibouti (1 percent).

Figure 11: OIC Member Countries with Lowest Prevalence of Breastfeeding



Source: WHO, World Health Statistics 2011.

Adolescent Fertility

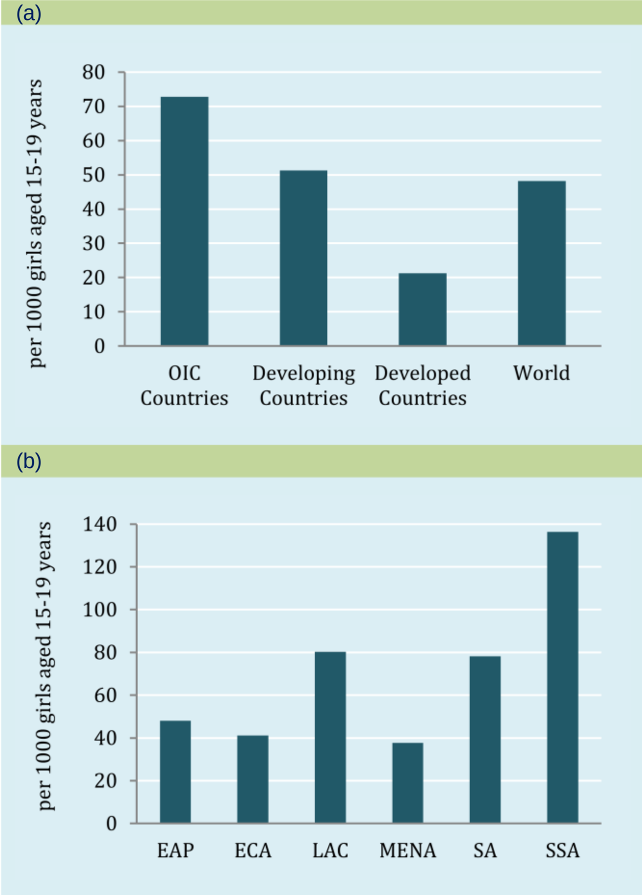
According to the WHO estimates, about 16 million girls aged between 15 to 19 years give birth every year. This accounts for about 11 percent of total births worldwide. Majority of these teenage mothers (more than 90 percent) live in developing countries (WHO, Factsheet No: 345, August 2010). Provided the fact that adolescents are more likely to experience complications during the pregnancy and delivery, both mothers and babies are at a greater risk of mortality.

During 2000-2008, global adolescent mortality rate (AFR) was 48 births per 1000 girls aged 15–19 years. This means, on average, one in 21 girls aged between 15 to 19 years gave birth during this period. The adolescent fertility rates remained distinctively different in developed and developing countries. As shown in Figure 12 (a), AFR in developed countries was just 21 births per 1000 girls aged 15–19 years compared to 51 in developing countries. This means that one in 47 girls aged between 15 to 19 years gave birth in developed countries compared to one in 19 in developing countries.

In 2000-2008, AFR in OIC member countries remained much higher than that for world, developed and developing countries. As shown in Figure 12 (a), AFR in OIC was 73 births per 1000 girls aged 15–19 years which means one in 14 girls aged between 15 to 19 years gave birth during 2000-2008. Among others, early age marriages especially in rural areas remained the leading cause of higher AFR both in OIC and developing countries.

Significant disparities existed among the OIC regions as AFR ranged from a low of 38 births per 1000 girls aged 15–19 years in MENA to a high of 136 in SSA during 2000-2008 (Figure 12 (b)). This means that one in 27 girls aged between 15 to 19 years gave birth in MENA

Figure 12: Adolescent Fertility Rate, 2000-2008



Source: WHO, World Health Statistics 2011.

region compared to one in 7 in SSA. Member countries in SA and LAC region recorded AFR of 78 and 80 births per 1000 girls aged 15–19 years respectively whereas it was 41 and 48 births per 1000 girls aged 15–19 years in ECA and EAP respectively.

At the individual country level, AFR in OIC member countries ranged from a low of four births per 1000 aged 15-19 years in Algeria to a high of 199 in Chad (Figure 13). Eight member countries from MENA region registered the lowest AFR, ranging from 16 to four births per 1000 girls aged 15-19 years. On the other hand, 15 member countries from SSA region registered AFR of over 100 births per 1000 girls aged 15-19 years. Out of these 16 member countries, 12 were among the top 20 countries with highest AFR in the world. In 2009, Niger and Mali were ranked 1st and 3rd with respect to AFR in the world followed by Mozambique (ranked 4th), Uganda (ranked 7th), Guinea (ranked 8th) and Afghanistan (ranked 9th). In contrast, AFR remained less than 50 births per 1000 girls aged 15-19 years in 25 member countries. In 13 of these 25 countries, AFR remained even less than 20 births per 1000 girls aged 15-19 years. In general, 31 member countries registered AFR lower than the OIC average of 73 births per 1000 girls aged 15-19 years. In 25 of these 31 countries, AFR remained lower than the developing and world averages of 51 and 48 births per 1000 girls aged 15-19 years, respectively.

Figure 13: Members with Highest and Lowest Adolescent Fertility Rate, 2000-2008

Source: WHO, World Health Statistics 2011.

MAJOR CHALLENGES AND POLICY RECOMMENDATIONS

Provision of adequate and quality MNH services is a must to overcome the loss of precious lives during pregnancy, childbirth and after childbirth. Over the years, a lot of progress has been made to improve the MNH conditions worldwide; however these gains mostly remained concentrated in developed regions. Many developing countries, including some OIC member countries are still suffering from high prevalence of maternal and newborn deaths. The MNH situation remained alarming especially in member countries located in SA and SSA regions. The poor MNH performance in these regions, among other factors, is mainly attributed to the lack of adequate and sustainable financial resources, poor health infrastructure and insufficient trained health workforce. In this section, we will give an overview of health financing and workforce situation in OIC member countries; and will also make some recommendations to improve it.

Health Financing

Health financing is a critical component of health systems. There is global evidence that to achieve the goal of universal health coverage it is necessary to generate a significant amount of financial resources for health through prepaid and pooled contributions like tax-based financing, social health insurance and private health insurance; whereas the share of direct out-of-pocket spending on health should be reduced (WHO, 2005).

Out-of-pocket health spending is considered as the most regressive way of health financing and has variety of harmful consequences especially for the low income and poor households. However, despite its negative impacts on accessibility of heath care services, it remained the most widely used method to pay for health

services in many OIC member countries. In 2009, only 6 member countries recorded out-of-pocket expenditure as a percentage of total health expenditure of less than 15 percent. Provided the fact that more than 15 percent share of out-of-pocket spending in total health expenditure not only increase the financial vulnerability of low income people but also discourage them to use needed health care services (Countdown Report, 2000-2010), prevalence of poor MNH conditions in many member countries could easily be explained. The gravity of situation could also be explained with the fact that out-of-pocket spending accounted for more than 50 percent of total health expenditure in 22 member countries. Out of these 22 countries, 10 are from SSA, 5 from MENA, 4 from ECA and 3 from SA region (SESRIC, 2011).

In this regard member countries need to consider following points:

- Reform health financing system to enable wider access. The reforms require continued increasing investment and public spending on health, reducing out-of-pocket spending and increasing pre-payment and risk-pooling, which may include tax-based financing, compulsory social insurance and other types of health insurance.
- Increase the budgetary allocations for health sector and establish an accountability mechanism to ensure transparent and efficient use of these funds.
- Take necessary measures to facilitate Intra-OIC investment in health sector.
- Collaborate with international agencies like WHO, UNICEF and World Bank to benefit from their expertise and financial contribution to build health infrastructure.
- Start prepayment and risk pooling based health financing schemes like Seguro Popular in Mexico, New Rural Cooperative Medical Scheme in China and Social Health Insurance Scheme in Mali to overcome financial barriers to MNH care access especially in rural areas (WHO Countdown Report, 2000-2010).

Health Workforce

Health workforce is the back bone of health care system in a country. It is a well-established fact that the size, composition and distribution of health workers play an important role for prompt and efficient delivery of health care services. Over the years, among others, shortage of well-trained health workforce remained the most basic reason behind limited outreach of primary health care and high maternal and newborn mortality in the developing countries (WHO, 2006).

Being a substantial part of the developing world, OIC member countries are no exception. According to the latest estimates, health workforce shortages are especially serious in member countries located in South Asia and Sub-Saharan Africa region. In these regions, density of health workers (i.e. the number of doctors, nurses and midwives per 10,000 people) remained below the 23 threshold level for considering a country/region to be facing a health workforce crisis. At the individual country level, only 28 OIC member countries meet the critical threshold, of 23 doctors, nurses and midwives per 10,000 people, generally considered necessary to deliver essential health services. Out of these 28 countries, 14 are from MENA, 8 from ECA and 3 from EAP; whereas in SSA and SA where majority of maternal and newborn deaths are occurring, only Gabon and Maldives meet the threshold (SESRIC, 2011).

Keeping in view this state of affairs, following recommendations can be made:

- Establish a health service commission for training, recruitment and management of health workforce both at national and Intra-OIC level.
- Enhance cooperation both at national and Intra-OIC level, to increase investment in health education and training institutions.
- Launch scholarship programs to attract more students in health professions.
- Ensure mutual recognition of medical diplomas, certificates and degrees.
- Take necessary measures to integrate teaching and learning with clinical practice.
- Motivate the health workers through financial and non-financial incentives to work in underserved rural and remote areas.
- Collaborate with NGOs and international bodies to train and deploy health workers at community level (like community midwives in Indonesia and Leady Health Visitor (LHV) program in Pakistan) to provide MNH services in rural areas.

OIC MNH INITIATIVES

The domain of health constitutes an important element among the extensive range of mandates which emanate from the Ten Year Program of Action. This is based on the realization of the fact that health is central to overall human development and reduction of poverty.

The 11th Islamic Summit Conference, held in Dakar in 2008 called upon the OIC General Secretariat and the IDB to step up their activities, with the involvement of relevant international organizations, such as the WHO, in the area of combating diseases and epidemics. It also appreciated the establishment of contact between the OIC and the US Department of Health and Human Services and their agreement to formalize their relations. Subsequently, the OIC and the US Government signed a Cooperation Framework on “Reaching Every Mother and Baby in the OIC Emergency Care” on 1st December 2008.

The 35th, 36th and 37th sessions of the Islamic Council of Foreign Ministers (ICFM) adopted resolutions in the area of health which, inter alia, underscored the importance of cooperation in the field of health related Millennium Development Goals and requested the OIC General Secretariat to explore with relevant international organizations and specialized UN agencies such as WHO, UNICEF, UNFPA and UNAIDS the possibilities of elaboration and implementation of feasible regional health projects. The 37th ICFM appreciated the efforts of the OIC General Secretariat to coordinate with Global Polio Eradication Initiative and Roll Back Malaria Partnership. It requested the General Secretariat to expedite the implementation of the project “Reaching Every Mother and Baby in the OIC with Emergency Care” under the OIC-US Cooperation Framework signed in 2008.

The 1st Islamic Conference of Health Ministers (Kuala Lumpur, June 2007) adopted Resolution No.KLOICHMC-1/2007/2.5 on Mother and Child Health. The 2nd Islamic Conference of Health Ministers (Tehran, 1-4 March 2009) under the theme "Health Equity in Islamic Ummah" issued Declaration that encouraged the international organizations to assist the OIC Member States to expand national immunization programs to reach all unvaccinated children. It requested the OIC, WHO and other relevant international organizations to cooperate to foster health capacity building programs in the OIC Member States to promote health equity. The 2nd Conference also approved establishment of a Steering Committee on Health to monitor the implementation of the decisions of the Health Ministers Conferences. The Steering Committee functions under the authority of and is guided by the Islamic Conference of the Ministers of Health.

OIC-US Cooperation on MNH

In pursuance of the resolution of the 1st Islamic Conference of Health Ministers, the OIC General Secretariat with the assistance of the Center of Disease Control and Prevention (CDC) of US prepared a project entitled "Reaching Every Mother and Baby in the OIC Emergency Care". The OIC and the US Government signed a Cooperation Framework on 1st December 2008 to implement the project. The project has the followings specific objectives to:

- reach up to one million women and their babies annually;
- train midwives to achieve the required numbers of care providers for mothers and babies;
- ensure basic emergency care in primary care centers and obstetric surgical units with specialized services;
- equip computerized/palm pilot/internet based surveillance and monitoring capacity in primary and specialized center.

The 36th CFM requested the OIC General Secretariat to fully implement the project entitled "Reaching Every Mother and Baby in the OIC with Emergency Care ". The President of the United States in his speech delivered in Cairo on June 4, 2009, inter alia, committed to expand partnerships with Muslim communities to promote child and maternal health under the action to be taken in the Science and Technology domain.

In August 2010, a delegation of USAID and US State Department visited OIC Headquarters in Jeddah to discuss the implementation of US-OIC project on Mother Child Health. It was decided to pilot the project in two OIC countries namely Bangladesh from the Asian region and Mali from African region.

The OIC and USAID delegations visited Bamako, Mali on 1 – November 2010 and met with the Government of Mali on the implementation of the project. The meeting identified causes of high mortality rate for mother and infants and recommended various actions towards reducing the rate to meet the commitment of the government of Mali at the UN GA in September 2010. The partnerships between OIC-US Government and Government of Mali to reduce mortality rate of mother during delivery and infant for first 4 weeks was launched on 4 November 2010.

The implementation of the project will involve religious and community leaders, womengroups, civil societies and a number of international partners and expected to commence in 2011.

CONCLUSION

Over the years, many OIC member countries witnessed significant improvement in maternal and newborn health care coverage. As a result, maternal and newborn mortality rates have witnessed declining trends and life expectancy at birth has been improved. However, despite these positive trends, OIC member countries are still lagging behind the world and developing countries averages. The MNH situation is particularly alarming in South Asia and Sub-Saharan Africa region. The poor MNH care coverage is strongly related with the lack of adequate and sustainable financial resource, poor health infrastructure and insufficient trained health workforce. However, the nature and magnitude of these key challenges varies greatly across the OIC member countries and therefore no single solution suits them all However, in general, there is a need for long term commitment of the member countries governments to put MNH higher on their national development agendas and collaborate, both at regional and international level, to build necessary health infrastructure and train workforce. There is also need for embarking on health financing reforms by initiating prepayment and risk pooling based financing schemes to improve the accessibility and affordability of MNH care services. Furthermore, there is also need for involvement of all stakeholders: clients, health providers and community leaders, to develop, execute and evaluate national MNH programs in OIC member countries.

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Third Islamic Conference of Health Ministers

29 September - 1 October 2011, Astana, Republic of Kazakhstan

The 3rd Islamic Conference of Health Ministers (ICHM) will be hosted by the Republic of Kazakhstan in Astana during the period 29 September – 1 October 2011. The Conference will discuss and adopt resolutions on various health related issues of interest to the Member States including, among others, the general state of public health services in the Member States, state of maternal and newborn health, polio eradication, fighting against HIV/AIDs, tuberculosis and malaria and self reliance on drugs and vaccines. The Conference will be preceded on 28 September by the 4th Meeting of the OIC Steering Committee on Health, which will review the implementation of the decisions of the 3rd Meeting and the preparations for the 3rd ICHM. SESRIC will submit four background reports to the 3rd ICHM, namely the OIC Health Report 2011, the State of Maternal and Newborn in OIC Countries, the State of Polio I OIC Countries and Pharmaceutical Industry in OIC Member Countries: Production, Consumption and Trade.

Pharmaceutical Industry in OIC Member Countries: Production, Consumption and Trade

*SESRIC**

INTRODUCTION

Today pharmaceuticals have become an indispensable part of health care system around the globe. Historically pharmaceuticals have played a vital role in the human development by improving the quality of life and reducing the time spent in the hospitals. Thanks to innovative pharmaceutical industry that almost all epidemics and chronic diseases are curable today. Due to its direct link with the welfare and wellbeing of human beings pharmaceutical industry is of strategic importance for the development of a healthy and productive nation. Today, pharmaceutical industry is considered to be one of the largest and rapidly growing global industries. It is a major source of employment generation and foreign exchange earnings for many countries around the globe.

However, despite all these extraordinary achievements it's a harsh reality that every year millions of people die across the world, mostly in low income developing countries, due to unavailability and inaccessibility of necessary medicines. According to the World Health Organization (WHO), on average, 30% of the world population lacks access to life-saving medicines; whereas, in some countries in Asia and Africa, the number may be as high as 50% (Roger Bate, 2008). Many developing countries, including some OIC member countries, has insufficient or no manufacturing capacities in the pharmaceutical industry. Local industry covers a tiny fraction of domestic pharmaceutical demand and they rely heavily on imports and medicinal aid. In addition, the share of medicines in "Out-of-pocket" health payments (i.e. paid by the patient) is ranging between 40 to 60% in these countries. Consequently, medicines are neither available nor accessible to a large fraction of population and hundreds and thousands of people die of preventable and treatable diseases. This short report is a humble attempt to investigate the availability of medicines in OIC member countries by focusing on the production, consumption and trade patterns of pharmaceuticals in these countries during the period 2005-2010.

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* *This report was prepared by Mr. Mazhar Hussain, Researcher at the Economic and Social Research Department, SESRIC.*

The global pharmaceutical industry has shown rapid growth over the years and emerged as one of the fastest growing industries in the world. However, world pharmaceutical production and consumption is still unevenly dispersed around the world with the developed countries as the leading producers and consumers of pharmaceuticals.

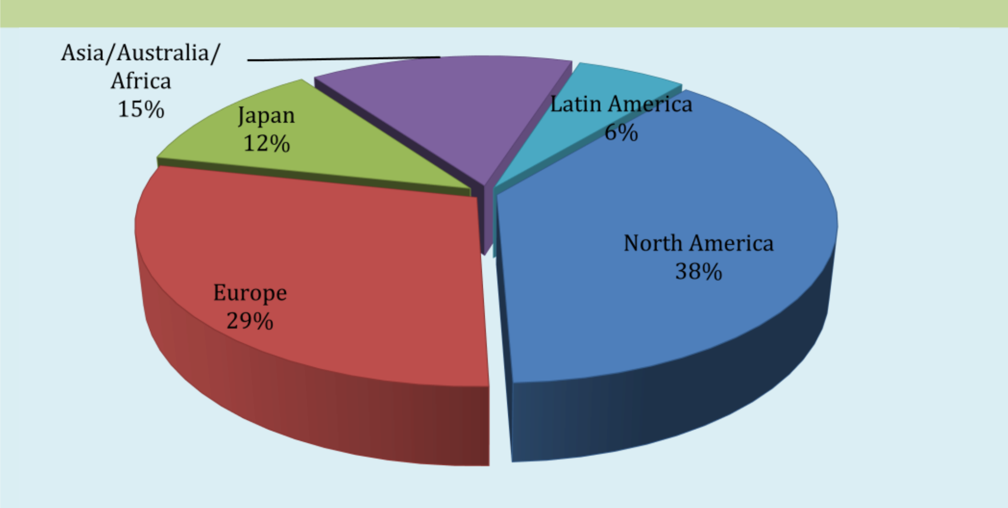
According to IMS Health (an international consulting and data services company), in 2010, world pharmaceutical market was valued at US$ 875 billion with a growth rate of 4.1% over the previous year at the constant exchange rate. The volume of pharmaceutical industry has surged from US $ 647 billion in 2005 to US$ 875 billion in 2010, corresponding to an increase of 35.2%. During this period, the industry's growth rate has witnessed a declining trend from 7.2% in 2005 to 4.1% in 2010. This decline is mainly associated with the slowdown in economic activity, especially in the developed countries which consume a large chunk of global pharmaceutical products. In 2008, economic slowdown in developed countries culminated into one of the worst global financial and economic crisis since the Great Depression. The negative effects of this meltdown of historic magnitude were felt across the globe and all sectors were hard hit. The pharmaceutical industry was not an exception and it has witnessed one of the lowest year-on-year growth rates of 6.1% in 2008. In 2009, however, the negative effects of the crisis subsided and global economy has started to recover. These positive developments helped the global pharmaceutical industry to rebound to its pre-crisis level and its growth rate climbed to 7.1% in 2009 (Figure 1).

Global pharmaceutical market, both in terms of production and consumption, is highly concentrated in the developed regions. In 2010, North America (38%), Europe (29%) and Japan (12%) accounted for nearly 79% of global market. On the other hand, developing regions with a share of nearly 85% of world population, accounted for only 21% of global pharmaceutical consumption in 2010 (Figure 2). A breakdown of pharmaceutical market in developing world reveals that Asia, Australia and Africa represent nearly 15% whereas Latin America accounts for 6% of the global pharmaceutical market.

Figure 1: Global Pharmaceutical Market, 2005-2010

Source: IMS Health Market Prognosis, March 2011.

Figure 2: Regional Distribution of Global Pharmaceutical Market



Source: IMS Health Market Prognosis, March 2011.

OIC MEMBER COUNTRIES

Like many other developing countries, the OIC members are facing many socio-economic challenges including the establishment of an efficient and effective health care system. In these economies, health sector is suffering from many problems ranging from poor health infrastructure to insufficient number of medical staff. However the shortage of and inaccessibility to necessary medicines are among the most challenging problems. Due to the unavailability of the relevant data for most of the OIC member countries, comprehensive analysis on production capacity of pharmaceutical industry at the OIC level is not possible. However, an overview of pharmaceutical industry in the OIC member countries, for which data are available, in terms of their geographical regions is given in the following section.

MIDDLE EAST AND NORTH AFRICA (MENA)

Pharmaceutical market in the MENA region accounted for about 1.8 per cent of the world market, or around US$12 billion in 2006 [Pharmaceutical & Biotechnology Middle East (PABME)]. Most of the countries in MENA region are characterized by low domestic pharmaceutical base. According to the Arab Organization for Industry and Mining, local production accounts for 45 % of consumption, with more than 220 manufacturing units. In MENA region GCC countries have highest per capita medicines consumption estimated at US$ 52 while in other countries, the figure is estimated at about US$20 in 2004.

Among the GCC countries Saudi Arabia has the largest number of local pharmaceutical manufacturing plants totaling 27 with an investment of US$ 619 million. As shown in Figure 3, Saudi Arabian pharmaceutical industry produced medicines worth of US$ 320 million in 2006 compare to US$ 187 million in 2000. However, local production satisfies only 15% of the demand and imports account for 85% of the domestic market.

Egyptian pharmaceutical market, which is estimated at around US$ 1.7 billion in 2007, is one of the major flourishing markets in the MENA region. According to some reports,

Figure 3: Pharmaceutical Production in Saudi Arabia

Egyptian pharmaceutical industry comprised of about 30 companies and local production satisfies more than 90% of domestic demand .On the other hand, Egypt is contributing 30% of supply in the MENA pharmaceutical market.

Jordan is another major market in the MENA region. Jordanian pharmaceutical industry consists of 17 factories and accounts for 3.5% of the total workforce employed in the country's industrial sector and is second largest export earning industry after garment manufacturing. In 2005, Jordanian pharmaceutical industry produced US$ 350 million worth of medicines compare to US$ 185 million in 2003. Local production satisfies about 50 % of domestic market.

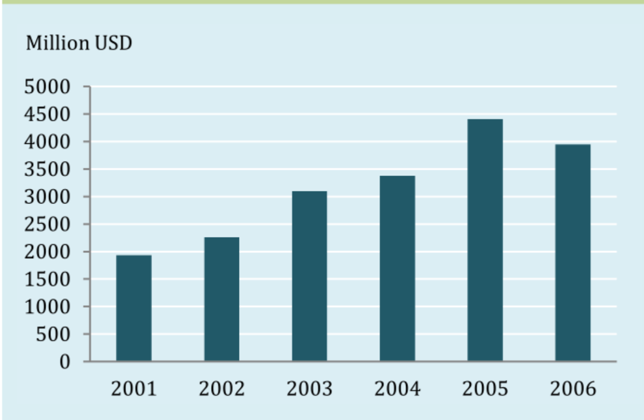
In the MENA region, UAE is one of the most expensive pharmaceutical markets with per capita medicine expenditure estimated at about US$ 80. There are eight pharmaceutical manufacturing units in UAE which presently satisfy around 10 % of local demand (Dubai International Pharmaceuticals and Technologies Conference and Exhibition, DUPHAT December 2008).

ASIA

In the Central Asian region, Turkey emerged as a promising pharmaceutical market. Today, Turkey is the largest pharmaceuticals producer in the OIC and is ranked 16th among the world's 35 leading producers. There are 134 pharmaceutical companies operating in Turkey and domestic industry meets 90% of local demand. In 2006, Turkey produced US$ 3947 million worth of medicines compared to US$ 1932 million in 2000 (Export Promotion Centre of Turkey). Turkish pharmaceutical industry and market has great growth potential and is placed in a group of countries called "Pharmerging Markets" which represents fastest growing pharmaceutical markets in the world.

In the Asia Pacific, Malaysia is one of the fastest growing pharmaceutical market valued around US$ 1027 million in 2007 [Frost & Sullivan estimates 2008]. According to

Figure 4: Pharmaceutical Production in Turkey



Source: Export Promotion Centre of Turkey.

Malaysian Drug Control Authority, in 2006, there were 246 registered pharmaceutical companies in the country and local manufacturer produced about 25-30% of domestic demand. Provided the rich natural resources (flora and fauna), Malaysia is envisaged as an important biogeneric (herbal medicines and vitamins) market in the region.

Indonesia is another growing pharmaceutical market in the region estimated at US$ 1.29 billion in 2006. According to Drug and Food Control Agency (BPOM), Indonesia has a strong pharmaceutical manufacturing industry based on 108 companies. In 2005, local companies accounted for 90% of sales of medicines in the country.

SUB-SAHARAN AFRICA (SSA)

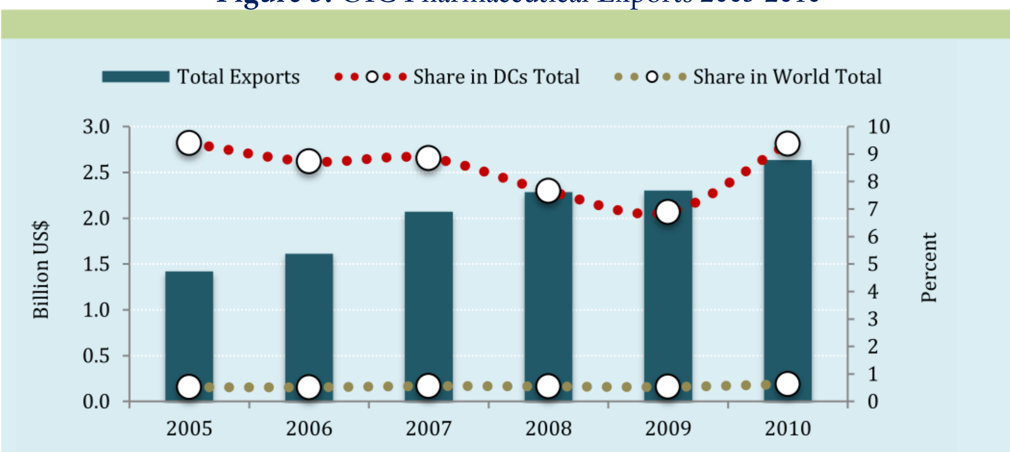
The region of SSA accounts for 24% of global burden of disease and represents less than 1% of global health expenditures. Nearly 50% of SSA's total health expenditures are being financed by the patients. According to World Health Survey 2003, the average share of medicines in out-of-pocket health payments in SSA (14 countries) is 37%, while at country level, this share varies from 11% in Chad to 62.2 % in Burkina Faso. In 2006, pharmaceutical market in SSA was valued at US$ 3.8 billion, corresponding to 0.6 % of global market. In SSA, 37 out of 44 countries have some pharmaceutical production and local manufacturer account for 25-30% of local demand. However, pharmaceutical production is highly concentrated among a few countries.

In 2006, SSA produced US $ 1.07 billion worth of pharmacy euticals out of which more than 70% (i.e. US$ 735 million) was contributed by South Africa alone. Nigeria was the second leading producer with a share of 10% (i.e. US$ 107 million). Among other OIC member countries, Senegal produced US$ 22 million, Côte d'Ivoire produced US$ 14 million and Uganda produced US$ 9 million worth of medicines in 2006.

PHARMACEUTICAL TRADE

Global pharmaceutical trade has shown an upward trend during the period 2005-2010. According to the available data, world trade volume has increased from US$ 556 billion in 2005 to US$ 824 billion in 2010. This corresponds to an increase of over 48%. In 2010, Global pharmaceutical exports were valued at US$ 417 billion while pharmaceutical imports were valued at US$ 407 billion. However, like the production, pharmaceutical trade also remained highly concentrated in developed world which accounted for about 93 % of world exports and absorbed nearly 82% of pharmaceutical imports in 2010. As a group,

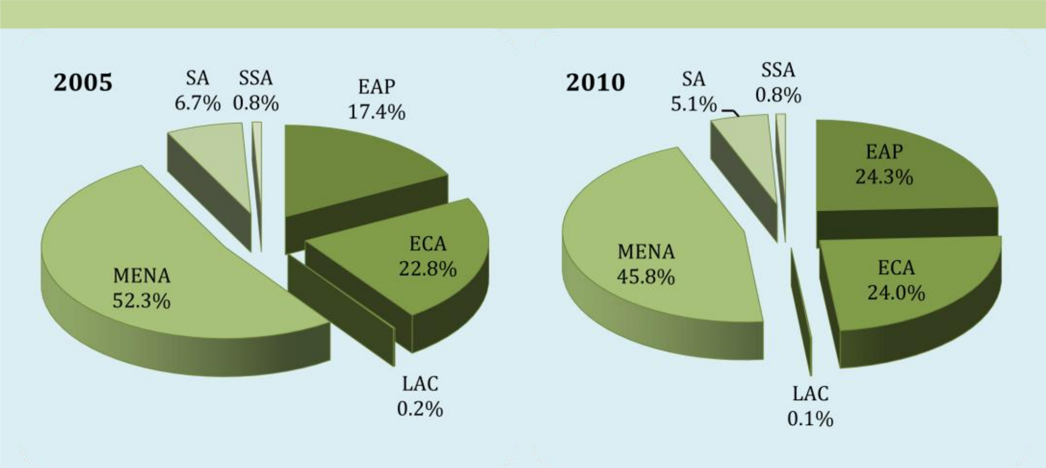
Figure 5: OIC Pharmaceutical Exports 2005-2010



developed countries are net exporters of pharmaceutical products. On the other hand, the share of developing countries in global pharmaceutical trade remained very low and they accounted for only 7% of exports and 18 % of pharmaceutical imports in 2010. As a group, developing countries are net importers of pharmaceutical products.

shown in Figure 6, MENA remained the top OIC exporting region with a share of 45.8% in 2010. However, its share in OIC total exports has witnessed decrease of 6.5 percentage points since 2005. Meanwhile, share of EAP and ECA region witnessed some improvement and recorded at 24.3% and 24.0% respectively in 2010. Among the other regions, South Asia (SA) accounted for over 5%, Sub-Saharan Africa

Figure 6: Regional Distribution of OIC Pharmaceutical Exports



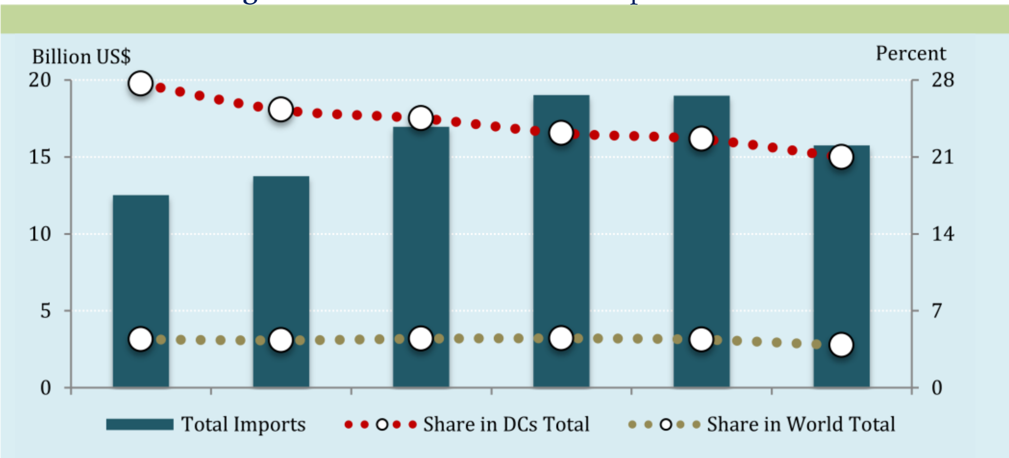
Source: UN Comtrade online database.

Being a substantial part of the developing countries, majority of the OIC member countries is net importer of pharmaceuticals and their share in global pharmaceutical trade remained very low. As shown in Figure 5, OIC pharmaceutical exports witnessed an increasing trend during the period 2005-2010. In 2010, OIC pharmaceutical exports valued at US$ 2.6 billion compared to US$ 1.4 billion in 2005, corresponding to an increase of 85%. During the period under consideration, on average, OIC member countries as a group accounted for about 7% of developing countries and about 1% of world total pharmaceutical exports. OIC Pharmaceutical exports remained highly concentrated and a large share of these exports come from the member countries located in Middle East & North Africa (MENA), Europe & Central Asia (ECA) and East Asia & Pacific (EAP) regions. These three regions, collectively accounted for over 90% of OIC total pharmaceutical exports during 2005-2010. As

(SSA) around 1% and Latin America & Caribbean less than 1% of OIC pharmaceutical exports during 2005-2010.

Provided the weak production capacity and limited technological know-how, majority of member countries are unable to locally produce sufficient amount of pharmaceuticals needed to meet their domestic needs. As a result, they have to import from other countries. During the period under consideration, OIC pharmaceutical imports have witnessed an upward trend and increased from US$ 13 billion in 2005 to US$ 19 billion in 2009 before declining to US$ 16 billion in 2010 (Figure 7). Compared to the pharmaceutical exports, OIC share in developing countries and world total pharmaceutical imports remained much higher. On average, member countries accounted for 24% of developing countries total and 4% of world total pharmaceutical imports during 2005-2010. This clearly shows that member countries are heavily

Figure 7: OIC Pharmaceutical Imports 2005-2010



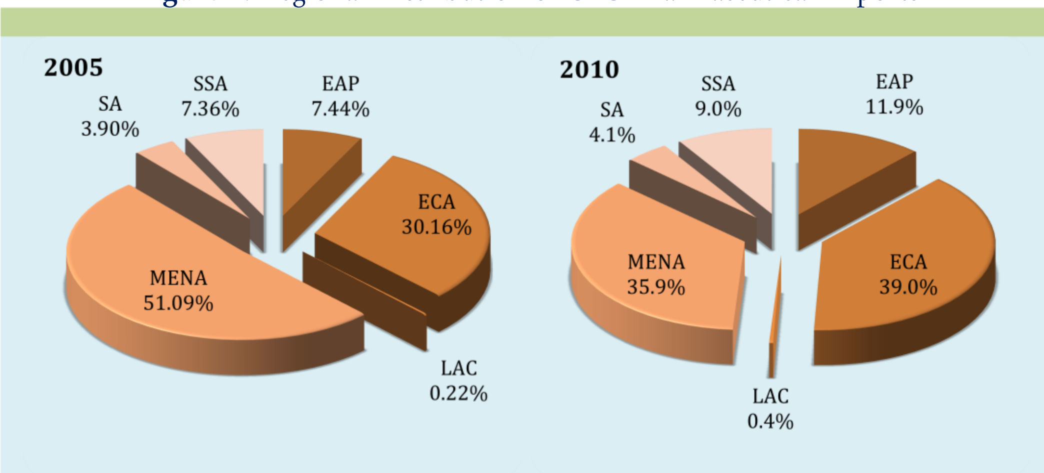
Source: UN Comtrade online database.

dependent on imports to meet their local pharmaceutical demand. In addition, it also gives some insights about the issues of inaccessibility and unavailability of necessary medicines especially in the least developed member countries.

OIC Pharmaceutical imports also remained highly concentrated and a large share of imports is consumed by the member countries located in MENA, ECA and EAP regions. These three regions, collectively accounted for over 85% of OIC total pharmaceutical imports during 2005-2010. As shown in Figure 8, ECA remained the top import consuming region with a share of 39.0% in 2010. Since 2005, its share in OIC total imports has witnessed an increase of 9 percentage points. Meanwhile, share of MENA region witnessed significant decline and recorded at 35.9% in 2010 compared to 51.1 % in 2005. Among the other regions, EAP accounted for 11.9%, SSA for 9%, SA for 4% and LAC less than 1% of OIC pharmaceutical imports in 2010.

Very much like their regional distribution, OIC pharmaceutical exports remained highly concentrated at the individual country level as well. In 2010, more than 90% of the OIC pharmaceutical exports were contributed by only ten member countries (Table 1). Jordan remained the top OIC pharmaceutical exporter with exports of US$688 million which constituted 26% of OIC total pharmaceutical exports in 2010. Among the top ten OIC exporters, first five member countries namely: Jordan, Turkey, Indonesia, Malaysia and Egypt accounted for 83% of OIC total pharmaceutical exports in 2010.

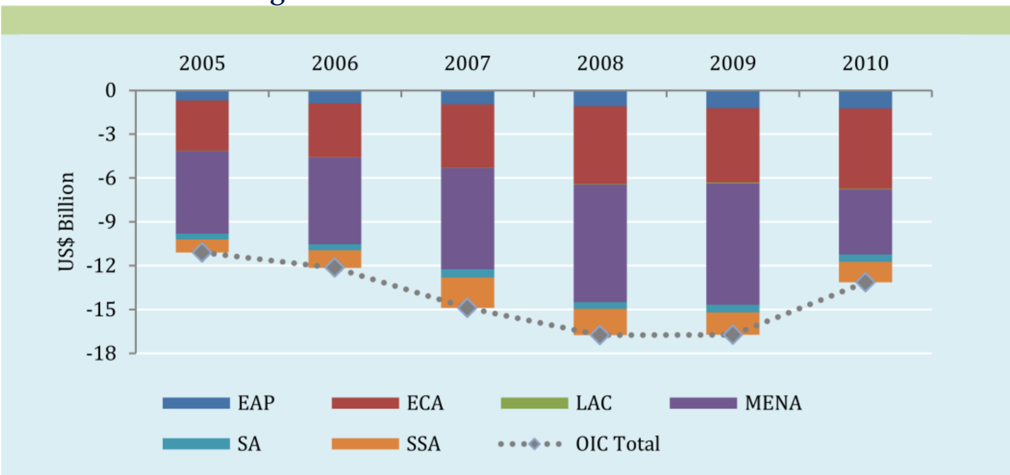
Figure 8: Regional Distribution of OIC Pharmaceutical Imports



Source: UN Comtrade online database.

A similar trend can be observed in case of pharmaceutical imports as well. In 2010, top ten importers accounted for more than 80% of OIC pharmaceutical imports (Table 1). Turkey remained the top pharmaceutical importer with imports of US$ 4778 million which constituted 30% of OIC total pharmaceutical imports in 2010. Among the top ten importers, top five importers namely: Turkey, Algeria, UAE, Egypt and Malaysia accounted for more than 60% of OIC pharmaceutical imports in 2010.

Figure 9: OIC Pharmaceutical Trade Balance



Source: UN Comtrade online database.

Table 1: OIC Top-10 Pharmaceutical Exporters and Importers, 2010

Rank	Country	Exports (mln.US$)	Share in OIC Total	Rank	Country	Imports (mln.US$)	Share in OIC Total
1	Jordan	688	26%	1	Turkey	4778	30%
2	Turkey	611	23%	2	Algeria	1719	11%
3	Indonesia	333	13%	3	UAE	1259	8%
4	Malaysia	308	12%	4	Egypt	1246	8%
5	Egypt	250	9%	5	Malaysia	1133	7%
6	UAE	162	6%	6	Kazakhstan	940	6%
7	Pakistan	136	5%	7	Indonesia	736	5%
8	Morocco	82	3%	8	Pakistan	650	4%
9	Oman	24	1%	9	Morocco	548	3%
10	Kazakhstan	17	1%	10	Jordan	483	3%

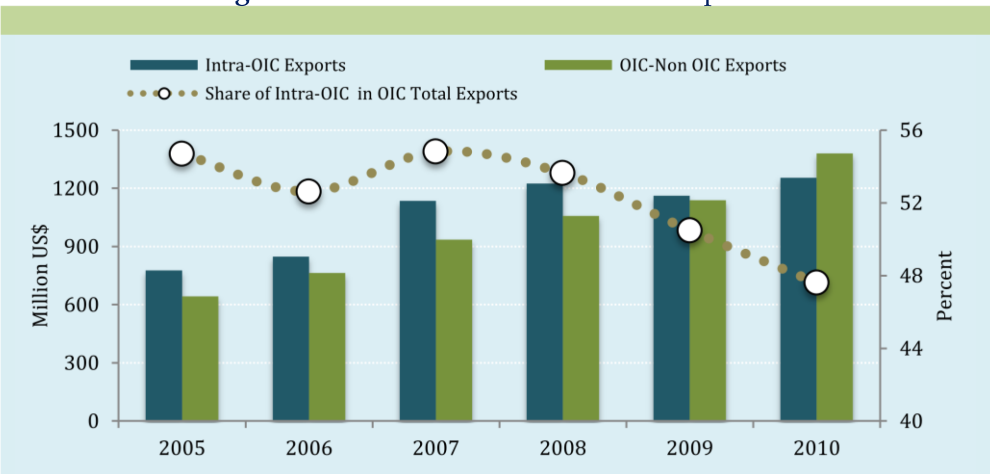
Source: UN Comtrade online database.

During the period 2005-2010, pharmaceutical imports in the group of the OIC countries increased higher than their exports. This indicates that the OIC countries, as a group, are net pharmaceutical importers, where the majority of them still heavily rely on imports of various medicines and vaccines to meet their increasing domestic demand. As shown in Figure 9, pharmaceutical trade deficit of the OIC countries has increased rapidly from US$ 11 billion in 2005 to US$ 17 billion in 2009. However, it witnessed some improvement in 2010 and recorded at US$ 13 billion. During 2005-2009, MENA region recorded the highest pharmaceutical trade deficit, followed by ECA and SSA. However, in 2010, ECA region recorded the highest pharmaceutical trade deficit among the OIC regions.

INTRA-OIC PHARMACEUTICAL TRADE

At the intra-OIC level, pharmaceutical trade volume increased from US$ 1469 million in 2005 to US$ 1910 million in 2010. As shown in Figure 10, Intra-OIC pharmaceutical exports have shown an upward trend during the period 2005-2010 and increased from US$ 778 million to US$ 1255 million. On average, Intra-OIC exports accounted for half of the OIC total pharmaceutical exports during this period. Nevertheless, intra-OIC pharmaceutical exports remained highly concentrated in few member countries. In 2010, more than 82% of intra-OIC pharmaceutical exports originated from four member countries, namely: Jordan (47.1%), Egypt (14.5%), UAE (10.3%) and Turkey (10.1%).

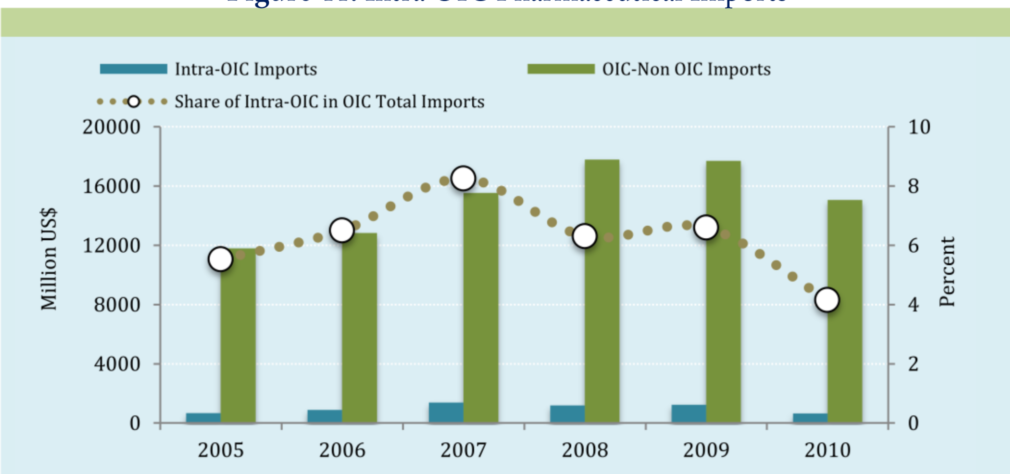
Figure 10: Intra-OIC Pharmaceutical Exports



Source: UN Comtrade online database.

During the period under consideration, Intra-OIC pharmaceutical imports have also shown upward trend but intra-OIC imports have represented a tiny share of 4.2 % of the OIC total pharmaceutical imports. This indicates that many OIC member countries rely heavily on non-OIC countries to fulfill their domestic pharmaceutical demand (Figure 11). More than half of pharmaceuticals produced in OIC member countries have been imported by Algeria (28.0%), UAE (12.3%) and Egypt (10.9%) in 2010.

Figure 11: Intra-OIC Pharmaceutical Imports



Source: UN Comtrade online database

CONCLUDING REMARKS

Despite showing rapid growth over the years, global pharmaceutical industry remained highly concentrated in the developed countries, which dominate the global pharmaceutical production, consumption and trade. Although some developing countries emerged as major contributor, the share of developing countries in global pharmaceutical industry remained very low.

OIC countries, as a group, remained net importer of pharmaceuticals and with few exceptions, the majority of them have very low pharmaceutical production base. Considering the relatively high cost of health care and unavailability of medicines, many OIC member countries have to make some serious efforts to boost the pharmaceutical industry in their economies. To this end, the following related concluding remarks can be made:

- Pharmaceutical production requires skilled human resources like scientists, pharmacists, biologists and lab technicians. Therefore, OIC member countries should encourage and empower their education system to impart quality knowledge in academic disciplines like Chemistry, Biology, Medicines and other natural sciences. On the other hand member countries should also give due attention to convert the brain drain of highly skilled people into brain gain by facilitating the national Diaspora to return their countries.
- Pharmaceutical industry relies heavily on research and development (R&D) activities. Hence proper R&D facilities should be built and researchers and technicians should be provided with necessary financial resources to develop an innovative pharmaceutical industry in the member economies.

- At the intra-OIC level, member countries should collaborate with each other by sharing expertise for the development of pharmaceutical industry. At the same time students mainly from least developed countries can be enrolled in pharmaceutical related academic disciplines in member countries with substantial pharmaceutical base like Turkey, Egypt, Jordan and Malaysia to equip them with necessary knowledge and expertise in this field.

- At the international level, OIC member countries should collaborate with the international agencies like WHO and World Bank to benefit from their expertise and financial contribution to build their domestic pharmaceutical industry.

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Sixth OIC Ministerial Conference on Food Security and Agriculture Development

3 - 6 October 2011, Istanbul, Republic of Turkey

The 6th Session of the OIC Ministerial Conference on Food Security and Agriculture Development will be held in Istanbul, Republic of Turkey on 3-6 October 2011. The Conference will review and evaluate the progress achieved so far in the implementation of the resolutions and decisions adopted at the 5th Session, which was held in Khartoum, Sudan, in October 2011. In particular, it is expected that the Conference will consider and adopt the Draft of the Executive Framework for Agriculture, Rural Development and Food Security in OIC Member States and the Proposed Implementation Strategy. The Conference will also consider a number of background documents and reports on various issues related to agricultural development and access to food and nutrition in OIC countries and, accordingly, adopt some related resolutions.

Global Food Price Crisis: Impact on Food Security and Malnutrition in the OIC Member States

*SESRIC**

INTRODUCTION

Food security refers to sufficient and easy access to safe and nutritious food that meets the dietary requirement of an individual to maintain a healthy life. A household is considered food in-secured when its occupants live in hunger or in fear of starvation. Undernourishment is a direct consequence of food insecurity, when caloric intake is below the minimum dietary requirement (FAO, 2009). Unfortunately, due to rising population of the world, current economic crisis, scarcity of resources and the recent food price crises, the absolute number of undernourished population in the world is on the rise. According to recent FAO estimates, the number of undernourished people in the world may exceed one billion. Malnutrition is a condition that results from unbalanced diet and is one of the direct consequences of sustained periods of hunger and undernourishment. According to the World Health Organization, malnutrition is one of the gravest threats to the world's public health. In particular, malnutrition is one of the major causes of high child mortality rates, underweight births, low life expectancy and a major risk factor of tuberculosis. It has also been known and well documented in the literature that malnutrition has a direct bearing in slowing down economic growth and in aggravating poverty.

The impact of rising food prices on food security and, consequently, on prevalence of hunger and malnutrition has been widely documented by various relevant international organizations. For example, it has been estimated that the increases in the prices of basic food commodities and oil in 2007-08 led to an increase in the number of people in extreme poverty by 130 to 150 million (Third World Resurgence, 2010). The number of people who have been driven to hunger due to the food price crisis of 2007-08 has been estimated at 40 to 50 million around the world; the majority of them has been in the least developed countries. The food price crisis undermines all the policies and efforts to address the issue of undernourishment and malnutrition, and thus the issue of food security.

This Outlook report highlights the state of undernourishment in the OIC member states and presents a brief review of the impact of Global Food Price Crisis of 2007-08, the recent food price increases in 2010-11, and the state of food security in these countries. This Outlook report also underlines the importance of future studies on the global to local food price transmission mechanism in the OIC member states to assess the vulnerability of these countries to global food price volatility.

STATE OF UNDERNOURISHMENT IN OIC MEMBER STATES

Figure 1 displays the number of undernourished people in the member states and regions[4] of the OIC in the period 1990-92 to 2010. It shows that the number of undernourished people in the OIC member states has increased from 179.1 million in 1990-1992 to 267 million in 2008 before decreasing to 229 million in 2010. Although the absolute number of undernourished people has been on the rise, the

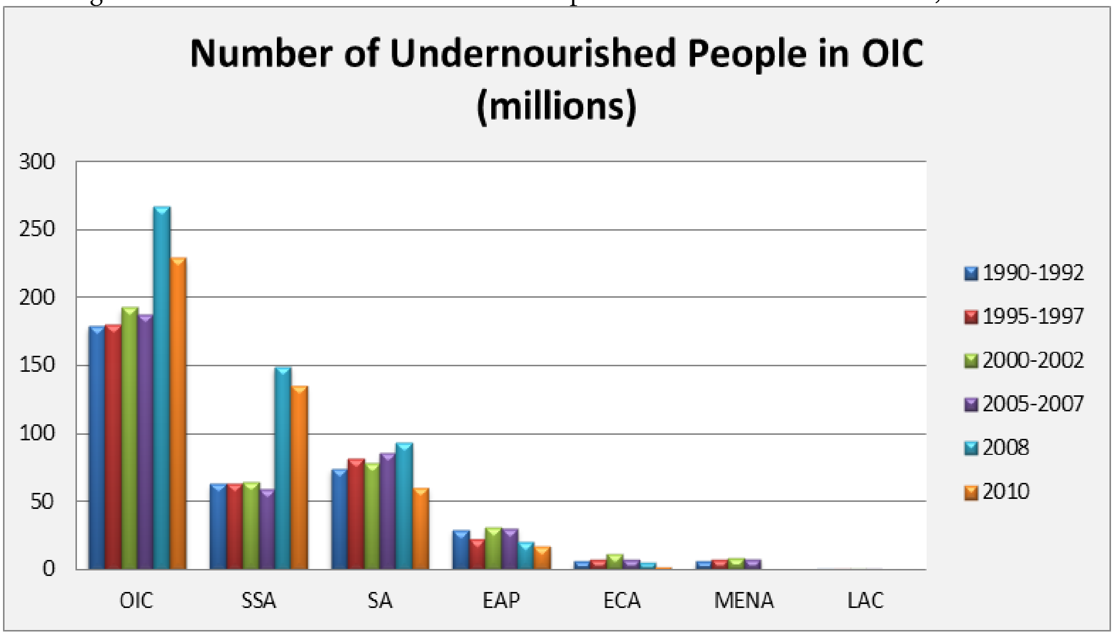
[4] The regions of the OIC are EAP (East Asia and the Pacific), ECA (Europe and Central Asia), LAC (Latin America and the Caribbean), MENA (Middle East and North Africa), SA (South Asia), and SSA (Sub-Saharan Africa).

* *This report was prepared by Mr. Syed Tahir Mahmud, Researcher at the Statistics and Information Department, SESRIC.*

proportion to total population has decreased from 25% in 1990 to 15% in 2010 (FAOSTAT, USDA: Food Security Assessment report 2010-11).

The majority of undernourished people in the OIC member states (12.6% of the total OIC population in 2010) is concentrated in two OIC sub-regions of SSA and SA. The number of undernourished people in the SSA increased from 62.6 million in 1990-92 to 135 million in 2010. There has been a marked increase in the absolute number of undernourished from 2005-07 to 2008 in the SSA (from 59.1 to 149 million). Yet, this number decreased to 135 million in 2010. Similarly, there has been a significant decrease in the total number of undernourished people in the SA (from 93 to 60 million). This trend in 2010 was not found very visible in all other regions of the OIC. This decrease is partially explained by the fact that world food prices showed some stability in the first half of 2010 and although the prices were still high, they were below the peaks of 2008 (FAO, 2010).

Figure 1 Number of Undernourished People in the OIC Member States, Millions



Source: FAOSTAT, USDA Food Security Assessment report 2008-09, 2010-11

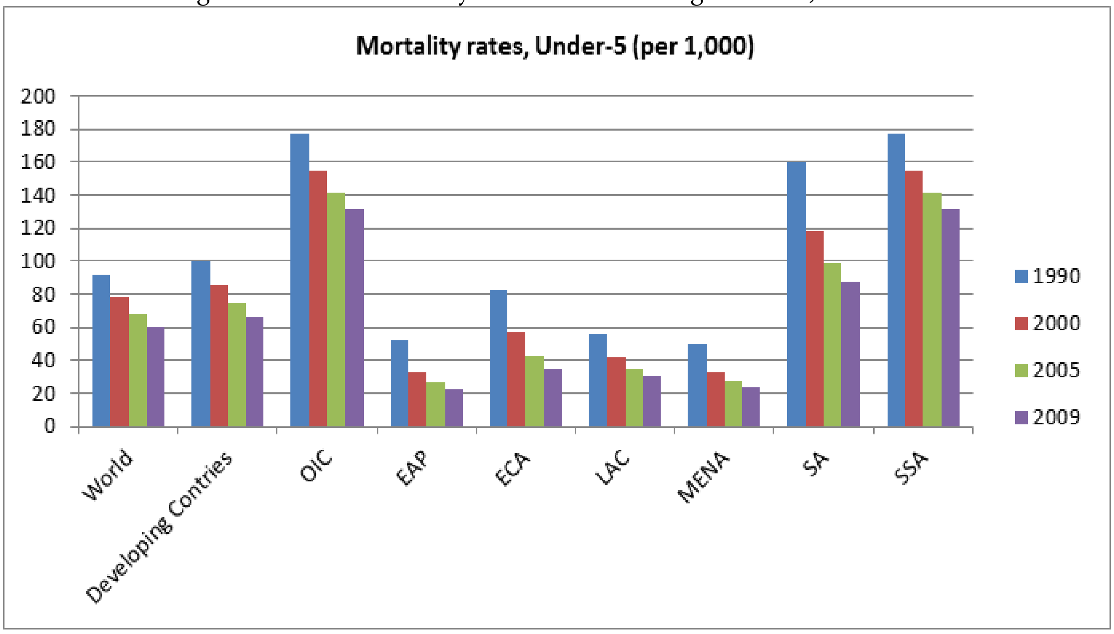
CHILD MORTALITY, LIFE EXPECTANCY AT BIRTH AND INCIDENCE OF TUBERCULOSIS

Undernourishment and malnutrition are two main sources of high child mortality rates, low life expectancy, incidence of tuberculosis and other diseases. According to one of the UN reports (Jean Ziegler, UN Special Rapporteur on the Right to Food 2010), mortality of children under the age of five due to malnutrition accounted for 58% of total child mortality under the age of five. The World Health Organization stated that malnutrition is the biggest contributor to child mortality and other diseases. It has been reported that malnourished children grow up with bad health and low educational levels. It has been also reported that malnutrition actually causes diseases and can be fatal.

This section presents a brief discussion on the average performance of the OIC member states by region in terms of three indicators on undernourishment and malnutrition; namely, child mortality under the age of five, life expectancy at birth and the incidence of tuberculosis. It is clear that regions with higher incidence of undernourishment and malnutrition recorded poorer performance in terms of the averages of these indicators.

As shown in Figure 2, the average rate of child mortality under the age of five has been decreasing in all the regions of the OIC. However, this rate is still significantly high in the SSA and SA regions. It has been reported that maternal and child under-nutrition is the underlying cause of 3.5 million deaths and 35% of the disease burden in children under the age of five (Black et al, 2008). Vitamin A and zinc deficiencies are the major causes of disease burden. The decreasing trends in mortality rates in the member states and regions of the OIC are fairly consistent with the trends in the world and the developing countries. However, the overall average child mortality rates are still fairly high in the OIC member states as a group when compared to averages of the world and the developing countries. This is mainly due to high rates of child mortality in the two regions of the OIC, the SSA and SA. In all other regions of the OIC, these rates are clearly lower than the averages of the world and the developing countries.

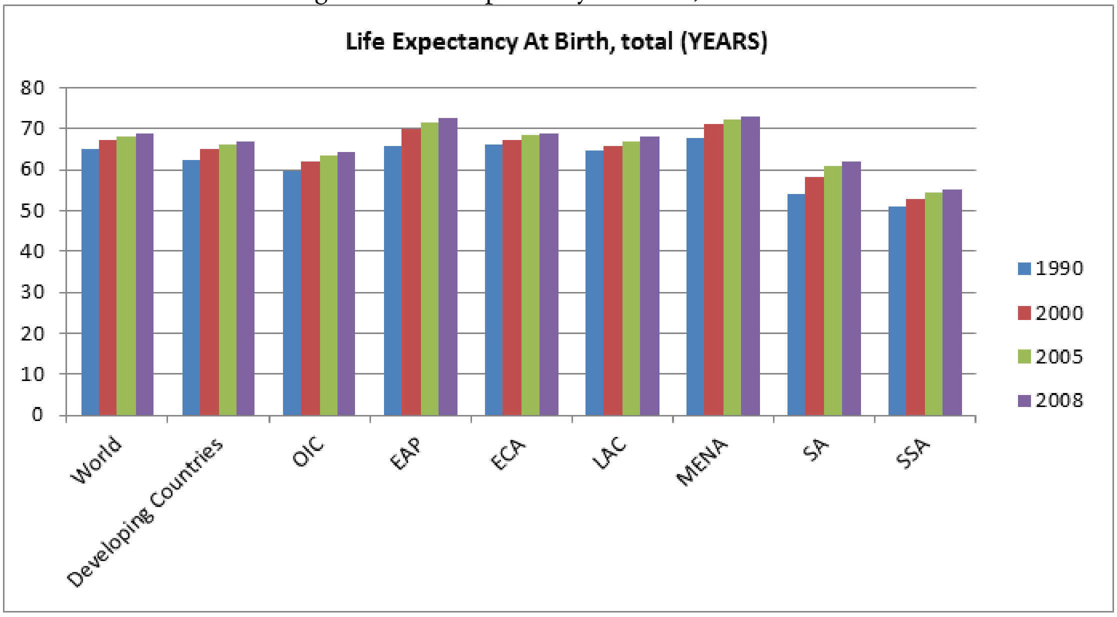
Figure 2 Child Mortality Rate under the Age of Five, 1990-2009



Source: World Bank, WDI Online Database

Figure 3 shows that the average life expectancy at birth has been increasing in all the regions of the OIC. Yet, the average life expectancy in the SSA and SA are still very low. It is clear that the regions with more prevalence of hunger and malnutrition have low average values of life expectancy. The average life expectancy has been improving over the years in the OIC member states as a group; however, the OIC averages in recent years are still below the world averages.

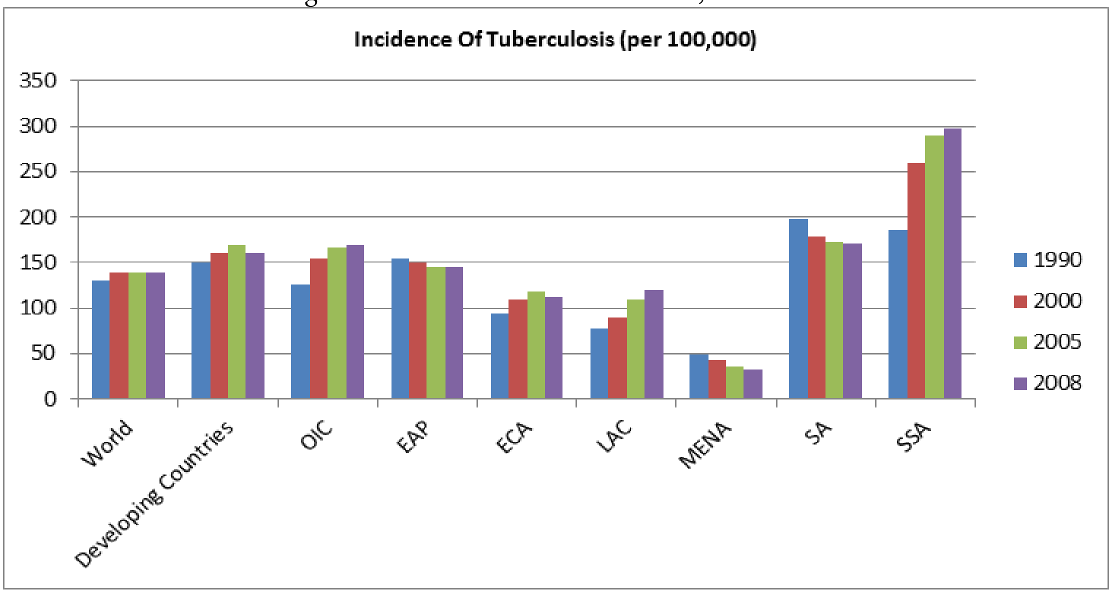
Figure 3 Life Expectancy at Birth, 1990-2008



Source: World Bank, WDI Online Database

While the average incidence of tuberculosis per 100,000 people has been declining in the EAP, MENA and SA regions, it has been increasing in all other regions in the period 1990-2008. There has been substantial increase in the incidence of tuberculosis in the SSA. It is clear that the two regions with high proportion of undernourished population (SSA and SA) have the relatively higher average incidence of tuberculosis than the other regions (Figure 4). The overall OIC average of the incidence of tuberculosis is below the average of the developing countries. However, there is clearly an upward trend in the average incidence of tuberculosis mainly because of the significant increase in the SSA.

Figure 4 Incidence of Tuberculosis, 1990-2008



Source: World Bank, WDI Online Database

At the individual OIC state level, Table 1 displays the states with the unsatisfactory performance levels in terms of the above mentioned three indicators. It is clear that, except Afghanistan, all these countries are located in the SSA. Afghanistan, Chad, Côte d'lvoire, Mauritania, Niger, Sierra Leone, Somalia, and Uganda are also the OIC member states that have been suffering from food crisis over the last two decades and they are among the list of Low-Income Food Deficit Countries (LIFDCs) in the world.

Table 1 OIC Member States with Alarming Values of Mortality Rates, Life Expectancy and Tuberculosis, 1995-2009

MEMBER STATES WITH HIGHEST MORTALITY RATE, UNDER-5 (PER 1,000)			MEMBER STATES WITH LOWEST LIFE EXPECTANCY AT BIRTH, TOTAL (YEARS)			MEMBER STATES WITH HIGHEST INCIDENCE OF TUBERCULOSIS (PER 100,000 PEOPLE)		
	1995	**2009**		**1995**	**2009**		**1995**	**2009**
Chad	201.7	209.0	Afghanistan	41.8	43.9	Djibouti	620	620
Afghanistan	235.3	198.6	Sierra Leone	38.2	47.6	Sierra Leone	280	610
Guinea-Bissau	233.2	192.6	Guinea-Bissau	44.7	47.8	Gabon	150	450
Sierra Leone	274.2	192.3	Mozambique	45.8	47.9	Togo	340	440
Mali	233.4	191.1	Nigeria	44.7	47.9	Mozambique	260	420
Somalia	180.0	180.0	Mali	44.2	48.4	Côte d'Ivoire	260	410
Burkina Faso	200.3	166.4	Chad	50.7	48.7	Somalia	390	390
Niger	273.8	160.3	Somalia	44.7	49.8	Mali	290	320
Cameroon	152.6	154.3	Cameroon	53.6	51.1	Mauritania	250	320
Mozambique	207.1	141.9	Niger	43.5	51.4	Uganda	320	310

Source: World Bank, WDI

A LIFDC is characterized by a low per capita income making it eligible for financing from international development association (IDA) under World Bank rules, a structural (over three years) net import position for basic foodstuffs and consistency in LIFDC status, or "persistence of position" over time. In overall, there are 70 countries[5] worldwide in the LIFDCs list of FAO for 2011, out of which 33 are member countries of the OIC. Out of these 33 member countries, 21 countries are from the SSA region.

GLOBAL FOOD PRICE CRISIS

All OIC member countries have been affected by the global food price crisis. Table 1 displays the top ten countries with highest food price index in 2008, while taking year 2000 as the base year. It can be seen from the list of the member countries in Table 2, who have been affected most by the crisis, that at least one member from the each region of OIC have appeared in the list. SSA region constitutes the majority with 3 countries.

[5] FAO LIFDCs list (2011): http://www.fao.org/countryprofiles/lifdc.asp

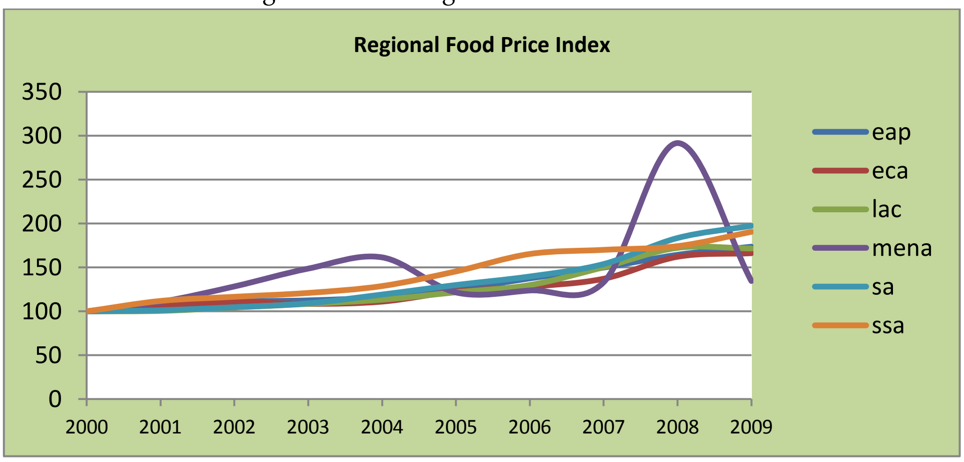
Table 2 Top Ten OIC Countries with Highest Food Price Index in 2008

COUNTRY	2000	2001	2002	2003	2004	2005	2006	2007	2008
Guinea	100.00	112.36	114.40	138.84	168.29	230.57	328.61	422.24	509.19
Yemen	100.00	115.68	121.23	141.42	168.33	199.90	269.46	317.90	323.17
Iraq	100.00	108.19	118.03	137.48	149.50	182.86	237.45	270.44	300.04
Nigeria	100.00	128.02	144.84	153.79	175.80	216.30	228.35	232.61	270.00
Mozambique	100.00	110.65	132.29	148.80	164.95	173.92	203.56	224.55	266.92
Suriname	100.00	100.00	118.14	119.12	157.80	174.25	182.67	198.00	246.79
Azerbaijan	100.00	102.68	106.46	109.92	120.90	134.06	150.18	174.60	224.44
Kazakhstan	100.00	111.45	119.04	127.32	137.13	148.19	161.03	180.74	223.07
Indonesia	100.00	108.46	120.19	121.16	128.34	140.34	161.89	180.39	210.91
Pakistan	100.00	101.83	105.92	108.62	120.23	132.09	143.31	158.80	202.59

Source: ILO, LABORSTA online database

Figure 5 compares the regional food price index of the OIC regions between 2000 and 2009. In the formation of the regional prices indices, the weight of food imports in the total imports of individual countries has been taken into account. As it can be clearly seen from the graph below, the trends of the OIC regions except the MENA region have a similar upward movement. Especially after the global food price crisis in 2008, a significant impact on local food prices has been observed in all regional food price indices of the OIC. It is interesting to note that the regional food price index of MENA follows closely the general trend of the Global Food Price Index. In addition, while the MENA regional food price index shows a downwards trend in 2009, the food prices in the other regions of the OIC have been increasing. One simple explanation of this could be that most of the member countries in the MENA region are heavily dependent on food imports. Further research in having better understanding of Global to Local Food Price Transmission Mechanism in other regions is needed. For example the impact of global food price crisis on local food prices will follow a different dynamics in countries who are net food exporters.

Figure 5 OIC Regional Food Price Index

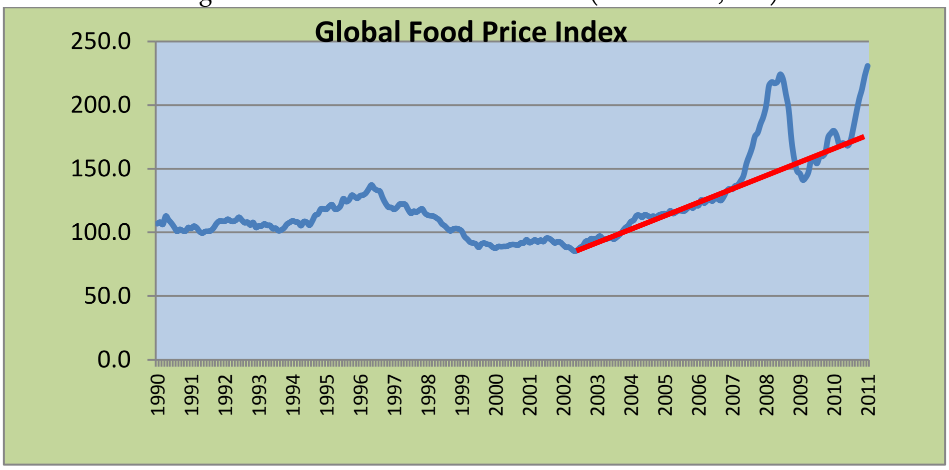


Source: ILO, LABORSTA online database, World Bank: WDI online database

The price hike in food prices in 2007-08 resulted in an increase in the food import bills of the developing countries from $191 billion in 2006 to $256 billion in 2007 (IATP, 2008). It has been reported that, in sample of 27,000 people surveyed in 26 developing countries, people had to cut back on food consumption as a result of higher prices (IATP, 2008). The number of undernourished and food insecure in the world has increased with the surge in food prices. In 2007, FAO estimated that 75 million people have been added to the already under-nourished and food in-secured 850 million people.

The FAO global food price index rose again in the second half of 2010 and surpassed the peak levels of 2007-08 food crisis (Figure 6). It has been reported that the 2007-08 food crises had serious repercussions for the developing countries that are more dependent on food imports, particularly the LIFDC. The extreme increase in food prices has, on the one hand, threatened the food security of millions of people in these countries and, on the other hand, this had serious negative impacts on the economic recovery and political stability of these countries. Having undergone the previous food and financial crises, many OIC member countries may find themselves constrained to respond to the current food crisis due to tighten public spending (Ortiz et al 2010).

Figure 6 Global Food Price Index (1990-2011,Feb)



Source: FAOSTAT

The fluctuations in world food prices and the extraordinary surge in 2007-08 and the recent significant increase in 2010 have been so far interpreted in various views and reasons, which can be summarized as follows:

- Demand and Supply situation due to rapid growth in the emerging markets, in particular in India and China since mid of 2000 and Bio-Fuel production;
- Exogenous Supply shocks due to bad weather and droughts;
- Speculation in international commodity markets which has been increased due to low real interest rates in the developed countries during and after the financial crisis.

These three explanations can help understanding the fluctuations in the world food price index over the last two decades (Figure 6). The Asian growth explains the long term upward trend in the index in the post-2003 period. The minor fluctuations around this upward trend can be explained by the exogenous supply shocks. However, two significant deviations of the index from this trend have been observed: one in 2007-08 and the other in 2010. There are many who interpret these two surges in food prices as "Bubbles" resulting from excessive speculative surge in the commodity markets. The rest of this section presents a brief elaboration on the issue of food commodity speculation and its relation with the food price crisis, and summarizes some of the proposed policy responses to address this issue.

Financial Speculation in Commodity, speculative bubbles and Food Crisis

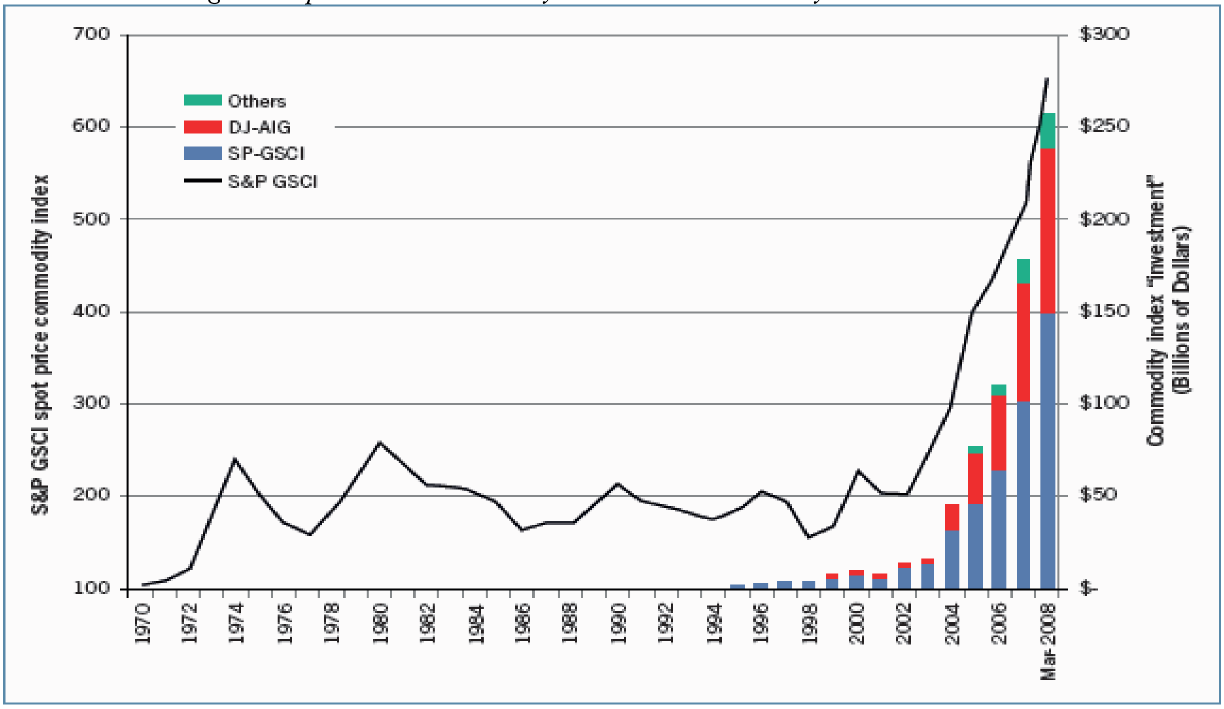
In one of the briefing notes of Oliver De Schutter, United Nations Special Rapporteur on the Right to Food, he argues that the magnitude of the increase in the price of rice by 165% between 2007 and 2008 is difficult to explain by using market fundamentals. The note also disagrees with the IMF's argument that food price increases in 2007-08 were resultant of the increase in per capita growth in China and India. The note suggests that there are number of signs in the data suggesting the price spikes were due to the emergence of speculative bubbles. Stanley (2010) stated that the outstanding contracts in maize futures increased from 500,000 in 2003 to 2.5 million in 2008. The value of index fund holdings jumped from $13 billion in 2003 to US$ 317 billion by 2008. It has been stated that "the trend towards greater financialisation of commodity trading is likely to have increased the number and relative size of price changes that are unrelated to market fundamentals" (UNCTAD 2009). Peter Went et al (2008) investigated the existence of sspeculative bubbles in commodity markets using the non-parametric duration dependence test. They found evidence of speculative bubbles in 11 out of the 28 commodities in their study. The commodities with speculative bubbles include oilseeds, soybean, wheat and others.

In contrast, some other studies argue against the existence of such bubbles. However, most of the studies agree that there is strong correlation between food price volatility and future investments in commodities. The disagreement is about the causal relationship between the two. More work is needed to fully understand the impact of commodity speculation on prices increases in recent years. However, there is already compelling evidence that speculation is causing adverse impacts on global food prices and therefore it is highly important that trading in international commodity markets should be regulated more effectively. Speculative food prices are likely to have a direct negative impact on the people who are already food insecured and therefore will suffer more from hunger and malnutrition.

In his briefing note, Schutter presented data on commodity index investment and spot price commodity index (see Figure 7). Under normal circumstances it is expected that the future prices are lower than the spot prices. However the data in Figure 4 suggests that the initial increase in the spot prices led to increased future prices, which attracted the speculation and thus resulting in repeating the motion again. So the bubble continues to grow until the non-traditional speculators lose the ability to continue, when they fell the upward spiral comes to an end.

In principle, future investments in commodities help the consumers and producers to hedge against the risk of future price increases. However, it is interesting to note that only 2% of all the future contracts are actually involved in actual delivery of the physical commodity (Isabel, 2011).

Figure 7: Spot Price Commodity Index and Commodity Index Investment



Source: Schutter (UN, 2010). DJ-AIG and SP-GSCI are commodity futures investment indices

The UN and G20 had called for regulatory measures to improve the functioning and transparency of international financial markets, including the commodity markets across the globe (UN 2009). It had been emphasized that the financial crisis has to be seen as a global crisis and accordingly the responses have to be framed from a global perspective. The UN 2009 report concludes that the financial sector has systematically failed to perform its key roles in allocating capital and managing risks. Governments have been deluded by market fundamentalism and failed to enforce adequate regulations. One of the concluding notes of the report is as follows:

> *"In periods before the outbreak of the crisis, inflation spread from financial asset prices to petroleum, food and other commodities, partly as a result of their becoming financial asset classes subject to financial investment and speculation…"* [UN Commission Report (2009)]

The UN Commission Report concluded that the present financial crisis demonstrates failure at many levels. The essential insight of the report is that the crisis is not the result of the failures of the system but rather the system itself: its organizations and principles, and its distorted and flawed institutional mechanism is the cause of many of these failures.

CONCLUDING REMARKS AND RECOMMENDATIONS

The increase in global food prices in 2007-08 and its recent continued trends in 2010 have undoubtedly a significant negative impact on the state of food security and malnutrition in many countries around the globe, particularly in the LIFDCs. According to recent FAO estimations, the number of undernourished people worldwide has increased from 850 million to over 1 billion. Given the global nature of the food crisis, there is an urgent need for a coherent reassessment of policies and strategies at the national, regional and international levels, including governments, donors and international institutions. In this connection, the following broad policy recommendations can be made:

- At the international level, it will be imperative to work on comprehensive reforms all derivatives trading. Access to commodity futures markets should be restricted to qualified and knowledgeable investors (Schutter, 2010);
- Spot Markets should be strengthen in order to reduce the uncertainty about the future prices and markets should be regulated in order to prevent hoarding of goods;
- Countries who are more vulnerable to global food price volatility should work to establish physical grain reserves. International or regional agreements may also facilitate the establishment of such reserves to manage risk in agricultural derivatives (Schutter, 2010). This is particularly relevant in case of Sub-Saharan region where borders are porous and it is difficult for individual country to implement such policies on its own.
- Safety nets and food aid are hardly sufficient to cope with the magnitude of the volatility of food prices. Measures to prevent local food price volatility in the domestic markets are vital to protect the poor and undernourished population.
- The Copenhagen Consensus has ranked the provision of micronutrients, in combating malnutrition, as one of the top investments (Bhagwati et al, 2004). The returns to investments in micronutrients have been rated above trade liberalization, malaria, water and sanitation. In spite of this, the international community and governments of many developing countries have seemingly failed to address the problem of malnutrition. There is a need to further examine the state of malnutrition in the member countries and finding ways to implement such Micronutrients Initiatives in the member countries, in particular in the Sub-Saharan and South Asian countries.

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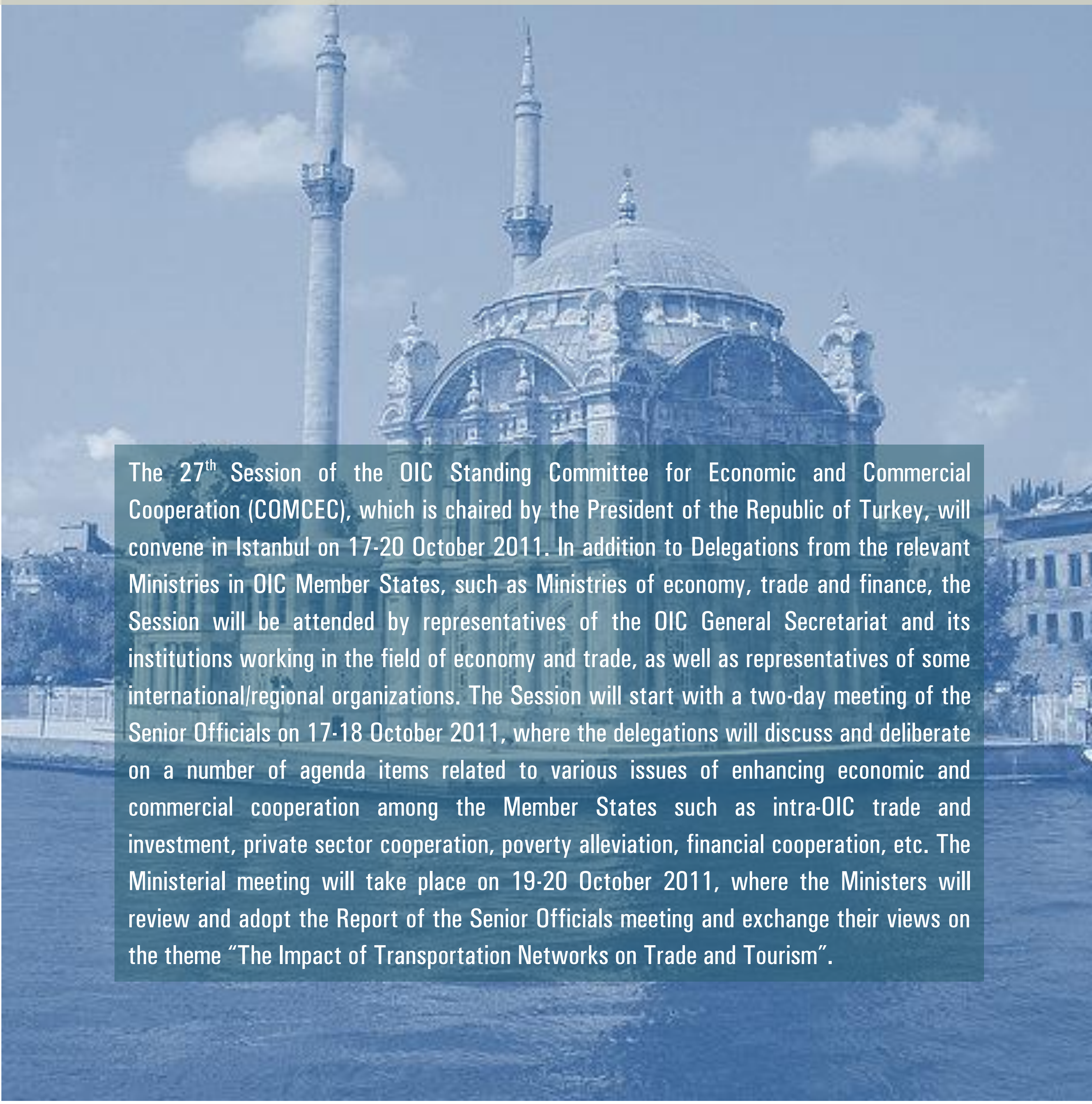
THE 27TH SESSION OF THE OIC STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION (COMCEC)

17-20 October 2011, Istanbul, Republic of Turkey



The 27th Session of the OIC Standing Committee for Economic and Commercial Cooperation (COMCEC), which is chaired by the President of the Republic of Turkey, will convene in Istanbul on 17-20 October 2011. In addition to Delegations from the relevant Ministries in OIC Member States, such as Ministries of economy, trade and finance, the Session will be attended by representatives of the OIC General Secretariat and its institutions working in the field of economy and trade, as well as representatives of some international/regional organizations. The Session will start with a two-day meeting of the Senior Officials on 17-18 October 2011, where the delegations will discuss and deliberate on a number of agenda items related to various issues of enhancing economic and commercial cooperation among the Member States such as intra-OIC trade and investment, private sector cooperation, poverty alleviation, financial cooperation, etc. The Ministerial meeting will take place on 19-20 October 2011, where the Ministers will review and adopt the Report of the Senior Officials meeting and exchange their views on the theme “The Impact of Transportation Networks on Trade and Tourism”.

TRANSPORTATION NETWORKS IN OIC COUNTRIES: IMPACT ON TRADE AND TOURISM

*SESRIC**

INTRODUCTION

Transportation is an indispensable element in any economic activity. Without physical access to resources and markets, economic growth and development cannot be possible. An efficient multimodal transportation system is, therefore, a fundamental element in sustainable economic development. It facilitates the transfer and movements of people, goods, services and resources and improves access to local and international markets. The development of modern and efficient multimodal transportation infrastructures and services, together with adequate and coherent relevant laws and regulations, are also crucial factors for enhancing and strengthening regional economic cooperation and integration.

The OIC countries as a group account for one sixth of the world land area and enjoy a vast strategic trading region. In addition, they are well-endowed with potential economic resources in different fields and sectors, such as agriculture, energy and mining, tourism, etc. In order for the OIC countries to maximize the efficient utilisation of these inherent potentials, with a view to enhancing trade and economic development and thus competitiveness and market integration, it is necessary, inter alia, to establish a multimodal transportation system which is efficiently functioning not only at the individual country level but also at the OIC regional level. Improving transportation networks in and among OIC countries is, therefore, a key factor that has direct impacts on enhancing and strengthening trade and economic integration in OIC countries at both the regional and world trading system levels.

Transportation networks facilitate mass carriage of goods, which is of special importance to the OIC countries since the majority of them are producers of primary commodities, mainly fuel and agricultural ones. Integrated transportation networks at both OIC regional and sub-regional levels would be also in harmony with the Islamic free trade area and the Islamic common market strategies of the OIC. The diverse geographic characteristics of the OIC countries, which considered as a natural constraint for enhancing economic and commercial cooperation among them, make it necessary to fully utilize the already established transportation networks on the one hand, and to develop them further, on the other.

Yet, as the present report shows, the low level of transport capacity in OIC countries, as a group, has undoubtedly, reflected in poor transport performance and ineffective use of the existing transport facilities, a factor which has, among others, negative impact on trade and tourism activities in these countries. It is clear that the present situation of transportation networks in the OIC countries, in terms of both capacity and performance, is still far from reaching the desired level of impact on intra-OIC trade and tourism activities.

** This report was prepared by Mr. Nadi Serhan Aydın, Researcher at the Economic and Social Research Department, SESRIC.*

A comparative look at the capacity of the OIC countries in different modes of modern transport reveals some key challenges ahead of intra-OIC cooperation in trade.

Road Transport

Road network length, when standardized on a per capita basis, can be considered a proxy for measuring the extent to which every person in any given country or region is served by roads. The length of road network per capita within the group of OIC member states is modest when compared to other developing countries, developed countries as well as the world average. Based on the most recent data available as of 2011, the average road length for 1000 people living in the OIC member countries is calculated as 2.52 km, which compares poorly to the world average of 5.42 km (Figure 1 left panel). The average road density is 3.19 km in other developing economies. In developed economies, however, per 1000 resident people are served by as much as 15.52 km of road network.

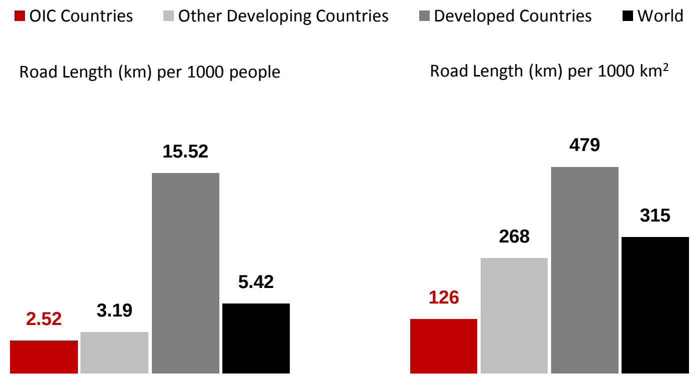


Figure 1
Road Network Density
** 2005 or later.*

Source: World Bank, WDI Online

Road length (km) 1000 people	1990	1995	2000	2005	**Most* Recent**
OIC Countries	2.53	2.52	2.35	2.52	2.52
Other Developing Countries	2.74	2.64	3.02	3.54	**3.19**
Developed Countries	15.19	15.03	15.18	14.57	**15.52**
World	4.69	4.53	4.67	5.20	**5.42**

Road length (km) 1000 km^2 land area	1990	1995	2000	2005	**Most* Recent**
OIC Countries	83	92	95	125	126
Other Developing Countries	178	148	170	227	**268**
Developed Countries	418	432	594	893	**479**
World	222	202	233	274	**315**

When standardization is based on the land area, the average road network of 126 km per 1000 km^2 land area within the OIC countries group is almost the halfway to the other developing economies (268 km) and less than one third of that of the developed economies (479 km). The world average is currently 315 km (Figure 1 right panel). Measured through either approaches, the results point to the strong need for further development of the road networks in the OIC member countries.

Rail Transport

Heavy industries are traditionally linked to the rail transport systems and the containerization improves the flexibility of rail transportation by linking it with road and maritime modes. The average length of railway serving 1000 people is only 70 meters within the group of OIC countries, while the world average is 170 meters – more than double (Figure 2 left panel). The poor figures in the OIC countries are mainly caused by the stagnant rail line infrastructure growth coupled with the increasing population. Other developing economies are also lagging behind the world with their average 120 meter of railway length per 1000 people, which is far below the average 540 meter rail network in operation for every 1000 people resident in the developed countries.

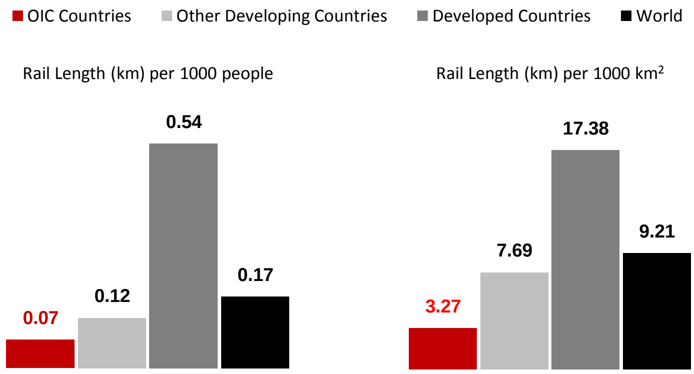


Figure 2
Rail Network Density
** 2005 or later.*

Source: World Bank, WDI Online

Railway length (km) per 1000 people	1990	1995	2000	2005	**Most* Recent**
OIC Countries	0.09	0.07	0.07	0.08	0.07
Other Developing Countries	0.14	0.13	0.11	0.12	**0.12**
Developed Countries	0.50	0.45	0.45	0.52	**0.54**
World	0.19	0.19	0.16	0.18	**0.17**

Railway length (km) 1000 km^2 land area	1990	1995	2000	2005	**Most* Recent**
OIC Countries	**3.08**	**2.88**	**3.04**	**3.13**	**3.27**
Other Developing Countries	7.25	7.09	7.11	7.88	**7.69**
Developed Countries	17.16	28.41	19.08	21.53	**17.38**
World	8.30	8.71	8.10	9.35	**9.21**

In terms of land coverage, again, the average 3.27 km of railway per 1000 km^2 land area of the OIC countries is still below that of the group of other developing economies, which averages at 7.69 km (Figure 2 right panel). It is observed that the improvement in overall railway figures for the OIC countries as a group has so far been relatively poorer in comparison to those of other developing countries and the world.

Air Transport

Beyond the benefits of fast and inexpensive transcontinental travel, air transport also is now a vital mode for shipping high value goods that need to come to market quickly, such as agricultural products subject to spoilage. Air transport has become an essential economic and social conduit throughout the world. According to 2010 World Health Organization (WHO) data, it is now the primary mode of transport for tourism activities.

The average number of air passengers in the OIC countries, measured on per 1000 people basis, is still below the desired levels. According to the most recent data available as of 2011, the density of the domestic and international passengers carried by aircrafts registered in the OIC countries is calculated as 118 per 1000 people (Figure 3 left panel). The world average is recently 346 passengers. Other developing countries, on the other hand, followed closely the OIC countries as a group with an average density of 128 passengers. Moreover, the passenger density in other developing countries has tripled in number since 1990, surpassing the average pace of growth in the OIC member countries over the same period.

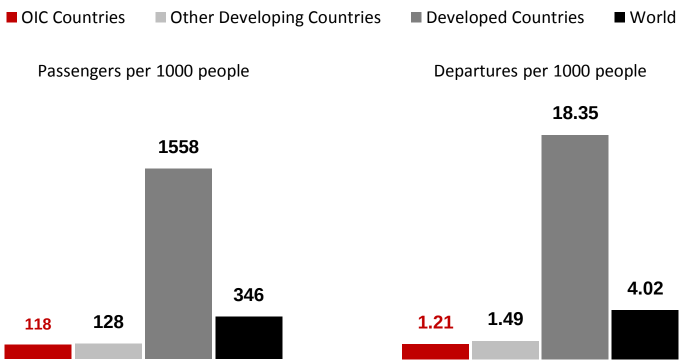


Figure 3
Air Network Density
** 2005 or later.*

Source: World Bank, WDI Online

Passengers per 1000 people	1990	1995	2000	2005	**Most* Recent**
OIC Countries	**72**	**86**	**86**	**108**	**118**
Other Developing Countries	42	60	68	98	**128**
Developed Countries	963	1107	1405	1527	**1558**
World	210	236	285	323	**346**

Departures per 1000 people	1990	1995	2000	2005	**Most* Recent**
OIC Countries	**0.94**	**1.03**	**0.97**	**1.15**	**1.21**
Other Developing Countries	0.72	0.97	1.03	1.24	**1.49**
Developed Countries	13.32	14.84	18.15	18.93	**18.35**
World	2.98	3.26	3.75	3.97	**4.02**

The low frequency of air travel in the OIC countries has to some extent been reflected in the small number of aircraft departures compared to the world average. Calculations based on the most recent data available reveals that the density of domestic and international takeoffs by carriers registered in the OIC countries is only 1.21 per 1000 people, while the world average is 4.02 departures for the same number of people (Figure 3 right panel).

The low levels of air traffic observed in the OIC countries can be attributed to the lack of infrastructure facilities such as proper terminals and paved runways which are very low in number and size.

Sea Transport

With more than 100,000 km of total coastline, OIC countries possess significant potential for maritime trade. Yet, the current level of merchant fleet capacity – expressed in tonnes per 1000 people – in the group of OIC member countries is far from enabling the group to fully utilize this potential. The total fleet capacity per 1000 people is measured as only 53 tonnes compared to the world average of 199 tonnes (Figure 4). Other developing countries as a group have improved their fleet capacity significantly since 1990, reaching 175 tonnes per 1000 people.

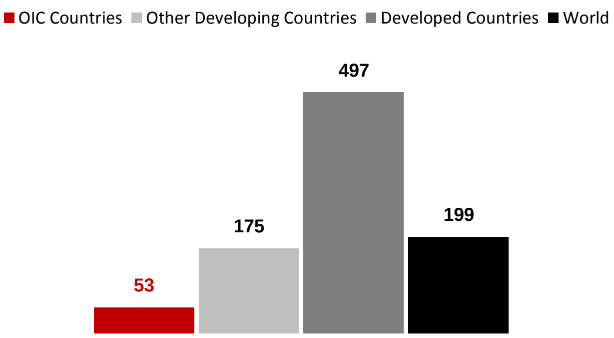


Figure 4
Maritime Fleet Capacity
tonnes per 1000 people
** 2005 or later.*

Source: UNCTADstat Online Database

Merchant Fleet Capacity (tonnes) per 1000 people	1990	1995	2000	2005	**Most* Recent**
OIC Countries	**46**	**43**	**42**	**37**	**53**
Other Developing Countries	93	103	111	126	**175**
Developed Countries	316	346	359	382	**497**
World	130	137	143	152	**199**

Liner Shipping Connectivity Index[6] aims at capturing a country's integration level into global liner shipping networks. The index is generated from five components[7], which are mainly related to the maritime capacity of the country. According to this index, the majority of the OIC countries have poor shipping connectivity performances ranging between 0 and 20 index units (Figure 5). Malaysia, United Arab Emirates, Saudi Arabia, Morocco, Oman and Egypt are the OIC countries with the highest index values. These countries also outperform other developing countries other than China. Almost half of the developed countries, on the other hand, stand out with their high maritime capacities indicated by index values greater than 50 index units.

The modest transport development figures in various transport modes presented above indicate that transportation infrastructure in the OIC countries is incompetent and the transportation system as a whole offers poor connectivity, which is an essential ingredient of enhanced trade cooperation among the member states.

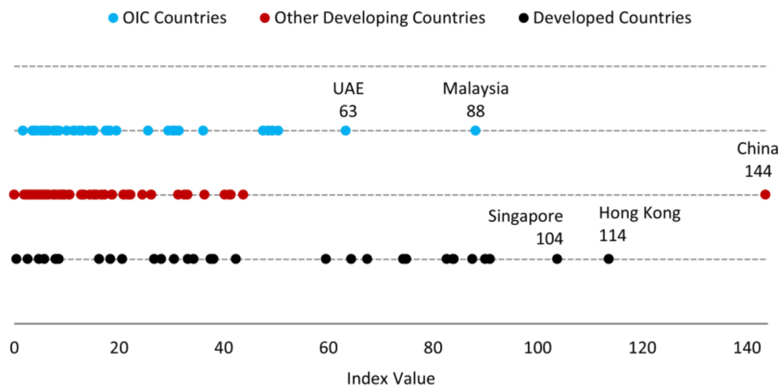


Figure 5
Liner Shipping Connectivity Index
2010

Source: UNCTADstat Online Database

[6] Index is based on the country with the highest index value in 2004 (China=100).

[7] These are number of ships, total container carrying capacity, max. vessel size, number of services and number of container shipping companies.

PERFORMANCE OF THE OIC COUNTRIES IN VARIOUS MODES OF MODERN TRANSPORT

The underdeveloped transport infrastructure coupled with poor transport links between the OIC member states has long stifled intra-OIC cooperation in trade and tourism. Even the busiest airports in the OIC member countries, such as Jakarta[8] and Kuala Lumpur[9] international airports, have direct flights to only a few OIC countries. For example, Jakarta International Airport hosts scheduled passenger flights to only six member states[10]. Similarly, Kuala Lumpur International Airport organizes cargo flights to only four member countries[11]. Currently, approximately 20 member countries have only one international airport in operation. This inadequate direct air link, observed even at the busiest airports, and the resulting higher freight and human transport costs and times among the OIC countries compounds the inability to operationalize intra-OIC trade and tourism cooperation efforts. On the other hand, although the group of OIC countries comprises mainly of countries that are adjacent to each other, the poor rail connectivity among adjacent OIC member countries undermines the prospects for building efficient trade corridors. Many OIC member countries have no railway connections to adjacent member states and many others face the *break-of-gauge* problem which leads to an increase in the duration and cost of rail shipments. Thus, apart from the negative impacts of the poor transport development on *overall* OIC trade and tourism volume, the poor rail connectivity among the adjacent member countries pose additional challenge to creating a stronger *intra*-OIC cooperation in bulk trade.

Indeed, the performance of the OIC countries in two major modes of passenger and goods transport was modest in 2009. The group of OIC member countries accounted for only 4 and 5 percent of the total goods and people transported through the rail networks in the world during 2009, respectively (Figure 6). The member countries as a group had slightly better figures in air transport with shares of 10 and 9 percent in total air freight and passengers carried on planes during the same year, respectively.

Clearly, the poor average transport capacity figures observed in the group of OIC member countries translates into incompetency in logistics, which is the backbone of trade. Logistics Performance Index measures the performance of a country along its logistics supply chain and provides qualitative evaluations of that country in six areas, four of them[12] being directly linked to the level of transport development. According to this index, as of 2009, 35 percent of the OIC countries had poor logistics performance figures below 2.40 index units (Figure 7 left panel), while only 23 percent of other developing countries were below this threshold. United Arab Emirates (3.63) and Somalia (1.34) were the two OIC member countries with the highest and lowest logistics performance index values, respectively (Figure 10 right panel). In contrast, 74 percent of the developed countries recorded index values greater than 3.43 index units.

[8] 16th busiest airport by passenger traffic according to Airports Council International (ACI) 2010 data.
[9] 28th busiest airport by cargo traffic according to Airports Council International (ACI) 2009 data.
[10] These are Malaysia, Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Brunei, Turkey and Yemen.
[11] These include Azerbaijan, Indonesia, Turkey and Uzbekistan.

[12] These are infrastructure, international shipments, logistics competence and timeliness.

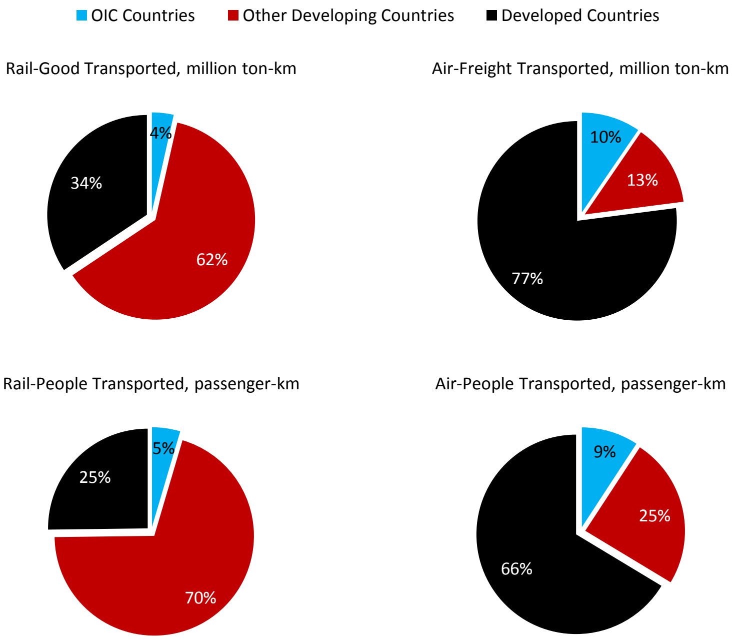
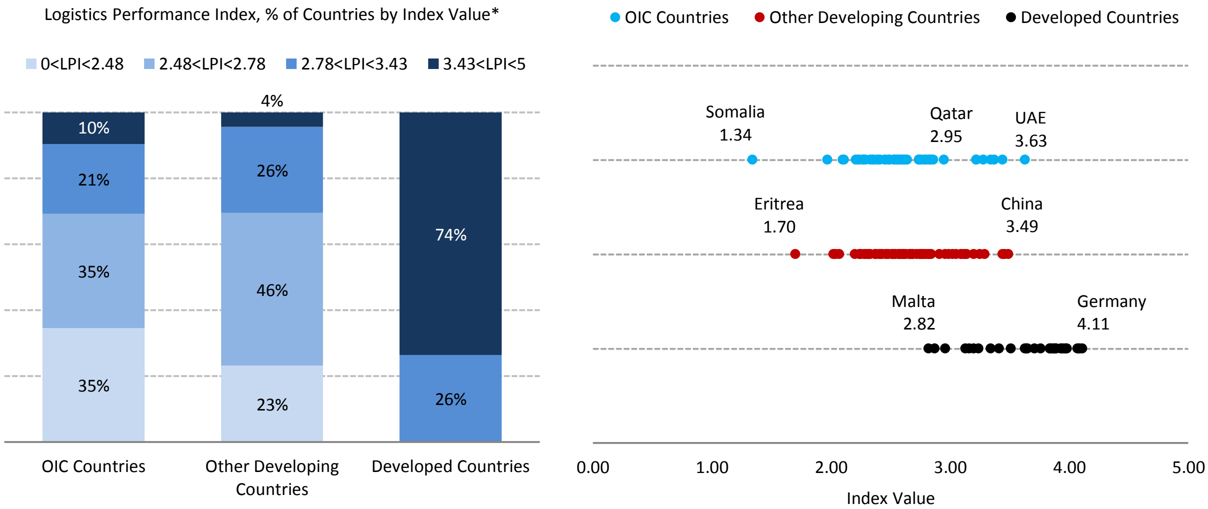


Figure 6
Share of OIC Countries in Rail and Air Transport
2009

Source: World Bank WDI Online

***Figure 7* Logistics Performance Index**
*Source: World Bank WDI Online **
Thresholds are based on World Bank classification



TRANSPORTATION AND ITS LINKAGE TO TRADE AND TOURISM

From an economic development point of view, efficient transportation system can positively affect the pace of growth and development of trade and tourism activities through at least four ways (Weisbrod, 2008):

i. by enabling *new forms of trade* among industries and locations;

ii. by reducing *carrying cost* and enhancing *reliability* of existing trade and tourism movements;

iii. by expanding the *size of markets* and enabling *economies of scale* in production and efficient distribution of goods and services; and

iv. by increasing *productivity* through access to more diverse and specialized labor, supply and buyer markets.

In the light of this argument, the impact of transportation on trade and tourism is highlighted in this section through examining the relation between the capacity in key transport indicators and per capita trade performance at the country level. The data on the transport capacity covers the period starting from the year 2000 whereas the data on per capita trade and tourism figures are averaged over the period 2000-2009 for each country. For road transport, Figures 8a and 8b indicate a strong relationship between the growth in per capita trade volume and the road infrastructure development. The relationship between the two indicators is almost linear, implying that the growth in the per capita road network is linked to the increase in trade and tourism volume on a constant scale.

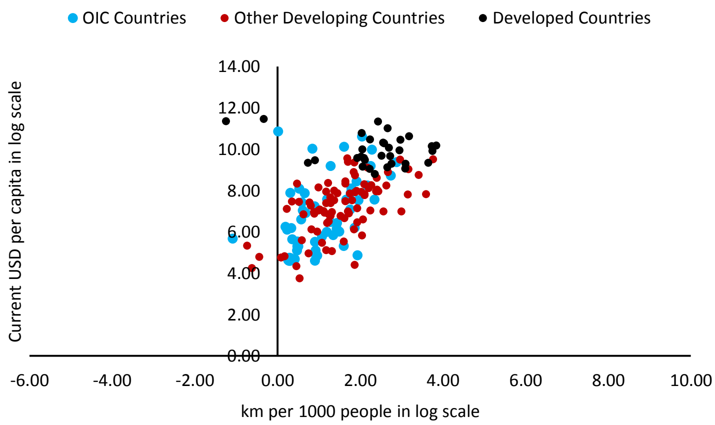


Figure 8a
Trade volume and road network density

Source: World Bank WDI Online and SESRIC Staff Calculations

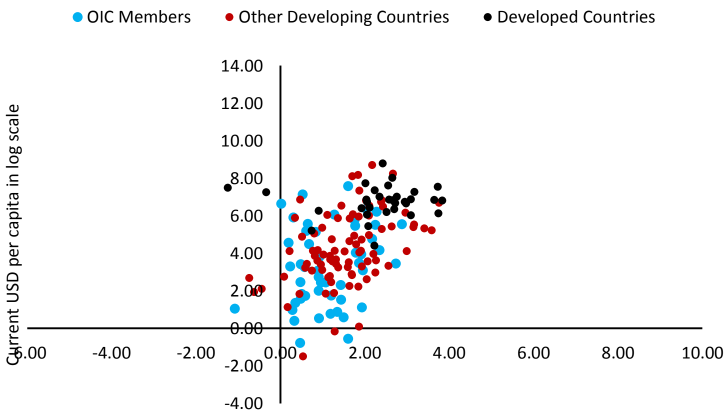


Figure 8b
Tourism volume and road network density

Source: World Bank WDI Online and SESRIC Staff Calculations

It is also clear from the figures that the OIC countries, with low road density, have a significant potential for increasing their trade and tourism volumes by improving their road network infrastructure. The OIC member countries apparently cluster in the low trade (tourism) volume-low road density region. The clustering of non-OIC developing and advanced country groups in the middle and upper parts of the figure is also evident, indicating that these countries achieved higher trade and tourism volumes in return for their higher levels of road network development. The lack of investment in road infrastructure seems to set back the ability of the member countries to increase their trade and tourism, thus putting them behind the other developing and developed countries.

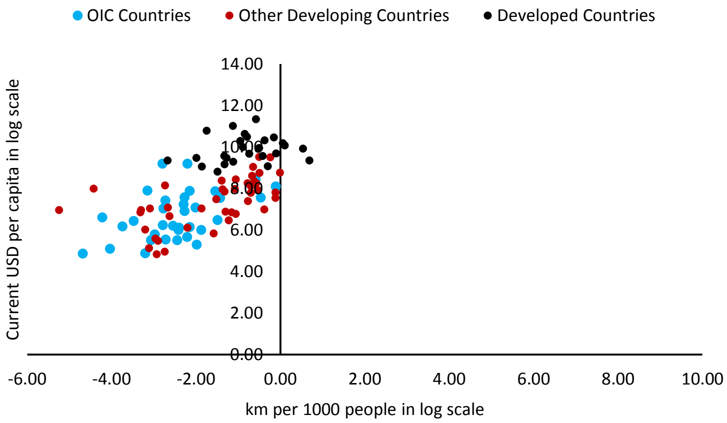


Figure 9a
Trade volume and rail network density

Source: World Bank WDI Online and SESRIC Staff Calculations

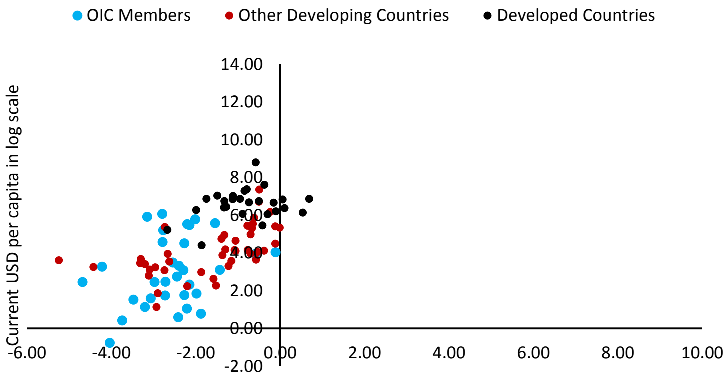


Figure 9b
Tourism volume and rail network density

Source: World Bank WDI Online and SESRIC Staff Calculations

A similar result is observed in the case of rail network. In this regard, Figures 9a and 9b reveal significant mutual relationships between the rail per capita growth and the growth in per capita trade and tourism volumes. Again, the OIC countries appear mainly in the low trade (tourism) volume-low rail per capita region and the positive linear relationship between the indicators are preserved in each country sub-group included in the figure. The strong correlation between rail transport capability and trade performance offers a motivation for the OIC member states with underdeveloped rail infrastructures to extend their rail networks. For example, in the landlocked Uganda only an approximate 300-km portion of the total 1,266 km rail network is operational and it lacks connections to the neighboring countries such as Sudan, Congo (DR), Rwanda and Tanzania, 3 out of which have direct access to sea. Other lines were closed mainly due to their technical deficiencies. Railways carry less than 10 percent of export and import traffic in Uganda. Transit time to the Port Mombasa of the adjacent Kenya is about 10 days (Itazi, 2010). Zambia, on the other hand, is another non-OIC landlocked country within the region and almost 2000 km of its rail network is functional with direct and indirect links to adjacent Congo, Tanzania, Malawi, Zimbabwe and Angola. Unsurprisingly, its average per capita trade volume over the last ten years has been as high as four times that of Uganda.

Despite the considerably varied air transport capabilities in OIC countries, the structural link between the development of air transport and trade and tourism levels is much more clear (Figures 10a and 10b). Developed economies again cluster at the upper right corner of the figure where the higher per capita trade and tourism volumes are associated with the higher levels of development in the air transport sector. The OIC countries are apparently represented on a large scale of air transport capabilities, where the member countries with a more developed air network performing better in trade and tourism activities.

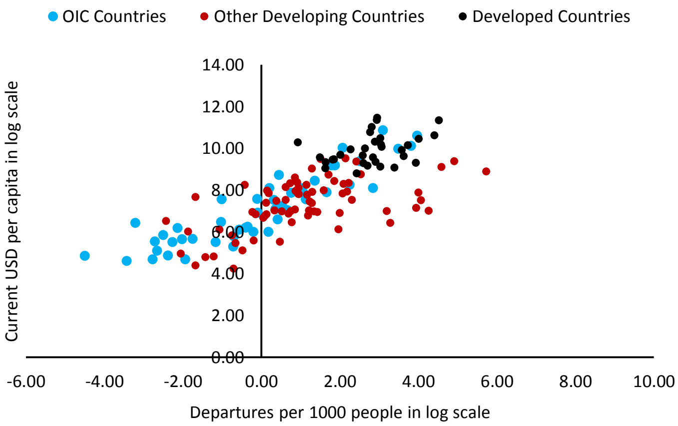


Figure 10a

Trade volume and air network density

Source: World Bank WDI Online and SESRIC Staff Calculations

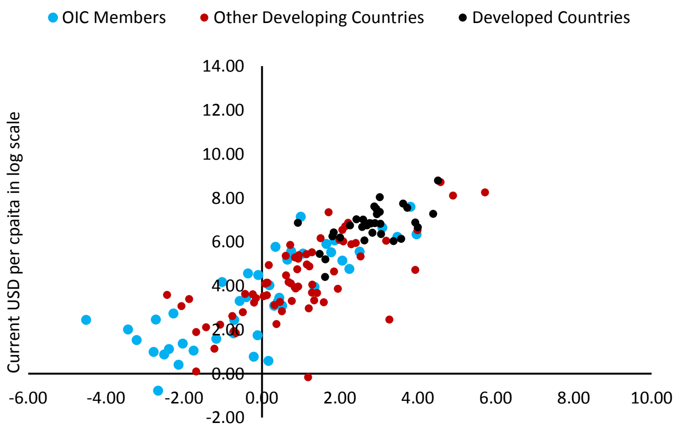


Figure 10b

Tourism volume and air network density

Source: World Bank WDI Online and SESRIC Staff Calculations

CONCLUDING REMARKS AND RECOMMENDATIONS

The current level of transport capacity and performance in the OIC countries points to a strong need for more progress in transportation development within the group of OIC countries. When the average transportation figures of the OIC countries, as a group, are related to the figure of either population or land area, they remained lagging compared to the rest of developing countries as well as to the world average.

In this framework, OIC countries face critical obstacles and challenges in the field of transportation in particular in connection to trade and tourism. Already inadequate infrastructure and maintenance services cannot be improved considerably due to insufficient financing resources and investment in transportation sector and transportation infrastructure projects. Complex and prolonged customs and border-crossing procedures, especially in land-locked member countries, prevent the development of trade and transportation.

Another challenge faced by OIC countries is inadequate implementation of trade and transport facilitation measures and lack of information and knowledge-sharing among OIC member countries in this area. Lack of a sound, harmonized, and adequate legal and regulatory frameworks, both at national and OIC regional level further exacerbates this challenge. Moreover, OIC countries lack the adequate human and institutional capacity of relevant transportation authorities. The use of Information and Communication Technologies (ICT) in the area of transport, trade facilitation and tourism is also lagging.

In the light of the above-identified obstacles and challenges, the following recommendations can be made at both national and OIC cooperation level.

At the national level, the solution of infrastructure problems requires sustainable longer-term investment and involvement of the private sector in transport project investments through OIC joint venture transport projects. Measures should be developed to improve maintenance of existing roads, railways, seaports and airports as well as to improve the quality of these transport modes services. Efficient resources should be allocated to the projects, programs and studies in transport sector, in collaboration with regional and international financial institutions.

More attention from private investors should be attracted through rational incentives. Private investments via Public-Private Partnership (PPP) scheme have become popular around the world as a tool for improving transport infrastructure. The 4th United Nations Conference on the Least Developed Countries (LDCs) which was held in Turkey in early May 2011 hosted various meetings on the issue of insufficient infrastructure development in the LDCs and the PPP scheme was set forth as a potential solution to this problem.

Transport sector reform has to be set in the context of general reform of public institutions and transport development plans should be integrated into their national strategies taking into consideration regional initiatives. National Trade and Transport Facilitation Committees (NTTFC) can be established for better coordination among private and public sectors institutions. This can help to identify the major transport related obstacles to tourism in the member countries by increasing coordination among the ministries of transport and tourism. Such mechanisms should be further improved by developing tools for knowledge-sharing on best practices and using ICT for trade and transport facilitation and tourism in cooperation with relevant regional and international organizations.

At the OIC cooperation level, developing an OIC regional transport approach requires close cooperation and coordination between the member countries as well as the different organization and agencies involved. It also requires concluding of framework agreement on the priorities both in the infrastructure and policy areas. High level policy coordination among Ministers of Transport in member countries can help promote dialogue on the challenges and problems facing the sector in the OIC region.

Creating a database of statistical information from the OIC member countries in the field of transport and exchanging of information among OIC member countries about their domestic and international transport facilities can help improve the networks throughout the OIC. Enhancing partnership with relevant regional and international organizations in the field of transport to avoid duplication and enhance effectiveness. In this framework, a master plan for the transport corridors in the OIC Member States including identification of the obstacles on the existing transport corridors in the OIC sub-regions should be prepared. Projects similar to the Port Sudan-Dakar railway line project should be designed and implemented to create grounds of cooperation among OIC member states in the field of transportation. Due to the significant variations in the spatial distribution of population, the intensity of economic activities and the level of economic development among the member countries, the potential solutions to poor transport development should be tailored to the challenges faced by each individual country. Particularly for the land-locked member countries, the land transport is vital to economic development as the infrastructure development significantly contributes to the economic growth by reducing production costs, contributing to the diversification of the economy and, most importantly, linking these regions to transport corridors. In this regard, the OIC effort to coordinate OIC transport related activities with the Transport Corridor Europe – Caucasus – Asia (TRACECA) as well as the UN Special Programme for Central Asia (SPECA) is worthwhile.

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The Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries 2011

14 - 16 November 2011, Kuala Lumpur, Malaysia

The Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries- 2011 will be organised by SESRIC, in collaboration with the Central Bank of Malaysia (Bank Negara Malaysia) and held in Kuala Lumpur, Malaysia on 16th November 2011 under the theme “Central Banking and Financial Sector Development”. The Meeting will be preceded on 14th November by an Experts Group Workshop on the same theme, where experts from central banks in OIC and non-OIC countries will discuss and exchange their views and experiences on issues related to the role of central banks in financial sector development and economic growth in emerging economies and strategies towards fulfilling their mandates. At the end of the Meeting, the Governors of the Central Banks of the participated member countries will adopt a Final Communiqué in which they will express their commitment to enhance technical cooperation among their institutions. The Governors will also listen to the SESRIC’s presentation on the follow-up actions which have been taken since the 2010 Meeting.

OIC

NEWS

The 38th Session of the OIC Council of Foreign Ministers

28-30 JUNE 2011, ASTANA , KAZAKHSTAN

At the kind invitation of the Government of the Republic of Kazakhstan, the 38th Session of the Council of Foreign Ministers (Session of Peace, Cooperation and Development), was held in Astana, Republic of Kazakhstan, on 28-30 June 2011.

Following a recitation of verses from the Holy Qur'an, the Meeting was opened by the Deputy Foreign Minister of Tajikistan who delivered a statement in his country's capacity as Chair of the 37th Session of the Council of Foreign Ministers (CFM). He reviewed the enormous efforts that his country made during its chairmanship of the CFM last year. The Meeting was then addressed by H.E. Nursultan Nazarbayev, President of the Republic of Kazakhstan. In his address, H.E. Nazarbayev stated that the importance of the OIC for peace, cooperation, and development has increased while uniting 57 states on four continents.

H.E. Nazarbayev stressed that the Islamic community desperately needs peace, modernisation, scientific and technological development, and education. H.E. Nazarbayev also underlined the need to develop an integrated strategy for economic development of the OIC member states in which the solution for problems of Muslim countries should come from within. H.E. Nazarbayev then mentioned about the two challenges of the Muslim world regarding relations with the outside world including the need to learn to confront religious fundamentalism as a political ideology and to establish an open and honest dialogue between the Muslim world and the West. H.E. Nazarbayev concluded his address by stating that Kazakhstan's Chairmanship in the OIC is held under the motto "Peace, Cooperation and Development."

The Meeting then unanimously elected H. E. Mr. Yerzhan Kazykhanov, Minister of Foreign Affairs of the Republic of Kazakhstan as Chairman of the 38th Session of the CFM. The composition of the Bureau was also approved as follows: United Arab Emirates, Republic of Mali, and the State of Palestine as Vice-Chairs, and Republic of Tajikistan as Rapporteur. The Meeting listened to a welcome address by H. E. Mr. Kazykhanov, Foreign Minister of Kazakhstan who expressed his gratitude for the election of his country as the Chair of the 38th CFM and reaffirmed the determination of Kazakhstan to use its chairmanship to promote peace and development of the Islamic Ummah and strengthen solidarity and cooperation among OIC Member States.

The State Minister of Senegal delivered a statement on behalf of the current Chairman of the OIC Summit. The representatives of the three geographical groups, Malaysia for the Asian Group, Sultanate of Oman for the Arab Group and the Republic of Gabon for the African Group thanked Kazakhstan for hosting the Meeting and for its generous hospitality. They also pledged the full cooperation of their respective regional groups for the success for its chairmanship. The Council adopted the report of the preparatory Senior Officials' Meeting (SOM) for the current session, held in Jeddah from 15-17 May 2011. It also adopted the Draft Agenda and Work Program submitted to it by the SOM as well as the reports of the Islamic Commission on Economic, Social and Cultural Affairs. The Council adopted a draft resolution relating to the change of the name for the Organization (OIC) which will henceforth be known as the Organization of the Islamic Cooperation. Another resolution was also adopted pertaining to the new emblem.

A wide range of issues of interest to the Member States were discussed by the Council leading to the adoption of resolutions on various issues, including the Cause of Palestine and the Middle East; Political Affairs; Ten-Year Programme of Action; Statutory, Organic and General Matters; Legal Affairs; Conditions of Muslim Minorities and Communities in non-OIC Member States; Information Affairs; Administrative and Financial Affairs; and Humanitarian Affairs. The Council also adopted the draft resolution on the establishment of the Independent Permanent Human Rights Commission and decided that it should start its operation within the OIC General Secretariat, until a decision on its headquarters' location is taken at the 39th Session of the CFM. The Council also elected the 18 members of the Commission for a mandate of 3 years.

The Council adopted the Rules governing the Observer Status at the OIC which will permit eligible non-OIC Member States to apply for Observer Status. The Council also adopted a Cooperation Agreement between the OIC and the African Union which will allow the strengthening of cooperation between the two Organizations. The Council commended the OIC Islamophobia Observatory for its Annual Report on Islamophobia and urged the Member States to support the Observatory in its efforts to combat the phenomenon of Islamophobia. The Council adopted the resolution on the Responsibilities and Strategic Objectives of the OIC Humanitarian Affairs Department (ICHAD). The Council welcomed the signing of the OIC Charter by Guyana, Benin, Kyrgyz Republic and Suriname as well as the signing of the Statute of the OIC Women Development Organization by the United Arab Emirates during the Session.

The Council commended the Government of Kazakhstan for organizing special brainstorming session on the theme of “Consolidating Political Stability and Economic Development in the Muslim World”, with active participation of the Member States. It appreciated the Secretary General for his initiative and the rich concept paper he presented to the session which served as a basis for a thorough discussion. The participants highlighted the vital linkage between the need for the Member States to ensure political stability and socio-economic development. In this regard, they recognized the importance of accelerating the implementation by OIC Member States of the relevant provisions of the OIC Charter and the Ten-Year Program of Action dealing with the numerous challenges facing the Ummah, specially in the fields of political reform, good governance, human rights, rule of law, democracy, inclusive political participation, education reform, women and youth empowerment as well as employment and job creation, eradication of poverty and economic reform.

The participants stressed the need for the OIC Member States to demonstrate the necessary political will for collective and concerted action and cooperation, strengthen the role of the OIC in the areas of mediation, conflict prevention, conflict resolution, and post-conflict peace building. They further emphasized the importance for the Member States to sign, ratify and implement the various OIC legal instruments that seek to enhance the Joint Islamic Action, boost intra-OIC trade, regional integration, economic cooperation and further raise the visibility of the Organization of Islamic Cooperation. The detailed report of the session is hereby attached.

The Council unanimously adopted the “Astana Declaration” which addressed major issues affecting the Muslim world. The Conference hailed the sincere efforts made by Tajikistan during its chairmanship of the 37th Session of the CFM. The Council took note of the offers made by the Republic of Iraq and the Republic of Djibouti for hosting of the 39th Session of the CFM. In the absence of the consensus, the Council voted to give the hosting of the 39th CFM to Djibouti. The Council then took note of the offer by the Republic of Guinea to host the 40th Session of the CFM.

OIC's Executive Committee Met in Istanbul over Humanitarian Crisis in Somalia

OIC Member States Pledge $350 Million for Somalia

The Executive Committee of the Organization of Islamic Cooperation (OIC) at the level of Foreign Ministers held an emergency meeting in Istanbul on 17 August 2011 to discuss the catastrophic humanitarian crisis in Somalia and its danger to African countries. The meeting held at the invitation of the Turkish government with a view to providing assistance to the Somali people. It discussed the deteriorating humanitarian situation in Somalia and how to mobilize additional support to confront the repercussions of the famine. The gathering was addressed by the Turkish Prime Minister H.E. Recep Tayyip Erdoğan and the President of Somalia, H.E. Sheikh Sherif Ahmad.

The United Nations has declared that one billion dollars is needed for Somalia, but the international community only pledged half this amount, H.E. Erdoğan stated in his opening remarks at the emergency meeting, which Turkey had called for holding. "There is a fire in Somalia and what's urgent is to extinguish that fire," H.E. Erdoğan explained to the Foreign Ministers and representatives of 40 out of the 57-nation OIC to galvanize support for Somalia and neighboring regions also hit by drought. He invited Muslim countries as well as strong economies throughout the world to extend a helping hand to the people of Somalia. H.E. Erdoğan expressed that the Somali famine was "a litmus test" not only for Muslims but for all humanity.

During the meeting, the OIC Member States pledged $350 million in aid to fight famine in Somalia. The promised amount includes $150 million that Turkey has already collected for Somalia from a national aid campaign. Other donations came from Algeria, Bahrain, Egypt, Gabon, Iran, Kazakhstan, Malaysia, Qatar, Saudi Arabia, Senegal and Sudan, according to the meeting's final declaration. With some 3.7 million Somalis at risk of starvation in the Horn of Africa country, OIC General Secretariat hoped the aid would soon reach $500 million and urged donors to improve drought-stricken Somalia's long-term food security by helping it rebuild infrastructure and agriculture.

OIC Member States, financial institutions, humanitarian organizations and philanthropists were urged to generously contribute to the Somali Trust Fund, which was founded under the OIC Secretariat by the 38th Council of Foreign Ministers, said Turkish Foreign Minister Ahmet Davutoğlu. Kazakhstan, Turkey, Saudi Arabia, Senegal and the OIC constituted a task force dedicated to follow the situation in Somalia and coordinate the aid campaigns, he added. "We decided to have aid campaigns in all Islamic countries," Davutoğlu said. The Islamic world would "actively take part" in finding a solution for the domestic tensions in Somalia, he added. The meeting urged the rebel groups to stop the fighting and called on all Member States and the international community to help in solving the crisis in Somalia by tackling the deep-rooted causes of the civil strife. Kazakhstan, the term chair of the OIC Council of Foreign Ministers, also offered to establish a food security mechanism to prevent future famines in the Horn of Africa, Kazakhstan's Foreign Minister Yerzhan Kazykhanov said. Noting the recurrence of crises and humanitarian disasters in Member States, the meeting called on the OIC to expedite the establishment of the OIC Emergency Response Fund. "The OIC Secretariat will open bank accounts in different countries for individual donations to Somalia," Kazykhanov added.

THIRD MONITORING AND ADVISORY COMMITTEE MEETING OF THE OIC-VET PROGRAMME

The Third Meeting of the Monitoring and Advisory Committee (MAC) of the Vocational Education and Training Programme for OIC Member Countries (OIC-VET) was held on 16-20 July 2011 in Tehran, Islamic Republic of Iran. The meeting hosted by Iran Technical and Vocational Training Organization (TVTO) and was attended by the delegations of the National Focal Points (NFPs) of the OIC-VET Programme in the OIC Member States, namely Azerbaijan, Afghanistan, Bangladesh, Cameroon, Iran, Iraq, Maldives, Pakistan, Senegal, Togo, Tunisia and Turkey. The Representatives of the concerned OIC institutions, namely COMCEC, IDB, IUT and SESRIC, were also present in the meeting.

The main purpose of the meeting was to review the progress since the Second Meeting of the MAC and to discuss the ways and means of collaboration within the scope of the ongoing and planned projects under the framework of OIC-VET Programme. The meeting started with an opening statement made by Dr. Kourosh Parand, Deputy of Training at TVTO, followed by a speech made by Prof. Abdolrasoul Pourabbas, Deputy Minister, Ministry of Labour and Social Affairs of the Islamic Republic of Iran &President of TVTO and a speech by Dr. Savaş Alpay, Director General of SESRIC.

In his speech, Prof. Abdolrasoul Pourabbas welcomed the delegates to the 3rd Meeting of the MAC and expressed the satisfaction of the Islamic Republic of Iran with the OIC-VET Programme and its success to create special attention to the importance of VET for the OIC Member Countries. He further stated his hope that the 3rd MAC Meeting would be an important step in achieving the long term objectives of Islamic Countries in the path of developing skills learning. Prof. Pourabbas underlined the significance of innovation, technology and skills for sustainable development in the Islamic Countries, especially with the shift from the resource-based economy to knowledge-based economy. He identified the improvement of skills of human forces and promotion of their learning abilities through life-long learning and expansion of technical and vocational training as the most important tools for improving innovation and technology.

On his part, Dr. Savaş Alpay, Director General of SESRIC, started his speech by thanking all the delegates for accepting SESRIC's invitation and designating their time to attend the meeting and presented his special thanks to TVTO for hosting the Meeting in Tehran. Dr. Alpay emphasized the role of the OIC-VET Programme in establishing a common platform for exchange of knowledge and experience through cooperation and collaboration among OIC Member Countries in order to improve the quality of VET in the public and private sectors with the aim of supporting and enhancing the opportunities for individuals to develop their knowledge and skills and thus to contribute to the development and competitiveness of the economies of their countries. He emphasised the importance of skills development through lifelong learning, especially in the age of rapid globalization and technological transformation. Dr. Alpay also mentioned the projects that have been undertaken by SESRIC, the Executive Organ of the OIC-VET Programme, since the Second MAC Meeting. He expressed his confidence that the 3rd MAC Meeting would provide an invaluable opportunity to discuss further ways of improving the existing programmes under OIC-VET, besides identifying new potential areas for further collaboration and asked for the continuous support of OIC Member Countries and Institutions to the Programme. He called upon the OIC Member Countries and relevant OIC institutions to support to the Programme and to actively participate in the implementation of the ongoing and planned projects.

Ms. H. Melek Ateş Taşcı, Researcher at SESRIC briefed the Committee on the OIC-VET Programme and the projects which have been implemented so far within the framework of the Programme. She also highlighted the efforts undertaken by SESRIC since the Second Meeting of the MAC and introduced the ongoing programmes, such as İSMEK Master Trainer Programme (İMTP), OIC International Student Exchange Programme (OIC-ISIP), OIC Network for Occupational Safety and Health (OIC -OSHNET), OIC E-Government Working Group (OIC EGOVWG) and the seven sub-programmes under the Capacity Building Programme. Following the presentation by SESRIC, the representatives of National Focal Points made their own presentations on the experiences of their countries in vocational education and training and their proposals for joint activities within the scope of the OIC-VET Programme. The representatives of the relevant OIC institutions have also briefed the Committee on their existing and planned activities in the field of VET. Ms. Hatice İlbay Söylemez, Researcher at SESRIC briefed the Committee on the planned projects within the framework of the OIC-VET Programme and the web portal of the Programme. She emphasised the importance of the support of the National Focal Points to the Programme and the communication among MAC Members for the smooth functioning of the Programme.

Inspired by the presentations prepared by SESRIC, the participants expressed their satisfaction of the implemented activities and adopted a number of decisions and recommendations related to the coming period until the next MAC Meeting. The Meeting also agreed on a number of possible areas and projects promoted by the National Focal Points of the Programme for consideration and implementation. As part of the programme of

the Meeting, the participants visited two different technical and vocational training centres: Training Centre for Automobile Technology and Skills and Instructor Training Centre.

A Declaration of Intention for Cooperation Signed between the SESRIC and the Ministry of Employment and Vocational Training of Morocco

A Declaration of Intention for cooperation between the SESRIC and the Ministry of Employment and Vocational Training (MEVT) of the Kingdom of Morocco has been signed during the closing ceremony of Vocational Training Meda2 Project and launching of the study on elaboration on the National Strategy for the Development of Vocational Training by 2020, which has been held on 28 June 2011 in Rabat, Kingdom of Morocco. In accordance with the Declaration of Intention, SESRIC will support the MEVT of the Kingdom of Morocco in the elaboration on the development and implementation of National Strategy for the Development of Vocational Training Vision by 2020 through, inter alia, facilitating exchange of experts between Morocco and other OIC member countries and organizing training programmes and study visits in order for the General Secretariat of the Department of Vocational Training and the Directorate of Planning and Evaluation of Morocco, to benefit from the experience of various OIC member countries in the field of vocational education and training. On the other hand, the MEVT of the Kingdom of Morocco will support SESRIC in its training and technical cooperation activities, by responding to the questionnaires, introducing its capacity for the benefit of other OIC member countries, participating in various meetings of SESRIC, including the Meetings of the Monitoring and Advisory Committee of the OIC Vocational Education and Training Programme (OIC-VET), and helping SESRIC with its all communication attempts with Morocco, regarding the planning and organization of these activities.

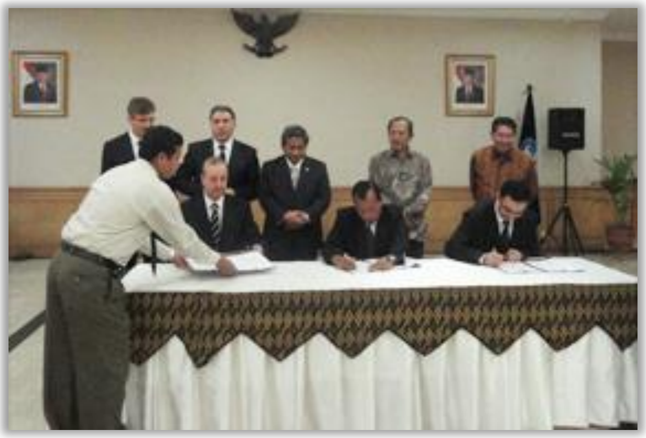
Memorandum of Understanding (MoU) Signed between SESRIC and CITC

A Memorandum of Understanding (MoU) has been signed between the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) and Centre for Innovation and Technology Cooperation of the Islamic Republic of Iran Presidency (CITC) on 18 July 2011 in Tehran.

The MoU aims at developing cooperation and collaboration between the two institutions in the areas of Science & Technology (S&T) with the aim of facilitating the attainment of the common goals of the two institutions and enhancing cooperation in development of S&T in the OIC Member Countries. According to the MoU, the parties shall exchange technical and administrative assistance in the areas of common interest and share information to benefit from each other's experiences, resources and expertise with respect to best practices in the field of S&T. Moreover, the parties shall establish a network of cooperation between the relevant organizations, associations and institutes interested to cooperate in the field of S&T in OIC Member Countries, hold joint training programs, seminars and workshops on the issues of common interest especially in the field of S&T and create a Working Group to coordinate the implementation of the MoU and evaluate the progress of its activities. The MoU reflects the common objectives of SESRIC and CITC towards developing the S&T capabilities of the OIC Member Countries.

Memorandum of Understanding (MoU) Signed between SESRIC, ISMEK of Turkey and MONE of Indonesia

A Memorandum of Understanding (MoU) has been signed between the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), Centre for Vocational and Art Courses of the Istanbul Metropolitan Municipality (ISMEK) and Ministry of National Education (MONE) of the Republic of Indonesia on 5 April 2011 during the official visit of H.E. Abdullah Gül, President of Turkey and Chairman of Standing Committee for



Economic and Commercial Cooperation of the Organisation of the Islamic Conference (COMCEC). Witnessed by H.E. Mohammad Nuh, Minister of Education of the Republic of Indonesia, the MoU aims to develop cooperation and collaboration between the Institutions in the areas of common interest so as to facilitate the attainment of the goals of the institutions with a view to enhancing cooperation in vocational, technical and art education and training among the

Republic of Indonesia and the Republic of Turkey. According to the MoU, the parties shall exchange technical and administrative assistance in matters of common interest, share information to benefit from each other's experiences, resources and expertise with respect to best practices, potential projects and initiatives related to vocational education and training. Moreover, the parties shall explore, and undertake other joint programmes, initiatives and/or technical activities within the framework of Vocational Education and Training Programme for OIC Member Countries (OIC-VET) being executed by SESRIC, and to augment the support required to achieve common objectives as well as promote joint action on issues of mutual interest.

The MoU reflects the common objectives of SESRIC, ISMEK and MONE of Indonesia towards improving ability in creating job, increase responsiveness to the need of local as well as international labour market, and realise Vocational Education and Training (VET) Institutions with high capability to provide graduates, with entrepreneurial and competitive skills.

MEMORANDUM OF UNDERSTANDING (MOU) SIGNED BETWEEN SESRIC AND ICRIC

A Memorandum of Understanding (MoU) has been signed between the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) and Islamic Chamber Research and Information Centre (ICRIC) of the Islamic Republic of Iran on 16 July 2011 in Tehran. The MoU aims at establishing a general framework to develop cooperation and collaboration between the two institutions in the areas of common interest under their mandates with a view to facilitating the attainment of the goals of both centres and enhancing cooperation among the Member States of the OIC. According to the MoU, the two parties shall exchange technical and administrative assistance in the areas of common interest and share information to benefit from each other's experiences, resources and expertise with respect to best practices. Moreover, the two parties shall support each other for both ongoing and potential training programs, seminars, congresses, conferences, workshops and other activities, including activities within the framework of Small and Medium Size

Enterprises (SMEs), Islamic World Trade Directory (IWTD), Muslims Excellence & Competitiveness Corporations' Award (MECCAward), Islamic Countries Tourism Chain (ICTC), Halal World, and Vocational Education and Training Programme for OIC Member Countries (OIC-VET Programme). The MoU reflects the common objectives of SESRIC and ICRIC towards joint research, training and consultation on the issues of common interest for more benefit to the OIC Member Countries.

Third Meeting of the Joint Management Team of the Atlas of Islamic World Science and Innovation Project

The Third Meeting of the Joint Management Team (JMT) of the Atlas of Islamic World Science and Innovation Project was held on 11-12 June 2011 in Istanbul, Turkey under the Chairmanship of the General Secretariat of the Organization of the Islamic Cooperation (OIC). The meeting was attended by the representatives of project partners, namely OIC, Royal Society, SESRIC, Qatar Foundation, British Council, OIC Standing Committee on Scientific and Technological Cooperation (COMSTECH), Nature and the Islamic Educational, Scientific and Cultural Organization (ISESCO). The main objective of the meeting was to review the status and progress of the project since the last JMT Meeting held in Istanbul on 3-4 October 2010, to examine lessons learned from the pilot phase of the project and devise appropriate methods to improve the process for further studies, as well as to collectively plan for the remainder of the project. The Meeting reviewed the progress made so far in the Atlas Project concerning the country case studies and discussed several issues pertaining to the execution of the project, schedule of launching country reports, key events for profiling the project and future country studies. In addition to the ongoing country case studies, Malaysia, Pakistan, Egypt, Jordan and Qatar, the next tranche of countries were decided to be Indonesia, Iran, Kazakhstan, Nigeria and Senegal.

OIC Network for Occupational Safety and Health (OIC-OSHNET): Kick-off Meeting

Kick-off Meeting of OIC Occupational Safety and Health Network (OIC-OSHNET) was organized by SESRIC, in collaboration with the Turkish Centre for Occupational Health and Safety (ISGUM), on 16-17 May 2011, in Ankara, Turkey. The meeting took place with the participation of experts and directors of occupational health and safety, besides deputy secretaries of Ministries of labour from 15 OIC Member Countries, namely, Albania, Bangladesh, Egypt, Iraq, Jordan, Kyrgyz Republic, Lebanon, Malaysia, Morocco, Oman, Pakistan, Palestine, Senegal, Turkey and United Arab Emirates. At the opening session, Deputy Undersecretary of the Turkish Ministry of Labour and Social Security, Mr. Birol Ekici, welcomed the representatives of the Member Countries and expressed the Ministry's compliments regarding the establishment of the OIC-OSHNET among the occupational safety and health professionals in the OIC Member Countries.

Mr. Ekici stressed the importance of collaboration among OIC Member Countries in the field OSH, which is also very significant in Islam. In his speech at the opening session, Dr. Savaş Alpay, Director General of SESRIC, welcomed the participants and expressed SESRIC's gratitude to İSGÜM (Turkish Centre of Occupational Safety and Health) for its cooperation in the organising of this important meeting. Dr. Alpay mentioned that under the Occupational Health and Safety Capacity Building Program, launched in 2010, SESRIC has already organized four training programs in different OIC Member Countries, expressing SESRIC's readiness to strengthen the cooperation with the occupational health and safety institutions of OIC Member Countries.

Dr. Alpay stated that OIC-OSHNET would be the first network project under the Vocational Education and Training Programme for OIC Member Countries (OIC-VET), stressing his belief that the Kick-off meeting would set the ground for solidifying the existing relationships between occupational health and safety centres in OIC Member Countries, in order to help them produce a better outcome in providing enhanced services to the individuals in their countries. At the end of the meeting, representatives from 15 OIC Member Countries have adopted recommendations regarding the establishment of a portal, designation of national focal points for the OIC-OSHNET and preparing country profiles. As part of the program, participants also visited the facilities of İSGÜM in Ankara.

COUNTRY

NEWS

IDB PROVIDES US$ 200 MILLION FOR FINANCING ELECTRICITY PRODUCTION PROJECT IN BANGLADESH

The Islamic Development Bank (IDB) has given the go ahead for financing of a mega electricity production project in the People's Republic of Bangladesh. The approval for the US$ 200 million financing by IDB comes at a time when there is a sizable power shortfall of approximately 2000 mega. The total cost of Ashuganj Power Station Efficiency Improvement Project which is scheduled to go on line by July 2016 is estimated to stand at US$ 557.7 million. The project will facilitate replacement of old and inefficient 274 mega watt steam and gas turbine plant units in Ashuganj power station which have outlived their useful lifetime with a new high efficiency 450 mega watt combined cycle power plant.

Since it commenced operations, the IDB Group has approved 309 operations and projects

totaling US$ 9.52 billion for Bangladesh covering different economic sectors such as agriculture, energy, health, education, industry and mining, transportation, trade, water, sanitation and urban services. Trade financing accounted for 90 percent of the IDB Group's intervention in Bangladesh.

Source: Islamic Development Bank (IDB)

AFGHANISTAN JOINS TAJIKISTAN, KYRGYZ REPUBLIC CROSS-BORDER TRANSPORT ACCORD

Afghanistan, Kyrgyz Republic and Tajikistan have finalized an agreement that will allow Afghanistan to take part in a cross-border transport accord recently ratified by the two Central Asian countries. Senior officials from the Central Asian neighbors agreed on Afghanistan's accession to the Cross-Border Transport Agreement (CBTA) at a meeting in Bangkok, Thailand. Kyrgyz Republic and Tajikistan signed the CBTA in December 2010. The CBTA, signed under the framework of the Central Asia Regional Economic Cooperation (CAREC) program, will ease the movement of goods, vehicles, and people across international borders. Vehicles and goods from participating countries will be able to cross designated borders faster, thanks to streamlined customs inspections and reduced requirements to transfer shipments between vehicles.

Officials from Afghanistan, Kyrgyz Republic, and Tajikistan will sign a protocol on Afghanistan's accession to the CBTA at the 10th CAREC Ministerial Conference to be held in

Baku, Azerbaijan in November 2011. The CBTA will ultimately connect East Asia and the Arabian Sea through Central Asia, specifically along the route of CAREC Corridor 5. In Afghanistan, the Corridor starts at Torkham at the border with Pakistan, continuing through Jalalabad to Kabul, Kunduz, and Shirkhan Bandar. From the Tajikistan border crossing of Nizhni Pianj, Corridor 5 passes through Kurgan Tyube, Dushanbe, and Karamik. In the Kyrgyz Republic, it runs to the PRC border via Karamik, Sary Tash, and Irkeshtan.

Source: Asian Development Bank (ADB)

ADB Provides $100 Million for Rural Infrastructure, Sanitation in Indonesia

The Asian Development Bank (ADB) is providing Indonesia with a $100 million loan to finance community-driven projects that upgrade basic infrastructure in rural villages and improve sanitation services in poor urban neighborhoods.

The loan will expand ADB's support for the National Program for Community Empowerment (PNPM Mandiri) for poverty reduction by providing direct assistance to poor communities.

The project will provide block grants directly to the communities to improve basic infrastructure facilities and sanitation services, including the construction of public baths, toilets and washing facilities, as well as waste treatment and disposal systems. Around 1.3 million people in rural communities and urban neighborhoods in nine provinces in Indonesia will benefit from the project. The ADB loan, from its ordinary capital resources, covers about 73% of the total project cost of $135.6 million, with the government financing around 19% and beneficiaries providing the balance in the form of counterpart contributions to community investments.

Source: Asian Development Bank (ADB)

Indonesia Most Progressive In Strengtheninig Human Rights

Indonesia is the most progressive country in strengthening human rights mechanism at national level and among ASEAN countries.

United Nations Human Rights High Commissioner chief for Asia Pacific Division, Rory Mungoven, admitted that various efforts have been made by Indonesia at national level through the establishment of National Commission on Human Rights (Komnas HAM), and at regional level through Bali Democracy Forum and the strengthening of human rights in ASEAN.

Indonesian Ambassador to Britain, Yuri Octavian Thamrin, said the country had a high commitment to promote and protect democracy and human rights. Therefore Vice President Boediono said in Jakarta recently that Indonesia was not human rights violator because it embraced democracy and practiced transparency.

"Human rights violation can be committed by a state but thanks God Indonesia is not such a country," the vice president said when opening the 3rd Coordination Meeting of National Action Plans for Human Rights for 2011-2014 at his office on May 25.According to the vice president, the governments would punish people only for obvious reasons. That`s why the vice president said that Indonesia had been chosen by the International community as one of the members of the United Nations Human Rights Council. Indonesia has been elected member of the United Nations Human Rights Council for the 2011-2014 period.

Source: ANTARA NEWS

$2.5 Billion Islamic Development Bank Aid for Egypt

Egypt has been asking donors and the International Monetary Fund (IMF) to help bridge a funding gap through mid-2012 estimated at between $10 billion and $12 billion in the wake of the mass protests that ousted President Hosni Mubarak on 11 February 2011. The Islamic Development Bank (IDB) has agreed to give $2.5 billion in loans to Egypt over the next three years in order to finance the cash-strapped country's development projects, and export and import operations. According to one agreement, IDB will give $60 million to rent equipment required for a power plant in Suez. It will also provide technical assistance worth $300,000 to launch an education centre for non-Arabs. A grant worth $160,000 will be provided to develop methods for financing small-scale projects. The bank's finances covered various sectors including health, agriculture, water and energy.

Egypt is one the bank's oldest members and one of the seven countries that own the majority of its shares. It has contributed 7.1 percent of IDB's capital. The cooperation between Egypt and IDB has witnessed remarkable progress in recent years, where the IDB had financed several development projects in the country. Since its establishment in 1975, IDB financed 56 projects in Egypt by providing $900 million. It also provided assistance for 122 projects and operations and gave $2.3 billion to finance the country's foreign trade, bringing the total IDB aid at $3.2 billion.

Source: Arab News

Malaysia Shares Tourism Success Story at East Asia Economic Forum

Tourism Minister Dr Ng Yen Yen, who presented Malaysia's direction in the industry at the World Economic Forum (WEF) on East Asia, said that the liberalisation policy in tourism has managed to increase Malaysia's competitiveness in the tourism industry, making it the ninth most travelled tourist destination in the world. Tourism is now the second largest foreign earner for Malaysia, contributing RM56.4 billion in revenue last year with 24.6 million tourist arrivals. Malaysia's liberalisation policy in tourism includes visa free or special visa arrangements for tourists and 100 per cent equity for investors who intended to operate three-star and four-star hotels and theme parks in Malaysia. Highly recognised foreign tourism companies could also now open their branches in Malaysia, she said when met after the forum here Monday. Malaysia is targeting that by the year 2020, tourist arrivals will reach 36 million, bringing some RM168 billion in revenue for the country. Dr Ng said participants were impressed with Malaysia's success in the tourism industry and now becoming a lead player. Currently there are only two Asian countries in the list of top 10 most travelled tourist destinations in the world, namely China at fourth placing and Malaysia at ninth placing.

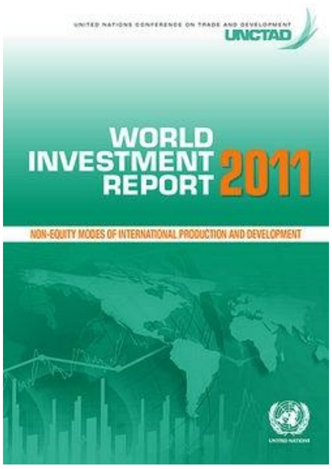
Source: NNN- Bernama

Saudi Arabia to Spend SR 100 Billion on Development Projects in Makkah

Saudi Arabia has recently unveiled the Makkah Development Plan that will allocate over SAR 100 billion for projects encompassing the infrastructure, utilities, investment, financing, real estate and tourism sectors. The Plan has created an overwhelming demand for large-scale projects across a wide range of industries, opening up major opportunities for local, regional and international developers, investors, financiers, contractors, architects, designers and infrastructure operators looking to expand their business interests in the Kingdom of Saudi Arabia. Hussain Al Harithy from National Exhibitions Company, which is co-organising Future Makkah along with IIR Middle East, said: "The Makkah Development Plan is transforming Makkah into one of the most exciting business destinations in the Middle East with large-scale projects worth over SAR 100 billion being undertaken. Investors, contractors, developers and other business organizations are now looking to capitalise on the government's ambitious spending plans, making Future Makkah the definitive venue to gain direct access to high-profile projects and strike lucrative business deals in the Makkah Region. The government's development strategy for the Makkah Region is expected to gain more momentum moving forward and Future Makkah will certainly be a critically important vehicle to gain strategic insight and have a better understanding of the unique demands and emerging opportunities within the region's business and investment landscape". Sheikh Abdul Rahman A. Fakieh, Chairman of Board, Jabal Omar Development Co., one of the platinum sponsors of the event, said: "We are now pursuing development projects that consist of 6-star, 5-star, 4-star and 3-star hotels, residential villas, and multi-storey commercial facilities that will cater to the increasing number of pilgrims and Umra performers coming to Makkah. We are therefore pleased to serve as sponsors of Future Makkah, which reaffirms the company's support to the Makkah Development Plan and underlines our commitment to help sustain the economic upswing of the country". Future Makkah was held at the Jeddah Center for Forums and Events from 19 to 21 June 2011. The event's exhibition segment will host more than 5,000 local, regional and international investors, high net-worth individuals, government and municipality companies, construction, infrastructure and utility companies.

Source: Gulf Today

ALBANIA'S FOREIGN DIRECT INVESTMENT (FDI) FLOWS EXCEED $1 BILLION FOR THE FIRST TIME



According to the World Investment Report 2011 of the United Nations Conference on Trade and Development (UNCTAD), foreign direct investment (FDI) flows in Albania in 2010 rose to more than $1 billion for the first time ever, making it the second largest FDI recipient in South-East Europe after Serbia.

Albania's Prime Minister Sali Berisha focused at the meeting of the Council of Ministers on the UNCTAD Investment Report stating that by 2010 the FDI in Albania increased into 1 billion 97 million USD at a time when the other countries of the world have recorded a fall of 37% in investments. The prime minister appreciated the Report findings welcome news for the country and highlighted the fact that by 2005 the country recorded an average of 38 million USD over 8 year period while during the five-year period, 2006-2010, Albania had more than 4 billion USD foreign direct investments.

Source: UN Albania and Balkans.com

EGYPT'S UNIVERSITIES HOLD FIRST ELECTIONS SINCE 1970

Egypt's public and private universities from across the country have participated in electing the executive office for the Student Union for Egyptian Universities for the first time since 1970. The executive office includes seven members, five from public universities and two from private universities. The five seats for public universities went to Ain Shams University, Alexandria University, Banha University, Kafr El-Sheikh University and University of Minya. The seats for the private universities went to the American University in Cairo and the French University in Egypt.

Source: NewEurope online and News.az

TRAVEL, TOURISM TO PITCH IN USD 1.93 BILLION TO OMAN'S GDP

The World Travel and Tourism Council forecasts that travel and tourism will contribute $ 1.93 billion to Oman's total GDP in 2011, driven by strong tourist arrivals to the Sultanate. The nation's flagship carrier, Oman Air, reports a surge in tourism arrivals via its 2011 first-quarter flights. Passenger figures for the period surpassed those of 2008, 2009 and 2010, with March 2011 witnessing 35,000 arrivals compared to around

25,000 in March of the previous year. Muscat and Salalah are already expanding their respective airports to accommodate passenger traffic of between 48 and 10 million per annum. Arrivals at Oman's key ports are growing as well, with Muscat alone reporting over 90 cruise ship visits for the 2010 -11 season. "This is turning out to be another fruitful year for tourism in Oman. There are many projects currently underway to welcome even more travellers to explore our culture, natural treasures and colourful history. We attribute Oman's appeal to our range of offerings for holiday travellers and adventurers alike, from old forts and seaside palaces to pristine beaches and fun seasonal festivals. Oman is also home to several heritage sites recognised by UNESCO's International Heritage Preserve Programme Administration. The Ministry of Tourism continues to improve on both the accessibility and protection of these sites as the Sultanate's contributions to global culture. We intend to further develop the necessary infrastructure and programmes to support this thriving sector," said Salem Al Mamari, Director-General of Tourism Promotions at the Oman Ministry of Tourism.

Source: Khaleej Times

Kuwait to Construct US$ 6.2 Billion Highways in 3 Years

As part of its plans to become a commercial and financial hub in the region, Kuwait will construct highways worth US$6.2bn over the next three and a half years. Kuwaiti Minister of Public Works Fadhel Safar has said that the ministry is currently designing highways that will be tendered in the coming three and a half ears, one after the other, for a cost of KD1.7bn and a total length of 550 kilometres (340 miles).

Source: AMEinfo.com

UAE Boosts Efforts to Contain Cholera in Somalia

The UAE has enhanced its medical efforts to contain the spread of the cholera epidemic in Somalia, as tens of thousands of people fleeing the famine-hit areas of the African country pack into the crowded camps in the country's capital, Mogadishu. Since the UAE's mobile hospital began providing its ambulatory and medical services in the makeshift camps in and around the capital, it has given treatment to more than 820 patients suspected to be suffering from Cholera.

Source: AMEinfo.com

YEMEN'S ECONOMY LOSES US$ 8 BILLION DUE TO PROTESTS

Yemen's Minister of Trade and Industry Hisham Sharaf has said that the country's economy lost up to US$ 8 billion during 2011 until the end of July because of protests that have swept across the country. Sharaf has told the London-based newspaper that tourism revenue may plunge to less than US$ 50 million in 2011 from $1.1bn last year.

Source: AMEinfo.com

UAE PORTS HANDLE INCREASING AMOUNTS OF CONTAINER TRAFFIC

According to organisers of Materials Handling Middle East 2011, the UAE's position as a key import and re-export hub, has seen its ports in Dubai, Abu Dhabi, Sharjah, Fujairah and others handling increasing amounts of container traffic as demand for goods and services throughout the region rises. According to recent estimates, the amount of container traffic handled by UAE ports in 2010 was 11.6 million TEU, up four per cent over the previous year. The performance of the region in the second half of 2010 saw a return to peak levels previously seen in 2008 with 6.1 million TEU handled in the six month period. Large-scale developments underway in the region, such as the mega terminal project in Jeddah, which will double existing capacity to 15 million containers annually by 2020, are set to transform the current scenario in the near future. Another mega-development that is sparking tremendous interest regionally is the ongoing construction of the multi-billion dollar world-class deep water port at Meesaid in Qatar.

Source: AMEinfo.com

QATAR'S CONSTRUCTION SECTOR BOOMS

Qatar's construction market is set to continue to grow throughout 2011 - reports new figures from Qatar's Statistics Authority (QSA). Qatar's construction market has made steady growth quarter-on-quarter in the first half with the rising from QR5.3bn in the third quarter of 2010 to QR6.1bn in the first quarter of 2011. The report reveals the construction industry, which slowed across the Middle East in 2008 is now playing a significant role in contributing to

Qatar's economic growth - which has surged by 28% in the first quarter of 2011 alone. The report comes as construction companies, architects and developers across the world eagerly await the announcement of infrastructure projects that will see Qatar's landscape evolve. Infrastructure projects in-line with Qatar's National Vision 2030 and National Strategy 2011 - 2016 are expected to be announced throughout 2011 and 2012 to build Qatar's landscape in time for the Qatar 2022 FIFA World Cup. The announcement of Qatar as the hosts of the 2022 World Cup has placed an immoveable deadline on many of Qatar's development projects - with experts revealing that planned infrastructure projects that make up part of Qatar's World Cup bid will need to be ready earlier - in time for a FIFA inspection.

Source: www.qatarconstructionsummit.com

KAZAKHS, KYRGYZ CREATE USD 100 MILLION INVESTMENT FUND

Kyrgyz and Kazakhstani officials will create a US $100m (4.5 billion KGS or 14.6 billion KZT) investment fund. An accord was signed during a visit by a delegation from Kazakhstan’s Samruk-Kazyna sovereign wealth fund. The fund will finance Kyrgyz business ventures in energy, telecoms, transport infrastructure, tourism and other fields. Officials also signed an agreement for Kyrgyzgaz and KazTransGaz to supply gas to northern and southern Kazakhstan, and a deal for Kyrgyzaltyn and Kazatomprom to mine uranium in Kyrgyzstan.

Source: CentralAsiaOnline.com

SAUDI ARABIA LAUNCHES ZAMZAM WATER PROJECT

Saudi Minister of Water and Electricity Abdullah Bin Abdulrahman Al-Hussayn inaugurated the automatic distribution program of the Zamzam Well water in Holy Makkah. The automatic operation of the distribution points is part of the “King Abdullah bin Abdulaziz Project for Zamzam Water Purification and Bottling,” opened by Custodian of the Two Holy Mosques in the last holy month of Ramadan, the minister told reporters at the headquarters of the project in Makkah. “The total cost of the project amounts to 700 million Saudi riyals (USD 186.7 million) wholly covered by King Abdullah Bin Abdulaziz himself,” the minister noted. “The project targets launching 42 automatic distribution

points to meet the daily consumptions of pilgrims at the holy sites in Makkah region,” Eng. Al-Hussayn said, noting that plans are in the offing for launching similar distribution points of Zamzam water in Madinah. “The non-profit project aims to pump the water from the bottling factory automatically to a central warehouse with an occupancy capacity of 1.5 million bottles. The facility is designed to offer bottles in an order of precedence based on the dates of bottling," the minister added. He refuted recent press reports about nitrate and arsenic pollutants in the water, saying that the source of pollutants could never be originating from the bottling factory which meets the world's safety standards. Samples of water were taken from the factory and sent to a world-renowned laboratory in Europe and the results came negative, he said, adding that the factory is equipped with sophisticated equipment to ensure the safety of water.

Source: IINA

ADB Partnering with 5 Banks to Support Turkey's Trade with Asia

The Asian Development Bank (ADB) has signed Trade Finance Program (TFP) agreements with five banks to support Turkish exports to developing Asian countries. The agreements will expand the range of trading options for Turkish companies and should bolster trade cooperation between Turkey and developing Asia. Under the TFP, the ADB can provide guarantees to Akbank TAS, Aktif Bank, T. Garanti Bankasi A.S., Turk Ekonomi Bankasi A.S., and Turkiye Is Bankasi A.S. to minimize payment risks involved with exporting to challenging markets in Asia. "Turkish banks are well-positioned in both Europe and Asia so they are in a unique position to support trade between the two continents," said Steven Beck, Head of Trade Finance at ADB. "Developing Asia's firms will benefit from greater trading opportunities, as will those Turkish firms looking to do business in Asia". Turkey conducts trade with partners in Asia, including PRC, Japan, Indonesia, Malaysia, and Thailand, but trade with Asia accounts for only a small share of its total trade. ADB's trade finance agreements with the five Turkish banks will help Turkey expand its trade to more Asian countries.

Turkey has been a development partner of ADB for two decades, having joined the Bank as a non-regional member in 1991 and contributing over $115 million to the Asian Development Fund, which provides concessional loans to ADB developing member countries.

Source: ADB Press release

Sudan-Chad Railway Funds Secured

The Secretary of Sudanese-Chadian Twinning Secretariat, Hassan Bargo, signed a contract with a Chinese bank to borrow the funds to build a railway between Sudan and land-locked Chad. Secretary Hassan Bargo said the new line will travel from Nyala, capital of South Darfur State and the current terminus for the west Sudan leg of the rail network, into Chad. The dilapidated network connects Khartoum to Wadi Halfa on the northern border with Egypt, Wau in South

Sudan and Port Sudan on the east coast. With 5,000km of track, Sudan has one of Africa's largest rail networks. However, 73 per cent of it is more than 80 years old and poorly maintained. As well as the freight trains, there are infrequent and irregular passenger services. During the 11th Islamic Summit Conference organised by the Organisation of Islamic Cooperation in Senegal on 14 March 2008 a committee was established to implement the Port Sudan-Dakar Railway Line. This would connect Sudan, Chad, Niger, Nigeria, Mali, Burkina Faso, Senegal and possibly Djibouti. On 14 March Chad signed a

US$7 billion contract with the China Civil Engineering Construction Corporation which is scheduled to begin work on a railway line connecting it to Cameroon and Sudan in 2012. It was reported in 2007 that Sudan signed a US$1.5 billion contract with China Railway Engineering Group Co Ltd and China Railway Erju Co Ltd to build a new line between Khartoum and Port Sudan. The track running to Wau was re-opened in 2010 after a World Bank funded renovation project.

Source: Sudan Tribune

CHOLERA EPIDEMIC IN CAMEROON

Public health officials say nearly 500 people have died of cholera in Cameroon this month, and 13,000 cases have been reported in the country this year. Nine of the country's ten regions are affected by cholera, an intestinal infection caused by ingestion of bacteria-contaminated food or water. More than 50 of this month's deaths were in the hardest-hit Far North region. In Maroua, the capital of the Far North region, the regional delegation of public health reported 1,380 cases of cholera so far this year. Public health officials predict the number of cases could double in the coming days due to poor sanitary and hygienic conditions and warn local people to drink water safe for drinking and not get their water from rivers. The majority of people infected with the disease are children under the age of five and women. According to the World Health Organization, 80 percent of cases can be cured by rehydrating the patient. The outbreak has been traced to the Logone River, on which thousands depend for their domestic activities, and the disease has gradually spread to other communities along the river. Residents say

medical supplies are inadequate and often don't reach those infected by the disease and although the government has set up dozens of emergency units they're consistently overcrowded with victims and always running short of basic medical supplies. The government's Public Health Ministry reported 9,395 cholera cases in 2010 -- 8,830 of which were in the Far North region, the worst outbreak in decades.

Source: CNN Edition

Nigeria Launches First Satellite Built by Africans

Nigeria successfully launched NigeriaSat-X, the first satellite to be designed and built by Africans, into orbit on 17 August 2011. NigeriaSat-X was launched along with another small satellite, NigeriaSat-2, from Yasny in southern Russia. The satellite is the result of a transfer training agreement between Nigeria's National Space Research and Development Agency (NASRDA) and Surrey Satellite Technology Ltd, a satellite developer based in the United Kingdom. It brought 26 young scientists from NASRDA to work on the satellite for 18 months, under the supervision of experts in Surrey, UK. NigeriaSat-X will be used for resource management, and for mapping of the country that will feed into food security through crop monitoring, urban planning and disaster management. It will also facilitate the development of Nigeria's space capability and engineering skills for new technologies. Nigeria's national space policy was approved in 2001 and culminated in the launch of the country's first satellite, NigeriaSat-1, in 2003. Its 25-year space mission roadmap, approved by the government in 2006, aims to produce a Nigerian astronaut by 2015; launch a satellite built in Nigeria between 2018 and 2030; and be part of the moon mission by 2030.

Source: Allafrica.Com

Iran, Pakistan Plan Joint Business Council

A business council will be formed between the businessmen communities of Pakistan and Iran to strengthen bilateral trade activities, Iranian Ambassador to Pakistan Mashallah Shakeri announced on 14 June 2011. Speaking at the Rawalpindi Chamber of Commerce and Industry (RCCI) delegation, Mr Shakeri said Iran is keen to invest in the Halal meat sector in Pakistan. The Pakistan-Iran Business Council, he said, will be formed soon. He said that Iran was fully aware of the energy needs of his brother country and has already offered providing of electricity on cheaper rates.

Ambassador said that Iran has almost completed its due work on Iran-Pakistan gas pipeline project and now its Pakistan turn to complete the remaining work of the project. He stressed that Iran want to enhance the trade relations with Pakistan on priority basis. Speaking on the occasion, RCCI acting President Mian Ateeq said that RCCI always focused to enhance the trade activities among the neighbouring countries. He said that beside the mega projects both countries must work to promote the Small and Medium Enterprises (SMEs) to further promote the bilateral relations.

Source: Tehran Times

TURKISH PRIME MINISTER VISITS FAMINE-HIT SOMALIA

The Turkish Prime Minister, H.E. Recep Tayyip Erdogan, has visited Somalia to draw international attention to the famine sweeping across the Horn of Africa. Somalia's president, H.E. Sheikh Sharif Ahmed, welcomed H.E. Erdoğan at the airport with a warm embrace. H.E. Erdoğan, who was accompanied in Mogadishu by his family and five cabinet ministers has visited refugee settlements and appealed for more food aid for the drought-hit country. On 17 August Wednesday, Organisation of Islamic Cooperation (OIC) countries pledged $350m in aid to fight the famine, which has left 3.7 million Somalis at risk of dying of hunger. Prime Minister Erdoğan stated his hope that the OIC's efforts will trigger the consciences of those ignoring this unravelling humanitarian emergency. He called the disaster a "litmus test" for humanity and called wealthy western countries to do more. H.E. Erdoğan also declared that The Republic of Turkey will open an embassy in Somalia, besides the construction of a road from Mogadishu airport to the city, digging wells to improve water supply, as well as building schools and houses.

Source: Guardian.co.uk

QATAR PLANS $185BN PROJECTS IN A DECADE

Mega projects worth a staggering $185bn are expected to be launched in Qatar over the coming ten years, says QNB Capital.

It forecasts that Qatar will continue to be the fastest growing economy in the world in 2011 with an estimated real GDP (gross domestic product) growth of 21 percent. And large investments made by the country in the natural gas and other sectors have ensured rapid growth and diversification of the economy.

The benefits of this have also stimulated activities in the private sector, which along with increased government spending have ensured strong growth also in the non-oil and gas sector. The non-oil and gas sector witnessed a compounded average growth of 16.4 percent during 2006-10. QNB Capital forecasts that Qatar will continue to be the fastest growing global economy in 2011 with an estimated real GDP growth of 21 percent and the forecasts are based on further expansion in natural gas and related sectors as well as the non-oil and gas sectors. The oil and gas sector will be one of the main driving forces for GDP in 2011 with an expected growth of 29.5 percent.

Source: The Peninsula

$1B Saudi-Egyptian Bank To Spur Economic Integration

The establishment of the Saudi-Egyptian Bank was unanimously approved by the political and financial authorities in both countries, a Saudi member of the Saudi-Egyptian Business Council (SEBC) said.

On the bank's seed capital, the source said that "all SEBC members" want the bank's capital to be large enough to provide "start-up capital for both public and private projects".

Private sector development projects will be targeted: This includes an emphasis on agriculture, with the focus on water conservation and adoption of new technologies; cloth-making for the clothing industry; power generation; water desalination; transportation outside the Cairo Greater Metropolitan Region (CGMR); and meat production.

There will also be a bid to enhance the current capacity of fish and shrimp harvesting fleets; and increase ownership of economic housing and budget hospitality facilities.

As for the capital contribution from the two governments, "bankers in the SEBC mentioned different sums, but there is an understanding it should not be less than half-a-billion dollars and a willingness to go up to one billion dollars".

Both sides have agreed that there should be a public share offering at a later stage. This would help to integrate the Egyptian and Saudi Arabian capital markets.

Source: Saudi Gazette

New Work Opportunities For Women In Jordan

The Jordan New Work Opportunities for Women pilot project (Jordan NOW) is a pilot project that is specifically tailored to improve female labor force participation by reducing initial barriers of the transition from school to productive employment for girls and young women.

It was designed following extensive consultations with local counterparts and stakeholders including private sector employers, and students, as well as community college graduates. Although the project is still in its early stages, initial results are encouraging. 207 young women were employed under the voucher component and 373 young female graduates completed the training sessions and started looking for jobs.

Jordan NOW is an addition to the World Bank's Adolescent Girls Initiative is currently funded by the Gender Action Plan with a budget of USD $1 million.

Source: World Bank

SEAWATER GREENHOUSE PLAN FOR JORDAN

Seawater greenhouses, solar power plants and other new green technologies will be brought together in Jordan in an attempt to save water and to turn its desert into a producer of crops, fresh water and electricity.

The governments of Jordan and Norway signed an agreement to build a 20-hectare demonstration centre near Aqaba on the Red Sea. If the project is economically successful, the Aqaba authorities will provide another 200 hectares for expansion. They will work with the Aqaba Special Economic Zone Authority (ASEZA) and the Sahara Forest Project (SFP), an environmental technology group based in Norway, to start building the centre in 2012, and expect it to be operating by 2015.

The project would channel seawater into the desert where 'greenhouses' would be able to grow crops without any need to pipe fresh water. Beyond providing a cheaper way to desalinate water for use in desert land reclamation than current desalination technologies, the project will provide for Jordanian engineers and researchers to gain hands-on experience and the expertise needed to make these technologies suitable for large-scale production and will also raise public awareness about green technologies.

Source: scidev.net

EGYPT ANNOUNCED US $ 2 BILLION SCIENCE CITY

In a series of grand science initiatives, Egypt will establish a US$2 billion 'science city' to link its science with industry and provide practical experience for its scientists.

The Zewail City of Science and Technology was approved by the government on May 2011. The brainchild of Egyptian-born Nobel laureate Ahmed Zewail, professor at the California Institute of Technology, United States. The timetable for the project has not been announced yet, but the government has provided 110 hectares of land in Sheikh Zayed City, a suburb of Cairo.

The city is a non-profit, independent national project that aims to jump-start the age of modern sciences and technological applications in Egypt and arm young Egyptian students with the modern sciences they need to compete internationally. It will include a university for talented undergraduate and postgraduate students, a graduate research institution, a technology park for students' innovations and an industrial institution to link science with industry. The city will start with 1,000 students and grow to a maximum capacity of 5,000.

The Zewail City of Science and Technology is an independent non-profit organization, which would have its own regulations to ensure transparency. To ensure the independence of the organization, a board of trustees will be setup. Its members so far comprise six Nobel laureates and leading figures in a variety of fields, including Susan Hockfield, the President of MIT, and Gregorio L. Escario, the President of the Cebu Institute of Technology (CIT), as well as renowned international Egyptians Sir Magdy Yacoub, Dr. Mohamed Ghonim and businessmen Mohamed El Erian and Amr Younis.

Source: Egypt State Information Service.

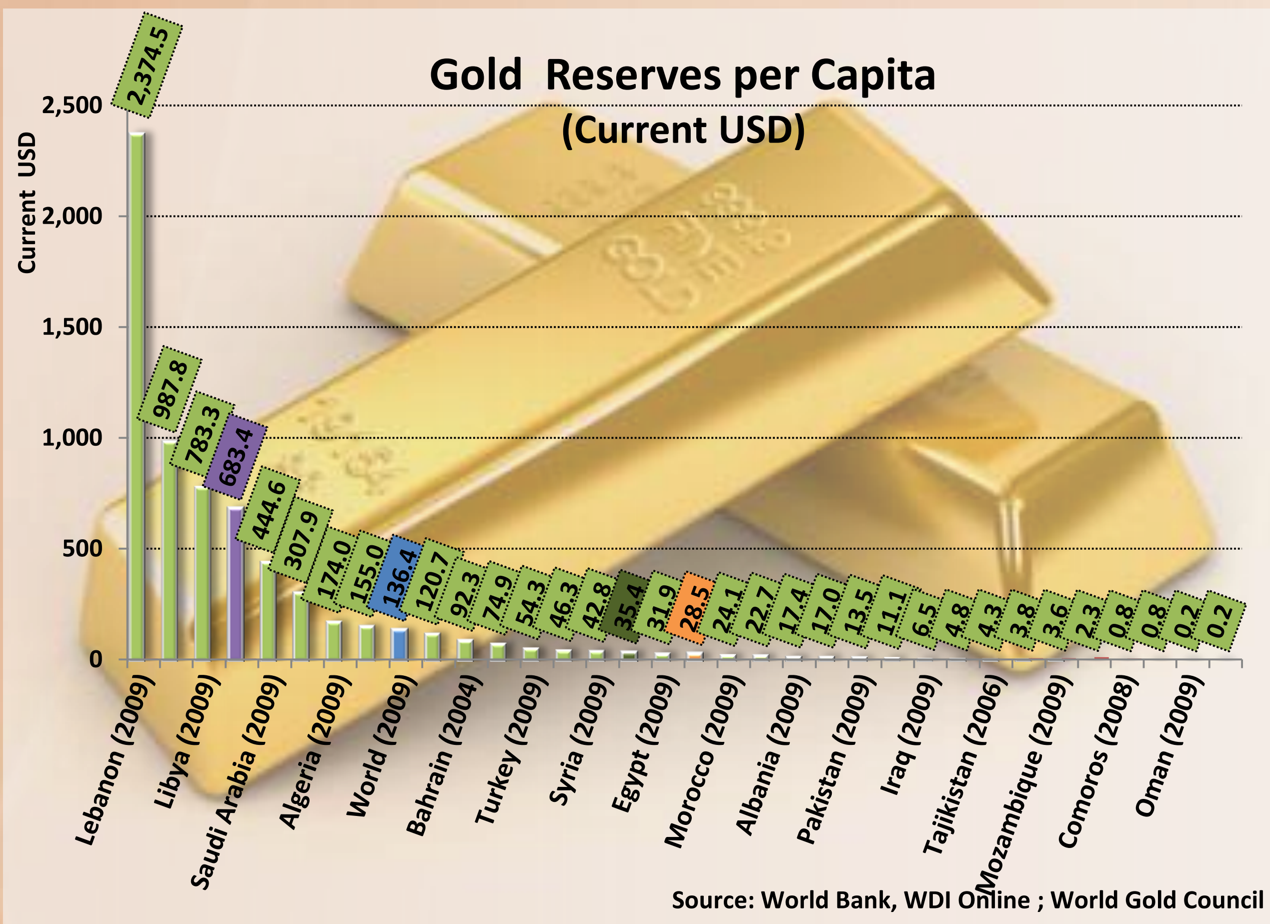
DID YOU KNOW?

- The gold reserves per capita were higher than the average of developed countries, 683 USD, in three OIC member countries, Lebanon, Kuwait and Libya of which Lebanese level is highly striking at 2,375 USD.

- It could be recalled that the gold reserves of Lebanon were purchased when the country was the Middle East's financial centre in the 1960s and 1970s and safeguarded through the civil war years by legal restrictions.

- Although exceeding the average of developing countries, 29 USD, the OIC average, 35 USD, was nearly one fourth of the World average of 136 USD.

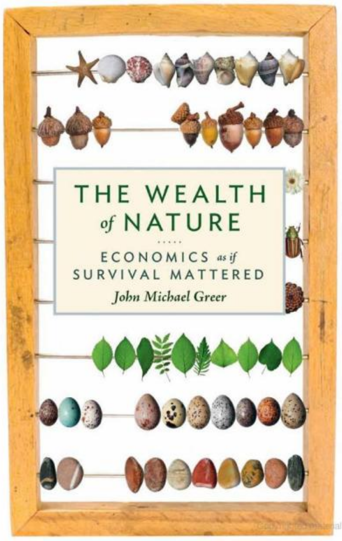
- However, Saudi Arabia, Qatar, Algeria, and Kazakhstan were positioned above the World by holding gold reserves worth of 445, 308, 174 and 155 USD per person, respectively.



Book Reviews – Recent Titles

The Wealth of Nature: Economics as if Survival Mattered

John Michael Greer, 288 pages, New Society Publishers, 2011



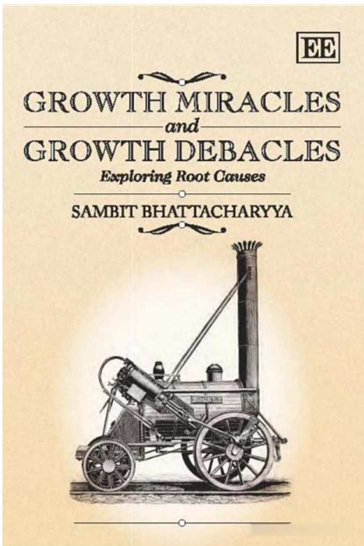
The Wealth of Nature proposes a new model of economics based on the integral value of ecology. Building on the foundations of E. F. Schumacher's revolutionary "economics as if people mattered," this book examines the true cost of confusing money with wealth. By analysing the mistakes of contemporary economics, it shows how an economy centred on natural capital—the raw materials that support human life—can move our society toward a more productive relationship with the planet that sustains us all. *The Wealth of Nature* suggests public policy initiatives and personal choices that can help alleviate the economic impact of Peak Oil. These strategies must address not only financial concerns, but the issues of resource depletion and pollution as well. Examples include:

- Adjusting tax policy to penalize the use of natural non-renewable resources over recycled materials
- Placing public welfare above corporate interests
- Empowering individuals, families, and communities by prioritizing local, sustainable solutions
- Building economies at an appropriate scale

Profoundly insightful and impeccably argued, this book is required reading for anyone interested in the intersection of the environment and the economy as we enter the twilight of the Age of Abundance.

Growth Miracles and Growth Debacles: Exploring Root Causes

Sambit Bhattacharyya, 224 pages, Edward Elgar Pub, 2011

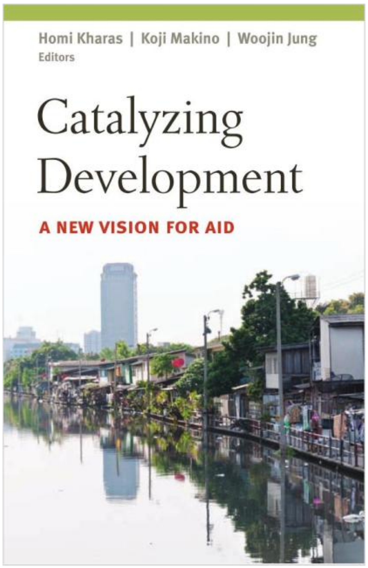


In this book, Sambit Bhattacharyya presents a detailed account of the socio-economic processes that create broad variations in living standards across the globe. He examines the world's economic history over the last 5 centuries, replete with growth miracles and growth debacles: growth in Britain was steady, yet China lost her early advantage; North America settler colonies performed significantly better than those of Asia and Africa; Australia and Argentina were notably similar at the start of the 20th century but delivered strikingly different growth outcomes.

The book argues that these differences in growth rate are best explained by an interplay of factors, namely economic, political and geographical. In conclusion it presents long-run comparative growth narratives for Africa, China, India, the Americas, Russia and Western Europe.

Catalyzing Development: A New Vision for Aid

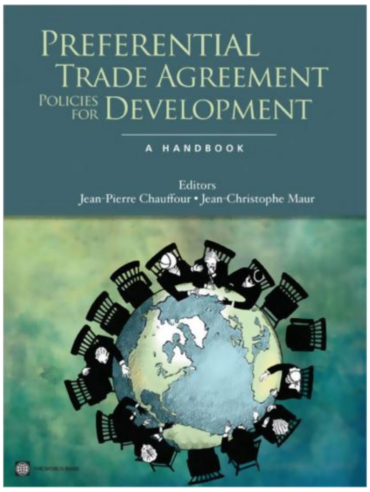
Homi Kharas, Koji Makino, Woojin Jung, 305 pages, Brookings Institution Press, 2011



Some may dispute the effectiveness of aid. But few would disagree that aid delivered to the right source and in the right way can help poor and fragile countries develop. It can be a catalyst, but not a driver of development. Aid now operates in an arena with new players, such as middle-income countries, private philanthropists, and the business community; new challenges presented by fragile states, capacity development, and climate change; and new approaches, including transparency, scaling up, and South-South cooperation. The next High Level Forum on Aid Effectiveness must determine how to organize and deliver aid better in this environment. *Catalyzing Development* proposes ten actionable game-changers to meet these challenges based on in-depth, scholarly research. It advocates for these to be included in a Busan Global Development Compact in order to guide the work of development partners in a flexible and differentiated manner in the years ahead.

Preferential Trade Agreement Policies for Development: A Handbook

Jean-Pierre Chauffour, Jean-Christophe Maur, 544 pages, World Bank Publications, 2011

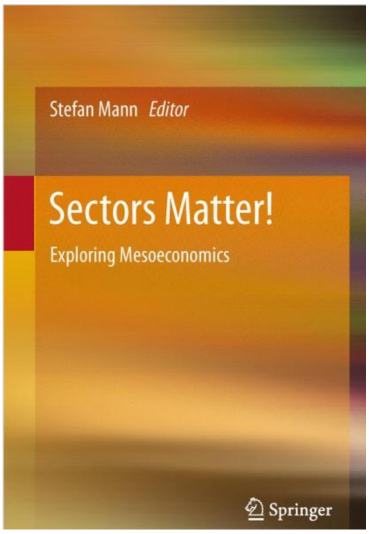


Gaining market access or preserving existing preferences has remained an important motivation for acceding to preferential trade agreements (PTAs). But with the liberalization of trade around the world and the related diminishing size of preferential rents, the growing success of PTAs cannot be only explained by traditional market access motives (even factoring for the possible substitution of tariff for other less transparent forms of protection). Countries are looking beyond market access in PTAs. They are interested in a host of objectives, including importing higher policy standards, strengthening regional policy coordination, locking-in domestic reforms, and even addressing foreign policy issues.

This handbook on *PTA Policies for Development* offers an introduction into the world of modern preferential trade agreements. It goes beyond the traditional paradigm of trade creation versus trade diversion to address the economic and legal aspects of the regulatory policies that are contained in today‘s PTAs. The book maps the landscape of PTAs, summarizes the theoretical arguments, political economy, and development dimensions of PTAs, and presents the current practice in the main policy areas typically covered in PTAs (from agriculture policy, rules of origin, customs unions, trade remedies, product standards, technical barriers, to behind the border issues related to investment, trade facilitation, competition, government procurement, intellectual property, labour rights, human rights, environment, migration, and dispute resolution). These are also usually the policies driven by powerful trading blocs as they strive to influence the evolution of the global trading system.

Sectors Matter!: Exploring Mesoeconomics

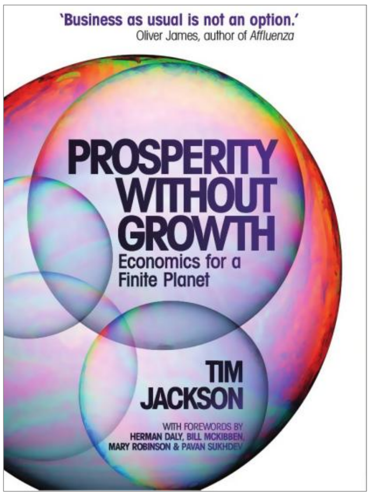
Stefan Mann, 258 pages, Springer Verlag, 2011



Although all economic activities take place in sectors, economists often devote little attention to differences between and characteristics of sectors. This book tries to show that mesoeconomics, the economic exploration of sectors and groups, is a useful instrument of analysis between microeconomics (the analysis of markets) and macroeconomics (the analysis of economies). In order to do so, economists and social scientists from related disciplines and coming from Europe, Australia and Asia, demonstrate that sectors matter for economic development and the formation of societies. The book includes chapters with rigorous economic analysis, outlooks on economic history, and case studies in order to show the relevance of sectoral issues, this broad range of content making it likely the most comprehensive book on mesoeconomics to date.

Prosperity without Growth: Economics for a Finite Planet

Tim Jackson, 288 pages, Routledge, 2011



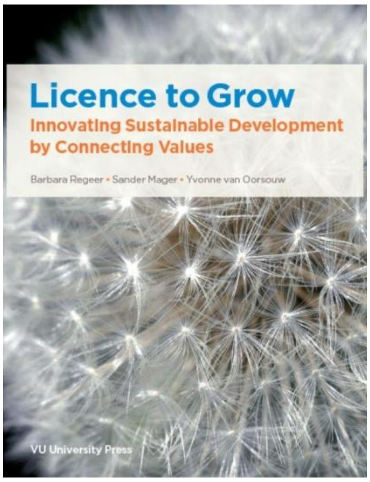
Is more economic growth the solution? Will it deliver prosperity and well-being for a global population projected to reach nine billion? In this book, Tim Jackson makes a compelling case against continued economic growth in developed nations.

No one denies that development is essential for poorer nations. But in the advanced economies there is mounting evidence that ever-increasing consumption adds little to human happiness and may even impede it. More urgently, it is now clear that the ecosystems that sustain our economies are collapsing under the impacts of rising consumption. Unless we can radically lower the environmental impact of economic activity - and there is no evidence to suggest that we can - we will have to devise a path to prosperity that does not rely on continued growth.

Economic heresy? Or an opportunity to improve the sources of well-being, creativity and lasting prosperity that lie outside the realm of the market? Tim Jackson provides a credible vision of how human society can flourish within the ecological limits of a finite planet. Fulfilling this vision is simply the most urgent task of our times. *Prosperity without Growth* is a substantially revised and updated version of Jackson's controversial study for the Sustainable Development Commission, an advisory body to the UK Government. The study rapidly became the most downloaded report in the Commission's nine year history when it was launched earlier in 2009.

License to Grow: Innovating Sustainable Development by Connecting Values

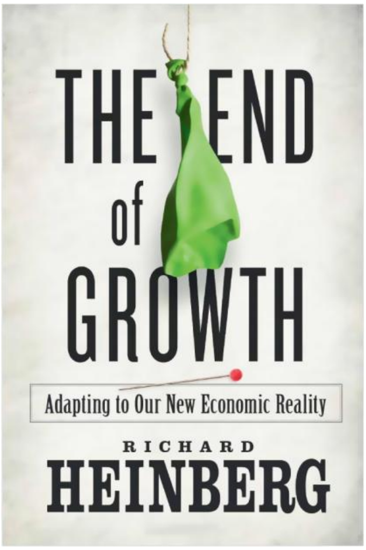
Barbara Regeer, Sander Mager, Yvonne van Oorsouw, 275 pages, Vu University Press, 2011



Sustainable development is about fundamentally changing our ways of working, and our ways of working together. Change in goals and practices, in the very paradigm of one's aims to realise the desired change via a multi-stakeholder approach; bringing together people from the worlds of business, policy, science, and societal organisations. In our networked society there is great potential for unlikely allies to co-develop and co-create new values by connecting values held by different stakeholders. Incorporating different societal and ecological values into the primary process of a business results in a '3P value proposition' which, in return, adds value to the People, Planet and Profit dimensions of society. Entrepreneurs who successfully manage to connect a business case opportunity to a societal and environmental challenge have a 'license to grow'. At a deeper level, this process of value co-creation evokes system-adaption: a change of deeply rooted patterns of action and thought, and with it the corrosion of structures that we have built around these patterns. This book provides lessons learned by the next generation of professionals, from entrepreneurs to managers and policymakers to researchers, and people in every other function in between. It is based on experiences drawn from the Dutch innovation program TransForum and is combined with scientific research on interactive learning in action by the Athena institute at VU University Amsterdam. Together, these experiences and insights shape the approach of Connected Value Development. Its practical applicability will give readers a head start when embarking on a process of profound change.

The End of Growth: Adapting to Our New Economic Reality

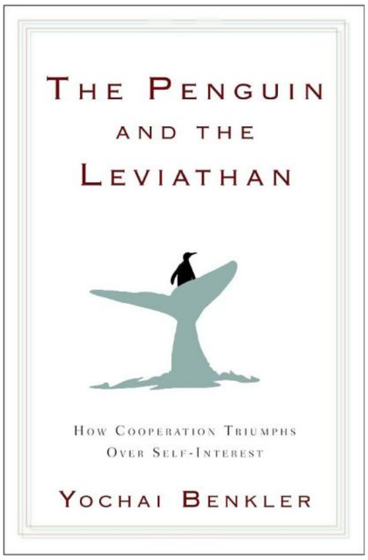
Richard Heinberg, 336 pages, New Society Publishers, 2011



Economists insist that recovery is at hand, yet unemployment remains high, real estate values continue to sink, and governments stagger under record deficits. *The End of Growth* proposes a startling diagnosis: humanity has reached a fundamental turning point in its economic history. The expansionary trajectory of industrial civilization is colliding with non-negotiable natural limits. Richard Heinberg's latest landmark work goes to the heart of the ongoing financial crisis, explaining how and why it occurred, and what we must do to avert the worst potential outcomes. Written in an engaging, highly readable style, it shows why growth is being blocked by resource depletion, environmental impacts, and crushing levels of debt. These converging limits will force us to re-evaluate cherished economic theories and to reinvent money and commerce. *The End of Growth* describes what policy makers, communities, and families can do to build a new economy that operates within Earth's budget of energy and resources.

The Penguin and the Leviathan: How Cooperation Triumphs over Self-Interest

Yochai Benkler, 272 pages, Crown Business, 2011

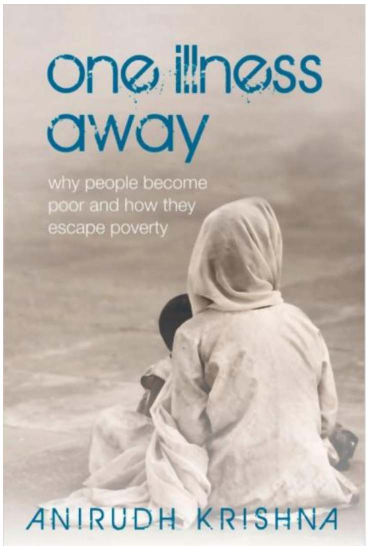


For the last several centuries, many of our deeply held beliefs have been shaped by the view that human beings are fundamentally motivated by self-interest. In this book, Harvard University Professor Yochai Benkler draws on cutting-edge findings from neuroscience, economics, sociology, evolutionary biology, political science, and a wealth of real world examples to debunk a long-held myth that and reveal how we can harness the power of human cooperation to improve business processes, design smarter technology, reform our economic systems, maximize volunteer contributions to science, reduce crime, improve the efficacy of civic movements, and more.

A must-read for anyone who wants to understand the dynamics of cooperation in 21st century life, *The Penguin and the Leviathan* not only challenges so many of the ways in which we live and work, it forces us to rethink our entire view of human nature.

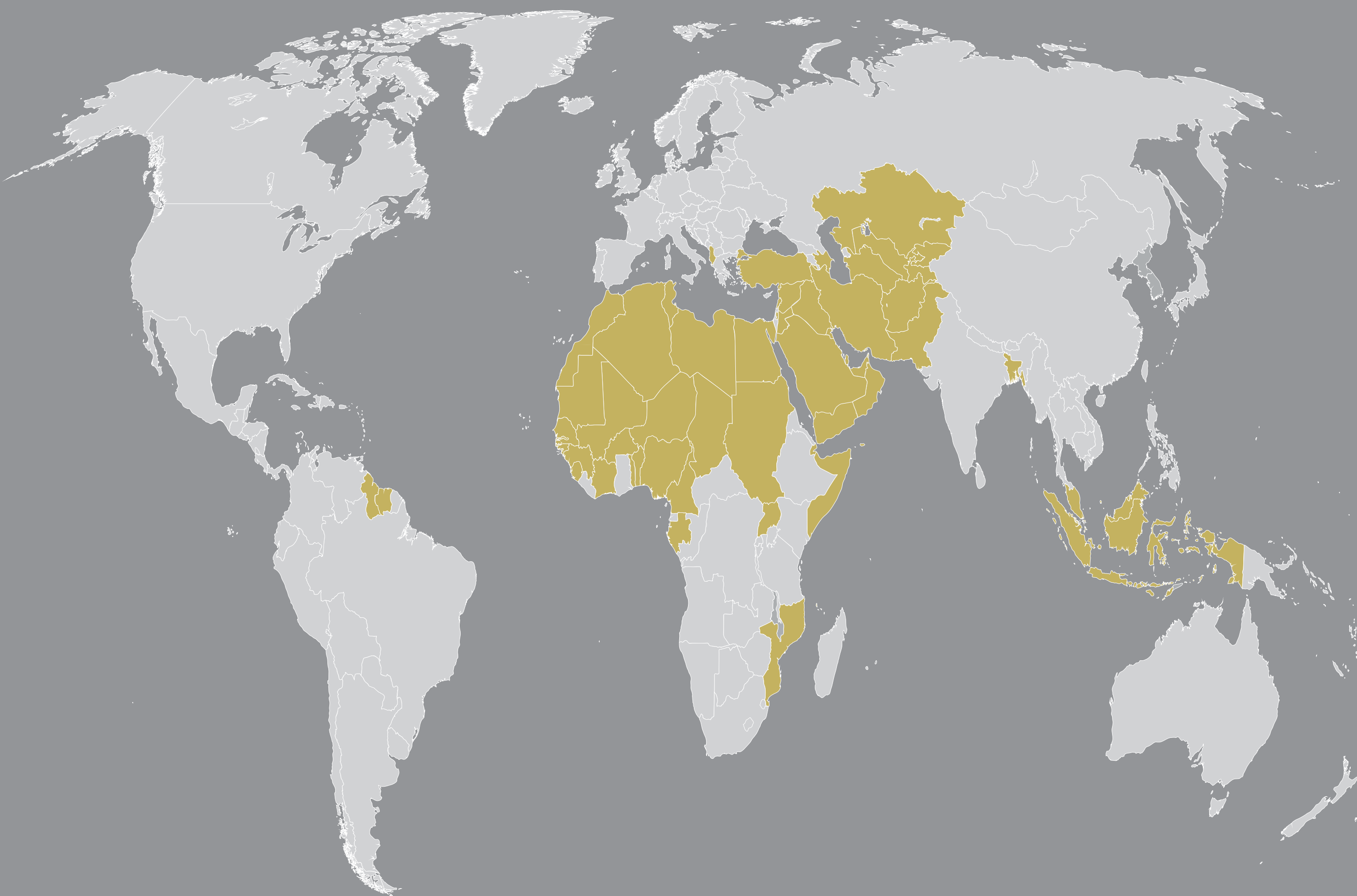
One Illness Away: Why People Become Poor and How They Escape Poverty

Anirudh Krishna, 256 pages, Oxford University Press, 2011



Why does poverty persist? A critical, but so far ignored, part of the answer lies in the fact that poverty is regularly created. Large numbers of people are escaping poverty, but large numbers are concurrently falling into chronic poverty.

his book presents the first large-scale examination of the reasons why people fall into poverty and how they escape it in diverse contexts. Drawing upon personal interviews with 35,000 households in different parts of India, Kenya, Uganda, Peru, and the United States, it takes you on an illustrative journey, filled with facts, analyses, and the life stories of people who fell into abject poverty and others who managed to escape their seemingly predetermined fates. Letting a farmhand's son or daughter remain a farmhand, even though he or she is potentially the next Einstein, is a tragedy that poor people witness time after time. Remedying this situation is crucial for making poverty history. This book addresses how equal opportunity can be promoted and how slum-born millionaires can arise in reality. Speaking to Barack Obama's message for more effective health care, *One Illness Away* feeds directly into current public debates. Learning from thousands of individual experiences, this book presents a clear agenda for action and provides more effective ways of keeping people out of micro poverty traps.



STATISTICAL, ECONOMIC AND SOCIAL RESEARCH AND TRAINING CENTRE FOR ISLAMIC COUNTRIES

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