## **OFID** and its Energy for the Poor Initiative











### THE EARTH AT NIGHT SHOWS WORLDWIDE ENERGY INEQUALITIES



### Foreword of the **DIRECTOR-GENERAL**

**OFID** and its Energy for the Poor Initiative



In 2011, when the United Nations General Assembly issued a declaration that 2014–2024 would be the *Decade of Sustainable Energy for All*, we felt compelled to strengthen our commitment to the issue of energy poverty. OFID has not only championed this matter, but has taken concerted action to work with its Partner Countries to prioritize universal access to sustainable, modern energy services. Achieving this goal remains one of the world's major challenges. The World Energy Outlook published by the International Energy Agency (IEA) in 2016 shows that in 2014 there were nearly 1.2 billion people lacking access to electricity and around 2.7 billion people relying on biomass for cooking and heating needs.

OFID's firm belief that human development and energy use are inseparably linked received a considerable boost in November 2007 at the Third OPEC Summit held in Riyadh, Saudi Arabia, where our Member Countries called upon us to intensify our efforts in this important area.

Shortly thereafter, in 2008, OFID launched its *Energy* for the Poor Initiative (or EPI). Since then, energy poverty alleviation has been our primary strategic focus, with activities carried out at both an advocacy level and an operational level.

In terms of advocacy, OFID has worked to push the issue of energy poverty up the international agenda, by highlighting the widespread absence of modern energy services and its detrimental impact on economic and social progress in developing countries. OFID also coined the term that described the alleviation of energy poverty as the "missing

ninth Millennium Development Goal." This advocacy was validated when energy was included in the post-2015 Sustainable Development Goals (SDGs), as SDG 7

OFID was chosen in 2011 to be a member of a high-level group formed by the United Nations Secretary-General to put together a framework for the Sustainable Energy for All (SEforALL) initiative. The Group comprised representatives of governments, the private sector and international organizations, among others. It was tasked with forming new public-private partnerships and an Action Agenda, which was given a high profile at the Rio+20 Summit in June 2012 and finally presented to the UN General Assembly in September 2012.

As OFID continues to join the global debate and work closely with its wide network of partners to deliver the best-suited solutions, our advocacy efforts have enabled us to generate responses and scale them up in a faster and more efficient way. A strong example of such advocacy is our Ministerial Declaration on Energy Poverty, Announced at Rio+20, the landmark Declaration reaffirms the commitment of OFID Member Countries to the eradication of energy poverty and pledges a revolving amount of US\$1bn to finance OFID's EPI. OFID continues to be a key player in this field as part of the SEforALL Advisory Board, which is cochaired by the UN Secretary General and the World Bank President and is responsible for supervising the implementation of the initiative. OFID's EPI was publicly recognized by the co-chairs in a meeting of the Advisory Board in late November 2013. In February 2014, OFID was officially appointed as one of the members and supporting organizations of the Energy Access Committee of SEforALL.

At an operational level, OFID believes that words must be converted into action. This action is reflected in a substantial increase in the resources we allocate to the energy sector. We have said publicly that, while others are "finding solutions," OFID is engaged in "funding solutions."

In the last few years, OFID has intensified its activity on the ground by utilizing a wide range of funding solutions. From November 2007 up to the end of 2016, OFID approved more than US\$2.9bn for energy operations in 71 countries. In the last three years alone, OFID has approved over US\$1bn, which shows the growing commitments under OFID's EPI. Activities include the construction and rehabilitation of energy infrastructure; institution strengthening; funding research; and providing low-cost grassroots solutions.

As we continue the *Decade of Sustainable Energy* for All, OFID is accelerating to build on this drive. We will continue to maximize our inner "energies" toward a future with sustainable energy for all. We need to continue to impress upon the development community that development is not possible without energy, and that sustainable development is not possible without sustainable energy.

Suleiman J Al-Herbish Director-General, OFID



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) as a channel of assistance to the developing countries. 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 with these countries.

### **THE AIMS**

OFID's mandate is to reinforce financial cooperation between OPEC Member Countries and other developing countries, by providing financial support to assist the latter group in their economic and social development as an expression of South-South solidarity.

### THE MEANS

In fulfilling its mission, OFID utilizes various types of financial instruments that it has honed over 41 years of experience. OFID is empowered and has developed all the necessary means to:

- extend concessionary financial assistance in the form of loans for development projects
- extend financial assistance to the private sector in developing countries, through direct support to projects, equity investments, and the provision of lines of credit to financial intermediaries for on-lending to private enterprises
- support developing countries' trade with loans and lines of credit as well as with risk-sharing schemes
- provide outright grants in support of technical assistance, research and similar activities, food aid and humanitarian emergency relief
- contribute to the resources of other development institutions whose work benefits developing countries
- serve OPEC Member Countries as an agent in the international financial arena whenever collective action is deemed appropriate.



# OFID AND THE FIGHT AGAINST ENERGY POVERTY

### Partnering with the Poor

Director-General (DG) delivers the statement "Partnering with the poor" at the 3<sup>rd</sup> OPEC Summit in Riyadh, Saudi Arabia

### A new mandate

3<sup>rd</sup> OPEC Summit issues the Riyadh Declaration mandating OPEC aid institutions, including OFID, with the eradication of energy poverty

### Global interest increases

- G8 energy ministers meeting in Rome pledge support to combat energy poverty
- G20 Summit in Pittsburgh pledges support to improving access to modern energy services

### 12<sup>th</sup> International Energy Forum (IEF)

- At the 12th IEF in Cancun, OFID delivers a statement at a special session devoted to the role of energy in fostering human development
- Ministers state in the closing communiqué that "reducing energy poverty should be added as the 9th goal in the MDGs"

2007 ▲ 2008 ▼ 2009



2010



### Energy for the Poor Initiative

King Abdullah Bin Abdulaziz **Energy** for the Poor initiative (EPI) was launched, which OFID adopts as its flagship program

### Energy Poverty in Africa

OFID holds workshop on energy poverty in Africa in Abuja, Nigeria

### Missing 9th MDG

OFID's DG labels **Energy Poverty Alleviation** the "missing" 9<sup>th</sup> MDG

### Discosland Fred Count

The study "Biofuels and Food security," commissioned by OFID and carried out by IIASA, is presented at UNCSD 17

### Vienna Energy Club

Vienna Energy Club established. OFID joins as a founding member

### Water-Food-Energy Nexus

OFID initiates analysis on the energy-water-food nexus within the framework of energy poverty alleviation

## OFID signs cooperation agreements

- MoU with CAF highlights cooperation on energy poverty alleviation
- MoU with the World Bank includes focus on energy sector
- Framework agreement with IFAD highlights energy for the poor

## Sustainable Energy for All

UN declares 2012 the International Year of SEforALL

### SEforALL Initiative

UN launches SEforALL initiative; OFID DG invited to join the Secretary-General's High-Level Group

### SEforALL in Vienna

OFID hosts SEforALL's first technical meeting at its HQ in Vienna

### Collaboration with IEF

OFID hosts 2nd IEF-OFID Symposium on Energy Poverty

### Decade of Sustainable Energy for All

UN declares 2014—2024 the Decade of Sustainable Energy for All, underscoring the importance of energy for sustainable development

### OFID Ministerial Declaration

OFID Ministerial Council issues a Declaration on Energy Poverty committing a minimum of \$1bn toward OFID's FPI

### World Petroleum Congress

At the 20th WPC in Doha, OFID calls for oil industry involvement in energy poverty alleviation. DG delivers statement: "Industry support for sustainable energy for all"

### SEforALL Advisory Group

OFID DG appointed member of SEforALL Advisory Group

### \$1 bn revolving pledge

OFID Ministerial Council turns \$1bn commitment from one-time obligation to revolving pledge

2011



2012



2013



### Energy Poverty Forum

OFID hosts the Crans Montana Forum's High-Level Panel: "Energy poverty: A key issue for peace, stability and development."

### OFID Cooperation Agreements

- MoU with BADEA with a focus on energy poverty
- MoU with ADB highlights access to modern energy services

### Universal access by 2030

At the 13th IEF in Kuwait, OFID DG delivers the statement: "Universal access by 2030:A sustainable development goal"

### Rio+20 Summit

- OFID DG announces the \$1bn ministerial pledge as an affirmation of the seriousness of its intent.
- OFID coordinates session "Financing actions to scale up from the ground"; DG delivers statement "Energy is the golden thread"

## Sustainable energy: missing MDG

OFID active Global South-South Development Forum in Vienna; DG delivers statement "Sustainable Energy:The Missing MDG"

### Energy for rural poor

OFID hosts joint OFID—GIZ expert meeting on access to modern energy services for rural communities

## Energy poverty eradication non-negotiable

OFID DG speaks at the Center for Global Dialogue and Cooperation: "Yes, the challenges are huge. But, the bottom line is, we don't have a choice. If we want to build a world free from want and human misery, we must find a way to vanquish energy poverty"

(continued on page 8)

### **Energy Access Committee**

OFID hosts 1st SEforALL Energy Access Committee meeting

## Petroleum industry engagement

- At the 21st WPC in Moscow, OFID DG urges petroleum industry to engage with the SEforALL Action Agenda "given the enormous scope to contribute leadership, technology and much relevant experience"
- At 10th International Energy Conference in Tehran, OFID DG states: "The petroleum industry needs to search for the best ways to contribute to addressing energy poverty in the host communities"

## Mini-grids as effective solution

OFID joins SEforALL's Clean Energy Mini-grids High Impact Opportunity

### Vienna Energy Forum

OFID organizes High-level Panel
"Ending Energy Poverty—Concrete
Commitments and Action on the
Ground" at 2015 VFF

### Oil & Gas Industry Energy Access Platform

OFID and WPC lead the launch of an initiative to promote the oil and gas industry's efforts in supporting universal energy access

### Vienna Energy Club

OFID hosts the 14th meeting of the Vienna Energy Club under the theme "Leaving no one behind: Achieving SDG7 and the advancement of the 2030 Agenda as a whole"

2014



2015



2016



### Rural electrification

OFID and the Alliance for Rural Electrification sign an MoU to facilitate identification of suitable projects for co-funding

### OFIDAMPC Symposium

OFID/WPC symposium starts discussions on developing a unified platform for the petroleum industry to work on universal energy access

### Energy and sustainable development

OFID publishes "Energy: The key for Sustainable Development— Selected Statements of Suleiman Jasir Al-Herbish, Director-General"

### Corporate Plan 2016–2025

Ministerial Council approves OFID's Corporate Plan 2016–2025, which focuses on the energywater-food nexus

### Agenda 2030

UN General Assembly adopts the 2030 Agenda for Sustainable Development, with energy access as SDG7

### Arab Energy Club

OFID hosts a meeting of the Arab Energy Club

### COP 22

OFID organizes the side-event
"Energy Access and Climate Change
through the Energy-Water-Food
Nexus" at the United Nations
Climate Change Conference COP 22
in Marrakech





### **ENERGY-WATER-FOOD** NEXUS

The energy-water-food nexus represents the greatest challenge of our time: How can access to these basic needs be expanded over the coming decades to meet the demands of a growing global population that is expected to reach nine billion by 2050?

The links across the nexus are clear; with around 70 percent of available water resources used for agricultural purposes, water is vital to food security. By the same token, water production and distribution would not be possible without access to energy.

Meanwhile, the challenges of the energy-waterfood nexus are exacerbated by climate change, environmental degradation, finite arable land and rising living standards, positioning the issue as a cornerstone of the global development dialogue. The challenges ahead demand that the international community forms a united front to better manage the world's ecosystems and achieve water, food and modern energy access for the millions of extremely poor populations who cannot meet their basic needs.

Addressing this complex and multi-dimensional challenge will depend not only on innovations in technology, access to finance, and improvements in productivity, but also on how efficiently we can work together to mitigate risks and create opportunities that can lead to strong, sustainable and inclusive growth and development for all.



### **Irrigation practices**

Poor drainage and irrigation practices have led to waterlogging and salinization of approximately 10 percent of the world's irrigated lands.

Source: UN Water, 2014



### Water

Water for irrigation and food production constitutes one of the greatest pressures on freshwater resources. Agriculture accounts for around 70 percent of global freshwater withdrawals, even up to 90 percent in the majority of least developed countries.

Source: WWDR, 2016



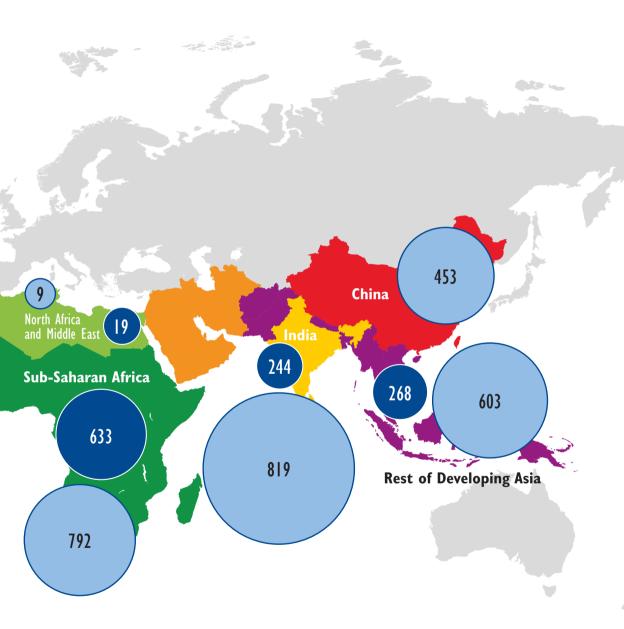
### Food demand

The world population is expected to increase by 33 percent, growing from 7 billion to 9.3 billion by 2050. Combined with changing diets, this results in a predicted increase in food demand of 60 percent by 2050.

Source: UNESCO, 2016



# Global Energy Poverty FOOTPRINT Latin America 22 Millions of people without electricity (2014) Millions of people without clean 65 cooking facilities (2014) Source: International Energy Agency (IEA), World Energy Outlook, 2016





The OPEC Fund for International Development (OFID), meeting at the level of Ministerial Council in its 33rd Annual Session held in Seefeld, Austria on 14 June 2012;

**Re-affirming** the need for the international community to afford low income countries better chances for achieving their sustainable development aspirations, including appropriate transfer of technology;

**Recognizing** that energy is essential for poverty eradication and sustainable development; and that access to reliable, affordable, economically viable, socially acceptable and environmentally sound energy services is crucial, particularly for developing countries:

**Recalling** the Solemn Declaration of the Conference of Sovereigns and Heads of State of OPEC Member Countries (the Riyadh Declaration<sup>1</sup>), which emphasizes that eradicating poverty should be the first and overriding global priority guiding local, regional and international efforts;

**Acting** upon the commitment, reaffirmed by the Riyadh Declaration, that OFID continue to align its programmes with the objective of achieving sustainable development and the eradication of energy poverty in the developing countries;

**Pursuant** to the "Energy for the Poor Initiative" launched in Jeddah, in June 2008, during the meeting of energy producers and consumers, and the call therein on OFID to consider a program of US\$ I billion for alleviating energy poverty;

**Taking note** of the joint statement<sup>2</sup> issued at the conclusion of the G8 Energy Ministers Meeting in Rome, in May 2009, which supported the international initiatives to combat energy poverty;

**Acknowledging** the momentum maintained by leaders at the September 2009 G20 Summit in Pittsburgh, USA, who pledged their support to promoting energy access and committing voluntarily to the "Energy for the Poor Initiative";

**Observing** that energy poverty was at center stage when world energy ministers, from producing and consuming countries, who met in Cancun, Mexico, for the 12th International Energy Forum (IEF) in March 2010, stated that reducing energy poverty should be added as the 9th Millennium Development Goal;

**Welcoming** the designation of 2012 by the UN General Assembly as the "International Year of Sustainable Energy for All" and concurring with the universal access to modern energy services component of the UN Secretary-General's "Sustainable Energy For All" initiative;

**On the occasion** of the forthcoming United Nations Conference on Sustainable Development (Rio+20); Have decided the following:

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<sup>&</sup>lt;sup>1</sup> 17 - 18 November 2007

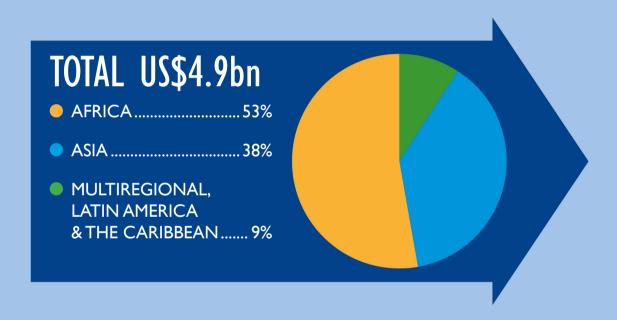
<sup>&</sup>lt;sup>2</sup> Joint statement issued by the G8 Energy Ministers, the European Commissioner and the Energy Ministers of Algeria, Australia, Brazil, China, Egypt, India, Indonesia, Korea, Libya, Mexico, Nigeria, Rwanda, Saudi Arabia, South Africa, and Turkey

- I. Through its continued commitment to development assistance and acknowledging the right of countries to unhindered development, OFID is financing a wide spectrum of operations in education, health, agriculture, food security, rural development, transport, water supply, industry, and communications. Yet, access to modern energy services is vital to support all aspects of development.
- 2. Universal access to modern energy services is an objective that the international community aspires to achieve by 2030. OFID welcomes the "Sustainable Energy For All" Initiative, as it provides a means to achieve the Riyadh Declaration objective of eradicating energy poverty. We call upon the Rio+20 Summit to adopt universal access to modern energy services by 2030 as a goal for sustainable development.
- 3. Strong political will and long-term government commitment, including pro-poor energy policies and national plans that include explicit targets, are prerequisites to energy poverty eradication. However, while OFID always responds to its partner countries priorities and strategies, we believe that the universal eradication of energy poverty requires sustained international effort through concerted, quick and decisive action by the whole international community.
- **4.** Efforts to eradicate energy poverty must be technology neutral. While renewable solutions are appropriate where economics permit, fossil fuels continue to be an important contributor to energy supply. Poor countries cannot be deprived of energy for development during the transition to a more diversified energy mix.
- **5.** The investment required to ensure universal access to modern energy services is very

- substantial, and all available types and sources of funding will need to be tapped. However, the availability of capital is a necessary but not sufficient condition to deliver access to modern energy services. An enabling environment and an appropriate investment climate are crucial to delivering adequate financing.
- **6.** Development Finance Institutions (DFIs) need to further harmonize their approach to combat energy poverty, share analysis and knowledge, avoid unnecessary overlaps in line with international declarations including the Paris Declaration, the Accra Agenda for Action and the Busan Development Agenda.
- **7.** OFID notes with satisfaction that the energy sector covers nearly 20 percent of its total, cumulative commitments benefiting the public sector. Since the Riyadh Declaration, our Institution, responding to the priorities of its Partner Countries, has increased the share of energy projects in total operations, and in 2011 this share reached 25% as a wide variety of operations were approved.
- **8.** OFID commits a minimum of US\$1 billion revolving to finance OFID's "Energy for the Poor Initiative" to further augment OFID's ability to work against energy poverty. OFID stands ready to scale up its commitment if demand warrants.
- 9. OFID commits to work with bilateral, regional and multilateral development institutions in our Member Countries, as well as with other sister organizations, to create synergies and to develop joint resources. We call upon UN agencies and other regional and international institutions to join efforts with OFID.

# REGIONAL DISTRIBUTION OF OFID ENERGY ACTIVITIES

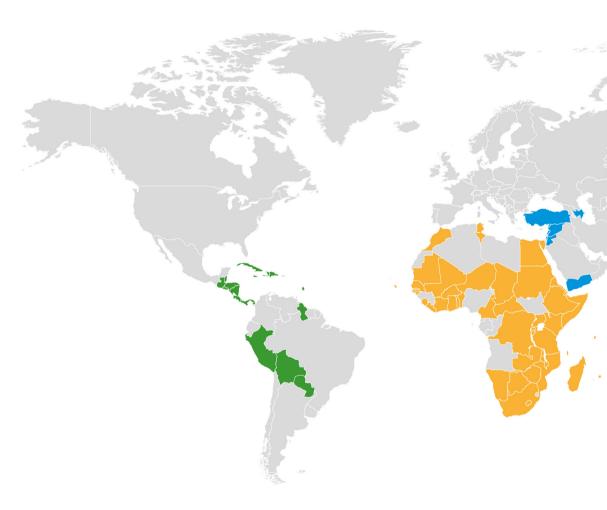
AS OF DECEMBER 31, 2016



## Public Sector US\$2.5bn Trade Finance US\$1.7bn Private Sector US\$680m AFRICA.......50% ASIA .......35% Grants US\$46.6m AFRICA......49% ■ LATIN AMERICA & THE CARIBBEAN......20% MULTIREGIONAL......14%

# REGIONAL DISTRIBUTION OF OFID ENERGY ACTIVITIES

AS OF DECEMBER 31, 2016



- AFRICA
- ASIA
- LATIN AMERICA & THE CARIBBEAN

Maps are for illustration purposes only and are not to be taken as accurate representations of borders. For reasons of scale, countries/territories with small areas are not shown.



**AFRICA** Benin Botswana Burkina Faso Burundi Cameroon Cape Verde Central African Republic Chad

Comoros Congo DR Cote d'Ivoire Djibouti Egypt Eritrea Ethiopia Gambia.The Ghana

Guinea Bissau Kenya

Lesotho Liberia Madagascar Malawi Mali Mauritania Mauritius Morocco Mozambique Namibia Niger

Rwanda São Tomé and Príncipe

Senegal Seychelles Sierra Leone Somalia South Africa Sudan Tanzania Togo Tunisia Uganda Zambia

Zimbabwe

### ASIA

Afghanistan Azerbaijan Bangladesh Bhutan Cambodia China Fiji India lordan Kiribati Lao, PDR Lebanon **Maldives** Myanmar Nepal Pakistan

**Palestine** Papua New Guinea Philippines Samoa

Solomon Islands Sri Lanka Syria Tajikistan Thailand Timor Leste Turkey Vietnam Yemen

Barbados

### **LATIN AMERICA** & THE CARIBBEAN

Belize Bolivia Costa Rica Cuba Dominican Republic El Salvador Grenada Guatemala Guyana Haiti

lamaica Nicaragua Panama Paraguay Peru

Honduras

## GLOSSARY AND ABBREVIATIONS

### **ADB**

Asian Development Bank

### **BADEA**

Arab Bank for Economic Development in Africa

### **BIOFUELS**

fuels derived from biomass or waste feedstocks; includes ethanol and biodiesel

### **BIOMASS**

renewable energy from plants and animals, e.g. wood, crop waste and animal dung

### CAF

Andean Development Corporation

### **CLIMATE CHANGE**

change in climate, i.e. regional temperature, precipitation, extreme weather, etc., caused by increase in the greenhouse effect

### **COP 22**

22nd Conference of the Parties to the UNFCCC

### **DFI**

Development Finance Institution

### **ENERGY MIX**

combination of different energy sources within the total energy supply of a population during a given time

### **ENERGY POVERTY**

lack of adequate, accessible and affordable energy to promote economic growth and satisfy basic human needs

### **EPI**

Energy for the Poor Initiative

### **FOSSIL FUELS**

peat, coal, oil and natural gas

### G8

group of eight industrialized nations: Canada, France, Germany, Italy, Japan, Russia, United Kingdom and the United States.

### **G20**

G8 members, plus Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, Turkey and the European Union

### **GEOTHERMAL**

energy available as heat emitted from within the earth's crust, usually in the form of hot water or steam

### GIZ

Deutsche Gesellschaft für Internationale Zusammenarbeit

#### IEA

International Energy Agency

### IEF

International Energy Forum

### IFAD

International Fund for Agricultural Development

### IIASA

International Institute for Applied Systems Analysis

### **MDGS**

Millennium Development Goals

### MOU

Memorandum of understanding

### **MULTIREGIONAL**

Initiatives that are carried out across more than one region

### OPEC

Organization of the Petroleum Exporting Countries

### **RENEWABLE ENERGY**

energy derived from renewable natural processes, such as solar, wind, geothermal, hydro, and biomass

### **SEFORALL**

Sustainable Energy for All: an initiative launched by the United Nations Secretary-General that brings all key actors to the table to make sustainable energy for all a reality by 2030

### SDGS

Sustainable Development Goals

### UNCSD

United Nations Commission on Sustainable Development

### **UNESCO**

United Nations Educational, Scientific and Cultural Organization

### **VEF**

Vienna Energy Forum

### WPC

World Petroleum Congress

### **WWDR**

World Water Development Report

## IMPRINT

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OFID is a key partner in the Sustainable Energy for All (SEforALL) Initiative



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