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# OFID

THE OPEC FUND  
FOR INTERNATIONAL  
DEVELOPMENT

# Quarterly



## **Energy access for the poor: *Can a decade make a difference?***

Yumkella on mobilizing funding for SE4ALL

Inaugural OFID Member Country Information Program a success

One Young World gathers in Johannesburg

Indonesia hosts World Culture Forum

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**Uniting against Poverty**

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# Energy and sustainable development: Nexus approach holds the key

**W**hen the Millennium Development Goals were launched in 2000 amid great fanfare and expectation, the omission of access to modern energy was, at best, a pragmatic oversight. As a topic of high geopolitical sensitivity, it was easier to avoid than confront.

More than a decade later, the global community has finally woken up to the irrefutable fact that poverty eradication and sustainable development are impossible to achieve without access to reliable and affordable sources of energy.

At long last, energy poverty has penetrated the global consciousness and rides high on the international agenda.

Moreover, it is now acknowledged that a new sustainable energy paradigm represents the key to a secure, equitable and prosperous future for our planet and its people.

This understanding will be reflected in the Sustainable Development Goals being drawn up to replace the MDGs after 2015.

While such realization is welcome, few would deny that it is long overdue. The facts speak for themselves.

Despite living in an age of unprecedented scientific and technological progress, some 1.4 billion people around the world are still without access to electricity. Almost 40 percent of the global population relies on the burning of biomass for cooking and heating.

As if these statistics weren't damning enough, new research shows that there are around four million premature deaths every year from household air pollution proof that energy poverty doesn't just deprive; it kills.

### **UN Decade of SE4ALL**

As an institution that has long championed energy poverty eradication in both word and deed, OFID applauds the launch this January of the UN Decade of Sustainable Energy for All (2014- 2024).

Kandeh Yumkella, CEO of the SE4ALL Initiative, promises "a decade of innovation, opportunity and change" that will usher in a "global transformation" of energy systems.

The success of the Initiative which addresses access, efficiency and renewables will hinge on the necessary resources being mobilized.

The figures are not for the faint-hearted: some US\$600bn–US\$800bn will be needed every year to realize all three goals by the deadline of 2030.

Equally important will be close cooperation amongst all stakeholders in order to maximize synergies and avoid wasteful duplication and overlap.

In the words of UN Secretary-General Ban Ki-moon: "Alone you can go fast; together we can go far."

As a Member of the SE4ALL Advisory Board, OFID is proud to be a lead partner in this pioneering effort and is committed to using all resources at its disposal to step up its interventions both at an advocacy and an operational level.

Already, in the past two years alone (2012/21013), OFID's energy sector approvals across all financing mechanisms have amounted to over US\$915m.

These funds are supporting a broad range of projects, from large, capital-intensive investments such as power plants and grid expansion to local, small-scale renewable solutions, where speed is of the essence.

The strategic framework for these activities is OFID's 5-year-old *Energy for the Poor Initiative* (EPI), which is funded through a revolving endowment of US\$1bn, a sum pledged by the institution's supreme body, the Ministerial Council, in its June 2012 *Declaration on Energy Poverty*.

Although the EPI was launched before SE4ALL, OFID is pleased that its global partners are all working towards the same goal.

### **Balancing the equation**

For OFID, however, the challenge is not confined solely to the issue of energy. Water and food security form an inseparable part of the same equation.

Just as water is needed for almost all kinds of energy production, so energy is required to treat and transport water. Both water and energy are essential for growing and processing food.

Such interdependence can only increase in the future.

For this reason, OFID has placed the water-food-energy nexus at the heart of its 2016-2025 strategic plan, in the firm conviction that only an integrated, holistic approach can address the challenges across the board, while compromising none.

This is truly the way forward and a principle that should form the bedrock of the global development agenda post-2015 and beyond. ■

**SPECIAL FEATURE**



PHOTO: MIKHAIL TOLSTOY/ALAMY



# Energy access for the poor: Can a decade make a difference?

It has taken a while—too long some might say. But energy poverty has finally achieved its rightful position at the top of the global development agenda. With the combined weight of the UN and the World Bank behind the international **Sustainable Energy for All (SE4ALL)** initiative, hopes are high that energy poverty might soon be consigned to history. As the UN mobilizes support for its **Decade of SE4ALL (2014–2024)**, the *Quarterly* examines the challenges ahead.

BY NAMAT ALSOOF AND FUAD SIALA

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*The need to address energy poverty remains overwhelming, despite the massive gains made in global access to modern energy over the past 20 years.*

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**J**ust as the laws of physics dictate that nothing can be produced without energy, so the laws of economics require that energy is needed for economic growth and wealth creation.

Evidence based on historic data shows that energy consumption has increased over time in close association with gross domestic product (GDP), both globally and in individual countries, and that the two variables have similar fluctuations around the trend.

Looking at any given year, the data also shows that there is a strong relationship between per capita energy use and per capita income across countries. In short, poor people use less energy.

The wealthiest five percent of the world population consumes almost one-quarter of all the primary energy used on the planet, while the poorest 50 percent consume less than 10 percent. In terms of electricity consumption, three-quarters of the world population are below the world average.

### MDGs not achievable without energy

In September 2000, the United Nations Millennium Summit adopted the Millennium Declaration and announced eight Millennium Development Goals (MDGs) to be achieved by 2015.

No specific MDG related to energy was considered, despite the fact that access to modern energy services is a catalyst to achieving the very first MDG—the eradication of extreme poverty and hunger—as well as every other goal.

In November 2007, this oversight was highlighted in the Riyadh Declaration, which was issued at the conclusion of the Third Summit of Heads of State and Government of OPEC Member Countries.

The Declaration recognized that energy is essential for poverty eradication, sustainable development and the achievement of the MDGs. This prompted OFID to call for energy poverty eradication to be identified as the “Missing 9<sup>th</sup> MDG.”

The role of energy in sustainable development was subsequently emphasized in numerous international forums, including the G8 Energy Ministers Meeting in Rome and the G20 Summit in Pittsburgh—both in 2009—and the March 2010 Ministerial Meeting of the International Energy Forum in Cancun.

But it wasn’t until the 2012 Rio+20 Conference on Sustainable Development in Rio de Janeiro, Brazil that a united global response really took shape.

The Rio+20 outcome document set the stage for a comprehensive approach to energy poverty that would mobilize the necessary funding to provide reliable and affordable modern energy services for the poor in a way that was both economically viable and socially and environmentally acceptable.

The need to address energy poverty remains overwhelming, despite the massive gains made in global access to modern energy over the past 20 years. During this time, an additional 1.7 billion people gained the benefits of electrification, while 1.6 billion people secured access to generally less-polluting non-solid fuels.

Yet, rapid demographic and economic growth has to some extent diluted the impact of these advances. The latest figures on global energy poverty are staggering: 1.4 billion people—one in five globally—have no access to electricity, while some 2.7 billion people—nearly 40 percent of the world population—rely on biomass (wood, coal, charcoal, or animal waste) for their basic needs.

The practice of using biomass for cooking kills nearly four million people a year, most of them women and children, from respiratory disease caused by breathing toxic smoke.

### Looking beyond 2015— from MDGs to SDGs

As the expiration date for the MDGs looms, there is renewed political commitment to replace it with a new set of goals known as the Sustainable Development Goals, or SDGs. The Rio Declaration (2012) confirmed that SDGs will replace MDGs in 2015.

As attention is turning to the post-2015 framework, there is increasing support for tackling energy poverty. Energy was one of the top three priority areas in a questionnaire highlighting priority areas for the SDGs in the UN Secretary-General’s initial input to the Open Working Group for Rio+20 in 2012.

In total 12 goals are proposed for the post-2015 agenda and one of them is to “Secure Sustainable Energy”. Within this goal there is explicit mention of ensuring universal access to modern energy services.

### SE4ALL—global challenges need global actions

The importance of energy for sustainable development has gained renewed momentum on the international stage in the last two years. In September 2011, the UN Secretary-General launched his “Sustainable Energy for All”

(SE4ALL) initiative to drive action and mobilize commitments to achieve three objectives: universal access to modern energy services; double the global rate of improvement in energy efficiency; and double the share of renewable energy in the global energy mix.

The UN General Assembly Resolution 65/151 designated 2012 as the “International Year of Sustainable Energy for All,” recognizing that access to modern, affordable energy services in developing countries is essential for sustainable development.

In its 2013 resolution 67/215, the UN General Assembly emphasized the importance of a long-term approach to global energy issues for sustainable development and for the elaboration of the post-2015 development agenda by unanimously declaring 2014–24 the “UN Decade of Sustainable Energy for All.”

## SE4ALL—a partnership to mobilize action and deliver results

To maintain momentum, tracking progress on the goals of SE4ALL is essential. Doing so will clarify where the initiative stands, how various actions are contributing to the three objectives, how much remains to be accomplished, and where more action is needed to achieve SE4ALL.

In May 2013, SE4ALL launched a Global Tracking Framework with baseline energy data and suggestions for indicators. This will form a critical part of the initiative’s activities in upcoming years.

Since its launch in September 2011, SE4ALL has received more than 100 commitments to action from governments, businesses, international institutions and civil society.

Indeed, a growing number of governments, international agencies, non-governmental organizations and businesses are working to overcome energy poverty.

At present, 81 developing countries have partnered with the initiative. Gap analyses have already been undertaken in about 50 countries, and in about 20 countries, action plans and/or investment prospectuses are being prepared.

## Bridging the funding gap

Energy poverty reduction is impossible to achieve without adequate access to investment and finance. According to estimates from the International Energy Agency, the cumulative investment required to achieve universal access to modern energy by 2030 is US\$48bn per year (on average), which is more than five times the level of 2009. The majority of this investment is required in sub-Saharan Africa.

Meeting this goal will require dramatic improvement in efforts by all stakeholders: governments, the private sector, local communities, civil society and international organizations.

To bridge the investment gap, all available types and sources of funding will need to be tapped, including international funds, public-private partnerships, bank finance at multilateral, bilateral and local levels, as well as climate change-related funds.

## Leadership that catalyzes action

The SE4ALL Initiative brings together top-level leadership from all sectors of society, drawing on the global convening power of the United Nations and the World Bank.

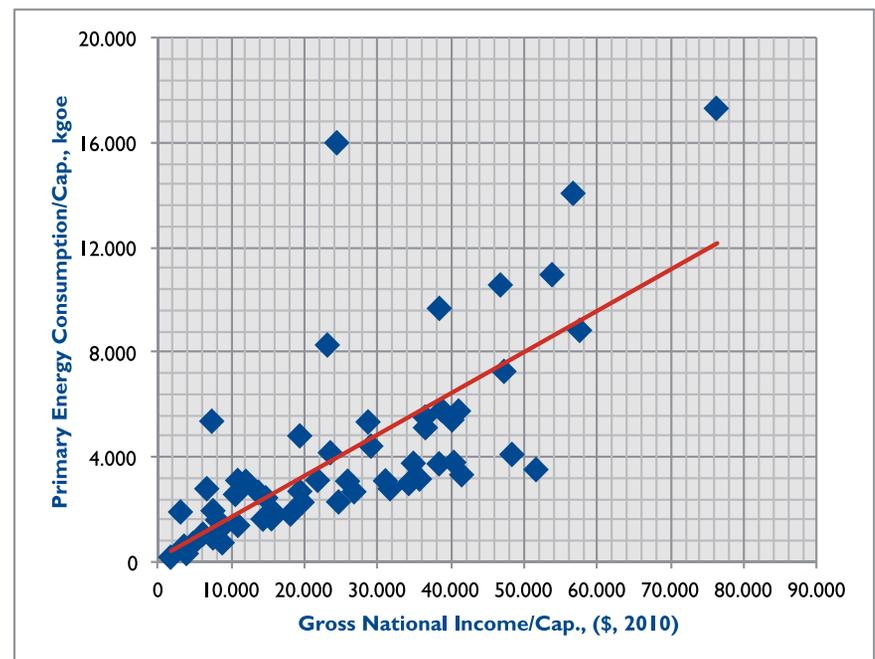
The initiative’s high-level Advisory Board, co-chaired by the UN Secretary-General and the World Bank Group President, includes distinguished global leaders from the private sector, government, UN/intergovernmental organizations and civil society.

OFID’s Director-General, Suleiman J Al-Herbish, is a member of the Advisory Board, in recognition of OFID’s pioneering advocacy and energy poverty alleviation efforts through its innovative Energy for the Poor Initiative since 2008.

The Advisory Board provides strategic guidance to the initiative, and its members serve as its global ambassadors, conducting high-level advocacy for action and mobilizing stakeholders on behalf of SE4ALL. ▶

*According to estimates from the International Energy Agency, the cumulative investment required to achieve universal access to modern energy by 2030 is US\$48bn per year.*

## GNI per capita versus energy consumption per capita



Source: World Bank Open Data Services

◀ The Advisory Board has developed and endorsed a Global Action Agenda with 11 “action areas” to achieve the initiative’s three objectives. These action areas provide a framework for organizing collaborative efforts across all relevant sectors. They also identify sets of high-impact opportunities that will drive progress and catalyze change.

The implementation plan for the initiative includes the development of a Framework for Action, a communications strategy and plan, and the creation of task forces assigned to assess the achievement of the three major objectives.

### Clear and specific policies and strategies

The availability of capital is a necessary but not sufficient condition to deliver access to modern energy services. Strong political will, long-term government commitment, good governance and appropriate regulatory frameworks are prerequisites to delivering the financing needed for energy poverty eradication.

In addition, because investment in big-ticket, long lead-time energy projects requires a wide investor base, private and public sectors together with development finance institutions, or DFIs, need to combine their different strengths.

In its own work in fighting energy poverty, for example, OFID always seeks to develop innovative business models that leverage their own resources and involve the private sector, with its efficiency and flexibility. Public-private partnerships constitute one such attractive business model. This, again, emphasizes the need to create a policy environment that is conducive to the participation of private investors.

### Balancing social, economic and climate needs

Sustainable development must balance economic growth, social progress and protection of the environment. But while renewable energy sources will have a far more important role in an imminent system of diversified energy mix, poor countries cannot be deprived of energy for development during the transition period.

#### People without access to modern energy services by region

	Without access to electricity		Use of traditional biomass	
	Population, million	Share of population	Population, million	Share of population
DR Congo	62	91%	63	93%
Ethiopia	65	77%	82	96%
Kenya	34	81%	33	80%
Nigeria	85	52%	122	75%
Tanzania	39	85%	42	94%
Uganda	30	85%	31	96%
Other sub-Saharan Africa	281	61%	322	75%
North Africa	1	1%	1	1%
<b>Africa</b>	<b>600</b>	<b>57%</b>	<b>696</b>	<b>67%</b>
Bangladesh	61	40%	149	91%
China	3	0%	446	33%
India	306	25%	818	66%
Indonesia	66	27%	103	42%
Pakistan	56	31%	112	63%
Philippines	28	30%	47	50%
Vietnam	4	2%	49	56%
Rest of developing Asia	91	34%	145	50%
<b>Developing Asia</b>	<b>615</b>	<b>17%</b>	<b>1,869</b>	<b>51%</b>
<b>Latin America</b>	<b>24</b>	<b>5%</b>	<b>68</b>	<b>15%</b>
<b>Middle East</b>	<b>19</b>	<b>9%</b>	<b>9</b>	<b>4%</b>
<b>World</b>	<b>1,258</b>	<b>18%</b>	<b>2,642</b>	<b>38%</b>

Source: IEA, WEO 2013



PHOTO: MARTIN HARVEY/CORBIS

The socio-economic development of the developing countries cannot be compromised by considerations for CO<sub>2</sub> emissions. Such emissions, it has been established, would remain minor on a per capita basis compared with those of the industrialized nations, even assuming the energy needs of the poor developing countries are fully met. Efforts to eradicate energy poverty must, therefore, be technology neutral.

### Water-food-energy nexus

Another aspect of the balanced approach—and one that OFID strives for—is that related to the water-food-energy nexus. Until relatively recently, traditional development solutions treated water, energy and food security separately.

But they need to be seen as interdependent. Water is needed for almost all forms of energy production; energy is needed to treat and transport water; and both water and energy are needed to grow food.

The optimum use of natural resources requires that these three sectors be treated in a holistic way (the nexus approach), as actions in one sector usually have profound impacts on the other two.

A striking example of this is the irresponsible expansion in the production of first-generation biofuels in the second half of the last decade, which caused a huge rise in food prices, especially in the developing countries.

The interlinkages between water, food and energy can only grow in the future, with population growth and urbanization creating increased demand for these three key resources. By 2030, it is predicted that the world will need 30 percent more water, 40 percent more energy and 50 percent more food.

Any strategy that focuses on one part of the water-food-energy nexus without considering its interconnections risks serious unintended consequences. For this reason, the nexus should form an integral part of the SDGs and any future goals that seek to eradicate poverty. ■

*The close linkages between the challenges posed by water, food and energy demand that they be addressed in a holistic, integrated manner.*

# Standing on the heads of giants

*SE4ALL: A decade of innovation, opportunity and change*

The paint is barely dry in the brand new Vienna HQ of the *Sustainable Energy for All* Initiative. But, for CEO **Kandeh Yumkella**, there are more important things to think about than office fixtures and fittings. Heading his agenda is the US\$600bn–US\$800bn a year needed to finance the initiative's three goals. Here, he talks exclusively to the *Quarterly* about the challenges ahead.

BY AUDREY HAYLINS

**W**ith external walls made entirely of glass, SE4ALL's new offices offer a panoramic vista across the River Danube to the skyline of downtown Vienna and westwards to the hills that form the eastern outpost of the Alps. It's a view designed to inspire. And few people are more in need of inspiration than Kandeh Yumkella.

Is he overwhelmed by the sheer enormity of the task he's been set? On the contrary, he affirms, with a defiant shake of his head. "More than anything, I am excited to have been given the opportunity to create something that did not exist before in the UN system."

Indeed, he welcomes the fact that energy poverty has finally penetrated the global consciousness, after being left out of the Millennium Development Goals in 2000.

"As a topic, energy used to be a discussion breaker," he explains. "The moment you put energy on the table, governments would take sides.

"What we've done in the past three years is change the narrative, by showing politicians that we are not talking about geopolitics, but about human development. Finally, we are comfortable talking about energy without fighting over it."

With typical modesty, Yumkella pays tribute to the partners that have joined forces with SE4ALL to build a new global energy paradigm. Among them is OFID, which he acknowledges has played a "highly influential role" in pioneering energy for the poor, modifying the narrative and helping to design the SE4ALL Initiative.

Equally crucial is the involvement of the World Bank, which came on board the Initiative in 2013 and whose President Jim Yong Kim has united with UN Secretary-General Ban Ki-moon to lead the movement.

"I am standing on the shoulders of giants, who are ready for action," Yumkella declares. "And I hope that my small effort will give them a solid institutional framework to work on the sustainable energy agenda over the next two decades."

## First-hand experience

As a native of Sierra Leone, Yumkella admits to having a strong emotional connection to energy poverty.

"For me, this is a real subject that I feel honored to work on. I know what energy poverty is," he says, recalling his childhood and university years. "I know what it means to study by candlelight and to have no running water because there's no diesel to work the pump."

It is this personal experience that has prepared him well for the job at hand. That, and his eight years as Director-General of the United Nations Industrial Development Organization.



Kandeh Yumkella, CEO of SE4ALL, is excited rather than daunted by the challenge of his new role.

"I am well aware of the social dimensions of energy poverty. I also know that, for economic development, job creation and wealth creation, an affordable, reliable energy supply is crucial," he states, referring to studies which show that Africa loses two to three percent of its GDP due to a lack of energy.

## New energy paradigm

We are talking in Yumkella's private office, which has a surprisingly lived-in air considering the short time it has been occupied. Artifacts from his many travels are scattered on every surface, alongside framed photographs, awards and other mementoes of an illustrious career.

He has just returned to Vienna following a hectic month that saw him traverse the globe, drumming up support for the cause. He's been to three continents: North America, Asia and Africa.

There are no signs of fatigue, however, as he speaks animatedly of his plans—in particular, for the launch in January 2014 of the UN Decade of SE4ALL.

The kick-off event—at the Future Energy Summit in Abu Dhabi—will serve as a springboard for activities to mobilize investment and support for the initiative. Regional launches will follow throughout the year.

Of the total estimated US\$600bn–US\$800bn needed to fund SE4ALL, Yumkella judges that the bulk by far will be required to improve energy efficiency in developed and emerging economies.

He is full of praise for energy-rich countries such as Brazil, Norway and Saudi Arabia, which have all taken an aggressive stance on renewables.

"Quite simply, it makes good economic sense," he says. "It requires a lot of cash, but we prefer to look at it as an opportunity for economic growth and wealth creation. In fact, we're calling it the Third Industrial Revolution."

In comparison, the investment needed to achieve the first goal of universal access to modern energy services is a relatively modest US\$50bn. This, Yumkella hastens to caution, will not make it easier to attain, due to the complexity of the challenge in the poorest countries.

"This is an investment-driven vision, not an aid-dependent one," he asserts, alluding to the need for sweeping energy sector reform in developing countries.

"Energy infrastructure is like any other kind of investment. It requires an enabling environment, clear investment protection policies, incentives and regulations that give an investor confidence in the security of his investment. At the moment, these are lacking."




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*"We want to reduce energy poverty, but in a way that delivers social benefits and at the same time is both commercially viable and environmentally friendly."*

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This, he suggests, is where multilateral institutions like the World Bank and OFID, can make a difference. In demonstrating their willingness to assist a country—by putting money into a project or helping to devise a long-term energy strategy for example—they can reduce the risk factor and encourage investment from the private sector, including from large corporations and pension funds, which have the deepest pockets.

"We want to reduce energy poverty, but in a way that delivers social benefits and at the same time is both commercially viable and environmentally friendly. This is the complexity of *Energy for All* that keeps me awake," says Yumkella.

## Three pillar package

The SE4ALL chief is keen to point out the holistic nature of the initiative, which he describes as a "global transformation" of energy systems. "Our three targets—universal access, doubling energy efficiency and doubling the share of renewables—represent a narrative about changing the global energy mix, for rich countries as well as poor countries."

He stresses, however, that the main message is "sustainability for all" and that each nation should address the target or targets that are relevant for its own energy security.

"The beauty of our narrative is that it encompasses access, efficiency and renewables as a package. None of them is separate. In every country, each of the pillars is relevant to some degree, but it is up to the country to decide which one is more important," he reiterates.

For the developing countries in particular, there are strong linkages between all three goals. While access is the driver of poverty alleviation, for instance, renewables can very often provide the quickest solution.

"We mustn't necessarily separate these two aspects," Yumkella argues, pointing out that off-grid, or mini-grid solutions can be provided to a community in 12 to 18 months, while a dam can take up to seven years to complete.

With regard to efficiency, he cites data that shows some developing countries experience power losses of 20 to 30 percent due to inefficient generating and transmission systems. "This is another dimension that feeds into the overall picture and needs urgent attention," he states.

## Synergies for progress

Yumkella professes to being greatly encouraged by the global response to SE4ALL since its launch in late 2011. "Everybody wants to get involved," he proclaims, revealing that their database so far includes around 1,500 NGOs, social entrepreneurs and civil society groups.

As a reflection of the cross-cutting nature of energy, many of these groups are involved in indirectly-related activities such as health, food and water.

"My biggest headache now is getting everyone to sing from the same hymn sheet!" says Yumkella, with mock ►

## SE4ALL joins Vienna Energy Club

The Sustainable Energy for All (SE4All) Initiative has become the 10<sup>th</sup> member of the Vienna Energy Club. It was formally enrolled at the VEC's 9<sup>th</sup> meeting on December 4, 2013.

The VEC now consists of 10 energy-related international organizations, all seated in Vienna: the Energy Community Secretariat, the International Atomic Energy Agency, the International Institute for Applied Systems Analysis, the International Peace Institute, OFID, OPEC, the Organization for Security and Cooperation in Europe, the Renewable Energy and Energy Efficiency Partnership, the United Nations Industrial Development Organization and SE4ALL.

While these individual organizations vary in their core missions, size and focus, the shared aim of the Club is to provide a platform for discussion and to create awareness of energy-related issues bringing forward the sustainable energy agenda. The Club generally meets two to three times a year in Vienna.

The members of the VEC have promoted their host city Vienna to an international energy hub, putting energy on the global agenda and creating a better understanding of this important topic. Vienna plays a central role in the global energy community.

◀ exasperation. “The goodwill is there, but we need to get people to agree to work together to get a bigger bang for the buck. It’s all about collective actions for speed and scale-up. As Mr Ban said: ‘Alone you can go fast; together we can go far.’”

Yumkella is hopeful that a large event planned for later in 2014 in New York will provide the perfect setting for improving synergies. Bringing together all stakeholders, the event will provide an opportunity for companies, NGOs, financial institutions and governments to showcase successful initiatives.

Already, some outstanding case studies are in evidence, including China, Brazil, Vietnam and South Africa for access; Denmark and Japan for efficiency; and Austria for renewables.

“We can see real signs of progress and hope in developing nations too,” says Yumkella, who speaks of Bhutan as a “dream country” for what it has achieved with regard to all three pillars of SE4ALL, “exclusively on the initiative of the government.”

## Decade of SE4ALL

For the first year of the Decade of SE4ALL, Yumkella discloses that the main theme will be energy and women, in recognition of the severe burden energy poverty places on women and children.

“Women suffer the most; they are the ones providing the bulk of the energy,” he states, adding: “Clean cooking solutions alone could save four million lives every year.”

The 2014 rollout will therefore include a series of awareness campaigns “to make people realize that things can be done differently where women are concerned; that there are other ways to provide energy.”

He reveals that the first year of the Decade will also see some new targets being added to the Initiative. Like OFID’s medium-term strategic plan, the water-food-energy nexus features strongly, as does energy and economic empowerment.

“We are taking the [water-food-energy] nexus very seriously,” he says, disclosing that working groups have been set

up to organize sets of indicators and targets for energy/water and energy/food.

“These new targets will help to keep the nexus message, which is something we are developing for eventual inclusion in the post-2015 agenda,” he adds.

Another priority for 2014 is to test certain business models in a select group of around 20 countries, the objective being to move from words to action.

“Everyone is committed, but now we need to show evidence of how things can work on the ground,” says Yumkella. “This is our mantra: to change commitments into kW-hours for real people.”

Also flagged for greater attention in 2014 is work on energy efficiency, particularly in buildings, transport and industry. “Our aim is to explore innovation in cities around the world and show how it can be copied and scaled up—even in Africa,” explains Yumkella.

He pauses and glances at his watch before making a final statement: “It’s not about complaining or showing the calamity that can happen. What we want to deliver—throughout the Decade—is a message of innovation, opportunity and change.”

And on that positive note, our interview draws to a close. Yumkella has another pressing engagement: an end-of-year social gathering with his staff.

As he delivers words of thanks and encouragement to his small team, my eyes are drawn to the stunning backdrop. Beyond the wall of glass, midwinter has brought an early dusk. In the growing darkness, thousands of lights cast a reassuring glow across the city. It is the perfect symbol of hope.

Yumkella need look no further for his inspiration. ■

# Applying the social business model to energy poverty

Since launching its innovative range of solar lanterns in 2007, social enterprise *d.light* has transformed the lives of more than 25 million people who have sporadic or no access to electricity. Its goal? To boost this number to 100 million by 2020. Here, CEO, **Donn Tice**, explains *d.light*'s humanitarian ethos, its phenomenal success and its plans for the future.



Donn Tice, CEO of *d.light*

BY AUDREY HAYLINS

**I**n an age blighted by greed and self-interest, it is refreshing to come across people—especially young people—who are driven by the greater social good. Such was the motivation six years ago of Stanford Design School students Sam Goldman and Ned Tozun, when they came up with a prototype product and a plan to bring safe, renewable and inexpensive lighting to poor communities around the globe.

The outcome—their social enterprise *d.light*—has grown into the acknowledged global leader in solar lantern technology. More than that, it has established itself as an outstanding example of the social business model. So much so, that in 2011, Goldman and Tozun were recognized by *Forbes Magazine* as two of the world's top 30 social entrepreneurs.

Many plaudits have followed since for *d.light*, including the prestigious Zayed Future Energy Prize in 2013.

## Impact over profit

With 30 years of experience in consumer products and a passion for base-of-the-pyramid consumer businesses, Donn Tice has been working with the *d.light* co-founders since 2008 to help realize their vision. He too is inspired by the enterprise's humanitarian ideals.

"From the beginning, *d.light* has been socially motivated," Tice tells the *Quarterly*. "Our single purpose is to bring light and power that's both affordable and reliable to people in the developing world."

As is the core principle of any social business, *d.light* does not pursue profit for profit's sake. All gains are ploughed back in the company.

"We are run on a commercial basis to the extent only that we can make our impact sustainable from an economic perspective," explains Tice.

"We have no plans to pay dividends to our investors. We are reinvesting all of our profitability into growth and into new products and distribution to reach more people."

Tice considers *d.light* fortunate to have investors that are some of the leaders and earliest participants in what has come to be known as social impact investing. They include the Omodyar Network, the Acumen Fund and Gray Ghost Ventures.

Since early on though, private investment has also been significant. Says Tice: "Private equity investors that are more traditional in their focus really bring an important perspective to our governance with regard to having a sustainable impact on the world."

It is a formula that is working well. Today, the company serves over 40 countries, through over 10,000 retail outlets, 10 field offices and four regional hubs. In an average month, it sells over 500,000 units of its durable, lightweight products.

Country rollout is based on criticality of need, with priority given to those where either there is no electricity or reliability of supply is a serious problem. ▶

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*"Our single purpose is to bring light and power that's both affordable and reliable to people in the developing world."*

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PHOTOS/DLIGHT

Eva and Carol are convinced that their *d.light* lanterns attract more customers to their fish stalls at the nightly market.

◀ Tice attributes *d.light*'s remarkable growth to two key drivers: one, the company's deep-seated commitment to designing the best products possible to meet the needs of the target market.

And, two, how hard they have worked at building a sophisticated sales and distribution network that can get the products to the consumers who really need them.

## Empowering lives

The vast majority of these customers are to be found in rural villages, where there is no access to the electricity grid.

People like Eva and Carol, who run adjacent stalls at the nightly fish market in Nakuru, Kenya. Their bright *d.light* lanterns make their displays more inviting and attract more customers. The two women are excited about the extra money their business is generating and about the savings they are making through no longer having to purchase kerosene. They have big plans for the future.

Or Daw, a midwife and nurse in Myanmar. Her *d.light* lantern allows her to deliver babies safely and to visit sick patients after dark. She is convinced the strong light comforts them.

Janendra, a farmer in rural India, uses his *d.light* lantern to harvest at night. "It works in all weather conditions and the light is brighter," he says. For his daughter, the lantern has taken away her fear of having an open flame close to her school books. Now she can study whenever and wherever she likes and for longer.

According to Tice, one of the reasons the lanterns are so popular is that, unlike similar

## Innovative pilot scheme rolls out light across Africa

OFID recently teamed up with the Shell Foundation to support *d.light* roll-out in Kenya and Tanzania, two of the most severely energy-poor countries in sub-Saharan Africa.

In both countries, kerosene is the most widely used source of lighting, costing up to US\$7.50 per month and placing considerable strain on households with a typical per capita income of just US\$2 per day.

The aim of the twelve-month project was "to empower formerly energy-poor consumers to live a life of new freedoms and opportunity."

By the end of the period, almost 85,000 units had been sold, empowering the lives of some 424,000 people, more than triple the original target.

Donn Tice, *d.light* CEO, cites the effective trial of a new financing strategy for the overwhelming success of the project.

This involved the setting up of a revolving capital pool, which made low-interest loans available to rural distributors to boost their working capital and enable them to buy and stock large supplies of the lanterns.

Explained Tice: "The grant from OFID and the Shell Foundation enabled us to test the ability of distributors to keep the product in stock when they had the necessary financial support.

"What we found was that the products were in stock all the time, sales were twice what we expected, and we were able to sustain much wider and more continuous distribution than would have been the case otherwise."

As all loan repayments, including interest, are re-injected back into the revolving fund, the scheme is not only self-sustaining but growing year-on-year.

Another crucial element of the project was the training programs that were

organized for distributors and brand activators to help them develop more professional business skills and become more effective sales agents.

Duncan, a young family man in Kisumu, Kenya, is making the most of this opportunity. As well as selling *d.light* products, he works in a local bar which rents out lanterns for a small nightly sum to people who want to continue running their kiosks after sunset. In this way, Duncan creates demand and consistently sells about four units a week.

The marketing chain is supported by brand building and consumer awareness activities that educate potential customers about the benefits of *d.light* lanterns and create free home-trial opportunities. This too, has been a major factor in the success of the project.



*Being able to study at night will help this child perform better in school, thanks to d.light's solar lamp.*

products, they live up to expectations. Not only are they high-performing, but they have an average lifespan of well over five years and, at just US\$8 for the basic model, are very affordable.

"Our consumers are not wealthy people," he stresses. "How they invest their limited disposable income and capital is a really serious and thoughtful decision, so we work really hard at making sure that our products keep their promise."

Part of this promise is a three-year warranty, whereby lanterns are replaced with no questions asked.

"This is how we create trust with our customers," says Tice, who points also to the essential contribution of d.light "brand activators" in securing customer confidence. "Our brand activators are members of the local community and are known. They are seen to be using the lanterns themselves and can overcome skepticism by explaining the benefits of the product and allowing people to test it."

d.light say that people who upgrade to solar lighting report improved health and safety, reduced eyestrain, better performance in school and an ability to generate more income.

### Measurable results

True to its social enterprise ethos, the company measures its success not by turnover or profit, but by what it calls a "social impact dashboard," which tracks results month by month.

The numbers are huge. As of November 30, 2013, the data shows more than 25 million lives empowered; 6.3 million schoolchildren reached with solar lighting; US\$767m saved in energy-related expenses; and 7.2bn productive hours created for working or studying after nightfall.

As for the future, Tice reveals that d.light foresees itself becoming "a full-range supplier of consumer power needs in the developing world." Diversification is already underway, with the introduction 18 months ago of a first home and business system.

"The system is relatively small-scale and doesn't meet the full power requirements of all our customers, so we will continue to expand in both directions," he says, clearly relishing the challenges ahead.

With d.light's track record so far, there can be little doubt that whatever they aim for will be achieved ... and then some. ■





# OFID in the Field

In fighting energy poverty, OFID delivers a wide range of solutions to suit all kinds of circumstances. From large, capital-intensive investments to innovative, small-scale community schemes. From gas pipelines and power plants to solar lanterns and clean cookstoves. The technology utilized is based on need and not on any preference on OFID's part. The end-result—providing people with the energy they need to live safe, productive lives—is far more important than the fuel source.

In the following pages, **Damelys Delgado**, highlights impact stories from Kenya, Paraguay and Pakistan, which show how countries can overcome energy poverty by making the most of their natural resources.

# Kenya: Expanding geothermal capacity

By increasing access to electricity, this OFID-sponsored project promises improved life opportunities for hundreds of thousands of families and small businesses.

**E**arly each morning Patricia Onyango takes the “matatu” (public transportation) to her work as a waitress in a fancy hotel in downtown Nairobi. Today her sister, Irene, who usually walks with her, is sick, so Patricia has to make her own way to the matatu station.

She walks quickly, ever fearful of what can befall women walking alone in the dark through the Mukuru slum. Patricia has been assaulted once before. Not for the first time, she wishes the roads were lit. Street lighting would make such a difference to the security of her community.

## Energy access critically low

Compared to its East African neighbors, Kenya has a well-developed social and physical infrastructure. Its levels of electricity production and consumption, however, are among the lowest in the world.

According to data collected from industry, national surveys and international sources, indicators provided by the World Bank point out that just 18 percent of Kenya’s 43 million inhabitants have access to electricity.

This is partly the result of a lack of investment in the sector, but is also due to the prohibitive cost of a household connection, which at 32,000 Kenyan Shillings is the equivalent of US\$400.

Given that 43 percent of Kenyans live on US\$1.25 per day or less, the vast majority simply cannot afford the outlay for an electricity connection let alone the running costs.

The sector is beset by other constraints as well. The amount of electricity available for consumption relies greatly on hydropower sources, which account for approximately 50 percent of the county’s total power generation capacity.

Hydropower plants, however, are heavily dependent on weather conditions.

To make the landscape even bleaker, the situation is aggravated by limited transmission and distribution networks, high rates of electricity loss and the lack of qualified personnel.

In 2005 the government launched Vision 2030, which outlines Kenya’s long term economic development plan for transforming the country into a middle income nation within 25 years. To achieve this goal, the government is relying greatly on international providers as well as the private sector.



## OFID joins the battle

Through its Energy for the Poor Initiative, OFID approved in 2012 a US\$15m loan to help finance the Kenya Electricity Expansion Project (KEEP) along with a number of other co-financiers, including the Kenyan Government.

This project is designed to provide access to modern, clean and affordable energy services by upgrading the existing energy infrastructure. This effort will result in approximately 300,000 new connections for households, small businesses and public institutions.

Syahrul Luddin, OFID public sector operations officer in charge of Kenya, explained that the project aimed to increase the capacity, efficiency, and quality of electricity supply, as well as the expansion of electricity access in urban and rural areas.

He pointed out that, for Kenya to achieve its economic vision, massive investment was required in the energy sector.

“Fortunately, the government with the support of the donor community has identified and prepared the necessary detailed investment plans,” he added, noting that OFID had been closely involved in these discussions.

“OFID’s role in the development of the country’s energy sector is now significant, with about US\$60m committed through the public and private sector windows for investment primarily in rural electrification, transmission, and wind power,” Luddin revealed.

## A host of benefits

KEEP is a high priority project for the government and will directly support the realization of Vision 2030 by doubling Kenya’s geothermal capacity from 140MW to 280MW to represent 20 percent of the country’s total installed capacity. This will reduce dependence on hydropower.

Project activities include the expansion of an existing geothermal plant and the construction of a new one, both in the Rift Valley province around 200 km west of Nairobi.

Additional components involve the extension of transmission and distribution networks in the Northeastern, Western, and Nyanza provinces, which are home to around 12 million people. The provinces are important production centers for commercial wheat, maize, tea, sugar and dairy products, and host to many small businesses.

By increasing access to affordable electricity, KEEP will help raise living standards, promote the development of small enterprises, and expand access to communications and technology, like radio, TV and Internet.

The project will also generate employment opportunities. And, for sure, with more street lighting, women in a similar situation to Patricia will be able to walk to the matatu station safely, even when they go alone. ■

*(From right to left) Fuad Albassam, OFID Assistant Director-General for Public Sector Operations, Suleiman J Al-Herbish, OFID Director-General, and Syahrul Luddin, OFID public sector operations officer, made a site visit last year to review the progress of the OFID-co-financed project which, when completed, is expected to double Kenya’s geothermal capacity.*





PHOTO: SUE CUNNINGHAM PHOTOGRAPHIC/ALAMY

## Paraguay's energy paradox

The whisperings of the forest are silenced by the roar of a huge waterfall. It is the Itaipú hydroelectric dam, a massive structure on the Paraná River at the border between Brazil and Paraguay. With its abundant water resources, Paraguay has built more dams for the same purpose. Why, then, does the country suffer from energy poverty?

**S**ince 1977, when its construction began, over 17 million people from 197 countries have visited the Itaipú dam, a magnificent structure of great interest to tourists. It is 65 stories high, requiring the effort of 40,000 men working over seven years to build the world's largest renewable clean-energy generator.

With this masterpiece of modern engineering, Paraguay became one of the largest exporters of hydroelectric power in the world. Paradoxically, the landlocked country of 6.6 million people has one of the lowest levels of electricity consumption in Latin America.

"That is exactly why people usually refer to Paraguay as one of the greenest countries in the world", explained Rómulo Martínez, OFID public

sector operations officer in charge of Paraguay's projects.

"It not only has one of the world's largest working sources of hydroelectricity, but also makes one of the smallest carbon footprints, mainly because of its relatively small size and population."

The dam, owned by both countries, was built to harness the immense water resources of Paraguay and Brazil, and has the capacity to generate 14,000 MW.

Together with Argentina, Paraguay also co-owns the Yacyretá dam, site of another major hydropower plant, with a capacity of 3,200 MW. Both Itaipú and Yacyretá, are on the Paraná River, which is second in length only to the Amazon.

Paraguay is the sole owner of the Acaray hydroelectric dam, which has a much lower capacity of 210 MW and supplies three percent of the country's electricity demand.

The excess energy produced at the binational power plants of Itaipú and Yacyretá is immense in regional terms and is exported to neighboring countries.

For Paraguay, the surplus represents 30 times the electricity consumption of its industrial sector. Meanwhile, the World Bank estimates Paraguay's domestic consumption per capita at 1,000 kWh/year, equivalent to one third of the consumption levels of Brazil and Chile.

While Paraguay is blessed with an abundant hydropower generation capacity, key weaknesses in transmission and distribution hinder economic productivity in both rural and urban areas and constrain export prospects.

Electricity provision is deficient in both quality and reliability, with high systems losses. With transmission systems operating close to their technical limits, voltage fluctuations and outages are commonplace, especially during warm weather, heavy rain and thunderstorms.

November 19, 2013, was a typical example. A one-day storm battered 12 departments, out of a total of 17, affecting up to 100,000 users.

Speaking to the press, Víctor Romero, president of the National Electricity Administration (ANDE), revealed that 90 percent of the country's distribution system comprised bare overhead wires. "We are working now on the possibility of replacing them with insulated overhead wires," he stated. To do so countrywide would require an investment of US\$1.5bn.

## The electricity sector relies on ANDE

ANDE is responsible for the Paraguayan electricity sector, operating the entire electricity market, including tariff set-up, generation, transmission and distribution, as well as research into financing options. Its mandate is to provide electricity service to all eligible customers.

In 2009, ANDE submitted a ten-year master plan with three broad objectives: reducing power losses in distribution and transmission; expanding transmission system capabilities; and enhancing efficiency and revenues by increasing the exporting capacity of ANDE to neighboring countries.

The costs associated with the master plan have been estimated at US\$1.3bn, with relatively little of the necessary financing yet secured. The country thus relies heavily on multilateral institutions, like the World Bank, OFID, the Andean

Development Corporation (CAF) and other regional players.

In 2010, the government of Paraguay declared a state of emergency in the electricity sector. As the responsible party, ANDE was called upon to obtain long-term financing to guarantee uninterrupted, reliable access to electricity services, with regional integration and socioeconomic development as main priorities.

Within this framework, ANDE established a program in which the major investments included the construction of a new high-voltage transmission system, along with strengthening of the existing system in the Eastern and Central regions.

## OFID and CAF: supporting solutions

Jointly with CAF, OFID is supporting the National Interconnected Electricity System Upgrading Project, which is being managed and executed by ANDE and covers the Eastern and the Central Regions of Paraguay.

The main objective is to improve the availability, reliability and quality of electrical power to poor and rural communities in 14 regional departments, in the Eastern Region. This represents almost 40 percent of the country's total area and 97 percent of the total 6.1 million population. The 500,000 inhabitants of Asunción, the capital, will also benefit from the upgraded system.

The project consists of the construction of a 220 kV transmission line with substations from *Itakyry* to *Salto del Guaira* in eastern Paraguay, and two new tranches of 66 kV transmission lines, also equipped with substations and complementary/adaptation works for the future construction of a 500-kV line. These will connect one of the largest generating units in the south, the Yacyretá power plant, with Asunción.

OFID's support will help stabilize the power load on the national grid, thereby enhancing the reliability of the transmission systems and reducing losses. The project is an important step towards the eradication of energy poverty, which paradoxically, is still affecting some parts of Paraguay, especially given the increasing domestic demand, which stands at 2,300 MW.

According to Martínez, the OFID/CAF response was particularly timely, considering the need for the country to be better prepared for the new 300 km-long, 500-kV transmission line, which will connect the border with Argentina to the Asunción area. The line, the largest in the country, is planned to enter into operations by 2018.

Then blackouts will be a thing of the past. ■

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*OFID's support will help stabilize the power load on the national grid, thus reducing losses and enhancing reliability of the transmission systems.*

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# Pakistan: Catching a favorable wind

Wind power is sustainable, clean and safe, creates jobs and is economically competitive—and Pakistan has it in abundance. With the help of OFID and the private sector, steps are being taken to harness this untapped resource to satisfy an energy-starved population.

**H**heavy monsoon rains throughout 2010 caused one of the worst natural disasters Pakistan has experienced in over 50 years. Approximately one-fifth of the total land area was flooded, directly affecting about 20 million people. Damage was estimated at over US\$10.9bn, around one-third of the country's annual budget.

The floods were the final straw for this country of 193 million people, the sixth most populated nation on Earth. Already embattled by the global recession and the sharp rise in international food prices, Pakistan's economic growth, which averaged 7.3 percent between 2004 and 2007 and was 4.1 percent in 2008, ground to a halt.

Against these odds, the only option for the second largest economy in South Asia was to begin again, using every possible means.

Energy shortfalls constitute a major limitation on Pakistan's economic progress. Insufficient investment in the electricity network causes frequent power cuts, often lasting several hours in the main cities, and in extreme cases, up to 18 hours. To make matters worse, reliance on power plants that run on costly imported fuel has created tremendous budgetary pressure on the Government.

Engineers prepare to erect a wind turbine as part of plans to harness Pakistan's immense but largely untapped wind power resources.



PHOTO: LAHMEYER INTERNATIONAL

During the night of February 24, 2013, a nationwide blackout left the entire country without electricity for almost two hours. The media reported: "Energy-starved Pakistan experiences daily power outages but complete breakdowns are rare." Thousands of Pakistanis flooded Twitter to report #blackout.

## Revealing the wind potential

Due to the chronic scarcity of energy, and taking into account the future needs of the electricity sector, the government, in 2006, established the Alternative Energy Development Board (AEDB) to develop a national strategy for the use of alternative renewable energy resources.

The diversification of energy resources would reduce the country's huge oil import bill. Currently, Pakistan produces 21.6 MW of energy from diverse sources, of which thermal energy represents 67 percent (14.8 MW); hydroelectric power 30.3 percent (6.5 MW) and nuclear energy 2.14 percent (462 MW).

According to a report by the United Nations Development Program, Pakistan has very high electricity production costs, but has immense wind resources that have not yet been harnessed.

To tap into this potential, the AEDB is encouraging investment from the private sector by offering tax breaks and other financial incentives for the installation of wind farms in selected areas.

The wind map of Pakistan was developed by the National Renewable Energy Laboratory (USA), in collaboration with USAID, the Pakistan Meteorological Department and AEDB.

The results show that the Ghoroketi Bandar Wind Corridor, which runs 60 km along the coastline of Sindh Province and more than 170 km inland, has the potential to generate more than 50,000 MW of electricity. Coastal areas of Balochistan province and some northern areas also possess usable wind resources.



## OFID supports wind power

In a joint effort with the Islamic Development Bank, OFID, through its Private Sector Facility, is supporting the construction of two wind farms which will add 100 MW of power to the national grid.

The total cost is around US\$260m, which is funded on a combination of debt and equity. OFID is participating under an Islamic financing structure utilizing both instruments, with the equity component channeled through the Islamic Infrastructure Fund, alongside the Islamic Development Bank (IsDB) and the Asian Development Bank. Through risk participation with the IsDB, OFID has paved the way to tap the enormous potential of wind energy in Pakistan. The successful implementation of these projects is expected to bring in further investment for the development of more wind farms in the country.

Collectively known as the “Fauji Wind Projects,” two wind power plants, each with a capacity of 50 MW, will encourage the use of wind resources for low-carbon power generation. Once operational, the new wind farms will reduce reliance on imported oil and diesel fuel for power generation, thereby relieving pressure on the country’s foreign reserves.

The power plants are located in the wind corridor approximately 50 km southeast of the city of Karachi on Kutti Kun New Island.

Said Taufik Ridha, OFID private sector operations officer in charge of the project, explained that the electricity generated by the new plants would be dispatched into the national grid and sold to the National Transmission and Dispatch Company to help fulfill the country’s electricity requirements.

Taufik highlighted the severity of the power deficit in Pakistan, where load shedding and rolling blackouts are negatively affecting the livelihoods of the people and the business community.

“This project will bring numerous benefits to the various stakeholders by reducing the country’s electricity supply gap, decreasing dependence on expensive oil imports for power generation and harnessing the country’s renewable energy potential,” Taufik stated.

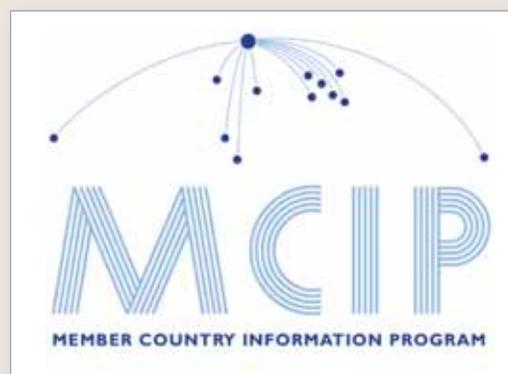
“Other aspects that need to be highlighted are the synergies between the co-financing development finance institutions and the local commercial banks involved. This project is also one of the few to be fully financed under a Shariah compliant Islamic financing structure,” he added. ■

*The Fauji Wind Projects will add an extra 100 MW of electricity to Pakistan’s national grid, thus reducing the supply/demand gap.*

# OFID launches inaugural Member Country Information Program

Twenty representatives from eight Member Countries took part in OFID's first Member Country Information Program (MCIP) in late October. In an intensive three-days of presentations, they acquired full insight into the internal and external workings of OFID. The objective? To raise OFID's visibility in, and promote closer cooperation with, Member Countries.

BY ARYA GUNAWAN USIS



**T**hrough its involvement for almost four decades in development projects in more than 130 countries, OFID has earned recognition worldwide. But this fact has not curbed OFID's efforts to keep its main stakeholders—most notably the governments of its Member Countries—abreast of its activities.

The annual MCIP was conceived as part of efforts to build a greater understanding of OFID within this key group. The objective is to brief participants on the institution's genesis and evolution, its mission and vision, its achievements and aspirations, as well as its position in the international development arena.

The inaugural MCIP took place at OFID headquarters in Vienna from October 21-24, 2013. The 20 participants came from eight of OFID's twelve Member Countries: Algeria, Indonesia, Kuwait, Libya, Nigeria, United Arab Emirates, Saudi Arabia and Venezuela.

For the first three days, participants engaged in presentation sessions from the various departments and units within OFID. On the fourth day, the group visited the OPEC Secretariat—which is also located in Vienna's First District—for a briefing on OPEC's activities.

## 'Standing' and 'voice'

In his opening speech, OFID Director-General, Suleiman J Al-Herbish, emphasized the importance to all international organizations of 'standing' and 'voice.'

It was only with 'standing' and 'voice,' he said, that OFID had been able to engage and make its presence felt in the international development dialogue and the various initiatives resulting from it.

This voice had also helped to transform OFID "from a lending agency into a fully-fledged development institution with its own sought-after knowledge and expertise." The MCIP meeting was the right place to share OFID's 'stance' and 'voice.'

Said Al-Herbish: "Through the MCIP, we want you to understand what OFID's work means for the millions of people whose lives are better as a result of it."

The series of presentations that followed offered an opportunity to exchange information with the participants on OFID's mandate and work in the field of international development.

With more than 15 presentations, the tight agenda encompassed almost all units and depart-

ments in OFID. It kicked-off with a presentation from the Department of Information, which included, among other things, a brief history of OFID.

## OFID inside and out

The Corporate Planning and Economic Services Unit gave a presentation covering topics such as the concept of sustainable development and OFID's Corporate Plan.

Participants learned that the new Corporate Plan (2016–2025) would focus on the three main fields known as the water-food-energy nexus. By

## To serve as OFID's advocates

All presentations were followed by lively discussion. The participants also shared a number of valuable inputs. Mr Emmanuel N Agbegir, Director of Public Communication of the Nigerian Ministry of Information, for instance, made a proposal that an orientation workshop about OFID be organized for journalists in Nigeria.

All participants agreed to finding the meeting very useful. Many had previously been unaware of OFID's record of achievement and contribution to development and poverty eradication.



using an integrated approach to its activities, OFID expected to increase its impact on job creation and poverty alleviation.

The presentations then moved on to the operational side of OFID's work: Public Sector, Private Sector, Trade Finance and Grants.

The characteristics of each of the four financial mechanisms were explained at length, along with a wide variety of sample case studies to illustrate the mechanisms in action.

Further presentations were delivered by the Financial Operations Department, the Risk Management Unit, the Legal Department, the IT Unit, the Human Resources Policy and Planning Group and the Administration and Personnel Department.

Participants were also treated to an informative talk on two major global development initiatives—the Busan Partnership and the Deauville Partnership—and OFID's engagement in them.

The final session was a presentation of the programs and activities run by the Department of Information, with special reference to OFID's integrated communication strategy.

“The MCIP was really a place for us to acquire new knowledge and information about OFID, which is very useful for our duties,” said one participant.

A questionnaire completed by the delegates confirmed the positive response. All strongly agreed that they would serve as advocates for OFID in their respective organizations and countries.

They also strongly agreed that they envisaged stronger interaction between OFID and their respective organizations in the future, as a result of the MCIP meeting.

In his closing remarks, Mr Al-Herbish thanked the participants for their keen engagement in the sessions. Their positive reaction, he said, had encouraged him to consider expanding the program in future years to include other stakeholders, such as OFID Scholars and OFID-sponsored delegates to the annual One Young World Summit.

Considering the highly participatory nature of the event, the Director-General also proposed changing the name to Member Country *Interaction* Program. ■

*MCIP participants received in-depth briefings from all departments and units of OFID.*

# Energy challenges in the Arab region

*OFID takes major role in Arab Forum for Environment and Development*



Despite an abundance of both traditional and renewable energy resources, the Arab region—at least in parts—is no stranger to energy poverty. OFID provided its expertise on the subject at the October 2013 annual conference of the Arab Forum for Environment and Development.

BY SOUHAD KHRIESAT

PHOTO: BRIAN A JACKSON/WWW.SHUTTERSTOCK.COM

**D**eveloping countries—especially the poorest among them—must not be deprived of access to conventional energy resources during the long transition period before renewables can lead the energy market.

This was the main message delivered by OFID Director-General, Suleiman J Al-Herbish, at the Sixth Conference of the Arab Forum for Environment and Development (AFED), in Sharjah, United Arab Emirates, at the end of October.

Mr Al-Herbish was a keynote speaker at the annual gathering, which was attended by some 600 delegates from 52 countries, representing governments, corporations, international and regional organizations, academic and research institutions, NGOs and the media.

OFID is a founding member of AFED, a Beirut based Arab think-tank set up in 2006 to promote prudent environmental policies and programs across the Arab region.

The chief purpose of the October conference was to review and launch AFED's 2013 report (Arab Environment 6) on the theme *Sustainable Energy: prospects, challenges, opportunities*.

Written by a panel of international experts, the report highlights the need for more efficient management of the Arab energy sector, with a view to enhancing its contribution to sustainable development in the region.

## OFID lends expertise

In his address at the Conference's opening session, Mr Al-Herbish highlighted OFID's pioneering role in the eradication of energy poverty and the commitment made by its Member Countries through the 2012 Ministerial Declaration on Energy Poverty.

He also stressed an idea that is central to OFID's flagship *Energy for the Poor Initiative*: that energy access solutions in developing countries must be both cost-effective and technology-neutral.

OFID's involvement in the Conference included the panel session *Energy for Sustainable Development: OFID's Perspective*. Through contributions from OFID experts and an external discussant, the session emphasized that any type of energy which supports sustainable development is indeed *sustainable energy*.

The session also provided an opportunity to introduce OFID's activities, outline the framework of its operations and showcase several successful OFID-funded energy projects in a number of Arab countries.

Another important input from OFID was the framing of a key proposal that was incorporated in the Conference's concluding recommendations.

The proposal referred specifically to the needs of people in the Arab region who have no electricity and use traditional biomass for cooking.

It stated that policymakers ought to address energy poverty among these people through a set of measures that would provide modern energy services using a sustainable, technology-neutral approach.

These measures should include, among others, setting time-bound targets for achieving universal access to modern energy services, and developing appropriate regulatory and legal frameworks conducive to increased public and private investment.

## Energy subsidies

Among the other interesting discussions that took place was one on the pros and cons of energy subsidies in Arab countries.

The opinions in favor of maintaining subsidies were primarily on the grounds that subsidies are "social safety nets." Those who defended phasing out subsidies based their arguments on the need "not to distort market forces."

OFID's position is in line with that of the G20 and states that any reform on subsidies should be undertaken on a voluntary basis and according to the specific national circumstances of individual countries. The key consideration should be that there are no adverse effects on the poor.

## An uphill task for some

While much of the Arab region enjoys rich oil and gas reserves as well as substantial untapped renewable energy resources, energy poverty continues to hinder sustainable development in the poorest and least developed Arab countries.

According to recent estimates by the International Energy Agency Data Bank, approximately 52 million people in the Arab region lack access to electricity. This number represents about one-fifth of the rural population.

The World Health Organization estimates that over 48 million people are still using unsustainable traditional biomass, resulting in 80,000 deaths each year from the inhalation of toxic smoke.

The majority of this number live in rural arid regions in Sudan, Yemen, Somalia and Mauritania. Most of them are small rural farmers or nomadic people, struggling to live in conditions that hold little prospect of improvement, particularly considering the limitations on accessing modern energy services resulting from inadequate infrastructure, distribution logistics and purchasing power. ■

At the opening session, Suleiman J Al-Herbish (left) highlighted OFID's pioneering role in energy poverty eradication and commitment made by its Member Countries through the 2012 Ministerial Declaration on Energy Poverty.



PHOTO:AFED

# The importance of inclusivity for development effectiveness

In October, a one-day workshop co-organized by OFID and the UK's Department for International Development (DFID) served as a platform for providers of development assistance to discuss the four principles of the Busan Global Partnership for Effective Development Cooperation ahead of the first high-level meeting of the Partnership in Mexico next April.

BY ARYA GUNAWAN USIS

**T**he involvement of all actors, including the private sector and civil society, is essential to development effectiveness, as is the willingness of providers of assistance to accept that ownership of the development process belongs to the country concerned.

These points were the main highlights of the one-day joint OFID/DFID workshop, 'Taking Forward the Global Partnership Principles,' hosted at OFID's Vienna headquarters on October 1.

The workshop was attended by about 60 participants representing a number of countries and development agencies, including EU member states, the Arab Coordination Group (ACG), foundations, multilateral organizations and regional organizations.

The main objectives of the workshop were to share lessons learned on implementation of the Busan Principles on Development Effectiveness (see box) and to get a common understanding of the Global Partnership Monitoring Framework and its indicators.

The workshop also sought to review initial preparations for next year's ministerial

meeting in Mexico and provide inputs to the draft agenda, which is currently being finalized by the secretariat of the Global Partnership.

This workshop was also a platform for Arab development institutions that are members of the ACG to share their views and experiences on development effectiveness. A day earlier, they held their own preparatory meeting to discuss various ideas and proposals for presentation at the workshop.

## Paradigm shifts

In his opening remarks to the workshop, OFID Director-General, Mr Suleiman J Al-Herbish, affirmed the need for participants to better understand their responsibilities and roles as providers of development assistance.

"Development processes must be wanted, and properly owned, by our Partner Countries," he said.

He noted that the last few decades had seen deep transformations in the development arena. Emerging countries had consolidated earlier gains and were now

recognized as global economic powerhouses. The growing stature of these countries in the global economy had brought about changes in the direction of trade, investment and cooperation.

Meanwhile, low- and middle-income countries had opted for new development models and better governance, which connected public and private ventures, strengthened the management of public finance and anchored dialogue with civil society.

In the process, official development assistance (ODA) had become dwarfed by other development flows. As a result, its impact on development had become marginal, except in very poor countries. "We have to acknowledge these paradigm shifts," Al-Herbish emphasized.

The Director-General also touched upon the role that could be played by the ACG, which is fully committed to the Busan Principles.

He noted that since its inception, the ACG and its members, some of which had been providing development assistance for over fifty years, had based their activities on solidarity among developing countries and South-South cooperation.



OFID Director-General Suleiman J Al-Herbish (center), flanked by Fuad Albassam (left), OFID Assistant Director-General for Public Sector Operations, and Dr Mehtab Currey, Development Counselor of DIFD, delivered the workshop's opening remarks.

“As a Group, the ACG has consistently upheld the principles of country ownership and of Partner Countries being in the driving seat,” he added.

In her opening remarks, Dr Mehtab Currey, Development Counselor of DFID, expressed the UK’s ambition for the Global Partnership to make a significant contribution to delivery of the post-2015 sustainable development objectives.

Dr Currey argued that the Global Partnership could provide on-the-ground experience of the practical challenges that developing countries face and could agree how to tackle those issues. It could also make links with other bodies with complementary roles.

“For example, we have recently agreed collaborative work with the UN Development Cooperation Forum to share analysis and tackle complementary issues in our respective meetings,” she disclosed.

## New actors

The importance of taking on board new actors in the development process was voiced by some participants, including the

Mexican Ambassador to Austria, HE Luis Alfonso de Alba Gongora. He also agreed with the notion that the world had changed on various fronts and that there were new roles to be played by a number of new actors.

“In this regard, we need to develop a new agenda for our meeting in Mexico, to also include these new actors, including civil society and the private sector,” he said.

Ambassador de Alba also stressed the importance of the role of middle-income countries, including Mexico.

“The condition of Mexico today as a recipient of development aid but also at the same time as a provider of assistance in the development process, has positioned the country as a bridge that could facilitate and mediate the developed countries on the one hand and developing countries on the other, in achieving development effectiveness,” he added.

In his presentation, Mr Fuad Albassam, OFID Assistant Director-General for Public Sector Operations, and representative of the ACG at the meeting, touched upon the Group’s key principles in achieving development effectiveness.

He noted that these were broadly in line with the principles of the Global Partnership, but with additional emphasis on the importance of promoting South-South cooperation and ensuring the sovereignty of the State receiving assistance.

With regard to sovereignty, Albassam outlined the ACG’s view that development assistance should be based on the demands of the State and should be non-conditional. In addition, the State had the right to define development policy and priorities of its own and was free to determine the process of procurement.

The meeting agreed that development effectiveness would only be realized if the country receiving aid was the true owner of the development process. This view was further affirmed by Mr Said Aissi, Advisor to the Director-General, OFID.

“Development process must be owned by the State. And it has to be a true ownership, not just a decree ownership,” he said. He added that the participation of various actors was something absolute in this process, because development was not owned solely by the government. ►



Active participants at the workshop included HE Luis Alfonso de Alba Gongora (left), Mexican Ambassador to Austria; Ms Hannah Ryder (center), DFID; and Ms Yuko Suzuki (right), United Nations Development Program.

## Monitoring of the Busan Principles

◀ Another issue discussed in the workshop was the disappointingly low participation by beneficiary countries in the monitoring process set up to gauge progress in the application of the Busan Principles.

By end-September, 2013, only 49 countries had signed up to the process, compared to the original 80 countries that had expressed their intention to participate when the Busan Principles were endorsed in 2011.

In a presentation on the monitoring process, Ms Yuko Suzuki from the United Nations Development Program, put forward several reasons for the low number of confirmed countries. One factor, she said,

was the voluntary nature of the participation. Another was that some countries preferred to test their reporting system at country level first.

Representing Finland—which has provided funding of US\$500,000 to the Global Partnership secretariat—Mr Timo Olkkonen said that most countries found it difficult to take part in the monitoring process as they did not have sufficient knowledge and resources to complete the necessary reporting data.

He suggested that this issue should be addressed properly, as a lack of resources should not be a barrier for the monitoring process.

Ms Currey and Ms Hannah Ryder, also of DFID, welcomed the outcome of the one-day workshop. In their presentations,

as well as in an interview with the *Quarterly* after the meeting, both claimed to have received a variety of valuable inputs for submission to the leadership of the Global Partnership.

The Partnership is led by three high profile co-chairs: Armida Alisjahbana, Minister for National Development Planning, Indonesia; Justine Greening, Secretary of State for International Development, UK; and Ngozi Okonjo-Iweala, Minister of Finance, Nigeria.

The various ideas and recommendations to come out of the workshop will help to enrich the Agenda of next year's Mexico meeting. They will also increase the opportunity of the Global Partnership to play a role in, and contribute to, the post-2015 development agenda. ■

## The Busan Partnership in brief

The Busan Global Partnership for Effective Development Cooperation has evolved from a dialogue started in Monterey, Mexico, 2002, at a conference on Financing for Development, convened by the Organization for Economic Cooperation and Development. This gathering broadened the focus of discussions for the first time to include the *quality* of aid in addition to the quantity.

Three subsequent high-level forums on aid effectiveness took place in Rome (2003), in Paris (2005) and in Accra (2008). The fourth High Level Forum on Aid Effectiveness was organized in Busan, Republic of Korea, November 29–December 1, 2011.

The outcome document of that meeting—the Busan Partnership agreement—sets out four principles that offer a foundation for effective cooperation in support of international development. The four principles cover:

- ownership by developing countries
- a focus on results
- inclusive development partnerships
- transparency and accountability to one another

The Busan Partnership does not take the form of a binding agreement or international treaty. Rather, it is a statement of consensus supported by a wide range of governments and

organizations. It offers a framework for continued dialogue in support of efforts to enhance the effectiveness of development cooperation.

The Partnership marks a new chapter in the history of international cooperation, shifting the focus from aid effectiveness to the broader concept of development effectiveness.

The next high-level meeting, which will be held in Mexico in April 2014, will ensure that every Busan Partnership stakeholder is held accountable for its commitments to withhold and implement the four principles.



# OFID and Mongolia: New partners

With the provision of a US\$20m line of credit to Mongolia's Khan Bank, OFID is continuing efforts to broaden partnerships with its Eurasian neighbors.

BY AUDREY HAYLINS

PHOTO: PRESSMASTER/SHUTTERSTOCK.COM

**S**mall and medium enterprises are to be the main beneficiaries of OFID's first development operation in Mongolia, a country on the threshold of a major transformation driven by the exploitation of its vast mineral resources.

The US\$20m loan—to Mongolia's largest bank—will be used for on-lending to corporates and SMEs in support of their trade financing requirements.

Said Khan Bank's CEO Norihiko Kato: "We are very pleased to establish this relationship with OFID. I believe this new partnership will significantly support Khan Bank's further growth. The bank will use the funds from OFID to provide our core customers, SMEs, with competitive trade financing."

OFID Director-General, Suleiman J Al-Herbish, also welcomed the new alliance. "This is a fine opportunity to contribute to sustainable development and

poverty alleviation in Mongolia. We look forward to exploring possibilities for further cooperation in the future," he stated.

## Riches amid desolation

Sandwiched between the massive landmasses of Russia and China, Mongolia is the second-largest landlocked country in the world after Kazakhstan. With just 2.8 million people, it is also one of the most sparsely populated.

Its unforgiving landscape of mountain ranges, steppes and the Gobi desert make for difficult living conditions. Around 30 percent of the population are nomadic herders, while about one-fifth live below the international poverty line of US\$1.25 per day.

Despite these challenges, the country has made remarkable progress since its transition to a democratic state over 20 years ago. In 2011, economic growth

reached 17.3 percent and is expected to stay in double-digits for the next five years.

Much of this success is down to the abundance of oil reserves as well as deposits of ores such as copper and gold. The latter two have come to dominate Mongolia's export revenues, with mining doubling its share of GDP to 20 percent over the past decade.

Increased prosperity has led to substantial progress in poverty reduction. Between 2010 and 2011 alone, poverty levels decreased by almost 10 percentage points from 39.2 percent to 29.8 percent.

## Broadening the economic base

While these signs are encouraging, the Mongolian Government, with the help of international financial institutions, is seeking to diversify its economy away from excessive reliance on its mineral wealth and create sustainable economic growth. ►

*The OFID facility to Khan Bank will help support the trade financing needs of SME clients, including those in the agriculture sector.*



PHOTOS: KHAN BANK

◀ One key element of this process is support to SMEs in sectors other than mining. Those with strong growth potential include agribusiness, services and retail trade, among others.

As Mongolia's biggest bank and the one with the largest branch network, Khan Bank is well positioned to play an important role in this diversification.

With around 1.8 million customers, it provides services to 80 percent of all households. It is currently the largest lender in the country and has a substantial SME client base.



Norihiko Kato, CEO, Khan Bank

Since setting up its trade financing activities in 2007, the bank's portfolio has grown considerably year-on-year. In addition to support to the mining sector, the bank has supported the import of agri-machinery, vehicles, spare parts and other strategic goods, as well as the export of commodities such as iron ore and coal.

OFID's three-year US\$20m line of credit will help the bank meet the growing demand for trade financing among its SME clients. The short-term tenor of the on-lending will allow the funds to revolve several times, multiplying the impact of the facility.

The credit line is part of a syndicated facility arranged by the International Finance Corporation (IFC) and the result of strengthened cooperation between OFID and IFC following the conclusion of a master cooperation agreement in 2010.

"The OFID facility will be very beneficial for Mongolian SMEs to expand their business in the rapidly developing Mongolian economy," CEO Norihiko Kato told the *Quarterly*.

By boosting the activities of small and medium entrepreneurs, the facility is also expected to help generate new employment opportunities and thereby help to further reduce poverty.

## Help in hard times

Although the line of credit to Khan Bank is OFID's first proper development operation in Mongolia, it is not the institution's first involvement with the country. In 2001, and again in 2010, OFID extended emergency assistance to Mongolia following the extreme winter conditions known as "dzuds."

Severe dzuds hit Mongolia with punishing regularity, killing millions of livestock and robbing hundreds of thousands of herders of their livelihoods.

In 2001, some 20 percent of the country's livestock perished in harsh blizzards that caused damage estimated at US\$84m. Similar conditions struck in 2010 with catastrophic consequences for large numbers of herding communities.

On both occasions, OFID joined the international relief effort that was mobilized to provide food, shelter and health-care to the affected families, as well as to help build national capacity to develop preparedness and response plans for future disasters. ■

### SEPTEMBER 29

#### Public Sector loan agreement signed

**Egypt.** US\$70m. The South Helwan Power Plant Project. For expanding the plant and improving the delivery of reliable electricity for agricultural, industrial and household use.

### SEPTEMBER 30

#### Arab Coordination Group Meeting

OFID hosted a meeting of the Heads of Operations of the Arab Coordination Group to discuss inter alia the Group's strategy regarding the Global Partnership for Effective Development, for which OFID is the lead agency.

### OCTOBER 1

#### OFID/DFID Workshop

A workshop entitled "Taking Forward the Global Partnership Principles" and co-organized by OFID and the UK Department for International Development (DFID), was held at OFID Headquarters. See story page 28.

### OCTOBER 4

#### OFID joins IIA

OFID became a member of the Institute of Internal Auditors (IIA), an international association of professionals with a global community of more than 180,000 practitioners in 190 countries worldwide.

### OCTOBER 10

#### Public Sector loan agreement signed

**Pakistan.** US\$50m. Neelum Jhelum Hydropower Plant Project. To support the construction of a 969 MW power plant in the



Mr Al-Herbish (left) and Dr Franz Fischler, President of the European Forum Alpbach, met on October 3 to discuss the possibilities of future cooperation.

Muzaffarabad district, populated by around 1.5 million people, thereby improving the delivery of essential services and encouraging the development of local industries.

### OCTOBER 11

#### Public Sector loan agreements signed

**Senegal.** US\$10m. Joal-Djiffer Road Rehabilitation Project. To upgrade the 42km road, which passes through key agricultural areas, and thus improve the living conditions of around 2.1 million people.

**Grenada.** US\$10m. St Patrick's Roads Rehabilitation and Upgrading Project. To improve roads and related infrastructure in the parish of St. Patrick, populated by over 11,500 people.

**Mozambique.** US\$10m. Niassa Rural Electrification Project. To extend the national grid to rural areas to provide the predominantly rural population of Niassa Province with access to electricity.

### NOVEMBER 12

#### Public Sector loan agreement signed

**Malawi.** US\$6m. The Liwonde-Naminga Road Project. For upgrading works to enable the year-round transportation of people and goods and help promote trade opportunities.

### NOVEMBER 12

#### Emergency Relief Grant approved

**International Federation of Red Cross and Red Crescent Societies.** US\$400,000. To procure urgently-needed relief items to assist people in the Philippines affected by Typhoon Haiyan.

### DECEMBER 11

#### 145<sup>th</sup> Session of the Governing Board

#### Public Sector loans approved

**Bosnia and Herzegovina.** Two loans of US\$48m and €24m (approx. US\$33m), totaling around US\$81m. Corridor Vc Motorway: Subsection Klopce-Donja

Gracanica. Construction of a 6.3 km motorway to facilitate local and regional trade, directly benefiting some 143,000 people.

**Côte d'Ivoire.** US\$6.64m. Upgrade and Expansion of Abidjan International Airport Freight Terminal. Rehabilitation and expansion of the freight terminal: improving service quality, safety and security and creating employment opportunities.

**Djibouti.** US\$7m. Tadjoura Port. Construction of a new port in Tadjoura, benefiting some 200,000 people in one of the country's poorest regions.

**The Gambia.** US\$5m. Basic and Secondary Education Schools. Construction of three libraries, numerous laboratories and sanitation facilities, as well as the construction, rehabilitation and furnishing of some 220 classrooms.

**Honduras.** US\$14.5m. Competitiveness and Sustainable Development in the South-Western Border Region ("PROLENCA"). To improve income, employment opportunities, food security and general living conditions for over 45,000 poor rural families with a focus on social inclusion, gender and youth development.



(Left) HE Reza Najafi, new Ambassador and Permanent Representative of the Islamic Republic of Iran to the UN and other International Organizations in Vienna, paid a courtesy visit to the Director-General on October 2. HE Salahaldin Abdel-Shafi (center), new Ambassador of Palestine to Austria, called on Mr Al-Herbish on October 8 to talk about strengthening cooperation. (Right) Mr Al-Herbish greeting Mr Peter Ford, Representative of the UNRWA Commissioner-General, who was part of a delegation that visited on October 8 to review progress of OFID-supported operations and discuss strengthening ties.

#### **India.** US\$50m.

India Sustainable Renewable Energy Development Program. To support the Government of India in developing cornerstone projects as well as institutional reforms in the renewable energy sector. The creation of renewable energy generation infrastructure will positively impact around 55,000 households.

#### **Kenya.** US\$5m.

Rongai Hospital. To construct and equip a new hospital and residential staff building in Rongai City. The project will improve the quality and accessibility of affordable healthcare services for some 150,000 people.

#### **Niger.** US\$6m.

Emergency Food Security and Rural Development Program. To improve food security in Niger, with particular focus on the Maradi, Tahoua and Tillaberi regions, home to about 50 percent of the total population, including poor farming and herding families who have been highly exposed to recurrent food and livestock crises.

#### **Panama.** US\$52m.

Panama Bay and City Sanitation (Phase II). To improve sanitation conditions in the Panama Bay and City area and increase access to sanitation services in urban settlements discharging into the Rio Abajo, Matasnillo and Curundu

streams, directly benefiting some 13,000 households.

#### **Rwanda.** US\$12m.

Huye-Kitabi Road Rehabilitation. To rehabilitate and upgrade a 53 km road linking the capital, Kigali, to the West and South of the country. Nearly two million people will benefit from the improved road safety, reduced transportation costs and substantial time savings.

#### **Senegal.** US\$10m.

Community Roads. To rehabilitate 875 km and maintain 5,000 km of rural roads. The project will improve the accessibility of some 187 remote rural communities, providing jobs and training to approximately 3,700 rural dwellers.

#### **Seychelles.** US\$10m.

Sewerage Infrastructure. Construction of a new sewerage treatment plant; construction and rehabilitation of six pumping stations; installation of sewerage pipelines; and the rehabilitation of existing networks, in three of the most populated towns on Mahe, Seychelles' largest island and home to some 14,000 people.

#### **Tanzania.** US\$16.35m.

Third Poverty Reduction. To support rural households in obtaining access to enhanced socio-economic services and income generation activities. The project will help reduce poverty for some 2.1 million people.

#### **Yemen.** US\$25m.

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

#### **Grants approved**

##### **World Health Organization.**

US\$600,000. To improve access to medical equipment for cancer care in six countries in Africa and Asia that have a high cancer burden and low availability of medical equipment and services.

##### **Water and Sanitation for the Urban Poor.** US\$400,000.

To increase access to improved water services for over 56,000 low-income inhabitants of the towns of Mukuru Sinai and Korogocho in Kenya.

##### **International AIDS Society (IAS).**

US\$350,000. To finance the attendance of young scientists from developing countries at the 20<sup>th</sup> International AIDS Conference. A portion of the grant will also be used for a joint OFID/IAS workshop at OFID Headquarters, which will gather experts from OFID Member Countries and others to discuss "HIV in Conservative Majority Settings".

##### **Palestinian Students in**

**Lebanon.** US\$500,000. This special OFID scholarship scheme will

enable 70 high-achieving students from among Palestinian refugees in Lebanon to enroll in Lebanese universities over the course of four academic years. The grant will be channeled through the Mahmoud Abbas Foundation.

##### **United Nations Development Program/Program of Assistance to the Palestinian People.**

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

##### **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).**

US\$700,000. To improve energy efficiency through the development of a solar water heaters market in Yemen, including manufacturing and assembly to stimulate economic development.

##### **Shell Foundation.** US\$1m.

To improve access to efficient cooking stoves in six countries in sub-Saharan Africa and seven countries in Latin America.

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## DECEMBER 12

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### **Arab Development Portal (ADP) Meeting**

OFID hosted World Bank and UNDP representatives to review and discuss latest developments in the first phase of the ADP.



On November 8, Martin Ledolter, new Managing Director of the Austrian Development Agency, paid a courtesy visit to Mr Al-Herbish.



HE Abel A Ayoko, recently-appointed Nigerian Ambassador to Austria, visited Mr Al-Herbish on December 8.

## Meetings attended by OFID

### SEPTEMBER 30

OFID HEADQUARTERS,  
VIENNA, AUSTRIA  
Arab Coordination Group  
Meeting

### OCTOBER 2-6

JOHANNESBURG,  
SOUTH AFRICA  
One Young World Summit  
2013

### OCTOBER 10-13

WASHINGTON DC, USA  
World Bank Annual Meetings

### OCTOBER 14-17

NAIROBI, KENYA  
3<sup>rd</sup> International Water Associ-  
ation Congress and Exhibition

### OCTOBER 16-19

BRUSSELS, BELGIUM  
Crans Montana Forum's Ex-  
traordinary Session & Interna-  
tional Summit on  
Transnational Crime

### OCTOBER 27-28

KISH ISLAND, IRAN  
National Development Fund of  
Iran's International Conference

### OCTOBER 27-31

WINDHOEK, NAMIBIA  
International Water  
Association Conference

### OCTOBER 28-29

SHARJAH, UAE  
Annual Conference of the  
Arab Forum for Environment  
and Development

### OCTOBER 30

DUBAI, UAE  
GCC Forum on Avoidable  
Blindness

### NOVEMBER 6-7

DUBAI, UAE  
Arab Bank for Economic  
Development in Africa's  
Forum of Arab and African  
Business Women

### NOVEMBER 11-12

KUWAIT CITY, KUWAIT  
Arab/Africa Economic Forum

### NOVEMBER 13-15

ORLANDO, USA  
American Institute of  
Certified Public Accountants  
Controllers Conference

### NOVEMBER 14-15

CAPE TOWN, SOUTH AFRICA  
Powering Africa Conference

### NOVEMBER 17-19

MIAMI, USA  
Federation of Latin America  
Banks Annual Assembly

### NOVEMBER 18-20

KUWAIT CITY, KUWAIT  
3<sup>rd</sup> Afro-Arab Summit

### NOVEMBER 18-20

CAPE TOWN, SOUTH AFRICA  
World Bank Treasury's Global  
Symposium on Pension and  
Sovereign Fund Investments

### NOVEMBER 18-21

WASHINGTON DC, USA  
World Bank Legal Vice-

Presidency's Law, Justice  
and Development Week

### NOVEMBER 22-24

MANAMA, BAHRAIN  
8<sup>th</sup> Meeting of the Arab  
Energy Club

### NOVEMBER 26-27

NEW YORK, USA  
Meeting of the Sustainable  
Energy for All Advisory Board

### NOVEMBER 28-29

PUNTA CANA,  
DOMINICAN REPUBLIC  
Latin American  
Energy Organization's  
43<sup>rd</sup> Ministerial Meeting

### DECEMBER 3-4

VIENNA, AUSTRIA  
Annual Meeting of the  
Center for Global Dialogue  
and Cooperation

### DECEMBER 9

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

[www.ofid.org](http://www.ofid.org)

In its last meeting of 2013 on December 11, OFID's Governing Board committed more than US\$403m in new approvals to foster development in over 35 Partner Countries. The lion's share of this total—some US\$300m—went to support public sector projects in the fields of energy, education, transportation, health, agriculture and water & sanitation. Five transactions amounting to US\$62m, and including a first trade operation in Papua New Guinea, were approved under the Trade Finance Facility. Private Sector commitments totaled US\$35m and will support mainly the activities of micro-, small- and medium-size enterprises. Also among the new approvals were seven grants worth around US\$4.4m for a broad range of initiatives. Further details of all approvals can be found in the *Diary*.



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

## 145<sup>th</sup> Session of the Governing Board



Talal Al-Enazi, Counsellor, Embassy of the State of Qatar, Austria



Fawzi Yousef Al-Hunaif, Alternate Governor of Kuwait



HE Dr Anny Ratnawati, Governor of Indonesia



Ahmed M Al-Ghannam, Governor of Saudi Arabia

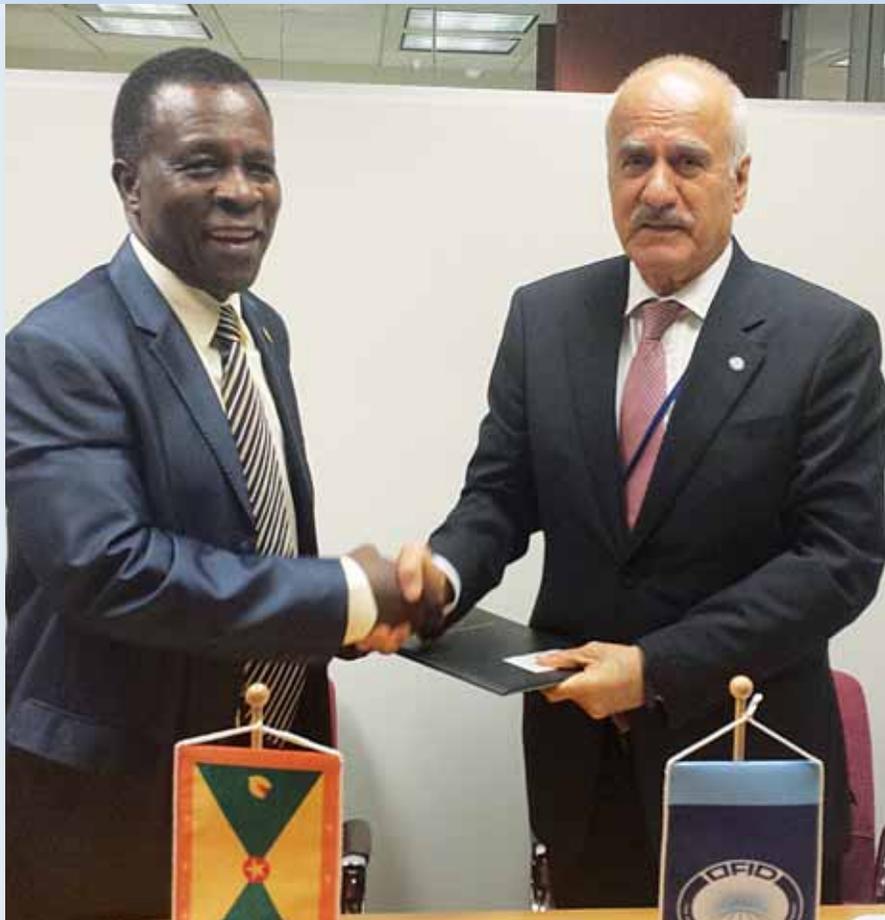


*From left:* Said Aissi, Advisor to the Director-General; Fuad Albassam, Assistant Director-General, Public Sector Operations; Mr Suleiman J Al-Herbish, Director-General; Abdul Wahab A Al-Bader, Kuwaiti Governor to OFID and Chairman of the Governing Board; Saeid Niazi, Assistant Director-General, Financial Operations; and Tareq Alnassar, Acting Head, Private Sector Operations.

LOAN SIGNATURE  
photo  
gALLERY

October 12

Mozambique Finance Minister HE Manuel Chang signed a US\$10m loan agreement for the *Niassa Rural Electrification Project*, which will enable about 35,000 subscribers and 104,000 people living in Niassa province to be connected to modern electricity services.



October 12

HE Dr Keith Mitchell, Prime Minister of Grenada, with Mr Al-Herbish after signing a US\$10m loan agreement for the *St Patrick's Roads Rehabilitation and Upgrading Project* that will benefit over 11,500 people through the improvement of roads and related infrastructure.



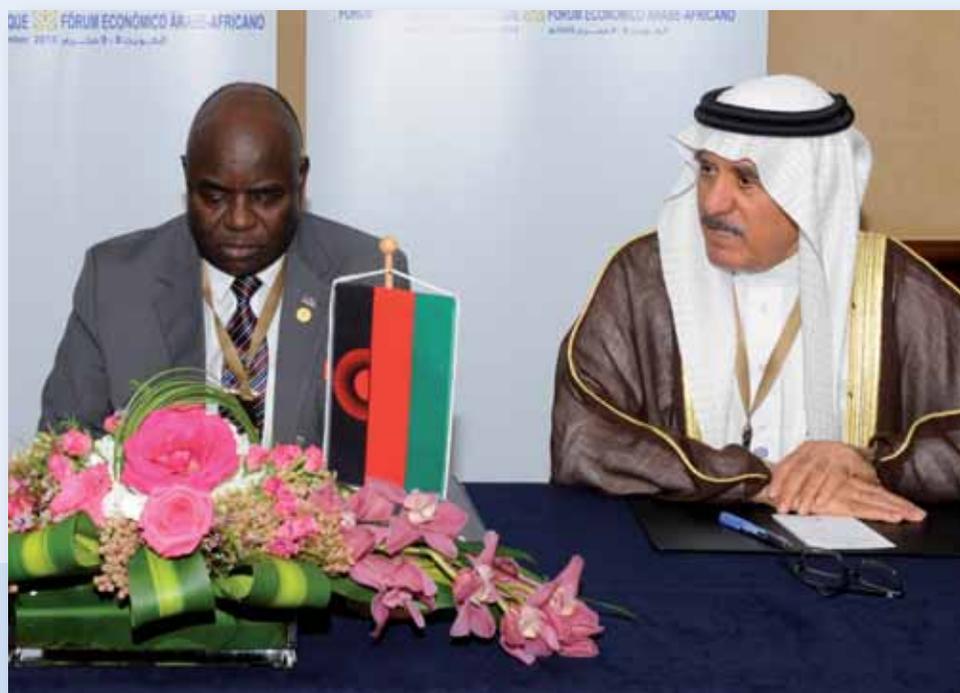
### October 12

HE Amadou Ba, Minister of Economy and Finance, Senegal, secured a US\$10m loan for the *Joal-Djiffer Road Rehabilitation Project* that will improve a 42 km road that passes through key agricultural areas, thus helping boost incomes and food security for around 2.1 million individuals.



### October 12

HE Mohammad Ishaq Dar, Minister of Finance, Pakistan, shakes hands with Mr Al-Herbish, following signature of a US\$50m loan for the *Neelum Jhelum Hydropower Plant Project*, which will construct a 969 MW power plant in the Muzaffarabad district, populated by around 1.5 million people.



### November 12

HE Dr Cornelius Mwalwanda, Deputy Minister of Finance, Malawi, and Mr Al-Herbish, exchange remarks following signature of a US\$6m loan agreement for the *Liwonde-Naminga Road Project*, which will enable year-round transportation and help promote trade opportunities for nearly two million people.

*The full list of loan and grant signatures can be found on pages 33-35.*

# Sustainable intensification: Producing more food with fewer inputs

With the world population hurtling towards a projected nine billion by 2050, experts continue to search for solutions to the growing food security crisis. The problem is, it's not just a question of producing more—it's a matter of doing so sustainably.

BY JENNIFER ADAMS

**G**lobal food production systems are coming under mounting pressure. And not just from population growth. As people in developing regions get wealthier and consume more meat and dairy products, extra crops are needed for animal feed. In addition, some key crops are increasingly being used for biofuels.

Intensified agriculture has long been regarded as the way forward. However, this type of production requires vast amounts of land and has potentially extreme environmental impacts. Agriculturists and policy-makers thus continue to grapple with the conundrum of how to produce more food without exhausting the planet's limited resources.

One solution to enter the debate recently is *sustainable intensification*, an innovative approach that addresses the need for both increased outputs and environmental protection.

### Short-term v. long-term solutions

In its traditional form, intensified agriculture refers to a method of land cultivation in which a very high level of inputs, such as fertilizers, pesticides and, of course, labor, result in maximum outputs.

Although intensification has the ability to solve the problem of hunger in the short term, its reliance on high volumes of land, water and chemical usage means that increased yields are almost certainly not sustainable.

In fact, given current rates of climate change, agricultural production is predicted to decrease by 2050; a trend that could be exacerbated if traditional intensification practices continue.

Dr Mahmoud Solh, Director-General of the International Center for Agricultural Research in the Dry Areas, cautions against such methods.

"The target for agricultural development should be the production of more food using less land and less water, especially as the competition for these resources is increasing," he argues.

Dr Solh points out that as intensification is only possible where land and water exist in abundance, this type of cultivation is out of reach for many of the world's most vulnerable regions.

"In resource-stressed communities where water availability is low and unpredictable, the premise of intensified agriculture being the best solution for ending hunger absolutely does not hold and, actually, excludes these vulnerable communities that may have extreme need," he insists.

Certainly, when it comes to Africa, land may not be as abundant as it seems, despite claims to the contrary.

For example, a 2013 World Bank report on African agriculture asserts that Africa has more than half of the world's fertile yet unused land.

Another oft-cited statistic from the International Food Policy Research Institute shows that 90 percent of land available for cultivation can be found in Latin American and Africa.

Sir Gordon Conway, Chair of the Montpellier Panel, a group of experts on food security and agricultural development, takes a more realistic stance.

"There isn't land available," he told the *Quarterly*. "The land that is available is unusable for a good reason. The whole of the Congo basin, for instance, could be cut down, but climate change would be horrendous. The fact is, there's a scarcity of land and water. However, there may be land that's under-utilized, and that's why sustainable intensification is important."

### Getting more from less

Like traditional intensification techniques, the goal of sustainable intensification is also the achievement of a greater number and quality of outputs. Where it differs is in the level of inputs necessary.

Sustainable techniques are many and diverse: as simple as crop rotation and Zai systems (see box), based on traditional strategies, to the use of high-yielding seed varieties and organic fertilizers, which require time-intensive research and development.

Because sustainable intensification focuses on maximizing the efficiency of existing resources, the techniques are as equally appropriate for smallholder farmers as they are for large-scale agricultural complexes. ▶

### The Zai system

Although a number of technologically advanced solutions have shown to be extremely effective in many parts of the world, the study and improvement of traditional methods of farming can also bring high rewards. Such methods can be especially useful for rural communities that lack access to advanced irrigation and on-grid power solutions.

One such example is the Zai system, which has proved very efficient at restoring soil productivity and replenishing vegetation. The system consists of a number of holes, dug into the fields during the dry season. The holes are then filled with leaves and manure, which, in turn, attract termites. The termites create a network of underground tunnels that connect the holes and allow nutrients to filter deeper into the soil. During the rainy season, rainwater collects in the Zais and, because of the termite tunnels, is able to penetrate deeply into the soil.

## OFID's contribution to agricultural research

The increase in efficiency and productivity necessary to meet the challenge of food security cannot be achieved without increased investment in agricultural research for development (R4D).

OFID recognizes that supporting agricultural R4D is one of the best ways to contribute to sustainable development and fight hunger. For this reason, OFID has joined forces with organizations around the world to renew the focus on agricultural R4D and support research initiatives that have the potential to significantly increase global agricultural productivity.

One of OFID's partner organizations is CGIAR, a global partnership that unites 15 specialized research centers in order to develop knowledge, technologies and policies for agricultural development.

Since beginning its partnership with CGIAR, OFID has provided nearly US\$20m to CGIAR-sponsored research centers for a large number of initiatives ranging from enhancing the sustainability of lowland pastures in Tunisia, to increasing the prediction accuracy of crop yield gaps in Malawi.

Together, OFID and CGIAR are working to ensure that the power of agricultural R4D initiatives is harnessed to develop the best and most efficient strategies to increase agricultural production and put an end to global hunger, once and for all.

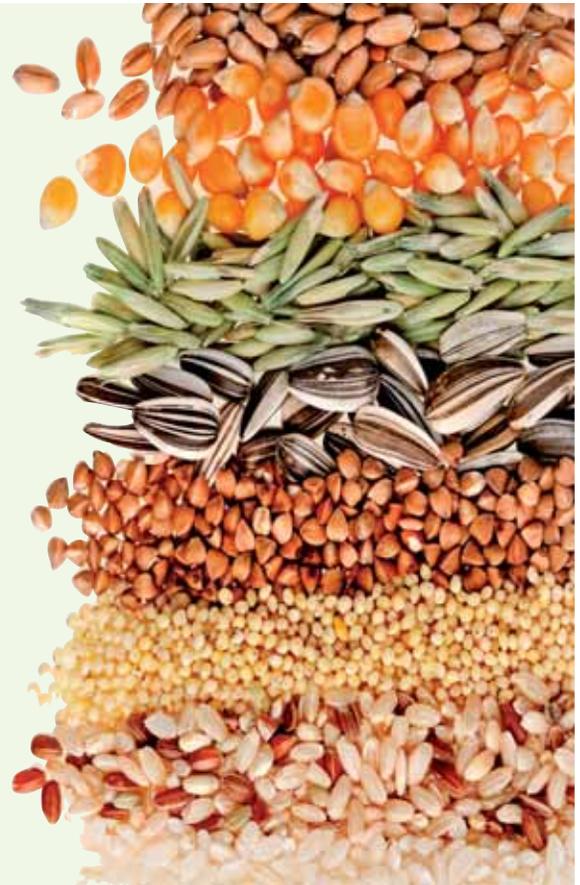


PHOTO: MADLENWWW.SHUTTERSTOCK.COM

◀ This is good news for smallholder farmers in sub-Saharan Africa, who are responsible for the majority of agricultural production in the region.

The key is to ensure that solutions address not only the real challenges to agricultural development – poor soil quality, water scarcity, etc. – but also protect the natural resources that are available for future use.

And these techniques are working. On his last trip to Ethiopia, a country plagued with recurring drought, food shortages and famine, Sir Gordon saw how a new boron-based fertilizer was producing maize yields comparable to those in the United States.

The same solution, however, may not necessarily be appropriate in all circumstances. The obstacles to food production vary around the world, so solutions must be tailored to address specific needs.

### Boosting agricultural research

Meeting these challenges requires long-term commitment and funding for agricultural development and research.

“It’s very difficult to increase outputs without also increasing inputs. The global community should support not only the agricultural research that makes this possible, but also create an enabling environment for agriculture,” stressed Sir Gordon.

An enabling environment includes giving farmers access to markets, government subsidies to ensure that farmers can afford to buy improved inputs, and the political will to prioritize agricultural development as part of national action plans.

Dr Solh agrees: “Looking at the puzzle as a whole, rather than fixating on individual pieces, will allow us to contribute to sustainable human progress faster, enhance food security and improve livelihoods.”

Though there is no one-size-fits-all solution to ending hunger, an integrated approach that takes into consideration the long-term sustainability of the world’s limited resources as well as the inequalities that continue to undermine global efforts to address food security is, without question, our best option. Sustainable intensification may well be the key. ■

# Mandela departs

## *World mourns an icon*

BY SAM CHUKWUDI

**T**he international community, through much of December, 2013, bade farewell to South Africa's Nelson Rolihlahla Mandela (Madiba) who died December 5, 2013, in Johannesburg after a period of ill-health. He was aged 95.

An official obituary broadcast by South African President Jacob Zuma told the people of South Africa and the rest of the world that Madiba was "now resting; he is now at peace." The iconic African leader had passed on to immortality.

Mandela taught patience, equality, democracy and respect for all. He was a universal symbol of forgiveness. Zuma said Mandela earned the respect of the world. He was unique in a country of profound social, racial and ethnic division.

He "taught our people how to heal," said Zuma. "We know that all of South Africa (and the entire world) join us in our profound sense of loss and our sadness at the death of our beloved founder."

South Africa told the world—in the country's traditional view—that a giant tree had fallen, but the tree was still bringing people together even after its fall. South Africans considered Mandela a unique figure in their history.

Indeed, elsewhere, Mandela was mentioned to be in the same 'league' as Mahatma Gandhi, Martin Luther King Junior and Abraham Lincoln.

Mandela, the South Africans say, left an enduring legacy. He had worked all through his life to bring unity to an incredibly diverse and disunited country, creating a "rainbow nation." Historians teach that Mandela gave up his anger to govern inclusively.

Rather than bringing the perpetrators of the injustice of apartheid to book, he chose to establish a truth and reconciliation process to the multi-faith, multi-culture and multi-ethnic society.

### OFID pays tribute

OFID Director-General, Mr Suleiman J Al-Herbish, was one of the first to pay fitting tribute to the departed icon. In a statement, December 6, he said the world had lost one of its greatest sons with the departure of Mandela.



"Although we knew that this day would eventually come, given Mr. Mandela's increasingly frail health in recent years, nothing can diminish our sense of profound and enduring loss," said the Director-General.

Writing Mr Jacob Zuma, Al-Herbish expressed his personal and OFID's deepest sympathy to the family of Madiba, the nation of South Africa and the millions of people across the world genuinely touched by the exit of the man.

Mr Al-Herbish, in 1998, had the opportunity to visit Robben Island, where Mandela was incarcerated for 27 years. "There," he said, "I saw with my own eyes the difficult conditions Mandela endured without losing hope."

Al-Herbish said Mandela was not only an anti-apartheid revolutionary, who brought freedom to his beloved country; he was also a leading advocate for human rights and peace.

"He was strongly convinced that human progress is only possible within a context of peace based on forgiveness and reconciliation. These beliefs were—and always will be—a source of inspiration for the world, including us at OFID as we continue our mandate in the field of international development." ▶

*Nelson Mandela was convinced that human progress was only possible within a context of peace based on forgiveness and reconciliation.*



*Nelson Mandela, Deputy President of the African National Congress, addressing the Special Committee against Apartheid which convened in his honor on June 22, 1990, at the UN in New York.*

◀ Indeed, at OFID, December 13, and all across the world, the South African national anthem, *Nkosi Sikelel' iAfrica* (God bless Africa), resonated in memory of Tata Madiba.

### Memorial service in Johannesburg

The nations of the world, December 10, assembled in Johannesburg to honor Mandela at a Memorial Service held in the National Stadium. The nations were “unified by a man and a message.”

It was the largest gathering ever of world leaders on African soil. Along with millions all over the world, the leaders celebrated a life like no other. More than 90 heads of states and governments were in attendance, with non-friends, in some cases, sitting next to each other.

The event, the stadium and the entire city of Johannesburg were drenched by rain which still did not deter movement and planned activity. Said the South Africans (in reflection of common African culture): *Often, when a good man is being remembered, the heavens open up and a mighty rain falls.*

### Bio-sketch

Nelson Rolihlahla Mandela (Madiba) was born July 18, 1918, in Mveso on the banks of the Mbashe River in the Transkei, South Africa. His father died when Mandela was only nine years old,

bringing dramatic change to the son's life. Later, the family moved to Qunu, a smaller village, north of Mvezo.

Mandela was educated at various colleges: the Wesleyan College, the University College of Fort Hare, the University of London and the University of Witwatersrand. He studied law.

He became actively involved in the anti-apartheid movement in his 20s, joining the African National Congress in 1942. Mandela was imprisoned and held on Robben Island for 27 years. He was fighting the Afrikaner white apartheid system, which demeaned and discriminated against the indigenous Africans. He had been tried for treason and sabotage. On his release from jail, he preached forgiveness and unity rather than revenge.

### A unique figure

Nelson Mandela was seen by many as a unique figure in history; one of the few singular leaders of the 20<sup>th</sup> Century world. He fought against domination by white people; he fought against domination by black people.

He was South Africa's first democratically-elected President, 1994–1999. This was a period of reconstruction and re-building in South Africa, with the country seeking to re-establish friendships across Africa, south of the Sahara, and draft meaningful, non-discriminatory laws. The country worked to bring home many accomplished daughters and sons driven out of the country by apartheid.

Mandela was awarded the Nobel Peace Prize in 1993. He shared the Prize with FW de Klerk. To help his people and other poor across Africa, Mandela created the Nelson Mandela Foundation which has remained active over the years.

Among the many quotes attributed to Mandela was one which said ‘I am because you are.’ In Mandela's culture and Ubuntu philosophy, it is often echoed that ‘I am what I am because of who we all are’. An important autobiographical sketch of the man is his book, *The Long Road to Freedom*, published in 1994 by Little, Brown & Co.

### HIV/AIDS

It is to be noted that Mandela also did much to help combat AIDS in Africa; an area of endeavour in which OFID has equally been much involved. HIV/AIDS claimed and destroyed lives across South Africa as the government of the day sought to ignore and deny the tragedy of the pandemic. The Mandela family lost a son to HIV/AIDS.

Madiba Nelson Mandela was laid to rest Sunday, December 15, 2013 in his ancestral homeland, Qunu. ■

# Inspirational young leaders spearhead One Young World Summit



PHOTO: OYW

As one of the founding supporters of the One Young World annual summit, OFID once again brought young delegates from unrepresented countries to the 2013 gathering in Johannesburg.

BY REEM ALJARBOU

**O**ne Young World 2013 took place in Africa for the first time on October 2-5. Once again, OFID was a Delegate Partner, joining others in gathering the brightest young people from around the world and empowering them to make positive change.

This year, over 1,250 delegates from 190 countries attended. Sir Richard Branson made his first appearance as a One Young World Counselor, and Winnie Mandela addressed the delegation during the closing ceremony.

The Summit provides delegates with the opportunity to debate, formulate and create innovative solutions to some of the most pressing issues challenging their societies.

Many delegates describe their experience at the Summit as “life-changing.” Their ability to interact with and listen to some of the most inspira-

tional leaders on the planet provides them with insight into the power they hold to change the future.

The opening ceremony took place at Johannesburg’s FNB Stadium, where a number of world leaders addressed the delegates.

The Executive Mayor of Johannesburg, Councillor Parks Tau, and the City of Johannesburg, gave a warm welcome to the One Young World Summit 2013 and the legacy it may leave for South Africa and the continent.

Professor Mohammad Yunus, Nobel Prize Laureate focused on the “call to action,” saying to delegates: “You are lucky to have been born in an age where what was impossible is becoming possible.”

Kofi Annan, former Secretary General of the United Nations stated: “It is your leadership that we depend upon.” ▶

# Voices of Youth

*OFID-sponsored delegates reflect*



**Adrianova Emilia, Nicaragua**

"I have had the chance to learn about education and women's empowerment, which has opened my mind, and made me ask myself what am I doing and what can I do when I return to my country."



**Tabassum Mokhduma, Bangladesh**

"I was really amazed to see so many young people full of passion for what they are doing. These people are the true change makers, and I was really surprised despite their young age, how they try to make a change in the best possible way they can. I want to tell all of you hearing me today,

to speak up and raise your voice on violence against women, or any form of violence it doesn't really matter, be it inside your home or outside your home, if you suffer or anyone you know is suffering, please speak up, because it happens that sometimes that one who is suffering does not have the chance to speak up."



**Kingsley Oforu-Ampong, Ghana**

"If I am able to make my voice be heard, in one way or another I can help someone, those who are de-privileged and those who cannot do anything about their own situation. It is the power of voice that really inspires me."





**Howard Woodrow Chidinma Nelson-Williams, Sierra Leone**

"What captivated me the most about what Kofi Annan said was: 'Change is not an event, but it is a process and it takes continuous effort, it takes relentlessness, it takes perseverance, hard work, discipline and commitment, knowing what we want and focusing on the objective,

and then eventually together we can achieve what we want to achieve.' I am very happy that I am in the midst of so many like-minded young people from all over the world representing various diversities and cultures here in one place, it gives me and every other person the opportunity to network and share ideas to build on ideas and create platforms and solutions to our problems, and make a change in the world."



**Sumudu Paragoda Vithanage, Sri Lanka**

"Sri Lanka's education system is evolving; it's not like when we were in school, it's more knowledge based, including more skills and practical sessions. To change the world we should be more oriented, work, and develop our skills. Communication skills are now playing a bigger role in leadership; it's a good powerful method to bring

people together to share their knowledge and our experiences. After coming here, many young people have done the smallest things that have made such a difference. So it's not about gathering knowledge and getting experience, it is about your willingness that will make a change. We should act on what we do without waiting to get experience or recognition, because they are not needed to make a difference."



PHOTOS: OYW; OFID/REEM ALJARBOU

◀ Reflecting on the shortcomings of his own generation, Sir Bob Geldof, musician and activist warned the delegates: "You cannot afford to let your generation fail."

Since One Young World was launched in 2010, OFID has sponsored 84 young delegates from 47 countries. Delegates from developing and Member Countries are given the opportunity to attend the summit through an extensive application process.

Each year in advance of the Summit, One Young World commissions global research based on the topics and themes Ambassadors have agreed should be up for discussion. The findings help inform content for the plenary sessions and assist in identifying areas of interest for special sessions and debates.

**Main topics debated**

The plenary sessions are the foundations from which all content at the Summit is developed. The 2013 topics were arrived at following a year-long consultation process with Ambassadors and incoming delegates.

The 2013 Summit held plenary sessions on the following six themes: Education; Global Business; Human Rights; Leadership and Governance; Sustainable Development; and Youth Unemployment.

Each plenary session featured six speeches given by delegates who were personally introduced by a Counselor.

The question posed at the plenary on **Education** was: How can tomorrow's skills be taught today?

Education systems are at a crossroad and educators are grappling with how to meet the changing requirements of today's employment landscape.

In the developing world especially, progress in getting every child into school is at a halt, with 57 million children still without access to basic education.

During this session, delegates discussed the importance of technology and alternative schooling methods which can better prepare young people for life.

Around 62 percent of One Young World Ambassadors and delegates are active or have a special interest in education. In the polls, the One Young World community selected education as the top choice of topics for the 2013 Summit.

The **Global Business** plenary explored how young employees could be the key to better business.

For this generation, technology has enabled them to be more informed, making them one ▶



PHOTOS: OW

*Kofi Annan, former Secretary-General of the United Nations, was one of several global statesmen and leaders to address the delegates at One Young World.*

◀ of the most influential generation of young adults that has ever existed.

Because of their power to drive change and make business more responsible and sustainable, business leaders are understanding the importance of listening to this generation's needs.

During the Global Business plenary various delegates and Ambassadors who work in businesses shared the roles they hold within their organizations and the changes they try to implement despite being young.

The poll for this session showed that 93 percent of the One Young World community believed that business should have a purpose beyond profit.

The **Human Rights** plenary looked at gender equality and the challenge of turning rhetoric into reality.

Disabled people, women and young girls are considered some of the top groups of people whose rights are least protected. Women's rights are routinely violated on a daily basis whether from discrimination, poverty or violence.

Violence causes more death and disability amongst women aged 15 to 44 than war, cancer, malaria and traffic accidents combined. Two-thirds of illiterate adults in this world are women.

The Session examined how to improve the rights of marginalized women and girls and explore ways to address the structural causes of gender inequality.

A substantial 88 percent of One Young World delegates said that upholding the rights of women and girls was vital to progress in their country.

At the plenary on **Leadership & Governance**, delegates considered the question: What is the new democracy?

Many delegates at One Young World are personally involved in generating better methods to increase government engagement with young people.

Almost two-thirds (63 percent) of the One Young World community is active or has a special interest in the fields of leadership and government.

The Session examined what current leaders could do and what new models of democracy and political process were being created.

The **Sustainable Development** plenary discussed a range of issues, such as food security, clean water access, and energy.

Delegates considered how universal access to many resources for the world's poorest can be achieved with a variety of solutions and collaboration.

Around 94 percent of One Young World delegates voted that sustainable development should become a vital part of every child's education.

**Youth Unemployment** was the sixth issue discussed in plenary. One of this generation's most critical issues is the lack of opportunity within education and employment. The statistics are startling, with almost a quarter of the planet's youth neither working nor studying.

This issue was a high priority for the One Young World community, when they elected to have the topic on the Summit agenda for the first time. Some 76 percent of the community indicated that youth unemployment was insufficiently addressed in their country.

In this Session the delegates looked at how to create their own employment opportunities. They discussed education reform and entrepreneurialism as best methods of tackling youth unemployment. ■

# IWA Congress: Seeking solutions for water and sanitation services

In October, OFID's **Damelys Delgado** made her first visit to the African continent when she attended the 3<sup>rd</sup> International Water Congress in Nairobi, Kenya. Here, she reports on the conference and the impressions it left her with.

**D**id you know that 780 million people lack access to an improved water source? Did you know that this causes 4,000 child deaths from a water-related illness every year? And, did you know that more people have a mobile phone than a toilet?

If you think that these facts provided by WHO, UNICEF and the World Bank are astonishing, be prepared to read something even more shocking: of all the water on Earth, only 2.6 percent is freshwater. And almost two percent of this freshwater is

trapped in ice caps and glaciers. This leaves less than one percent for human consumption, and 70 percent of it is used for irrigation purposes. And yes, you are right; we live in an ever thirstier planet.

There is more. Of the 3.5 billion people living in urban areas around the world, less than half have access to adequate water and sanitation services. Of the 60 million people migrating to towns and cities worldwide every year, most establish their homes in informal settlements with no sanitation

facilities. The urgent need to seek solutions for this crushing reality is obvious.

## Pooling expertise to find solutions

The International Water Association Development Congress and Exhibition is held every two years to address urban water management issues in low and middle income countries attracting 1,000 water professionals. ▶



PHOTO: TIM GAINEY/LAMY

◀ The 2013 gathering took place in Nairobi, Kenya, October 14–17, in association with the Water Services Providers Association of Kenya.

Held under the slogan ‘Catalyzing Urban Water Transitions,’ the event brought together around 1,000 delegates from research institutions and universities, governments, NGOs and the private sector as well as bilateral and international development institutions from all over the world.

The Congress discussed four sub-themes: optimizing service delivery for universal access; beyond the front-lines of urban sanitation; optimizing resources along the water, food and energy nexus; and human resources and capacities for transition.

The Congress focused on finding solutions for water and sanitation services rather than diagnosing challenges and problems, which are already well documented. OFID participated as a main sponsor and exhibitor and sent a delegation to attend the various sessions.

### More attention needed from governments

At the inaugural session, OFID’s Rachid Bencherif, Head, Grants Unit, participated as a panelist jointly with representatives of the African Water Association, UNESCO, BORDA, World Bank and Water Research Commission.



Dr Judi Wakhungu, Minister for Environment, Water and Natural Resources of Kenya.



Glen Daigger, President of the International Water Association.

PHOTOS: IWA

In his intervention, Bencherif stated that there were not enough large-scale public sector water projects addressing the sanitation issue. He revealed that OFID was receiving requests mainly for small-scale sanitation projects implemented by NGOs.

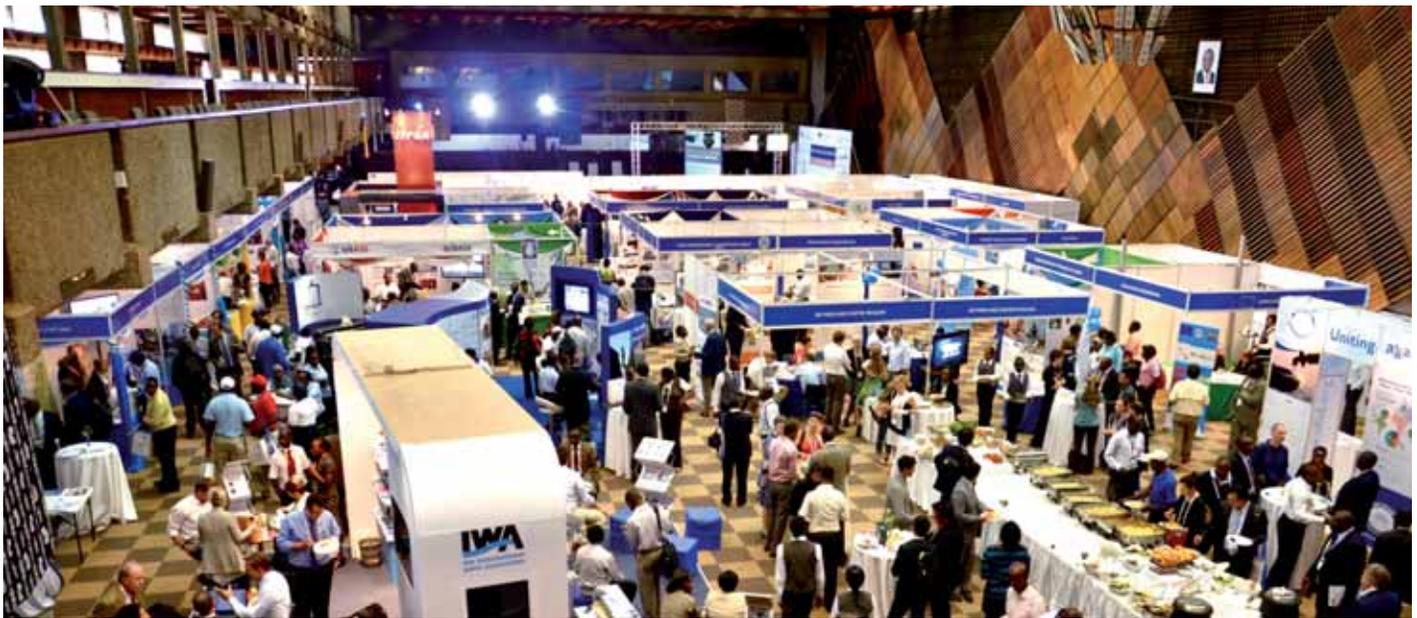
“Those projects are useful and necessary but they are not sufficient to tackle the real problem of sanitation,” he argued, adding “the sanitation sector is persistently sidelined in national development plans.”

This statement aroused the interest of many people visiting OFID’s exhibition

stand, including Dr Judi Wakhungu, Minister for Environment, Water and Natural Resources of Kenya. A substantial 68 percent of Kenya’s population does not have access to adequate sanitation services.

The OFID booth, which served as a venue to hold side meetings, was designed to show the institution’s commitment to the water-food-energy nexus. A plasma-screen television played a video about OFID’s support to the sector.

Beside the side meetings held at the stand, the OFID delegation also made a field trip to an impoverished community in



The exhibition part of the event offered an opportunity for stakeholders from all sides of the water industry to network and exchange views.

Patrick Quarcoo, Group CEO, Radio Africa Group, touched on the role of media, communication and information technology in water and sanitation development during the keynote plenary session.



Nairobi to see a water and sanitation project under implementation.

### Behind the scenes

Upon our arrival in Nairobi, the warm weather and the green landscape reminded me very much my own home city, Caracas. All the people I met were warm and caring.

Through the exhibition at the event, I came to understand the plight of millions of people who live without sanitation. Of the many reports, catalogues and pamphlets I saw, one grabbed my attention

the most. It was a leaflet showing children how to wash their hands, something that most of us take for granted. I learnt that hand washing in schools reduces the incidence of diarrhea by an average 30 per cent.

Amid the overwhelming figures, there is one not as big as some but shocking enough nonetheless: 1,600 unsheltered toilets in the slums of Cape Town, South Africa, which expose users to the public gaze—an experience far removed from the the ‘loo with a view’ promoted by some five star hotels.

In 2011, during the launch of the United Nations program ‘Sustainable sanitation: The Five-Year-Drive to 2015,’ Secretary-General Ban Ki-moon said: “Sanitation is a sensitive issue. It is an unpopular subject. Perhaps that is why the sanitation crisis has not been met with the kind of response we need...but that must change.” He added: “It is time to put sanitation and access to proper toilets at the center of our development discussions.”

Although there are many needs that still remain to be met, the international community is making decisions to turn the crisis around, as was clear at the IWA Development Congress and Exhibition. Through support to more than 1,000 projects in the water-food-energy nexus, OFID is doing its share to fund solutions, wherever possible. ■



PHOTO: LYNN GALLUETTY IMAGES

### OFID in the water and sanitation sector

OFID recognizes the importance of securing access to water and sanitation. To date, OFID has channeled a total of US\$872m in concessional financing for almost 160 projects and programs in the water and sanitation sector. Close to 70 percent of this assistance has gone to low-income countries. In 2013, the International Year of Water Cooperation, some US\$174m was approved for initiatives to improve access to clean water and improved sanitation facilities in OFID partner countries.

### Water-food-energy nexus

OFID conducts its activities in the water sector as part of an integrated approach addressing the water-food-energy nexus. Water is a key factor in promoting food security. At the same time, water production and distribution would not be possible without access to energy. Cumulatively, OFID has dedicated around half of its public sector lending to meeting the challenges of the nexus. In 2013, OFID allocated more than US\$752m to a variety of projects covering all three pillars of the nexus.



The OFID delegation (from left): Rachid Bencherif, Damelys Delgado, Shirin Hashemzadeh.

# Punta Cana Declaration pledges action on energy access

In late November, the highest body of the Latin American Energy Organization (OLADE) publicly committed to promote sustainability and expand access to energy across the Latin America and Caribbean region.

BY JUSTINE WÜRTZ

**C**onvening in Punta Cana, Dominican Republic, on November 29, 2013, for the 43<sup>rd</sup> Regular Meeting of Ministers, OLADE member country energy ministers issued a *Declaration on Sustainable Energy Integration and Energy Security*. The Declaration will do much to align regional efforts with universal goals to tackle energy issues.

The document exemplifies the founding principles of OLADE, which are to promote economic, social and environmental sustainable development in the region.

It also reflects the objectives of the global Sustainable Energy for All initiative, which seeks to ensure universal access to modern energy serv-

ices, improved energy efficiency, and increased levels of renewables by 2030.

Among the nine main objectives of the Declaration are energy access, sustainability, and the increased use of renewables (see box).

It also recognizes the need for regional solidarity and cooperation in order to advance social inclusion, despite the disparity among member countries with regard to the availability of energy resources.

## OFID promises support

OFID attended the Ministers' Meeting at the invitation of OLADE Executive Secretary (2011–2013), Victorio Oxilia Dávalos, as one of eight observing organizations.

Speaking on behalf of the institution, OFID Director-General, Suleiman J Al-Herbish pledged to support the Latin American and Caribbean countries in their united aim for energy development.

“In order to meet the expected increase in demand for energy services, major investments will be required. OFID will partner with countries in the region to best attend to these priorities,” stated Al-Herbish.



Mr Al-Herbish (center) attended the Ministers Meeting at the invitation of outgoing OLADE Executive Secretary Victorio Oxilia Dávalos (left). Incoming OLADE Executive Secretary Fernando Ferreira is pictured on the right.



At the meeting, Mr Al-Herbish proposed a joint OFID/OLADE seminar on “Energy Poverty in Latin America and the Caribbean” to take place at OFID headquarters in 2014.

In a further endorsement of OLADE's aims, the Director-General proposed a joint OFID/OLADE seminar on "Energy Poverty in Latin America and the Caribbean" to take place at OFID headquarters in 2014.

## Latin American Energy Organization

OLADE is the political and technical-support organization which unites 27 member countries from Latin America and the Caribbean in the common goal of regional and sub-regional energy integration.

Born out of the *Lima Declaration and Plan of Action on Industrial Development and Cooperation*, which was signed in November 1973, the organization's mission is "to contribute to integration, sustainable development and energy security in the regions, advising and promoting cooperation and coordination among its member countries."

Among OLADE's members are OFID Member Country, Venezuela, and many OFID Partner Countries, including Cuba, Dominican Republic, Haiti, Honduras, Jamaica, Nicaragua and Paraguay, all of which OFID has supported in energy-related projects. Additionally, OFID Member, Algeria, is a participant country of OLADE.

Celebrating its 40<sup>th</sup> anniversary in 2013, the organization has in recent years significantly increased its visibility and impact. This has been mainly due to amplified activity and intensified cooperation with a variety of international institutions and development banks.

Strategic alliances with partners, including UN development agencies and regional organizations have helped OLADE to expand its reach and efforts.

## Challenges in the region

The energy sector in Latin America and the Caribbean is unique. It has renewable and non-renewable resources that can provide long-term self-sufficiency and improved energy provision.

However, energy resources and supply among countries is disparate, and some 29 million people in the region live without access to electricity. Countries need to increase reliability and broaden access to overcome serious challenges of poverty and inequality. For this, cooperation is paramount.

The challenges include increased resourcing and provision; improved legal, regulatory and commercial aspects of energy integration; and the expansion of on-grid and off-grid networks.

## Intra-regional cooperation

With sub-regional offices in a number of its member countries, OLADE is perfectly positioned to promote regional and sub-regional integration. It acts as a platform for information dissemination and has a team of multidisciplinary energy experts to support member country energy institutions.

In cooperation with ministries and other energy stakeholders, the organization brings together top energy officials to promote institution strengthening and actively pursues its aims through a multitude of monitoring projects, training workshops, seminars and events each year.

Through the Latin American Energy Efficiency Program, carried out with the support of the Austrian Development Cooperation, OLADE has researched and recommended policies to be incorporated in countries' national plans.

These policies promote security, environmental sustainability and social equity parameters—long-term goals that aim to promote sustainability and energy security, but which have been absent from the majority of the region's national agendas. ■

## Declaration of Punta Cana

### Energy Integration and Sustainable Development

- Commitment to coordinate actions for the efficient use of renewable and non-renewable regional resources
- To promote the use of hydropower and other renewable resources and to develop and implement efficient harnessing technologies for more efficient use of non-renewables
- To support actions and policies aimed at managing individual countries development and regional energy integration
- To continue studies to promote and foster energy integration
- To promote social inclusion through access to energy
- To join solidarity cooperation efforts, especially in regard to island countries' access to energy resources
- To maintain commitment to support energy development as part of the reconstruction process of Haiti
- To continue the implementation of South-South cooperation
- To promote coordinated activities, alliances, and cooperation mechanisms to facilitate OLADE's technical support in regard to energy



# Dialogue and cooperation for change

Senior politicians and company CEOs from across Eurasia gathered in Vienna early December for the third Annual Meeting of the Center for Global Dialogue and Cooperation (CGDC).

BY SILVIA MATEYKA

**C**onvening under the theme *Eurasian Interdependence on Overcoming the Crisis*, the CGDC brought together representatives from the worlds of politics and business to discuss some of the most pressing issues of the day.

This year's theme focused on the challenges and possible solutions to Eurasia's future on the global stage.

Among the several hundred participants were HE Mr Rosen Plevneliev, President of the Republic of Bulgaria, HE Dr Georgi Ivanov, President of the Republic of Macedonia, and HE Mr José Manuel Durão Barroso, President of the European Commission.

In his welcoming address, HE Petar Stoyanov, former President of the Republic of Bulgaria and President and Founder of the CGDC, said that the meeting offered an opportunity for decision-makers from all over the world to discuss contemporary problems and find creative solutions.

"Serious and responsible dialogue between politicians and businessmen must be encouraged; the consideration of ethical values and virtues like honesty, credibility, responsibility, transparency and mutual trust in both business and politics count amongst the most important factors in initiating a sustainable change," he stated.

Stoyanov underlined the importance of this year's theme, noting that "the supercontinent Eurasia is strongly associated with the predictions, hopes and sometimes fears for the future world."

He highlighted the geopolitical significance of Eurasia for the economic and social development of the world, stating: "It is mostly Asia and not so much Europe that is seen by many experts as a means for reviving the global economy and getting out of the global economic crisis."

About the CGDC

Founded in 2009, the CGDC is a politically independent, international non-governmental organization which promotes dialogue between business and politics on the basis of ethical principles.

The Center's core belief is that ethical values in business and politics are essential for sustainable and stable global welfare. It seeks to concentrate on supporting emerging countries in becoming politically and economically stable partners.

It does so in various ways, including, among others:

- Encouraging communication between business and politics both on a global and on a regional level
- Enhancing cooperation and promoting business globally
- Helping to create transparency and responsibility in terms of the legal, political and economic standards in emerging countries
- Cooperating with like-minded organizations, such as the Clinton Global Initiative, and many others

## Mutual support and cooperation

A keynote speech was delivered by the Macedonian President, Dr Ivanov, who reiterated the importance of Eurasia as a topic, saying, "It illustrates the significance of synergy through the prism of infrastructure, energy and economy."

He stressed that Eurasia was more than the simple sum of continents and countries and that Eurocentrism and Asiancentrism were thought patterns that had to be avoided

"Eurasia is a bridge between Europe and Asia, a bridge between various regions and countries. Europe and the European Union cannot do without Asia. Asia, however, needs Europe and the European Union. We need to look through the prism of the overall profit for all of us," he explained.

The Macedonian President outlined various opportunities for collaboration in the fields of economy, energy, trade, infrastructure and communications. He pointed out that countries of the region increasingly recognized that their progress depended on cooperation and synergy. "Their projects gain greater importance if put in the context of their neighbour" he stated.

Dr Ivanov concluded by emphasizing the need for mutual support. "We need the domino effect, but not of instability, as we are used to, but of mutual support and cooperation."

## Panel sessions

In a panel session on Eurasia's positioning on the global stage, opinions were offered from different national and cultural perspectives, including India, South Korea, China, Europe and America.

Mr Hemant Kanoria, Chairman and Managing Director of SREI India, explained that the topic of Eurasia was extremely relevant "as each continent is trying to reinvent itself and define its position on the global stage."

He said he saw a bright future for substantial collaboration in the sectors of finance and infrastructure between Europe and across all of Asia.

OFID's Director-General, Mr Suleiman J Al-Herbish, participated in the panel session entitled "Sustainable Energy for All."

Energy has always been a major field of interest for the CGDC, and thus a traditional topic at its annual meeting.

Mr Al-Herbish's intervention focused on energy poverty and the means to address it. "OFID considers energy to be a fundamental prerequisite of poverty eradication and sustainable development," he stressed.

"Without access to modern energy services, huge areas of the developing world face a dark and difficult future. They cannot power industry

and business. They cannot operate adequate health and education services. And they cannot grow and distribute food."

He said that energy poverty was a complex problem with three interrelated components: accessibility, affordability and reliability.

"This is why we have prioritized energy in our strategic framework through our Energy for the Poor Initiative (EPI)," Al-Herbish explained.

He went on to reveal that, under the EPI, OFID had committed close to US\$1bn through 2012-2013 for 32 energy access projects. Ten of these involved renewable energy-based electricity generation and distribution.

Al-Herbish also referred to his recent participation in a meeting of the Advisory Board of the global Sustainable Energy for All (SE4ALL) initiative in New York. He informed delegates that a finance committee had been established to lead efforts to seek investor financing for energy projects within the framework of this initiative.

The energy session was moderated by Slavtcho Neykov, Deputy CEO of the Petroleum Industry of Serbia, who commented that the key message arising from the discussion was "the evidence that realism and pragmatism are necessary when it comes to strategic energy development, regardless whether we consider interventions by politicians, international organizations or private business."

He concluded by saying: "However, it is the politicians who mostly owe a responsibility to society when working to establish a framework which allows adequate development beyond their political mandate."

## 2013 CGDC Awards

The meeting concluded with the annual CGDC awards ceremony, which honours exceptional individuals for their inspirational personality and outstanding commitment to promoting peace and cooperation amongst diverse people through their vision and leadership.

This year, the CGDC issued four awards. The award for "Enhancing mutual understanding and dialogue amongst diverse people" was presented to HE Mr José Manuel Durão Barroso, President of the European Commission.

HE Mr Nursultan Nazarbayev, President of the Republic of Kazakhstan, was honored for his contribution to "Enhancing social business dialogue."

Dr Mikhail Safarbekovich Gutseriev, President of OAO NK RussNeft, received the award for "Enhancing intercultural dialogue."

The fourth award went to Austrian skydiving world record holder, Mr Felix Baumgartner, for "Enhancing sport in dialogue." ■

# Niger: Placing high hopes on the Kandadji Dam

Following a recent donors' meeting at OFID to discuss funding for Niger's Kandadji Dam, Nigerien Minister of Planning, **Amadou Boubacar Cissé**, spoke to the *Quarterly* about the importance of the dam for his country's energy and agriculture sectors and revealed some of the other challenges facing his West African homeland.

BY ARYA GUNAWAN USIS

**A** smile lit up the face of Amadou Boubacar Cissé, when we met for the *OFID Quarterly* interview after the donors' meeting on December 9. He replied warmly to my greeting of "assalamualaikum" and asked about the country I come from. Upon hearing Indonesia, his smile grew wider.

Cissé is evidently a happy man. "I am extremely satisfied with the outcome of today's meeting," he said. "It went extremely well in the sense that the financing gap of over US\$158m has been filled; in fact, the various donors involved in the project have agreed to finance up to US\$172m. We are extremely pleased about the confidence of the donors in Niger and its development plan," he added.

If Cissé looked enthusiastic when he talked about the Kandadji Dam, it was not merely because the project falls under his portfolio as minister of planning, but also because the dam is pivotal to Niger's development.

On completion, the dam will bring many benefits to the people of Niger. First, it will make the country secure in terms of electricity production. And second, it will enhance food security by allowing for the development of a large irrigation program.

This vast landlocked country faces huge climatic challenges. Almost every other year, rain shortages affect food pro-

duction. There is thus an urgent need to make the agriculture sector more dependent on irrigation. This is an area where the Kandadji Dam can make a significant contribution.

Last but not least, the dam will improve the use of the Niger River as an inland waterway and increase clean water resources.

"So, in a nutshell the Kandadji Dam is a very comprehensive project, and it will touch upon many aspects of development in Niger," Cissé explained.

## Population challenges

Covering an area of about 1.3 million sq km (more than twice the size of France, which colonized it), Niger is the fourth largest country in Africa, with a total population of about 17 million in 2012.

Following rather low economic growth between 2000 and 2011, the country's economy expanded by an impressive 11.2 percent in 2012. This was largely due to increased production from Niger's uranium mines and growing output from its newly-started oil industry.

Despite the country's recent high economic growth, however, further improvements are still needed, as indicated by its low position in the Human Development Index published by the United Nations Development Program.

According to Cissé, one of the most pressing challenges is the high birth rate, which stands at about four percent per year. He pointed out that the admirable economic growth had not been evenly felt as it had been eroded by the needs of the increasing population.

"We need to curb population growth in order for all the people of Niger to really feel the positive impacts of the economic growth," Cissé said.

Cissé realizes that lowering population growth is no easy job. The task contains many factors, including the sensitive issue of religion. Islam is the major religion in Niger, and family planning is not a simple subject matter in the eyes of Moslem communities. Cissé himself comes from one of the families that was involved in establishing Islam in Niger. His family has always held a leading position in Niger's Islamic community.

"But as you well know, Indonesia successfully resolved this issue many years ago," he said, referring to the fact that Indonesia is the world's largest Moslem country, yet it still succeeded in implementing a family planning policy.

I realized that was why Cissé's smile grew wider upon hearing at the beginning of the interview that my home country is Indonesia. He intends to make Indonesia the main model for a family planning program in his country.



Amadou Boubacar Cissé, Minister of Planning of Niger, spoke optimistically about his country's development prospects during the interview.

## Education for girls and husbands

Cissé also stressed the importance of education in overcoming population challenges. The leadership of his country—President Mahamadou Issoufou and Prime Minister Brigi Rafini—believes in more access to education for girls, including mandatory attendance until the age of 16. This, they feel, would contribute to curbing population growth, as it would increase awareness among girls regarding their role in family-related issues.

Cissé went on to explain another program being implemented in Niger to address the population issue: “husbands’ school” (or “*Ecole des Maris*” as it is better known in French, the official language of Niger).

This program—supported by the UN population agency, UNFPA—aims to involve men in health promotion and foster a change in behavior at community level. Members meet around twice a month to analyze and discuss specific cases within the community in the field of reproductive health. This interaction is important since it gives the members insight into how they each perceive maternal health issues and problems.

According to Cissé, this experiment is bearing fruit. “It is working very well. It

pays, on the ground, that in Niger society, husbands have the power to decide. And by making them aware of all the problems, they—by their own will—decide to reduce the number of children they have.”

## Win-win partnerships

Cissé also explained that apart from enhancing the agriculture sector, which has been the backbone of Niger’s economy, his government is ready to develop the mining and energy sectors. Niger has mineral resources, particularly uranium, and also oil and gas reserves.

Based on information from other sources, the *Quarterly* was able to determine that Niger is increasing its uranium production capacity, from 4,000 tonnes to 9,000 tonnes per year by 2016. This would make Niger the world’s second largest uranium exporter, after Kazakhstan.

According to Cissé, Niger wants to make the most of its mineral and energy resources, through win-win partnerships with its partners. Cissé is confident that the mining and energy sectors will bring various advantages to the people of Niger, including more jobs and the transfer of knowledge.

“This way, Niger will soon have a more educated middle class, and a better chance to move out of poverty,” said Cissé.

## Global vision

Cissé understands very well that to continue its development, Niger will need support from international partners.

Cissé himself is a veteran in the field of international development, having worked for the World Bank for more than 14 years and for the Islamic Development Bank for six years.

He also served as the Prime Minister of Niger on two occasions, from February 8 to 21, 1995 and again from December 21 1996 to November 27 1997.

His experience in international development has enabled him to include a global vision in Niger’s *2012-2015 Economic and Social Development Plan*. This plan has set medium as well as long-term objectives, and major undertakings that will be done in the country. To implement this plan, support from international organizations is needed.

“Niger has made a lot of progress in mobilizing the resources to implement the plan with the help of our international partners. We will do our best to increase our implementation capacity,” Cissé said, concluding the interview.

With Niger’s abundance of natural resources and its innovative approach to dealing with endemic challenges, Cissé’s optimism is well placed indeed. ■

# UAE steps up investment in solar energy

This past year, the United Arab Emirates has been advancing its vision of a more sustainable energy future with the launch of utility-scale solar power both at home and abroad.

BY NADIA BENAMARA

One of the world's largest solar facilities has been operating in the western desert of Abu Dhabi for close to nine months, quietly powering some 20,000 households and displacing 175,000 metric tons of carbon dioxide—the equivalent of removing 15,000 cars from roads or planting 1.5 million trees.

Aptly-named SHAMS 1 (Arabic for *Sun*), the 100 MW concentrated solar power (CSP) plant was developed as a joint venture between the government-owned Masdar company (60 percent), French energy giant, Total (20 percent) and Spain's Abengoa Solar (20 percent) at a total cost of US\$600m.

"SHAMS 1 is a strategic investment in our country's economic, social and environmental prosperity," announced UAE President and Ruler of Abu Dhabi, Sheikh Khalifa bin Zayed al Nahyan, at the plant's March 17 inauguration.

"The domestic production of renewable energy extends the life of our valuable hydrocarbon resources and supports the growth of a promising new industry."

## A long-term vision

Solar and other renewables (including wind and waste-to-energy) are to make up seven percent of Abu Dhabi's energy capacity by 2020. Neighboring Dubai has targeted five percent of capacity by 2030.

A planned US\$3.3bn complex, the Mohammed bin Rashid Al Maktoum Solar Park (named in honor of the UAE Prime Minister and Ruler of Dubai) is expected to supply 1000 MW of clean energy towards that goal.

Dubai activated phase one—a 13 MW photovoltaic (PV) plant—on October 22, 2013. It is

Dubai's first solar installation and the largest of its kind in the MENA region. Constructed by First Solar, a US-based manufacturer, at a cost of US\$34m, the facility opened in record time—a mere 28 weeks after crews broke ground—some 30 km southeast of the city.

"This is the first milestone on the way to achieving our energy strategy," said Saeed Mohammed Al Tayer, CEO of the Dubai Electricity & Water Authority (DEWA). "It will go a long way in setting the trend for non-conventional energy resources in the region."

A 100 MW PV plant is next on Dubai's solar agenda. DEWA will hold a 51 percent stake and plans to invite bids from private partners in mid-2014 for an estimated 2017 completion date.

DEWA and its Abu Dhabi counterpart are also finalizing proposals for solar FIT (feed-in-tariff) rooftop schemes that would allow UAE residents to generate their own clean energy and sell excess electricity back to the national grid.

## Pursuing diversification

Even a country with some of the largest oil reserves on the planet has to reevaluate how to best sustain the energy requirements of a population that is amongst the fastest growing in the world.

According to the UAE Ministry of Energy, per capita energy consumption in the country is three times the global average, driven up by the use of air-conditioning and saltwater desalination activities.

Relying on its hydrocarbon riches to supply domestic energy is proving increasingly cost-ineffective for the UAE. With oil prices above US\$100 a barrel and skyrocketing costs for natural gas, conserving hydrocarbon output for export will maximize revenue for local reinvestment.

Meanwhile the price of solar PV systems has dropped by more than 50 percent in the past five years, according to Vahid Fotuhi, President of the Middle East Solar Industry Association. He says: "As a result, generating electricity from solar power is now cheaper than using diesel."

Environmental concerns cannot be discounted either. The UAE was one of the first oil-producing countries to ratify the Kyoto protocol on climate change in 2005. Rising sea levels, as a

result of global warming, would endanger its own coastlines, where 85 percent of the population and 90 percent of infrastructure is located.

To date, Abu Dhabi has committed some US\$20bn to renewable technology through its Masdar initiative. Besides utility-scale plants such as SHAMS 1, investments include Masdar City, a sustainable urban development and clean tech hub that houses the International Renewable Energy Agency (IRENA) and the Masdar Institute—a graduate level university and cutting-edge research facility.

Developing industry infrastructure and human capacity in renewables is a means for the government to extend its energy leadership beyond its vast but finite hydrocarbon resources. It is a bold move towards economic diversification, which the UAE has been pursuing on several fronts.

## Beyond borders

The scalability, speed of deployment, and affordability that make solar power such an attractive proposition in the UAE are making it an increasingly viable option for developing countries as well.

As part of its pledge to the global Sustainable Energy for All Initiative, Abu Dhabi provided a US\$350m concessional loan and US\$50m grant for renewable energy projects through IRENA—the first leading international organization to be headquartered in an Arab country.

Thanks to UAE support, the West African nation of Mauritania is now home to the continent's largest solar PV facility—the 15 MW Sheikh Zayed bin Sultan plant. It will provide approximately 10 percent of the country's total electricity

capacity. Prior to its April 2013 launch, Mauritania was only able to access 144 MW using high-cost and highly polluting diesel power.

Smaller scale projects that the UAE funded in 2013 include 600 off-grid solar PV systems for isolated communities in Afghanistan, and a 500 KW solar PV farm that went into operation on Vava'u in Tonga on November 25. The latter is fully integrated with the island's existing diesel power station and will produce 13 percent of the Polynesian Kingdom's annual demand.

## Technological advances

Despite its many benefits, solar power is not without its drawbacks. PV systems work best under direct sun. Passing clouds can result in an intermittent electricity supply, which no grid operator likes to contend with. SHAMS 1's significantly more costly thermal CSP technology is able to store energy for up to 16 hours.

Seemingly ideal conditions in the UAE (abundant sunlight and flat open land) pose other challenges. Intense heat and desert sands lower the efficiency of individual PV panels.

Dubai selected its PV provider, First Solar, in part because its thin-film cadmium telluride (CdTe) cells resist heat better than more conventional silicon-based ones. The company also developed a special waterless panel-cleaning system to deal with the high-volume of debris.

Masdar's CEO Dr Sultan Ahmed Al Jabar nonetheless predicts: "With global energy demand expected to nearly double by 2030, renewable energy will play an increasingly important role, especially in countries where demand is rapidly outstripping supply." ■

*Developing industry infrastructure and human capacity in renewables is a means for the government to extend its energy leadership beyond its vast but finite hydrocarbon resources.*

SHAMS 1, the world's largest concentrated solar power plant in operation, in the desert of Abu Dhabi, UAE. Covering an area of 2.5 km<sup>2</sup>, the plant is capable of delivering green electricity to 20,000 homes.



# WORLD CULTURE FORUM

THE POWER OF CULTURE IN SUSTAINABLE DEVELOPMENT  
BALI, INDONESIA 24 - 27 NOVEMBER 2013



PHOTO: SONNY TUMBELAKA/AFP/GETTY IMAGES

## Indonesia hosts first World Culture Forum

With over 300 distinct native ethnicities, some 746 living languages spoken, and a national motto *Bhinneka Tunggal Ika* that proposes Unity in Diversity, the Republic of Indonesia could not have been better suited to host the first World Culture Forum this past November 24-27.

BY NADIA BENAMARA

**H**eld on the magical island of Bali, the first ever World Culture Forum (WCF) brought together over 1,000 official delegates and cultural practitioners to explore the intersection between culture and sustainable development practices.

“We already have a World Economic Forum and the World Social Forum for critical discussions on globalization,” said President Susilo Bambang Yudhoyono in his opening address. “However, we are yet to have a global forum for meaningful dialogue on the importance of culture.”

“Culture is who we are,” said Irina Bokova, Director General of UNESCO, under whose patronage the WCF took place. “It shapes what we do and how we see the world. It is also a force for dialogue, for building bridges of respect and mutual understanding between people and communities.”

## Bali Promise

The three-day mix of ministerial level meetings, intergovernmental and non-governmental roundtables and talks culminated in the issuance of the *Bali Promise*, a succinct declaration that calls on governments to fully commit to the integration of culture in the post-2015 development agenda.

Among the 10 recommendations of the Promise are pledges to strengthen community ownership of development programs, to support the mainstreaming of gender concerns, to promote local knowledge systems, and to find new modalities for valuing and measuring culture’s role in sustainable development.

“Indonesia has already taken a number of measures to make culture a driver of sustainable development,” said President Yudhoyono, who serves as co-chair of the UN’s High-Level Panel on the Post-2015 Development Agenda. “This includes the development of sustainable cultural tourism and cultural infrastructure.”

Keynote speakers at the Forum included noted CNN commentator, Fareed Zakaria. He conceded that culture was a key driver of development but doubted whether it alone could be held responsible for one country’s success or another’s demise.

Speculating that China’s eagerness to learn from the best had certainly contributed to its economic advancement, Zakaria nevertheless cautioned against cultural appropriation. “I pity the anthropologist,” he said. “There are no natives left to study because they are all drinking Starbucks.”

Nobel prize-winning Indian economist, Amartya Sen championed the protean nature of

human identity. Identity cannot be boiled down to something so singular or fixed as race and religion. Such reductionist views of people, let alone whole societies, are “a remarkably efficient way of misunderstanding nearly everyone in the world,” he said.

## Varying aspects of culture

Six symposia covered a wide-range of topics, from *Sustainable Urban Development to Inter-faith Dialogue and Community Building*.

The challenge outlined by organizers in *Creativity and Cultural Economics* was how to shift “the paradigm of the deficit model of culture in development to an empowering framework.”

Cultural and creative industries are in fact one of the fastest growing sectors of the global economy with 17.6 percent growth rate in the Middle East, 13.9 percent in Africa, 11.9 percent in South America, and 9.7 percent in Asia, according to a recent UN report.

In *Civil Society and Cultural Economics*, participants advocated for new, bottom up approaches to community development. Local disaster and reconstruction specialist, Yenny Rahmayati showcased her volunteer-run Aceh Heritage Community Foundation, which has been rehabilitating historic sites in the Tsunami-affected region of Indonesia. Grassroots efforts and governments alike can only benefit from the implementation of coordinating mechanisms, she insisted.

Indonesia’s former Minister of Social Welfare, Dr Anank Agung Gede Agung introduced the Balinese concept of Tri Hita Karana to the *Culture in Environmental Sustainability* section. Depicted as three over-lapping rings, it is a principle of harmony between men, nature and god, that guides the 1,000 year old rice farming practices for which Bali is famed.

UNESCO designated this so-called Subak system—with its five terraced rice fields and respective water temples—one of Indonesia’s eight World Heritage Sites in 2012. The cooperative and ecologically sustainable method has allowed the Balinese to become the most prolific rice growers in the archipelago.

Indonesia has already committed to host the next WCF in 2016. This one concluded with at least one glowing review:

“UNESCO is very happy to see the outstanding cooperation the government of Indonesia has demonstrated throughout the Forum, which is marvelous, harmonic and successful,” said Francesco Bandaran, Assistant Director General for Culture. ■

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*The Bali Promise calls on governments to fully commit to the integration of culture in the post-2015 development agenda.*

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# 164<sup>th</sup> Meeting of the OPEC Conference maintains ceiling

*Economic picture improving, but Ministers continue cautious approach to oil output*



PHOTOS: OPEC

Libya's Abdalla Salem El-Badri was extended as OPEC Secretary General for a period of one year.

**O**PEC's Oil and Energy Ministers, at their customary end-of-year talks in Vienna, again exercised caution over the impending global economic recovery in deciding to retain the Organization's oil production ceiling for the first half of 2014.

"... in the interest of maintaining oil market equilibrium, the Conference decided to maintain the current (OPEC) production level of 30.0 million barrels/day," a communique issued at the end of the one-day meeting in early December said.

It stressed that, in taking the decision, the Organization's Member Countries re-confirmed their readiness to respond swiftly to developments which could have an adverse impact on the maintenance of an orderly and balanced oil market.

And given the uncertainties arising from the enduring weaknesses in the world economy, delegates agreed on the need to remain vigilant.

## Close monitoring

The Conference directed the OPEC Secretariat to continue its close monitoring of developments in supply and demand, as well as non-fundamental factors, such as speculative activity, keeping Member Countries well informed of developments.

It also decided to extend the tenure of Abdalla Salem El-Badri as Secretary General for a period of one year, with effect from January 1, 2014.

"I think at this time the decision we have made is excellent. By maintaining current production, we have taken into consideration the welfare of both the producers and the consumers," El-Badri said at the press briefing following the Ministerial talks.

"At this time, everybody is happy. We do not want to disturb things at the moment. Leave things as they are and let us see what transpires as we head towards June next year," he replied in answer to a question about OPEC's decision to maintain existing production.

Asked about a possible oil oversupply in the market occurring in 2014, due to the lower call on OPEC oil and the projected higher non-OPEC supply, El-Badri said that at the present time this situation should not be over-exaggerated.

"At the OPEC Secretariat in Vienna, we are watching the market very carefully—day in, day out. When we see any irregularity in the market fundamentals, we will talk to our Ministers," he affirmed.

Prompted for his views on shale or tight oil, the OPEC Secretary General announced that the Organization had made its own study on the new



The 164<sup>th</sup> Meeting of the OPEC Conference in session. Seated on the main table are: Mustafa Jassim Mohammad Al-Shamali (*center*), then Deputy Prime Minister and Minister of Oil of Kuwait and President of the OPEC Conference for 2013; Abdalla Salem El-Badri (*right*), OPEC Secretary General; and Yasser M Mufti (*left*), Saudi Arabian Governor for OPEC and Chairman of the OPEC Board of Governors for 2013.

resource and had assessed the situation using a bottom-up approach.

“We welcome this ‘newcomer’ to the market, as I like to refer to it. It is a benefit for the market, a benefit for the consumers—a benefit for everybody,” he maintained.

El-Badri said that, right now, shale oil production in the United States stood at around 2.7m b/d.

“It is only in this country (the US) that we have such a large quantity. But this production level is increasing. And we see it rising until 2018, after which it will decline.

“Yes, the call on OPEC oil will be reduced a little bit as a result of this from 2017 to 2020, but it is really not that big a quantity.”

## Technological boost

El-Badri observed that there was the possibility that technology could improve the production operations of tight oil.

“We don’t know—but we see that the decline rates are quite high and that it is expensive to produce.

“In OPEC, we do not say that we are not concerned about this development, but when one looks at the overall market situation, we welcome this newcomer and we can accommodate it,” he asserted.

Asked about the possibility of the US starting crude oil exports because of the increase in its shale oil output, El-Badri said he could not comment on this. “If and when the Americans take that action, we shall see what we can do.”

He stated that OPEC would continue to produce at 30m b/d and the Organization, with or without shale oil, saw all its demand coming from the East.

“In fact, 88–90 percent of all energy demand is coming from this region,” he added.

Responding to a question about the situation in Iran with the possible lifting of sanctions by the US and whether this could lead to a crude oversupply, El-Badri pointed out that OPEC was very happy that there was a negotiation between Iran and the US about lifting the oil embargo, which had been in place for a very long time.

“Iran is a Founder Member of OPEC. It has large petroleum reserves and possesses the manpower to increase oil production. The same situation exists with Iraq. I am really glad that there are positive signs from both of these Founder Members.”

But El-Badri said at such a time that OPEC saw increased quantities of production coming on to the market from these countries, “then, of course, we would look at the situation and decide what best action to take. ▶



Ali I Naimi, Minister of Petroleum & Mineral Resources, Saudi Arabia (right) with HRH Prince Abdulaziz Bin Salman (left), Assistant Minister of Petroleum & Mineral Resources, Saudi Arabia.

◀ “The negotiations between the US and Iran will take six months ... but we are watching the situation very carefully. The overriding concern for OPEC is that we hope this embargo will be over.”

Concerning his extension as Secretary General for a further 12 months, El-Badri said he wanted to thank the Organization’s Oil and Energy Ministers for the trust they had placed in him in this regard.

During their deliberations, the Ministers reviewed the oil market outlook, as presented by the Secretary General, in particular supply/demand projections for 2014.

Importantly, Ministers looked at the global economic outlook, again taking note of “the high sovereign debt in the Eurozone; the high unemployment in the advanced economies, especially the Eurozone; and the slow growth, coupled with inflation risk, in the emerging economies.”

Stressed the communique: “Indeed, the biggest challenge facing global oil markets in 2014 is this global economic uncertainty, with the fragility of the Eurozone remaining a cause for concern.”

It was also noted that, although world oil demand was forecast to increase during 2014, this would be more than offset by the projected increase in non-OPEC supply.

All of OPEC’s data shows that the international oil market is receiving ample supplies of crude, while petroleum stocks in the industrialized countries are at healthy levels going into the northern hemisphere winter. Crude oil prices are also at comfortable levels, both for the producers and consumers, as well as for the investors.

There are also signs that oil demand, especially in the OECD region, will begin to pick up once more as debt-troubled economies continue to show positive signs of recovery, albeit tentative and slow.

In fact, such was the level of overall optimism over oil’s performance that some OPEC Ministers announced before the Conference that they thought the best course of action to take would be to retain the existing production ceiling.

Before entering the meeting, Ali I Naimi, Saudi Arabian Minister of Petroleum and Mineral Resources, told reporters that the oil market was in the best position it could be in.

“I am not pessimistic about the market. Oil demand is great, inventories are well positioned, economic growth is improving and the current oil price of around \$110/b is the right price,” he was quoted as saying.

Attending to administrative matters, the Conference elected Dr Abdel Bari Ali Al-Arousi, Minister of Oil and Gas of Libya, as President of the Conference for one year, with effect from January 1, 2014, and Mrs Diezani Alison-Madueke CON, Minister of Petroleum Resources of Nigeria, as Alternate President for the same period.

The Ministers also appointed Dr Ali Obaid Al Yabhouni, the United Arab Emirates’ Governor for OPEC, as Chairman of the Board of Governors for 2014, and Dr Bernard Mommer, Venezuelan Governor for OPEC, as Alternate Chairman.

The Conference decided that its next Ordinary Meeting will convene on June 11, 2014. ■

## **Our vision**

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

## **Our mission**

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



**Uniting against Poverty**



## **Uniting against Poverty**

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