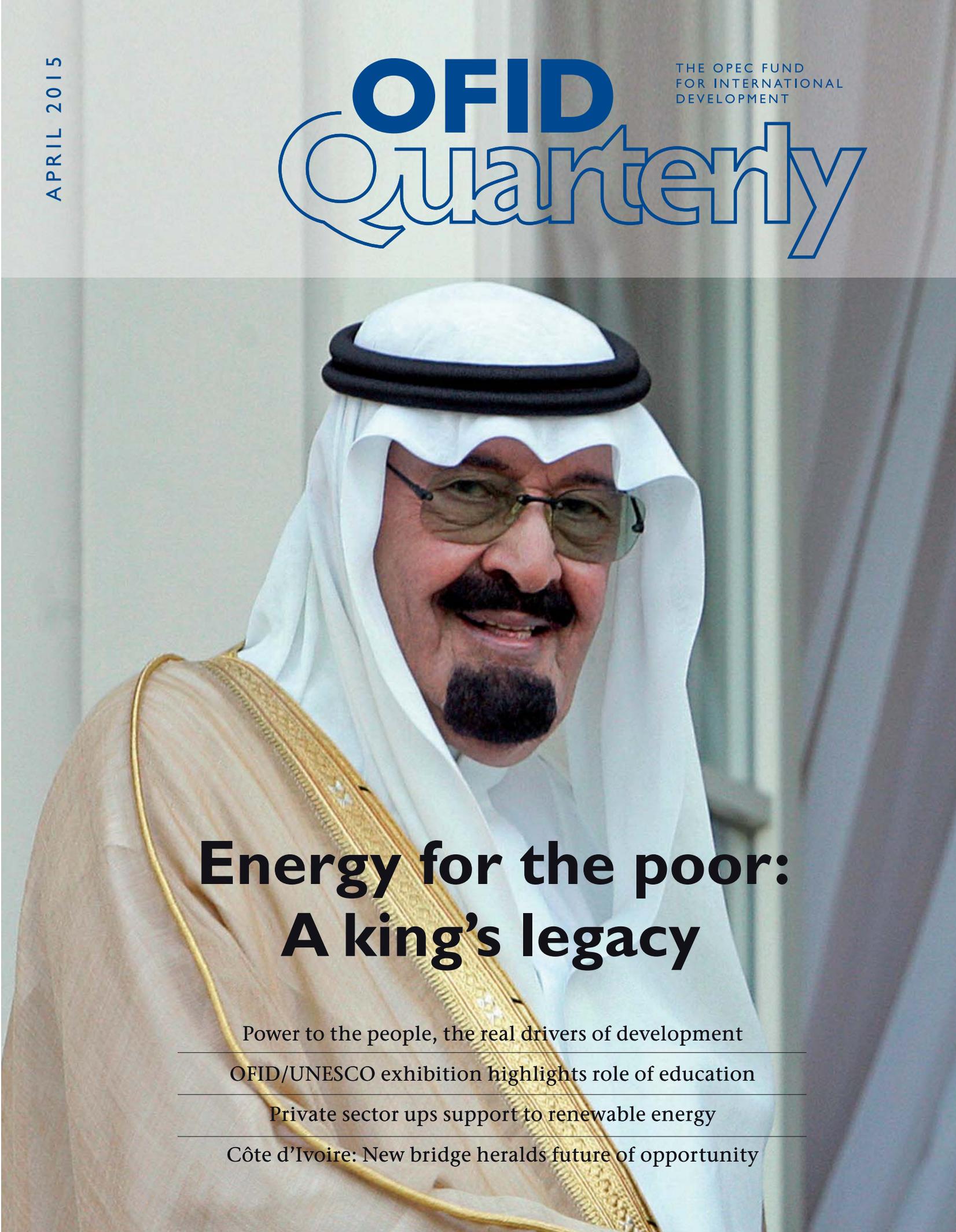


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THE OPEC FUND
FOR INTERNATIONAL
DEVELOPMENT

Quarterly



Energy for the poor: A king's legacy

Power to the people, the real drivers of development

OFID/UNESCO exhibition highlights role of education

Private sector ups support to renewable energy

Côte d'Ivoire: New bridge heralds future of opportunity

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Placing people at the heart of sustainable development

As the quest continues for effective solutions to the age-old ills of poverty, hunger and exclusion, development practitioners speak with one voice about the lynchpin that is human capital. All are agreed that when it comes to sustainable development, people are the game changers.

There is no debate. If developing countries are to take charge of their own future, make the most of their—often rich—natural resources, and participate as equals in the global economy, human capacity building is key.

How gratifying it is, then, to see “people” exactly where they should be: at the heart of the post-2015 development agenda. Yes, capacity building—essentially in the form of education—was part of the Millennium Development Goals (MDGs), but the results have not lived up to expectations.

Take primary education, which the MDGs highlighted as the catalyst for poverty eradication and sustainable development. The statistics are not wholly encouraging. The boast of a 90 percent enrolment figure (in 2012) is undermined by the fact that one in four children entering primary school drops out. Of those that do stay the course, far too many come out

at the end unable to read or write. But perhaps most telling is the 58 million children in the developing world who remain out of school altogether. That's equal to almost the entire population of Italy—and as unacceptable as it is shameful.

Equally concerning—but maybe not surprising—are the poor literacy levels among adults. A staggering 781 million adults and 126 million youth lack basic literacy skills. Deprived of such important tools, this vast number of people are poorly equipped to find decent work, raise families, protect their rights and engage effectively in society.

Wrapped up in the shortcomings of the education system is its failure to adapt to the demands of the job market. This has resulted in escalating levels of youth unemployment—up to 30 percent of 15 to 24 year-olds in some regions. Many of these young people are highly qualified, have completed years of study and are proud holders of college degrees. But—and here's the rub—their skills are surplus to requirements. The ramifications of this situation, which continues to worsen, are seriously damaging for the young adults themselves as well as for societies, cultures and economies.

Then there's the issue of gender. And here, too, the MDGs have fallen short. Despite progress in many areas, women continue to be widely denied opportunities for self-empowerment. Girls are less likely than boys to attend school, 60 percent of illiterate adults are women, and when it comes to work, women are generally relegated to low-paid, insecure jobs.

As an institution that prides itself on practicing people-centered development, OFID welcomes with great satisfaction the positioning of human capacity build-

ing as a core theme in the new Sustainable Development Goals (SDGs). We applaud the language of the SDGs, which highlights the *quality* and *relevance* of education, rather than focusing exclusively on the numbers. And we appreciate that learning is recognized as a lifelong process in which everyone has a right to participate. We value also the stated aspiration to full and productive employment and decent work for all.

For OFID, development has always been about enabling people to overcome challenges and grasp opportunities that will lead to a better quality of life. Hence, we help to build gender-friendly schools so that both girls and boys get off to the best possible start. We support teacher training, curriculum development and institution strengthening so that governments can deliver quality education. And we invest heavily in vocational training to help young people onto the job ladder.

We also set high store by knowledge exchange and research and regularly sponsor such activities. Meanwhile, our highly successful scholarship program has already seen 17 exceptional young people from the developing world complete their graduate studies and return home to contribute to the development of their communities and countries.

When it comes to people and empowerment, OFID's heart and mind are perfectly aligned with the aspirations of the SDGs. More than that, these are the self-same aspirations enshrined in our institutional vision of “a world where Sustainable Development centered on human capacity building is a reality for all.” It is a vision we've been striving toward for the past 39 years—and our sincere hope that the SDGs can finally get us over the finish line. ■



King Abdullah bin Abdulaziz Al Saud, Custodian of the Two Holy Mosques.

Energy for the poor: A king's legacy

When King Abdullah bin Abdulaziz Al Saud passed away this January, more than a nation grieved for the man whose legacy of “energy for the poor” continues to light the lives of millions around the globe. Here, OFID Director-General, **Suleiman Jasir Al-Herbish**, himself a Saudi, pays tribute to the late monarch.

The demise of Saudi Arabia's Custodian of the Two Holy Mosques in the early hours of January 23 was observed with prayers at Riyadh's Grand Mosque and followed by his interment in a simple unmarked grave at the city's Al Oud public cemetery the same day.

Tributes flooded in from world leaders, many of them, including UN Secretary-General Ban Ki-moon, British Prime Minister David Cameron, and German Chancellor Angela Merkel, to highlight his prominent role in promoting dialogue among faiths and cultures. US President Barack Obama hailed Abdullah as a leader who “was always candid and had the courage of his convictions,” while French President François Hollande described him as “a statesman whose work has profoundly marked the history of his country.”

Among the many tributes, however, there was little mention of what is arguably Abdullah's most wide-reaching and enduring legacy: his "energy for the poor" initiative, which started as a proposal in June 2007 and snowballed into a united global push to end energy poverty by 2030.

The issue of energy poverty had first been raised at the Third OPEC Summit of November 2007. Hosted by King Abdullah in Riyadh, the summit declaration acknowledged the strong link between energy access and sustainable development and identified the eradication of energy poverty as a global priority and an objective of all OPEC aid institutions, including OFID.

Seven months later, in Jeddah, Abdullah proclaimed the launch of his energy for the poor initiative. Addressing a meeting of energy producers and consumers, he urged the global community to put aside self-interest and work together to serve the needs of humanity. His concluding words were:

"In this critical hour, the international community must rise to the level of responsibility; cooperation must be the cornerstone of any effort; and we all must have a comprehensive, profound and humanitarian vision in our perspective of the present and the future. Such a vision shall be liberated from selfishness and shall transcend to horizons of fraternity and solidarity, and this is the secret of success."

King Abdullah's proclamation provided both the framework and the impetus for OFID to implement the additional mandate handed down by its Member Countries in Riyadh. We quickly adopted the initiative as our own and placed it at the heart of our development strategy, taking on the dual role of financier and advocate.

We were gratified to see momentum gather pace at a broader level in 2009, when G8 energy ministers and G20 leaders, meeting respectively in Rome and Pittsburgh, pledged their support to the initiative. In March 2010, the International Energy Forum, itself an initiative of King Abdullah, added its voice to the debate. Meeting in Cancun, ministers in their communiqué supported OFID's call for energy poverty eradication to be added as the "ninth" Millennium Development Goal.

The goal of universal energy access has since received international recognition and risen to the top of the development agenda, led by the UN's Sustainable Energy for All initiative. It is an effort joined by governments, development finance institutions, the private sector and civil society alike. Having been omitted from the MDGs, it is set to be a standalone goal in the new post-2015 agenda—the Sustainable Development Goals. King Abdullah has been instrumental in this achievement. ▶

[Universal energy access] is set to be a standalone goal in the new post-2015 agenda—the Sustainable Development Goals. King Abdullah has been instrumental in this achievement.



Sovereigns and Heads of State at the Third OPEC Summit in Riyadh, Saudi Arabia, November 2007.

PHOTO: A. ATEEQ AND K. AL-KHAYMES

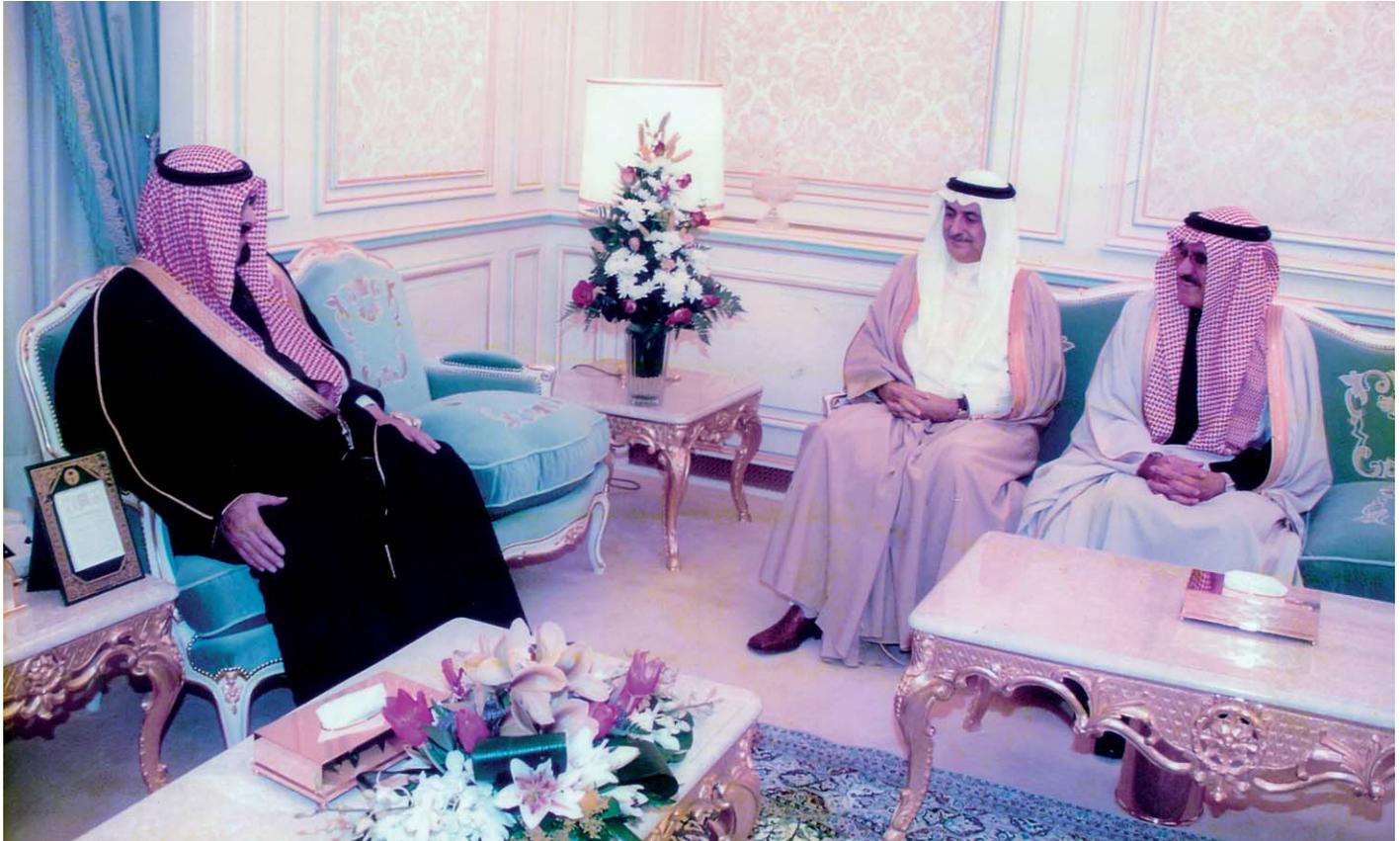


PHOTO: OFID ARCHIVE

King Abdullah (left) receives Mr Al-Herbish (right) accompanied by HE Dr Ibrahim Al-Assaf (center), Minister of Finance, Saudi Arabia, December 2003.

A new focus for OFID

◀ I first had the privilege of an audience with King Abdullah in 2003, when I was nominated by the Kingdom as Director-General of OFID. The King confided that he knew little about the institution and urged for concrete steps to raise awareness of OFID and its work.

This direct mandate led to the birth of OFID's first information campaign and effectively set in motion a decade-long—and highly successful—program of activities to position OFID more visibly among its stakeholders. King Abdullah followed this evolution closely and was by far its greatest champion.

But it is Abdullah's energy for the poor initiative that has truly come to define OFID. The idea that began life as a small seed planted by King Abdullah eight years ago has grown and matured into a flagship program financed through a

revolving commitment of US\$1bn by its Member Countries in a fourth replenishment of the institution's resources in 2012, the first since 1980. King Abdullah's vision has given a new focus and impetus to the execution of OFID's mandate and represents an enduring legacy that will improve the lives of millions of energy-deprived people around the globe, regardless of race or religion. As an institution, we are deeply honored to implement this vision and remain deeply saddened by the loss of such a courageous and honorable leader.

The OFID family recognizes the key roles King Abdullah played in promoting peace and humanitarian causes, and in fostering global cooperation and sustainable development. His passing is considered a great loss to the organization and the world. ■

Visionary outlook

Born in Riyadh in 1924, King Abdullah devoted his life to public office. Before becoming monarch, he served as Commander of the Saudi Arabian National Guard and First Deputy Prime Minister. He ascended the throne in August 2005 upon the death of his brother King Fahd bin Abdulaziz Al Saud.

King Abdullah was an avid believer in dialogue among civilizations and religions. In November 2007, he visited Pope Benedict XVI in the Apostolic Palace, the first such visit by a Saudi King. In March 2008, he called for a “brotherly and sincere dialogue between believers from all religions.” This call resulted in the hosting with Spain of an interfaith dialogue conference in which religious leaders of different faiths participated.

His efforts in such discourse led to the establishment in 2011 in Vienna of the King Abdullah bin Abdulaziz International Centre for Interreligious and Intercultural Dialogue (KAICIID), an intergovernmental initiative of Austria, Spain and Saudi Arabia.

King Abdullah’s keen interest in international diplomacy led also to his helping to resolve conflicts in the Arab and Islamic world. He was especially concerned about the plight of the Palestinians and played

a key role in brokering an agreement for a Palestinian national unity government.

King Abdullah’s visionary outlook was the driving force behind numerous reforms in his relatively short reign. In 2005, he launched a government scholarship program to send young Saudi men and women to study abroad. He also founded the King Abdullah University of Science and Technology, which is the country’s first co-ed institution for advanced scientific research and a global flagship for research. In 2013, King Abdullah appointed 30 women to the Consultative Assembly “Shura Council.” He also oversaw the participation of the first two female Saudi athletes in the 2012 Olympics.

Abdullah is succeeded by his brother Salman bin Abdulaziz Al Saud, who previously served as the Governor of Riyadh, Second Deputy Prime Minister, and Minister of Defence. He was appointed Crown Prince of Saudi Arabia in 2012, following the death of Crown Prince Nayef bin Abdulaziz. In a speech broadcast on Saudi television following his accession, King Salman vowed to maintain the same policies as his predecessors. ■



PHOTO: REUTERS/CHRIS HELGREN (VATICAN)

King Abdullah is greeted by Pope Benedict XVI on his arrival for their meeting at the Vatican, November 6, 2007.

“ We recognize that people are at the center of sustainable development and in this regard, we strive for a world which is just, equitable and inclusive ... ”

*Rio+20 outcome document
“The Future We Want”*





Power to the people, the real drivers of development

In the quest for development that is truly sustainable, equitable and inclusive, nothing carries more weight than the capacity of humankind to shape and secure its own destiny. Here, the *Quarterly* examines the challenges of human capacity building and its elevated role in the post-2015 development agenda.

BY AUDREY HAYLINS AND RANYA NEHMEH



PHOTO: UN/ESKINDER DEREBE

“It is essential that young people receive relevant skills and high-quality education and life-long learning, from early childhood development to post-primary schooling, including life skills and vocational education and training, as well as science sports and culture. Teachers must be given the means to deliver learning and knowledge in response to a safe global workplace, driven by technology.”

Ban Ki-moon

Development practitioners are in wholehearted agreement: people are the driving force behind sustainable development. If economic prosperity and social wellbeing are the goals then the key must lie in enhancing human knowledge, skill and enterprise.

In recent years, a host of conferences, summits and other global gatherings have pushed the importance of capacity building to the forefront of the international agenda. It now sits squarely at the heart of the new Sustainable Development Goals that are set to be officially unveiled this September.

According to the United Nations Development Program, capacity building has three inextricably linked levels. The *institutional level* involves the development of effective organizational structures, policies and resource management. The *societal level* concerns the creation of a more enabling environment through the provision of essential infrastructure and the delivery of basic services, such as health and education. The

individual level is the process of realizing human potential by building and enhancing people’s knowledge and skills.

This last level—human capacity building—is where transformational change has its roots. In its basic principle, it involves identifying the constraints that people experience in realizing their basic rights and empowering them to find the appropriate vehicles through which to strengthen their ability to overcome the causes of their exclusion.

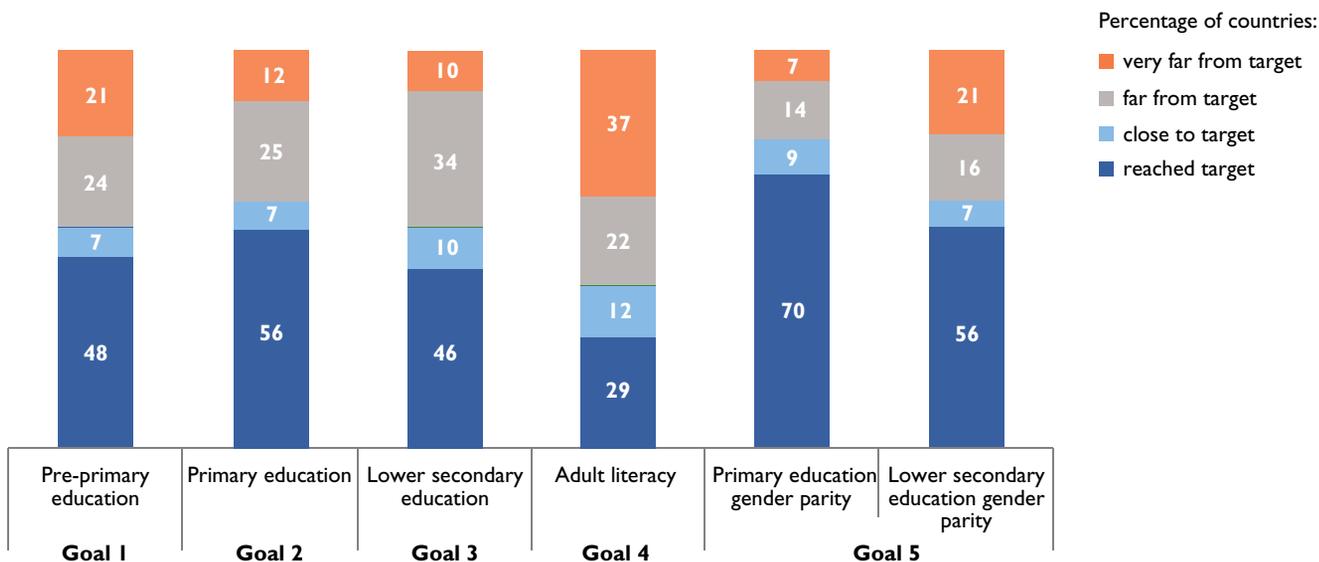
Through the acquisition of the necessary skills, knowledge and education—whether through training, formal schooling, or targeted capacity building projects—it is people who ultimately hold the key to development. An empowered person or community is better prepared to respond to whatever opportunity or challenge comes along, which is the real goal of development. Without human capacity, developing countries would be unable to identify and solve their own problems.

Education for All: The facts

- By 2015, 54 countries are not expected to have achieved universal primary enrolment
- In sub-Saharan Africa, the poorest girls will not achieve universal primary completion until 2086
- In low income countries, only 14% of the poorest complete lower secondary school
- In low and lower middle income countries, one-quarter of youth cannot read a sentence
- The number of illiterate adults has fallen by just 1% since 2000
- If all students left school with basic reading skills, 171 million people could be lifted out of poverty
- In a third of countries, less than 75% of primary school teachers are trained
- 29 countries will not be able to fill the primary school teacher gap by 2030
- An increase in the average educational achievement of a country’s population by one year increases annual per capita GDP growth from 2% to 2.5%
- Education receives just 1.4% of humanitarian aid

Source: EFA Global Monitoring Report 2013/14, UNESCO

Percentage of countries projected to achieve a benchmark for five EFA goals by 2015



Source: EFA Global Monitoring Report 2013/14, UNESCO

Education and the MDGs

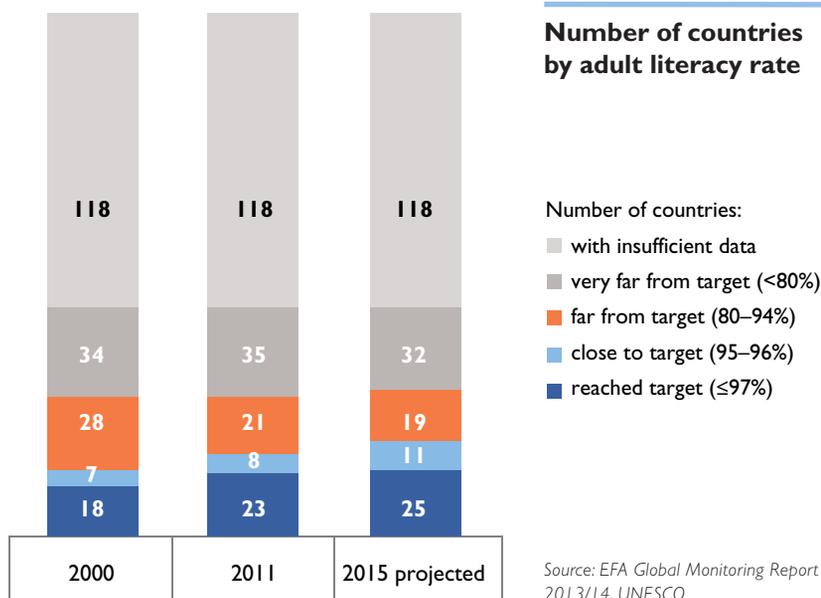
Although human capacity building can take many forms, the Millennium Development Goals (MDGs) specifically highlighted the role of education as the catalyst for poverty eradication and sustainable development. Goal 2 referred to the achievement of universal primary education, while Goal 3 specified the need to eliminate gender disparity at all levels of education, from basic through to tertiary.

And, indeed, there has been significant success. According to the 2014 MDG Report, primary school enrolment rates in developing regions had increased to 90 percent by 2012. Adult literacy rates also showed a marked improvement, reaching 84 percent of the over-15 population in 2012.

The challenges, however, remain considerable, with the same report putting the number of out-of-school primary age children at 58 million. Equally disturbing is the fact that more than one in four children in developing regions entering primary school is likely to drop out. Yet another statistic to ring alarm bells is the 781 million adults and 126 million youth who continue to lack basic literacy skills—60 percent of them women.

Where the MDGs fell short was in failing to recognize that high enrolment rates do not necessarily equal a good education. There is little point in getting children to school, if they leave

without learning to read and write, either because of poor instruction or a lack of teaching materials, or both. Without essential literacy and numeracy skills, young people are unequipped to find jobs, raise families, protect their rights or indeed engage effectively in society. ▶



Source: EFA Global Monitoring Report 2013/14, UNESCO

A collaborative, integrated approach

◀ As desirable as it may be, capacity building is fraught with difficulties. To begin with, it is not a one-off exercise. Rather, it is a continuous process of learning and investment in human capital. Resources are a key issue. Education and training is often the least funded item in national budgets and the first casualty whenever there are shortfalls in other areas.

But even when the resources are allocated, funding in its own is not enough. To be successful, capacity building demands an integrated approach. It makes little sense, for instance, to have qualified and skilled individuals if they are not able to commute to work due to waterlogged roads or costly and inefficient public transportation. As the UNDP states: “Capacity is not developed in a vacuum. To be of use, it must be rooted in a broader development objective, in a national development strategy or a plan for economic or social empowerment.”

Equally important is the necessity of focusing on the needs of the beneficiaries. Oftentimes, development initiatives are criticised for being too North-driven and that they lack the feel for what is the actual situation on the ground. It is imperative that the needs of the beneficiaries as well as their existing capacities

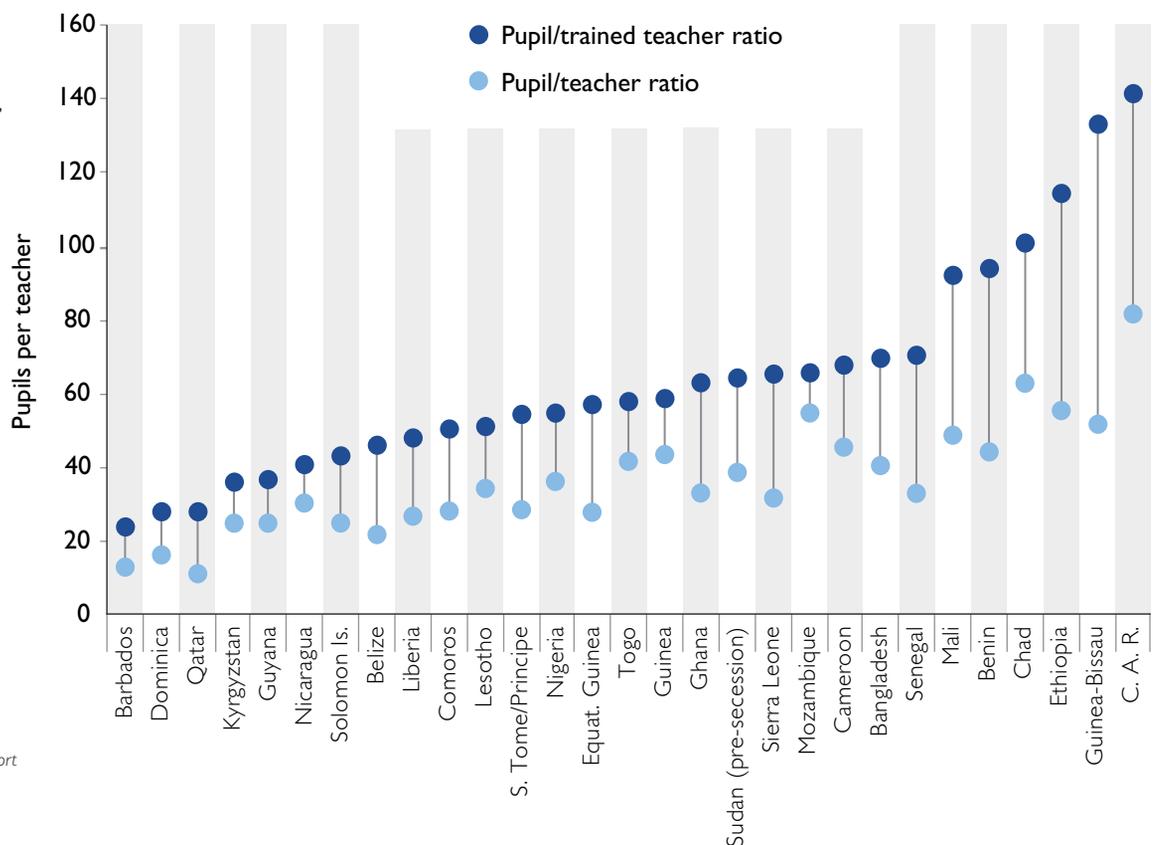
are assessed and understood. Only then, will the best results take shape.

In order to achieve this, there has to be collaboration among the different stakeholders, emphasizing an inclusive partnership approach. By engaging donors, governments, NGOs, and the local communities, this not only gets a dialogue going among all those who stand to benefit from enhanced capacity, but also creates commitment to the process, and individuals are more invested in its success.

In it for the long haul

Another daunting obstacle is the length of time it takes to build human capacity. There are no quick-fix solutions, despite there being an urgent shortage of skills in many areas of the developing world. According to UNESCO, the least developed countries in particular face a long, drawn-out struggle. Properly qualified teachers are in very short supply, and the share of secondary school students enrolled in technical and vocational education is around one-quarter of that of developed countries. Even assuming these deficiencies can be addressed in the short- to medium-term, it will be many years before the benefits filter through to those areas where they can have a beneficial impact on economic growth and poverty reduction.

In many countries, there is a big gap between the number of pupils per teacher and per trained teacher.



Source: EFA Global Monitoring Report 2013/14, UNESCO

Human capacity building and the SDGs

With 17 goals and 169 targets, the new Sustainable Development Goals have been criticized for being too broad in scope, and for lacking coherence, priorities and a clear time frame. There is no confusion, however, over the six thematic elements that are considered essential for delivering the goals: People, Planet, Partnership, Justice, Prosperity and Dignity.

If there were any doubts about the importance of human capacity building to the agenda, it is perhaps telling that “People: to ensure healthy lives, knowledge and the inclusion of women and children” is the first area to be defined in the UN Secretary-General’s Synthesis Report on the SDGs released last December. As well as highlighting healthcare coverage, access and affordability—for, after all, good health is a basic building block of human progress—Ban Ki-moon emphasizes the importance of strengthening the capacities particularly of the younger generation to contribute to change. In contrast to the language of the MDGs, which focused on numbers, the Report highlights the *quality* and *relevance* of education and vocational training.

Among the draft SDGs themselves, there are direct and indirect references to human capacity building:

Goal 3

Ensure healthy lives and promote wellbeing for all ages

Goal 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5

Achieve gender equality and empower women and girls

Goal 8.5

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Goal 8.6

By 2020, substantially reduce the proportion of youth not in employment, education or training

This leads to yet another challenge: that of youth unemployment, which is extremely damaging for young people, societies, cultures and economies. The International Labour Organization (ILO) estimates that young people are three times more likely to be unemployed than adults, and almost 73 million youth worldwide are looking for work. Part of the reason behind these numbers is a mismatch between qualifications and skills and the actual requirements of the job market. In other words, young people are training for jobs that simply don’t exist, while certain sectors have jobs going begging because there are no skilled people to fill them.

Juan Somavia, Director-General of ILO describes this situation as a “global jobs crisis” and calls for urgent action to move the issue of employment and decent work up the policy agenda in order to achieve the internationally agreed development goals and to address social insecurities.

The gender factor

Whether in the workplace, the home or the community, effective human capacity building must also be inclusive, especially when it comes to addressing gender inequalities. Here, too, the MDGs have fallen short. Despite progress in many areas, women continue to be widely denied opportunities for self-empowerment. This discrimination

acts as a direct constraint on economic growth and poverty reduction, as women play a multifaceted role in society and have the potential to be powerful agents of change. Investing in their education, equipping them with skills and knowledge, and engaging them in decision-making are essential components of the capacity building process.

While there can be no denying the challenges confronting developing countries in their bid to build human capital, if these issues are tackled effectively, the rewards can be great. The key is to approach the problem holistically, addressing the three interlinked levels: *societal*, *institutional* and *individual*. When these are aligned, the scope for capacity development is immense. With an enabling environment in place, people can acquire the education, knowledge and skills they need to be productive and well-integrated members of society. At the same time, with a more effective workforce, institutions can grow and become more competitive.

Development lies in the hands of the people, in their capacity to identify challenges and opportunities, and in their ability to tackle the former while seizing the latter. It will take time, resources and action from all stakeholders, but no one should underestimate the imperative of human capacity building for a sustainable and prosperous future. ■

Youth unemployment: The lost generation?

Youth unemployment is a global problem—but one that is particularly acute in developing countries. The *Quarterly* examines the issue from different viewpoints in this sectionalized, easy-to-digest briefing.

BY STEVE HUGHES

How big is the problem?

The website of the International Labor Organization (ILO), a specialized United Nations agency, is home to, among a plethora of other data, a cheery-looking infographic on employment trends for youth. So what does this vibrant and energetic sector of society—a sector that's so vital to global economic and social development—have to look forward to?

Not too much, it appears. Under the headline “A Generation at Risk,” a depressing reality makes itself clear: the global youth of today “is worse off than 20 years ago.” “We have never seen before a crisis like the one facing young people today,” the infographic states.

In its recent *World Employment and Social Outlook—Trends 2015* publication, the ILO reports that:

- More than 61 million jobs have been lost since the start of the global crisis in 2008.

- Projections show that unemployment will continue to rise until the end of the decade.
- The global youth unemployment rate is expected to increase to 13.1 percent in 2015 and then remain unchanged through 2018.
- Unemployment rates in the Middle East and North Africa (MENA) region continue to be the highest in the world, with the youth unemployment rate at 29.5 percent in 2014 and expected to rise to 29.8 percent in 2015.

Why is there so much youth unemployment?

Ekkehard Ernst is chief of the ILO's job-friendly Macroeconomic Policies Team, and one of the main authors of the aforementioned World Employment and Social Outlook report. He says that the current problem is global, with a number of contributing factors, not least the continued anxieties surrounding the world economy and the low levels of growth that make job creation difficult.

However, Ernst acknowledges that the problem is particularly acute in the developing world, where country demographics are “younger.” According to the UN World Youth Report 2012, there are 1.2 billion youth in the world aged between 15 and 24, and nearly nine-tenths (87 percent) of them live in developing countries.

Ernst says that a number of structural factors combine to complicate matters in the badly hit MENA region: “The education systems in these countries are not properly set up to allow young people to enter the labor market effectively,” says Ernst. “They often prepare young people for jobs that are not available, and we find that young people themselves choose to study long courses for jobs that are not really required by the labor market.”

The ILO’s report captures the scale of the problem, particularly in MENA countries: “Making strides in reducing unemployment, especially among youth, is hampered by the size of the growing and comparatively young population. In 2014, 26.2 percent of the working-age population was aged 15–24 years, compared with 22.4 percent globally.”

Gangs, drugs and violence

Vicki Escarra, head of Opportunity International, a charity specializing solely in microfinancing services for the developing world, recently told British newspaper *The Guardian*:

“Youth unemployment should really be seen as a national and international security issue. There are all kinds of issues that happen when the infrastructure to create employment breaks down. We can see that around the world, including in the US. Unemployment brings with it delinquency, gangs, drugs and violence. It needs to be seen as a security issue, but also because it is about multi-generational poverty, also as a human rights issue.”

Alarming stuff, but certainly not alarmist. The ILO’s Ekkehard Ernst agrees:

“We have observed a strong rise in social unrest, and this is directly linked to high youth unemployment rates. Young people are vocal and ready to claim their rights, to go out on the streets asking for changes in the political and economic system. We are seeing this quite clearly in MENA countries and in some other developing countries too.”

Professor Emma Murphy, Head of School in the School of Government and International Affairs at the UK’s University of Durham sees this trend slightly differently:

“I’m not sure you can reduce the causes of protest to this link alone. There are other things in the mix. Young people have better perceptions about what they want from political leaders now and what they want from their citizenships. But youth unemployment is certainly part of this. The Arab Spring brought this to the foreground and made it very visible. It made us aware of the real social and economic pressures affecting young people.”

Youth employment and migration: Solution or slippery slope?

Increased flows of information and the falling cost of transportation have made migration increasingly attractive to young rural people, according to the International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations.

Although it can open up opportunities for young people, IFAD stresses the importance of migration being “a choice and not a necessity.” Young migrants who lack education, information and support networks may be vulnerable to risks like unsafe travelling conditions, exploitation and exposure to unsafe or illegal working conditions.

Similarly, a continued exodus of young people from rural areas—abandoning agriculture in search of better jobs in cities or overseas—is likely to continue to the detriment of rural communities, until viable alternatives exist. With this in mind, some countries are embracing the support of the international community to adopt rural development policies to incentivize young people to remain in their communities and to encourage those who have migrated to return.

Says Professor Murphy: “We should stop viewing the MENA labor markets, and maybe those in other regions, just in terms of national entities which then inevitably compete with one another. We need to empower young people to make decisions about their own lives in a more flexible and supportive labor environment, which might include moving beyond national boundaries—if this is their choice—and which does not pit national labor markets against each other in ways which push down the value and terms of work.”

How do you solve a problem like youth unemployment?

Ernst and other commentators argue that the youth unemployment problem is likely to persist—for both developed and developing countries—until we see a marked and prolonged improvement in the global economy. They urge governments to promote policies that stimulate growth and stronger increases in output and employment.

In line with this, the ILO calls for governments and social partners:

- to foster pro-employment growth and decent job creation through macroeconomic policies, employability, labor market policies, youth entrepreneurship and rights to tackle the social consequences of the crisis, while ensuring financial and fiscal sustainability. ►

“Countries with the lowest youth jobless rates have a close relationship between education and work... Countries with high youth unemployment are short of such links. In France, few high-school leavers have any real experience of work. In North Africa, universities focus on preparing their students to fill civil-service jobs, even as companies complain about the shortage of technical skills. The unemployment rate in Morocco is five times as high for graduates as it is for people with only a primary education.”

The Economist, April 27, 2013

- to promote macroeconomic policies and fiscal incentives that support employment and stronger aggregate demand, improve access to finance and increase productive investment—taking account of different economic situations in countries.
- to adopt fiscally sustainable and targeted measures, such as countercyclical policies and demand-side interventions, public employment programs, employment guarantee schemes, labor-intensive infrastructure programs, wage and training subsidies and other specific youth employment interventions. Such programs should ensure equal treatment for young workers.

A different, more human approach?

Professor Murphy has a different approach to tackling youth unemployment:

“Promoting vocational and entrepreneurial skills training is not a bad thing in itself, but there is no easy solution to this problem, especially in developing countries. To assume big enough economic growth will suck up enough unemployed young people is not realistic. We need to start

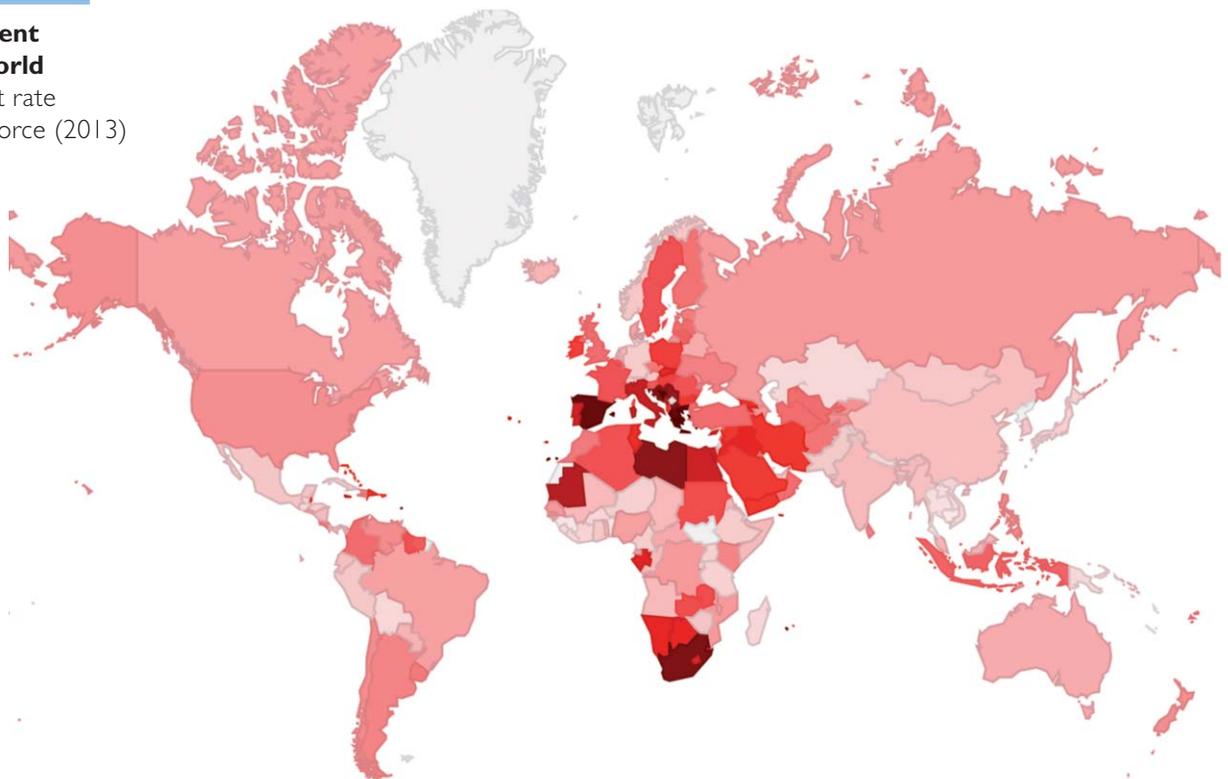
viewing young people as human beings, rather than as commodities of the labor markets of these countries (which are dysfunctional in any case).”

Murphy argues that youth unemployment can sometimes be held up as the problem, when really it’s only a symptom. “To focus on youth unemployment is often missing the point,” she says, and explains that it’s often used to disguise a more fundamental issue: deeply flawed economic structures that are overly bureaucratic, weak from a regulatory standpoint and need total overhauling. But she’s quick to recognize that such large-scale change is unlikely. She also notes that: “The neo-liberal solution might be the long-term end-game. But to get there we need something that may be the antithesis of it.”

Murphy calls for a bolder, more imaginative cross-regional approach that can be supported by external agents, but that focuses on empowering young people politically and economically and viewing them as human beings, not statistics. We should consider not just national but regional and intra-regional labor markets as part of a global whole, she says, and acknowledge the limitations and frailties of labor markets in regions with historically distorted development strategies. ■

Youth unemployment rates across the world

Youth unemployment rate as % of youth labor force (2013)



Source: ILO - Trends Econometric Models, April 2014

0.7%  60.5%

Education: The bedrock of sustainability

The post-2015 development agenda recognizes the need for a comprehensive and more holistic approach to education. We asked **Irina Bokova**, Director-General of UNESCO, to share with the *Quarterly* the necessity and the challenges of providing “lifelong learning opportunities for all.”

INTERVIEW BY AUDREY HAYLINS



PHOTOS: UNESCO

UNESCO Director-General Irina Bokova

OQ: *Education is a core component of human capacity building. How would you define the relationship between education and sustainable development?*

IB: Education and sustainable development cannot be separated. In September, the international community is expected to adopt a set of goals that express the world’s collective determination to end poverty, transform lives and protect the planet. For people to be at the center of this agenda, they must first have access to the knowledge it takes to lead healthy lives and make informed choices—choices that contribute to building inclusive, resilient and green economies.

This starts with education—it is the bedrock of sustainability. Every sustainable development goal requires education: people need knowledge and skills to break out of poverty, to improve health and nutrition, to adopt sustainable agricultural practices, to combat climate change, to

protect the ecosystem. If all women had secondary education, the number of children under five who die each year could be reduced by half; child marriage could be reduced by 64 percent. Education is the best vaccine we have against HIV and AIDS, an area in which OFID’s support has been invaluable, spanning 42 countries and benefiting over two million teachers and seventy-six million students. These are just a few examples among a large body of solid evidence.

Finally, sustainable development depends on changing mindsets, on gaining attitudes and values that foster understanding of our interdependence and a sense of responsibility towards our surroundings and our planet—this can only happen through education.

Education is the motor for the success of the Sustainable Development Goals—it connects the dots between the social, economic and environmental dimensions of sustainability and is the most powerful catalyst for transformative change.▶

“Education ... connects the dots between the social, economic and environmental dimensions of sustainability and is the most powerful catalyst for transformative change.”

◀ **OO:** *The MDGs have been criticized for focusing almost exclusively on quantitative education targets. Is this a fair assessment? What do you see as the successes/failures of the MDGs in the area of education?*

IB: The MDGs rallied the international community at the turn of the century around an ambitious vision of progress, and despite the tremendous challenges that remain, they still tell a positive story.

We have witnessed unprecedented progress in some cases: there are close to fifty million more children enrolled in primary school than in 1999, with girls benefiting most. Governments have abolished school fees, established social protection programs for the poorest families and stipend schemes for girls, invested in school infrastructure and teacher training.

But, the magnitude of achieving education for all should not be underestimated. Economic crisis, conflict, natural disasters, pandemics and other challenges can disrupt education for millions of children. The drive toward universal primary education has revealed that this is not a linear journey. Inequalities have increased because the most marginalized children are still being left out for multiple and connected reasons: poverty, language, ethnicity, geographical isolation, disability, and discriminatory customs.

The message here must be that there is no insurmountable barrier to education but a need for targeted solutions and multiple pathways. The most inclusive systems are also the best, with repercussions on broader social cohesion.

Secondly, rapid expansion has put considerable pressure on the system, with some two hundred million children leaving school without acquiring the basics. In strict economic terms this is an investment that is not paying off. For children, for countries, it represents a tremendous loss of potential. This is why equity and quality must be the measure of educational policies in the years ahead. Again, our projects with OFID to build capacity for primary teachers and head teachers in Africa, makes a direct contribution to this agenda.

OO: *The SDGs take a more qualitative approach to education. Are you satisfied with this focus, and how do you see progress being measured?*

IB: UNESCO has led and facilitated the debate on the post-2015 education agenda. What we have is a broad consensus from all constituencies on the need for a comprehensive and a more holistic approach, summed up in the overarching goal “to ensure equitable and inclusive quality education and lifelong learning for all by 2030.”



“... there is no insurmountable barrier to education but a need for targeted solutions and multiple pathways.”

This has been translated into a set of targets that not only cover primary and secondary levels, technical and vocational skills and literacy but also new dimensions that focus on 21st century contents—global citizenship, education for sustainable development, human rights and gender equality.

In addition to improving learning assessments, especially in developing countries, this requires new measurements that UNESCO and partners are working on.

For example, the Learning Metrics Task Force, co-led by UNESCO, has made recommendations to improve the measurement of learning outcomes and to develop global indicators that also include readiness to learn in early childhood and skills and values for youth to be successful global citizens. The future targets are ambitious and forward-looking—they do pose measurement challenges, on which UNESCO and UNICEF are mandated to lead technical discussions.

OO: *The SDGs talk about “lifelong learning opportunities.” What do you consider to be the main challenges for developing countries in providing such opportunities? Is it simply a question of resources?*

IB: Some may question the wisdom of providing lifelong learning opportunities when millions of children are still missing out on a basic education cycle. The fact is that young men and women are leaving primary or secondary education without the right skills and too many adults, the majority women, remain illiterate in a world undergoing a digital revolution. This exclusion not only holds back societies, it creates fertile ground for extremism to take root. To be inclusive, societies must provide opportunities through formal and non-formal pathways, harnessing the potential of ICTs [information and communication technologies] for learning. This goes well beyond the education sector—this is a vision of society that recognizes the importance of learning in communities and cities, and of drawing bridges between education and the job market.

This is why we also need new partnerships for innovation with the private sector. Beyond resources, lifelong learning is about creating synergies so that quality opportunities to learn are available and lead to qualification.

Our recently signed partnership with OFID is about supporting technical and vocational training in nine countries—this is the way to empower youth and generate inclusive growth. By taking a lifelong learning perspective the SDGs recognize the influential role of knowledge and skills in building more prosperous and sustainable societies.



OQ: *The empowerment of women and girls continues to be an area of concern and remains a stand-alone goal under the SDGs. Why are gender equalities still so entrenched? Are new approaches needed to narrow the gap?*

IB: Development will only be sustainable if women and men have equal rights and opportunities. This is not happening: girls still account for the majority who are either missing out on a primary or secondary education.

This calls for action both in terms of what happens in the school and in the wider community. The location of schools close to home, the presence of female teachers, of safe learning environments have an impact on attendance, and all the more so during the vulnerable period of adolescence. Adolescent girls face multiple factors ranging from economic and sociocultural to political barriers. Because of this, we need a lifecycle approach to getting girls in school, keeping them there, and ultimately changing the power dynamics in schools and in the wider society.

This is why the engagement of boys and men, particularly the fathers in girls' education is key—

especially in patriarchal societies, where their values and beliefs can influence the educational and life choices available to girls.

Working with parents, with religious and community leaders can change the tide and create a favorable environment for education. Teachers must be trained to be gender sensitive; curricula and textbooks revised to remove stereotypes and put across new role models—to both girls and boys.

This broad approach inspired the Joint Program for the Empowerment of Adolescent Girls and Young Women through Education, launched at the Commission on the Status of Women this March in New York with the Executive Directors of United Nations Women, the United Nations Population Fund, and the World Bank.

This program takes a life cycle perspective to keep girls in education, to support them in making successful transitions into adulthood and into the labor market, and to fully participate in society. Together, our aim is reach out to 20 countries where the magnitude of girls' and women's education challenges remains significant—and together to make a real difference in their lifetime opportunities. ■

Getting girls into school and keeping them there is high on UNESCO's list of priorities.



PHOTO: IAN/MARK SCOTT/OCEAN/CORBIS



OFID in the Field

As a practitioner of people-centered development, OFID utilizes all means at its disposal to boost the ability of people and communities to overcome challenges and maximize opportunities for a better quality of life. From inclusive basic education to vocational training, knowledge exchange and research, OFID's capacity-building activities empower and bring hope for a brighter future. The following pages highlight examples of successful projects in China and Madagascar, and introduce four OFID scholars, for whom the chance to pursue graduate studies has been a life-changing experience.

More skilled laborers to support local industries

Despite major strides—including an average 10 percent annual growth over the past 30 years—China continues to face serious obstacles in overcoming poverty and inequality. An emphasis on education will help meet these challenges.

BY DAMELYS DELGADO

As the cradle of historic inventions, such as papermaking, the compass, gunpowder and printing, China has captured the imagination of civilization for centuries. It is one of the world's largest and most populous countries; it is endowed with abundant natural resources; and it boasts a rich and ancient culture that is widely recognized and respected. Today, both as a consumer and a producer, the country is playing an increasingly vital role in the global economy.

China's phenomenal growth notwithstanding, both the World Bank and the International Monetary Fund classify it as a developing country. "China, with a per capita income of about US\$6,500, is still well below the cutoff that distinguishes developing economies from their high-income counterparts," states Sudhir Shetty, chief economist for World Bank East Asia Pacific. Almost 250 million Chinese, about one-sixth of the population, still live on less than two dollars a day, he notes.

Due to its size, China has an extensive variety of geographical features and a diverse population. Yunnan province, one of the largest producers of agricultural products, minerals and hydroelectricity, is an excellent example of this diversity. Ethnic minorities in this province, which is located in the far southwest of the country, account for about 34 percent of the total population, or around 46 million people.

The capital of Yunnan province, Kunming, also known as the Spring City, is of high economic significance. It is located at the center of Yunnan and serves as the main commercial hub for most of the resources of the province.

A well-qualified workforce is in high demand for the expansion of the province's economy, which is already incorporated in a solid business network, producing products for both domestic consumption and export.

Research conducted by Professor Pablo Bustelo, from the Complutense University of Madrid, shows that, as a result of urbanization and the migration of rural populations, the unemployment rate in Chinese cities ranges from 10 to 15 percent. Joblessness has increased among those who lack basic education.

A tradition of vocational education

China has a long-standing tradition of vocational education, which in its earliest form can be traced back to the industrial education of the 1860s. Following the establishment of the People's Republic of China in 1949, vocational education underwent a process of adjustment, improvement and steady development, taking on an even greater vitality after the country opened up to the outside world in 1978.

From the colleges



PHOTOS: PMU

“The project was very effective in improving college conditions. During implementation, we and OFID enjoyed a very frank relationship where mutual respect and common understanding prevailed, and our project became a cooperation model.”

Ms Wang Zi
President, Kunming Metallurgy College

“The financing received from the Saudi Fund and OFID became a powerful engine to start our college’s expansion. As well as greatly improved facilities, the learning environment and teaching quality have also improved. The next goal is to become one of the first-class colleges of the West and be well-known all over the country.”

Mr Li Shanhua
President, Yunnan Vocational College of Mechanical and Electrical Technology

“The student population increased from 59,677 to 106,954. With the improvements, we were able to create the provincial model of higher vocational education in Yunnan Province and received high praise from both national and provincial leaders.”

Mr Xu Bin
President, University of TV and Radio

“The population of full-time students doubled and the quality of teaching has improved. Our college created open schools and offered social services to propagate the ethnic cultures of Yunnan Province; it has become a very important carrier to vigorously promote international cultural exchange.”

Mr Ouyang Junhu
President, Yunnan Vocational College of Culture and Art

In 1996, China passed the first “Vocational Education Law,” with successive government decisions providing the legal framework for all levels of education. In China today, according to the World Bank, over 11 million students enrol in technical and vocational schools or institutes every year.

In 2005, the State Council on Development of Vocational Education proposed goals to increase the capacity of the vocational education system, with the aim of delivering market-oriented education for young job seekers. In response to a government request, OFID, jointly with the Saudi Fund for Development, agreed to support the expansion and equipping of four colleges in the provincial capital: Kunming Metallurgy College, Yunnan Vocational College of Mechanical and Electric Technology, University of TV and Radio, and Yunnan Vocational College of Culture and Art.

The construction works included improvements to classrooms, libraries, laboratories, dormitories, gymnasiums, administration buildings, cafeterias and related structures. At the Yunnan Culture and Art College, the project constructed a performing arts building and theatre, while Kunming Metallurgy College was endowed with a science and technology museum.

Jaafar Al-Mahdi, OFID country officer for China, said: “The country’s focus on vocational

education is indicative of how much value it places on providing its youth with income-generating opportunities through increased access to quality, demand-driven education as a means of reducing social and economic disparities.”

Once the facilities are fully operational, it is expected that the total number of students in the four colleges will increase by 13,000 to a total of 33,500. These students will eventually provide the highly skilled workforce needed for local industries, which as a result will be better able to cope with the changes and challenges of the economic environment. ■

Key indicators

Population: **1.4 billion**

GNI per capita: **US\$6,560**

Life expectancy: **75**

Adult literacy rate: **95%**

Primary school enrolment (gross): **128%**

Secondary school enrolment (gross): **89%**



Source: World Bank

*Hery Rajaonarimampianina,
President of Madagascar,
speaking at the INSCAE
inauguration ceremony.*



Building better opportunities for the Malagasy

To boost its economy, Madagascar needs to equip its public and private sectors with highly qualified human resources. In support of this goal, OFID has contributed substantially to the cost of building new premises for INSCAE, a prestigious institute that has so far trained more than 5,000 students.

BY DAMELYS DELGADO

Development, defined in terms of reduction in poverty and its ultimate eradication, as well as elimination of social inequality and systemic unemployment, has a vital ally in education. In the words of Nobel Prize-winning economist Joseph Stiglitz: “Development is about transforming the lives of people, not just transforming economies. Economists refer to education as human capital: investing in people pays dividends just as machinery does.”

Madagascar, the fourth largest island in the world, is famous for its unrivalled wealth of indigenous wildlife. A less wholesome fact is its 75 percent poverty rate. Among other measures being taken to address this urgent issue is a new national education plan for the period 2013–2015, which sets out to encourage school attendance, improve teaching quality and strengthen institutions.

One of the key institutions charged with developing highly qualified personnel for public administration, as well as for the economic and financial sectors, is the National Institute for Accounting and Management (INSCAE). Established in 1986, following signature of a memorandum of understanding between the Malagasy Government and the World Bank, INSCAE aims to “train high-caliber managers, promote entrepreneurial initiatives and engage in managerial sciences research.” Since its inception, it has trained over 5,000 students.

For many years, INSCAE’s mission has been jeopardized by infrastructural constraints, with facilities scattered throughout the capital, Antananarivo. The fact that the premises were not owned by the institute created additional difficulties in meeting the investment requirements. INSCAE’s motto “We build up for excellence” was hampered by the need for better facilities.



PHOTOS: INSCAE

Improved infrastructure equals better education

Research sponsored by UNESCO has shown that the availability of infrastructure and other educational resources significantly influences the creation of an environment conducive to learning. According to UNESCO's analysis, infrastructure improvements represent an average four-point increase in student performance, while the incorporation of additional basic services suggests an increase of between two and eight points.

In an INSCAE analysis, the promotion of human capital, as conceived by economists, involves the development of technical skills required for the professional world, and the empowerment of individuals for life in society in the broadest sense. The current president of Madagascar, Hery Rajaonarimampianina, has attempted to promote such development ever since 1991, when he was director of studies at the institute.

In view of the crucial role of human capital in the development of Madagascar, its government requested BADEA and OFID to co-finance the construction of a new building to host INSCAE.

This new building would accommodate a larger student body, concentrating all activities at a single site and extending its array of interventions nationwide through the incorporation of students from other provinces.

The new INSCAE facilities project thus entailed the construction of a seven story building with a total area of 6,700 sq m on 67 hectares of land. The building hosts administrative offices, classrooms, laboratories, teachers' rooms, reprography rooms, elevators, sanitation facilities, a library, a cafeteria, a 200-seat auditorium, as well as furniture, equipment and vehicles necessary for the efficient operation of the institute.

Beyond the physical improvements, the new premises are expected to improve the overall quality of the training. Enrolment capacity has increased by 400, from 1,800 to 2,200, thereby providing a bigger source of highly qualified employees.

During the 2014 inauguration ceremony, Mahmoud Khene, OFID country officer for Madagascar, stated: "Within these new premises, INSCAE will indeed be able to fulfill its noble mission under optimized conditions, for the benefit of its students and teaching personnel, but also and foremost for the benefit of the entire nation". He added: "By making the strategic choice to invest in its own future, Madagascar has undoubtedly taken an important step toward the consolidation and sustainability of its development efforts."

With this brand new headquarters, Madagascar is indeed investing in the empowerment of its people, the most important asset for any country. ■

The new purpose-built INSCAE premises provide the perfect educational environment for students and tutors alike.

OFID scholars changing the world

Eight years after launching its scholarship program, OFID examines its impact through voices from the ground. The results show empowerment, enhanced capacity, knowledge, and more than anything, change.

BY REEM ALJARBOU

Established in 2006, the OFID Scholarship Program set out to sponsor outstanding students from developing countries through their graduate studies in a development-related field. Since its inception, the program has supported 17 students from 16 different developing countries. OFID scholars have studied at leading universities and have become OFID ambassadors, not only at their institute of study, but also in their home communities.

Many scholarship alumni have now returned to their countries and assumed various positions and pursuits in the area of development. OFID has continued to connect with these individuals, who have become strong advocates of OFID's work and have helped increase visibility in their countries.

Robert Pwazaga

2010 Scholar, Ghana
Master's in International Development
London School of Economics

Robert currently works at World Vision International as an area development program manager. Since graduation, Robert has undertaken a number of research activities in the fields of governance, political economy and accountability, taxation, and foreign aid. One of these studies, entitled *Attitudes towards tax compliance in Ghana: challenges and the way forward*, won the Afrobarometer Summer School Award 2013 from the University of Cape Town. Robert was also lead researcher with the University of Manchester on the study *Political Economy Analysis of Foreign Aid in Ghana*, also published in 2013. During the

same year he managed a project entitled *Transparency and accountability in local governance with focus on women, people with disability, youth and other vulnerable groups in Ghana*.

For Robert, the most significant change since his graduation is his ability to contextualize society's problems better and come out with proposals to solve them. "The OFID scholarship award was the best thing that ever happened to me in my education. It is the key to all career achievements to date and those yet to come. I still remember that day when the call came that I had been nominated to receive the scholarship. It's a feeling I pray every student from a developing country should experience. What made my case so touching is that I was the first in Africa and the first male in the whole world to receive the award."



Michelle Palacios

2012 Scholar, Guatemala
Master's in Environmental Development
Complutense de Madrid

Following her Master's degree, Michelle began her PhD research, which focuses on using econometric measurements to determine the impact of women in rural areas of Guatemala. She had the opportunity to assess two major projects with local NGOs: the value chain of organic coffee production, and the evaluation of agricultural start-ups.

Michelle believes that the value of women within the rural workforce, especially in the agriculture sector, is fundamental for development.

She told us that her graduate studies had made her feel stronger and capable of doing more. "My actions have inspired my community, and my sister now wants to get a Master's degree abroad because she saw the impact it had on me."

Michelle is now embarking on a project that transforms garbage into electricity, implementing techniques already in Europe. "I want to thank OFID for not just the scholarship, but for all the attention, time and help provided. It is important to feel that what you believe matters to others. It was absolutely extraordinary to exchange experiences with people from different countries, to discuss common problems and possible solutions that you can adapt to your own. It was a life-changing experience." ▶





Didier Kadjo
 2011 Scholar, Côte d'Ivoire
 Master's in Agricultural Economics
 Purdue University

► After completing his graduate studies, Kadjo won the Borlaug LEAP fellowship from USAID to pursue PhD research. He is currently pursuing a Doctorate in Agricultural Economics and is a graduate research assistant at Purdue University. His research focuses on storage issues using data from maize production in Benin. He addresses storage technologies affecting smallholder farmers, quality issues and the effect on their market participation.

Kadjo told us that Côte d'Ivoire faces the challenge to restore food production in the most

affected areas. Rice and maize continue to be imported, and he believes that the discrepancy in wealth between commodities makes food farmers poorer. He stressed: "Food markets can be a powerful engine of growth and development, and there are opportunities to improve farmers' well-being by reducing post-harvest losses and market inefficiencies. Africa needs improved policies and efficient implementation. The failure to consider agriculture as a business activity impedes agricultural innovations. Thanks to my experience as an OFID scholar, I strongly believe that agriculture can contribute to eradicating poverty and hunger if it is considered as a business activity."



Sameen Shahid
 2009 Scholar, Pakistan
 Master's in Public Administration
 in International Development
 Harvard University

Since completing her Master's, Sameen was project manager for a two-year national media campaign for education reforms in Pakistan. Following this experience, she has been teaching at a school to get a better understanding of the issues within the education sector. She is currently working on a start-up idea for an after-school program for young leaders. Sharing her insights with OFID she said: "I think the most significant challenges are related to leadership. There are

many downward trends in society, but we do not see a systemic cultivation of leaders to confront the issues being faced by society."

Sameen spoke about the role of Pakistan's socioeconomic elite in building a sustainable future and the lack of training provided to them to play such a role effectively. She is working on offering leadership models that cultivate character strengths in youth and then, through personal engagement within the community, build their capacity to become positive agents of change. "The OFID Scholarship was an out-of-this-world opportunity. OFID was incredibly generous—there is no organization supporting in such a manner. I will always be grateful," she said. ■

OFID scholars

Fields of study

17 students from **16** countries
4 world regions **15** universities
8 women **9** men

- International Development*
- Agricultural Economics*
- Biomedical Sciences*
- Environmental Development*
- Public Health*
- Renewable Energy Systems*
- Environmental Engineering*
- Sustainable Development*
- Sustainable Energy Technologies*
- Human Rights, Conflict and Justice*
- Food Safety, Hygiene and Management*
- Policy, Planning and Development*
- Public Administration*
- International Development*



OFID and UNESCO: A long-lasting partnership for education and development

Every year, on January 28, OFID celebrates the anniversary of its establishment in 1976. This year, the anniversary was dedicated to the role of education in development with an exhibition co-organized with UNESCO (the United Nations Education, Scientific and Cultural Organization).

BY REEM ALJARBOU

The exhibition, featuring a selection of OFID/UNESCO co-funded projects, was inaugurated by OFID Director-General Suleiman J Al-Herbish, who dedicated the occasion to the Custodian of the Two Holy Mosques, King Abdullah bin Abdul Aziz Al Saud, who had passed away a week earlier.

In his opening remarks, Al-Herbish emphasized the central role of education in attaining the goals of sustainable development—particularly in poor countries. “Education is one of the most powerful drivers of development,” he stated, before going on to outline examples of OFID’s work in the sector and pledging that these efforts would continue.

Al-Herbish welcomed the sustained focus on education in the proposed Sustainable Development Goals, which come into force in 2016.



From left: UNESCO Deputy Director-General Mr Getachew Engida; HE Mohammad bin Abdulrahman Al-Salloum, Ambassador of Saudi Arabia to Austria; OFID Director-General Mr Suleiman J Al-Herbish.

◀ The Director-General also spoke about the importance of culture as the fourth pillar of sustainable development. “The three conventional pillars—economic prosperity, social justice and environmental protection—are important drivers of our work, but they do not limit our contribution to education and other intellectual pursuits.”

Speaking on behalf of UNESCO Director-General Irina Bokova, UNESCO Deputy Director-General Getachew Engida reaffirmed UNESCO’s commitment to intensifying its 30-year partnership with OFID.

“Our cooperation has gone from strength to strength. It has become more diversified and it has deepened. Together our focus has fallen on education, as the most powerful force for human rights and dignity, as a driver for the sustainability of all development. Today we look back on 30 years, but this is just the beginning,” Engida stated.

During the reception, OFID signed three new grant agreements with UNESCO, totalling US\$2.3m. These will support: a multiregional technical and vocational education and training program covering

parts of Africa, Latin America and Asia; the solar electrification of 60 rural schools in sub-Saharan Africa and South East Asia; and a scheme that will help strengthen teachers’ education for quality tuition and learning in various African countries.

The reception also featured a performance by the renowned Russian pianist and UNESCO Artist for Peace, Sergei Markarov. He played Beethoven’s Funeral March, Sonata No.12 op.26, and Rachmaninoff’s Preludes, *do dièse mineur*, in tribute to the late King Abdullah. ■

Education the enabler

The exhibition uses the medium of photography to highlight a selection of OFID/UNESCO joint projects. Each project varies in its focus, but all are testament to the central role of education in attaining the goals of development, particularly in poor countries, where illiteracy, inadequate capacity building and the lack of social awareness constitute major stumbling blocks to progress.

Energy for education in sub-Saharan Africa

For thousands of children in rural areas of Benin, Madagascar, Mauritania and Togo, the OFID/UNESCO project has added a whole new dimension to their education experience. Thanks to the installation of

solar photovoltaic systems, a total of 75 schools are being equipped with electricity.

Romeo Toboe, Director of Dona Primary School in Benin said that the electrification benefits had spilled over onto the community, an aspect they had not anticipated. “The adults come here in the

evening to study, enabling women to come here to study as well,” she said.

With the advantage of proper lighting, teaching and study is now a pleasure. What’s more, both teachers and students are enjoying for the first time the learning possibilities presented by access to multimedia teaching aids and the Internet.

The project will ultimately benefit almost 16,000 children. It will also serve as a model for duplication at national, regional and international levels. Padis Numelodou, a teacher at Dona Primary School shared: “It has changed the life of our community because you can’t do anything in the dark, so when the light came it helped boost the development of the community.”

An innovative approach reaps dividends for Palestinian children

This project was introduced to address barriers that inhibit Palestinian children from accessing quality education. The main components entailed promoting inclusive and child-friendly education in 58 government and 12 UNRWA schools. It focused on improving the quality of teacher training and education programs, through child-led activities and project-based learning.

Khitam Schehadeh, supervisor at Beit Lahm Primary school said: “The teachers have more clarity about what makes a cohesive education and how we could achieve it. The idea of educating through activities that are led by the students themselves is one of the best strategies to implement this form of education. The pupils changed and started to think about things they hadn’t thought about before. The change is continuous.”



Students at Dona Primary School in Benin show off their new solar lights.

UNESCO: Culture is a must for SDG success

BY NADIA BENAMARA



Getachew Engida

As an organization committed, among other aims, to building a world of peace, tolerance, acceptance and mutual respect, UNESCO has been pushing hard for culture to be acknowledged as an important driver and enabler of sustainable development.

We asked Deputy Director-General Getachew Engida to elaborate on this crucial role.

“Broadly defined, culture is the glue that holds societies and countries together. It’s what grants people identity,” he explained.

“Sustainable development doesn’t happen in a vacuum. You cannot simply impose a development model from one part of the world on another. You need to adjust for both tangible and intangible cultural context, if you want to succeed on the ground.”

He continued: “Cultural industries also play a significant economic role by promoting tourism.”

Engida is openly critical of the fact that culture—like energy—was omitted from the Millennium Development Goals despite their significant success in other areas. “Going forward, the new Sustainable Development Goals need to be underpinned by the importance of culture,” he argued.

He went on to point out that, although this message is part of the SDG draft, it is not referred to as explicitly as UNESCO would like. “We keep pushing and gaining momentum, but we need all the help we can get from the development community. We hope that culture will be incorporated in the final goals because, without it, sustainable development will be simply theory.”



PHOTO: UNESCO/BILAL AL HAMA'DAH

This Palestinian schoolgirl's smile says it all.

These wide-ranging enhancements are being implemented through a partnership with the Palestinian Ministry of Education and Higher Education and UNRWA in support of the implementation of the broader Education for All package for Palestine, involving nine UN agencies and coordinated by UNESCO.

Education as a tool for public health

School-based HIV/AIDS education programs have proved effective in equipping young people with the knowledge and skills they need to protect themselves from HIV infection. With this in mind, OFID joined with UNESCO in 2009 to help distribute special EDUCAIDS resource packs to 17 countries in East and Southern Africa, a region severely affected by the pandemic.

These packs include curriculum guidelines and learning materials, together

with educator training and support, and represent a comprehensive education sector response to HIV/AIDS.

Robert Munganda, Chief Education Officer, Broad Curriculum and Curriculum Management at Namibia’s National Institute for Educational Development explained: “More than 128 teachers are being trained. These teachers need to be empowered to provide education, preventative measures and support to all our students”.

The project involved some 10,000 teachers and one million learners. Also among those to benefit were the many thousands of teachers and children who had already been infected or affected by HIV/AIDS. Mamohau Thetsane, a high school student at the Maseru Region in Lesotho who participated in the positive speaking workshops shared: “I think it is important that silence is broken, because more information means fewer people living with HIV.” ■



The City of Vienna honors Al-Herbish and OFID

A prestigious award from host city Vienna has cemented OFID's position as a highly respected and valued friend of the Austrian capital.

BY ARYA GUNAWAN USIS

 OFID Director-General Suleiman J Al-Herbish has been honored with the Grand Decoration in Gold for the Meritorious Service to the Province of Vienna. The award, which is one of Austria's most prestigious national decorations, was conferred on Al-Herbish in recognition of his—and OFID's—contribution to the Austrian capital.

Renate Brauner, Vice-Mayor of Vienna, presented the award on behalf of Mayor Dr Michael Häupl in a ceremony on January 30, 2015, at Vienna City Hall. Conferring the award, Ms Brauner praised Al-Herbish for his professional accomplishments and his contribution to Vienna.

“The award is an expression of friendship and respect for Mr Al-Herbish's formidable engagement in social and cultural issues, which is

highly praised by the City of Vienna in particular. It also signifies how much the City values its role as a site of, and for, international exchange, dialogue and cooperation,” said Brauner.

The appreciation of Al-Herbish and OFID was further elaborated by Dr Oliver Rathkolb, professor of contemporary history at the University of Vienna. In a citation, he spoke of OFID's noble mandate and its contribution toward sustainable development. He also highlighted the more than 50 grants extended by OFID to support the activities of various Austrian organizations that were working both at home and in the developing world. All of these activities had further intensified a long relationship between Al-Herbish and OFID on the one hand, and the City and the people of Vienna on the other.

“Director-General Al-Herbish is a very distinguished friend of the City and Province of Vienna and Austria and an outstanding chief executive officer of OFID,” said Rathkolb, adding that Vienna would continue to provide an inspiring, welcoming and friendly base for OFID’s important global operations.

“Ich bin ein Wiener”

Accepting the award on behalf of his OFID colleagues, his family and OFID Member and Partner Countries, Al-Herbish expressed his heartfelt thanks to his hosts and spoke of the special relationship that existed between OFID and Vienna, home to the institution since its establishment in 1976.

Placing the decoration in the context of the many others he had received during his tenure at the head of OFID—including one from the Republic of Austria—Al-Herbish confessed that this award held a very special place in his heart because it came from the city that he loved. “Ich bin ein Wiener,” he said. “I am a Viennese.”

During the ceremony, Al-Herbish paid tribute to two great figures: the late Bruno Kreisky, Austrian Chancellor from 1970 to 1983, and King Abdullah bin Abdul Aziz Al Saud of Saudi Arabia who passed away earlier that month.

Of Kreisky, Al-Herbish praised the former statesman’s wisdom and foresight in inviting OPEC (the Organization of the Petroleum Exporting Countries) to have its secretariat in Vienna, a

move that had resulted in OFID also making the Austrian capital its home.

In a tribute to King Abdullah, Al-Herbish extolled the late monarch’s pivotal role in drawing the world’s attention to the urgent issue of energy poverty. It was one of King Abdullah’s greatest legacies that the goal of universal energy access had become a major item in the international agenda as well as a flagship program of OFID.

Al-Herbish went on to point out the central role played by the City of Vienna as a global hub for international energy matters. As well as OPEC and OFID, the city was host to the recently established secretariat of the Sustainable Energy for All (SE4ALL) initiative and a number of other energy-related organizations.

Al-Herbish disclosed that the late King Abdullah had always spoken highly about OPEC and OFID, and about Vienna being the seat of both institutions. It was for this reason, he stated, that the King had been delighted to have his eponymous International Centre for Interreligious and Intercultural Dialogue also hosted by the City when it was established in 2011. “OPEC, OFID, and the Center will remain in Vienna. The City is the right place for these organizations,” said Al-Herbish.

The award ceremony was observed by Al-Herbish’s close family members, OFID management, ambassadors and the heads of various international organizations based in Vienna, as well as high-ranking officials of the City of Vienna. ■



Dr Oliver Rathkolb, Professor of Contemporary History, University of Vienna, delivering the citation.



Mr Al-Herbish with Renate Brauner, Vice Mayor of Vienna, who presented the decoration on behalf of Mayor Dr Michael Häupl.

Private sector ups support to renewable energy

OFID-backed solar program wins prestigious awards

An innovative program to finance seven renewable energy projects in Jordan, has been awarded Best Middle Eastern Renewables Project and Best Middle Eastern Overall Project by the prestigious Euromoney publication IJGlobal. Led by the International Finance Corporation, the program was supported by a large syndicate of financiers including OFID.

BY JUSTINE WÜRTZ

The awards recognize innovation, excellence and achievement in energy and infrastructure finance in the Middle East. The selection of the OFID-backed program as double winner is strong affirmation that OFID's increased private sector investment in renewable energy is producing effective, sustainable results.

Tareq Alnassar, head of OFID's private sector and trade finance operations said: "We are very proud of our cooperation in these projects and happy they won the awards. It encourages

us that OFID's intensified efforts to support renewable projects are being directed in the right way."

OFID has long supported renewable energy initiatives through its public sector funding mechanisms, but increased activity in this arena using private sector capital is new.

"We recognize how important private sector funding is to cover areas that conventional project financing cannot, for example SME energy ventures," explained Alnassar. "Providing the right financing models for smaller busi-



PHOTO: IJGLOBAL

The "Seven Sisters" syndicate, including OFID's Tareq Alnassar (front 1st right), with the IJGlobal awards.

nesses diversifies the energy mix and raises energy security in low income countries.”

Small- and medium-sized (SME) energy enterprises fall into the “missing middle” of many developing countries’ economies. In general, such businesses have little access to traditional finance: they fail to meet conditions set by formal financial institutions, but at the same time are too large to qualify for microfinancing. In many countries, this hinders the emergence and potential growth of an effective renewable energy sector.

Bridging the funding gap

The year 2014 saw a focused bid by OFID to tackle the gap in renewable energy financing, with a total of six projects receiving private sector funding. This represents a significant increase over the previous year, during which only two such initiatives were approved.

Dubbed the ‘Seven Sisters’ by IJGlobal, Jordan’s solar photovoltaic (PV) plants represent the largest collection of privately-owned solar PV ventures ever to be realized in the Middle East and North Africa region. With individual, relatively small capacities of 10–21MW, they form part of the Government’s Round 1 Solar PV Renewable Energy Program, which will eventually encompass a total of 12 plants.

A unique aspect of the Seven Sisters program was the syndicated financing facility that allowed the seven projects to be treated as a unit. Explained Alnasser: “With the projects under the umbrella of one program, a single form of power purchase agreement was available, easing legal and other costs for individual plants. The projects also featured identical financing terms and could draw on the same pool of lenders.”

According to Alnassar, the Seven Sisters program won its awards on merit of its innovative financing. “The funding structure allows multiple projects, in multiple locations, to proceed in parallel. At the same time it gives individual commercial developers the freedom to assemble their sites as they judge best,” he stated.

Learning curve

OFID’s accelerated involvement in the renewables sector has brought with it many challenges and has meant a steep learning curve for the institution’s small private sector team.

Said Taufik Ridha, who is in charge of OFID’s two Seven Sisters projects—Falcon Ma’an Solar Power and Jordan Solar One—revealed that the greatest challenge for the syndicate had been the completion of the approval process and harmonization of documentation for all seven ►



PHOTO: SCHNEIDER-ELECTRIC

Solar power is an efficient way to bring energy to off-grid communities.

OFID joins the Energy Access Fund to finance the “missing middle”

On February 20, 2015, OFID signed a €5m transaction agreement for equity participation in the Energy Access Fund (EAF). The EAF has been established to help provide important and stable funding to small enterprises focused on providing energy access to off-grid communities.

The Fund will invest in electricity access projects for rural and suburban populations in sub-Saharan Africa, with a particular focus on SME renewable energy enterprises, such as solar home systems, hydro, wind and biomass micro-generation infrastructure.

These off-grid and small-grid projects represent the “missing middle” of energy enterprises, and typically cannot access traditional financing sources. Some €55m of capital from the Fund will boost the growing number of energy SMEs that effectively provide electricity to remote communities. Around 20 SMEs are expected to benefit.

The Fund brings together a partnership of institutions, like OFID, Schneider Electric, the Commonwealth Development Corporation, the French development bank Proparco and the European Investment Bank, committed to expanding energy access around the world.

“The Energy Access Fund will provide a pool of resources to enable the emergence of innovative companies and help close the significant energy access gap in sub-Saharan Africa” said OFID’s Adebayo Babalola, who is in charge of the EAF project.



“OFID’s role is that of facilitator rather than enforcer, to support each country in its development agenda.”

Tareq Alnassar

◀ projects. This, he said, had required constant discussion and regular meetings and, in OFID’s case, a turnaround of just one week between Governing Board approval and signature of the two loan agreements.

“But only in this way could the program achieve the greatly reduced transaction costs which made each of the seven small-scale projects affordable and bankable,” Ridha explained.

Similar time challenges were experienced by Luiscela Moreno, officer in charge of a 2014-approved private sector project in Honduras, involving the construction of three of the country’s first solar plants. The project is sponsored by Sun Edison, a leading solar power provider. “Even after OFID’s Governing Board approved the project, we were pushed to get all documentation in place before the end of the year in order to meet government deadlines for tariff incentives,” Moreno said.

The tariff incentives for renewables are supported by sovereign guarantee and applicable only to the first 300MW from plants operational before August 2015. “In order to benefit from these incentives, lending teams had to fast track completion processes. Being based in Europe, OFID had to accommodate a lot of late night negotiations to finalize the agreement,” Moreno elaborated.

As well as the Sun Edison project, OFID approved a second solar initiative in Honduras in 2014. This comprised two term loans in favor of the Terra Group, one of Central America’s most experienced players in energy and infrastructure, and an existing private sector partner of OFID. Previous collaboration with the Group has included a project for the development of the San Marcos wind farm, also in Honduras, which was recently inaugurated by President Hernandez.

All of the OFID-financed projects support an ambitious plan launched by the Government of Honduras to expand renewable electricity generation and reduce reliance on fossil fuels by 25 percent.

“The Government set a time-frame for solar projects to access privileges on quotas, and everyone was working to get things together to meet the deadline. The benefits made available by the government have done much to raise revenue potential and increase foreign funding in the sector” said Saud Al Rajhi, officer in charge of the Terra Group project.

He continued: “These new renewable energy projects will help to reduce the cost to the Government of electricity and thus free up resources for other equally important spending, such as education and healthcare.”

A collection of “firsts”

As well as solar, the private sector also provided support to hydropower in 2014, breaking new ground in the process. A term loan to Essel-Clean Solu Hydropower will help fund the development of a run-of-river hydropower plant in eastern Nepal. This is not only OFID’s maiden private sector project in the country, but also its first private sector investment in a hydropower project.

“This is a landmark transaction,” stated OFID’s Malcolm Bricknell, who is responsible for the project. “In addition to so many firsts, the power purchase agreement includes partial US dollar-indexation in exchange for free electricity to the Nepali government.”

He continued: “The US dollar revenue guarantee was an important draw for international lenders, and it took a long time for everything to fall into place, but this really is a pioneering project.”

Close on the heels of the Nepal project, financing was approved in December to Armenia’s Ardshinbank for on-lending to small- and medium-sized enterprises (SMEs) involved in the construction and operation of small-scale hydropower plants (*see page 37*)

OFID to continue enabling role

For Alnassar, the strategic intent behind OFID’s increased focus on renewables is clear: “Jordan, Honduras, Nepal and Armenia, like many of OFID’s partner countries are heavily dependent on imported fossil fuels. Reducing this dependence will free-up valuable funds for them to finance other important development areas.”

He stressed that OFID’s role in these projects was primarily responsive: “Private sector contributions to renewables have been led by our partner countries’ initiatives in the sector. OFID’s role is that of facilitator rather than enforcer, to support each country in its development agenda.”

Referring to the growing success that governments are enjoying in diversifying both their economies and energy sources, Alnassar pointed out that this was largely due to modern financing options, which provide flexible terms for broad-ranging energy poverty alleviation efforts and sustainable solutions. “The success of the Seven Sisters financing model bodes well for future projects in Jordan and other countries,” he said.

Alnassar assured that OFID’s private sector would maintain these efforts in 2015 and beyond: “As we see the new Sustainable Development Goals come into effect, OFID will unite efforts with fellow development partners to facilitate innovative ways of financing poverty alleviation efforts and sustainable climate change.” ■

PHOTOS: ARDSHINBANK PHOTO ARCHIVE



Small hydro plants power Armenia

A term loan from OFID to Armenia's Ardshinbank is to be used for on-lending to SMEs involved in the construction and operation of small-scale hydropower plants (SHPPs).

Arranged through OFID's private sector financing arm, the loan will assist Armenia in developing its alternative energy sources and ease its reliance on foreign imports of oil and natural gas, Ardshinbank CEO, Mher Grigoryan, explained that the bank was purposely pursuing commercially viable projects in SHPPs to support Armenia's development. "By pursuing this sector, we follow our strategic objective as a leading bank, namely to increase the shareholder value, while contributing to development and economic growth of our country," he stated.

He continued: "SHPPs contribute to broadening access to energy throughout the country and serve as catalysts in stimulating job creation and income generation for socially vulnerable groups of the population."

The development of domestic renewable energy sources will play an important role in Armenia's socioeconomic development, while increasing energy security and independence. Utilizing the country's high potential for hydropower energy provision will be crucial to this.

A recent study of renewable energy potential by the Armenia Renewable Resources and Energy Efficiency Fund has ranked SHPP as the most progressive renewable energy technology and the most economical for Armenia in the short- to medium-term.

The Armenian government wants to have 30 percent of electricity demand covered by renewables by 2025, and has a strategic plan in place to achieve this goal. Hydropower—and specifically SHPP—is a critical component of this program, which is supported by international finance mechanisms and favorable energy legislation.

"The financial viability of these projects is ensured through adequate feed-in tariffs and a predictable time-horizon of 15 years

guaranteed purchase" explained Grigoryan. "This is an important comfort factor for private investors to initiate and launch such utilities."

Currently, all SHPPs in Armenia are privately owned and many of these businesses have taken advantage of the private equity available through institutions like Ardshinbank. "A typical borrower in such a project is able to make a minimum contribution of 30 percent of the estimated project budget" said Grigoryan. This share could be either in cash or in kind."

The Armenian government has made remarkable progress within the past 15 years to improve energy sector performance and increase supply from renewables. Currently there are around 170 SHPPs operating through the country and about 60 new plants are under construction. These plants are generating approximately five percent of the electricity used in Armenia and according to Grigoryan this could rise to ten percent over the next five years.

"In the longer term perspective, we believe that the share of generation by SHPPs may constitute 15–20 percent of the overall electrical energy output of the country," said Grigoryan. "This is realistic to achieve, not only by adding new plants into operation, but also by the simultaneous implementation of modern technologies, streamlining the regulatory framework, and improving the overall investment climate for the renewable energy sector," he added.

With around one-third of market share, Ardshinbank is a leading player in the SHPP sector in Armenia, a position recognized with the title "Armenian Bank of the Year" awarded in 2014 by the Financial Times magazine *The Banker*.

Ardshinbank's experience and market-knowledge make them a valuable ally for OFID and other development partners to support the country's energy access plans. "We truly value our partnership with OFID" said Grigoryan, "and I am confident that we have a long way to go together—united in our goals of economic development and poverty reduction."

Post-2015 development agenda demands better financing and stronger partnerships

As momentum builds towards finalization of the successor to the Millennium Development Goals (MDGs), OFID hosted in February a high-level conference to discuss the new agenda and its effective implementation.

BY ARYA GUNAWAN USIS

Adequate financing together with close coordination and partnership among all relevant parties is what will define the success of the post-2015 development agenda. Such was the conclusion of a high-level conference on the new Sustainable Development Goals (SDGs) hosted by OFID at its Vienna headquarters on February 20.

The event was moderated by OFID Director-General, Suleiman J Al-Herbish, and featured keynote speaker Dr Mahmoud Mohieldin, Corporate Secretary and Special Envoy of the President of the World Bank.

The event was attended by around 80 participants, comprising representatives from the Austrian government and international organizations based in Vienna, various

development partners, and representatives from the private sector, as well as ambassadors of OFID Member and Partner Countries.

In his opening remarks, Al-Herbish reminded delegates of the extensive scope of the proposed SDGs: 17 goals, 169 targets and hundreds of indicators; a highly ambitious agenda compared to the eight goals of the MDGs.

Al-Herbish, nonetheless, expressed his optimism that the SDGs were attainable, on condition that all parties could reach agreement on overcoming the four imminent challenges:

- securing full support from all relevant parties, backed by strong partnership and the right of countries to formulate their own development strategies
- ensuring a flow of development finance compatible with the transformative objective
- strengthening South-South cooperation
- developing a monitoring system which measures progress based on principles of accountability and respect for commitments

Finishing unfinished business

In his presentation, keynote speaker Dr Mohieldin cited the progress achieved under the MDGs, which close at the end of this year. Global poverty, for instance, had been halved five years before the deadline. He pointed out, however, that the reduction had occurred at a global level; at country level, cases of extreme poverty were still omnipresent.



Keynote speaker, Dr Mahmoud Mohieldin, Corporate Secretary and President's Special Envoy, World Bank (left) with OFID Director-General, Suleiman J Al-Herbish, who moderated the event.



Mohieldin reported that 71 countries had managed to meet the poverty reduction targets, while several others were moving in the right direction but were unlikely to succeed by the end of this year. A few countries had completely missed the targets.

“We have achieved something at the global level. However, there is still a lot to be addressed at country level,” said Mohieldin, adding that within this context the SDGs would set out to “finish the unfinished business of the MDGs.”

Mohieldin admitted that the SDGs had greater loads compared to the MDGs, but said that this wasn’t surprising considering that the SDGs had been developed with an approach that promoted democracy and inclusivity. Each country had an opportunity to determine goals and targets that fitted their own interests to maintain economic growth and investment.

Financing is critical

According to Mohieldin, financing is one factor that will define implementation of the SDGs. Pointing out that official development assistance (ODA) on its own was far from adequate, he cited the example of the infrastructure sector, which alone would need investment of US\$1tr per year, an amount seven times higher than that currently available in ODA.

This enormous financing challenge would demand strong partnerships among governments, the private sector and development organizations, together with the maximization of all available opportunities. Mohieldin identified these as: im-

proved domestic resource mobilization; smarter fundraising and management of aid funding; the unlocking of private investment; increased foreign direct investment; strategic use of remittances; and philanthropic finance for development objectives.

Mohieldin emphasized the importance of involving the private sector in financing the SDGs. He said that in the current development agenda the private sector had not been invited to address problems related to poverty eradication. He argued that this paradigm should be changed and private sector engagement actively sought. The private sector, he pointed out, could create opportunities for efficient and effective funding.

Learning from the MDGs

Still on the subject of financing, Mohieldin went on to say that valuable lessons had been learned from the MDG experience and the shortfall in results. Whereas the MDGs had been launched without any discussion about financing, the same issue had been the subject of much debate well ahead and in anticipation of the SDGs. In this context, Mohieldin reiterated the significance of the Third International Conference on Financing for Development, which will take place mid-July, in Addis Ababa, Ethiopia.

Apart from financing, Mohieldin pointed to the importance of effective institutions, effective policies and good domestic coordination in each country as the factors that will determine the success or

otherwise of the SDGs. Each country must get rid of the “silo and isolation approach” at the relevant ministerial level and replace it with maximum coordination. “Domestic coordination must be secured first, before building partnerships at the global level,” he stressed.

Lively discussion

The lively discussion that followed the keynote speech included interventions from many delegates.

Yukiya Amano, Director-General of the International Atomic Energy Agency, emphasized the role of sciences, such as the nuclear sector, which he said must be utilized to help implementation of the SDGs.

Ambassador Sylvia Meier-Kajbic, head of multilateral development cooperation from Austria’s Federal Ministry for Europe, Integration and Foreign Affairs, reminded that there was plenty of homework to be done by each country, notably in the field of energy efficiency and in transparency in the use of public resources.

Li Yong, Director-General of the United Nations Industrial Development Organization underlined the importance of inclusive industrialization to stimulate economic growth that, in turn, would contribute to the success of the SDGs.

Other contributions came from representatives of the UN Office on Drugs and Crime), the Sustainable Energy for All Secretariat, the International Institute for Applied Systems Analysis, the European Union, and various ambassadors. ■

Côte d'Ivoire: New bridge heralds future of opportunity



Saturday, March 21, 2015, is a date few residents of Jacqueline, Côte d'Ivoire will forget. It was the day their lives became a whole lot easier thanks to the commissioning of a bridge connecting their isolated peninsula with the mainland.

BY AUDREY HAYLINS

The delight of the Jacqueline population was summed up by Ivorian President Alassane Ouattara: “We cannot imagine the joy of the people, as we have not shared their years of daily suffering,” he said at the inauguration ceremony.

Addressing a vast crowd that included dignitaries and traditional community leaders as well as thousands of jubilant locals, Ouattara described the 608m-long bridge that links the city of Jacqueline with the capital Abidjan as “a symbol of perseverance and reconciliation.”

The bridge, named “Phillipe Grégoire Yacé” after Ivorian politician and former mayor of Jacqueline, is the realization of a dream 15 long years in the making. Originally conceived in 1999, the project encountered many setbacks on the way to implementation.

For the people of Jacqueline, the new bridge represents nothing less than a lifeline. Co-financed by OFID, BADEA (the Arab Bank for Economic Development in Africa) and the West African Development Bank, the modern structure replaces the old motorized—and unreliable—ferry service and the unsafe “pinasses” or flat-bottomed boats that have been used to cross the Ebrié lagoon since the peninsula was separated from Abidjan in 1950 by the construction of the Vridi canal.

Speaking at the ceremony, current mayor, Joachim Beugré, said: “After 65 years of waiting, this is a huge boost for the people in terms of mobility, especially when it comes to urgent medical evacuations.”

Unrealized potential

Located in southern Côte d'Ivoire, around 60km west of Abidjan, the Jacqueville area sits on a thin strip of land facing the Atlantic Ocean and separated from the continental mainland by the Ebrié lagoon.

The tropical climate provides an ideal environment for agriculture, notably the cultivation of cash crops such as coffee, cocoa, rubber and palm oil, as well as a range of food staples. Domestic livestock rearing is another popular activity.

Thanks to favorable sea streams, the area is also home to a rich marine environment with plentiful fish stocks. A large portion of the population is engaged in the fishing sector, which is the backbone of the Ivorian economy.

There is also considerable industrial activity, most significantly in the field of oil and gas production. In addition to offshore drilling and a refinery run by the *Société Ivoirienne de Raffinage*, the peninsula boasts a thermal power plant operated by the national electricity company.

Despite having so much to offer, the area's considerable potential has been inhibited over the years due to its inaccessibility and the extra cost of doing business.

"The whole peninsula is about to undergo a huge transformation," said OFID country officer, Mona Alessa, on her return to Vienna after witnessing the opening ceremony. "There is a great sense of excitement and anticipation among the people, because the bridge really

does represent a metaphorical highway to a future of endless possibilities."

Alessa went on to reveal that President Ouattara had used the opportunity of the inauguration to announce that the government would be building new schools and health centers in the Jacqueville area in the near future.

"This is fantastic news for the people of Jacqueville," said Alessa, who pointed out that this kind of investment would be especially meaningful for ordinary families who had struggled for so long with limited basic services.

With travel time cut from one-and-a-half hours to just a matter of minutes, the bridge is expected to be a substantial boon to the area's fishing, agriculture and industry sectors, as well as to its nascent tourism sector. With a 100km stretch of beach, the peninsula is ripe for tourism development, and several hotel construction projects are already in the pipeline.

For the large fisher and farming communities, it means the timely delivery of perishable goods to market and an end to financial losses caused by spoiled produce. Likewise for the peninsula's coconut and palm oil plantations and its offshore oil industry—with cheaper and faster transportation to hand, opportunities for expansion and increased competitiveness will be much greater.

"The strategic importance of the Philippe Grégoire Yacé bridge cannot be underestimated," emphasized Alessa. "The day of its inauguration by the President will be remembered for many years to come." ■



OFID's Mona Alessa (center) flanked by representatives of AGEROUTE, the national road agency, during the construction phase of the project.

PHOTO: OFID/MONA ALESSA



PHOTO: AFP PHOTO/ISSOUF SANOGO

Ivorian President Alassane Ouattara (3rd from right) cuts the ribbon next to (from left) Ivorian Prime Minister Daniel Kablan Duncan; Great Chancellor of Ivorian National Order Henriette Diabate; Egyptian Prime Minister Ibrahim Mahlab; former Ivorian President Henri Konan Bedie; and Ivorian first lady Dominique Ouattara, during the inauguration of the Philippe Grégoire Yacé bridge.

Nurturing professionals from within

OFID launches Young Professional Development Program

In April, OFID welcomed on board the first intake of its newly launched Young Professional Development Program (YPDP), which seeks to prepare promising individuals from Member Countries for a rewarding career with the institution.

BY ARYA GUNAWAN USIS

Like most international organizations, OFID's founding charter stresses the importance of "giving priority in the recruitment of Professional Staff to nationals of Member Countries." The YPDP is a manifestation of this mandate.

Developed by OFID management, supervised by a management committee, and administered by the Human Resources unit, the Program is designed to attract highly qualified and motivated graduates from Member Countries, who lack work experience at the professional level. Each annual intake is planned to consist of three to five participants with a maximum age of 28 and a Master's degree.

Successful applicants will be employed by OFID for two years, during which their competence for professional positions will be developed in a structured on-the-job training program. On completion, their performance will be comprehensively assessed. For those passing this phase, there will be an opportunity to continue as full-fledged staff of OFID.

The YPDP concept was approved by the Governing Board in June 2014. After some preparation, the program was announced on the OFID website and on its social media platforms. From the 40 applicants, eleven candidates were short-listed, with a final four selected to begin their program in April 2015. ▶

Meet OFID's young professionals



Sasaenia Paul Oluwabunmi is a 25-year-old Nigerian, who graduated from Cranfield University in the United Kingdom, where he studied energy systems engineering as an ExxonMobil international postgraduate scholar. He acknowl-

edged how tough the YPDP selection process had been: "The interview was intensive and involved all-encompassing questions," he said. Paul, who will be attached to the Public Sector Operations department, has previously worked as a UK Youth Ambassador for the ONE Campaign, an NGO sponsored by the Bill and Melinda Gates Foundation.



Venezuelan **Alesandra Solano** holds a Master's in Public Relations from London's University of Greenwich. She said that the selection process had put her skills to the test and allowed her to demonstrate them. "Joining the program, I expect

to have my skills challenged and developed," said the 25-year-old, who has worked in the public relations division of several companies. She is placed in the Department of Information.

Twenty-six-year-old **Natalia Patricia Salazar** from Ecuador has been selected to work in the Corporate Planning and Economic Services unit. "I found the panel interview demanding, although concise. The stress was undeniable, but worth the cause," said the YPDP recruit who speaks five languages fluently: Spanish, Russian, English, German and French. Natalia has an MA in International Business and Economics, which she studied for in Germany and Norway.



Fatma Elshhati, 25, from Libya, admitted that she had spent weeks preparing for the selection interview. "I did not know if I would be tested on my knowledge, my experience or both," she said. "This led me to over-prepare, which I'm glad I did, as I did not expect to be interviewed by a panel comprised of six department heads." Fatma earned her Master's in International Studies and Diplomacy from the School of Oriental and African Studies, London, and will also be attached to the Department of Information.



The four successful candidates admitted they were excited to make their mark as the first batch of YPDP recruits. They also confessed to having immense expectations and to be looking forward to learning a lot and adding as much value as they can towards OFID's mandate.

More relevant workforce

◀ OFID's Fuad Albassam, Assistant Director-General, Public Sector Operations, is chairman of the YPDP committee. He described the program as "an important milestone" for OFID as an international development organization.



Fuad Albassam

"OFID's Director-General, in his quest to upgrade the institution's activities and functions, is always open and willing to take on challenges and new initiatives," said Albassam. "And the YPDP is one of them," he added.

Albassam explained that the program represented an

important step forward by OFID to engage young people more fully in development work. "By providing training and helping to reinforce OFID's staff base with young people, the institution will have a stronger drive to implement its mandate. These young professionals, if they are guided well, will certainly have a positive impact on OFID's mission in the future," he said.

Albassam conceded that implementation of the YPDP was challenging: "It started from the process of getting the right candidates, which was not easy, although the committee worked diligently in this respect. We also had to select the right staff to serve as mentors to help these young professionals master the job. Then, there will be quarterly evaluations, which will be detailed and target achievements," he explained.

Nurturing from within

Abdulwahab Al Abbas, Head of OFID's Human Resources unit, considers the YPDP the best way to recruit cadres to fill strategic positions in OFID. "Through the YPDP, OFID is growing and nurturing its future leaders from within," he said.

Al Abbas went on to elaborate that, during the two-year period, the candidates would primarily be assigned to a department according to their educational background or experience. In addition, they would undergo a rotation among other departments, which would allow them to get a comprehensive understanding of OFID's mandate.

Each young professional will be mentored by a senior staff member. Every quarter, an evaluation will be conducted by a team chaired by Albassam and five other members of senior management, including Al Abbas. At the end of the two years, there will be final evaluation to determine the suitability of the participants for permanent employment.

Stressed Al Abbas: "They have to prove that they are really up to the challenges presented. There is no guarantee that they will get to continue their service. Their performance is their only ticket to a permanent job."

Unsuccessful candidates would be expected to return to their countries and continue their dedication

there. "The experience they obtain while working with OFID will be a valuable asset to their contributing to the advancement of their home countries. This would also be a contribution by OFID to its Member Countries," Al Abbas said. ■



Abdulwahab Al Abbas

FEBRUARY 5

Public sector loan agreements signed

Cuba. US\$30.5m. Bayamo Water Supply System Modernization. To improve access to safe drinking water in Bayamo city through the rehabilitation and expansion of water supply and treatment infrastructure and distribution networks, benefiting more than 70,000 people.

Nepal. US\$30m. Community Managed Irrigated Agriculture Sector (Phase II). To rehabilitate and expand about 160 irrigation systems in the central and eastern regions, thereby improving incomes and food security for some 218,000 inhabitants.

Swaziland. US\$15m. Manzini-Mbadlane Highway. Towards the construction of a 17km highway that will directly benefit around 250,000 Swazis through increased economic opportunities and reduced travel cost and time.

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

FEBRUARY 6

Emergency grant agreement signed

Cuba. US\$400,000. To support Cuban medical brigades deployed in Sierra Leone, Liberia and Guinea on Ebola treatment/containment missions.

Public sector loan agreement signed

Burkina Faso. US\$10m. Ouagadougou Water Supply Project. To increase water production, storage and distribution capacities in urban and peri-urban areas, ultimately benefiting around 2.3 million people.

FEBRUARY 10

Public sector loan agreement signed

Côte d'Ivoire. US\$8.5m. Water Supply Project for Eastern Region of Côte d'Ivoire. Toward the construction of a water supply and distribution system that will provide over 114,000 inhabitants in and around the city of Aboisso access to safe and reliable drinking water.

FEBRUARY 23

Public sector loan agreements signed

Argentina. US\$50m. Reconquista Water Supply Project (Phase II). To support socioeconomic development in the Reconquista area of Santa Fé Province by providing sustainable access to a higher quality and quantity of potable water for some 175,000 people.

The Gambia. US\$15m. Laminkoto-Passimus Road Project. To upgrade 121km of earth road leading to villages in the east of the country. This will increase the agricultural potential of the region and provide local populations with easier and safer access to schools and healthcare facilities.

FEBRUARY 25

OPEC MDTC participants visit OFID

43 participants of the OPEC Secretariat's 15th Multi-Disciplinary Training Course (MDTC) visited OFID to learn about the organization's aims and activities.

MARCH 3

Research Grant approved

Fourth International Student Energy Summit. US\$30,000. To support the attendance of 20 students from developing countries at this global forum on sustainable resource management.



Patrick Achi, Minister of Economic Infrastructure, Côte d'Ivoire, met with the Director-General.



Ermek Ibraimov, Ambassador of Kyrgyzstan, made a courtesy call on the Director-General to discuss ongoing operations and future cooperation.



Mr Al-Herbish with Ambassador Peter Launsky-Tieffenthal, Director-General, Department for Development Cooperation, Austrian Federal Ministry for European Integration and Foreign Affairs.



Gillmore Hoefdraad, Governor of the Central Bank of Suriname, made a courtesy call on the Director-General.

MARCH 10

150th Session of the Governing Board

Public sector loans approved

Bangladesh. US\$25m. Teesta River Bridge and Access Roads. To improve connectivity between the districts of Gaibandha and Kurigram, where poverty levels are high, thus enabling communities to reach social amenities and have an improved link to the capital Dhaka.

Bolivia. US\$70m. Villa Granado-La Palizada Road. To rehabilitate a key stretch between the cities of Cochabamba and Santa Cruz de la Sierra, an area inhabited by around two million people. This will help the region's small farmers receive inputs and transport produce, and in turn raise incomes and boost food security.

Cameroon. US\$14m. Olama-Kribi Road (Bingambo-Grandzambi Section). To pave a 204km earth road that joins the capital Yaounde to Kribi, areas rich in agricultural land. Around 2.5 million people will have a better means of reaching health facilities, schools, market centers and other important services.

Djibouti. US\$19m. Tadjoura Port Expansion. To enable Djibouti to accommodate a higher volume of exports, in particular Ethiopian potash. This will contribute to the development of the northern region, one of the poorest parts of the country. In all, around 200,000 people stand to benefit from the project.

Ethiopia. US\$25m. Shambu-Bako Road. To pave a deteriorated gravel road and thereby improve the delivery of inputs and transport of crops to marketplaces for nearly 300,000 people, who will also enjoy better access to social services and jobs.

Gambia, The. US\$13m. Rural Infrastructure Development. To provide basic infrastructure in five impoverished rural regions across the country. This will include building roads, health centers, schools and small water supply and sanitation systems, among others.

Nepal. US\$20m. Small Towns Water Supply and Sanitation Sector (Phase III). To carry out sub-projects that will provide infrastructure and carry out training and capacity building schemes. Around 400,000 inhabitants will receive piped-in water supplies, and over 20,000 households improved sanitation facilities.

Uganda. US\$15m. Rural Electrification Project in Kayunga and Kamuli Service Territories. To provide electrical connections to nearly 13,000 households as well as to schools, health centers, agricultural enterprises and other vital infrastructure.

Grants approved
Abdus Salam International Center for Theoretical Physics (ICTP). US\$350,000. To fund an OFID/ICTP Postgraduate Fellowship Program that will provide fellowship opportunities in science-related fields to 15 PhD students from developing countries.

Franco-Afghan Friendship. US\$400,000. To co-finance a program targeting 32 Afghan schools in five provinces. Activities will include constructing and equipping schools along with the provision of vocational and teacher training, directly benefiting around 600 teachers and 65,000 pupils.

ICRC Special Fund for the Disabled. US\$800,000. To enhance physical rehabilitation services used by some 9,000 people in Madagascar, Somalia, Tanzania, Togo and Zambia. Disadvantaged groups will be able

to receive subsidized treatment and services, including transport and accommodation.

Jordan River Foundation—Madrasati Initiative. US\$700,000. To build and rehabilitate infrastructure and provide equipment and furniture in eight public schools in five governorates of Jordan. About 3,200 pupils, many of whom are Syrian refugees, will benefit from the project, as well as over 250 teachers from training and capacity building activities.

Organization for International Economic Relations/UNIDO. US\$800,000. To help finance a Solar Light for All initiative for off-grid, rural communities in Côte d'Ivoire and Ghana. The project is expected to improve the quality of life and living conditions for at least 30,000 individuals.

UNAIDS. US\$1.2m. To accelerate access to HIV prevention and treatment services in Djibouti, Morocco, Somalia, Sudan, Tunisia and Yemen.

UNDP/PAPP. US\$1.2m. To ensure adequate and safe housing for over 140 families in the Gaza Strip through the rehabilitation of severely or partially damaged houses.

The Ambassador of the Republic of Korea HE Young-wan Song paid a courtesy visit to the Director-General.



Mr Al-Herbish with Mr Aldo Flores-Quiroga, Secretary General, International Energy Forum. The two met to explore cooperation between the IEF and OFID in relation to the water-food-energy nexus.

Varkey Gems Foundation. US\$300,000. To support a capacity-building scheme that will benefit nearly 6,000 school leaders and teachers, as well as around 300,000 pupils enrolled in 30 districts in central and northern Uganda.

MARCH 14

Public sector loan agreement signed

Egypt. US\$27m. Expansion and Rehabilitation of Ain Shams University Specialized Hospital. To equip and carry out renovations on oncology, gynecology and neurosurgery centers, thus providing high-quality care at affordable prices for over 10,000 patients annually.

MARCH 31

Private sector loan agreement signed

Armenia. US\$10m. The term-loan to Ardshinbank will be used to support SMEs involved in the construction and operation of small-scale hydropower plants in Armenia. *See story, page 37*

Meetings attended by OFID

JANUARY 10

MANAMA, BAHRAIN
Arab Energy Club meeting

JANUARY 13–14

RIYADH, SAUDI ARABIA
Saudi Industrial Development Forum

JANUARY 19–20

THE HAGUE, NETHERLANDS
7th Steering Committee meeting of the of the Global Partnership for Effective Development Cooperation

JANUARY 26–27

PARIS, FRANCE
2015 Arab-DAC Dialogue on Development

FEBRUARY 16–17

ROME, ITALY
38th Governing Council of IFAD

MARCH 5–6

ISTANBUL, TURKEY
5th Arab-Turkish Economic Dialogue

MARCH 13–15

SHARM EL-SHEIKH, EGYPT
Egypt Economic Development Conference

MARCH 15

CAIRO, EGYPT
5th International Conference of the Arab Federation for Sustainable Development and the Environment

MARCH 22–24

RIYADH, SAUDI ARABIA
2nd Petroleum Media Forum for GCC countries

www.ofid.org



Anastasi Mabi Daniel-Nwaobia
Governor, Nigeria

Mr Askolani
Governor, Indonesia



150th Session of the Governing Board

Over 30 partner countries stand to benefit from around US\$300m in fresh funding approved at the 150th Session of the Governing Board in Vienna on March 10. Public sector projects attracted US\$201m, the bulk of it for road construction in line with the priorities of the recipient countries. New private sector investments amounted to US\$35m and comprised support to SMEs in Armenia and infrastructure development in sub-Saharan Africa. In the area of trade financing, US\$40m was shared between Honduras to bolster international trade finance activities and Mongolia to help meet the trade financing needs of corporates and SMEs. In addition, a €25m loan will support trade finance-related activities for companies in Turkey. Grant funding made up the remaining US\$5.8m and will be used to support a wide range of initiatives in the education, health and energy sectors as well as a housing rehabilitation project in Palestine. Further details of public sector and grant approvals can be found in the *Diary*.

Governing Board Chairman
Abdulwahab A Al-Bader



Dr Eudomar Tovar
Alternate Governor, Venezuela



Majed A Omran
Governor, United Arab Emirates

Dr Ahmed Abdulkarim Alkholifey
Governor, Saudi Arabia



Dr Mohammad Khazaei
Governor, IR Iran

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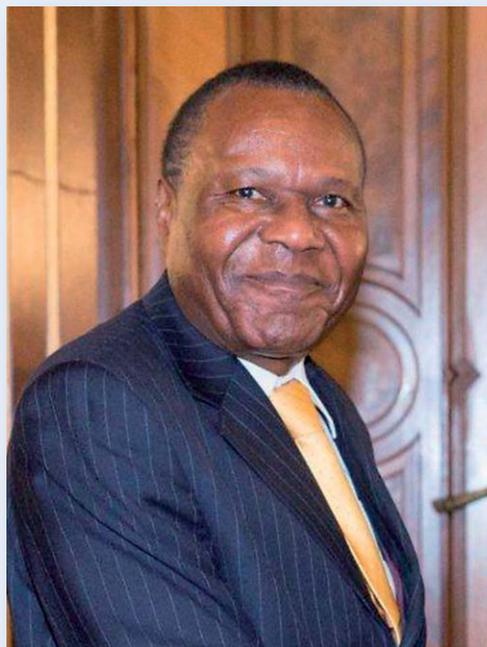
US\$10m for water supply project in Burkina Faso

Mr Al-Herbish and Jean Gustave Sanon, Minister of Economy and Finance, initial the agreement for phase two of a project that is expanding water production, storage and distribution in the capital Ouagadougou.



US\$30.5m to improve drinking water access in Cuba

Ileana Núñez Mordoche, Deputy Minister of Foreign Trade and Investment, signed the agreement for the project, which will benefit more than 70,000 people in the city of Bayamo. The Minister also signed a US\$400,000 grant agreement in support of Cuban efforts to contain the Ebola outbreak in Africa.



Uganda secures US\$15m for hospitals project

Marcel Robert Tibaleka, Ambassador of Uganda to Germany, finalized the agreement for a project to upgrade and expand the Yumbe and Kayunga general hospitals and improve healthcare delivery for almost one million people.



US\$15m for highway construction in Swaziland

Martin Gobizandla Dlamini; Minister of Finance, secured funding for the 17km-long Manzini-Mbadlane highway, which will open up access to economic opportunities for 250,000 Swazis.

The Gambia gets US\$15m for road project

Kebba Touray, Minister of Finance, signed the agreement for a rural road project that will lead to greater social and economic integration for villages in the east of the country



US\$50m first public sector loan for Argentina

Mr Al-Herbish and Dr Antonio Bonifatti, Governor of the Province of Santa Fe, shake hands on the financing agreement for a project to provide sustainable access to potable water in the Reconquista area of Santa Fé Province.

The full list of loan and grant signatures can be found on pages 45-47.

BY NADIA BENAMARA

Ecuador urges regional unity in fight against poverty

Ecuador's President Rafael Correa has assumed pro tempore leadership of the Community of Latin American and Caribbean States (CELAC) for 2015.

Addressing the 33-member nation coalition at its third summit in San Jose, Costa Rica on January 29, President Correa characterized poverty as the worst form of violence, whose eradication was "a moral imperative for our region and our planet."

He elaborated: "We still have 78 million Latin American and Caribbean people living in extreme poverty. For the first time in history, this poverty is no longer due to a lack of resources, but rather ... inequality."

In addition to reducing poverty and inequality, Correa emphasized four key CELAC objectives: innovation in education, science and technology; improved environmental stewardship; reorganization of the region's financial structure; and

stronger sway in the international arena.

"Whenever possible, we should act with a common voice," he said. "Separated, we will not be heard, but united we will be heard across the planet."

Launched in 2011, CELAC was created as an alternative to the Organization of American States (OAS) and the Summit of the Americas.

One of the most important outcomes of the bloc's most recent meeting was a regional commitment to eliminate hunger by 2025.

The jointly adopted plan of action was developed in cooperation with the Food and Agriculture Organization of the United Nations (FAO).

Titled "Food Security, Nutrition and Hunger Eradication," the plan is based on four broad pillars: strategic coordination at national and regional levels (with a special

focus on gender issues); sustainable access to safe and nutritious food; widening school food programs while addressing malnutrition; and tackling food security challenges posed by climate change.

According to FAO, the Latin American and Caribbean region is the only one to have collectively achieved the first Millennium Development Goal of halving the proportion of people who suffer from hunger by 2015.

FAO's regional representative, Raul Benitez ascribes this success to the bloc's political commitment to food security: "[It's] what makes the difference between Latin America and the Caribbean and other regions."

Venezuela will host a high-level meeting to follow up on the FAO/CELAC hunger eradication plan in the second half of 2015. ■



PHOTO: PRESIDENCIA CR



PHOTO: UNDP/ICGP

Smallholder farmers produce 40 percent of Indonesia's palm oil output.

Indonesia expands palm oil regulation to smallholders

Indonesia's lucrative palm oil industry has helped lift millions out of poverty; often, however, at the expense of the environment. Now, a government-led initiative is helping smallholder palm oil farmers—who produce some 40 percent of the country's output—meet new sustainability standards.

The Ministry of Agriculture began piloting palm oil smallholder certification guidelines on Sumatra Island with support from the United Nations Development Program (UNDP) in late-February.

This is the first time Indonesia has started certifying smallholders as part of Indonesian Sustainable Palm Oil (ISPO)—a mandatory national scheme introduced in 2011. Until now ISPO certification has focused on private companies.

The ongoing initiative targets six palm oil cooperatives comprised of 2,200 farmers in Riau province, a major palm oil producing area.

It aims to help smallholders increase their productivity in a sustainable and environmentally responsible manner by pro-

viding greater access to training and extension services.

"It is a big and unprecedented step," said ISPO Executive Chairman, Dr Rose-diana Suharto. "The results of this pilot phase will be key to moving forward and certifying all smallholders in Indonesia. This demonstrates the government's commitment to boosting palm oil productivity while respecting our unique biodiversity."

Palm oil smallholders often farm in isolated areas, with little regulatory oversight or agricultural know-how. Less productive than larger competitors, they tend to rely on harmful chemicals, clear-cutting, and other unsustainable methods to grow their crops.

Smallholders are also less likely to be integrated into the global supply chain ▶

Palm oil fast facts

- Indonesia is the world's largest producer and consumer of palm oil. Its total plantation area was estimated to be more than twice the size of Switzerland (approximately 10m ha), generating 27 million tons of palm oil in 2013. Indonesia aims to increase production to 40 million tons by 2020.
- Palm oil is the world's most widely used vegetable oil: in products as diverse as biodiesel, soap, margarine, ice cream and cosmetics. Worldwide consumption has quintupled since 1990.
- Palm oil is also the world's highest yielding crop, with an output 5–10 times greater per ha than other leading vegetable oils, according to the Roundtable on Sustainable Palm Oil (RSPO).
- RSPO data also indicates that palm oil requires a global average of five workers per hectare, as opposed to one worker per every 200 hectares for competing oil crops.
- An estimated 3.7 million people are engaged in the palm oil industry in Indonesia.



PHOTO: KYTAN/SHUTTERSTOCK.COM

◀ or possess concrete offtake agreements that could provide much needed technical and financial support.

Indonesia's smallholder certification process, which is expected to take several months, should go a long way toward improving livelihoods without causing further deforestation, according to Tomoyuki Uno, Asia Manager for UNDP's Green Commodities Program.

"ISPO is rather like a driving license for palm oil farmers in Indonesia," said Uno. "By requiring all farmers to meet minimum sustainability requirements, the government is actually committing to formalize palm oil smallholders and provide vital assistance such as land titles and capacity building."



An oil palm plantation worker unloads a boat laden with the fruit.

PHOTO: CHRIS STOWERS/PANOS

He continued: "This is long overdue and will allow Indonesia not only to improve farming practices and the economic outlook from palm oil, but also protect the country's environment and forests."

The ISPO smallholder certification pilot is part of the Sustainable Palm Oil Initiative, officially established by the Indonesian Ministry of Agriculture and UNDP in 2014. It operates at the national level and in three initial provinces: Riau, South Sumatra and West Kalimantan. ■

OPEC's El-Badri speaks at Middle East Oil & Gas Conference

Oil market should return to balance in second half of 2015

The global crude oil supply and demand balance in the first half of 2015 points to an oversupply of around two million barrels/day (m b/d), although the market should return to balance during the second half of the year.

That was the view put forward by Abdalla Salem El-Badri, OPEC Secretary-General, at the 19th Middle East Oil & Gas Conference, held in Manama, Bahrain in early March.

Addressing a ministerial panel session, he pointed out to delegates that there had been rising supplies from non-OPEC oil producers.

“In fact, since 2008 non-OPEC supply has risen by almost 6m b/d. In contrast, OPEC’s production has been fairly steady at around 30m b/d,” he affirmed.

El-Badri noted that oil demand in 2014 was weaker than originally projected at the beginning of that year, “although we

do expect higher growth this year.” Last year, oil demand growth was just below 1m b/d, while this year it was expected to rise to around 1.2m b/d.

The global economy, he observed, continued to offer up both optimistic and pessimistic indicators. OPEC saw global economic growth next year at 3.4 percent, compared to 3.2 percent in 2014.

The OPEC Secretary-General said that, over the years, the global oil and gas ▶



OPEC Secretary-General Abdalla Salem El-Badri.

PHOTO: OPEC

◀ industry had gone through a number of cycles and changes that had required the industry to adapt and evolve.

“There is no doubt that the last nine months have been one of those intermittent periods of volatility, after several years of stability.”

But El-Badri stressed that the Organization did not believe that actual market fundamentals warranted the almost 60 per cent drop in prices that the market saw between June 2014 and January 2015. “It is clear that speculators also played a role in this fall,” he added.

He conceded that the current lower price environment was a test for all producers and investors. Lower oil prices meant less revenue. And less revenue meant tighter budgets. While prices would no doubt rebound, as they had done of late, it was clear that the global oil industry was at the heart of a shifting landscape.

For example, said El-Badri, a number of projects were being canceled or put on hold, rig counts had fallen dramatically, investment plans were being revised, costs were being cut and squeezed, and redundancies had been made.

“These are the current realities. It is a challenging time for the industry. However, there are clearly many things that the industry can do with one eye on the current situation, and one eye on the future.

Citing examples, El-Badri said it was important to look at new ways to reduce costs and achieve more efficient working practices.

It was also vital as an industry to enhance collaboration between national oil companies, international oil companies, service providers, as well as other industry stakeholders, to help further streamline the

industry and discuss views on the industry’s future.

In addition, he continued, it was essential to maintain research and development initiatives and to continually develop technologies that could help in discovering, extracting and producing more hydrocarbon reserves in an ever more cost-effective and sustainable manner.

“And for producers, it may be useful to use the situation of lower oil prices to create incentives to use energy more efficiently and implement sustainable policies that could lay the groundwork for more diversified and less energy-dependent economies,” he said.

“We cannot avoid cyclical events, when prices rise and fall, and we cannot avoid challenges. It is the nature of the market.”

El-Badri said the reason the industry’s stakeholders needed to keep their eyes on the longer term was because energy demand was expected to increase by 60 per cent by 2040, with fossils fuels remaining central to the energy mix.

“The world will need more oil investments and the Middle East and North Africa (MENA) region will be central to this,” he asserted.

Referring to data contained in in OPEC’s *World Oil Outlook 2014*, El-Badri said that oil-related investment requirements were estimated to be around US\$10tr between now and 2040.

Oil demand was seen increasing by around 21m b/d to 111m b/d by 2040, with Asia accounting for almost three-quarters of the growth. The MENA region, he said, was clearly perfectly-positioned to supply Asia’s ever-expanding demand for oil and gas.

“However, as we all know, no-one can make precise predictions about the future. History tells us that things rarely stay the same. The past nine months have demonstrated this,” he contended.

“There is no doubt that the market and its stakeholders will have to evolve to ever-changing circumstances and challenges in the years ahead.”

Alongside the current market situation, said El-Badri, these challenges included ‘known’ uncertainties, such as: the potential impact of UN climate change negotiations; the role of financial markets and oil market speculation; energy policies in some consuming countries; manpower bottlenecks; advances in technology; and rising costs.

“And there are also ‘unknown’ uncertainties. These are most often related to geopolitics and severe weather events,” he stated.

The OPEC Secretary General said it was important to stress that the oil business had been dealing with change and uncertainty since its very early days. “We cannot avoid cyclical events, when prices rise and fall, and we cannot avoid challenges. It is the nature of the market.

“But there are clearly tremendous opportunities too. Despite the recent volatility and current uncertainties, there is no doubt that the industry has a healthy long-term future,” he concluded. ■

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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