

JULY 2014

OFID Quarterly

THE OPEC FUND
FOR INTERNATIONAL
DEVELOPMENT

Latin America's golden era: The road ahead



Ecuador rejoins OFID

Ministerial Council
meets in Doha

Palestine: Where dignity
and resilience prevail

African NGOs receive OFID
Annual Award for Development

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Uniting against Poverty

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Latin America and the Caribbean: The challenge of inclusive growth

The sun of the new millennium has risen high in Latin America and the Caribbean. The region's economy has performed at its strongest since the 1970s, extreme poverty has been cut to just six percent of the population, and the ranks of the middle class are booming.

Despite growth tailing off after the 2008 financial crisis, the lives of millions continue to improve. More jobs are available—an estimated 70 million women have joined the labor market—and social spending has significantly increased, leading to better public services.

The impressive statistics, however, come with a caveat: not all countries or people have had the good fortune to be part of this transformation. There remain substantial differences among nations—in terms of size and wealth—and within nations—in terms of income, gender and ethnic inequalities.

The region holds enormous promise. In addition to broad swathes of fertile farmland—which have made it the largest net food-exporting region in the world—it is home to almost a quarter of the world's forests and close to one-third of global fresh water sources.

Its energy resources are also abundant. Here too, though, yawning disparities prevail. While Venezuela has the world's largest proven oil reserves, smaller countries are almost entirely dependent on imports to meet their power needs.

The challenges, therefore, remain. For Latin America to enjoy growth that is truly sustainable and inclusive, many obstacles must still be overcome.

The World Bank warns of the region's over-reliance on commodity exports; of the need for greater innovation and diversification, and for the establishment of broader and deeper links to the global economy. It also highlights the continent's weak infrastructure and logistical deficiencies. Then there are inflationary pressures, capital-flow volatility and exchange-rate instability—all factors that have to be addressed.

On the social front, urgent steps need to be taken to improve the lot of the 80 million Latin Americans who live in extreme poverty, the 47 million who suffer from hunger and the 30 million who lack access to modern electricity services. Should the economic context change, the new middle class will also be vulnerable.

OFID has close ties with the region. Member Country Venezuela was instrumental in OFID's establishment 38 years ago. It was in Caracas, the Venezuelan capital, at the second OPEC summit in 2000, that OPEC heads of state and government reaffirmed their commitment to poverty eradication, describing it as the "overriding global priority."

Ecuador, meanwhile, has just reactivated its membership after an absence of 22 years, recognizing in OFID "an invaluable tool" for realizing President Correa's vision of "a strong and united Latin America working collectively for the economic and social betterment of our people, our region and developing countries around the world."

Most important of all are our Partner Countries—31 of them across the region, from Haiti, the poorest, to Brazil, the world's seventh largest economy. Since first providing balance of payments support to El Salvador, Guatemala, Guyana, Haiti and Honduras in 1976, we have delivered a total US\$2.2bn to the region in much-needed development financing for a wide range of initiatives.

As elsewhere in the world, our primary objective in Latin America is to alleviate poverty among the most vulnerable and underserved members of the population. We also seek to support countries' economic transformation and boost competitiveness.

Given the region's needs—and its potential—OFID's strategic focus on the water-food-energy nexus is particularly timely. Water resources, though plentiful, must be well-managed to remain sustainable. The agriculture sector has the capacity—if properly nurtured—to be the future breadbasket of the world. And the region's rich energy resources could be better harnessed to help power agro-industry and make daily tasks easier for ordinary people.

Given their relative importance, it is no coincidence that the water supply and sanitation, agriculture and energy sectors together account for over 38 percent of OFID's cumulative commitments to the region.

Improved infrastructure—including roads and other forms of transport—represent the key to the continent's economic competitiveness. And here, too, we are channeling substantial support—some US\$554m as of end-2013. Better transport links will help cut the cost of doing business in Latin America, make its exports more attractive and promote regional integration.

We are also putting our trade finance and private sector facilities to good use in many of our Partner Countries. These useful mechanisms are mostly benefiting micro-, small- and medium-size enterprises, which are the main engine of economic growth and typically account for almost 80 percent of jobs across the continent.

OFID has had the privilege of working in Latin America and the Caribbean for almost 40 years. In addition to our own direct assistance, we have served as a catalyst—by dint of our membership—for enhanced Arab cooperation. Having supported the region through some difficult times, it is gratifying to finally witness the blossoming of its inherent promise.

We stand ready to work with our Partner Countries to safeguard this promise and the progress already achieved, and to make good the outstanding challenges—especially those involving the more fragile peoples and nations. As the Latin American sun rises ever higher, they must not be left in the shadows. ■



Latin America's golden era: The road ahead

After a decade of substantial growth and social achievements, progress continues in countries of Latin America and the Caribbean, albeit at a lower rate. Now the region faces the challenge of establishing strong policies for sustained progress.

BY LORENA GIL

The new millennium brought hope to Latin America and the Caribbean (LAC). Economic growth and social progress came hand in hand, bringing important changes to the region, which has historically been the most unequal in the world.

In the early 2000s, poverty was halved and the middle class grew by 50 percent—to one-third of the population. The lives of millions improved, and today the global context seems to present opportunities for continued development. However, many are the challenges and threats that policy-makers face in the quest to maintain socially inclusive growth.

Nations in LAC are significantly different in terms of size, wealth and resources. The region includes both Haiti, one of the poorest countries in the world, with half of its population living on less than US\$1 per day, and Brazil, the world's seventh largest economy.

The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) has identified a number of features that characterize

the region. These include territorial heterogeneity, cultural diversity and asymmetries with the developed world, as well as weak institutions and human rights gaps. There is also great income, gender, territorial and ethnic inequality.

Its abundant natural resources—which are also unevenly distributed among countries—make the region's ecosystems of undeniable importance. According to the United Nations Environment Program, LAC is home to 23 percent of the world's forests, 31 percent of its freshwater resources and six of the world's 17 mega-diverse countries.

The region is also rich in energy options, including hydrocarbons, hydroelectricity and biofuels. As with other regional disparities, while Venezuela has the world's largest proven oil reserves, smaller countries are required to dedicate growing percentages of their budgets to fuel imports. The Inter-American Development Bank (IDB) reports that approximately 30 million people—six percent of the LAC population—lack access to modern electricity services.

**Latin America
(18 countries):
Persons living in poverty
and indigence, around
2005, 2011 and 2012^a**
(in percent)

Country	Around 2005			Around 2011			2012		
	Year	Poverty	Indigence	Year	Poverty	Indigence	Year	Poverty	Indigence
Argentina ^b	2005	30.6	11.9	2011	5.7	1.9	2012	4.3	1.7
Bolivia (Plurinational State of)	2004	63.9	34.7	2009	42.4	22.4	...	...	...
Brazil	2005	36.4	10.7	2011	20.9	6.1	2012	18.6	5.4
Chile	2006	13.7	3.2	2011	11.0	3.1	...	...	...
Colombia ^c	2005	45.2	13.9	2011	34.2	10.7	2012	32.9	10.4
Costa Rica ^d	2005	21.1	7.0	2011	18.8	7.3	2012	17.8	7.3
Ecuador	2005	48.3	21.2	2011	35.3	13.8	2012	32.2	12.9
El Salvador	2004	47.5	19.0	2010	46.6	16.7	2012	45.3	13.5
Dominican Republic	2005	47.5	24.6	2011	42.2	20.3	2012	41.2	20.9
Guatemala	2006	54.8	29.1	...	...	...	...	...	...
Honduras	2006	71.5	49.3	2010	67.4	42.8	...	...	...
Mexico	2006	31.7	8.7	2010	36.3	13.3	2012	37.1	14.2
Nicaragua	2005	61.9	31.9	2009	58.3	29.5	...	...	...
Panama	2005	31.0	14.1	2011	25.3	12.4	...	...	...
Paraguay	2005	56.9	27.6	2011	49.6	28.0	...	...	...
Peru ^e	2003	52.5	21.4	2011	27.8	6.3	2012	25.8	6.0
Uruguay	2005 ^b	18.8	4.1	2011	6.5	1.1	2012	5.9	1.1
Venezuela (Bolivarian Republic of)	2005	37.1	15.9	2011	29.5	11.7	2012	23.9	9.7

^a ECLAC is in the process of updating poverty estimates, the results of which will appear in Social Panorama in 2014

^b Urban areas

^c Figures from the National Administrative Department of Statistics of Colombia

^d Figures for 2011 and 2012 are not strictly comparable with data from previous years

^e Figures from the National Institute of Statistics and Informatics of Peru

Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the respective countries

A new class distribution

The rise of the LAC middle class has meant new realities for its citizens and made headlines around the world. The World Bank has noted how at least 43 percent of all Latin Americans changed social class between the mid-1990s and the end of the 2000s, most of them upward.

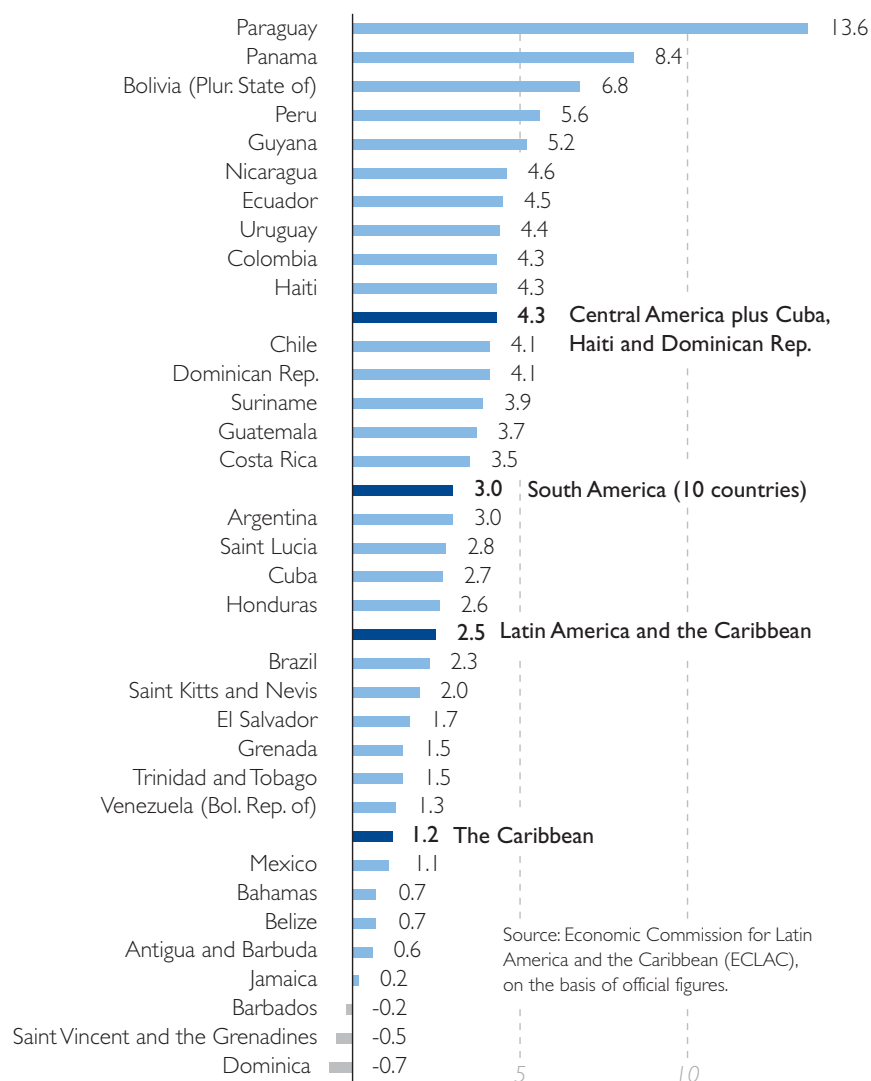
Defining middle class as individuals with an income of between US\$10 and US\$50 per day, the Bank estimates that 34 percent of the region's population currently belongs to this group. Notably, between 2003 and 2009, the number of middle class grew by 50 million to reach 152 million people. The fastest growth has been more visible in Brazil and Colombia, with an increase of some 40 percent and 50 percent respectively.

Economic performance and job creation have been considered the main drivers of middle-class growth. Nevertheless, analysts have identified other influencing factors; namely, the incorporation of 70 million women into the labor market, better access to quality education, and pressure from citizens to their governments. New public policies, including state pensions and cash transfers to the poor, together with major changes in fiscal policy and increased effectiveness and transparency in public administration, have helped to fuel progress.

Within the region, according to analysts, the growth of the middle class implies higher purchasing power and a large group of citizens who will demand reforms and improved services in areas such as education, health, infrastructure and governance. Globally, there is hope about the existence of a group with increasing spending power, which will boost consumption, especially on non-essential goods and services.

Although the gains are easily acknowledged, there are contrasting opinions regarding the possibility of maintaining growth. International organizations and the specialized media appear to agree on the need for policy reforms in sectors such as employment, tax and social security.

In many countries of the region, low taxes hinder the provision of good quality services. Education is an area of special concern. It has been seen how middle-class citizens have more years of education than the poor, and how a better education implies greater productivity. Nevertheless, the difference in the quality of the schools attended by social classes in Latin America continues to be the greatest in the world. Investment in schools, healthcare and innovation must become priorities for governments.



The economic challenge

In the period 2003–2008, Latin America went through its most significant expansion since the 1970s, growing at an average yearly rate of 5 percent (ECLAC). After this boom and the global crisis came a deceleration of growth, with a 2.5 percent regional rate for 2013. Forecasts for 2014 differ depending on the source: While the IMF predicts growth of 2.5 percent, ECLAC estimates 2.7 percent and the World Bank 2.9 percent.

LAC's economic dependency on commodities—which represent up to 60 percent of its exports—was favorable for the region during the first decade of the century, when booming Asian countries required them for its own growth. However, with a slower pace of expansion in developed countries and a slowdown in China, the demand and the prices of the region's main ►

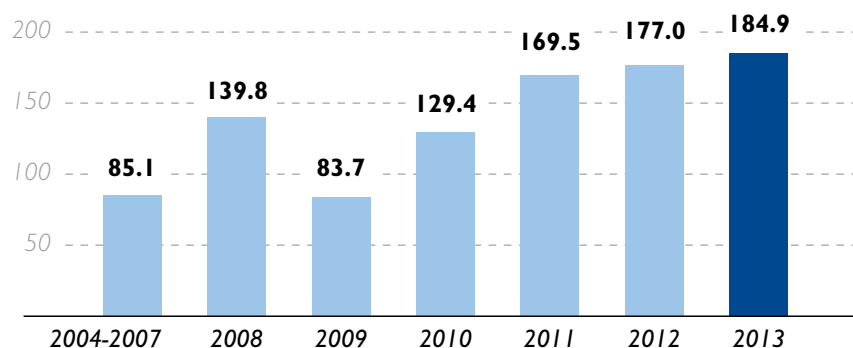
Latin America and the Caribbean: GDP growth rates, 2013

(percentages based on US\$ at constant 2005 prices)

Foreign Direct Investment in Latin America and the Caribbean, 2004-2013

(US\$m)

Source: ECLAC



◀ raw material exports have declined, posing economic challenges for the long and middle term.

For the World Bank—and based on previous regional experiences—the dependency on commodity exports could be more a curse than a blessing. According to the Bank, the growth-related challenge for LAC’s policymakers is to establish deeper and broader links to the global economy in general, and to China in particular. It believes there is a need to learn—from enhanced international trade, foreign direct investment and financial integration—how to improve business processes, adopt new technologies and diversify.

ECLAC has identified other threats facing the region from global economic instability, including capital-flow volatility, exchange-rate instability, and domestic inflationary pressures. Its recommendation is to adopt firm policies to safeguard employment and other gains made in the social sphere.

It is also believed that LAC must seek to capture greater value added in trade. Infrastructure and logistic deficiencies are generally acknowledged as a hindrance to economic growth. In LAC, transport costs per container are among the highest in the world, and logistic costs represent 18–35 percent of a product’s value (the average is 8 percent in OECD countries). Furthermore, low productivity and innovation are also limiting the creation of more value added.

The social challenge

With the establishment of the Millennium Development Goals (MDGs) in 2000 and a favorable economic scenario, the fight against poverty gained strength in LAC’s agenda. According to the World Bank, social spending as a share of GDP rose from nearly 12 percent to 14.5 percent between 2000 and 2011, with public spending on education increasing from 3.9 percent to 5 percent and health spending rising from 3 percent to nearly 4 percent.

Both the World Bank and ECLAC have highlighted conditional cash transfer programs as part of the successful experiences on the road toward achieving the MDGs. These programs expanded to 18 countries, covering some 20 percent of the region’s population and benefiting over 110 million people, with an investment of just 0.4 percent of each country’s GDP (2009). To finance them, tax collection in the region increased from 16 percent to 20 percent of GDP between 2000 and 2010, due to more efficiency and a broadening of the tax base.

Halving the level of extreme poverty is one of the MDG targets that the region has already met, since the proportion of people living on less than

One region, two realities

The fact that there are two types of economies in LAC has influenced development in the region and is likely to continue affecting local realities.

In 2011, the Inter-American Development Bank identified two regional blocks: a Brazilian cluster of net commodity exporters, with high international trade with emerging markets and low dependence on industrial countries; and a Mexican cluster of net commodity importers with strong commercial ties to industrialized countries.

At that time, the first group—Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela, and Trinidad and Tobago—was very well positioned because of the high commodity prices and growth in emerging economies. The IDB referred to them as “the clear winners,” when contrasting them with the Mexican cluster—Central American and Caribbean countries plus Mexico.

Only three years later, the current global scenario has caused

this forecast to change. ECLAC estimates that for 2014, South American countries will suffer the harshest impact, while those in Central America and the Caribbean are expected to gain. Caribbean economies will benefit from receiving tourists from industrialized countries and exporting services to developed nations, while lower growth in China will weaken the demand for exports of South American commodities.

US\$1.25 a day fell from 12 percent in 1990 to 6 percent in 2010, according to the 2013 MDG Report.

However, progress on MDG 1 (Eradicate extreme poverty and hunger) has been much slower in countries with the lowest per capita income (Bolivia, Guatemala, Haiti, Honduras, Nicaragua and Paraguay).

ECLAC has noted that a more appropriate objective, especially for higher per capita income countries, would have been to halve total poverty (rather than extreme poverty). Additionally, this goal exposes the disparities between sub-regions: From 2010 to 2012, while in Latin America the prevalence of undernourished people was 8 percent, in the Caribbean it was 18 percent.

It is deemed likely that LAC will achieve the targets relating to halving hunger, attaining universal primary education, improving access to potable water and basic sanitation, reversing the incidence of tuberculosis, and reducing the child mortality rate. By contrast, there is doubt that it will meet those targets concerning gender equality, maternal mortality and environmental sustainability.

The UN has identified six major difficulties for meeting all the MDGs. These include the inability to generate productive work for all; low levels of secondary education coverage; very poor quality and relevance of education; high levels of inequality; the failure to empower women; and the marginalization of population groups based on their gender, ethnic origin and socioeconomic inequalities.

Further obstacles were created by the global financial crisis, which halted progress toward certain targets and, in some cases, reduced positive trends. Recent research conducted by the Inter-American Development Bank estimates that even if potential growth is reached, it will not be sufficient to meet many social demands.

After a decade of success and opportunity, the lives of millions of people in the region can still be improved. Development has not been achieved, and the OECD/CAF/ECLAC Latin American Economic Outlook 2014 warns about the need to avoid falling into the middle-income trap.

To continue moving forward, the enhancement of potential growth is essential, but also urgent action is needed regarding social policies. Especially, there is a need to protect those currently in the middle class, but who could return to poverty if they are not able to remain in work, if they invest their money in depreciating assets, or if their context changes. The World Bank has recommended policies to protect them from falling back. Ultimately, it is the governments that will decide the future track of their own countries, and consequently of the region. ■

Latest IMF projections

(real GDP growth, annual percent change)

Projections

	2012	2013	2014	2015
South America				
Argentina	1.9	4.3	0.5	1.0
Bolivia	5.2	6.8	5.1	5.0
Brazil	1.0	2.3	1.8	2.7
Chile	5.4	4.2	3.6	4.1
Colombia	4.2	4.3	4.5	4.5
Ecuador	5.1	4.2	4.2	3.5
Guyana	4.8	4.8	4.3	4.0
Paraguay	-1.2	13.0	4.8	4.5
Peru	6.3	5.0	5.5	5.8
Suriname	4.8	4.7	4.0	4.0
Uruguay	3.9	4.2	2.8	3.0
Venezuela	5.6	1.0	-0.5	-1.0
Central America				
Belize	4.0	1.6	2.5	2.5
Costa Rica	5.1	3.5	3.8	4.1
El Salvador	1.9	1.6	1.6	1.7
Guatemala	3.0	3.5	3.5	3.5
Honduras	3.9	2.6	3.0	3.1
Nicaragua	5.2	4.2	4.0	4.0
Panama	10.8	8.0	7.2	6.9
The Caribbean				
Antigua and Barbuda	2.8	0.5	1.6	1.9
The Bahamas	1.8	1.9	2.3	2.8
Barbados	0.0	-0.7	-1.2	0.9
Dominica	-1.1	0.8	1.7	1.7
Dominican Republic	3.9	4.1	4.5	4.1
Grenada	-1.8	1.5	1.1	1.2
Haiti	2.9	4.3	4.0	4.0
Jamaica	-0.5	0.5	1.3	1.7
St. Kitts and Nevis	-0.9	1.7	2.7	3.0
St. Lucia	-1.3	-1.5	0.3	1.0
St. Vincent and the Grenadines	1.5	2.1	2.3	2.9
Trinidad and Tobago	1.2	1.6	2.2	2.2
Latin America and the Caribbean	3.1	2.7	2.5	3.0

Source: IMF staff calculations and projections

Note: Regional aggregates are purchasing-power-parity GDP weighted averages, unless otherwise noted

Investment, integration, infrastructure: The three ‘I’s to unleash Latin America’s potential

As president of the Inter-American Development Bank (IDB), **Luis Alberto Moreno** is intimately acquainted with the challenges and opportunities inherent in the region he oversees. In the following interview, he offers insight into how Latin America can maintain and build on its middle-income status and follow a path that will lead to a prosperous future for all its nations.

INTERVIEW BY ARYA GUNAWAN USIS

OQ: *How do you see Latin America’s short- and medium-term outlook?*

LAM: The current consensus is that Latin America’s GDP will grow by about 2.5 percent this year. That’s nearly half what we averaged during the boom years, right before the global economic crisis. Although some of our countries are doing better than their neighbors, as a region, we’re clearly performing below our potential.

In the short-term, an upswing in the global economy—particularly in the United States—and in global trade would have a positive impact on Latin America.

Looking at risks, one stands out: a more robust US recovery could prompt the Federal Reserve to speed up its tapering, which could in turn lead to higher interest rates, more volatility in capital markets and abrupt changes in capital flows.

Now looking into the medium-term, without any major upheavals or improvements, Latin America could grow at around three percent a year during the rest of this decade. Our regional GDP would rise to US\$10tr and per capita GDP would surpass US\$15,000, measured by purchasing power parity. We would be better off than we were in the 1990s, but we’d still have more than 15 percent of our population living in poverty. Such growth rates would be insufficient to meet our people’s rising expectations of achieving better living standards. Average will just not do it anymore. We’ll have to do much better if we want to become a solidly middle-class region.

OQ: *Based on your experience at the IDB, what would you describe as the key challenges facing Latin America and the Caribbean as it strives to meet its development goals?*

LAM: The region faces a daunting set of macro and microeconomic issues in becoming more productive. For example, we need to increase our investment rates. Asian “tigers” have consistently seen investment levels above 25 percent of GDP. In LAC, we haven’t exceeded 23 percent of GDP in the past 20 years.

We also need to increase our investments in infrastructure. Estimates vary, but broad consensus indicates that, to keep pace with other emerging regions, LAC needs to increase its investment in infrastructure by at least two percent of its GDP over an extended period, from US\$150bn to US\$250bn per year.

Finally, LAC needs greater, deeper integration—removing barriers to trade and to the movement of people and capital—in order to be able to match the achievements of the world’s fastest-growing economies.

OQ: How significant are economic and trade initiatives such as Mercosur, the Pacific Alliance and others to promote intraregional trade and enhance competitiveness outside the region?

LAM: These subregional initiatives share the same motivation: to deepen integration among member countries by removing trade and investment barriers. They've allowed our countries to integrate more quickly than they would have in a multilateral context, where negotiations can drag on forever. In the process, firms and consumers can benefit from greater productivity and scale, as well as from intergovernmental cooperation in social and environmental issues.

We view these agreements as building blocks toward a fully integrated region, which would be able to maximize the economic and social benefits associated with a US\$5.8tr regional market.

OQ: How do you see the role of the private sector, including in the form of public-private partnerships, in driving the region's development?

LAM: I'm convinced that the challenges of development require collaboration between the private and public sectors. Take our infrastructure needs: as mentioned earlier, by some estimates, our region should be investing at least



PHOTO: COURTESY OF IDB

twice as much as it does in order to expand and upgrade its transportation infrastructure.

Our governments have more resources to invest than in the past, but they also face pressing demands for social services. So public-private partnerships have proven to be a good vehicle to address issues such as bridging the ►

Mr Moreno is a strong advocate of public-private partnerships as a means of bridging Latin America's transportation gap.

IDB, a major catalyst for Latin America's development

The IDB was founded in 1959, following a proposal by Brazilian president Juscelino Kubitschek and based on articles of agreement drafted by the Organization of American States.

Headquartered in Washington DC, the IDB has 48 countries as its members and shareholders, including 26 Latin American and Caribbean countries, which have a majority ownership of the Bank and are eligible to receive loans. The other 22 countries hold non-borrowing member status and include Austria, Canada, China, Germany, Israel, Japan, Republic of Korea, United Kingdom and the United States, among others.

In more than five decades of its existence, the IDB has become the largest source of development financing for Latin America and the Caribbean. To

date, the Bank has approved over US\$227bn in loans and guarantees to finance various development projects in almost every sector of the economy in many countries. In 2013 alone, the Bank approved US\$14bn to finance over 700 projects.

Among all the sectors financed by the Bank, the sector of modernization of the state has received the biggest share (more than US\$34bn), followed by the sectors of energy, transport, social investment, water and sanitation, agriculture and rural development, and financial markets.

The IDB is governed by its Board of Governors, a 48-member body that meets once a year. Luis Alberto Moreno, a Colombian national, has held the office of Bank President since October 2005.

According to Moreno, achieving universal electricity access in Latin America will require greater investment and a new set of solutions.



PHOTO: HUGH SITTON/CORBIS

◀ infrastructure gap. PPPs can attract more investment and increase the efficiency in the construction, operation and maintenance of infrastructure.

The IDB has been supporting PPPs since the 1990s. We've helped our member countries modernize their regulatory frameworks in order to overcome some of the problems that plagued the first generation of partnerships. And we're exploring PPPs in new areas, such as for "green" projects and social projects.

OQ: *As a member of the Advisory Board of Sustainable Energy for All, what are your views on energy as an enabler of development?*

LAM: Sustainable energy is the missing development goal. UN Secretary-General Ban Ki-moon always says that "energy is the golden thread" in development. Access to energy plays an important role in eradicating poverty, reducing infant mortality, improving education, promoting gender equality, increasing access to quality medical care, and attaining environmental sustainability.

We're very close to achieving universal access to electricity access in Latin America. But moving from 95 percent to 100 percent will require an even larger investment and a new set of solutions. The goal is to ensure sustainable energy for all.

We still have around 30 million people without access to electricity. And more than 80 million people who use wood or charcoal to cook their meals or heat their homes, exposing themselves to harmful fumes. That's more people than the entire population of Iran.

OQ: *The High-Level Meeting of the Global Partnership for Effective Development Cooperation (GPEDC) concluded in Mexico in mid-April. What are your views regarding this global initiative?*

LAM: We were delighted that the first GPEDC meeting was held in our region and to see Mexico's continued leadership role. All of the GPEDC's core principles—ownership of development priorities by developing countries, focus on results, broader development partnerships, and transparency and accountability—are consistent with the IDB's long-term strategy and we're proud of the progress made in applying these principles to our own work.

OQ: *The LAC region as a whole has performed well with regard to attaining the targets laid out in the MDGs. As attention turns to the post-2015 development agenda (Sustainable Development Goals), what do you think are the main challenges in addressing the crucial issues to be covered by the SDGs?*


LAM: A key implementation challenge will be translating the Sustainable Development Goals into meaningful country targets, indicators and programs.

We'll support our borrowing member countries in those efforts. We'll also support governments in acquiring the statistical capacity needed to monitor progress against the goals, including the ability to disaggregate data. As inequality will continue to be a significant challenge, we'll have to make sure that we look beyond country averages to ensure that no one's left behind.

And, naturally, as a development bank, we'll help build a robust framework for financing the SDG agenda, looking for ways to improve domestic resource mobilization, tap innovative sources of finance and better leverage the private sector.

OQ: *In 2006, the IDB and OFID signed a Memorandum of Understanding that consolidated our long-standing cooperation. How do you see this partnership developing in the future?*

LAM: OFID committed more than US\$150m in parallel financing for IDB projects in 2013 alone. Those resources allowed us to leverage projects in a vast array of sectors, including electricity distribution, public transportation, agro-industry promotion, water supply improvement, and integration corridor rehabilitation. Our partnership with OFID is key, and we hope to keep strengthening the relationship. ■



Feeding the world from the southern hemisphere

With its rich agricultural potential, the Latin America and Caribbean (LAC) region is well equipped to become the next global breadbasket. To do so, however, it must overcome some critical challenges.

BY ARYA GUNAWAN USIS

“If you want to invest in global food security, if you want to invest in preventing hunger in all corners of the world, then invest in Latin American agriculture,” says Luis Alberto Moreno, the president of the Inter-American Development Bank (IDB) in a new report, entitled *The Next Global Breadbasket: How Latin America Can Feed the World*.

The report, published jointly by IDB and the Global Harvest Initiative, highlights the region’s rich agricultural potential, based on its abundance of fertile farmland and fresh water resources.

Already, LAC is the largest net food exporting region in the world. According to data from the World Bank, the region supplied 70 percent of the world’s bananas, 45 percent of its coffee and sugar, 44 percent of its beef, 42 percent of its poultry, and 33 percent of its maize in the period 2006–2009. In 2011, the region produced 60 percent of the world’s soybean exports.

Role of smallholders

LAC’s agriculture sector relies heavily on its 14 million smallholder farmers who together own just over one-third of the land

under cultivation and are responsible for more than half the food produced in the region. Family farming accounts for almost two-thirds of total employment in the agriculture sector.

The strategic position of smallholders in LAC is widely recognized, including by the Latin American Agribusiness Development Corporation (LAAD). Founded in 1970, this private investment institution provides support to small and medium-scale farmers across the whole value chain, from production, processing and storage to marketing. ►

◀ “To develop small and medium-scale farmers has been our mission from the beginning and we continue to maintain that to date and in the future,” said LAAD President and CEO Benjamin Fernandez, in an interview with the *OFID Quarterly* this past April. Fernandez, accompanied by Chief Financial Officer and Treasurer Gustavo Martinez, was in Vienna to sign a US\$15m loan agreement with OFID.

Mr Martinez said OFID’s seven-year line of credit was very important to help finance key infrastructure projects in the agriculture sector. “We are not the kind of financial institution that captures public funds, so we are almost wholly dependent on loans from commercial banks and development organizations, such as OFID,” he explained.

Main challenges

In order to realize its rich potential, LAC’s agriculture sector faces two main challenges. The first is improving economic infrastructure and distribution routes in order to make prices affordable and competitive in comparison with leading Asian exporters, China and Sri Lanka. The second is empowering farmers by providing better access to credit and markets.

According to Martinez, institutions such as LAAD have a key role to play here. “Market access is vital. Through our network, we can facilitate the relationship between small-scale farmers and the international market,” he said.

Equally important is building trust between farmers and their financial backers. Borrowers need to know that credit is readily available, and lenders need to know that loans can and will be repaid. LAAD is keenly aware of this interdependence. “We dearly hold our principle: projects don’t pay; people do,” said the LAAD president, sharing the motto of his organization.

“The first thing I teach my staff is that our main focus is not the agriculture projects that we fund but the farmers working on the project,” Fernandez added.

LAAD is recognized by its clients as an organization they can turn to in difficult times. Fernandez cites an occasion some years ago when the Dominican Republic was hit by severe storms and floods. Within



Benjamin Fernandez, LAAD President and CEO (right) and Mr Gustavo Martinez, LAAD CFO and Treasurer.

two days of the disaster, he and his team were out in the field, visiting affected clients to see how they could help them.

This kind of personal attention and support is critical for small farmers who depend on the land for their livelihoods. LAAD understands these concerns and has built up long-standing ties of trust, often down three generations of a single family.

Becoming a pioneer

In 2013, LAAD disbursed a total of US\$150m for 195 projects, spread across a number of countries in the region. The funds were made available to finance agricultural infrastructure development or as working capital for farmers.

Individual loans ranged from US\$250,000 to US\$3m, with repayments scheduled over three to seven years. The projects created 10,000 jobs, 6,000 of them on-farm jobs and the remainder in support areas such as the packaging industry.

Although LAAD is not a giant player in the region compared with other multilateral organizations and commercial banks, the fact that it focuses exclusively on the agriculture sector gives it a niche position that is hard to match.

“This is our competitive advantage,” said Fernandez, pointing to LAAD’s involvement in specialized markets such as peanuts, table grapes and leatherleaf fern. According to Gustavo Martinez, no banks were willing to finance the development of such products, unlike LAAD, which is keen to support them.

“We have become a pioneer for the development of these three products, and with satisfactory results,” Martinez said. Leatherleaf fern, for example, has become a key export for Costa Rica, which has established itself as the world’s number one supplier.

Fernandez is convinced that LAAD’s decades-long support to smallholder farming has contributed towards food security not just in Latin America and the Caribbean, but in the world as a whole.

With contributions from the other similar organizations, LAC may indeed become the next global breadbasket. Such strategic investment could make a significant difference to the fate of this Earth and its population. ■

OFID in Latin America and the Caribbean

Since extending balance of payments support to five Latin American countries in 1976, OFID has expanded its partnership in the region to 31 nations and channeled development financing worth a total US\$2.2bn.

Here, **Anajulia Taylhardat**, head of OFID public sector operations on the continent, talks to the *Quarterly* about the challenges of working in a region with increasingly diverse needs.

INTERVIEW BY AUDREY HAYLINS



Anajulia Taylhardat

OQ: What are the defining characteristics of OFID's partnership with the countries of Latin America and the Caribbean?

AT: The region is one of great contrasts. Nearly all countries are ranked middle income, but poverty remains widespread with 28 percent of the population living below the poverty line and 12 percent in extreme poverty. Most are blessed with abundant natural and human resources but face huge inequality in wealth and per capita income. And while some of the emerging economies have become important global players, others continue to struggle with widespread poverty and state fragility.

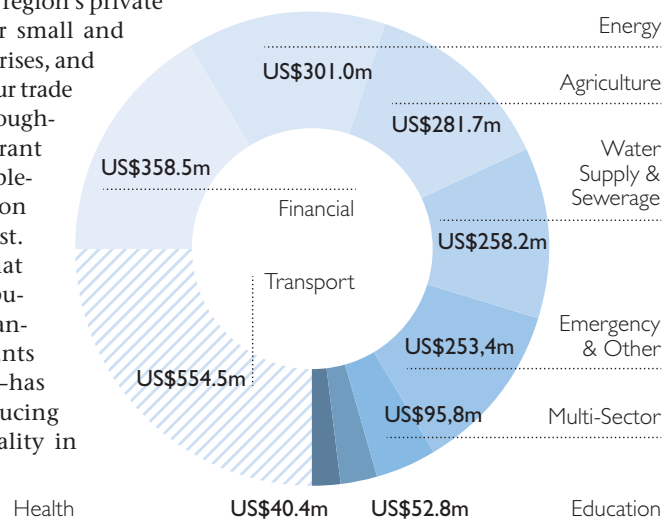
OFID seeks to address these diverse needs in a number of ways. First and foremost, we aim to reach out to the most vulnerable and unattended segments of the population. Thus we are heavily involved in poverty alleviation projects, social infrastructure improvement, support to social development funds, and assistance in the aftermath of natural disasters. Secondly, we seek to foster our partner countries' economic transformation and competitiveness by supporting the expansion of infrastructure and the quality of human capital, and by facilitating access to trade finance instruments. A further distinctive characteristic of OFID's partnership with the region is that by virtue of its constituency, OFID has a privileged position in promoting Arab-Latin American cooperation.

OQ: How has OFID's relationship with the region evolved over the years?

AT: Let me start by referring to the origins of OFID's collaboration with the region. In fulfillment of our mandate, our support was initially geared towards balance of payments support, with El Salvador, Guatemala, Guyana, Haiti and Honduras among the first countries to benefit from OFID assistance in August 1976.

The move to project financing came in August 1977 and marked the beginning of combined financial and technical assistance aimed at achieving long-term economic and social benefits. In 1999, we broadened our support to embrace the region's private sector, in particular small and medium-size enterprises, and in 2006, we added our trade finance facility. Throughout this time, our grant resources have complemented our mission to target the neediest. We like to think that our total contribution—which in financial terms amounts to some US\$2.2bn—has contributed to reducing poverty and inequality in the region. ►

Cumulative assistance to LAC by sector
(US\$2.2bn as of end-2013)





Grant financing as an enabler of development in LAC

"The grants extended to the eligible countries in the LAC region aim at supporting high-impact, sustainable interven-

tions in less developed economies such as those of Haiti, Nicaragua, Bolivia, Honduras, Cuba, Guatemala or El Salvador. Since OFID's inception, grants have covered all sectors of development in the LAC region.

Currently, our projects revolve around three key sectors: agriculture, water and energy. OFID has ongoing

or recently completed projects in agriculture with centers affiliated to the CGIAR (Consultative Group on International Agricultural Research), mainly for enhancing food security in the neediest countries. Concerning projects in the water and sanitation sector, two grants have been recently approved for vulnerable populations in Haiti and Bolivia.

In the energy sector, OFID has developed innovative schemes such as an ongoing project with CAF (the Andean Development Corporation), in which OFID grants are leveraged

with matching funds from CAF through a facility commonly managed by the two institutions to finance feasibility studies and national master energy plans.

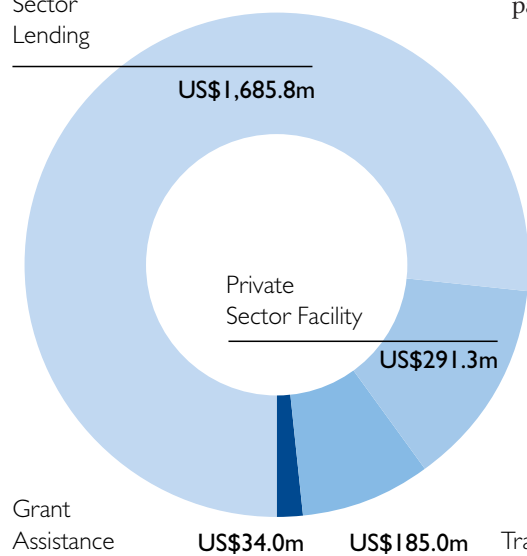
This scheme is currently supporting a study to evaluate the hydro-electrical power potential of Bolivia, which has one of the highest number of people living without electricity in the LAC region (around 2 million). The study is an essential prerequisite to addressing Bolivia's widespread energy poverty."

Rachid Bencherif, Head, Grants Unit

Cumulative assistance to LAC by mechanism

(US\$2.2bn as of end-2013)

Public
Sector
Lending



QO: Are there challenges in LAC that are peculiar to the region and that require a tailored response?

AT: Today, the region is home to 167 million poor people and has an urbanization rate of 80 percent, one of the highest in the world. Some 30 million citizens lack access to electricity and 47 million suffer from hunger. And while nearly 96 percent of Latin Americans now have access to a clean water source, considerable investment is required to protect water security. This is where OFID's priority focus on the water-food-energy nexus comes as a well-timed response. To support the nexus, we are channeling funding to the water and sanitation and energy sectors, as well as to rural development programs.

There is also the issue of the region's comparative advantage in the wealth of natural resources being undermined by the lack of proper infrastructure to both process and export its commodities. Here, OFID's response is to consistently support initiatives that improve competitiveness and productivity. Such initiatives also support the mobility of people, thereby promoting the integration of isolated communities and enhancing their income opportunities.

QO: In terms of share of total commitments, how does OFID's support to LAC compare with that to other developing regions?

AT: An increasing portion of the resources available for public sector lending have been dedicated to the region. Today the LAC region receives approximately 20 percent of these resources compared with just below 10 percent at the beginning of the millennium. Across all financing mechanisms, commitments to the region represent 13 percent of total cumulative commitments and benefit 31 Partner Countries.

QO: How does OFID distribute its support among the countries of the region?

AT: OFID aims at participating in the development and economic growth of all eligible countries of the region. The distribution of available resources is based on the size of the country's economy and population, its per capita income and the country's performance with OFID.

QO: Does OFID have priority sectors in the region?

AT: Priority sectors for OFID development assistance stem from the dialogue with our partner countries and reflect their national development plans and poverty reduction strategies. That said, in order to achieve higher sustainable growth rates, OFID prioritizes those sectors that improve productivity and the wellbeing of the population. For this reason, investments in the energy, transportation, water supply and sanitation sectors together account for 50 percent of committed resources in LAC.

OQ: Agro-industry is a vital contributor to GDP in LAC. What is OFID doing to support this important sector, especially with regard to reducing rural poverty?

AT: OFID has provided support—direct and indirect—to the development of the agriculture sector of nearly every country in the region. Direct support is generally undertaken in partnership with the International Fund for Agricultural Development for integrated rural development programs, which take a multi-dimensional approach to rural poverty alleviation. Indirect support includes the rehabilitation of feeder roads and export corridors to unlock isolated rural areas, as well as small-scale irrigation schemes and rural credit facilities.

Although the cumulative amount approved in support of the development of the rural communities represents 12 percent of the committed resources in the region, the multiplier effect of these resources is extensive: value-added agricultural output, revenue-generating employment opportunities—in particular for women and minority groups—improved soil and natural resources usage, access to rural credit schemes, promotion of local markets and integration to the value chain, to name a few.

OQ: What has OFID done over the past 13 years to help its LAC partners progress toward the MDGs?

AT: All operations supported by OFID include key activities that contribute to the national development programs and sectoral development plans of our partner countries, as outlined in the MDGs. Recognizing these priorities and working with our partners to address them is the driving force behind all that we do.

OQ: How has OFID's Energy for the Poor Initiative (EPI) affected its strategic focus in LAC?

AT: In LAC, over 30 million people—7 percent of the regional population—live without grid-connected electricity, while 85 million—19 percent of the population—are without clean cooking facilities. One of the challenges is that future energy demand in electricity alone will require between US\$1.33tr and US\$1.36tr of cumulative investment from 2010 to 2050. The additional resources set aside under the EPI have enabled us to step up our response to this urgent and growing need. Since its launch we have channeled increased support to electricity generation, transmission, distribution, efficiency and interconnection. Furthermore, indirect financing has been provided in the framework of operations in other sectors which have a direct contribution to improved access to sustainable energy services.

OQ: How is OFID implementing the principles of the Global Partnership for Effective Development Cooperation in LAC?

AT: OFID is working both independently and with its fellow members of the Coordination Group of Arab Institutions, the Islamic Development Bank and OFID to implement the GPEDC principles of country ownership, focus on results, inclusive partnerships, and transparency and accountability. OFID represented this Group at the first high-level meeting of the GPEDC in Mexico this April and will continue to do so as a recently appointed full member of the GPEDC steering committee.

In LAC, OFID is constantly improving the quality and efficiency of its support, recognizing the importance of country systems and of harmonizing procedures and approaches. Numerous OFID-supported projects in LAC, as elsewhere, promote regional integration and reap the benefits of triangular cooperation. These are some key inputs that OFID has identified to strengthen the formulation of projects, whose results will have a tangible developmental impact in LAC, as in all our Partner Countries. ■

"In LAC, OFID is constantly improving the quality and efficiency of its support, recognizing the importance of country systems and of harmonizing procedures and approaches."

Supporting LAC's trade and private enterprise

"OFID's private sector and trade finance operations in Latin America and the Caribbean have ramped up significantly during the past years. Total approvals amount to over US\$560m, with more than US\$220m committed between 2012 and mid-2014. The 46 projects approved so far span over ten countries. Peru, El Salvador and Colombia are new countries recently added to the portfolio of approvals.

"A high percentage of the approvals consist of financing facilities to the financial sector of the recipient countries. Through these facilities, OFID strengthens the concerned financial institutions and ensures access to funding for micro-, small- and medium-scale enterprises. These enterprises typically account for almost 80 percent of jobs in their

economies and are the prime engine of economic growth and increased productivity.

"Access to affordable and reliable sources of energy is critical for development. To address the prevailing energy deficit in the region, OFID's private sector has extended loans to the renewable and conventional energy sectors.

"In the context of food security—and to support the agribusiness sector and ensure that value is added in the agro supply chain locally—OFID has extended loans to both agribusiness production facilities and agro-related logistics support services."

Tareq Alnassar, Head, Private Sector and Trade Finance Operations







OFID in the Field

With operations in 31 countries, OFID has forged strong links with Latin America and the Caribbean, in an association extending back over almost four decades.

Altogether, we have provided US\$2.2bn to the region to help fight hunger, disease and inequality, boost economic transformation and competitiveness, and build institutional and human capacity.

Given the continent's rich natural resources, our strategic focus on the water-food-energy nexus represents a timely response to the region's ambition to bring its inherent potential to fruition.

In the following pages, **Damelys Delgado** highlights three projects—one each in the water supply & sanitation, agriculture and energy sectors—to illustrate how, with OFID's help, life is looking brighter for thousands of Latin American families.

Panama: Water challenges between two oceans

Since the beginning of the twenty-first century, Panama has experienced a boom in urban development. Water and sanitation systems have lagged behind, however, requiring the support of international agencies to bring the infrastructure up to standard.



The first thing that catches the attention of visitors arriving in Panama City is the number of skyscrapers facing the bay formed by the Pacific Ocean. Some of these attain a height of 300 meters, making the Panamanian capital the ‘city of skyscrapers’ of Latin America.

With an open and stable economy, Panama is the headquarters of more than 150 international banks. Financial, tourist and logistics services account for 75 percent of the country’s GDP. The lynchpin of the economy is the Panama Canal, which is currently undergoing an expansion that is expected to be completed in 2016.

Each year, fourteen thousand vessels use the canal, which is the oceanic route for five percent of the world’s trade. In the area of the Panama Canal there are transshipment ports, free trade zones and rail facilities, as well as the largest hub for air passengers in Latin America. This has led to an extraordinary growth in tourism.

However, the development in infrastructure has increased the need for basic services such as water and sanitation. Until recently, access to sanitation services was available to only 49 percent of the population, making Panama among the least-served countries in the region.

Every day more than 140 million gallons of wastewater were discharged into the picturesque bay. During the rainy season, untreated wastewater would back up and cause flooding throughout the city. The modern skyscrapers of the capital were thus being developed on a bay contaminated with pollutants from domestic, industrial, transport and navigation sources.

The World Bank points out that Panama is a country of stark contrasts. A recent report highlights that economic growth in dynamic services and exports is among the highest in the region, climbing by 10.7 percent in 2012 alone.

The same report notes that these impressive economic achievements mask persistent inequalities, with approximately 30 percent of the 3.4 million population living in poverty. About three-quarters of the population is urban and largely concentrated around the Panama Canal.

A development priority

Panama’s inequalities used to be reflected in the restricted access to water and sanitation services by the poorer segments of population. In 2008, although an estimated 84 percent of people had



PHOTO: ERIC BAKER/SHUTTERSTOCK.COM

piped-in water, the supply was reliable for only about 70 percent of urban users. The remaining population had an intermittent service.

In addition, there was a significant deficiency in the quality and distribution of wastewater services, with less than 20 percent of water systems countrywide receiving treatment.

In light of these inadequacies, the water and sanitation sector became a development priority for Panama. The country's five-year strategic national plan (2010–2014) included an allocation of some US\$970m to build a wastewater treatment plant and to expand, rehabilitate and maintain the sanitation system of Panama City.

As part of the government's commitments embedded in a list of so-called *metas imperdonables* ('goals to be met with no excuses'), the authorities set out to increase access to water supply and sewerage connections to 40 percent in specific peri-urban areas of the Panama metropolitan area.

The *Panama Metropolitan Area Sanitation Improvement Project* was co-financed by the Andean Development Corporation, the Inter-American Development Bank, the Japan Bank for International Cooperation, the European

Investment Bank, the Panamanian Government and OFID. Among its objectives was the construction of a new main wastewater plant for the city.

Last year concluded the design and construction of the plant, and the official opening ceremony was on August 8, 2013. Located in the Panama City and Bay area, the plant services 21 municipalities with a combined population of 1.2 million people, which is around 35 percent of the country's total population.

OFID country officer, Romulo Martinez, disclosed that a key element of the investments was the ingenious construction of a two kilometer-long and three meter-wide underground conductor tunnel, which crosses the city and channels most of the city's wastewater to the new plant.

"Since the tunnel started to divert the pollutant effluents in March 2013, the waters in the area of the bay-front beach boulevard have cleared up noticeably," he added.

Nowadays, Panamanians can enjoy a more coherent urban development, with a modern capital city supported by a much needed sanitation network and wastewater treatment plant. ■

The authorities set out to increase access to water supply and sewerage connections to 40 percent in specific peri-urban areas of the Panama metropolitan area.

Honduras: Vulnerable but courageous

A project co-funded by OFID is seeking to strengthen the agriculture sector in the southern region of this Central American nation, so as to guarantee food security in the face of multiple natural threats.

The program will help to improve food security among poorer rural families and reduce the vulnerability of small-scale producers to the risks of climate change.

Honduras has been classified as one of the three most vulnerable countries in the world in terms of the effects of climate change. Every year, hurricanes, floods, landslides and droughts are a frequent occurrence.

One of the most destructive natural disasters was Hurricane Mitch, which scythed through the country in 1998, with a sustained wind speed of 285kph. At least 5,000 people were killed and 70 percent of crops destroyed. With damage estimated at US\$3bn, Mitch set back development by decades.

Examples can be provided documenting 60 extreme events in the last 19 years. In May 2010, tropical storm Agatha struck Honduras, resulting in extensive damage to infrastructure and agriculture. The storm affected more than 30,000 hectares of crops and caused considerable livestock losses. Government reports cited total agriculture sector losses of an estimated US\$18m.

Another more recent instance comes from June 2013, when Fredy Torres, vice-president of the Honduran Association of Farmers (*Asohagri*) reported that 70 percent of sown areas had been decimated by drought.

In addition to natural threats, there are other factors affecting food security. Persistent rural poverty, combined with severe economic inequality, causes chronic food shortages among more than 60 percent of the population. The country's rural population includes farmers,

rural women, landless people and laborers, some of whom belong to different indigenous groups.

In August 2010, the Government published the *Report on the Current Situation of Food and Nutritional Security in Honduras*. It stated that nutritional insecurity affects 72 out of every 100 Hondurans, with greatest severity in the rural sector. More than half of the inhabitants of Honduras—about four million people—live in extreme poverty and experience severe food shortages, as incomes are insufficient to cover the staples.

Emprende Sur: Boosting the potential of agriculture

To tackle the problem, the Government in 2010 passed an executive decree, declaring the nutritional security of the Honduran population a national priority. The support of the international community is fundamental to both this goal and that of reducing poverty through greater equality in income and opportunity.

In this regard, OFID has joined forces with the International Fund for Agricultural Development, the Central American Bank for Economic Integration and the Honduran Government to co-finance the *Sustainable Rural Development Program for the Southern Region* (Emprende Sur).

The overall aim of the program is to increase incomes and employment and thus guarantee

the food security of small-scale agricultural producers. More specifically, it seeks to develop market-oriented microbusinesses, emphasizing production value chains, rural business competitiveness and the development of commercial linkages between smallholder producers through strategic alliances with specialized entities.

Activities include improving rural infrastructure, consolidating rural savings associations, fostering sustainable farming and reducing vulnerability to the effects of climate change.

To develop entrepreneurial linkages and increase market access, the program will finance at least 80 new food processing plants, some 20 aquaculture ponds and 12 ecotourism initiatives. Funds will also be allocated to equip 950 ha of newly irrigated land and convert a further 500 ha from sprinkler irrigation to drip irrigation. Agricultural tools and spare parts will be provided for the basic maintenance of a total 22,000 ha. These activities will benefit around 120 rural micro-enterprises. Another component will address the rehabilitation of water supply channels and some 280 km of rural roads.

OFID's Romulo Martinez, who is responsible for public sector operations in Honduras, explained that the investments in productive infrastructure would create better conditions for the rural poor to engage in the economic value chain of their produce.

"This will make it easier for them to access local and eventually international markets and is something highly appreciated by the beneficiary communities," he stated.

By boosting productivity and incomes, the program will help to improve food security among poorer rural families and reduce the vulnerability of small-scale producers to the risks of climate change. In total, an estimated 65,000 families will benefit, including small agricultural producers, traditional inland fish harvesters, peasants living in vulnerable highlands, microentrepreneurs and indigenous *Lenca* communities.

The total cost of the program is estimated at US\$37m. By providing 27 percent of this, OFID is proud to contribute to the sustainability of the Honduran agriculture sector. ■

With improved rural infrastructure and value chains, small producers will enjoy easier access to markets.

PHOTO: IFAD/FRANCO MATTIOLI





With a flat, cast iron surface for cooking tortillas, Envirofit's plancha stove reduces wood consumption by up to 65 percent and emissions by up to 80 percent.

Fighting against a silent killer

The World Health Organization indicates that thousands of men, women and children die every day from diseases that could be prevented by using clean stoves and fuel. Under its *Energy for the Poor* initiative, OFID is working to turn this situation around.

How can a life-sustaining act like cooking imply a threat? Can a person who is hungry imagine that, while preparing food, he is slowly being deprived of life? The obvious answer is no. But that is exactly what is happening every year to four million people in the developing world. The cause—the inhalation of household air pollutants—can lead to pneumonia, emphysema, cataracts, lung cancer, bronchitis, heart disease, stroke, and low birth weight.

WHO reports that almost three billion people, equivalent to 40 percent of the world's population, depend on solid fuels, including coal and biomass (wood, dung and agricultural residue), for their energy needs.

WHO states that: "In poorly ventilated dwellings, smoke in and around the home can exceed acceptable levels for fine particles 100-fold. Exposure is particularly high among women and young children, who spend the most time near the domestic hearth."

The figures provided by WHO are alarming: in 2012, household air pollution was responsible for 4.3 million deaths and 7.7 percent of total global mortality rates.

The International Energy Agency provides similar statistics, stating that over 2.7 billion people lack access to clean cooking facilities, of which 1.9 billion are based in Asia, 657 million in Africa, and 85 million in Latin America. For many, firewood and charcoal are the only option, a practice that increases deforestation and spells bad news for the environment.

This problem has encouraged many researchers to develop technology that can tackle the combined energy and health challenges, thereby improving living standards for entire communities around the world.

Among these research facilities is the Colorado State University Engines and Energy Conversion Laboratory (EECL), which developed a solution through its *Energy for Development* program.

This solution was subsequently taken over for commercial implementation by a spinoff company, Envirofit, a social enterprise established to develop well-engineered technology solutions with a primary emphasis on applications in the developing world.

By combining global knowledge of cooking cultures from field-based research with the design of new products using advanced computational tools and rigorous performance testing, Envirofit has developed a line of clean energy biomass cookstoves that offer economic, health and environmental benefits.

From a small pilot project conducted in India in 2008 with one model stove, Envirofit has grown into a company offering 15 different stove models and selling approximately 700,000 appliances in more than 40 countries.

The present stove designs reduce smoke and toxic emissions by up to 80 percent. Fuel requirements, costs, and cooking times have been cut by up to 60 percent.

A tripartite partnership to reduce indoor air pollution

To test the market for the development of a scalable clean cookstove solution, Envirofit partnered with the *Breathing Space* program of the Shell Foundation. The program works with both NGOs and for-profit companies to help deliver a significant long-term reduction in indoor air pollution (IAP).

Between 2002 and 2007, the Shell Foundation worked with different agents to test nine different approaches to tackling IAP, eventually choosing Envirofit as a global partner in late 2007. The Foundation provides funding through grants, as well as extensive business support and access to networks to help entrepreneurs examine

new models, achieve financial independence and expand into different regions.

The clean cookstoves produced by Envirofit are an affordable and reliable option for low-income consumers. The major barrier to increased sales, however, has been financial: working capital for distributors and affordability for end-users.

In 2011, the Shell Foundation and OFID partnered to research ways of overcoming the distribution challenge and improve access to energy efficient products among low-income consumers. Together, they developed and tested a new solution, providing flexible loans to fund new distributors in Africa.

Technology tailored to local needs

Building on its success in Africa, the OFID-Shell Foundation partnership broadened its support to the clean cookstove market in Central America. An OFID grant of US\$500,000 helped support the creation and distribution of a *plancha* stove model, designed by Envirofit to meet the specific cooking needs of people in Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Peru.

Plancha (griddle) stoves are specialized stoves designed for areas of the world where common cooking practices include making tortillas or other meals that require a hot flat surface to prepare.

Envirofit has developed a modern, portable version of the traditional built-in plancha stove, which is more efficient and easier to install. With a flat, cast iron surface for cooking tortillas, the stove reduces wood consumption by up to 65 percent and emissions by up to 80 percent. When compared to built-in plancha stoves, assembly time is reduced by 95 percent.

The new technology has been especially welcome in Honduras where, according to the Shell Foundation, 1.1 million households use wood for cooking. This is equivalent to 68 percent of the population.

Through the joint efforts of OFID, the Shell Foundation and Envirofit, almost 14,000 plancha stoves have already been distributed in Honduras, benefiting an equal number of families.

As well as making cooking safer and easier, the new technology will help Honduras and other countries in the program make faster progress towards the Millennium Development Goals by reducing child mortality and improving maternal health, while eradicating poverty, promoting gender equality and ensuring environmental sustainability.

Access to modern, safe energy is vital for millions. The act of cooking a family's supper should not be lethal. ■

According to the World Health Organization, household air pollution was responsible for 4.3 million deaths in 2012 alone.





Ministerial Council holds 35th Session

Welcomes readmission of Ecuador

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 coming year. This year's meeting was hosted by Qatar in its capital, Doha.

BY AUDREY HAYLINS

The 35th Session of the Council re-elected the State of Qatar, represented by Ali Shareef Al Emadi, Minister of Economy and Finance, to the chair. Algeria, represented by Mohamed Djellab, Minister of Finance was elected as vice-chair.

The highlight of the meeting was the formal readmission of the Republic of Ecuador to the institution after a break of almost 22 years. The Latin American country suspended its membership in December 1992. Its rejoining restores the number of OFID Member Countries to 13 (see separate story, page 34).

Announcing Ecuador's readmission, Council Chairman Mr Al Emadi said that OFID welcomed its return, which "exemplifies Ecuador's strong commitment towards development and support of South-South cooperation, in the belief that OFID is the strongest channel for this support."

Ecuador was represented at the meeting by Daniel Esteban Torres León, National Director of the Rest of the Public Sector, Ministry of Finance, who delivered a statement on behalf of Minister of Finance, Fausto Herrera.

In the statement, the Minister expressed his government's pleasure at being readmitted to the OFID family. The move, he said, was part of Ecuador's new foreign policy "aimed at improving the energy, financial, educational, diplomatic, commercial, scientific and cultural ties with all regions of the world."

His country was returning to OFID "with renewed energy, optimism and determination to work for the goals set by this organization to champion economic development around the world," he stated.

OFID, the Minister added, "represents for us an ideal mechanism to reach out to the countries in the Middle East, Africa and Asia, support them and share our experiences in an effort to expedite and complement their own development processes."

In further remarks to the Council, Mr Al Emadi paid tribute to OFID's recent accomplishments, which had seen the institution substantially increase its support to international development.

"The past years have proved that OFID's efforts, through all its financing facilities, are working in complete synergy to serve its noble objective, and our Ministerial Council stands ready to fully support this stride," he said.

Finance ministers and other high-level representatives expressed their satisfaction with OFID's performance over the past 12 months.





Ministerial Council Chairman and Qatari Minister of Economy and Finance, HE Ali Shareef Al Emadi (center); flanked by Abdul Wahab Ahmed Al-Bader, Governing Board Chairman (left) and Suleiman J Al-Herbish, OFID Director-General (right).

Operational review

Reporting to the Council on the work of the Governing Board in 2013, Board Chairman, Abdul Wahab Ahmed Al-Bader of Kuwait, revealed that a record US\$1.5bn had been approved in fresh financing for development. Disbursements had also climbed to an unprecedented high, exceeding US\$1.1bn.

In his own statement to the Council, OFID Director-General Suleiman J Al-Herbish highlighted OFID's rising influence in the global development arena. He noted that OFID was positioned at the "strategic hub" of two important international initiatives: *Sustainable Energy for All* and the *Global Partnership for Effective Development Cooperation*. "OFID is not merely implementing the global development agenda, but shaping it as well," he stated.

Of special note was the Director-General's briefing on his recent visit to Palestine, where he signed a number of grant agreements with various partners. He drew attention to the hardships he had witnessed during the mission and stressed the negative impact of such daily suffering on not only the development process but also on all aspects of daily life. Against this background, Mr Al-Herbish urged the Ministerial Council to increase its support to the Palestinian people.

The Director-General closed his statement by pointing out the increased responsibility attached to OFID's enhanced stature, especially with regard to the post-2015 development goals.

OFID, he said, would be involved in defining "the what and the how" of the new agenda. "We believe we are well placed to play our part ... and we count on the continued trust and support of

Member Countries to make this possible," he stressed.

The Council Session considered further matters including OFID's financial statements for year 2013 and the Annual Report for the same year, which the Council approved. Also at the meeting, the OFID 2014 Award for Development was presented to two African NGOs: the Kakenya Center for Excellence in Kenya, and the Ashesi University in Ghana (see separate story, page 38).

The next Session of the Ministerial Council will be held in Austria on June 11, 2015.

Daniel Esteban Torres León, National Director of the Rest of the Public Sector, Ministry of Finance, Ecuador, delivered a statement on behalf of Finance Minister, Fausto Herrera.





35th Session of the
Ministerial Council

photo
gallery

Ministerial Council Chairman, HE Ali Shareef Al Emadi,
Minister of Finance, Qatar.

The Council's busy agenda included the official readmission of Ecuador, a review of OFID's financial statements for fiscal year 2013 and approval of the Annual Report for the same year. Ministers also considered a number of reports relating to other operational and financial matters.



Muwafaq Taha Ezzulddin,
Alternate Governor of Iraq to OFID



HE Ana Khaled Al-Saleh,
Minister of Finance, Kuwait



Jean Philippe Ndong Biyogho,
Alternate Governor of Gabon to OFID



HE Dr Ali Taieb Nia,
Minister of Economic Affairs and Finance, IR Iran



Haruna Mohammed,
Alternate Governor of Nigeria to OFID



HE Mohamed Djellab,
Minister of Finance, Algeria



HE Rachmat Budiman,
Ambassador of Indonesia to Austria



Mr Majed Ali Omran,
Governor of the United Arab Emirates to OFID

35th Session of the
Ministerial Council

photo
gallery



HE Dr Sulaiman Al-Turki,
Deputy Minister for International Financial Affairs, Saudi Arabia



HE Idris Saleh Elsharif,
Assistant Deputy Minister, Ministry of Finance, Libya



Dr Eudomar Tovar,
Alternate Governor of Venezuela to OFID

Ecuador returns to the fold in pursuit of South-South solidarity

Following an absence of over two decades, the Republic of Ecuador is once again a Member Country of OFID. In the following interview exclusively for the *Quarterly*, Minister of Finance **Fausto Herrera** explains how the decision to rejoin OFID was driven by the hope that Ecuador's presence could contribute to the noble goals that inspired the institution's creation.

INTERVIEW BY ARYA GUNAWAN USIS

OQ: *Ecuador suspended its membership of both OPEC and OFID in December 1992, then rejoined OPEC in October 2007. It has taken another seven years for the country to reactivate its membership of OFID. What are the reasons behind this decision?*

FH: This is an important question. Let me begin by recalling what President Rafael Correa said in November of 2007, during the III OPEC Summit in Riyadh, on the occasion of Ecuador's return to OPEC. He clearly stated that our country's reincorporation into that Organization had a dual perspective: to strengthen Latin American presence in OPEC and regroup solidarity among producers. A coordination of policies, he said, would help achieve a delicate balance between a proper supply of the market, a fair price for producers and the preservation of the environment.

It is in that spirit of renewed and bolstered Latin American participation in international mechanisms that Ecuador once again returns to the table, in this case the prestigious OFID, with the hope that our presence here can contribute to the noble goals which inspired its creation. This decision is in keeping with President Correa's vision of a strong and united Latin America working collectively for the economic and social betterment of our people, of our region and de-

veloping countries around the world. In this regard, Ecuador considers that the mechanisms afforded by OFID are an invaluable tool in the pursuit of the objectives of this vision.

Our return to OFID can also be seen as part of my country's new foreign policy, which is actively strengthening ties—diplomatic, commercial, scientific and cultural—with our Middle Eastern, African and Asian brothers. OFID represents for us an ideal vehicle to reach out to countries in these regions, support them through the Fund and at the same time share our experiences in an effort to expedite and complement their own development processes.

Ecuador's delay in returning to the OFID family was due partly to internal concerns regarding financial constraints that have since abated. That said, after putting our arrears and current contributions in order, we conducted a thorough analysis on what we expect to achieve in OFID and how best we can contribute as a small, sovereign and active Latin American partner in international financial and development affairs. The fruitful outcome of this reflection process paved the road back to the Fund and finds Ecuador even better prepared than before its departure and filled with renewed determina-



PHOTO: COURTESY OF MINISTRY OF FINANCE, ECUADOR

Fausto Herrera, Minister of Finance, Ecuador

tion to be a purposeful and constructive member of OFID.

OQ: *How do you view OFID's overall progress and transformation during the 20 years or so since Ecuador left the institution?*

FH: It is evident that the world has changed considerably during these last two decades, politically and economically. Naturally, neither countries nor institutions can remain untouched by these transformations. As President Correa said recently, the capacity to adapt to change is indispensable to survival. In this regard, it is refreshing to see that OFID is today a more finely tuned organization and ready to meet the challenges of international development faced by those nations and entities it supports. The quality of its leadership, its staff and its programs attests to how far it has come and augurs well for its future.

It is refreshing to see that OFID is actively addressing the challenges to development which many countries in Latin America, Africa and Asia, face today. Several of the issues on OFID's current agenda were absent or less prevalent 20 years ago. Today, projects relating to infrastructure, poverty alleviation, environment, sustainable energy, etc., are at the core of what OFID does and does well.

These are fields in which Ecuador has made considerable progress and is prepared to share its experiences.

It should also be said that Ecuador today is quite a different country to the one of two decades ago, and that will be reflected in our participation in the work of OFID. In 2014, we are a technologically and financially more-evolved nation. We have moved away from the "hand-out" approach to international development to one based on dignity, sovereignty, solidarity and integration. We are also intimately attached to the concept of South-South cooperation and expect to promote OFID's pivotal role in the implementation of technical cooperation projects based on the abundant but too often neglected experience and technology from developing countries.

OQ: *Are there any specific initiatives that Ecuador plans to propose as an OFID Member Country again?*

FH: Ecuador's desire to once again be part of OFID is based on the political commitment of the national government to work together with OPEC Member States in financing development projects in developing countries in the framework of South-South cooperation, which is one of the cornerstones of Ecuador's new foreign policy. ►

"We have moved away from the "hand-out" approach to international development to one based on dignity, sovereignty, solidarity and integration."

“It seems that my country and OFID are on the same page as concerns the critical relationship between energy and poverty alleviation.”

◀ However, the interest to be a part of OFID is not just limited to the financial aspect of South-South cooperation. Ecuador’s return also opens up possibilities to exchange existing successful experiences with developing countries in different fields. These include through the OFID knowledge bank, experiences in energy efficiency, replacement of non-renewable resources by renewable energy, access of the population to commercial energy, etc. In particular, Ecuador wishes to share with other countries its acclaimed expertise in reducing gas flaring as well as its experience in the replacement of gas-based cooking appliances by electric induction cookers, since these are successful examples of energy efficiency, replacement of energy sources and the supply of commercial renewable energy to economically disadvantaged populations.

OO: *OFID’s flagship program is its Energy for the Poor Initiative (EPI). How important do you consider this program to be?*

FH: As a developing country, Ecuador understands all too well how the lack of energy hinders the struggle for economic growth and delays the efforts of people striving to escape from poverty. For this reason we salute the OFID program known as the EPI and hope to contribute in a positive way to its advancement. The issue of energy poverty is not new to Ecuador, as it has strongly supported the work being done to address this global challenge by the UN Sustainable Energy for All (SE4ALL) Initiative. We aspire to work even further in that direction as a full-fledged and active member of OFID.

I would like to underscore that Director-General Al-Herbish has rightly pointed out that while others are “finding solutions” to the problem, OFID is “funding solutions.” I commend this practical approach which is being executed efficiently through the EPI.

In Ecuador we have already begun to seek solutions to our own energy poverty problems by transforming our energy matrix, perhaps our government’s major undertaking to date. Once in place, our citizens will have more affordable, cleaner, efficient, safer and sustainable energy for generations to come. It seems then that my country and OFID are on the same page as concerns the critical relationship between energy and poverty alleviation.

OO: *Your country has huge potential in the agriculture sector, as indeed do some of its neighbors. What would you like to see OFID doing to further strengthen this particular sector across the region?*

PHOTO: FOXIE/SHUTTERSTOCK.COM



FH: You have rightly pointed out Ecuador’s considerable agriculture potential. Although small in territory, our nation has been endowed with abundant natural resources, fertile soil, fish-filled seas, fair climate, varied topography and above all, an industrious and hard working people. This has allowed us to bring to market high quality products, many of which are sold in OFID Member Countries and around the world: bananas, shrimp, tuna, passion fruit, roses, to name a few.

Having said that, Ecuador sees agriculture as a means and not an end to development. It is not a substitute for other forms of economic growth such as knowledge-based initiatives, technology and innovation.

Ecuador looks forward to sharing its experiences with other agriculturally-oriented countries but seeks to go even further by promoting the application of cutting-edge technology to agricultural practices in the developing world. Farmers, fishermen and scientists must work hand in hand. Ecuador will also work with a view that along with OFID cooperation, local producers are adequately compensated for their investment, hard work and quality products. OFID members should continue to ensure that a social dimension is not absent in the context of its support to developing countries.



*Ecuador's imposing
Cotopaxi volcano rises
over the country's rich
farmland and abundant
natural resources.*

OQ: Your country's economy has experienced strong, sustained growth over the past seven years, above the average for the region. The extreme poverty rate has also declined significantly. To what do you attribute this remarkable progress, and what do you see as the key challenges that need to be overcome in order to keep this performance on track?

FH: The economic and social indicators that Ecuador has achieved since 2007, when Rafael Correa assumed the presidency, turned it into one of the most successful countries in Latin America, which is mainly due to the emergence in our national history of a government truly committed to the development of its people.

By championing the concept we refer to as "good living"—*buen vivir* in Spanish and *Sumak Kawsay* in the indigenous language Quechua—and social justice as axes of change, the government has transformed the traditional political landscape and used resources, especially oil, as its main source of wealth to invest in health, education and infrastructure. Oil revenue now serves to benefit the development of people. This is the cornerstone of our national policy, in which special emphasis is devoted to the development of capacity building.

The challenges facing the government of President Correa revolve around two enormous tasks: changing the energy and the production matrices. In the first case, the goal is to replace thermal with hydraulic electricity generation, which is expected to be achieved in 2017, when the use of thermal power plants will be reduced from 60 to 7 percent, making Ecuador the most advanced country in Latin America in the use of renewable energy.

The second challenge will take a longer period of time: to transform Ecuador from an agro-exporting to an industrialized country. This will be done through the establishment of development zones by building up basic and intermediate industries, generating value chains based on their natural resources (oil, copper, aluminum, iron etc.): refining, petrochemicals, steel, etc; poles that require a high-level infrastructure of human talent to generate technology transfer.

These ambitious projects will require considerable financial resources, estimated at US\$70bn in the medium run. Funding will be one of the most important challenges that Ecuador will have to address. ■



The 2014 Annual Award recipients receive their trophies from Ministerial Council Chairman Ali Shareef Al Emadi. On the left is Araba Botchway of Ashesi University, and on the right Kakenya Ntaiya, founder and president of the Kakenya Center for Excellence.

Annual Award acknowledges education as key

The 2014 OFID Annual Award for Development has been shared between two African NGOs that specialize in providing accessible education.

BY REEM ALJARBOU

The 2014 Award recipients—Kenya’s Kakenya Center for Excellence (KCE) and Ghana’s Ashesi University—were announced by Ministerial Council Chairman, Ali Shareef Al Emadi, during the 35th Session of the Council in Doha, Qatar on June 12.

In a citation, Mr Al Emadi paid tribute to the two organizations “for promoting grass-roots-level education within their communities, while addressing cross-cutting issues such as women’s empowerment, cultural challenges and leadership.”

The Award, which comes with a US\$100,000 prize, is divided equally between the two recipients.

Established in 2009, KCE seeks to empower and motivate young girls through education and

to break the cycle of destructive cultural practices, such as early marriage and childbirth, lack of health education and understanding of legal rights, particularly with regard to female genital mutilation.

Since KCE opened its doors, 155 girls in grades 4–8 have received life-altering education and leadership training through the demonstration program at the KCE boarding school in Enosaaen in southwestern Kenya. As part of their community programming, over 300 girls from 41 other schools have also been trained



PHOTO: COURTESY OF KAKENYA CENTER FOR EXCELLENCE

through their Leadership Camp demonstration programs.

KCE founder, Kakenya Ntaiya, is a much-decorated women's and girls' rights pioneer. She was named one of Newsweek's 150 Women Who Shake the World in 2011 and counted among the Women Deliver 100: The Most Inspiring People Delivering for Girls and Women. Herself directly affected by some of the issues her center is working to alleviate, she was honored in 2013 as a CNN Hero.

Accepting the Award, Ms Ntaiya stated: "I thank you for honoring the work we do in Kenya with girls who are denied an education simply because of their gender, where their dreams end at that point."

She went on to explain the personal struggles that had driven her to establish the Center and how her ability to access education had enabled her to escape such practices. "Education opens doors to people all over the world," she said, revealing that the OFID Award would enable 50 more girls to go to school this year. "If we help women to be empowered, we help to eradicate poverty," Ms Ntaiya asserted.

The second recipient, Ashesi University, is a private, not-for-profit institution that has quickly gained a reputation for innovation and quality education in Ghana. Its mission is to educate a new generation of ethical, entrepreneurial leaders by cultivating critical thinking, concern for others, and the courage to transform the continent.

The University gained accreditation from the National Accreditation Board of Ghana in September 2001 and began instruction with 30 students in 2002. To date, the university has graduated around 500 students. Nearly 40 percent of the students receive aid, about 20 percent come from families in extreme poverty, and about 50 percent are women.

Founder and President, Patrick Awuah, holds bachelor degrees in engineering and economics from Swarthmore College, and an MBA from UC Berkeley's Haas School of Business. In 2004, Swarthmore awarded Mr Awuah an honorary doctorate in recognition of his leadership in African higher education.

Mr Awuah was nominated a Global Leader 2007 by the World Economic Forum; and in recognition of his service to Ghana, was awarded Membership of the Order of the Volta by His Excellency, President JA Kufuor in July 2007.

The Award was received on behalf of Mr Awuah by Ms Araba Botchway, a member of Ashesi's executive team. Ms Botchway leads the University's fundraising efforts in Africa and helps to manage its funding partnerships, including a US\$13m scholarship program with The MasterCard Foundation.



PHOTO: COURTESY OF ASHESI UNIVERSITY COLLEGE

Ms Botchway told the Ministerial Council that the entire Ashesi community was honored to receive the Award, which had "brought us satisfaction that our efforts have also resonated on others." She reiterated: "We are grateful to OFID for this support which will help us reach more students and stretch our impact, as both Ashesi and OFID share the mutual quest for sustainable development through capacity building."

The OFID Annual Award was instituted in 2006. Past winners 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 on children in Gaza; the Palestinian Authority Ministry of Detainees and Ex-Detainees Affairs and its Ex-Detainees Rehabilitation Program, and education activist Mala Yousafzai.

OFID and education

OFID acknowledges the importance of education as a fundamental instrument of socio-economic development and works closely with its Partner Countries to improve the availability and quality of education at all levels. To date, OFID has provided US\$875m in support of a broad range of education-related initiatives. ■

Since opening in 2002, Ashesi University has graduated some 500 students, a substantial portion of whom require financial support through their studies.

OFID announces 2014 Scholars

Education is fundamental to the development and advancement of young people globally. This is the core principle of the OFID Scholarship Program, which enables outstanding individuals from the developing world to become agents of change in their countries.

BY JUSTINE WÜRTZ AND REEM ALJARBOU

As well as being a prerequisite for human and economic development, education plays an important role in social cohesion, democracy, peace-building and human rights. In recognition of this, OFID supports a variety of education projects, from the construction of schools, technical colleges and universities to teacher training and capacity building.

Alongside such efforts, OFID has operated its scholarship program since 2007. The program strives to support human capacity building in developing countries by enabling the fulfilment of academic aspirations for those who have proved themselves committed to their own and their countries' betterment.

Recipients of the OFID scholarship award receive funding to complete a development-related Master's degree at top academic institutions.

As in previous years, OFID was again flooded with applications in 2014, with prospective students from over 166 developing countries vying for a place on the 2014 scholarship program.

In total, over 10,000 undergraduate students and young professionals applied, and the process of reviewing each application fairly and thoroughly took over two months.

The 2014 award is presented to one student from each of four regions: Africa, Asia, Latin America and the Caribbean, and Europe. OFID's 2014 Scholars are outstanding young individuals who have shown courage and commitment in their academic and personal lives and who illustrate the aspirations of sustainable development through human capacity building.

The OFID 2014 Scholar from the Africa region is 24 year-old Khaled Mokhtar Ibrahim Mohamed from Sudan, who will pursue a Master's degree in environmental engineering and sustainable development at Imperial College, London.

Khaled's interest in this area originated during the last year of his Bachelor's studies in engineering at the University of Khartoum when the Darfur crisis began. "The conflict in Darfur has been driven by climate change and environmental degradation, which threaten to trigger a succession of new wars across Africa unless more is done to contain the damage," stated Khaled.

Recognizing the significance of environmental issues on social stability, Khaled focused his final year dissertation on the subject of 'Sourcing Water in Darfur.' "The crisis structured my view of what I might do and how I can contribute to solving Darfur's problems through engineering," he said.

Khaled has been working as a teaching assistant at the university where he studied and hopes to use his strong academic skills to continue his research, with the aim of applying in-depth knowledge and engineering solutions to alleviate environmental and climate issues in Sudan.

When notified of his selection as an OFID Scholar, he promised: "I will live up to the responsibility of being selected as a winner of the award."

Representing Asia in the 2014 cadre is 29 year-old Alaa Alaizoki from Syria, who will take up his place on the University of Birmingham's (UK) Master's program in food safety, hygiene and management.



Khaled Mokhtar Ibrahim Mohamed



Alaa Alaizoki



Maja Pecanac



Maldon Goodridge

Alaa obtained his Bachelor's in food engineering at Al-Baath University, Syria, where he learned about the relationship between food and public health. Since graduating he has worked as a food and health inspector for the Department of Health Control in the city of Hama.

Alaa said that he was "motivated by a deep desire and aspiration to develop my knowledge and experience." He volunteered for the Aga Khan Foundation to help with UNICEF relief efforts focusing on children with malnutrition. "I believe that I can be a great help to my country in the current situation and the future," Alaa stated.

On learning that his application had been successful Alaa declared: "I'm honored to be selected and look forward to completing my program with excellent grades and to helping develop my country."

Twenty-nine year-old Maja Pecanac from Bosnia and Herzegovina is the OFID Scholar from Europe. She will attend the School of Oriental and African Studies at the University of London, to pursue a Master's in human rights, conflict and justice.

Maja is currently a national legal officer at the German International Cooperation (GIZ) GmbH and a self-proclaimed "advocate for making high impact social change to benefit both the work and the greater good."

She has a history of volunteering with numerous programs and NGOs, through which she has learned and experienced key human rights issues including poverty, public health, gender, and children's rights.

The strongest influence in her life has been the experience of war in her hometown Sarajevo: "I learned of ethnic, religious, racial and ideological distinctions when I started to be judged in accordance with what those presumably meant," she stated.

Maja has committed herself to using her legal skills to raise awareness and promote opportunity. "What I have learned is that people who make a difference in the world have both passion and knowledge," she told us.

From the Latin America and Caribbean region is 26 year-old Maldon Goodridge from Barbados, who will be studying for a Master's in sustainable energy technologies and operational research at the University of Southampton, England.

Maldon is a visionary and committed to finding sustainable solutions for his region's energy poverty issues and, in so doing, contribute to global commitments to solve energy concerns.

"I plan to help my country, Barbados, shape and execute its sustainable energy policy," he declared, adding that his ultimate goal was "to further the development of optimum energy solutions, not just locally or regionally, but internationally."

When informed of the award he admitted to being "truly humbled and grateful for the opportunity granted to me by OFID."

The members of the OFID scholarship committee were themselves "truly humbled" by the outstanding achievements of so many individuals. The successful applicants stand out by way of their commitment, passion and integrity, and we are honored to name them as 2014 OFID Scholars. ■

*OFID's
2014 Scholars are
outstanding young
individuals who
have shown courage
and commitment in
their academic and
personal lives.*

Annual Report 2013

highlights record commitments

OFID's cumulative contribution to international development climbed to US\$16.7bn at year-end 2013, following the approval of a record US\$1.5bn in fresh commitments that year. Disbursements, at US\$1.1bn in 2013, also reached a new high.

BY AUDREY HAYLINS



These and other figures are published in OFID's 2103 Annual Report, which was released June 12 following its approval by the Ministerial Council. The Report details OFID's performance during the year, highlighting its activities by sector, geographical region and financial mechanism.

In his Foreword to the Report, Director-General, Suleiman J Al-Herbish notes that Energy for the Poor continued to dominate OFID's agenda throughout 2013, both at an operational and an advocacy level.

"Our consistent message ... is that solutions to energy poverty need to be implemented *now*, drawing on all available sources, be they traditional or renewable, and taking into consideration the wider water-food-energy nexus," he states.

On the nexus, he says: "We are convinced that these three areas together hold the key to a sustainable and equitable future for our planet and its people ... and that they must be addressed using a holistic, integrated approach."

2013 commitments

The US\$1.5bn in new funding approved in 2013 represents an increase of some US\$235m over 2012. The largest share went to Africa, which continues to be the main focus of OFID's poverty eradication efforts.

In terms of sectoral distribution, energy projects accounted for one-quarter of total approvals, with US\$384.9m co-financing 28 operations in 31 countries. The water-food-energy nexus drew almost 40 percent of all commitments, boosted by a five-fold increase in support to the water and sanitation sector.

Together, the Public Sector and Trade Finance windows were the primary channels of delivery during the year, representing around 80 percent of commitments.

Focus areas

As in previous years, the sectoral profile of operations in 2013 reflected the strategic priorities of Partner Countries. Behind energy came the financial sector with a record US\$332m in approvals, a rise of more than 80 percent over 2012.

The scaled-up support was a direct response to the continuing shortage and high cost of credit, and was designed to help shore up the working capital of micro-, small-, and medium-sized enterprises and facilitate their trade activities.

Transportation projects also featured strongly in 2013, attracting some US\$249.2m, all of it in Public Sector lending. A number of sub-sectors benefited, including roads, airports, urban transit and maritime services.

Multi-sectoral initiatives secured US\$241.9m, the bulk of it a US\$200m increase in the ceiling of an existing trade finance participation scheme targeting primarily energy and agriculture transactions.

Approvals for the water supply and sanitation sector leapt to US\$173.9m—compared with just US\$35.5m in 2012—most of it going to improve urban services in Cuba, Jamaica and Panama.

Other sectors to receive support were agriculture (US\$39.5m), telecommunications (US\$39m), education (US\$35.8m), health (US\$26.9m), and industry (US\$12m).

Regional operations

In keeping with OFID's mandate to focus on the most underprivileged nations, 36 percent of 2013 commitments went to the Africa region, where US\$557.5m supported initiatives in 34 partner countries; the lion's share of it (63 percent) was delivered in public sector lending.

Almost one-third of all resources to Africa was directed at the energy sector, while the financial and transportation sectors—with a 22 percent share each—also drew substantial funding.

In Asia, 27 countries—including new partner Timor Leste—shared US\$359.8m, chiefly for projects in the energy and financial sectors. As with Africa, the primary mechanism was concessional Public Sector lending, which represented 40.8 percent of committed resources in the region.

The Latin America and Caribbean region enjoyed a three-fold increase in financing flows in 2013, with 16 countries collectively attracting some US\$313.9m. Two-thirds of this total (US\$202.5m) was channeled through the public sector lending window, 60 percent of it for urban water and sanitation projects.

In Emerging Europe, two countries—Bosnia and Herzegovina and Kosovo—shared US\$102.2m for road construction.

Financial mechanisms

As the main plank of OFID's activities, Public Sector lending accounted for US\$804.2m (52.3 percent) of approvals in 2013. The biggest share (43.8 percent) went to Africa, home to the majority of

least developed countries, followed by Latin America and the Caribbean with 25.2 percent, Asia with 18.3 percent and Europe with 12.7 percent.

Together, energy (US\$269.3m), transportation (US\$249.2m) and water and sanitation (US\$171.6m) secured over 85 percent of all Public Sector commitments.

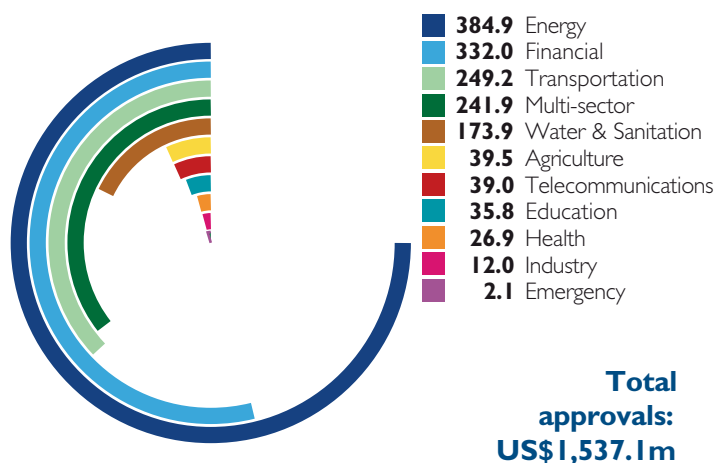
Some US\$227m supported Trade Finance operations, all of them funded. The resources will support the import and export funding needs of small- and medium-sized enterprises in partner countries, including Mongolia and Papua New Guinea, both of them new markets for OFID's Trade Finance Facility.

Private Sector approvals amounted to US\$281m, an increase of 70 percent over 2012. The lion's share (US\$130m) was taken by energy projects, including a pioneering wind farm in Jordan. Private sector operations were initiated in two new partner countries: Mozambique and Rwanda.

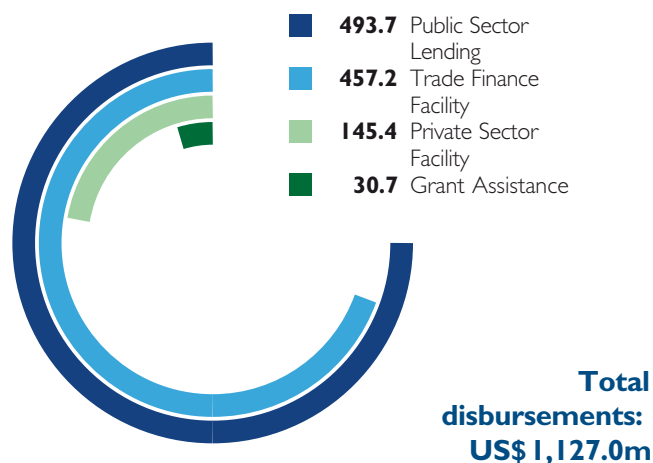
Resources committed under OFID's Grant Program reached US\$24.9m for a wide variety of grassroots initiatives, including interventions in Palestine and against HIV/AIDS. Of special note was a pioneering energy project in Nepal that combines the distribution of clean cookstoves with the generation of carbon credits for reinvesting and project scale-up.

The 2013 Annual Report is available in English, Arabic, French and Spanish, as well as in PDF format for downloading from the OFID website at www.ofid.org.

Approvals in 2013 by sector
(US\$m)



Disbursements in 2013 by mechanism
(US\$m)



Palestine: Where dignity and resilience prevail

Led by Director-General Suleiman J Al-Herbish, OFID's historic first mission to Palestine in April was an opportunity to examine the enormous challenges faced by Palestinians under occupation and to assess the impact of OFID's work in the territories. **Souhad Khriesat** reports on an eventful and unforgettable four days.



Palestinian President, Mahmoud Abbas, and OFID Director-General Al-Herbish exchange greetings at Al-Muqata'a, the Palestinian administrative center.

PHOTO: THAER GHANAYEM/WAFA IMAGES

The timing of OFID's first ever official visit to Palestine was no coincidence; 2014 is the *UN International Year of Solidarity with the Palestinian People* and OFID is marking the occasion by increasing its longstanding support to this beleaguered people.

And long-suffering they certainly are. In addition to the inherent challenges faced by many countries of the developing world, the Palestinian territories have to endure closures, curfews and mobility restrictions, as well as a separation wall that severely restricts people's access to their land and isolates marginalized communities. The impact on the economy is devastating. Foreign aid is a lifeline, and certain relief efforts and services are dependent on it.

Day one: Ramallah

We are able to observe the situation for ourselves well before we reach Ramallah, our first stop in the Palestinian territories. We have travelled by car from Amman in Jordan. At the Israeli-operated border crossing, we experience delays and other inconveniences. A member of our delegation is denied the necessary entry permit and forced to turn back. We are told that intimidat-

tion, interrogation and sometimes arrest are regular experiences for Palestinians trying to cross the border.

We finally cross Jericho and arrive in Ramallah at *Al-Muqata'a*, the Palestinian administrative center. Here we are met by Palestinian President Mahmoud Abbas, a close friend of OFID. President Abbas visited OFID headquarters last year and is well acquainted with OFID's unwavering support to the Palestinian people. The President is accompanied by a number of Palestinian dignitaries and ministers, and we are made to feel very welcome.

In the presence of the President, Mr Al-Herbish signs an agreement for a grant that will benefit a scholarship scheme for Palestinian refugees in Lebanon. The funds will enable some 70 high-achieving students to enrol in Lebanese universities.

President Abbas speaks of the enormous challenges his administration faces in addressing the needs of the Palestinian people, and the various regional and international limitations that affect these aspirations.

As we settle into our hotel after a long and exhausting day, I reflect on the resilience of the Palestinian people. Despite the entry points and military presence, Ramallah appears to be a city where people do their best to lead a normal life—at least as much as they can or are allowed to do so.

Day two: Hebron

The next morning we set off for Hebron, where the Director-General is to inaugurate a new department of surgery—*The OFID Surgical Department*—at the city's Al-Ahli Hospital, the largest medical facility in the West Bank.

The unit bears OFID's name in recognition of its contribution towards the purchase of state-of-the-art equipment for its seven operating theaters, recovery room and other essential facilities. It represents an important addition to the hospital and the local community and is likely to benefit thousands of patients every year.

We learn that the travel restrictions imposed by the Israeli authorities have often delayed the urgent treatment of Palestinians referred abroad for lack of adequate facilities in the West Bank. The improved capacity at Al-Ahli will alleviate some of the devastating consequences of such delays.

Driving through Hebron later that day, my eyes are drawn to the many closed shops in the old central market; the abandoned premises a manifestation of the impact of extended curfews and movement restrictions on this once prosperous city. ►



Mr Al-Herbish cuts the ribbon to officially open the OFID Surgical Department at Hebron's Al-Ahli Hospital.



The new facilities are equipped with state-of-the-art equipment and are an important addition to the hospital, which is the largest in the West Bank.



Day three: East Jerusalem

◀ The third day of the mission begins with a field visit to the *Shu'fat* refugee camp in East Jerusalem. *Shu'fat* is cut off from other parts of Jerusalem by the separation wall, and access is heavily controlled by Israeli forces. It is a sprawling, semi-permanent urban area, with haphazardly constructed buildings and narrow alleyways—far from what is implied by the dictionary definition of “camp.” Living here is not a voluntary decision; it is rather a matter of ascribed status.

We are immediately struck by the cramped living conditions and the sheer number of people. *Shu'fat*, we are told, has a higher population density than would Libya if the entire world population lived there. Basic services, such as water supply, sanitation, household waste disposal, education and healthcare, are absent or grossly inadequate. Poverty and unemployment are all-pervasive. At the foot of the camp, the large concrete blocks of the separation wall are a constant reminder of the realities of a big prison.

Next on our itinerary is the signature of a grant agreement in support of an UNRWA program that will help improve the quality of education for some 1,600 pupils attending three of the camp's schools. Visiting one of the schools and talking with some of the girl students, we are struck by their impressive resilience; proof positive of education's role as an enabler of human development.

Despite the despondency we felt walking through the camp's alleys, the overriding impression we take away with us from *Shu'fat* is surprisingly not one of despair but rather the old adage “hope springs eternal.”

We then depart to Budrous, a village in northwest Jerusalem severely affected by the separation wall. Here, a tree was planted two years ago in honor of OFID and the Director-General in an olive grove dedicated to UNRWA's friends. In Budrous we talk to a number of United Nations' officers working in the region as well as to members of the local community, who tell us more about the daily challenges facing Palestinians as they struggle to make a living.

Later that afternoon, we attend yet another signing ceremony, this time for projects being carried out by the United Nations Development Program under its *Program of Assistance to the Palestinian People*. In all, OFID is providing funding for four projects covering housing, health facilities and modern energy services. The initiatives will benefit thousands of people across the West Bank and Gaza Strip.

The signing ceremony takes place at an exquisite location overlooking the Old City of Jerusalem. A Jerusalemite points out surrounding sites and landmarks, leaving me intrigued and impatient for the following day's schedule, which involves a tour by UNDP of development projects in the Old City.



The OFID delegation toured the Shu'fat refugee camp, where living conditions are very cramped and basic services either absent or inadequate.



At an OFID-sponsored school in Shu'fat, girl students in traditional dress perform for their guests.

Day four: The Old City of Jerusalem

And so the fourth and last day of our mission arrives. Among the completed and ongoing projects we visit in the Old City of Jerusalem is one co-financed by OFID, which aims at supporting Arab Jerusalemites living under occupation in the Old City.

These people are under constant threat of expulsion and other forms of pressure, including revocation of their residency permits and absentee property laws which justify measures to confiscate more land and property belonging to Palestinians.

Another common practice, we are told, is the demolition of Palestinians' homes or their being forcibly taken over by settlers. These actions often take place under the pretext of the house being old and posing a threat to public safety. However, the Israeli municipal authorities systematically deny Palestinians the permits required to undertake construction work or improvements.

We visit a number of restored houses owned by poor families in the Christian and Islamic Quarters, as well as a few small business enterprises that have benefited from this project, which also seeks to ensure sustainable livelihoods for Palestinians in the city.

Listening to tales about the intimidation and threats experienced by these families—and witnessing their deprivation and poverty—I appreciate greatly the impact of our operations on people's lives. Here are the faces behind the budget tables and implementation plans.

Shortly afterwards, we meet with representatives of the British Council at its headquarters in Jerusalem. This institution, which has been working in the Palestinian territories for over 50 years, has larger branches across Palestine, but maintains its head office in Jerusalem as a symbolic statement asserting Jerusalem's status as an Arab city under occupation. Many other international organizations and foreign representations do likewise.

Towards the end of the day, we visit the beautifully renovated old building that is the headquarters of the Edward Said National Music Conservatory. The Conservatory is named after the prominent Palestinian literary theorist Edward Said, who was born in Jerusalem in 1935.

The visit begins with the signature of a grant agreement for a Conservatory project to support music education and cultural activities for Jerusalemite children. To our delight, we are then treated to impressive musical performances by the talented students of the Conservatory.

Afterwards, OFID hosts a farewell reception that is attended by the Governor of Jerusalem and other dignitaries of the City, in addition to a



One of the restored houses visited by the OFID delegation in the Old City of Jerusalem.

PHOTO: COURTESY OF EDWARD SAID NATIONAL MUSIC CONSERVATORY



number of high-level representatives of OFID's partners in Palestine. Ironically, some of the invitees residing in other Palestinian cities are unable to attend, since entering Jerusalem requires obtaining a special permit from the Israeli authorities which is rarely granted.

When we finally leave Palestine, it is with deeply felt impressions of a dignified, resilient and resourceful people living under unimaginable hardship.

On the positive side, we have seen how OFID's support and that of its partners is making a real difference to the suffering of Palestinians. It is clear, nevertheless, that much of this support can be labelled as "band-aid" solutions. For development to be truly sustainable, there needs to be a permanent resolution to the complicated conditions prevailing in the occupied territories.

The declaration of an independent Palestinian State—a key sticking point in the oft-disrupted talks—remains the overriding but most challenging goal of the Palestinian Authority. It is perhaps the only outcome that will enable Palestinians to finally overcome the persistent hindrances of the past decades. ■

The Edward Said National Music Conservatory offers talented young musicians the chance to develop their creativity and cultural identity.



Cuba: Fulfilling a promise

A recent high-level partner country visit to Cuba was an opportunity for OFID to reiterate its support to improving the wellbeing of the Caribbean island's population, particularly through the implementation of priority operations encompassing the water-food-energy nexus.

BY ROMULO MARTINEZ

The high-level mission in April, which was led by OFID Director-General Suleiman J Al-Herbish, came at the invitation of Rodrigo Malmierca, Cuba's minister of external trade and foreign investment. It was Mr Al-Herbish's second visit to the country to discuss strategic cooperation and inspect co-financed projects.

The hectic agenda kicked off with two meetings in the Revolution Palace in Havana City's iconic Revolution Square. There the delegation was welcomed by First Vice-President of the Council of State, Miguel Díaz-Canel, who thanked OFID for its continuous support to the people of Cuba.

Mr Díaz-Canel noted, in particular, OFID's contribution to the water, food and energy sectors, which he described as the most important for the economic development of the country. The same three areas form the central plank of OFID's strategic plan and what it calls the "virtuous developmental nexus."

The second meeting was with Ricardo Cabrisas Ruíz, vice-president of the Council of Ministers and Cuba's point man for strategic economic relations. Mr Cabrisas explained to the delegation how the country had adapted to being alienated from its natural trade partner, the United States, since 1961. He also demonstrated how Cuba had modified its economic model in order to cope with the dramatic trade imbalances after the end of the Soviet era.

During this meeting, Mr Al-Herbish remarked on the remarkable progress achieved by Cuba over the past decade, since his first visit to Havana in June 2004, when he had the privilege of meeting with Commander Fidel Castro.

Since that time, OFID's cooperation with Cuba has expanded significantly. In total, the country has received US\$128m for ten operations, five of which are still under implementation. A further two operations will be approved through 2014 and 2015—the *Bayamo Water Supply System*

Modernization Project and the *Trinidad City Water Supply and Sanitation System Rehabilitation Project*. Both are part of the country's water losses reduction program, included within the national water plan (2012–2017), which OFID has been supporting since its launch.

The same evening of arrival, the OFID delegation was invited by Mr Malmierca to a traditional dinner. Other guests included Ileana Nunez Mordoche, vice-minister of foreign trade and investment, and William Diaz, head of international institutions' relations within the ministry.

The dinner was an opportunity for informal talks about the OFID-Cuba partnership as well as an exchange of views on the country's new legal framework for foreign investment, enacted at the end of March 2014. It is expected that Cuba's new foreign investment policies will eventually enable OFID to provide support to the country's nascent private sector.

Field trips

As part of the field activities central to the mission, the OFID delegation visited the Maria del Carmen water treatment plant in the outskirts of Havana, which was renovated with the support of the first loan approved by OFID to the country. The plant is part of the overall rehabilitation of the Almendares River, which is the main water source of Havana City.

In Havana, the delegation also visited the Hydroplast polyethylene piping manufacturing plant. As one of the most advanced of its kind in the region, the plant is capable of producing corrugated water pipes of large diameter. OFID co-financed the corrugated pipe extrusion line, which is unique in the region. Now fully operational, it has the capacity to not only produce corrugated piping for the domestic market but also for exports to neighboring Caribbean and Central American countries.

The delegation also met with several other ministers and government officials of the sectors supported by OFID, including Inés María Chapman Waugh, president of Cuba's Institute of Hydraulic Resources, Gustavo Rodríguez Rollero, minister of agriculture and Alfredo López Valdés, minister of energy and mines.

In an interview with the country's national paper *Granma*, Mr Al Herbish stated: "I am here not only to show that I fulfilled the promise OFID made a decade ago to Fidel Castro, but also to ratify that we will continue to work and further support the country and its people."

He explained also how, through its close working ties with fellow members of the Arab

Coordination Group, OFID had helped facilitate financial support to Cuba from Arab nations. The Director-General noted that Saudi Arabia had last year provided a US\$30m loan for rehabilitation of Havana's water network, while two years ago, Kuwait had supplied US\$25m in loans for similar projects in Santiago and Holguín.

Once the formal meetings were over, the delegation was invited on a tour of Old Havana—a UNESCO World Heritage Site—which contains the core of the colonial city founded by the Spaniards in 1519. The tour included the main historic and cultural sites, among them some buildings that were restored with the help of grant funding from OFID. These ancient structures, together with the beautifully preserved mid-20th century automobiles, constitute the universally recognized image of the city. ■



The mission was an opportunity to inspect project sites and hold meetings with ministers and other government officials of the sectors supported by OFID.

PHOTOS: A ABEL ERNESTO



Energy access a global good

OFID continued to cement its role as a key player in the global *Sustainable Energy for All* (SE4ALL) initiative with the hosting in April of the inaugural meeting of the Energy Access Sub-Committee.

BY FARIS HASAN AND NAMAT ALSOOF

In order to attract the involvement of actors beyond the immediate confines of the energy sector, the narrative on energy access should begin with key development arguments outside the sectoral context.

This was one of the pivotal messages to emerge from the inaugural meeting of the SE4ALL Energy Access Sub-Committee, hosted by OFID at its headquarters in late April. The purpose of the one-day meeting was to prepare the committee's recommendations to the first annual SE4ALL forum, scheduled to take place in New York at the beginning of June.

The sub-committee is one of four created within the SE4ALL Advisory Board to give strategic advice and guidance on the four core challenges of SE4ALL: achieving universal energy access, doubling renewable energy, increasing energy efficiency, and scaling up financing.

The objective of the Energy Access Sub-Committee is to provide advice and recommendations to the Advisory Board and the Chief Executive Officer to support the SE4All initiative in bringing about breakthroughs in approaches to achieving universal energy access.

Its tripartite leadership comprises HRH Prince Abdulaziz bin Salman Al-Saud, Assistant Minister, Ministry of Petroleum and Mineral Resources, Saudi Arabia; Reema Nanavat, Secretary General of the Self-Employed Women's Association, India; and Andris Piebalgs, European Commissioner for Development and Cooperation.

The inaugural meeting of the sub-committee was attended by some 45 participants and jointly chaired by OFID Director-General, Suleiman J Al-Herbish and Dr Kandeh Yumkella, CEO of SE4ALL.

The meeting listened to several presentations and discussed three background papers: *Demand profile of poor consumers*; *Decentralized*

energy products and services; *Off-grid enterprises*; and, *The Mini-grid Option: Lessons learned and factors of success*.

Discussions in the meeting focused on policies, business models and the financing of mini/off-grid approaches as well as enterprise-based solutions for energy services provision.

The participants noted that the major hurdles to the success of mini-grids were not technology-related. Rather, the key testing factor was financial sustainability, since supply to remote villages with low incomes is economically challenging.

The participants also addressed the policies of utilities and discussed their enabling and disabling role in supporting incentives for off-grid solutions. A majority of the participants emphasized the need for a long-term, multisectoral national dialogue to link energy access to overall development outcomes.

After a full day of discussions, the meeting made a comprehensive list of recommendations to be presented at the June SE4ALL Forum.

Heading the list was an exhortation to change the messages to speak more to the broader benefits of energy services: access to water, health and education, as well as income generation, women's empowerment, good governance and sustainable development. Energy and access to services should be framed as a global good (engine of development) rather than merely a global bad (source of pollution).

In order to foster a better understanding of the potential of energy as the enabler of development, Advisory Board discussions should involve organizations from other sectors. Access to energy is not a goal for the exclusive benefit of the energy sector, so the narrative must start outside the sectoral context.

The committee also stressed the importance of working with partners to increase access to in-

formation on poor peoples' energy needs (demand profile) and the changing energy needs of people as they move up the welfare or development ladder.

Promoting utility-to-utility support and involving more electricity utility representatives in the discussions of the Advisory Board was another recommendation. The committee felt that both North-South and South-South cooperation between utilities would boost mutual learning and assistance, be it in terms of management, business models, technology adaptation or implementation strategies.

Given the cross-cutting nature of energy access, it was further proposed that transparent and cross-sectoral planning should be enabled through inter-ministerial consultations. Such a process could be conducted via national "energy councils" or equivalent, which would allow for long-term and holistic energy planning, embodied by a SE4ALL Country Action Agenda involving diverse sectors, not just energy.

The committee also emphasized the need to catalogue business models/success stories in off-grid approaches, noting that a one-size-fits-all approach was particularly unsuitable with regard to off-grid energy access. Off-grid approaches should rather embrace the full range of conventional energy (diesel, gas, etc.), hybrid systems and fully renewable-based systems (wind, mini-hydro, solar, biogas, etc.) that have successfully provided off-grid energy services including both electricity and liquid fuels as energy carriers.

With regard to sources of financing, the committee recommended mapping existing en-

ergy access facilities and setting up a new financing facility in support of off-grid and enterprise-based solutions for accelerating energy access. Additionally, there should be a focus on regional energy access financing facilities that could address the off-grid and mini-grid options. This should include consumer financing considerations (demand support) as well as the enterprise finance element itself (supply support).

Another recommendation vis-à-vis financing was that the Advisory Committee should reach out and convene charitable foundations to discuss potential contributions to the achievement of SE4ALL, especially regarding the necessity of patient and high-risk capital. This could serve as one input into new financing models to support capacity building, business financing, and consumer credit instruments.

At end of the meeting, OFID Director-General Mr Al-Herbish expressed his appreciation to all participants for their outstanding effort and reiterated OFID's commitment to continuous and scaled-up actions for the cause of universal energy access. He also reaffirmed OFID's commitment to work with its partners and actively support the goals of SE4ALL.

SE4ALL was launched in 2011 by the UN Secretary General Ban Ki-moon. The initiative aims at ensuring universal access to modern energy services, doubling the rate of energy efficiency and doubling the share of renewable energy in the global energy mix by 2030. The UN General Assembly subsequently declared 2012 the International Year of SE4ALL and 2014-2024 as the Decade of SE4ALL. ■

The energy access sub-committee is one of four created within the SE4ALL Advisory Board to address different aspects of the initiative.





HIV/AIDS and the challenge of conservative social settings

Battling HIV/AIDS is an uphill struggle, but nowhere more so than in Middle Eastern and North African countries, where deep-rooted stigma and discrimination create significant barriers to progress.

BY SHIRIN HASHEMZADEH AND AUDREY HAYLINS

Overcoming HIV in Conservative Social Settings was the theme of a groundbreaking consultation meeting co-organized and hosted by OFID and the International AIDS Society (IAS) at OFID HQ at the end of April.

Its purpose was to create a forum to exchange ideas, experience and best practice in handling the challenge of HIV/AIDS in countries where cultural and religious tradition define perceptions of the disease and hinder efforts to prevent and contain it.

Due to the conservative nature of these settings, the disease attracts high levels of stigma and discrimination, including harmful laws that target key affected populations. Largely as a result of this, there is a low demand for HIV services and poor coverage of HIV testing, treatment and adherence.

Although there seems to be a lower prevalence of the disease in conservative social settings, experts say that such estimates are to be treated with caution, as the current HIV surveillance systems in such environments are not optimal.

Of growing concern is the fact that HIV/AIDS is spreading faster in the Middle East and North Africa (MENA) region than anywhere else in the world. And while the epidemic in these countries is concentrated disproportionately on specific groups, at the same time there is a need for greater awareness of HIV issues within the wider public.

Breaking down the barriers

The April workshop was attended by 30 professionals representing 24 organizations engaged in the HIV response. Participants included scientists, policy-makers, program implementers and religious leaders. Altogether, 18 countries were represented, among them many OFID Member States.

In opening remarks, OFID Director-General Suleiman J Al-Herbish highlighted the need for intensified efforts to reduce the stigma and discrimination surrounding HIV/AIDS. Such behavior, he stressed, affected access to treatment as well as to fundamental needs such as housing, education, employment and mobility.

Appealing to delegates to use the workshop to come up with concrete proposals that would instigate change, he urged: “We must all be more vigilant to break down the remaining barriers—including punitive laws and social exclusion—to reach all people who lack access to HIV treatment and services.”

Mr Al-Herbish’s message was reinforced by Professor Adeeba Kamarulzaman, Dean of the Faculty of Medicine, University of Malaya, and member of the IAS Governing Council, who noted: “It is becoming increasingly clear that progress in reaching the 2015 Millennium Development Goal (MDG) targets and realizing the UNAIDS ‘zero vision’ very much depends on ensuring that HIV is addressed in a holistic manner in all contexts, including conservative social settings.” ▶

Of growing concern is the fact that HIV/AIDS is spreading faster in the Middle East and North Africa (MENA) region than anywhere else in the world.



From left: Dr Yamina Chakkar, Director, UNAIDS Regional Support Team for the MENA Region; Professor Dr Adeeba Kamarulzaman, Dean of the Faculty of Medicine, University of Malaya; and OFID Director-General Suleiman Al-Herbish.



Dr Chakkar stressed the role of religious leaders and faith-based organizations in changing the course of the epidemic.

◀ Dr Yamina Chakkar, Director, UNAIDS Regional Support Team for the MENA Region delivered a keynote speech on behalf of UNAIDS Executive Director Dr Michel Sidibé.

Citing figures from the latest UNAIDS MENA report, Dr Chakkar noted that new infections in the region were on the rise, while stable or in decline in other parts of the world. Conversely, treatment coverage was the lowest in the world, as was the prevention of mother-to-child transmission. Addressing these challenges would require a “culturally-sensitive approach,” she stressed.

In this regard, Dr Chakkar emphasized the critical role of religious leaders and faith-based organizations in changing the course of the epidemic.

“Religious leaders can demonstrate transformative leadership and influence the attitudes and behavior of communities, especially in addressing stigma and discrimination against people living with HIV,” she argued.

An evidence-based response

Over the course of two days, the consultation meeting identified a range of recommendations for ways to better address the epidemic in their societies. Participants discussed the relevant issues from different angles and proposed practical solutions which were incorporated into a draft of actionable recommendations.

The meeting included lively discussions and presentations on the varying efforts currently underway to stem the HIV epidemic. Participants also reviewed some programs in HIV care and education which had been successfully accomplished in spite of the odds and limitations. Such achievements had been possible due to close collaboration among governments, civil society and religious leaders.

The meeting concluded that overcoming HIV in conservative social settings called for urgent action in finding ways forward using an evidence-based response. People living with HIV had to be meaningfully engaged in treatment, care and adherence programs through empowerment and capacity building.

It was agreed that, while concerned governments had already committed to clear goals and strategies, there was now a need to follow up on these commitments, scale up the successes and focus on the most vulnerable populations.

Of the main recommendations, several revolved around support to key affected populations (KAPs). Specifically, the meeting advocated that countries should allocate sufficient resources to evidence-based programs dedicated to KAPS, and that international donors should condition their financial support on the integration of KAPs in national HIV programs.

It was further proposed that governments should review and if needed adapt their national policies and laws to support the HIV response amongst KAPs; and, moreover, that service providers should have access to KAPs without risking legal persecution.

Other recommendations related specifically to migrant workers and, in particular, the practice of mandatory HIV testing, which the meeting concluded was futile. A technical paper on the subject would be developed and discussed with national stakeholders with a view to changing the practice. In addition, steps would be taken to ensure that national AIDS strategies included the provision of services for migrant workers.

The meeting also deemed it essential to have HIV and AIDS positioned in the post-2015 development agenda. Meanwhile, religious leaders, national authorities, civil society organizations, media and the private sector should all be involved in the HIV response to achieve the MDGs. Equally important would be the development of innovative outreach methods, such as men’s clinics for sexual health, social gatherings with services, and mobile testing and treatment facilities.

Consensus was also reached on support to the *Arab Strategy on HIV and AIDS* as well as to the *MENA Treatment Initiative* adopted by the Council of Arab States and ministries of health.

Participants agreed to work together on the proposed recommendations jointly with other colleagues from the UNAIDS family in addition to their partner civil society organizations.

The full schedule of recommendations will be presented for further debate at the Twentieth International AIDS Conference (AIDS 2014) in Melbourne, Australia this July. ■

APRIL 4–6

Grant agreements signed

Mahmoud Abbas Foundation. US\$500,000. To enable high achieving students among Palestinian refugees in Lebanon attend Lebanese universities by means of an OFID scholarship scheme.

University of Jordan, Center for Documents and Manuscripts. US\$200,000. The grant will support a project for the restoration of rare manuscripts from Jerusalem.

UNRWA. US\$2.5m. To co-finance a program that will help improve the quality of education for some 1,600 pupils attending three schools at the Shu'fat Refugee Camp in East Jerusalem.

UNDP. US\$500,000. To provide renewable energy-generation systems for St. Joseph's Hospital in East Jerusalem, thus addressing electricity shortages and reducing operating costs.

UNDP. US\$1.5m. To renovate and rehabilitate 200 housing units in East Jerusalem that are owned by poor and marginalized families, representing around 1,500 people.

UNDP. US\$500,000. To establish a neurology department at the Al-Makassed Hospital in East Jerusalem to meet the growing needs of the population.

UNDP. US\$800,000. To renovate and expand maternal health facilities in the Gaza Strip.

Edward Said National Music Conservatory. US\$100,000. To support academic and cultural activities that encourage creativity, innovation and the culture of diversity and steadfastness among Palestinian children.

APRIL 9–11

SAP-SIG/CABIO User Group Conference

OFID hosted the 2014 SAP-SIG/CABIO User Group Conference at its headquarters. The conference was attended by over 100 participants, from information technology departments of all 40 member organizations (UN agencies and affiliates).

APRIL 10

Public Sector loan agreements signed

Côte d'Ivoire. US\$6.64m. Upgrade and Expansion of Abidjan International Airport Freight Terminal. To rehabilitate and expand the freight terminal of the airport with a view to raising service quality and improving safety and security.

Ethiopia. US\$23m. Arba Rakati-Gelemso-Michata Road Upgrading Lot 2. To upgrade a 45.5km stretch of gravel road to all-weather asphalt. The new road will help facilitate the movement of important cash crops and enhance access to basic social services, directly benefiting over one million people.

Senegal. US\$10m. Community Roads. To support the economic growth of some



Mr Al-Herbish with OFID Scholar Michele Palacios from Guatemala, who made a working visit to OFID on April 23–24.

187 remote rural communities by improving 875km of rural roads and constructing other socio-economic infrastructure, such as markets, clinics, storage facilities and market gardening schemes.

Uganda. US\$15m. Rehabilitation and Expansion of Yumbe and Kayunga General Hospitals. To help meet the growing medical needs and improve the quality and delivery of healthcare services for the estimated 950,000 inhabitants of the Yumbe and Kayunga provinces.

Yemen. US\$25m. Social Fund for Development (Phase IV). To enhance the potential of the poor and vulnerable to generate income through increased access to economic infrastructure, social services and credit.

APRIL 23

Emergency Grant approved World Food Program.

US\$500,000. To support the provision of food and nutrition to South Sudan's vulnerable refugees in Uganda, Ethiopia, Sudan and Kenya.

APRIL 28

SE4ALL Energy Access Committee meeting

OFID hosted the first SE4ALL Energy Access Committee meeting to prepare the Committee's input to the SE4ALL high-level event taking place in June to launch the UN Decade of Sustainable Energy for All.

See story page 50.

APRIL 29–30

Joint OFID/IAS workshop

OFID, in cooperation with the International AIDS Society, hosted a consultation meeting under the theme *Overcoming HIV in conservative social settings*. See story page 52.

APRIL 30

Research Grants approved

International Association for Energy Economics (IAEE): US\$100,000. To sponsor the participation of students from developing countries, studying in the field of energy and economics, to attend a series of IAEE Conferences in 2015 and 2016.

Austrian Federal Ministry for European & International Affairs: US\$75,000. To support the participation of young students from developing countries as well as a number of speakers and trainers to attend the Arab-European Young Leaders Forum in Vienna in June.

On May 19, the Director-General received a courtesy visit from HE Silapberdi Nurberdiev, Ambassador of Turkmenistan,

MAY 28

Emergency Grant approved

Islamic Relief Switzerland; CARE Austria; the Arab Red Cross & Red Crescent Organization. US\$600,000. To support the provision of multidisciplinary humanitarian assistance for Syrians in crisis.

JUNE 10

147th Session of the Governing Board**Public sector loans approved**

Bangladesh. US\$40m. Third Urban Governance and Infrastructure Improvement. To improve and rehabilitate key infrastructure such as roads and bridges, drainage works, water supply and sanitation systems and marketplaces in 30 selected urban areas.

Belize. US\$15.22m. Southside Poverty Alleviation, Phase III. To improve the living conditions of approximately 30,000 people through the construction and/or improvement of drainage works and roads, land reclamation activities, renovation of houses and youth centers, and training programs, among other activities.

Congo DR. US\$7m.

Kinshasa University Hospital Rehabilitation. To raise the hospital's capacity to 1,000 beds through the rehabilitation of six buildings and construction of two new ones, purchase of new medical equipment and rehabilitation of water and sanitation infrastructure.

Cuba. US\$30.5m.

Bayamo Water Supply System Modernization. To enhance access to safe drinking water in Bayamo City through the rehabilitation and expansion of water supply infrastructure and distribution networks. More than 70,000 people are expected to benefit from the project.

Malawi. US\$13.15m.

National Cancer Treatment Center. To construct and equip a cancer treatment center in the capital Lilongwe capable of handling around 2,000 cancer cases per year. Facilities for in-service training of medical staff will also be provided.

Mauritania. US\$10m.

National Electricity Control Center. To construct and equip a control center to monitor the transmission of electricity in the capital Nouakchott. Around two million inhabitants are expected to benefit from the improved delivery of electrical power.



Dr Adnan Kassir, CEO of Fransabank met with Mr Al-Herbish on May 23 to discuss OFID's private sector activities.

Sri Lanka. US\$60m.

Rehabilitation of the A05 Road Corridor from Badulla to Chenkaladi. To rehabilitate 151.3km of road that traverses the Uva and Eastern provinces, high-poverty areas populated by nearly three million people. This will facilitate access to marketplaces, social services and job opportunities.

Zambia. US\$14m.

National Rural Water Supply and Sanitation. To provide rural populations in the Western Province with sustainable water supply and sanitation services. In addition to constructing and rehabilitating related infrastructure, a number of health and hygiene awareness campaigns will be carried out.

Grants approved

International Federation of Red Cross and Red Crescent Societies. US\$1.8m. To support water, sanitation and hygiene projects in DR Congo, Somalia and Zambia. The provision of safe drinking water and sanitation facilities will help improve health and raise living standards for over 770,000 people.

World Health Organization (WHO). US\$1.2m.

To co-finance the second phase of a WHO/OFID initiative aimed



at preventing transfusion-transmitted HIV/AIDS and hepatitis infections in Bangladesh, Bhutan, Nepal and Pakistan. This project will benefit more than 360 million people by preventing the transmission of fatal and/or debilitating diseases.

Group for Environment, Renewable Energy and Solidarity. US\$300,000. To tackle bottlenecks in the value chain of cookstove production in Mali. The project will result in better quality cookstoves and double production capacity to 48,000 units per year. This will reduce the need for fuelwood and in turn decrease indoor pollution.

Handicap International. US\$750,000. To improve access to essential services such as education, physical therapy and psychosocial support for children

and adults with disabilities living in marginalized areas of the West Bank and Gaza Strip. The expected number of direct and indirect beneficiaries of the project is over 10,000 individuals.

Welthungerhilfe. US\$800,000. To provide vulnerable rural communities and entrepreneurs in targeted regions of Afghanistan and Tajikistan with access to renewable energy sources that include hydropower and solar energy. The project will target approximately 80 communities comprising around 80,000 people.

JUNE 12

OFID Ministerial Council 35th Annual Session

See story, page 26.



On May 23, the Director-General welcomed HE Mag Gregor Kössler, Ambassador of Austria to Saudi Arabia.

Meetings attended by OFID

APRIL 8

TUNIS, TUNISIA
Annual meeting of the Arab financial institutions

APRIL 9-13

WASHINGTON, DC, USA
World Bank/IMF spring meetings

APRIL 15

MEXICO CITY, MEXICO
First high-level meeting of the Global Partnership for Effective Development Cooperation

APRIL 23

VIENNA, AUSTRIA
Tenth meeting of the Vienna Energy Club.

MAY 2-5

ASTANA, KAZAKHSTAN
Forty-seventh annual meeting of the board of governors of the Asian Development Bank

MAY 11-12

AMMAN, JORDAN
High-level conference on *Building the Future: Jobs, Growth, Fairness in the Arab World*

MAY 14-16

WARSAW, POLAND
Twenty-third annual meeting of the board of governors of the European Bank for Reconstruction and Development

MAY 16

OXFORD, UK
Oxford Energy Policy Club meetings

MAY 19-23

KIGALI, RWANDA
Forty-ninth annual meetings of the African Development Bank and the African Development Fund

MAY 22

VIENNA, AUSTRIA
Seventh Arab-Austrian Economic Forum and Exhibition

MAY 26-30

GEORGETOWN, GUYANA
Forty-fourth annual meetings of the board of governors of the Caribbean Development Bank

JUNE 1-3

MIAMI, USA
Thirtieth Latin American conference on foreign trade

JUNE 2-4

DAKAR, SENEGAL
Second annual interregional conference on renewable energy for poverty reduction

JUNE 15-19

MOSCOW, RUSSIA
Twenty-first World Petroleum Congress

JUNE 22-26

JEDDAH, SAUDI ARABIA
Global Partnership for Effective Development Cooperation workshop

www.ofid.org



Governing Board Chairman Abdul Wahab A Al-Bader flanked by Director-General Suleiman J Al-Herbish (left) and Saeid Niazi, Assistant Director-General, Financial Operations (right).

147th Session of the Governing Board

Meeting in its 147th Session in Doha, Qatar on June 10, the Governing Board approved some US\$328m towards new development operations in over 30 partner countries. Of the total, US\$190m will support eight public sector projects involving primarily the energy, health, transportation and water & sanitation sectors. Six transactions totaling US\$80m were approved under the Private Sector Facility; four to boost the activities of micro-, small- and medium-size enterprises, one to enhance agribusiness in multiple sub-Saharan countries, and one for equity investments in key industries in the MENA region. Fresh trade financing amounting to US\$53m will support import and export activities in Honduras, Peru and Turkey. Grants accounted for some US\$4.9m of the new approvals and comprised funding for five initiatives across a range of sectors. Further details of all approvals can be found in the *Diary*.

Farid Tiaiba,
Governor, Algeria





Dr Mokhtar Abozrida,
Governor, Libya

Mr Ismail Omar Al-Daffa,
Alternate Governor, Qatar



Mr Ahmed M Al-Ghannam (left), Governor; and Mr Abdulrahman M Almofadhi,
Alternate Governor, Saudi Arabia

photo gallery

LOAN & GRANT
SIGNATURE

April 11

Minister of Finance of Senegal, HE Amadou Ba, shakes hands with Mr Al-Herbish following signature of a US\$10m agreement for a rural roads rehabilitation project.



PHOTO: OFID/BARBARA HAUSJELL MARSCHNER



April 23

Ms Irene Khan, Director-General of the International Development Law Organization, initials the US\$300,000 grant agreement for the program *Protecting and promoting health through global HIV and health law in Benin, Guatemala and El Salvador*.



April 16

Mr Al-Herbish and Michael O'Neill, Assistant Administrator and Director of the Bureau of External Relations and Advocacy, UNDP, sign the agreement for Phase 2 of the Arab Development Portal.



May 28

Saudi philanthropist Dr Mohammed Al-Saadi donated US\$150,000 in funds to be channeled through OFID for various social and economic development projects in Palestine.

The full list of loan and grant signatures can be found on pages 55-57.

A close-up photograph of a hummingbird with iridescent green and white feathers hovering near a cluster of bright orange flowers. The background is a soft, out-of-focus green.

Ecuador: From oil to flowers, from nature to arts

PHOTO: SERGUEI KOULTCHITSKI/SHUTTERSTOCK.COM

At the center of the planet, this country moves forward to the pace of its budding industries, while marvelling tourists with a bounty of sights and adventures.

BY LORENA GIL

Ecador is ancestral and contemporary, pre-historic and modern. The riches of this Latin American country, which lies on the equatorial line, reach far beyond its oil reserves and budding industries. It also boasts immense natural wealth, such as the famous Galapagos Islands—still home to primitive and endemic species—and a wonderful artistic heritage, garnered through centuries, thanks to a truly splendid culture.

Ecuador is one of the most prosperous countries in Latin America. Inhabited by 15.5 million people (2012), according to the World Bank, its economy is ranked tenth in the continent. It is also currently the third fastest-growing economy in the region. Besides a well-established oil industry, it stands out for exporting bananas, shrimp and cocoa, and for its impressive flower farming and export industry.

Oil was first discovered in Ecuador in 1911. Since 1971, after a review of its contracts with transnational companies, the nation has been in

charge of running its entire oil industry. During the oil-price boom in the 1970s, Ecuador's economy became heavily reliant on oil exports, with the agriculture sector playing a secondary role. This dependence caused serious consequences through the 1980s and 1990s, however, as the economy was held hostage by falling oil prices.

In the last few years, though, the nation with the fourth-largest oil reserves in Latin America has managed to diversify its income through sustained growth in non-traditional exports. According to OPEC's 2013 Statistical Bulletin, Ecuador cashed in US\$23.9bn in exports that year, of which US\$13.7bn (57.5 percent) came from oil. This dramatic transformation of the economic model is the main cause behind the enhanced action to foster social development in recent years.

In March 2014, the President of the Republic, Rafael Correa, declared that the country had met eight of the targets included in the Millennium Development Goals (MDGs): reducing poverty, eradicating hunger, increasing the num-

ber of enrolments in primary education, eliminating gender inequality at all academic levels, reducing mortality amongst children five years of age or younger, halting the transmission of HIV/AIDS, reducing malaria and tuberculosis infections, and providing sustainable access to clean water and sanitation.

The government also expects to achieve three more targets related to the MDGs: widespread access to reproductive health, widespread access to antiretroviral drugs, and decent work for all.

Furthermore, the President acknowledged that, while the records for maternal mortality during childbirth had not been properly kept—something the UN did not take into consideration when setting the targets—the government sees this as a challenge to improve statistics and help women in rural areas give birth under better conditions.

Ecuador is sailing at full speed ahead. Setting the compass towards this destination can turn a voyage into an unforgettable experience for those who love tourism, history and nature.

Between the Andes and the Pacific Ocean

Ecuador hosts many natural wonders. Its location, right in the middle of the planet, makes it possible for the country to have many different climates. There are the soaring Andean mountains, an infinite number of rivers—the highest concentration per square meter in the world—volcanoes, and many acres of national parkland.

A good example is the Cotopaxi volcano, only 90 minutes away from the capital Quito, where tourists can take a walk in the Andes. Apart from enjoying nature, it is also possible to visit the ruins of the Citadel of Puruhaes, a city once populated by an aboriginal tribe which inhabited the area centuries ago.

Another Ecuadorian treasure, whose delicate balance is a matter of concern for scientists worldwide, is the Galapagos Islands, the very place where Charles Darwin defined the theory of evolution. Since touristic exploitation put the area at risk years ago, strict visiting caps are now in place in order to keep it safe. This privileged corner of the Pacific, preserved as a UNESCO World Heritage Site, is also a whale sanctuary, a biosphere and marine reserve, and a national park.

Sitting at the foot of the Andes and virtually covering the eastern half of the country is the Ecuadorian section of the Amazon. Its tropical ecosystem is home to complex fauna and flora native to this area. As in other Amazonian countries, indigenous Indians still inhabit this forest,

as they have since before the arrival of Spanish and Portuguese conquerors.

Lying on the Pacific, Manta, Caraquéz, Atacames and many other beaches welcome visitors with the same lightness of heart typical to all Latin Americans who live near the sea. The local seafood-based cuisine is also good bait for those who like to enjoy a few days of sun and wonderful cooking, while the waterfront's excellent tourism infrastructure and exuberant beauty captivate all visitors. Guayaquil, the country's second most important city after Quito, is very close to the sea.

Quito, the beautiful

The city of Quito was founded in 1534, and was magnificently built as a piece of the Spanish Kingdom. Its artists achieved high levels of mastery and founded the Quito School, which caused great admiration across the Crown's territories, even in Madrid. ▶

Quito's neo-Gothic Basilico of the National Vow is just one of many cathedrals and churches dispersed throughout the capital.



PHOTO: VLADIMIR KOROSTYSHEVSKIY/SHUTTERSTOCK.COM



PHOTO: VERAS/SHUTTERSTOCK.COM

◀ Quito's artistic riches are so significant that the city was one of the first to be declared a UNESCO World Heritage Site. Churches and monasteries rise throughout the city, enchanting first-time visitors by day and night.

Important buildings surround Quito's Independence Square, also known as "Plaza Grande": the Cathedral, the Presidential Palace, the Municipal Palace, and the Archbishop's Palace, following the usual distribution of Spanish colonial cities.

Another one of the capital city's emblematic sights is the Church of La Compañía. Architecture, sculpture and painting reach the peak of the fine arts in this Jesuit temple, defined as the "poetic synthesis of the Latin American baroque"; such a definition certainly calls for a visit.

Other temples that make up the artistic and historic legacy of the centuries after the Spanish conquest are also very close to Independence Square; it is possible to visit these landmarks without having to cover long distances.

Finally, all it takes to enjoy a view of beautiful Quito from above is a cable-car ride to the top of El Panecillo Hill. Once there, tourists will find a sculpture of the Virgin Mary, a scenic viewing area, a theme park, shops and restaurants.

Journey to the center of the Earth

While it is not the same journey proposed by visionary writer Jules Verne, visiting the South American nation almost demands a trip down to the equator, where the "Middle of the World" monument indicates a latitude of 0°0'0". How-

ever imaginary this line may be, it still feels exciting to be standing on the northern and southern hemispheres at the same time; indeed a photo opportunity not to be missed. At noon, shadows disappear entirely, thanks to the sun being completely perpendicular to the planet: an otherworldly experience with both feet set firmly on the ground.

A very special train

A hundred years ago, a train used to cross the country from the coast to the mountains. On either side of the railway, towns sprouted and the economy found a fertile land on which to flourish. But like in many countries, as the age of trains was left behind, towns dwindled and railroad workers were left out of a job or simply retired.

Railways running the length of the country from north to south were temporarily deserted. Yet, in recent years, a boost from government-led tourist projects in 2007 set the wheels of this train in motion once more, 105 years after its first trip.

The Cruiser Train reopened in January 2013 as a tourist package from Quito to Durán. Travelers can now discover life in Ecuadorian towns, buy hand-crafted objects made by locals, and enjoy the changing landscape and wildlife; all while wondering how workers managed to build those tracks across a seemingly impenetrable mountain range, more than a century ago.

Floriculture: The industry of natural beauty

The national flower industry's sales keep growing. Ecuadorian flowers decorate households across the world: they are the country's third largest export. The United States receives 40 percent of the production, while 20 percent goes to the European Union and 25 percent to Russia. The remaining 15 percent of this significant economic product goes to different countries around the world.

The next step seems to be for industry and tourism to join together in a "Flower Route." This idea by the Ministry of Tourism envisages an interaction between growers and tour operators, so that national and international tourists are able to enjoy the natural beauty of flower farms, as well as local cuisine and handicrafts.

A final example of this splendid industry is that all the floral arrangements used for the canonization ceremony of Pope John XXIII and Pope John Paul II, which happened earlier this year, were in fact entirely donated by the equatorial country: such is the magnificence of its floriculture. ■



PHOTOS: EFE/JORGE NUÑEZ

GPEDC: The quest continues for results-oriented development

Held in Mexico City this April, the first high-level meeting of the Global Partnership for Effective Development Cooperation (GPEDC) brought together more than 1,500 development leaders from 145 countries to build towards an ambitious post-2015 development agenda.

BY NADIA BENAMARA

The global fight to end poverty is at a critical juncture, requiring more effective as well as inclusive partnerships and greater political will to succeed.

That was the main message elaborated by leaders of government, civil society and business alike at the April 15-16 conference, which concluded that commitments already made would remain unmet without adequate financing and significant behavioral changes.

Other key outcomes were highlighted in a joint communiqué that made reference to the increasing importance of South-South cooperation, the multitude of challenges facing middle-income countries, and the need to better mobilize both public and private domestic resources.

The Mexico meeting was the latest in a series of high-level forums, held in Rome,

Accra, Paris and Busan, which have sought to harmonize global development efforts and boost impact on the ground.

Five plenary sessions and 28 focus sessions offered participants ample opportunity to review global progress and propose concrete actions for advancing effective development cooperation.

“As the 2015 deadline draws near, all of us must do more to deliver on our commitments,” said UN Secretary-General Ban Ki-moon in opening the event.

“And as we shape an inspiring post-2015 development agenda, the international community must be committed to supporting the future goals and targets through a renewed global partnership.”

To date, 161 countries and 56 organizations have endorsed the GPEDC. Addressing the plenary on *Progress since Busan*,

where the GPEDC was conceived in 2011, UNDP Administrator Helen Clark said that the headway made so far left room for improvement.

“This year’s progress report on the global partnership suggests that many longstanding efforts to change the way that development cooperation is delivered are paying off. But more must be done to transform cooperation practices, ensure country ownership and use of national systems, and ensure transparency and accountability among partners,” she argued.

While reaffirming the GPEDC’s core principles (of inclusive development and results as well as the aforementioned country-ownership, transparency and mutual accountability), participants focused on identifying and addressing bottlenecks in implementation. ►

Effective taxation and domestic resource mobilization

◀ Some of the meeting's most concrete results involved *effective taxation and domestic resource mobilization (DRM)*.

"Africa loses around US\$50bn a year through tax evasion, undeclared business and corruption," said Nigerian finance minister and GPEDC co-chair, Ngozi Okonjo-Iweala.

"The Global Partnership, bringing so many important actors in development together, can and should help countries analyze gaps in their tax systems and ultimately improve them," she stated.

Conceding that no country should have to depend on another's resources for development, participants explored ways and means to boost tax collection, curb illicit financial flows and strengthen the delivery of inclusive financial services.

New initiatives included active support to "tax inspectors without borders," as well as commitments to increase aid targeted at tax systems' development, and to perform risk analyses against exposure to unsanctioned activity.

All told, 38 newly launched initiatives were listed in an annex to the communiqué, to be adopted on an individual, voluntary basis.

In seeking to facilitate DRM, the communiqué also endorsed the development of innovative financing instruments—such as special infrastructure, sovereign wealth and stabilization funds—and pledged support for the sustainable management of natural resources, the governance of extractive industries, and the strengthening of regional stock markets, in accordance with national priorities.

Middle-income countries

Participants agreed that middle-income countries (MICs), which are home to five billion of the world's seven billion people and 73 percent of the world's poor, would require more flexible and differentiated strategies in order for development cooperation to be effective.

Inveighing against "one size fits all" agendas, Egypt's minister of planning and international cooperation, Ashraf al-Araby, advocated for countries in transition (like Egypt) to be the central focus of all development partners.

Alicia Barcena, executive secretary of the Economic Commission for Latin America (ECLA), insisted that equality be the first goal of development and inclusion the process whereby equality is achieved.

Identifying 12 structural gaps within and among MICs, she argued that asymmetries in investment, infrastructure, health, gender, and innovation, among others, would need to be first measured then addressed.

Current methodologies and classifications were shown to be limited in scope, inaccurate or unproductive in a PowerPoint presentation delivered by Hans Rosling, founder of the Gapminder Foundation, who suggested more useful data sets in return.

Reflecting these discussions, the communiqué acknowledged that affording countries MIC status on the basis of per capita income failed to take into account the diversity and complexity of the development challenges they faced.

It cited the vulnerability of MICs to economic shocks, climate change and natural disasters, as well as their lack of com-

petitiveness in dynamic economic sectors, and the risks of "middle-income trap", whilst underscoring the increasing importance of MICs in the global economy and in addressing global, regional and cross-border challenges as both aid providers and recipients.

In summation: "Global development cooperation would not be effective if support to [MICs] were to be phased out," stated the communiqué.

South-South / triangular cooperation and knowledge sharing

Participants welcomed the impressive increase in, and impact of, South-South cooperation, whilst cautioning that it could not serve as an excuse for traditional donors of the North to lessen their aid. Different models of assessment were needed to more fully comprehend the nature of the South-South model.

"South-South cooperation is not a substitute but a complement to North-South cooperation," emphasized the communiqué.



Mr Al-Herbish (with microphone) highlighted the contributions of the Coordination Group to South-South cooperation and knowledge sharing.

Making the case for knowledge sharing, Indonesian minister for national development and planning and GPEDC co-chair, Armida Alisjahbana said:

“In an ever-changing and dynamic global situation we have come to realize that development cooperation needs a new approach to address increasingly complex development challenges, including approaches beyond financing.”

Lessons learned from knowledge exchanges with Brazil and Mexico had guided Indonesia’s launch of a conditional cash transfer program that rewards poverty stricken families for meeting health and education targets, she explained.

She also revealed that Indonesia was sharing the findings of its community driven *National Poverty Alleviation Program* with 59 other countries including Afghanistan, Tanzania, Palestine and Timor L’Este.

Speaking at this same plenary on *South-South / Triangular Cooperation and Knowledge Sharing*, OFID Director-General, Suleiman J Al-Herbish, pointed out the role of technology as an immediate accelerator of economic productivity and people’s wellbeing.

On behalf of the Coordination Group—a policy and operational alliance of Arab funds the Islamic Development Bank and OFID—he introduced a short video of the *Arab Development Portal*, an online tool to enhance knowledge and promote best practices in the Arab world.

“Countries need to build their capital of technical know-how and be open to innovations,” he said.

The role of business in development

The benefits of public/private partnerships were showcased in a plenary dedicated to *Business as a Partner in Development*.

“Working in partnership is no longer a ‘nice to have’. It’s a ‘must have’,” said Justine Greening, GPEDC co-chair and UK secretary of state for international development, in championing this type of collaboration.

Reasoning that official development assistance alone could not sufficiently deliver on global development goals, she called for improved standards, such as more transparent guidelines and stronger support for ethical business practices.

The focus would have to be not so much on individual contracts as on creating a better business environment to ensure that all business (local as well as multi-national) could benefit, she added.

Stressing the role of government in encouraging private sector development, Suma Chakrabati, president of the European Bank for Reconstruction and Development (EBRD), said:

“We need a state that actually helps with the regulatory environment; that champions the consumer and makes sure there’s competition.”

A roadmap, setting out practical actions for both governments and businesses to take to build more effective partnerships, was launched by the non-profit Partnering Initiative with the support of the UK government.

Among the more innovative funding solutions explored were development impact bonds, which pay investors on the basis of results delivered. The UK committed to pioneer their use in a developing country, announcing a £1.5m development impact bond for sleeping sickness in Uganda.

Dutch minister for foreign trade and development cooperation, Lilianne Ploumen, and Mexican foreign affairs minister, Jose Antonio Meade Kuribena, were introduced as the new Global Partnership co-chairs at the meeting’s conclusion. A third co-chair from an African country will be appointed in the near future.

Subsequent high-level meetings will be convened every two years to ensure that the Global Partnership “continues to have a constructive and action-oriented role in international cooperation for development, now and once a post-2015 framework is agreed.”

OFID Director-General Al-Herbish represented the Coordination Group at the High-Level Meeting.

Speaking at the event’s opening and as a panelist in two additional sessions, he highlighted the Group’s contributions to South-South cooperation and knowledge sharing, as well as its longstanding commitment to sustainable and equitable development.

As a newly admitted member of the GPEDC steering committee, the Coordination Group will continue to meet regularly and help shape the ways and means for advancing effective development cooperation. ■



Participants agreed that middle-income countries (MICs), which are home to five billion of the world’s seven billion people and 73 percent of the world’s poor, would require more flexible and differentiated strategies in order for development cooperation to be effective.

SE4ALL Forum moves forward energy poverty agenda

June's inaugural Sustainable Energy for All Forum saw the official launch of the UN Decade of SE4ALL and the announcement of a climate summit later this year.

BY JUSTINE WÜRTZ

"Energy issues are global issues ... But everywhere around the world, energy is a woman's issue. It can mean the difference between safety and fear, freedom and servitude, and even life and death."

Kandeh Yumkella

The first annual Sustainable Energy for All Forum convened June 4–6 at the United Nations headquarters in New York to assess progress on sustainable energy and energy poverty eradication since the UN Rio+20 conference in 2012.

Some 1,000 representatives of government, business, international organizations and civil society gathered together over three days to review and share successes, best practices and commitments to animate action and advance the global energy debate.

The first SE4ALL forum marked the second anniversary of Rio+20, at which world leaders stated their commitment "to act to make sustainable energy for all a reality and, through this, help to eradicate poverty and lead to sustainable development and global prosperity."

The forum reviewed progress to date in working towards SE4ALL targets and looked forward to the upcoming announcement of the post-2015 Sustainable Development Goals, which are set to include energy as a stand-alone goal.

The forum also saw the official launch of the United Nations Decade of SE4ALL 2014–2024, as previously declared by the UN General Assembly. The decade kicks-off with a two-year campaign focusing on women and children's health.

UN Secretary-General Ban Ki-moon used the opportunity of the forum to announce that he would convene a climate summit of heads of state and government on September 23, 2014, in New York.

Stressing the crucial role of leadership, the Secretary-General stated that participating countries would be called upon to "declare their goals and ambitious targets" at the climate summit "so that other leaders, other countries can also emulate and learn lessons from that."

Towards achieving SE4ALL goals

The SE4ALL initiative, launched in 2011 by Mr Ban Ki-moon, has three main objectives to reach by 2030: ensuring universal access to modern energy services; doubling the global rate of improvement in energy efficiency; and, doubling the share of renewable energy in the global energy mix.

Speaking at the forum's opening session, the Secretary-General called upon all partners to "work together for a common goal," stating that the SE4ALL objectives "may be challenging, but they are achievable." The SE4ALL forum, which is set to be an annual event, would support the achievement of these objectives.

It aims to do this by confronting the issue on a variety of levels. The 2014 forum gathered multilateral partners together to increase the involvement of civil society organizations and other stakeholders.

Encouraging advocacy and outreach campaigns, as well as inspiring and mobilizing partnerships, action and commitment are some of the aims of the forum. It also seeks to help shape and set the direction for global policy discourse on energy for the future.

After Rio+20

Following the opening plenary, the first day was allocated to showcasing achievements, commitments, innovations, policies, initiatives and plans through 46 parallel panel discussions featuring over 200 speakers. Entitled *Multi-Stakeholder Partnerships Day*, the focus was on building advocacy campaigns and outreach programs.

The UN Secretary-General called on journalists, educationalists, and other stakeholders to

initiate “a social campaign” to change society’s way of thinking so that “saving energy will be in our blood.”

John Ashe, president of the UN General Assembly, formally launched the UN Decade of SE4ALL (2014-2015), which is also assigned as a medium to increase advocacy and action.

“We can no longer ignore the needs of approximately three billion men, women and children who have the misfortune of lacking access to sustainable energy services,” declared Mr Ashe in his official launch speech.

“The challenge before us all as members of this generation is to transform the story of modern energy,” he continued. “This will demand from all of us a collaborative effort, involving all stakeholders.”

World Bank President Jim Yong Kim (by video) and Mr Ban Ki-moon co-hosted the Decade launch in a united effort to promote recognition of its purpose. “The decade can bring us closer to our goals of universal energy and a life of dignity and opportunity for all,” claimed Mr Ban Ki-moon.

Kandeh Yumkella, the Secretary-General’s special representative and CEO of SE4ALL further informed that the UN Decade of SE4ALL would commence with a global campaign focusing on energy access for women and children’s health.

“Energy issues are global issues ... But everywhere around the world, energy is a woman’s issue. It can mean the difference between safety and fear, freedom and servitude, and even life and death,” stated Mr Yumkella.

Funding commitments

Billions of dollars in sustainable energy financing and actions were reported at the forum. Many achievements have already been made, with some 30 countries set to roll out sustainable energy for all action agendas and investment prospectuses beginning this year.

Andris Piebalgs, European commissioner for development, announced that the European Union had awarded €95m for electrification projects across nine African countries and new grant commitments of €3bn to support sustainable energy projects in some 30 countries.

The US government, represented at the forum by Carlos Pascual, special envoy for energy at the State Department, announced that it had committed more than US\$7bn for financial support and loan guarantees over the next five years. The funds will be channeled through the Power Africa Initiative.

The Bank of America announced it was on track with its first-year commitments towards a promised US\$50bn in financing over ten years, as

well as in the introduction of green bonds to support investment in sustainable energy projects.

The African Development Bank also declared that since Rio+20 it had approved sustainable energy projects totaling some US\$2bn and mobilized co-financing of some US\$4.5bn.

The government of Norway reported that it was funding work by the UN Foundation to electrify health facilities in five African countries. And UK Parliamentary Undersecretary for Development Lynne Featherstone announced that the UK would be supporting the campaign to promote awareness, in addition to the £4.5m plugged for gender and energy research and £7m for clean cooking facilities.

In light of these successes, the UN Secretary-General called on all partners to further raise efforts in the global battle to eradicate energy poverty, including greater investment and commitment to meet the SE4ALL targets.

“I appeal to everyone to help us take our initiative to the next stage. I count on your leadership beginning with the climate summit in September,” Ban Ki-moon declared. ■

The Forum reviewed progress towards SE4ALL targets and looked forward to the upcoming announcement of energy as a stand-alone goal in the post-2015 development agenda.



PHOTO: SE4ALL

OFID at the World Petroleum Congress

Flying the banner for energy poverty alleviation



At the Twenty-first WPC in Moscow, OFID continued its advocacy to push energy poverty up the international agenda. Pursuing the commitment of oil and gas industry leaders, Director-General Al-Herbish reiterated the urgent need for cooperation from energy sector companies and organizations.

BY DAMELYS DELGADO

Russia is the biggest country in the world, covering over 17 million sq km and inhabited by more than 145 million people. Moscow, the capital, is the coldest megacity on Earth, populated by over 11 million people. Everything there is massive: monuments, buildings, avenues and the Crocus City Hall, where the Twenty-first World Petroleum Congress was held June 15–19, 2014.

The capital could not be a more suitable location to host the WPC for a second time. Russia is one of the largest hydrocarbon producers in the world, ranking third in oil production, with an estimated 10 million barrels per day. It is rated the first in exports of refined products, with 3 million barrels per day and the first in proven reserves of natural gas, with 48 trillion cu m. The first WPC to be held in Moscow was in 1971, its eighth gathering.

On this second occasion, the city hosted some 5,000 delegates in the 55,000 sq m Crocus Expo, the venue for the world's largest international and national oil and gas event. The attendance included 30 ministers and 400 CEOs and heads of organizations from more than 80 countries. The number of visitors welcomed during the five-day event was estimated to be twenty thousand.

Known as the "Petroleum Olympics," the congress was organized by the Russian National Committee of the WPC, comprised of the heads of the largest Russian oil companies and banks, and representatives of the federal government, as well as lead-

ing scientists of the Russian Academy of Sciences.

The attending experts disclosed the latest developments in the energy industry in several high-level plenary sessions, in special sessions and forums, in round-table interactions and in keynote speeches on best practices.

The whole spectrum of the oil and gas sector was covered, including upstream, downstream, gas, sustainable management of the industry and the Arctic region. Under the theme "Responsibly energizing a growing world," the WPC focused on solutions and innovations in energy production, and on the reliable, sustainable and wise use of energy resources. Also included on the agenda were discussions about the role of the oil and gas industry in tackling energy poverty.

Calling for cooperation

This impressive setting was a conducive platform for OFID Director-General, Suleiman J Al-Herbish, a keynote speaker in the Special Session "Social Responsibility in the Oil and Gas Industry: Earning a Social License to Operate."

Al-Herbish took the opportunity to remind this significant forum of the main issue: "The challenge to eradicate energy poverty worldwide is indeed a daunting one. We all know the statistics: one in five people globally have no access to energy, while nearly 40 percent of the world popu-

lation relies on biomass for their basic needs," he stated.

Al-Herbish emphasized the shared responsibility of the fight against energy poverty, highlighting the urgency of energy companies joining the battle: "I am sure you will agree that the oil and gas industry has a role to play in this struggle to bring modern energy to the poorest. Acting together, our resources can surely make a huge difference to progress towards affordable, clean and efficient energy for all," he urged.

Pointing out that energy poverty eradication was a win-win for the oil and gas industry in terms of corporate social responsibility, the Director-General listed the benefits to the industry. These included the mitigation of political and social risks, safer communities and, hence, more investment opportunities.

Al-Herbish summarized: "I urge the industry to engage with the [Sustainable Energy for All] Initiative's Action Agenda, given the enormous scope of the issue, to contribute leadership, technology and much relevant experience to help bring energy access to the poorest countries."

As a follow up to the invitation made by Al-Herbish during the Twentieth World Petroleum Congress held in Doha, Qatar in 2011, the occasion served to announce that OFID would host in November this year in Vienna, a symposium on petroleum industry support to the realization of universal energy access.

OFID and energy poverty

The lack of access to modern energy services compromises dignified living, productivity, income generation, healthcare delivery, learning and personal safety, and affects an estimated 1.4 billion people worldwide, the majority of them in sub-Saharan Africa.

OFID has pioneered the alleviation of energy poverty since 2007, with its efforts recognized in the international arena. The Director-General is a member of the High-level Advisory Board of the global UN Sustainable Energy for All Initiative. Tasked with providing strategic guidance to the initiative, Board members serve as global ambassadors, drawing attention to an issue that cannot be ignored.

This role has been highly performed by OFID in many forums worldwide, and the event in Moscow was a perfect opportunity to invite the oil industry to be part of

the global effort to make a better world through the provision of modern energy for those most in need.

Moscow a fertile ground

The OFID delegation, headed by Mr Al-Herbish and including representatives from the senior management team, crossed the city daily, in a journey lasting at least 50 minutes due to heavy urban traffic. The commute was an opportunity to appraise the impressive architecture of the north-most megacity in the world.

In addition to the participation of Mr Al-Herbish in the plenary session, OFID was further represented by Faris Hasan, head of corporate planning, who made a presentation in the side event "Social Responsibility Global Village." His intervention showcased OFID projects and initiatives dealing with energy poverty and outlined the agenda of the planned November symposium at OFID headquarters. Mr Hasan also represented OFID on the judging panel of the WPC Excellence Awards on Social Responsibility.

OFID consultant, Dr Namat Alsoof, spoke in a special session entitled: "Reserves and Resource Classification and Reporting: Responding to a Changing World." Dr Alsoof cited a framework for reserves and resources being developed by the United Nations Economic Commission for Europe, which would expose the paradox of sub-Saharan Africa having around 20 percent of global oil and gas reserves while exhibiting the highest concentration of energy poverty.

The OFID delegation used all the available platforms at the event to spread its commitment to energy poverty reduction, and to invite others to join in the fight against energy poverty in such a magnificent event. In November, OFID will receive the oil and gas representatives to enhance that commitment. Moskva spasiba!

OFID at WPC Expo

The WPC is organized every three years by the World Petroleum Council, the only international organization representing all aspects of the petroleum sector. The Council's unique composition includes some 70 member countries from around the world, representing over 96 percent of global oil and gas production and consumption.

Alongside the triennial Congress is a mammoth exhibition, which attracts participation from a wide range of national and independent oil companies, as well as from outside stakeholders such as governments, NGOs and international institutions.

Amid the impressive and varied exhibits mounted in the sprawling expo hall, OFID had a modest stand, which served as a hub for networking with a wide range of interested representatives from public and private corporations and organizations.

OFID's booth was another opportunity to highlight the issue of energy



PHOTO: OFID/SILVIA MATEYKA

poverty alleviation, with information-packed panels displaying OFID's multitude of activities in the energy sector. In addition to showing the regional distribution of these operations, the display also illustrated the use of diverse financing mechanisms and the viability of both traditional and renewable energy sources in the quest for solutions.

At the same time, OFID was also represented at the Global Village, created to promote industry approaches and activities on social responsibility. In this area, OFID ran videos of some of its most successful energy projects. In both locations (the official booth and the Global Village), a variety of publications was distributed among the visitors, as well as promotional items.

Algeria, Ecuador, Iran, Nigeria fly the flag in Brazil

Every four years, innumerable narratives of national character, culture and fortune—alternately ascending or descending—are crafted out of the feats performed at the FIFA World Cup.

BY NADIA BENAMARA



PHOTO: AFP/GETTY IMAGES

News of the 2014 outcome will have traveled the globe by the time this article appears—broadcast live in what is widely expected to be the most-viewed television event in the history of the world.

This time around, four OFID Member Countries emerged out of dramatic qualification stages on three different continents to compete in Brazil. They are: Algeria, Ecuador, IR Iran and Nigeria.

None of these nations is favored to advance past their first rounds, but World Cup history is full of surprises, and while only one team gets to take home the trophy, every country can champion winners.

Ball skills aside, teamwork, perseverance and sheer sporting spirit are worthy measures of World Cup success, precisely because there's no such thing as a truly level playing field in this global competition.

A multi-billion dollar industry, professional football has been drawing some of the best players away from their home countries for decades now. It is a trend that shows no sign of abating.

Twenty years ago, six of the 24 World Cup teams were comprised of a majority of players who forged their careers abroad. That number has risen to 22 of 32 teams for 2014.

Well-established leagues in Europe still attract the top international talent but pathways have generally become much more diverse.

Whether football's increasing globalization makes for a more (or less) egalitarian World Cup remains debatable. It certainly makes for more fluid alliances and less simplistic portrayals of the nations at play.

Repeat appearances

Of OFID's four World Cup teams, only Nigeria's *Super Eagles* are coached by a fellow countryman—the indomitable Stephen Keshi, who is one of two people to have won the Africa Cup of Nations as both player (1994) and coach (2013).

Team captain, Vincent Enyeama (goalkeeper)—returning from a season with French club, Lille—is best remembered for his spectacular saves against Argentina during Nigeria's last World Cup appearance in 2010.

Having qualified for five of the last six World Cups, Nigeria managed to push through to the second round twice before (1994 and 1998), and achieved the highest FIFA world ranking (fifth) of any African team to date going into its 1994 World Cup debut in the United States.

Algeria's *Les Fennecs* (Desert Foxes) made their most memorable World Cup appearance in 1982 when they stunned viewers with a 2-1 victory over eventual finalist, West Germany, be-



PHOTO CLOCKWISE STARTING TOP LEFT:
CHUNG SUNG-JUN/GETTY IMAGES;
AFP PHOTO / FRANCISCO LEONG;
AFRODRIGO BUENDIA/
CITIZENSHIP/AYCAL NECHOUD

coming the first African team to beat a European one in World Cup play.

The 1982 outcome in Spain proved bitter-sweet when a tainted match between Germany and Austria prevented the Algerians from advancing to the second round. Commonly known as “The disgrace of Gijon,” the blatant collusion for point advantage was deplored by fans of all stripes and led to a revision of World Cup rules.

This World Cup will be Algeria’s fourth (1982, 1986, 2010, 2014). The team’s younger talent share the heritage of famed footballer, Zinedine Zidane, who was born to Algerian immigrants residing in France, while their captain, Madjid Bougherra (defender), spent the last three years playing for Qatar’s Lekhwiya club.

South America’s most improved footballing nation—Ecuador—is making its third World Cup appearance (2002, 2006, 2014) under a Colombian coach with Antonio Valencia (winger) as their captain. Named FIFA’s World Fastest Footballer (35.1km/h), Valencia typically scores for England’s Manchester United.

Ecuador boasts more home-based players than any of the five other qualified South American nations, but the entire country suffered a severe blow when star striker, Christian “Chucho” Benitez passed away of cardiac arrest whilst playing for his Qatari club, El Jaish in July of last year. Chucho’s number 11 national jersey has since been retired.

Named after the three colours of Ecuador’s national flag, *La Tricolor* missed out on qualifying for the 2010 World Cup in South Africa by a single point. Their 2006 World Cup appearance in Germany, during which they beat Poland and Costa Rica to reach the round of 16, has been their best to date.

Ranked first in Asia, Iran’s Team *Melli* drew millions to the streets of Tehran to celebrate the nation’s fourth World Cup qualification (1978, 1998, 2006, 2014), following a critical 1-0 win against South Korea last year.

Captain Javad Nekounam (midfielder) is a veteran of the team’s 2006 effort, but former Portugal coach, Carlos Queiroz, hasn’t shied away from recruiting a number of dual nationals—including Belgium-based, Reza “Gucci” Ghoochannejhad (striker) and Iranian-American, Steven Beitashour (defender)—to bolster the primarily home-based squad.

Iran recorded its first World Cup victory (2-1) in a historic game against the United States in 1998. Despite hostile political relations, Iran’s players gifted their opponents with white roses—a symbol of peace in Iran—and posed for joint photographs before outmanning the Americans in a full-blooded but fair game.

At its best, football brings people together, regardless of origin, belief or status. It is the shared experience, the simple and universal values that make this game such a joy to watch, no matter which team you root for. ■





165th Meeting of the OPEC Conference convenes in Vienna

Ministers maintain status quo

PHOTOS: OPEC

COURTESY OF THE OPEC BULLETIN

As expected, OPEC's oil and energy ministers maintained the status quo with regard to the Organization's crude oil production ceiling for the remainder of 2014, expressing satisfaction at the current level of stability being shown in international oil markets.

The 165th Meeting of the OPEC Conference, which convened in Vienna on June 11, decided to retain the production ceiling of 30 million barrels/day (b/d) of crude for the Organization's 12 Member Countries.

This level of ceiling was first agreed by the OPEC ministers at their Conference in December 2011. Successive meetings have seen a continuation of the production allocation, reflecting the level of stability that has characterized the oil market in recent years.

Stable and balanced

OPEC Conference President, Omar Ali ElShakmak, pointed to the likely rollover of the Organization's current production ceiling in his opening comments to the ministers.

The acting minister of oil and gas of Libya said that data contained in reports submitted to the Meeting "made it clear that the oil market was stable and balanced, with adequate supply meeting the steady growth in demand."

And OPEC Secretary General, Abdalla Salem El-Badri, further alluded to the positive figures at the customary press briefing held after the one-day Conference in the Austrian capital.

"Right now, we have a very comfortable crude oil price, the market is stable and

OPEC is producing 30m b/d of crude, more or less. The consumers are getting their supplies and the producers a good price. Everybody is happy," he affirmed.

El-Badri's comments of optimism were echoed by OPEC ministers before and after the Conference.

Iran's petroleum minister, Bijan Namdar Zangeneh, stressed that an upbeat assessment of the prevailing oil market conditions had influenced OPEC's decision to maintain the production ceiling.

"The situation with oil demand is good and the global economy is in good shape," he was quoted as telling reporters. "Prices are good and both sides—consumers and producers—are satisfied with them."

The Minister added that oil producers and consumers were happy with the current oil market situation. ►

Dialogue with oil sector stakeholders essential for market stability

Dialogue and collaboration with consumers, non-OPEC producers, oil companies and investors is essential for maintaining stability in international oil markets and ensuring a smooth path for the industry going forward.

That was the overriding message OPEC Conference President, Omar Ali ElShakmak, had for delegates at the 165th Meeting of the OPEC Conference.

The Acting Minister of Oil and Gas of Libya pointed out in his opening address to the meeting that OPEC could not stand alone in bringing about equilibrium in the marketplace. "OPEC will need the support and contribution of many stakeholders, who must do their part," he stressed.

ElShakmak stated that the Organization's participation at the Fourteenth International Energy Forum in Moscow and the Eleventh OPEC-EU Ministerial Meeting in Brussels, held either side of the Conference, were good examples of "how we can work together to achieve our common goals."

He made the statements after speaking about the good level of stability the oil market had been enjoying, and detailing what the ministers would be looking at during their one-day Conference.

This, he said, entailed examining all the important issues surrounding the oil market, including supply and demand and stocks, the global economy and the level of crude prices. The Conference would also consider the market outlook for the rest of 2014 and beyond.

"As always, our deliberations will be focused on how to maintain market stability. This stability benefits all stakeholders and contributes to global economic growth," he affirmed.

ElShakmak said that when the Conference last met just over six months ago the ministers had witnessed improving stability in the oil market, resulting from an upturn in the world economy.

"Since then, this trend has generally continued. The United States has achieved an overall positive performance, despite a sluggish start to the year due to a cold-snap-related slowdown. The Eurozone has returned to modest growth after struggling through a recession that lasted a year-and-a-half. Finally, Japan's economy has benefited from its government's stimulus program," he said.

The Conference President said that in the emerging and developing economies, there had been some deceleration so far this year: India had continued to recover from last year's slowdown, but Russia, China and Brazil had all experienced



Omar Ali ElShakmak, OPEC Conference President

slower output for a variety of reasons. "Considering this backdrop, global economic growth in 2014 is projected to increase to 3.4 percent from 2.9 percent in 2013," he stated.

Mirroring this positive economic outlook, he said, world oil demand was expected to grow by 1.1 million b/d to average 91.2m b/d in 2014. The bulk of this growth was expected to come from non-OECD countries.

ElShakmak said non-OPEC oil supply was anticipated to rise this year by 1.4m b/d to reach 55.58m b/d. This growth would mainly come from North America and Brazil, while Norway, the United Kingdom and Mexico were expected to see declines.

Moving to oil prices, he said the OPEC reference basket had remained fairly stable over the last two years or so, with annual averages ranging between roughly US\$105 and US\$110/b. In the past half-year, the basket had averaged above US\$104 from January to May. "This is a level that is acceptable to both producers and consumers," he said.

ElShakmak said these numbers made it clear that the oil market was stable and balanced, with adequate supply meeting the steady growth in demand.

"However, OPEC will, as always, continue to monitor oil market developments closely in the months to come," he assured.

“Right now, we have a very comfortable crude oil price, the market is stable and OPEC is producing 30m b/d of crude, more or less. The consumers are getting their supplies and the producers a good price. Everybody is happy.”

Abdalla Salem El-Badri



◀ Meanwhile, Saudi Arabia’s minister of petroleum and mineral resources, Ali I Naimi, observed before the ministerial talks that oil markets were stable and balanced and that current oil prices were satisfactory for both producers and consumers.

“Everything is in good order. Supply is good. Demand is good. The price is good,” he affirmed.

And Venezuela’s minister of popular power of petroleum and mining, Rafael Ramirez, was quoted as saying that the international oil market was in balance.

Upbeat assessment

The upbeat assessment of market conditions referred to by Zangeneh came in the form of a series of reports submitted to the ministers by the Organization’s Secretariat.

These comprised the Secretary General’s report and the report of the 121st Meeting of the OPEC Economic Commission Board (ECB), which covered recent oil market developments and world economic growth, in particular supply/demand projections for the second half of the year, as well as the outlook for 2015.

A Conference communiqué stated that the ministers noted that the relative steadiness of prices seen during 2014 so far was an indication that the market was adequately supplied.

They agreed that the periodic price fluctuations witnessed were more a reflection of geopolitical tensions than a response to market fundamentals.

The Conference observed, however, that, while world economic growth was projected to reach 3.4 percent in 2014, up from 2.9 percent in 2013, downside risks to the global economy, both in the OECD and non-OECD regions, remained unchecked.

Existing production level

The ministers were informed that while world oil demand was expected to rise from 90m b/d in 2013 to 91.1m b/d in 2014, non-OPEC supply was projected to grow by 1.4m b/d, with OECD stock levels, in terms of days of forward demand cover, remaining comfortable.

“In the light of the foregoing, the Conference again decided that Member Countries should adhere to the existing production level of 30m b/d.

“In taking this decision, the Conference unanimously agreed that Member Countries would, if required, take steps to ensure market balance which is so important to world economic activity,” said the communiqué.

Member Countries, in turn, reiterated their willingness to firmly respond to developments that might jeopardize oil market stability.

The Conference also decided to extend the tenure of El-Badri as Secretary General for a period of six months from January 1, 2015.

It also congratulated Dr Ali Saleh Al-Omar and Omar Ali ElShakmak on their appointments as Minister of Oil of Kuwait

and Acting Minister of Oil and Gas of Libya respectively, and paid tribute to the services rendered to the Organization by their predecessors in office—Mustafa Jassim Mohammad Al-Shamali and Dr Abdel Bari Ali Al-Arousi.

In other matters, the ministers listened to presentations and exchanged views on the status of multilateral negotiations on climate change; the Organization’s ongoing energy dialogue with the European Union; the continuing cooperation between OPEC, the International Energy Forum and the International Energy Agency; as well as the continued collaborative work with the G20 group of countries and other international organizations.

“Everybody is happy,” El-Badri tells press conference

Speaking at a media gathering after the meeting, El-Badri expressed his satisfaction with the prevailing market conditions. “Right now, we have a very comfortable crude oil price, the market is stable and OPEC is producing 30m b/d of crude, more or less. The consumers are getting their supplies and the producers a good price. Everybody is happy,” he stated.

In fielding questions following the customary reading of the Conference communiqué, El-Badri was asked how much of a threat shale oil production in the United States was for OPEC, to which he replied that there was no threat since the US had a law prohibiting the export of its crude.

Asked about lost production from certain OPEC Member Countries, he said the main concern right now was Libya, which was almost out of production. Other countries facing problems would come back to the market gradually.

“But at the end of the day, we will accommodate the production of Libya and that of Iran and Iraq,” he stressed.

On the subject of future oil investment, he said OPEC had its investment program mapped out and was watching the supply and demand situation very carefully.

“OPEC will continue to play its part in supplying the world with enough crude oil,” he pointed out.

The Conference decided that its next Ordinary Meeting will convene in Vienna, Austria, on November 27, 2014. ■

Our vision

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

Our mission

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



Uniting against Poverty



Uniting against Poverty

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