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FGRF adopts various investment portfolios.

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Manama, Feb. 9 (BNA) – According to recent official statistics, the total amount allocated to the Future Generations' Reserve Fund (FGRF) has attained 223.4 million. 45.7 million as long term investments, USD 170.6 million in cash deposits in banks, plus USD 6.9 million in other debit balances.

These statements come within the framework of a full appraisal of funds activities, five years after creating FGRF, after parliamentary discussion of the legislative committee's report pertaining to the fund for the financial year 2010. This also comes in line with government continuous efforts to overcome the damage sustained by the business sector, and to find solutions for the national economy so as to beef up recovery after the unfortunate mishaps of last year.

The fund is a result of a serious feasibility study and consideration of other countries' experiences, especially neighboring countries, for example the State of Kuwait, State of Qatar and the Kingdom of Saudi Arabia. These sisterly countries adopted this idea to achieve many outcomes: to increase savings that can be channeled into investment in order to strike a balance between national resources and expenditures, create many direct and indirect job opportunities, and finally to ensure the achievement of the highest possible revenue from national production factors.

The Minister of Finance Shaikh Ahmed bin Mohammed Al Khalifa stressed in his most recent statements the role of FGRF in supporting our national economy, and serve as a tool to preserve national resources, and protect and develop assets, as well as ensure the rights of future generations.

The fund deducts, according to the law decree No. 28 for the year 2006, one USD from the export price of each barrel of unrefined oil sold in consideration for anything more than 40 USD,. This law decree became effective since January 2007.

The fund was a great success, as it did not sustain any loss despite its young age. It has also made more than BD 272 million in profits by the end of 2011, according to statistics.

The first success factor, according to official sources, is that development policies in the country, policies aim to increase productivity from national oil fields; and it is well-known that, according to the law decree which created the fund, there is a direct correlationship between increasing the allocations for the reserve fund, and increasing oil productivity and global oil prices, especially as Al Sa'afa oilfield produces 300 thousand barrels per day in partnership with KSA.

It is expected that in order for the deductions to increase, with new investments, they should be directed to the national oil and gas sector in the upcoming period, especially as an amount of USD 30.7 million has been allocated up-to 2030.

The second factor is the success of financial policies applied in order to run various investments for the fund. It is hoped that these policies will help increase the value of resources and prevent financial risks as much as possible.

In view of the fund's success, investments have been split into short-term investments such as bank deposits and secure investment portfolios in international markets, and long-term investments such as bonds and shares in various companies and funds.

The fund also requires that the size of a single investment should not exceed 10% of total of investments, and that all investment decision should be subject to the prior approval from the Board of Directors.

The success of the fund is also quite noticeable in the increase of its investments, despite the decrease in international oil prices and the European debt crunch, as well as the decrease of interest rates in certain years.

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The revenues from the fund were only USD 1.19 million in 2007, increased to USD 2.2 million in 2008, and shot up to USD 981 million in 2009.

A third success factor was the government's economic policy in general. The policy aims to develop non-oil based revenues for the Kingdom of Bahrain, and to promote entrepreneurship.

The fact that the fund didn't sustain any loss may be due to official administrative methodology adopted in reacting to the international debt crisis. The success of the fund in preserving our national wealth and investment tools could be another factor which explains why the fund didn't sustain any loss, as attested by financial comptrollers' report.

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