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# OFID

THE OPEC FUND  
FOR INTERNATIONAL  
DEVELOPMENT

# Quarterly

## *2015: A pivotal year for global development*

Sustainable energy: The missing MDG

OFID symposium rallies petroleum industry support for energy access

Visit to Nicaragua reaffirms dynamic partnership

OFID makes first private sector investment in Tajikistan

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**Uniting against Poverty**

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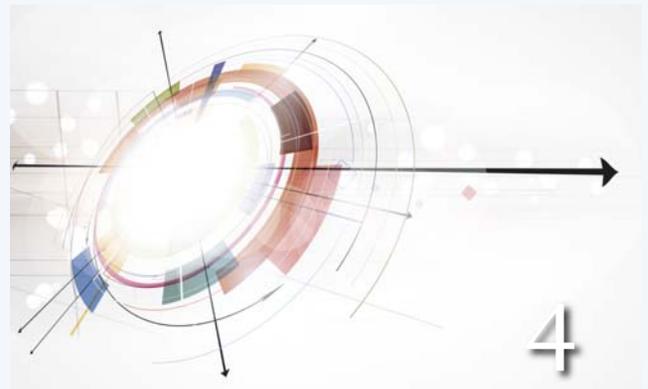
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# From MDGs to SDGs: *An unprecedented opportunity*

**A**s far as years go, 2015 couldn't be more significant. In September, we say goodbye to the Millennium Development Goals (MDGs) and usher in their successor, the much-anticipated Sustainable Development Goals (SDGs). As the name suggests, the new agenda is expected to build on the lessons learnt over the past 15 years and deliver a framework that is truly sustainable, inclusive and effective.

Despite the optimism of 15 years ago, most commentators would agree that the MDGs were inherently flawed. For a start, they were more prescriptive than participatory, formulated by a largely elite group of majority high-income countries. Moreover, they focused on quantitative rather than qualitative results and on the “what” over the “how”.

It's perhaps not surprising that the goals fell short in certain areas. That said, there have been encouraging results, especially for the targets relating to overall poverty reduction, primary education, child mortality, and clean water. These accomplishments cannot be denied, and millions of people are better off because of them.

On a different level, some might say that the most important outcome of the MDGs is what we have learned from their shortcomings. Moving forward there is so much new knowledge to tap into, and there's an intensified sense of partnership amongst all stakeholders.

For its part, OFID has worked diligently within the context of the MDGs to align its programs with the priorities of its partner countries. We've been adapting to new development paradigms for nearly 40 years, so this was not an unfamiliar experience. But the MDGs brought with them an unexpected dimension for OFID—an opportunity to stand champion for the millions of people without access to modern energy services, a goal noticeably absent from the agenda.

Labeling energy poverty alleviation “the missing MDG,” we took a stand, launched our own “Energy for the Poor Initiative” and kick-started the campaign to push the issue to the top of the global development agenda. And our voice was heard—energy *will* feature as a critical component of the post-2015 SDGs.

This evolution of OFID—from merely effecting to actually shaping the global development agenda—has been further cemented by our strategic role in the Global Partnership for Effective Development Cooperation (GPEDC), the roadmap for how the SDGs will be implemented.

The SDGs have yet to be finalized, but this time around the process has involved broad consultations—with governments from all points on the spectrum, with civil society and the private sector, and

with international organizations and financial institutions. Moreover, as well as a “what”—17 goals and 169 targets—we also have a “how” in the form of the GPEDC.

The one blot on the horizon would appear to be the sheer scope of the agenda, which has been criticized for lacking coherence, priorities and a clear time-frame. Ban Ki-moon's “Synthesized Report” issued this past December added another ingredient to the mix: a cluster of “six essential elements” encompassing People, Planet, Dignity, Prosperity, Partnership and Justice.

It remains to be seen how governments will react to the Secretary-General's report when negotiations officially pass into their hands at the end of January. Will they see the clustering as a means of giving clarity to a vision, or as an additional unnecessary layer that pulls attention away from the main goals and targets?

Whatever happens, nine months from now we will have a new development agenda, one that Ban Ki-moon describes as an “unprecedented opportunity to take far-reaching, long-overdue global action to secure our future wellbeing.”

As it has for the past 39 years, OFID will be there as an active partner. And for *this* agenda, offering its expertise, experience and voice as well as its financial resources. Anything less would be to renege on the pledge of our mission. ■

An abstract graphic design featuring several overlapping, semi-transparent arcs in various colors (blue, green, yellow, orange, red, purple) that form a circular, spiral-like pattern. Several black arrows of varying lengths and directions are scattered across the composition, some pointing towards the center and others pointing outwards. The background is a light, neutral tone with a subtle grid pattern.

“ All great things  
start from small  
beginnings. ”

Cicero, 106 BC–43 BC

# 2015: A pivotal year for global development



The year 2015 represents a watershed for international development, marking as it does the transition from the groundbreaking Millennium Development Goals to a new agenda—the highly anticipated Sustainable Development Goals. Here, the *Quarterly* reviews the successes and shortcomings of the MDGs and asks if the lessons learned over the past decade hold the key to a truly sustainable future.

BY MOHAMMAD AL-SHEHA AND SANITA SUHARTONO

**W**hen the MDGs were announced as an outcome of the 2000 Millennium Summit, world leaders were united on the need for a new development paradigm that would foster real progress. Whereas before there had been mostly discussions, the Summit delivered a time-bound agenda with global goals and targets. The eight MDGs represented a guide to channeling development aid in a way that would free people from extreme poverty, provide education and improve health. The deadline was set for 2015.

Since the MDGs were created, it is reasonable to say that a shift has occurred in the understanding of what they were intended to achieve. With progress in some cases falling short of expectations, attention has been deflected from the actual accomplishments to more generic talk of the MDGs' success in increasing global awareness of the various issues.

Such a view, however, belies the many tangible results and the fact that the MDGs have taken us through a steep learning curve that would not have been possible without the collective focusing of resources and research.

The figures speak for themselves. Since 1990, extreme poverty rates have been cut in half. Around 90 percent of children now receive primary school education, and girls' attendance rates have substantially increased. Seventeen thousand fewer children now die each day, and maternal mortality has fallen by 45 percent com-

pared with 1990. According to the latest data, 9.7 million people are now receiving HIV medicine, while 3.3 million AIDS-related deaths have been prevented in the span of 12 years. Incredibly, 2.3 billion people have received access to clean drinking water. The burden of debt has declined for developing countries, and the economic and trade climate has improved for them as well.

### Inherently flawed

Despite all that has been achieved, it is important to take a critical look at the MDGs' weaknesses in order to avoid similar flaws in the future. World leaders did not conduct any serious consultations to formulate the goals, and the process ended up being a "top-down" approach to development. What's more, the decision-making was restricted to representatives from mostly high-income countries, who produced a set of general goals that from the start were difficult to measure. In addition, no plan or guidelines were provided on how these goals should be achieved. But perhaps the most telling lapse—which has become obvious with the benefit of hindsight—was the focus on quantitative rather than qualitative results.

At the time, there was a general impression that the decision-makers deliberately broadened the MDGs to avoid being tied and committed to any meaningful targets. The goals thus came to be perceived by some as a set of moral and practical pledges. Moreover, the way they were devised reinforced the perception that developed countries had the biggest say in defining the important issues and how aid should be spent, because they were the ones who effectively held the purse strings.

Nonetheless, the majority of developing countries did make substantial progress. That said, it must be considered how much of this can actually be attributed to the MDGs. For example, the oft-cited measure of the MDGs' success is the first goal of halving extreme poverty worldwide. Yes, this has been achieved, but its "success" is mainly due to the rapid economic growth in China and India.

The World Bank estimates that, in 1990, 43 percent of the developing world's population lived below the poverty line of US\$1.25 a day at purchasing-power parity. According the latest data, the equivalent figure for 2011 was just 17 percent. While a remarkable accomplishment deserving of note, this massive reduction in poverty can largely be attributed to the fact that China and India accounted for over 62 percent of the world's poor in 1990. The recent changes in global poverty levels have depended heavily on the performance of these two countries.



## Millennium Development Goals: Then and Now

<b>Proportion of people living in extreme poverty</b>	1990 <b>46.7%</b>	2010 <b>22%</b>
<b>Proportion of hungry people</b>	1990 <b>18.6%</b>	2010–12 <b>12.5%</b>
<b>Primary school completion rate</b>	1990 <b>81.9%</b>	2011 <b>91.2%</b>
<b>Ratio of girls to boys attending school</b>	1990 <b>0.88</b>	2011 <b>0.97</b>
<b>Under-5 mortality rate per 1,000 live births</b>	1990 <b>87</b>	2012 <b>50</b>
<b>Maternal mortality rate per 100,000 live births</b>	1990 <b>400</b>	2010 <b>210</b>
<b>Incidence of new HIV cases per 100 people</b>	1990 <b>0.08</b>	2011 <b>0.06</b>
<b>Proportion of people without access to safe drinking water</b>	1990 <b>24%</b>	2011 <b>11%</b>
<b>Proportion of people without access to basic sanitation</b>	1990 <b>51%</b>	2011 <b>36%</b>

Data source: United Nations

Major strides have also been taken with MDG 6, to combat HIV/AIDS, malaria and other diseases. However, much more could have been achieved had proper guidelines been in place from the beginning. For instance, in numerous cases pharmaceutical companies supplied drugs that were close to, or even past, their expiry date. A report in the British Medical Journal in October 2009 stated: “According to the World Health Organization (WHO), which did a systematic review of drug donations from 1998 to 2008, only 56 percent of donations were appropriate: 12.5 percent of drugs requested by recipient countries were received, 57 percent of the inappropriate donations had improper labels, 40 percent had expiry dates of less than one year, and up to 80 percent of appropriate donations were surplus to requirement.”

There has also been criticism that the MDGs were designed simply to hit large numerical targets, rather than provide a substantive result. For instance, the MDG on providing universal primary education was a marginal success because it helped boost gender parity, and there are indeed now more girls going to school than before. However, the goal only measures attendance rather than the quality or success of education, or the number of people continuing onwards to high school and university.

Other MDGs, such as reducing child mortality and improving maternal health, are closely related and could have benefited from being a single, more compact and coherent goal. More complex goals on the other hand, such as those

relating to a global partnership for development and environmental sustainability, lacked definition and needed to be considerably more substantive.

But perhaps some of the biggest criticism of the MDGs comes from what was left out rather than what was included. For example, energy provision should have been recognized as a critical ingredient to achieving the MDGs. Energy access makes it easier to provide education and food; promote gender equality and empower women; reduce child mortality; improve maternal health and combat HIV/AIDS, malaria and other diseases.

There is no doubt that the MDGs fell short on multiple levels, and that both the process and the goals deserve rigorous evaluation. However, it should be kept in mind that the MDGs have achieved tangible results, promoted global awareness and played a role in securing progress by mobilizing individuals, governments, organizations and private entities that would otherwise not have participated.

### Lessons learned

The criticism must be learned from in order to make the next agenda more inclusive and effective and achieve even more. The agenda must be easy to understand and would benefit from intermediate milestones with clear dates to ensure feedback in policies and outcomes and to allow for adjustments and improvements. It is also vital to ensure that accurate data will be freely ►

*The criticism of the MDGs must be learned from in order to make the next agenda more inclusive and effective and achieve even more.*



PHOTO: DISTINCTIVE IMAGES/SHUTTERSTOCK.COM

*Since the launch of the MDGs an incredible 2.3 billion people have gained access to a clean water source.*

◀ available in order to facilitate global cooperation and partnership. The MDGs were seen as a program of development assistance created by high-income countries, and this must be avoided if the post-2015 agenda is to gain wider awareness, acceptance and involvement.

Government support is critical due to the scale of the needed investments and the probable changes in legal systems. However the private sector must also be brought into the fold to help mobilize expertise and resources and to reduce reliance on increasingly limited donations.

In the World Investment Report 2014 the UN said: “Global investment needs are in the order of US\$5tr to US\$7tr per year. Estimates for investment needs in developing countries alone range from US\$3.3tr to US\$4.5tr per year, mainly for basic infrastructure (roads, rail and ports; power stations; water and sanitation), food security (agriculture and rural development), climate change mitigation and adaptation, health, and education.”

According to the latest estimates, there is a financing gap of US\$2.5tr in developing countries. The problem is further compounded by the fact that foreign direct investment to developing countries tends to flow more to Asia and Latin America and less to Africa, where investments are inclined to be mostly in the extraction industry and telecoms.

If high-income countries would honor their existing commitments and increase aid flows perhaps more of these funds could be used to take on private sector risk and encourage investment—through public-private partnerships—in regions that would otherwise be avoided.

During the June 2012 Rio+20 conference, member states made a commitment to develop a post-2015 development agenda with a set of Sustainable Development Goals (SDGs), containing targets and indicators that would be balanced, coherent, comprehensive and achieved by 2030. The ensuing consultation process has resulted in two reports that provide a general idea of what to expect when the SDGs are finally declared in September this year.

### The new SDGs

The first report is from the 27-member High-level Panel of Eminent Persons (HLP) that was set up in July 2012 by UN Secretary-General Ban Ki-moon to advise on the global development framework beyond 2015. The second report was prepared by the 30-member Open Working Group (OWG) of the UN General Assembly, which was tasked with preparing a proposal on the SDGs.

The HLP’s report recommends a set of 12 goals and 50 targets that lean towards a greater emphasis on social objectives. It states: “The new development agenda should have a practical focus on issues such as poverty, hunger, water, sanitation, education and healthcare.”

The OWG, on the other hand, proposes 17 goals with 169 targets, and places more weight on economic and environmental objectives: “Poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production, and protecting and managing the natural resource base of economic and social development are the overarching objectives of and essential requirements for sustainable development.”

The OWG report has now been adopted as the official report on the SDGs. However the formulation of the final SDGs is ongoing, and the proposed goals and targets may change. As they stand now, the goals and targets lack an overall concept as no single goal stands out, and there is no clear timeframe for action even though the intention is to accomplish the proposed SDGs by 2030.

In trying to seek a consensus, the UN has opened the door to a wide range of potentially inconsistent goals. In practice, it might prove difficult to provide actionable advice to the policy-makers who must strive to achieve the goals and produce real improvements in global living standards.

Whatever is decided on by September 2015, perhaps the final proposed goals and targets are meant to list the potential components of progress rather than actually provide a strategy for how to achieve it. In their current formulation, the strength of the proposed SDGs lies in the fact that they provide a large number of groups and organizations with commonalities and something to aim for either alone or together.

There is a strong likelihood that the SDGs will be a bigger success than the MDGs because of one fact that seems to have been overlooked by the detractors. The MDGs not only provided a set of global goals and targets for the first time, but also established a network of organizations working towards common and defined interests. This network includes UN agencies; NGOs, charities and civil society; humanitarian and social enterprises; development finance institutions and the corporate sector. It will no doubt continue to grow in size and strength and have the capacity to achieve even more.

From the perspective of the advanced countries it might seem that development is continu-

ous. Countries may grow faster or slower, but the trend of social and economic progress is always upwards. The reality has been very different. In some cases, countries or regions have regressed as they have lost the resources or skills to remain competitive. China is a perfect example. It was once the world's leading industrial economy, before losing its edge, and is now aspiring once more to reassert its supremacy. Successful countries have remained informed and aware of the necessary technologies, institutions and governance systems which are needed to support development.

A vital part of this process in today's globalized world is the international dissemination of realistic development goals and the knowledge and technology that are necessary to accomplish them. The MDGs were the pioneer in this regard. Not all the goals were realized, but the process of setting global standards made a huge contribution. We can hope and expect that the forthcoming SDGs will build on the achievements of the MDGs. The first step is always the most important. ■

## Ban Ki-moon delivers verdict on proposed SDGs

The much-anticipated Synthesis Report of the UN Secretary-General on the Post-2015 Development Agenda was issued on December 4. Entitled "The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet," the report makes a "call to action to transform our world beyond 2015."

What the Synthesis Report adds is another numbered list, against which the new agenda should seek to operate. Now, together with 17 goals, and 169 targets, there are also "six essential elements": People, Planet, Dignity, Prosperity, Partnership, and Justice.

The Report has already attracted criticism, with commentators questioning how this extra layer will ease the workload of governments when they begin to finalize the new development agenda early this year. Expectations had been for the proposed 17 goals and 169 targets to be condensed and prioritized. Disappointed critics point out that the Synthesis Report

makes no progress in this direction. For example, important and clear-cut targets such as the need to achieve Universal Energy Access for all by 2030 are to be subsumed within general elements such as growing "Prosperity" and protecting "the Planet".



There is no questioning the ambitious scope of the Report. It presents the substantial preparatory work which has gone into the development of the SDGs from a new perspective. It raises new issues and priorities which may find favor with some member states. Overall, however, and according to numerous commentators, it seems unlikely that the Report can make a significant contribution to the process of focus and prioritization. It remains to be seen how governments and international organizations will proceed as they enter 2015 and seek to define a clear and achievable development agenda for the next 15 years.

Source: United Nations



PHOTO: TONGRO IMAGES/CORBIS

# Sustainable energy: The missing MDG

After being omitted from the MDGs, the inclusion of modern energy access in the post-2015 development agenda is a significant victory. The war, however, is yet to be won. Key challenges remain in the bid to secure sustainable energy for all by 2030.

BY FARIS HASAN AND NAMAT ABU AL-SOOF

**E**nergy is central to sustainable development—a major enabler for achieving all the MDGs and maintaining their sustainability—its importance reflected in the strong correlation between electricity consumption and the UN’s Human Development Index (HDI). It seems therefore inconceivable that global leaders failed to consider an energy-specific goal when drawing up the MDGs fifteen years ago.

The lack of universal energy access has been a chronic problem in the developing world. Many of the 1.3 billion people without access to electricity and the 2.7 billion people without access to modern cooking fuels live in sub-Saharan Africa and South Asia.

Although missing from the MDGs, subsequent work has emphasized the importance of energy for human development. In 2005, the UN Energy Group study entitled “The Energy Challenge for Achieving the MDGs” highlighted that energy services such as lighting, heating, cooking and mechanical power were essential for alleviating poverty and achieving the MDGs.

Indeed, economic and social development is seriously impeded by the lack of sustainable energy services. Countless examples have shown that, once modern energy is available, families and businesses benefit enormously from light, power and heat and the associated opportunities for job creation and income generation. The

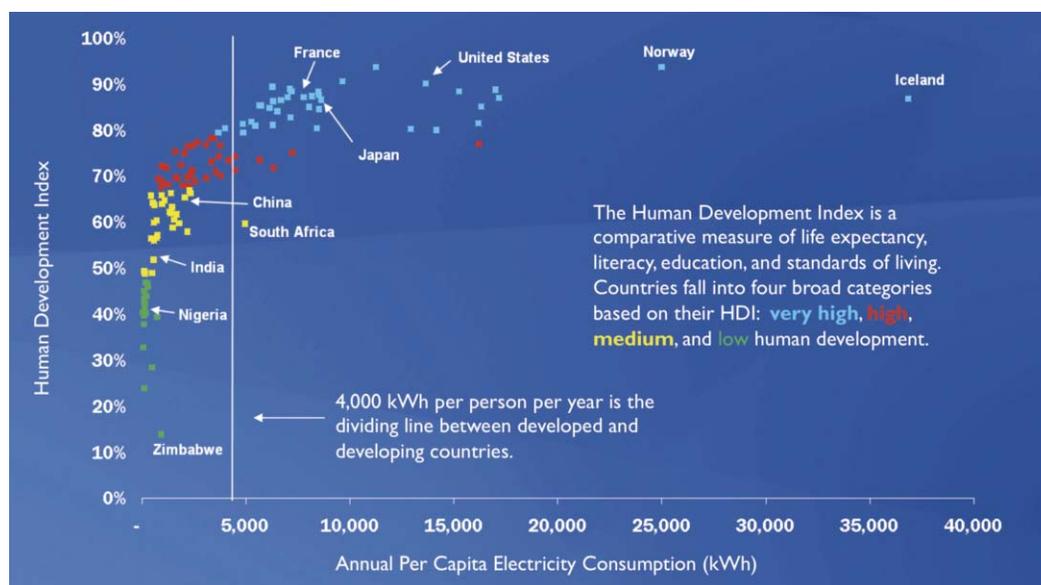
World Health Organization estimates that if half of the global households that still use traditional fuels and stoves switched to cleaner cooking sources, over a ten year period, families would save US\$34bn per year and generate an economic return of US\$105bn per year.

Deficient access also undermines resilience to socioeconomic and climate vulnerabilities. For example, energy services for use by health centers and communities are essential for disaster management. Energy access is therefore crucial to resilience and adaptive capabilities.

## Post-2015 agenda from MDGs to SDGs

Despite all the evidence, international recognition of the importance of energy to the development process was slow in coming. It was in 2010, during the High Level Plenary meeting of the UN General Assembly (UNGA) on the MDGs, that energy was finally acknowledged as a key prerequisite for achieving the goals.

Soon after that, in 2011, UN Secretary-General Ban Ki-moon identified “Sustainable Energy for All” (SE4ALL) as a top priority in his five-year action agenda on the Sustainable Development Goals (SDGs). The cause gained further momentum when the UNGA declared 2014–2024 the “UN Decade of SE4ALL.” ▶



Source: Human Development Index, United Nations; Annual Per Capita Electricity Consumption (kWh), World Bank

## The UN Human Development Index and Per Capita Electricity Use

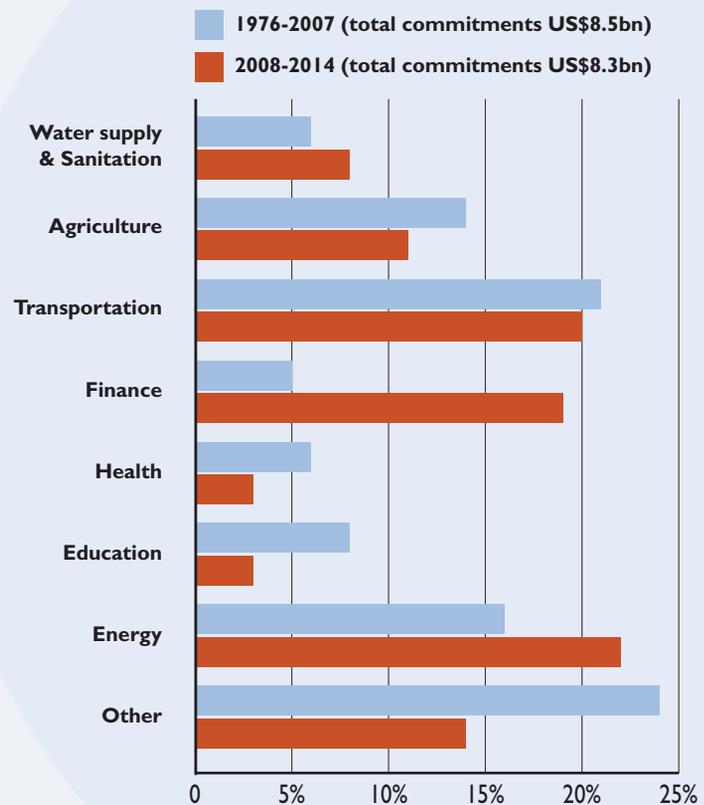
## OFID: Leading the charge

OFID was in the vanguard of efforts to push energy poverty up the global agenda long before it became a mainstream topic. It was OFID, in fact, which first labeled access to energy services the missing “Ninth” MDG.

OFID's involvement intensified following the Solemn Declaration of the Third OPEC Summit in 2007, which proclaimed the eradication of energy poverty a common objective of all OPEC aid institutions—including OFID—and called on these institutions to cooperate with the energy industry and other financial institutions to enhance this important endeavor.

OFID has since combined advocacy and action on the ground, using all resources at its disposal and pursuing all possible solutions, to implement this mandate.

**Sectoral breakdown of OFID commitments 1976-2007 and 2008-2014**



◀ On September 10, 2014, the UNGA adopted a resolution that paved the way for the “Report of the Open Working Group on Sustainable Development” to be the main basis for integrating the SDGs into the post-2015 development agenda.

The proposed SDGs build on the MDGs and incorporate economic and environmental dimensions. They break new ground by including issues such as energy, economic growth, inequality, cities, sustainable consumption and production, as well as peaceful societies.

The Open Working Group identified energy as one of 17 goals in the ongoing post-MDGs dialogue. Its suggestion for a goal to secure sustainable energy in the post-2015 period builds on the SE4ALL targets—access, efficiency and renewable energy—and its multi-tier Global Tracking Framework (GTF).

The GTF aims at monitoring, at the household level, several challenges associated with electricity access in developing countries. These

include peak available capacity, affordability, duration, legality, and quality of supply, as well as access to electricity services on the basis of appliance ownership.

However, while the dimensions of energy access considered within the GTF help in determining past and current levels of access, they may not provide insight into future levels.

The stiffest test of the next development agenda will therefore be to ensure that energy access is sustainable. This issue may be particularly important given that energy systems involve long lock-in periods, and infrastructure built over the post-MDGs timeframe is likely to determine energy pathways beyond 2050.

In addition, energy systems, especially in developing countries, are exposed to disruptions that can affect long-term continuity of access. Challenges include: resource constraints, climate change, natural disasters and lack of capacity, all of which can have the biggest impact on those already at the higher levels of deprivation. ■

# Why migration matters for development

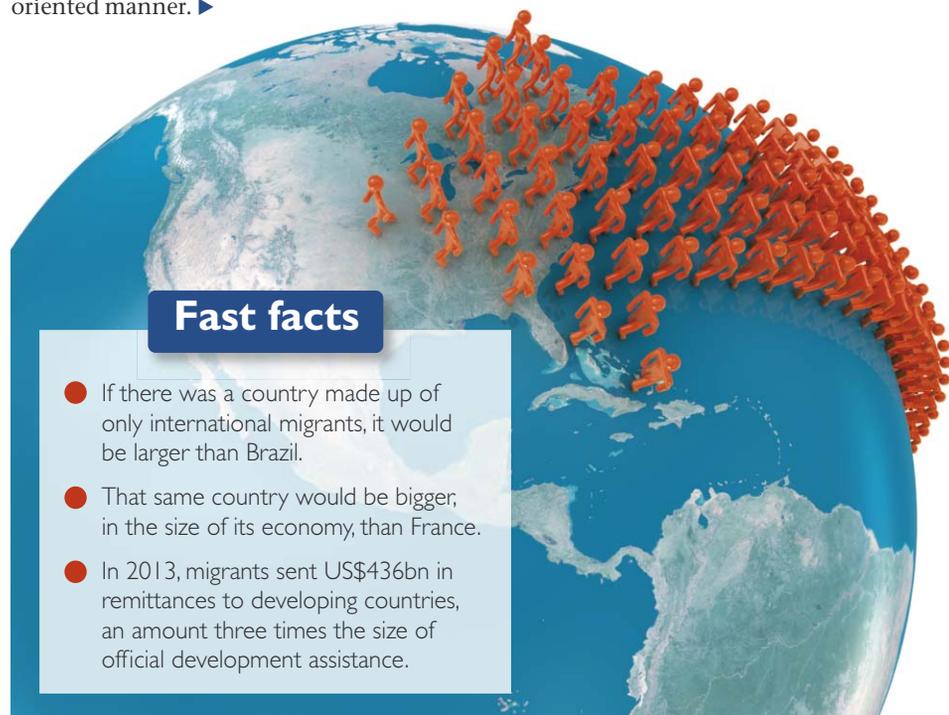
In the space of 15 years, migration has evolved from being a problem issue into a widely acknowledged positive force for global development. Here, **Lukas Gehrke** of the Vienna-based International Center for Migration Policy Development explains the reasons behind this change of heart.

**F**ifteen years ago the global migration discourse centered on migrants as victims of discrimination, racism and intolerance. Migration itself was seen as a cross-border issue—mainly in terms of its security implications—which had to be dealt with collectively.

The spirit of the time also impacted the design of the global development framework. When the “Road map toward the implementation of the United Nations Millennium Declaration” was crafted in 2001, migration received little attention and then only as a negative issue. The document referred to migration as one of the causes of the worsening global malaria problem and pointed to the problem of irregular migrants. In that context, it highlighted the need to train immigration officials and the police and called on the continuation of dialogue to deal with migration issues and their implications. Since then, however, much has changed.

In the period 2000–2010, the global migrant stock grew twice as fast than during the previous decade. With the increased regional and global mobility of persons, one out of seven has become a migrant. Estimates suggest that there are around 232 million international migrants and 740 million internal migrants, a total of almost one billion people who live outside their place of origin. As the numbers have grown so has global recognition that migration is intrinsic to development and can be an effective vehicle to alleviate poverty in both countries of origin and destination.

Momentum was triggered with the 2006 UN High-level Dialogue on International Migration and Development that placed migration on the development agenda for the first time. This led to the creation of the Global Forum on Migration and Development, which set the basis for a collaborative and global setting to address migration and development in a practical and action-oriented manner. ▶



## Fast facts

- If there was a country made up of only international migrants, it would be larger than Brazil.
- That same country would be bigger, in the size of its economy, than France.
- In 2013, migrants sent US\$436bn in remittances to developing countries, an amount three times the size of official development assistance.

PHOTO: BAUR/SHUTTERSTOCK.COM

## What is a migrant?

The United Nations defines migrant as an individual who has resided in a foreign country for more than one year irrespective of the causes—voluntary or involuntary—and the means—regular or irregular—used to migrate. International migration implies cross-border movement, while internal migration refers to the mobility within a territory, such as the state boundary. A person moving from the rural to an urban area in a given country can be defined as an internal migrant.

◀ Two years ago, in 2013, at the second High-level Dialogue, UN Member States unanimously adopted a declaration that recognized the important link between migration and development. It called for better cooperation to deal with the challenges of irregular migration and highlighted the need to facilitate safe, orderly and regular migration. It also emphasized the need to respect the human rights of migrants and to promote international labor standards.

It was also at this occasion that the UN Secretary-General put forward an eight-point agenda to “make migration work” for all: migrants and countries of origin and destination alike. Among the eight points is the call to integrate migration into the post-2015 development agenda.

**At around three times the size of ODA, remittance flows represent a key means of alleviating poverty and promoting development.**

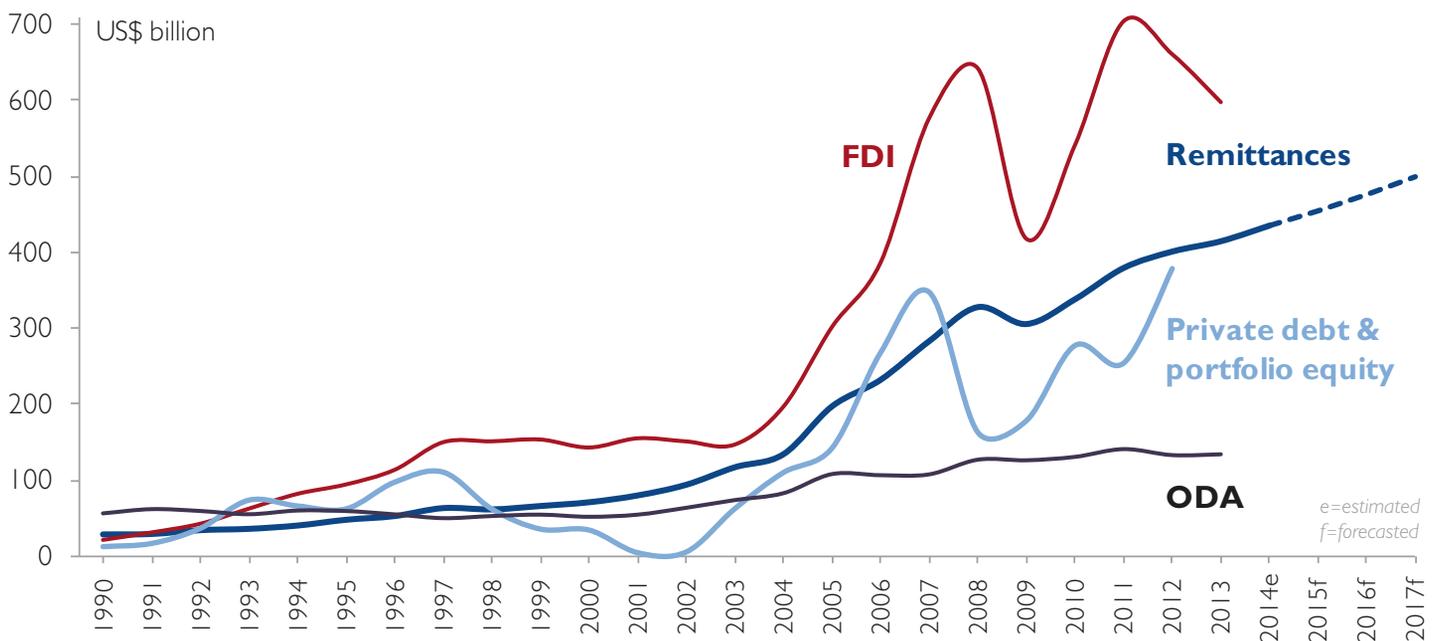
## Migrants and the MDGs

World leaders now acknowledge that migration has impacted the achievement of all eight MDGs. The interlinkages may not seem straightforward and can be as complex as the individual’s reasons for migrating. Still, there are ways to ‘measure’ its impact, one being remittance flows, or the money that migrants send home.

In El Salvador, for example, the school dropout rate is lower in families that receive remittances. In Mexico and Sri Lanka, remittances have had a positive impact on birth weight. In Bangladesh, only 13 percent of remittance-receiving households find themselves below the poverty line; for households that do not benefit from remittances this percentage jumps to 34 percent.

Less measurable yet equally important has been the influence of female migration on human development and gender equality. Almost half of migrants are women. Research has shown that women migrants tend to send a larger share of their income to their families and friends. They also act as role models in their communities of origin by encouraging girls to stay in school and stand up for their rights.

Annual global remittances to developing countries have risen to approximately US\$436bn (in 2013), and represent a key source of external resource flows. In Uganda, for example, remittances are twice the income generated from its major export, coffee. In Tajikistan, remittances



Source: World Development Indicators and World Bank DECPG estimates (October 2014).

represent 52 percent of the share of GDP; in the Kyrgyz Republic it is 31 percent, in Nepal 25 percent, and in Haiti 21 percent. At the household level, when migrants send money back home, it is used by their families and friends to meet their basic consumption, health or education needs, to invest in a home or to help start a new business.

Yet still, the benefits of migration on development cannot be measured solely in monetary terms. It is the competencies, skills and knowledge gained through foreign experiences that give migrants the extra leverage to boost the development of their home countries. This fact should not be underestimated, as migrants can exercise considerable influence back home, be it social, cultural or political.

## A paradigm shift

With the growing recognition that migration can contribute to development has come an appeal to promote effective migration governance in order to maximize the positive effects of migration and minimize its negative impacts. With that in mind, countries have started to mainstream migration into their development planning.

At the same time, more efforts are being put into protecting human rights along the migratory routes and empowering migrants so that they have access to all relevant information regarding the risks and opportunities of migration.

As the target date for the MDGs moves closer, the world's attention is once more on the establishment of a global development framework in which migration will hold a more prominent place.

The Sustainable Development Goals (SDGs), as they currently feature in the proposal of the Open Working Group, include a point on the reduction of the transaction costs of migrant remittances to less than three percent and the elimination of remittance corridors with costs higher than five percent by 2030. Such a move would release considerably more money to migrant households. In 2013, for instance, another US\$30bn could have been available if the transfer costs had been reduced from today's average of eight percent to one percent.

With global remittances, including to high-income countries, expected to surpass US\$700bn by 2016, this issue takes on an even greater urgency. By not taking any action, much of that amount would not reach its destination as billions of these funds would get lost in high transaction fees.

The current draft SDGs also considers the facilitation of orderly, safe, regular and responsible migration and the mobility of people through

the implementation of planned and well-managed migration policies. This is something of vital importance considering that the number of international migrants is expected to grow to four hundred million by 2040.

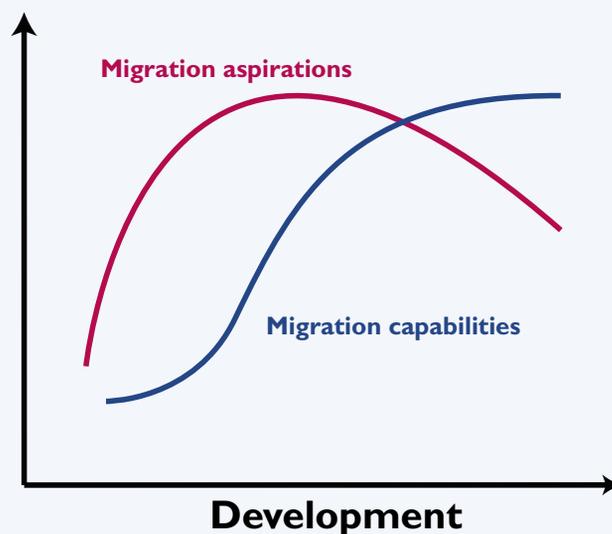
In the words of Ban Ki Moon, "It is our collective responsibility to make migration work for the benefit of migrants and countries alike. We owe this to the millions of migrants who, through their courage, vitality and dreams, help make our societies more prosperous, resilient and diverse."

The bottom line is that migration is a part of the human condition. Migration is about people, and it is about enlarging people's choices. ■

## Migration aspirations and capabilities

Thinking that out-migration will decrease when there is less poverty in a country is a misconception that still prevails. In fact, socioeconomic development increases the capability and aspiration to migrate. When the development level is low, there is little migration, yet migration aspirations tend to be high. As income levels

rise, so will migration—but only up to a certain income threshold. As more opportunities are created at home—meaning that migration capabilities are increasing with development; for example through the rise in domestic production, employment and so on—the net outward migration decreases.



Source: Hein de Haas





# OFID in the Field

Since the MDGs were launched in September 2000, OFID has worked to align its programs with the priorities of its Partner Countries and support them as they strive to reach their individual goals and targets. We have rejoiced with them when progress has been strong and helped them bolster efforts in areas of weakness. Through its numerous projects, OFID is proud to have contributed directly to all eight MDGs: alleviating poverty and hunger; improving health, literacy, and gender equality; enhancing access to clean water and sanitation; and strengthening partnerships for development.

In the following pages, **Damelys Delgado** highlights successful OFID-funded projects in Cameroon, Seychelles and Niger that have addressed child/maternal mortality, primary education and food security, respectively.

# New hospital in Cameroon promises boost to healthcare

Child and maternal mortality rates may be falling faster than ever, but more than two million mothers still give birth completely alone each year, jeopardizing their own lives and those of their children. A hospital project in Cameroon, sponsored by OFID, is helping to prevent these unnecessary deaths.

**A**lthough being born is the most dangerous day of life in Africa, where, in 2013, one million newborns did not survive their first day, one of the most remarkable accomplishments for humankind over the past 25 years has been the global decline in child deaths.

The figures provided by UNICEF offer more hope than ever: neonatal mortality rates fell by 40 percent between 1990 and 2013—from 33 to 20 deaths per 1,000 live births. Over the same period, the number of babies who died within the first 28 days of life declined from 4.7 million to 2.8 million.

Maternal mortality has also fallen—by almost 50 percent worldwide. But this figure masks vast differences among regions, with progress particularly slow in Africa.

UNICEF observes that the risk of maternal death in developed countries is 1 in 4,000, versus 1 in 51 in less developed countries, with a higher risk in rural areas. The majority of these deaths are preventable through the provision of essential care in labor and delivery, as well as through crucial medical attention during pregnancy and in the postnatal period.



PHOTO: PIU

## Health services in Cameroon

In the developing world, progress towards the MDG 5 targets of reducing maternal mortality by 75 percent and of achieving universal access to reproductive health by 2015 have been not been sufficiently rapid.

In Cameroon, the World Bank has highlighted an acute shortage of human resources for health and a poorly maintained medical infrastructure. Combined, these factors have led to an increase in child mortality rates and a decline in life expectancy to 55 years.

Only 15 percent of the population, estimated at 22 million people, has access to adequate healthcare, while 40 percent lives in poverty. Cameroon has one physician for approximately 12,000 people and one nurse for every 2,200 people. This compares with the WHO standards of 1 for 3,000 and 1 for 1,000 respectively.

To combat a situation that undermines the health of the Cameroonian people and weakens the nation's development, the Government is implementing a strategy of increasing the quality of healthcare, ensuring access at the lowest possible cost.

As part of this plan, the Government identified the construction of the Sangmelima District Hospital in southern Cameroon as a priority investment to help improve access to health services.



*The new Sangmelima Hospital offers a safe haven for expectant mothers and their babies.*

## One project in two phases

Dating back to the 1950s, the original Sangmelima hospital had become too small for purpose. It had neither the required space to house all specialties, nor the equipment and resident staff to attend to the increasing number of patients. Explained Mona Alessa, OFID country officer for Cameroon: “All facilities were in poor condition, with unsatisfactory hygiene standards and lacking medicines, consumables, and qualified staff.”

In 2003 OFID approved co-financing for the construction of the new Sangmelima hospital, with a capacity of 100 beds. The project was designed in two phases, with the first one taking in the construction of a modular one-storey hospital building with net internal areas estimated at 5,345 sq m and covered walkways. Critical equipment, furniture and one ambulance were included in this phase.

The development of the project included laboratories, outpatient departments, accident and emergency areas, operating theaters, obstetrics and maternity wards, and other related facilities.

In 2009, a second phase was initiated, involving the procurement and installation of equipment, training and additional civil works. For expectant mothers, a labor ward, two delivery rooms, a neonatal ward and a full complement of diagnostic equipment will soon be available. This will improve women’s healthcare and strengthen

the country’s efforts to make progress toward the MDGs.

Alessa told the *Quarterly* that both phases of the hospital were close to completion. She said: “This project has a special place in my heart, as it will help improve the health of so many people, particularly infants and mothers. I look forward to the official inauguration in September 2015.”

Located in an area with a total population of around 100,000, the hospital will also provide services to women in neighboring Equatorial Guinea and Gabon, which are equally unequipped to tackle women’s health issues. Hopefully, in Sangmelima district no woman will give her own life to give life to another. ■

### Key indicators

Population: **22.3 million**

GNI per capita: **US\$1,270**

Life expectancy: **55**

Maternal mortality ratio: **590 per 100,000 live births**

Pregnant women receiving prenatal care: **85%**

Prevalence of HIV, total (% of population ages 15-49): **4.3**

Improved sanitation facilities (% of population with access): **45**

Source: World Bank





# Seychelles building a sustainable future based on education

PHOTO: BUENAVISTA IMAGES

In the vastness of the Indian Ocean, scattered over a maritime area of 1.3 million sq m, 115 small islands form a year-round tourist destination, with fine beaches bordering turquoise seas.

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*“If you think education is expensive, try ignorance.”*

Derek Bok, former president of Harvard University

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**T**his archipelago, Seychelles, restricts residency to only 10 of its many islands, with approximately 90 percent of the population of 88,000 living on the largest, Mahé.

In addition to its natural beauty, the country has something else to boast about—its attainment of the Millennium Development Goals, particularly those relating to education, health, poverty eradication and the environment.

Seychelles’ *Education for All National Action Plan 2001-2015* found fertile soil and rapidly expanded with the motto: “Meeting our collective commitments.” The country’s remarkable efforts bore fruit, resulting in the achievement of universal basic education and gender parity in primary and secondary schooling.

Education priorities have focused on improvements in the quality of education, en-

hanced teacher training, promotion of curriculum relevance and the motivation for lifelong learning. These priorities have been set to take into account the small labor force (51,000 in 2013), the limited opportunities to diversify an economy relying primarily on tourism and tuna fishing, the high dependence on imports and the vulnerability to climate change.

The largest budgetary allocation of 9–13 percent is reserved for education as a national priority. Of the 13 levels of schooling available to all children, 10 are compulsory: early childhood care, primary and secondary schooling, technical and vocational education and training, and special education. The literacy rate is estimated to be a creditable 97 percent.

## Building schools to shape a promising future

OFID has been fully supportive of the prominent role of education in Seychelles' development, providing funding for not one but two school construction projects. An optimal physical infrastructure is essential for achieving a favorable teaching and learning environment

The first project was a joint initiative with the Government to upgrade the Baie St Anne Primary School in Praslin, the second largest island in the archipelago, and bring the school into line with the standard required by the Ministry of Education and Youth. As an important provision, the school complex included a food center to allow children to enjoy a midday meal.

The project involved the construction of a three-story building with a floor area of about 4,600 sq m, including a section for physically impaired children. The school meals center is adjacent to the new building, on a single level of 250 sq m.

Equipment and furniture, an important part of the project, provided the items needed for the educational process for both teachers and students, as well as to accommodate the planning, preparation and distribution of meals.

The project was completed in 2008 to benefit over 200 children in the day-care center of the school, 650 pupils at the primary level and about 20 handicapped children. This is the only primary school in the country which provides not just physical facilities but also special education for disabled children. Part of the OFID loan was utilized to purchase buses to transport them.

The second project—*Perseverance Island Social Services*—was co-financed with BADEA and included education facilities, health components and a social housing development. Perseverance Island is located approximately 10km from the national capital of Victoria and connected to Mahé by several bridges.

OFID was involved in the construction of two primary schools, one secondary school and a health center. The construction of the two primary schools was completed in mid-2013, and opened in September the same year. Each of the schools has a capacity of 500 students while the health center can treat up to 200 outpatients.

Included in the overall concept of the Perseverance Island project was the construction of day-care centers, classrooms, libraries, administrative buildings, dining rooms and canteens. Also incorporated were labs, water supply networks, sewerage and surface drainage systems, electrical structures, communications systems, access roads with parking areas, green areas and



PHOTO: OFID/SYHRUL LUDDIN

sports facilities, as well as furniture and other essential equipment.

Syahrul Luddin, OFID country officer for Seychelles, pointed out that, according to UNDP, Seychelles is ranked number one in Africa in terms of meeting MDG targets. "I am confident that OFID has played a useful role, as all of its support has been directed at improving access to quality social services," he said.

OFID's contribution has helped consolidate the success already achieved in education by this tiny African gem. Seychelles may be tiny, but it demonstrates huge triumphs in the steps it is taking towards a sustainable future. ■

OFID's Syahrul Luddin with some happy youngsters and their teacher in their new classroom.

### Key indicators



Population: **89,000**

GNI per capita: **US\$12,530**

Life expectancy: **73**

Adult literacy rate: **92%**

Primary school enrolment (gross): **108%**

Secondary school enrolment gross): **101%**

Primary completion rate: **105%**

Ratio of girls to boys in primary and secondary education: **107%**

Source: World Bank

# Concerted efforts help to overcome persistent food shortages in Niger

At the beginning of 2014, FAO Director-General José Graziano da Silva revealed that 11 African countries had met the hunger target of the first MDG. He added: “The challenge now is to transform the vision of a food-secure Africa into reality by tackling the multiple causes of hunger.”

**D**espite some notable successes, Africa still faces multiple problems, ranging from safety concerns and political issues to periodic natural disasters, as well as life-threatening diseases.

As one of several countries that have met the hunger target of MDG 1, Niger is a remarkable case of survival against the odds. The country is vulnerable in a number of ways. It is an extensive desert territory marked by droughts, where agricultural production is predominantly rain-fed, leading to frequent seasonal food shortages.

Niger’s main asset is its large deposits of uranium, which also represent its principal export. Despite this natural wealth, the country has not been able to channel enough support into efforts to tackle the widespread poverty, which affects over 60 percent of the population, estimated at 18 million people.

The majority of Niger’s population lives along a narrow band of arable land on the southern border, representing about 12 percent of the total landmass. The country’s challenge in meeting food requirements for its population is defined by a dependence on grain purchases and food aid.

Niger has consistently ranked at the bottom (187<sup>th</sup>) in the United Nations Human Development Index (HDI). Support from the outside world is vital for its development.

## Fighting against hunger

A food security assessment carried out in 2012 by the Geneva-based Assessment Capacities Project (ACAPS), estimated that 5.4 million Nigeriens (45 percent of the population) lack food security. Some 1.3 million (8.5 percent) are severely deficient in adequate nourishment. The conclusion of the international community is that food scarcity in Niger is chronic, aggravated by rising food prices and a constantly increasing population.

### Key indicators

Population: **17.8 million**

Land area: **1,266,700 sq km**

GNI per capita: **US\$410**

Life expectancy: **58**

Rural population (% of total population): **82**

Agricultural land (% of land area): **35.4**

Arable land (% of land area): **12.6**

Improved water source: (% of rural population with access): **42**



Source: World Bank



PHOTO: IFAD/ROBERT GROSSMANN

*A farmer oversees livestock grazing and watering along the banks of Niger's Komadougou River.*

In face of such a harsh reality, the Government has established various plans to address food security issues. The new Economic and Social Development Plan assigns the highest priority to food security and sustainable agricultural development.

Against this backdrop, the Emergency Food Security and Rural Development Program (EFSRD) is a joint OFID, IFAD and World Bank initiative aimed at supporting efforts to mitigate the impact of the food crises, one of which affected the Nigerien regions of Maradi, Tahoua and Tillabery in 2010.

The main goal of the program was to improve food security in general, with special focus on these particular regions, which represent over 19 percent of the national territory. Poor farmers and herders' households have been frequently exposed to recurrent crises.

The implementation of the EFSRD, which began in 2011, restored productive assets for the most vulnerable rural households, strengthened irrigated rice production systems and developed infrastructure, including rural roads to facilitate market access and water points.

Targeting around 121,000 households—approximately 847,000 people—the program has delivered promising results, including the distribution of some 450 tons of millet, sorghum and cowpeas. Some 500 tons of rice are currently being distributed.

In addition, 160km of rural feeder roads are being repaired and 76 modern water points constructed. Embedded within the program are cash-transfers during lean periods to the most vulnerable households. These have benefited the poorest through labor-intensive water and soil conservation activities and rehabilitation work on 3,000 hectares of land.

The sustainability of the program is assured through the reinforcement of agro-pastoral production systems and through building the work capacity of the local community. Niger is subject to an enduring food crisis, but this problem is not impossible to overcome. The FAO Director-General would not have mentioned its relevant position vis-à-vis MDG 1 if the problems were insurmountable.

According to Mr Graziano: "Investing in agriculture, creating safety nets and social protection for the poor, guaranteeing the right of access to land and water resources and targeting smallholder farmers and young people will be key ... [in the efforts to eradicate hunger]." This is the task that the international community has agreed to support.

Omar Al-Kadhi, OFID country officer for Niger remarked: "This program, besides being vital to improve food security and reduce extreme rural poverty in Niger, is also a good example of an effective OFID-IFAD partnership in poverty alleviation." ■



From left: Mr Faris Hasan, Director of Corporate Planning and Economic Services, OFID; Dr József Toth, President, World Petroleum Council; Mr Suleiman J Al-Herbish, OFID Director-General; Dr Kandeh Yumkella, CEO of SE4ALL; and Dr Pierce Riemer, Director-General, World Petroleum Council.

## OFID symposium rallies petroleum industry support for universal energy access

In a two-day symposium hosted by OFID in early November, representatives of the petroleum industry pledged to mobilize corporate social responsibility (CSR) resources in support of the drive for universal energy access by 2030.

BY FARIS HASAN AND NAMAT ABU AL-SOOF

**T**he symposium, which took place at OFID headquarters November 3–4, gathered high-level representatives from international and national oil companies, as well as the UN Sustainable Energy for All (SE4ALL) initiative and other international organizations. It was co-organized by OFID and the World Petroleum Council (WPC).

OFID had first expressed its readiness to host such a meeting at the World Petroleum Congress in Doha in 2011, and reiterated this invitation to the petroleum industry at the 2014 Congress in Moscow.

The main objective of the gathering was to devise a unified platform for the petroleum industry to advance its contribution to energy poverty eradication, which OFID Director-General Suleiman J Al-Herbish described as a “win-win CSR opportunity.”

He went on to urge symposium participants to work together to design a “high impact opportunity” (HIO) for the petroleum industry that could be implemented within the framework of the SE4ALL initiative.

“This [HIO] would allow petroleum companies to collaborate with other organizations on similar objectives; to track and mobilize resources and investment; and to overcome barriers, share best practices and coordinate activities,” he stated.

Dr József Toth, President of WPC, echoed these sentiments, saying: “Our industry is in a unique position to use its technical expertise and knowledge to develop creative solutions to providing better access to energy. Let us put our heads together and see what HIOs we can devise in order to advance the goals of SE4ALL.”

In his keynote address, Dr Kandeh Yumkella, Special Representative of the UN Secretary-General and CEO of SE4ALL, emphasized the irony of many developing countries having substantial oil and gas reserves but a huge energy deficit. “This is a situation we cannot have in the twenty-first century,” he argued.

Dr Yumkella highlighted the lack of knowledge systems in energy poor countries as one of the main barriers to them creating and developing an energy market.

Addressing industry representatives, he said: “It’s not just about drilling for oil and gas; it’s about saying this is how we can help you develop a plan to integrate technology, finance and logistics. It’s about showing host countries how to reinvest backwards.”

The meeting listened to several presentations, including some inspiring stories about successful initiatives on energy access undertaken by



Dr Kandeh Yumkella, CEO of SE4ALL.



Dr József Toth, President, World Petroleum Council.

individual companies and their associations. Modern cooking appliances and liquid petroleum gas, mini/off-grid lighting and charging, and the phasing out of gas flaring were some examples. All had made a positive impact on the communities involved.

The speakers demonstrated that the petroleum industry was highly inventive and skillful in handling complex problems and in overcoming barriers. They also emphasized the industry’s desire and commitment to make a difference to people’s lives.

The participants acknowledged that embedding energy poverty alleviation as a core element in the ongoing CSR programs of the oil and gas industry would make a significant and visible contribution to creating an environment for replicating and scaling up investments in sustainable energy. They noted that CSR should not be just about charity but also a way to explore real opportunities. These opportunities should be sustainable, scalable and replicable. ▶

### Excerpt from the Declaration of the 3<sup>rd</sup> OPEC Summit, Riyadh, 2007

“The Member Countries of OPEC resolve to: Continue to align the programs of our aid institutions, including those of the OPEC Fund for International Development, with the objective of achieving sustainable development and the eradication of energy poverty in the developing countries, and study ways and means of enhancing this endeavor; in association with the energy industry and other financial institutions.”

## Harnessing flared gas to benefit real energy needs

The phasing out of gas flaring from oil production has been identified by SE4ALL as a “High Impact Opportunity” for sustainable energy use and increased energy access. Many oil companies have already set targets relating to the reduction of gas flaring in their operations. Using the gas that is typically flared for power generation can provide local communities with electricity and cooking fuel and bring

other economic benefits to the host country.

In OFID Member Country Ecuador, Petroamazonas EP is fostering a new energy model through the project “Optimization Electricity Generation and Energy Efficiency.” The main goals of this initiative are to:

- Reduce the overall “footprint” of the industry by utilizing 100m cu ft of associated flared gas per day and

saving up to 25,000 barrels of oil per day.

- Increase the gas power generation capacity to 135MW by 2023.
- Provide reliable power to 192 communities, create 2,000 jobs and reduce CO<sub>2</sub> emissions by 800,000 tons/year.
- Save the country US\$700m per year, which can be used to meet other needs of the people.

◀ The industry participants highlighted that the oil and gas industry was involved in long-term investments all over the world. The success of these investments depended on the goodwill of—and the benefits to—local communities. Stability was paramount, and it was in the best interests of the industry to do all it could to help the countries they operate in to foster stable business environments.

The participants also recognized that the oil and gas industry required the support of other stakeholders—business, development finance institutions, NGOs, and entrepreneurs—with the understanding, experience and reach to facilitate useful projects.

In this context, the SE4All initiative was crucial, as it gave all those concerned the opportu-

nity to tap in to a wealth of information and wide networks that they otherwise would not have access to.

There was wide appreciation that the last decade had witnessed significant progress in combating energy poverty but that the challenge remained great, especially in view of the continuing population growth in developing countries.

It was therefore time to move from small-scale, individual company contributions towards a more collaborative approach facilitated by SE4All and involving OFID and other partners—in other words, a petroleum industry HIO.

In this respect, the participants accepted that the oil and gas industry had the financial means, strength and creativity to leverage other resources—such as the private sector—to tackle

Symposium participants included representatives from leading oil industry players.



energy access in developing countries. It was in their interests to do so, as energy access was an issue that related to and affected their core business.

In closing remarks, Mr Al-Herbish expressed his appreciation to all participants for their outstanding effort and reiterated OFID's commitment to continuous and scaled-up actions for the cause of universal energy access. He also reaffirmed OFID's commitment to work with the petroleum industry and actively support the goals of SE4ALL.

## Next steps

In alignment with the SE4ALL initiative under the UN umbrella, the World Petroleum Council will provide opportunities for an ongoing engagement with global representatives of the oil and gas industry.

In May 2015, the industry will gather in Tromsø, Norway for the first WPC Leadership Conference on Responsibility, Cooperation and Sustainability, where the outcomes of this initial meeting will be presented and a call for broader involvement made.

This will be followed up by a joint workshop in October in New Delhi to focus on energy poverty alleviation initiatives in India and the Asia region.

These are all opportunities for development and financial institutions to interact with the oil and gas companies and vice versa.

At the next World Petroleum Congress in 2017 in Istanbul, the WPC and OFID will hold a special session to demonstrate what best practice is and what can be done in the future to alleviate energy poverty. ■

## Book launch



On the sidelines of the symposium, a reception was held to launch the book **"Energy: The Key for Sustainable Development"**, a compilation of statements by OFID Director-General Suleiman

J Al-Herbish. Divided into two periods—*Setting the scene (2005–2007)* and *Implementing the agenda (2008–2013)*—the statements track the major milestones in the evolution of the global energy poverty debate. In remarks at the launch, Mr Al-Herbish described the book as a tribute to the power of advocacy and synergy, saying it was "evidence that great things can be achieved in a relatively short space of time."

*Copies of the book are available on request from [info@ofid.org](mailto:info@ofid.org)*





# MICROCREDIT

## OFID makes first private sector investment in Tajikistan

PHOTO: OLIVIER LE MOAL/SHUTTERSTOCK.COM

In a first foray into the Tajik private sector, OFID is reaching out to the country's microentrepreneurs through a US\$5m line of credit to IMON International, Tajikistan's biggest microfinance provider.

BY AUDREY HAYLINS

**A**fter some 14 years of co-funding public infrastructure projects in Tajikistan, OFID has turned its attention to microenterprise for its first private sector operation in the country.

OFID has joined forces with the International Finance Corporation and Proparco—a subsidiary of the French Development Agency—in a syndicated facility worth a total US\$16.5m. The funds will be channeled through IMON International, Tajikistan's leading microfinance institution, for on-lending to the microbusiness sector. OFID's share is US\$5m.

Commenting on the new alliance, OFID Director-General Suleiman Al-Herbish empha-

sized that support to micro-, small- and medium-sized enterprises was the cornerstone of OFID's private sector investment strategy. "We are delighted to be able to extend our activities to Tajikistan and to have found in IMON a partner who shares our vision," he added.

Growth in the former Soviet republic has slowed recently due to falling remittances and lower prices for its main exports. As a result, the role of microbusiness—and in particular the high-potential agriculture sector—is growing in importance as a means of shoring up the economy and providing stable, long-term gains.

IMON's General Director Mrs Sanavbar Sharipova said that IMON was honored to be chosen as OFID's first private sector partner in Tajikistan. "We hope OFID will continue investing in IMON and look forward to developing a long-term strategic partnership," she stated.

IMON is currently looking to expand its existing branch network in order to make its services available in rural areas, which are home to some of the most vulnerable segments of the population.

Microbusiness is a key driver of the Tajik economy, and micro-loans are highly sought

## Case study

Islomjon Ismoilov grew up in a farmer's family and inherited his father's desire, business acumen and self-confidence. Following land reform in the region, Islomjon became the owner of a 40 hectare plot and applied to IMON International for a loan to purchase seeds and fertilizer. On 20 hectares of his land he planted cotton, and on the remaining 20 hectares he planted wheat. The yield was good and his income impressive. This allowed him to take his next loan.

Islomjon used these funds to purchase 20 head of cattle from Russia, each costing US\$3,000. With the income from the sale of his cattle, he expanded his herd to 100. In one year he sells up to 80 cattle. He also sells milk



PHOTOS: IMON

at the Zafarabad and Khujand markets.

"When there was a drought in my district many farmers abandoned their land, but I did not lose my courage and, being confident in the support of IMON, I applied for another loan. I especially like the quality of IMON's customer service. IMON supported me at

difficult moments in my life when I was running low on funds. It is thanks to IMON's timely support that I can today consider myself a successful businessman", said Islomjon.

Islomjon's successful business provides jobs for 40 people in his community, including women.



IMON General Director, Mrs Sanavbar Sharipova

after by the country's large farming community. Accounting for some 47 percent of total employment and 21 percent of GDP, the agriculture sector has great potential as a source of both employment and income.

The OFID-sponsored syndication will support IMON's efforts to reach new clients trying to set up or expand rural businesses, such as crop production, dairy farming and food processing.

"The fact that a major portion of the syndication is in local currency is a big bonus, as this is

what our farmers prefer," explained Mrs Sharipova. "Another advantage of working with a microfinance institution like IMON is that we offer extra services like financial literacy and business training," she added.

For many microentrepreneurs—especially those just starting out—such knowledge can be the difference between success and failure. ■

## Tajikistan: Fast facts

*Land area:* 143,100 sq km

*Population:* 8.2 million

*GNI per capita:* US\$990

*Main exports:* aluminum, electricity, cotton, fruit, textiles

*Tajikistan has rich mineral resources, including silver, gold, uranium and tungsten.*

*It is the world's third-largest producer of hydroelectric power, behind the United States and Russia.*

**With migrant labor (mostly in Russia) accounting for 52% of GDP in 2013, Tajikistan is the most remittance-dependent country in the world.**

**Mountains cover more than 90 percent of Tajikistan, whose river valleys are home to the majority of the people.**

**There are over 900 rivers in the country longer than 10km.**

# Honduras pursues solar energy agenda

In Honduras, OFID has joined with IFC and CABEL in an ambitious project to construct the largest solar power development in Central America.

BY DAMELYS DELGADO

**I**n an important step toward reducing its dependency on fossil fuels, the Government of Honduras is investing over US\$204m in the construction and operation of three solar photovoltaic plants in the southern Choluteca District.

The mega-project is being co-financed by OFID, the International Finance Corporation (IFC), and the Central American Bank for Economic Integration (CABEL), through a syndicated facility totaling some US\$146m.

With a combined output of 81.7MW, it is hoped that the new plants will galvanize efforts to increase the share of renewable sources in Honduras' energy production to 60 percent by 2022, up from the current 35 percent.

OFID's participation in the syndicate is US\$15m. Tareq Alnassar, Head of Private Sector and Trade Finance Operations, said: "OFID is

proud to be a partner in this ground-breaking project, which aligns perfectly with our strategic focus on energy poverty alleviation and our commitment to supporting renewable energy solutions."

The three plants are expected to be interconnected and commissioned during the second half of 2015. They will provide energy to the national grid, operated by ENEE, the state-owned electricity generation, transmission and distribution company. SunEdison, a leading global solar energy developer, will operate and manage the plants.

José Pérez, President of SunEdison for Europe, Middle East, Africa and Latin America, stated: "We are delighted to enter this new market with high growth potential and to expand our collaboration with world-class financial institutions such as IFC, CABEL and OFID."

## Additional investment

In a further move to tap into Honduras' solar energy potential, OFID's Governing Board approved in December a US\$25m loan in a syndication for the development and operation of two independent solar voltaic projects: *Mecanismos de Energía Renovable S.A. de C.V.* (MECER) and *Generación Renovable de Honduras S.A. de C.V.* (GENERSA) of the Terra Group. The projects are to be constructed in the south of the country and will each have a capacity of up to 25.6 MWp (Megawatt peak). They will assist Honduras in its efforts to diversify the energy mix by increasing the renewable energy sources in the country and subsequently in the region.



PHOTO: PORTUMEN/WWW.SHUTTERSTOCK.COM

According to the World Bank, power consumption in Honduras is just 708kWh per capita per year, and nearly 20 percent of the population has no access to electricity. At 13 percent of GDP, hydrocarbon imports are the highest in Central America.

Such circumstances place a heavy burden on a country where poverty affects 69 percent of the population—the highest rate in Central America

Honduras' current installed capacity of 1,700MW is inadequate to meet domestic energy demand, which is expected to grow and continue to exceed supply beyond 2020.

With the Government seeking to increase capacity, make energy less expensive and at the same time expand access in underserved rural areas, solar is poised to play a major role in the country's future energy mix.

Developments in the area of renewables have gathered pace since the introduction in January 2014 of a new legal framework for the electricity sub-sector, which opened up private sector participation in operating functions currently controlled by ENEE. Since then, the use of renewable sources has expanded, and multiple projects are under implementation.

In addition to low and stable prices, which enhance competitiveness, renewable energy resources have other positive impacts on economic development, including foreign exchange savings from reduced oil imports and new employment opportunities.

According to the Honduran Association of Renewable Energy Producers, the country's renewable energy market has already generated over 11,300 direct and some 34,000 indirect jobs. ■

*Honduras' vast solar resources offer a readily accessible solution to the country's dependency on imported fuel.*

# Visit to Nicaragua reaffirms dynamic partnership

On a high-level mission to Nicaragua in October, OFID Director-General Suleiman J Al-Herbish was able to witness first-hand the impact of OFID's work in the country where its cooperation extends back to 1979.

BY SILVIA MATEYKA

**T**he fall mission was an opportunity to discuss the progress as well as the challenges of OFID projects with beneficiaries, community leaders, the government, high level decision-makers and the media.

A highlight of the visit was a meeting between Mr Al-Herbish and President Daniel Ortega. Mr Al-Herbish seized this opportunity to reaffirm OFID's commitment to Nicaragua and to commend Mr Ortega for the excellent record of implemented OFID projects.

President Ortega gave an overview of his government's priority areas and development efforts. He acknowledged OFID as a strong partner in the fight against energy poverty alleviation and highlighted the importance of OFID's support to the country's National Program for Sustainable and Renewable Energy (PNESER).

Mr Al-Herbish praised the impressive work being done by the Nicaraguan government in the framework of PNESER. He elaborated on OFID's Energy for the Poor Initiative and stated that he was proud to share this joint agenda with Nicaragua.

## Energy a key focus

The energy sector is a key focus of OFID support to Nicaragua, which has the lowest electricity generation in Central America. It also has the lowest percentage of population with access to electricity (74.6 percent), a share that drops to an estimated 30 percent in rural areas.



Nicaraguan President Daniel Ortega with OFID Director-General Suleiman J Al-Herbish.



Beneficiaries of the OFID-sponsored La Zorra rural electrification initiative turned out in large numbers for a community reception to honor OFID and celebrate the successful completion of the project.

The country has the good fortune, however, to benefit from what many experts call “a paradise of renewable energies”: extensive geothermic resources, with excellent exposure to the wind and sun and a variety of water sources. Yet, only over five percent of its renewable potential has been developed.

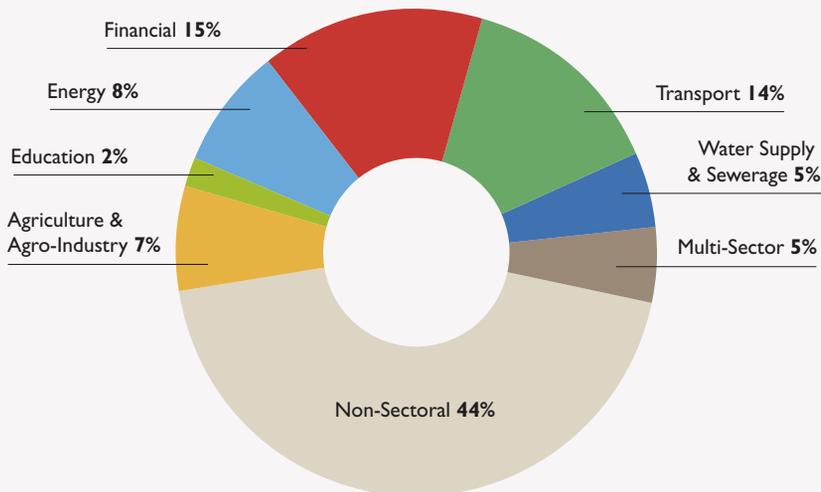
In a meeting with Salvador Mansell, President of the National Electricity Transmission Company and Presidential Appointee for PNESE, Mr Al-Herbish discussed the government’s strategy to scale up the use of renewable energies, promote energy efficiency, and increase electricity coverage, particularly in remote, rural communities.

Mr Mansell escorted the delegation to the La Zorra Rural Electrification site, a project co-financed by OFID with a US\$16m loan. The site provides electricity to off-grid rural areas through the promotion of renewable energy sources, thereby improving living conditions of over one million people.

At a community reception held in honor of OFID, the delegation had the opportunity to meet with many of the project’s beneficiaries. Speaking at the reception, Mr Al-Herbish expressed his joy at being able to attend the event and witnessing, first hand, the impact the provision of electricity had had on households.

Various representatives of the community thanked Mr Al-Herbish for the support they received from OFID, explaining how having access to electricity had dramatically changed their lives. ▶

### Sectoral Distribution of Public and Private Sector Project Loans to Nicaragua



OFID has worked closely with the Nicaraguan government since 1979 to help reduce poverty and enhance socioeconomic development. To date, OFID’s support to Nicaragua totals over US\$220m, including US\$17.5m in grant financing. The funds have been spread across a wide range of sectors and include non-sectoral support such as balance of payments and HIPC debt relief.



Mr Al-Herbish and Ivan Acosta Montalván, Nicaraguan Minister of Finance, concluded a US\$9.4m loan agreement for a new road project.

### Road projects

◀ A key area of influence for OFID in Nicaragua has been the transportation sector, which is dominated by road transport. Made up of some 24,000km of roads, the network accounts for 98 percent of all freight and passenger transport. Only 3,000km are paved, a situation that translates into high transport costs and affects both domestic and foreign trade.

The relevance of OFID’s work in this area was confirmed during a meeting with Minister of Transport and Infrastructure Pablo Martinez, who pointed out that the competitiveness of Nicaragua’s industry, agriculture and commerce depended on the effectiveness and efficiency of the transport system.

Mr Al-Herbish assured the Minister that OFID’s support would continue to focus on projects that aimed at strengthening trade links and providing communities with access to social services, employment opportunities and other benefits.

This commitment was underpinned by the signature of a US\$9.4m loan agreement for a project to upgrade the 14km-long *San Juan De Rio Coco–Las Cruces Road*, which passes through key agricultural areas in the north of the country. The project will enhance access to social amenities and marketplaces for around 56,000 people.

Speaking at the signing ceremony, Minister of Finance and Public Credit Ivan Acosta Montalván, who countersigned the agreement, expressed his gratitude to OFID for its support, which he said would bring significant benefits to the economy and the human development of Nicaragua. ■

## Nicaragua’s program for sustainable and renewable energy

The objectives of PNESER are to:

- expand rural electrification to more than 3,600 communities by extending the distribution network, legalizing connections in formerly established neighborhoods and constructing new networks throughout the country
- normalize 164,000 households, totaling some 800,000 people, that currently have illegal electricity connections
- install 214km of new transmission lines for renewable sources of energy such as wind and geothermal

- contribute to the attainment of an electricity coverage rate of approximately 85.5 percent by end-2015

- support the transformation of the country’s energy matrix to achieve 86 percent of its power generation from renewable sources by 2015, and 90 percent by 2020



Salvador Mansell, head of PNESER, briefs Al-Herbish on Nicaragua’s electrification ambitions.



# ICEP raises over 70k in OFID-hosted charity art auction

“OFID expends much of its resources on work related to alleviating women’s poverty in developing countries, not because it is one of the MDGs (which it is), but because it is essential for development and for securing a better world for future generations.” These were the remarks of OFID Director-General Suleiman Al-Herbish to guests at the annual fund raising auction of the Austrian NGO, ICEP, which was hosted by OFID in November.

BY JUSTINE WÜRTZ

**T**he 13<sup>th</sup> Charity Auction of the the Institute for Cooperation in Development Projects (*Institut zur Cooperation bei Entwicklungs-Projekten*) consisted of some 70 works of art, including an Andy Warhol print of Marilyn Monroe and a triptych by Roy Liechtenstein, as well as pieces from significant European artists such as Alberto Giacometti, Günther Brus and Guido Katol.

Many of the artworks were donated by the artists themselves, most of whom are either nationals or residents of Austria. Further pieces were given to ICEP by collectors and galleries.

Renowned Sotheby’s auctioneer Andrea Jungmann led the sale, raising a record €74,000 for ICEP. OFID placed successful ▶



◀ bids on two items, which now adorn walls in the headquarters building.

The funds raised will support a project of the ICEP charity *World Wide Women* entitled *Empowering Women for Increased Incomes in Guatemala, Nicaragua and El Salvador*.

Co-financed by ICEP, OFID and the Austrian Development Agency (ADA), the project seeks to foster women's potential through education and training, and so lead to empowerment and self-sufficiency.

Speaking at the opening reception, Martin Ledolter, Managing Director of ADA explained to guests:

“Equal access to education and resources is an essential prerequisite for poverty reduction, economic growth and social justice. Yet too many girls still do not get the chance to receive a good—and most notably a complete—education. Countless women are affected by discrimination in the labor market, chronic lack of time due to multiple workloads as well as a gender pay gap.”



ICEP President Dr Stephan Chavanne.

Created in 1996 as a private, independent initiative, ICEP contributes to the global fight against poverty from its base in Austria. The institute also works towards raising social awareness within Europe of the concerns of developing countries.

Regular charity events in the private sector are the financial basis for ICEP's work. Events, such as the art auction, are also considered important tools towards education and outreach. And fruitful cultural, sporting and social events effectively link two goals: fundraising and awareness.

In the words of ICEP's President Dr Stephan Chavanne: “We work on two levels: on the one hand, we stimulate social accountability; on the other hand, we help people in developing countries.”

The unprecedented success of this event was due in large part to the support of many sponsors, both private and public, as well as the incredible generosity of the artist, galleries, collectors and buyers. Said Mr Ledolter: “In partnership ... we mobilize not only capacities and knowledge, but also financial leverage for projects in our partner countries”

OFID has enjoyed a close relationship with ICEP for over a decade, and during this time has provided four grants in support of its work. ■

## World Wide Women

WorldWideWomen is a charity created by ICEP following their experience partnering with the Kenyan non-profit educational trust, the Kianda Foundation. Kianda has been active since 1962, fulfilling a vision to provide “a dignified life for every woman in Kenya through quality education.”

Kianda and ICEP jointly developed an innovative methodology that relies on students to train participants. The students are young women with strong leadership abilities and a good education, who are keen to participate in the development of their native areas. Hailing themselves from rural regions, they have natural access to, and an understanding of, women in the countryside.

The sustainable impact of this work led ICEP to launch a three-year transnational framework program in early 2009. Now in its second phase and co-financed by OFID, ICEP and the Austrian Development Agency, the project uses program facilitators in five countries to train women in rural areas. ICEP now works alongside Kianda in Kenya and four other partner organizations in Uganda, El Salvador, Guatemala and Nicaragua.

The training-intensive project framework provides basic business skills—such as accounting and bookkeeping—and helps women to implement their business ideas and become successful entrepreneurs.

The program also provides seed capital in the form of micro-credit and offers continued support and individual coaching to help overcome the start-up difficulties which every entrepreneur encounters.

Such training permits women to become entrepreneurially active or professionalize their micro-enterprise and generate sufficient income to escape poverty and support their families.

To date some 2,200 women in East Africa and Central America have been assisted to empowerment and self-sufficiency. Many of them are able to provide employment to others, which consequently benefits more families. This means more children attending school, improved health and economic prosperity, and a brighter future.

## OCTOBER 3

### SAP Phase III contract signature with ConVista

The Director-General signed a contract with ConVista to complete the implementation of SAP Phase III, which includes new processes for the treasury, loan cycle, SWIFT, and business warehouse elements.

## OCTOBER 10

### Public sector loan agreements signed

**Benin.** US\$3m.

Cotonou East Coast Protection. To halt the erosion of beaches in Cotonou city and adjacent commune Seme Kpodji. Planned works include the construction of artificial headlands and the rehabilitation of the existing headland. This will help protect the area's 200,000 inhabitants and vital socioeconomic infrastructure.

**Belize.** US\$15.22m.

Southside Poverty Alleviation, Phase III. To improve the living conditions of approximately 30,000 people through improvements to community infrastructure, including water and electricity supplies, among others, and the provision of vocational training programs and basic education to unskilled and semi-skilled workers.

**Lesotho.** US\$12m.

Wool and Mohair Promotion. To improve the incomes of around 200,000 smallholder producers by providing access to capital, technology and training.

**Malawi.** US\$13.15m.

National Cancer Treatment Center. To construct and equip

a cancer treatment center adjacent to the Kamuzi Central Hospital in the capital Lilongwe. The Center will be able to handle around 2,000 cancer cases per year, thereby addressing one of the country's more crucial constraints in the provision of health services.

**Mauritania.** US\$10m.

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

**São Tomé and Príncipe.** US\$3m.

Neves Water Supply. To improve the access, quality and supply of potable water in the city of Neves by rehabilitating and extending water supply and sanitation systems benefiting around 7,400 people.

**Seychelles.** US\$4m.

Perseverance Island Infrastructure Project Phase II. To develop a suburban residential area with some 1,000 housing units containing all utilities (water, sewer, electricity, telecommunications), as well as the infrastructure required to link communities to the mainland.

## OCTOBER 11

### Memorandum of Understanding signed

OFID signed an MoU with the Islamic Development Bank Group with the aim of expanding and deepening the relationship between the two institutions and strengthening their combined efforts in alleviating poverty and stimulating socioeconomic development.

## OCTOBER 14

### Public sector loan agreement signed

**Nicaragua.** US\$9.4m.

San Juan De Rio Coco–Las Cruces Road. To enhance access to social amenities and marketplaces for around 56,000 people by upgrading a 14km road that passes through key agricultural areas.

## OCTOBER 30

### Public sector loan agreement signed

**Burundi.** US\$20m.

Burundi Food Security and Rural Development Program in the Imbo and Moso Regions. To rehabilitate irrigation schemes for rice production and improve rural feeder roads, directly benefiting around 400,000 people.

## NOVEMBER 3–4

### OFID Symposium: Petroleum Industry Support for Universal Energy Access

OFID hosted a symposium in collaboration with the World Petroleum Council to rally petroleum industry support for universal energy access. *See story page 24.*

## NOVEMBER 4

### Memorandum of Understanding signed

An MoU establishing cooperation between OFID and the Alliance for Rural Electrification (ARE) will facilitate the identification of suitable project for co-funding by OFID and ARE members.



Mr Al-Herbish received in his office HE Eng. Yousef Ibrahim Al-Bassam, Vice-Chairman and Managing Director of the Saudi Fund for Development.



Paying a courtesy call on the Director-General, from left: Kevin Rudd, former Prime Minister of Australia; Terje Roed-Larsen, President of the International Peace Institute (IPI); and Andrea Pfanztler, Senior Director of IPI Vienna.

Dip. Ing. Omar Al-Rawi, Member, Austrian State Parliament and Vienna City Council, met with Mr Al-Herbish to discuss issues of mutual interest to OFID and the City of Vienna.



## NOVEMBER 27

### GIZ student visit

Approximately 65 interns from the German Development Cooperation – *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) – visited OFID.

## DECEMBER 16

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

#### Public sector loans approved

**Argentina.** US\$50m. Reconquista Water Supply Phase II. To support socioeconomic development in the Santa Fé Province by improving the quality and quantity of potable water supply services for over 175,000 people.

**Armenia.** US\$25m. Infrastructure and Rural Finance Support Program. To reduce rural poverty and improve the socio economic status of the population, especially women and youth. OFID's loan will specifically fund the improvement of rural water supply systems and irrigation networks.

**Chad.** US\$18m. Kyabé-Singako Road. To build a 72km all-weather road to facilitate the movement of agricultural goods to marketplaces and improve linkages to social services for some 174,0000 people.

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

**The Gambia.** US\$15m. Laminkoto-Passimus Road. To upgrade a 121km earth road to an all-weather surface and thereby remove transport constraints for some 350,000 people, most of whom rely on agriculture for their livelihoods.

**Madagascar.** US\$7.5m. Beboka Hydro-Agricultural Development. To help reduce rural poverty and boost food security for around 8,000 people in the Malaky region. This will be done by constructing a diversion dam on the Beboka River to feed into an irrigation scheme that will also be built under the project.

**Madagascar.** US\$15m. Integrated Growth Poles Energy Access Enhancement. To improve the efficiency of and access to electricity for some two million people living in the Diana and Atsimo-Andrefana regions. Works will include rehabilitation of power lines, extension of the existing network and installation of new household connections and solar-powered street lighting.

**Maldives.** US\$50m. Provision of Water Supply, Sanitation and Solid Waste Management. To raise health standards and living conditions of approximately 124,000 people in 49 selected islands. This will be done through the construction of extensive water supply and sanitation networks.

**Nicaragua.** US\$7m. Rancho Rojo-La Calamidad Road. To upgrade a 10km gravel road in the department of Boaco which becomes easily flooded in the rainy season. The improved road will ease the transport of produce and enable around 50,000 people to access social services and jobs.

**St Lucia.** US\$18m. Choc Bay–Gros Islet Road and Secondary Roads Improvement. To rehabilitate around 27km of main and secondary roads. This will help enhance living conditions of low-income communities in the capital Castries and the northwest, benefiting around 95,000 people.

**Tanzania.** US\$15m. Same, Mwanga and Korogwe Districts Water Supply Phase II. To construct water distribution and processing systems to supply water to over 127,000 people living in the semi-arid lowlands. This will in turn help raise food security from increased crop yields and improve health.

**Togo.** US\$12m. Sokodé–Bassar Road. To rehabilitate a strategically-situated 57km-long road that serves over 310,000 people living in high-poverty areas. This will help reduce travel time and operating costs and facilitate the delivery of cash crops, as well as improve access to social services.



Rishad Bathiudeen, Minister of Industry and Commerce of Sri Lanka, visited Mr Al-Herbish to discuss present and potential cooperation.



A delegation from Lesotho, comprising Dr Moeketsi Majoro, Minister of Development Planning (left), and Mr Lebesa Maloi, Minister of Public Works and Transport, met with Mr Al-Herbish to express their appreciation of OFID's longstanding support.

### Grants approved

#### Ministry of Foreign Investment and External Trade, Cuba. US\$400,000.

To help procure equipment and medicines in support of Cuban medical brigades deployed for Ebola treatment/containment missions in Sierra Leone, Liberia and Guinea.

#### United Nations Educational, Scientific and Cultural Organization. US\$1m.

To support a capacity-building project aimed at strengthening training for teachers in Madagascar, Rwanda, Somalia and Uganda. This is expected to directly benefit 7,500 primary school teachers, heads and deputy teachers; 170 national and regional/country government education practitioners and 10 teacher training institutions.

#### United Nations Relief and Works Agency for Palestine Refugees in the Near East.

US\$345,000. To co-finance five projects implemented by local and international organizations serving the poorest segments of the Palestinian population. The projects will cover the health, energy and education sectors.

### SEP 30–OCT. 2

**BRUSSELS, BELGIUM**  
Sustainable Energy for All (SE4ALL) Energy Access Committee Meeting

### OCTOBER 6

**TRIESTE, ITALY**  
50<sup>th</sup> Anniversary of the Abdus Salam International Centre for Theoretical Physics (ICTP)

### OCTOBER 9–12

**WASHINGTON DC, USA**  
World Bank Annual Meetings

### OCTOBER 12

**CAIRO, EGYPT**  
Conference on Palestine and the reconstruction of Gaza

### OCTOBER 15–18

**DUBLIN, IRELAND**  
One Young World Summit

## Meetings attended by OFID

### OCTOBER 22–23

**PARIS, FRANCE**  
Paris Energy Club Meetings

### NOVEMBER 10

**OXFORD, UK**  
Oxford Energy Policy Club Meeting

### NOVEMBER 13–14

**BERLIN, GERMANY**  
5<sup>th</sup> Arab-German Energy Forum

### NOVEMBER 15–19

**MEDELLIN, COLOMBIA**  
48<sup>th</sup> Annual Assembly of the Latin American Banking Federation

### NOVEMBER 19

**VIENNA, AUSTRIA**  
KAICIID (King Abdullah Bin Abdulaziz International Centre for Interreligious and Intercultural Dialogue) High-Level Meeting: United against Violence in the Name of Religion

### NOVEMBER 25

**VIENNA, AUSTRIA**  
42<sup>nd</sup> Session of the Industrial Development Board of UNIDO

### DECEMBER 21–23

**ABU DHABI, UAE**  
10<sup>th</sup> Arab Energy Conference

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



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

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

Over 20 partner countries stand to benefit from the latest round of financing approved at the 149<sup>th</sup> Governing Board in Vienna on December 16. Of the total US\$407.2m in fresh funding, US\$259.5m was earmarked for public sector projects, the majority of them in the road and water supply sectors in accordance with the priorities of recipient countries. New private sector investments amounted to US\$96m and included support to renewable energy initiatives and transportation projects as well as an increase in OFID's participation in a global microfinance initiative, among others. In the area of trade financing, the Board approved US\$50m in risk-sharing guarantees to support trade in African countries. Grants made up the remaining US\$1.7m and comprised support to Ebola containment activities, to a series of grassroots initiatives in Palestine, and to capacity building among teachers in four African countries. Further details of public sector and grant approvals can be found in the *Diary*.

Dra. Anandy Wati  
Alternate Governor, Indonesia



Farid Tiaiba  
Governor, Algeria

Dr Fadhil Nabee Othman  
Governor, Iraq



Wilson Marcelo Pastor Morris  
Governor, Ecuador

LOAN SIGNATURE  
photo  
gALLERY



**Benin secures US\$3m  
for coastal protection**

Komi Koutche, Minister of Economy, Finance and Privatization, signed the agreement for a project in the capital, Cotonou, to halt coastal erosion and protect infrastructure and the city's 200,000 inhabitants.

**US\$12m to boost wool and  
mohair production in Lesotho**

Mr Al-Herbish and Dr Leketekete Victor Ketso, Minister of Finance, shake hands on the financing agreement which will improve the incomes of around 200,000 smallholder producers by providing access to capital, technology and training.



**US\$10m for Mauritania's power sector**

Dr Sidi Ould Tah, Minister of Economic Affairs and Development, signed the agreement for a project to improve the delivery of electricity to some two million people in the capital Nouakchott.



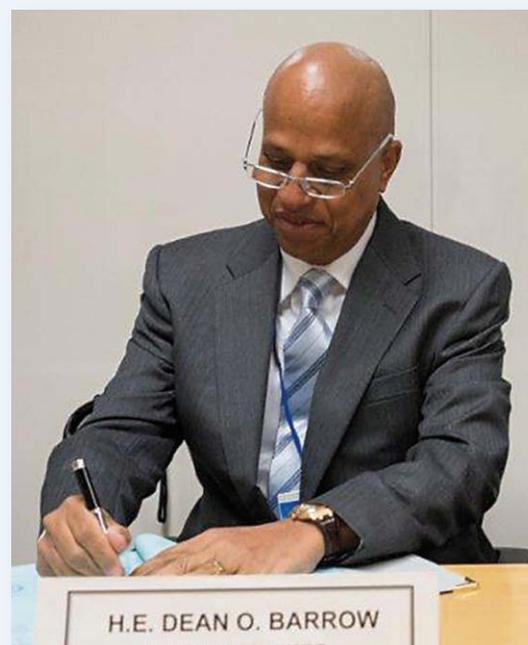
### US\$13.15m to improve cancer care in Malawi

Watched on by the Director-General, Malawi's Minister of Finance, Economic Planning and Development, Goodall E Gondwe, countersigns the agreement for the establishment of a national cancer treatment center capable of handling 2,000 patients per year.



### US\$15.22m to alleviate poverty in Belize

Dean Oliver Barrow, Prime Minister of Belize, initials the agreement for a multifaceted project to tackle infrastructure weaknesses and capacity building to the benefit of some 30,000 people.



### US\$20m for Burundi to strengthen food security

Dr Dr Edouard Bizimana, Ambassador of Burundi to Germany, secured funding for a rural development program that will help boost agricultural productivity and incomes for some 400,000 people.

*The full list of loan and grant signatures can be found on pages 37-39.*

## CONFERENCE WATCH

Event: **5<sup>th</sup> Annual One Young World Summit**

Theme: 1,000 Welcomes

Venue: The Convention Centre, Dublin, Ireland

Date: August 27–28, 2014

BY NADIA BENAMARA

# Push, insist, engage, mobilize!

From human rights to climate change to social enterprise, the 1,250 young delegates who attended this year's One Young World (OYW) summit are already building towards a safer, more equitable future from the bottom up.

**S**till, encouragement is good to hear—especially when it comes from former heads of state, current CEOs and champions of every stripe, who offered unique insight and advice along with a resounding appeal for delegates to take ownership of today's key challenges.

“We don't just need urgent leadership, ambitious leadership,” said Ireland's former (and first female) President Mary Robinson in her keynote address. “We need transformative leadership, which is different.”



Former Irish President Mary Robinson.



Irish Prime Minister, An Taoiseach Enda Kenny, welcomed delegates to Dublin.

OYW is also different. Unlike other conferences, it organizes its agenda around topics decided by incoming delegates and affords opportunities to interact with world-renowned speakers ranging from Nobel Laureate Professor Muhammad Yunus to Wikipedia founder, Jimmy Wales.

Welcoming OYW to Europe's youngest capital city, current Irish Prime Minister An Taoiseach Enda Kenny said: “How we work, develop our economies, create our jobs, grow our food, make our energy, and so

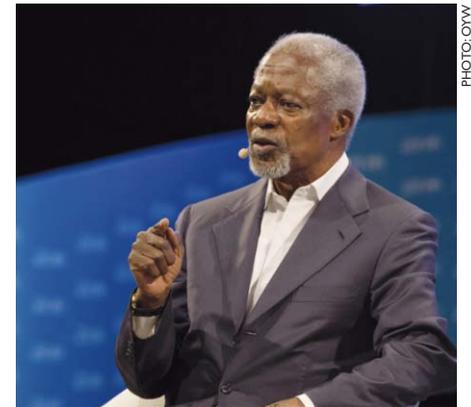
keep peace and prosperity in and between our countries, will all depend on sustainability.”

As in years past, delegates came together from more than 190 countries. OFID, which has enabled the participation of well over 100 young people from developing nations since the conference's 2010 inception, sponsored 25 to attend in 2014.

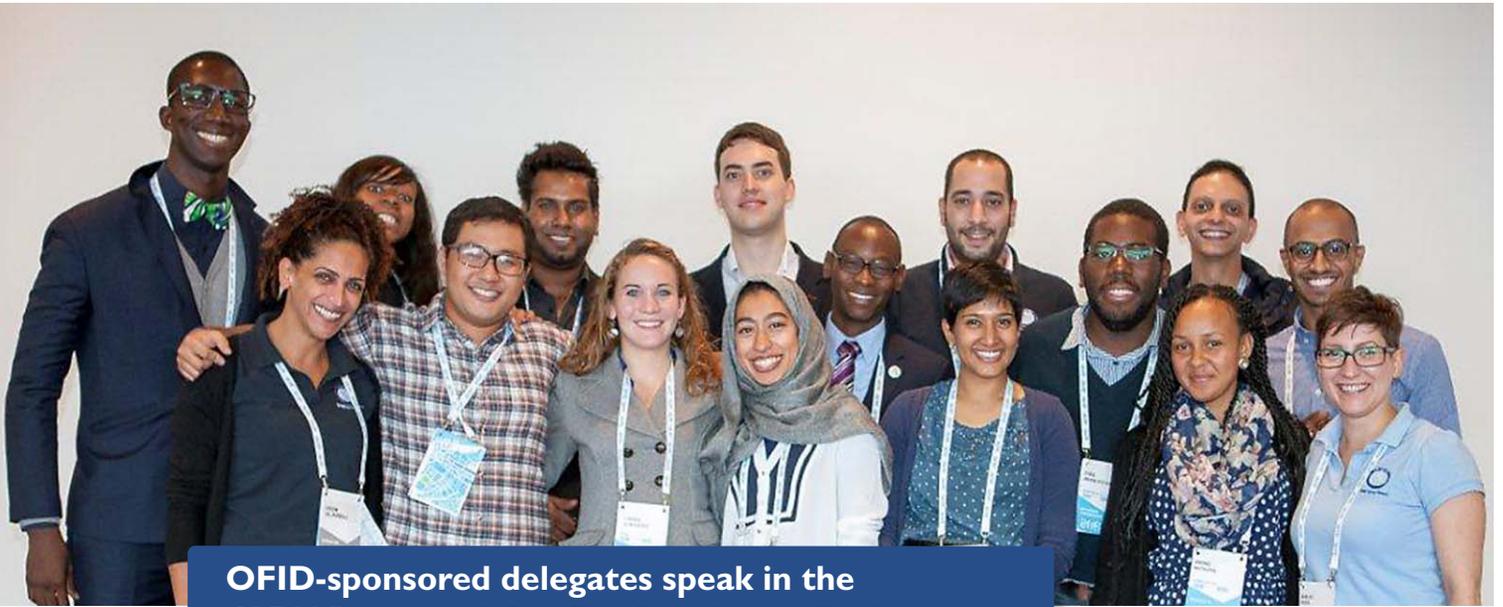
According to OYW Development Director, Catherine Peter, it's critical that all corners of the globe, along with every perspective, be granted a voice.

“OFID helps us bring young people from countries that would otherwise not be represented and for that we're really grateful,” she said.

One of six promising young leaders invited to speak at a plenary session on *Leadership and Government*, OFID-sponsored delegate Kieron Samaroo said: “If we don't address the issues responsible for youth



Former UN Secretary-General Kofi Annan.



**OFID-sponsored delegates speak in the OYW Peace and Conflict Resolution Project.**

**Regis Ortiz, 40, Colombia**

Promoter of reintegration for demobilized paramilitary and guerilla members at the Colombian government agency, ACR. A former student leader, Ortiz spoke of his harrowing two-year experience as a soldier in Colombia's main guerilla group (FARC). Conflict is cruel and violence futile, said Ortiz, recounting how a young boy he'd befriended died in his arms.



*"It was there in that moment that I decided to escape and work to build a new country without violence," said Ortiz. "Today I work so people like me can come back to civil society.*

*"I thank you because you gave me a huge lesson. I will come back to my country with more energy, to tell them that it is possible for us to reconcile ourselves. Violence cannot be an option in any context, under any circumstances."*

**Nushelle de Silva, 27, Sri Lanka**

Creator of the Building Bridges Project, which sustains dialogue between ethnically diverse youth in recently rehabilitated Sri Lankan communities

*"I realized for the first time very clearly that peace doesn't only start with people who've been advocating for it all their lives. It starts with people who've been on the front lines, with people we sometimes deem terrorists ... Our point of entry doesn't need to be a similar viewpoint. Instead it seems to be with people who are willing to say: Look, I have a view. It's very strong and I know it doesn't mesh with yours at all but I am willing to try a different way to get there. And I am willing to accept the transformation that comes along with it."*



**Boubar Dieme, 27, Mali**

Creator of ViveMali NGO, an innovative youth empowerment initiative.



*"Peace has to be a long-term commitment. We have to go to the roots of the problem in terms of the needs of the people ... Extremism comes from somewhere. It comes from people giving up or people losing hope that they will be part of the future or that there is a future for them ... We should never ever take peace for granted."*

**Pizwak Imtiaz, 22, Pakistan / Disputed Territory of Kashmir**

Training executive with a private consultancy for capacity building and impact assessment

*"This year marks 67 years of continued conflict in Kashmir. Unfortunately we have been unable to establish the basic prerequisites to resolve this conflict. If you're not able to humanize your enemy, you will not be able to reach the table of negotiation ... Right now, we're in the very early stages. There's a lot of hatred amongst the two sides. Hopefully sometime in the near future we will be able to resolve this through a process of negotiation."*



◀ apathy towards politics, we will drive an entire generation away from assuming their responsibilities towards community, country and world.”

He cited the lack of accountability, transparency and succession planning in government as primary obstacles to getting young people more involved.

Other plenary sessions centered on: *Sustainable Development, Peace and Conflict, Human Rights, Education, and Global Business*. An additional 60 forums offered room for in-depth questions and answers.

How can Africa balance its need for economic growth and remain committed to sustainable environmental management, asked one delegate of former UN Secretary-General Kofi Annan.

“It doesn’t have to be either or,” said Annan, calling on innovation-minded delegates to “leap-frog the dirty [industrial] practices” used by the developed world to get to where we are today.

Co-panelist Mary Robinson, who currently serves as UN Secretary-General Special Envoy for Climate Change, advocated a ‘climate justice’ approach towards determining the upcoming Sustainable Development Goals (SDGs):

“We have to do it fairly, recognizing that countries that have benefited from fossil fuel development over the years are in a better position to move to renewables more rapidly.”

Acting Head of the UN Office in Geneva, Michael Moller, hosted a session in response to a 2013 poll of OYW delegates, only 22 percent of whom thought the UN effective. Can the UN rise to current challenges?

Moller’s answer was a qualified yes. Praising the UN’s human capital and intellectual capacity, he acknowledged that the system itself was over-stretched and that its structures had not yet evolved to meet the challenges of today, much less tomorrow.

“Structures need to change and we all have a responsibility to push for those changes,” said Moller. “If you leave it up to our leaders, it’s not going to happen or it’s going to happen too slowly.”

Collective, collaborative action with civil society, businesses and NGOs could move entrenched bureaucracies forward, he added. Above all, competent individuals within organizations needed to be empowered.



PHOTO: OYW

*“When you hear the good work other young people are doing here at OYW, it inspires you to believe that you can do as much and perhaps even more.”*

Kieran Joseph Samaroo, 26, Trinidad and Tobago  
Chairman of the Youth Congress for the twin island’s 2<sup>nd</sup> largest political party.

At another special session, four former Latin American Presidents—Vicente Fox of Mexico, Andres Pastrana of Colombia, Alejandro Toledo of Peru, and Nicolas Ardito-Barletta of Panama—came together to debate the future of their continent.



PHOTO: OYW

Identifying drug trafficking as “one of the world’s biggest enemies,” they agreed that education was “the only way to change a nation within one generation.”

## OYW Peace and Conflict Resolution Project

Three sessions detailing Northern Ireland’s recent reconciliation after decades of violent struggle proved unforgettable to OYW delegates—some 50 percent of whom live in countries affected by armed conflict.

Current colleagues, Jackie McDonald (a Northern Irish Loyalist) and Sean Murray (an Irish Republican) shared their experiences as former combatants, who once upon a time “would have tried to kill each other.”

Murray said: “It’s a stark choice for people who live in conflict zones, especially for combatants. We can tolerate and perpetuate the conflict and die together. Or we can work and live and build a peace together.”

Widely credited as one of the prime movers of the Northern Ireland peace process, former Irish Senator Martin McAleese summarized the requisite leap of faith:

“You may say it is naive or idealistic. But it is not. We found a way to do things differently, an alternative to meeting hatred with hatred. If this was possible in Northern Ireland, it is possible anywhere.” ■



PHOTO: OYW

## A life-changing experience

*Each year at OYW, and as part of the institution’s professional development program, OFID sponsors the participation of some of its own young staff. This year’s OFID delegates were Austrian national Marlies Bradl and Ehab Bilal from Libya. Both were privileged to bear the national flag of their country at the opening ceremony. Here, they reflect on their OYW experience.*



Marlies Bradl

“I was and still am overwhelmed. The experience of interacting with so many passionate young people was more than I had ever expected. I was so impressed with their drive to make a difference in the world, and this made me thoughtful about myself.

“For me, the best part was the very special feeling of solidarity. People treated each other with total respect; every-

one was equal—gender, race and so on didn’t matter. It really was the feeling of One (Young) World.

“My favorite OYW counselor was Muhammad Yunus. He has a very special way of speaking—both calm and enthusiastic at the same time. As he explained his idea of social business and that every one of us can bring about change, I felt very inspired and as if he was talking to me only.

“Some of the first sessions left me feeling sad, frustrated and very small. But after a while that feeling changed, as I saw that there were people the same age as me or even younger coming up with new ideas and solutions. They made me realize that every single person can make a difference, every voice counts. Change is already happening and I am determined to be part of it.”

“The OYW experience was beyond anything I could ever have imagined. The energy was amazing and you couldn’t help but be sucked in by it. More than that, though, it was a reality smack. It opened my mind and has really made me think.

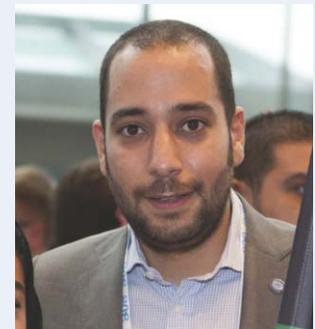
“There were two speakers I found especially powerful—Nobel Peace Laureate Kofi Annan and Unilever CEO Paul Polman. Kofi Annan emphasized the need to work towards a fairer, more secure

and peaceful world. His wisdom encouraged me to reflect, to be hopeful and to be reassured that the future of our world is not lost.

“Paul Polman talked about the need to make sustainable living commonplace and about how young people are critical to driving change. He also explained the importance of corporate social responsibility by making the point that companies are responsible for exploiting resour-

ces and should be held accountable for their wrongdoings.

“Overall, the summit encouraged me to think about the world outside of my own small space and about how we can encourage positive actions in our communities that will influence others. There is no doubt that OYW has changed the way I perceive the world and my role in it. I am hungry and driven for change.”



Ehab Bilal

## CONFERENCE WATCH

Event: **5<sup>th</sup> German-Arab Energy Forum**

Theme: Sustainable Energy for Arab Countries

Hosted by: Ghorfa, the Arab-German Chamber of Commerce and Industry

Venue: Berlin, Germany

Date: November 13–14, 2014

BY REEM ALJARBOU

# Arab-German energy cooperation a win-win set-up

With energy sources and their access forming a key part of the current and future development agenda, strategic partnerships in the energy sector represent critical synergies.



PHOTO: GHORFA/EL SAUAF

**W**ith more than 400 Arab and German participants from politics, business and the sciences, the Fifth Arab-German Energy Forum presented a useful opportunity to promote new synergies and strengthen existing Arab-German partnerships in the energy sector.

Participants discussed current trends and cooperation possibilities on electricity, water and power; education and know-how transfer; the energy mix and renewable energies; as well as frameworks and financing.

In welcome remarks, Dr Peter Ramsauer, President of the Ghorfa Arab-German Chamber of Commerce and Industry noted that the Arab World was embarking on long-term strategies to diversify energy resources and increase energy efficiency.

“For Arab energy projects, German companies can offer a sustainable contribution with their experience and state-of-the-art technology,” he stated.

Describing such cooperation as a win-win situation for both sides, Dr Ramsauer said that the Forum provided a platform to share expertise and assist in developing perspectives for the prosperous energy sector.

He continued: “For us in the Chamber, Arab-German energy cooperation is one of the top priorities in our long-term considerations. We intend to continuously provide a platform for companies to exchange ideas and experience in the long run. In close cooperation with our Arab and German partners, we will continue to support business activities.”

### OFID’s connection

In a keynote speech, OFID Director-General, Suleiman J Al-Herbish welcomed the Forum and the potential it provided for exploring and analyzing the development challenges facing the Arab region.

“It is the unique opportunity of deepening German-Arab relations in the field of energy that I find particularly exciting,” he said.

Mr Al-Herbish disclosed out that one in every five dollars that OFID has provided in development assistance has gone to 13 countries in the Arab World. Energy projects feature strongly in this assistance and include funding for both conventional and renewable technologies. “In fact, our first



PHOTO: GHORFAEL SAUAF

Suleiman J Al-Herbish, OFID Director-General

renewable energy project was a loan to Morocco to help finance a hydro-power plant back in 1977,” he told delegates.

The Director-General went on to point out that, its importance notwithstanding, the issue of providing energy could not be separated from securing basic needs such as food and water. Moreover, this “water-food-energy nexus” assumed a special importance in the Arab World.

“Indeed, water scarcity is foremost among these long-term challenges, and both increasing population and prosperity in the region will put further stress on energy, water and food supplies—all of which are closely intertwined,” he said.

## Frameworks and Financing: Strategic Partnerships

The water-food-energy nexus and OFID’s balanced approach to development financing was further elaborated by Faris Hassan, OFID Director of Corporate Planning and Economic Services in a special session on strategic partnerships.



PHOTO: GHORFAEL SAUAF

Faris Hasan, Director of Corporate Planning and Economic Services, OFID.

Mr Hasan outlined OFID’s operating philosophy, explaining that it sought to create innovative business models, maximize local ownership and provide integrated solutions.

## Ghorfa

The Ghorfa Arab-German Chamber of Commerce and Industry is the competence center for business relations between Germany and the Arab world. Ghorfa is the representative of all Arab Chambers of Commerce and Industry in Germany. Major German and Arab enterprises are among the members, as are numerous small and medium-sized enterprises. Ghorfa actively promotes and strengthens business relations among its members and within the wider Arab and German business community. The Chamber paves the way for stronger business cooperation in the fields of trade, industry, finance and investment between Arab and German business partners.



PHOTO: GHORFAEL SAUAF

Panelists at the special session on strategic partnerships.

In further detail, he presented examples of OFID projects in which water was used to produce and generate energy in Africa, which accounts for more than one-third of water consumed in the energy sector worldwide. Discussing the energy mix in the various regions, Mr Hasan pointed out the relatively high share—around 25 percent—of traditional biomass in Africa’s energy mix. This compared with just 10 percent in Asia. In Latin America, hydropower accounts for 70 percent of total electricity generated, he said.

Mr Hasan pointed out that OFID tries not only to *find* solutions for its Partner Countries, but also to *fund* solutions. His presentation forged detailed discussions about financing instruments and mechanisms amongst the panelists presenting during the session. ■

- ▶ Analyze
- ▶ Strategy
- ▶ Manage
- ▶ Invest



PHOTO: ELTORO69/SHUTTERSTOCK.COM

## Development equity: Breaking the mold

To awaken the sleeping giant that is the African agriculture sector, one of the biggest obstacles to overcome is the dearth of investment capital. Here, Stuart Bradley of the African Agriculture Fund (AAF) explains the concept of “development equity” and its role in fostering poverty reduction and food security.

BY ARYA GUNAWAN USIS

**A**s a financial expert with two decades of experience in Africa’s agriculture and food sectors, Stuart Bradley understands more than most the frustrations of unrealized potential.

Bradley is a senior partner in Phatisa, the Mauritius-based equity management institution entrusted to manage the innovative African Agriculture Fund (AAF). The AAF was established to fight chronic investment shortages and help develop Africa’s agriculture and food sectors. It uses the funds that it manages to invest in various businesses, grow them further, and then sell them to other investors.

“If one considers the broader agribusiness sector—including input supply, processing and retailing—agriculture makes up close to one-half of Africa’s GDP,” he told the *Quarterly*. “Taking into consideration job creation as well, this makes the sector a multiplier for economic growth more generally.”

Among the many factors preventing the sector from realizing its potential—and contributing to poverty reduction and food security—are issues with capital leverage and access to credit. Without the necessary investment, the continent’s small farmers struggle to become commercially viable.

When it comes to the problem of financing, Bradley has first-hand experience, having carried out the fundraising for AAF's initial capital in 2010. He recalls the challenge of convincing potential investors to join a fund designed to target businesses that were still in their initial stage of growth:

"Typically, ordinary private investors do not have an appetite for that kind of business. They prefer to play safe by targeting mature businesses with experienced management. In this way, they can mitigate the wide range of exogenous risks that characterize the sector and compromise investors' returns," he explained.

### Swap notebooks for checkbooks

Bradley acknowledges that Africa, with its 6–7 percent GDP growth, is the place where everyone is looking to invest. "But in terms of people actually making investment commitments, we are still a long way off. There is growing interest in the market, but private investors are still joining the conversation with notebooks in hand, not their checkbooks," he stressed.

AAF set out to get around this obstacle by breaking the mold and reaching out to international agencies and development finance institutions (DFIs), including a pool of European and African institutions. Using this approach, Phatisa succeeded in attracting a total US\$246m in initial capital, of which US\$10m came from OFID.

"What we do is different from the classic private equity. We choose to grow businesses that have not yet been well established, so there are more risks involved and investors are extra cautious," Bradley emphasized.

"For that particular reason, we would rather call AAF a development equity institution. We have integrated conventional private equity, which is strongly focused on investor returns, with development finance from governments and institutions," he explained.

AAF's initial investment was the purchase of a long-abandoned palm oil plantation and mill in Sierra Leone. The Goldtree palm oil business is expected to permanently employ more than 400 people, and will support an extensive agricultural community by buying palm fruit from over 5,000 small producers.

The Fund used a similar business approach when it acquired Goldenlay, the foremost pro-



ducer of table eggs in Zambia. AAF has empowered female farmers by integrating them into Goldenlay's supply chain of soya and maize, which it purchases for chicken feed.

### Ripple effect

To date, AAF has committed investments in excess of US\$100m in 13 businesses. Together, these companies produce 450,000 tons of food and employ some 7,500 people, including about 500 women. These figures do not include the satellite businesses that have been subsumed into AAF's numerous supply chains. These "outgrowers" number 110,000 and include many smallholders.

AAF is also working to nurture African talent and help build local capacity in the field of private equity by hiring young people fresh out of business school and training them in the business. "This way, we are creating a pool of young private equity professionals on the continent," said Bradley.

Bradley is optimistic about the future. "With international DFIs pooling forces to support AAF, we have been able to show that we can make both financial and development returns. We are confident that this will encourage private investors and pension funds to follow suit and put their investments in Africa." ■

*"If one considers the broader agribusiness sector ... taking into consideration job creation as well, agriculture is a multiplier for economic growth more generally."*

Stuart Bradley

BY NADIA BENAMARA

## UAE helps Pakistan fight polio

More than 13 million Pakistani children were vaccinated against polio between June and September 2014, as part of a UAE campaign to help eradicate the disease by 2018. UAE Pakistan Assistance Program (UAE-PAP) officials announced the final results of their four-month immunization drive on October 25.

As reported by Emirates News Agency (WAM), a total 13.2 million children in Khyber Pakhtunkhwa (KP) province and Federally Administered Tribal Areas (FATA) were given the oral polio vaccine. Some 7.6 million were vaccinated in September alone.

The massive UAE-PAP effort was carried out in cooperation with Pakistan’s army, ministry of health, regional governments and the World Health Organization (WHO).

Speaking to WAM, UAE-PAP Director-General Abdullah Khalifa Al Ghalfi described the campaign as an “extraordinary success” not least because medical staff had been able to operate in remote areas that “all previous local and international polio vaccination campaigns failed to reach.”

He attributed the positive outcome to sound planning and well-organized implementation.

Nearly 5,000 medical teams worked intense shifts out of local community health centers as well as mobile units to complete the initiative on schedule, according to Al Ghalfi.

KP polio coordinator Dr Muhammad Akram told Central Asia Online that UAE involvement was paying off because Pakistanis held the Emirates in high regard. “Now we see acceptance for oral polio vaccine among the population,” said Akram.

WHO Regional Director Dr Ala Alwan rendered a similarly encouraging report. “UAE support for the polio vaccination campaign in Pakistan stands out as a model for solidarity that should prevail in the international community,” he said to WAM.

Pakistan reported 210 annual cases of paralysis caused by wild poliovirus as of October 22. These accounted for more than 85 percent of cases worldwide in 2014, according to the Global Polio Eradication Initiative. ■



PHOTO: ASIANET-PAKISTAN/SHUTTERSTOCK.COM



## Venezuela offers Palestinians free university education

Venezuela will grant 1,000 Palestinian students a chance to pursue their dreams through its newly expanded Yasser Arafat Scholarship Program.

“It will be difficult but we will train at least 1,000 Palestinian students,” said Venezuelan President Nicolas Maduro in a televised address.

“I just ordered the Ministry of Education to expand the program beyond medicine, so we will also enable studies in engineering, architecture and other fields of knowledge.”

President Maduro delivered his announcement only hours after the program’s first beneficiaries touched down in Caracas on November 6.

The 120 Palestinian medical students were to complete seven years of training at Venezuela’s Dr Salvador Allende Latin American School of Medicine.



PHOTO: REUTERS/JORGE SILVA

A Palestinian medical student arrives at Simon Bolivar airport outside Caracas on November 6, 2014.

A majority come from the West Bank, 36 are from the Gaza strip and 16 are women.

They were picked up in Jordan by a plane delivering 10 tons of humanitarian aid for Gaza from the Venezuelan government.

Welcoming their arrival, President Maduro said: “The future of Palestine is here, in its youth.”

Three of the scholarship students were subsequently interviewed on TeleSUR.

“We don’t have money so this scholarship is a great opportunity for us,” said Israa from Nablus. “I’m very grateful to the Venezuelan government.”

Mohamad compared his limited options as a refugee in Jordan to the future he could now envision. “I can tweet or post on Facebook that I’m going to protest the occupation but I want to support my people,” he said. “As a medical doctor I can do something there.”

Lamenting loved ones lost in Gaza, Joseph said: “After my seven years here I will go back to Gaza to help my friends, my family and my neighborhood. That is my dream.”

Venezuela recognized the State of Palestine in 2009.

Its scholarship program is named in honor of the former head of the Palestine Liberation Organization and first president of the Palestinian Authority. ■

## Algeria and Qatar boost bilateral relations

At their November 23 summit in Doha, Algeria and Qatar signed an impressive 13 cooperation agreements, but it was an announcement made on the sidelines of the event that may hold greater promise for relations between the two countries.

Algerian Minister of Industry and Mining, Abdesslem Bouchouareb revealed that construction on a joint Algerian-Qatari steel manufacturing complex would commence before the end of January 2015 and that the US\$2bn plant would become operational by early 2017.

while Qatar International Steel holds the remaining 49 percent stake.

The project is expected to create 1,500 direct jobs as well as 15,000 indirect ones.

At a signing ceremony for the plant earlier in the year, Prefect of Jijel, Ali Bedrici said: “This is another historic moment in Algerian-Qatari relations and another step in the dynamic of national economic revival.”

The Fifth Algerian-Qatari summit was co-chaired by Algerian Prime Minister



PHOTO: PHOTOTRSHUTTERS/STOCK.COM

The new Bellara steel manufacturing complex will help reduce Algeria’s dependence on steel imports, which currently take up some 20 percent of its budget.

Planned for Jijel province—some 360km east of Algiers—the Bellara complex is aimed at reducing Algeria’s steel importing costs, which amounted to nearly US\$10bn or 20 percent of its annual budget for 2012.

The plant will initially produce some two million tons of steel per year. Total production capacity is set to reach four million tons annually.

Algeria holds a 51 percent majority—as mandated by its 2009 investment law—

Abdelmalek Sellal and Qatari Prime Minister Sheikh Abdullah bin Nasser bin Khalifa Al Thani.

In addition to accords on water resources, economic control and consumer protection, it generated first joint initiatives in tourism, higher education and fisheries management.

An agreement for cooperation and news exchange between the Algerian Press Service (APS) and its Qatari counterpart (QNA) was also signed. ■



At the opening of the plenary session: Abdourham Ataher Al-Ahirish (second left), Libya's Vice Prime Minister for Corporations and President of the OPEC Conference for 2014; together with Mohamed Mahemed M Oun (second right), Libya's Assistant Vice Prime Minister for Energy; Abdalla Salem El-Badri, OPEC Secretary General (right); and Dr Ali Obaid Al Yabhouni (left), UAE Governor for OPEC, and Chairman of the OPEC Board of Governors for 2014.

## 166<sup>th</sup> Meeting of the OPEC Conference convenes in Vienna

*Ministers express “unity and solidarity” in maintaining existing output ceiling*

COURTESY OF THE OPEC BULLETIN

**O**PEC's oil and energy ministers have demonstrated their unity and solidarity in agreeing to maintain the Organization's current production ceiling for the first half of 2015.

Speaking at the end of the 166<sup>th</sup> Meeting of the OPEC Conference, held in the Austrian capital, Vienna, towards the end of November, one of the leading delegates attending the end-of-year talks—Iranian Petroleum Minister, Bijan Namdar Zangeneh—said it had been “a good Meeting.”

Against a backdrop of falling crude oil prices and market uncertainty, the Organization decided to maintain the status quo and retain its output ceiling of 30 million barrels/day for the first six months of next year.

“We exchanged views and consulted with each other. It was not the best result for some of the Member Countries, but it was felt that we needed more time, so we decided to carry on with our consultations

over the next few months,” he told the OPEC Webcast team.

Zangeneh stressed that the main issue for the ministers was the unity and solidarity of OPEC.

“With this unity, I feel we can face the difficulties in the market,” he stated, in reference to the recent decline in international crude oil prices and concerns over a growing oversupply in the market.

His comments were echoed by Venezuela's Head of Delegation to the Conference, Rafael Ramirez, Minister of Popular Power of Foreign Affairs, who declared after the Meeting: “We are together.”

Ahead of the one-day Conference, which attracted feverish media attention, speculation was rife as to what OPEC might do in response to a 30 percent drop in crude oil prices since the summer months.

Feelings were split as to whether the Organization would resort to cutting its oil production ceiling for the first time in sev-

eral years, with the associated risk of losing valuable market share for its crude, or again opt to play safe and adhere to its current production policy.

Saudi Arabian Minister of Petroleum and Mineral Resources, Ali I Naimi, told reporters a day before the Meeting that he was very confident OPEC's Ministers would adopt a unified position.

“The power of convincing will prevail tomorrow ... I am confident that OPEC is capable of taking a very unified position,” he was quoted as saying, explaining that the six-member Gulf Cooperation Council (GCC)—comprising Kuwait, Qatar, Saudi Arabia, the United Arab Emirates (UAE), Oman and Bahrain—had already reached a consensus on the market situation.

Naimi said he was confident the oil market would “stabilize itself eventually.”

Further support for the OPEC decision to retain current output allocations came from Kuwait's Oil Minister, Dr Ali Saleh Al-

Omaisr, who said it was the right thing to do and was based on a thorough study of the global oil market.

“OPEC ministers’ discussions about the developments of the oil price and production led to a concurrence that keeping the Organization’s production ceiling at 30m b/d is the best solution at the moment,” he was quoted as saying by the Kuwait News Agency (KUNA).

Al-Omaisr expressed optimism that the recent price deterioration would end soon.

“Extra supply in the oil market and the slowdown in global economic growth will not last for a long time. The market will gradually absorb the oversupply, which will reflect positively on prices,” he maintained, in highlighting the importance of the restoration of global economic growth to the oil market’s welfare.

Meanwhile, Suhail Mohamed Al Mazrouei, Minister of Energy of the UAE, stressed in reference to the oil price decline that it was not the time to panic.

“We need to allow enough time for market stability,” he said, pointing out in comments made on his Twitter account that OPEC Member Countries were in the position to compensate for any decline in world oil supply.

Al Mazrouei also told Al-Arabiya television that “this is not the first time we have seen a drop in prices. The market will return to stability.”



The Conference extended the tenure of Abdalla Salem El-Badri as OPEC Secretary General until December 31, 2015.



OPEC Ministers during their closed session talks.

And in comments to Reuters, he stated: “This is not a crisis that requires us to panic ... we have seen [prices] way lower. The oversupply came from the evolution of the unconventional oil production ... I think everyone needs to play a role in balancing the market, not OPEC unilaterally.”

In this regard, two of OPEC’s Founding Members—Saudi Arabia and Venezuela—held talks about the oil market situation ahead of the Conference with leading non-OPEC producers, the Russian Federation and Mexico. The parties agreed to meet again in three months’ time.

At the customary press briefing after the Conference, OPEC Secretary-General, Abdalla Salem El-Badri, in giving an overview of the talks, stated that, in keeping with the ministers’ decision, he was also happy with the agreement.

He pointed out that the 30m b/d production ceiling had been in place with OPEC for quite a few years, but when one looked back over that time only in 2012 did the Organization distance itself from that output level.

“Apart from that time, compliance by Member Countries to the ceiling was not far off the 30m b/d. I am sure they will abide by this level,” he asserted.

El-Badri explained that he had presented the ministers with his usual report covering information on the global economy, oil supply and demand, as well as stocks.

“We then debated the oil market situation for two–three hours and the Conference decided to keep the 30m b/d for the first six months of 2015.”

In fielding questions from journalists, El-Badri refuted a suggestion that the ministers, through their actions, were trying to send a signal to the market over crude oil prices.

“We are not sending a signal to anybody. We are just trying to maintain a fair crude oil price,” he contended.

Over the last four years, he said, the producers had enjoyed a very decent crude oil price, but now it had fallen.

“But this does not mean that OPEC has to rush and do something ... we want to wait and see how the market settles. We want to see now how it behaves. As I have repeatedly said, we do not want to panic. As far as we see it here in OPEC, the price decline we have witnessed does not reflect the change in the fundamentals of the market.”

El-Badri stated that OPEC did not have a target price for its crude oil, neither a minimum nor a maximum—“we just want a fair price.”

Asked what a fair price would be today, he replied that one that allowed producers to invest for the future, give them a decent income and one that consumers were happy with too.

The OPEC Secretary General said that when crude oil was at US\$100/b, everyone▶



OPEC delegates and members of the international press and media listen to the OPEC Conference's opening address.

◀ was happy with it. “But now things have changed and we have to live with the new circumstances.

“We are going to produce 30m b/d and we will watch and see how the market behaves. We will follow it accordingly,” he said.

According to the Conference’s official communiqué, the Ministers reviewed the oil market outlook, as presented by the Secretary-General, in particular supply/demand projections for the first, second, third and fourth quarters of 2015, with emphasis on the first half of the year.

“The Conference also noted, importantly, that, although world oil demand is forecast to increase during the year 2015, this will, yet again, be offset by the projected increase of 1.36m b/d in non-OPEC supply,” the communiqué stipulated.

It said that the increase in crude oil and product stock levels in OECD countries, where days of forward cover were comfortably above the five-year average, coupled with the ongoing rise in non-OECD inventories, were indications of an extremely well-supplied market.

Recording their concern over the rapid decline in crude oil prices in recent

months, the ministers concurred that stable oil prices—at a level which did not affect global economic growth but which, at the same time, allowed producers to receive a decent income and to invest to meet future demand—were vital for world economic wellbeing.

“Accordingly, in the interest of restoring market equilibrium, the Conference decided to maintain the production level of 30.0m b/d, as was agreed in December 2011.

“As always, in taking this decision, Member Countries confirmed their readiness to respond to developments which could have an adverse impact on the maintenance of an orderly and balanced oil market.”

The communiqué said that in agreeing on the need to be vigilant, given the uncertainties and risks associated with future developments in the world economy, the Ministers directed the Secretariat to continue its close monitoring of developments in supply and demand, as well as non-fundamental factors, such as speculative activity, keeping Member Countries fully briefed on developments.

The Conference decided to extend the tenure of Abdalla Salem El-Badri as Secre-

tary General for a further period of six months, until December 31, 2015.

The ministers elected Diezani Alison-Madueke, Minister of Petroleum Resources of Nigeria and Head of its Delegation, as President of the OPEC Conference for one year, with effect from January 1, 2015.

Dr Mohammed Bin Saleh Al-Sada, Minister of Energy and Industry of Qatar and Head of its Delegation, was elected Alternate Conference President for the same period.

In addition, the Conference appointed Dr Bernard Mommer, Venezuelan Governor for OPEC, as Chairman of the OPEC Board of Governors for the year 2015, and Ahmed Messili, Algerian Governor for OPEC, as Alternate Chairman for the same period, with effect from January 1, 2015.

The next Ordinary Meeting of the OPEC Conference will convene in Vienna on June 5, 2015, immediately after the OPEC International Seminar on “Petroleum: An Engine for Development”, which will take place at the Vienna Hofburg Palace on June 3–4, 2015. ■

## **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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