

# 2017

## ANNUAL REPORT



Uniting against Poverty

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# ANNUAL REPORT 2017

**OFID** THE OPEC FUND FOR  
INTERNATIONAL DEVELOPMENT

# OFID at a glance

## Vision

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

## Mission

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

The OPEC Fund for International Development (OFID) is the intergovernmental development finance institution established in 1976 by the Member States of the Organization of the Petroleum Exporting Countries (OPEC). OFID was conceived at the Conference of the Sovereigns and Heads of State of OPEC Member Countries, which was held in Algiers, Algeria, in March 1975. A Solemn Declaration of the Conference "reaffirmed the natural solidarity which unites OPEC countries with other developing countries in their struggle to overcome underdevelopment," and called for measures to strengthen cooperation between these countries.

## The aims

- To promote cooperation between OPEC Member Countries and other developing countries as an expression of South-South solidarity.
- To help particularly the poorer, low-income countries in pursuit of their social and economic advancement.

## The means

- By extending concessionary financial assistance in the form of loans for development projects and programs, balance of payments support and trade financing.
- By participating in the financing of private sector activities in developing countries.

### 0.1 OFID commitments as of December 31, 2017 (\$m)



- **13,804.5** Public Sector Lending
- **3,259.3** Trade Finance Facility
- **3,258.8** Private Sector Facility
- **1,021.9** IFAD\*, IMF Trust Fund\*, PRGF Trust
- **653.8** Grant Assistance

**Total \$21,998.3m**

\*Member Country contributions channeled through OFID

- By providing grants in support of technical assistance, food aid, research and similar activities, and humanitarian emergency relief.

- By contributing to the resources of other development institutions whose work benefits developing countries.

- By serving as an agent of OPEC Member Countries in the international financial arena whenever collective action is deemed appropriate.

**OFID resources**

OFID's resources consist of voluntary contributions made by OPEC Member Countries and the accumulated reserves

derived from its various operations. At the close of the year 2017, contributions pledged by OPEC Member Countries totaled US\$4,433 million out of which US\$3,462 million was direct contributions to OFID. The total of paid contributions from Member Countries was US\$4,262 million and the Reserve Account stood at US\$2,867 million.

**The beneficiaries**

All developing countries, with the exception of OPEC Member Countries, are in principle eligible for OFID assistance. The least developed countries, however, are accorded higher priority. So far, 134 countries worldwide have benefited from OFID's financial assistance.

**The co-financing partners**

To optimize the impact of its contribution to international development, OFID cooperates closely with the bilateral and multilateral agencies of its Member Countries, the World Bank Group, the regional development banks and the specialized agencies of the United Nations, as well as a host of non-governmental and other organizations.

For more information please visit: <http://www.ofid.org/ABOUT-US>

**0.2 OFID disbursements as of December 31, 2017 (\$m)**

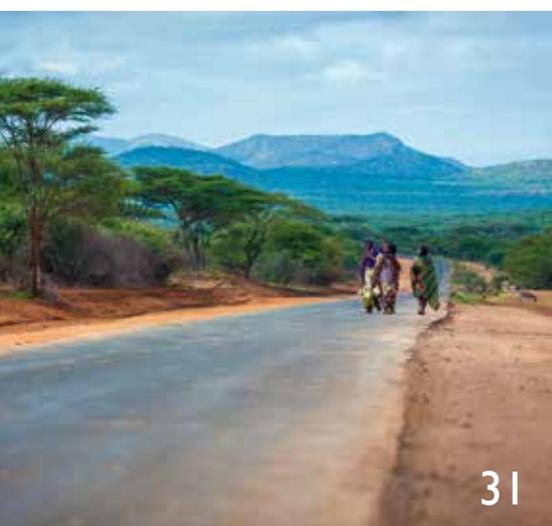


- **8,617.2** Public Sector Lending
- **2,755.8** Trade Finance Facility
- **1,953.7** Private Sector Facility
- **892.7** IFAD\*, IMF Trust Fund\*, PRGF Trust
- **570.9** Grant Assistance

**Total \$14,790.3m**

\*Member Country contributions channeled through OFID

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### Notes

- Unless otherwise stated "dollars" (\$) refers to United States dollars.
- "Billion" means a thousand million.
- Numbers relate to approved amounts and do not include cancellations.
- Minor discrepancies between constituent figures and totals are due to rounding.
- Maps are for illustration purposes only and are not to be taken as accurate representations of borders.
- The economic data in Chapters One and Three was obtained from the following sources: the IMF, OPEC Secretariat, Economist Intelligence Unit, UN, and UNDP.

This publication is also available in Arabic, French and Spanish and on USB in all four languages, as well as in PDF format on OFID's website at [www.ofid.org](http://www.ofid.org).





# Letter of Transmittal to the Ministerial Council

March 19, 2018



Photo: Kuwait Fund

Dear Mr Chairman:

I have the honor to present to the Ministerial Council (the Council), OFID's Annual Report for the year ending December 31, 2017. The Report is being submitted to the Council for its consideration pursuant to paragraph (iv) of Section 5.02 of Article 5 of the Articles of Agreement Establishing the OPEC Fund for International Development (OFID).

The Report contains a general overview of cumulative operations and global outreach, together with a detailed appraisal of OFID's activities in 2017. These are presented by focus area, by region and by financing mechanism and described against the broad context in which OFID operates. In addition, a comprehensive listing is given of all operations approved in 2017, together with a record of high-level meetings attended, and other highlights. Also included is a statement of contributions to OFID by Member Countries as of end 2017 and a summary of OFID's financial statements for the years 2016 and 2017.

Yours sincerely,



**Abdul Wahab Ahmed Al-Bader**  
Chairman of the Governing Board



Photo: OFID/Abdullah Aljipour-Jeridi

The 38th Session of the Ministerial Council took place at OFID's headquarters in Vienna on July 6, 2017.

## Ministerial Council\*

<b>Algeria</b>	HE Abderrahmane Raouia <sup>1</sup>
<b>Ecuador</b>	HE Carlos Alberto de la Torre Muñoz <sup>2</sup> (Chairman)
<b>Gabon</b>	HE Régis Immongault <sup>3</sup>
<b>Indonesia</b>	HE Sri Mulyani Indrawati (Mrs) <sup>4</sup>
<b>Iran, IR</b>	HE Masoud Karbasian <sup>5</sup>
<b>Iraq</b>	HE Dr Abdulrazzq A Jaleel Essa <sup>6</sup>
<b>Kuwait</b>	HE Dr Nayef Falah Al-Hajraf <sup>7</sup>
<b>Libya</b>	HE Osama Saad Hamad Saleh <sup>8</sup>
<b>Nigeria</b>	HE Kemi Adeosun (Mrs)
<b>Qatar</b>	HE Ali Shareef Al Emadi
<b>Saudi Arabia</b>	HE Mohammed Al-Jadaan
<b>United Arab Emirates</b>	HH Sheikh Hamdan Bin Rashid Al-Maktoum HE Obaid H Al-Tayer
<b>Venezuela</b>	HE Simón Alejandro Zerpa Delgado <sup>9</sup>

\* As of December 31, 2017

1 Succeeded HE Hadji Babaammi  
2 Succeeded HE Patricio Rivera and HE Fausto Herrera  
3 Succeeded HE Luc Ouyoubi  
4 Succeeded HE Dr Bambang PS Brodjonegoro  
5 Succeeded HE Dr Ali Taieb Nia

6 Succeeded HE Hoshiyar Zibari  
7 Succeeded HE Anas Khaled Al-Saleh  
8 Succeeded HE Fakhr Muftah Bufemah  
9 Succeeded HE Ramón Augusto Lobo Moreno and HE Rodolfo Medina del Río



Photo: OFID/Carlos Opitz

The 161st Session of the Governing Board took place at OFID's headquarters in Vienna on December 13, 2017.

## Governing Board\*

	<b>Representatives</b>	<b>Alternates</b>
<b>Algeria</b>	Mr Farid Tiaiba	Mr Sidi Mohamed Ferhane
<b>Ecuador</b>	HE Carlos Alberto de la Torre Muñoz <sup>1</sup>	Ms Verónica Quintero <sup>6</sup>
<b>Gabon</b>	HE Jean Jacques Essono Nguema <sup>2</sup>	-
<b>Indonesia</b>	Mr Askolani	Mr Made Arya Wijaya <sup>7</sup>
<b>Iran, IR</b>	HE Dr Mohammad Khazaei	Mr Seyed Jamal Hosseini
<b>Iraq</b>	HE Dr Hussein J Abdul Hameed <sup>3</sup>	Mr Muwafaq Taha Ezzulddin
<b>Kuwait</b>	Mr Abdulwahab A Al-Bader (Chairman)	Mr Waleed S A Al-Bahar
<b>Libya</b>	Dr Ahmed Menesi	Dr Abdunaser Othman Abdullah
<b>Nigeria</b>	HE Dr Mahmoud Isa-Dutse	Mr Aliyu Ahmed <sup>8</sup>
<b>Qatar</b>	Mr Bader Ahmed Al Qayed	Mr Ali Abdullah Al-Dabbagh <sup>9</sup>
<b>Saudi Arabia</b>	HE Dr Hamad S Al-Bazai <sup>4</sup>	Mr Mohammed Abdulkarim Aljenaidel
<b>United Arab Emirates</b>	Mr Majed A Omran	Mr Hammad Al-Zaabi
<b>Venezuela</b>	HE Simón Alejandro Zerpa Delgado <sup>5</sup>	Dr Eudomar Rafael Tovar

\* As of December 31, 2017

1 Succeeded HE Wilson Marcelo Pastor Morris

2 Succeeded HE Luc Oyoubi

3 Succeeded HE Dr Fadhil Nabee Othman

4 Succeeded HE Mohammed Abdullah Al-Kharashi

5 Succeeded HE Rodolfo Medina del Rio and HE Ramón Augusto Lobo Moreno

6 Succeeded Ms Patricia Cobos and Mr Juan Francisco Viera

7 Succeeded Dr Anandy Wati (Mrs)

8 Succeeded Mr Haruna Mohammed

9 Succeeded Mr Ahmed Al Hashimi



# OFID: Continued

OFID's position as a relevant, respected and effective development finance institution strengthened further during 2017, despite more geopolitical turbulence and uncertainty around the globe.

Building on its previous year's work, the organization made total new approvals of US\$1,508 million compared with US\$1,339 million in 2016. OFID has now committed nearly US\$22 billion to sustainable development since its inception in 1976, helping many of the planet's most vulnerable people and places.

Throughout 2017, OFID's commitment to the United Nations 2030 Agenda for Sustainable Development deepened. The organization supported the Sustainable Development Goals (SDGs) by focusing on projects across the strategically important energy, water and food sectors, enabled by transportation. OFID committed US\$849.4 million to energy, agriculture and water-related operations in 2017. This represented 56% of the year's approvals.

During 2017, OFID approved more than US\$464 million for operations in the energy sector alone, in line with the institution's well-founded belief that access to affordable modern energy is at the heart of sustainable development. All of OFID's financing windows approved funds for energy-related operations, and as a result, new development initiatives will take place across Africa, Asia and Latin America and the Caribbean. By the

# growth on firm foundations

end of 2017, cumulative approvals to energy operations amounted to US\$4,769 million, or 23% of the organization's total.

As in each of OFID's past 41 years, in 2017 the public sector remained central to operations. US\$698.8 million was approved under this window for operations in the transportation, agriculture, education, water and sanitation, and energy sectors. Cumulative approvals of some US\$13,804.5 million have now been made through this window, accounting for about two-thirds of the organization's total commitments since inception. In total, 1,544 concessional public sector loans have been agreed with 106 developing countries.

OFID's private sector and trade finance windows continued to grow in importance and scale. Total combined approvals during the year were US\$787.5 million, up from US\$711.5 million in 2016, representing an increase of nearly 11%. Trade finance made up US\$535 million of this amount, compared with US\$294 million in 2016. Growth was helped by diversification across industry sectors and the use of a broad spectrum of financial instruments.

OFID's Grants and Technical Assistance window approved US\$22.3 million during 2017 to support 65 operations in some of the most disadvantaged regions of the world. Regionally, Asia was the biggest recipient, attracting US\$10.7 million or nearly one-half of approvals. A little

under one-third or US\$7.2 million of the yearly total was approved for Africa, multiregional operations attracted US\$3.4 million, and Latin America and the Caribbean attracted US\$1.0 million.

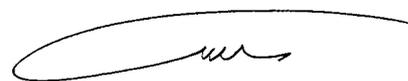
As usual, in addition to OFID's day-to-day business, 2017 involved a number of activities designed and implemented to boost the organization's advocacy efforts and raise its profile. Ultimately, these activities support OFID's longstanding mandate to promote cooperation between OPEC Member Countries and other developing countries, as an expression of South-South solidarity; and to help particularly the poorer, low-income countries in pursuit of their social and economic advancement.

Among these activities was the organization's participation as a key player in the 22nd World Petroleum Congress (WPC). During the Congress, OFID built on the already substantial work done to establish the Oil and Gas Industry's Energy Access Platform (EAP) by launching the EAP website. The website provides a space for oil and gas companies to collaborate with other stakeholders on a range of specific actions focused on energy access.

During 2017, the organization also produced and officially launched the latest addition to the OFID Pamphlet Series, entitled *The energy-water-food nexus: Managing key resources for sustainable development*. The publication will contribute to raising awareness of nexus challenges in developing countries.

2017 marked OFID's 41st anniversary and the organization celebrated by hosting an in-house Member Country exhibition of the works of Austrian artist and Yoruba priestess Susanne Wenger. The event was organized in partnership with the Nigerian Embassy in Vienna and the Susanne Wenger Foundation.

As in all previous years, I must take this opportunity to pay tribute to the unwavering support of our Member Countries that continue to put their trust in us to drive sustainable human centered development. All at OFID – and hundreds of thousands of beneficiaries in our partner countries around the globe – are truly grateful. In addition, I want to thank all members of OFID staff for their commitment to our noble mission. Without their dedication, none of what we have achieved would be possible.



**Suleiman J Al-Herbish**  
Director-General, OFID

# OFID: A global footprint

## Africa

### PARTNER COUNTRIES

- Algeria\*
- Angola
- Botswana
- Chad
- Comoros
- Congo Republic
- Equatorial Guinea
- Eritrea
- Gabon\*
- Libya\*
- Malawi
- Mauritius
- Morocco
- Mozambique
- Namibia
- São Tomé and Príncipe
- Seychelles
- South Africa
- Sudan
- Swaziland

### ACTIVITIES IN 2017

- Benin
- Burkina Faso
- Burundi
- Cameroon
- Cabo Verde
- Central African Republic
- Congo DR
- Côte d'Ivoire
- Djibouti
- Egypt
- Ethiopia
- Gambia, The
- Ghana
- Guinea
- Guinea Bissau
- Kenya
- Lesotho
- Liberia
- Madagascar
- Mali
- Mauritania
- Niger
- Nigeria\*
- Rwanda
- Senegal
- Sierra Leone
- Somalia
- Tanzania
- Togo
- Tunisia
- Uganda
- Zambia
- Zimbabwe

## Europe

### PARTNER COUNTRIES

- Albania
- Austria\*\*
- Bosnia and Herzegovina
- Kosovo
- Macedonia
- Moldova
- Ukraine

## Latin America and the Caribbean

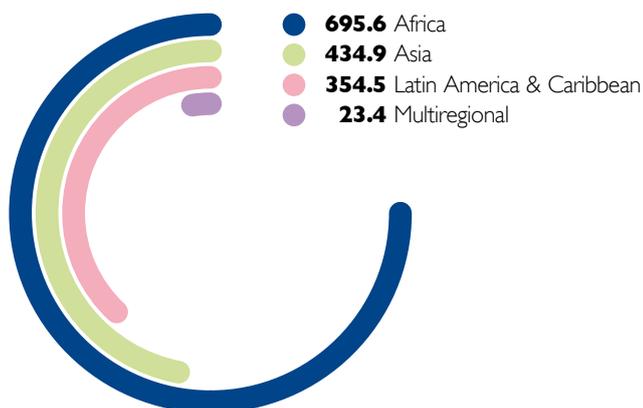
### PARTNER COUNTRIES

- Antigua & Barbuda
- Barbados
- Brazil
- Chile
- Colombia
- Costa Rica
- Dominica
- Dominican Republic
- Ecuador\*
- Grenada
- Guyana
- Jamaica
- Mexico
- Panama
- Paraguay
- St. Kitts and Nevis
- St. Lucia
- St. Vincent and Grenadines
- Uruguay
- Venezuela\*

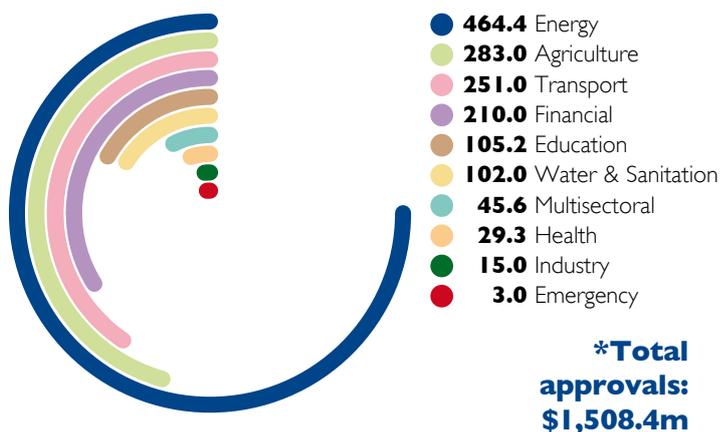
### ACTIVITIES IN 2017

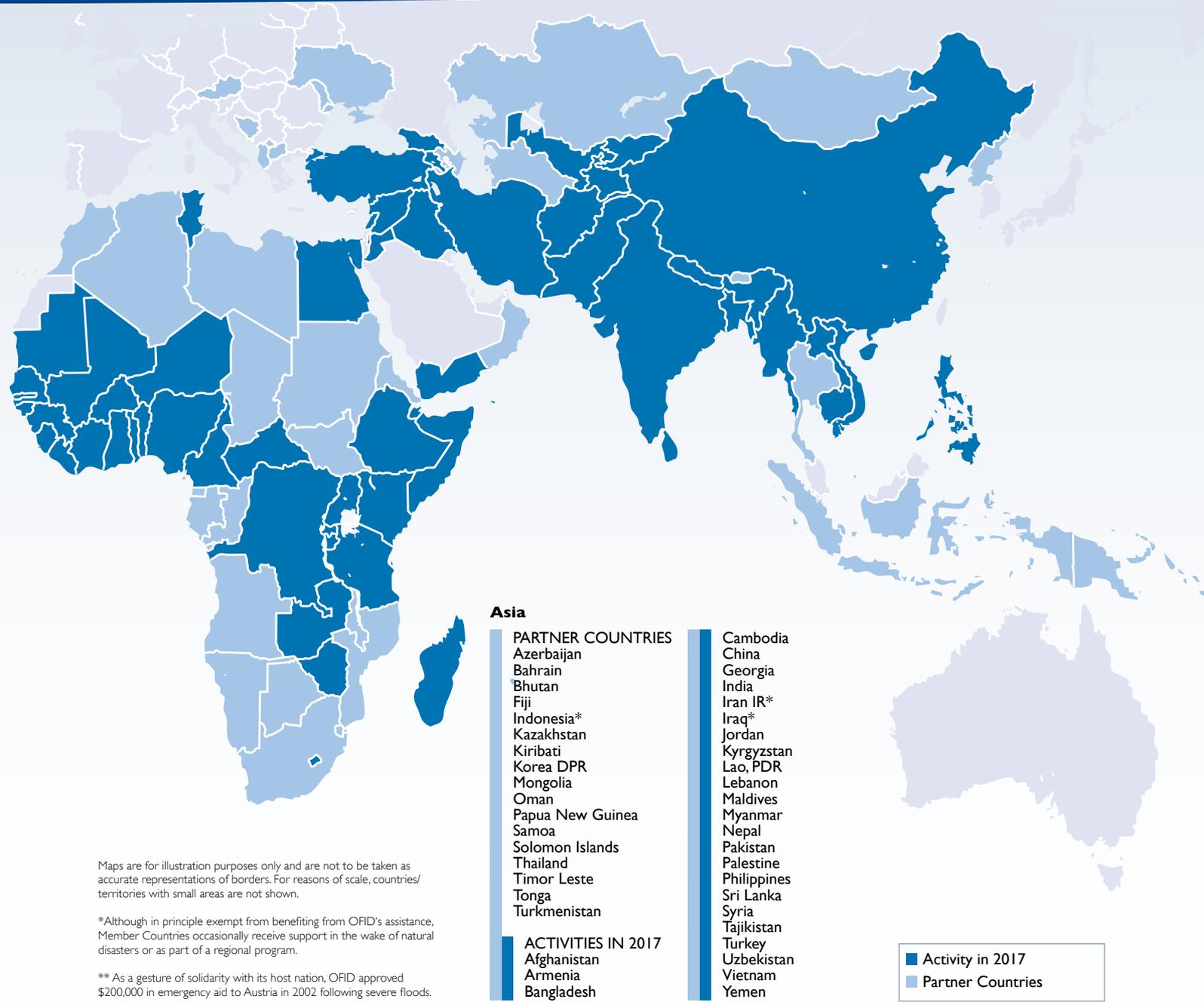
- Argentina
- Belize
- Bolivia
- Cuba
- El Salvador
- Guatemala
- Haiti
- Honduras
- Nicaragua
- Peru
- Suriname

0.3 Approvals in 2017 by region\* (\$m)

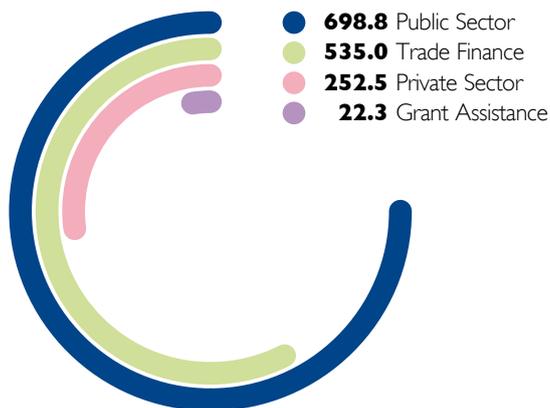


0.4 Approvals in 2017 by sector\* (\$m)

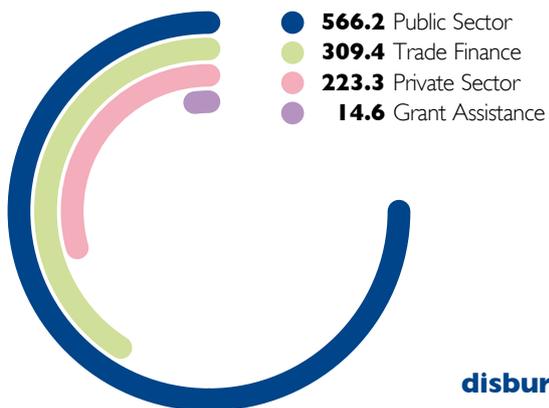




**0.5 Approvals in 2017 by mechanism\***  
(\$m)



**0.6 Disbursements in 2017 by mechanism\*\***  
(\$m)



**\*\*Total disbursements: \$1113.4m**

# 2017



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More than  
**\$464m**  
for **energy**  
operations

Total new approvals of  
**\$1,508m**

Approvals under  
OFID's private  
sector and trade  
finance windows  
up by

**11%**

## 32

African countries  
share **\$695.6m**  
for development  
operations

Oil and Gas  
Industry's **Energy  
Access Platform  
website** launched

**\$849.4m** committed to energy,  
agriculture and water-related operations  
(56% of the year's approvals)

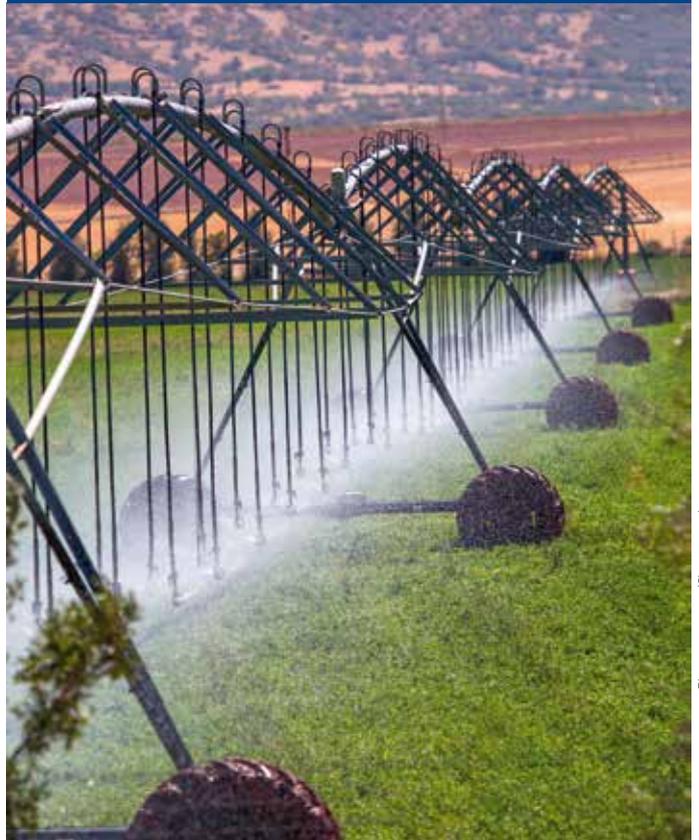


Photo: muratant/Shutterstock.com

# Highlights in brief

Photo: KAMONRAT/Shutterstock.com



Trade finance approvals of **\$535m**

**\$698.8m**

approved for public sector operations

**\$252.5m**

approved for private sector operations

**OFID** signs up to Development Finance Institutions Corporate Governance Development Framework

Transportation sector attracts **\$251m**



Photo: MHBB Studio/Shutterstock.com

Grants window approves

**\$22.3m**

for 65 operations in some of world's most disadvantaged regions

Cumulative approvals for energy operations of

**\$4,769m**

Photo: OFID



Latest in **OFID Pamphlet Series**

launched: The energy-water-food nexus: Managing key resources for sustainable development



# CHAPTER ONE

## **OFID Member Countries in 2017**

# OFID Member Countries in 2017

## Background

One decade on from the start of the global financial crisis, the global economy is strengthening in a coordinated way. The rebound from the crisis took longer to arrive than expected, but the long-awaited acceleration in growth seen from late-2016 onwards is framed by strengthening in both developed and developing markets for the first time in many years. Although the recovery is not complete and the current situation is not all positive, the significant improvement and the sustained rise in global oil prices since mid-2017 has improved the prospects for OPEC Member Countries.

Global economy is strengthening in a coordinated way

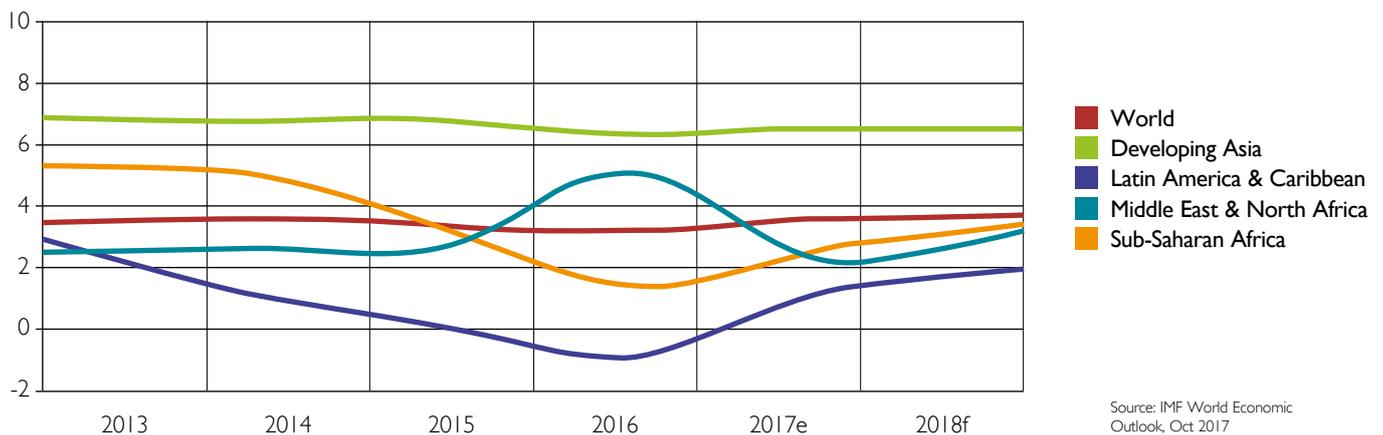
Despite this encouraging backdrop, growth in OFID Member Countries in 2017 was constrained by the effects of low oil prices, which resulted in lower than planned oil and other sector investments. Meanwhile, developed economies' quantitative easing did not drive up OECD inflation as expected despite the broad strengthening of growth, but did help sustain a concerning build-up of global debt. In light of investor uncertainty caused by these developments, OFID Member Countries endured another uncertain year.

Meanwhile, in line with the strengthening of the global economy, global oil demand increased to 97 million barrels per day (mb/d) in 2017 up from 95.4 mb/d the year before. This increase was partly met by OPEC. Despite the weak hydrocarbons investment environment in 2017, OPEC maintained its market share largely unchanged by producing an average of 38.7 mb/d of liquids (crude oil, natural gas liquids, and other liquids), nearly unchanged compared to the year before (world liquids supply was up slightly to 96.5 mb/d in 2017). This was one of OPEC's highest levels of output to date, underlining the resolve of Member Countries to continue to remain a reliable global energy supplier.

Reflecting the strengthening of demand in an environment of relatively stable global oil supply, the average price of the OPEC Reference Basket (ORB) of selected crudes surged almost 10% in November 2017 alone, to average US\$60.7 per barrel for the first time since June 2015. For 2017 as a whole, the ORB value was nearly US\$12 higher compared to 2016, at US\$52.5 per barrel. In addition to improved supply-demand fundamentals, oil prices were also pushed higher by a combination of factors including: (i) optimism that OPEC and non-OPEC members would extend the Declaration of Cooperation (to adjust production) into 2018 (which was

Economic data for 2017 is based on estimates and is subject to change.

**I.1 World output by regions (real GDP, %)**



agreed); (ii) ongoing US stock drawdowns as that country's economic expansion accelerated; (iii) the weakening of the US dollar against the Euro from early 2017; and (iv) various supply outages throughout the year.

**Algeria** continued to face challenges in 2017 posed by low, albeit slowly rising, oil prices, the effect of which slowed real growth to around 1.5% from 3.3% in 2016. Overall economic activity weakened due to lower hydrocarbons sector investment (the sector accounts for around 25% of GDP), and the effects of government spending cuts that were driven by a fall in oil revenues. Meanwhile, annual average inflation accelerated around 5%, a slightly lower rate compared to 2016, reflecting the economic slowdown and weaker demand for goods and services. Despite efforts to create more jobs, unemployment remained at around 11% (particularly acute for youth at over 25%, and for women, 20%). Fiscal consolidation efforts in 2017 were successful, narrowing the fiscal deficit as a share of GDP to single digits. The current account deficit also narrowed (by a smaller margin) largely as import demand was subdued and export revenues picked up reflecting rising oil prices. Another positive was external debt remaining very low.

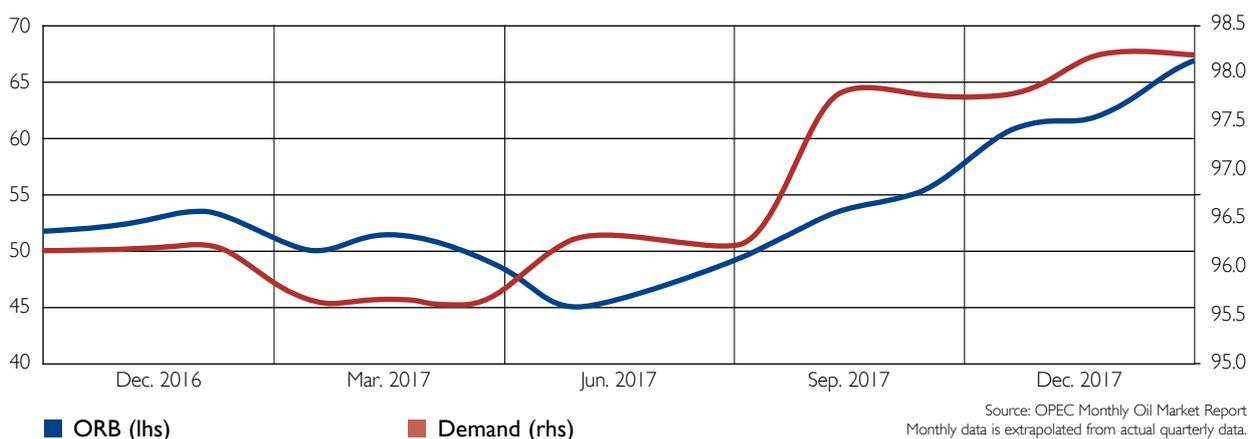
Following the major earthquake in 2016, **Ecuador** made progress throughout 2017 with a timely policy response to the after effects. However, given the scale of the disruption, real growth remained low at less than 0.5%, supported by increased government spending in the latter part of the year financed via improved access to global capital markets. The disruption constrained a deeper reconstruction response, compounding ongoing difficulties faced by the authorities in 2017 that included low oil prices, US dollar appreciation (Ecuador dollarized in 2000), and low foreign exchange reserves. Weak domestic demand, which resulted in lower annual average inflation of around 1% in 2017, helped efforts to halve the fiscal deficit to an estimated 3.5% of GDP compared to 2016. Meanwhile, unemployment was largely unchanged at just over 5% owing to the subdued post-earthquake business environment. Despite a pick-up in exports in the second half of the year (in line with rising oil prices), the current account moved into a deficit of 0.7% of GDP because of a stronger rise in imports (many related to earthquake reconstruction efforts).

Economic activity in **Gabon** remained subdued in 2017, with real growth expanding an estimated 0.8%, less than half the rate recorded in 2016. The oil

sector (which has fallen to 30% of the economy) contracted around 3% due to technical disruptions and the impact of OPEC's 2017 production cuts. The non-oil sector stabilized as export-oriented activity performed strongly due to a rebound in commodity prices and new sector investments. This partially offset the effect of fiscal adjustment that depressed activity in sectors with strong links to government (construction, commerce and services). Non-wage recurrent spending was contained and capital spending was lower than expected, which helped halve the fiscal deficit to an estimated 3.6% of GDP in 2017. Meanwhile, helped by the exchange rate peg to the Euro, annual average inflation picked up only slightly to 3% in 2017 as fuel price subsidies were removed. Further progress was seen in the significant narrowing of the current account deficit to 5.4% in 2017, helped by strong export growth due to an improvement in the terms of trade along with import compression reflecting lower public investment and depressed economic activity in import-dependent sectors.

The **Indonesian** economy continued to perform well in 2017 with real GDP expanding an estimated 5.1%. Growth was led mainly by higher exports and investment and supported by prudent macroeconomic policies, improved

**1.2 OPEC reference basket price (US\$/b) and world oil demand (mb/d)**



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Sustained rise in global oil prices since mid-2017 has improved prospects for OPEC Member Countries

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global growth and commodity prices, and sustained efforts to strengthen competitiveness. End-year inflation remained comfortable at less than 4%, due to broadly stable food and administered prices, and a slightly negative output gap. Low inflation helped keep domestic debt servicing low, which supported the authorities' fiscal policy geared toward rebuilding buffers with efforts to rebalance the budget toward social spending and investment. A revised budget resulted in a slight increase in the fiscal deficit to 2.9% of GDP. Meanwhile, the current account deficit was contained at 1.7% of GDP in 2017 thanks to improving terms of trade, with the overall balance of payments remaining in surplus due to strong capital inflows.

Real GDP growth in **Iran** accelerated 4.2% in 2017/18 (the Iranian calendar runs from March 21 to March 20) largely based on non-oil sector strengthening. Oil sector activity picked up slightly following a rise in output in the first quarter before falling steadily from the second-half of the year to year-end. Annual average inflation also picked-up to 9.9% in 2017 from around 8.5% the year before, mainly due to higher prices for food and beverages, and housing and utilities. Financial sector vulnerabilities were a concern in 2017, although the authorities have recognized that restructuring and recapitalization of credit institutions and banks is required. Associated costs via new long-term government bonds along with reform of the universal cash transfer system to target income support to the poor will sustain fiscal deficit financing pressures. Meanwhile, amendments to the Customs Law helped lower the cost of trade, boosting exports, which in combination with lower import demand helped widen the current account surplus to an estimated 6% of GDP in 2017/18.

**Iraq** made progress in 2017 in dealing with the challenges arising from conflict and low oil prices in the first half of the year. Although oil production was little affected by the conflict, and despite rising oil prices in the second half of

2017, the OPEC agreement to reduce production, plus only a modest recovery of the non-oil sector, resulted in real growth stalling to an estimated 0.5% from 1.1% in 2016. Fiscal pressures were evident in 2017 driven by weak oil prices in the first half of the year and rising humanitarian and security spending. However, significant progress was made with fiscal consolidation that led to the fiscal deficit narrowing to an estimated 5% of GDP from over 14% in 2016. Maintaining the exchange rate peg and tighter control of government spending helped contain annual average inflation at 2%. Meanwhile, the current account deficit narrowed slightly to around 1.2% of GDP from 1.5% in 2016 as the effect of higher oil prices more than offset the rise in the import bill from reconstruction and security-related goods.

Despite the low oil price environment in 2017, **Kuwait** remained in a strong position due to large financial buffers, low debt and a sound financial sector. However, the fall in oil production (and the indirect effect of the low oil price environment) led to the oil sector contracting, which in turn resulted in the economy shrinking around 2.5% compared to 2016. The fiscal position was undermined by low oil prices, which the authorities responded to by setting out a comprehensive reform strategy to reduce spending and foster more private investment. However, weaker demand led to lower government spending, which in turn helped widen the fiscal surplus to around 2% of GDP. Given the underperformance of the economy, annual average inflation slowed to around 2% compared to 3.5% in 2016, and the current account moved into a surplus of about 0.5% of GDP, reflecting a fall in import demand and the positive effect of rising oil prices later in the year.

Although there was little overall change to **Libya's** political situation in 2017, there was some rapprochement between several groups. This helped efforts to increase oil production, which boosted real growth an estimated 50% last year (the large rise was due to the low base effect). Ongoing shortages of

goods and services amid strengthening demand reflected in higher economic activity pushed annual average inflation up to around 33% in 2017. Meanwhile, the fiscal position remained weak, although the deficit narrowed to around 40% of GDP in 2017 from over 100% the year before, due to higher oil revenues. The effect of increased oil production also helped strengthen the current account, which moved into a small surplus of an estimated 1% of GDP from a deficit of 5% in 2016.

Growth in **Nigeria** expanded an estimated 1% in 2017 from a near 2% contraction in 2016, driven by recovering oil production and agricultural output. However, growth in the services sector (representing two-thirds of the economy) contracted given the challenges businesses experienced in accessing finance and the effect of high inflation on consumer demand. To help support higher growth, the authorities began implementing reforms contained in the Economic Recovery and Growth Plan, a new investor and exporter foreign exchange window, the Power Sector Recovery Program and the National Anti-Corruption Strategy. Annual average inflation picked up to over 16% in 2017 due to tight liquidity conditions, shortages of some goods and strong demand. Another fiscal deficit of 5% of GDP was recorded in 2017, driven by weak revenue mobilization. The deficit generated financing needs, which, when combined with tight monetary policy, increased pressure on bond yields and crowded out the private sector. Weak oil revenues also led to the current account surplus remaining relatively low, at 2% of GDP in 2017, well below the average of 14% between 2004 and 2008.

**Qatar's** economy had to adjust to the early-June 2017 measures imposed by some trading partner countries, along with OPEC's earlier agreement to reduce oil production for all of 2017. As a result, growth was subdued at an estimated 2.5% in 2017, little changed from the year before. One consequence of the weak economic activity was a slowing of annual average inflation to

1% from nearly 3% in 2016 even though transportation and food costs increased, and delays caused by rerouting trade raised operational costs for some businesses. Fiscal consolidation continued, underpinned by recurrent expenditure cuts and an increase in non-oil revenues, which resulted in the fiscal deficit narrowing to an estimated 1% of GDP from nearly 4% in 2016. Meanwhile, the current account moved into a comfortable surplus of 4% of GDP, from a deficit of nearly 8% the year before. The improvement was driven by a sharp contraction in imports and a recovery in oil prices in the latter part of the year.

Growth stalled in **Saudi Arabia** in 2017 following expansion of 1.7% in 2016. This was partly due to a contraction of almost 2% in the oil sector, despite the non-oil sector growing 1.7%. Weakening oil sector activity was driven by the authorities' decision to underpin OPEC's agreement to reduce oil production throughout 2017, and despite the indirect effect of oil prices rising in the second half of 2017. Activity in the more resilient non-oil sector reflected ongoing investment, particularly in infrastructure and services, as part of the policy shift to respond to low oil prices, which includes diversifying the economy. Mainly due to the economy weakening, annual average inflation is estimated to have slowed close to zero compared to 3.5% in 2016. This was a welcome boost given the complexities of implementing the economic diversification policy. Following two years of current account deficits, a surplus of over 4% was recorded in 2017. This reflected a steady increase in oil prices from mid-year onwards, and a weakening of import demand owing to a fall in oil sector investments.

The **United Arab Emirates'** economy weathered the low oil price environment in 2017 well, supported by the use of public investment to diversify the economy in line with the Vision 2021 National Agenda. Although low oil prices resulted in lower oil revenues, and weaker fiscal and external positions, growth only slowed to around 1.5%,

which was half the rate achieved in 2016. The UAE's financial buffers, safe-haven status, sound banks, and diversified and business-friendly economy helped sustain the growth momentum. A fiscal deficit of an estimated 3.7% of GDP in 2017 is sustainable given the rapid pace of fiscal adjustment in 2015-16. Meanwhile, the long-standing peg to the US dollar and the low demand domestic environment helped contain annual average inflation at just over 2%, which was little different to 2016. Another current account surplus of an estimated 8% was achieved in 2017, similar to the year before. This was partly due to the pick-up in oil prices in the second-half of the year, and robust services performance on account of the UAE continuing to develop its role as a regional and global hub for trade, finance, transport and tourism.

The economy in **Venezuela** contracted in 2017 by an estimated 12%. The government attributes this performance to a challenging external backdrop reflected in low global oil prices that impacted the economy. They assert that policy management efforts were undermined by a combination of financial, logistical and diplomatic constraints that continued to impede the development of the economy following action taken by the US government in 2014. Some of the results arising from these constraints last year were higher inflation, which reflected strong demand despite ongoing public sector investment. Meanwhile, strong demand for government services maintained expenditure pressures, which in combination with the low oil price environment that weakened oil revenues, sustained a fiscal deficit. However, the current account deficit narrowed to an estimated 1.6% of GDP, driven largely by a fall in import demand that in turn reflected the rebalancing of the economy.

For more information please visit: <http://www.ofid.org/ABOUT-US/Member-Countries>



# A multi-sectoral approach to sustainable development

**Energy:** At the core of OFID's strategic framework

**Agriculture:** A growing challenge?

**Transportation:** Keeping the SDG wheel turning

**Financial:** Funding sustainable growth

**Education:** Focus on access and technology

**Water and Sanitation:** Flowing in the right direction

**Multisectoral:** A joined up approach

**Health:** At the heart of development

# Energy: At the core of OFID's strategic framework

OFID recognizes the scale of the energy challenge

## Strategic context

OFID is a pioneer of energy poverty alleviation and energy sits at the core of the organization's strategic framework. By taking a nexus approach to energy poverty – addressing energy alongside water and food security – the organization aims to ensure that policies across the three sectors are aligned.

Sustainable Development Goal (SDG) 7 calls for access to affordable, reliable, sustainable and modern energy for all. Energy is widely accepted as one of the most important catalysts for development. Without energy, it is impossible to provide healthcare and education, supply clean water, support food security and end hunger or ultimately eradicate poverty. Energy access is a true enabler and impacts all other SDGs.

According to the 2017 report of the United Nations' Secretary-General *Progress towards the Sustainable Development Goals*, progress in every area of sustainable energy still falls short of what is needed to achieve energy access for all and to meet targets for renewable energy and energy efficiency. More than one billion people, predominantly rural dwellers, remain without electricity. Half of those people live in sub-Saharan

Africa. Meaningful improvements, stated the report, will require higher levels of financing and bolder policy commitments, together with a willingness to embrace new technologies on a much wider scale.

OFID recognizes the scale of the challenge. By the end of 2017, cumulative approvals to energy operations amounted to US\$4,769 million, or 23% of the organization's total approvals. The lead role that OFID has assumed in the global alleviation of energy poverty comes as the direct result of a mandate from its Member Countries in 2007. Working with like-minded partners, including the UN SEforALL initiative, OFID contributed to securing an explicit goal for energy in the UN's 2030 Agenda for Sustainable Development.

## A nexus approach

The energy–water–food nexus approach to development recognizes the dynamic linkages between these three major sectors and between energy, water and food security – all of which are key goals in the context of sustainable development.

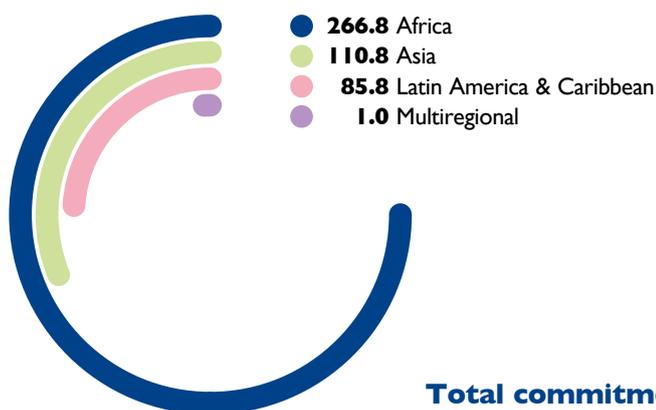
The nexus approach focuses on structured planning to recognize the interdependency of resource use and availability across the sectors. It aims to improve resource

Energy approvals accounted for more than

# 30%

of total approvals in 2017

2.1 Energy commitments 2017 by region (\$m)



2.2 Energy commitments 2017 by mechanism (\$m)



**Total commitments in 2017: \$464.4m**

## OFID IN ACTION

# Private Sector loan supports first independent power project for post-conflict Mali's national grid



Photo: Anna Vaczi/Shutterstock.com

*The new power plant will increase the country's electricity capacity and contribute toward poverty reduction and economic development.*

**Amount:** €15 million

**Mechanism:** Private Sector term loan

**Co-financiers:** IsDB, BOAD, the Islamic Corporation for the Development of the Private Sector, the Emerging Africa Infrastructure Fund and GuarantCo

Mali is among the world's poorest countries – only 25.6% of the 18 million population has access to electricity. Development in Mali is challenged by this shortage. This loan will support the development, operation and maintenance of a thermal power plant in the southwest region of Kayes in Mali. The project will contribute to achieving an adequate and reliable electricity supply to meet growing demand and support more sustainable economic and social

development. The total project cost is estimated at around €120 million.

The project will improve access to local energy sources and increase national capacity by an additional 90 megawatt – an increase of around 25%. The new plant is expected to deliver at least 578 gigawatt hours per annum to Mali's national grid for 20 years, helping to reduce imports of expensive electricity. The project is also expected to create about 1,600 jobs during construction and more than 65 permanent jobs once operational. Construction began in July 2017 and the project is expected to be completed in 16 months.

As part of its corporate and social responsibility, the project company will implement initiatives – focusing

on health, water, waste management, food production, youth, employment and education – for three villages located near the project site.

The political and security situation in Mali has been volatile in recent years. Peace negotiations concluded with the signing of agreements in 2015. Lasting peace – and development projects like that supported by OFID, outlined above – is critical to Mali's economic recovery and poverty reduction.

allocation and economic efficiency, reduce negative environmental and health impacts, and ultimately, support successful sustainable development.

As a 'framework', the nexus approach not only addresses challenges in its own sectors, but also impacts other SDGs, including those relating to climate change, health, gender equality, economic opportunity, education and poverty eradication. OFID regards the nexus as a central pillar of Agenda 2030.

OFID committed US\$849.4 million to energy, agriculture and water-related operations in 2017. This represents 56% of the year's approvals. As well as funding actions on the ground, OFID also plays a leading advocacy role, promoting the nexus approach in the development finance arena and further afield. See more on advocacy-related efforts below.

### Activities in 2017

With US\$464.4 million out of a total US\$1,508.4 million, energy approvals accounted for more than 30% of total approvals in 2017. The sum is US\$51.9 million more than was approved for energy in 2016. The funds will support 29 projects in 35 countries.

Of the new approvals, 60% (or US\$282 million) was approved in trade financing under a scheme operated by the ITFC. The beneficiary countries were: Burkina Faso (US\$40 million); Egypt (US\$100 million); Gambia (US\$15 million); Maldives (US\$35 million); Senegal (US\$42 million); and Tunisia (US\$50 million). The private sector attracted US\$104 million for the development of solar, wind, thermal or gas power points in five countries: Armenia (US\$37 million); Bangladesh (US\$20 million); El Salvador (US\$25 million); Honduras (US\$5 million); and Jordan (US\$17 million).

In total, US\$73.5 million was approved for energy projects under the Public Sector Operations window. The beneficiary countries were Cuba (US\$45 million for solar energy); Mauritania (US\$18 million for a wind farm); and Nicaragua (US\$10.5 million for an electrification project).

OFID's Grants and Technical Assistance window approved nearly US\$5 million to a number of small scale operations in Benin, Cambodia, Kyrgyzstan, Haiti and other countries.

Among OFID's ongoing advocacy efforts related to energy in 2017 was the organization's participation as a key player in the 22nd World Petroleum Congress (WPC), entitled Bridges to our Energy Future. During the Congress, OFID Director-General Suleiman J Al-Herbish – together with WPC President Dr József Toth and Total S.A. VP Jean-Marc Fontaine – launched the Oil and Gas Industry's Energy Access Platform (EAP) website.

Speaking at the launch, Al-Herbish said: "Today is a pivotal moment, both for OFID and for the members of the oil and gas industry who join us as we accelerate the effort toward SDG 7. The EAP provides a space for oil and gas companies to collaborate with other stakeholders on a range of specific actions focused on energy access, including the identification of corporate social responsibility opportunities in host countries, and the better integration of energy access in policies and projects at country level. The new website will open the EAP up to an even larger global audience, and we hope it will encourage many more to join our cause."

The Director-General also took the opportunity at Expo 2017 in Astana, Kazakhstan to advocate the importance

of energy access and security. "This Expo's theme – Future Energy – reflects one of the most important of today's global priorities: ensuring everyone has access to energy," he said. "This is at the very core of the 2030 Agenda for Sustainable Development and the 17 SDGs."

Al-Herbish was speaking at the event's official 'OFID Day'. Inviting delegates to OFID's Expo exhibition, where the organization hosted an expert panel session entitled Future of Energy for All, the Director-General said: "Access to energy is essential for economic growth, employment, education, poverty reduction, and health and safety. It has been the central theme of our work since 2007, when OFID received a special mandate from the Riyadh Declaration of the 3rd OPEC Summit. Since then, we have intensified our energy poverty alleviation initiatives."

In 2017, the organization also published the latest in the OFID Pamphlet Series entitled: *The energy-water-food nexus: Managing key resources for sustainable development*.

A detailed breakdown of operations can be found in Chapter 4.

For more information please visit: <http://www.ofid.org/FOCUS-AREAS/Energy>

## OFID IN ACTION

# Record breaking renewable energy project for Mauritania



Photo: Science Photo Library/Alamy Stock Photo

*OFID's loan will help provide a reliable source of power and will also expand coverage, particularly in rural areas of Mauritania.*

**Amount:** US\$18 million

**Mechanism:** Public Sector loan

**Co-financiers:** Arab Fund, Government of Mauritania

This loan will help provide a continuous supply of electricity to Mauritania's 4.1 million people by constructing a 102 megawatt wind farm in the Boulanour region. Representing the largest sustainable energy project ever undertaken in the country, the facility is expected to reduce energy production costs. The savings will be transferred to end-users through lower electricity tariffs and be put toward helping expand coverage, particularly in rural areas.

Delivering affordable and reliable power to households, schools and other social amenities, as well as

manufacturing facilities and businesses, will help ease poverty and spur socioeconomic development.

Mauritania's government has made substantial investments in power plants harnessing thermal and renewable-energy. Revitalizing and diversifying the energy sector, in addition to reducing losses in the country's transmission and distribution network, have been accorded high priority in government's development objectives.

The Boulanour region was selected for the planned 39-turbine wind farm owing to its strong, consistent winds all year. In addition to helping fulfill domestic energy needs, the project

has the potential to produce a surplus of electricity that could be exported.

### **More reasons that modern energy is a must for Mauritania**

Nearly three-quarters of Mauritania's land comprises desert, with less than one percent suitable for cultivation. Forest makes up just 0.2 percent of the land and since firewood remains a primary fuel source, erosion and desertification – worsened by drought – remain a problem.

# Agriculture: A growing challenge?

Ending hunger depends on sustainable food production and more resilient agriculture

## Strategic context

Efforts to reduce hunger and malnutrition (SDG 2) have increased significantly in recent years and progress has been made. But challenges remain.

As lately as 2016, an estimated 155 million children under the age of five were stunted as a result of chronic malnutrition. And as the Chief Economist of the World Food Programme recently told the *OFID Quarterly*, the number of chronically hungry people rose from 777 million in 2015 to 815 million in 2016 – this represents one in every nine people, or 11% of the global population.

Ending hunger depends on sustainable food production and more resilient agriculture – practices that OFID has been working hard to support. At the end of 2017, the organization's cumulative support to the agriculture sector stood at approximately US\$2,936 million, or 14% of total approvals.

five countries: Bolivia (US\$61 million), Egypt (US\$53 million), Madagascar (US\$20 million), Zambia (US\$12 million) and Zimbabwe (US\$15 million). Projects will carry out activities ranging from rehabilitating irrigation systems, pumping stations and farmland, to implementing high performing farming production systems and improving livestock health. Together, these five projects will enhance food security and incomes for over 2.4 million people.

Trade financing was also substantial, with a total US\$118 million approved for operations under a scheme with the ITFC in Burkina Faso (US\$42 million) and Cameroon (US\$27.6 million, US\$8.4 million) and one project (US\$40 million) that will support agriculture. The remaining US\$3.8 million was divided among nine grant-financed initiatives that will provide farmers with more resilient crop species, improve agricultural technologies, capacity-building and women's empowerment schemes, and increase water and soil efficiency.

As of December 2017, OFID's support for agriculture accounted for

**\$2.9bn**  
of cumulative commitments

## Activities in 2017

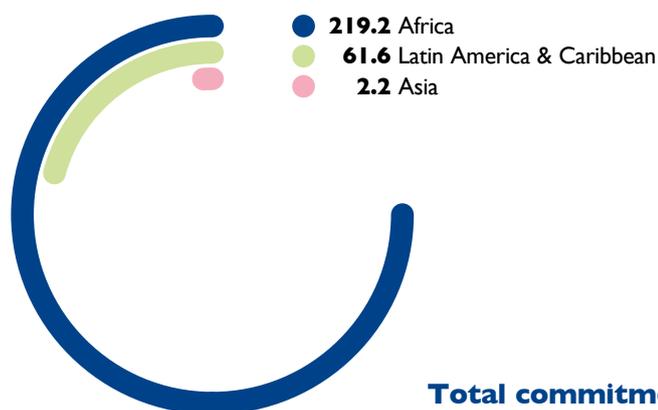
In 2017, the agriculture sector attracted US\$283 million in new financing. The amount represented a 19% share of total commitments for the year. Africa attracted the majority of funding.

Public sector operations led in approvals, with US\$161 million committed to help boost food security and raise incomes in

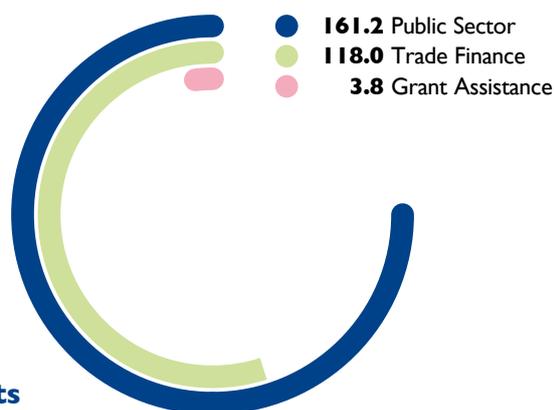
A detailed breakdown of operations can be found in Chapter 4.

For more information please visit: <http://www.ofid.org/FOCUS-AREAS/Agriculture>

**2.3 Agriculture commitments 2017 by region (\$m)**



**2.4 Agriculture commitments 2017 by mechanism (\$m)**



**Total commitments in 2017: \$283.0m**

## OFID IN ACTION

# Boosting Bolivia's agriculture



Photo: Top Photo Corporation/Shutterstock.com

*Agricultural productivity is expected to almost double due to the Dams Program.*

**Amount:** US\$61 million

**Mechanism:** Public Sector Loan

**Co-financiers:** CAF, Government of Bolivia

Agriculture is one of the most important sectors in Bolivia's economy, contributing significantly to employment and GDP. But outdated farming techniques have hampered agricultural growth, diversity and national food security.

OFID is supporting the Bolivian government's plans to strengthen the agricultural sector by improving water storage, distribution and irrigation in rural areas. The Dams Program – to which OFID is contributing US\$61 million – is expected to almost double agricultural productivity in the project areas, directly benefitting some 100,000 people, particularly smallholder and family farmers.

The Dams Program will especially increase the number of medium-sized dams in the country, doubling reservoir capacity. During the five-year implementation period, facilities will be built in seven of the country's nine departments. This includes areas under threat from climate change-induced drought and floods, where improved water storage is a priority.

In addition to upgrading and building dams across the country, the project will involve work to protect water sources. This includes management and conservation efforts, such as raising community awareness, improving water resources management and recovering areas affected by soil degradation and erosion. Work on mains networks will also be conducted to improve efficiency for distribution to irrigation systems and reduce water loss.

Irrigation plays a fundamental role in increasing agricultural production and diversification, which in turn helps boost employment, income levels and food and nutrition security, particularly in rural communities.

# Transportation: Keeping the SDG wheel turning

Without transport infrastructure, rural communities are isolated and their populations more vulnerable

### Strategic context

A sustainable transport infrastructure is essential to achieving most, if not all, of the SDGs and Agenda 2030. This is why OFID considers it such an important sector and views it as vital in supporting the energy-water-food nexus approach to development. Without a sustainable transport infrastructure, rural communities are isolated and their populations more vulnerable – accessing healthcare, social services, job opportunities and markets can be challenging and socioeconomic development may be slow or stagnant.

The Global Mobility Report, produced by the Sustainable Mobility for All initiative, tracks progress towards sustainable mobility around the world. Among its 2017 findings were that some 450 million people in Africa – or more than 70% of the continent’s total rural population – are estimated to be unconnected to transport.

By the end of December 2017, OFID had approved a cumulative total of around US\$4,491 million to the transport sector, representing 21% of cumulative commitments.

### Activities in 2017

OFID approved 11 separate transport-related operations benefiting nine countries in 2017. Exclusively approved under the organization’s

public sector operations window, the total of US\$251 million represents 17% of the year’s approvals. The Latin America and Caribbean region attracted the bulk of this amount with 45%, followed by Asia with 32% and Africa with 24%.

Of the US\$251 million approved, almost all is set to be used to extend or upgrade roads. Projects in Ethiopia (US\$30 million – see OFID in Action opposite), Bolivia (US\$30 million), Burundi (US\$15 million), Kyrgyz Republic (US\$10 million), Nicaragua (US\$30 million) and Tajikistan (US\$10 million) will increase inter-regional connectivity and trade. Bangladesh plans to use a US\$30 million loan to construct a 1.47km bridge and a further US\$30 million to improve two land ports and construct a new highway. Belize will use US\$40 million for a road project and a US\$12 million loan to finance the construction of a steel arch bridge to ease traffic in its capital city, while Djibouti plans to use a US\$14 million loan to connect one of the country’s most important ports to a nearby highway. The improved infrastructure, in all cases, will facilitate safer travel and promote economic opportunities including tourism and trade.

*A detailed breakdown of operations can be found in Chapter 4.*

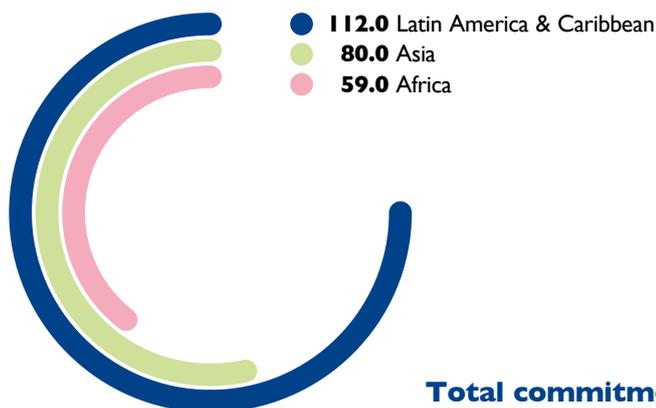
For more information please visit: [ofid.org/FOCUS-AREAS/Transportation](http://ofid.org/FOCUS-AREAS/Transportation)

In Africa, an estimated

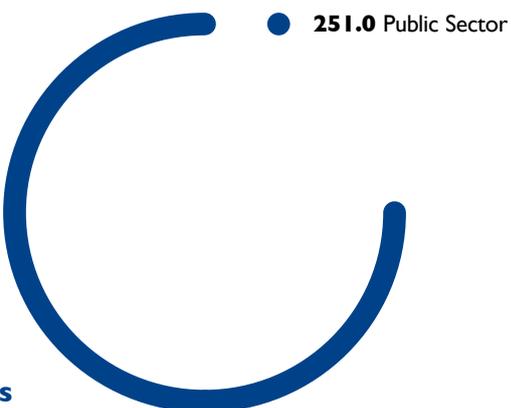
# 70%

of the total rural population is unconnected to transport

**2.5 Transportation commitments 2017 by region (\$m)**



**2.6 Transportation commitments in 2017 by mechanism (\$m)**



**Total commitments in 2017: \$251.0m**

## OFID IN ACTION

# OFID helps put Ethiopia on solid foundations



Photo: Martchan/Shutterstock.com

*The improved road will benefit farmers by expediting the movement of crops to market, providing access to social services and reducing travel time and cost.*

**Amount:** US\$30 million

**Mechanism:** Public Sector loan

**Co-financiers:** Ethiopian government, BADEA

In 2017, OFID signed a US\$30 million loan agreement to co-finance the Shambu-Agamsa road upgrading project that will pave a 96km road situated in the central / western region of Ethiopia that is currently made only of gravel.

The project is a continuation of the Bako-Shambu road project that was also co-financed by OFID through a US\$25 million loan approved and signed in 2015. The current project will provide some 620,000 people with access to social services and

reduce travel time and costs. The improved road will also benefit farmers by expediting the movement of crops to markets.

Ethiopia's population of about 102 million makes it the second most populous nation in Africa (after Nigeria). The country has made good progress in many aspects of human development, but still needs a considerable amount of investment and successful policies to reach its development objectives.

Recognizing the importance of transport in supporting social and economic growth and in meeting poverty reduction objectives, the government of Ethiopia has been

investing significantly in the road sector over the past two decades. OFID is proud to help support these objectives.

# Financial: Funding sustainable growth

MSMEs often lack access to credit in emerging markets

### Strategic context

A strong and sustainable economy underpins socioeconomic development. OFID finances operations that support decent work and economic growth, and industry, innovation and infrastructure (SDGs 8 and 9). The organization particularly focuses on providing support to micro, small and medium-sized enterprises (MSMEs), which often lack access to credit in emerging markets, but also form the very backbone of those economies, providing jobs and helping to raise living standards.

By the end of 2017, OFID had committed a cumulative total of some US\$2,559.1 million (or 12% of total approvals) to the banking and financial services sector.

A transaction in 2017 with long-term partner Eastern and Southern African Trade and Development Bank (TDB) exemplifies OFID's efforts to build lasting relationships – an equity participation of US\$20 million will enable TDB to diversify its shareholder base and mobilize additional funding to support projects in its beneficiary countries. Further repeat transactions were undertaken with JSC TBC Bank Georgia and Prasac Microfinance Institution Ltd in Cambodia.

*A detailed breakdown of operations can be found in Chapter 4.*

For more information please visit: <http://www.ofid.org/FOCUS-AREAS/Financial>

OFID's support for the financial sector accounted for some

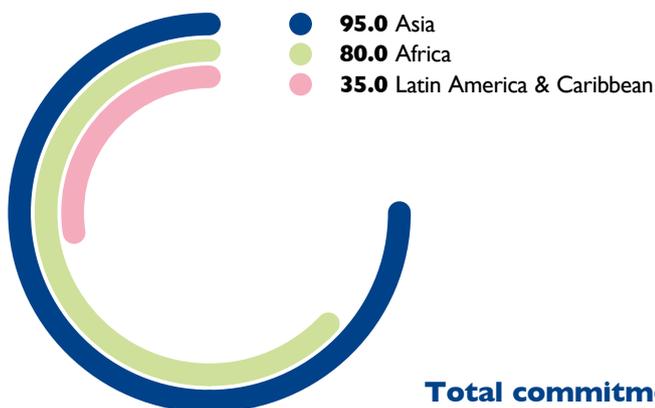
# \$2.6bn

of cumulative commitments as of December 2017

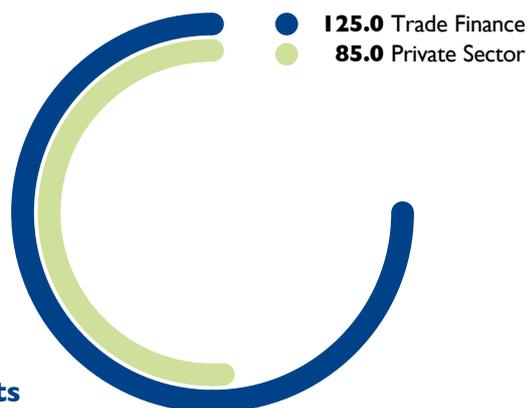
### Activities in 2017

The financial sector received 14% of total commitments in 2017 representing US\$210 million. OFID supported a broad range of financial intermediaries, including microfinance institutions, leasing companies, commercial banks and regional development banks, with the funding being used to support international trade, for on-lending to MSMEs or to bolster the capital base of financial institutions.

**2.7 Financial sector commitments 2017 by region (\$m)**



**2.8 Financial sector commitments 2017 by mechanism (\$m)**



**Total commitments in 2017: \$210.0m**

## OFID IN ACTION

# OFID mobilizes partners in support of SDG 17 and SMEs in Lebanon



Photo: Diego Fiore/Shutterstock.com

*The OFID loan will increase the availability of long-term funding for SMEs in Lebanon.*

**Amount:** US\$20 million

**Mechanism:** Private Sector loan

**Co-financiers:** FMO and OeEB

With a contribution of US\$20 million, OFID recently partnered with two development banks to provide a US\$67.5 million loan facility for Lebanon and Gulf Bank (LGB BANK).

The loan is LGB BANK's first from development finance institutions and will enable the bank, a leading provider of finance to small and medium-sized enterprises (SMEs), to increase the availability of long-term funding for SMEs in Lebanon. SMEs serve as the economic backbone of many developing countries – generating employment and improving living standards. But the sector is often undervalued and under-supported. By stimulating investment in the SME sector, OFID

aims to contribute to job creation and boost economic and private sector development.

SDG 17 calls for global partnership for sustainable development as part of Agenda 2030. OFID is a firm believer that the world's most complex challenges can only be overcome through cooperation. This transaction is an example of this philosophy in action. Working with Alpen Capital, OFID was able to bring other trusted and reputable partners to the table with FMO acting as the mandated lead arranger.

By providing support to SMEs, OFID and its partners are ultimately empowering the people of Lebanon to strengthen essential infrastructure and social services and to promote productivity, competitiveness and trade.

# Education: Focus on access and technology

OFID's commitment to education has remained steadfast since the organization's inception

## Strategic context

According to a UN progress report, achieving inclusive and equitable quality education for all (SDG 4) will require increasing efforts, especially in sub-Saharan Africa and Southern Asia and for vulnerable populations, including people with disabilities, indigenous populations, refugee children and poor children in rural areas.

Even though more children than ever are now going to school, many are not receiving a quality education. Recent studies show that in nine of 24 sub-Saharan African countries and six of 15 Latin American countries with data, fewer than half of students had attained minimum proficiency in mathematics at the end of primary education.

Entrenched inequalities remain. Circumstances such as wealth, gender, ethnicity and location play an important role in determining to what extent and up to what level children attend school. In many parts of the world, the lack of trained teachers and a poor quality school environment are hampering the prospects for all. Inclusive policies and more funding are needed desperately. OFID's commitment to education has remained steadfast since the organization's inception (averaging about 5% of total approvals per annum). As of December

2017, cumulative support of around US\$1,090.8 million had been directed to the sector.

## Activities in 2017

Education projects attracted US\$105.2 million in funding in 2017, with the bulk delivered under OFID's public sector operations window. China secured US\$35 million to co-finance the construction of a campus at the Shaanxi Vocational Education College. Sri Lanka obtained US\$50 million to improve the provision of technology disciplines at more than 300 secondary schools (see OFID in action opposite). Burkina Faso received US\$16.8 million for an expansion project at Koudougou University. The remaining US\$3.4 million was provided by the Grants and Technical Assistance window for a variety of capacity-building initiatives, including the sponsorship of nine winning OFID Scholarship applicants, the establishment of a center for the visually impaired in Palestine and boosting education access for vulnerable girls in Afghanistan and Nepal.

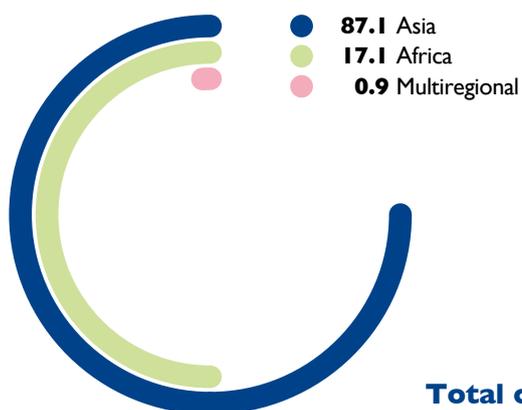
*A detailed breakdown of operations can be found in Chapter 4.*

For more information please visit: <http://www.ofid.org/FOCUS-AREAS/Education>

Sri Lanka received support to improve technological provision in more than

**300**  
secondary schools

**2.9 Education commitments 2017 by region (\$m)**



**2.10 Education commitments 2017 by mechanism (\$m)**



**Total commitments in 2017: \$105.2m**

## OFID IN ACTION

# Getting technical: Developing educational pathways in Sri Lanka



Photo: Joerg Boethling / Alamy Stock Photo

*The program will improve the provision of technology disciplines in more than 300 secondary schools.*

**Amount:** US\$50 million

**Mechanism:** Public Sector loan

**Co-financier:** Government of Sri Lanka

This loan to the Democratic Socialist Republic of Sri Lanka will support the country's Technological Education Development Program, which aims to improve the provision of technology disciplines in more than 300 secondary schools. The project will construct new buildings and renovate existing facilities, create a maintenance fund, and upgrade and purchase equipment. A capacity-building component for teachers, education officers and curriculum developers is also planned.

The program will help develop pathways from secondary education to vocational training, which will help increase youth employability. The emphasis on strengthening the

teaching of science and technology will improve the likelihood of students gaining skills that will also lead to productive employment.

'Equity of provision' will be enhanced by ensuring all administrative divisions of Sri Lanka have at least one secondary school offering technical and vocational subjects. This will, in turn, help reduce poverty and socioeconomic inequalities by improving access for about 10,000 students across the country, per year.

The program will also benefit personnel including teachers and administrators who will profit from various development programs – around 1,600 staff will enjoy better management systems and capacity, improved laboratories, better curricula and instructional materials, and enhanced working environments.

Sri Lanka has one of the leading education systems among developing countries. The country has successfully met the challenges of achieving universal enrolment and completion for primary and secondary education. This, coupled with remarkable economic achievements in recent years, provides an opportunity for Sri Lanka to accelerate its economic and social development. OFID is proud to be supporting this positive transformation.

# Water and Sanitation: Flowing in the right direction

The challenge of ensuring the sustainable management of water in the face of a growing population is significant

Water scarcity affects more than

**40%**  
of the global population

## Strategic context

Good progress has been made in recent years in the water and sanitation sector. According to the UN, in 2015, 6.6 billion people, or 91% of the global population, used an improved drinking water source, versus just 82% in 2000. SDG 6 now proves the political consensus to take collective action.

But there's some way to go. In developing countries, more than one billion people still use a contaminated source of drinking water. This puts people at risk of contracting cholera, dysentery, typhoid and polio. The UN also notes that water scarcity affects more than 40% of the global population and this figure is projected to rise.

The challenge of ensuring the sustainable management of water in the face of a growing global population is significant and can only be addressed through an integrated approach.

By the end of December 2017, OFID had approved a cumulative amount of some US\$1,242 million for the water and sanitation sector, representing 6% of total approvals.

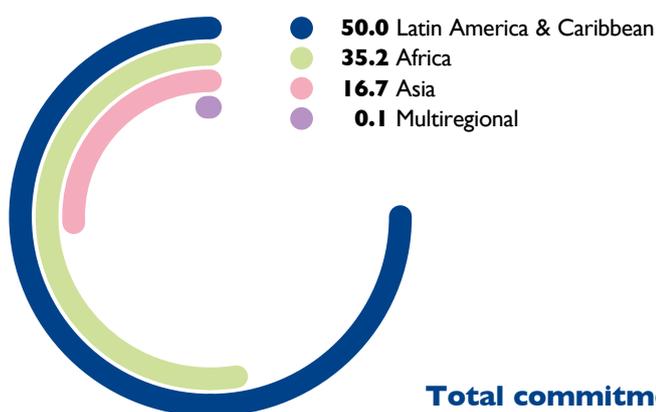
## Activities in 2017

In 2017, eight approvals totaling US\$102 million (or 7% of OFID's total commitments for the year) benefited the water and sanitation sector. The vast majority (US\$100.3 million) was directed to the public sector with loans going to Argentina (US\$50 million), Lesotho (US\$14 million), Rwanda (US\$20 million) and Uzbekistan (US\$16.25 million) to boost water security and sanitation services. Grant-financed projects accounted for the remaining approvals, which focused on regional activities benefiting some 350,000 people across seven African countries. Students in Palestine will also benefit from grant financing for a desalination project to provide safe drinking water. The grant window also supported the participation of 30 delegates from developing countries at the fifth IWA Development Congress and Exhibition.

A detailed breakdown of operations can be found in Chapter 4.

For more information please visit: <http://www.ofid.org/FOCUS-AREAS/Water-Supply-Sanitation>

**2.11 Water & Sanitation commitments 2017 by region (\$m)**



**2.12 Water & Sanitation commitments 2017 by mechanism (\$m)**



**Total commitments in 2017: \$102.0m**

## OFID IN ACTION

# Supporting sustainable water in Rwanda



Photo: arhendix/Shutterstock.com

The OFID-sponsored project will upgrade and expand water networks in highly populated urban areas and help construct a centralized sewerage system.

**Amount:** US\$20 million

**Mechanism:** Public Sector loan

**Co-financiers:** AfDB, AGTF, EIB, Government of Rwanda

By 2022, the Rwanda Sustainable Water Supply and Sanitation Program will provide more than one million people in the country's capital Kigali and six satellite cities with an improved water supply, and 475,000 people will receive access to modern sanitation services.

Water networks in these highly-populated urban areas will be extensively upgraded and expanded, and two new water treatment plants will be built. Additionally, a centralized sewerage system will be constructed to provide direct connections to 2,300 households. Existing systems

will be upgraded and schools will be provided with latrines. New treatment plants will also ensure the safe handling of sewage.

These comprehensive improvements will benefit local populations in Kigali and the surrounding suburbs, dramatically improving living standards and helping reduce the transmission of many infectious diseases. Moreover, businesses, small scale agriculture and industry will also benefit: upon completion, the distribution network of Kigali city is also expected to support a new industrial zone, an Olympic stadium and a newly-built cricket ground, as well as the new Bugesera airport.

Construction of water and wastewater testing laboratories and

training centers will also help ensure that Rwanda's abundant water resources are utilized in more sustainable, safe and efficient ways.

# Multisectoral: A joined up approach

## OFID's strategic nexus

approach to development reduces the risk that one SDG goal is pursued at the expense of any other

## Strategic context

OFID recognizes that sectoral and silo-based planning approaches to addressing complex national and global sustainable development challenges are inadequate. The organization works hard to develop and promote a better understanding of the dynamic interdependence and interconnectedness of numerous complex systems within and across sectors. As well as supporting multisectoral projects (outlined below and opposite), OFID finances projects that 'cut across' more than one sector, such as agricultural initiatives that involve sustainable water practices.

OFID's strategic nexus approach to development is a holistic approach that explicitly defines the links between and within sectors and offers the chance to exploit beneficial opportunities from feedback loops, which can enhance sustainable development and the resilience of vulnerable populations.

By the end of December 2017, on a cumulative basis OFID had approved some US\$869.5 million for multisectoral operations. This amount represents 4% of all approvals.

## Activities in 2017

During 2017, US\$45.6 million (or a little over 3% of the total new funding for the year) was approved by OFID for multisectoral projects.

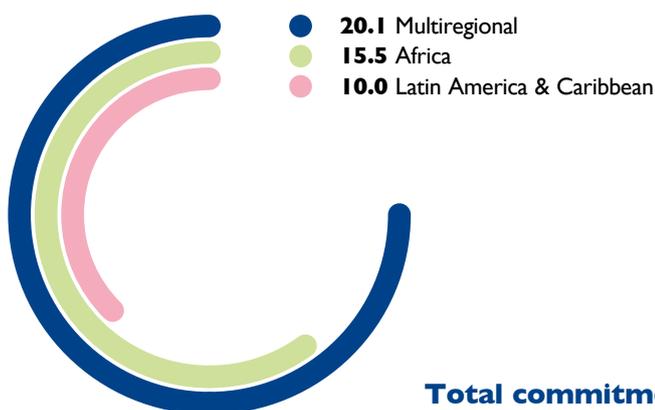
Two private sector transactions accounted for most of the new funding: US\$20 million will support a multiregional initiative in the health, education and energy sectors; and US\$4.5 million will support operations in Zambia. Through the trade finance window, US\$10 million will support operations in Suriname.

One public sector loan of US\$11 million to Côte d'Ivoire was approved and grant financing also consisted of one approval in support of a study on refugee protection by the International Centre for Migration, Health and Development.

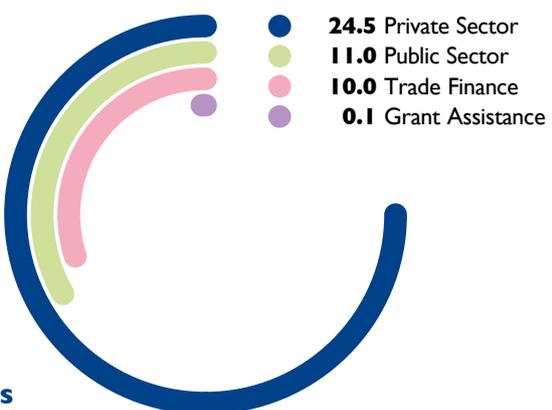
*A detailed breakdown of operations can be found in Chapter 4.*

For more information please visit: <http://www.ofid.org/FOCUS-Areas/Multi-Sect-Urban-Dvt>

**2.13 Multisectoral commitments 2017 by region (\$m)**



**2.14 Multisectoral commitments 2017 by mechanism (\$m)**



**Total commitments in 2017: \$45.6m**

## OFID IN ACTION

# Côte d'Ivoire continues to progress



Photo: Tommy Trenchard/Alamy Stock Photos

*The loan will help finance various environmental works at Cocody Bay and the Ebrie Lagoon.*

**Amount:** US\$11 million

**Mechanism:** Public Sector loan

**Co-financiers:** BADEA,  
Government of Côte d'Ivoire

OFID's US\$11 million loan to Côte d'Ivoire will co-finance various environmental works at Cocody Bay and the Ebrie Lagoon on the country's southern coast to improve the health and living standards of around 1.9 million inhabitants in and around the country's capital, Abidjan.

More specifically, the project is expected to reduce infant mortality and the incidence of vector-borne diseases, particularly malaria. Better environmental conditions will also attract commercial activities such as

fishing and tourism, creating jobs and boosting development.

There is a longstanding partnership between OFID and Côte d'Ivoire that spans more than 35 years. OFID has helped strengthen the country's education, transport, and water and sanitation sectors, and has also provided debt relief. Other support was extended under OFID's Private Sector and Trade Finance windows and Grants program, the latter of which supported regional and national initiatives.

Since 2012, Côte d'Ivoire's economy has performed well and inroads are being made into poverty reduction. The government's National

Development Plan (NDP) aims to transform Côte d'Ivoire into a middle-income economy by 2020 and further reduce poverty. Grants and loans have been forthcoming to support the NDP, and OFID is pleased to play a part in supporting what appears to be a promising trajectory for the largest economy in the West African Economic and Monetary Union.

# Health: At the heart of development

Children born into poverty are almost twice as likely to die before the age of five as those from wealthier families

### Strategic context

There have been great strides made in health and wellbeing in recent years (SDG 3) – particularly in reducing child mortality, improving maternal health and fighting HIV/AIDS, malaria and other diseases. But troubling statistics remain. An increasing proportion of child deaths are in sub-Saharan Africa and Southern Asia and children born into poverty are almost twice as likely to die before the age of five as those from wealthier families. A UN progress report suggests that to meet the SDG health targets by 2030, progress must be accelerated, in particular in regions with the highest burden of disease.

OFID is determined to support SDG 3. As of December 31, 2017, cumulative commitments to development projects in the health sector were around US\$902 million, representing 4% of all commitments. The organization focuses on global, regional and national health initiatives aimed at preventing and treating high burden diseases, such as HIV / AIDS, tuberculosis, malaria, neglected tropical diseases, and non-communicable diseases such as cancer and diabetes.

transaction was a private sector approval for Turkey, where a US\$24 million loan will construct a medical research center in Ankara under the Turkish Healthcare public-private partnerships model. Grant financing totaled US\$5.3 million and comprised funding to: help expand the diagnosis of tuberculosis in Central and West Africa (see OFID in action opposite); provide rehabilitation and cancer care services in the West Bank, Gaza Strip and Jerusalem; promote social inclusion of people with disabilities in Africa and Latin America; help eliminate blinding trachoma in Mali and Niger; prevent and reduce lead pollution exposure in Bangladesh; support participation of scientists from developing countries at AIDS 2018 in the Netherlands; and help improve nutrition and health for women and children in Guatemala.

*A detailed breakdown of operations can be found in Chapter 4.*  
For more information please visit: <http://www.ofid.org/FOCUS-AREAS/Health>

A single transaction for

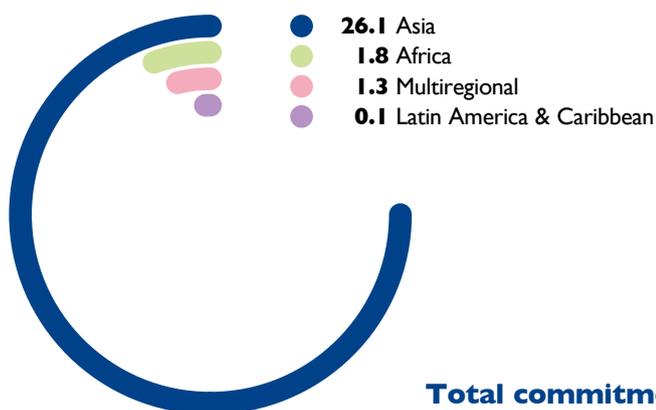
# \$24m

went to Turkey for the construction of a medical research center

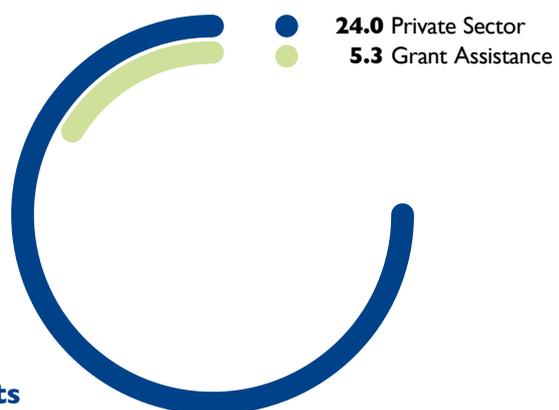
### Activities in 2017

In the course of 2017, OFID committed US\$29.3 million to a diverse range of healthcare initiatives. The single largest

**2.15 Health commitments 2017 by region (\$m)**



**2.16 Health commitments 2017 by mechanism (\$m)**



**Total commitments in 2017: \$29.3m**

## OFID IN ACTION

# Expanding tuberculosis diagnosis in Central and West Africa



Photo: INTERFOTO/Alamy Stock Photo

The OFID project is designed to support capacity building at eight TB laboratories in Africa, supplying them with diagnostic devices.

**Amount:** US\$1 million

**Mechanism:** Grant assistance

**Channel:** Institut Pasteur

This project is helping laboratories in Central and West Africa\* strengthen their capacity in identifying drug-resistant variants of tuberculosis (TB).

The use of highly-sensitive equipment utilizing molecular biology techniques can identify resistant strains and ensure the proper drugs are prescribed. This, along with a new nine-month 'MDR-TB' treatment regimen adopted by the World Health Organization in 2016, provides an effective means of

reducing the incidence of the disease, which has particularly severe consequences for those living in developing regions.

In 2011, Institut Pasteur – a leader in infectious disease research – received a US\$1 million OFID grant in support of a capacity-building project at eight TB laboratories in Africa, supplying them with diagnostic devices. Under the latest project, Institut Pasteur is providing laboratories with new versions of the devices, which can not only rapidly diagnose resistant strains, but are less expensive to operate. The devices can also be used in settings with minimal infrastructure, and an internal battery enables use even where electricity is unavailable. In addition, results can be transmitted

via mobile phone to TB control departments and reference laboratories.

Also planned is a training program designed to foster knowledge sharing and research collaboration. The project is expected to result in the detection of over 230,000 new TB cases, as well as over 14,000 relapse and previously treated cases in the targeted countries.

\*Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Congo DR, Djibouti, Guinea, Côte d'Ivoire, Niger, Rwanda, Senegal and Togo



# CHAPTER THREE

## OFID in the world

# Africa: OFID helps boost trade

## Economic context

Africa's recent broad-based slowdown eased in 2017, with a modest recovery reflected in average real growth rebounding an estimated 2.6% from 1.4% the year before. Stronger growth was underpinned by gradually improving commodity prices and the easing of drought conditions in eastern and southern Africa. Despite the recovery, ongoing strong population growth reinforced already very low average income per capita. Fiscal deficits stabilized helped by stronger growth, increased revenues, and more controlled expenditures. Meanwhile, monetary policy developments in general responded to falling inflationary and exchange rate pressures – the latter helped current account deficits narrow to more comfortable levels. However, foreign exchange reserves remained low, public debt stocks continued to increase and the lingering economic malaise of previous years undermined the banking sector, with pressures arising from exchange rate markets and policies, tightening liquidity conditions, rising non-performing loans in key countries and increased sovereign risk exposure.

## Social context

Africa has achieved one of the fastest rates of improvement in human development over the past two decades. However, it remains at the lowest average level compared to other regions in the world. The vast majority of African countries remains in the UNDP's Low Human Development group with notable gender differences and with many of the poorest 'left behind' despite recent progress. Although Africa's transformation varies between countries, the outlook for meeting the SDGs is improving. Recent strong growth has underpinned an expansion of social investments, which in turn has led to improvements in livelihoods, reflected in

rising universal primary education, falling under-five mortality rates, a reduction in adolescent birth rates and expansion of female labor participation.

## OFID in Africa

In 2017, OFID approved US\$695.6 million for development operations in Africa – by far the largest share (46%) of the organization's commitments for the year. A total of 32 African countries shared this amount.

US\$266.8 million of this amount went to operations in the energy sector, in line with the continent's priorities. Energy projects included solar, wind and clean cooking initiatives. Africa's agricultural sector also attracted a large proportion of the year's approvals with US\$219.2 million earmarked for productivity-enhancing technology, irrigation, and drainage and livestock initiatives. The water and sanitation sector in Africa attracted US\$35.2 million of OFID's 2017 approvals for operations including the construction of new reservoirs, drinking water stations and sewerage systems. OFID also approved US\$59 million for Africa's transport sector. The finance is set to be used for upgrading roads and more.

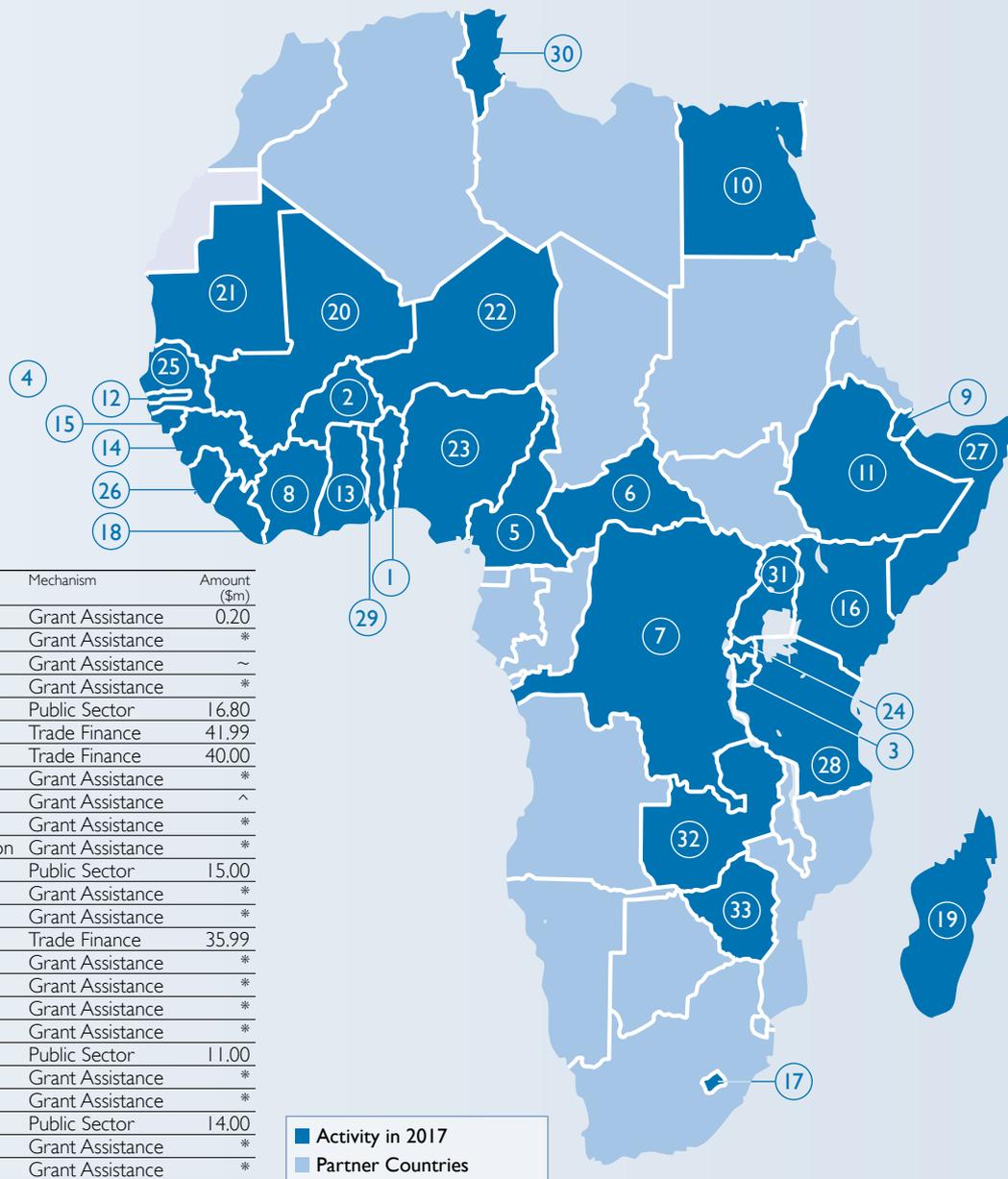
The total approved amount of US\$695.6 million for Africa can be broken down into different types of financing. Trade finance accounted for more than 60% (US\$425 million) of all approvals to the region, largely for energy and agriculture operations. US\$239 million was approved in public sector lending and the private sector attracted US\$24.5 million. US\$7.2 million supported 22 grant financed initiatives across various sectors.

For more information please visit:  
<http://www.ofid.org/COUNTRIES/Africa>

32 African countries shared

# 46%

of total approvals for 2017



### Regional activity in 2017

Country	Sector	Mechanism	Amount (\$m)
1 Benin	Energy	Grant Assistance	0.20
	Energy	Grant Assistance	*
	Health	Grant Assistance	~
	Health	Grant Assistance	*
2 Burkina Faso	Education	Public Sector	16.80
	Agriculture	Trade Finance	41.99
	Energy	Trade Finance	40.00
	Energy	Grant Assistance	*
	Energy	Grant Assistance	^
	Health	Grant Assistance	*
3 Burundi	Water & Sanitation	Grant Assistance	*
	Transport	Public Sector	15.00
4 Cabo Verde	Health	Grant Assistance	*
	Energy	Grant Assistance	*
5 Cameroon	Agriculture	Trade Finance	35.99
	Energy	Grant Assistance	*
	Health	Grant Assistance	*
6 Central African Republic	Health	Grant Assistance	*
	Health	Grant Assistance	*
7 Congo DR	Health	Grant Assistance	*
8 Côte d'Ivoire	Multisectoral	Public Sector	11.00
	Energy	Grant Assistance	*
	Health	Grant Assistance	*
9 Djibouti	Transport	Public Sector	14.00
	Agriculture	Grant Assistance	*
	Health	Grant Assistance	*
10 Egypt	Agriculture	Public Sector	53.20
	Energy	Trade Finance	100.00
11 Ethiopia	Transport	Public Sector	30.00
	Water & Sanitation	Grant Assistance	*
12 Gambia	Energy	Trade Finance	15.00
	Energy	Grant Assistance	*
13 Ghana	Energy	Grant Assistance	*
	Water & Sanitation	Grant Assistance	*
14 Guinea	Energy	Grant Assistance	*
	Health	Grant Assistance	*
15 Guinea Bissau	Energy	Grant Assistance	*
	Energy	Grant Assistance	*
16 Kenya	Water & Sanitation	Grant Assistance	*
	Water & Sanitation	Public Sector	14.00
17 Lesotho	Water & Sanitation	Public Sector	14.00
18 Liberia	Energy	Grant Assistance	*
19 Madagascar	Agriculture	Public Sector	20.00
	Health	Grant Assistance	~
20 Mali	Energy	Grant Assistance	*
	Health	Grant Assistance	*
	Water & Sanitation	Grant Assistance	*
	Water & Sanitation	Public Sector	18.00
22 Niger	Water & Sanitation	Grant Assistance	*
	Energy	Grant Assistance	*
23 Nigeria	Health	Grant Assistance	*
	Emergency	Grant Assistance	0.40
24 Rwanda	Energy	Grant Assistance	*
	Water & Sanitation	Public Sector	20.00
	Energy	Grant Assistance	1.00
	Health	Grant Assistance	*

■ Activity in 2017  
 ■ Partner Countries

Country	Sector	Mechanism	Amount (\$m)
25 Senegal	Energy	Trade Finance	41.99
	Energy	Grant Assistance	*
	Health	Grant Assistance	*
26 Sierra Leone	Water & Sanitation	Grant Assistance	*
	Emergency	Grant Assistance	0.20
	Energy	Grant Assistance	*
27 Somalia	Agriculture	Grant Assistance	*
	Emergency	Grant Assistance	0.30
	Health	Grant Assistance	~
28 Tanzania	Health	Grant Assistance	~
29 Togo	Energy	Grant Assistance	*
	Energy	Grant Assistance	^
	Health	Grant Assistance	*
30 Tunisia	Health	Grant Assistance	~
30 Tunisia	Energy	Trade Finance	50.00
31 Uganda	Education	Grant Assistance	0.30
32 Zambia	Agriculture	Public Sector	12.00
	Multisectoral	Private Sector	4.50
33 Zimbabwe	Health	Grant Assistance	~
	Agriculture	Public Sector	15.00

~ Part of a multiregional initiative (Africa & LAC) totalling \$1m  
 ^ Part of a multiregional initiative (Africa & Asia) totalling \$0.7m  
 \* Part of regional initiatives totalling \$124.75m

# Asia: OFID approves funds for 26 countries

## Economic context

Aggregate real growth in Asia averaged 5.6% in 2017, maintaining a strong multi-year performance. Growth in most countries turned out higher than first anticipated, mainly due to stronger domestic demand, recovering global trade, continued strong infrastructure spending and resilience in the real estate sector in some economies. Amid this buoyant activity, the effect of rising commodity prices, and some local currency strengthening against the US dollar (which helped push down the price of imported goods), annual average inflation accelerated a modest 2.3%, the same rate as 2016. Fiscal policy varied substantially across the region, reflecting each country's domestic cyclical conditions and respective efforts to reduce fiscal deficits. At the same time, fiscal reforms were sustained in some countries to lift growth and promote greater social inclusion. Meanwhile, the average current account surplus narrowed slightly to 2.1% of overall GDP in 2017 as exports rebounded, partly as a result of restocking in high-tech sectors, and as some countries gradually adjusted their external positions to their respective trade imbalances.

## Social context

Human development has steadily improved across developing Asia, particularly in South Asia, and at the same time poverty has decreased significantly across most of the region. The rapid growth in incomes among the poor, along with low unemployment, public transfers (such as pensions and cash transfers, among others), structural transformations and public investments have all contributed to the improvement. However, there are many challenges to

overcome, such as entrenched poverty, and high and rising inequality. In addition, the region's population has continued to grow quickly, undermining progress on improving livelihoods. The region also endures the double burden of stunting and obesity (both forms of malnutrition), which significantly reduces children's health, imposing enormous human and economic costs. Asia is also vulnerable to the effects arising from climate change, which adds a further burden to efforts geared toward meeting the SDGs.

## OFID in Asia

Asia attracted US\$434.9 million (29%) of OFID's 2017 approvals. In total, 26 Asian countries benefited. Across these countries, the energy sector received US\$110.8 million, the financial sector US\$95 million, the education sector attracted US\$87.1 million, transport US\$80 million and the rest was split between other sectors including health, industry, water and sanitation and emergency assistance.

Close to 42% or US\$181.3 million of the total was approved under public sector operations for education, transport, and water and sanitation. Asia's private sector attracted US\$152 million while US\$90 million was approved in trade financing. The remaining US\$10.7 million was approved in grant financing. US\$5.4 million of this figure is earmarked for Palestine to support initiatives ranging from expanding and refurbishing the Cancer Department at the Augusta Victoria Hospital in Jerusalem to enhancing access to quality education.

For more information please visit: <http://www.ofid.org/COUNTRIES/Asia>

Asia attracts

**29%**  
of OFID's 2017 approvals



### Regional activity in 2017

Country	Sector	Mechanism	Amount (\$m)
1 Afghanistan	Education	Grant Assistance	0.40
2 Armenia	Energy	Private Sector	37.00
3 Bangladesh	Transport	Public Sector	60.00
	Energy	Private Sector	20.00
	Agriculture	Grant Assistance	*
	Health	Grant Assistance	0.10
4 Cambodia	Financial	Private Sector	20.00
	Agriculture	Grant Assistance	*
	Energy	Grant Assistance	0.42
5 China	Education	Public Sector	35.00
6 Georgia	Financial	Trade Finance	25.00
7 India	Agriculture	Grant Assistance	*
8 Iran	Emergency	Grant Assistance	0.40
9 Iraq	Emergency	Grant Assistance	0.40
10 Jordan	Energy	Private Sector	17.00
11 Kyrgyzstan	Transport	Public Sector	10.00
	Energy	Grant Assistance	*
12 Lao PDR	Agriculture	Grant Assistance	*
13 Lebanon	Financial	Private Sector	20.00
	Financial	Trade Finance	20.00
14 Maldives	Energy	Trade Finance	35.00
15 Myanmar	Agriculture	Grant Assistance	*
	Emergency	Grant Assistance	0.40
16 Nepal	Agriculture	Grant Assistance	*
	Education	Grant Assistance	0.30
17 Pakistan	Industry	Private Sector	15.00

■ Activity in 2017  
 ■ Partner Countries

Country	Sector	Mechanism	Amount (\$m)
18 Palestine	Agriculture	Grant Assistance	1.00
	Education	Grant Assistance	1.36
	Energy	Grant Assistance	0.60
	Health	Grant Assistance	2.00
	Water & Sanitation	Grant Assistance	0.40
19 Philippines	Energy	Grant Assistance	^
20 Sri Lanka	Education	Public Sector	50.00
	Agriculture	Grant Assistance	*
21 Syria	Emergency	Grant Assistance	0.40
22 Tajikistan	Transport	Public Sector	10.00
	Energy	Grant Assistance	*
23 Turkey	Health	Private Sector	24.00
	Financial	Trade Finance	10.00
24 Uzbekistan	Water & Sanitation	Public Sector	16.25
25 Vietnam	Agriculture	Grant Assistance	*
26 Yemen	Emergency	Grant Assistance	0.50

^ Part of a multiregional initiative (Africa & Asia) totalling \$0.7m  
 \* Regional Initiatives totalling \$2m

# Latin America and the Caribbean:

## OFID utilizes all financing windows

### Economic context

Real growth in the region expanded by an estimated average of 1.2% in 2017; a positive result given the contraction of nearly 1% in 2016. The recovery reflected the end of recessions in some countries (Argentina and Brazil, although the situation in Venezuela remained discouraging), gradually strengthening domestic demand, and a more positive external environment both for exports and capital flows. Nonetheless, the weak recovery reflected policy and investor uncertainty, and commodity price volatility. Inflation eased in many countries as the effects of earlier exchange rate depreciations subsided (some currencies appreciated against the US dollar) and there was continued economic slack, as well as low food and energy prices. Meanwhile, a drop in commodity revenues resulted in fiscal balance weakening in commodity exporting countries, but in aggregate, the regional structural fiscal deficit narrowed partially in 2017 to 2.2% of overall GDP, as fiscal adjustment across many countries strengthened. The terms-of-trade shock that hit the region in 2015-16 was partially reversed last year. However, commodity exporters were net losers while tourism-dependent economies experienced net gains. Overall, the region's current account deficit was unchanged at 2% of aggregate GDP over the year.

### Social context

The economic malaise of the past few years weakened social progress and had an adverse effect on jobs and household incomes: inequality has risen and around one-third of Latin Americans remain vulnerable to falling back into poverty. However, with a return to growth last year, livelihoods and human development

outcomes improved slightly – the economic recovery helped rebuild social pillars that in turn eased poverty and boosted prosperity. Socioeconomic strengthening has also helped support the economic recovery via greater investments in people, particularly the poor, although the region's education indicators remain weak, with around one-third of children not completing high school. Efforts to build resilience to shocks – economic, natural and social, including crime and violence – is also part of the reform agenda to ensure sustainable and equitable long-term growth in line with the SDGs.

### OFID in Latin America and the Caribbean

During 2017, OFID approved US\$354.5 million for development operations in Latin America and the Caribbean. In total, 11 countries shared this amount, which represents 24% of total approvals for the year. As with 2016, all financing windows are set to contribute, however the majority of approvals (US\$278.5 or 79%) was made via the public sector for agriculture, energy, transport, and water and sanitation operations. Notable approvals through this window included: US\$91 million to strengthen food security and improve transportation in Bolivia; US\$52 million for Belize to support water security and upgrade an important section of road; and Argentina will receive US\$50 million for a water security project. Cuba attracted US\$45 million for an energy project and Nicaragua attracted US\$30 million for a transport project. OFID's private sector approvals amounted to US\$55 million in support of projects in El Salvador (energy), Honduras (energy) and Nicaragua (financial). US\$20 million was

Growth in the region expanded by an estimated average of

**1.2%**  
in 2017

provided in trade finance to El Salvador (financial) and Suriname (multisectoral). In addition, US\$1 million was approved in grants for agriculture, education, energy and health.

For more information please visit: <http://www.ofid.org/COUNTRIES/Latin-America-Caribbean>



### Regional activity in 2017

Country	Sector	Mechanism	Amount (\$m)
1 Argentina	Water & Sanitation	Public Sector	50.00
2 Belize	Transport	Public Sector	52.00
3 Bolivia	Agriculture	Public Sector	61.00
	Transport	Public Sector	30.00
	Agriculture	Grant Assistance	*
4 Cuba	Energy	Public Sector	45.00
5 El Salvador	Health	Grant Assistance	~
	Energy	Private Sector	25.00
	Financial	Trade Finance	10.00
6 Guatemala	Health	Grant Assistance	0.10
7 Haiti	Energy	Grant Assistance	0.30
	Health	Grant Assistance	~
8 Honduras	Energy	Private Sector	5.00
9 Nicaragua	Energy	Public Sector	10.50
	Transport	Public Sector	30.00
	Financial	Private Sector	25.00
	Agriculture	Grant Assistance	0.20
	Health	Grant Assistance	~
10 Peru	Agriculture	Grant Assistance	0.20
	Agriculture	Grant Assistance	*
11 Suriname	Multisectoral	Trade Finance	10.00

~ Part of a multiregional initiative (Africa & LAC) totalling \$1m

\* Regional Initiative totalling \$0.2m

■ Activity in 2017

■ Partner Countries



# CHAPTER FOUR

## **OFID operations by financial mechanism**

# Public sector lending

## Strategic context

Public sector operations remain the central pillar of OFID's work. By the end of 2017, cumulative approvals of some US\$13,804.5 million made through this window accounted for about two-thirds (66%) of the organization's total commitments since inception. In all, 1,544 concessional loans have been agreed with 106 developing countries. Of this total, more than US\$10 billion has been channeled to energy-water-food nexus-related operations (supported by the transport sector). All operations supported by OFID respect country development priorities and respond to strategic development objectives.

All public sector operations are co-financed with the recipient government and frequently with other donors, including regional development banks, UN agencies and the bilateral and multilateral development agencies of OPEC Member Countries. This is in keeping with the Global Partnership for Effective Development Cooperation and the four shared principles of development: ownership of development priorities by developing countries; a focus on results; inclusive

partnerships; and transparency and accountability. To encourage sustainability, OFID's public sector operations also focus on capacity building and institution strengthening.

Also included under the umbrella of public sector operations is OFID's contribution to debt relief via the Heavily Indebted Poor Countries (HIPC) initiative. OFID has supported the initiative since its inception in 1996, utilizing several mechanisms to provide its relevant share of debt relief to 25 eligible partner countries. These include loans worth US\$274 million that were made available to ease the debt burden of these countries, together with debt restructuring operations.

## Activities in 2017

Public sector commitments in 2017 amounted to US\$698.8 million or 46% of approvals for the year, compared with US\$615.4 million and 47% in 2016. The funds supported 27 projects in 23 countries.

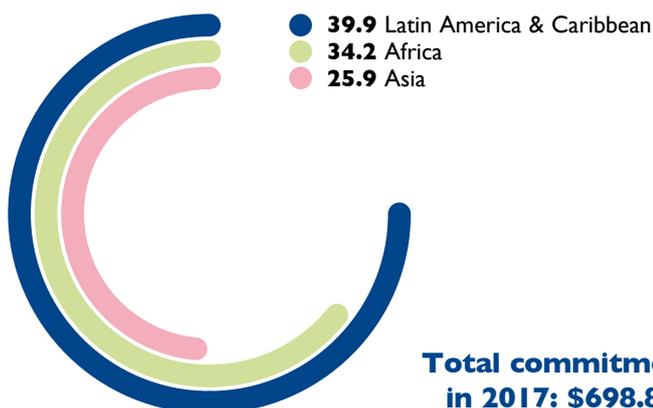
Latin America and the Caribbean received the largest share, with US\$278.5 million or 40% (including

US\$91 million in two loans to Bolivia for agriculture and transport projects and US\$50 million to Argentina for a water and sanitation project), while Africa received US\$239 million or 34% and Asia US\$181.3 million or 26%.

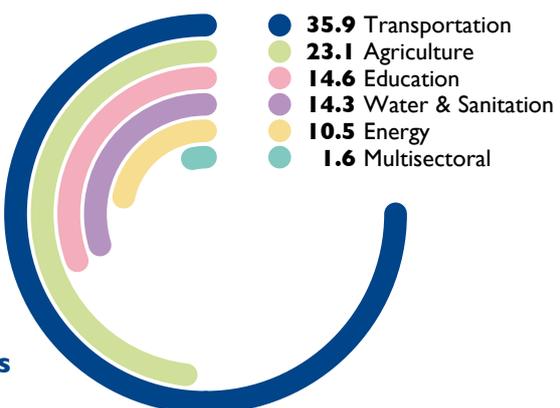
The sectoral distribution of public sector approvals reflected the priorities of the recipient countries, with US\$251 million or 36% of the year's total going to the transport sector. Agriculture (US\$161.2 million, or 23%), education (US\$101.8 million, or 15%), water and sanitation (US\$100.3 million, or 14%) and energy (US\$73.5 million, or 11%) also attracted significant amounts, with the remainder going to multisectoral operations.

For more information please visit: <http://www.ofid.org/PROJECTS-OPERATIONS/Public-Sector>

**4.1 Public sector commitments 2017 by region (in percent)**



**4.2 Public sector commitments 2017 by sector (in percent)**



**Total commitments in 2017: \$698.8m**

## I. Public Sector loans approved in 2017 (in \$m)

### Africa

Country	Project	Sector	Co-financiers *	Purpose	Amount
Burkina Faso	Koudougou University Expansion	Education	BADEA	To raise the quality of higher education and make it more relevant to the job market by constructing and equipping new student, teaching and administrative facilities. Some 18,500 students are expected to benefit.	16.8
Burundi	Bururi-Gakuba Road Upgrading	Transportation	BADEA, Saudi Fund	To improve connectivity and raise living standards and income for some 200,000 people by paving a 35km portion of the national RN16 that connects the country's south and central regions.	15.0
Côte d'Ivoire	Rehabilitation of Cocody Bay (Lot 3)	Multisectoral	BADEA	To carry out environmental works at Cocody Bay and the Ebrie Lagoon to improve the health and living standards of around 1.9 million inhabitants in and around the capital Abidjan.	11.0
Djibouti	Tadjoura Port Access Road	Transportation		To connect the Tadjoura port to the Tadjoura-Balho road, which links Djibouti's northern region to the Ethiopian border. Jobs will be created for 200,000 people living in one of the poorest areas of the country.	14.0
Egypt	Rehabilitation of Irrigation & Drainage Pumping Stations, Phase II	Agriculture		To upgrade pumping stations for a reliable delivery of water for irrigation, helping to increase incomes and food security for more than 380,000 people.	53.2
Ethiopia	Shambu-Agamsa Road Upgrading	Transportation	BADEA	To improve a 94km stretch of road in the central/western region and provide some 620,000 people with access to social services and reduced travel time and costs.	30.0
Lesotho	Greater Maseru Water Supply	Water & Sanitation	BADEA	To build new water infrastructure in the peri-urban areas of the capital Maseru to help serve the city's growing population. Clean drinking water will be provided to an estimated 120,000 people.	14.0
Madagascar	Inclusive Agriculture Transformation Program (DEFIS)	Agriculture	AfDB, Green Climate Fund, IFAD, beneficiaries	To boost incomes and food security for around 1.6 million farmers in high poverty regions through the introduction of high-performing production systems adapted to climate change.	20.0
Mauritania	Boulanouar Wind Farm	Energy	Arab Fund	To construct a 102 MW 39-turbine wind farm in the Boulanouar region. The project will help Mauritania meet its growing domestic energy demand and produce a surplus for export.	18.0
Rwanda	Rwanda Sustainable Water Supply & Sanitation Program	Water & Sanitation	AfDB, African Growing Together Fund, EIB	To rehabilitate and extend water supply networks and construct sanitation infrastructure in Kigali City and six satellite cities. This will improve living conditions and help reduce poverty for nearly 1.6 million people.	20.0
Zambia	Enhanced Smallholder Livestock Investment Program (E-SLIP)	Agriculture	IFAD, beneficiaries	To improve livestock productivity among some 213,000 smallholder producers through: animal disease control, livestock production systems and program management.	12.0
Zimbabwe	Smallholder Irrigation Revitalization Program	Agriculture	IFAD, beneficiaries	To reduce rural poverty and enhance food security for 25,000 small-scale, low-income farming households by rehabilitating infrastructure, providing related equipment and materials, and delivering training and workshops.	15.0
<b>Africa</b>					<b>239.0</b>

\*In addition to the concerned government and OFID.

**Asia**

Country	Project	Sector	Co-financiers *	Purpose	Amount
Bangladesh	SASEC Road Connectivity (supplementary loan).	Transportation	ADB	To promote domestic and regional trade by upgrading part of the Dhaka-North-west Corridor and improving two land ports at Benapole and Burimari.	30.0
Bangladesh	Paira Bridge	Transportation	Kuwait Fund	To build a 1.5km bridge over the Paira River to connect the districts of Barisal and Pataukhali, and construct access roads to the national highway, providing access to income-generating opportunities and social services.	30.0
China	Shaanxi Vocational Education	Education		To address a shortage of skilled workers by building a new Chang'an Campus at the Shaanxi Youth Vocational College. This will provide a market-oriented education for around 9,000 young job-seekers per year.	35.0
Kyrgyz Republic	Issyk-Kul Ring Road (Korumdu-Karakol Section 2N)	Transportation	Abu Dhabi Fund, IsDB, Kuwait Fund, Saudi Fund	To upgrade a 116km section of road that serves urban / semi-urban settlements of around 700,000 people. The project will increase access to social services, marketplaces and production centers.	10.0
Sri Lanka	Technological Education Development Program	Education		To improve technology disciplines in 337 secondary schools through infrastructure and capacity building improvements. Around 10,000 students per year will benefit, as well as 1,600 administrators and teachers.	50.0
Tajikistan	Kulyab-Kalaikhumb Road (Sections A and F)	Transportation	Abu Dhabi Fund, IsDB, Kuwait Fund, Saudi Fund	To upgrade two sections of road linking the western and eastern regions of Tajikistan, providing a direct connection the capital Dushanbe, and the eastern region of Gorny-Badakhshan, one of the poorest in the country. It will also open up trade opportunities with neighboring countries.	10.0
Uzbekistan	Rehabilitation and Construction of Water Network in the Kasan, Mubarak and Rural Affiliates	Water & Sanitation	Saudi Fund	To boost access to safe drinking water and improve health conditions for around 110,000 people in the Kashkardaya region through the construction and repair of infrastructure.	16.25
<b>Asia</b>					<b>181.25</b>

\* In addition to the concerned government and OFID

**Latin America & the Caribbean**

Country	Project	Sector	Co-financiers *	Purpose	Amount
Argentina	Gran Tulum Water Supply	Water & Sanitation	Kuwait Fund	To improve health indicators for around 520,000 people in San Juan province by building a new water supply system and boost agriculture by providing a reliable source of water.	50.0
Belize	Upgrading of Caracol Road, Phase I	Transportation		To upgrade a 42.5km stretch of road linking the George Price Highway and the Cayo district, an area heavily reliant on agriculture and tourism. 80,000 people stand to benefit.	40.0
Belize	Haulover Bridge Replacement	Transportation	Caribbean Development Bank	To construct a 147m bridge west of Belize City, an economically-important region due to tourism, and industrial and agricultural-related activities. Around 70,000 people are expected to benefit.	12.0
Bolivia	Santa Cruz – Las Cruces – Buena Vista Road	Transportation	CAF	To provide an 81 km bypass for Bolivia's most heavily populated city – Santa Cruz de la Sierra. The project will improve connectivity and promote local and international trade.	30.0
Bolivia	Dams Program: More Investments for Irrigation	Agriculture	CAF	To boost agricultural productivity among 20,000 subsistence farmers through investments in dams and related infrastructure, improve irrigation and expand cultivatable land.	61.0
Cuba	Solar Energy Development	Energy		To help Cuba diversify its energy mix by developing solar water heaters and domestic photovoltaic systems and constructing two solar photovoltaic power plants, benefitting around 250,000 people.	45.0
Nicaragua	Rural Roads Development	Transportation		To reduce poverty and facilitate socioeconomic integration in rural areas by upgrading over 37km of roads and constructing new bridges, benefitting around 100,000 people.	30.0
Nicaragua	Caribbean Coast Rural Electrification Phase II	Energy		To provide modern energy services to off-grid, remote communities in high-poverty areas, thus boosting development, enhancing quality of life and promoting income-generating activities for over 33,000 people.	10.5
<b>Latin America &amp; the Caribbean</b>					<b>278.5</b>

\* In addition to the concerned government and OFID

**Total**
**698.75**

# Private sector and trade finance

## Strategic context

OFID's private sector and trade finance windows are a complementary means for OFID to fulfil its core mission of assisting partner countries in their socioeconomic development. Both mechanisms are important contributors to creating lasting development impact in beneficiary countries and to OFID's financial sustainability.

Private sector activities promote economic development through financing the establishment and / or growth of productive private enterprise and encouraging the development of local capital markets. OFID provides: loans to companies for projects with developmental aims that are well defined, such as to improve industrial capacity and utilities, and strengthen infrastructure; direct equity investments or investments in private equity fund structures targeting OFID's sectors of interest; and term loans to financial institutions for on-lending to MSMEs and to improve the capital base of banks.

Through trade finance, OFID supports private enterprises and governments by facilitating their import and export requirements. This helps address inventory and working-capital needs and improves the cross-border trade prospects of partner countries. OFID's trade financing window provides: direct financing or participation in risk sharing programs to support financial institutions and the growth of their international trade activities; and trade financing across the value-chain, including structured commodity finance, working capital finance and pre-export finance to private enterprises or governments.

The private sector and trade financing windows have a global remit, supporting projects and companies in over 60 countries across Africa, Asia, Latin America and Europe. Financing has benefited more than 375,000 MSMEs as well as trade activities via financial institution intermediaries. Via unfunded programs, 7,627 beneficiaries through 328 issuing banks in 63 countries have

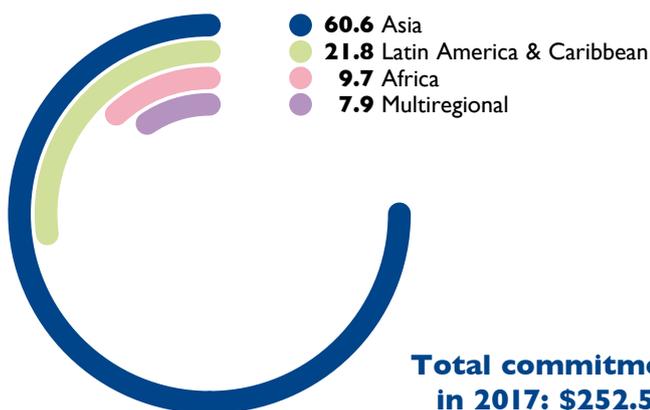
also been supported. More than one-quarter of these countries are classified as low income countries.

Projects have enabled the development of more than 3 GW of electricity capacity across multiple technologies and have supported airports with aggregate passenger numbers of 28 million per annum, as well as seaports and bulk terminals with vast handling capacity – all of which underpins significant amounts of international trade and supports economic growth.

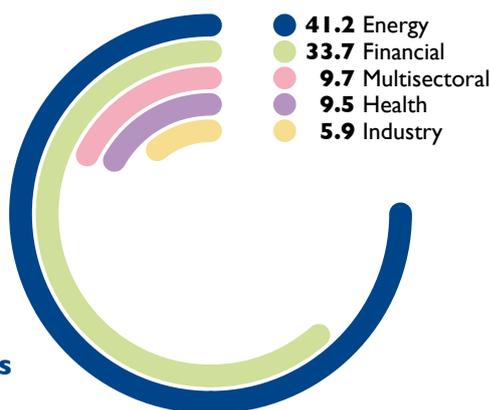
## Activities in 2017

2017 saw OFID's private sector and trade finance operations continue to scale up. Approvals during the year totaled US\$787.5 million, up from US\$711.5 million in 2016, representing an increase of nearly 11%. There was a heavy emphasis on trade finance with total approvals amounting to US\$535 million (as part of the US\$787.5 million).

**4.3 Private sector commitments 2017 by region (in percent)**



**4.4 Private sector commitments 2017 by sector (in percent)**



**2. Private Sector financing approved in 2017** (in \$m)

**Africa**

Region/Country	Recipient	Type of Finance	Sector	Amount
Zambia	Woodside Mall Zambia Limited	Term Loan	Multisectoral	4.5
Regional Africa	Eastern and Southern African Trade Development Bank (TDB)	Equity	Financial	20.0
<b>Africa</b>				<b>24.5</b>

**Asia**

Region/Country	Recipient	Type of Finance	Sector	Amount
Armenia	Hydro energy company	Term Loan	Energy	37.0
Bangladesh	Energy company	Term Loan	Energy	20.0
Cambodia	Prasac Microfinance Institution Ltd.	Term Loan	Financial	20.0
Jordan	Bayouna Solar Energy Company (BSEC)	Term Loan	Energy	17.0
Lebanon	Lebanon and Gulf Bank SAL (LGB)	Term Loan	Financial	20.0
Pakistan	Industry company	Term Loan	Industry	15.0
Turkey	CCN Laboratuar	Term Loan	Health	24.0
<b>Asia</b>				<b>153.0</b>

**Latin America & the Caribbean**

Region/Country	Recipient	Type of Finance	Sector	Amount
El Salvador	Energy company	Term Loan	Energy	25.0
Honduras	Vientos de Electrotecnia SA (VESA)	Term Loan	Energy	5.0
Nicaragua	Commercial bank	Term Loan and Subordinated Term Loan	Financial	25.0
<b>Latin America &amp; the Caribbean</b>				<b>55.0</b>

**Global**

Region/Country	Recipient	Type of Finance	Sector	Amount
Multiregional	Abraaj Global Credit Fund	Equity	Multisectoral	20.0
<b>Global</b>				<b>20.0</b>

<b>Total</b>				<b>252.5</b>
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Commitments to the energy sector, including renewable projects and midstream and downstream projects, made up US\$384 million of the total approvals. The financial sector attracted US\$210 million and agriculture attracted US\$118 million. The remainder was approved for industry, health and multisectoral projects, the latter of which supported retail, cement and regional trade in Africa.

Growth was helped by diversification across these sectors and the use of a broad spectrum of instruments. Senior and subordinated debt, guarantees and equity was employed across a variety of institutions such as local and regional banks, financial institutions and leasing companies.

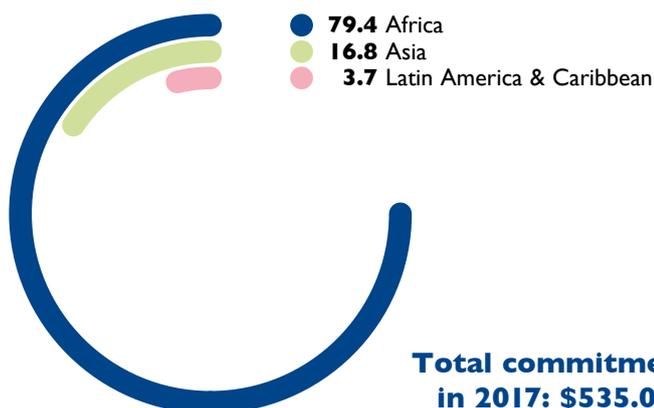
OFID's private sector and trade finance operations continued to illustrate the beneficial role of partnerships, concluding a first transaction with the Black Sea Trade and Development Bank – the multilateral development bank of the 11 founding member countries of the Organization of the Black Sea Economic Cooperation. The department also acted as a catalyst by mobilizing additional funding for a number of beneficiaries. Also signed in 2017 was a cooperation agreement with

the Africa Finance Corporation that will enable OFID to help address the continent's energy and infrastructure needs.

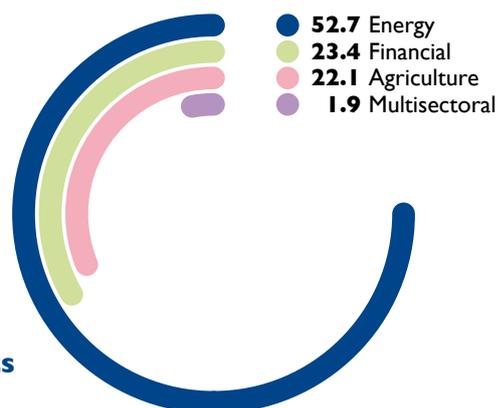
Signing up to the Development Finance Institutions Corporate Governance Development Framework in March 2017, OFID became a member of the DFI Corporate Governance Group which comprises 35 members. The Framework provides a common approach for evaluating and improving corporate governance and sound credit and investment practices in some of the world's most challenging markets.

For more information please visit: <http://www.ofid.org/PROJECTS-OPERATIONS>

#### 4.5 Trade finance commitments 2017 by region (in percent)



#### 4.6 Trade finance commitments 2017 by sector (in percent)



**3. Trade financing approved in 2017** (in \$m)

**Africa**

Region/Country	Recipient	Type of Finance	Sector	Amount
Burkina Faso	Government of Burkina Faso	Term Loan	Agriculture	42.0
Burkina Faso	Government of Burkina Faso	Term Loan	Energy	40.0
Cameroon	Agriculture company	Term Loan	Agriculture	27.6
Cameroon	Agriculture company	Term Loan	Agriculture	8.4
Egypt	Government of Egypt	Term Loan	Energy	50.0
Egypt	Government of Egypt	Term Loan	Energy	50.0
Gambia	Government of Gambia	Term Loan	Energy	8.0
Gambia	Government of Gambia	Term Loan	Energy	7.0
Senegal	Electricity company	Term Loan	Energy	42.0
Tunisia	Société Tunisienne des Industries de Raffinage (STIR)	Term Loan	Energy	25.0
Tunisia	The Tunisian Company of Electricity and Gas (STEG)	Term Loan	Energy	25.0
Regional Africa	Trading company	Term Loan	Agriculture	40.0
Regional Africa	Development bank	Term Loan	Financial	60.0
<b>Africa</b>				<b>425.0</b>

**Asia**

Region/Country	Recipient	Type of Finance	Sector	Amount
Georgia	JSC TBC Bank (TBC)	Term Loan	Financial	25.0
Lebanon	Banque Libano-Francaise SAL (BLF)	Term Loan	Financial	20.0
Maldives	State Trading Organization (STO)	Term Loan	Energy	35.0
Turkey	AK Finansal Kiralama A.S. (Aklease)	Term Loan	Financial	10.0
<b>Asia</b>				<b>90.0</b>

**Latin America & the Caribbean**

Region/Country	Recipient	Type of Finance	Sector	Amount
El Salvador	Banco Cuscatlan S.A (BC)	Term Loan	Financial	10.0
Suriname	Government of Suriname	Term Loan	Multisectoral	10.0
<b>Latin America &amp; the Caribbean</b>				<b>20.0</b>

<b>Total Funded</b>	<b>535.0</b>
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**Global**

Region/Country	Recipient	Type of Finance	Sector	Amount
Multiregional	Financial institutions	Unfunded Risk Sharing Facility	Financial	50.0
Multiregional	Financial institutions	Unfunded Risk Sharing Facility	Agriculture	30.0
<b>Total Unfunded</b>				<b>80.0</b>

# Grant assistance

## Strategic context

OFID's grants target development initiatives aimed at building public goods, strengthening the capacities of partner countries and addressing the specific needs of the most vulnerable and disadvantaged groups within these nations. Grants focus on the least developed countries and target development initiatives that cannot be supported through loans or other financing mechanisms. This window also provides emergency relief aid in response to natural and man-made disasters, as well as to health crises.

Grants are organized under a number of sub-programs including: technical assistance; research and other intellectual activities; and special programs to address major global public health concerns, to provide humanitarian and development assistance to the Palestinian people, and, most recently, to fight energy poverty. In implementing its grants program, OFID works with UN agencies and a host of national and international NGOs and other partners.

By the end of December 2017, OFID had approved a cumulative total of

US\$653.7 million through its grants window.

## Activities in 2017

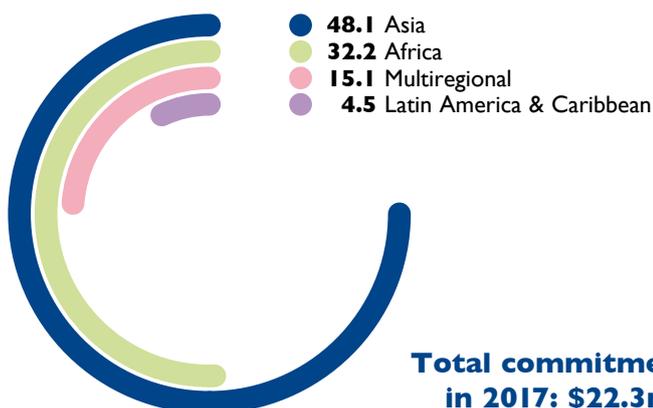
During 2017, US\$22.3 million was approved under OFID's Grants and Technical Assistance window to support 65 operations in some of the most disadvantaged regions of the world. Regionally, Asia was the biggest recipient, attracting US\$10.7 million or nearly one-half of approvals. A little under one-third – US\$7.2 million or 32% – of the yearly total was approved for Africa, multiregional operations attracted US\$3.4 million, or 15%, of approvals, and Latin America and the Caribbean attracted US\$1.0 million, or 4%.

From a sector perspective, health attracted the most approvals with US\$5.3 million or 24%, closely followed by energy with US\$4.9 million or 22%, agriculture with US\$3.8 million or 17%, education with US\$3.4 million or 15%, emergency operations with US\$3.0 million or 13% and water and sanitation with US\$1.7 million or 8%. The remainder was approved to support multisectoral projects.

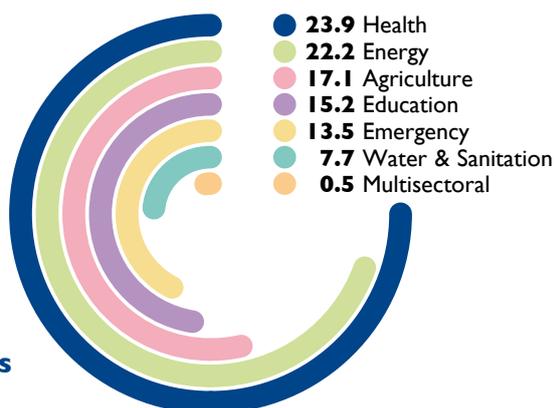
Also noteworthy in 2017 was the completion of 36 projects financed with US\$16.8 million of previously approved grant resources and benefiting 39 countries.

For more information please visit: <http://www.ofid.org/PROJECTS-OPERATIONS/Grants>

**4.7 Regional distribution of grants in 2017**  
(in percent)



**4.8 Sectoral distribution of grants in 2017**  
(in percent)



**Total commitments in 2017: \$22.3m**

**4. Grants approved in 2017** (in thousands of dollars)

**Technical Assistance**

Recipient	Sector	Co-financiers	Purpose	Amount
Access to Water Foundation (A2W)	Water and Sanitation	A2W, Seco-Startup Fund of the Swiss Government, local partners	To install water kiosks and filtration systems for inhabitants along the Senegal river region in Mali, Mauritania and Senegal. Approximately 250,000 people will be provided with safe drinking water.	800
Care Austria	Education	Care Austria	To improve prospects in Nepal for around 500 girls from poor and marginalized families, providing education and vocational training in 10 villages in the Kapilvastu district.	300
CODESPA Foundation	Agriculture	CODESPA Foundation	To improve living conditions for women in Nicaragua's Jinotega department through capacity building, technical assistance and the establishment of community-based women's associations.	200
Franco-Afghan Friendship (AFRANE)	Education	French Cooperation Agency, private donors, various foundations	To enhance access to quality education in Afghanistan, particularly for girls and those in isolated, rural areas, through infrastructure works and capacity building. An estimated 1,600 teachers and 95,000 pupils in five provinces will benefit.	400
ICRC MoveAbility Foundation	Health	MoveAbility, governments of Australia, Italy, Norway, Switzerland, Liechtenstein and Monaco, Medicor Foundation, USAID	To build capacity in the physical rehabilitation sector and promote the socioeconomic inclusion of some 67,000 people with disabilities in Benin, Madagascar, Tanzania, Togo, Somalia, Zambia, El Salvador, Haiti and Nicaragua.	1,000
International Atomic Energy Agency (IAEA)	Agriculture	IAEA	To enhance food security and promote sustainable agriculture in Bangladesh, Cambodia, Lao PDR, Myanmar, Nepal and Vietnam. Two projects will focus on nuclear techniques for the diagnosis and control of animal diseases and sustainable rice production systems.	600
International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)	Agriculture	ICRISAT	To help alleviate rural poverty and enhance food security among some 15,000 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.	600
International Fund for Agricultural Development (IFAD)	Agriculture	IFAD, Somaliland Development Fund, Trantec, beneficiaries	To improve livelihoods of pastoralists and agro-pastoralists in Djibouti and Somalia via technology packages related to rainfed agriculture, small scale irrigation and small ruminant farming, benefiting about 45,000 people.	1,000
International Potato Center (CIP)	Agriculture	CGIAR, CIP, IFAD	To boost food security and improve nutrition and livelihoods among some 1,000 small-scale farmers in Peru and Bolivia by promoting sustainable agriculture systems.	400
International Water Association (IWA)	Water and Sanitation	Global Environment Facility, IWA	To ensure safe water supplies and safeguard public health by improving the capacity of water utilities in Burkina Faso, Ethiopia, Ghana, Kenya and Senegal. The project is expected to benefit at least 100,000 people.	400
Varkey Foundation	Education	Varkey Foundation	To help finance the second phase of a teacher training program in Uganda, which will create six training hubs in the West Nile benefiting over 10,000 teachers and 480,000 students.	300
<b>Technical Assistance</b>				<b>6,000</b>

**Energy Poverty Program**

Channel	Co-financiers	Purpose	Amount	
Energy4Impact	Access to Finance Rwanda, Swedish International Development Cooperation Agency	To improve the livelihoods of Rwanda's smallholder farmers and support food security by driving up the adoption of small scale solar irrigation ultimately benefitting more than 15,000 people.	1,000	
Entrepreneurs du Monde (EdM)	French Development Agency, EdM	To enhance access to clean and affordable energy for rural populations in Burkina Faso, the Philippines and Togo by promoting LPG cooking solutions and solar home systems benefitting more than 300,000 people directly and indirectly.	700	
Global LPG Partnership	Global LPG Partnership	To support a 'Clean Cooking for Africa' project aimed at promoting liquid petroleum gas (LPG) over traditional biomass and kerosene, including a 'Bottled Gas for a Better Life' pilot scheme in Cameroon and capacity building activities in 15 ECOWAS states.	200	
Group for the Environment, Renewable Energy and Solidarity (GERES)	French Development Agency, GERES, Program for the Endorsement of Forest Certification, UNEP, UNDP	To support the development of sustainable biomass fuel supply chains in Cambodia that will reduce the use of fuelwood and low-quality charcoal. Awareness-raising schemes will teach around 100,000 villagers the benefits of more sustainable cooking devices, fuels and practices.	420	
Participatory Microfinance Group for Africa (PAMIGA)	AfDB, Europe International Bank, United Nations Capital Development Fund, Government of Luxembourg	To facilitate access to solar energy for rural households and MSMEs in Benin, Cameroon and Kenya through the establishment of microfinance services, benefiting some 30,000 rural households presently unconnected to the grid.	400	
Solar Electric Light Fund (SELF)	Silver Spring Foundation, Global Giving Donors, Norwegian government	To co-fund two projects: install solar-powered drinking water stations in Benin; and implement the second year of a two-year vocational training course in Haiti for photovoltaic technicians.	500	
United Nations Development Programme (UNDP)	UNDP Tajikistan and Kyrgyz Republic; Ministries of Energy and Water Resources of the Kyrgyz Republic and Tajikistan	To enhance access to reliable, affordable and sustainable energy products and services for rural populations in Tajikistan and Kyrgyz Republic through the promotion of scalable, private sector-led business models, with a focus on solar-based applications.	800	
<b>Energy Poverty Program</b>				<b>4,020</b>

**Special Health Program**

Recipient	Co-financiers	Purpose	Amount	
Carter Center	Conrad N. Hilton Foundation, Lions Clubs International Foundation, Proctor Foundation, Manaaki Foundation	To support the elimination of blinding trachoma in Mali and Niger through free corrective surgeries for around 36,000 individuals as well as capacity building and research in support of the global trachoma program.	800	
Institut Pasteur	National Government, Global Fund, Action Damien, Institut Pasteur, Center of Disease Control and Prevention, Foundation for Innovative New Diagnostics	To enable 16 west and central African countries to better identify multi-drug resistant tuberculosis (TB) cases for treatment with a new drug regimen, benefiting around 210,000 people.	1,000	
International AIDS Society (IAS)	IAS	To support the attendance of participants from developing countries at the 22nd International AIDS Conference (AIDS 2018) in Amsterdam, Netherlands.	300	
<b>Special Health Program</b>				<b>2,100</b>

## OFID IN ACTION

# Improving livelihoods in Djibouti and Somalia through technology



Photo: IFAD/Marco Salustro

Somalis work in a pepper field irrigated using the water provided by a sand storage dam.

**Amount:** US\$1 million

**Mechanism:** Grant

**Co-financiers:** IFAD, Somaliland Development Fund, Trantec, beneficiaries

This program builds on the successes of an earlier OFID-supported IFAD scheme to help reduce famine and enhance livelihoods in the Horn of Africa.

IFAD's intervention will provide a range of 'technology packages' aimed at improving the livelihoods of pastoralists and agro-pastoralists in Djibouti and Somalia. An estimated 45,000 people will benefit from the program, with outcomes including higher crop yields, healthier and more productive livestock and more effective means of harnessing scarce resources.

Countries in the Horn of Africa face a number of challenges, including food insecurity and limited water resources, which have been compounded by recent years of lower-than-average rainfall. The situation is particularly severe in Djibouti and Somalia, where millions are unable to meet their daily nutritional needs. Water scarcity is having devastating effects, with livelihoods under threat from damaged and destroyed crops, livestock deaths and soaring food prices.

While food aid has been provided to these areas, IFAD's technology packages are designed to support a long-term development strategy. The packages include four main components: rainfed agriculture and small-scale irrigation; expanding

rangeland and implementing more effective animal husbandry practices; implementing more efficient and affordable watershed management technologies; and capacity development to reinforce linkages with community organizations. The program will also include institutional strengthening among ministries and NGOs as well as community empowerment activities.

**Emergency Relief Aid**

Recipient	Purpose	Amount
Family Counseling and Development Foundation (FCDF)	To help address the need for mental health services in the governorates of Sana'a, Aden, Taiz, Amran and Hajjah, Yemen. FCDF plans to assist around 400 of the most vulnerable individuals.	100
ICRC	To distribute food and essential items to nearly 17,000 people in the Red Sea coast in Taiz and the northern and central highlands of Yemen.	400
IFRC	To help procure essential relief supplies for mudslide victims in Sierra Leone and support emergency operations.	200
IFRC	To help finance three mobile health units to serve communities in remote, rural areas of the Aleppo, Hama and Lattakia governorates. Also, to purchase equipment and essential medical supplies.	400
Iranian Red Crescent Society (IRCS)	To support disaster relief operations for earthquake victims in IR Iran.	400
UNHCR	To help fund ongoing humanitarian operations in Bangladesh, where an estimated 20,000 Rohingyas per day are seeking refuge after outbreaks of violence in Myanmar.	400
WFP	To support humanitarian food and nutrition assistance operations in famine-stricken areas in northeast Nigeria, targeting over two million people in Borno and Yobe states.	400
WFP	To support WFP's relief program to help meet the food assistance needs of the most vulnerable communities, especially acutely malnourished women and children, in Somalia and Iraq.	700
<b>Emergency Relief Aid</b>		<b>3,000</b>

**Grant Program for Palestine**

Channel	Purpose	Amount
IFAD	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.	1,000
ITF Enhancing Human Security	To address the acute shortage in specialized rehabilitation services and orthopaedic devices for disabled people in Palestine by establishing and equipping a special rehabilitation center within the Palestine Hospital in Bethlehem.	500
Patient's Friends Society	To provide nuclear imaging equipment for the Al-Ahli Hospital in Hebron, benefitting around 2,800 patients per year.	1,000
UNDP/PAPP	To carry out medium-sized projects in Jerusalem and Gaza, including the extension of the Cancer Department at the Augusta Victoria Hospital in Jerusalem; establishing a center for the visually impaired in Gaza; and installing small-scale desalination units for educational institutions in Gaza.	1,160
UNRWA	To enhance the quality of education and learning conditions for Palestinian refugee children in the village of Beit Inan in Jerusalem. This will include expanding the Beit Inan school, providing furnishing and equipment and carrying out rehabilitation works.	1,000
Welfare Association	To improve and sustain the provision of health services in the Gaza Strip by addressing power supply challenges at seven health facilities via solar power systems. Approximately 450,000 patients will benefit annually.	600
<b>Grant Program for Palestine</b>		<b>5,260</b>

**Research and Similar Activities**

Recipient	Sector	Co-financiers	Purpose	Amount
Arab Forum for Environment and Development (AFED)	Education	AFED	To sponsor the AFED annual report titled 'Arab Environment in 10 years' and conference, which took place in November 2017.	50
Bibliotheca Alexandrina	Education	Bibliotheca Alexandrina	To build a digital archive covering the heritage, culture and history of the Arab world and organize exhibitions and site visits to archaeological sites in Iraq, Morocco, Algeria and Saudi Arabia.	200
Edward Said National Conservatory of Music (ESNCOM)	Education	Arab Fund, SIDA, local donors	To support the academic and cultural activities undertaken by ESNCOM to encourage creativity, innovation and the culture of diversity and steadfastness among Palestinian children.	100
Global Alliance for Clean Cookstoves	Energy		To co-finance a study exploring how the use and adoption of clean cooking affects girls and women's livelihoods, education or well-being, and analyse the impact on overall household finances.	150
Global Off-Grid Lighting Association	Energy	IFC, USAID / Power Africa, World Bank	To sponsor the participation of 17 delegates from developing countries at the Global Off-Grid Solar Forum and Expo held January 21 – 24, 2018 in Hong Kong.	50
International Centre for Migration Policy Development (ICMPD)	Multisectoral	ICMPD	To help fund a study on refugee protection and development to better understand policy options and initiatives regarding regional protection and development.	100
International Energy Forum (IEF)	Energy		To support the 3rd IEF-OFID Energy Poverty Symposium that was held on April 12, 2017 in Tunisia, as well as an IEF Capacity Building Workshop April 11-13.	50
International Water Association (IWA)	Water and Sanitation		To support the participation of 30 delegates from developing countries in the fifth IWA Development Congress and Exhibition, held in Buenos Aires, Argentina, November 13 – 16, 2017, and the production of the IWA Waste Water Report.	100
Lindau Foundation	Education		To sponsor the attendance of around 90 young scientists, researchers and economists from developing countries at three Lindau Nobel Laureate meetings held in 2017 and to be held in 2018 in Lindau, Germany.	158
ITFC	Education	ITFC, Arab Fund, Government of Morocco	To support the implementation of the first-year action plan for the Bridges Program for Arab African Trade.	100
Pure Earth	Health	USAID, World Bank	To help fund a program aimed at preventing and reducing exposure to lead pollution in Bangladesh.	100
SEforALL Forum	Energy		To sponsor the attendance of 50 delegates from developing countries at the Third SEforALL Forum that held April 3-5, 2017 in New York, US.	50
The aQ'on Jay Program of the Foundation for Integral Development (FUDI)	Health		OFID Annual Award 2017	100
OFID Scholarship Award	Education		OFID Scholarship Award 2017	500
<b>Research and Similar Activities</b>				<b>1,808</b>

## OFID IN ACTION

# Cancer department expansion at hospital in Jerusalem



Photo: UNDP

*The upgraded AVH Department of Chemotherapy provides specialty healthcare that is accessible, affordable and effective.*

**Amount:** US\$1.1 million (implemented in two phases)

**Channel:** UNDP / PAPP

**Mechanism:** Grant

The 100-bed Augusta Victoria Hospital (AVH) located on the Mount of Olives is the sole hospital in the West Bank that operates a cancer treatment department.

The facility provides specialty healthcare that is accessible, affordable and effective. With its full range of treatments such as radiotherapy, chemotherapy and surgical interventions, in addition to hematology and bone marrow transplantation, the AVH remains the cornerstone of oncology care in the occupied territories. The facility eliminates the need to send patients abroad for treatment, thereby reducing expenses for the Ministry of Health and lifting the financial and

emotional burden on patients and their families.

In 2015, OFID was the sole donor for phase one of the UNDP / PAPP initiative, with a US\$600,000 grant that helped the AVH triple the size of its chemotherapy department and upgrade and furnish its facilities. To build upon these successes, UNDP / PAPP approached OFID to support a second phase in order to accommodate the increasing number of patients from the West Bank, and Gaza Strip and East Jerusalem. Activities will include the expansion and renovation of an existing hospital wing that will be added to the chemotherapy department. Medical equipment, supplies and furniture will also be purchased.

The new phase is expected to benefit about 4,500 cancer patients per year directly and reduce waiting

times for outpatients requiring chemotherapy.

# Special initiatives



Photo: OFID/ Carlos Opitz

FUDI Chairman Juan Carlos Méndez (second from left) receives the 2017 OFID Annual Award.



Photo: OYW

The Opening Ceremony at the 2017 One Young World Summit in Bogotá, Colombia.



Photo: OFID/Abdullah Alipour Jeddidi

OFID sponsored the Vienna City Marathon for the 10th year.

OFID engages in a variety of activities beyond the scope of its core operations. Some of these initiatives promote human-capacity building, while others acknowledge the contributions of outstanding individuals to development. OFID also participates in a number of local projects in its host community in Vienna, Austria.

In 2017, the **OFID Annual Award** went to the aQ'on Jay Program of the Foundation for Integral Development (FUDI) in Guatemala, which focuses on improving the health and nutrition of children under five with severe chronic malnutrition. Working directly with the indigenous population, the center teaches women the causes of malnutrition and how to improve their

own dietary and health care practices, and those of their children. The US\$100,000 award will help the center strengthen its assistance to families in the rural areas of Chimaltenango, Guatemala.

OFID's **Scholarship Program** sponsors outstanding young academics through their graduate studies in a development-related discipline. Nine OFID Scholars were selected in 2017: **Sarah Al-Furasi**, from Yemen, who is pursuing an MSc in Public and Environmental Health Sciences at the University of Birmingham, UK; **Ahmed Khair**, from the Sudan, who is studying Refugee and Forced Migration Studies at Oxford University, UK; **Alaa Mohamed**, from Egypt, who is studying Molecular Medicine at the

University of Sheffield, UK; **Anthony Musiwa**, from Zimbabwe, who is studying at the University of Bristol for an MSc in Policy Research; **Olive Musoni**, from Rwanda, who is pursuing her MA in Social Work at the University of Alabama, USA; **Phuong Tran**, from Vietnam, who is working towards an MA in Global Health at the Karolinska Institute, Sweden; **Amgalanzaya Tserenbaljir**, from Mongolia, who is studying Adult Education, Community Development and Youth Work at the University of Glasgow, UK; **Christelle Umuhoza**, from Rwanda, who is pursuing an MA in International Development Management at the University of Bradford, UK; and **Vanessa Williams-Rodriguez**, from Guyana, who is attending the



Photos courtesy of 2017 OFID scholars

OFID 2017 Scholars Sarah Al-Furasi, Ahmed Khair, Alaa Mohamed, Olive Musoni, Anthony Musiwa, Phuong Tran and Amgalanzaya Tserenbaljir.



University of Sussex, UK, for an MSc in Social Development.

As it has done since 2009, OFID once again gave its support to the annual **One Young World Summit**, which this year took place in Bogotá, Colombia – a Latin America location for the first time. The Summit brought together young leaders from all corners of the globe to address the most pressing issues of the day and transform commitments into action. OFID sponsored (US\$105,000) the participation of 20 delegates from developing countries.

As part of the institution's regular engagement with its host country, OFID participated for the tenth year in the

**Vienna City Marathon.**

The organization also opened its headquarters building to groups of visitors for the seventh time as part of the **Austrian National Heritage Day** celebrations.

Another event that marked cooperation with Austria was the hosting of an art auction for the **Austrian Red Cross**, which raised more than €60,000 to support the integration of refugees seeking to start new lives in Austria.

For more information please visit: <http://www.ofid.org/FOCUS-AREAS/Beyond-the-scope>



# Annexes

## Partnerships

OFID maintains and continues to develop a wide network of strategic partners, including the bilateral and multilateral development institutions of OPEC Member Countries, the specialized agencies of the UN, the World Bank, regional and national development banks, commercial banks and a host of NGOs.

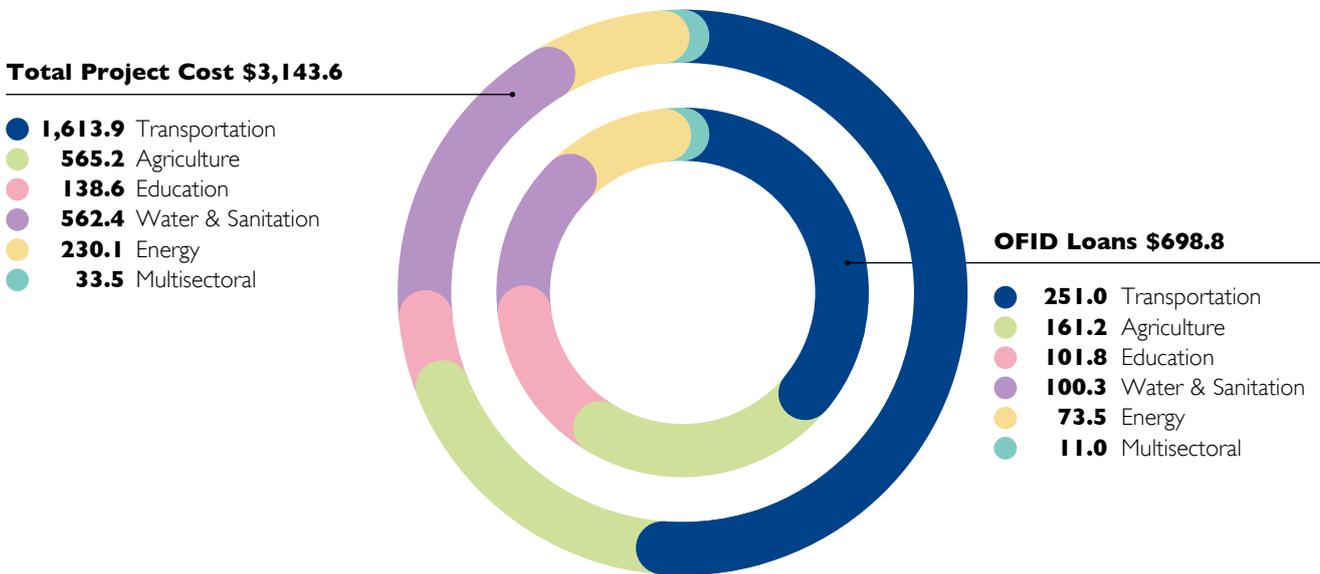
Of the 24 public sector projects approved in 2017, 19 were co-financed with external donors (in addition to the concerned governments). These included OPEC Member Country aid agencies such as the Abu Dhabi Fund, Arab Fund, BADEA, IsDB, Kuwait Fund and Saudi Fund as well as numerous other partners including AfDB, AsDB, CAF, CDB, EIB, IFAD and GCF. A total of US\$698.8 million was contributed by OFID to these co-financed projects whose combined value amounted to US\$3,143.6 million (see chart below for the sectoral distribution of co-financed projects).

In addition to its many bilateral projects and transactions, enhanced business development and networking activities in recent years have also increased cooperation opportunities for OFID's Private Sector and Trade Finance Operations Department. These efforts helped this department approve a total of US\$787.5 million in private sector and trade finance operations during 2017, versus US\$711.5 million during 2016. Working across a range of institutions including local and regional banks, MFIs and leasing companies helped support sector and instrument diversification. Other 2017 highlights include signing an MoU with the Africa Finance Corporation and conducting the first transaction with the Black Sea Trade and Development Bank as well as a maiden transaction in Suriname.

With the exception of the OFID Annual Award and Scholarship program, all OFID's approvals under the Grants and Technical Assistance Unit in 2017

involved external affiliates. Partners included: CARE Austria, Energy 4 Impact, IEF, IFRC, Institut Pasteur, IWA, ICMHD and UN agencies such as the IAEA, IFAD, UNDP, UNRWA, SEforALL and WFP, among others.

### 5.1 Public Sector projects co-financed with other external donors in 2017 (in \$m)



## Statement of contributions to OFID by OPEC Member Countries as of December 31, 2017 (in \$ thousands)\*

### Pledged contributions to

Country	OFID direct operations	IFAD **	IMF Trust Fund	Total
Algeria	105,640	25,580		131,220
Ecuador	7,220			7,220
Gabon	3,819	1,301		5,120
Indonesia	13,081	3,159		16,240
Iran, IR	529,449	139,637		669,086
Iraq	154,801	51,099	17,309	223,209
Kuwait	380,159	92,041	10,348	482,548
Libya	211,001	51,099	3,805	265,905
Nigeria	249,803	66,459		316,262
Qatar	94,900	22,980	3,155	121,035
Saudi Arabia	1,055,662	261,118	21,300	1,338,080
United Arab Emirates	174,200	42,180	2,367	218,747
Venezuela	481,811	104,489	52,437	638,737
<b>Total</b>	<b>3,461,546</b>	<b>861,142</b>	<b>110,721</b>	<b>4,433,409</b>

### Paid-In contributions to

Country	OFID direct operations	IFAD **	IMF Trust Fund	Total
Algeria	84,310	25,580		109,890
Ecuador	5,750			5,750
Gabon	3,503	1,301		4,804
Indonesia	10,421	3,159		13,580
Iran, I.R.	228,343	41,583		269,926
Iraq	123,561	51,099	17,309	191,969
Kuwait	303,299	92,041	10,348	405,688
Libya	153,151	20,000	3,805	176,956
Nigeria	199,336	66,459		265,795
Qatar	72,980	22,980	3,155	99,115
Saudi Arabia	842,302	261,118	21,300	1,124,720
United Arab Emirates	138,989	42,180	2,367	183,536
Venezuela	370,551	104,489	52,437	527,477
<b>Total</b>	<b>2,536,496</b>	<b>731,989</b>	<b>110,721</b>	<b>3,379,206</b>

\* Rounded to the nearest dollar.

\*\* Only contributions made through OFID, i.e. IFAD's initial resources and first replenishment.

## High-level meetings attended by OFID in 2017 (summary only)

### FEBRUARY

#### Rome, Italy

40th session of the Governing Council of the International Fund for Agricultural Development

### MARCH

#### Bern, Switzerland

2017 Arab–DAC Dialogue on Development

#### Lima, Peru

11th Annual Development Finance Institutions Corporate Governance Meeting

#### Asunción, Paraguay

Inter-American Development Bank and the Inter-American Investment Corporation Boards of Governors Annual Meeting

### APRIL

#### New York, US

3rd Sustainable Energy for All Forum: Going Further, Faster – Together

#### Riyadh, Kingdom of Saudi Arabia

79th Heads of Operations Coordination Group Meeting

#### Tunis, Tunisia

3rd International Energy Forum / OFID Symposium on Energy Poverty

#### Rabat, Morocco

Joint Annual Meeting of Arab Financial Institutions

#### Washington DC, US

World Bank and International Monetary Fund spring meetings

#### Washington DC, US

13th Steering Committee Meeting of the Global Partnership for Effective Development Cooperation

### MAY

#### Riyadh, Kingdom of Saudi Arabia

2017 Euromoney Saudi Arabia Conference '2030: Delivering the Vision'

#### Vienna, Austria

Executive Committee meeting of the Oil and Gas Industry Energy Access Platform

#### London, UK

5th Africa Financial Services Conference

#### Yokohama, Japan

50th Annual Meeting of the Asian Development Bank

#### Nicosia, Cyprus

2017 Annual Meeting of the European Bank for Reconstruction and Development

#### Vienna, Austria

Vienna Energy Forum: Sustainable energy for the implementation of the SDGs and the Paris Agreement

#### Jeddah, Kingdom of Saudi Arabia

42nd Annual Meeting of the Islamic Development Bank

#### Providenciales, Turks and Caicos Islands

47th Annual Meeting of the Board of Governors of the Caribbean Development Bank

#### Ahmedabad, India

52nd Annual Meeting of the African Development Bank

### JUNE – SEPTEMBER

#### Astana, Kazakhstan

EXPO 2017: Future Energy

### JUNE

#### Copenhagen, Denmark

19th Annual Africa Energy Forum

#### Astana, Kazakhstan

8th International Forum on Energy for Sustainable Development

#### Nairobi, Kenya

18th Annual Meeting of the General Councils of International Finance Institutions

#### Vienna, Austria

1st R20 Austrian World Summit: From Sustainable Goals to Real Action

### JULY

#### Istanbul, Turkey

22nd World Petroleum Congress: Bridges to our Energy Future

### AUGUST

#### Lindau, Germany

6th Lindau Meeting on Economic Sciences

### SEPTEMBER

#### Vienna, Austria

European Bank for Reconstruction and Development Trade Finance Practitioners Trade Finance Forum

### OCTOBER

#### Kuwait City, Kuwait

80th Heads of Operations Coordination Group Meeting

#### Washington DC, US

2017 Annual Meetings of the World Bank Group and the International Monetary Fund

#### Beirut, Lebanon

Arab Development Portal event Visualize 2030

### NOVEMBER

#### Riyadh, Saudi Arabia

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

#### Beirut, Lebanon

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

#### Washington DC, US

World Bank Law, Justice and Development Week 2017

#### Bonn, Germany

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

#### Buenos Aires, Argentina

5th International Water Association Development Congress and Exhibition

#### Ashgabat, Turkmenistan

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

#### Vienna, Austria

UNIDO Least Developed Countries (LDCs) Ministerial Conference 2017

#### Vienna, Austria

9th Arab-Austrian Economic Forum and Exhibition

#### Athens, Greece

6th Arab-Hellenic Economic Forum

#### Vienna, Austria

Annual Observance of the UN International day of Solidarity with the Palestinian People

### DECEMBER

#### Vienna, Austria

Oil and Gas Industry Energy Access Platform Executive Committee Meeting

For more information please visit:  
<http://www.ofid.org/NEWS/Meetings-attended>

# Financial Highlights

for the Years ended December 31, 2017 and 2016

## FINANCIAL HIGHLIGHTS

The information presented below has been extracted from OFID's audited financial statements as of December 31, 2017, and provides basic and preliminary information on OFID's financial position. A full version of the financial statements is available at OFID.org

### Basis of presentation

OFID's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB).

Summary of the notes to the financial statements

### Accounting standard

OFID elected to adopt early IFRS 9 (Financial Instruments). Additionally, OFID has adopted IFRS 13 as the basis for fair value measurement of its financial assets.

### Development financing instruments

In line with its mandate, OFID provides development financing and grants to its partner countries. Public sector loans (sovereign loans) represent OFID's main financing window (71% of its development operations and 46% of total assets). Sovereign loans extended to low- and middle-income countries to finance development projects. Fixed or variable interest loans that enable partner countries to top up their allocations in the Lending Program are provided through the Blend Facility. The

Lending Programs provide general guidelines and policies for resources allocation decisions. 2017 was the first year of OFID's 20th Lending Program.

Private sector loans include medium and long-term loans to private sector entities in developing countries on market-based terms and conditions.

The trade finance facility consists of short and medium-term, market-based loans issued to sovereigns and commercial entities in partner countries to finance national and international trade and its related logistics.

Through trade finance guarantees, OFID facilitates international trade by partnering with several other financial institutions to confirm letters of credit issued by local banks in partner countries.

Equity investments are positions taken by OFID in private enterprises in furtherance of its development operations in partner countries. They are long term in nature but they also have defined exit strategies.

Grants are technical assistances by OFID in the form of transfer of resources directly or through a partner institution to a beneficiary.

### Cash management

Cash, call and deposit accounts are managed in-house to provide liquidity for operational disbursements and administrative expenses. It is OFID's policy to place deposits only with banks having a minimum 'A' rating assigned by internationally recognized credit rating agencies.

### Treasury investments

Treasury investments consist principally of trading portfolios that are actively managed by external managers. The securities in OFID's trading portfolios are carried and reported at their publicly quoted prices (Level 1 in the fair value hierarchy). Both realized and unrealized gains/losses are recognized in the income statement of the year in which they arise.

### Account receivable

Account receivable comprises accrued interest and fees as well as receivables relating to Member Countries' contributions. The latter represents amounts due from Member Countries on called contributions. In 2013, OFID started to receive contributions pledged by Member Countries under the 4th Replenishment, which continued during 2017.

### Property and equipment

OFID's property and equipment assets comprise freehold land and buildings, motor vehicles, computer software, furniture and fixtures, and technology and office equipment.

### Post-employment benefits

OFID sponsors defined benefit pension and medical plans for its non-local employees. In a defined benefit plan, the amount of benefits payable to an employee upon retirement is predetermined.

mined in relation to indices other than the employee's past contributions or returns on the plan's investments. The plan receives regular contributions from participating employees and the sponsor; these contributions plus any return on investment minus benefits paid constitute the plan's assets.

Post-employment benefits include staff retirement plan, a medical benefits plan and other employee benefits such as annual leave compensation; housing and family allowances; end-of-service grant; relocation grant; and removal expenses to eligible employees, the present value of the projected benefits obligation constitute the plan's liability.

### Equity

Equity is defined as the Member Countries' contributions called plus reserves. Reserves comprise general reserve, reserves for grants, and other reserves. OFID's equity at the end of 2017 was \$7,129m, of which \$4,262m comprised Member Countries' contributions, and the balance was reserves.

General reserve is cumulative net income since the inception of OFID up to the reporting date less any adjustments and transfer to the reserve for grants.

### Provision for Impairment

The provisions for developing financing are based on the Expected Credit Loss model as described in the IFRS 9 standard.

OFID calculates the projected Loan Exposure and Loss Given Default (LGD) internally for each loan portfolio and combined these items with the Probability of Default (PD) from external sources. All these factors were included in the 3 Stages of the IFRS 9 ECL-provisioning principle. Each loan in OFID's portfolio was assigned with a Credit Rating based on Internal Credit Rating system.

Provisions for Impairment are counter-asset accounts netted against the Outstanding of the loan portfolios, to ensure that the carrying amount reflects the loans' fair value.

### Summary of financial results

OFID's total income in 2017 was \$231m against \$230m in 2016. The slightly higher income was attributable to income from development loans, equity and guarantees, which was \$175m continuing its increasing trend from \$158m in 2016, and the strong performance of Treasury Investments. The Investment Portfolio's return amounted to \$156m in 2017 in comparison to \$111m in 2016. The outperformance can be traced back to the extension of the rally in equity markets and a good performance of the fixed income portfolio. In contrast, Provisions for Impairment was higher in 2017 (\$108m) in comparison to 2016 (\$43m). The net income of the year, after the deduction of administrative expenditures, provisions and depreciation of property and equipment, was \$169m against \$170m in 2016.

### Independent Auditor's opinion

In accordance with Article 5.02 (iv) of the Agreement Establishing OFID, the Ministerial Council appointed KPMG Austria GmbH as OFID's external auditor in July 2017. The auditor provided an unqualified opinion on OFID's financial statements as at December 31, 2017 which were prepared in accordance with IFRSs.

**Statement of financial position  
at December 31, 2017 and 2016** (in \$m)

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
DUE FROM BANKS	188.5	378.6
TREASURY INVESTMENTS	1,725.5	1,615.6
ACCOUNTS RECEIVABLE	570.8	686.9
TRADE FINANCE FACILITY LOANS		
Outstanding	453.2	361.4
Less: Provision for Impairment	(22.0)	(24.4)
Net of Provisions	431.2	337.0
PRIVATE SECTOR LOANS		
Outstanding	837.4	801.2
Less: Provision for Impairment	(50.4)	(69.3)
Net of Provisions	787.0	731.9
PUBLIC SECTOR LOANS		
Outstanding	3,658.3	3,348.7
Less: Provision for Impairment	(310.9)	(139.4)
Net of Provisions	3,347.4	3,209.4
EQUITY INVESTMENTS		
Outstanding	167.9	147.4
Fair Value Adjustment	(15.8)	(27.4)
At Fair Value	152.1	119.9
PROPERTY AND EQUIPMENT	115.7	88.4
<b>TOTAL ASSETS</b>	<b>7,318.2</b>	<b>7,167.7</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts Payable	6.0	5.8
Trade Finance Guarantees Provision	1.3	6.4
Post-Employment Benefits	181.5	153.1
<b>TOTAL LIABILITIES</b>	<b>188.8</b>	<b>165.3</b>
<b>EQUITY</b>		
Member Country Contributions	4,262.2	4,262.2
Reserves	2,867.2	2,740.3
<b>TOTAL EQUITY</b>	<b>7,129.4</b>	<b>7,002.5</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,318.2</b>	<b>7,167.7</b>

**Income statement**  
**at December 31, 2017 and 2016** (in \$m)

	<b>2017</b>	<b>2016</b>
<b>INCOME</b>		
Income from Development Financing		
Public Sector Loans	101.0	94.5
Private Sector Loans	51.5	39.6
Trade Finance Loans and Guarantees	19.1	22.1
Equity Investments	3.4	1.7
Gross Income from Development Financing	175.0	157.9
Provisions for Impairment		
Public Sector Loans	(89.2)	(11.2)
Private Sector Loans	(17.7)	(12.4)
Trade Finance Loans and Guarantees	(1.0)	(19.8)
Total Provisions for Impairment	(107.9)	(43.4)
Income from Development Financing net of Provisions	67.1	114.4
Income from Treasury Investments	155.5	111.3
Currency Valuation and Other Income	8.7	4.2
<b>Total Income</b>	<b>231.4</b>	<b>229.9</b>
<b>EXPENSES</b>		
Administrative Expenses	(44.6)	(43.6)
Depreciation on Property and Equipment	(2.1)	(2.2)
Provisions for Post-Employment Benefits	(15.5)	(14.1)
<b>Total Expenses</b>	<b>(62.2)</b>	<b>(59.9)</b>
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>	<b>169.2</b>	<b>170.0</b>

**Statement of comprehensive income**  
**at December 31, 2017 and 2016** (In \$m)

	<b>2017</b>	<b>2016</b>
<b>Net Income for the Year</b>	<b>169.2</b>	<b>170.0</b>
<b>Other Comprehensive Income</b>		
<b>Items that will not be classified into profit and loss</b>		
Revaluation Gain/(Loss) on Equity Investments	12.9	(2.7)
Revaluation Gain/(Loss) on Property	29.2	-
Revaluation Gain/(Loss) on Post Employment Benefit Plans	(14.2)	(9.4)
<b>Total Other Comprehensive Income</b>	<b>27.9</b>	<b>(12.0)</b>
<b>Total Comprehensive Income for the year</b>	<b>197.1</b>	<b>158.0</b>

## Statement of changes in equity at December 31, 2017 and 2016 (in \$m)

	Member Country Contributions	General Reserve	Reserve for Grants	Other Reserves	Total Equity
<b>Balance at January 1, 2016</b>	<b>4,262.2</b>	<b>2,526.4</b>	<b>75.8</b>	<b>(1.3)</b>	<b>6,863.1</b>
Transfer from General Reserve	-	(12.0)	12.0	-	-
Transfer to General Reserve	-	2.8	(0.9)	(1.8)	-
Disbursement of Grants	-	-	(17.3)	-	(17.3)
Net Income in the Year	-	170.0	-	-	170.0
Other Comprehensive Income in the Year	-	-	-	(12.0)	(12.0)
Realized Gain/(Loss) on Equity Investments	-	(1.3)	-	-	(1.3)
<b>Balance at December 31, 2016</b>	<b>4,262.2</b>	<b>2,685.9</b>	<b>69.6</b>	<b>(15.1)</b>	<b>7,002.5</b>

<b>Balance at January 1, 2017</b>	<b>4,262.2</b>	<b>2,685.9</b>	<b>69.6</b>	<b>(15.1)</b>	<b>7,002.5</b>
Transition to ECL provisioning as Jan. 2017	-	(55.6)	-	-	(55.6)
Transfer from General Reserve	-	(47.0)	47.0	-	-
Transfer to General Reserve	-	35.0	(33.2)	(1.8)	(0.0)
Disbursement of Grants	-	-	(14.6)	-	(14.6)
Net Income in the Year	-	169.2	-	-	169.2
Other Comprehensive Income in the Year	-	-	-	27.9	27.9
Realized Gain/(Loss) on Equity Investments	-	1.3	-	(1.3)	-
<b>Balance at December 31, 2017</b>	<b>4,262.2</b>	<b>2,788.8</b>	<b>68.8</b>	<b>9.7</b>	<b>7,129.4</b>

**Statement of cash flows**  
**at December 31, 2017 and 2016** (in \$m)

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and other charges on Public Sector loans	97.7	89.3
Interest and other charges on Private Sector loans	47.7	39.2
Interest and other charges on Trade Finance Facility	20.7	23.5
Dividends and other gain from Equity investments	2.2	1.6
Interest on time deposit accounts	4.2	1.3
Administrative expenses	(44.0)	(45.8)
Realized Foreign Exchange Gain/(Loss)	(24.5)	9.8
Others - net	18.0	(4.5)
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>122.0</b>	<b>114.4</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of treasury investments	46.6	75.6
Public Sector loan disbursed	(595.1)	(470.0)
Public Sector loan repaid	285.2	260.1
Private Sector loan disbursed	(227.6)	(143.5)
Private Sector loan repaid	191.2	111.9
Trade Finance loan disbursed	(328.2)	(186.1)
Trade Finance loan repaid	236.6	338.5
Private Sector Equity Investments acquired	(28.7)	(15.5)
Private Sector Equity Investments sold	9.4	2.9
Purchase of Equipment and Software	(0.1)	(0.1)
<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>(410.7)</b>	<b>(26.1)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Member Countries' subscriptions	113.2	38.1
Grants disbursed from Reserves	(14.6)	(17.3)
<b>Net Cash Provided by/(Used in) Financing Activities</b>	<b>98.6</b>	<b>20.8</b>
<b>Net Increase/(Decrease) in Cash and Call Accounts</b>	<b>(190.1)</b>	<b>109.2</b>
Cash and Cash Equivalents at January 1	378.6	269.4
Cash and Cash Equivalents at December 31	188.5	378.6

## Glossary

<b>Abu Dhabi Fund</b>	Abu Dhabi Fund for Development
<b>ADB</b>	Asian Development Bank
<b>AfDB</b>	African Development Bank
<b>AfDF</b>	African Development Fund
<b>Arab Fund</b>	Arab Fund for Economic and Social Development
<b>BADEA</b>	Arab Bank for Economic Development in Africa
<b>BOAD</b>	West African Development Bank
<b>CAF</b>	Development Bank of Latin America
<b>CDB</b>	Caribbean Development Bank
<b>EAP</b>	Energy Access Platform
<b>EIB</b>	European Investment Bank
<b>FMO</b>	Dutch development bank FMO
<b>GCF</b>	Green Climate Fund
<b>GDP</b>	Gross Domestic Product
<b>HIV/AIDS</b>	Human Immunodeficiency Virus / Acquired Immunity Deficiency Syndrome
<b>IAEA</b>	International Atomic Energy Agency
<b>ICMHD</b>	International Center for Migration Health and Development
<b>ICRC</b>	International Committee of the Red Cross
<b>IEF</b>	International Energy Forum
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFRC</b>	International Federation of Red Cross and Red Crescent Societies
<b>IFRS</b>	International Financial Reporting Standards
<b>IMF</b>	International Monetary Fund
<b>IRCS</b>	Iranian Red Crescent Society
<b>IsDB</b>	Islamic Development Bank
<b>ITFC</b>	Islamic Trade Finance Corporation
<b>IWA</b>	International Water Association
<b>km</b>	kilometer
<b>Kuwait Fund</b>	Kuwait Fund for Arab Economic Development
<b>LAC</b>	Latin America and the Caribbean
<b>LDCs</b>	Least developed countries
<b>MSMEs</b>	Micro, small and medium-sized enterprises
<b>NGO</b>	non-governmental organization
<b>ÖEB</b>	Austrian Development Bank
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>PAPP</b>	Program of Assistance to the Palestinian People
<b>PPP</b>	public-private partnership
<b>Saudi Fund</b>	Saudi Fund for Development
<b>SDGs</b>	Sustainable Development Goals
<b>SEforALL</b>	Sustainable Energy for All
<b>SMEs</b>	small and medium-sized enterprises
<b>UAE</b>	United Arab Emirates
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNRWA</b>	United Nations Relief and Works Agency for Palestine Refugees in the Near East
<b>US</b>	United States of America
<b>USAID</b>	United States Agency for International Development
<b>WFP</b>	World Food Programme
<b>WHO</b>	World Health Organization
<b>WPC</b>	World Petroleum Council

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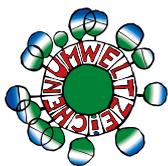
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