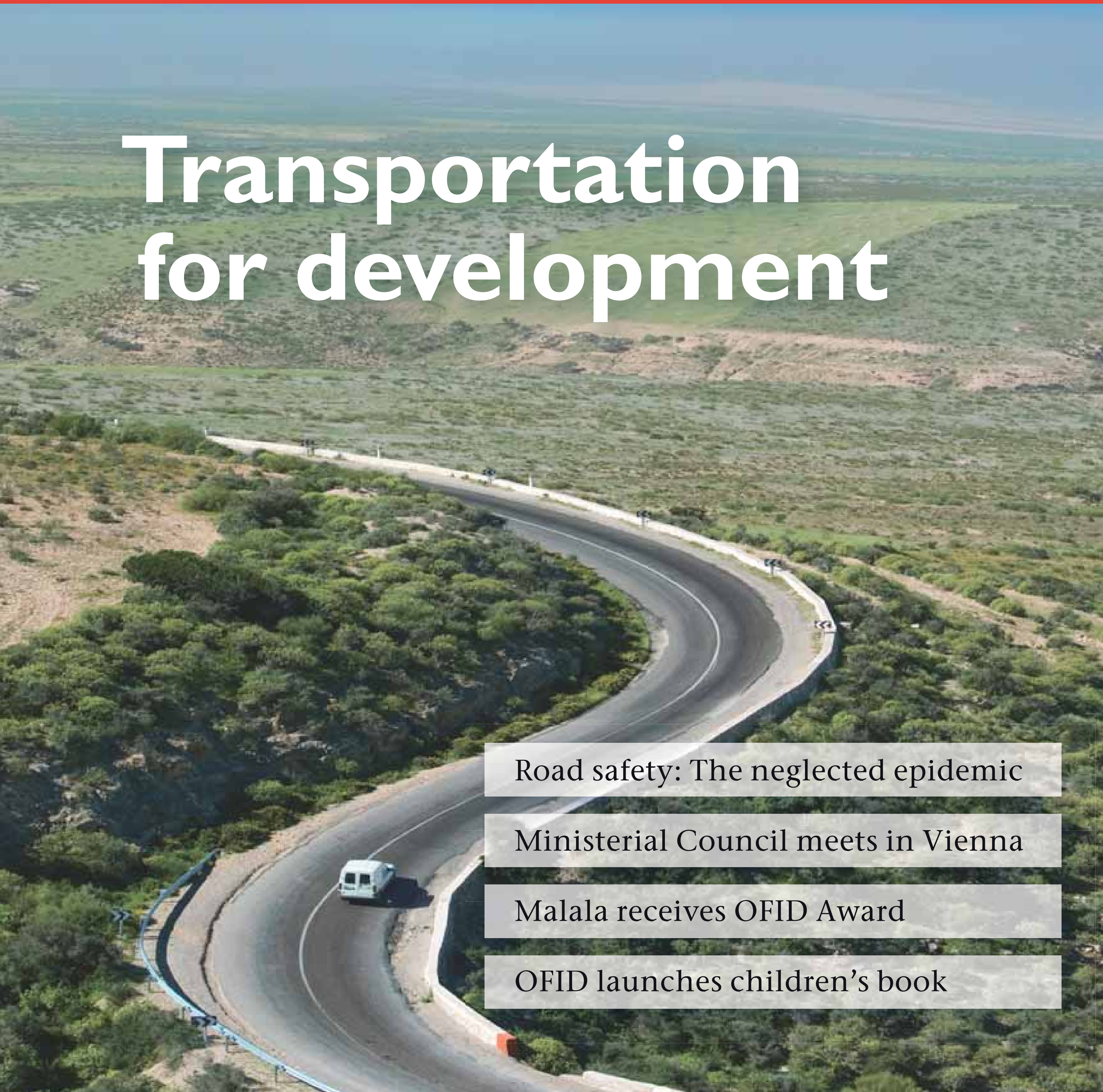
JULY 2013

OFID Quarterly

THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT



Transportation for development

Road safety: The neglected epidemic

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OFID launches children's book

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Uniting against Poverty

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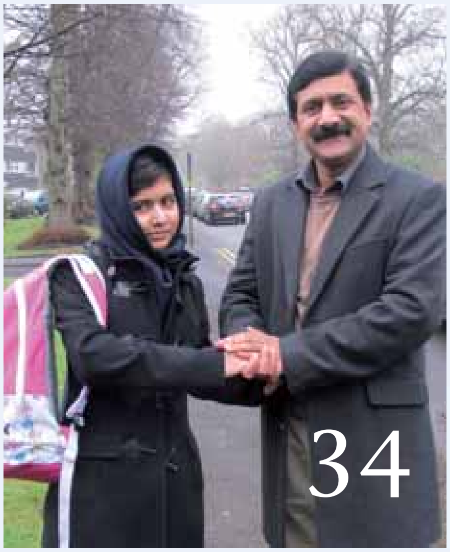

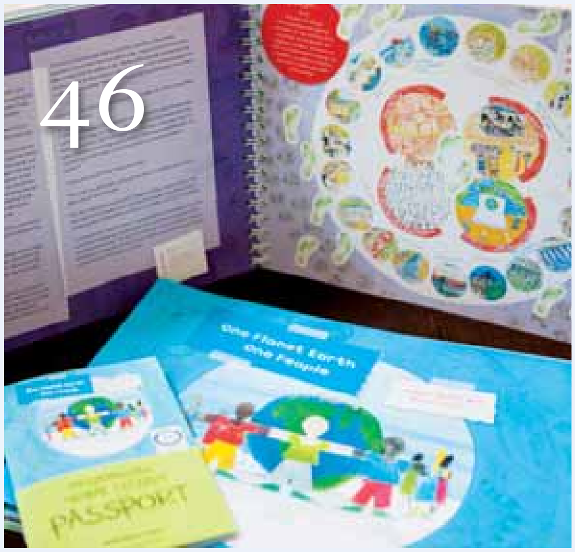

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Transportation: An enabler of development

Transportation – from roads, railways, ports and airports, to urban transit and inland waterways – is a prerequisite for inclusive economic growth and competitiveness, as well as for trade and regional integration, for employment creation, and, by default, for achievement of the Millennium Development Goals.

Efficient transportation systems can also be an agent of social change, innovation and wealth creation, by facilitating the mobility and interconnectivity of people, domestically, regionally and globally.

However, important challenges need to be overcome in the majority of developing countries before the transportation sector can become a major driver of sustainable growth and development.

These hurdles include a severe lack of access to adequate transportation, bottlenecks resulting from rapid population growth and urbanization, ineffective service delivery and a scarcity of funding.

The poor are hurt most by the inadequacy of transportation services.

In rural areas, where an estimated one billion people lack access to all-weather roads, small farmers struggle to get agricultural inputs and to transport their produce to market.

Children must often make long, and sometimes dangerous, journeys to and from school. And, for millions of people, health and other social services are impossibly difficult to access.

Urban dwellers, meanwhile, must contend with all the problems associated with severe congestion, including restricted mobility and pollution.

In terms of socio-economic integration and trade, the challenges are greatest for countries that are landlocked or characterized by difficult geographical terrain.

Here, haulage costs can be prohibitive, due to wear and tear on vehicles and time lost due to inefficiencies. When transferred to the price of manufactured goods and agricultural produce, these inflated costs can severely inhibit a country's competitiveness.

Then there is the question of safety. With poorly developed or non-existent transport systems, travel, whether by motor or not motorized-vehicle, or even on foot, becomes dangerous.

Every year, 1.3 million people are killed worldwide and another 10 million are permanently disabled because of road safety hazards. Ninety percent of these deaths occur in low- and middle-income countries.

In light of these broad and complex challenges, a concerted, cooperative effort is required to address the large and growing needs of the transportation sector, and to develop instruments that better support the quantity and quality of transportation services in the South.

OFID has been doing its share for more than three-and-a-half decades.

In response to the priorities of its partner countries, OFID's support to the transportation sector has been consistently high, with cumulative approvals as of end-2012 amounting to over US$3bn, or 21 percent of total commitments, for a wide variety of projects across all sub-sectors.

Working in partnership with both the public and private sectors, OFID has adopted a comprehensive approach towards transportation, strengthening not only the financing, but also the human resources and institutional environment for transport services.

As always, OFID's assistance has been delivered in collaboration with all relevant players in the field so as to enhance development effectiveness and ensure the necessary national ownership and commitment to the projects.

In the broader context of sustainable development, OFID considers the strategic importance of transportation to lie in its role as an enabler of the water-food-energy nexus.

Reliable transport links, especially all-weather roads in rural producing areas, can make a major difference to food security. The availability of power and water to irrigate crops is to no avail if harvested produce cannot be evacuated due to flooded roads.

If, on the other hand, produce can be moved quickly and cheaply, both farmers and consumers benefit, especially in countries where supplies need to be transported from food surplus to food deficit regions.

Moreover, reliable transit can affect not just the security of food supply but also the cost. As long as supplies are steady, so the price should remain stable too.

The outcome is improved food security, raised earning capacity and a better quality of life all round.

OFID acknowledges with satisfaction the sharpening focus of the international community on the water-food-energy nexus and welcomes all efforts to address these most urgent priorities of the poor.

They are our priorities too.

But the nexus cannot be treated in isolation. Investment in rural electrification and in water supply and irrigation systems only makes sense if combined with actions to facilitate the free movement of inputs and produce.

Transportation will thus continue to be a strategic cornerstone of our activities, and we welcome similar coordinated and complementary action from our development partners as we continue to work together in the interests of the South. ■

> Not our wealth created
> our transport infrastructure.
> It is our transport infrastructure
> which created our wealth.
>
> *JF Kennedy*

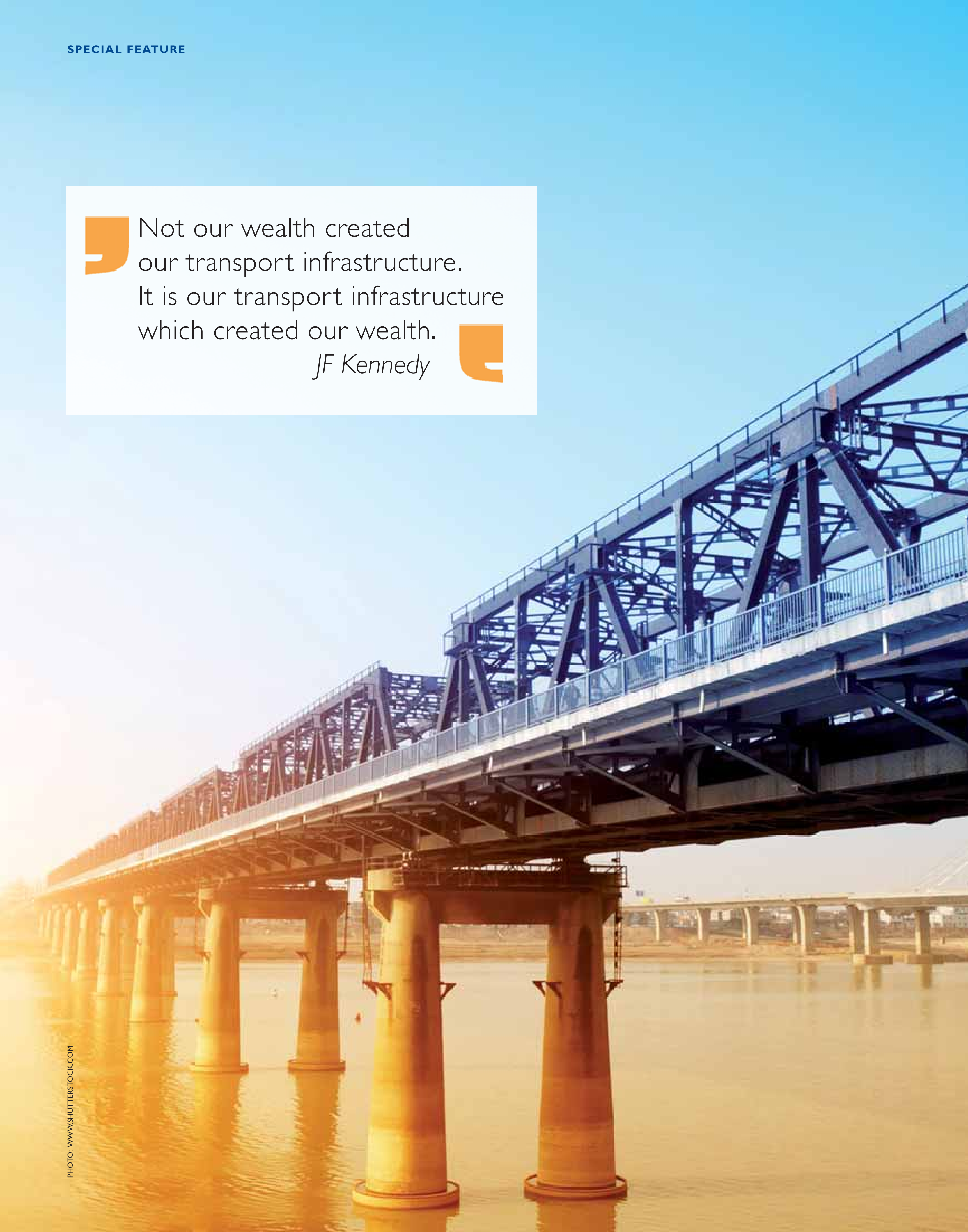


PHOTO: WWW.SHUTTERSTOCK.COM

As consultations draw to a close over the formulation of a new, post-2015 development agenda, the *Quarterly* examines the role of transportation in promoting social and economic progress. What are the challenges, opportunities and trends? And what steps are being taken to facilitate the efficient and sustainable movement of goods and people in our globalized world?

Unlocking progress: Transportation for development

Transportation is a crucial component of socio-economic development. It includes physical infrastructure, such as roads, railways, urban transport, ports, airports and inland waterways, as well as vehicles and the energy required to power them. By definition, it also includes the effectiveness, efficiency and environmental impact of transportation systems.

By facilitating productivity, integration and trade, efficient transport systems enable countries to participate competitively in the global economy. Locally, they connect people to essential services, markets and jobs, promoting the kind of mobility and interaction that generates long-term growth and wealth.

While deficiencies in transport systems act as a severe break on inclusive development, when they work well, they can help address some of the world's most systemic development challenges, including, among others, those presented by the food-water-energy nexus.

Rise in demand

In recent years, the demand for transportation has increased exponentially, as a result of rapid globalization and the accompanying rise in connectivity and interdependence.

In addition to greater worldwide trade in goods and services, there is growing international movement of capital and labor, more global supply chains as a result of the globalization of industry, and more foreign direct investment. Within this trend is the integration of emerging markets and labor in the global economy. As a result, transportation is becoming increasingly complex with respect to its core functions and the additional and complementary services it offers along the supply chain.

Stumbling blocks

For the developing countries, where an estimated one billion people lack access to all-weather roads, inadequate transportation infrastructure constitutes a major bottleneck – not just in efforts to link into the global economy, but also in the delivery of social services such as healthcare and education, as well as access to food.

Although the impact of the transport sector in improving peoples' lives and livelihoods has not been sufficiently documented, the World Bank estimates, for example, that around three-quarters of maternal deaths could be prevented through quicker access to essential childbirth-related care.

Addressing these deficiencies is a major concern of governments, the private sector and the international community alike.

The challenges, however, are varied and complex, not least because of the astronomical cost of the infrastructure, but also in view of the need to provide services that are environmentally, socially and economically sustainable.

PHOTO: SAPSIWEI/WWW.SHUTTERSTOCK.COM

Mobility for the poor

The vast majority of the world's poor live in rural areas, with less access to basic transportation services than those who live in urban centers.

Meeting the needs of rural communities, particularly in landlocked, low-income countries, or those with difficult geographical terrain, requires emphasis on regional projects that link economic production areas with road networks and that connect countries with the rest of the world through transportation corridors, ports and airports.

Such efforts are vital to increase competitiveness and help poorer countries get a foothold in global trade.

According to the World Bank, trade-associated transport costs in landlocked countries are 50 percent higher, and the volume of trade is 60 percent lower than in coastal countries.

In terms of social development, rural people need to have year-round access to a reliable road network in order to facilitate the transport of agricultural inputs and to allow farmers to evacuate and sell their produce before it spoils.

If this can be done quickly and cheaply, both producers and consumers benefit, especially in countries where supplies need to be transported from food surplus to food deficit regions.

The outcome is improved food security, raised earning capacity and a better quality of life.

Congested cities

But the challenges are not exclusively rural. Of growing concern, too, are the problems associated with urban transportation, which is already under stress as a result of the accelerating trend towards urbanization.

In 2011, half of the world's population, or 3.6 billion people, lived in cities. This number is expected to swell by 2030, when an estimated 96 percent of the developing world's additional 1.4 billion people will reside in urban areas.

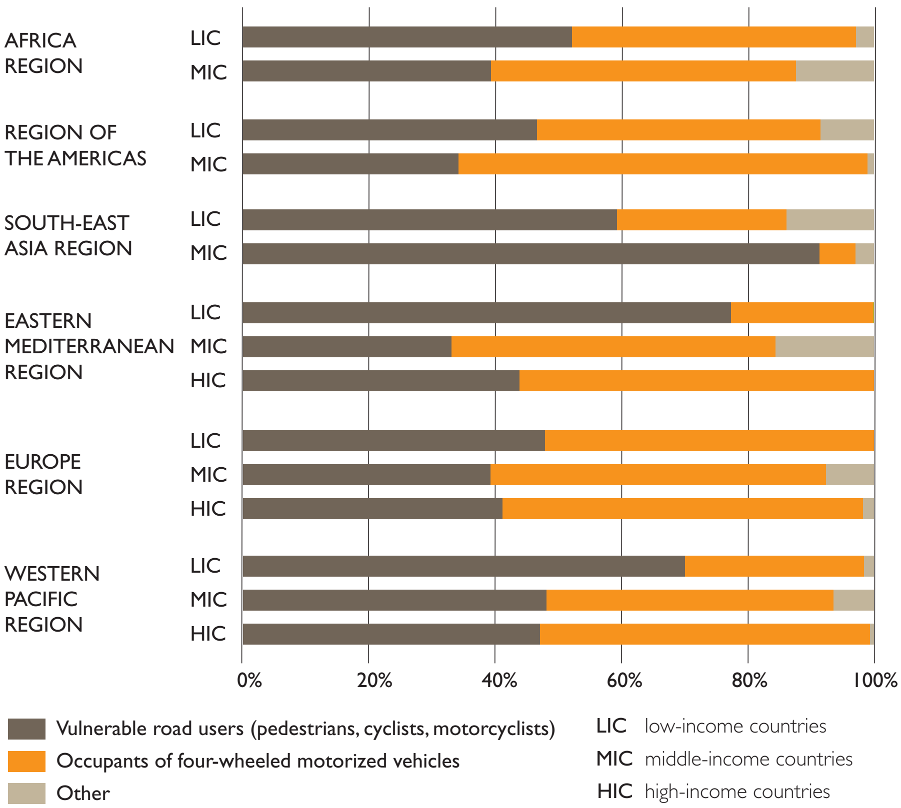
Motorization has also escalated. Worldwide, vehicle ownership is forecast to rise by an excessive 250-375 percent by 2050, with developing countries accounting for the bulk of the increase.

So, while adequate public transportation and sustainable urban mobility form the backbone of any city, unless regulated and planned, the ongoing trend towards urbanization and motorization is likely to lead to inefficiency, contamination, traffic congestion and stress, and transportation will fail to deliver on its key functions of effective service delivery and public safety.

And indeed, safety issues are the cause of growing concern. Currently, an estimated 1.3 million people are killed on the world's roads each year, 90 percent of them in the developing countries. ▶

Reported deaths by type of road user (%), by region and income group

Source: WHO



◀ While road accidents in the advanced economies are projected to gradually decrease over time, road fatalities in the developing countries are expected to rise by an estimated 80 percent by 2020, unless preventive action is taken.

Building institutional capacity

Given the enormity and diversity of the challenges, it is vital that the transportation sector works reliably and efficiently at every level, and that it is cost-effective.

In addition to improving physical infrastructure, this means upgrading the quality of support services, including distribution, logistics, finance, insurance and marketing, which are required for the international circulation of passengers and freight.

Yet another imperative involves building capacity in the institutions that govern transportation services so that service delivery is of the required standard. For this to happen, incentives need to be changed through commercial management, competition and user involvement. It is also necessary to build, share, and disseminate institutional knowledge, and draw lessons from experience and best practice.

Mobilizing the funds

Perhaps the most daunting obstacle, however, is that of financing. The construction and maintenance of transportation infrastructure is a highly capital intensive business, attracting an estimated US$1.5tr globally every year. This amount is set to increase exponentially in tandem with the massively rising need for sustainable transportation services in the South.

In recent decades, developing countries – which will account for the bulk of future incremental transportation demand – have made major investments in improving their transportation infrastructure. Domestic public funds are the dominant source of financing, especially for roads and public transport provision.

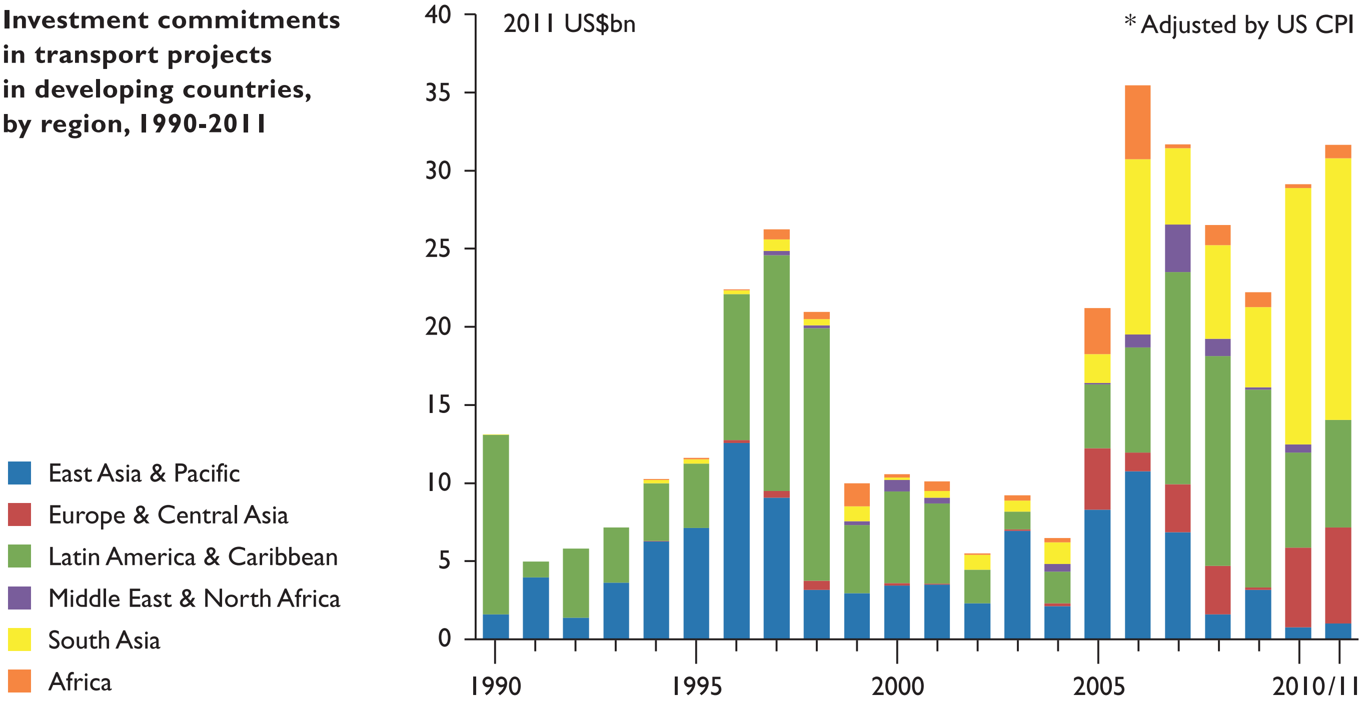
But the private sector, too, is playing an increasingly important role (see separate story, page 10). Recent experience with public-private partnerships in many countries has highlighted new ways to mobilize private sector financing for transportation, through a process of privatization and/or the award of concession contracts.

Such experiences have been largely positive, leading to increased efficiency and the expansion of a broad range of transportation services, including air, rail, road, and sea transport; port and harbor operations, and related services.

However, the sheer scale of the investment required demands that greater support is also forthcoming from the development finance community and from foreign private investors.

Increased funding from these sources will help improve the quality and adequacy of infrastructure services in developing countries and fine-tune transportation financing according to local needs and priorities.

Investment commitments in transport projects in developing countries, by region, 1990-2011



Source: World Bank

Heightened global awareness

In light of the importance of transport networks to the development process, it is encouraging to witness a growing realization that transportation is more than the sum of actions.

Ongoing international efforts to reach the MDGs have helped developing countries and donors to reorient and focus on areas of critical under-investment, including many types of transportation.

Already in November 2010, at their Summit in Seoul, South Korea, the Group of Twenty (G20) emphasized the importance of transportation and other types of infrastructure for development in their *Multi-Year Action Plan on Development*.

In June 2012, eight multilateral development banks meeting for the Rio+20 UN Conference on Sustainable Development in Rio de Janeiro, Brazil, pledged to provide more than US$175bn to improve transportation in developing countries over the next 10 years.

Similarly, leaders of five of the world's emerging economic powers (the BRICS) – Brazil, Russia, India, China and South Africa – recently agreed to create a new international development bank to help fund their US$4.5tr infrastructure plans.

This institution, which is still in its infancy, will initially be for BRICS countries only, but may evolve to serve other countries outside the group. The bank would cooperate with other emerging market countries and developing economies as the first institution of the informal BRICS forum, started in 2009.

In addition, increased concern about road safety and social and environmental sustainability has heightened public interest in transportation design and performance. Launched on May 11, 2011, the *UN Decade of Action for Road Safety* aims at helping address the growing crisis of road safety by sharing knowledge and technical assistance and mobilizing investments.

At the same time, researchers have been working to identify and test innovative technologies that support environmentally-friendly, accessible, affordable, and safe transport solutions, including more efficient public transport systems and energy-efficient vehicles and fuels.

A priority moving forward?

Clearly efforts are moving in the right direction, despite the enormity of the challenges. As consultations continue over the formulation of new sustainable development goals to follow on from the MDGs, it will be interesting to see if, and to what extent, global transportation features in the post-2015 development agenda.

Transportation sectors and themes

Air transport

Around 35 percent of international trade in value is carried by air transport.

Ports & waterborne transport

Maritime transport moves more than 90 percent of the world trade in volume.

Railways

Between 2000 and 2005, global rail freight traffic grew about 25 percent, land passenger traffic about 19 percent.

Roads & highways

60 percent of the world's paved roads are in high-income countries.

Road safety

Around 1.2 million people die each year in road accidents, with 90 percent of deaths occurring in the developing world.

Rural transport

1 billion people in the poor countries don't have access to an all-weather road.

Trade logistics & facilitation

Trade-associated transport costs in landlocked countries are 50 percent higher, and the volume of trade is 60 percent lower than in coastal countries.

Transport & social responsibility

An estimated 75 percent of maternal deaths could be prevented through timely access to essential childbirth-related care.

Urban transport

By 2025, more than half of the developing world population will be living in cities.

Source: World Bank

PHOTO: REUTERS/STRINGER

Funding transport infrastructure: Is the private sector the answer?

Private capital is a prominent feature in the fast-growing, emerging markets of Asia, where a high performing transportation sector is essential to help sustain growth and enhance productivity, competitiveness and export potential. But what of other developing regions? What scope is there for similar private investment in sub-Saharan Africa, for instance? And is there a facilitation role for development institutions? Here, infrastructure financing and privatization expert, **Johan Bastin,** CEO of fund managers CapAsia, talks to the *Quarterly* about the challenges of transportation provision and the growing involvement of the private sector.

Interview by Audrey Haylins

OQ: *What would you identify as the key issues facing the transportation sector in developing countries?*

JB: All infrastructure – but especially transportation infrastructure – is critical for economic growth to take place. It essentially comes down to the cost of doing business in a country. To be competitive in a global marketplace, costs have to be low. Unfortunately, the opposite is the case in many developing countries. I would say that the biggest challenges are: congestion in metropolitan areas, providing transport to the broad masses, and generally improving efficiency – especially in ports, for instance.

OQ: *What about the massive investment required to build transport infrastructure? Is this the most constraining factor?*

JB: Yes, and this is where the private sector comes in. Governments in most emerging markets realised some two decades ago that they could never raise enough funds from public sources to meet the escalating infrastructure needs of markets with high economic growth. And so they embraced the whole concept of private sector involvement. Because it's so capital intensive, the investment must be attractive. However, it's not necessarily about maximizing returns; I think that's a misunderstanding. What an investor wants above all else is to have a fair return and the certainty that that return can be reaped – over the term of a concession, for example.

OQ: *What kinds of investments are attractive for the private sector?*

JB: It depends on the type of market. Toll roads, for instance, are not really a viable option in the lower-income countries, but they attract a lot of interest in Southeast Asia. Ports, on the other hand, are attractive investments just about anywhere because of their business potential. Here the challenge is to convince public authorities that the private sector can do a better job in terms of building a port on budget, on time, operating it efficiently and attracting traffic. The port business is very competitive.

Most airports are also being built and run by the private sector. Here it's the terminals that provide investors with their returns. Yes, the landing and baggage handling fees are important, but the real returns come from the retail side.

Another important sub-sector that offers potential for private investors is mass transport services for the poor. Such services are normally provided by local capital; in other words someone who owns a small fleet of buses that provide a service people can afford. In large metropolitan configurations, where congestion is a problem, this is far from an ideal solution. A better alternative is the light railway transit system. Where these already exist, they are mostly provided by the private sector

OQ: *What makes the private sector better equipped to build and operating transport infrastructure?*

JB: Providing and running transport infrastructure is not rocket science, but it is a matter of experience. By that I mean understanding what you need to do to make infrastructure function more efficiently and effectively. The private sector can do this.

If a government structures a concession well and gives the right incentives, the private sector will strive to provide the best possible services at the lowest possible cost. This benefits the economy, as it squeezes all the inefficiencies out of the system. As sad as it is, the public sector is not very good at building assets, staying on budget, delivering on time, and so on.

Also, we shouldn't forget that infrastructure is not just concrete and steel, it is also technology. Take toll roads: the technology of collecting fees is changing – we're seeing more and more electric gates – and it's important for emerging markets to have access to that knowledge and learn it from the best in the industry. Maintenance of infrastructure is also something that the private sector does better.

OQ: *We often hear the term "enabling environment" in relation to private sector investment. What constitutes an enabling environment from an investor point of view?*

JB: Essentially, it refers to the legal and regulatory framework that enables the private sector to do business, along with the institutional capacity of governments to implement that framework. This includes the tax side – if you put capital in, you want to make sure you can get it out again. ▶

Johan Bastin, CEO of CapAsia

Privately owned light rail transit systems can help overcome the growing problem of traffic congestion and provide reasonably priced transport to the urban poor.

PHOTO: IAIN MASTERTON/ALAMY

> *"Traditional toll roads wouldn't work in sub-Saharan Africa for obvious reasons, but there is scope for innovative approaches in these markets, and I don't think that has been exploited enough."*

◀ Above all, an investor needs the certainty that the investment can be recovered.

In the area of transportation, the private sector is heavily dependent on governments to provide the necessary permits. Having a concession to build a toll road is one thing, but you need government support to secure right of way.

Also, once you have an asset up and running, you want to make sure that over the life of the investment there are no important changes to the legal and regulatory framework. Governments have the prerogative to change their policies or revoke a concession, but the expectation is that, as an investor, you would be compensated.

I would say that governments generally understand that failure to provide an enabling environment would see private capital dry up.

OQ: *Can you tell us about the Islamic Infrastructure Fund and what it is doing to promote private sector infrastructure development?*

JB: The IIF is a private equity fund started by the Islamic Development Bank and the Asian Development Bank, which provided the seed capital and selected my company, CapAsia, as the fund managers.

The IIF is essentially meant as a catalyst to show that you can invest in private infrastructure – such as transportation, energy, telecommunications and water supply – in a meaningful way.

It has, of course, important development objectives, particularly that all investments need to be Sharia compliant. We try also to take into account the broad developmental objectives of the institutions, including OFID, which support the Fund.

Another aspect is the very wide geographical coverage of the IFF, which includes advanced markets like Malaysia, as well as less advanced ones like Pakistan and Bangladesh. So, it covers a wide array of economic, social and political environments. What we try to demonstrate is that you can still invest in an economy as challenging as, say Bangladesh, in a way that protects your investment and gives a reasonable return.

OQ: *What exactly is CapAsia's role?*

JB: Basically, it's our job to find and structure investments that meet the criteria of the Fund. But that's not all: we are actively involved in managing these assets, making sure that they are well run and delivering a reasonable return. The Fund has a finite life of ten years, and we are currently in the fourth year, so it is also our job to ensure that we can exit all of the investments on time.

OQ: *Based on your experience, could you see a similar type of fund operating in sub-Saharan Africa, or is the region not quite ready yet?*

JB: I think you need to take a very focused approach here. Even in very poor countries, there is always some infrastructure provision that can be made viable, and the clearest example here is telecommunications. For some reason, people always find money to pay for a phone. So there is certainly scope for introducing the private sector, but it's not going to be easy, because often such countries are challenging in terms of the way they're run and the options they have for private capital.

There are also opportunities in the area of ports and airports because of the commercial aspect, but again it's a question of the investment environment and how attractive it can be to the private sector.

OQ: *One of the biggest hurdles sub-Saharan Africa faces in terms of competitiveness and accessing global markets is the inadequacy of the road network, which makes the movement of goods costly and time-consuming. Is there any way that toll roads could be made to work in low-income countries given the basic inability of poor people to pay?*

JB: Toll roads are risky whatever the environment. There's a whole history of investors in toll roads overestimating the traffic and underestimating the costs.

In emerging markets, the risk is manageable because of the high growth rates. Typically, in these countries, car ownership grows at twice the rate of economic growth, and that's what drives toll roads.

Take the case of China. Few people appreciate how important the opening up of world markets was for China. It saved more people from poverty than any development institution ever could. The same could happen in Africa, but they need the infrastructure to do so.

Traditional toll roads wouldn't work in sub-Saharan Africa for obvious reasons, but there is scope for innovative approaches in these markets, and I don't think that has been exploited enough.

For example, there is something called a shadow-toll, where the private sector builds, operates and maintains a specific stretch of road and gets paid by the government or a development institution for every car that uses it. In other words, the driver travels toll free. I think this type of public-private partnership is worth pursuing.

OQ: *Is there a role for development finance institutions in the public-private partnership scenario?*

JB: Of course. In addition to funding, DFIs can help governments with capacity building and the creation of an environment that that will attract the private sector and private sector knowledge. The importance of this role should not be underestimated. ■

Road safety: The neglected epidemic

While the global community has been campaigning for many years against diseases such as HIV/AIDS and malaria – mobilizing funds and global action to fight them – little attention has been paid to another rising epidemic: that of road safety in developing countries.

BY RANYA NEHMEH

Every year, 1.3 million people are killed worldwide and another 10 million are permanently disabled because of road safety hazards. Ninety percent of these deaths occur in low- and middle-income countries, and one-half of the fatalities are 'vulnerable road users': pedestrians, cyclists and motorcyclists. For people under the age of 44 years, road traffic accidents are the third highest cause of death after HIV/AIDS and malaria, leading to road deaths being dubbed the "plague of the young."

A range of deficiencies

Road safety is not a stand-alone phenomenon. According to a presentation delivered by the Institute of Road Traffic Education at the 10th meeting of the United Nations Road Safety Collaboration in Bangkok, Thailand in 2009, roads in developing countries are unsafe due to a number of deficiencies.

For a start, there is a lack of *road and traffic engineering,* which means no sidewalks or crosswalks, poor traffic signs, no traffic lights, and standards that are not ratified to the *UN Convention on Road Signs and Signals.*

There is also negligible *drivers' training*, in that driving schools are not developed, and the tools and systems for training and assessment are unavailable.

Legislation is also a concern. In many cases, there are no laws about child restraints in cars, for example, or about motorcyclists wearing crash helmets. Alternatively, the legislation may not be updated regularly or simply not enforced.

Another issue is that of *crash investigation.* As these rarely take place, the real causes and consequences of accidents are not known and therefore cannot be tackled. In addition, there is usually no *post-crash management*; in other words, a lack of emergency response systems.

As a result, the number of road crashes, fatalities and injuries has continued to rise in the developing world. The challenges, however, differ from country to country.

Kenya, for example, has one of the highest rates of traffic accidents and road deaths. In recent years, the use of motorcycles has grown exponentially, as a result of the government encouraging their use on rural roads that are not suitable for cars or buses. This, coupled with the abolishment of import tax on motorbikes, means that there are more than 180,000 motorcycles on the country's roads.

Many of the bikes are ridden by young men seeking to earn an income as 'borda borda' taxi drivers. Few of them have passed a driving test, so there has been no formal education or awareness about safe driving practices. Accidents are therefore commonplace and rising.

Recently, the Kenyan NGO El-Friezo launched a campaign through a mobile app, designed as a series of games and interactive tutorials that teach basic road safety as well as safer driving tips, helmet use, and first aid skills. ▶

PHOTO: MAKE ROADS SAFE

With no sidewalk available, a family group risks the hard shoulder in Costa Rica. Together with cyclists and motorcyclists, pedestrians are considered "vulnerable road users" and account for one-half of traffic fatalities in low- and middle-income countries.

◀ As Kenya is big on mobile use, the NGO hopes that this technology will supplement traditional training and help to raise awareness among the right demographic in order to prevent these unnecessary deaths.

Far-reaching consequences

Apart from the humanitarian aspects of road safety, the injuries and fatalities that occur because of road accidents have severe social and economic implications for a developing country.

Statistics by the World Health Organization (WHO) highlight that young adults between the ages of 15 and 44 account for 59 percent of global road traffic deaths. More than three-quarters of the fatalities are among men.

When death or injury occurs, the family burden can be disastrous. Families have to shoulder the cost of treatment (including rehabilitation and incident investigation) as well as reduced/lost productivity from those killed or disabled by their injuries, as well as from family members who need to take time off work (or school) to care for the injured.

A study undertaken in Ghana highlighted that when a member of a household was injured in a road crash, the average household income and consumption declined sharply, forcing 28 percent of householders to reduce their food intake.

The World Bank estimates that road crashes cost approximately one to three percent of a country's Gross National Product. For developing countries, this means a loss of around US$100bn every year and at least 70 million people forced below the poverty line.

Part of this cost is borne by the health sector, which is increasingly burdened by having to treat rising numbers of road traffic injuries. A study by a chain of Brazilian rehabilitation centers found that in 2011, 40 percent of patients with serious spinal injuries were hurt in traffic accidents. In Kenya, road traffic injury patients account for 45-60 percent of all admissions to the country's surgical wards.

The World Bank has estimated that at least six million more people will die and 60 million will be injured during the next 10 years in developing countries as a result of road hazards unless urgent action is taken.

Given the detrimental impact of traffic accidents on social and economic development, such action should be viewed as an investment rather than a cost.

Road safety and the MDGs

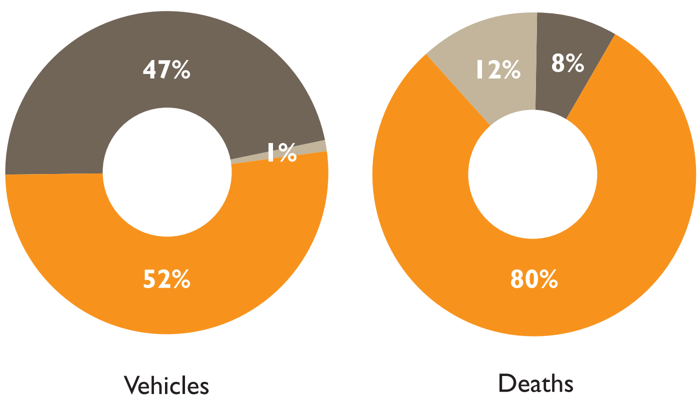
In recent years, the international community has come to acknowledge the importance of road safety for development. In 2010, a report from the FIA Foundation entitled "The Missing Link – Road Traffic Injuries and the Millennium Development Goals" revealed the true scale of the road injury epidemic in developing countries and the impact poor road safety has on achievement of the MDGs.

While the catalytic role of transportation has not been reflected in the eight MDGs, there have been calls to include a specific target aimed at halving road deaths by 2030 in the post-2015 sustainable development goals.

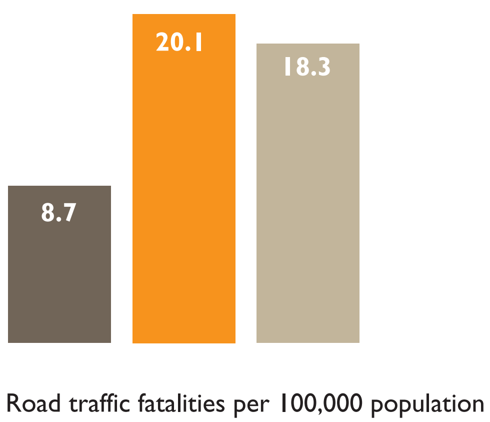
A major advocate of this is the Commission for Global Road Safety and the Make Roads Safe Campaign in their Report, "Safe Roads for All." Saul Billingsley from the Commission commented: "It has now been proved over and over that deaths and injuries from road traffic (accidents) place a huge health and development burden on developing countries and that, unlike many huge development challenges facing the world today, we know the solutions and can go a long way to fixing the problem."

This view has been supported by development economist Professor Jeffrey Sachs, Director of the Earth Institute and special advisor to the UN Secretary General on the MDGs who said: "The MDGs are a broad framework and road safety has to be part of that. When there is so much death, when there is so much injury, when there is so much burden on poor communities, alleviating is part of the overall strategy of fighting poverty, fighting the deaths of children, helping communities to be safe. And so this is part of the MDG effort."

Although middle-income countries have only half of the world's vehicles, they have 80 percent of the world's road traffic deaths.



Middle-income countries have the highest road traffic death rates.



High-income countries | Middle-income countries | Low-income countries

Source: WHO Global status report on road safety 2013

PHOTO: MAKE ROADS SAFE

Despite guidelines laid down in the UN Convention on Road Signs and Signals, many developing countries lack basic safety measures such as pedestrian crossings.

When asked why the issue of road safety had been neglected for so long, Avi Silverman of the Make Roads Safe Campaign explained to the *Quarterly* that there were several reasons:

"One of them is institutional in that it was not included in the MDGs. There was almost a decade leading to the MDGs where the agenda was starting to crystallize and this issue was not part of the agenda. Road safety simply did not receive the institutional focus, the political will or the NGO focus."

According to Silverman, another reason for the neglect is that it is not a traditional issue: "While HIV/AIDS, malaria or tuberculosis sit easily in a category that the international community is used to, road safety does not. Furthermore, the area of responsibility lies within the ministry of transportation which is usually not as well linked to global bodies such as the WHO."

When asked whether the issue of road safety would be included in the post-2015 development agenda, Silverman replied: "We hope so and we are campaigning for it. This is what our report [Safe Roads for All] is all about."

He noted, however, that there were many different advocacy groups fighting to be included in the agenda. "Road safety does not have the mainstream backing nor a big coalition supporting it," he explained.

The action plan

Injuries and deaths arising from the lack of road safety are preventable. As stated in the Report prepared by the Commission for Global Road Safety: "Safe mobility should be a basic right for all, like access to education, a basic supply of clean water and the provision of health care."

Effective initiatives and improvements would have to involve the participation of different sectors such as health, transportation and education to tackle the various cross-cutting areas of road and traffic engineering, drivers' training, legislation, crash investigation, post-crash management and improving the safety features of vehicles.

As illustrated through the use of the mobile app in Kenya, raising awareness is also key to educate people on issues related to speed management, drink-driving and the importance of wearing seat belts and helmets, which can significantly reduce fatalities.

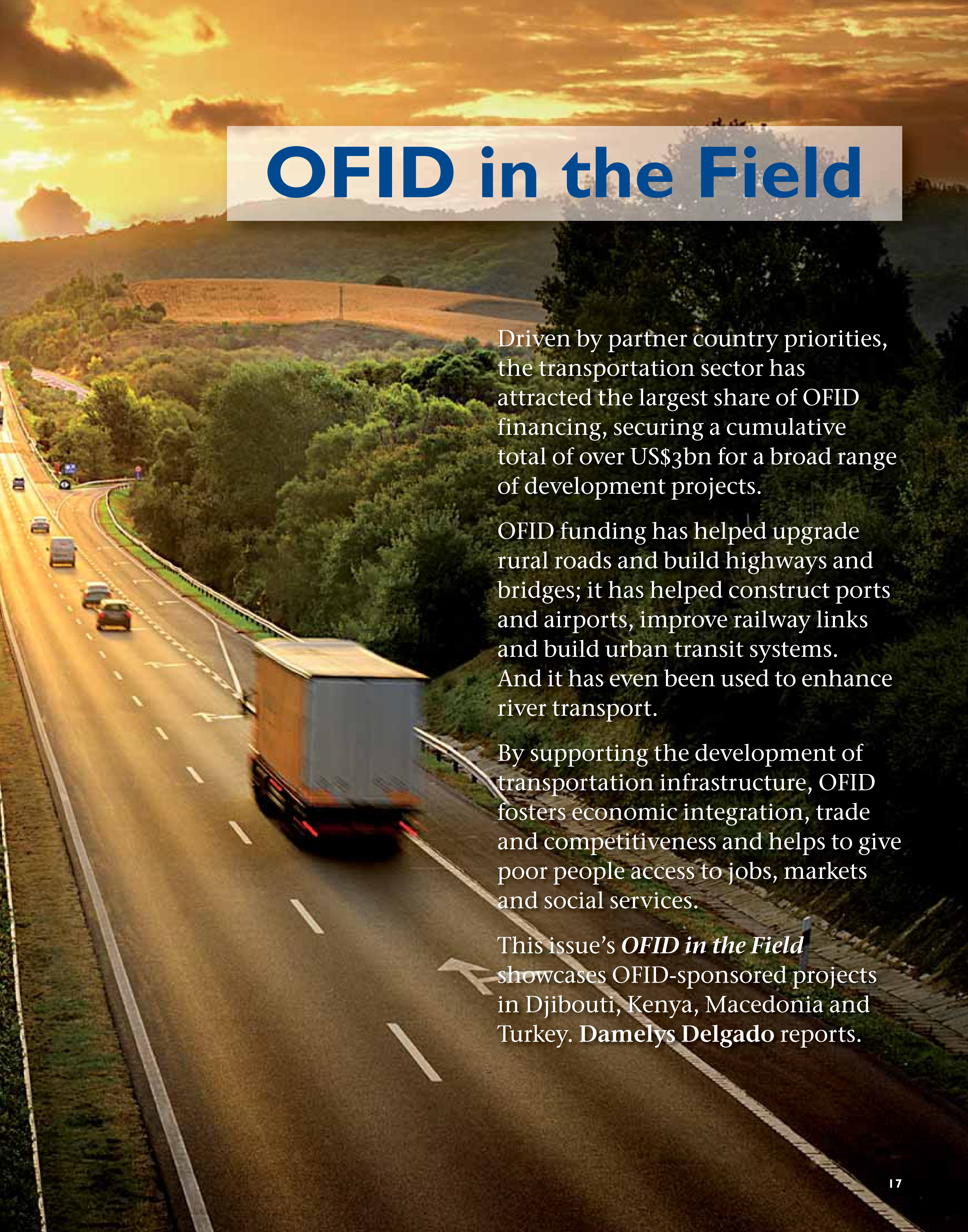
Some interventions are in fact low cost and do not require massive funding, yet their impact is huge. These include: pedestrian segregation, improved footpath and crossing facilities, improved street lighting, and speed control devices such humps or chicanes.

Among the major international initiatives set up to tackle the issue of road safety is the "Decade of Action for Road Safety 2011-2020," launched by the UN in 2011. Over 110 countries have committed to work to reduce road deaths by 2020 and in the process, save round five million lives. They aim to do this by improving the safety of roads and vehicles, enhancing the behaviour of road users, and improving emergency services.

In line with this are the Global Road Safety Facility and the Make Roads Safe Campaign. Both are pressing for 10 percent of the global roads budget to be spent on road safety measures, thus highlighting the importance of including the area of road safety within the overall transportation sector.

While the battle against road deaths and injuries is a global one, it will require local support as well as the commitment of governments, the private sector, car manufacturers, international organizations and NGOs to really make a difference.

PHOTO: LLASZLO/WWW.SHUTTERSTOCK.COM



OFID in the Field

Driven by partner country priorities, the transportation sector has attracted the largest share of OFID financing, securing a cumulative total of over US$3bn for a broad range of development projects.

OFID funding has helped upgrade rural roads and build highways and bridges; it has helped construct ports and airports, improve railway links and build urban transit systems. And it has even been used to enhance river transport.

By supporting the development of transportation infrastructure, OFID fosters economic integration, trade and competitiveness and helps to give poor people access to jobs, markets and social services.

This issue's ***OFID in the Field*** showcases OFID-sponsored projects in Djibouti, Kenya, Macedonia and Turkey. **Damelys Delgado** reports.

Macedonia flying high

As a taxi driver, Lazar ferries many more people today between Macedonia's Skopje airport and the local hotels than four years ago, thanks to an economic rebirth triggered by the city's new Alexander the Great Airport, one of the most technically complex projects ever implemented in this poorest of Balkan nations.

Although economic activity has slowed over the last few quarters amid increased uncertainty in the global financial situation, Macedonia, a country of just two million inhabitants, has made important social and economic advances.

Unemployment may be high at more than 31 percent, but this small nation has successfully maintained macroeconomic stability and kept inflation low. While it continues to lag behind the rest of the region in job creation and attracting foreign investment – despite a raft of fiscal and business sector reforms – its progress towards achievement of the Millennium Development Goals is remarkable.

The mortality rates of infants and children under five have fallen by more than two thirds since 1990, most children now complete secondary school, and better social services are available.

With support from the World Bank, Macedonia is strengthening its competitiveness and achieving sustained economic growth. It is also improving the business environment and developing human capital, while transport and energy infrastructure and continued decentralization show great promise.

As a landlocked country, Macedonia is particularly dependent on a well-developed road and rail network for its economic and social development. Since its independence from the former Yugoslavia in 1991, the main challenges facing the Government have involved reducing the distance to markets and lowering the cost of transportation.

In terms of air transport, the two main airports – Skopje Alexander the Great and Ohrid – were outdated, falling below the required standards set by the International Civil Aviation Organization.

In a country that struggles daily to ensure its place in the world, the upgrading of both airports was deemed a priority, especially in light of the vital role of the air transport industry in creating employment, supporting tourism and local businesses, and stimulating foreign investment and international trade, .

OFID's partnership with Macedonia started in 2010, when TAV Havalimanlari Holding A.S. was awarded a 20-year concession by the government to procure, design, engineer and construct a new terminal building complex, including a new access road, parking facilities and an apron for Skopje Airport, and to upgrade Ohrid Airport. OFID supported this venture in the amount of a €15m loan to TAV Macedonia, a wholly owned subsidiary of TAV Havalimanlari Holding.

The core business of this group is the construction of terminal buildings, and the management and operation of terminals and airports. TAV is the leading airport operator in Turkey, and its current airport contract portfolio consists of 12 airports distributed through Turkey, Georgia, Macedonia, Latvia, Saudi Arabia and Tunisia. OFID first established links with TAV in 2009 with a loan to partially finance TAV's airport investment in Tunisia.

PHOTO: TAV MACEDONIA: SKP/OHD AIRPORT PR AND CR DEPARTMENT

With its new terminal, cargo hangar and runway extension, Alexander the Great Airport has the capacity to handle four million passengers a year.

Statistics for 2012 show a growth in traffic of 36 percent for TAV: 21,000 employees at 12 airports, 72 million passengers and 575,000 flights. In recognition of the quality of its infrastructure and ancillary services, the holding has received several international awards. Moreover, last year the Skopje Airport received the "Best Airport in Europe" award for airport service quality".

A modern state

The new Skopje Alexander the Great airport, which was inaugurated on September 6, 2011, in an event marking the 20th anniversary of Macedonia's independence, is built to the highest international standards. With its new 40,000 m sq terminal building, containing 23 check-in counters, it is ten times bigger than its predecessor and has the capacity to handle four million passengers a year. Also included in the renovations were a 500 meter runway extension, a 40,000 ton annual capacity cargo hangar, a new fire station, a 5,000 square meter management building, and a 300 vehicle car park.

Meanwhile, at Ohrid, which is listed by UNESCO as a World Heritage Site, airport modernization activities included the construction of a VIP building, an aircraft hangar and a 6,000 m sq car park, in addition to the renovation of the terminal building, the existing car park, the management building and the cargo hangar.

Ramina Samii, OFID private sector operations officer in charge of Macedonia, explained that the involvement of OFID and other lenders in the project was highly appreciated by both the investors and the government, "especially as it came during a period of credit crunch immediately after the financial crisis." As a result, the new Skopje airport was completed less than a year after the ground breaking event.

Samii added: "This project is the most prominent foreign direct investment in Macedonia, and because it has been built to the highest international standards, it signals a modern and well-functioning state to visiting businessmen and tourists."

This contribution by OFID to the native country of the late Nobel Peace Prize winner, Mother Teresa, will help to foster economic growth by increasing passenger and freight capacities, enhancing tourist opportunities and creating additional jobs, while supporting the road to further development.

PHOTO:TCDD

Turkey on the fast track to development

Bordered by the Black Sea to the north and the Mediterranean to the south, Turkey is a strategic crossroads connecting the Balkans to the Middle East, Central Asia to the Caucasus, and the Black Sea countries to their Mediterranean neighbors. For more than a century, Turkey has recognized the importance of having a robust rail system and continues to work tirelessly to extend it.

The Ankara-Istanbul High Speed Train Project (AIHST) is a key example of Turkey's efforts to expand and upgrade its railway network. Since its recent completion, the AIHST has provided safer, faster and more comfortable travel between the country's two major cities. For the population living along the corridor, this has meant a dramatic improvement in their quality of life.

With roots going back 156 years, the Turkish State Railways (TCDD) has a long history. During the Ottoman period, around 8,500 km of rail lines were constructed, mainly by foreign companies.

Sultan Abdülhamid II wrote in his memoirs: "The purpose of these railways is to connect Mesopotamia and Baghdad to Anatolia and to reach the Persian Gulf. The grains that used to rot in the fields can now find a market and our mines are introduced to the world for sale."

More than a century later, the same reasons prevail for the continued development of railways, in addition to another extremely relevant component: the transportation of passengers.

Recently, Süleyman Karaman, Chairman of the Board and Director-General of TCDD, summarized the history of rail development in Turkey, disclosing that in the 20 year period 1926 to 1946, 4,000 km of line had been constructed, 80 percent of it in harsh geographic areas. By contrast, the following five decades or so saw just 1,700 km of new line being built.


PHOTO:YM1965

It wasn't until 2003 that momentum in railways development picked up again, thanks to increased political and financial support from the government. In the next eight years, a total of 80 projects were implemented, including the introduction of high-speed lines and the modernization of existing routes.

Today, Turkey has close to 12,000 km of railway line, making it the main artery between Asia and Europe and directly to Bulgaria, Greece, Iran, Iraq, Syria, Georgia, Armenia and Azerbaijan. Even more ambitious plans are in the pipeline. By 2023, the country aims to increase the total rail network to some 25,000 km, by constructing 10,000 km of high speed lines and 4,000 km of conventional lines. Further expansion beyond that would bring the rail network to over 28,000 km by 2035.

Vital expansion

Improving transport infrastructure is a vital task for Turkey, a country that is striving to increase its competitiveness in international markets. Limitations in transport infrastructure and services represent a major obstacle to social cohesion and economic development in that they hamper production, the movement of goods and passengers, business settlements and investment decisions.

The Istanbul – Ankara corridor is the chief economic focus of the country, containing more than 42 percent of the estimated 75 million population. Over 32 million people live along the corridor, which includes Istanbul, with 10 million inhabitants and Ankara with 3.5 million.

Eskeshir, approximately midway between Istanbul and Ankara, is an important university city and a bustling commercial and administrative centre. It is also a major rail hub for travel between Istanbul, and western and southern Turkey.

With an estimated 12 million journeys per year between the two cities, conventional transport links– both road and rail – were stretched to the limit before the construction of the AIHST, a project supported by OFID, the European Investment Bank and the Governments of Spain and Turkey.

With a total cost estimated at €655 million, the project built some 533 km of railway line, with an operating speed of 250 km/h. The new link has reduced travel time between the two main cities from 7.5 to 5.5 hours, while serving several cities in between the two major centres. Due to Turkey's geo-strategic position, the link has made it increasingly possible to bridge the divide between Europe and Asia.

Miguel Linares, OFID officer in charge of public sector operations in Turkey, explained that in recent years Turkey had witnessed a dynamic level of economic growth, leading to increased pressure on its existing transport infrastructure. As such, the Turkish authorities had wisely opted to facilitate the transfer of passenger transport from the road network to railways by upgrading the principal railway axes.

"The Ankara – Istanbul railway project, one of the largest to be implemented by Turkey's Ministry of Transportation, has led to a significant increase in the number of passengers using rail transport, a reduction in journey times and has provided a fast, secure and safe way to travel between the these two major cities, whilst simultaneously decongesting roadways," Linares added.

The new Ankara-Istanbul high-speed rail link has reduced travel time between the two cities from 7.5 to 5.5 hours, while serving several other cities in between.

A safe harbor in Djibouti

As part of the main maritime passage and trading route between East and West, Djibouti stretches back 3,500 years, from the time of Red Sea exploration. Today, imports, exports, and re-exports, primarily of coffee from landlocked neighbor Ethiopia, represent 70 percent of port activity at Djibouti's container terminal.

PHOTO: DP WORLD

When you read about Djibouti, it is likely that you will find bleak scenery, inadequate supplies of potable water, limited arable land, desertification and endangered species. Nonetheless, Djibouti's location is its main economic asset.

At the intersection of the Red Sea and the Gulf of Aden, the country serves as an important shipping portal for goods entering and leaving the East African Highlands, as well as trans-shipments between Europe, the Middle East and Asia.

Due to its proximity to the world's busiest shipping lanes and the Arabian oilfields, it also functions as a refueling center.

Djibouti's economy is based on its port services and its status as a free trade zone in the Horn of Africa. It is also home to a French military base, and, since 2002, German and US bases,

Three-quarters of the country's 800,000 people live in the capital city, with the remainder mostly nomadic herders. The nation is heavily dependent on foreign assistance to help support its balance of payments and to finance development projects.

At the end of the 19th century, Djibouti set about exploiting its strategic position by building a port to provide neighboring Ethiopia with a maritime outlet for its planned new railway line. Djibouti's coastline provided both easy access and sheltered anchorage.

Work on the railway began in 1897, as did the initial construction of the port. Once the line was completed in 1917, the port grew rapidly. Today, Djibouti Port is a key part of the international maritime exchange network, having expanded over time to meet growing trade requirements.

Expanding services

The expansion of services revealed a need to build a new container terminal, close to the existing Djibouti Port. Of key strategic and economic importance to the Republic of Djibouti, the new Doraleh Container Terminal (DCT), which was inaugurated on February 7, 2009, has enabled the continued growth of container traffic, and with it job creation in the transport sector.

The new facility has improved operating efficiency and relieved capacity constraints. As an important artery for Ethiopia, DCT has given Djibouti a competitive advantage in retaining its neighbor's transit business.

Djibouti is the most suitable location for both domestic and Ethiopian transit cargo. The DCT provides the most comprehensive facility by far for hinterland container cargo, with the greatest berthing, the deepest water, the largest and greatest number of quayside gantry cranes, and the highest capacity.

Due to the enormous financial challenge represented by the construction of the new terminal, estimated at US$396m, the Islamic Development Bank committed to financing an Islamic facility for US$65m. It was proposed that OFID participate with a loan to the IsDB syndicated facility of US$15m. Project financing also involved Standard Chartered Bank, Dubai Islamic Bank and West LB.

DCT is owned 33 percent by Dubai Port World Djibouti (DPWD) and 67 percent by *Port Autonome International de Djibouti*. DPWD is owned 100 percent by Dubai Port World (DPW), one of the largest container terminal operators in the world in capacity and geographical diversification.

DPW has a portfolio of more than 65 marine terminals across six continents, including new developments underway in India, Africa, Europe, South America and the Middle East. Container handling is the company's core business and generates around 80 percent of its revenue.

According to Tareq Alnassar, Acting Head of OFID's Private Sector Operations, annual transfer volume through the terminal is approximately 750,000 TEUs (Twenty-foot Equivalent Units).

"The main category of throughput is the transhipment business which represents 53 percent of TEUs, with imports and exports accounting for 24 percent and 21 percent, respectively. Of the import/export traffic, the bulk (80 percent) is to/from Ethiopia, with just 20 percent representing trade with Djibouti."

Alnassar highlighted a recent agreement, under which the Chinese Government will finance the construction of the long-discussed new railway from Djibouti to Ethiopia. "Once completed, this will allow more efficient transport of bonded containers to and from Ethiopia," he explained.

OFID has contributed to the challenge of eradicating poverty in the former French colony through job creation and increased trade at DCT. There is nothing that can hinder OFID in the pursuit of its noble mission.

With the greatest berthing, deepest water, largest gantry cranes and highest capacity, Djibouti's new Doraleh Container Terminal is the most comprehensive facility serving the East African Highlands.

PHOTO: DB IMAGES/ALAMY

Kenya's road to reduced poverty

A transport project in Kenya is helping to alleviate poverty, preserve the lives of road users, foster economic growth, and improve access to markets and social services.

Roads are the most important mode of transport in Kenya, providing vital access to social and administrative facilities and services, especially for rural dwellers, who make up 79 percent of the country's 40 million inhabitants.

A lack of maintenance, however, has allowed much of the network to fall into disrepair, leaving many roads both unreliable and unsafe.

According to The Global Status Report on Road Safety in 2013 by the World Health Organization, the risk of dying as a result of a road traffic accident is highest in the African Region (24.1 per 100,000 population).

The reason behind this statistic is not just inferior or poorly maintained roads, but also the fact that, in many developing countries, traffic laws often do not exist or are not adequately enforced.

In Kenya, where just 11,000 km of the 161,000 km-road network is paved, there were 3,055 reported road traffic fatalities in 2010, almost one-half of them pedestrians.

The cost to the country of this human and property loss is estimated at US$50m per year.

Improving roads for development

To promote economic growth and help reduce poverty in Kenya, OFID partnered with the Arab Bank for Economic Development in Africa and the Saudi Fund to rehabilitate the 100 km-long Dundori – Ol Kalou – Njabini Road. OFID's loan of US$10m represented more than 25 percent of the total project cost.

The road is a vital transport corridor in the Central Province's Nyandarua District, which has seen no extension to its road network since 1988. Moreover, of the district's 332 km of roads, only 141 are paved.

Despite possessing strong agricultural potential, Nyandarua is characterized by a lack of basic infrastructure, notably roads, electricity, telecoms and water. These shortcomings hamper productivity and economic growth to such an extent that around 27 percent of the district's 500,000 population lives in abject poverty,

Under the project, the existing road was upgraded to bitumen standard with a carriageway width of 6.5m, and 1m-wide shoulders on either side providing a safe walkway for pedestrians and non-motorized traffic. Drainage structures were installed to prevent flooding during the rainy season, as were road safety signs and markings to make travel conditions safer.

The new all-weather route is already providing a major boon to the district, providing better access to local markets as well as to health and other social services.

In the longer term, the project is also expected to contribute to the development of the tourism sector and help foster the export of local produce through enhanced links to Nairobi's international airport and the port city of Mombasa.

Commenting on the project, Syahrul Luddin, OFID operations officer for Kenya, said that the impact of a road project in creating economic growth and moving people out of poverty was always very visible and tangible.

"It's wonderful seeing all sorts of economic and income-generating activities take place during and after the construction of a road in rural areas, especially when the outcome is the happy, smiling faces of women and children." ■

An OFID delegation led by the Director-General inspects the new road which has brought a major boon to the district and its residents.

Ministerial Council holds 34th Session

OFID's highest policy-making body, the Ministerial Council held its 34th Annual Session in Vienna, Austria on June 13, where, among other decisions, it unanimously reappointed Suleiman J Al-Herbish as Director-General for a third five-year term.

Ministerial Council holds 34th Session

The Ministerial Council, which is made up of finance ministers and other high-level representatives of OFID Member Countries, meets each June to review performance and set policy for the institution for the coming year.

The 34th Session re-elected the State of Qatar, represented by HE Mr Yousef Hussain Kamal, Minister of Economy and Finance, to the Chair. Algeria, represented by Mr Farid Tiaiba, was elected as Vice-Chair.

In his opening address, Mr Kamal reviewed the global economic situation and the negative impact of the Eurozone crisis on international aid flows. He noted that developing countries had, nevertheless, weathered the financial crisis better than the rest of the world and were set to enjoy growth rates of up to six percent in the next year.

"These successes have deepened our faith in the need to adopt the national priorities of our partner countries when we work with them to strengthen their development process," Kamal said.

Such considerations, he added, would form an integral component of OFID's upcoming 19th Lending Program. Due to run for three years from January 1, 2014, the program included "new standards" and would "open up new horizons in order to participate in larger projects."

Kamal called attention to the ongoing international dialogue on the post-2015 development agenda and OFID's "pivotal role" in coordinating with the United Nations and other institutions to make energy a central theme in the new goals. "A hard and programmed effort will make our work and voice even more influential in serving the post-2015 development goals," he stated.

In his own statement, OFID Governing Board Chairman, Mr Abdul Wahab Ahmed Al-Bader of Kuwait, paid tribute to the Board for their work in 2012. He noted that, in the course of the year, the Board had approved 76 development operations in the total amount of US$1.4 bn, a sum almost double that approved in 2011.

The Council unanimously approved the appointment of Suleiman J Al-Herbish as Director-General for a third five-year term, commencing November 1, 2013.

Announcing the decision, Mr Kamal said that the Council appreciated the vigorous efforts of Mr Al-Herbish in spearheading the implementation of OFID's mandate, most notably the *Energy for the Poor Initiative*. He assured the Director-General of the Council's continuing support in the tasks and challenges ahead.

In his response, Al-Herbish said that he was "honored and privileged" to be appointed for a third term. He thanked the Council for their vote of confidence and said that he looked forward "together with all OFID staff" to continue serving the institution and fulfilling its mission of alleviating poverty in disadvantaged regions of the world.

Ministerial Council Chairman and Qatari Minister of Economy and Finance, HE Yousef Hussain Kamal *(center)*, flanked by Abdul Wahab Ahmed Al-Bader, Governing Board Chairman *(left)* and Suleiman J Al-Herbish, Director-General *(right)*.

The Director-General described his past 10 years at OFID as "a period of dramatic change" for the institution.

"This transformation is reflected in the outstanding operational and financial results of recent years, which are the outcome of a process of strategic repositioning, financial realignment and organization strengthening," Al-Herbish told the Council.

"These developments have allowed the institution to substantially enhance the execution of its mandate and consolidate its standing as a prominent and respected player in the global development arena."

Al-Herbish highlighted OFID's record approvals to the energy sector in 2012, whereby funds had supported projects in 37 partner countries. He noted that 11 of these operations were based on renewable energy sources, illustrating OFID's belief in a technology-neutral approach to the problem of energy poverty.

"Our objective is – and should be – to meet the needs of the poor sooner rather than later, rather than waste time debating the pros and cons of fossil fuels versus renewables," he stated.

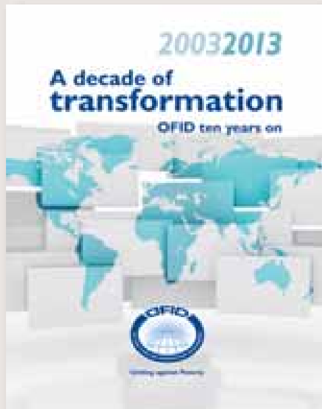
The Director-General described as "timely and astute" OFID's decision to adopt energy poverty alleviation as its flagship program and reminded the Council that it was OFID's advocacy that had seen energy poverty labelled as the missing ninth MDG.

""We should take pride in the fact that our efforts helped trigger the international response … and that our commitment to this cause has positioned OFID as a key partner in the global *Energy for All* initiative," he said, adding: "The opportunities that this presents to us in terms of recognition and influence should not be underestimated."

The Council Session considered matters including OFID's financial statements for fiscal year 2012 and the Annual Report for the same year, which the Council approved (see separate story, page 38).

Also at the meeting, the OFID Annual Award for Development 2013 was presented to Malala Yousafzai, the 15 year-old Pakistani activist for education and women's rights. Ms Yousafzai's father accepted the award on her behalf (see separate story, page 34).

At the kind invitation of Qatar, the next Session of the Ministerial Council will be held in Doha, Qatar, in June 2014.



The booklet *A decade of transformation* outlines the strategic repositioning, organization strengthening and financial realignment that have taken place at OFID during the past 10 years.

Ministerial Council Chairman, HE Yousef Hussain Kamal, Minister of Economy and Finance, Qatar.

34th Session of the Ministerial Council

photo gallery

The Council's busy agenda included the appointment of the Director-General, a review of OFID's financial statements for fiscal year 2012 and approval of the Annual Report for the same year. Ministers also considered a number of reports relating to other operational and financial matters.

HE Rachmat Budiman,
Ambassador of Indonesia to Austria.

Farid Tiaiba,
Governor of Algeria to OFID.

HE Dr Seyed Shamseddin Hosseini,
Minister of Economic Affairs and Finance, Iran

Jean Philippe Ndong Biyogho,
Alternate Governor of Gabon to OFID

HE Dr Fadhil Nabee Othman, Iraqi Governor to OFID.

Abdul Wahab A Al-Bader, Kuwaiti Governor to OFID and Chairman of the Governing Board.

34th Session of the Ministerial Council

photo gallery

Dr Alkilani Abdulkareem Alkilani, Minister of Finance, Libya.

HE Younes Haji AlKhoury,
Deputy Finance Minister, United Arab Emirates

HE Dr Ibrahim Al-Assaf,
Minister of Finance, Saudi Arabia

Haruna Mohammed,
Alternate Governor of Nigeria to OFID

A young girl's courage

Malala wins OFID Annual Award for Development 2013

The 2013 OFID Annual Award for Development has gone to Malala Yousafzai, the 15 year-old Pakistani national and activist for education and women's rights.

BY REEM ALJARBOU

PHOTO: MALALA PRESS OFFICE

Malala, seen here with her father, Ziauddin Yousafazai, has become an icon for the rights of women and young girls worldwide.

The Award was announced by Ministerial Council Chairman, Yousef Hussain Kamal, during the 34th Annual Session of the Council on June 13 in Vienna. In a citation, Mr Kamal paid tribute to the teenager's "fearless struggle to uphold the right of girls and women in the Swat Valley of Pakistan to receive an education." The Award was accepted on Malala's behalf by her father Mr Ziauddin Yousafazai.

Malala came to the public's attention in early 2009, through her blog in Urdu with the BBC about her life in the Swat Valley and the struggle of young women to be educated. Using the pen name Gul Makai, she often spoke about her family's fight for girls' education within her community.

On October 9, 2012, while returning home on a school bus, the teenager was shot in an assassination attempt. She was subsequently airlifted to the United Kingdom where she was successfully treated at the Queen Elizabeth Hospital in Birmingham and has since made a full recovery from her injuries.

Upon being informed of OFID's recognition, Malala recorded a video, in which she expressed her gratitude for being honored with such a "prestigious award." She also stated her hope that all organizations could work together to educate girls, to teach them and to empower them. "Education is the true development," she said.

Malala is the youngest nominee for the Nobel Peace Prize in history. Her courage in speaking out about her life earned the attention of the world and made her an icon for the rights of women and young girls worldwide. Today, the United Nations' petition in Malala's name, which uses the slogan "I am Malala" and demands that all children be in school by the end of 2015, has become a global symbol of her dedication.

Ziauddin Yousafazai accepted the OFID Annual Award on behalf of his daughter. *From left:* OFID Governing Board Chairman, Abdul Wahab Ahmed Al-Bader; Ziauddin Yousafazai; Fuad Albassam, Assistant Director-General, OFID Department of Operations; Ministerial Council Chairman, HE Yousef Hussain Kamal; and OFID Director-General, Suleiman J Al-Herbish.

Malala will make her first major public speech since the attack to an audience of children at the United Nations this coming July 12, her sixteenth birthday.

The teenager has been nominated for the International Children's Peace Prize by Desmond Tutu and has won Pakistan's first National Youth Peace Prize, the Simone de Beauvoir Prize and was featured on Foreign Policy Magazine's list of top global thinkers.

Malala has requested that the OFID Award prize money be given to the newly launched NGO, the Malala Fund, which was established on behalf of Malala and her family, working together with supporters of the cause, including the United Nations Foundation and Girl Up, and within a community of supportive organizations and individuals, to realize her vision of education for all girls.

The Malala Fund believes women leaders are multipliers and aims at identifying leaders who could recognize a problem in their communities and commit to solving it.

Through training and mentoring, the Malala Fund offers new skills and knowledge to help these young women and girls succeed. These programs are followed by introducing them to women leaders in similar fields and to international networks where they can learn from others and share new ideas.

Speaking at the award ceremony, Mr Ziauddin stated: "I, my daughter Malala, my family and my countryman are very honored to receive this prestigious award. I hope it will further strengthen – and promote – the cause of educating underprivileged people, especially education for girls, for which Malala put her life at stake."

He added: "Malala recognizes that her global presence on this issue makes her work no longer confined to Pakistan, but includes the rest of the world. She has made it her mandate to work wherever there are problems in education."

Mr Ziauddin reiterated that Malala was very pragmatic and wanted to see something on the ground. The award would allow her to focus on a program for children lacking education and suffering from domestic labor, especially girls.

Speaking later to the *Quarterly*, Mr Ziauddin talked extensively about Malala's commitment to education and women's empowerment. He noted that both of these ideals were embedded in the Millennium Development Goals and, in fact, went hand-in-hand. Progress, he said, was unattainable without working and supporting women and their education targets. "You educate a girl, the rest she will do by herself," he stated.

Malala's vision mirrors that of OFID. A well-educated and skilled population is a country's greatest asset, and improving opportunities for women means a stronger and more positive contribution to society. ■

The OFID Annual Award for Development

The OFID Annual Award, which comes with a US$100,000 prize, was instituted in 2006. Past winners of the award are HUMANA People-to-People, a Zimbabwe-based NGO; Austrian NGO SOS Children's Villages; Professor Muhammad Yunus, Founder and Managing Director of the Grameen Bank, Bangladesh; Bartolina Sisa National Confederation of Peasant Indigenous Native Women of Bolivia; the Yéle Haiti Foundation; Dr Mazen Al-Hajri, a pioneer in the field of ear, nose and throat medicine, known for his charitable work with deaf children in Gaza; and the Palestinian Authority Ministry of Detainees and Ex-Detainees Affairs and its Ex-Detainees Rehabilitation Program.

Abdul Wahab A Al-Bader,
Governing Board Chairman.

143rd Session of the Governing Board

Meeting in its 143rd Session in Vienna on June 13, the OFID Governing Board approved more than US$334m in new financing to help foster socio-economic development in its partner countries. Public Sector loans totaling US$228m went to 10 countries, the bulk of it for projects in areas relating to the water-food-energy nexus. Four transactions amounting to US$55m were approved under the Private Sector Facility for activities in the agriculture, energy and financial sectors, while a further US$45m was committed in Trade Financing to support the import and export of strategic commodities in Ghana, Turkey and Uganda. Grants accounted for US$6.4m of the new approvals and comprised funding for seven initiatives across a range of sectors. Further details of all approvals can be found in the *Diary*.

Dr Eudomar Tovar,
Alternate Governor Ad Hoc of Venezuela

Yulastiawarman Zakaria,
Representative, Indonesia.

Ahmed M Al-Ghannam,
Governor, Saudi Arabia.

HE Dr Behrouz Alishiri,
Governor, IR Iran.

Ismail O Al-Daffa,
Alternate Governor, Qatar

OFID announces 2013 Scholars

Every year, the OFID Scholarship Program gives outstanding young students from the developing world the opportunity to build on their knowledge for the greater good of their countries.

BY JUSTINE WÜRTZ

The annual scholarship program directly advances OFID's vision "To aspire to a world where Sustainable Development, centered on human capacity-building, is a reality for all" by enabling students from developing countries, who otherwise would not have the opportunity, to fund advanced academic studies. Now in its seventh year and continuing a new agenda set in 2012, the OFID Scholarship Award 2013 conferred scholarships on four students from four world regions.

With over 7,000 applications to examine, the scholarship selection process is not an easy task for the committee, which is highly sensitive to the responsibility and significance of its duty. It is not the sheer number of applications which makes the selection process difficult but the extreme wealth of potential amongst the candidates and the deservedness of each and every one of them.

After long deliberation, four aspiring students have been chosen for the 2013-2014 academic year. Each of them is an outstanding individual whose personal commitment to study, as well as to development issues in their country, sets them apart.

The OFID 2013 Scholar from the Africa region is **Preety Baboo** from Mauritius, who will study for a Master's degree in Electrical Engineering and Renewable Energy Systems at Leeds University in the United Kingdom.

Preety Baboo

Preety currently works as maintenance manager at a feeds company in Mauritius. Her interest in environmental development and particularly sustainable energy stems from her participation in a workshop organized by the United Nations Development Program entitled 'Energy Efficiency and Conservation in Industries.' She said: "It was an enriching experience to identify energy opportunities and barriers while recognizing the importance of promoting new technologies."

Preety plans to specialize in research technology and development, with the hope of making a "meaningful contribution" to her home country on her return. "Expertise in this field is highly required in Mauritius in view of the rapid pace of development taking place and the need to maintain socio-economic and sustainable development over the island," she stated.

On receiving news of the award, Preety said: "It is a great honor to be selected as the winner of the OFID Scholarship 2013. I feel very privileged that I am being provided the means to move towards my objective of contributing to the sustainable development of my country."

Sonel Pyram

The OFID 2013 Scholar from the Latin America and Caribbean region is **Sonel Pyram** from Haiti, who has accepted a place at the Laval University in Quebec, Canada, to study for a Master's in Economics.

"Haiti needs people who are well trained to take it out of this tragic situation," asserted Sonel. "Getting a Master's degree will endow me with the necessary knowledge and experience I need to contribute to the development of this country."

Following completion of his degree, Sonel plans to return to Haiti to help "encourage innovation, raise the economy of the island, and restore its reputation," as well as to pass on his knowledge to others by teaching at the University of Haiti.

Bhushan Guragain from Nepal has been chosen as the 2013 Scholar for the Asia region. "It is truly a dream come true to receive this scholarship," he said.

Bhushan has earned a coveted place at the Harvard School of Public Health in the United States, where he will study for a Master's in Global Health.

Bhushan Guragain

Bhushan's exceptional record of achievement is impressive, but it was also his clear commitment to development which made him a strong candidate.

Working as Medical Director at the Centre for Victims of Torture in Kathmandu, as well as contributing to various other projects in the field of community healthcare, Bhushan's deep involvement has exposed him to the "ominous need of the country and the inadequacy of the healthcare system at a policy level."

His desire to pursue this Master's degree is guided "not only by the motive of filling the deficiency of human resources in this area but also to contribute substantially to uplift the quality of life among the country's poor."

Farah Hijjawi

The recipient of the scholarship for Arab region countries is **Farah Hijjawi** from Jordan. Farah has accepted a place at the University of Manchester in the United Kingdom to pursue a Master's in Development Finance.

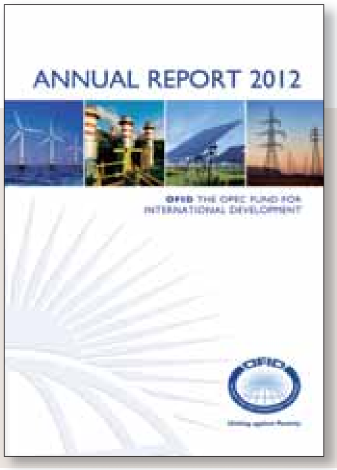
Farah currently works for the Central Bank of Jordan. Her interest in development finance arose from a financial markets course which she attended as part of her Bachelor's degree and grew through her experience working for the microfinance organization *MicroFund for Women,* which facilitates small business loans for low-income families.

Farah said: "The financial sector is a critical building block for any country's development. I believe that there are many potential areas for development in the Jordanian economy and I hope to make a difference."

With this year's Scholars pursuing a wide range of topics in the field of development, OFID is looking forward to watching and supporting their progress. We wish them the best of luck in their studies.

It is not the sheer number of applications which makes the selection process difficult but the extreme wealth of potential amongst the candidates and the deservedness of each and every one of them.

Annual Report 2012 highlights growing energy focus



OFID's overall contribution to international development rose to a cumulative US$15.1bn as of December 31, 2012, following the approval of an additional US$1.3bn in new financing that year. One third of the fresh funding went to the energy sector, in support of the institution's *Energy for the Poor Initiative.*

These and other figures are published in OFID's 2012 Annual Report, which was released on June 13 following its adoption by the Ministerial Council, the institution's highest governing body. The Report details OFID's performance during 2012, highlighting its activities by sector, geographical region and financial mechanism.

In his Foreword to the Report, Director-General, Suleiman J Al-Herbish hails OFID's Ministerial Declaration on Energy Poverty as "the most significant" development of the year. The ground-breaking Declaration, which pledges a minimum US$1 bn to finance energy poverty eradication, is the first document of its kind in OFID's history.

"For all of us here at OFID – where we have lobbied tirelessly to push energy poverty to the top of the global development agenda – the Declaration has lent a fresh impetus to our work," says Al-Herbish in his Foreword. "These resources, which may be scaled up if demand warrants, will enable us to do more, faster, as we strive to realize our objectives," he adds.

2012 commitments

In the course of 2012, new approvals amounted to an aggregate US$1,301.9m, an increase of some US$543m over commitments in 2011. Assistance to Africa represented the largest share, accounting for 43 percent of the total. In terms of sectoral distribution, energy projects secured the bulk of funding, with some US$382.6m supporting 27 operations in 37 countries. The Public Sector and Trade Finance windows represented the chief channels of support, attracting US$330.6m and US$279.6m, respectively.

Focus areas

In line with OFID's strategic priorities and those of its partner countries, operations in 2012 were distributed across a broad range of social and economic sectors. Behind energy came transportation, taking US$275m (21 percent) of approvals, all of it in public sector lending for projects in the roads subsector.

Multi-sectoral initiatives secured US$207.3m (15.9 percent), the bulk of this (US$200m) for a trade finance participation scheme with the Islamic Trade Finance Corporation.

The financial sector accounted for US$181.6m (13.9 percent) of commitments, a rise in monetary terms of around 50 percent over 2011. The funds, which were provided in private sector and trade financing, will help bolster trade, capital markets and the activities of micro-, small- and medium-sized enterprises (MSMEs).

Other sectors to receive support were agriculture (US$91.2m), education (US$46.1m), water and sanitation (US$35.5m), telecommunications (US$30m), health (US$26.1m), and industry (US$25m).

Regional operations

In keeping with OFID's mandate to accord priority to the lower-income nations, US$558m (43 percent) of 2012 commitments went to the Africa region, supporting 45 projects in 28 countries. Of this total, more than half (US$315m) went to projects targeting energy provision and food security in response to the urgent needs of partner countries. As for the type of financing, the bulk (US$347.9m) was delivered in concessional public sector lending.

Twenty Asian countries received a collective US$438.6m in 2012. Transportation (US$168m) and energy (US$90m) secured the lion's share of funding, although numerous smaller projects were supported in other sectors. In terms of financing mechanisms, around 61 percent (US$269m) of the total was approved through the Public Sector window, with the Trade Finance and Private Sector facilities accounting for US$65m and US$95m, respectively.

The Latin America and Caribbean region attracted US$101.3m for initiatives in 18 countries, including an innovative grant-financed Energy for the Poor Projects Preparation Facility that will be implemented jointly with the Andean Development Corporation and deliver potential benefits to 14 eligible countries across the region.

In Emerging Europe, two countries shared US$150,000 in grant financing.

Financial mechanisms

As the central pillar of OFID's development activities, Public Sector operations accounted for US$676.7m (52 percent) of approvals in 2012. The largest share (51 percent) went to Africa, home to the majority of least developed countries, followed by Asia with 39.7 percent and Latin America and the Caribbean with (8.8 percent). Together, transportation (41 percent) and agriculture (32 percent) secured almost three-quarters of Public Sector commitments.

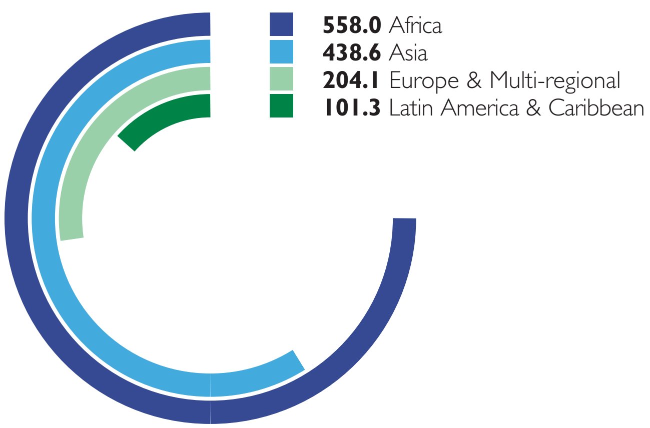
Some US$441.6m (34 percent of total commitments) supported Trade Finance operations, a sum equal to almost four times that approved in 2011. The resources were distributed among the multi-sectoral (45 percent), financial (33 percent) and energy (22 percent) sectors. Of particular note was the strengthening of operations in the MENA region, mostly for strategic commodities, as well as transactions in markets new to the Trade Finance Facility, namely Colombia, Georgia and Lebanon.

Private Sector approvals amounted to US$165m (13 percent of commitments for the year), and supported operations in the agriculture, energy, industry and telecommunications sectors, as well as MSMEs through credit lines to financial intermediaries. Operations included telecom projects in Bangladesh and Kenya, energy initiatives in Côte d'Ivoire, Ghana and Kenya, a steel manufacturing plant also in Bangladesh and a sugar production and refining facility in Egypt.

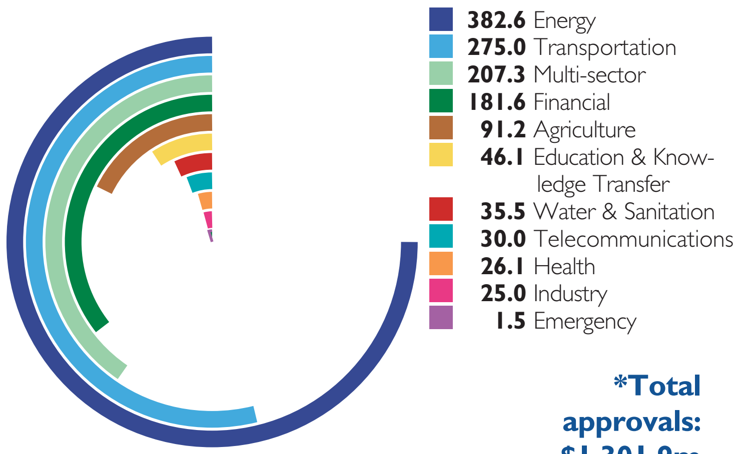
In terms of Grant Financing, 2012 saw some US$18.5m committed in much-needed resources for a host of important initiatives across all developing regions. Of special note were intensification of the energy poverty program and the maintenance of support to HIV/AIDS interventions and activities in Palestine.

The 2012 Annual Report is available in English, Arabic, French and Spanish and as a CD in all four languages, as well as in PDF format for downloading from the OFID website at www.ofid.org.

Approvals in 2012 by region*
(in millions of dollars)



Approvals in 2012 by sector*
(in millions of dollars)



***Total approvals: $1,301.9m**

OFID honored by visit from King Letsie III of Lesotho

On April 25, OFID was privileged to welcome to its headquarters His Majesty King Letsie III of Lesotho. The visit provided an opportunity to discuss ways of enhancing cooperation between OFID and Lesotho, which dates back to the institution's inception in 1976.

BY ANNA ILARIA-MAYRHOFER

The King was accompanied by Her Majesty Queen 'Masenate Mohato Seeiso and a delegation of high-ranking officials, who were in Vienna as part of a state-wide visit to Austria, which included a meeting with Federal President Dr Heinz Fischer.

OFID Director-General, Mr Suleiman J Al-Herbish, welcomed His Majesty and spoke warmly of the longstanding relationship OFID enjoyed with Lesotho, which spans nearly four decades.

His Majesty thanked the Director-General and said that he wished to convey the gratitude of his nation for OFID's support, which had made a "significant contribution" to the economy of Lesotho.

The delegation was invited to attend a presentation highlighting OFID's *Energy for the Poor Initiative* and its overall assistance to Africa, as well as ongoing operations in Lesotho.

The Director-General expressed OFID's willingness to cooperate in energy-related projects to help boost Lesotho's hydroelectric potential.

His Majesty said that addressing energy deficits was a key priority in his country and expressed his government's interest in pursuing energy projects, particularly in the area of rural electrification.

Mr Al-Herbish spoke of OFID's ongoing commitment to supporting Lesotho's water supply and sanitation sector, and pointed out that nearly one-half of its cooperation with the country had helped fund projects aimed at providing communities with safe drinking water.

He referred to his mission to Lesotho in 2012, when he had meetings with His Majesty and Prime Minister the Rt. Honorable Dr Pakalitha Mosisili and attended the inauguration of the OFID co-financed Maseru Water Supply Project, as well as signing a loan agreement for the Five Towns Water Supply Project.

His Majesty commented that OFID's support of water-related projects had "improved many lives" and helped boost the industry sector. He said that he hoped OFID and Lesotho could continue this fruitful relationship.

His Majesty went on to brief the Director-General on the other development challenges facing Lesotho, including the need for job-creation, and added that his government would like to evaluate partnering with OFID under the institution's private sector lending window. Mr Al-Herbish said that OFID looked forward to discussing this topic in the near future.

OFID and Lesotho

OFID has approved a total of 15 public sector loans to help bolster Lesotho's transportation, health and industry sectors. In addition, funding has been extended to co-finance several projects aimed at delivering potable water supplies to the capital Maseru and its outlying towns and to five towns situated in the northern and southern regions of the country.

Grant assistance has also been provided to cover Lesotho's subscription to the Common Fund for Commodities, help develop solar energy and biogas production and support a childhood care scheme, as well as provide food aid.

Lesotho has also been a beneficiary of regional grants in support of agricultural research and HIV/AIDS mitigation/treatment initiatives.

King Letsie III of Lesotho and Queen 'Masenate Mohato Seeiso with OFID Director-General Al-Herbish.

OFID welcomes Palestinian President to Vienna HQ

On April 30, OFID was honored to welcome to its premises Palestinian President Mahmoud Abbas. The occasion was an opportunity to exchange words of friendship and support and strengthen further the longstanding ties between OFID and Palestine.

BY AUDREY HAYLINS

President Abbas, who was in Austria as part of a statewide visit, was greeted by Director-General, Suleiman J Al-Herbish, and a spontaneous burst of applause from assembled guests as he was led into the OFID atrium and introduced to members of senior management and attending dignitaries.

In a welcoming speech, Mr Al-Herbish reiterated OFID's unwavering commitment to the people of Palestine "whether they live in the Occupied Territories or in refugee camps far from their homeland." Referring to the 34-year partnership, he added: "The ties that bind us are ones of strong solidarity and brotherhood."

Palestinian President Mahmoud Abbas *(center)* spoke with gratitude of the unfailing support provided by OFID to Palestinians over many years.

The Director-General went on to highlight some of OFID's flagship operations in Palestine, noting that despite the institution's global mandate "our support to the Palestinian people has a unique place and distinctive priority in our activities."

A project particularly close to his heart, said Mr Al-Herbish, was the reconstruction of Nahr El Bared refugee camp in Lebanon, where OFID had provided a US$5m grant to help construct and equip three schools.

Mr Al-Herbish stressed, however, that OFID's support to the refugee camps was not to be understood as acceptance of their permanence, but simply a pragmatic means of responding to urgent needs.

"On the contrary, we will only be satisfied when all refugee camps are closed and Palestinians establish an independent state of their own," he declared.

Abbas: personal gratitude

Responding, President Abbas extended his personal gratitude to OFID and its staff for their "unfailing support" over the years and expressed his appreciation for "the great efforts done by OFID" to help the Palestinian people.

The President was especially grateful for assistance, such as job creation and education, which was constructive and allowed Palestinians "to maintain their dignity."

Referencing the Chinese proverb 'Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime,' the President thanked OFID "for teaching Palestinians how to fish."

As a gesture of thanks, Mr Abbas conferred on Mr Al-Herbish – as the CEO of OFID – the Palestinian Gold Medal of Merit and Excellence. The Director-General said he was humbled by this great honor and gave his assurance that OFID would continue to provide its "unflagging support" to Palestine.

A short reception followed the speeches, during which President Abbas mingled with OFID staff and guests, who included Member and Partner Country ambassadors, heads of international organizations in Vienna and Austrian government officials.

OFID in Palestine

OFID has been working in Palestine since 1979, providing a total US$124m in grant funding for nearly 500 projects across a broad range of sectors, primarily in health, education, food supply and other areas of social need.

OFID's support reaches deep into people's everyday lives, building human capacity and focusing on projects that offer Palestinians the hope of a long-term, sustainable future.

More than 80 percent of approved resources have been committed during the past ten years, following the establishment in 2002 of a dedicated grant program for Palestine, which has allowed for diversification into new sectors such as agriculture, rural development, energy, water, job creation and women's empowerment, among others.

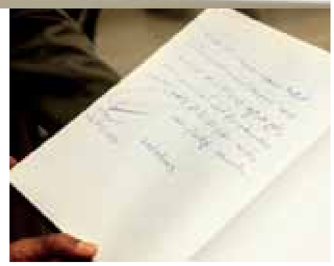
One-quarter of OFID's total financing to Palestine has been channeled through UNRWA, the specialized United Nations Relief and Works Agency for Palestinian Refugees in the Near East.

It was with UNRWA's cooperation that OFID was able to set up its PalFund micro-financing program, which supports the private sector in the West Bank and Gaza through the provision of small loans to entrepreneurs, including women and youth.

The US$10m allocated to the account since it was set up in 2004 has been lent out and recycled many times, giving several thousand Palestinians the opportunity to set up or expand a business, generate an income and secure a better standard of living for their families.

Other flagship programs include a special scholarship scheme for outstanding Palestinian students; an economic empowerment program for deprived families; an ongoing initiative to help universities and colleges remain open by subsidizing the tuition fees and subsistence costs of students; and assistance to over 230 grassroots civil society organizations in the West Bank and Gaza to help maintain the delivery of essential social services.

Palestine has also benefited twice from the OFID Annual Award for Development. In 2011, the prize was awarded to Dr Mazen Al-Hajri, an Emirati surgeon and philanthropist, who carries out cochlear implant operations on hearing-impaired Palestinian children. In 2012, the award went to the Palestinian Authority Ministry of Detainees and Ex-Detainees Affairs and its Ex-Detainees Rehabilitation Program, in recognition of its work in caring for former political prisoners and their families.



President Abbas' message in the OFID guest book reads (paraphrased): "The support you have extended towards the Palestinian people has been delivered through the best channels and with peace, and has alleviated much of their pain and suffering."

OFID launches children's book on sustainable development

On Saturday, May 25, OFID's elegant atrium was transformed into a hive of boisterous activity for the launch of OFID's children's book "One Planet Earth One People."

BY AUDREY HAYLINS

The beautifully illustrated book, which is designed to be educational, entertaining and motivational, seeks to teach young people aged 8 to 13 about the interrelated issues of environment, poverty and development, and encourage them to act as responsible global citizens to help preserve Planet Earth and its resources for future generations.

The launch event was attended by a large group of children – the sons and daughters of OFID and OPEC staff – for a morning of interactive activities related to the book content.

Speaking to the youngsters before the fun got underway, OFID Director-General, Suleiman J Al-Herbish, urged them to think about the millions of children in the world who did not have enough food or access to clean water, electricity, healthcare and education.

"Keep these facts in mind as you grow up," he said. "Try to do something to help; try to change the status quo."

Scavenger hunt

The children were then invited to participate in a scavenger hunt to find out facts about the Big Bang and the solar system; about population, diversity and inequality; about natural resources such as food, water and energy; and about the environment.

Clues and answers were to be found at six interactive "learning stations," where the youngsters, in small groups, were able to engage in a range of entertaining, hands-on educational activities.

To help them, they were equipped with clipboards, "space" pens that could write upside down, and "Responsible Global Citizen" passports.

The stations were manned by teams of OFID staff members, who had prepared themselves to answer any and all questions posed by the young investigators.

At the "Universe and Earth" station, children examined a model of the solar system and tried to come up with a mnemonic device to remember the order of the planets. Some creative answers included "**M**ashing **V**egetables **E**very **M**orning **J**ust **S**ounds **U**ltra **N**eurotic," and "**M**any **V**ery **E**xcited **M**artians **J**ust **S**erved **U**s **N**ectarines," among others.

At the "Population" station, each child had to find their home country on a world map and tell the group some interesting facts about it. Some earnest discussion followed, as they tried to correctly match each continent with the proper population count.

Youngsters at the "Food" station learnt about food sources by examining a selection of everyday products to find out where they come from. Many of the children were fascinated to learn how far certain products travel from the country of production to local supermarkets in Vienna.

The "Water" station saw the children trying to work out how much water was required to produce certain foods and come up with ways to save on water use. There were exclamations of surprise when the youngsters learnt how little water is available to people in developing countries compared with the developed world.

At the "Sustainable Development" station, the youngsters had fun sorting through "trash" to see what could be recycled, what was made from recycled material and what was "dangerous" to put directly into the household trash.

By far the most popular activity, however, was the "Energy" station, where the children got to operate a *Wimshurst* machine to see how much effort was required to produce just a tiny spark of electricity. They were also encouraged to think of how they could cut down on the amount of electricity they use at home.

Their discoveries were then logged in their individual "Responsible Global Citizen" passports, which earned a prize upon completion.

It was strictly a kids-only event, with mums and dads invited to relax and enjoy refreshments, leaving their offspring free to indulge their curiosity, creativity and competitiveness. ▶

"Along with the opportunities that you have today, there comes responsibility. Your generation is faced with a huge task – how to look after the planet and its resources to make sure that all countries and peoples benefit equally from Mother Nature's generosity for many years to come. We call this 'sustainable development.' Achieving it won't be easy, as it involves changing attitudes, habits and behaviors, all of them things that, as a rule, people find hard to do. But it can and must be done."

Suleiman J Al-Herbish
OFID Director-General

The activity stations introduced the children to different aspects of sustainable development.

Knowledge triggers change

◀ The reaction of the children to the morning's activities was a mixture of surprise and concern, with many of them motivated to change their habits.

Theo Würtz (10) said: "I was surprised to learn that we use so much water in one day, while people in Africa have only 15 liters. It's amazing how they can live like that! When I grow up I'll collect and save rainwater to water my plants instead of using a hose."

Alia Al-Ghadamsi (12) was concerned about how we use precious resources without thinking: "From now on I'm going to turn out the light whenever I leave a room and turn off the tap when I brush my teeth," she said.

Patrick Mayrhofer (8) also pledged to save resources by "not turning on the lights too much" and using less water "except when I get really thirsty."

Marco Antonio Negreiros (12) found the recycling topic the most interesting: "I didn't know that there were signs for recycling and that there is stuff you shouldn't put into the trash. I'm going to make sure that we sort all our garbage properly at home."

For Anna Karina Salas (8), the water station proved to be the most revealing. "I was shocked at how people in developing countries have so little water and that they have to fetch and carry it. All we have to do is get a glass and turn on the tap." Anna Karina vowed "to take shorter showers and read books instead of playing video games."

At the close of the event, the children were encouraged to share their ideas about becoming a responsible global citizen by writing their "pledges" on a giant white board.

Follow-up activities were also suggested. Among other creative ideas, these included: keeping a diary, writing a blog, making a video, writing a newspaper article or a speech, designing a poster, or writing a letter to a lawmaker.

The best products will be used in the book's marketing and distribution campaign to inspire other young people, their teachers and their parents to join in the project.

Isobel's journey of discovery

"One Planet Earth One People" is the story of 11 year-old Isobel Rossi from Ireland, whose school project of the same name sees her partnered with Kofi Bediako, a 12 year-old boy in Ghana.

Together, Isobel and Kofi learn about the birth of the universe, how they came to be on Planet Earth, and how all life on Earth is interdependent. They learn about how we use the planet's resources to feed and clothe ourselves, to build homes and to manufacture all the products we use every day.

Under the guidance of Professor Marsh, an agricultural scientist and leader of the project, Isobel and her classmates come to understand about poverty and the challenges that developing countries face in trying to provide for their people.

Through email exchanges, Isobel and Kofi learn about each other's way of life, discover their differences and similarities, and ultimately realize their shared desire to change the world.

The book, which is published in English, will be rolled out initially to classrooms in Vienna and OFID partner countries, which will be encouraged to form partnerships with each other to share discoveries, ideas and experiences.

The publication represents the central pillar and first step of a more ambitious project to engage with this age group on themes related to sustainable development. ■

OFID takes part in Hansen bicentennial

This spring, OFID opened the doors of its historic HQ building to art and history lovers as part of celebrations to mark the bicentennial of renowned architect and creator of the *Deutschmeister Palais*, Theophil Hansen.

BY JENNIFER ADAMS

In the 19th century, Theophil Hansen designed some of Vienna's most prominent landmarks, helping to transform the old-fashioned walled city into a modern metropolis that the rest of Europe looked to as a center for art and design.

The bicentennial of Hansen's birth offers an opportunity to celebrate the beauty of the Austrian capital and pay homage to the man who, to this day, continues to inspire Viennese innovation in the architectural world.

Surrounding the bicentennial is a variety of exhibitions and events, including a special exhibition at the *Wagner: Werk Museum Postsparkasse*, which runs until August, and a series of lectures and festivals.

With its headquarters located in one of Hansen's most extraordinary buildings – the *Palais* of Archduke Wilhelm – OFID is uniquely placed to play a role in the bicentennial.

But who is Theophil Hansen and how did he come to play such a huge role in shaping the city that OFID calls home?

Hansen the student

Born in Denmark in 1813, the young Hansen studied architecture at the Royal Building Academy in Copenhagen. During his studies, he was introduced to Karl Friedrich Schinkel, the architect who would help to transform Berlin. From Schinkel, Hansen developed a love for neoclassical architecture and an understanding of the large-scale construction of a modern European city.

Following his years in Berlin, Hansen travelled to Italy, where he became a dedicated student of the classical Italian style. From the Roman arena to the grand villas of Venice, the graceful columns and arched piers he fell in love with would show up later, dotting Vienna's *Ringstrasse*.


PHOTO: HULTON ARCHIVE/GETTY IMAGES

Theophil Hansen

The prime destination for artists at the time, however, was Greece. Having only been recently liberated from Ottoman rule, Athens was in desperate need of revitalization, and architects from across Europe were invited to contribute.

In 1838, Hansen jumped at the opportunity to work on Athens' new University with his brother Christian, who had been appointed Royal Court Architect. His eight years in Greece were arguably the most influential of his life.

It was in Athens that Hansen took on his first solo projects and became a favourite among the city's upper class. It was in Athens that he finely tuned the aesthetic that would eventually be made famous as *Wiener Stil* ("Vienna style").

In 1843, Hansen received an invitation that would change his life forever. The sender: Ludwig von Forster, one of Europe's most well-known architects. The destination: Vienna.


PHOTO: RUPERT STEINER

OFID HQ building, the *Deutschmeister Palais*.

Hansen the master

In the mid-19th century, Emperor Franz Josef I declared that Vienna's city wall would be removed in order to make way for a modern boulevard – the *Ringstrasse* – to place the city alongside the other major European capitals.

Hansen had already been in Vienna for some time, working with Forster on several big projects, but also making a name for himself. Hansen's unique perspective and expertise in classical architecture made him an ideal candidate to join the team of architects designing the *Ringstrasse*.

Speaking to the OFID Quarterly, Dr Wolfgang Forster, curator of the exhibition at the *Wagner Werk*, explained: "All of Hansen's experiences up to that point – helping with the planning of Berlin, and his years in Italy and Athens – gave him a great sense of scale and idea of what was needed for a modern European capital in terms of concept and functionality, but still with a classic style rooted in Greek antiquity." ▶

PHOTO: ANTON IVANOV/WWW.SHUTTERSTOCK.COM

The Austrian Parliament on Vienna's *Ringstrasse* is one of Hansen's most imposing works.

Many of Hansen's most famous buildings – the Parliament, *Musikverein* and stock exchange building – epitomize his genius for timeless form and function.

Having firmly established himself as one of Europe's leading architects during the construction of the *Ringstrasse*, Hansen was hired for one of his most prestigious projects in 1863: the construction of a residential palace for Archduke Wilhelm.

The first and only imperial residence that Hansen would ever undertake also turned out to be one of his most challenging projects. In addition to designing a residence luxurious enough for the grand master of the Teutonic Order, he was faced with a number of extravagant requests, including a stable for twenty-four horses, a carriage house, glass covered courtyard – to be used as a winter riding school – and rooms enough for the imperial family, special guests and vast household staff.

After four years of work, the outcome was a magnificent structure, fusing elements of classical Greek and Italian Renaissance architecture, color and innovative design in a way that epitomized Hansen's ideal European style.

His vision for the *Palais* has certainly withstood the test of time. Almost 150 years later, the building, now OFID's headquarters, has lost nothing of its classic splendour.

Open doors

As part of the bicentennial, tours have been organized of many of Hansen's buildings in the city, including the OFID HQ. During tours of the *Palais*, Hansen enthusiasts have stared wide-eyed at the expansive atrium, inlaid floors and ornate wooden ceilings. Walking down the grand staircase, one is easily transported back in time, watching the Archduke greet visitors or sit by the fire in the imperial residence on the *bel étage*.

Explaining the *Palais* layout during one such tour Dr Forster stated: "The *Palais*, though having served a variety of functions throughout the years, has remained largely as it was. This is something that truly set Hansen apart. If you think in terms of both style and functionality, he was very forward thinking, prizing opulence and style as well as practicality."

The tour of the *Palais* also touches upon the idea of *Gesamtkunst* or "total art". In many of his buildings, Hansen did not limit himself to structural design, but also designed the decorative elements as well, including light fixtures, furniture and even tablecloths.

Gesamtkunst is often credited to Otto Wagner, a student of Hansen's. In fact, many of Wagner's trademark elements, such as room spacing, iron work and his famous façades, known for their bright colors and gilding, were taken directly from his teacher, Hansen.

Indeed, to his students and contemporaries, Hansen left an important legacy and inspired the Vienna that we see today. However, his most important contribution was surely his role in positioning Vienna as a cultural destination and not only the Austrian capital but a truly international capital.

His buildings symbolized the changing nature of the city; from closed off and antiquated to eclectic and diverse. As one of Vienna's oldest international organizations, OFID's place within this magnificent *Palais* has become, quite literally, a part of that living history.

PHOTO: RUPERT STEINER

Some interior features of Hansen's *Deutschmeister Palais*, which he designed down to every last detail including the door handles and light fittings.

OFID Director-General Al-Herbish *(seated center)* with fellow signatories of the agreement for development of the Arab Development Portal.

APRIL 10

Public Sector loan agreement signed

Socialist Republic of Vietnam. US$34.2m. Rural Road Network Improvement. For the construction of a number of roads to increase access to marketplaces and important health and social services for residents of the provinces of Ninh Bing, Quang Tri and Quang Nam.

APRIL 16

OFID hosts MDTC

OFID welcomed around 30 participants of the 13th Multi-Disciplinary Training Course (MDTC) of the OPEC Secretariat. The purpose of the visit was to introduce the group to OFID and provide an insight into the institution's aims, activities, and achievements. The MDTC is an annual program for mid-career oil-industry professionals from OPEC Member Countries.

APRIL 21

Arab Development Portal

On behalf of the Coordination Group of Arab Development Funds, the Islamic Development Bank and OFID, the Director-General signed an agreement with the World Bank and the United Nations Development Program for the development of the first phase of the Arab Development Portal.

Public sector loan agreements signed

Chad. US$12m. Massakory-Ngouri Bol Road. To construct a modern, paved road to enhance the country's trade opportunities and boost access to social services and marketplaces for some 800,000 rural people.

Democratic Republic of Congo. US$8m. Kinshasa Roads Network Rehabilitation. To pave around 13 km of roads in Kinshasa city and install drainage works, thus affording the population a safer, less expensive and more efficient means of travel.

Egypt. US$30m. Rehabilitation of Irrigation and Drainage Pumping Stations. To modernize irrigation infrastructure, thus boosting food security and reducing poverty levels among approximately 215,000 people living in the vicinity of Cairo.

Egypt. US$35m. On-Farm Irrigation Development. To modernize irrigation infrastructure in four governorates with the aim of improving water efficiency, increasing yields and boosting the incomes of smallholders.

Mali. US$11m. Irrigation Development Program in Bani-Selingue Basin, Phase I. Towards the construction of a regulatory dam in the Djenne region and a water regulator on the Sankarani River. These, along with irrigation works will be used to develop around 32,300 hectares of agricultural land, which will be used to grow rice and animal feed, and for fish farming.

Senegal. US$3m. Dalal Jamm Hospital project. Supplementary loan to finalize construction and equipping of a 300-bed referral hospital serving over 1.4 million inhabitants in Greater Dakar.

Sierra Leone. US$13m. Fourah Bay College Development. To provide additional facilities for new collegiate programs, including the rehabilitation of existing buildings and facilities, the construction of around 25,000 m sq of new facilities and the procurement of furniture and equipment.

Tanzania. US$8m. Orkesumet Water Supply. To provide potable water supplies to around 43,000 people living in Orkesumet City and neighboring villages, thereby raising living standards and improving health indicators, as well as easing the burden of fetching water.

APRIL 25 – 26

Brainstorming Seminar

OFID hosted the 24th Oxford Institute for Energy Studies Brainstorming Session. The two-day event focused on energy poverty alleviation and was attended by around 40 people.

APRIL 25

King Letsie III of Lesotho visits OFID

His Majesty King Letsie III of Lesotho was accompanied by Her Majesty Queen 'Masenate Mohato Seeiso and a delegation of high-ranking officials, including three ministers (see story, page 42).

APRIL 29

OFID welcomes Palestinian President

President Mahmoud Abbas visited OFID as part of a state visit to Austria (see story, page 44).

APRIL 29

Public Sector loan agreements signed

Madagascar. US$18m. National Institute for Accounting and Management Construction. To build and procure furniture and equipment for the new facility, thus strengthening the country's higher education sector and contributing to the overall economic development of the country.

Madagascar. US$3.5m. Road Infrastructure Rehabilitation. For the construction, reconstruction and rehabilitation of 105 km of roads in the Atsimo-Andrefana region, an area with high poverty levels.

MAY 13

European Association of Communication Directors (EACD) OFID hosted the EACD regional debate on the theme Non-Corporate Communication Challenges.



From left: Ramzy Ezzeldin Ramzy, Ambassador of the League of Arab States; HE Vice Minister of Finance Li Yong, China; and Adnan Z Amin, Director-General, IRENA, were all guests of the Director-General this spring.

MAY 15

Research grants approved

Arabic Language International Council. US$30,000.
In support of the participation of scholars and researchers from developing countries in the 2nd Arabic Language International Conference

Food and Agriculture Organization. US$120,000.
To finance a study into the Energy-Water-Food Nexus.

MAY 25

Children's book launch

OFID launched its children's book "One Planet Earth One People" (see story, page 46).

MAY 31

Public Sector loan agreement signed

Morocco. US$60m.
Rural Electrification. To provide access to electricity in over 2,800 villages, representing a population of about 516,000 people living in some of the most remote and vulnerable areas of Morocco.

JUNE 3

Grant agreements signed

Triangle Génération Humanitaire. US$200,000.
Sustainable Access to Water and Sanitation for Rural Communities in the Central African Republic.
To durably reduce mortality due to waterborne diseases, and to enhance local capacities and involvement in the supply of basic WASH services.

UNESCO. US$1m.
Improving Access to Quality Education for Palestinian Children in the West Bank and the Gaza Strip. To increase access to all education levels and improve the ability of the education system to retain students; to improve the quality of teaching and learning; and to develop the capacity for planning and management.

JUNE 5

Grant agreement signed

Austrian Development Agency. US$506,000. Southern African Solar Thermal Training and Demonstration Initiative – Phase II. For the installation of 50 large solar thermal systems for demonstration purposes in order to establish a renewable energy supply, minimize shortages of power and create solar thermal technology platforms.

JUNE 10

Public Sector loan agreement signed

Sri Lanka. US$50m. Colombo National Highways. Including the upgrade of 66km of selected national highways, the reconstruction of the Narahenpita-Nugegoda bridge and the installation of drainage works, road signs and markings.

JUNE 13

OFID Ministerial Council holds 34th Annual Session in Vienna, Austria

See story, page 26.

143rd Session of the Governing Board approves over US$234m in new financing

Public Sector loans approved

Burkina Faso. US$24m.
The New Ouagadougou Donsin International Airport. To help construct a new international airport with all facilities to accommodate up to one million passengers annually from 2018. The project will enhance the safety and efficiency of air travel and help promote tourism, which will have a significant impact on the country's economy.

Cuba. US$20m.
Guantanamo City Water and Sanitation System Rehabilitation. To enhance access to safe drinking water and sanitation services through the rehabilitation and expansion of related infrastructure.

Egypt. US$70m. South Helwan Power Plant. To improve the delivery of electricity through the expansion of the Helwan power plant. This will benefit households, agricultural workers, businesses and industries, and in turn, help create jobs and boost the economy.

Ghana. US$10m.
Colleges of Education. To construct, rehabilitate and equip/furnish 14 teacher training colleges across the country. The new facilities will enable approximately 3,000 more enrolments, thus helping build the country's human resource base.

Honduras. US$8m.
Central District (Tegucigalpa-Comayagüela) Public Transport. To build bus rapid transit corridors and related infrastructure, benefiting around 80,000 passengers per day from improved access to social and economic services.

Jamaica. US$48m.
Kingston Metropolitan Area Water Supply Improvements. To raise the efficiency, quality and sustainability of water supply and sanitation services and increase access to water supplies in rural areas, thus improving health and living conditions.

Kosovo. US$20m.
Upgrading of the Milloshevë – Mitrovica M2 Main Road. To upgrade a 26.7 km road that will facilitate the local population's access to health, education, social amenities and production centers, as well as job opportunities.

Malawi. US$6m.
Liwonde Naminga Road. To complete the upgrading of a road that serves nearly two million people, thereby enabling the year-round movement of people and goods and the promotion of trade opportunities.

Pakistan. US$5m.
Promotion of Rainwater Harvesting in the Earthquake Affected Areas Phase II. To improve the health and living conditions of approximately 230,000 people by providing sustainable access to potable water supplies.

Sri Lanka. US$17m.
Western Province Road Development. To upgrade 27 km of roads to improve the population's access to health, education and other social services and lower the cost of transporting agricultural produce and other goods.

Grants approved

UNESCO. US$1.2m.
To support the solar electrification of rural schools in Benin, Madagascar, Mauritania, Niger and Togo, directly benefitting nearly 16,000 children attending 75 schools.

CGIAR. US$1.3m.
To support 10 programs at eight centers sponsored by the Consultative Group on International Agricultural Research. Activities will be carried out in 25 countries in Africa, Asia and Latin America.

Assistance to Social and Development Projects in Palestine. US$1m. To support nine NGOs and other entities that are providing assistance to deprived communities in Palestine. Over 20,000 people are expected to benefit from the wide-range of projects.

Patient's Friends Society of Hebron. US$1m. To equip an "OFID surgical department" at the Al-Ahli Hospital in Hebron. Around 8,000 patients will directly benefit from the new medical services that will be available.

UN Habitat Global Water Operators' Partnership Alliance. US$1m. To help fund a one-year project to support public water and sanitation operators in Ethiopia, Guinea, Ghana, Kenya, Malawi, Namibia, Tanzania, Togo and Zambia.

World Vision Austria.
US$600,000. To improve primary school enrolment and quality of education in the Kono and Bonthe districts of Sierra Leone through the furnishing and rehabilitation of 10 schools, construction of six new ones and provision of teacher training, benefiting nearly 2,000 children.

International Partnership for Microbicides. US$300,000.
To implement an access strategy to ensure the availability of microbicide products for girls and women for protecting against HIV/AIDS in areas of highest need in Kenya, Malawi and Zimbabwe.

Emergency Grant approved

Islamic Relief Switzerland.
US$500,000. To provide primary, secondary and tertiary healthcare as needed to Syrian refugees in Jordan.

Research Grants approved

Group of 77 (G77). US$50,000.
To support a capacity building program which aims to provide administrative, logistic and knowledge gathering support to G77 Members in order to improve the quality of their work.

Austrian National Library.
US$100,000. In support of the conservation of the Glaser Collection of rare Arabic manuscripts.

University of Jordan. US$50,000.
To sponsor the participation of experts from developing countries in the 4th Global Conference on Renewables and Energy Efficiency for Desert Regions.

JUNE 17

European Bank for Reconstruction & Development (EBRD) training session.

OFID hosted a trainee group from the EBRD, consisting of heads of commercial bank trade finance departments.

JUNE 19

Grant signed

UNIDO. US$600,000.
Establishing the Beles Agro-Industrial Processing Plant in Ethiopia. To help boost incomes and food security in the "Beles Belt regions" of Northern Ethiopia which are periodically affected by drought and famine.

JUNE 21

Public Sector loan agreement signed

Djibouti. US$7m. University of Djibouti. Toward the construction of a new fully-integrated, 26,000 m^2 university campus able to accommodate 10,000 students, as well as the procurement of furniture and equipment.

Meetings attended by OFID

APRIL 7 – 10

KUWAIT CITY, KUWAIT
72nd Meeting of the Coordination Group

APRIL 15 –16

ROME, ITALY
Board of Advisors Meeting of the International Development Law Organization

APRIL 18 – 21

NEW YORK, USA
Spring Meetings of the World Bank and International Monetary Fund

Advisory Board Meeting of the UN Secretary General's Sustainable Energy for All Initiative Meetings of the G-24 Ministers, the Deauville Ministers and the Development Committee

APRIL 24 – 25

NEW YORK, USA
Goldman Sachs Growth Markets Summit

MAY 1 – 3

NEW YORK, USA
JP Morgan Global Real Assets Conference

MAY 2 – 5

DELHI, INDIA
46th Annual Meeting of the Asian Development Bank

MAY 7 – 8

RIYADH, SAUDI ARABIA
Euromoney Saudi Arabia Conference

MAY 10

OXFORD, UK
Oxford Energy Club Meeting

MAY 8 – 11

ISTANBUL, TURKEY
European Bank for Reconstruction and Development Annual Meeting and Business Forum

MAY 18 – 22

DUSHANBE, REPUBLIC OF TAJIKISTAN
38th Annual Meeting of the Islamic Development Bank Group

MAY 22 – 23

BERLIN, GERMANY
Pan-European HR Forum 2013

MAY 27 – 30

VIENNA, AUSTRIA
Vienna Energy Forum

MAY 27 – 31

MARRAKESH, MOROCCO
48th Annual Meeting of the African Development Bank and the 39th Annual Meeting of the African Development Fund

MAY 30

UTRECHT, NETHERLANDS
Rabobank Biennial Trade Forum

JUNE 27 – 28

VIENNA, AUSTRIA
International Arab Banking Summit 2013

JUNE 27 – 28

BRUSSELS, BELGIUM
European Communication Summit 2013

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photo gallery
LOAN & GRANT SIGNATURE

PHOTO: OFID/HAUSJELL-MARSCHNER

April 22

HE Issa Ali Taher, Minister of Planning, Economy and International Cooperation of Chad. OFID's US$12m loan will co-finance construction of a 99 km-long paved stretch of road to help enhance the country's trade opportunities and boost access to social services and marketplaces for some 800,000 people.

PHOTO: UNESCO/EMILIEN URBANO

June 3

UNESCO Director-General, Irina Bokova, shakes hands with Mr Al-Herbish, following signature of a US$1m grant agreement for a project to bring quality education to Palestinian children.

June 10

HE Dr PB Jayasundera, Secretary, Ministry of Finance and Planning of Sri Lanka, signed a US$50m loan agreement for the Colombo National Highways Project, which will upgrade a total 66 km of roads that will help ease access to jobs and social services.

April 29

HE Hery Rajaonarimampianina, Minister of Finance and Budget, Madagascar, signed two agreements valued at US$18m and US$3.5m, respectively, for the *National Institute for Accounting and Management Construction Project* and the *Road Infrastructure Rehabilitation Project.*

May 29

HE Ahmed Sufian, Minister of Finance and Economic Development of Ethiopa, concluded a US$20m loan agreement for the *Arba-Rakati-Gelemso-Michata Road Upgrading Project,* which will help to open up an important cash crop production area.

June 19

Mr Al-Herbish with Kandeh Yumkella, Director General, UNIDO, following conclusion of a US$600,000 grant agreement for a project to establish an agro-industrial processing plant in Ethiopia.

June 21

HE Fahmi Ahmed Mohamed Elhag, Advisor to the President of Djibouti, initialing the US$7m loan agreement for the *University of Djibouti Project,* which involves the construction of a fully-integrated, 26,000 m sq campus able to accommodate 10,000 students.

The full list of loan and grant signatures can be found on pages 51-53.

The night lights of Planet Earth. Even more than 100 years after the invention of the electric light, large swathes of land remain in darkness.

Energy poverty: The bold truth

PHOTO: MICHAEL DUNNING/GETTY IMAGES

Poor People's Energy Outlook 2013 (PPEO2013), a report from the international development charity *Practical Action*, gives new insight into the all-pervading impact of energy poverty on the everyday lives of off-grid communities in the developing world.

BY JENNIFER ADAMS

Access to energy that is clean, affordable and reliable powers opportunity and, quite literally, fuels development. However, some 1.3 billion people globally lack access to modern energy services.

The true ramifications of this injustice are laid out in PPEO2013, which emphasizes the enabling properties of energy; without it, international development objectives, including the Millennium Development Goals (MDGs), will never be met.

While this view is already universally accepted, the report takes the debate a step further by providing a platform for the experiences and perspectives of the world's poor to be heard.

Meet Saada, a young girl who lives in a remote village in Kenya. Saada's story is similar to that of thousands of children living in poverty across the globe. Without access to energy, her day-to-day life is a never-ending struggle to survive.

"Early every morning, I wake when it's still dark. I check the bucket by the door for some water to splash on my face, but there's none there. A water pump was installed near our house a few months ago, but the tolls are so high that no one in our village can afford it.

"Father had to sell the goats and chickens and now our farm is nothing but dust. He works in the city now. We don't see him very often.

"It's still dark but I must start the long walk to school. Mother doesn't like that I walk to school by myself. There have been many robberies along this road and worse. But she must take care of my younger brother and fetch the water for cooking and cleaning, so I go alone.

"Along the way, I hum softly to myself. It's better to walk silently so as not to attract any hungry animals, but this way I'm less scared in the dark. I reach the schoolhouse right as the sun rises above the trees."

No electricity, no water …

A lack of energy also means a lack of sanitation. Without electricity, water pumps don't work and toilets don't flush. In addition, time spent gathering water is time taken away from income-generating activities.

Development initiatives, such as installing pumps to improve water access, must include the provision of energy if they are to be sustainable, argues the report. Like Saada's father, many farmers lose their livelihoods without ready access to water. Rural areas also suffer from a lack of a qualified workforce as many skilled laborors leave for urban centers, unwilling to live in villages without basic infrastructure and modern energy services.

… or education

Energy access also plays an important role in education. Saada is one of more than 290 million children worldwide who go to schools without electricity.

"At school I'm yelled at for not finishing my homework. I wanted to finish, but couldn't see after it got dark. I like school but it's sometimes very uncomfortable for me because it's so hot. Without lights, we can't pull down the shades, and because of the mosquitos, we can't open the windows.

"After morning lessons I have to start walking home again with the other girls. I wish I could stay at school with the boys but I have to help Mother collect firewood for cooking and washing."

As is the case with energy access and sanitation, the relationship between energy access and education has far-reaching effects. Extreme temperatures and poor lighting in classrooms interrupts concentration and can exacerbate health problems.

At the household level, access to improved energy sources for cooking and indoor lighting allows children, especially girls who are usually responsible for household chores, more time to study.

"At home I help mother with the cooking. The smoke burns my eyes and makes me cough. As we are cooking, we hear noises outside. We run to the door and see smoke pouring from our neighbor's window. People are running around everywhere trying to help put out the fire. Our neighbor stumbles out of her house, barely able to stand."

Without electricity, two in every five people rely on biomass for cooking, and every year more than two million people die from diseases related to smoke inhalation. Despite these shocking figures, energy for cooking still receives far less attention than it deserves, given its level of importance in the lives of the poor.

…or healthcare

"Our neighbour has been taken to the nearest hospital. I hope she makes it. It's really far and you have to wait for hours to see a doctor. The last time I was there was when my mother was pregnant. She had a fever and was worried about the baby. The doctors just shook their heads. Even though fever is common in our area, they didn't have the machines or medicines to help her. We don't go to the hospital anymore."

Without energy, healthcare facilities are unable to provide a basic standard of care. Clinics and hospitals with no electricity are very limited in the number of services they can offer as well as the types of machinery they can use. Meanwhile, millions of dollars of vaccines and medicines are lost every year due to unreliable refrigeration and sterilization.

Like Saada's mother, countless women require medical treatment during pregnancy. Tragically, as reported by the World Health Organization, some 800 women die every day from preventable pregnancy complications.

Though Saada and her family are fictional, the problems they encounter most certainly are not. The multitude of complications faced by this family color the daily reality for millions of poor families living without the necessities afforded by reliable energy.

Unsafe living conditions, a lack of sanitation, poor quality of healthcare, low educational standards and a decline in economic opportunities, are only some of the real consequences of energy poverty. ▶

The numbers

- **1.3bn people** live without electricity in their homes.
- **Two in every five people** still rely on wood, charcoal or animal waste to cook their food.
- **Each year 2m people** die from diseases caused by indoor smoke – more than deaths from malaria.
- An estimated **1bn people** are served by health facilities without electricity.
- Over **291m children** go to primary schools without electricity.
- **50 percent** of all vaccines delivered to developing countries are ruined due to poor cold chain services.
- In 2009, around **US$9bn** was spent on energy access, far short of the **US$48bn** per year needed to achieve universal access by 2030.

Source: Poor People's Energy Outlook 2013

Reassessing priorities

◀ During a Practical Action hosted webinar discussion, Maliha Shahjahan, an energy consultant for Practical Action Bangladesh, stressed: "A change in perception [on the part] of the actors who influence policy is very important. The financing available – and there are available funds – should be targeted and distributed for the real individual needs as well as communal needs of the poor. This is the area that needs the most work."

In addition to a change in attitudes and policies, the report emphasizes that improved monitoring and data collection is crucial for the identification of effective solutions. Currently, there is neither enough data available to provide either an accurate picture of energy availability rates, nor to assess the impact of many of the most widely used off-grid solutions. Given that funds most often flow to what is measured, it is key that data highlights solutions that will make the most meaningful difference for poor communities.

Without these vital changes, the future for the world's poor looks grim. The International Energy Agency projects that, in 2030, 900 million people will still lack access to electricity, 30 million people will have died from smoke-related diseases and hundreds of millions will still be mired in poverty due to a lack of energy.

The outlook isn't completely bleak, however. In the past couple of years, momentum has been gathering behind the UN Secretary-General's Sustainable Energy for All (SE4ALL) initiative, which, among other objectives, strives for universal access to modern energy services by 2030.

However, *PPEO 2013*, which analysed the commitments made to SE4All, found that the amount of investment and level of participation are still far below what will be required to meet the energy needs of everyone.

The report also suggests that SE4ALL commitments should be broadened in terms of energy solutions. Decentralized systems, such as mini-grid systems are certainly viable long-term solutions, but low-power technologies such as solar lanterns can provide immediate relief for the thousands of rural communities that are plunged into darkness once the sun sets. Moreover, the focus of commitments should recognize the full range of poor people's energy needs. For example, many of the commitments deal with household energy, but very few address community services such as healthcare centers, schools, and governmental and infrastructure services.

These are crucial services that are proven to increase the wellbeing and economic potential for both urban and rural communities. As Ms Shahjahan stressed: "Limited access to energy in schools, hospitals and government buildings has a profound influence on the quality of people's lives and our ability to improve them."

A new narrative

The PPEO2013 conclusions are clear – unless the international community develops a new narrative that recognizes the real needs of poor people, global development initiatives will continue to fall short of their objectives.

Energy is an enabler. It lights homes and streets, improving safety and traffic conditions, and keeps medicines cold. It powers the pumps that supply water for sanitation and agriculture, and the machines that monitor foetal vital signs.

Energy access is crucial for human development in a thousand different ways and must be prioritized by the global community, in terms of policies and funding, as the most effective way to improve the lives of millions of people across the globe. ■

Source: Practical Action

Saving lives by combating childhood pneumonia and diarrhoea

With the under-five mortality rate in the developing world nudging the seven million mark in 2011, a new initiative by WHO and UNICEF to tackle childhood pneumonia and diarrhoea could not be more timely. The integrated Global Action Plan for Pneumonia and Diarrhoea (GAPPD) aims at ending preventable deaths from these illnesses by 2025.

BY ANNA ILARIA-MAYRHOFER

Global mortality rates in poor countries among children under five have dropped substantially over the past two decades – from around 12 million in 1990 to approximately 6.9 million in 2011 – thanks to the united efforts of international organizations, NGOs, universities, healthcare providers and the countries themselves.

For nations grappling with poverty, scarce resources, over-stretched health sectors and, more often than not, natural disasters and civil strife, such progress has to be commended.

Nevertheless, that seven thousand children still die every year, many of them unnecessarily, is far from acceptable in a world where the two primary causes of childhood deaths – pneumonia and diarrhoea – are preventable or treatable.

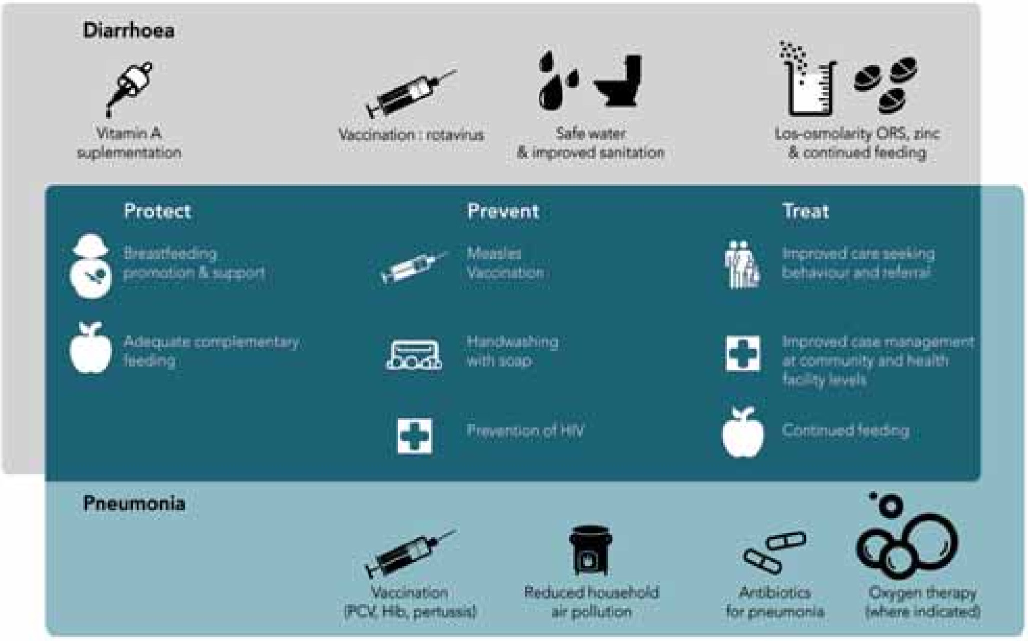
Both illnesses are well within reach of being eliminated – but only if a coordinated, comprehensive approach is implemented. Doing so could save millions of young lives each year.

Poverty the root of the problem

While there are numerous contributing factors to the high pneumonia/diarrhoea mortality rate among under-fives – they all stem from one common cause: poverty. Children in poor communities lack basic amenities, such as clean drinking water and safe sanitation services, as well as adequate nutrition and access to healthcare and vaccinations, among other vital services. Being reared under these deprived conditions renders children vulnerable to illness.

An estimated 1.3 billion people lack access to electricity and rely on fuelwood and other unsafe sources for cooking and heating their homes. The resultant indoor air pollution leaves families, especially infants and children, at risk of contracting pneumonia and other respiratory diseases. ▶

Complementarity of pneumonia and diarrhoea interventions



Source: Adapted PATH: Tackling the deadliest diseases for the world's poorest children.

◀ Unevenly-distributed healthcare coverage, especially in remote, rural regions, means only around one-third of children with suspected pneumonia receive oral antibiotics.

Similarly, barely over one-third of children with diarrhoea are given oral rehydration salts (ORS), an inexpensive and effective means of staving off dehydration.

Many health clinics and hospitals must contend with shortages in medical supplies and well-trained health workers, as well as tight budgets.

Even in urban areas where hospitals are more readily available, over-crowding and poor hygiene increase the transmission rates of diseases, most commonly diarrhoea and pneumonia.

These circumstances notwithstanding, research has pinpointed key areas that could bring important wins in the battle against pneumonia and diarrhoea, if approached in an integrated way.

Breast is best

There are still a number of countries, for instance, with low breastfeeding rates (or too-short time periods). In addition to myriad nutritional benefits, breastfeeding passes on the mother's immunity to various infections and boosts the child's immune system.

Breastfeeding also affords positive psychological benefits for both mother and child. Exclusive breastfeeding in the first six months of life is optimal, and on a supplementary basis until the child is one year of age. Studies show that by doing so, child morbidity/mortality from diarrhoeal disease can be reduced multifold.

WHO reports that although progress has been made in promoting breastfeeding, the overall percentage of breastfed babies remains low. While reasons for this vary, many stem from the lack of knowledge of the benefits of breastfeeding and the absence of proper medical advice and support.

According to a recently-published study in the *Lancet*, carried out by investigators for the Lancet Diarrhoea and Pneumonia Study Group, not breastfeeding was associated with a 47 percent increase in diarrhoea-related deaths in infants 6 to 11 months old and a 157 percent increase in 12-23 month-old children.

Vaccinations for prevention of rotavirus

In addition to the administration of ORS as early as possible to infants and children with severe diarrhoea, prevention is, of course, key.

Diarrhoea from rotavirus – the most common cause of diarrhoea in infants and young children across the world – takes the lives of approximately half a million children each year.

Vaccines are fortunately highly effective, and the administration of a vaccine followed by regular booster shots can greatly decrease the risk of contracting the disease. This is particularly important as rotavirus cannot be cured by antibiotics or any other drugs.

The Gavi Alliance and its partners, including WHO, UNICEF, the World Bank and the Bill and Melinda Gates Foundation, are leading an initiative to vaccinate over 50 million children in around 40 of the world's poorest countries by 2015.

WHO recommends a treatment "package" consisting of early administration of an infant's first rotavirus vaccine between six to eight weeks of age, exclusive breastfeeding for the first six month of life and good hygiene practices, such as regular hand-washing.

Also highly effective is zinc supplementation, as deficiencies are common in developing countries, and studies reveal that zinc supplements greatly help reduce child mortality from diarrhoea and pneumonia.

Just as important as providing pharmaceutical interventions and improving infrastructure, is for the governments of high-burden countries to devise clear strategies for tackling these diseases and identify any bottlenecks.

The recommended course of action is an integrated, multi-faceted approach that coordinates and harmonizes the efforts of the various independent ministries of each country. It also demands the engagement of key partners and fostering the involvement of NGOs, the private sector and other programs already underway in the country.

GAPPD

The WHO/UNICEF GAPPD action plan claims to "provide a roadmap for national governments and their partners to plan and implement integrated approaches for the prevention and control of pneumonia and diarrhoea."

It is the first cohesive, fully-integrated, multi-stakeholder initiative of its kind, and some of the key recommendations and solutions include:

- Addressing gaps in healthcare coverage by implementing community-based case management that will include home visits from healthcare workers and post-natal care education programs to ensure coverage in remote communities.
- Identifying cultural factors that may hinder families from seeking care and examining the effectiveness of integrating culture-appropriate treatment and awareness campaigns.
- Capacity-building among healthcare workers in the early diagnosis, care and treatment of pneumonia and diarrhoea.
- Advocacy and awareness programs on a country-level to prioritize pneumonia and diarrhoea treatment, together with campaigns to promote the use of ORS and zinc and early administration of antibiotics for pneumonia. According to a *Lancet* study, countries could prevent around 95 percent of deaths from diarrhoea and 67 percent of pneumonia fatalities in children under five simply by placing these two interventions at the top of their development agendas.
- Regular program assessment and monitoring measures to ensure accurate data collection and quickly address any shortfalls.
- Promotion of breastfeeding exclusively in the first six months and as a means of complementary feeding in subsequent months. An enabling environment should also be created for women who must return to work but still wish to breastfeed. WHO and UNICEF have devised a "framework for action" to help guide governments integrate breastfeeding promotion plans into their overall national strategy, including the drafting of legislation to protect the breastfeeding rights of working women.
- Incorporation of rotavirus and pneumococcal conjugate vaccines into national health programs.
- Working more closely with the private sector. Governments can, for example, work with pharmaceutical manufacturers to negotiate lower prices for vital medications and lift importation barriers (such as import duties and taxes) to facilitate swift delivery. Another key area is for governments to mobilize support to the supply chain. In an intervention carried out in Benin, the government worked with major wholesalers of OraselZinc, an intervention combination of zinc and ORS. By assisting wholesalers in marketing their product to all possible distribution channels, the availability of OraselZinc increased from 36 percent to 58 percent in Benin within just one year.
- Allocating more resources to provide a safe and efficient source of energy and offer up alternative solutions. A pilot program in Rwanda, spearheaded by DelAgua Health and Development Programs in partnership with the Ministry of Health of Rwanda and the Rwanda Environmental Management Authority, has distributed household water treatment systems and biomass cookstoves to around three million inhabitants in all 30 of the country's districts. The stoves are so efficient that they reduce the use of fuelwood by up to 70 percent and virtually eliminate indoor air pollution.
- Promoting behavioral change. Ethiopia has integrated WASH (advocating hand washing with soap) into the activities of health workers. Groups called *Health Extension Workers and Community Health Promoters* are educating communities about the effectiveness of WASH and have also involved religious leaders to ensure widespread dissemination of the message. In the areas where this was carried out, cases of diarrhoea dropped considerably. ■

OFID's partnerships

OFID works closely with WHO, UNICEF and a large number of other development organizations to support initiatives that seek to improve the health and wellbeing of children. Recent interventions include:

- A WHO scheme to deliver safe drinking water and prevent waterborne diseases in Laos and Bhutan.
- A UNICEF-led WASH programs in 57 Tanzanian schools.
- A one-year project by UN Habitat Global Water Operators' Partnership Alliance to support public water and sanitation operators in nine African countries.
- An initiative of the Global Alliance for Vaccine and Immunization to purchase and deliver rotavirus vaccines to more than 909,000 Yemeni children.
- A UNESCO project for the solar electrification of rural schools in five sub-Saharan African countries, directly benefitting nearly 16,000 children attending 75 schools.
- A project run by the African Rescue Committee to improve access to water, sanitation and hygiene, and improve productive infrastructure for 5,800 drought affected households in the Badhaadhe and Kismayo Districts of South Somalia.

PHOTO: WWW.SHUTTERSTOCK.COM

Austria: Small country, big heart

By its own admission, Austria is not a top performer when it comes to official development assistance, but what this small nation lacks in quantity, it more than makes up for in focus and effectiveness. Here, **Ambassador Brigitte Öppinger-Walchshofer**, Managing Director of the Austrian Development Agency (ADA), talks to the *Quarterly* about how ADA squeezes every last cent out of its budget.

BY AUDREY HAYLINS

In 2012, total Austrian ODA amounted to an estimated EUR 865m, the bulk of it in multilateral commitments to the European Union, the United Nations and international financial institutions. As the operational unit of Austrian Development Cooperation, ADA's share – for bilateral projects and programs – was EUR 89m.

Far from feeling short-changed, however, Brigitte Öppinger-Walchshofer is fiercely proud of her agency's achievements.

"We have a tiny slice of the cake," she admits, "but we get great results and receive very positive feedback from our partners. It's not how much you give, but what you do with it that counts."

Öppinger-Walchshofer, an economist and diplomat, has headed ADA since November 2007. With a résumé that includes a posting as Austrian Ambassador in Ethiopia and a period as head of the sub-Saharan unit of the Austrian Ministry of Foreign Affairs, she describes her job as "the perfect combination" for someone with a genuine affinity with the continent.

ADA's work, of course, is not confined to Africa, although the region is a key focus. The agency also has operations in Eastern and South-Eastern Europe and in Asia. At just 11, however, the total number of priority countries is modest.

Brigitte Öppinger-Walchshofer

For Öppinger-Walchshofer, though, it is exactly this narrow focus that makes ADA's work a success.

"We are a small agency, so we need to concentrate our efforts both at a country level and at a thematic level." This, she explains, means setting up long-term partnerships.

"Development is a long process. When you commit to helping a country, you have to be prepared to stay there for at least two decades in order to really make a difference."

Such was the case with Cape Verde, the Ambassador reveals, where Austria worked for many years with other partners to help the country rise up into the middle-income bracket.

"Cape Verde developed beautifully, and we were eventually proud to be in a position to say, right, we can leave now," says Öppinger-Walchshofer.

Another example is Bhutan, where Austria has committed itself as a partner until 2020, by which time the country hopes to be a low-income nation no longer.

"If and when this happens and there's no longer a role for us there, we will be happy and reorient ourselves to another partner country," explains the Ambassador.

Participatory development

When it comes to the actual work on the ground, Öppinger-Walchshofer believes firmly in a process of dialogue and in working very closely not just with partner governments but also with the beneficiary communities themselves to identify suitable projects.

"All our work is based on country strategies that are the result of negotiations with each government," she says. "We want to know their priorities and how we can fit into their national development plans based on the comparative advantage that we can offer as Austria."

The areas ADA considers its strengths are water and sanitation, food security, renewable energy and private sector development.

"We would hesitate to work in areas, either geographically or thematically, where we think others are better equipped to do the job," the Ambassador stresses.

Öppinger-Walchshofer takes pains to underline the importance of local presence and knowledge, pointing out that ADA has field offices in each of its partner countries.

"If we really want to understand our partner countries, we have to be there and be part of the political dialogue. And, of course, we need to keep a close eye on our projects. We are working with taxpayer's money, so we have to be accountable for what we do and make sure that the money ends up where it's supposed to."

This field presence, she explains, is a major factor in the agency's success.

The Ambassador tells the story of an experience in the Amhara region of Ethiopia, which was suffering from food and water shortages when ADA stepped in to help. Before engaging in any activity, the agency held long discussions with villagers to identify the problems and listen to their views on what could be done to solve them.

"The aim was to get the people themselves to mastermind the development process of their region," she says. The outcome speaks for itself:

"Since implementing our projects there, those districts where we were involved have done much better. Now, there is water management, there's reforestation, and because households have a better income, families are able to send their children to school."

Private sector investment

Another aspect of its work that ADA is especially proud of is its function as an enabler, whereby it leverages additional support from other sources – most notably the private sector – for the benefit of the countries it works in.

"We are very keen for Austrian enterprises to invest in our partner countries, and we do what we can to help them set a first foot in countries where they would not dare to go alone," explains Öppinger-Walchshofer.

To qualify for such assistance, enterprises must be socially minded and have a business idea that is going to be beneficial to the country or community concerned. In other words, it has to offer things like capacity building, knowledge exchange, jobs and skills' training.

"Our call is not to support exports but to encourage investment," stresses the Ambassador. "We want Austrian businesses to invest in developing countries, because we strongly believe that when the private sector develops and creates jobs, this also helps to reduce poverty."

ADA also uses its network to link businesses with research institutions. "This allows them to exchange ideas – in the area of renewable energy for example – and brings a whole new dynamic to an investment."

Promoting renewable energy

Indeed, renewable energy is the theme of one particularly successful ADA initiative that is currently preparing to move into a second phase with the help of OFID co-financing. The Southern African Solar Thermal Training and Demonstration Initiative (SolTrain) seeks to support target countries – Lesotho, Mozambique, Namibia, South Africa and Zimbabwe – through the transition from fossil fuels to a renewable and sustainable supply system (see box).

Says Öppinger-Walchshofer: "We know that energy is not one of the eight Millennium Development Goals, but I think we are all agreed that, without energy, lasting development cannot be achieved." ▶

"… Development is a long process. When you commit to helping a country, you have to be prepared to stay there for at least two decades in order to really make a difference."

PHOTO: AEE-INTECH

SolTrain – providing solar thermal solutions

Launched in March 2009, through the Austrian Institute for Sustainable Technology in the SADC (Southern African Development Community) Region, SolTrain is a capacity-building initiative designed to help participating countries adopt solar thermal technology as an alternative energy source – for example, for heating water.

Phase I of the project involved a series of training courses for local professionals and decision-makers along with the identification of 60 suitable sites for the installation of demonstration systems.

Phase II, which will run until February 2016, will move the project forward by focusing on four main areas:

- Awareness campaigns targeting all relevant stakeholders on the wide application of solar thermal systems and the accompanying benefits with relation to energy security, poverty alleviation, job creation and the environment.
- Establishing centers of competence – including research and development capabilities – in Mozambique, Namibia and South Africa to provide expert advice, training and technical support to local industry and politicians.
- Creating national and regional Solar Thermal Technology Platforms (STTPs) to include the key stakeholders and sectors that influence the dissemination and use of solar thermal systems. The STTPs will use a stakeholder process to develop roadmaps and implementation plans for solar thermal energy based on the different circumstances in each country.
- Setting up about 75 solar thermal demonstration plants in order to apply the knowledge taught in training programs to installers, students and politicians. The aim is to demonstrate the different applications in a restricted area in order to enhance and accelerate the market introduction of a broad variety of solar thermal systems.

OFID's grant of US$506,000 will be used to support exclusively activities in Mozambique, Namibia and Zimbabwe.

◀ While acknowledging that "It doesn't really matter what kind of energy as long as it's affordable and accessible," she emphasizes that ADA is, *inter alia*, focusing on renewable energy, as it is an area in which the agency has gained a lot of experience.

"The SolTrain project seeks to raise awareness and demonstrate what can be done off-grid with solar thermal. The first phase went very well, and we are especially happy to have OFID as a partner for phase two, which includes the establishment of competence centers."

The Ambassador points out that SolTrain forms part of a wider series of regional programs promoting renewable energy and energy efficiency. "We see all of these working together and creating synergies so that, over time, there will be general access to affordable energy. "

Again, she stresses that the energy source is less important than the energy itself. "Africa is rich in solar and hydro-power, and each country has to identify the sources available and decide how best to use them. The centers that we are setting up are there to give advice. We are not against fossil fuels as such, but sometimes off-grid solutions are best, because the grid itself is too expensive or may take too long to expand."

Given SolTrain's success and future potential, Öppinger-Walchshofer is disappointed that she will no longer be personally involved in the project. As of July this year, she will give up her job with ADA to take up the role of Austrian Ambassador to South Africa.

The chance to go back to Africa, however, was too great an opportunity to miss, she says: "For me it was quite clear, when given the choice between an ambassadorship in Europe or in Africa, Africa is where I want to be for the next four years."

More than anything, Öppinger-Walchshofer is excited about Southern Africa's prospects for trade and foreign investment and what she can do to facilitate cooperation between Austrian business and the countries under her purview.

"One of my goals, during my posting, will be to have a close dialogue with Austrian industry and assist them if they want to come and invest in the region," she declares.

"There are so many synergies, and I think it's really time to convince whoever is interested to just give it a try."

On that, OFID would be one of the first to agree. ■

As of July 1, 2013, the new Managing Director of the Austrian Development Agency is Dr Martin Ledolter.

AU Summit 2013 celebrates African Union's golden jubilee

The African Union (AU), formerly the Organization of African Unity, recently concluded its 50th Anniversary celebrations, as part of the historic 21st Ordinary Session of the AU Summit in Addis Ababa.

BY TAMANNA BHATIA

AU Chairperson and Ethiopian Prime Minister, Hailemariam Desalegn, described the eight-day event as a "resounding success."

In an opening address, he said: "This historic day marks not only a great leap forward in the Pan-Africanist quest for freedom, independence and unity, but also the beginning of our collective endeavor for the realization of Africa's socio-economic emancipation."

He further added: "The major responsibility of the current and future generations of Africans is to create a continent free from poverty and conflict and an Africa whose citizens will enjoy middle-income status.'"

A significant outcome of the Summit, which was attended by US Secretary of State John Kerry and other foreign dignitaries, was the adoption of the Declaration of the OAU/AU 50th Anniversary, in which the leaders committed to achieving the AU goals of an integrated and prosperous Africa, at peace with itself and with the world; an Africa whose development is driven by its own citizens and which is a significant player on the world stage.

The Summit also adopted the strategic plan of the African Union Commission (AUC) for the years 2014 to 2017, and considered a report on alternative sources of funding, which are expected to ensure that Africa takes ownership of its Pan African strategies.

The AUC, under the visionary leadership of its Chairperson, South African stateswoman Dr Nkosazana Dlamini-Zuma, identified eight strategic priorities for the current term, including the important task of leaving a legacy of a long term strategic framework for the continent.

As Africa's premier institutions, the AUC, the United Nations Economic Commission for Africa and the African Development Bank, expressed their commitment to work closely together in order to facilitate the development of "Agenda 2063: A shared Framework for Inclusive Growth and Sustainable Development."

In her address, Dr Dlamini-Zuma emphasized the need for solidarity and unity among African people, together with self-reliance and economic independence, integrity, people force and the empowerment of women.

"Africa must build confidence in itself, in its ability and obligation to be drivers of its destiny," she said.

"Africa must build confidence in itself, in its ability and obligation to be drivers of its destiny."

Dr Dlamini-Zuma
AUC Chairperson

Key role for private sector

At the opening of a business forum on the role of the private sector in securing Africa's renaissance, AUC Deputy Chairperson Erastus Mwencha highlighted the contribution of public-private partnerships in building the economy.

"Our common strategic goal with respect to the private sector should be to promote a ▶

PHOTO: AUC 2013

In her address, Dr Nkosazana Dlamini-Zuma, AUC Chairperson, urged the need for solidarity among African people.

◀ pro-active and vibrant Pan African sector that can play the lead role in energizing African economies to achieve poverty eradication through creative and productive processes that accelerate economic growth, sustainable development and deeper integration of Africa into the global economy," he said.

Mwencha reminded the business forum that, in order to achieve development and integration by 2063, the AU Commission had crafted a strategic plan that encompasses eight priority areas, including human capacity building; agriculture and food security; inclusive economic development; peace and stability; gender and equity; resource mobilization; communication and participation; and institutional capacity building.

Based on the potential for growth on the African continent, and within the scope of Agenda 2063, the AU sees a continent integrated economically and politically in the next 50 years.

It is also planning for an Africa whose share of world trade will stand at 15 percent and whose intra-African trade will stand at 50 percent compared to today's 11 percent.

Other key outcomes of the Summit

In yet another significant development, the Summit decided to establish a High-Level Committee of Heads of State and Government to sensitize and coordinate the activities of African leaders and build regional and inter-continental alliances on the African common position on the post-2015 development agenda.

It appointed Ellen Johnson Sirleaf, President of the Republic of Liberia, as Chair of the High-Level Committee, which comprises two heads of state and government per sub-region in consultation with regional deans.

The Summit invited Member States to include land degradation, desertification and drought related issues on the list of priorities for their sustainable development to strengthen African leadership in the United Nations Convention to Combat Desertification.

Speaking at the Leaders' Dinner as part of the Summit, John Kerry applauded the remarkable accomplishments of the AU to work together and solve peace, security challenges, trade, defence, democracy, good governance, human rights.

"I know that all of you are acutely tuned into and sensitive to the way Africa is looking forward, and the way that it's looking forward literally excites the world. And your commitment to move forward has put Africa in a position to seize the 21st century in ways that will transform the lives of millions of people on this continent yet also in the world," Kerry said. ■

The African Union in brief

In September 1999, the Heads of State and Government of the Organization of African Unity (OAU) issued the Sirte Declaration calling for the establishment of an African Union, with a view, inter alia, to accelerating the process of integration in the continent to enable it to play its rightful role in the global economy, while addressing multifaceted social, economic and political problems. The OAU initiative paved the way for the birth of AU. The vision of the AU is that of "An integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena." Altogether, 54 African states are members of the AU.

PHOTO: UNIDO/FALLY

In recognition of its numerous contributions to the VEF, OFID was among the recipients of the UNIDO Silver Shield, seen here presented by UNIDO Director-General, Kandeh Yumkella.

Vienna Energy Forum 2013

A global energy alliance for turning commitments into action

The Vienna Energy Forum 2013 (VEF2013) convened May 27-29 under the theme *One Year after Rio+20: the energy future we want.* Co-organized by the United Nations Industrial Development Organization (UNIDO), the Austrian Federal Ministry for European and International Affairs and the International Institute for Applied Systems Analysis (IIASA), the event brought together over 1,000 participants, including heads of state, ministers, energy experts, representatives of international and non-governmental organizations, academia, civil society and the private sector.

BY TAMANNA BHATIA

VEF2013 engaged participants in a dialogue on critical sustainable energy issues, such as policies, markets, finance and technologies. The Forum drew on the thought leadership of key partnerships, such as Sustainable Energy for All (SE4All) and the findings of the United Nations Development Group's thematic consultations on energy, as well as on the intergovernmental process on the post-2015 development agenda.

In his opening speech, Kandeh K. Yumkella, UNIDO Director General and UN Special Representative for SE4All, said that energy was now recognized as a defining issue of our time and the lack of access to energy as a crucial constraint on development efforts.

"This is why the post-2015 framework should put in place a clearly articulated, global, long-term goal on universal energy access, supported by short-term targets and a robust monitoring and reporting system. We will work with all stakeholders to achieve sustainable energy for all and drive real action on the ground to help transforms lives, communities, economies and continents, and at the same time protect the environment," he stated. ▶


PHOTO: UNIDO/FALLY

In a panel session, OFID's Faris Hasan *(second from left)* argued that poverty alleviation investments should begin with income-generation activities.

Key highlights of the event

▶ In a significant development at the Forum, the Austrian Federal Ministry for European and International Affairs, UNIDO, and the East African Community (EAC) signed a Memorandum of Understanding on the establishment of the East African Center for Renewable Energy and Energy Efficiency. The Austrian Government has committed to provide EUR 1m towards the establishment of the center.

Jesca Eriyo, Deputy Secretary-General of the EAC, expressed confidence that the East African center would be fully operational by 2014. Ambassador Christine Stix-Hackl, who spoke on behalf of Michael Spindelegger, Vice Chancellor and Foreign Minister of Austria, stated: "Energy for sustainable development is a thematic priority for the Austrian Development Cooperation, both in our global advocacy and in our bilateral work with partner countries."

Other senior officials from international organizations also expressed their solidarity for the cause. Pavel Kabat, Director and CEO of IIASA focused on the importance of scientific research for sustainable energy as the bridge between academia and politics.

Chad Holliday, Chairman of the Bank of America and Co-Chair of SE4ALL reiterated his faith in the potential of technology by saying: "As your tour guide, let me say: buckle your seatbelt, it will be very fast and there will be a few bumps along the way."

The challenge of sustainable energy for all

The widespread absence of modern energy access continues to hamper socio-economic progress in developing countries worldwide. With nearly 1.3 billion people lacking access to electricity and 2.6 billion people relying on biomass for their domestic cooking and heating needs, urgent action is imperative.

Affordable, efficient energy is needed to meet basic human needs, including food security and healthcare, and also to boost productivity and income-generation, prolong work and study hours, and generally enhance social development.

Mary Robinson, President of the Mary Robinson Foundation for Climate Justice, highlighted that energy access was an issue of human rights and climate justice, in that those who had the least energy access also had the smallest voice in energy negotiations and issues. "Our challenge is to bridge the vast gulf in resources between rich and poor, both within and between countries, in a climate-constrained world," she said.

The delegates discussed key issues and challenges for developing financial solutions for

Sustainable Energy for All

SE4All is an initiative launched by the United Nations Secretary-General Ban Ki-moon as a multi-stakeholder partnership between governments, the private sector and civil society. The SE4All initiative has three interlinked goals to be achieved by 2030: to provide universal energy access; to double the rate of global energy efficiency improvement; and to double the share of renewable energy in the global energy mix. In December 2012, the UN General Assembly announced a "Decade of Sustainable Energy for All" to run from 2014 to 2024. Its resolution calls upon member states to galvanize efforts to make universal access to sustainable modern energy services a priority. In April 2013, the World Bank pledged its commitment to SE4All, with President Jim Yong Kim joining with Ban Ki-moon to lead the initiative through its next phase.

sustainable energy investments. It was evident that innovative policies such as feed-in-tariffs and new mechanisms would be required. Moreover, financing a sustainable energy future would call for high upfront investment costs that would be offset in the long run by multiple benefits. The role of global financial mechanisms such as the Global Environment Facility and the Green Climate Fund would become critical in years to come, as they could help catalyze public and private financing for programs on SE4All.

In the plenary session entitled "Financing the Energy Future We Want, Faris Hasan, Director of Corporate Planning and Economic Services, OFID, outlined lessons from OFID's energy poverty research. He explained that poverty-alleviation investments should begin with income-generating activities; that energy must be immediately affordable for the poor; that providers must be technologically, logistically and financially efficient to minimize costs; and that both on- and off-grid solutions must be employed.

The Forum also witnessed some other crucial developments. There was an official launch of the SE4ALL Global Tracking Report, compiled by the World Bank, the International Energy Agency and the International Renewable Energy Agency to monitor energy goals with reference to set targets and timeframes.

Yumkella and Jorge Samek, Director of Brazil's *Itaipu Binacional*, the world's largest generator of renewable clean energy, announced the creation of the International Center for Renewable Energies – Biogas (CI-Biogas) in Brazil.

Also during the Forum, UNIDO and UN-Habitat agreed to work closer to promote cleaner urban industries and technologies, as well as sustainable human settlements for poor and low-income people. The Global Action Agenda identified a number of high-impact opportunities, which would foster positive outcomes in extending and expanding energy access to promote the adoption of sustainable energy.

Voices of the global community

VEF2013 had an impressive ministerial level representation from countries around the world. This included Peter Thomson, Fiji representative and Chairman of the Group of 77; Lihua Liu, Vice Minister of Industry and Information Technology, China; Heikki Holmas, Minister of International Development of Norway; Suhail Mohamed Almazroui, Minister of Energy of the UAE; and N.P. Singh, Adviser to the Ministry of New and Renewable Energy of India, among others.

OFID and energy for the poor

OFID has been a powerful advocate and leading ally in the creation of the SE4All effort, pioneering energy poverty alleviation through its innovative *Energy for the Poor Initiative (EPI)* since 2008. In a video message to VEF2013, OFID Director-General Suleiman J Al-Herbish shared three key points. He said that he was pleased that OFID had been able to play a key role in the implementation of UN Secretary-General Ban Ki-moon's vision of an energy-for-all future. He also explained how OFID had moved from "finding" solutions to "funding" solutions and urged others to do the same. "Our objective is and should be to meet people's needs sooner rather than later, not to waste time debating the pros and cons of fossil fuels versus renewables", he said. Finally, he stressed that OFID was looking forward to building on this momentum and maximizing the impact of its EPI. During the closing ceremony of VEF2013, OFID was awarded the UNIDO Silver Shield for its support and numerous contributions to the Forum over the past six years.

The international agencies made active contributions to the Forum. The World Bank focused on the absence of leadership as one of the key reasons for the lack of access to affordable and sustainable energy for 1.3 billion people and quoted examples of electricity access in Brazil and South Africa as best practice examples.

Andrew Steer, President and CEO of the World Resources Institute stressed the importance of investing in research and development. He also spoke about the need to restructure the tax system, which would make the cap and trade system for carbon emissions more feasible.

Jerome Ferrier, President of the International Gas Union, noted that gas could have socio-economic benefits for both developed and developing countries, even for those with few indigenous resources.

Alexander Bychov, Deputy Director General of the International Atomic Energy Agency spoke about the safe and responsible production of nuclear energy for all countries, especially the developing ones, as nuclear energy could support the three pillars of sustainable development.

Addressing the new Advisory Board of the SE4All at its first meeting in April this year, World Bank President Jim Yong Kim had spoken of SE4All as "an emerging coalition to build a sustainable energy future which, if successful, would give everyone in the world access to electricity."

The VEF2013 was successful in taking the global energy alliance one step closer to its goal of moving from commitments to action to ensure access to clean and affordable energy in countries where it matters most. ■

"Our objective is and should be to meet people's needs sooner rather than later, not to waste time debating the pros and cons of fossil fuels versus renewables."

Suleiman J Al-Herbish

UN prepares post-2015 Agenda: From MDGs to SDGs

A United Nations *High-Level Panel of Eminent Persons on the Post-2015 Development Agenda* is urging an end to extreme poverty by 2030, as part of a Roadmap toward meeting the world's most challenging issues. The Panel is recommending "a new global partnership" to eradicate poverty everywhere and transform economies through Sustainable Development.

BY SAM CHUKWUDI

UN Secretary-General Ban Ki-moon set up the 27-member Panel last year to prepare a new development agenda (a set of post-2015 Sustainable Development Goals) to follow up on the UN *Millennium Development Goals,* or MDGs, when they expire in 2015. The MDGs, authored in 2000, targeted anti-poverty goals including cutting extreme poverty by half, halting the HIV/AIDS pandemic and increasing the numbers of people with access to clean water and sanitation. Indications to date are that the extreme poverty and clean water goals have largely been met, but many of the other goals will probably not be attained.

The High Level Panel met in New York (September, 2012); London (November, 2012); Monrovia, Liberia (January, 2013); and Bali, Indonesia (March, 2013). The Panel, co-chaired by President Susilo Bambang Yudhoyono of Indonesia, President Ellen Johnson Sirleaf of Liberia and Prime Minister David Cameron of the United Kingdom, held consultations with youth, academia, the private sector, parliamentarians and elected representatives of civil society. Social media channels were also involved to encourage contributions by a wide range of individuals. Consultations were held with more than 5,000 civil society groups from 121 countries in every region of the world.

The Panel concluded deliberations, May 30, and presented a Final Report to the Secretary-General. Their recommendations are to be discussed at a forthcoming (September) Session of the UN General Assembly.

Secretary-General Ban had asked the Panel to prepare "a bold, yet practical development vision to present to UN member states." He "looked forward to Panel recommendations on a post-2015 agenda with shared responsibilities for all countries, and with the fight against poverty and sustainable development at its core."

The Panel consisted of 27 Eminent Persons, including representatives of governments, the private sector, academia, civil society and youth, with considerable geographical and gender spread. The Panellists were members in their personal capacity.

Panel report

The Panel's Report is entitled *A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development*. It builds on the eight MDGs, agreed on by world leaders at the UN Millennium Summit in 2000.

The Panel Report sets out a universal agenda to eradicate extreme poverty by 2030 and deliver on the promise of sustainable development. It also emphasizes that the new development agenda must be universal – applying to countries in the global North and South alike – and be infused with a spirit of partnership. The Report advises building institutions that are "honest, accountable and responsive to people's needs."

The recommended goals include ensuring food security, sustainable energy and sustainable natural resource management; creating jobs and promoting economic growth and good gover-

Ban Ki-moon *(center)* addresses the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda. He is flanked by panel Co-Chairs David Cameron *(left)*, British Prime Minister, and Ellen Johnson Sirleaf, President of Liberia.

nance; achieving gender equality and ensuring stable and peaceful societies. Targets include encouraging free speech and the rule of law, ending child marriage, protecting property rights, assisting entrepreneurship and ensuring that every child has at least some primary school education.

Secretary-General Ban, on receiving the Report, declared that the world had a historic opportunity to eradicate extreme poverty and achieve sustainability and equality for all through the new development agenda. "We are at the beginning of an historic journey," he said.

Transformational shifts

The Report calls for the post-2015 goals "to drive five major transformational shifts:"

- move from reducing to ending extreme poverty, leaving no one behind;
- put sustainable development at the core of the development agenda;
- transform economies to drive inclusive growth;
- build accountable institutions, open to all, to ensure good governance and peaceful societies; and
- forge a new global partnership based on cooperation, equity and human rights.

The Panel described the list as illustrative rather than prescriptive. The approach, they said, will be to "Leave no one behind; Put sustainable development at the core; Transform economies for jobs and inclusive growth; Build peace and effective, open and accountable institutions for all; and Forge a new global partnership."

Taken together, these five fundamental shifts could remove the barriers that hold people back, and end the inequality of opportunity that blights the lives of many on the planet. They could, at long last, bring together social, economic and environmental issues in a coherent, effective, and sustainable way. "Above all, we hope they can inspire a new generation to believe that a better world is within its reach, and act accordingly."

Says the Panel: the global community "must keep faith with the original promise of the MDGs, and now finish the job." Members expressed "deep respect" for the MDGs, arguing that "the 13 years since the millennium have seen the fastest reduction in poverty in human history": There are half a billion fewer people living below an international poverty line of US$1.25 a day; and child death rates have fallen by more than 30 percent, with about three million children's lives saved each year compared to 2000. Also, deaths from malaria have fallen by one quarter.

Transformational roadmap

Commending the Panel's "transformative roadmap," Secretary-General Ban emphasized that sustainability was not just an environmental matter, but an approach that would integrate the economic, social and environmental dimensions ▶

of development, as agreed June, 2012 at the Rio de Janeiro UN Conference on Sustainable Development (Rio+20).

At Rio, nation states agreed to binding criteria set out in the Rio outcome, namely that they be "action-oriented, concise and easy to communicate, limited in number, aspirational, global in nature and universally applicable to all countries."

The High Level Panel had suggested that targets in the post-2015 agenda be set for 2030. They argued that longer time frames would lack urgency and might seem implausible, given the volatility of today's world. Shorter time frames, on the other hand, would not allow truly transformative changes (that are needed) to take effect. Goals, they assert, can be a powerful tool for change. But a goal framework is not the best solution to every social, economic and environmental challenge.

World in 2030

Come 2030, says the Panel, there should be some 1.2 billion fewer people hungry and in extreme poverty; 100 million more children who would otherwise have died before they were five; and 4.4 million more women who would otherwise have died in pregnancy or childbirth. There would be 1.3 billion tons of food per year saved from going to waste, 470 million more workers with good jobs and livelihoods, 200 million more young people employed with the skills they need to land good jobs, 1.2 billion more people with access to electricity, 190 to 240 million hectares more of forest cover and roughly US$30tr spent by governments worldwide, with transparency.

The new agenda addresses the three pillars of sustainable development.

Apportioning responsibilities for the attainment of its set target, the Panel declared as follows:

- *National governments* have the central role and responsibility for their own development and for ensuring universal human rights. They decide on national targets, taxes, policies, plans and regulations that will translate the vision and goals of the post-2015 agenda into practical reality. They have a role in every sector and at many levels – from negotiating international trade or environmental agreements to creating an enabling environment for business and setting environmental standards at home.

- *Developed countries,* as a group, would need to keep their pledges to developing countries. North-South cooperation is still vital for many countries: it, therefore, must be maintained, and increased wherever possible. But much more than aid is needed to implement sustainable development, worldwide.

- Also as a group, *Developing countries* are much more diverse than when the MDGs were agreed upon – they now include large emerging economies (BRICS), as well as countries struggling to tackle high levels of deprivation and facing severe capacity constraints. These changing circumstances are reflected in changing roles.

- *International institutions* will play an equally key role. The United Nations has a central normative and convening role, and can join partnerships through its development funds, programs and specialized agencies. International financial and development finance institutions can compensate for market failures to supply adequate and long-term finance for sustainable projects in low- and middle-income countries.

PHOTOS: UN PHOTO/MARK GARTEN

Susilo Bambang Yudhoyono, President of Indonesia and Co-Chair of the High-Level Panel of Eminent Persons, handed over the Panel's report to Secretary-General Ban Ki-moon. Mr Ban *(center right)* and President Yudhoyono *(center left)* pose for a group photo with members of the Panel.

• According to the High Level Panel, huge numbers of *business leaders* with whom the Panel discussed are already integrating sustainable development functions into their corporate strategies. They point at components that go well beyond corporate social responsibility, including innovation to open up new growth markets and address the needs of poor consumers.

• Also, for their part, *Civil Society Organizations* can play a vital role, giving voice to people living in poverty, who include disproportionate numbers of women, children, people with disabilities, indigenous and local communities and members of other marginalized groups.

Experts judge the goals and targets set by the Panel to be bold, yet practical. Just like the MDGs, these may not be legally binding, but must be monitored closely. The Panel urgently recommends that the new goals should be accompanied by an independent and rigorous monitoring system, with regular opportunities to discuss results at a high political level. They also call for a "data revolution" for sustainable development, with a new international initiative to improve the quality of statistics and information available to people and governments

The world in 2030

Concluding their Report, the High Level Panel spoke of envisioning a world in 2030 where extreme poverty and hunger would have been ended. "We envision a world where no person has been left behind, and where there are schools, clinics and clean water for all." This would be a world where there are jobs for young people, where businesses thrive, and where patterns of consumption and production have been brought into balance.

The Panel, furthermore, envisages a world in 2030 where a renewed global partnership, building on the solid foundations of the *Millennium Declaration* and the *Rio principles and outcomes,* has transformed the international community through a universal, people-centred and planet-sensitive development agenda achieved with the shared commitment and accountability of all.

The Panel recognizes that the world has changed significantly since the *Millennium Declaration* in 2000, and is aware how much it will change by 2030. There will be more people in the middle class and more retired people. People will be more connected to one another, using modern communication technologies. The Panel is convinced that the next 15 years can be some of the most transformative in human history and that the world possesses the tools and resources it needs to achieve a bold and ambitious vision.

Universal Goals for accomplishment by 2030

1. End poverty
2. Empower girls and women and achieve gender equality
3. Provide quality education and lifelong learning
4. Ensure healthy lives
5. Ensure food security and good nutrition
6. Achieve universal access to water and sanitation
7. Secure sustainable energy
8. Create jobs, sustainable livelihoods and growth
9. Manage natural resource assets sustainably
10. Ensure good governance and effective institutions
11. Ensure stable and peaceful societies
12. Create a global enabling environment and catalyse long-term finance

MDGs and year 2015: Countdown continues

As the 2015 deadline for accomplishment of the *Millennium Development Goals (MDGs)* draws ever nearer, there remains much debate about the success, or otherwise, of the ambitious initiative. The common impression, however, is that the establishment of the goals has, indeed, moved development forward, much more than would have been the case had they not been proposed.

BY SAM CHUKWUDI

Agreed upon at the UN Millennium Summit in September 2000, the MDGs set out eight specific goals for the international community, including eradicating extreme poverty and hunger, achieving universal primary school education, and reducing maternal and child mortality rates.

The goals have clearly helped to stimulate anti-poverty efforts and have also had an impact on the international donor community and how development aid is channeled.

At the outset, African countries were the main worry of the global community and, for a while, they lagged behind everyone else. As the year count has progressed, however, most African countries have made remarkable advances, with only a minority openly behind.

A new *MDG Report 2013: Assessing progress in Africa toward the Millennium Development Goals* convincingly argues that converting Africa's notable economic performance over the past decade into greater MDG gains remains a primary challenge for much of the continent.

The report was jointly prepared by the African Union Commission, the United Nations Economic Commission for Africa, the United Nations Development Program and the African Development Bank Group.

While Africa is the world's second fastest growing region, its poverty reduction rate is still not on track to halve extreme poverty by 2015. As 2015 approaches, there remains a pressing need to improve agriculture, food distribution and nutrition.

An anti-poverty campaign group deeply involved with African development published statistics showing that 30 sub-Saharan African countries have accelerated progress over the last three years on reaching the MDGs, while 16 are "on track to halve extreme poverty by 2015, when the targets expire."

There is the example of Ethiopia, which, from 2000 to 2011, lifted an estimated 10 million people out of extreme poverty by spending, over the period, nearly 45 percent of its total, national budget on health, education and agriculture.

Going forward, experts predict that several of the MDGs are expected to be achieved in some countries by the 2015 deadline. The World Bank says the goal of halving global poverty will be met, as the numbers of "extremely poor" people in developing countries is projected to fall from 29 percent in 1990 to 12 percent in 2015.

The world has also met the target of halving the proportion of people without access to improved sources of water and achieved some level of parity between boys and girls. The Bank, however, declares that the child mortality MDG "is not likely to be met."

Worldwide, roughly 66 countries are unlikely to achieve MDG5 on maternal deaths and 52 countries will most likely miss MDG4 on under-five mortality. More than 50 countries look set to miss both the targets for cutting mortality rates for young children and mothers by the 2015 deadline.

A World Health Organization *Countdown to 2015 Report* declares that "spectacular progress" has been achieved in some of the poorest countries, "but all the news is not good."

The WHO speaks of 75 "Countdown Countries" with the highest rates of child and maternal mortality, 25 of which have made insufficient or no progress in reducing maternal deaths and 13 that have shown no progress in cutting the number of children who die.

A worrying trend is the growing proportion of child deaths that occur at or around the time of birth. Latest figures cited in the newly-released *Millennium Development Goals Report 2013* show that the share of neonatal deaths among under-five mortality worldwide has grown from 36 percent in 1990 to 43 percent in 2011.

Based on this data, the report concludes that the health of infants in the first month of life will have to be addressed more effectively if progress on child mortality overall is to continue at a rapid pace.

Recommended action includes cost-effective interventions such as postnatal home visits and systematic action to target pneumonia, diarrhoea, malaria and undernutrition, all of them major under-five killers.

With regard to maternal health, the MDG Report notes that meeting the target for reduced maternal mortality will required improve access to emergency obstetric care, especially in rural areas, and assistance from skilled health personnel during delivery. In 2011, nearly 50 million babies worldwide were delivered without skilled care.

The Countdown Report echoes many of the findings published in WHO's *World Health Statistics 2012 Survey*, which found that although improvements in the poorest areas have accelerated, "large variations in health persist both between and within countries."

The report highlighted "significant progress" globally in reducing under-five mortality, which has fallen by 35 percent in the 20 years to 2010 – from an estimated 88 deaths per 1,000 live births in 1990 to 57 two years ago. WHO estimates that around one-fifth of the cut in child mortality was due to better measles immunization coverage. The number of maternal deaths also saw a "significant reduction" – from 543,000 in 1990 to 287,000 in 2010.

Tuberculosis cases have also been falling, with deaths from TB down by a third since 1990, although multi-drug resistance "continues to present significant problems," WHO says.

The number of new HIV cases fell (to 2.7 million people in 2010 from 3.1 million nine years earlier) – and with increased access to anti-retroviral therapy in low- and middle-income countries, the number of people living with HIV is on the rise, to an estimated 34 million at the end of 2010.

The MDG target for access to safe drinking water has been met but the target for sanitation remains elusive – 2.5 billion people still did not have access to improved facilities in 2010.

Open defecation remains a serious problem in many countries but is being addressed, with some measure of success, through community-level action to influence and change social norms. According to the 2013 MDG Report, new approaches to sanitation have taken root in almost 100 countries, and the number of declared "open-defecation-free villages" is on the rise.

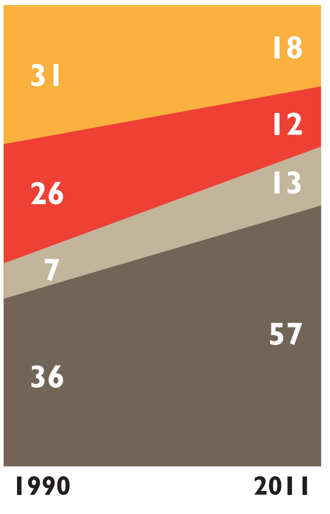
The WHO survey has been most helpful in determining where the world stands regarding progress toward the MDGs. But almost all international institutions face great difficulties gathering such relevant statistics and data.

These challenges faced by bodies like WHO in compiling reports on the developing world was highlighted in the World Health Statistics Report, which said that an estimated 85 percent of the global population lives in countries where cause-of-death data fail to meet high-enough standards.

WHO said it was "unsatisfactory" that 85 countries (where 65 percent of the world population lives) produce lower quality data, and that 74 countries lack such data at all. The two most-populous countries, China and India, apparently lack fully-functioning civil registration systems, using instead "sample registration and modeling" to generate representative statistics.

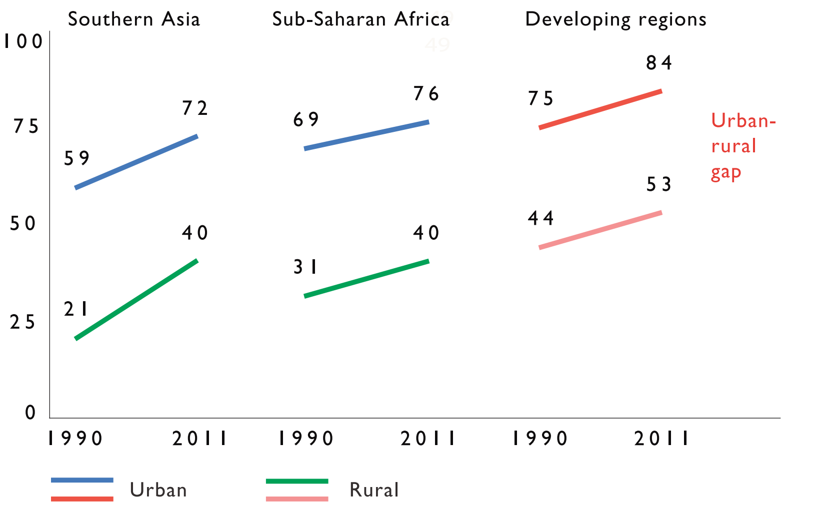
Be that as it may, the MDGs in prescription and pursuit have been most helpful to an expectant world. What has been gained has moved the world forward, and the goals still in the distance continue to point at the way to go. The forthcoming Sustainable Development Goals (see separate story, page 70) should complete the accomplishments of the MDGs and move people toward a better world.

Proportion of population in developing regions by sanitation practices, 1990 and 2011 (%)



Source: The Millennium Development Goals Report 2013

Proportion of deliveries attended by skilled health personnel, urban and rural areas, 1990 and 2011(%)

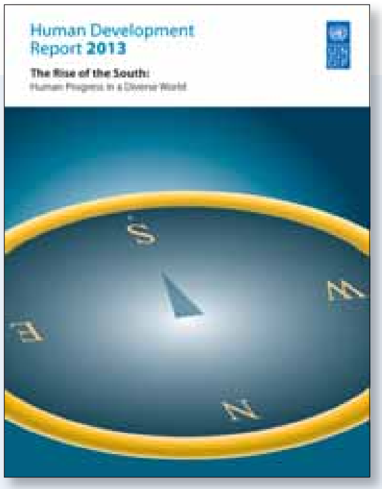


Source: The Millennium Development Goals Report 2013

PHOTO: ANTON BALAZH

Human Development Report 2013

Global power balance undergoing transformation



The 2013 Human Development Report (HDR) identifies more than 40 developing countries that have done better than expected in human development in recent decades, with their progress accelerating markedly over the past 10 years. The 21st century, says the Report, is witnessing a major shift in global dynamics, driven by the rising powers of the developing world.

BY SAM CHUKWUDI

Issued by the United Nations Development Program (UNDP), the 2013 HDR, *The Rise of the South: Human Progress in a Diverse World*, examines the changes in the state of nations and the long-term implications for human development. The Report was launched in Mexico City by UNDP Administrator Helen Clark and Mexican President Enrique Peña Nieto.

Highlights

- Today, the South as a whole produces about half of world economic output, up from about a third in 1990.
- Latin America, in contrast to overall global trends, has seen income inequality fall since 2000.
- There is a clear positive correlation between past public investment in social and physical infrastructure and progress on the Human Development Index (HDI).
- Developing countries trade more among themselves than with the North, and this trend could go much further.

The Report pays tribute to some of the so-called BRICS countries (Brazil, Russia, India, China and South Africa), disclosing that China, for example, had overtaken Japan as the world's second biggest economy, lifting hundreds of millions of people out of poverty in the process.

India is reshaping its future with new entrepreneurial creativity and social policy innovation, while Brazil is raising its living standards by expanding international relationships and anti-poverty programs.

Driving global growth

The South as a whole, says the Report, is driving global economic growth and societal change for the first time in centuries. China and India doubled per capita economic output in less than 20 years, a rate seen as twice as fast as what transpired during the Industrial Revolution in Europe and North America.

"The Industrial Revolution was a story of perhaps a hundred million people, but this is a story about billions of people," says Khalid Malik, the 2013 Report's lead author.

By 2020, the Report projects, the combined output of the three leading South economies – China, India and Brazil – will surpass the aggregate production of the United States, Germany, United Kingdom, France, Italy and Canada.

With living standards rising in much of the South, the proportion of people in extreme income poverty, worldwide, plunged from 43 percent in 1990 to 22 percent in 2008. As a result, much of the world has already achieved the main poverty eradication target of the Millennium Development Goals (MDGs), which called for the share of people living on less than US$1.25 a day to be cut by half from 1990 to 2015.

The South is increasingly interdependent and interconnected. Mobile phones with Internet links are now found in most households in Asia and Latin America, and in much of Africa, and the majority of affordable smart phones are produced by South-based companies. Brazil, China, India, Indonesia and Mexico now have more daily social media traffic than any country except the United States.

Global institutions, says the Report, have not yet caught up with this historic change. China, with the world's second largest economy and biggest foreign exchange reserves, has but a 3.3 percent share in the World Bank, less than France's 4.3 percent. India, which will soon surpass China as the world's most populous country, does not have a permanent seat on the UN Security Council. And Africa, with a billion people in 54 sovereign nations, is under-represented in almost all international institutions.

But the "Rise of the South" is a much larger phenomenon: Indonesia, Mexico, South Africa, Thailand and other developing countries are becoming leading actors on the world stage.

The Report notes that, over the last decade, all countries accelerated their achievements in education, health and income as measured in the HDI, to the extent that no country for which data was available had a lower HDI value in 2012 than in 2000.

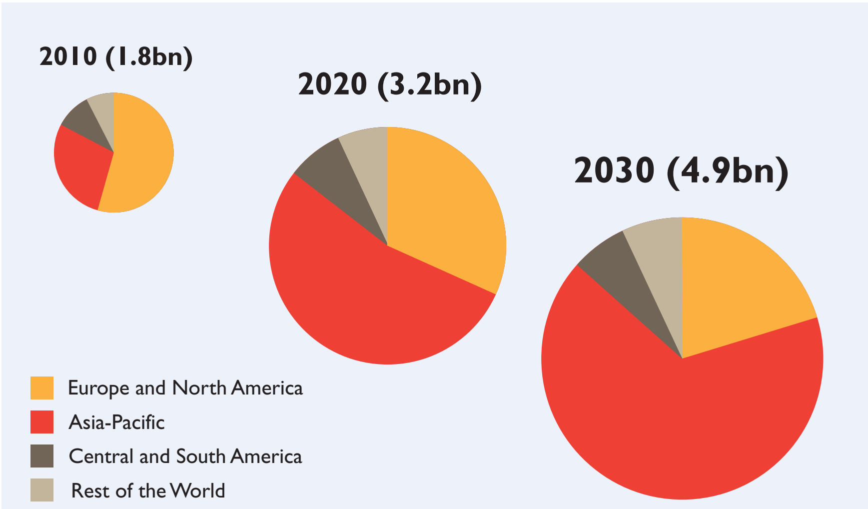
Specific areas of focus

The Report identifies four specific areas of focus for sustaining development momentum: enhancing equity, including in gender; enabling greater voice and participation of citizens, including the youth; confronting environmental pressures; and managing demographic change.

Finally, the Report calls for a critical look at global governance institutions to promote a fairer, more equal world. It calls for greater transparency and accountability, and highlights the role of civil society in advocating for this and for greater decision-making powers for those most directly affected by global challenges. These are often the poorest and most vulnerable.

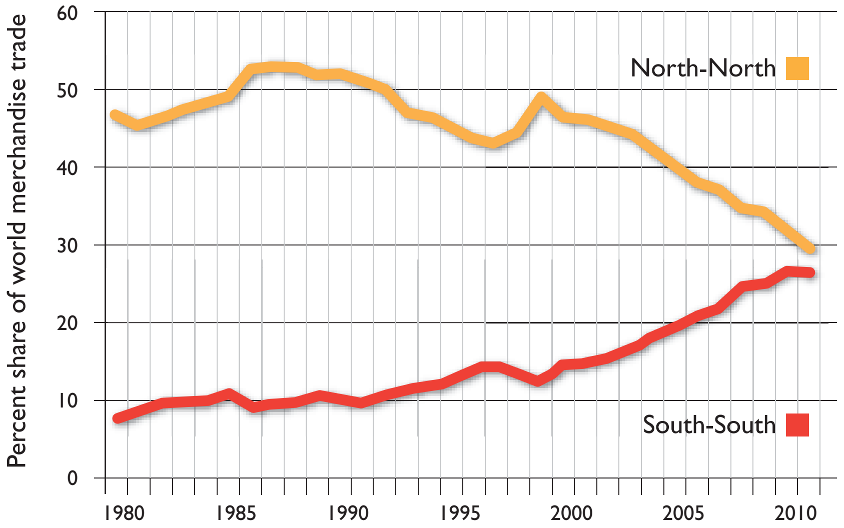
Nevertheless, Southern nations face long-term challenges shared by industrialized countries of the North, including an aging population, environmental pressures, social inequalities, mismatch between educational preparation and job opportunities, and the need for meaningful civic engagement, among many other issues. These require both national and global solutions if developing countries are to maintain their human development momentum.

Massive expansion of the global middle class



Source: HDR 2013

Realignment of world trade



Source: HDR 2013

◀ Projections in the Report examine the potential demographic impact of ambitious national education policies similar to those implemented in recent decades by the Republic of Korea. The forecast suggests that faster educational progress would also substantially reduce child mortality, the direct result of improvements in opportunities for girls.

Severe poverty, however, remains a major drawback through much of the developing world, the Report stresses. An estimated 1.57 billion people, or more than 30 percent of the population of the 104 countries studied for the Report, live in what it terms "multidimensional" poverty, including 612 million people in India.

Lower aid flows to the South

The advances in developing countries notwithstanding, a coterminous study by the Organization for Economic Cooperation and Development (OECD) issued an alert that development aid from the rich countries of the North fell for the second year in a row in 2012.

Think-tanks suggest that economic crisis in the West has brought a four percent drop in aid, and a spending shift from poorest to middle-income nations. In addition to the financial crisis, much of aid-giving Europe has recently labored under inclement weather (floods and incessant rain) seen by some as resulting from climate change.

The OECD says aid is likely to decline the most to countries with the largest MDG gaps and poverty levels. Observers note a shift in aid away from the poorest countries and toward middle-income countries. The shift benefited countries such as China, India, Indonesia, Pakistan, Sri Lanka, Uzbekistan and Vietnam. By contrast, aid stagnated to countries with the largest MDG gaps and poverty levels, including sub-Saharan African Burundi, Chad, Madagascar, Malawi and Niger.

"It is worrying that budgetary duress in our member countries has led to a second successive fall in total aid," said Angel Gurría, the OECD Secretary General, "but I take heart from the fact that, in spite of the crisis, nine countries still managed to increase their aid. As we approach the 2015 deadline for achieving the MDGs, I hope that the trend in aid away from the poorest countries will be reversed."

South in the North, North in the South

HDR 2013 warns that non-responsive political structures can prompt civil unrest, especially if economic opportunity does not keep pace with educational advancement, as in the countries that faced uprisings in 2011.

Discontent is on the rise in the North and the South as people call for more opportunities to voice their concerns and influence policy, especially on basic social protection.

Among the most active protesters are youth, in part a response to job shortages and limited employment opportunities for the educated. Social tensions are also currently felt in several developed countries, where austerity policies and declining growth impose hardships on millions. "There is a 'south' in the North and a 'north' in the South," says the Report.

The rise of the South, the Report continues, is challenging existing global institutions to change and showing new ways that countries and regions can work together to confront shared challenges. As older international institutions fail to adapt, new mechanisms are emerging, such as networks of national and continent-wide cooperation, including regional trade pacts, security groupings, development banks and bilateral agreements.

The South needs greater representation in global governance, which also requires assuming greater responsibility, the Report asserts. The global system is judged overdue for reform, and HDR 2013 calls for a more "coherent pluralism" in international governance.

The Report urges the convening of a new "South Commission" where developing countries can take the lead in suggesting constructive new approaches to effective global governance. "The South needs the North," the Report says, "and, increasingly, the North needs the South." ■

SE4All initiative enters dynamic new phase

United Nations Secretary-General Ban Ki-moon and World Bank President Jim Yong Kim have announced the formation of a new Advisory Board to lead the global Sustainable Energy for All (SE4All) initiative through its next phase.

BY AUDREY HAYLINS

The joint announcement was made on the sidelines of the World Bank Spring meetings in Washington DC on April 19. The Advisory Board, an elite 34-member panel representing business, finance, government and civil society, held its inaugural meeting the same day.

In a move underscoring the importance that the UN and the World Bank attach to the SE4All initiative, Ban Ki-moon and Kim are to serve as co-chairs of the Advisory Board, the first time the two heads have jointly led such an effort.

"SE4All represents a new era in World Bank – United Nations relations," said Ban Ki-moon, describing the partnership as "the cornerstone of SE4All" and pledging to use the combined powers of their institutions to mobilize action against energy poverty.

"The Advisory Board has the top-flight expertise and experience needed to help us reach our goal of providing sustainable energy for all by 2030," the Secretary-General added.

Advisory Board members include a head of state, President Olafur Ragnar Grimsson of Iceland, a clutch of government officials, including HRH Prince Abdulaziz bin Salman Al-Saud, Deputy Minister, Petroleum and Mineral Resources, Saudi Arabia, and the heads of a number of UN agencies and other international organizations.

The development finance community is represented by the presidents of both the Inter-American Development Bank and the African Development Bank – which will host the SE4All Africa Hub – as well as OFID's own Director-General, Suleiman J Al-Herbish. ▶

PHOTO: RYAN RAYBURN/WORLD BANK

PHOTO: RYAN RAYBURN/WORLD BANK

World Bank President Jim Yong Kim *(front center left)* and UN Secretary-General Ban Ki-moon *(front center right)* pose with members of the 34-member Advisory Board.

◀ OFID Member Country the United Arab Emirates is represented by Sultan Ahmed Al Jaber, CEO and Managing Director of MASDAR, Abu Dhabi's pioneering renewable energy initiative.

Advisory Board members will provide strategic guidance and serve as global ambassadors for the initiative, conducting high-level advocacy for action and mobilizing stakeholders on behalf of SE4All.

A sustainable energy future

Addressing the Advisory Board at its first meeting, Jim Yong Kim spoke of "an emerging coalition to build a sustainable energy future" which, if successful, would give everyone in the world access to electricity.

"Imagine that world," he said. "Power will come from cleaner sources. Families will be spared the harmful effects of indoor air pollution from cooking and heating with wood and waste. People and firms all over will be using energy more responsible and efficiently. We have the incredible opportunity of making all this happen through our collective will and effort."

Kim also urged Advisory Board members "to find a way to hold our feet in the fire" in delivering on all the SE4All objectives.

Launched by Ban Ki-moon in 2011 as a multi-stakeholder partnership between governments, the private sector and civil society, the SE4All initiative has three interlinked goals to be achieved by 2030: universal access to modern energy; double the share of renewables in the global energy mix; and double the global rate of improvement in energy efficiency.

Stepping up momentum

This commitment was underscored in December 2012, when the UN General Assembly announced a "Decade for Sustainable Energy for All" to run from 2014 to 2024. Its resolution calls upon member states to make universal access to sustainable energy a priority.

To date, more than 70 countries have opted in to SE4All, with support coming from all over the world. The initiative has demonstrated the ability to marshal multi-billion dollar commitments, leverage large-scale investments, and build upon a rapidly expanding knowledge network.

Currently, the initiative is working to mobilize businesses, investors and civil society to focus on "high-impact opportunities" that can make an immediate contribution to the 2030 objectives. These include schemes such as off-grid lighting, the use of clean cook stoves and other innovative solutions to the challenge of energy provision in rural communities.

OFID has been a powerful advocate and leading ally in the creation of the SE4All effort, pioneering energy poverty alleviation through its innovative *Energy for the Poor Initiative* since 2008. A landmark in this regard was the issue in June 2012 of a *Ministerial Declaration on Energy Poverty*, which committed a minimum US$1 billion to finance the initiative. According to the Declaration, this amount may be scaled up "if demand warrants." ■

Quick link

www.sustainableenergyforall.org

Nigerian Cultural Week and Business & Investment Forum 2013

The Viennese premiere, at OFID HQ, of award winning "Nollywood" film *Last Flight to Abuja* was just one of a host of events held in Vienna at the end of June as part of a Nigerian culture and business week.

BY JUSTINE WÜRTZ

Vienna's first ever Nigerian Week included a film festival, a business and economic forum, a gala dinner in honor of Nigerians and Austrians who have contributed to bilateral relations, and culminated in a lively and colorful carnival procession along Vienna's famous *Ringstrasse*.

The event was designed to showcase the diverse culture of Nigeria as well as its rich natural resources and wide-ranging business opportunities.

Making the country more attractive for investment is part of efforts to achieve Nigeria's Vision 2020, namely to become one of the top 20 world economies by the end of the decade.

The kick-off event, the premiere of *Last Flight to Abuja*, from acclaimed director Obi Emelonye, was hosted at OFID headquarters on Monday, June 24.

The premiere was attended by government ministers and ambassadors, together with members of the local Nigerian and Austrian community. In the absence of Director-General, Suleiman J Al-Herbish, who was on official travel, OFID was represented by Mauro Hoyer, Director, Department of Information.

Speaking at the premiere, Maria O. Loase, Ambassador of Nigeria to Austria, thanked Mr Al-Herbish and OFID for the "generous donation of this magnificent location" for the opening of the week's events. The cultural activities, she pointed out, were, in fact, an initiative of the Nigerian community. "The business forum is of course, an Embassy affair, but it's a coincidence that everything takes place at the same time." ▶

The "Nollywood" success story

Last Flight to Abuja tells the story of a plane crash and the lives of those directly involved in the tragic accident.

The film is the biggest West African box-office hit of 2012 and the longest running movie in Nigerian cinema history. "Nollywood" itself employs more Nigerians than the country's oil industry and has become the second most productive film industry in the world after Bollywood.

Last Flight producer and director, Obi Emelonye, told the *Quarterly*: "There's been a lot of bad press for Nigeria, but it's getting better. Part of that getting better comes from the film industry, which is promoting Nigeria internationally. To have this kind of event and showcase what Nigeria has to offer, not just in terms of entertainment, but also in terms of business, is important."

Keynote speaker at the premiere was Evelyn Ndali Oputu, Managing Director and CEO of the Nigeria Bank of Industry, which through the Federal Government of Nigeria has committed US$100m to the Nigerian film industry in the belief that through the creative industries the "story that is Nigeria" can be told.

Said Ms Oputu: "Most people who hear about my country only learn about it via some prejudice view. Today you will see something else that tells you about the creativity that is Nigeria."

The film, she added, told a story of people with passion: "People who want to change, who want to do things differently, who want to impact the society that they live in and also impact the world."

Yumkella: Nigeria is Africa's emerging market

Guest speaker, Kandeh Yumkella, UN Special Representative for Sustainable Energy for All, thanked Ambassador Loase for her contribution to changing Austrian perceptions of the continent: "You have shown the other side of Africa that we want people to see. People tend to hear a little thing from one corner of Africa, and think it's the whole of Africa: damn it we're 53 countries!"

Referring to the Business Forum and the Bank of Industry's financial contribution to the film industry, Yumkella pointed out that Nigeria was Africa's own emerging market.

"If you look at the economic indicators for Nigeria, they are better than any country in Europe. You look at their debt to GDP ratio, it is one of the best in the world," he said, adding that in 20 years or so, Africa would have a middle class of about 300 to 400 million. "If you're thinking

Top left (from left):
Martin Eichinger, Director-General of Cultural Policy, Austrian Federal Ministry for European and International Affairs; Keynote Speaker, Evelyn Ndali Oputu, Managing Director and CEO of the Nigeria Bank of Industry; Obi Emelonye; Dr Kandeh Yumkella; Philomena Yumkela; HE Maria O. Loase, Nigerian Ambassador.

Top right (from left):
HE Dr Samuel Ortom, Minister of State for Trade and Investment of Nigeria; Mr Mauro Hoyer, Director, Department of Information,OFID.

about investment, think about the influence of Nigerian movies on that market," he stated.

Yumkella went on to argue that Africa and Europe should see themselves as having a common destiny; that Europe should look at Africa as the next major market and invest in the continent's economic transformation. "We are close together geographically; this is an advantage and both sides must seize it," he stressed.

Austria and Nigeria as investment partners

In his own address, guest of honour at the premiere, HE Martin Eichinger, Director-General of Cultural Policy, Austrian Federal Ministry for European and International Affairs, noted that the excellent relations enjoyed between Nigeria and Austria dated back to 1909, when Austria was one of the first European countries to open a consulate in the port city of Lagos.

He described as "interesting" the fact that Austria never pursued imperial interests on the African continent "but early on saw the great potential for closer relations with Africa's most populous country."

HE Dr Samuel Ortom, Minister of State for Trade and Investment of Nigeria, supported Eichinger's view, stating that the two countries shared a very robust relationship and that his ministry was looking forward to improving it. "Nigeria is open to investment in all sectors of the economy, with a lot of incentives provided by the government," he said, adding that attracting foreign investment was a key goal of Nigerian President, Goodluck Jonathan.

"We are working very hard to improve the business climate and to ensure that business will strive in our country," Dr Ortom declared, before going on to suggest that Austria, with its advanced technological knowledge, could take advantage of such opportunity.

The Nigerian Business & Investment Forum, the first of its kind in Austria, took place in Vienna, June 26 to 28. The main purpose of the Forum was to encourage Austrian industry and business to invest in Nigeria under the safety net of a legally predictable investment climate.

It followed the conclusion in April, of an Investment Promotion and Protection Agreement between the two countries, signed by HE Olugbenga Ashiru, Nigerian Minister of Foreign Affairs and HE Dr Michael Spindelegger, Austrian Vice Chancellor and Minister of Foreign Affairs.

Nigeria has become Austria's second-largest two-way trading partner in sub-Saharan Africa after South Africa. In 2011, total trade volume between the countries amounted to more than EUR882m, according to data from the Austrian Ministry for International and Foreign Affairs. ■

Emir of Qatar abdicates in favor of his son

Unexpected decision by Sheikh Hamad sets new precedent in the Gulf region

The Emir of Qatar, His Highness Sheikh Hamad Bin Khalifa Al Thani, has announced the transfer of power to his son, the heir apparent, Sheikh Tamim Bin Hamad Al Thani.

In a speech on national television on June 25, the 61-year-old Emir said: "I declare that I will hand over the reins of power to Sheikh Tamim bin Hamad Al Thani; and I am fully certain that he is up to the responsibility, deserving the confidence, capable of shouldering the responsibility and fulfilling the mission."

The move is unprecedented in the modern history of the Arab region, where rulers usually remain in power until their death.

PHOTO: REUTERS/FADI AL-ASSAAD

His Highness Sheikh Hamad Bin Khalifa Al Thani, Emir of Qatar, delivered a televised speech announcing his abdication.

New generation

Explaining his decision, Sheikh Hamad, said: "The time has come to turn a new leaf in the history of our nation, where a new generation steps forward to shoulder the responsibility with its dynamic potential and creative thoughts."

He pointed out that his rule, which began in 1995, had been driven neither by power nor personal motives, but the best interests of the nation. "That interest has dictated that we lead through a new chapter," he stated.

During his rule, Sheikh Hamad was instrumental in transforming Qatar into the prosperous country it is today, largely through development of the world's largest facility for condensing and exporting liquid natural gas. Revenues from oil and gas have been invested in infrastructure projects both in Doha and abroad. Sheikh Hamad was also responsible for launching Al-Jazeera – the first Arab international news satellite network.

Groomed for leadership

At 33 years of age, the new monarch is the youngest leader in the Gulf region. Sheikh Tamim was educated at Sherborne and Harrow in Great Britain, before going on to attend the prestigious Royal Military Academy in Sandhurst, where he graduated in 1998. He was subsequently commissioned in the Qatari armed forces as second lieutenant and rose in the ranks until he was appointed deputy commander-in-chief in 2009. Sheikh Tamim has been heir apparent since 2003, after his older brother Sheikh Jassim Bin Hamad Al Thani renounced his rights to the throne. Having been groomed for the position of Emir since then, Sheikh Tamim has assumed a broad range of responsibilities.

Overseeing national development

Among other posts, the Sheikh is presently Chairman of the Qatar National Vision 2030 project, which outlines the county's long-term development goals. The National Vision rests on four pillars: human, social, economic and environmental development. Its objectives are aimed at "transforming Qatar into an advanced country by 2030, capable of sustaining its own development and providing for a high standard of living for all of its people for generations to come."

Among his many leadership roles, Sheikh Tamim is Chairman of the Supreme Council for the Environment and Natural Reserves, Chairman of the Supreme Education Council and Chairman of the Board of the Qatar Investment Authority. He is also Vice-Chairperson of the Qatar Foundation, a non-profit organization founded by his father and chaired by his mother Sheikha Mozah Bint Nasser Al Missned.

The Foundation, through its three core mission areas, education, science and research and community development, "strives to nurture the future leaders of Qatar." Sheikh Tamim is also helping oversee his mother's flagship project Education City, which houses a wide range of educational facilities, including branch campuses of leading Western universities.

Soccer World Cup

Sheikh Tamim has also played a major role as a sports administrator, having chaired the organizing committee of the 15th Asian games in Doha, which was attended by all member countries for the first time ever. Qatar has also been selected by Fifa to host the 2022 Soccer World Cup.

PHOTO: REUTERS/MOHAMED NURELDIN ABDALLAH.

Qatar's new Emir,
His Highness Sheikh Tamim
Bin Hamad Al Thani.

During his first public address delivered the day after he assumed his new role, Sheikh Tamim paid tribute to his father, who he said had ruled Qatar "with wisdom, vision, and diligent work for the benefit of his people and to raise the stature of his country."

The new Emir stated that the change in leadership did not mean a change in the "tasks and challenges" ahead, and that a strong focus would continue to be placed on human development, as well as supporting areas relating to health, education, culture and sports.

Concluding his statement, Sheikh Tamim extended his "profound thanks and gratitude to the knight who dismounted" and wished him and all others who had helped serve the country "good health and longevity."

Qatar fact file

Qatar National Vision 2030 outlines how the country plans to use the vast revenues from its hydrocarbon resources to transform itself into a modern knowledge-based economy, with human resource development at its heart.

Population: 1.9m

Area:
11,437 sq km

Capital: Doha

GNI per capita:
US$80,440

- Ruled by Thani dynasty for 150 years
- Former pearl fishing center
- Declared independence on September 3, 1971, when it joined Bahrain in declining to join the UAE
- First written constitution came into effect in June 2005
- Possesses more than 15 percent of the world's proven gas reserves
- One of the two biggest shareholders of the London Stock Exchange (the other is Dubai)
- Home of independent Al-Jazeera satellite TV channel
- First Arab country to host the Asian Games in 2006
- In December 2010, won bid to host 2022 FIFA World Cup

PHOTOS: OPEC/DIANA GOLPASHIN

Dr Abdel Bari Ali Al-Arousi *(center)*, Libya's Minister of Oil & Gas, Alternate President of the OPEC Conference; Abdalla Salem El-Badri *(right)*, OPEC Secretary General; and Yasser Mufti *(left)*, Saudi Arabia's Governor for OPEC, and Chairman of the Board.

163rd Meeting of the OPEC Conference convenes in Vienna

Ministers exercise caution in sticking to existing oil production ceiling

OPEC's Oil and Energy Ministers, at their Meeting in the Austrian capital at the end of May, decided to err on the side of caution by again retaining the Organization's current production ceiling of 30 million barrels/day of crude oil for the rest of this year.

In what proved to be a widely expected outcome of the 163rd Meeting of the OPEC Conference, Ministers from the 12-Member Organization expressed concern that there could be a further easing of market fundamentals in the second half of the year. They decided that despite forecasts of seasonally higher demand in the second half of 2013, taking all developments into account, it would be wise to maintain the status quo and adhere to the existing output allocations.

In explaining the Ministers' decision, an OPEC communique issued after the one-day Meeting at the Organization's Secretariat, noted that crude oil prices had been relatively steady so far in the year, with periodic fluctuations being a reflection of geopolitical tensions. Oil stock levels in the OECD region remained comfortable, while the international market was adequately supplied with crude.

However, whilst world oil demand was expected to rise to 89.7m b/d in 2013 from 88.9m b/d last year, driven almost entirely by the non-OECD regions, non-OPEC crude oil supply was projected to grow by 1.0m b/d, it pointed out.

Out of this equation, demand for OPEC crude in the third quarter of the year was forecast to stand at 30.4m b/d, rising to 30.5m b/d in the last three months of the year.

The Conference also observed that whilst world economic growth was projected to reach 3.2 percent in 2013, up from three percent in 2012, downside risks to the global economy, especially in the OECD region, also remained unchecked.

"Taking all these developments into account, the second half of the year could see a further easing in fundamentals, despite seasonally-higher demand," the communique observed.

"In the light of the foregoing, the Conference again decided that Member Countries should adhere to the existing production ceiling of 30.0m b/d."

The communique again stressed that Member Countries would, if required, take steps to ensure a balanced market and reasonable price levels for producers and consumers.

"Member Countries reiterated their readiness to rapidly respond to developments that might place oil market stability in jeopardy," it stated.

The Conference's decision to retain the existing oil production ceiling was expected in most quarters within the industry, due to the prevailing situation in the market.

Commenting ahead of the Meeting, Ali I Naimi, Saudi Arabia's Minister of Petroleum and Mineral Resources, said the situation in the international oil market at present was characterized by stability and balance of supply, demand and commercial inventories.

"Oil prices are at the level suitable for producing and consuming nations and the petroleum industry," he was quoted as saying by the Saudi Press Agency.

OPEC remains committed to ensuring oil market is well supplied

OPEC will continue its efforts to achieve a stable international oil market by ensuring that it remains well supplied with crude to meet demand from consumers at fair and reasonable prices.

That was the message delivered by the Alternate President of the OPEC Conference, Dr Abdel Bari Ali Al-Arousi, to the opening of the 163rd Meeting of the Conference in Vienna at the end of May.

"Given the prevailing global economic situation, OPEC will, as always, closely monitor developments in the oil market in the coming months, Al-Arousi, Minister of Oil and Gas of Libya, told the one-day Meeting held at the Organization's Secretariat.

The Minister was referring to a reflection of the continued uncertainty stemming from the slow pace of global economic growth, continued Eurozone debt crises, high unemployment in the advanced economies and the risk of inflation in developing countries.

These factors, he said, had contributed to dampening what appeared as a clear momentum in the global economic recovery at the beginning of the year.

"This has, however, not affected our economic growth forecast of 3.2 percent for the year," he affirmed, referring to OPEC's latest monthly forecast for the world.

Al-Arousi noted that more than five months had passed since the OPEC Conference had last met to review the situation in the oil market, the impact of the recent developments and how the market behaved in the face of the many challenges during this period.

Since that time, he said, there had been continuing fluctuations in the oil price, with a general downward trend in the last few months.

"In mid-April, we saw the OPEC Reference Basket price reach US$98 a barrel. It then fluctuated for the remainder of the month, ending at US$101.05/b from US$106.86/b, a drop of US$5.81/b (5.75 percent) and is presently averaging at US$100.85/b," he revealed.

The Minister said that overall in 2013, the world oil demand growth forecast was expected to increase by 800,000 b/d. Total non-OPEC supply had seen a slight upward adjustment to 1.0 million b/d for the year, while output of OPEC natural gas liquids and non-conventional oils were expected to grow by 0.2 percent.

"This situation is likely to continue through the third and into the fourth quarters as we head into the driving season," he maintained.

Al-Arousi said that at the Ministerial talks, delegates would have the opportunity to examine closely the important issues regarding the market outlook for the rest of the year and beyond.

Dr Abdel Bari Ali Al-Arousi.

"Our focus will remain on doing all we can to provide stability in the market. This stability will benefit all stakeholders and contribute to growth in the world economy," he stressed.

"However, as we have repeatedly said, this is not a job for OPEC alone. Every stakeholder has a part to play in achieving this. Together, through cooperation and dialogue, we can achieve our goal," he added.

Al Arousi also took the opportunity in his address to welcome two new Ministers to the Conference as Heads of their Countries' Delegations. They comprised Pedro Merizalde-Pavón, Minister of Non-Renewable Natural Resources of Ecuador, and Suhail Mohamed Al Mazrouei, Minister of Energy of the UAE.

"We welcome you both and look forward to benefiting from your contributions to this and future meetings," he said.

Al-Arousi also welcomed a 'new colleague' from Kuwait – Mustafa Al-Shamali – who was appointed Acting Oil Minister just three days before the Conference. Al-Shamali, who is Kuwait's Deputy Prime Minister and Minister of Finance, was represented at the Conference by Kuwait's OPEC Governor, Siham Abdulrazzak Razzouqi.

"We look forward to welcoming him to our future meetings and wish him every success in his assignment," said Al-Arousi, who went on to thank the new incumbents' predecessors in office, Wilson Pástor-Morris of Ecuador; Hani Abdulaziz Hussain of Kuwait; and Mohamed bin Dhaen Al Hamli of the UAE, for their contributions to the Conference during their time in office. "We wish them well in their future assignments," he said.

Also, on behalf of the Organization and our Member Countries, Al-Arousi expressed deepest condolences to the Government and people of the Bolivarian Republic of Venezuela for the sad loss of their President, Hugo Chávez Frías, who passed away on March 5, 2013 after a long battle with cancer.

"Additionally, I should like to extend our deepest sympathies to the Government and people of the Islamic Republic of Iran for the loss of life and damage caused by the earthquakes that have hit their country recently," said the Alternate Conference President.

◀ The Minister was also quoted as saying that it was the best environment for the market right now. "Supplies are plentiful, demand is great and inventories are balanced," he added.

Meanwhile, Suhail Mohamed Al Mazrouei, United Arab Emirates (UAE) Minister of Energy, maintained that the current level of crude oil prices at around US$100/b was fair and reasonable.

"It has been sustained [at this level] for some time without impacting the economics of the producers and the countries that are buying the crude. It also encourages investment in future supply," maintained the Minister, who was attending his first OPEC Conference as head of the his country's delegation.

The Conference considered the OPEC Secretary General's report on oil market developments, in particular supply/demand projections, as well as the outlook for the second half of 2013, and the report of the Organization's Economic Commission Board (ECB), in addition to various administrative matters.

As is customary, the Ministers listened to presentations and exchanged views on a variety of topics, including: multilateral developments on environment matters; the Organization's energy dialogue with the European Union; the outcome of continuing cooperation between OPEC, the International Energy Forum and the International Energy Agency in areas defined by the Cancun Declaration; and the status of collaborative work with the G20.

Of note, the Conference endorsed the formulation of a report on the shale oil revolution, which has effectively and quickly changed the energy fortunes of the United States.

OPEC Secretary General, Abdalla Salem El-Badri, referred to the proposed report at the press conference convened immediately after the Ministerial talks.

He said the Organization had discussed shale gas and tight oil at its meetings in the Secretariat, within the ECB, and also at the Conference.

Abdalla Salem El-Badri, OPEC Secretary General

"It represents a new supply of liquids and the Ministers would like to know the magnitude of this new supply, including how long it will last, its sustainability, the costs involved and the effects on the environment and what the future for tight oil is," he said.

El-Badri disclosed that the OPEC Secretariat was already looking into the situation and would assess shale oil and shale gas just it as did any other source of energy.

"Some of the information we have been receiving on this subject has been different, from different sources. We have not really received accurate information, so we have to do it ourselves, using accurate sources, to see how much of this tight oil will be sustainable going into the future," he explained.

By the end of last year, the US had recorded the biggest annual rise in its domestic oil output since it first pumped oil in the early 1860s. International crude oil prices above US$100/b had enabled the world's largest oil consumer to free up vast quantities of shale oil in North Dakota and Texas, which helped boost the nation's output by 850,000 b/d by the end of 2012.

Said El-Badri: "We need to look into this process more deeply, to get accurate numbers about how much supply can be expected year-on-year and how much of the production will be sustainable.

"We do know that the operation is very costly and difficult and the decline rate of wells in the first year is up to 60 percent. There is a lot of uncertainty. So the OPEC Secretariat would like to get more information," he added.

Speaking on the Organization's spare production capacity, the OPEC Secretary General said that "for sure" OPEC producers needed to have spare capacity because this was required to reduce speculation and volatility in the market.

"This spare capacity is not only of benefit to OPEC Member Countries, but also for the market and for the consumers – for everyone," he stressed. "We cannot have a tight market where volatility will then remain very high," he added.

Asked whether he thought US$100/b was a fair price for crude oil in the marketplace, El-Badri reiterated that the Organization did not have a target price. Oil prices were set by the market and had nothing to do with conventional or non-conventional supplies of oil.

Commenting on the global economy, he said Europe was still in recession, but with regards to the cost of energy for the consumer, he pointed out that this was not just a question of the cost of a barrel of oil, but also the taxes involved.

"When you fill your tank at the petrol station, there is the cost of the oil and the cost of the taxes you have to consider. And as I have repeated many times, in the case of the G7 or G8 countries, they receive more income from taxation than OPEC producing countries do from the crude they sell.

"So if governments really want to help their countries, they should reduce these taxes so that the consumers can buy more gasoline," he stated.

Concerning the appointment of a new OPEC Secretary General, El-Badri said no decision had been taken as yet, but discussions were ongoing concerning the criteria for choosing a new Secretary General. "We still have the three candidates," he affirmed.

OPEC's next Conference will be convened in Vienna on December 4, 2013. ■

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