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# OFID

THE OPEC FUND  
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DEVELOPMENT

# Quarterly



## THE LATIN AMERICA ISSUE

Latin America and the Caribbean: Long way to go or living *la vida loca*?

*The Economist* journalist Michael Reid on the *Forgotten Continent*

The Inter-American Development Bank's Julie T Katzman on the Latin outlook

Energy and development: Can the Dominican Republic keep the lights on?

The UNDP's Jessica Faieta on disaster recovery and resilience in small island states

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**Uniting against Poverty**



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## Forecast: Cloudy with a chance of sunshine (and showers)

According to the World Bank, Latin America and the Caribbean (LAC) seems to have turned the corner: after six years of slowdown, including two of recession, LAC is growing again. But the stagnation has slowed progress, and LAC now needs to kick-start a recovery and find new engines of growth to reduce poverty and boost prosperity further.

At the moment, the forecast appears mixed; there are both challenges and opportunities ahead. Michael Reid, author of *Forgotten Continent – A History of the New Latin America*, says five sets of challenges stand out, and politics is among them. The other four are inequality; universal application of the rule of law and effective government; low productivity; and a “far cloudier and more uncertain” global outlook (see interview on page 18).

Reid, alongside other commentators in this issue of the *OFID Quarterly* – like the World Bank’s Oscar Calvo-Gonzalez (page 9)

and the Inter-American Development Bank’s Julie T Katzman (page 11) – is also very aware of the region’s potential. In Chapter One of his revised and updated book, he writes that LAC “...boasts some of the world’s most ecologically important, biodiverse and endangered natural environments, from the Amazon rainforest to the Andean glaciers and the Galapagos Islands. Brazil has more ‘environmental capital’ than any other country in the world...All this puts Latin America on the front line of the global battle to impede and mitigate climate change. It is becoming a leader in renewable energy...”

Capitalizing on the region’s strengths is doable, but will no doubt be difficult. The UNDP’s Jessica Faieta says that having lived and worked in four Caribbean countries, she’s witnessed first-hand how such nations are extremely vulnerable to multiple challenges, ranging from debt and unemployment to climate change and sea level rise (see page 15). “Clearly, if countries do not reduce their

vulnerabilities and strengthen their resilience – not only to natural disasters but also to any shock – we won’t be able to guarantee, let alone expand, progress in the social, economic and environmental realms,” she says.

OFID is well aware of the potential – and continued vulnerabilities – of LAC. The organization’s footprint extends to 29 countries in the region. On a cumulative basis – since the organization was established in 1976 – OFID has committed around US\$3,350 million to LAC in support of various development operations. On a per-capita basis, this means Latin America has received more resources than any other region. In 2017 alone, OFID committed approximately US\$350 million in loans and more than US\$1 million in grants to LAC. This amount supported numerous sectors, including agriculture, education, energy, transport, and water and sanitation.

Some examples from last year include: US\$25 million to help Nicaragua support micro-, small- and medium-sized enterprises;

US\$25 million to support the energy sector in El Salvador (and trade finance support of US\$10 million); and an approval of US\$5 million to help expand wind power generation in Honduras. In 2017, OFID also approved: US\$61 million to support agriculture in Bolivia; US\$45 million to strengthen Cuba’s solar energy capabilities; and US\$50 million for a water supply project in Argentina. Grant approvals included US\$400,000 to boost food security and improve nutrition and livelihoods among small-scale farmers in Peru and Bolivia.

This issue of the *OFID Quarterly* considers, among other things, the current state of affairs in Latin America and the Caribbean, as well as what’s likely in store for the region in the coming months and years. It also shows how OFID, as just one part of the 2030 Agenda for Sustainable Development jigsaw puzzle, supports this diverse and dynamic region in its quest to achieve improved prosperity and equality – and all 17 of the United Nations Sustainable Development Goals. ■

# SPECIAL FEATURE

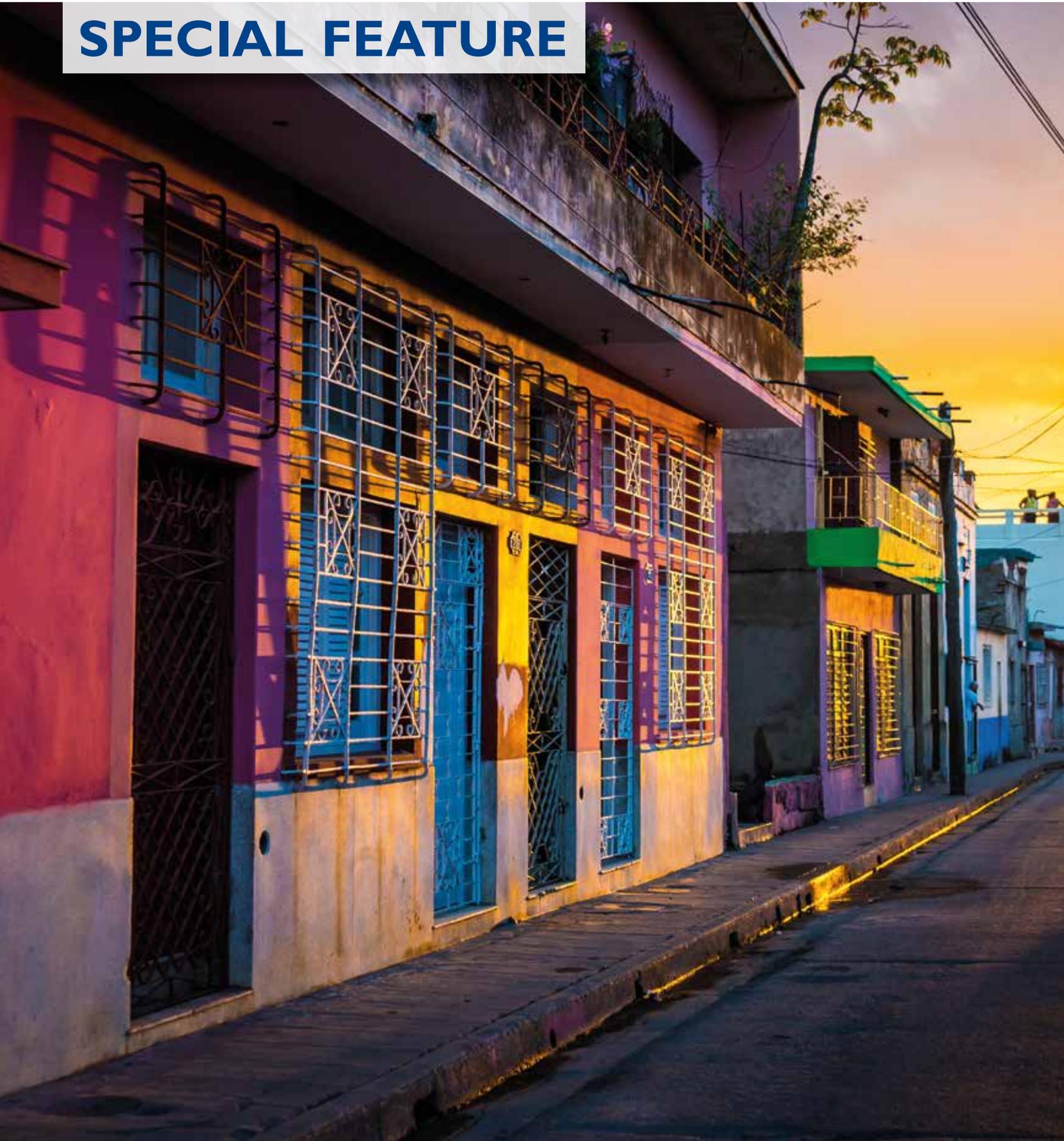




PHOTO: JULIAN PETERS PHOTOGRAPHY/SHUTTERSTOCK.COM

# Latin America and the Caribbean: Living *la vida loca* or long way to go?

Diversification, development, income redistribution and more: three Latin America and the Caribbean (LAC) experts share their hopes and fears for one of the most politically, economically and culturally dynamic regions in the world.

BY STEVE HUGHES

**B**ound together by a history shared over centuries, the countries of LAC are as different as they are similar. Stretching from the frozen southernmost tip of Argentina to the tropical climes of Cuba and Mexico in the north, and from the easternmost tip of huge, hulking Brazil to the decidedly dainty Ecuador (in comparison) in the west, the region is home to some 630 million people and accounts for almost 13 percent of our planet's surface area.

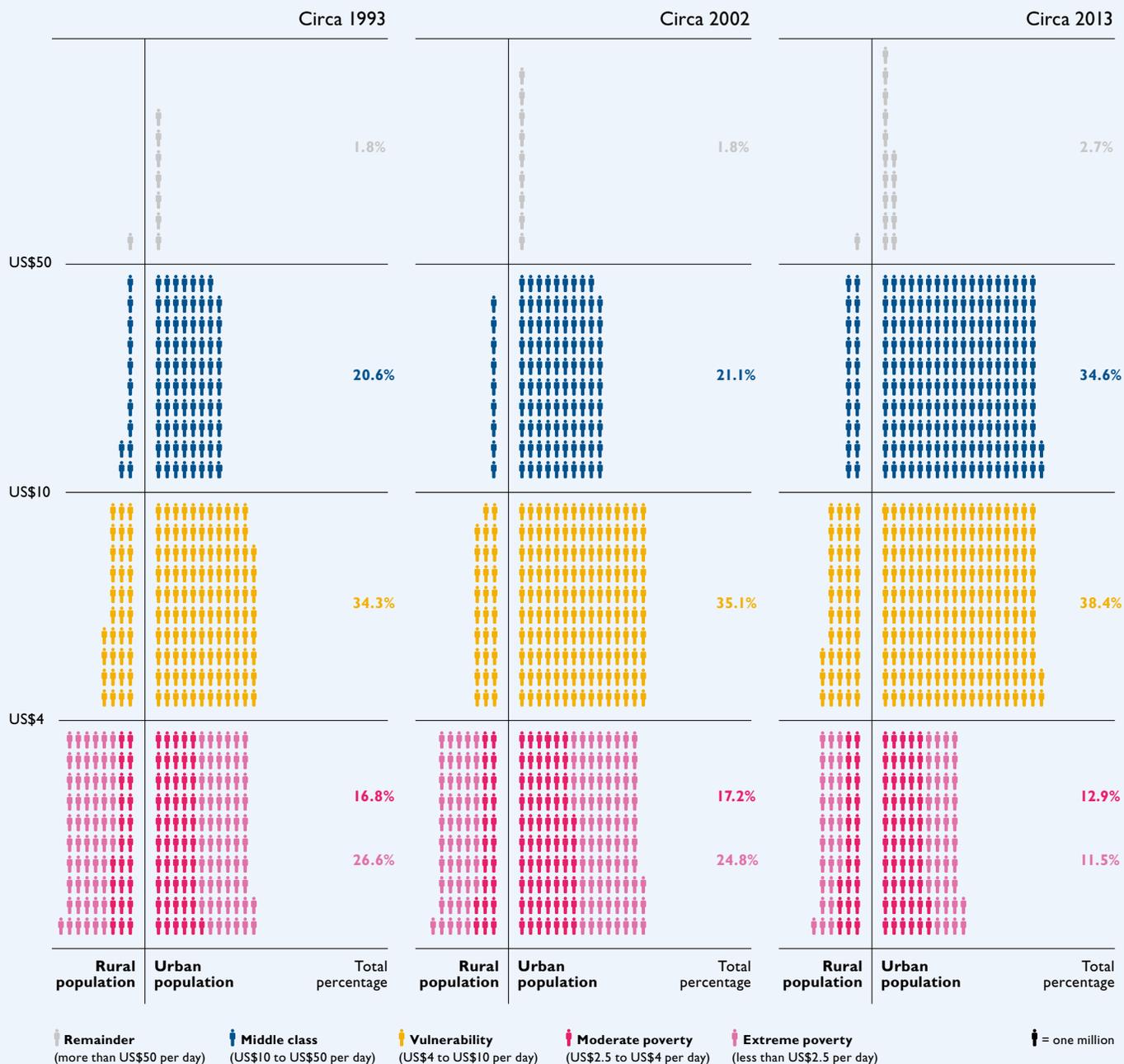
"Latin America and the Caribbean is a big, long and wide place and although there are some common traits, the area is diverse both across the continent and within the larger country units," says Michael Kuczynski, Centre of Development

Studies and Fellow of Pembroke College, University of Cambridge. "Across Latin America, culture has national variations, which translate into distinctive accents and vocabularies, diets and outlook. Yet there is also a particularly Latin American identity that translates into skills and attitudes that justify a common regional label. Within LAC, there is considerable labor mobility approaching European rates of cross-border job-search, and probably a greater sense of continental identity."

Oscar Calvo-Gonzalez, the World Bank's Practice Manager, Poverty and Equity in Latin America and the Caribbean, says that while LAC countries are diverse and their differences matter for economic policy discussions, it's clear that they ►

### A reduction in poverty rates over the period 2003-2013 led to the region's population being concentrated in the middle strata of the income pyramid

Evolution of the income pyramid by area of residence (in millions of people and in percentages) in Latin America circa 1993, 2002 and 2013



Source: UNDP Human Development Report for Latin America and the Caribbean 2016. Prepared by the authors based on estimates of the proportion of the population corresponding to each income group produced by the Center for Distributive, Labor and Social Studies (CEDLAS) using information obtained from the Socio-Economic Database for Latin America and the Caribbean - SEDLAC (CEDLAS and the World Bank), and data on each country's total population consulted in the World Bank's World Development Indicators (WDI).

Note: Monetary lines separating each group are expressed in US dollars (US\$) per person per day. Each person on the chart represents one million people. The absolute and relative figures correspond respectively to the total and weighted averages of the estimates for the following 18 countries, with the years indicated in parentheses: Argentina (1992, 2003 and 2014), Bolivia (1997, 2002 and 2013), Brazil (1993, 2003 and 2013), Chile (1992, 2000 and 2013), Colombia (1996, 2003 and 2013), Costa Rica (1992, 2002 and 2013), Ecuador (1994, 2003 and 2014), El Salvador (1991, 1998 and 2013), Guatemala (2000 and 2011), Honduras (1992, 2003 and 2013), Mexico (1992, 2000 and 2012), Nicaragua (1993, 2001 and 2009), Panama (1991, 2001 and 2013), Paraguay (1995, 2004 and 2013), Peru (1997, 2004 and 2014), Dominican Republic (1996, 2003 and 2014), Uruguay (1992, 2004 and 2014) and Venezuela (1992, 2001 and 2011).

◀ consider each other as one region. “The people I meet in Latin America are interested especially in the experiences of neighboring countries. Perhaps there is a sense that if it can happen in another Latin American country, it can happen in their country.” Diego Sánchez Ancochea, Director of the Latin American Centre, University of Oxford, says the region has many shared challenges that stem from a similar colonization and post-colonization history, as well as a reliance on natural resources and agricultural products. These challenges include “high inequality, powerful economic elites, comparatively weak institutions and insufficient economic diversification.” They mean it makes sense to talk about a ‘common region’ from a political economy perspective. At the same time, he adds: “We should be very aware of the significant differences between countries in levels of development and future outlook. In terms of social indicators, for example, Guatemala and Uruguay are clearly two different worlds.”

**Here, the three LAC experts quoted above consider what’s in store for the region in the coming years...**



**“LAC has made good progress when it comes to reducing inequality.”**

PHOTO: COURTESY OF DIEGO SÁNCHEZ ANCOCHEA

**Diego Sánchez Ancochea**  
 Director and Associate Professor,  
 Latin American Centre,  
 University of Oxford

The outlook for LAC is challenging due to low commodity prices and low growth in its two largest countries, Brazil and Mexico. Although almost all countries are in a better macroeconomic position than in the past, they will struggle to find engines of growth and deal with budgetary constraints. Things will be particularly hard for Ecuador, Venezuela and Brazil, even if the latter country recuperates after the 2018 elections. Some countries are doing better than others. In terms of growth, Panama and the Dominican Republic are ahead, although these countries are failing to distribute the gains to society. Uruguay, given its combination of moderate growth and positive social progress (which is likely to continue) is also doing well.

Three challenges that have been around for quite some time remain: how to diversify the economy away from oil and other natural resources; how to improve the distribution of income; and how to strengthen state institutions while making them more transparent and less corrupt.

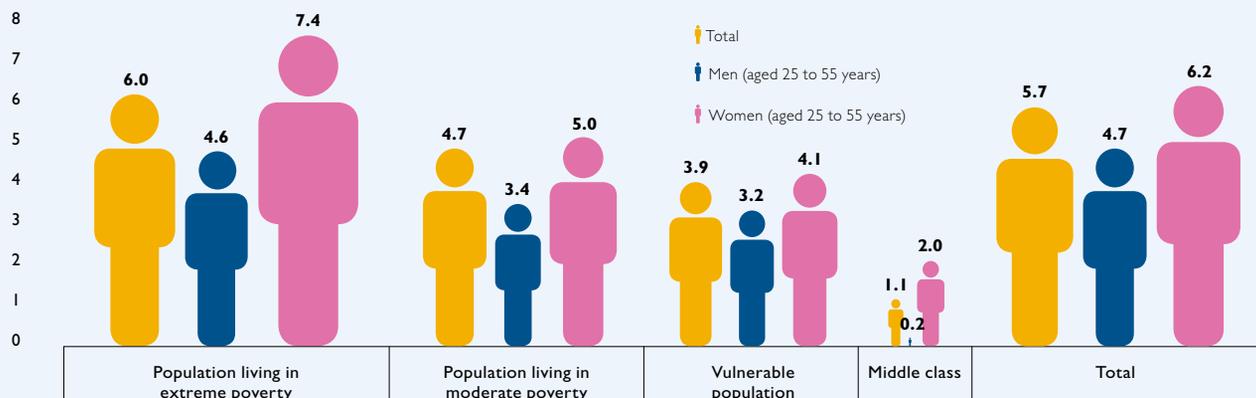
LAC has made good progress when it comes to reducing inequality. This progress has been linked to positive economic conditions and greater pressure for redistribution. At the heart of the improvements was the increase in formal employment and the reduction in the skilled ‘premium’ (wage differences between educated and uneducated workers) due to higher levels of education, more demand for unskilled workers and higher minimum wages, as well as more redistributive social policies. Sustaining each of these components will be difficult (although not impossible) as good labor market outcomes were associated with high commodity prices.

The region is more democratic than before and this has contributed to the inclusion of low income groups in the political process. This is a major success of recent years that we should not overlook. Some countries have moved to promote diversity and strengthen the rights agenda, particularly regarding indigenous peoples.

In short, LAC has immense potential. The region demonstrates the costs of inequality but also the promise of slowly improving democratic institutions. ▶

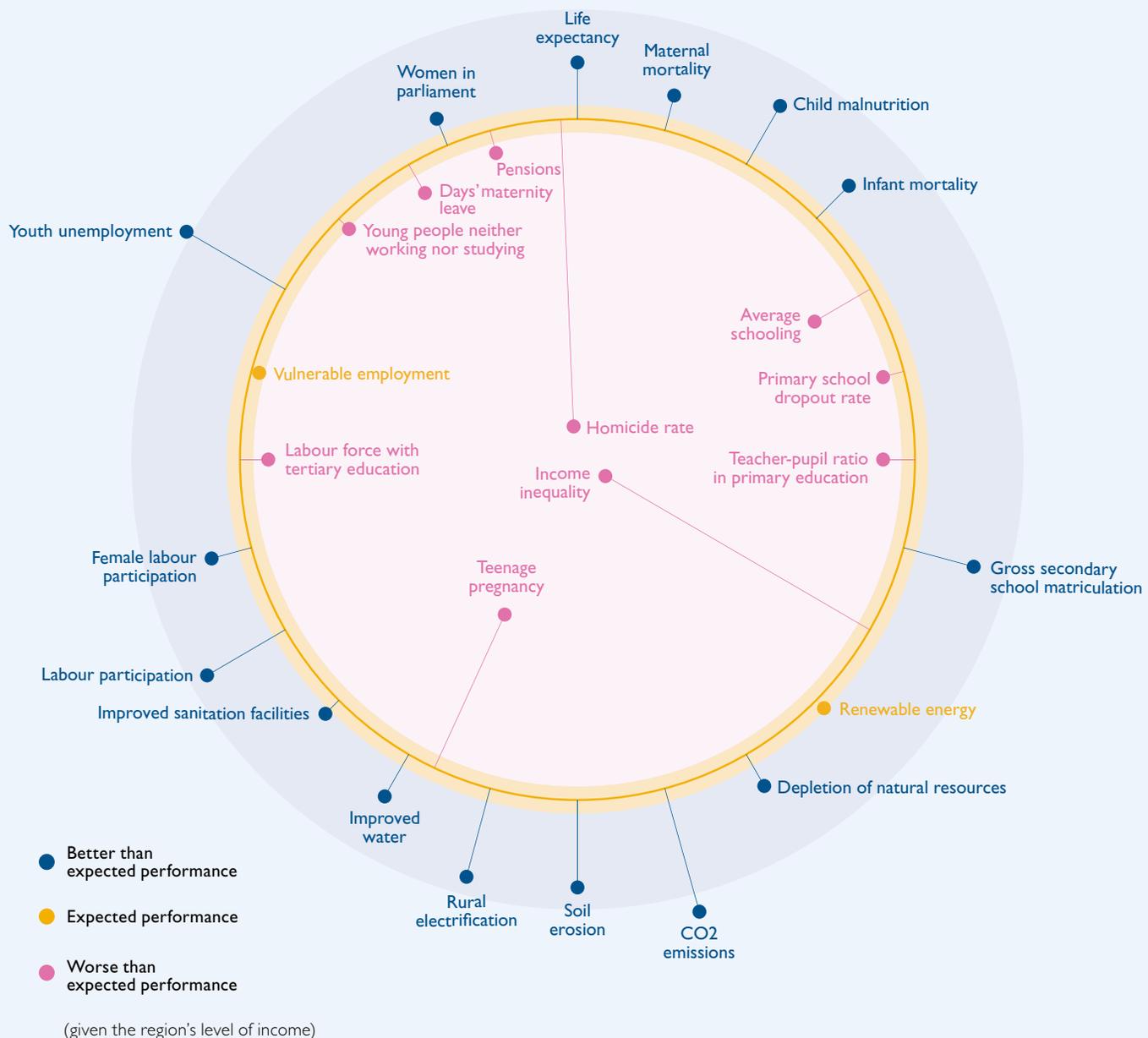
**Hourly wage growth was greater among the population living in poverty than among the rest of the income groups**

Average annual variation in hourly wages by income group and gender (in percentages) in Latin America, circa 2003-2013



Source: UNDP Human Development Report for Latin America and the Caribbean 2016. Prepared by the authors based on CEDLAS estimates using information obtained from SEDLAC (CEDLAS and the World Bank).

## Differences between the expected and actual social achievements observed in Latin America and the Caribbean



**Source:** UNDP Human Development Report for Latin America and the Caribbean 2016. Prepared by the authors based on data from the Human Development Report Office of the United Nations Development Programme (UNDP) and the World Bank's World Development Indicators (WDI) database.

**Note:** The indicators outside the circle are those that have shown better than expected development according to gross per capita income for the region, while the indicators situated inside the circle are those that have shown poorer performance than expected. The results shown in the figure on Latin America and the Caribbean should be interpreted in the context of a world comparison. For more information, please see the UNDP's Human Development Report for Latin America and the Caribbean 2016.



PHOTO: COURTESY OF OSCAR CALVO-GONZALEZ

**Oscar Calvo-Gonzalez**  
Practice Manager, Poverty and Equity  
in Latin America and the Caribbean,  
World Bank

After five years in which economic growth was every year lower than the previous one, LAC should see an uptick in growth in 2017. This is a welcome development. Resumed growth is key to continued progress when it comes to reducing poverty and making LAC more prosperous. The resumption of growth will be mainly due to better outcomes in South America – especially in Argentina and Brazil.

However, factors that spurred LAC's growth the most – namely US and Chinese demand and high commodity prices – have been neutralized. In the near future, the region will need to depend on its own

sources of growth. This requires continued efforts to build human and physical capital.

If we focus on economic growth alone, some countries – most notably Chile but also Panama and Peru – have seen sustained 'catch-up' over recent decades in per capita income compared to the US. But many others have also done well and, importantly, their positive performance goes beyond economic growth.

Since the turn of the century, LAC has done exceptionally well in reducing (halving) poverty. The reduction of inequality has also been a notable achievement: since 2000 and until 2010, inequality, as measured by the Gini coefficient, was decreasing by around 1 percentage point per year. This was remarkable, even if it started from a high base. Most

countries shared in this success, which was driven above all by favorable trends in the labor market – especially for people at the lower end. The growth of incomes of those at the bottom has been faster than the growth of income of those at the top. The region has also strengthened its macroeconomic management and is now more resilient to shocks and less prone to economic and financial crises.

Achieving faster and more inclusive growth remains a critical challenge for LAC. The economic slowdown that has affected the region in the last five years has taken its toll. Social progress has slowed down and even halted. Poverty reduction became slower and flat-lined in 2015. The middle class stopped growing and the largest socioeconomic ►

PHOTO: IMAGE BROKER/ALAMY STOCK PHOTO



**Latin America needs to invest in all its people so that today's children can contribute to tomorrow's economic growth.**

◀ group in the region remains what we call the vulnerable – a group of people that is ‘out of poverty’ but vulnerable to fall back into poverty if it suffers a shock, like loss of employment or a health crisis.

Economic growth explains the lion’s share of the poverty reduction that was achieved. That is why reinvigorating economic growth is crucial. But growth alone won’t be enough. LAC still needs to ensure access to basic opportunities for all and invest in the human capital of its population – particularly the poor. Around one out of every three young people does not finish high school. Poor learning outcomes – even among those who finish schooling – are a source of concern. They

create the conditions for a vicious circle in which poverty gets transmitted from one generation to the next.

One not so well-known strength of LAC is its ability to come up with public policy innovations. Many of those innovations have now been replicated elsewhere. Perhaps the best known are the conditional cash transfers – by which you give cash to poor families on condition that they meet certain criteria, such as sending children to school and attending health check-ups. These originated in Mexico and Brazil in the 1990s and were replicated around the world. There are more examples. Costa Rica was the first country to implement a national

**“LAC still needs to ensure access to basic opportunities for all and invest in the human capital of its population.”**

‘payment for environmental services’ to encourage reforestation. There has also been a great deal of innovation in tackling violence in urban areas, with notable success in cities such as Medellín in Colombia, which brought down crime by 80 percent through a mix of innovative infrastructure, institution building and social work.

Latin America can build a society with greater opportunities for social mobility. To do so, it needs not only to grow faster – for which it requires reforms to boost productivity – but also to invest in all its people so that today’s children from disadvantaged families can contribute to, and benefit from, tomorrow’s economic growth.



**Michael Kuczynski**  
Centre of Development Studies  
and Fellow of Pembroke College,  
University of Cambridge

Immediately after the global crisis of 2007-2009 some of the main LAC economies shared a global ‘refuge’ role. They attracted capital, but the inflow frustrated their own performance because of the real exchange-rate appreciation thereby induced (a stronger currency undermined the competitiveness of LAC’s trade, and weakened growth). This has now generally been corrected so that, if a repeat-performance of exchange-rate appreciation is avoided, the economic outlook is on the whole better than it was a decade ago.

Central America and the Caribbean still mainly orbit the US economy, and South America is more diversified between Europe, Asia, and – importantly – its other emerging-market counterparts. The relatively weak LAC performance in overall productivity holds out some promise of correction, and improved economic conditions can be expected to translate into continued improvement in social indicators.

True, from the global crisis nine years ago onwards, only a handful of LAC economies have reached an average annual per capita income growth of 3 percent or more, in particular Bolivia and Peru. Reaching 3 percent growth per capita is not stellar, but it is a good performance, with a silver lining in terms of social indicators as well as in reduced income inequality. Colombia and Costa Rica – exposed to, but also to some extent beneficiaries of, the turbulence of their neighbours – have continued a steady performance. Brazil shares in this, but administrative improvement remains a promise still, tantalizingly, out of reach.

Informality, insecurity and inefficiency in the delivery of state services, particularly in education, remain a challenge. The LAC nation-state inherited from the Iberian Peninsula – in its administrative structures and jurisprudence – is ill-suited to coping with the pressures of large-scale urbanization. On the journey to improvement, administrative law is in the slow lane and quality education is the pressing fast-lane challenge.

Although there has been some increase in the rates of formal modern employment, the main contributing factors to reduced income inequality appear to be programs of income transfer targeted through child support and decentralized locally-delivered social services. A third contributing factor is reduced inflation. Further improvement will require a significant increase in formal employment to be delivered through reform of taxes.

While doctrines of economic management continue to debate each other in the rhetoric of the media (much more so than they do in Asia), the quiet economic and social successes – such as in Bolivia and Peru – have generally been achieved through pragmatism. LAC has two strengths: natural resources and a relatively young population. The region’s generation of young people consider themselves to be on the threshold of modernity. They intend to make it over that threshold, taking the hitherto unwieldy state along with them.

**“LAC has two strengths: natural resources and a relatively young population.”**

# Latin America and the Caribbean: Good, but could do better

**Julie T Katzman** is Executive Vice President and Chief Operating Officer of the Inter-American Development Bank (IDB). The IDB Group is a leading source of long-term financing for economic, social and institutional development in Latin America and the Caribbean. It also conducts cutting-edge research and provides policy advice, technical assistance and training to public and private sector clients throughout the region. INTERVIEW BY STEVE HUGHES

**OQ:** What is your take on the economic and social outlook for Latin America and the Caribbean (LAC) now and for the next five years?

**JTK:** LAC is a region where 80 percent of the population will go to the polls over the next 15 months, including for presidential elections in Mexico, Brazil, Colombia, Costa Rica and Paraguay. Two issues that are at the top of people's minds as they turn out to vote are economic growth and the ongoing corruption scandals.

LAC achieved substantial gains in the first decade of the millennium, addressing perennial problems for the region – such as high inflation, external debt crises and banking system issues – while decreasing inequality. This was a result of important reforms in many countries but was also due to very favorable external conditions such as high commodity prices, low international interest rates and high growth rates globally. But these conditions have largely ended.

Now, after six years of slow growth, growth in the region averages around 1.5 – 2.0 percent. This is not enough to increase living standards. While every country is different, generally, countries need to invest better and become more



PHOTO: INTER-AMERICAN DEVELOPMENT BANK

efficient in allocating and executing budgets for economic and social programs that raise productivity and wellbeing, including infrastructure and education. And, it is critical that they do so in a more transparent, accountable and corruption-free manner.

The economic and social outlook for LAC is bright if the region can

**Julie T Katzman, COO of the IDB, says growth is a key challenge for Latin America and the Caribbean.**

build on the progress of the recent past and find consensus to implement the reforms that can propel the region's economies forward through the next five years and beyond.

**OQ:** The IDB is one of the main sources of multilateral financing for LAC for regional development and integration. Can the IDB help overcome the region's current challenges and what are the biggest opportunities in the near-term?

**JTK:** As I mentioned earlier, a key challenge is growth. So how can we help the region grow faster? It's a combination of what I will call hardware and software. The hardware is investment in infrastructure – for example, roads and other components of logistics that get products to market faster and more reliably, and the availability and quality of things like sanitation systems and waste water treatment plants. LAC has underinvested, or inefficiently invested, in infrastructure, and so there is a substantial infrastructure deficit which affects competitiveness and constrains long-term growth. This creates lower living standards, particularly for the most vulnerable. It is critical that these investments be made and that they ►



Upgraded water and sanitation systems in Honduras (left) and Nicaragua.

◀ be carried out in a more sustainable way than in the past, particularly given the region's exposure to climate change.

The software is investment in public services such as health and education. For example, while school attendance has gone up substantially, many students drop out and most of the school systems in LAC continue to score relatively poorly on global standardized tests like PISA. One cannot expect to create fast-growing economies without a well-educated and well-trained workforce.

At the same time, we cannot ignore the important technological trends that are going to change the nature of work, the manufacturing of products and the delivery of services on a global scale. The region needs to prepare for a future where artificial intelligence and robotics will be pervasive technologies. This means improving the quality of education, increasing our talent in STEM (science, technology, engineering and mathematics) fields, digital readiness in government and further digitalization of the private sector, all of which require improving bandwidth speeds and decreasing their prices. In addition, the IDB is working to ensure that LAC participates and benefits from the

emerging 'Biological Revolution' by leveraging its comparative advantages in this realm: its high quality agricultural research institutions, sectoral knowledge and natural capital. This represents a big opportunity for the region.

And we are continuing our efforts on transparency and anti-corruption, working with experts to consider new ways to harness technology, engage with civil society and muster the political will to eliminate corruption.

**OO:** Latin America has made good progress on reducing inequality over the past few years. What has been behind this success and do you expect further progress toward reducing inequality in the coming years?

**JTK:** Latin America and sub-Saharan Africa remain the most unequal regions in the world. But things are unquestionably changing in Latin America. Compared to the early years of the new millennium, inequality has fallen significantly in nearly every country in Latin America. In fact, over 147 million people in Latin America entered the middle class over the last 15 years.

How did this happen? Two factors were the most important. First, wages rose for unskilled workers as the

construction and service sectors of the economy grew, informality decreased and in some countries minimum wage levels increased substantially. Second, higher levels of education benefited millions of people thanks to conditional cash transfers that gave families incentives to keep their children in school, part of a multifaceted effort to interrupt the inter-generational transfer of poverty. Over the last two decades, primary schooling has become almost universal in the region, and secondary education enrollment coverage has also risen. And today, girls represent 55 percent and 62 percent of those graduating from high school and university, respectively. However, improving the *quality* of education going forward will be critical to continuing this important trend toward more equitable societies.

**OO:** Sustainable Development Goal 16 calls for the promotion of just, peaceful and inclusive societies. What progress do you hope to see on this SDG toward 2030 and what are the biggest challenges in this respect?

**JTK:** Many countries in LAC have made tremendous strides in inclusion, making substantial progress on the Millennium Development

Goal challenges such as eradicating extreme poverty; achieving universal primary education; promoting gender equality; reducing child mortality; and improving maternal health. And, as we just said, inequality as traditionally measured has also decreased. In addition, Colombia, Brazil, Costa Rica, and Paraguay, either at the national, regional or local level, are using the Social Progress Index (SPI) to gauge how well their populations are doing in a more holistic way. The SPI looks at 50 indicators in three categories ‘basic human needs’ (shelter, personal safety, water and sanitation), ‘foundations of wellbeing’ (access to basic knowledge, health and wellness, environmental quality) and ‘opportunity’ (personal rights, tolerance and inclusion, advanced education). Between 2014 and 2017, these countries have improved their scores almost five percentage points more than the average, once again proving how essential it is to measure what is important. These gains have come largely from increased access to education, information and communication.

However, we also see a marked decrease in tolerance and safety. This is why we have focused on issues of crime by helping to reform and modernize policing in countries like Honduras. It is also why we have placed great emphasis on focusing on the three main gaps in gender equity – the gender wage gap, the gap in women’s labor force participation and the gap in seniority of women in both the public and private sectors. And it is why we are supporting transparency and anti-corruption reforms.

By 2030, I’d like to see dramatic reductions in the level of violent crime and corruption in the region, a substantial decrease in the level of impunity, and a closing of the gap on gender equity, putting the region on a sustainable path to the just, peaceful and inclusive societies called for in the SDGs.

**OQ:** Is there any particular SDG that the IDB feels a particular affinity for?

**JTK:** The IDB works in a wide range of areas that support each of the 17 SDGs in one way or another – from social inclusion and equality to projects focused on productivity and economic integration. And we see all 17 SDGs as integrated, believing we will not see big gains without moving the needle on all or most of them. While it is hard to prioritize since they are all so important and interrelated, I’d like to highlight perhaps three areas where we’ve been particularly focused recently.

The first is SDG 5 on gender equality. By now, most people know that gender equality is not only the right thing but the smart thing to do. From indicators of corporate performance to those of innovation, it is clear that companies and countries do better when women and girls do better. So, we have taken steps to promote gender equality within our own institution, and we are working in the region with public-private gender parity initiatives in multiple countries – to close the gender wage gap, the gap in women’s labor force participation and the gap in the seniority of women. And, all IDB projects are viewed through a gender lens. A great example is a recent energy loan to Ecuador that is creating a gender action plan for the energy sector with the aim of increasing the participation of women throughout the sector in higher-paying, more senior jobs.

A second is sustainable, resilient infrastructure and SDG 9. As we said earlier, our region faces significant infrastructure gaps and addressing these is critical to a wide range of SDGs. We will continue our strong commitment to social and productive infrastructure throughout the region, improving its overall sustainability and resilience.



Improving access to healthcare for women in El Salvador.

**“We established a goal of doubling, to 30 percent, the amount of our total financing related to climate change by 2020.”**

And that brings me to my third point which is SDG 13 on climate change. Many countries in our region are highly vulnerable to natural disasters and other harmful effects of climate change, so we have increased our support to countries in this area. Specifically, we established a goal of doubling, to 30 percent, the amount of our total financing related to climate change by 2020. We are ensuring that every project is approached from a climate perspective and we are building new tools that can help countries meet their nationally determined contributions under the Paris Accords.

**OQ:** How important are the IDB’s relationships with other development finance institutions such as OFID and how do you see such relationships developing over time?

**JTK:** IDB’s relationships with other DFIs are critical and will continue to grow in the years to come. As a region increasingly perceived as middle income, the overall share of Official Development Assistance (ODA) allocated to LAC has decreased steadily over the past 15 years. These diminishing ODA flows, combined with the need to go from billions to trillions of dollars of investment to close development gaps and ►

achieve the 2030 Agenda, confirm that innovative partnerships are increasingly important to advance sustainable development in the region. In this vein, we are working on new instruments and models that we expect will attract a broad range of partners and further leverage our own funds. We hope to work together with our fellow DFIs as we crowd-in financing from governments, philanthropists, private enterprises and others seeking to deepen their involvement in the LAC region. Mainstreaming the use of innovative financing models in development and expanding our network of co-financing partners will allow us to increase funding to solve the region's most critical development challenges.

**OO:** OFID adopts the 'nexus approach' to development, recognizing that energy, water and food cannot be considered in isolation from one another and that affordable access to energy underpins sustainable development. Does the IDB follow a similar approach?

**JTK:** The energy, water, food nexus is a core component of the multisector work at the IDB. Water security is a critical issue for the economies and wellbeing of LAC. As you probably know, the LAC economy runs on water: the region has one-third of the global fresh water resources, and most of its agricultural exports such as beef, soy, fruits and vegetables depend on abundant and reliable sources of water. Seventy percent of LAC's electricity comes from hydropower generation. Yet extreme weather events such as floods and droughts are not only threatening the region's water resources but its cities. Over the last three years, more than a dozen cities in LAC have been affected by shortages of water and electricity and in some cases, this has affected food prices.

To address these challenges, the IDB is working with governments



PHOTO: IADB

**“Achieving a more sustainable world will require the investment of trillions of dollars, and governments simply don't have enough resources to do it on their own.”**

such as Bolivia, Peru, Colombia, Argentina and Brazil, as well as the private sector, in the planning of the water, energy and food sectors, using nexus approaches. We have also developed tools like HydroBID that has modeled and mapped 260,000 watersheds to allow governments to manage water resources more effectively and holistically.

**OO:** How important is it for the private sector to work together with the public sector, especially when it comes to meeting the SDGs?

**JTK:** Achieving a more sustainable world will require the investment of trillions of dollars, and governments simply don't have enough resources to do it on their own, so working together with the private sector is essential. For multilateral development banks (MDBs) it is important to find ways to use all our assets – our balance sheet, our expertise, our convening power – to catalyze ever greater participation of the private sector. For example, MDBs can work to improve regulatory frameworks and capital markets, and employ risk sharing instruments to crowd in private capital. The importance of the private sector to development of the region was underscored by the IDB Group's creation in January 2016 of IDB Invest, which focuses on lending to the private sector.

**OO:** What themes or issues motivate you personally and keep you driven?

**JTK:** I work every day with the hope that what we do at the IDB will improve the lives of everyone in LAC, providing them with access to quality, affordable education and healthcare, a world where children can play outside in safety, a healthy environment, the ability to provide for their families and the freedom to express themselves, regardless of gender, religion or ethnicity.

**OO:** Where did you grow up and where do you spend most of your time?

**JTK:** I grew up in Fall River, Massachusetts, a small city at the base of Cape Cod. I have lived in several regions in the world – the Middle East, Africa and Europe. Before joining the IDB, I worked as an investment banker in London and New York. I travel extensively throughout Latin America, where we have field offices in the 26 countries where we work. I also travel to the countries of our other 22 shareholders pursuing the work of the IDB. In between, I live in Washington, DC where the IDB is headquartered.

**OO:** You had a long career as an investment banker before joining the IDB. How does the work compare?

**JTK:** My first job at the IDB, when I joined almost nine years ago, was as the head of the Multilateral Investment Fund (MIF), which is the Inter-American Development Bank Group's innovation laboratory to create opportunities for poor and vulnerable populations in the region. That was the first time in my life that the right side of my brain and the left side of my brain could go to work at the same time. At the IDB, I have been able to take the financial skills I developed as an investment banker and deploy them with purpose; to improve lives rather than just businesses. It is both a great privilege, and very rewarding, to do that on a daily basis.

**OO:** If there was just one message you could share with the world about Latin America, what would it be?

**JTK:** Latin America is a region of spectacular opportunity, where great progress has been made in terms of policy and institutional strengthening. While there is more that needs to be done, the trajectory is in the right direction. ■



# Build back better

PHOTO: UNDP HAITI

Natural disasters do not exist, argues **Jessica Faieta**, United Nations Development Programme (UNDP) Director for Latin America and the Caribbean. Natural hazards become disasters when people, communities and societies are vulnerable to them.

**R**educing risks related to disasters has never been more urgent – and the Latin America and the Caribbean region bears witness to this. Seven hurricanes have hit the Caribbean in recent months, two of them as category five, causing catastrophic damage, including in countries that were still recovering from another massive hurricane that struck one year ago.

Also, two earthquakes rocked Mexico in September – with almost 5,000 aftershocks – while another powerful quake struck Ecuador in April 2016. In addition, both

Colombia and Peru suffered major landslides in the past eight months.

The number of children, women and men killed is deeply saddening, especially in an era in which we have the knowledge to minimize loss of lives due to natural events. Yet, we keep experiencing tragedies. The fact is that natural disasters do not exist. Natural *hazards* become disasters when people, communities and societies are vulnerable to them. This, in turn, translates into losses – of lives and assets. And the poorest are the hardest hit.

On the one hand, poverty reduces people's capacity to face and

recover from disasters; on the other hand, disasters also hinder people's ability to leave poverty behind.

That's why if the world is to end poverty in all its forms by 2030 we must boost resilience – in all its forms. This means the capacity to cope with shocks without major, long-term economic, social and environmental setbacks.

A disaster of natural causes, a financial crisis, an economic slowdown or a health problem in the family can all cause people to fall into poverty – especially those who barely managed to leave it behind. To help absorb the impact, people need a 'cushion', such as social protection systems or physical assets.

In this particular moment, it is crucial to take special notice of what the Caribbean is experiencing. Two back-to-back hurricanes, Irma and Maria, were the most powerful ever recorded over the Atlantic. They forced – for the first time ever – the island of Barbuda to evacuate its entire population. ►

◀ These colossal storms battered several Caribbean countries with deadly waves and maximum sustained winds of nearly 300 km/h for up to three full days. They decimated Barbuda, Dominica and Sint Maarten, also impacting some of the region's disaster preparedness champions, like Cuba and the Dominican Republic.

What we have just witnessed is a game changer. And it will likely be the new norm. That's why we need urgent action.

It's a fact. Climate change – and all natural hazards – hit Small Island Developing States (SIDS) hard, even though these countries haven't historically contributed to the problem. Having lived and worked in four Caribbean countries I have witnessed first-hand how such nations are extremely vulnerable to multiple challenges ranging from debt and unemployment to climate change and sea level rise.

Clearly, if countries do not reduce their vulnerabilities and strengthen their resilience – not only to natural



PHOTO: UNDP/REYLA MORALES

**Jessica Faieta** is UN Assistant Secretary-General and UN Development Programme (UNDP) Regional Director for Latin America and the Caribbean. She started her career with UNDP in 1991 as a UN Volunteer programme officer in Guyana. Ms Faieta is an Ecuadorian national and holds a Master's degree in Business Administration and another in International Affairs, both from Columbia University. She is also a Yale University World Fellow.

disasters but also to any shock – we won't be able to guarantee, let alone expand, progress in the social, economic and environmental realms.

Since the hurricanes hit, we have been working on the ground in affected Caribbean countries supporting governments to build back better – with more resilient communities – so they are prepared for the next hurricane season only eight months ahead. This is essential: international cooperation and the private sector play a key role with investments in resilient infrastructure.

If Caribbean countries are to achieve the Sustainable Development Goals in 13 years they need urgent access to financing – including for climate change adaptation. However, the vast majority of Caribbean SIDS are ranked as middle-income countries – with per capita income levels above the eligibility benchmark – and are shunned from receiving concessional financing for development.

## UNDP in Latin America and the Caribbean

The Bureau for Latin America and the Caribbean serves as the headquarters for UNDP's regional programs and offices in 26 countries – covering 42 countries and territories. Across Latin America and the Caribbean, UNDP works mainly with governments, but also with civil society organizations and the private sector, developing national and local capacities and building stronger institutions that offer quality services for citizens. Its overall goal in Latin America and the Caribbean is to boost human development – improve lives, empower citizens and build more resilient nations.

The UNDP's most recent Regional Human Development Report for Latin America and the Caribbean shows the main threat to progress in the region is the potential relapse of millions of families back into poverty. The economic slowdown is part of the story, but not the only cause of such a setback, says the report. To continue to advance and prevent reversals on the social, economic and environmental fronts, the report highlights key policy recommendations, in line with the Sustainable Development Goals (SDGs), and a 'new generation of public policies'.



For more information, see [www.latinamerica.undp.org](http://www.latinamerica.undp.org)



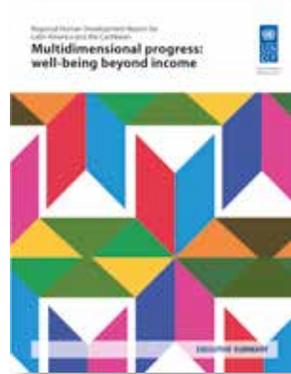
In view of such urgent needs, our Caribbean Human Development Report on 'Multidimensional Progress: Human resilience beyond income' (see box, right), called for improved standards that take into account multiple indicators, or wellbeing measurements beyond income alone.

Now is the moment to act on climate change, support countries as they build back better and rethink traditional development ranking methods based on monetary aspects alone.

If the world has vowed to eradicate poverty by 2030, we need to invest in boosting communities', countries' and entire regions' resilience in the social, economic and environmental fronts.

Reducing vulnerability – in its multiple aspects – is a crucial part of leaving no one behind. ■

*Please note: A version of this text recently appeared on the UNDP's website. Many thanks to the UNDP for allowing us to share this edited version with our readers.*



## Edited extracts from the UNDP's Human Development Report for Latin America and the Caribbean, 2016.

The unfinished transformation in LAC is dual. On the one hand, economic growth cannot close the circuit of needs and aspirations in a region that has experienced historic changes in numerous dimensions. There is an unfinished development transition, and it is crucial that households and communities that have exited poverty are able to build resilience. On the other hand, there is an unfinished citizenship transition in which millions of people are still excluded based on factors that do not only depend on income, or suffer gender-based violence or discrimination linked to their ethnic, racial or sexual identity. This transition cannot be completed by closing material gaps; rather, changes are needed in the power relations and the socially accepted standards and values that validate hierarchies that should not exist.

Middle-income countries do not graduate from development just because they have crossed a certain per capita income threshold. Much of the low-hanging fruit of the social and economic transition has already been picked. A slowdown in these achievements makes future challenges more complex. Achieving new goals will require difficult changes, given that it will be necessary to increase the quality of institutions and policies, as well as the tax burden and equality, to implement the required actions more effectively. Moreover, a change will be required in power relations to ensure the inclusion of all voices from society.

For LAC, the 2030 Agenda for Sustainable Development means overcoming structural barriers that prevent sustainable development and multidimensional progress over the long-term. In the Caribbean, the ongoing tasks involve reducing the debt burden, tackling the risks associated with natural disasters and climate change, and overcoming the issues of scale affecting small island developing states. In Latin America, the production pattern needs to be diversified, while the tax base must be expanded and resilience built through the construction of universal protection and care systems.

During the next 15 years, public policy actions in Latin America and the Caribbean will make the transition from an approach based on interventions implemented gap-by-gap to an approach based on integrated packages of policies. An approach based on defining targets based on factors beyond income constitutes the starting point for generating a specific agenda for the achievement of the Sustainable Development Goals in each of the region's countries.

Global opinion surveys highlight that LAC shows the greatest concern for climate change and has the greatest sense of living with the consequences of global warming. Such surveys also show that this region best understands the role that humans have had in impacting climate change since the industrial age. Latin American and the Caribbean is also home to the greatest biodiversity on the planet, while it is also a region with a high level of extractivism (the process of extracting natural resources), due to its mining and hydrocarbon industries.



PHOTO: UNDP/ZAINIS OLMOS

# Making sense of Latin America



PHOTOS: COURTESY OF MICHAEL REID

Briton **Michael Reid** is a senior editor for the authoritative weekly magazine-format newspaper *The Economist*. He has written about Latin America for most of his professional life. His fully revised and updated book ***Forgotten Continent: A History of the New Latin America*** is published by Yale University Press.

Here, he shares what's behind his love affair with Latin America, his views on the rise and fall of Lula, what life is like as a columnist for one of the world's most lauded news publications, and more...

AS TOLD TO STEVE HUGHES

I moved around a lot as a child – I was a bit of a nomad I suppose, and that has continued. In that sense, I'm a citizen of the world with roots in more than one place. As a student, I spent summer vacations in Spain and found Spanish culture fascinating. At the time, Spain was a dictatorship. There was a lot of resistance in the final years of Franco, and that interested me. The first time I had the chance to visit Latin America in 1980 it felt like things were less well-defined than in Europe – for better or for worse – and I liked it.

I moved to Madrid 18 months ago. I continue to write my column on Latin America for *The Economist* from here. It goes out under the pseudonym of (Andrés) Bello – a Venezuelan-born polymath, educator, writer and diplomat who died in

1865. If Simón Bolívar and the other 19th-century liberators provided the hardware of Latin American independence, Bello did more than anyone to create the software of nation-building.

I became a journalist by accident, but I suppose it's what I enjoyed doing most. Writing and reporting is about the desire to communicate; to make sense of the world around you. It forces you to refine your thoughts. To write clearly, you have to think clearly. I was a freelance foreign correspondent in Peru and the Andean countries from 1982 onwards. I joined the staff of *The Economist* at the beginning of 1994. I've also worked for *The Guardian* and the BBC. *The Economist* is a great place to work. It allows you to think and write seriously about the world.

I've lived for almost 17 years in three different Latin American countries – in Peru from 1982 until mid-1990, in Mexico from '90 to '94, in Brazil from '96 to '99 and in Peru again for more than two years until 2016. I'm well traveled in the rest of Latin America. I have spent most of my professional life writing about the region.

At the beginning of this century, Latin America went through five years of what has been called the 'lost half decade' associated with the Asian and Russia crisis and emerging market debt. And yes, there were a lot of problems – this was the time that Argentina's economy collapsed. But I also felt that there was an underlying process of reform and democratization that was more positive than a lot of the headlines suggested. I felt that a lot of what was written about the region was very superficial.

I wanted to say things in a deeper and more systematic way than one can in daily or weekly articles. I started work on the first edition of my book in 2004 and it took three years alongside my day job. The title of the book – *Forgotten Continent* – refers to how for a long time Latin America was not seen as terribly important by many people in the US and Europe. But I believe the arrival of mass democracy across Latin America – even with all the flaws – and the attempt to address poverty and inequality is important.

A year or two ago, I realized that mainly because of the rise and fall of the commodity boom and the 'pink tide' of left wing governments of varying kinds, it was worth doing a thorough revision of the book. In this edition, about one-third is new, one-third is revised and one-third remains unchanged. I think the outlook for the region is more challenging now that it was 10 years ago. The commodity boom is over but further economic growth is needed to continue to reduce poverty and

improve social conditions. The only way to do this in the near future is by improving productivity and diversifying the economy – two complex challenges.

At the same time, the outside world is less hospitable than it once was. President Trump appears to offer nothing positive to Latin America – and to Mexico he seems to represent a threat. China as an economic force is here to stay. But trade with China has been shown to have a smaller impact on Latin America's economic growth than trade with the US or Europe. Europe also seems to be introverted at the moment and may or may not prove to become a useful trading partner. But the central challenge for Latin America is political – there are a lot of elections coming up in the next few years. Will there be political



**“The huge steps Colombia has taken to becoming a more peaceful country have been fascinating and uplifting.”**

renewal? Will new governments be able to carry out the reforms that are needed?

If I had to choose some stand-out events during my time following Latin America, one would have to be the rise and fall of Lula [Luiz Inácio Lula da Silva, once the most popular president in Brazil's recent history]. Lula represented a huge opportunity for change. He was a gifted politician and I found watching and interviewing him extremely interesting. I find the mistakes that he made deeply disappointing and sad, and they overshadow much of what he achieved.

Another defining event has been witnessing the progress Colombia has made over the last 30 years. When I first began visiting the country, I would travel from Peru and each time I'd get home, I'd learn

that Pablo Escobar [the late Colombian drug criminal] had killed somebody else important or famous. The huge steps Colombia has taken since then to becoming a more peaceful country have been fascinating and uplifting to see.

More generally, when I first visited Latin America, a lot of the countries were dictatorships. Democracy means a lot – it's easy to forget that. That said, many Latin Americans feel that the rise of organized crime has become worse in some places over the last 10 years and this has affected the quality of people's lives. It is something the region has to tackle. ■

**Forgotten Continent: A History of the New Latin America** by Michael Reid is available now in all major bookstores.

## From the Preface of the new edition

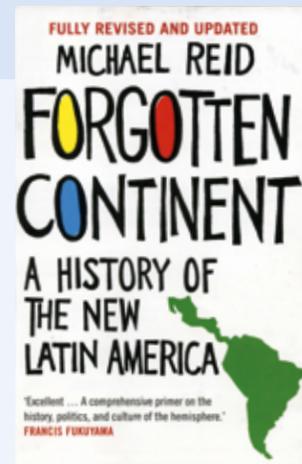
The original book was inspired by my conviction, contrary to the prevailing pessimism at the turn of this century, that Latin America was undergoing a deep-rooted process of economic reform, democratization and progressive social change. The outlook for the region is more difficult now. If I have tempered, but not abandoned, that underlying conviction, it is because of the rise of a politically engaged civil society in much of Latin America.

What follows is based on my own observation and experience of a region I first visited in 1980. I have been fortunate to have been able to view Latin America both from within (having lived in Peru, Mexico and Brazil for a total of 16 years) and as a frequent visitor from a distance. During all these years, I have enjoyed the journalist's enormous privilege of being able to watch history unfold at close quarters and ask questions of many of its protagonists.

*Forgotten Continent* is an attempt to make sense of what I have learned in a more systematic way, drawing on my reporting, especially for *The Economist* (and sometimes on that of colleagues at the newspaper). It was my original intention that the book's narrative would begin around 1980, but it quickly became apparent to me that I would have to start much

further back. That decision was in the spirit of the conversations I had each time I ventured into a country new to me in Latin America. A seemingly simple question about some aspect of contemporary politics would lead within a few minutes to an exposition of the peculiarities of that country's nineteenth-century history. Since history and historical figures are daily invoked by Latin American politicians, I make no apology for having to start the story around 1810, when most Latin American countries began their struggle for independence.

Readers of the first edition will find much that is familiar but much that has changed. In revising the book, my vantage point was Latin America today and the dilemmas the region faces in the post-boom, post-Chavez era. Between 2014 and 2016, I lived once again in Lima, and have included much fresh reporting gathered in that period.



# OFID in the field



# Stability for growth in Nicaragua

OFID supports agriculture productivity, climate change resilience and financial inclusion in Central America.

BY JUSTINE WÜRTZ

OFID has provided a subordinated loan to BANPRO bank of Nicaragua of US\$10 million – which has been matched by the French Development Agency PROPARCO for a total financing of US\$20 million – that will contribute to strengthening BANPRO’s capital structure. The funding will also be used for on-lending to small-and medium-sized enterprises (SMEs).

Although poverty has decreased during the last ten years, Nicaragua remains the second poorest country in Latin America. The Central American country is dependent on agricultural productivity for exports, as well as for food security. But recent extreme weather has brought devastating droughts and floods to the nation of 6 million people.

BANPRO, Nicaragua’s leading bank, is mobilizing private sector financing to help it better support Nicaragua’s food security. About 20 percent of the bank’s portfolio is dedicated to agriculture. This financing is helping small-scale farmers to secure their businesses. More specifically, BANPRO is expected to use three-quarters of the new funds to finance irrigation

projects allowing farmers to combat the effects of severe drought associated with climate change. BANPRO already has an extensive network across Nicaragua that will help promote financial inclusion for the most vulnerable populations living in the country’s most underserved regions (in particular, those along the Atlantic coast).

The long-tenor and nature of the funding supplied helps provide BANPRO with a stable platform for future investment and growth. As a subordinated loan it will also have a multiplier effect by strengthening the Bank’s capital base and so supporting the expansion of its loan book and SME portfolio allocation.

“We’re pleased to support MSME’s and financial inclusion among some of the world’s most vulnerable communities,” says OFID’s Acting Assistant Director-General, Private Sector and Trade Finance Operations Tareq Alnassar. “OFID is fully committed to supporting the United Nations Sustainable Development Goals and this loan agreement contributes to a number of SDG focus areas such as ending poverty, achieving food security and promoting inclusive and sustainable



PHOTO: REUTERS/SWALDO RIVAS

***The 2017 Global Climate Risk Index places Nicaragua fourth on its list of countries most affected by, and most at risk of, climate change. Small-scale and family farmers without the resources to upgrade irrigation and farming methods are the worst hit.***

economic growth, employment and decent work for all.”

The government of Nicaragua is responding to the need to support agriculture by formulating national policies to promote production and output, while targeting sustainable agriculture, water and resource management and improving access to credit. Working together, the public and private sectors have the potential to make significant progress within the 2030 Agenda for Sustainable Development. ■

# PAHO and WHO target biggest killers in the Americas

Efforts to tackle premature mortality in Bolivia, Honduras and Guatemala receive financial boost.

BY DR LILIAN AL-BAZAZ

**N**on-communicable diseases (NCDs) – primarily cardiovascular diseases, cancers, chronic respiratory diseases and diabetes – are responsible for 63 percent of all deaths worldwide and are the biggest killers in the Americas.

## Worrying figures

According to a report\* by the Pan American Health Organization (PAHO) and the World Health Organization (WHO), rates of obesity in the Americas are more than double

the global average: 24.6 percent versus 11.5 percent. This means that the Americas is the most obese region in the world. There is also a gender difference in the region: women are more likely to be obese than men. Rates of physical inactivity in the Americas are also above the global average: 32.4 percent versus 23.3 percent. The Americas also ranks second in alcohol consumption per capita, exceeded only by the European region.

The 2030 Agenda for Sustainable Development recognizes NCDs

as a major challenge for sustainable development and has prioritized dealing with them in the post-2015 development agenda. With this in mind, PAHO has developed a strategy for the prevention and control of NCDs. In late 2016, OFID was approached by PAHO and WHO to contribute to the *Strengthening Country Capacity for the Prevention, Management and Control of Non-communicable Diseases in Latin America* project through a US\$600,000 grant.

## 10 fast facts about non-communicable diseases (NCDs)

- NCDs, primarily cardiovascular diseases, cancers, chronic respiratory diseases and diabetes, are responsible for 63 percent of all deaths worldwide (36 million out of 57 million global deaths).
- 80 percent of NCDs deaths occur in low- and middle-income countries.
- More than 9 million of all deaths attributed to NCDs occur before the age of 60.
- Around the world, NCDs affect women and men almost equally.
- NCDs are preventable through effective interventions that tackle shared risk factors, namely: tobacco use, unhealthy diet, physical inactivity and harmful use of alcohol.
- NCDs force many people into, or entrench them in, poverty due to catastrophic expenditures for treatment. They also have a large impact on undercutting productivity.
- 1.5 billion adults, 20 and older, were overweight in 2008.
- Nearly 43 million children under 5 years old were overweight in 2010.
- Tobacco use kills nearly 6 million people a year. By 2020, this number will increase to 7.5 million, accounting for 10 percent of all deaths.
- Eliminating major risks could prevent most NCDs. If the major risk factors for NCDs were eliminated, around three-quarters of cases of heart disease, stroke and type 2 diabetes would be prevented; and 40 percent of cancer would be prevented.

Source: World Health Organization [www.who.int](http://www.who.int)



PHOTO: IMAGEBROKER/ALAMY STOCK PHOTO

### Reducing premature mortality

In November 2016, PAHO/WHO and OFID entered a two-year agreement for the project, which aims to strengthen health services and the response to NCDs and their risk factors, and establish multi-sectoral policies and mental health surveillance systems. It focuses on achieving a reduction in premature mortality of 25 percent by 2025 in the three key countries – Bolivia, Honduras and Guatemala. Beneficiaries will include the population at large of targeted countries – particularly women and other at-risk groups – who are disproportionately affected by NCDs.

### Project objectives

More specifically, the project's objectives are:

- Improving integrated management of NCDs through the strengthening of health services and systems response to NCDs and their risk factors.

- Strengthening regulatory capacity for NCDs risk factors through activities including establishing multisectoral policies and partnerships for NCDs, their risk factors and mental health.

- Establishing and/or strengthening integrated NCDs, risk factor and mental health monitoring and surveillance.

### Three-country focus

The project activities have focused on three priority countries: Bolivia, Honduras and Guatemala. These three countries were identified as key countries by PAHO's Strategic Plan 2014-2019 following the principles of equity and solidarity, in order to close gaps in the region.

Example activities range from the mental health-related training of head nurses and psychologists and workshops on nutritional labeling, to the purchase of colposcopes to increase the early detection of cervical cancer.



“There is compelling proof that NCDs are a major and growing problem for low- and middle-income countries, and that they consume increasingly greater proportions of health care budgets. NCDs are not simply a by-product of higher

incomes and declining infectious disease rates, but are also a major cause of disability and ill health and the leading cause of preventable and premature mortality in the Americas. NCDs are responsible for significant out-of-pocket health expenditures for individuals and families, as well as substantial health outlays in national budgets...

The impact of NCDs is recognized in the Sustainable Development Goals (SDGs), which include a target of a one-third reduction in premature mortality from NCDs by 2030. Achieving that will require an innovative, health-in-all-policies approach linking global health, efforts to reduce inequity, the world economy, and national development.”

*\* From the Foreword of the Economic Dimensions of Noncommunicable Diseases in Latin America and the Caribbean by the Pan American Health Organization and the World Health Organization.*

# Belize: A road to a better place

Transportation project paves way to improved standard of living for 30,000 Belizeans.

BY SILVIA MATEYKA

**W**ith abundant natural resources and a beautiful Caribbean coastline, Belize's primary economic activities are agriculture and tourism. The country's development potential, however, is limited by an inadequate transportation infrastructure, which hampers the movement of goods and people. The maintenance and rehabilitation of the existing road network infrastructure is being prioritized as a means to improve Belize's competitiveness and regional integration.

Under the grandly-named Golden Stream – Big Falls – Guatemala Border Road Project, OFID has helped finance the rehabilitation of two sections of the Southern Highway – a strategic section of road that serves remote agricultural areas and connects southern parts of Belize to the rest of the country and its border with Guatemala. The project was part of a wider government initiative to rehabilitate the country's primary road network.

More than 30,000 inhabitants of the southern district of Toledo – an area with significant agricultural and tourism potential – may now enjoy the benefits: the newly-paved all-weather road means easier and cheaper links to the commercial centers of the country.

“Before, the rural roads running through the district of Toledo were unpaved, periodically impassable and stopped short of providing navigable vehicular access to Guatemala,” said Arij Senussi, OFID Country

**“The people of Toledo are now benefiting from greater mobility and easier access to social services and employment opportunities.”**

Arij Senussi

Officer for Belize. “The people of Toledo are now benefiting from greater mobility and easier access to social services and employment opportunities,” she added. Additionally, as the road provides a link to the Pan-American Highway, it makes the Toledo district more appealing to tourists, and this provides a welcome source of additional income.

Despite Belize's vibrant tourism industry that contributes around 68 percent to its GDP and 67 percent to employment, almost half of the country's population of approximately 370,000 still lives in poverty. Agriculture, the second largest sector in Belize, accounts for 15 percent of GDP and is crucially important to poverty reduction and improving livelihoods.

Senussi explained that although the road network is substantial, some stretches are in such disrepair from flooding and overuse that the transportation of agricultural goods remains difficult and expensive, thus inhibiting the income-generating efforts of small farmers.

OFID has focused on helping to build transportation capacity in Belize, explained Senussi. To date, the organization has approved over US\$55 million in support of the sector. More than 150,000 people living in Belize have benefited from OFID's financing. All projects have aimed at enhancing the country's road network to improve trade, economic competitiveness and income generation, as well as providing access to social and public health services. ■



PHOTO: MINISTRY OF WORKS, BELIZE



Hugo Roger Martínez Bonilla, Minister of Foreign Affairs, El Salvador and OFID Director-General Mr Suleiman J Al-Herbish.

## El Salvador: A small country with big ideas

El Salvador's Minister of Foreign Affairs **Hugo Roger Martínez Bonilla** recently visited OFID to sign an Agreement for the Encouragement and Protection of Investment (AEPI), which sets the framework for OFID to begin private sector operations in the Central American country. Martínez took time out to answer a few questions about El Salvador, Latin America and development in general.

BY STEVE HUGHES

### OFID and El Salvador

OFID's cooperation with El Salvador began in the late 1970s with the approval of a Balance of Payments loan. In 2011, OFID extended a loan of US\$15 million in support of the El Salvador Agricultural and Rural Development Agenda. Most recently, in September 2016, OFID approved another loan of US\$50 million, also in support of the agricultural sector. OFID has also supported trade facilitation in El Salvador.

### How close is the relationship between El Salvador and its Latin American neighbors?

We have a very intense relationship with the other Latin American countries. This year, El Salvador holds the presidency of the Community of Latin American and Caribbean States (CELAC)\*. El Salvador is involved in around 250 South-South cooperation projects with other Latin American countries.

### What are El Salvador's development priorities?

We have a Five-Year Development Plan that has three priorities: a prosperous, educated and safe country. We want to diversify the energy matrix to bring more and cheaper energy to our homes, but also to factories to lower production costs. Then, we have to prioritize the development of connectivity and infrastructure, which will allow us to be more competitive by moving goods much faster. These investments in energy, infrastructure and connectivity of course lead to the generation of jobs and will improve living ►

*\* The Community of Latin American and Caribbean States (CELAC) was launched in 2011 to deepen Latin American integration and represents a regional political coordination mechanism, which gathers all 33 Latin American and Caribbean countries in the region.*

◀ conditions. In education, we seek to increase the capabilities of our workforce to meet new demands and to contribute to the development of the country.

#### How important is El Salvador's relationship with development finance institutions like OFID?

It is a very important relationship for us because OFID supports projects for micro-, small- and medium-sized companies that not only have to do with the areas I mentioned before, but also with trade. Some [of the supported] projects in the agricultural field are changing the lives of our farmers, making them more competitive and returning to agriculture the importance it once had that we want to recover.

#### Where do you see El Salvador in 10 years?

I see El Salvador as a prosperous country, as a safer country, as a country that is also more educated.



Martínez talks with the OFID Quarterly's Steve Hughes.

That will allow us – even though we are a small country – to compete with and associate with other countries for development. We hope for closer ties with OFID after signing this agreement today. ■

## El Salvador at a glance

Economic growth in El Salvador reached 2.4 percent in 2016. Between 2010 and 2016, growth averaged only 1.9 percent. This performance has made El Salvador the slowest growing economy of Central America in recent years. The country is expected to grow by 2.3 percent in 2017.

According to World Bank data based on national poverty lines, 41 percent of households in El Salvador lived below the poverty line in 2015 including 10 percent that lived below the extreme poverty line. These figures represent an increase in poverty of about 4 percentage points compared to the previous year, driven mainly by an increase in urban poverty resulting from the growing cost of living in the urban areas.

Inequality – measured by the Gini coefficient – declined by about 4 percentage points between 2006 and 2015. This reduction was driven by income growth for the poorest 20 percent, making El Salvador the most equal country in Latin America in 2015 after Uruguay.

Source: [www.worldbank.org/en/country/elsalvador/overview](http://www.worldbank.org/en/country/elsalvador/overview)

# Junior Chamber International World Congress inspires social action

Act together and act now, Kofi Annan tells 4,000 ambitious young people from across the globe

BY FATMA ELZAHRA ELSHHATI

**J**unior Chamber International (JCI) – which gathered recently in Amsterdam for its World Congress – has an ambitious goal: to be *the* organization uniting all sectors of society in support of sustainable communities. With more than one hundred years under its belt and a global membership of over 200,000 – not to mention its 5,000 local and 100 national chapters – it's already a force to be reckoned with.

More than 4,000 young 'Jaycees' from across the globe united under the theme of *We Do 2030!* during the Congress and were encouraged to think creatively and strategically about their role in achieving the United Nations Sustainable Development Goals.

"We inspire young people to become actors in society, rather than spectators," says Arrey Obenson, Secretary General of JCI. "The Congress theme and variety of activities

**The JCI has a global membership of more than 200,000.**

were designed to challenge us to go beyond just words. We want to take concrete action."

Long-time supporter of JCI, former United Nations Secretary General Kofi Annan, made a keynote speech during the Congress. Annan recognized the power of this generation of young people, which, he said, had the potential to change the world. But to do this, he added, "you must act together and act now."



PHOTOS: JCI

Kofi Annan with JCI Secretary-General Arrey Obenson.

Jaycees all over the world have been acting together, providing platforms for grassroots projects. In Sri Lanka, for example, the local JCI chapter launched the 'Teach for Sri Lanka' initiative to improve education for more than 15,000 children who are orphaned or from low-income families. In other regions, initiatives such as 'World Clean-up

Day' – a movement to clean up waste – mobilize JCI's global network to spread their work and messages.

The Congress provided the organization with an opportunity to refresh its strategy and bring together its members and partners. After five days of intensive workshops and activities, Jaycees left with new ideas and networks. ■



**JCI** is a non-profit organization of young active citizens between the ages of 18-40 engaged and committed to creating impact in their communities. In over 120 countries worldwide, 'Jaycees' – as they are referred to in shorthand – are undertaking initiatives to solve challenges in their communities. The organization invests in young leaders to develop their skills in communication, project management and team building.

## OFID workshop: How to fund projects

During the Congress, OFID sponsored a workshop entitled 'How to fund your impact project', introduced by the organization's Communications Officer Fatma Elshhati. Using the Global Youth Empowerment Fund (GYEF) – a partnership between the JCI and the SDG Action Campaign which offers grants, financing and training to youth-led projects and social enterprises – as a case study, the workshop aimed to help young people and local organizations understand how to gain better access to financing.

Participants were encouraged to think critically about their solutions to global challenges. 2015 JCI President Ismail Haznedar and co-founder of the Global Angel Investors Network (GAIN) also participated. GAIN supports young people who address global challenges through social ventures. Haznedar spoke about the power of local initiatives to support global goals.

Petra Ravlic from JCI Zagreb talked about her organization AsyLove, a 2017 GYEF grantee. AsyLove was created in response to the migrant crisis of Croatia in 2015. The organization aims to empower and provide better opportunities for children from refugee and asylum-seeking backgrounds by organising fun and educational activities for them.



OFID's Communication Officer Fatma Elshhati introduces the OFID-sponsored workshop.



PHOTO: SK HASAN ALI/SHUTTERSTOCK.COM

## OFID supports Rohingya refugees

Mass exodus of Rohingyas from Myanmar continues to put people and resources under enormous pressure.

BY ANNA ILARIA-MAYRHOFER

OFID has approved an emergency assistance grant to help fund ongoing humanitarian operations in Bangladesh, where an estimated 20,000 Rohingyas per day are seeking refuge after outbreaks of violence in Rakhine State in Myanmar.

According to the United Nations High Commissioner for Refugees (UNHCR), since the end of August an estimated 646,000 Rohingya refugees have fled to Bangladesh after widespread outbreaks of violence in Rakhine State. A large percentage of the refugees comprise the elderly, pregnant women, children and newborns.

The mass exodus has been fraught with hardship, with long

treks through jungles and mountainous terrain, while contending with monsoon rains and flooding. Some refugees have risked water crossings, waiting up to a month along the shores of the 3 km-wide Naf River, which forms the border between Myanmar and Bangladesh, for a fishing boat to bring them to safety. Out of desperation, some built makeshift rafts and capsized, resulting in injuries and losses of life.

UNHCR is working closely with the Bangladeshi government, which is operating the Kutupalong and Nayapara refugee camps that were already housing over 300,000 refugees before the latest waves of migration. As the camps became

**“A large percentage of the refugees comprise the elderly, pregnant women, children and newborns.”**

seriously overcrowded, numerous makeshift settlements have sprung up, raising the risk of waterborne illnesses such as cholera and diarrhea.

With resources stretched, aid agencies on the ground have been focused on providing water and sanitation services, shelter and food supplies, as well as urgently needed medical care. UNHCR has declared the situation a major emergency and has airlifted massive amounts of aid items including tens of thousands of tarpaulins for shelters, blankets and kitchen utensil sets, and has provided access to water and latrines, as well as medical attention and counseling.

In late October, UNHCR oversaw the construction of an extension to the Kutupalong camp on a 3,000 acre site designated by the government of Bangladesh to reduce overcrowding. The UN agency is also building road networks across vegetation and paddy fields and upgrading

existing tracks to make it easier to deliver supplies and receive new arrivals.

During his visit to the Kut-upalong camp and extension, UN High Commissioner for Refugees Filippo Grandi said: “People have fled unspeakable violence, and their needs are enormous...Despite huge challenges at the beginning, there was a phenomenal outpouring of local generosity and support. International support is also now being stepped up, under the leadership of the government. But these efforts must be accelerated and sustained.”

OFID’s grant comes in response to an appeal from UNHCR. The organization’s relationship with the UN agency spans over 30 years and involves supporting relief operations in Asia and Africa. In this instance, OFID’s US\$400,000 grant will help provide basic needs and services. ■

## OFID and refugees

Since its inception, OFID has supported refugees through its grants facility. In addition to the UNHCR, OFID has for many years cooperated with the UN Relief and Works Agency for Palestinian Refugees in the Near East, and the International Federation of Red Cross and Red Crescent Societies, among others.

In 2016, OFID dedicated its 40th anniversary celebration to activities that highlighted the plight of refugees. This was intended as a mark of solidarity between OFID and the countless numbers of refugees in dire need of aid.

Speaking at an opening event held during the anniversary year, UN High Commissioner Grandi spoke of the continuing cooperation between OFID and UNHCR, and OFID’s practical and leading approach to the complex issue of refugees. “In a year in which, we, in the UN and in the humanitarian community, are looking closely at how to bridge the gap between humanitarian and development programs, OFID is leading the way by tackling humanitarian problems with a development eye,” he said.



# Big data in Beirut

Arab youth explores the power of data to drive development goals for 2030.

BY FATMA ELZAHRA ELSHHATI

Fifty young men and women recently took part in *Visualize 2030*, a five-day ‘data dive’ camp – organised by the Arab Development Portal (ADP) – to share their development-related hopes and dreams for 2030.

The camp was held in Beirut, Lebanon and participants were challenged to produce ‘visions’ for the future of their countries and the region as a whole, inspired by the 2030 Agenda for Sustainable Development and the ensuing 17 Sustainable Development Goals (SDGs).



Visualize 2030 – a five-day data dive camp.

Working in teams, ‘competitors’ received support to use web development, coding, graphic design, animation, statistical analysis and visualization techniques to bring their ideas to life. The teams included, among many others, the ‘Tech Army’ from Algeria, which created a website to help private and public sectors improve industrial productivity, and Iraq’s ‘Brain Mix’, which focused on creating solutions to improve the quality of the Middle Eastern country’s education.

“This was the first regional camp to bring together youth from diverse backgrounds and produce audio-visual products driven by development-related data,” explained ADP Project Manager Farah Choucair. “Together, we were able to address issues such as poverty, unemployment, education, health, ▶

◀ gender equality, peace, diverse societies, food security and sustainable development.”

Lebanon’s aptly-named ‘Super-milk’ team scooped first place by building a website featuring a stop-motion animation about the benefits of breastmilk. Team members Alexandra Irani, Zeina Jamaludine and Joanna Zeenny aim to break down cultural taboos by spreading the word about the economic and social benefits of breastfeeding. Their campaign aims to address United Nations Sustainable Development Goals 2, 3 and 5 (Zero Hunger, Good Health and Wellbeing, and Gender Equality) and promote good nutritional practices for mothers and children.

“The Arab Development Portal is here to give data producers, users and consumers a platform to share and analyse information,” explained Dr Jaafar Al-Mahdi, who attended the event on behalf of OFID and the Arab Coordination Group. “The Arab World needs reliable sources of data and people who are qualified to recognize patterns in them to inform decision makers for a better future.”

Data on development issues in the Arab World can be fragmented, outdated or unreliable. To address these gaps in knowledge, the Arab Coordination Group, in partnership with the United Nations Development Program, launched the ADP initiative to provide accurate and up-to-date information. ADP provides a multi-source bilingual – Arabic and English – online database containing more than 3,500 indicators on 12 development topics with tools for data browsing, extraction and visualization.

Visualize 2030 is part of a series of workshops to help use the ADP and quality data effectively and proactively. A total of 13 specialized workshops have been provided for national statistics offices, academic institutions, journalists and more. ■



## Arab-Hellenic Forum considers new economic realities

Private sector key to sustainable development says OFID Director-General

BY STEVE HUGHES

**T**he 6th Arab-Hellenic Economic Forum, held recently in Athens, attracted ministers and high-ranking government officials, top decision-makers, CEOs and leading representatives from Greece and the Arab world. Among them were OFID Director-General Suleiman J Al-Herbish and Acting Assistant Director-General, Private Sector and Trade Finance Operations Tareq Alnassar, who were both keynote speakers.

Under the theme ‘Greece and the Arab World: Envisioning a Shared Future,’ the Forum explored investment opportunities and incentives, and considered digital and technological advancements and their impact on the ‘new economic realities’ of today. The Forum also focused

on the energy, construction, and maritime and port industries.

Al-Herbish used the opportunity to talk about the importance of the private sector in advancing sustainable development, as well as OFID’s support of micro-, small-, and medium-sized enterprises – businesses that are vital to most economies. He also reminded delegates about OFID’s ongoing efforts to secure universal access to energy services and the importance of the energy-water-food nexus approach to development.

Alnassar explained how OFID’s private sector and trade finance operations (PSTFOD) continues to contribute to sustainable development in the Arab world. He highlighted that PSTFOD has supported 11 Arab countries via 68 transactions,



PHOTOS: ARAB-HELLENIC CHAMBER OF COMMERCE AND DEVELOPMENT

OFID Director-General Suleiman J Al-Herbish (left) and Rashad Mabger, Secretary-General of the Arab-Hellenic Chamber of Commerce and Development.

totaling over US\$1.268 billion, in addition to US\$595 million via risk sharing programs with other international financial institutions. Alnassar also presented some landmark transactions in which OFID has participated that have supported Arab countries and Arab sponsors in their international expansion efforts.

The Arab-Hellenic Chamber of Commerce and Development is a non-profit organization that aims to develop and promote economic and trade relations between Greeks and Arabs in all business sectors, mainly construction, industry, agriculture, energy, technology, tourism and education.

The Arab-Hellenic Chamber works toward developing new joint ventures and partnerships and encouraging the flow of investments between Greece and the Arab World. The Chamber aims to bring the Greek and Arab business communities together, through the exchange of information, experience and know-how. ■



For more information see [www.arabhellenicchamber.gr](http://www.arabhellenicchamber.gr)

## Building Bolivia

OFID Director-General to be honored in recognition of OFID's continued support of Latin American country BY STEVE HUGHES

OFID Director-General Suleiman J Al-Herbish is set to receive two honorary degrees from Bolivian universities in recognition of development financing supplied by OFID that enabled the institutions to expand and offer new careers.

The plan to bestow the awards by the *Amazonic University of Pando*, located in the city of Cobija, and the *University of Beni* in the city of Trinidad, was confirmed as OFID met with the Executive Committee of the Bolivian Universities (CEUB) on a recent appraisal and portfolio mission to the Plurinational State of Bolivia.



PHOTO: OFID/MIGUEL LINARES AND ROMULO MARTINEZ

Hortensia Jiménez, Executive Director of the Bolivian Nuclear Energy Agency (ABEN) with OFID's Miguel Linares (left) and Romulo Martinez.

CEUB Executive Secretary Dr Lucio Eduardo Alvarez Paredes thanked the OFID delegation, comprising of Acting Director of Latin America, Caribbean and Europe Region Miguel Linares and Senior Officer Romulo Martinez, for the support – it is the first time that Bolivian universities have used international development financing for infrastructure and equipment investments. The project helped rehabilitate and modernize five national universities. Thousands of students and lecturers benefited.

Other meetings attended by the delegation included those to review OFID's ongoing operations and portfolio in Bolivia, which includes a US\$20 million highway construction project and a US\$70 million Villa Granado – Tapera Bridge Highway project. The delegation also met with Luis Alberto Echazo Alvarado, ▶

### Bolivia at a glance

Economic growth in Bolivia averaged 4.9 percent between 2004 and 2014. To maintain growth and continued poverty reduction and to improve access to basic services, the government of Bolivia approved the 2016-2020 National Economic and Social Development Plan in early 2016. With this plan, the government aims to maintain growth at an average rate of 5 percent between 2016 and 2020, reducing extreme poverty from 17 percent to 10 percent. This plan includes an extensive public investment program funded in part by savings accumulated during the economic boom, Central Bank of Bolivia loans and external financing.

Source: worldbank.org

### Meetings attended during the mission

- Executive Committee of the Bolivian Universities
- OFID's Ongoing Operations/Bolivia Portfolio Review
- Vice Minister of High Technologies in Energy
- Minister of Environment and Water
- Bolivia Nuclear Energy Agency
- Appraisal Review Meeting for the Santa Cruz – Las Cruces – Buena Vista Road Project
- Meeting with CAF (Development Bank of Latin America)
- National Road Authority
- Minister of Development Planning Meeting with Director of Multilateral Affairs – Ministry of Foreign Affairs

◀ Vice Minister of High Technologies in Energy, to discuss support for energy access, in line with Sustainable Development Goal 7. It is estimated that some 500,000 families in Bolivia still do not have access to electricity. Solar energy is seen as a preferred solution in the South American country, especially since there is the opportunity to capitalize on the lithium reserves of Bolivia's famous Uyuni Salt Flat.

The OFID delegation also met with Carlos Rene Ortuno Yanez, Bolivia's Minister of Environment and Water, to discuss preparations for the implementation of a recently approved dams program. The minister conveyed his appreciation for the support given by OFID to this

program, which is a government priority.

Mariana Prado Noya, Minister of Development Planning, thanked OFID for all the support over the years and is exploring the possibility of issuing a high-level invitation to OFID Director-General Suleiman J Al-Herbish for a visit to Bolivia. If this visit comes to fruition, it will be the first by a serving OFID Director-General.

Cumulatively, since OFID's inception in 1976, the organization has approved more than US\$276 million to support development in Bolivia in sectors including health, education, water and sanitation, energy, agriculture and transport. ■

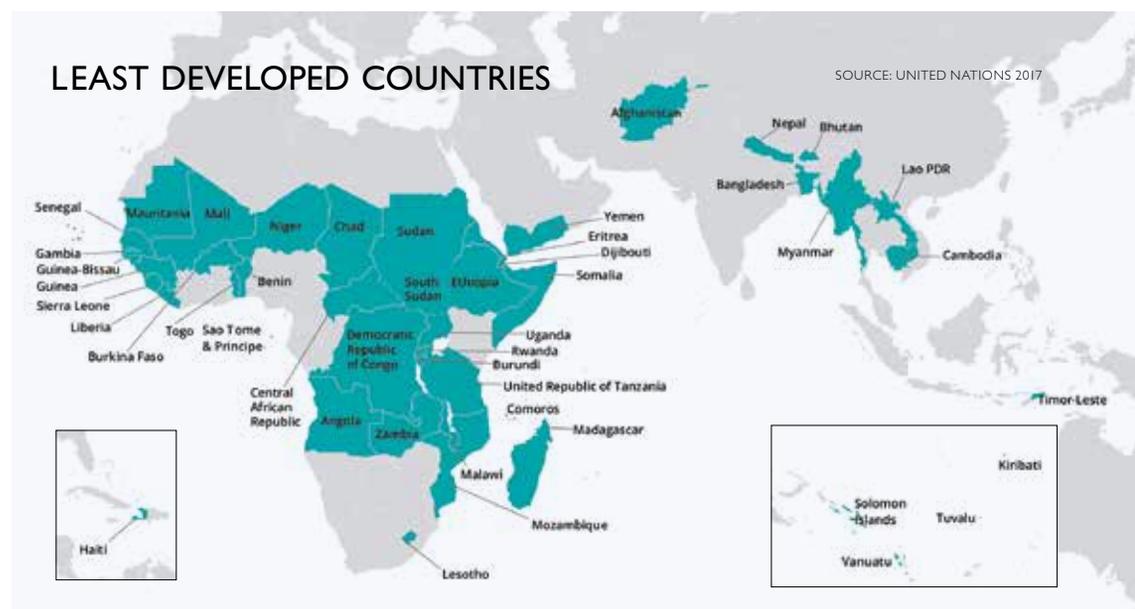
## No country will be left behind, says international community

OFID and others underline commitment to least developed countries (LDCs) at UNIDO ministerial conference.

BY FATMA ELZAHRA ELSHHATI AND ANNA ILARIA-MAYRHOFER

Ministers of the world's least-developed countries (LDCs) gathered with representatives of United Nations organizations, development finance institutions, non-governmental organizations and others recently at the headquarters of the United Nations Industrial Development Organization (UNIDO) in Vienna, Austria.

The meeting – the seventh LDCs Ministerial Conference – was themed around *Building global partnerships: Enhancing growth and inclusiveness in LDCs* with the ultimate aim of supporting sustainable industrial development in LDCs.



## Conference highlights

- Panel sessions and presentations on how to halve the number of LDCs by 2020. Find out more about this in the *United Nations Program of Action for the Least Developed Countries for the Decade 2011-2020*, launched at UNIDO's fourth Ministerial Conference.
- Introduction of a 'flagship report' entitled *State of the LDCs 2017* by the United Nations Office of the High Representative for LDCs, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS).
- Highlighted progress on building capacity and attracting investment in LDCs and called for measures to strengthen cooperation to achieve food security, promote gender equality and develop energy and infrastructure.
- A reaffirmation: "all countries and all stakeholders, acting in collaborative partnerships, should take the bold steps that are urgently needed to accelerate LDCs' path to graduation and pledge that no country will be left behind..."



PHOTO: OFID/ALESANDRA SOLANO

OFID, a long-standing partner of UNIDO, was represented at the conference by its Director-General, Suleiman J Al-Herbish. In his statement, Al-Herbish outlined OFID's commitments to LDCs, which date back to the institution's inception in 1976 and are embedded in its establishment agreement.

### Big commitment

Al-Herbish explained how OFID's commitments to LDCs to date have comprised more than half of the organization's public sector lending and debt relief efforts under the *Heavily Indebted Poor Countries Initiative*. He explained that OFID-funded operations in the Maldives,

Cabo Verde, Samoa, Botswana and Equatorial Guinea (all previously LDCs) totaling some US\$178 million, had helped them "graduate out of their LDC status."

Al-Herbish also commended OFID's long standing partnership

with UNIDO and remarked that both institutions stood at the forefront of poverty eradication efforts, particularly those relating to energy poverty. This 'strategic alliance' was best described, he said, in the words of UNIDO Director-General LI Yong in the foreword he penned for Al-Herbish's book, *Uniting against poverty*.

"Our alliance was forged in our common desire to end energy poverty and it has been strengthened by the common conviction that access to modern energy services is a vital precondition to achieving sustainable development, including the industrialization of developing countries."

## OFID and UNIDO

OFID's grants have supported UNIDO agricultural programs that have helped modernize the value chains of *beles* fruits in northern Ethiopia and fisheries in Colombia, Cuba, the Dominican Republic and Nicaragua. OFID has also supported technology transfer and technical skills schemes to benefit fisheries in Djibouti.



PHOTO: JUNE WINDALAMY

## Georgia gets US\$106.5 million private sector boost

Syndicated loan to Georgia could help speed poverty reduction BY JUSTINE WÜRTZ

**G**eorgia's economy has grown at an average annual rate of 5 percent over the past decade, according to the World Bank. The organization's data shows that poverty declined from 35 percent in 2006 to 21 percent in 2015. However, the pace of poverty reduction has slowed and may continue to slow, and eventually stall, if the recent rate of private sector employment growth were to decline. The country is open to international trade, allows foreign investment and has implemented an impressive privatization plan, according to financial services group Société Générale.

With a keen eye on the importance of private sector growth, OFID recently participated with the Netherlands Development Finance Company (FMO) in a US\$106.5 million syndicated term loan to JSC

**“The financial sector of a country underpins economic stability and growth.”**

*Al-Herbish*

TBC Bank, Georgia (TBC Bank). This is the second loan OFID has extended to the bank, which will use OFID's funds to support international trade finance transactions. The FMO funding enables TBC Bank to further support micro-, small- and medium-sized enterprise financing in Georgia.

“The financial sector of a country underpins economic stability and growth,” said OFID Director-General Suleiman J Al-Herbish. “It is central to poverty reduction and development. OFID is committed to supporting international trade. Channeling funds through financial intermediaries such as TBC Bank furthers our reach and impact when it comes to supporting sustainable development. This loan agreement is in line with our commitment to developing countries across the globe.”

FMO's Chief Investment Officer Linda Broekhuizen said: “FMO is proud to have arranged this groundbreaking syndicated credit line for TBC, bringing new investors to Georgia. It will enable TBC to continue its growth and helps support job creation in the country.”

Vakhtang Butskhrikidze, CEO of TBC Bank, said: “We are proud to have built such a successful relationship with FMO, TBC Bank's long standing partner, as well as OFID and other participants of the syndicate. The size of this funding clearly indicates the success of our previous syndicated loan and our matured partnership. This large facility will help TBC Bank to further strengthen its leading position in the MSME segment.”

Other participants, providing US\$56.5 million in total, include: Symbiotics (through its MSME Bond Platform); Atlantic Forfaitierungs AG; London Forfaiting Company Limited; and undisclosed institutional investors through FMO's syndications platform. ■

# OFID DIARY

## OCTOBER–DECEMBER 2017

### OCTOBER 12-14

#### Public sector loan agreements signed

**Belize.** US\$12 million. To construct a 147m bridge west of Belize City in the economically important Belize District, benefiting around 70,000 people.

**China.** US\$30 million. Xingyi University. To improve access to quality education in Guizhou Province by constructing additional infrastructure at the university. The project is expected to accommodate an additional 3,800 students.

**Lesotho.** US\$14 million. Greater Maseru Water Supply. To build new water transmission lines and other infrastructure in the peri-urban areas of the capital Maseru for the city's growing population. Clean drinking water will be provided to an estimated 120,000 people.

**Mauritania.** US\$18 million. Boulanour Wind Farm. To provide an efficient and cheaper means of producing energy by building a 102MW 39-turbine wind farm, thus helping Mauritania meet its growing domestic demand and producing a surplus for export.

**Nicaragua.** US\$10.5 million. Caribbean Coast Rural Electrification, Phase II. To provide modern energy services to off-grid, remote communities in high-poverty

areas. This will boost development, enhance living standards and promote income-generation for over 33,000 people.

**Sri Lanka.** US\$18 million. Kalu Ganga Development (additional loan). To construct a reservoir to expand available water supplies for household consumption and irrigation, which will in turn boost agricultural yields, improve health indicators and enhance socioeconomic development.

**Swaziland.** US\$14 million. National Referral Hospital. To enhance the efficiency and quality of healthcare services by constructing and equipping a 250-bed hospital, an outpatient clinic and staff housing. The new facility will serve around 1.3 million people.



OFID Director-General Suleiman J Al-Herbish met with Bakhrom Sharipov, Minister of the Silk Industry of Uzbekistan. In appreciation of OFID's support of Uzbekistan, Al-Herbish was presented with a traditional Uzbek robe.

### OCTOBER 13

#### AEPI signed

OFID signed an Agreement for the Encouragement and Protection of Investment (AEPI) with Antigua and Barbuda. The agreement sets out a framework for commencing private sector operations in the country. It was signed by OFID Director-General Suleiman J Al-Herbish and Antigua and Barbuda's Prime Minister Gaston Browne.

### OCTOBER 20

#### Emergency assistance grant approved

**United Nations High Commissioner for Refugees (UNHCR).** US\$400,000. To help fund ongoing humanitarian operations in

Bangladesh, where an estimated 20,000 Rohingyas per day are seeking refuge after outbreaks of violence in Rakhine State in Myanmar.

#### Trade finance agreement signed

**JSC TBC Bank, Georgia (TBC Bank).** OFID signed an agreement to participate in a US\$106.5 million syndicated term loan to TBC Bank, arranged by the Netherlands Development Finance Company (FMO). OFID's participation will specifically support international trade finance projects.

### NOVEMBER 20

**Iranian Red Crescent Society (IRCS).** US\$400,000. To support disaster relief operations for earthquake victims in IR Iran by helping fund purchase of urgently-needed items such as winter-resistant tents, blankets, warm clothing, hygiene sets, ground sheets, tarpaulins and heating equipment.

### DECEMBER 5

#### Emergency assistance grant approved

**Family Counseling and Development Foundation (FCDF).** US\$100,000. To help bolster FCDF's ongoing efforts to address the mental health needs of vulnerable populations in Yemen's Sana'a, Aden, Taiz, Amran and Hajjah governorates.



An official mission from the Province of Cordoba, Argentina met with OFID Director-General Suleiman J Al-Herbish to discuss potential cooperation. *From left to right:* Carlos Gutiérrez, Congressman, President of Bloque por Cordoba (Parliamentary Group); Lucas Reiris Insaurralde, Advisor on Middle East Affairs; Fabian Lopez, Ministry of Environment, Water and Public Services; Juan Schiaretti, Governor; Director-General Al-Herbish; Ricardo Sosa, Ministry of Investments and Financing; Miguel Linares, Acting Director, Department of Public Sector Operations Latin America, the Caribbean and Europe; and Luis Aguilar, Public Sector Operations Officer.

## DECEMBER 12

### 161st session of the Governing Board

#### Public sector project loans approved

**Bangladesh.** US\$30 million. SASEC Road Connectivity (supplementary loan). To promote socio-economic development by facilitating domestic and regional trade in Bangladesh. The project will upgrade part of the Dhaka-Northwest Corridor, the Joydebpur – Chandra – Tangail – Elenga road, to a four-lane highway. Improvements will also be carried out at two land ports at Benapole and Burimari.

**Belize.** US\$40 million. Upgrading of Caracol Road, Phase I. To upgrade a 42.5km stretch that provides the sole link between the George Price Highway and the Caracol Archaeological Site in the Cayo district, an area heavily reliant on agriculture and tourism. The improved road will help ease travel constraints and boost income-generation, helping reduce poverty for 30,000 people.

Some 50,000 people are expected to benefit indirectly from the project.

**Bolivia.** US\$30 million. Santa Cruz – Las Cruces – Buena Vista Road. To provide a bypass for Bolivia's most heavily populated city – Santa Cruz de la Sierra, with circa 1.75 million inhabitants. The planned 81km road will divert heavy traffic between southern towns and the western-located main trade corridors. This will in turn reduce travel time, improve connectivity and help promote local and international trade.

**Burkina Faso Koudougou University Expansion.** US\$16.8 million. To raise the quality of higher education by constructing and equipping facilities. This will include dormitories to accommodate 1,500 students and new teaching, administrative and social facilities. The project will not only provide a better academic environment but also help fulfil the country's need for a more qualified workforce. Approximately 18,500 on-campus students are expected to benefit.

**China.** US\$35 million. Shaanxi Vocational Education. To address a shortage of skilled workers by building a new Chang'an Campus at the Shaanxi Youth Vocational College that will replace two distant facilities. This will provide a market-oriented education for around 9,000 young job-seekers per year. In addition, the project is expected to attract around 6,000 skilled laborers each year seeking further training.

**Djibouti.** US\$14 million. Tadjoura Port Access Road. To connect the Tadjoura port to the Tadjoura-Balho road, which links Djibouti's northern region to the Ethiopian border. Once completed, the anticipated increase in trade levels and overall economic activity will boost socio-economic development and create job opportunities for some 200,000 people living in one of the poorest areas in the country.

**Kyrgyz Republic.** US\$10 million. Issyk-Kul Ring Road (Korumdu-Karakol Section 2N). To upgrade a 116km section of road that serves 17 urban / semi-urban settlements

populated by around 700,000 people. On completion the project will increase access to social services, marketplaces and production centers, thereby opening economic opportunities and improving living conditions.

**Madagascar.** US\$20 million. Inclusive Agriculture Transformation Program (DEFIS). To be implemented in eight high-poverty regions in the south and east-central part of the country, the program aims to boost incomes and food security for around 1.6 million farmers. This will be done through the introduction of high-performing production systems adapted to climate change.

**Nicaragua Rural Roads Development.** US\$30 million. To reduce poverty and promote economic development in rural regions in the north and central part of the country by upgrading over 37km of roads and constructing new bridges. This will facilitate the socio-economic integration of the targeted areas with the rest of the country, benefiting around 100,000 people.



Rafael Mariano Grossi, Ambassador and Permanent Representative of Argentina with OFID Director-General Suleiman J Al-Herbish (left).



Tsogtbaatar Damdin, Minister of Foreign Affairs of Mongolia with OFID Director-General Suleiman J Al-Herbish (left).

**Rwanda.** US\$20 million. Rwanda Sustainable Water Supply and Sanitation Program. Works will include the rehabilitation and extension of water supply networks and construction of sanitation infrastructure in Kigali City and six satellite cities. This project will help reduce waterborne diseases and related healthcare costs, thereby improving living conditions and helping reduce poverty for nearly 1.6 million people in the targeted areas.

**Sri Lanka.** US\$50 million. This amount will support the Technological Education Development Program and will help improve technology disciplines in 337 secondary schools by constructing new buildings and renovating existing ones; creating a maintenance fund; and upgrading / purchasing equipment. A capacity-building component for teachers, education officers and curriculum developers is also planned. Circa 10,000 students per year will benefit from the program, as well as 1,600 administrators and teachers.

**Zambia.** US\$12 million. Enhanced Smallholder Livestock Investment Program (E-SLIP). The program will target key livestock systems of smallholder producers in selected provinces and districts through three main components: animal disease control, livestock production systems and program management. While national in scope, the program will place a strong focus on districts experiencing a high incidence of endemic livestock diseases, thereby reducing poverty for nearly 213,000 smallholders.

**Zimbabwe.** US\$15 million. Smallholder Irrigation Revitalization Program. To reduce rural poverty and enhance food security for 25,000 small-scale, low-income farming households (comprising around 125,000 people) in four rural regions. This will be done by rehabilitating infrastructure, providing related equipment and materials, and delivering training and workshops. The project will also support the development of new irrigation sub-projects at a national level.

**Technical assistance grants approved**

**CODESPA.** US\$200,000. To improve living conditions for women in 23 rural communities in Nicaragua's Jinotega department. This will involve capacity building and providing technical assistance to create and manage five seed banks; establishing and strengthening five community-based women's associations; and outreach activities for the advancement of women's rights at the municipal level, including the establishment of a 'Gender Policy.'

**Energy4Impact.** US\$1 million. To improve the livelihoods of Rwanda's smallholder farmers and support food security by driving up the adoption of small scale solar irrigation (SSSI). Activities will include outreach schemes to raise awareness of the benefits of SSSI; providing training and support to farmers; and working with local banks to implement financing schemes. More than 15,000 people are expected to benefit, including 3,000 farmers and their families.

**Entrepreneurs du monde.** US\$700,000. To enhance access to clean and affordable energy for rural populations in Burkina Faso, the Philippines and Togo with the view to improve living conditions and protect the environment, while bolstering the local economy. This will be done by expanding the range of available energy solutions, focusing on LPG cooking solutions and solar home systems. The proposed project is expected to benefit nearly 55,000 people directly (and benefit almost 250,000 people indirectly).

**International Crops Research Institute for the Semi-Arid Tropics. (ICRISAT).** US\$600,000. To help alleviate rural poverty, improve livelihoods and enhance food security among impoverished smallholder farmers in Bangladesh, India, Lao PDR, Myanmar, Sri Lanka and Vietnam. The project will focus on increasing the productivity and profitability of groundnut cultivation by developing new strains with traits such as drought and disease tolerance and early maturation. ▶



Yves Daccord, Director-General of the International Committee of the Red Cross with OFID Director-General Suleiman J Al-Herbish (left).

◀ Around 15,000 smallholders will directly benefit from the project. 75,000 individuals will benefit indirectly through access to improved groundnut varieties and integrated crop management technologies.

**Institute Pasteur.** US\$1 million. To enable west and central African countries to better identify Multi-Drug Resistant Tuberculosis (TB) cases for treatment with a new drug regimen. Among other activities, the project will carry out capacity building and consolidate a regional network of national TB reference laboratories. Additionally, it will implement an extensive training component to optimize capacity. The project is expected to benefit over 210,000 people diagnosed with TB. Targeted countries will be: Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Congo DR, Djibouti, Guinea, Côte d'Ivoire, Niger, Rwanda, Senegal, Togo, Cabo Verde, Madagascar and Mali.

**International Fund for Agricultural Development (IFAD).**

US\$1 million. To improve the resilience and incomes of around 35,000 smallholders and landless rural producers in the West Bank by enhancing access to agricultural land and water sources, as well as strengthening their resilience to climate variability and change. The project will also help communities increase the production and marketing of agricultural produce and develop micro-enterprises managed by women and youth.

**International Potato Center (CIP).**

US\$400,000. To boost food security and improve nutrition and livelihoods among small-scale farmers by promoting sustainable agriculture systems in Peru and Bolivia. Activities will include implementing 'Farmer Business Schools' to strengthen the entrepreneurial capacities of smallholders. Also planned is a screening program to identify late blight disease-resistant potato species with the view to increase and / or maintain the species' genetic diversity. At least 1,000 farmers are expected to benefit directly from

the project, the results of which will be published in an open source databank, thus potentially benefiting millions of farmers and researchers.

**International Water Association.**

US\$400,000. To ensure safe water supplies and safeguard public health by improving the capacity of African water utilities to boost their resilience to extreme weather events. OFID's grant will target five suburban towns in Burkina Faso, Ethiopia, Ghana, Kenya and Senegal. The project is expected to directly benefit the water utilities companies' staff and at least 100,000 customers in the targeted countries.

**Solar Electric Light Fund.**

US\$500,000. This grant will co-fund two projects. The first will install solar-powered drinking water stations at 21 sites in Benin. It will also establish a local water business at each station and train water operators, benefiting approximately 16,100 people. The second will implement the second year of a two-year vocational training course in Haiti for photovoltaic technicians.

**United Nations Development Programme Assistance to the Palestinian People (UNDP/PAPP).**

US\$1.16 million. To carry out medium-sized development projects in Jerusalem and Gaza. These will include: an extension of the Cancer Department at the Augusta Victoria Hospital in Jerusalem which will enable treatment for around 4,500 patients / year; establishing a center for the visually impaired in the Gaza Strip to treat circa 400 children / year; and installing small-scale desalination units for educational institutions in the Gaza Strip, benefiting some 31,000 students.

**Welfare Association.**

US\$600,000. To improve and sustain the provision of health services in the Gaza Strip against a backdrop of acute and chronic energy shortages. The project will address power supply challenges at seven selected health facilities in Gaza via solar power systems. Approximately 450,000 patients will benefit annually from improved health services.

## Said Aissi 1944-2017

Said Aissi, former Advisor to the OFID Director-General (Policies and Strategies) and one of OFID's longest serving staff members, has died aged 73.

An Algerian national, Aissi joined OFID on November 6, 1980. He was instrumental to the growth and success of the organization. His determination to see OFID succeed was machine-like, and his vision – recognizing the importance of the private sector to sustainable development very early on – was remarkable. He made many close friends while at the organization and won the respect and admiration of many more, inside and outside OFID. He will be greatly missed by his wife and daughter, family and countless friends.

Aissi was born in 1944. He received a degree in Economics, Accountancy and Financial Administration from the University of Sheffield in the UK in 1968. Before joining OFID, he was Head of Audit at Sonatrach, the Algerian national oil company, before becoming Director of Internal Marketing. He also worked at Banque Algérienne de Développement.

One of the main meeting rooms in OFID's Vienna headquarters has been renamed in Said Aissi's honor.



OFID Director-General Suleiman J Al-Herbish (left) considered Said Aissi as a brother.

## Meetings attended by OFID

### OCTOBER 3–5

KUWAIT CITY, KUWAIT  
80th Heads of Operations Coordination Group (CG) Meeting

### OCTOBER 4–5

TOKYO, JAPAN  
4th Innovation for Cool Earth Forum

### OCTOBER 4–7

BOGOTA, COLOMBIA  
2017 One Young World (OYW) Conference

### OCTOBER 13–15

WASHINGTON DC, US  
2017 Annual Meetings of the World Bank Group and the International Monetary Fund

### OCTOBER 19–23

BEIRUT, LEBANON  
Arab Development Portal event Visualize 2030

### OCTOBER 23

VIENNA, AUSTRIA  
2nd Annual Vienna Migration Conference

### OCT 30–NOV 2

RIYADH, SAUDI ARABIA  
1st International Energy Forum Asian Energy Efficiency Knowledge Sharing Framework Forum, Exhibition and Ministerial Meeting

### NOVEMBER 2–3

BEIRUT, LEBANON  
10th annual conference of the Arab Forum for Environment and Development

### NOVEMBER 6–10

WASHINGTON DC, US  
World Bank Law, Justice and Development Week 2017

### NOVEMBER 6–10

AMSTERDAM, THE NETHERLANDS  
Junior Chamber International World Congress

### NOVEMBER 7–9

DUBAI, UAE  
EMEA Institutional Investment Summit

### NOVEMBER 10–13

BONN, GERMANY  
United Nations Climate Change Conference and the 23rd session of the Conference of Parties (COP 23)

### NOVEMBER 13–16

BUENOS AIRES, ARGENTINA  
5th International Water Association Development Congress and Exhibition

### NOVEMBER 14

VIENNA, AUSTRIA  
3rd Conference of Staff Committees/Councils/Unions/Associations of the Vienna-based International Organizations

### NOVEMBER 14–15

ASHGABAT, TURKMENISTAN  
7th Regional Economic Cooperation Conference on Afghanistan (RECCA-VII)

### NOVEMBER 15

VIENNA, AUSTRIA  
International Energy Agency's (IEA) World Energy Outlook (WEO) 2017 Launch

### NOVEMBER 23

VIENNA, AUSTRIA  
UNIDO Least Developed Countries (LDCs) Ministerial Conference 2017

### NOVEMBER 27

VIENNA, AUSTRIA  
9th Arab-Austrian Economic Forum and Exhibition

### NOVEMBER 28–30

ATHENS, GREECE  
6th Arab-Hellenic Economic Forum

### NOVEMBER 29

VIENNA, AUSTRIA  
Annual Observance of the UN International day of Solidarity with the Palestinian People

### DECEMBER 5

VIENNA, AUSTRIA  
Oil and Gas Industry Energy Access Platform Executive Committee Meeting

[www.ofid.org](http://www.ofid.org)

## 161st Session of the Governing Board



**The 161st Session of OFID's Governing Board held in December approved more than US\$454 million of new development funding to benefit developing countries across the globe.**



**Abdul Wahab Al-Bader**  
Governing Board Chairman

OFID's newly-approved public sector loans, which total nearly US\$323 million, will support projects and programs in Bangladesh, Belize, Bolivia, Burkina Faso, China, Djibouti, Kyrgyz Republic, Madagascar, Nicaragua, Rwanda, Sri Lanka, Zambia and Zimbabwe.

Other approvals include 11 grants totaling US\$7.56 million. The grants support the following organizations: CODESPA, Energy4Impact, Entrepreneurs du monde, International Crops Research Institute for the Semi-Arid Tropics, Institute Pasteur, International Fund for Agricultural Development, International Potato Center, International Water Association, Solar Electric Light Fund, United Nations Development Programme

Assistance to the Palestinian People and the Welfare Association.

Under OFID's private sector facility, five financing facilities totaling US\$114 million were approved. Two will help enhance the energy sectors in Armenia and Jordan; two others will support financial institutions in Cambodia and Nicaragua in expanding their lending to micro-, small- and medium-sized enterprises. The facility will also help strengthen the capital base of the Nicaraguan institution. Also approved was a loan to help expand cement production in Pakistan. Under OFID's trade finance operations, US\$10 million was approved to support international trade activities in Turkey.

**Farid Tiaiba**  
Governor, Algeria



**Majed Ali Omran**  
Governor, UAE

**Dulfa Dalila Hernández**  
Governor ad-hoc, Venezuela



**Askolani**  
Governor, Indonesia



OFID Director-General Suleiman J Al-Herbish signs a US\$14 million loan agreement with Martin G Dlamini, Minister of Finance, Swaziland to enhance the efficiency and quality of healthcare services by constructing and equipping a 250-bed hospital, an outpatient clinic and staff housing. The new facility for the National Referral Hospital will serve around 1.3 million people.

## LOAN AND GRANT SIGNATURE PHOTO GALLERY



OFID Director-General Suleiman J Al-Herbish signs a US\$18 million loan with Dr R H S Samaratunga, Secretary of the Ministry of Finance and Mass Media of Sri Lanka, for Kalu Ganga Development (additional loan). This loan will help finance expanded water supplies for consumption and irrigation, which will in turn boost agricultural yields, improve health indicators and enhance socioeconomic development.

OFID Director-General Suleiman J Al-Herbish signs a US\$10.5 million agreement with Ivan Acosta Montalván, Minister of Finance and Public Credit of Nicaragua, for phase two of the Caribbean Coast Rural Electrification project. The project will provide modern energy services to off-grid, remote communities in high-poverty areas, boost development, enhance living standards and promote income generation for over 33,000 people.



OFID Director-General Suleiman J Al-Herbish signs a US\$14 million loan with Dr Moeketsi Majoro, Minister of Finance of Lesotho, for the Greater Maseru Water Supply project. The loan will help provide clean drinking water for an estimated 120,000 people.

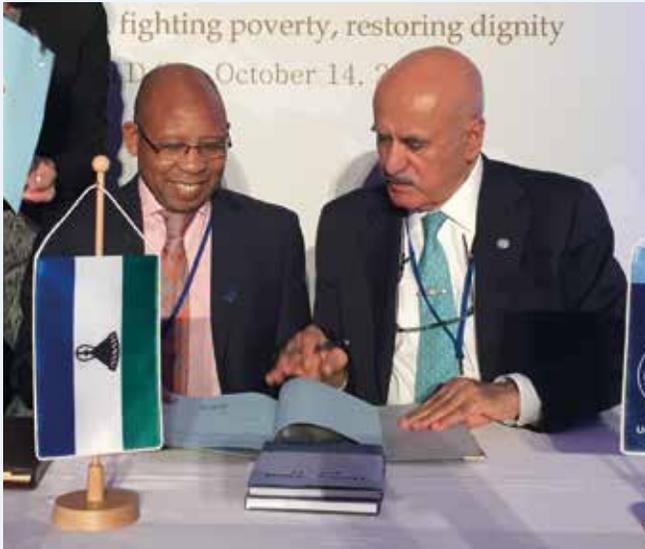


PHOTO: OFID/ABDULLAH ALIPOUR, JEDDI/CARLOS OPITZ



OFID Director-General Suleiman J Al-Herbish signs a grant agreement with Yukiya Amano, Director-General of the International Atomic Energy Agency, to help enhance food security, improve nutrition and promote sustainable agriculture in Bangladesh, Cambodia, Lao PDR, Myanmar, Nepal and Vietnam.

PHOTOS: OFID/ALESANDRA SOLANO

OFID Director-General Suleiman J Al-Herbish signs a US\$18 million loan agreement with El Moctar Ould Djay, Minister of Economy and Finance of Mauritania, to support the Boulanour Wind Farm. The project will help Mauritania meet its growing domestic demand for energy and produce a surplus for export.



OFID Director-General Suleiman J Al-Herbish and Dean Oliver Barrow, Prime Minister and Minister of Finance of Belize, sign a US\$12 million loan agreement to construct a 147m bridge west of Belize City in the economically important Belize District, benefiting around 70,000 people.

## CONFERENCE WATCH

Event: **5th International Water Association Development Congress and Exhibition**

Venue: Buenos Aires, Argentina

Date: November 13–16, 2017

# Waste not, want not

New water report targets SDG 6 as young leaders gather in Argentina to find solutions to growing global challenges.

BY ANNA ILARIA-MAYRHOFER

**O**FID, a longstanding sponsor of the International Water Association (IWA), has supported the production of IWA's *Wastewater Report: The Reuse Opportunity*, which was presented at the recent IWA Development Congress in Buenos Aires, Argentina.

The report aims to illustrate the wastewater challenge and reuse opportunity in eight cities across the globe (see box on page 46) and presents a roadmap for meeting Sustainable Development Goal target 6.3: "By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally."

OFID also sponsored the participation at the Congress of 30 delegates from developing countries in sub-Saharan Africa, Asia, Latin America,

the Caribbean and emerging Europe, as it has done since its partnership with IWA began in 2011.

This year's event was held under the theme *Wastewater as a Resource – Managing Wastewater towards Water-Wise Cities: Innovative Solutions for Engagement, Planning and Investment*. The Congress brought together over 3,000 water professionals from 82 countries.

OFID's Faris Hasan, Director of Strategic Planning and Economic Services, delivered a keynote speech outlining OFID's support of water-related operations, which takes up nearly one-quarter of the organization's total approved commitments of US\$21.3 billion. These approvals support projects ranging from large-scale urban water supply and sanitation infrastructure projects, to the installation of small water treatment devices in poor rural communities, explained Hasan, as well as schemes promoting the rationalization of water use

**OFID's support of water-related operations takes up nearly one-quarter of the organization's approved commitments of US\$21.3 billion.**

and capacity building initiatives targeting water utility companies.

Hasan also spoke of the institution's partnership with the venue's host country Argentina, which began in 2014. OFID has committed US\$100 million to co-fund two projects aimed at improving the quality and quantity of potable water to boost socio-economic development and the living standards of nearly 700,000 people in the Santa Fé and San Juan provinces.

### OFID's focus

OFID places a special emphasis on projects aimed at improving water, sanitation and wastewater services and promoting the sustainable management of resources in water-stressed countries. The organization continues to prioritize underserved regions, particularly in sub-Saharan Africa, where over one-third of the population still lack access to safe and reliable drinking water sources and nearly three-quarters still use unimproved sanitation facilities.





PHOTO: IWA/AYSA

**Faris Hasan, Director of OFID's Strategic Planning and Economic Services Department.**

On the sidelines of the conference, Hasan and Dr Walid Mehalaine, Head of OFID's Grants and Technical Assistance Unit, met with IWA's newly-appointed Executive Director Dr Kala Vairavamoorthy, who thanked OFID for its cooperation and expressed his interest in deepening ties in other areas, such as the energy-water-food nexus.

With an estimated 1.8 billion people in the world relying on unsafe water sources, tackling the challenges of inefficient processing and distribution systems has never been more urgent. According to the IWA, around 80 percent of all wastewater flows back into the environment. This not only has serious repercussions for the environment and public health, but also represents a lost opportunity. There is solid evidence that water reuse can help overcome challenges posed, for example, by growing urbanization, climate change and environmental degradation. ►

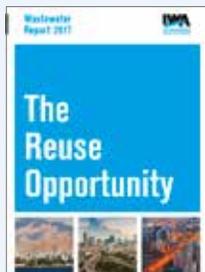
## Conference highlights

The IWA conference was held under the overarching theme of catalyzing transformational change and supporting the transition to new ways of managing water resources and delivering water services. Participants had the opportunity to share knowledge, practical experiences and forge new partnerships to address present and future water and sanitation development challenges.

- One key message and recommendation of the conference was: Utility companies should lead industry-wide and social innovations that extend beyond traditional business models and should require a full-ecosystem and nexus approach. With an estimated US\$112 billion per year needed to meet clean water and sanitation-related SDG targets 6.1 and 6.2, over 80 percent of developing countries lack the funding. In 2014, official development finance to the water sector reached US\$18 billion. The gap could be narrowed by exploring non-traditional funding solutions, such as leveraging private financial resources.
- Tackling water scarcity requires building adaptive water systems and pro-active management, with a focus on long-term preparedness.
- In confronting the challenges of providing water resources for all, water professionals need to redefine the design of urban water and wastewater systems to address resource limitations while taking into account the wellbeing of citizens – and ultimately move from being mere service providers to resource and 'liveability' stewards.
- In light of the high percentage of wastewater that is un- or under-utilized, cities should take the lead in halving this amount through the implementation of re-use and recycle programs.
- Implementing measures such as non-regressive fees and charges through differentiated tariffs or compensation measures for poor households could help provide more equitable access to water and sanitation services.



## OFID-sponsored IWA Wastewater Report



OFID has sponsored the production of the IWA Wastewater Report in recognition that the world, and in particular our partner countries, cannot meet their growing water needs without exploring the enormous resource potential of water reuse and recycling.

- The report aims to illustrate the wastewater challenge and reuse opportunity in eight\* cities across the globe.
- Each city profile provides data on population, amount of treated wastewater, percentage of wastewater reused, greenhouse gas emissions from waste-

water, energy recovery from wastewater and fertilizer recovery from wastewater.

- For each city, the main drivers, priorities and benefits of wastewater reuse are described along with a look at the longer term roadmap for increasing reuse.
- The report aims to inspire other cities to set themselves on a course to realize the full potential of wastewater reuse.

\*Aqaba, Jordan; Bangkok, Thailand; Beijing, China; Chennai, India; Durban, South Africa; Kampala, Uganda; Lima, Peru; Manila, Philippines.

### Crystal clear: Young professionals speak their mind

◀ A collective keynote address from three young IWA Young Water Professionals – whose attendance at the Congress was funded by OFID – provided new thinking and strengthened their positions as emerging thought leaders. The address took place during a plenary session on *Business and Governance Resilience towards achieving the SDGs*. Rianna Gonzalez from the Water and Sewage Authority, Trinidad and Tobago, Suvritha Ramphal from the Royal Danish Embassy, South Africa, and Christian Villa from Metro Pacific Water, Philippines, highlighted many challenges faced by utilities in their respective countries and regions.

One major challenge is that utilities are expected to apply resilient business models that not only meet the needs of conservation programs and climate change forecasts, but also permit sustainable financial returns. In this context, they can no longer be seen as simple providers of drinking water as they are taking on other responsibilities such as protecting the quality of water in the natural environment.

The three young professionals also stressed that since water scarcity will remain a major challenge in 2030, water utilities should from now on adopt a more proactive approach to management that focuses on long-term preparedness to meet the targets of resilient development.



PHOTOS: IWA/AYSA

Christian Villa from Metro Pacific Water, Philippines.

Finally, the young professionals argued that Sustainable Development Goals-related water targets could not be achieved without developing collective resilience: not just as a water sector, but also as a global community. This means fostering far-reaching and synergistic partnerships, including between public and private sector water professionals, as well as with other stakeholders such as community-based organizations. Social innovation is as important as technological and financial support, they said. The keynote speakers also recognized that water professionals, especially the emerging water leaders, need to promote these ideas and approaches and lead efforts toward achieving the SDG targets on water and sanitation.



Faris Hasan, Director of OFID's Strategic Planning and Economic Services Department (fourth from left) with OFID-sponsored young water professionals.



For more information, see [www.iwa-network.org](http://www.iwa-network.org)

Nicolas Langlois and Deniz Harut talk with OFID Quarterly Editor Steve Hughes (left).

## SPOTLIGHT

# Big banks and DFIs: Marriages of convenience?

On a recent visit to OFID, Standard Chartered Banks' Global Head of Trade Distribution **Nicolas Langlois** and Executive Director **Deniz Harut** discussed overcoming new banking challenges, sustainable thinking and supercharging the future for developing countries.

BY STEVE HUGHES

"We have to overcome liquidity issues, too. It's a very competitive environment, and it's an ongoing challenge."

Hence the work that Standard Chartered and other banks are doing with development finance institutions (DFIs). Langlois, who visited OFID recently with his colleague Deniz Harut, Standard Chartered's Executive Director and Head of Public Sector and

Since the financial crisis of 2008, there has been a seismic shift in the banking and trade finance arena. As the world moves towards Basel IV (the reforms proposed by the Basel Committee on Banking Supervision – see box for further information) many changes are afoot. Among such are those related to capital requirements. "They have become far more onerous," says Nicolas Langlois, Global Head of Trade Distribution at

Standard Chartered Bank. "There's more and more pressure on the amount of capital that's required for reserve purposes when we're providing finance."

Providing finance, Langlois explains, is therefore becoming more challenging; especially in developing countries where the amount of capital banks are required to set aside is higher still. "Having partners who can help us with this has become more important," he says.

### Non-standard approach

Standard Chartered earns much of its income and profit by driving investment, trade and the creation of wealth across Asia, Africa and the Middle East. As the only international bank present in all 10 Association of Southeast Asia nations (ASEAN) markets, the bank prides itself on having "a unique understanding of the region and the needs across the markets".

◀ Development Organizations Europe, has led the Trade Distribution team for around two years. Langlois inherited the relationship with OFID that began in 2009, and it's an opportunity he grabbed with both hands: "We've tried to make it bigger. We've increased the size of the program, and this year, utilization is significantly up compared to last year. It's a great success."

But what is this program and how exactly can DFIs like OFID help the giants of the corporate world?

Standard Chartered Banks's Global Head of Trade Distribution Nicolas Langlois (left) and Executive Director Deniz Harut.



## Basel IV: What's next for banks?

*Extract from Basel "IV": What's next for banks? Implications of intermediate results of new regulatory rules for European banks, Global Risk Practice, McKinsey&-Company, April 2017*

Many European banks will face significant capital shortfalls under the so-called Basel "IV" reforms proposed by the Basel Committee on Banking Supervision (BCBS). The current state of the suggested changes (a mix of consultation papers and finalized standards) would rework the approach to risk-weighted assets (RWA) and possibly internal ratings, as well as set regulatory capital floors. According to our analysis, if banks do nothing to mitigate their impact, these rules will require about €120 billion in additional capital, while reducing the banking sector's return on equity by 0.6 percentage points. This is a game changer for the European banking industry.

In our view, the impact of Basel "IV" will be much greater than initially anticipated. Banks will need to raise more capital, and will likely have to take some unconventional measures to comply. The repercussions will vary, depending on banks' geography and business models and will require actions tailored to the individual bank's circumstances. Potential phase-in arrangements are still under discussion (for example, today we foresee a gradual implementation of Basel "IV" rules once finalized from 2021 until 2025). While final rules are still pending, banks should create transparency based on the expected rules, already define mitigating actions, and start implementing "no-regret" measures to appropriately manage the new rules as well as expectations of rating agencies and investors.

Deniz Harut explains: "DFIs are also investors, only more specialized; established with a specific mandate. They are creditworthy, benefiting from capital allocated by member states. It means they can raise large amounts of money on international capital markets and mobilize investments into highly developmental projects. DFIs also have a long history of investing in some of the most challenging markets and sectors and have track records. This makes the development finance community an ideal partner if you would like to operate in similar markets."

OFID's partnership with Standard Chartered began when the two organizations signed a risk sharing agreement to help boost trade financing to emerging and developing countries, which had declined as a consequence of the financial crisis. The agreement provided for a US\$500 million facility, equally shared by the two institutions, which aimed to generate an estimated incremental trade of US\$2 billion annually. In 2014, the program was increased to US\$1.5 billion to support up to a US\$5 billion of incremental trade per annum. Under the facility, OFID partially guarantees trade finance instruments issued by banks in developing countries to support the transactions of local businesses and corporations, while Standard Chartered acts as originator.

In practical terms, Langlois explains, the risk sharing agreement provides clarity to people who are originating the transactions on the frontline: "It creates awareness and confidence that they can go to their clients and do more business. They know that they'll be able to overcome limitations from a credit perspective. Limits are pre-agreed as the facility is already in place."

"The unique feature of the program with OFID is the breadth of the geographic support," Langlois continues. "It covers all the way from the Americas to South East Asia to China. The support of a DFI like OFID allows us to go deeper into countries where we may have previously reached origination capacity because of credit or capital constraints."

"For us, trade financing is really core," Langlois says. "That's our foundation – we're a trade finance bank, and everything we do is on the back of supporting commercial transactions and commerce, domestically or across borders. And when it comes to developing countries, that's where financing is required to amplify growth and support the real economy, which is about the movement of goods and services. The gap that exists currently between the needs in those countries and the ability of financial institutions to provide finance is very large and difficult to close. So we need help."

But don't big corporate banks and DFIs have different interests? The former, presumably, prioritizes profits, while the latter is just as interested in development goals, if not more so. It's not as clear-cut as that, says Deniz Harut. "DFIs make sure that both sides of the conversation (policy dialogue and private sector needs) are more in line," she says. "No other institution or setup would be able to do that, but DFIs. And since the announcement of the [United Nations] Sustainable Development Goals, there is more understanding and appreciation of the

**"The gap that exists currently between the needs in those countries and the ability of financial institutions to provide finance is very large and difficult to close. So we need help."**

needs in developing countries. Obviously, there's a financial outcome that we all expect, but interests are more aligned.

"I think historically, commercial banks have relied on DFIs only to help reduce risks but there's plenty of opportunity to do more," continues Harut. "Broadening the scope and efficiency of the work we do together is important now. We could structure portfolios better when it comes to sustainability around renewable energy, women in leadership and more. We have to be serious about achieving sustainable goals so

that we offer better opportunities to the people of developing countries and fuel prosperity and growth."

Langlois agrees: "We need to work together to overcome the challenges of sustainable agriculture, sustainable supply chain finance. We should also work closely with the regulators and rating agencies, so that the structures we believe are viable solutions in the developing world are understood better. This will help us attract more capital into emerging markets; it would be a supercharged way of supporting development, going forward." ■

## The 24-hour challenge: Can the Dominican Republic keep the lights on?

Giant wiry webs of illegal electricity connections and old infrastructure are slowly disappearing as a new initiative takes effect. BY MERY MOGOLLÓN

In the Dominican Republic, where large sectors of the population suffer the consequences of constant interruptions in electric power, authorities have accepted the challenge of supplying the public with 24 hours of continuous electricity, with financing help from international sources.

"Improving the electricity system directly impacts our efficiency, productivity, the pulse of productive sectors and the quality of life of our citizens," says Rubén Jiménez Bichara, Executive Vice President of the Dominican Corporation of State Electric Companies, known by its Spanish initials CDEEE.

With an area of 49,000 square kilometers, the Dominican Republic occupies two thirds of Hispaniola



PHOTO: OFID/MERY MOGOLLÓN/NELSON PULIDO

island, which it shares with Haiti. According to the 2011 census, the republic's population totals around 10 million, 70 percent of which is concentrated in urban zones, especially in poor neighborhoods.

For decades, economic development has been limited by the inefficiencies of the electricity sector. Despite the officially installed capacity of 3,238 megawatts (80 percent of which is powered by fossil fuels), real generation is estimated to be only 2,414 MW. The electricity distribution network covers more than 95 percent of the country, but blackouts occur almost daily and usually last for more than 10 hours.

Customer dissatisfaction and the relatively high price of electricity have created incentives for people ▶

◀ in private homes, as well as businesses, to make illegal connections to the network as a way of avoiding electric bills. But there are no real winners, since illegal connections mean big losses for the nation as a whole, which ultimately owns the network.

In 2009, the government initiated a strategy to reduce losses in the electricity sector and to improve people's quality of life: the sensibly-named Program for the Rehabilitation of Electricity Distribution and Reduction of Losses. The initiative is co-financed by the government, the International Bank for Reconstruction and Development (IBRD), the Inter-American Development Bank (IDB) and OFID, within the organization's 'Energy for the Poor' initiative.

Improvements are already evident. According to CDEEE statistics, 60 percent of customers of the National Interconnected Electric System (SENI) now enjoy electricity 24 hours a day, thanks to the first phase of the program. The second phase aims to cover half a million customers who currently have illegal connections.

"With two tranches of financing, OFID has helped rehabilitate 600km of the distribution network and 150,000 clients have been normalized, which favorably impacts the



PHOTO: OFID/MERY MOGOLLÓN/NELSON RUILOO

Rubén Jiménez Bichara, Executive Vice President of CDEEE.

objective of reducing poverty and increasing quality of life, because customers then enjoy 24 hours of continuous electricity," says Jiménez Bichara.

According to the country's Electricity Superintendent, the total number of electric power customers increased to 2.172 million in 2016 from 1.383 million in 2009 – this represents an increase of 789,000 or 36.6 percent since the start of the project.

Improvements in the distribution network are not only visible in poor barrios – where giant wiry webs of illegal connections and old infrastructure are slowly disappearing as new infrastructure,

**Improvements are already evident. According to CDEEE statistics, 60 percent of customers of the National Interconnected Electric System (SENI) now enjoy electricity 24 hours a day.**

including meters, are installed in every household and business – but also in key financial indicators such as the Cash Recovery Index (CRI). The CRI measures how much energy purchased by distributors is paid for by final consumers. The Dominican Republic has one of the lowest CRI ratings in the world, but it improved to more than 66 percent in 2016 from 45 percent in 2004. "The goal is to accelerate reduced losses by an average of 2.8 percentage points each year until we arrive at 20 percent in 2020," Jiménez Bichara explains.

At the same time, there has been a change in the mentality of end consumers of energy, thanks to the work of more than 80 social managers in charge of two other project objectives: communicating rules to communities, and monitoring and evaluating the advances.

At a meeting of communities in the La Esperanza sector in Valverde province, Claribel Brito, resident of the La Herradura barrio, expressed her view: "We became accustomed to not paying for electricity, but now we know that we have to change to obtain good service all day, all year without blackouts, fires or darkness."

Once the rehabilitation program completes its second stage, Dominican authorities hope to take the next step: increasing power capacity over three years by 1,315 MW making the promise of 24-hour electricity sustainable. ■

## AT A GLANCE

### LOCATION

The Dominican Republic occupies the eastern two-thirds of the island of Hispaniola, which it shares with the Republic of Haiti. Located in the heart of the Caribbean, it is surrounded by the Atlantic Ocean to the north and to the south by the Caribbean Sea.

**CAPITAL CITY** Santo Domingo.

**LANGUAGE** Spanish.

### CURRENCY

The Dominican Peso (RD\$).

### CLIMATE

Tropical climate all year round, with average temperatures ranging from 19° to 34° C.

### ECONOMY

The Dominican Republic's economic growth has been one of the strongest in the LAC region over the past 25 years. In the first quarter of 2017, the economy expanded by 5.2 percent, following yearly average growth of 7.1 percent between 2014-16. This contrasted sharply with that of the average 1.4 percent contraction for the LAC region in 2016.

Sources: *worldbank.org* and Dominican Republic Tourism Ministry



### Mery Mogollón

A freelance writer and journalist with broad experience in business, economics and energy issues,

Mery is currently the Caracas-based correspondent of *The Los Angeles Times* newspaper. Prior to her current position, she was a news reporter for leading Venezuelan newspapers. Additionally, she is a columnist for several Venezuelan and international publications.

# PERSPECTIVES



PHOTOS: WWW.MARTYNHICKS.COM

## Colombia hosts One Young World Summit

OFID sponsors the attendance of young delegates from partner countries, giving voice to the many challenges faced by the developing world.

BY REEM ALJARBOU AND DR RANYA NEHMEH

**O**ne Young World (OYW), a charity founded in 2009, gathers together the brightest young talent from around the world and provides a global platform for future leadership, regardless of sector, industry or nationality. The OYW community is made up of representatives from nearly 200 countries and features partnerships with more than 200 companies, organizations and government agencies.

In recent years, OYW has become one of the world's most internationally active alumni

networks that drives impact on the ground through OYW ambassadors – people aged between 18 and 30 who have demonstrated leadership and a commitment to effecting positive change. Many have already impacted their home countries on a range of issues, including the role of business in society, transparency in business and government, the impact of climate change and global health and hunger relief.

OFID has supported OYW since its inception and is a key founding partner. The organization helps delegates attend from otherwise ▶



The Summit was opened by Colombian President and Nobel Peace Prize winner Juan Manuel Santos.

◀ non-represented or under-represented nations, ensuring their voices are heard on the global stage. To date OFID has sponsored 132 young delegates from 78 countries.

This year's Summit was held in Bogota, Colombia – a Latin America location for the first time. The opening ceremony was attended by three Nobel Peace Laureates: Tawakkol Karman, the Yemeni human rights activist and founder of Women Journalists Without Chains; and returning OYW counsellors Kofi Annan, former United Nations Secretary-General, and Professor



Muhammad Yunus, the Bangladeshi social entrepreneur and economist. The Summit was opened by the Colombian President and Nobel Peace Prize winner Juan Manuel Santos. In advance of the annual Summit, OYW commissions extensive global research based on pre-agreed topics and themes. The Summit then provides the opportunity to debate, formulate and create innovative solutions for some of the world's most demanding issues.

**Tawakkol Karman,**  
Nobel Peace Laureate

## Highlights of the plenary sessions

Over four days, the Summit was addressed by global political, business, social, sports and entertainment leaders. Plenary sessions focused on leadership and government, education, poverty alleviation and economic development. The 2017 topics were arrived at following a year-long consultation process with ambassadors and incoming delegates. Three highlights of the plenary sessions are outlined below...

### Jobs of the future

This session focused on robots and their implications for society and employment. Research shows that a large percentage of jobs will be lost to automation within the next 15 years. The session highlighted that education was not keeping pace with technological advances. Entrepreneurship is seen as key for job creation, yet 60 percent of OYW ambassadors did not learn entrepreneurial or financial management in university. Debate focused on how education continues to be the only true tool for sustainable economic growth. Additionally, advances in technology can provide equal access to education in some of the poorest parts of the world. Half of OYW ambassadors believe that current education systems do not practically

prepare people for today's jobs. Discussions addressed redesigning education systems to adapt to market demands. The session recognized that many children entering primary school today will no doubt work in occupations we have never heard of.

### How can we innovate out of poverty?

Delegates focused on Sustainable Development Goal 1: the commitment to end poverty in all its forms everywhere by 2030. Although progress has been made in the last five years, with around 800 million people still living on less than US\$1.90 a day, the complete elimination of poverty requires additional efforts by governments and organizations worldwide, and new approaches. Many delegates shared views about how education and entrepreneurship provide the potential to alleviate poverty.

### Conflicts and healing

A OYW survey found that more than half of its 2,000 respondents said they had experienced conflict during their lifetime, and 60 percent lived in fear of terrorism in their country. Colombia, host of the 2017 OYW Summit, was discussed as providing a model for healing, following the historic signing of a ceasefire which ended 52 years of conflict. Many Colombians present discussed their history and the situation today.

## OFID sponsored the attendance of 20 delegates at this year's One Young World Summit. Here, some of the young leaders share their stories...

INTERVIEWS AND PHOTOGRAPHS BY NADIA BENAMARA

**Bonita Sharma (25) from Nepal is a member of the Social Change Makers and Innovators (SOCHAI) youth network. She is currently pursuing her Master's in Food and Nutrition.**

"Sangita – a mother I met in rural Nepal – fed her two month old son cashew nuts in the hope of giving him the best nutrition. She didn't know he shouldn't be fed solid food during the first six months of his life. The cashew got stuck in her son's throat and he died. There are many thousands of mothers like Sangita in Nepal.

We created these colorful bracelets to help people recall and implement proper nutritional practices. Each bead has a specific meaning. The numbers correspond to a child's age, ranging from six, nine, 12 to 24 months. The colors indicate the type of food the child should be given. White, for example, is for breast milk. After six months, we add four different colors to the mix. Brown represents cereals, yellow is for proteins, green for vegetables and fruits and blue is for animal sources like fish, meat and eggs. We also provide each mother with an information card detailing the feeding patterns she should be following.

I came to OYW wanting to connect with other young leaders; to carry my message to people who could support my cause. But OYW counsellor Muhammed Yunus encouraged me to think bigger. He said: 'We are not job seekers; we are job creators.'

Now I want to find a way to involve young women and mothers in actually making the bracelets so that I can also help them find a way out of poverty."



**Desmond Atanga (25) from Cameroon is founder of Deserve, a youth-led organization that promotes the sexual and reproductive health of women and youths.**

"Two of my teenage nieces nearly died from early, unwanted pregnancies and subsequently dropped out of school. I started asking questions about my society as a result and discovered that the majority of adolescents in Cameroon do not have access to comprehensive sexual and reproductive health information.

Health and education are fundamental to the development of any society, and I'm passionate about using my academic and professional background to promote them in every way possible.

Deserve is raising awareness and helping empower tens of thousands of youths through hands-on activities and workshops. We're also working with government officials to implement comprehensive sexual education in secondary schools.

Last August, I traveled to Denmark to work on a start-up that aims to solve the long-standing proliferation of counterfeit drugs in Africa. Every year, more than 120,000 children die due to fake anti-Malaria drugs. This is another crucial issue we must tackle if we are to meet the Sustainable Development Goals."



**Zineb Chekraoui (18) from Morocco is founder of the Moroccan Heritage Exchange.**

“We focus on women co-ops and small businesses in rural Morocco, offering workshops on basic operations, accounting and product development to help women grow their business. We also provide micro-credit. These rural areas are full of potential but women often lack the education and funds to start a tangible venture. That’s where we come in.

OFID’s sponsorship to attend OYW has already opened so many doors. I met like-minded individuals from diverse fields who are willing to help and advise me. I had no idea there were so many opportunities out there and I’m eager to get back to work.”

**Towfique Ahmad Khan (27) from Bangladesh is founder and President of the South Asian Youth Society (SAYS).**

“Traditional learning falls short of equipping students with the knowledge they need to thrive in a globalized world. If young girls – who make up half the population of South Asia – aren’t part of the current digital revolution, we’ll be leaving precious, important minds behind.

We spearheaded Girls for Global Goals as well as the Sustainable Development Olympiad in 2016. These two initiatives aim to enhance the leadership and technology capacity of girls in Bangladesh by improving access to education and economic opportunities, and connecting them to the process of championing the Sustainable Development Goals.”



**Happy Arnold (26) from Malawi is the co-founder of Youth in Agriculture for Economic Development (YAED).**

“One of our projects is called Harvesting Oil from Soya. We give youths soya bean seeds and train them to produce, process and package soya; engaging them across the whole value chain.

We’re also working on a project to root out malnutrition among women and children. We’ve trained about 1,000 women to produce flour and food from the orange-fleshed sweet potato – which can improve the intake of vitamin A – and to sell their surplus at market.

Being able to attend OYW is such an honor. I’m trying to meet as many different people as I can; to explore different opportunities and hear what youths in other countries are doing. Poverty shouldn’t determine the cause of death among children, youth, women or anybody. Everyone should stand up and do something.”



**Schandorf Adu Bright (29) from Ghana is Director of Farmer Services at Farmerline.**

“My parents were Cassava farmers in rural Ghana. I saw how they struggled to grow and sell their produce at market every year. Once I was able to attend university, I explored how lack of access to timely information, markets and services impacted smallholder farmers like my parents. I became committed to helping them adopt new technologies.



Farmerline is a socio-enterprise that enables smallholder farmers to access weather forecasts, market pricing and new farming techniques in multiple local languages via mobile phones. We’ve reached approximately 200,000 farmers in 10 African countries with our proprietary technology. We also provide corporate customers with farm mapping, farmer profiling, certification audits and traceability services.

Our business model is innovative in that we employ talented local youth to create software from scratch and license it to sustainable food brands to generate revenue. We hope to scale-up production and create additional technologies that will continue to raise smallholder farmer yields and income.”

**Paula Porras (28) from Colombia is the co-founder of storytelling project PeaceLabs and the educational platform Educacionenpaz.**

“All my life, I’ve been surrounded by news of violence, crime, hatred. My country’s been fighting a war for 60 years but we have daily violence, too. It’s killing many children, women and men. That’s why I’m passionate about building peace here in Colombia.



The non-profit organization I work for teaches conflict management to children and young people, giving them the tools to avoid falling into this cycle of violence. We run workshops and get them involved in playful activities to teach them about diversity, inclusion, empowerment and leadership. We want to help them become superheroes of peace in their communities.

OYW means the world to me right now because I’ve met so many amazing people from so many different places who are overcoming so much with love and forgiveness. Their stories and their projects make me want to work harder to bring about peace throughout Latin America.”

## MEMBER STATES FOCUS

# UNDP solar power project in Libya helps save lives

BY NADIA BENAMARA

Solar energy systems installed by the United Nations Development Program (UNDP) in Libya are providing nine hospitals in Tripoli, Sebha and Benghazi with an uninterrupted power supply for critical health services.

Delivery of basic services has been an ongoing challenge in the country with power cuts lasting as long as 48 hours in recent years.

“In the middle of a surgical procedure, the power used to go off and the doctor had to stop the operation until the generator was turned on, putting the patient’s life at risk,” said Dr Said Al-Megrahi, Head of Medical Affairs at Al-Kwayfia Hospital in Benghazi. “The irregular electrical currents also damaged our machines and really affected our ability to help our patients.”

UNDP Libya’s new solar power installations consist of two main sub-systems – solar rooftop panels to produce electricity, and high capacity batteries to store the energy and ensure a stable supply.

“The solar power system means a stable electricity supply; just what we need to continue our work,” said Al-Megrahi. “Doctors won’t have to stop an operation because the power won’t go off. Equipment such as the ventilators and the anaesthetic machine won’t be damaged.”

Al-Kwayfia Hospital Director Dr Anas Albargathi pointed out



PHOTO: UNDP LIBYA

additional benefits. “We were thrilled to have this new energy system installed in our hospital,” he said. “It will not only provide us with a long-term energy solution, but will also help us financially in the short-term by reducing our annual electricity bill.”

UNDP Libya is currently supporting the installation of solar systems for five additional hospitals,

as well as innovative solar street lights for the main airport road in Benghazi, according to UNDP Country Director Noura Hamladji.

The initiative is part of a broader UNDP Stabilization Facility for Libya. Launched in 2016, it aims to fill key gaps between humanitarian relief and sustainable, democratic development. ■

Solar panels provide a stable, clean and reliable energy supply.

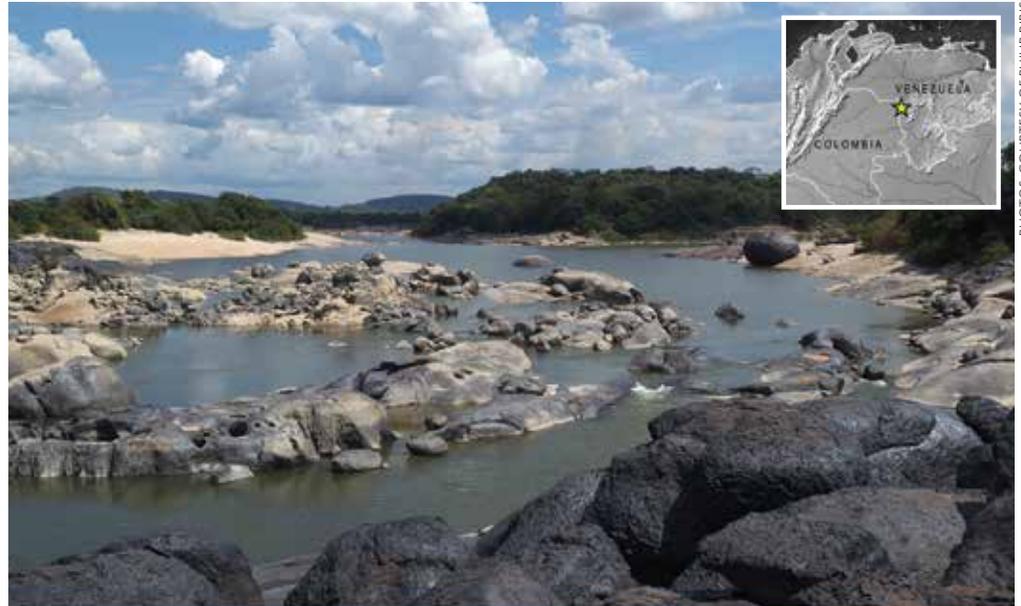
# Venezuela's engraved rocks: a new clue to ancient lives?

BY NADIA BENAMARA

**R**ock engravings (petroglyphs) located in southwestern Venezuela are among the largest on record anywhere in the world. Newly documented by researchers from University College London (UCL), the engravings are thought to date back up to 2,000 years and provide fresh insight into indigenous life in the region.

Eight groups of engraved rock art, including depictions of animals, humans and cultural rituals, were mapped on five islands within the frequently-flooded Atures Rapids (Raudales de Atures) area of the Orinoco River in Amazonas state.

Drone technology enabled researchers to capture and detail engravings that were otherwise too large or inaccessible to capture. Historically low water levels helped expose some engravings that were previously undiscovered.



The Atures Rapids, where the rock art was discovered.

The largest panel covers 304 square meters of rock and contains at least 93 individual engravings. One image of a horned snake measures more than 30 meters in length. Another noteworthy panel includes

the figure of a flute player surrounded by other human shapes.

Researchers speculate that this depiction may have been part of an indigenous rite of renewal coinciding with the cyclical emergence of the engravings from the river, just before the onset of wet seasons.

The new findings provide a snapshot into ancient lives, according to Dr Philip Riris, lead author of a UCL study published in the December issue of *Antiquity* magazine.

“While painted rock art is mainly associated with remote funerary rites, these engravings are embedded in the everyday – how people lived and traveled in the region, the importance of aquatic resources and the seasonal rhythmic rising and falling of the waters,” said Riris in a UCL news release.

The Orinoco River stretches over 2,200km from its source in Venezuela’s Sierra Parima Mountains to its mouth on the Atlantic Ocean, ▶



Aerial perspective of east panel at Picture (with interpretative overlay).

◀ traversing biodiverse habitats and shaping the history of more than 26 indigenous peoples.

Atures Rapids, long known as a cultural crossroads, has been the subject of archaeological research for over half a century, but UCL's study is the first to reveal the extent and depth of connections to other areas of northern South America, including Brazil and Colombia, over the course of two millennia.

Riris stipulates that while none of the rock art has been directly dated, there are clear links between its content and culturally significant

beliefs across the pre-Columbian and Colonial periods.

"Their similarity and recurrence along and within waterways suggest that the people responsible for their production shared enduring norms on how to make use of engraved iconography to imbue the landscape with meaning," writes Riris.

He concludes that: "The diversity of motifs in the sample underscores the centrality of the Middle Orinoco landscape in mediating cultural contact between several regions...It is undoubtedly the work of multiple authors working in sig-

**"It is undoubtedly the work of multiple authors..."**

nificantly different cultural milieu and conditions."

Researchers are hopeful that their continued study of the rock art can help them better understand the organization, migration patterns and interactions among the region's pre-Columbian populations.

UCL's four-year study was funded by the Leverhulme Trust. Fieldwork in Venezuela was made possible by support from the *Instituto Venezolano de Investigaciones Cientificas* and Juan Carlos Garcia in Puerto Ayacucho, Venezuela.

## OFID grants emergency aid to earthquake victims in Iran

BY NADIA BENAMARA

OFID channeled US\$400,000 in emergency aid to the Iranian Red Crescent Society (IRCS) following a magnitude 7.3 earthquake that struck Iran's western border with Iraq. The November 12 earthquake was the deadliest of 2017, killing 530 people and injuring another 8,000.

Thousands of homes suffered damage or were destroyed, leaving more than 70,000 people in need of emergency shelter. First response teams deployed by IRCS provided immediate rescue and relief services to affected cities.

OFID's grant is supporting IRCS operations in Iran's hardest-hit city, Kermanshah, where more than 400 aftershocks have been registered. The funding helped secure urgently-needed supplies, such as winter-resistant tents, blankets, warm clothing, hygiene sets, ground sheets, tarpaulins and heating equipment.

**Thousands of homes suffered damage or were destroyed.**

Signing the grant on November 20, OFID Director-General Suleiman J Al-Herbish said: "We stand with the government and people of the Islamic Republic of Iran at this troubled time. This grant is a gesture of

our solidarity with those affected by the devastation."

IRCS is Iran's largest relief organization. Founded in 1922, it provides a broad range of health services across the country, while also focusing on emergency relief in response to man-made or natural disasters at home as well as abroad.

OFID has bolstered IRCS emergency efforts in Iran with two prior grants, totaling just under US\$1 million, in the wake of the 2003 and 2005 earthquakes.



PHOTO: REUTERS/AKO RASHEED

OPEC



PHOTOS: OLE JØRGEN BRATLAND/STATOIL

## Oil and gas industry enhances collaborative actions to tackle climate change

The Secretary General of OPEC, Mohammad Sanusi Barkindo, was invited to provide OPEC's perspective at a CEO event hosted by the Oil and Gas Climate Initiative (OGCI). The initiative was launched in 2014 by 10 oil and gas industry leaders collaborating to help realize the energy transition and contribute to tackling climate change.

COURTESY OF THE OPEC BULLETIN

The OGCI is a voluntary, CEO-led initiative which aims to lead the industry response to climate change, by pooling expert knowledge in the oil and gas industry and collaborate on action to reduce greenhouse gas emissions.

In collaboration with the World Economic Forum, OGCI has held multi-stakeholder sessions around the world to understand concerns and criticisms and share its own thoughts.

The OGCI CEO event, consisting primarily of panel discussions with top leaders in the oil and gas industry, was held on October 27 in London. It was the third such event and the first in which

outside stakeholders were invited to contribute.

The panel session, made up of 17 members, included the CEOs of major oil and gas companies belonging to OGCI, the UK Minister of State for Climate Change and Industry, Claire Perry, along with leading representatives of the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), Sustainable Energy for All (SEforALL), the International Union for Conservation of Nature (IUCN), and OPEC. Panel members were invited by the moderator to answer questions directed specifically to them.

The panel speakers generally showed a strong interest in matters

**The event explored new business models and technologies to address climate change.**

relating to investment, R&D, energy efficiency improvements, carbon capture and storage, and methane emissions. The event focused on actions undertaken collaboratively by the oil and gas industry, with the objective of exploring new business models and technologies in order to address climate change.

### **Commendable corporate action**

During the event, the OPEC Secretary General commended the actions taken by industry leaders on a subject close to his heart. He stated he has been involved with COP talks since the first Conference of Parties (COP) in Berlin in 1995, chaired by Angela Merkel. Drawing on the experience of 20 years of climate ►

◀ change negotiations, he stated that the Paris Agreement offers a new landscape that incorporates matters related to technology, which is expected to play a key role in dealing with climate change issues and the energy transition.

### Accelerating technology developments

He stated that OPEC welcomes the initiatives being undertaken by the OGCI and the leading role the group has taken on the very important issue of collaboratively advancing technological solutions to tackle climate change. OPEC is fully engaged and supportive of the Paris Agreement and ready to stand shoulder-to-shoulder to find a global solution to climate change.

Barkindo also applauded the OGCI's Climate Investments initiative, which was formed last November. He added that an investment of US\$1 billion over the next decade will do much to accelerate the development of innovative technologies to reduce greenhouse gas emissions on a large scale. The fund invests in promising technologies and business models that have the potential to significantly reduce greenhouse gas emissions. The Initiative is building a network of partners and co-investors in key sectors to leverage the expertise of this global network.

### The Paris Agreement

The Secretary General outlined the important issues facing the implementation of the Paris Agreement, which was ratified one year ago on November 4, 2016, including the development of technology to reduce greenhouse gas emissions, financing for developing countries in order for them to implement their mitigation and adaptation measures, stakeholders working cooperatively, such as the OGCI, and industry involvement in general.

Barkindo talked about the role of OPEC Member Countries in the



adoption of the Paris Agreement and the Secretariat's role in leading debate among Member Countries. OPEC is fully committed to the objectives of the Paris Agreement, he said, adding that developing countries are strongly affected by climate change, but at the same time there is a need to protect the oil and gas industry.

On the subject of renewables, the OPEC Secretary General stated that the two OPEC countries attending the event — Saudi Arabia and the United Arab Emirates — are taking the lead in this area and have invested significantly in renewable energy. At the same time, he stated, oil will remain the dominant source of energy in the future energy mix.

“Developing countries look to developed countries to provide leadership, as they require support in the areas of technology and finance in order to meet their Paris Agreement goals,” he said.

Amin Nassar, President and CEO of Saudi Arabia's national oil company Saudi Aramco, which is also part of the OGCI, stated that his country has set high goals for natural gas usage at home, aiming to ensure 70 percent of the country's utilities are from gas. In addition, Saudi Arabia intends to produce ten percent of its power from renewables by 2023. He added that his country is creating a huge solar power production area. The country intends to install 41 gigawatts (GW) of solar capacity by 2032.

**“Developing countries look to developed countries to provide leadership, as they require support in the areas of technology and finance in order to meet their Paris agreement goals.”**

OPEC  
Secretary General,  
Mohammad Sanusi  
Barkindo  
*(pictured above, right)*

### Promoting low carbon technologies

The OGCI announced its first three investments at the event, moving the organization's commitment to promote promising low carbon technologies into concrete action.

Pratima Rangarajan, CEO of OGCI Climate Investments, stated on the organization's website: “The three investments we are announcing today have the potential to make a meaningful impact on greenhouse gas emissions. We look forward to working with these innovative teams to help them achieve commercial success on a global scale.”

In a joint statement, the 10 CEOs who lead OGCI stated: “Natural gas is a vital part of the transition to a lower carbon future. Our aim is to work towards near zero methane emissions from the gas value chain. We are also committed to ensure that natural gas continues to deliver its clear climate and clean air benefit compared to coal.”

OGCI is partnering with United Nations' Environment and the Environmental Defense Fund to provide financial and technical backing for the world's first global methane study to fill gaps in the identification and quantification of global methane emissions. This project has the potential to inform new policy and will help to identify new initiatives to reduce emissions.

Additionally, OGCI is working with Imperial College London on research aiming to provide a more accurate picture of total greenhouse gas emissions across the natural gas value chain to identify emission hotspots that will allow OGCI to focus its efforts on areas that could bring the greatest benefits.

The organization will also continue to focus on accelerating the deployment of carbon capture, use and storage (CCUS), and energy efficiency in the transport and the oil and gas value chain. ■

## **Our vision**

To aspire to a world where Sustainable Development, centered on human capacity building, is a reality for all.

## **Our mission**

To foster South-South Partnership with fellow developing countries worldwide with the aim of eradicating poverty.



**Uniting against Poverty**



## **Uniting against Poverty**

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