

## Rio+20: the promise and the potential

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### Fortifying the foundations of our common future

round the globe, people have come to realize that we cannot have a common future in a world with rampant poverty and environmental degradation. A global awareness has grown that socioeconomic growth and development must be more inclusive and ecologically friendly in order to be sustainable.

Sustainable development (SD) is commonly defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The three interdependent and mutually reinforcing pillars of SD as defined in the 1987 Brundtland Report - economic development, social development and environmental protection - are still widely accepted. However, progress towards SD has been slow, and many challenges remain to be overcome for SD to become reality. With 1.4 billion people still living in extreme poverty or on less than US\$1.25 a day, about one billion chronically hungry, and 1.3 billion people without access to electricity, much remains to be done.

The forthcoming 20<sup>th</sup> *United Nations (UN) Conference on Sustainable Development (CSD-20)* in Rio de Janeiro, Brazil, June 20-22, 2012 provides a unique opportunity to review the many challenges and opportunities for achieving SD.

Participants will include high level officials from governments, multilateral and bilateral institutions, the private sector, civil society, academia and other groups. Organized 20 years after the 1992 Earth Summit in Rio, the Rio+20 conference will focus on fostering a green economy and strengthening the institutional framework for SD and poverty reduction. The conference will examine key challenges to a sustainable future, including: (i) green jobs and social inclusion; (ii) universal access to clean energy; (iii) food security and sustainable agriculture; (iv) sustainable cities, and (v) access to clean water for all. On the side-lines of RIO+20, several important meetings will be held, including a meeting of the High Level Group (HLG) for the Sustainable Energy for All (SE4ALL) Initiative, which launched by the UN Secretary-General in 2011 and in which OFID participates. In Rio, the HLG will present its Action Agenda to achieve the objectives of the SE4ALL Initiative, including Universal Energy Access by 2030, and solicit specific commitments from governments, donors, business and civil society, towards its implementation.

OFID is an active participant in the Rio+20 process and in delivering on a vision where sustainable development, centered on

human capacity building, is a reality for all. Since its establishment to date, OFID has invested almost US\$14 billion in advancing the goals of SD, working across the three pillars of SD in 132 countries worldwide.

As an instrument of South-South collaboration and solidarity, OFID is acutely aware of the central role of development cooperation in facilitating the transition to a more sustainable development path. OFID's contributions to SD are intrinsically linked to fundamental

UN principles, goals and commitments, including achievement of the poverty reduction and related UN *Millennium Development Goals (MDGs)* by the target date of 2015. Within its mandate of advancing the broader goals of SD, OFID focuses on meeting the three inter-related challenges of food, water and energy security, which are at the heart of our SD agenda. Approximately half of OFID's cumulative

support as of end 2011 has gone to finance initiatives to resolve the food-water-energy nexus. OFID has taken care to channel about US\$2 billion of its public sector lending in support of water supply and sanitation, and agriculture and rural development. An additional US\$1.6 billion has been provided to confront energy poverty – the missing "Ninth MDG" – by helping meet the global goal of universal energy access by 2030 under our *Energy for the Poor Initiative (EPI)*.

Organized in the *International Year of* Sustainable Energy for All (SE4ALL), the timing

of the 2012 Rio+20 Summit could not be more appropriate. OFID fully acknowledges the interrelationships between energy production and consumption, environmental protection and preservation, and economic growth and social development. However, universal energy access and preservation of the environmental are not conflicting matters. OFID is of the view that, given the importance of energy for development, the goal of universal energy access by 2030 must be

regarded as a matter of global priority, which need not be compromised by over-zealous concerns about additional carbon dioxide emissions which may only increase by 0.7 percent.

The upcoming Rio +20 Conference provides a unique opportunity to re-energize the global commitment to achieving SD with full attention to reducing poverty, hunger and global divides. Hopefully, the Confer-

ence shall bring greater clarity and agreement on a common vision for SD that can help secure food and energy for all. Last year, the number of people inhabiting our planet hit the seven billion mark. A secure and peaceful future for our world requires that they all have access to food, water and energy, and a decent standard of living. Boosting investment to eradicate rampant poverty, hunger and fresh water scarcity, and to fight energy poverty – particularly in the world's poorest countries – is no longer a question of choice. It is the only option.

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The Rio+20

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unique opportunity to

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global divides.





### The long road to Rio+20

In late June, the international community will retrace its steps to Rio de Janeiro, Brazil, scene of the historic 1992 Earth Summit, which saw the world unite in a joint commitment to address the challenges of Sustainable Development (SD). The intervening decades have seen the intertwined issues of poverty, climate change and the environment compete for their share of the debate. For Rio+20 the task is to craft a new roadmap for SD that embraces the notion of a green economy as a means of making the future development of our world economically, socially and environmentally sustainable.

BY FATIMAH ZWANIKKEN

#### Rio+20 and progress toward SD

The journey of sustainable development (SD) started in the 1960s, when an awareness grew in Western Europe and North America that economic growth had to become less ecologically destructive in order to be sustainable. The emergence of international efforts to achieve SD since the early 1970s have led to a vast array of multilateral agreements to address SD- related issues. Twenty years ago, in 1992, 150 governments gathering for the first United Nations (UN) Conference on Sustainable Development (CSD), Rio de Janeiro, Brazil, also known as the "Rio" or Earth Summit. committed to achieving SD. The first Rio Summit adopted several important documents, including Agenda 21 - a comprehensive global plan of action for SD by governments, the private sector, and individuals at the local, national and global levels. In 1995, the global community for the first time committed to eradicating poverty at the 1995 World Summit for Social Development (WSSD), Copenhagen, Denmark, involving the private sector and other stakeholders. This commitment was renewed at the September 2000 UN Millennium Summit, New York, with the adoption of the poverty reduction and related Millennium Development Goals (MDGs) involving all stakeholders within a new development paradigm.

As the global community prepares for the forthcoming UN-*CSD-20*, Rio de Janeiro, Brazil, June 20-22, 2012 – commonly referred to as *Rio+20* – progress towards SD has fallen short of what is needed. The Rio+20 Conference is facing up to an important task: to agree upon a new roadmap for SD that can make the future development of our world economically, socially and environmentally more sustainable.

According to Article 105 of the Zero Draft of the Rio+20 Outcome Document, dated January 10, 2012, the proposal is to launch an inclusive process to devise by 2015 a set of global Sustainable Development Goals (SDGs) that reflect an integrated and balanced treatment of the three dimensions of SD – consistent with the principles of Agenda 21 – but allow for differentiated approaches among countries, with a mechanism for periodic follow-up and reporting. The two main themes adopted for Rio+20 are: fostering a green economy (GE), and strengthening the institutional framework for SD and poverty reduction. Within this framework, the Conference will examine the issues of green jobs and social inclu-

sion in an urbanizing world. Sectors to be addressed include the inter-related issues of energy, food and water security, as well as sustainable ocean management and disaster risk preparedness.

#### Green growth

There is no consensus definition of GE. For the purposes of its GE Initiative, the *UN Conference on Human Environment (UNEP)* developed the following working definition of a green economy: "A green economy can be defined as an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities".

According to UNEP, a GE is one "whose growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services". The GE should be seen within the broader context of SD rather than as a substitute for SD - a relatively "young" science, embracing many areas of research. The most commonly used definition of SD was provided 25 years ago in the Report of the UN World Commission on Environment and Development, published in 1987 as Our Common Future. The Report, generally known as the Brundtland Report after its Chair, Gro Harlem Brundtland, first popularized the term SD, and became the benchmark for thinking about SD. The Report defines SD as follows: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

Central to the Brundtland Report definition of SD are the expression of needs or sustainable preferences, re-orientation towards a more environmentally friendly path to secure longer term growth, and inter-generational equity. The three interdependent and mutually reinforcing pillars of SD as defined in the 1987 Report - economic development, social development and environmental protection - are still widely accepted for SD. However, the process of integration of the three pillars of SD in a balanced manner has been disappointingly slow since the 1992 Rio Conference, and the debate of SD has been overshadowed by excessive concerns about environmental protection and combating climate change (MDG7: ensure environmental sustainability). In addition, the Brundtland definition of SD is by no means exhaustive, leaving out issues

of human development, security, equality and risk. Furthermore, the concept of inter-generational equity may be of little relevance to the bottom billion of extremely poor people who struggle on a daily basis to meet the needs of the present, with little to preserve for future generations.

Twenty-five years after Our Common Future, global socio-economic realities have changed dramatically as a result of rapid globalization and integration. New economic powers have emerged and integrated into the world economy, bringing a noticeable rise in the economic and political weight of the South. High growth in the developing world has lifted millions out of poverty, with the percentage of the developing world's population living on US\$1.25 a day dropping from 52 percent in 1981 to 22 percent or 1.29 billion people in 2008. China, in particular, achieved the first MDG of cutting the 1990 extreme-poverty rate in half by 2015 ahead of time, with the number living on less than US\$1.25 a day dropping by 663 million since 1981.

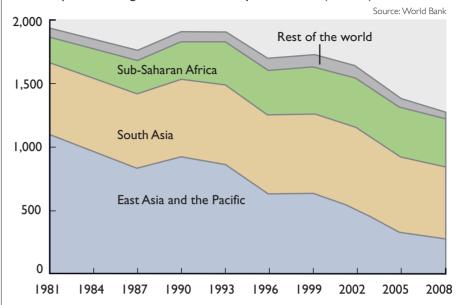
However, not all have shared in the benefits of growth, and higher standards of living have been accompanied by increasing discrepancies in resources consumption and welfare, both among and within nations. The convergence of the 2008-2009 food and financial crisis exacerbated poverty and inequality, challenging existing models for SD. In today's interdependent world, making our world more sustainable requires strong central, local and global institutions, underpinned by consensus definitions for the green economy and SD that capture global core principles and values.

#### Institutional challenges

In all countries, authorities at all levels (central, municipal etc.), will play an increasingly important role in defining and implementing the goals of SD in collaboration with all relevant stakeholders, and in meeting the rising demand for food, energy and water, which are in limited supply. For the goals of SD to be locally owned and implemented, Rio+20 should allow for differentiated approaches in defining sustainable needs or preferences, based on the principle of national sovereignty. Strengthening human and institutional capacities for public sector management will be key to improve the efficiency of public service delivery in the South and improve the enabling environment for private sector growth and employment creation.

#### Number of poor by region, 1981-2008

Population living under US\$1.25 a day in 2005 PPP (millions)



Given the global nature of many of the most pressing challenges of SD, such as climate change and migration, it is imperative that developing countries adapt central and local institutions and decision making processes, and inter-agency coordination to cope with the speed and complexity of rapid globalization and technological innovation in an increasingly inter-dependent world.

At the global level, Rio+20 will need to deliver a strong institutional architecture that can build political consensus on concerted measures that can be taken to deal with the three dimensions of SD in a balanced way, and addresses new and emerging issues. The Zero Draft outcome document provides several options to this effect, including establishment of a new umbrella organization for SD.

#### Resource implications

For the first time in history, human activity has reached levels at which it could alter the planet's ecology. Originating largely in the advanced economies, high standards of living and consumption have been accompanied by increasing discrepancies in resource consumption and welfare between industrialized and developing nations. With the world population expanding to nine

The convergence of the 2008-2009 food and financial crisis exacerbated poverty and inequality, challenging existing models for SD.

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The provision of adequate technologies and higher levels of Official Development Assistance (ODA) will be required to help poor countries and peoples meet the challenge of SD.

■ billion by 2050, pressures on scarce resources, including arable land and fresh water, are likely to intensify. Rapid population growth has led to increased pressures on land, and land degradation in the form of soil erosion, nutrient depletion, water scarcity, and disruption of biological cycles. Since poverty leads to unsustainable use of natural resources, poverty rather than economic growth poses the ultimate systemic threat to SD. Unsustainable agriculture and land management practices are one of the major direct causes of land degradation, with losses up to six times higher in the South than in the North.

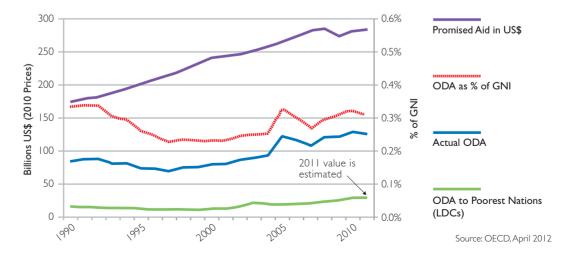
The Zero Draft outcome document acknowledges that "poverty eradication and enhancement of the livelihoods of the most vulnerable deserve priority in measures promoting a green economy transition". According to UNEP, a mere two percent of global GDP is required to green ten central sectors of the economy, and unleash private and public capital flows onto low-carbon, resource-efficient path. In this scenario, green economy investments would be catalyzed and supported by targeted public expenditure, policy reforms and regulation changes. Natural capital would be preserved as a critical economic asset, especially for poor people whose livelihoods depend strongly on nature.

However, the large and long-term investments required to realize the GE and meet the challenges of SD are difficult to mobilize from central and local government budgets alone. Countries most vulnerable to climate change are the resource deficient, commodity dependent least-developed countries (LDCs), as well as land-locked countries and small-island states. These countries are stuck in a poverty-trap and lack the necessary financing for investment from domestic sources. They also receive a negligible share in private capital flows and foreign direct investment, which tends to be directed towards the extractive industries. With the degraded land losing value, investments in agriculture and rural development in these areas continues to decline, further deepening rural poverty, impeding SD, and leading to high migration rates and ultimately, social instability and conflict.

According to the Economic Commission for Africa (UN-ECA), Africa will lose two thirds of its arable land by 2025, and land degradation currently leads to the average loss of 3 percent of agriculture GDP annually in sub-Saharan Africa. At current trends, more than half of the cultivated agricultural area in Africa could be unusable by 2050, and the region would be able to feed just 25 percent of its population by 2025.

The provision of adequate technologies and higher levels of Official Development Assistance (ODA) will be required to help poor countries and peoples meet the challenge of SD by mobilizing resources, by contributing to investments, and by assisting in the research, development and transfer of improved technologies. Conscious of the need for more financing for development (FfD), the global community gathering for the FfD Conferences in Monterrey, Mexico 2002 and Doha, Qatar, 2008 as well as the Group of 8 (G-8) at their 2005 Glenneagles Summit committed to

#### Official Aid, 1990-2011



substantially raise the level of ODA. However, the level of ODA remains a far cry from the UN target of 0.7 percent of GNI, standing at 0.32 percent of the combined gross national income (GNI) of members of the OECD Development Assistance Committee (DAC) in 2010.

In addition to technology and ODA, the availability of financing for SD in the South depends on many other factors. These include external debt, commodity price volatility, and reform of the international trade and financial systems, including implementation of development-oriented trade policies under the stalled Doha Development Round of multilateral trade negotiations. In the absence of strong institutions of global governance for SD, strong coalitions of the South will be required to address issues of common concern at Rio+20 and beyond.

#### Sectoral challenges

The MDGs have played a vital part in boosting social services in many developing countries. The new roadmap for SD should capitalize on these gains by creating decent work for all and strengthening productive capacities in the interrelated areas of food, water and energy security, which should be at the core of any agenda for SD. Food, water and energy security are linked to other factors such as population growth, environmental pressures, economic disparities, and global governance. These interrelated issues impact global economic growth. On October 31, 2011, the world population hit the 7 billion mark - a figure set to swell to 9.1 billion by 2050. Most of this growth will take place in the developing countries, where some five million people join the urban population each month. For the first time in history, 50 percent of the world's population lives in urban spaces rather than rural areas, a figure set to rise to 60 percent by 2030, and 70 percent by 2050. According to the Food and Agriculture Organization of the United Nations, investment in primary agriculture and downstream services in developing countries would need to increase by an estimated 47 percent to US\$209 billion annually to meet the 70 percent increase in global food demand by 2050. An estimated US\$44-55 billion will be required annually to meet the 45 percent increase in global energy demand and reach goal of universal energy access by 2030 – or US\$20 trillion in the next twenty years. Similarly, fresh water supply will need to rise by 55 percent by 2050, placing at least 40 percent of the world's population at risk of living in water-stressed areas.

#### Natural hazards

Climate change and environmental degradation – including loss of coastal and marine resources – contribute to the rising occurrence of disasters linked to natural hazards and are increasingly viewed as current and future causes of hunger and poverty. Sound ocean and disaster risk management have been recognized as areas deserving greater attention, and feature as important items on the Rio+20 global SD agenda.

#### The road from Rio

The world has changed dramatically since we first embarked upon the journey of SD 50 years ago. Within the new global reality, agreeing to a common vision of SD in an increasingly interdependent world is vital for setting a global sustainability agenda for the future. It is hoped that Rio+20 will deliver a new model of human and economic development that could serve as a roadmap to create decent work for all and achieve universal provisioning of food, modern energy, and adequate water and sanitation services by the year 2030. While the challenges are daunting, the opportunities of the Information Age for innovation, efficiency gains, improved service delivery, and business creation are vast. Rapid globalization and advances in ICT have given rise to a new global citizenship, and with it, the emergence of a global consciousness, a shared sense of global social responsibility and socially responsible entrepreneurship. Rio+20 provides an excellent and timely opportunity to re-energize the global commitment for achieving SD, with full attention to reducing poverty and global divides, and with a clear division of global rights and responsibilities. What is needed is vision, strong commitment and determination, sound leadership, and lasting partnerships for development to translate available financing, and advances in science, technology, education, economics and management into sustainable local solutions, and make the transition to sustainable forms of development and lifestyles.



Dr. Kandeh K. Yumkella.

### Sustainable Energy for All toward Rio+20

by Kandeh K. Yumkella Director-General, UNIDO

#### **Preamble**

Energy powers human progress. From job generation to economic competitiveness, from strengthening security to empowering women, energy is the great integrator: it cuts across all sectors and lies at the heart of all countries' core interests. Now more than ever, the world needs to ensure that the benefits of modern energy are available to all and that energy is provided as cleanly and efficiently as possible. This is a matter of equity, first and foremost, but it is also an issue of urgent practical importance. This is the impetus for the UN Secretary-General's new *Sustainable Energy for All (SE4All) Initiative*.

The initiative is launched in a time of great economic uncertainty, great inequity, high urbanization, and high youth unemployment. It is also a time where there is emerging consensus on the need to act cohesively towards global issues such as sustainable development. We are not, however, starting from 'scratch.' New technologies ranging from improved photovoltaic cells, to advanced metering, to electric vehicles and Smart Grids give us a strong foundation from which to move forward. How we capture these opportunities for wealth and job creation, for education and local manufacturing will be the key to unlocking any real revolution.

#### The UN responds

Three linked objectives underpin the goal of achieving Sustainable Energy for All by 2030:

- ensuring universal access to modern energy services – access to electricity and to modern fuels and technologies for cooking, heating and productive uses;
- 2. doubling the rate of improvement in energy efficiency; and
- 3. doubling the share of renewable energy in the global energy mix.

These three objectives are mutually reinforcing. Increasingly affordable renewable energy technologies are bringing modern energy services to rural communities where extension of the conventional electric power grid would be prohibitively expensive and impractical. More efficient devices for lighting and other applications require less energy and thus reduce the amount of power needed to support them. Increased efficiency in the production and use of electricity relieves strained power grids, allowing them to stretch farther and reach more households and businesses. And finally, the alternative - unconstrained expansion of today's conventional fossil fuel-based energy systems - would lock in a long-term infrastructure commitment to an unsustainable emissions path for the world's climate.

The Secretary-General has formed a High-Level Group to design an Action Agenda and help accelerate effort toward the goal of providing Sustainable Energy for All. This will require action from a broad range of stakeholders to help meet its stated objectives by 2030. The Secretary-General, in an input to the Rio+20 process, described the Initiative as follows:

At Rio+20, we will ask all stakeholders to make a global commitment to achieving Sustainable Energy for All by the year 2030. Reaching this goal will require action by all countries and all sectors to shape the policy and investment decisions needed for a brighter energy future. Industrialized countries must accelerate the transition to low-emission technologies. Developing countries, many of them

growing rapidly and at large scale, have the opportunity to leapfrog conventional energy options and move directly to cleaner energy alternatives that will enhance economic and social development.

The Action Agenda, will be a "living document" that establishes clear actions and commitments over time that will dramatically shift current energy systems pathways on to new trajectories that will aim to:

- establish firm political commitment
- create stable policy & regulatory frameworks
- finance the transformation
- strengthen local capacity and forge global partnerships
- ensure accountability and transparent reporting
- strengthen the analytical foundation
- disseminate information

Within the UN system we are working closely via UN-Energy (www.un-energy.org). UN-Energy is fostering new partnerships and better communication and facilitating effective action on the ground.

#### A new revolution

Addressing a transition to a radically different, and inclusive, energy system is a generational challenge. To this end, in the issue of Making It, Rifkin cites numerous interacting crises as the impetus for "a new economic narrative." He finds such a narrative in the confluence of "new communication technologies [and] new energy systems." This "Third Industrial Revolution" term has become attractive from a number of perspectives. In October, 2011, the Director of the UN's Framework Convention on Climate Change used the term to help motivate the business community towards action on climate change. She chose to describe it to that audience thus:

A low carbon economy necessitates a multifaceted paradigm shift across a broad spectrum, from individual behaviour to national policies. But let me assure you that the shift will not be a clean straight line. We are barely putting in the foundations of the new economy, we are constructing it, and all construction sites are messy.

Looking beyond the energy sector, and in the run-up to Rio+20, a consensus is growing around the fact that in a resource and carbon constrained world, a transition to a "Green Economy" is required for sustainable development. However, such a shift cannot be done at the expense of the developmental priorities of developing countries, and any definition of Green Economy will need to provide diverse opportunities for both economic development and poverty alleviation.

In response to these challenges, the United Nations Industrial Development Organization (UNIDO) launched a Green Industry Initiative, which aims at accelerating the green growth of the manufacturing and related sectors. It provides the international community and national governments with a platform for fostering the positive role of industry in achieving sustainable development. Greening industrial development is thus an integral pillar of the Green Economy concept, as it provides a framework for developing countries to green their industrialization process and to promote businesses that provide environmental goods and services. A holistic framing of the global energy issue is required to underpin this work.

#### Leapfrogging

While these issues resonate in both developed and developing economies, the impact on the Least Developed Countries is something we are acutely aware of. Even there, good precedent for national actions exists in places such as Rwanda and Ethiopia. These countries are putting together sophisticated national plans to address sustainable energy issues for the entire economy.

For a model of transformative change that has reached every corner of the world, we can look to the mobile phone and the ICT sector. This precedent is now influencing the possibilities for Smart Grids, even in the most remote corners of the world. In the future, "Smart and Just Grids" for developing countries could provide similar functionality to Smart Grids in industrialised countries, even though they are likely to follow a different pathway and timeframe. Constraints such as a lack of good governance, limited investment capital, largely inadequate infrastructure and a gap in welltrained power sector personnel are likely stifling innovative practices that could already be occurring organically. The massive electricity infrastructure requirements to reach universal access offer a unique opportunity to learn from the nexus between ICT and energy systems and move forward without necessarily repeating all previous development stages.

#### An important year

The UN General Assembly named 2012 as the *International Year of Sustainable Energy for All* – thus placing energy at the heart of the multilateral process. It is an enormous opportunity to share models that work, are scalable, and can help fill gaps in existing funding or capacity. It is also a chance to ensure that the political momentum currently focused on this area is maintained. Emerging Partnerships, such as the Norwegian Energy+ and the UN-Energy/Global Sustainable Electricity Partnership, offer conduits for multi-stakeholder engagement and dialogue – as well as real action.

We must do considerably more than scratch the surface for an issue that deeply impacts all of our lives. This means commitment from many different stakeholders and ways to track progress. To begin, go to www.sustainableenergyforall.org and join us!





## OPEC convenes first Coordination Meeting in run up to Rio+20 Conference

A first Coordination Meeting of OPEC Member Countries ahead of the Rio+20 sustainable development talks in Brazil in the summer was held at the Organization's Secretariat in Vienna at the beginning of February. Attended by over 20 experts and officials from OPEC Member Countries and the Secretariat, the two-day gathering was called for by the OPEC Conference to discuss the likely outcome of Rio+20 and look at the position of OPEC and its Member Countries.

BY JERRY HAYLINS

#### Key objectives

Specifically, the key objectives of OPEC's first coordination discussions were to review the Rio+20 "zero-draft," brainstorm the potential benefits and threats for OPEC and its Member Countries, exchange views, and discuss possible elements for an OPEC position.

The United Nations Conference on Sustainable Development (Rio+20) will be held in Rio de Janeiro on June 20–22.

It will mark the 20th anniversary of the landmark 1992 Earth Summit in Rio de Janeiro, the 10th anniversary of the 2002 World Summit on Sustainable Development in Johannesburg and is expected to result in a political outcome and, possibly, a future action plan.

And as Dr Hasan M Qabazard, Director of OPEC's Research Division, told delegates in his opening remarks to the coordination meeting, Rio+20 had significant importance for OPEC Member Countries since it had the potential to shape some of the economic, social and environmental developments in the world.

The objective of Rio+20 is to secure renewed political commitment for sustainable develop-

ment, review progress made to date and assess the remaining gaps in the implementation of the outcomes of the major summits on sustainable development, and address new and emerging challenges. The conference will focus on two themes – a green economy in the context of sustainable development and poverty eradication; and the institutional framework for sustainable development.

"It is essential we understand what these broad topics mean, identify the historical context, analyze possible future implications for OPEC Member Countries, and outline possible approaches to these themes at the Rio+20 Conference," Qabazard affirmed. Their other focus, he said, was on energy, particularly given that the UN had declared 2012 as the 'International Year of Sustainable Energy for All'.

#### Significant issue

"Energy is clearly going to be a significant issue in Rio and given the relationship OPEC Member Countries have with energy markets it is imperative that we make our voices heard on this subject," he stressed. Qabazard reminded delegates that, thanks to excellent preparation in the run-up to the Johannesburg Summit in 2002, OPEC succeeded in having very good coordination during the event. In this regard, he underscored the role of the OPEC Secretariat in providing technical support and a coordination platform for Member Countries, as it did for the meetings of the United Nations Framework Convention on Climate Change (UNFCCC).

The coordination meeting looked at energy issues in the context of multilateral negotiations related to sustainable development and heard presentations from Member Countries and the Secretariat. The meeting asked the Secretariat to prepare reports outlining the main risks and opportunities for OPEC Member Countries at Rio+20, and also provide guidance for Member Countries in preparing their submissions on the conference's zero-draft proposal.

Aysar A Tayeb of the Saudi Arabian delegation was unanimously elected Chairman of the meeting, while Ramiro Ramirez of the Venezuelan team was elected co-Chairman. A second Coordination Meeting of OPEC Member Countries is due to be held towards the end of May.

Rio+20 has significant importance for OPEC Member Countries. It has the potential to shape economic, social and environmental development across the world.



Abdalla Salem El-Badri (center), OPEC Secretary General, pictured with delegates and officials who attended the meeting.

## Private sector energy projects since inception

Conscious of the acute need for financing for energy poverty reduction, OFID is scaling up its assistance to the energy sector under the Energy for the Poor Initiative (EPI).

xpanding access to modern energy services is an enormous challenge for developing countries, especially the poorest countries. To 1.3 billion people worldwide, electricity remains inaccessible, unaffordable or unreliable – 84 percent of them in rural areas of Africa and Developing Asia, and 2.7 billion people are without clean cooking facilities. The energy poverty trap severely hinders economic progress and social advancement, and must be overcome if the UN Millennium Development Goals (MDGs) are to be achieved by the 2015 target date.

The problem of energy poverty is solvable. Often, antiquated transmission grids between production (power plants) and end-user hinder the ability to ensure uninterrupted electricity supply at a reasonable price. In other cases, national power resources remain untapped, mainly due to lack of funding.

The private sector will play a key role in achieving universal energy access by 2030. Private sector expertise will be needed to develop large and complex cross-border power generation and transmission projects. Independent power producers can also help mobilize the estimated US\$640 billion needed to meet the goal of universal energy access by 2030, including through micro-credit schemes. The producers can equally help in achieving the objectives of doubling energy efficiency and doubling the share of renewable energy in global energy supply by the 2030 target date.

Conscious of the acute need for financing for energy poverty reduction, OFID is scaling up its assistance to the energy sector under the *Energy for the Poor Initiative* (EPI), working in partnership with the private sector and other development fi-

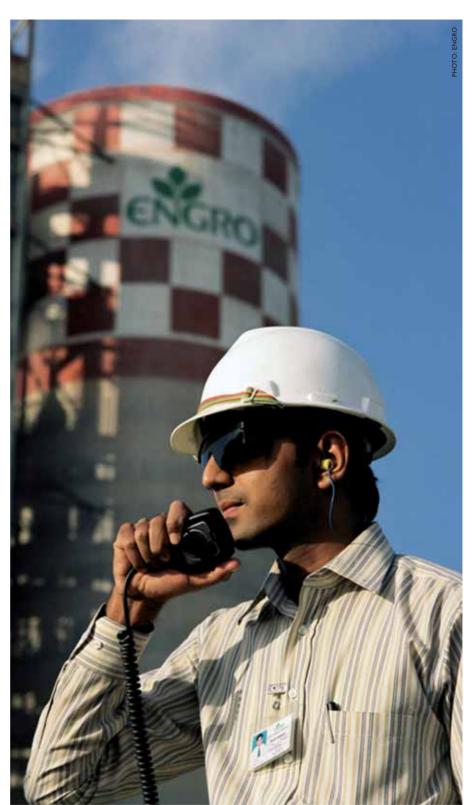
nancing institutions. OFID facilitates access to reliable and environmentally-sound power in the South by establishing new and improving existing utility companies, and by helping countries tap into their renewable energy sources. Cumulatively to date, OFID has made available US\$108.5 million in direct support to private sector energy poverty reduction projects under its separate *Private Sector Facility*. Activities have included the construction of new facilities and the rehabilitation and upgrade of older inefficient facilities in Jordan, Kenya, Jamaica and Pakistan.

- In Jordan an energy importing country OFID provided a US\$20 million loan to *Qatrana Electric* to help finance a project for the construction and operation of a 373 MW Combined Cycle Gas Turbine (CCGT) power generation facility in Al-Qatrana on a Build Own Operate (BOO) basis. Under the project's 25-year Power Purchase Agreement (PPA), the project receives gas from, and sells all its power output on an exclusive basis to, the National Electric Power Company (NEPCO) of Jordan, without exposure to dispatch and/or price risk.
- In Kenya, OFID extended a US\$20 million loan to *Gulf Power Limited (GLP)* a special purpose vehicle (SPV) involved in the design, construction, erection, commissioning and operation of an 80.32 Megawatt (MW) Heavy Fuel Oil (HFO) power plant. Kenya is currently experiencing significant electricity shortage due to droughts which result in low levels of hydroelectric power generation. Given strong growth in demand, electricity shortages are expected to continue. The

Kenyan government is keen to develop and expand base-load generation capacity alternatives to hydro power plants.

- In Jamaica, the *Jamaica Public Service Company (JPS)* benefitted from a US\$25 million OFID loan to help finance expansion of its run-of-river Maggotty Hydropower Plant as part of a strategy to increase the use of renewable energy in the country's energy mix to 15 percent by 2016. The new and upgrade power projects will help improve the efficiency of the generating system by an average 50-70 percent. The projects will also help reduce the cost of electricity in the long-term, sustain demand growth and maintain the country's power reserves.
- In Pakistan, OFID has supported the expansion of both conventional and renewable sources of energy. In March 2007, OFID extended a US\$15 million loan in support of the Engro Energy project. The project consists of the development, construction and operation of a 217 MW combined cycle plant to be located in Dharki, Punjab Province in Pakistan. In December 2011, Pakistan again benefitted from a US\$15 million OFID loan to support the Fauji Wind Projects. The projects consist of two distinct projects and will be implemented and financed separately. Each project will have its own project and financing agreements: Beacon Energy 50 MW Wind Power Project and Green Power 50 MW Wind Power Project. Once completed, the projects will be Pakistan's first few privately financed wind power projects constructed under the Renewable Energy Policy 2006.

At the global level, OFID has a 6.5 million Euro equity participation in the Energy Access Fund. The Fund will invest in small enterprises involved in power generation systems (e.g. solar home systems), micro-generation infrastructure (hydro, solar, wind, biomass), "energy kiosks" (electricity generation point with centralized energy consumption by businesses), fleet of batteries, or any other activity linked to expanding access to electricity for rural and sub-urban populations of Africa and Developing Asia. At least 10 percent of the Fund's aggregate commitments will be invested in institutions involved in the financing of energy access projects, or the distribution of energy loans to rural or sub-urban microfinance-related companies.



In Pakistan: supporting expansion of conventional and renewable sources of energy.

## REEEP pursues rural energy access with OFID grant



REEEP, the Renewable Energy & Energy Efficiency Partnership, is an institution engaged in improving market conditions for clean energy in emerging markets and developing countries. The partnership

was established in 2002 and now counts 400 bodies, including governments, as partners. The association works to assist governments with regulatory and policy framework and to promote finance and business models to attract the private sector. It also operates a clean energy information portal. Its regional Secretariats around the world ensure that REEEP activities are locally relevant and focused.

n February, REEEP announced that it will fund – with a US\$488,768 grant from OFID – energy projects in Cambodia, Ethiopia and Tanzania. The projects were chosen from a basket of roughly 50 proposals submitted in an OFID-REEEP funding cycle to widen energy access and alleviate poverty in least developed countries. The projects are usually shortlisted in view of their "innovative promise, available financial backing and scale-up potential."

The projects selected for OFID funding emphasize OFID's increasing commitment to bring energy to the poor, said the Director-General of OFID, Mr. Suleiman J. Al-Herbish. He added that the projects illustrated REEEP's ability to identify clean energy projects in least developed countries that are both income-generating and self-sustaining. Mr. Al-Herbish said these were important considerations for OFID.

Also commenting on the projects, Mr. Martin Hiller, Director General of REEEP, said the fact that OFID was entrusting REEEP with the identification and oversight of projects which address energy poverty "is a great vote of confidence." The selected initiatives, he asserted, were what could be called "turning point projects"; ones that enjoy strong support on the ground and have a great potential for scaling-up. The projects are as follows:

#### Cambodia

Two mini-grids are to be upgraded to hybrid diesel-renewable energy systems to reduce generation costs and make access to electricity much more affordable. In Cambodia, some 200 rural mini-grids are currently fuelled exclusively by diesel. In the village of *Chamback*, the project will build a hybrid solar-diesel system to provide 24-hour service to 1,000 households, which currently have only 10-14 hours of electricity per day. An additional 600 households without any access will also benefit. In the village of *Charchuck*, a biomass gasifier will be added to the local mini-grid, powering 500 households, a community hospital and four phone relay stations around the clock – a vast improvement on



PHOTO: SVEN TORFINN/PANOS

the current situation where just 400 households have only eight hours of electricity a day. These projects are being implemented by *Innovation Energie Développement* in close collaboration with the Cambodian Ministry of Mining Industry and Energy and the Electricity Authority of Cambodia.

#### **Ethiopia**

In Ethiopia, where the electricity access rate is around two percent in rural areas, most people depend on kerosene for lighting and open fires for cooking. The envisaged project aims at developing local cooperatives in two southern off-grid rural districts to provide and to finance energy-efficient stoves and solar-powered light. The cooperatives will be trained in book-keeping, technology repair and stove production. The training will be by *WorldVision* and government agencies. Setting up sustainable businesses is expected to create a variety of jobs while increasing productivity and reducing indoor air pollution and serious health issues associated with kerosene fumes.

#### **Tanzania**

Similarly in Tanzania, a small proportion of the rural population has access to electricity. A community utility will be established under the Tanzanian project in the village of *Mwamgongo* on Lake Tanganyika. This will be a replicable pilot unit. The Institute for Sustainable Technologies is behind this initiative which will provide electricity and solar thermal energy, as well as sustainable water and sanitation services. Jobs in maintaining and operating the facility will be created for local people. In parallel, four lodges will be built in the same village (Mwamgongo), for residency by tourists visiting the nearby *Gombe National Park*. The expectation is that the lodges would bring new tourism revenue to the area.

Quick links
www.reeep.org
www.reegle.info

These are income-generating and self-sustaining energy projects. OFID considers such projects highly important.



## OFID's new website goes online

OFID's new website, launched March 19, is attracting considerable numbers of visitors.

BY RAFIK ELOUARDI

he Internet, they say, never sleeps, an advantage that gives the medium the power to evolve exponentially. The second generation of the Web (Web 2.0) has already begun and refers to the transition from static web pages to a more dynamic and organized Web that facilitates participatory information sharing, "interoperability" and collaboration on the *World Wide Web*. This played a huge part in the decision to re-launch OFID's Website: www.ofid.org.

The new site has a fresh, user-friendly interface based on the latest developments and best practices in the management of development-related data. There is more comprehensive information about OFID's projects, programs and other activities, all supported by dynamic, interactive visuals. Visitors can search for data by country, by focus area and by financing mechanism, both for current and completed operations.

In keeping with current website trends and technologies, the site also incorporates more

Educating today's children for tomorrow's needs













social and visual media, such as video clips and photo galleries. Among the innovations in the new multimedia channel is the video series "OFID's Partners Speak," which features interviews with partner country officials speaking about their specific development challenges. These, together with clips highlighting representative projects, give fresh insight into OFID's important contribution to international development.

In developing the new website, OFID's chief goal was to make information on its activities more accessible. The institution would like to enhance understanding of its commitment to policies and actions that promote economic growth through more effective and innovative aid. It is expected that the new site will facilitate information sharing among the development community.

OFID recognizes that transparency and accountability are essential to the development process and the institution's mission and vision.

Development aid data should gain value by agreeing standards for sharing information. The view is that information should be useful to all stakeholders, particularly those in developing countries. It is also important to ensure that information is easier to access, understand and further disseminate.

Research shows that developing countries and citizens often face challenges accessing information about aid flows and activities. The International Aid Transparency Initiative (IATI) a multi-stakeholder proposal involving a wide range of development bodies like the World Bank, the African Development Bank, the Asian Development Bank, the European Commission and the United Nations Development Programme agreed in February 2011 on a common, open, international standard for publishing more (and better) information about aid. The hope is that websites and other information media will uphold this standard.

OFID welcomes views and reviews from visitors to its website. Related comments and subsequent contact are appreciated.

## OFID publishes book on historic headquarters building

In late January, representatives from Vienna's cultural, political and diplomatic community gathered at OFID's premises for the launch of the book *Theophil Hansen's Palace for Archduke Wilhelm – The Life and Times of the OFID HQ Building on Vienna's Parkring*. Published by OFID, the book recounts the history of Vienna's famous *Deutschmeister Palais*, which has served as the institution's headquarters for the past three decades.

BY AUDREY HAYLINS



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ating from the 1860s and overlooking the city's *Stadtpark*, the *Deutschmeister Palais* is one of numerous palaces built in the mid-19<sup>th</sup> century on the city's famous *Ringstrasse*. Designed in neo-Renaissance style by the renowned Danish architect, Theophil Hansen, it is among the few *Parkring* palaces to have survived the ravages of time.

The palace was built as a representative dwelling for Archduke Wilhelm – a cousin of Habsburg Emperor Franz Joseph – in his capacity as Grand Master of the Teutonic Knights. After Wilhelm's death in 1894, it was taken over by his successor and nephew Archduke Eugen. Since the dissolution of the Teutonic Order in 1938, the palace has been used by a wide variety of tenants, including the Nazi security organization, the Schutzstaffel (SS), and the Vienna Police. OFID purchased the property in 1981, taking occupancy in 1983 after a comprehensive restoration of its interior and façade.

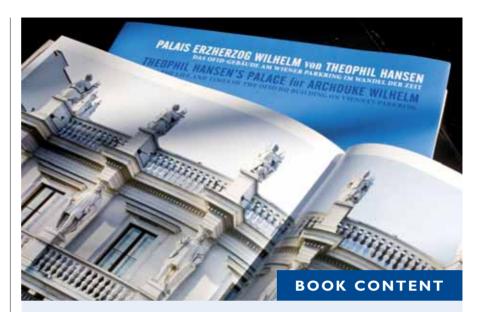
#### A gift to the City of Vienna

Guests to the book launch were welcomed in the palace's magnificent glass-covered atrium by OFID Director-General, Suleiman J. Al-Herbish, who spoke of the institution's "great pride and fortune at residing in a building with such an illustrious history."

It was OFID's privilege, he said, to be continuing the tradition started in the palace over a century and a half ago by Archdukes Wilhelm and Eugen, themselves committed humanitarians. Mr. Al-Herbish thanked the authors of the book, among them highly regarded Viennese historians and art historians, whose passion for history and art had "brought the story of the building so vividly to life." The book, he said, had been published as a gift to the City and People of Vienna "in recognition of their generous hospitality and support to OFID over the past 36 years."

Mag. Dr. Andreas Mailath-Pokorny, Executive City Councilor for Cultural Affairs and Science, accepted the gift on behalf of the Mayor of Vienna, Dr. Michael Häupl.

Addressing the gathering, Dr. Mailath-Pokorny said that Vienna felt privileged to host both OFID and its sister institution OPEC, alongside the many other international organizations in the city. He acknowledged the work of OFID, citing the validity of the OFID slogan 'Uniting against Poverty.' "We all need to fight poverty. Poverty is the first seed for violence and we are all working



Theophil Hansen's Palace for Archduke Wilhelm is a richly illustrated compendium of articles by prominent authors covering various aspects of the palace's illustrious history. As well as describing the historical context of the building's construction, the book also profiles the architect, discussing in detail his impressive design and the great skill with which he satisfied the archduke's challenging demands.

The book also provides portraits of two of the lesser-known members of the House of Habsburg, Archduke Wilhelm and his successor Archduke Eugen, and describes in great detail the history and structure of the Teutonic Order. Attention is also given to the other occupants of the building, including the Nazi SS, which was headquartered there from 1938 to 1945, and the Vienna Police, who occupied the palace for almost 30 years from the end of the war.

The book concludes with a chapter about the various renovation and modernization phases.

In addition to photographs showcasing the palace's interior decoration and imposing façade, the book also features a collection of historical photographs and documents, including many of Theophil Hansen's original drawings, sketches and plans.

hard to live in a peaceful world," he declared. "I hope that we can be partners for many years to come." Dr. Mailath-Pokorny went on to thank OFID for restoring and maintaining the *Deutschmeister Palais*, which has since been designated an Austrian national monument.

#### Musical performance

Following the speeches, guests were treated to a musical performance by the Vienna Boys Choir and the Superar Choir. Superar is a social project led by the Vienna Concert House and operates in inner-city schools to encourage social integration and learning through participation in music. OFID is a founding sponsor of Superar and has donated a quantity of its headquarters book to boost the scheme's fundraising activities.

#### **OFID:** Cooperation with IAEA continues

Special cancer program draws global attention



OFID Director-General (left) with IAEA Director-General Yukiya Amano.

The international community assembles February 4<sup>th</sup> each year to observe *World Cancer Day* aimed at mobilizing the world against cancer. This year, OFID and the International Atomic Energy Agency (IAEA) convened to mark this symbolic date together. Their executive heads, Suleiman J. Al-Herbish (Director-General, OFID) and Yukiya

Amano (Director-General, IAEA) signed an agreement to advance cancer control in Vietnam through projects sponsored under the IAEA's *Programme of Action in Cancer Therapy (PACT)*. The new agreement seals longstanding fruitful cooperation between the two institutions, and serves as renewed testimony to their joint commitment to address the challenges of cancer in developing countries.

BY MAHMOUD KHENE

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#### Growing silent divide

Infectious diseases – HIV/AIDS, malaria, tuberculosis, influenza – have all dominated the international health agenda over the past decades. In some cases, the international community has built efficient alliances to curb their devastating effects, as recently illustrated by the encouraging trends regarding the HIV/AIDS pandemic. But the time for complacency has not yet come, with the world witnessing the relentless spread of a pernicious epidemic of alarming magnitude.

Non-communicable diseases (NCDs), formerly associated with affluence and regarded as health problems of the rich world, have now traversed the boundaries of wealth to reach the more deprived. Cardiovascular diseases, cancers, diabetes and chronic lung diseases (the four main NCDs), are re-shaping the world's disease map as they become endemic in low and middle income countries (LMICs).

NCDs today account for roughly two out of every three deaths worldwide. What is even more worrisome is that their burden is rising disproportionately among LMICs and their populations. Indeed, according to the World Health Organization (WHO), almost 80 percent of non-communicable disease deaths in 2008 occurred in LMICs. The United Nations (UN) estimates that by 2030, over 50 million people will die annually from these diseases. This represents five times as many casualties as the estimated death toll for infectious diseases.

Cancer defines a complex set of devastating diseases within the NCDs cluster. Its emergence and rapid growth reveal unambiguously the intricacies and inequities of the epidemiological challenge faced by LMICs. Developing countries now have too often to bear the dual brunt of "traditional" infectious diseases alongside NCDs. Caught in the midst of a so-called epidemiological transition – the shift from infectious and deficiency diseases to increasingly prevalent chronic and non-communicable diseases – their already stressed health systems conceived to cope with endemic infections are ill-equipped to face this overwhelming challenge.

Cancer treatment is most effective when embedded in a comprehensive national cancer control program (NCCP). Such programs typically encompass prevention and screening measures, coupled with a combination of treatment strategies such as chemotherapy, surgery and radiotherapy. In developed countries, this systemic approach is responsible for the cure of almost half of all cancers, and an overall improved quality of life for cancer patients.

By contrast, and in spite of alarming incidence rates, developing countries have only few resources to finance cancer control activities. The consequences are tragic, often fatal for the growing cohort of desperate patients. Fragile health systems, overburdened by HIV/AIDS, tuberculosis and malaria, lack the means to support cancer prevention and systematic screening for the most common and treatable types of cancer. Hence, on average, only 30 percent of cancer patients in developing countries are diagnosed at a stage of illness that allows effective treatment. For the remaining overwhelming majority, cases are too far advanced to be treated successfully.

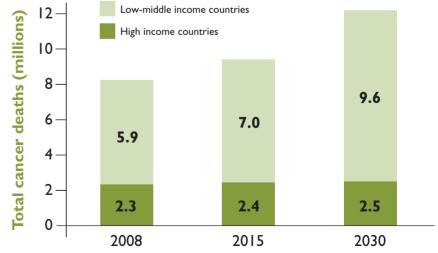
For those diagnosed with cancer, hope is only relative, for most developing countries lack the financial resources, adequate facilities, required equipment, technology access, proper infrastructure and well-trained staff to cope with the chronic care of cancer patients. As indicated by the IAEA, some 30 developing countries, half of them in Africa, do not even have a single radiation therapy machine at their disposal.

Beyond the very intimate pain and despair it inflicts, cancer also poses a formidable threat to economic and human development. It is a cause and an effect of poverty. Enduring disability

"Cancer is claiming more lives every year than HIV/AIDS, malaria and tuberculosis combined. Breast cancer alone, one of the easiest cancers to treat if it is caught early, kills about 270,000 women every year in the developing world. This is shameful, and something we must not allow to continue, for human dignity stands at the core of our shared responsibilities as development practitioners."

> Suleiman J. Al-Herbish, Director-General, OFID

#### Projected total cancer deaths in low, middle and high income countries.



Source: The Global Burden of Disease: 2004 Update (2008), WHO



Strategic partnerships combining the skills and resources of a variety of partners are indeed needed to raise the hopes of cancer patients in the developing world.





■ associated with chronic cancer impoverishes and contributes to the social exclusion of entire families, while associated healthcare costs further weaken under-funded health systems. Poverty, discrimination and inequalities in the access to education and healthcare on the other hand, expose populations to additional cancer risk factors. This is clearly reflected in the difference in incidence and mortality from preventable cancers and death from treatable cancers observed between the rich and the poor. These disparities constitute a real "cancer divide."

#### Healthy atoms

When Wilhelm Conrad Röntgen discovered the unknown rays, that he later called X-rays, in the last decade of the 19<sup>th</sup> century, little did he envisage his earning the first Nobel Prize for Physics for his achievement. Nor, and more importantly so, could he foresee the advent of medical radiology as an essential diagnostic tool, and radiation therapy as a core element of the therapeutic weaponry against cancer. The newly unraveled form of energy that could penetrate solid objects, record their structure and modify their elements would drastically and permanently alter medical practice.

Radiotherapy is the treatment of cancer and other diseases with ionizing radiation. This radiation deposits energy that injures or destroys cells in a target area needing treatment. With their genetic material damaged, these cells cannot continue their uncontrolled growth and often malign progression.

Just over half of all patients who develop cancer will need radiotherapy during the course of their illness. According to the type of tumor, this may vary considerably. A vast majority of breast cancer patients would, for example, be expected to undergo radiotherapy, whereas only a marginal few with colon cancer will need such intervention. But the shortage of radiotherapy machines in low and middle income countries constitutes a real bottleneck that prevents hundreds of thousands of patients being diagnosed early enough to receive potentially life-saving treatment. Nonetheless, technology alone does not translate into saved lives, nor will it solve a country's cancer problem. It needs definitely much more than that.

IAEA and WHO have taken the initiative to provide countries with the tools to address this very challenge. PACT – the Program of Action for

OFID OUARTERLY APRIL 2012

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Cancer Therapy – was established in that vein. Building on the Agency's expertise in radiation medicine and technology, PACT assists countries in the development of broad national cancer control programs. These NCCPs integrate radiotherapy and align activities and investments in cancer control across the intervention spectrum, from prevention to palliative care, within comprehensive public health systems. With promising results trickling in, the program is starting to draw global attention.

This flagship program is indeed contributing to position cancer convincingly on the global health agenda. To that effect, PACT is running a pilot phase, with six countries chosen as PACT Model Demonstration Sites (PMDS). Located in Albania, Nicaragua, Sri Lanka, Tanzania, Vietnam and Yemen, these sites have been designed to demonstrate the synergies that international partners can achieve by working together with national counterparts to advance comprehensive cancer capacity building in LMICs.

Prior to the establishment of a PMDS, international experts first conduct a joint comprehensive cancer situation analysis and needs assessment. Referred to as imPACT review (integrated missions of PACT), this exercise identifies assistance packages designed to respond to the multifaceted needs of a given country. This is a crucial stage in a strenuous process, as it contributes to strengthening the sense of national ownership that ultimately ensures the sustainability of any identified solution. It also brings together a variety of stakeholders from different horizons and areas

of expertise to work effectively toward a common goal. This is where institutions like OFID step in. The advancement of cancer control in Vietnam sponsored by OFID with a US\$450,000 grant is the latest in a series of successful ventures within the framework of PACT.

#### Preserving life and dignity

"Together It Is Possible." This year's World Cancer Day slogan emphasizes the vital importance of international collaboration in the fight against the global cancer epidemic. OFID has joined forces with several partners and has already channelled some US\$ 4 million in grants through frontrunner institutions such as the Pan American Health Organization, the King Hussein Cancer Foundation and the National Cancer Institute of Egypt, in pursuit of this life-preserving objective.

Strategic partnerships combining the skills and resources of a variety of partners are indeed needed to raise the hopes of cancer patients in the developing world. Through the combination of technical assistance and capacity-building activities provided by IAEA, with soft loans and outright grants extended by OFID, these two Vienna-based institutions have built a strong and lasting partnership that aims at exactly that.

The fight against cancer is first and foremost about preserving the life and dignity of those affected, as well as the humanity of those in a position to help. And this is definitely a shared responsibility.

"OFID has supported very successful cancer projects in Ghana, Zambia, Uruguay, Albania, Nicaragua and Tanzania. In the last three years alone, contributions from OFID have exceeded US\$800,000, while loans from OFID for cancer projects in [IAEA] Member States, facilitated through the Agency, have exceeded US\$15 million."

Yukiya Amano, Director-General, IAEA

#### Grants extended by OFID in support of IAEA sponsored cancer activities (1999 - 2011).

Improvement of Clinical Radiotherapy
in AFRA Countries

Management of Most Common Cancers
in AFRA Countries

US\$200,000

Program of Action for Cancer Therapy (PACT)

US\$500,000

Provision of Cancer Treatment Equipment
for the University Hospital in Uruguay

US\$300,000

Advancing Cancer Control in Vietnam

US\$450,000



#### The new home of Superar

Superar, the children's music initiative sponsored by OFID, is celebrating the acquisition of new premises that will allow it to expand and diversify its activities.

BY REEM ALJARBOU AND AUDREY HAYLINS

ogether, Caritas, *Superar* and the Vienna Concert House are preparing to open the doors to a new Art Community Center in the heart of Vienna's 10<sup>th</sup> district. A former mill, the old "Alte Ankerbrotfabrik," is being remodeled to accommodate integrated clusters for arts, culture and social activities. As part of this exciting concept, Superar will bring its creative ideology of music and dance to the youth and children of the community, when the center is inaugurated in early 2013.

For Werner Binnenstein-Bachstein, CEO of Caritas Vienna, acquisition of the new premises represents first and foremost, an opportunity to centralize Superar, which until now has been operating exclusively in schools. "For the first time, Superar will have a true home in the heart of the community it serves," he told the Quarterly. "The people of this poor neighborhood – children and adults – need a common meeting place where they can discover their identity and establish the foundations to build a better life. The Ankerbrotfabrik will provide this."

The purchase of the building has been made possible through a donation from the *Erste Foundation*. Doraja Eberle, a board member of the Foundation explains their support as a reaction to being infected with the enthusiasm exhibited by all participants. "When children suddenly discover gifts they didn't know they had, when parents beam with pride, when audiences see the diversity on stage and at the same time hear how harmonious this diversity can be, that's when we discover the true meaning of integration."

The center's main purpose is to offer a broad variety of community services and activities that will provide a long-term outlet for expression and creativity. Its primary emphasis will be on the providing children and youth with a place to interact and express their creative talent, while receiving support, training and advice.

The ground floor of the facility will comprise a restaurant managed by Caritas that will run as a social business model, with profits directed toward training youth for positions within the community. The first floor will contain a training center, also managed by Caritas, which will offer a wide array of free educational and training activities across a range of age groups in the areas of singing, dancing and other forms of artistic expression. A hands-on approach will allow youth and children to engage both physically and mentally in the creative process.

Superar will occupy the second and third floors, which in addition to serving as the scheme's administrative headquarters will also host the music and dance training as well as an event hall. The latter will be used for performances and other local needs and may also be rented out, with the fees directed into training for the community.

Several of Superar and Caritas Vienna's supplementary projects will also be housed on the second floor. These include a sewing scheme called 'mimb,' which allows immigrant women to make and sell their products. Mimb is modeled after a social business. Another program is the 'Blinklicht' media workshop, where teenagers learn under professional supervision how to use documentary media. A third program is the building of musical instruments as a social project of Caritas Vienna.

This integrated approach to the Center encourages the involvement of the entire community at all levels, while addressing multifaceted needs. Superar and Caritas plan to involve the parents of the children within their program to volunteer at events to assist with the preparation of performances or any technical support they can offer.

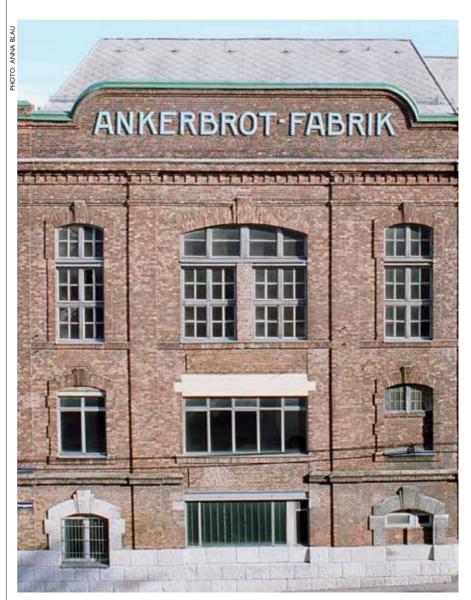
Werner Binnenstein-Bachstein is enthusiastic about the possibilities of the new venture for Superar, which he describes as a unique means of "identifying and developing the rich talent existing in our society." Superar, he added, connects people emotionally and "promotes the beauty of cosmopolitanism and diversity in the most positive sense."

OFID has supported Superar since 2010 through a sponsorship agreement with Vienna's Konzerthaus. This initiative spanning over three years is directed toward the elementary school Svetelskystraße Landhausschule in Vienna's 11<sup>th</sup> district. Through OFID's sponsorship, the school has been able to provide musical education to over 100 children between the ages of six and ten, representing around 20 different nationalities and diverse religious and cultural backgrounds.

Outlining the reasons behind the institution's support to the scheme, OFID Director-General Mr. Suleiman Al-Herbish, said: "It goes without saying that the life of an individual is enriched by an appreciation of the arts. The quality of our children as individuals depends on the quality of education and experiences to which they have been exposed, whether at home or in formal institutions. Music is known to add a little something to the soul. Our children are the leaders of tomorrow. Whatever we can do to contribute to their well-being now will impact upon the decisions they make tomorrow."



Werner Binnenstein-Bachstein, CEO. Caritas Vienna



The former mill, Ankerbrot-Fabrik.

## diary

#### **JANUARY 20**

#### Public sector loan agreement signed

Lesotho. US\$9 million. Five Towns Water Supply. To help provide a safe supply of drinking water to some 120,000 people through the construction of water treatment plants, distribution systems and other related infrastructure.

#### JANUARY 26

#### OFID launches Headquarters Book

OFID launches its book *Theophil Hansen's Palace for Archduke*Wilhelm – The Life and Times of the OFID HQ Building on Vienna's Parkring. See story page 20.

#### **JANUARY 25**

#### Public sector loan agreement signed

Malawi. US\$5 million. Zomba-Jali-Chitakale Road (supplementary loan). To complete upgrading of a key road to provide the population with swifter, yearround access to marketplaces and social services, as well as facilitate the transport of inputs and agricultural goods.

#### Research grants approved

Arab Language International Council. US\$30,000. To support an *Arab Language International Conference* held in Beirut, Lebanon, March 19 – 23.

Arab Union for the Blind. US\$50,000. To support the establishment of a rehabilitation and education center for sightimpaired children and youth in Djibouti to help them become productive citizens and promote their inclusion in society.



Mr. Suleiman J. Al-Herbish, Director-General, OFID, with HE Dr. Heinz Fischer, Federal President, Republic of Austria.

International Association for Energy Economics (IAEE). US\$50,000. To support the participation of students from developing countries to attend four international IAEE conferences in 2012 scheduled to hold in Abuja, Nigeria; Perth, Australia; Venice, Italy; and Austin, USA.

#### FEBRUARY I

#### Public sector loan agreement signed

Honduras. US\$10 million. Southern Region Sustainable Rural Development Project. To benefit some 40,000 families by increasing their incomegenerating capacity, promoting employment and enhancing food security.

#### FEBRUARY 3

#### Director-General Al-Herbish meets with Austrian President

As part of ongoing efforts to foster ties with OFID's host government, Mr. Al-Herbish paid a courtesy call on the President of the Federal Republic of Austria, Dr. Heinz Fischer, at Vienna's Hofburg Palace. The Director-General briefed Dr. Fischer on the work of OFID, explaining the institution's operational philosophy and diverse activities. He also informed the President about the institution's involvement in global efforts towards eradicating energy poverty and presented him with a copy of the OFID Headquarters book.

#### FEBRUARY 20

#### Research grants approved

African Water Association (AWA). US\$25,000. To help finance the AWA's 16th International Congress and Exhibition, held in Morocco, February 20-23.

Tagore Society for Rural Development. US\$45,000. To support an agriculture development and women's empowerment project in Kolkata, India. Some 500 families (2,500 people) in two districts in West Bengal will to benefit from the project.

Group of 77 (G-77). US\$50,000. To support a capacity building program, which aims to provide administrative, logistic and knowledge-gathering support to G77 Members in order to

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improve the quality of their contributions and further strengthen South-South and South-North cooperation.

#### Grant approved under the Account for Energy Poverty Operations

United Nations Conference on Trade and Development. (UNCTAD). US\$55,000. To support a high-level workshop entitled *Natural gas as an* engine of growth – Addressing value addition, energy poverty and efficiency, in Doha, Qatar on April 23.

#### FEBRUARY 21

#### Emergency assistance grant approved

Islamic Relief Worldwide. US\$250,000. To help provide food and non-food supplies for Syrian refugees who have fled their homes to the borders of Turkey, Jordan and Lebanon.

#### FEBRUARY 24

#### Public sector loan agreement signed

The Sudan. US\$30 million. Upper Atbara Dam Complex. To help improve agricultural productivity and power generation, as well as reduce pollution in Kasal State. Enhanced water supplies will benefit some 160,000 farmers who rely on irrigated agriculture.

#### FEBRUARY 29

#### Public sector loan agreement signed

Niger. US\$10 million. Arlit-Assamaka Road. To construct a 223 km-long road to help reduce the isolation of remote, rural communities and boost access to marketplaces and social services.

#### MARCH 7-8

#### Public sector loan agreements signed

Cameroon. US\$6 million. Water Supply. To co-finance a project that aims at providing some 30,000 people with sustainable access to safe drinking water.

Central African Republic. US\$4 million. Rehabilitation and Extension of Bambari and Bozoum Water Supply and Sewerage Systems. To help address drinking water shortages and improve sanitation services for roughly 74,000 people.

Ethiopia. US\$15 million. Gode-Kebridehar 132 KV Power Transmission. To expand the country's national grid and provide electricity connections to 34 towns and villages.

Grenada. US\$10.5 million. Schools Rehabilitation Project – Phase I. To rehabilitate and equip 10 schools and seven school kitchens. On completion, some 7,900 children are expected to enrol each year at the refurbished schools.

Guinea. US\$10 million. National Program to Support Agriculture Value Chains. To help reduce agricultural losses and improve crop yields for some 50,000 farmers by rehabilitating and constructing rural infrastructure.

Malawi. US\$5 million. Zomba-Jali-Chitakale Road. (supplementary loan). This loan will help complete the upgrading of a key road to provide the population with swifter, yearround access to marketplaces and social services.

Rwanda. US\$10 million. Rubengera-Gasiza Road. To build a 23.6 km-long road in the Western Province, thus enhancing access to social services, marketplaces and agricultural production zones for some 1.8 million people.

**Vietnam.** US\$21.5 million. Coastal Infrastructure Development. To support a series of small-scale projects in the Thanh Hoa and Ha Tinh provinces, benefiting at least 830,000 individuals.

#### Meetings attended by OFID

#### JANUARY II

RIYADH, SAUDI ARABIA Symposium on Microfinance and Social Business

#### **JANUARY 14-18**

ABU DHABI, UNITED ARAB EMIRATES Principals' meeting of the UN Secretary General's High Level Group on Sustainable Energy for All / Global Launch of the International Year of Sustainable Energy for All / World Future Energy Summit

#### JANUARY 15-16

KUWAIT CITY, KUWAIT Conference on *Understanding* and Avoiding the Oil Curse in the Arab World

#### **IANUARY 17-18**

VIENNA, AUSTRIA Central & Eastern European Forum

#### **JANUARY 30-31**

LONDON, UNITED KINGDOM 2012 Middle East and North Africa Energy Conference under the theme *Investing for the Future* in Turbulent Times

#### JANUARY 30-FEBRUARY I

AUSTIN, TEXAS, USA 2012 Annual Investment Symposium

#### FEBRUARY 1-2

PARIS, FRANCE International Conference on Burkina Faso

#### FEBRUARY 8-9

ABU DHABI, UNITED ARAB EMIRATES Meeting of the Economic Track of the Deauville Partnership

#### FEBRUARY 27

VIENNA, AUSTRIA 6<sup>th</sup> Meeting of the Vienna Energy Club

#### MARCH 12-14

KUWAIT CITY, KUWAIT 13<sup>th</sup> International Energy Forum Ministerial meeting / 5<sup>th</sup> International Energy Business Forum

#### MARCH 12-14

KUWAIT CITY, KUWAIT Semi-annual meeting of the Heads of Operations of the Arab Coordination Group

#### MARCH 16-19

MONTEVIDEO, URUGUAY Annual Meeting of the Board of Governors of the Inter-American Development Bank (IDB) and the Inter-American Investment Corporation

#### MARCH 19-20

BRUSSELS, BELGIUM United Nations Relief and Works Agency high-level stakeholder conference on Engaging Youth: Palestine Refugees in a Changing Middle East

#### MARCH 31-APRIL 4

KHARTOUM, REPUBLIC OF THE SUDAN 37<sup>th</sup> Annual Meeting of the Islamic Development Bank Group

www.ofid.org



From left: Mr. Said Aissi, Advisor to the Director-General; Mr. Fuad Albassam, Acting Assistant Director-General, Public Sector Operations and Acting Head Private Sector; Mr. Suleiman J. Al-Herbish, Director-General; Mr. Jamal Nasser Lootah, Governing Board Chairman; Mr. Saeid Niazi, Assistant Director-General, Financial Operations.

Meeting in its 138<sup>th</sup> Session on April 11, OFID's Governing Board approved new financing in the amount of US\$126 million for the benefit of 13 partner countries. The bulk of this went in lending for operations in the agriculture, energy, health, transportation and water supply sectors. Grant-financed projects accounted for US\$4.4 million of the total.



HE Eduard Sanchez, Ad-hoc Governor of Venezuela.



Mr. Muwafaq Taha Ezzulddin, Alternate Governor of Iraq to OFID.







HE Dr. Anny Ratnawati, Governor of Indonesia to OFID.

Mr. Ahmed M. Al-Ghannam, Saudi Governor.



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## IOAN & GRANT SIGNATURE PROTOGET SIGNATURE SIGNATURE PROTOGET SIGNATURE

#### February 13

HE Ridvan Bode, Minister of Finance of Albania, signed a US\$20.4 million loan agreement for the Tirana-Elbasan Road Project, which seeks to enhance connectivity and trade opportunities for around 750,000 people.



#### February 27

Mr. Martin Hiller, Director-General, Renewable Energy & Energy Efficiency Partnership, with OFID Director-General, Mr. Al-Herbish, following signature of a US\$488,768 grant agreement for a series of sustainable energy projects in Cambodia, Ethiopia and Tanzania.



#### February 29

HE Amadou Boubacar Cisse, Minister of Planning of Niger, secured a US\$10 million loan for the Arlit-Assamaka Road Project, which aims to reduce isolation through construction of a 223 km-long rural road.

#### March 7

HE Emmanuel Nganou Djoumessi, Minister of Economy, Planning and Regional Development of Cameroon, signing a US\$6 million loan agreement for a project to provide 30,000 people with sustainable access to clean water.





#### March 7

HE Truong Chi Trung, Vice Minister of Finance of Vietnam, with OFID Director-General Al-Herbish. Vietnam has received a US\$21.5 million loan for a Coastal Infrastructure Development Project that will construct small-scale infrastructure for the benefit of some 830,000 people.

The full list of loan signatures can be found on pages 28-29.

### visitorhighlights

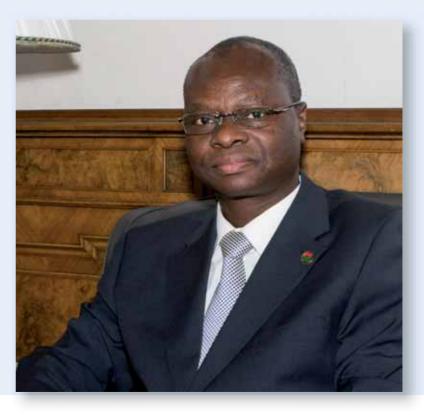


February 8
HE Mr. Galib Israfilov,
new Ambassador of the Republic
of Azerbaijan, paid a courtesy call
on the Director-General.





February 7
Ms. Irene Khan, newly-appointed
Director-General of the International
Development Law Organization, visited
OFID to meet with Mr. Al-Herbish.





March 9

Mr. Vo Kim Cu,
Chairman of the Ha Tinh
Province, Vietnam, visited
OFID and met with the
Director-General.

### March 9

HE Houcine Jaziri, State Secretary for Migration of Tunisia, and HE Samir Koubaa, Ambassador of Tunisia, paid a courtesy call on Mr. Al-Herbish.







# n the Field

For OFID, development is all about working with people to carve out a better life by providing them with basic necessities such as healthcare, food, energy, clean water, education and jobs, and creating the best possible environment for societies to flourish. OFID in the field showcases projects that have revitalized struggling communities and given them real hope for a more prosperous future.



# Albania and Sustainable Development: Battling poverty in mountain areas

With a population of some 3.2 million, Albania is a relatively small but mountainous country in south-eastern Europe. Roughly 70 percent of Albania's land area is situated at 300 m (and often higher) above sea level. More than half the population lives in rural areas, where agriculture is the main activity and constitutes 20 percent of Gross Domestic Product.

BY SILVIA MATEYKA

espite recent years of economic improvement, poverty persists in Albania, particularly in rural and mountain areas, due to low employment levels, low income levels and an unequal pattern of economic growth.

More than a quarter of the country's land is used for agricultural purposes, and over 50 percent of it lies in hilly and mountainous areas. Despite difficulties and shortcomings, livestock products, fruit and vegetable products and wine growing are the

main income opportunities in these regions. Livestock production represents a major part of the country's agricultural sector, accounting for roughly 50 percent. The sale of ruminants and their products is often the most important source of income for farmers, especially in mountain areas. However, as urban buyers are becoming more discerning regarding animal products, marketing has become more difficult. Low productivity, small farm sizes, poor and sloping land, limited access to financial services, weak market linkages and dilapidated infrastructure are among the factors that have inhibited effective and sustainable growth as well as poverty reduction. New initiatives are needed to enable mountain dwellers to lift themselves permanently out of poverty.

To promote employment opportunities for the rural poor and increase their household incomes, the

Government of Albania approved a *National Strategy for Socio-Economic Development* in 2001. The strategy recognizes economic growth as "the main mechanism to reduce poverty, with macroeconomic stabilization as the way to create a suitable environment for sustainable growth". To specifically address the economic difficulties in the mountain areas, government designed and implemented, with the financial assistance of the International Fund for Agricultural Development (IFAD), the *Mountain Areas Development Program (MADP)*.

The program's aims are to increase production and productivity; improve

household food security; increase income from agricultural and related rural enterprises; and improve infrastructure. To achieve these aims, the program established a Mountain Areas Development Agency (MADA), responsible for programming, planning, managing funds and providing support for development, including technical, financial and managerial support, together with the Mountain Areas Finance Fund (MAFF), the only financial institution that focuses on mountain areas.



OFID has supported development in Albania since 1993, for a total of over US\$120 million as of March 2012.

To support MADP's goals, OFID joined forces with IFAD and signed, in 2007, a US\$4.5 million loan agreement with the Republic of Albania for the *Sustainable Development in Rural Mountain Areas Project*. Still ongoing, the total cost of the project is US\$24.3 million. Under the project, II districts with over 80 percent of their areas classified as mountainous and IO other districts with 50-80 percent of their areas classified as mountainous are covered. More than I.7 million people live in these 2I districts constituting about half of the population of Albania and encompassing a large majority of the rural poor.

The main objectives of the project are to accelerate economic growth and poverty reduction as well as to strenghten the capacities of the local institutions and organizations to influence and support private and public sector investment. The main target group are underemployed und unemployed rural men and women, small and medium-sized farmers and rural entrepreneurs. And to achieve these objectives, the project positions MADA to act as a regional development agency. It also

supports the conversion of MAFF into a fully operational rural commercial bank, providing access to a full range of financial services to rural poor people.

With the aim of developing the private sector, the program will also support business promotion, financial linkages, innovative strategic investment, field implementation and the testing of investment approaches.

OFID's funds are mainly used for small-scale economic infrastructure which in its current state is a critical constraint on business development in the area. Activities include the renovation or construction of rural roads, bridges, irrigation schemes, water supply and drainage systems and livestock watering points.

Mr. Romulo Martinez, Public Sector Operations Officer at OFID in charge of OFID-sponsored projects and programs in Albania said that the project will not only generate

and increase income for rural men and women but also for young people, by providing them with new opportunities to engage in businesses. According to Mr. Martinez, "the importance of this kind of intervention is also to make rural agriculture more attractive, therefore contributing to reducing migration from rural areas to urban centers, particularly among young people."

OFID has supported development in Albania since 1993, for a total of over US\$120 million as of March 2012, through private sector, public sector and grants financing.



# The Philippines: continuing to strive against adversity

Full of natural wonders, the second-largest archipelago in the world recovers again and again from a climate of adversity, while its inhabitants struggle daily against poverty. OFID has been strengthening its efforts toward funding projects and programs in many sectors.

BY DAMELYS DELGADO

he Philippines is a tropical country made up of more than 7,000 islands, covered by dense rainforests and prone to earthquakes and eruptions, due to over 25 active volcanoes. In December, 2011, the north was hit by a storm that triggered flashfloods and landslides. Over 1,200 people lost their lives and another one million were otherwise adversely affected. This is life in the Philippines, one of the most populated countries in Southeast Asia, with more than 100 million inhabitants, ranking it 12<sup>th</sup> in population size worldwide.

According to the World Bank, the Philippines grew by 7.6 percent in 2010, the highest in 30 years, in spite of the global financial crisis and recession and the devastating impact of typhoons and other climatic occurrences. The rapidly expanding population and the disparate distribution of income caused (between 2003 and 2009) an increase of around 25 percent in the number of those living below the national poverty line. This is equivalent to an additional 3.3 million Filipinos who are classified as poor. Based on information provided by IFAD, more than a third of the



Estimates are that ARC II will help reduce poverty and improve the well being of over 44,000 households, which will achieve an income increase of 20 percent through improvements in productivity and marketing.

people in the Philippine live in poverty; and this is most severe and widespread in rural areas.

The Philippines is rich in agricultural potential with arable farmland comprising more than 40 percent of the total land area and involving around 36.5 percent of the labor force. The sector, however, has been generally constrained by inadequate infrastructure, lack of irrigation, limited distribution facilities and a scarcity of necessary services, including the provision of fertilizer. Additionally, the ecology of the archipelago, where the population lives mainly on just 11 of its islands, has been impacted by decades of uncontrolled logging and "slash-and-burn" agriculture.

OFID has endeavored to contribute to the development of the country since 1977, providing over US\$173 million in loans. The funds support public sector projects in agriculture, transportation, water supply and sanitation, education and energy. Having determined that poverty and rural communities are tightly linked, the *Agrarian Reform Communities Project II (ARC II)*, co-financed by OFID, the Asian Development Bank, and

the Government of the Philippines has accomplished much in the reduction of poverty. The total cost of the project is estimated to be over US\$218 million.

#### Improving lives in rural areas

Ms. Iman Alshammari, Officer-in-charge of Philippine projects at OFID, commented that the issue was partially addressed in a previous Agrarian Reform Communities Project, which provided managerial support to 35 provinces for rural infrastructure, land surveys and titling, rural credit and institutional development. At present, the ARC II pursues a comprehensive approach to poverty reduction by promoting rural development based on four components of agribusiness.

Alshammari said the "Community Driven Development" component will identify the needs for training and the building of capacity within communities, while the "Agriculture and Enterprise Development" component will provide technical assistance for the transformation of traditional subsistence farming into mod-

ern farming methods. As a third component, "Rural Infrastructure" aims to, among other objectives, reduce transportation time and farm expenses, while increasing irrigation, crop cultivation and marketing. The last component, "Project Implementation Management," will provide technical support mainstreamed at national, regional, provincial and local levels, and established within existing national and provincial government institutions.

It is estimated that ARC II will help reduce poverty and improve the well being of over 44,000 households, which will achieve an income increase of 20 percent through improvements in productivity and marketing. At the same time, the project is expected to provide an additional five million people-days of unskilled labor and two million people-days of skilled labor in target ARCs, benefiting landless and other rural poor households.

Despite the threat of the force of nature, the Philippines keep striving to foster the well being of its people, and OFID is pleased with its partnership with the country.

# Health and development: a vital partnership with Cameroon

In Cameroon, there are many challenges in reaching the Millennium Development Goals (MDGs). The provision of safe drinking water is one of them, as is the need to establish healthier communities capable of moving forward. Cameroon is clearly pursuing related projects and programs with increasing success.

BY DAMELYS DELGADO

hat must life be like in communities that lack clean water? Imagine having abundant freshwater resources but little infrastructure to deliver it to the population. The answer to both problems is the same, since often, availability is not the issue. This is the situation in Cameroon, which possesses vast resources in the form of ground and surface water. According to available data, groundwater resources are estimated at 2,700 billion m³, and annual consumption represents only 0.4 percent of the supply available.

Cameroon's population is estimated at 19.5 million, of which 53 percent do not have access to sanitation facilities, and 26 percent do not have access to clean water. The indicator of freshwater consumption (domestic/industrial/agricultural) is 61 cubic meters per year per capita, a very low figure in comparison with Yemen, for example, a country with water scarcity showing an indicator of 316 cubic meters per year per capita.

The development of resources for water access is vital to achieving the MDG target of enhancing living conditions by providing clean drinking water and sanitation facilities. This improvement will have a high impact on health, since many health-related problems are exacerbated due to limited access to basic services.

In Cameroon, waterborne diseases, such as cholera, diarrhea, hepatitis and malaria, are prevalent. Infant and child mortality rates are high: 77 and 151 per 1,000 live births respectively. Malaria is the leading cause of death, with almost all Cameroonians reporting at least one malaria attack each year. HIV and AIDS are further contributing factors to increased mortality.

In the context of the MDGs, the aim is to reduce Cameroon's poverty rate from 53.3 percent to 25 percent by 2015. This goal is far from being achieved, despite the government's determined plan, "Vision 2035", whose main objectives are to reduce poverty to below 10 percent; to develop a middle-income economy; to gain status as an industrializing nation, and to consolidate democracy and national unity. Despite being one of the countries in Africa least dependent on foreign aid, the challenges in the Vision 2035 plan will require international support.

# Sustainable development: reliance on clean water

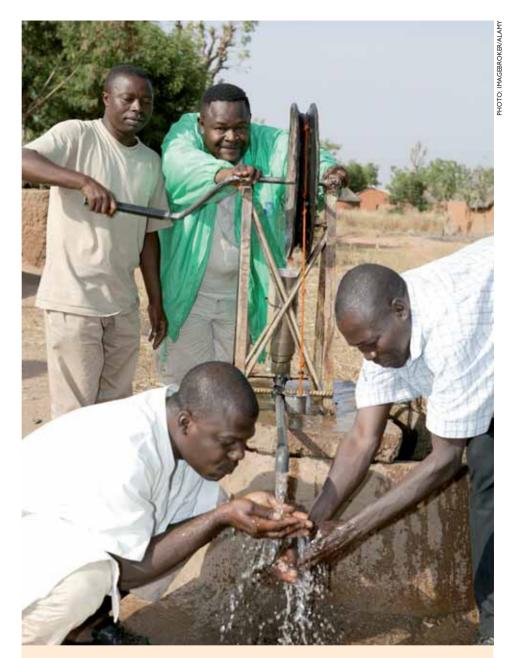
Without clean water supply and sanitation, sustainable development is unlikely. Cameroon has water supply that far exceeds the consumption rate, and the lack of infrastructure allows just 51 percent of the rural population to have access to safe drinking water.

To finance water projects, Cameroon needs to rely on support from the World Bank, the Eximbank and other institutions. OFID has a longstanding relationship with Cameroon, dating back to 1976. Since then, OFID has extended 12 loans to Cameroon in support of the agriculture, transport, health and water sectors.

In October 2011, in further efforts to reduce poverty and enable economic growth in Cameroon, OFID's Governing Board approved a new loan, co-financed with the Arab Bank for Economic Development in Africa and the Government of Cameroon, to fund a water supply project in seven localities in the southern, eastern and central regions. This project is to provide 30,000 people with access to safe drinking water. OFID's support is almost half of the total cost, estimated at US\$14.5 million.

The localities to benefit are Akom, Mvangan, Olamze, Mvengue, Kette, Mesamena and Bot Mkakak. The projected development will significantly improve living standards in these regions, enabling additional reduction in poverty and the attainment of additional economic benefits through an increased capacity for income generation in a population that is healthier.

Ms. Mona Alessa, Officer-in-charge of Cameroonian projects and programs at OFID, explained that the project will achieve important social, health and economic benefits: "Upon its completion, the project will increase the amount of safe water production benefiting the inhabitants in seven localities and, at the same time, it will decrease the time that people spend fetching water." Ms. Alessa added that "the time, energy and resources gained by improved water and sanitation can then be directed toward productive economic activities." This is seen as a huge step, since without clean water and attendant good health, there is practically no possibility of economic development.



#### The project in numbers

- Drilling and equipping of 14 new wells
- Reconstruction of 2 wells
- Construction and equipping of 16 pumping stations
- Construction of 3 reservoirs with a holding capacity of 200 m<sup>3</sup>, and 4 tanks
- Supply and installation of water supply pipes, 48,3 km in length, and 63-200 mm in diameter
- Installation of 112 public water distribution points
- Installation of connection to 1.980 households

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# UN General Assembly endorses resolution to curb commodity price volatility

G-20 lays foundation for new governance of world agriculture

BY FATIMAH ZWANIKKEN

ommodity prices are volatile for various reasons. Commodities such as gold retain their qualities amidst global financial uncertainty, which allows economic agents to use them as financial safety assets. Commodity price volatility is also fuelled by stockpiling to secure access to food or fuel during times of relative scarcity, particularly in times of increased global liquidity. Since 2004, financial speculation on commodity markets has become a major factor driving commodity price volatility, accounting for an estimated 30-40 percent of commodity price rises.

As a result, commodity prices have increased sharply over the last decade, with the International Monetary Fund broad commodity price index reaching levels similar to those recorded during the price booms of the 1970s.

#### Rising food prices

Excessive financial market speculation is one of the main causes of rising oil prices and repeated global food crises. Rising food prices make most food out of reach for the world's poorest people, who spend about 50-70 percent of their household income on food. This leads to worsening poverty and hunger. Mainly due to financial speculation and other harmful economic systems, the number of hungry people in the world has risen to 925 million, or 13.1 percent of the total world population of seven billion. Most of the world's poor and hungry live in Asia and the Pacific (578 million) and in sub-Saharan Africa (239 million), home of the majority of the 48 Least Developed Countries.



PHOTO: PAUL TOBECK/SHUTTERSTOCK.COM

These poor countries could benefit from coordinated international initiatives aimed at improving the functioning of global commodity markets, including timely, accurate and transparent market information in helping to address the excessive volatility of world food and oil prices.

#### Resolution against speculation

To improve the functioning of commodity markets, the 66th Session of the UN General Assembly, including the Group of 77 (G-77) and China approved, December 23, 2011 by consensus, a resolution to curb excessive financial speculation on the petroleum and commodities futures market. Based on an initiative by President Leonel Fernandez of the Dominican Republic, the resolution aims at reducing "excessive international financial market speculation and extreme price volatility of food and related commodity markets" in the futures markets. Steps to improve the governance of commodity markets have also been taken by the Group of Twenty (G-20), which accounts for 73 percent of world oil consumption and nearly 80 percent of world cereal production.

In their November 2010 Summit in Seoul, South Korea, leaders of the G-20 expressed concern about the impact of commodity price volatility. The Seoul Development Consensus for Shared Growth (Seoul Consensus) and its Multi-Year Action Plan for Development stress the need to mitigate food price volatility, enhance food access and protect the most vulnerable. G-20 leaders further discussed this issue at the September 2011 World Bank Annual Meetings. In their joint communiqué, G-20 leaders reaffirmed their commitment to the Seoul Consensus, with particular attention on food security and infrastructure as the two priority areas of action to maximize the growth potential and economic resilience of developing countries.

On June 23, 2011, G-20 Agriculture Ministers agreed on an *Action Plan on Food Price Volatility and Agriculture* at their meeting in Paris, France – the first meeting of its kind. The five objectives of the Action Plan are: (i) improving agricultural production and productivity; (ii) increasing market information and transparency; (iii) reducing the effects of price volatility for the most vulnerable; (iv) strengthening international policy coordination; and (v) improving the functioning of agricultural commodity derivatives markets within a common regulation mechanism. The plan sets out principles for investment in the production of nutritious foods, as well as priorities for agricultural research

and humanitarian food supplies and safety nets. G-20 ministers acknowledged that strong global governance is an indispensable element for regulating food commodity markets and achieving food security, and called for greater policy coherence. They spoke of the vital importance of open and well-functioning trade in agricultural goods, including regional trade arrangements, and called for rapid completion of the *Doha Development Round of Multilateral Trade Negotiations* of the World Trade Organization.

#### Market information

In an effort to stabilize commodity prices, ministers further agreed to forge transparency in agricultural markets with the establishment of an *Agricultural Market Information System (AMIS)*. The AMIS, which is hosted by the UN Food and Agriculture Organization, was launched on September 15, 2011 in Rome, Italy. Modeled after the *Joint Organizations Data Initiative* oil market database, AMIS will serve as a mechanism for the collection, accumulation and analysis of more timely and comprehensive data about agricultural production, stocks and prices to allow market participants to respond more effectively to agricultural market information. It will also work with developing countries to build their market analysis capacity.

In their Declaration issued at the end of their Summit in Cannes, November 4, 2011, the G-20 made strong commitments to implement the Action Plan and increase transparency on the physical – energy and agriculture – and financial commodity markets. To follow up on implementation of the Action Plan and develop appropriate monitoring and risk-management instruments, several meetings will be organized in April and May 2012 under the Mexican Presidency of the G-20.

The Right to Food is a Basic Human Right. Robust implementation of the Action Plan shall be required to curb excessive food commodity speculation, and ensure access to food for the poorest. History is made by the movement of the masses (Tolstoy). It is high time for the State to regulate the commodities futures market, and boost agricultural production. Unless decisive action is taken, a man-made food crisis of Malthusian proportions could trigger wide-spread food riots, and a mass conflict of inequality affecting societies worldwide. As once put by Henry Kissinger: "Control oil and you control nations; control food and you control the people." Speculating with both is like playing with fire.



AMIS, hosted by the UN Food and Agriculture Organization, will serve as a mechanism for the collection, accumulation and analysis of more timely and comprehensive data about agricultural production, stocks and prices.

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# OFID participates in I3th IEF and 5th IEBF in Kuwait

The 13<sup>th</sup> International Energy Forum (IEF) and the 5<sup>th</sup> International Energy Business Forum (IEBF) took place in Kuwait City, Kuwait, March 12-14, 2012, attracting representatives from more than 73 countries and 50 organizations, including high level energy government officials and over 54 oil ministers to discuss the latest world energy issues. The IEF is the world's largest gathering of energy ministers; an intergovernmental arrangement which works to facilitate dialogue among its members – energy producing and energy consuming countries. The IEBF provides a platform for discussion between ministers and chief executive officers of leading energy companies.

BY SILVIA MATEYKA

he main objective of the 13th IEF was to engage the participants in an active dialogue with the aim of ensuring market stability, reliable energy supplies and addressing future energy challenges. The main issues on the agenda of the Forum included energy market volatility; the role of IEF in dealing with such volatility; long-term demand for energy; achieving sustainable development, and the IEF Charter. Ministers also took stock of the results and recommendations of IEF symposia and reports prepared in the period 2010-2012 as follow-up to ministerial guidance given at the 12th IEF in Cancun. Ministers identified longer term issues and concerns and provided more specific guidance on the priorities for the Forum's ongoing program of work.

At the 5<sup>th</sup> IEBF, which was held on March 13, ministers also interacted with industry players to identify means to achieve greater stability in world energy markets, to facilitate energy investments, enhance safety of industry operations, contribute to the protection of the global environment and strengthen cooperation between National Oil Companies, International Oil Companies and services companies.

In his opening statement at the IEF, the Emir of the State of Kuwait, Sheikh Sabah Al-Ahmad Al-Sabah, declared that all countries of the world had the right to seek social and economic advancement as well as some upgrade of the standards of living of their peoples. This, he said, would require fighting energy poverty and securing energy for everyone.

Addressing the third Session on Achieving Environmental and Social Sustainability: Lower Emissions and Access for All, the Director-General of OFID, Mr. Suleiman J. Al-Herbish, echoed the Emir's statement and declared that the first priority toward sustainable energy is universal access. He said OFID was working with others to provide such access to the poor. Mr. Al-Herbish highlighted OFID's global efforts at combating energy poverty since the institution's inception in 1976. He said OFID's priority has always been the many millions of people still reliant on fuel wood, candles and batteries for daily domestic needs - cooking, lighting and contact with the outside world. Mr. Al-Herbish informed the session that OFID was committed to raising the profile of energy poverty in the development debate. He explained

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that sustained advocacy from OFID (and other institutions) has been essential in pushing energy poverty up the international agenda. This is reflected by the UN declaration of the year 2012 as the Year of Sustainable Energy for All (SE4ALL). For OFID, Mr. Al-Herbish said, working toward universal energy access for the poor is an essential part of the SE4ALL Initiative.

Concluding his statement, Mr. Al-Herbish said the Millennium Development Goals (MDGs) had played a vital role in boosting social provisions in many developing countries. "We should build on the success of the MDGs as we go forward to the Rio+20 Summit and take advantage of the momentum provided by the SE4ALL and other initiatives to promote energy access in a comparable way." Rio+20 is the United Nations Conference on Sustainable Development scheduled for June 20-22, 2012, to mark the 20<sup>th</sup> anniversary of the earlier 1992 Conference on Environment and Development which was also held in Rio de Janeiro (see lead article, page 4).

Other speakers and panellists at the session included Dr. Kandeh K. Yumkella, Director-General, United Nations Industrial Development Organization, Mr. Mohamed bin Dhaen Al-Hamli, Minister of Energy, United Arab Emirates; Mr. Martin Ferguson, Minister of Resources and Energy, Australia; and Mr. Phil Heatley, Minister of Energy Resources and Housing, New Zealand.

Mr. Al-Herbish also took the opportunity to meet with Mr. Aldo Flores-Quiroga, Secretary General of IEF, to discuss future cooperation between the two institutions. Also, Mr. Aldo FloresQuiroga thanked Mr. Al-Herbish for the ongoing support that the IEF has been receiving from OFID. In addition, Mr. Al-Herbish also met with HE Mr. Foumakoye Gado, Niger's Minister of Energy and Petroleum Resources, to discuss several on-going projects, specifically the recently signed *Arlit-Assamaka Road Project* which aims at constructing a 223 km-long road from the towns of Arlit to Assamaka, bordering Algeria. Other topics of discussion included the *Kandadji Dam Project Phase II*, an energy project in the pipeline.

In the closing statement of the IEF and IEBF, the host country Kuwait and the co-hosting countries Algeria and the Netherlands stressed the importance of transparency in both physical and financial dimensions of the market as an important factor to understand oil market dynamics, enhance the price discovery function and improve energy market stability. In this regard, the Joint Organisations Data Initiative (JODI), previously known as Joint Oil Data Initiative, received strong recognition as an important source of information on oil markets. While concurring that fossil fuels retain their role in satisfying the world's energy needs for the foreseeable future and that oil and gas are sufficient to meet future demand, Ministers noted that there are considerable uncertainties concerning how future energy outlook will evolve. Other key findings included the significant potential of the cooperation between NOCs and IOCs to address key challenges facing the industry, to secure and better optimize investment in the oil and gas industry, help ensure its development and improve global energy security.



IEF Secretary-General, Mr. Aldo Flores-Quiroga.



PHOTOS: OPEC/DIANA GOI PASHIN

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# Kuwait Fund marks 50th Anniversary

# Building bridges of friendship and solidarity

The Kuwait Fund for Arab Economic Development (KFAED) marked its 50<sup>th</sup> anniversary February 22, coinciding with Kuwait's national holidays. Against a background of technological and fireworks display and an impressive cultural event, the focus of the Anniversary celebrations was primarily on the multiple accomplishments of the institution over the years. Director-General Abdulwahab Al-Bader told KUNA, the Kuwait News Agency, that the founding of the institution reflected the wisdom of the then political leadership.

BY SAM IFEAGWU

It was in December, 1961, that the State of Kuwait, considering the poor state of development across countries of the Arab region decided to establish a Kuwait Fund for Arab Economic Development (soon popularly known as the Kuwait Fund) to contribute what the State could to alleviate emergent and growing poverty and assist the various countries in their endeavor to move forward. In March, 1962, following meticulous and careful planning, the institution began operations. It has hardly looked back ever since.

Indeed, the Kuwait Fund was the very first of the bilateral and multilateral development finance institutions – including the OPEC Fund – put in place by OPEC Member Countries to work with poorer countries to seek socio-economic progress and advancement. Initially the mandate of the Kuwait Fund was to finance projects and programs in other Arab countries, but the needs of non-Arab developing countries soon caught



the attention of the authorities and thus followed the branching out to the rest of the world. In July, 1974, following a massive increase in the capital of the Fund, developing countries became eligible for its financing. By the close of 2011, some 102 countries of the developing world, particularly the poorest, had received some level of support from the institution.

KFAED is seen by many as an invaluable source of development financing. Its loans are highly concessional, given freely without strings attached and with a track record of efficient delivery. The loans are also extended to recipients in a spirit of kinship. KFAED refers to partner countries as "friends in need." The Fund also plays a key role among the Coordination Group of Arab National and Regional Development Institutions, a collective entity set up back in 1975 to assist with cohesion and effectiveness in the delivery of Arab and OPEC aid. OFID is a member institution of the Coordination group.

KFAED (www.kuwait-fund.org) operations are focused primarily on the sectors of agriculture and irrigation, transport and communications, energy, industry, water and sewage. Much reported recently in various international media is the institution's contributions to the battle against guinea worm and against river blindness (onchocerciasis) in Africa.

In his remarks regarding his institution's 50<sup>th</sup> Anniversary, Director-General Al Bader said KFAED's loans and contributions have helped create closer ties between Kuwait and recipient countries. Al-Bader expressed pride over the coincidence of the KFAED's celebrations with Kuwait's national celebrations, including the day of independence and His Highness the Emir Sheikh Sabah Al-Jaber Al-Sabah's assumption of office.

He underlined that KFAED's loans and contributions have helped create closer ties with recipient countries. Today, he said, the Kuwait Fund forms a solid bridge of friendship and solidarity between Kuwait and developing nations.

His Highness the Emir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, HH the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah and other honorees at the golden jubilee celebration of KFAED.

OFID Director-General Mr. Suleiman J. Al-Herbish (center); with Mr. Yousef Al-Bassam, Saudi Fund Director-General (right); and Mr. Bader Al-Humaidhi (former Director-General of the Kuwait Fund).



PHOTOS: KUWAIT FUND



#### Abdulwahab Ahmed Al Bader Director-General, KFAED

#### A career in the service of development

Abdulwahab Ahmed Al Bader, 57 and Director-General, KFAED, holds a BA in Economics. He began his exemplary career in development cooperation as an Economist with KFAED back in June, 1978, moving up, January 1983, to become Director of Operations.

In August, 1986, Al Bader attained the position of Deputy Director-General, Operations, taking on the chief exec-

utive position as Director-General in May, 2005. In April, 1981, he became Alternate Governor for the State of Kuwait to the OPEC Fund for International Development (OFID); and from May, 2005 to date, he has been Governor for the State of Kuwait to OFID.

Al Bader is Chairman of the Board of Directors, Kuwait Consulting & Investment Company; Member of the Board of Directors, Arab Fund for Economic and Social Development; and Member of the Board of Trustees, Arab Planning Institute in Kuwait. He is also Governor for the State of Kuwait, at the World Bank, Washington D.C.; and Governor for the State of Kuwait at the International Fund for Agricultural Development, Rome, Italy. He also holds Membership of the Boards of Directors of several Investment Companies.

## Kuwait Fund: 50 years on

## Interview with Director-General Abdulwahab Ahmed Al Bader

BY SILVIA MATEYKA

- **Q:** Looking back at 50 years of development cooperation, how has the environment changed over the years?
- **A:** The past 50 years witnessed some important changes concerning the development concept, structure of development, sources of funds, roles played by public and private sectors, emphasis on aid coordination and harmonization, and development aid and development effectiveness. Also, over the past years, a number of crises erupted that affected the capacity of aid recipients to sustain debt burdens and stay on track in their development plans and programs.

Today, development assistance focuses more on operations leading to the achievement of the *Millennium Development Goals* (*MDGs*) as agreed by the United Nations in 2000. Emphasis is placed on such sectors as agriculture, water, sanitation, education and health because of their role in alleviating

poverty and in contributing to development of human resources. Small and medium scale projects have received more attention over the past years than in earlier periods, because of their potential to provide employment opportunities.

The debt crisis in early 1982 prompted the need for policy changes and structural adjustment programs, and called for a stronger role by the private sector. The world food crisis in recent years highlighted the importance of promoting investment in agriculture to contribute more to food security in food deficit countries, and the 2008 financial crisis raised concerns over its impact on developing countries.

Furthermore, in recent years more new donors have emerged, with a growing trend in South-South cooperation.

**Q:** What are the greatest challenges facing development institutions?

- **A:** The challenges vary in accordance with the specific conditions of each institution, such as the resources available for the provision of assistance, and the rising need for financing development operations in various sectors, especially agriculture, energy and social services. Development institutions need to ensure that development lessons learned over the past years can be utilized toward more efficient use of resources and more effective development operations.
- **Q:** Kuwait's record as a country in providing development financing is impressive. What would you say are the reasons behind this?
- **A:** The State of Kuwait established the Kuwait Fund 50 years ago, at a time when the country had only modest financial resources. The initiative to establish the Fund was a sincere expression of solidarity with other developing countries, and to assist them in their development efforts. The impressive development record signifies Kuwait's response to the growing needs of Arab and other developing countries to develop their economies and improve the living standards of their people.
- **Q:** What are the Fund's priorities going forward?
- **A:** The Fund's priorities are those set by the developing countries themselves; our partners in development. We do, however, encourage and advise countries to give higher priority to such sectors capable of contributing more to the achievement of the MDGs, especially alleviating poverty and hunger. For this reason, we welcome considering our partners' priorities in such sectors as agriculture, water, health and education in view of their impact on poverty reduction and improving living conditions.
- **Q:** How do you see the Kuwait Fund 50 years from now?
- A: Fifty years from now is too long a period to make any plausible predictions. We live in a changing world environment. Nevertheless, I do hope that by then the Fund's continued development efforts will show good results on the ground, and future generations across the world can live in a world free of poverty; a world where progress, peace and prosperity prevail.

# LIBYA – The role of Civil Society Organizations in reconciliation and nation building

Post conflict recovery is not an automatic process. Even, in the best possible examples, the process of successful recovery is usually slow and painful. A post-conflict State, emerging from conflict tends to be fragile and vulnerable to threats of renewed fighting and is customarily confronted with the daunting tasks of nationand state-building.

BY ARIJ SENUSSI

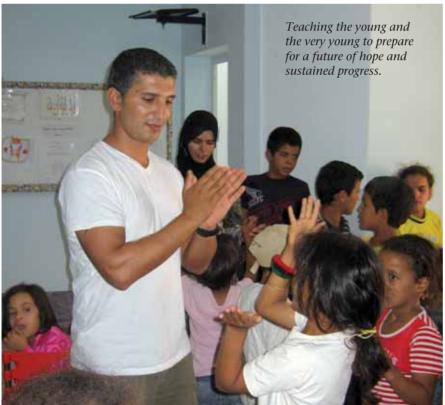


PHOTO: COLIRTESY BY NADER EL-HAMESSI

ccording to the UN African Conference on Peace and State Building, "When conflict ends, the most important tasks are those related to preventing its re-emergence. In the initial post-conflict stages, these are often linked to peace dividends that help people start afresh and get on with their lives. These include key requirements such as basic security of people and their property, effective governance to deliver essential services, and to improve livelihoods. Meeting basic survival needs helps reduce the threat of renewed conflict and creates a breathing space in which to move towards rehabilitation and recovery. Following conflict, effective governance and administration of acceptable legitimacy are among the key requirements in order to enable progress towards stabilization, rehabilitation and recovery".

In this context, these milestones can be achieved through adequate investment and effective delivery of services. Their impact depends on effective implementation of projects and programs that meet perceived public needs. Civil societies and international support can play a key role in all these processes of state building in post-conflict situations.

Many people are not aware of the role that civil society and youth have played and are playing in the stabilization of the new Libya, and the support they are providing to the present interim government. Libya, today, has hundreds of emerging NGOs, the majority of which focus on providing services, healthcare, awareness programs and vocational training. Most of these organizations are still learning how to organize and sustain themselves. However, they appear to be doing a good job in helping to stabilize the country in the transition to a new state.



#### Youth Engagement

◀ "It's a new school" says Talis Aghil founder of the National Youth Council (NYC). "The main challenge we face today is how we can integrate our work. With too many local and international organizations it can get too confusing". Talis gives out the vibes of energy and confidence that the youth are eager to take part in building a nation. Another group, namely, To Bright Future led by Nader El-Hamessi has the aspiration of bringing Libyans together. "I had always lived in London, but today I want to tour and get to know every inch of Libya. I am currently working on launching a convoy of cars that holds medications, mobile hospitals, trainers, networking devices and so on for the people. I am on a mission of mobilizing people to aid fellow citizens. You see, Libya used to be divided to the east, west and south; and not many know that the south has over half a million people in population but were often left out on healthcare. We can provide healthcare, but more importantly, we should show them that, as fellow Libyans, we do care about them and want to help them improve. We also want to train their locals on how to spread awareness on elections. We do invite everyone to join our convoy to tour the

south." Seeing such enthusiasm from someone who left everything back in London and dedicate his time and money to aiding his country is really inspiring. But the burdens of simultaneously building both State and Nation, that characterize so many countries caught in a post-conflict situation, mean that such concepts as "citizen" and "state" must be examined in terms that go beyond conventional legal or economistic thinking. For example, while reforming the state is often vital, the tasks go beyond merely making it more effective as an instrument of policy-making and policy-implementation. They include establishing public institutions that are not controlled by the political executive but are still part of the state.

Asked further about the interest of civil organizations in helping to embrace transparency and reform the public sector, Talis said, "Most youth organizations we have in our network are showing an interest in being local observers. One can see change in their eyes and they all want to see an accountable and transparent government. We seek a government that works for its citizens, selected through democratic process and leads Libya to the 21st century."

Looking forward to a government that works for its citizens, selected through democratic process and leads the country to the 21st century.

## **Our vision**

To aspire to a world where Sustainable Development, centred 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.





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