

APRIL 2017

OFID  
Quarterly

THE OPEC FUND  
FOR INTERNATIONAL  
DEVELOPMENT



# Water makes the world go around

Sustainable water management:  
Plain sailing or swimming against the tide?

Meet OFID'S new finance ADG: Tareq Sherlala

OFID private sector approvals reach record high

OFID hosts Susanne Wenger exhibition

**OFID Quarterly** is published four times a year by the OPEC Fund for International Development (OFID).

**OFID** is the development finance agency established in January 1976 by the Member States of OPEC (the Organization of the Petroleum Exporting Countries) to promote South-South cooperation by extending development assistance to other, non-OPEC developing countries.

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**Uniting against Poverty**

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THE OPEC FUND FOR  
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**PRODUCTION** Susanne Dillinger, Iris Vittini Encarnacion

**DESIGN** [etage.cc/krystian.bieniek](http://etage.cc/krystian.bieniek)

**PRINTED IN AUSTRIA** Druckerei Odysseus

This publication is printed on paper produced  
from responsibly managed forests.

Maps are for illustration purposes only and are not  
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FRONT COVER PHOTO CREDIT: SHUTTERSTOCK.COM



# Water: *Are we all too wet behind the ears?*

**M**arch 22 marked World Water Day; a day when we're all supposed to take action to tackle the water crisis. But how many people even know there's a crisis to be tackled? Certainly, a good few in the developing world will be aware that there's something not quite right, since a full 1.8 billion of them still use a contaminated source of drinking water. This puts them at risk of contracting cholera, dysentery, typhoid and polio.

In line with this, the theme of this issue of the OFID Quarterly is water; the absolute bedrock for all living things on our planet and a basic human right. As one of our interviewees put it on page 9 in our lead feature on sustainable water management, there's simply no getting away from the importance of water. Today, she explained, we've proved that a plant can grow without soil, but it cannot grow without water.

How then do we explain the statistics that continue to make for such alarming reading? In addition to the 1.8 billion number (which is more than enough on

its own), the UN also predicts that water scarcity affects more than 40 percent of the global population and is projected to rise. Add to this the thought that more than 80 percent of wastewater resulting from human activities is discharged into rivers or seas without any treatment and it seems we're in a real mess.

Indeed, as this publication was going to press, news broke that the UK's Thames Water had been hit with a record fine of £20.3m after huge leaks of untreated sewage into the River Thames and its tributaries. The prolonged leaks led to serious impacts on residents, farmers and wildlife, killing birds and fish, newspapers reported; this in a supposedly developed country.

It's not all doom and gloom of course. Significant progress was made under the Millennium Development Goals. According to the UN, in 2015, 6.6 billion people, or 91 percent of the global population, used an improved drinking water source, versus 82 percent in 2000. The adoption of Sustainable Development Goal 6 proves that there is now the political consensus to take collective action. It doesn't simply aim to tackle the problems of inadequate drinking water, sanitation and hygiene, but also the sustainability of resources too.


For its part, OFID's contribution to the water and sanitation sector reached US\$1,151M as of year-end 2016. These resources have supported a wide range of operations, from large-scale water storage, treatment

and distribution projects to village pumps and school latrines, as well as schemes for the rationalization of water use in arid regions.

Along with energy and food, water forms part of OFID's strategically critical nexus. This nexus is about recognizing that energy, water and food are intrinsically linked and that issues in one sector cannot be addressed in isolation. This organization's 40-years of experience has demonstrated that uncoordinated interventions in the energy, water or food sectors often result in risks and uncertainties across the three sectors.


OFID has made clear its readiness to mobilize all means at its disposal to address these issues and consequently the energy-water-food nexus is the central theme of its Corporate Plan 2016-2025. The organization has aligned its business strategy with the new development agenda and its approach for the next 15 years. Based on this Plan, 70 percent of OFID's activities in the coming decade will be dedicated to these critical sectors, with transportation as an additional enabling sector.

The truth is, we all have more to do as individuals and collectively. Back to our aforementioned interviewee who notes that for a long time, many of us have been talking about our carbon footprint. Maybe it's time to start thinking about our water footprint too, she muses. ■

An aerial, high-angle photograph of a sailboat's deck. The deck is made of light-colored wooden planking. A white mast runs vertically through the center. Various pieces of equipment are visible, including a white hatch cover, a window, and some red and blue ropes. The boat is moving through clear, blue-green water, with white foam from the wake visible at the bottom. The overall scene is bright and clear.

# Sustainable water management: Plain sailing or swimming against the tide?



An aerial, top-down view of a sailboat's deck. The deck is made of light-colored wood planks and features a white inflatable dinghy on the left side. A wooden hatch is visible in the center. The mast, which is white, extends from the right side of the deck. The boat is moving through deep blue water, leaving a white wake behind it. The text is overlaid on a semi-transparent dark blue rectangular area in the upper portion of the image.

Water makes the world go around. It is fundamental to life and an essential component of the global economy. *Steve Hughes* examines what sort of progress we're making, as a planet, toward managing this precious resource sustainably. And whether we're all really aware of its value.



PHOTO: WWW.STRATEGICFORESIGHT.COM

*“What is needed is a paradigm shift to meet SDG6 and ensure availability and sustainable management of water and sanitation for all.”*

JOHAN GÉLY

In 2015, the international community adopted the Sustainable Development Goals (SDGs)—a plan of action for people, planet and prosperity that seeks to ‘strengthen universal peace in larger freedom.’ Among the goals is SDG6; one that focuses on making sure of the availability and sustainable management of water and sanitation, for all. But why is water so important? And what is the current state of play? Are we surfing toward a sustainable water future? Is geopolitics making global collective action ever more difficult? Or are we floating aimlessly on a sea of malaise, set adrift by short-term social and economic priorities?

### Why water?

Access to water, sanitation and hygiene is a human right. Under the Millennium Development Goals (MDGs), good progress was made: UNICEF’s 2015 Update and MDG Assessment reported that in a “major global achievement,” the target for safe drinking water was met in 2010, well ahead of the MDG deadline of 2015. This means over 90 percent of the world’s population now has access to improved sources of drinking water. But, the report stated, there is still some distance to go: “The world has fallen short on the sanitation target, leaving 2.4 billion without access to improved sanitation facilities.”

The United Nations (UN) now estimates that around 1.8 billion people globally still use a source of drinking water that is contaminated. The UN also predicts that water scarcity affects more than 40 percent of the global population and is projected to rise. Add to this the worrying thought that more than 80 percent of wastewater resulting from human activities is discharged into rivers or seas without any treatment and the scale of the problem is clear.

There are wider implications of the water problem, too. Water is an essential component of national and local economies, and is needed

to create jobs across all sectors. The UN states that half of the global workforce is employed in eight water- and natural resource-dependent industries: agriculture, forestry, fisheries, energy, resource-intensive manufacturing, recycling, building and transport. Sustainable water management, water infrastructure and access to a safe, reliable and affordable supply of water and adequate sanitation services improve living standards and support greater social inclusion. Sustainable water management, the UN maintains, is also an essential driver of green growth and sustainable development.

### Swimming upstream

With all this in mind, it’s rather alarming to find that, according to Tom Williams, Programs Director of the International Water Association (IWA), our planet is currently in the middle of a water ‘crisis.’ “Yes, that’s the generally accepted view,” says Williams. “And we need to strengthen the message that if we don’t solve this crisis then there will be really significant consequences. Not just within the water sector, but in other sectors and systems too, because everything is linked to water.”

So what are we doing about this crisis? Johan Gély, Head of Global Program Water at the Swiss Agency for Development and Cooperation acknowledges that while water and sanitation are issues high on the political agenda, there is still much upstream swimming to be done: “Current water management practices are just unsustainable—we cannot carry on this way,” he says.

Some predict that by 2050, over 50 percent of the global population may be living under water stress, and 45 percent of the world’s gross domestic product may come from water-stressed regions. “What is needed is a paradigm shift to meet SDG6 and ensure availability and sustainable management of water and sanitation for all,” Gély adds. ▶



# WATER FOR A SUSTAINABLE WORLD



## SOCIETY

THE WATER AND SOCIETY RELATIONSHIP

3 BILLION PEOPLE LACK ACCESS TO DRINKING WATER THAT IS REALLY SAFE



IN 2012 2.5 BILLION PEOPLE DID NOT HAVE ACCESS TO SANITATION FACILITIES

1/4 POPULATION

LIVES IN DEVELOPING COUNTRIES THAT FACE WATER SHORTAGES DUE TO

INFRASTRUCTURE TO TRANSPORT WATER FROM RIVERS AND LAKES BEING INSUFFICIENT

WEAK GOVERNANCE

1/5 POPULATION

LIVES IN AREAS WHERE WATER IS PHYSICALLY SCARCE

INVESTING IN IMPROVED WATER MANAGEMENT AND SERVICES IS ONE PREREQUISITE TO REDUCING POVERTY AND ACHIEVING SUSTAINABLE ECONOMIC GROWTH

POOR PEOPLE RECEIVE VERY DIRECT BENEFITS FROM

IMPROVED WATER SERVICES

IMPROVED SANITATION SERVICES

THROUGH

BETTER HEALTH

REDUCED HEALTH COST

TIME SAVING

INCREASED PRODUCTIVITY

POVERTY

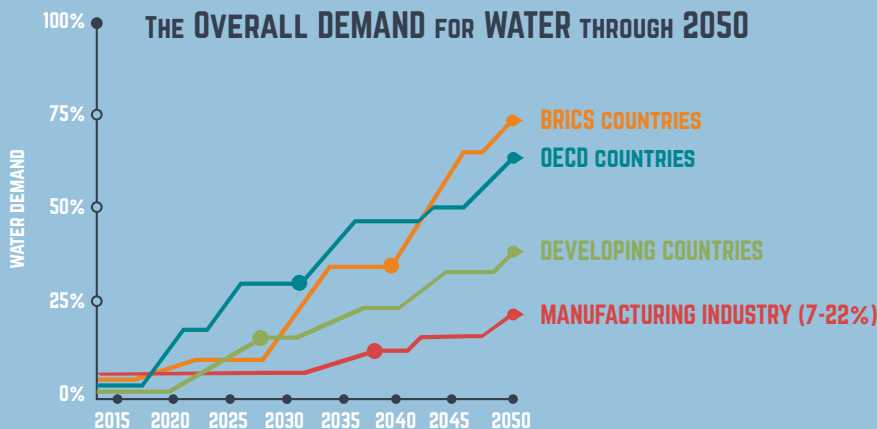
WATER

THE RELATION BETWEEN WATER AND POVERTY

IS A TWO-WAY STREET

ACCESS TO ADEQUATE AND SAFE WATER SUPPLIES IS ESSENTIAL FOR POVERTY REDUCTION, YET POVERTY ITSELF CAN BE A DRIVER OF POLLUTION AND UNSUSTAINABLE USE OF WATER RESOURCES.

THE OVERALL DEMAND FOR WATER THROUGH 2050



MORE THAN 80% OF THE WORLD'S POPULATION LIVES IN COUNTRIES WHERE THE INCOME DISPARITIES ARE WIDENING



### Scarily scarce

◀ For the IWA's Williams, though complex and difficult to overcome, today's macro-level water challenges can be categorized relatively neatly under three main headings: having too much water, not having enough water and not having clean enough water. These scenarios translate into the need for a far greater focus on (and investment in) protecting against floods and the impacts of climate change, reducing the amount of water that is lost through old or inappropriate infrastructure and improving water storage and treatment.

The current lack of focus and collective action (certainly pre-SDG6) means that the sustainability of life or environmental systems is compromised by water scarcity to a greater or lesser extent all across the globe. One glance at a water scarcity map (there are many, but those by the World Resources Institute, a global research organization, appear comprehensive) tells a sorry tale: swathes of Southern Europe, Northern Africa, the Middle East, Asia and Australasia are coloured red. The map shows the average exposure of water users to water stress. Red, as it often does, represents danger. In this case, it means



PHOTO: ICBA

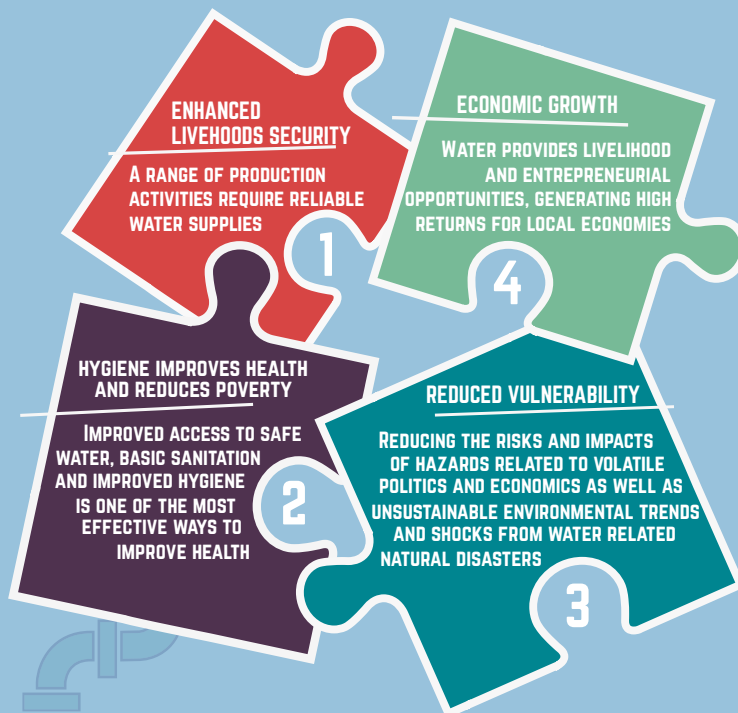
Dr Ismahane A Elouafi

that between 40 and 80 percent of water users are exposed to "high stress." In some cases, more than 80 percent of water users experience "extremely high stress."

Dr Ismahane A Elouafi, Director-General of the International Center for Biosaline Agriculture (ICBA), is more aware than most of the scale of the problem: "If we think about SDG6, the numbers are very challenging," she says. "Hitting that target [access to sustainable water and sanitation for all] by 2030 is going to be very

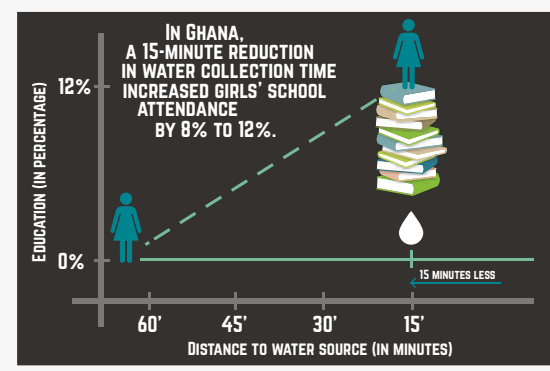
"For several years now, we've been trying to get people out of the mindset of thinking solely about fresh water when it comes to agriculture."  
DR ISMAHANE A ELOUAFI

## WATER MANAGEMENT CONTRIBUTES TO FOUR KEY DIMENSIONS OF POVERTY REDUCTION:



### TIME TO CHANGE

IMPROVED **GENDER EQUALITY** IS A KEY TO BOOSTING WATER MANAGEMENT AND ACCESS. ONE **2012** ESTIMATE SUGGESTS THAT CUTTING JUST **15 MINUTES** OFF THE **WALKING TIME** TO A WATER SOURCE COULD REDUCE **UNDER-FIVE CHILD MORTALITY BY 11%** AND THE PREVALENCE OF NUTRITION-DEPLETING **DIARRHOEA BY 41%**.



Source: United Nations World Water Development Report 2015



difficult. We need a lot of investment in the science behind it, especially for agriculture, because right there you have 70 percent of water usage. It's the big elephant in the room."

As Elouafi suggests, agriculture is currently the largest user of water at the global level, accounting for 70 percent of total withdrawals. ICBA is working hard on supply side solutions (see also OFID Quarterly July 2016, pp. 4–10): "For several years now, we've been trying to get people out of the mindset of thinking solely about fresh water when it comes to agriculture," Elouafi says. "Instead, we can use brackish water, we can use drainage water, we can use saline water, we can even use sea water and treated waste water." But there is a cost attached to this, of course. ICBA is an international, non-profit research center funded by OFID, the Islamic Development Bank, and the Government of the United Arab Emirates. There are others playing their part of course, but more global actors are needed.

## Where there's a will ...

Williams argues that while it takes time for global commitments to have an effect, there is now, at least at the political level, the will to act. "With SDG6, all countries have made a political commitment to solving the water crisis and I think that's significant," he says. He is also realistic, if not optimistic, about the potential of achieving the goal in question: "It's big, messy and challenging for us to solve. But I don't think we should necessarily get hung up on that 2030 deadline. What's important is to lock ourselves in to progress. That means getting the right policies, the right governance structures and the right financial flows in place for meeting these targets."

As well as supply side solutions, the demand for water also needs major attention. Elouafi says that the world must become far more aware of the price of water. She uses Australia—a country that has long battled the water problem—as an example to demonstrate the potential of such mindfulness. Thanks to well considered and sustainable water management strategies, water is front of mind for a large proportion of the population: "In Australia, water has a value wherever it comes from. Everyone, including farmers, completely understands this. They factor the price of the water into their business plans." Unfortunately, says Elouafi, this is not always the case in developing countries.

Another problem for many developing countries in this context, as Williams points out, is their rapidly urbanizing populations. "Any water system built now needs to be fit for purpose for the next 50 years and beyond," he says. "This is the case everywhere. It's OK when the demographics are quite stable, but in some cases in Africa, for example, the systems they're developing now may need to support a population of three or maybe even four times the size they were built for."

Williams also believes, in line with Elouafi, that the developing world's water problems differ fundamentally from those faced by the developed world. Take access to safe drinking water and sanitation, for example. In the developed world, most people have access most of the time. In the developing world, however, there are hundreds of millions who don't have access. "A big issue that undermines progress in developing countries comes down to governance," says Williams. "This includes weak institutions and inadequate legislation and regulations. So a lot of investment is required in institutions to ensure they have the capacity and authority to execute their responsibilities."

## Be aware

Williams believes that over the last decade, the political discourse around water has helpfully broadened out. We're no longer talking about water in isolation, he says, but rather of water in terms of economic development, health, climate change and more. But he agrees there is still more work to be done on the awareness front: "Water is central to the global and national discourse. Urban and community planners, business leaders, policy makers—they all need to prioritize it as an enabler and connector for sustainable development. It's so integral to all of those things. It needs to be seen as central to other problems."

There is no getting away from the importance of water. As Elouafi says, it is, quite simply, the force of life. "Today, we have proved that a plant can grow without soil, but it cannot grow without water," she says. "For a very long time, we've been talking about our carbon footprint. I think it's time to start talking about our water footprint."

"It needs to be at the forefront of our mind, always," she continues. "We should know its price. When we eat a strawberry or a steak, we should ask, 'how much water did this take to produce?' We all have a role in this." ■



PHOTO: IWA

*"What's important is to lock ourselves in to progress. That means getting the right policies, the right governance structures and the right financial flows in place for meeting these targets."*

TOM WILLIAMS



PHOTO: JEFFREY M WALCOTT

# A nexus-oriented approach to water–energy–food security

Guest author and economic expert **Abdul-Karim Sadik** looks at the inextricable links between water, energy and food security. None of these challenges, he considers, can be successfully tackled in isolation from the others.

**A**s a follow-up to the Millennium Development Goals, the United Nations General Assembly adopted in September 2015 the Sustainable Development Goals (SDGs), to be achieved over a 15-year period, expiring in 2030.

The concept of sustainable development recognizes the inseparable links between economic, social and environmental issues, with the most often cited definition of sustainable development being “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

This definition underlines the conservation of natural resources and their most efficient use in order to maintain their capacity to meet the needs of future generations. To do so requires the acknowledgement and integration of the economic, social and environmental



concerns throughout the policy and decision-making processes relating to the management and use of critical natural resources, particularly water, energy and food.

### Sustainable resource use

Water, energy and food resources are not only indispensable for human welfare and sustainable development, but they are also inextricably interconnected. Actions in one sector, more often than not, have positive or negative impacts on one or both of the other sectors.

Expanding populations, economic growth, rising incomes, increasing urbanization, and changing lifestyles and consumption patterns are pushing up demand on limited water, energy and food resources, especially in developing countries. It is projected that the current world population of about 7.3 billion people will exceed 9.5 billion in 2050. By that year, world per capita renewable water resources will drop to about 4,500 cubic meters per person from their level of about 17,326 cubic meters per person in 1950 (see chart below).

The challenges posed by the increasing scarcity of water are further compounded by the anticipated increase in demand for water, energy and food by about 55 percent, 80 percent and 60 percent, respectively, by 2050, in addition to

climate change impacts. Mounting pressure on these resources calls for a management approach and policy directives capable of enhancing their efficient use and sustainability.

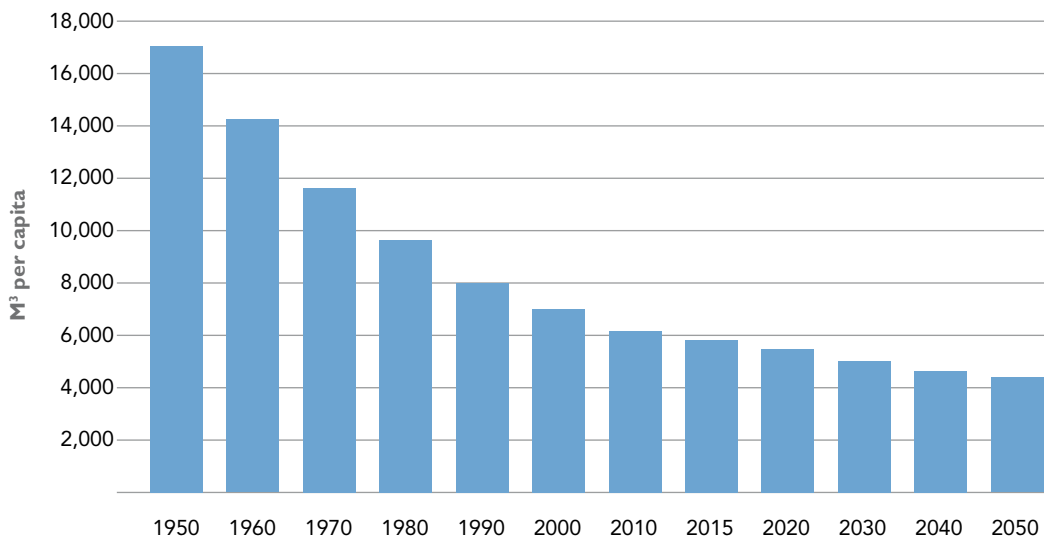
### The nexus approach

Until now, the sectoral approach has dominated the planning, management and use of the vital natural resources of water, energy and food (land), and led to the degradation of their productive capacity and long-term sustainability. Obviously, maintaining the status quo of the business-as-usual scenario would lead to further degradation and unsustainability of the natural resources and ecosystems and endanger the prospects for achieving the SDGs.

A deeper insight into the interconnectedness and interdependence of the water, energy and food sectors entails the adoption of the “nexus” approach as a concept for addressing the wide and complex issues relating to the multidirectional transactions and interdependences among the sectors.

The nexus approach enables decision makers to adopt policies and take actions to unlock the potential synergies (co-benefits) among the said sectors and, simultaneously, to develop an apprehension to minimize the trade-offs between the conflicting sector goals. ▶

**Trend of world average freshwater per capita**

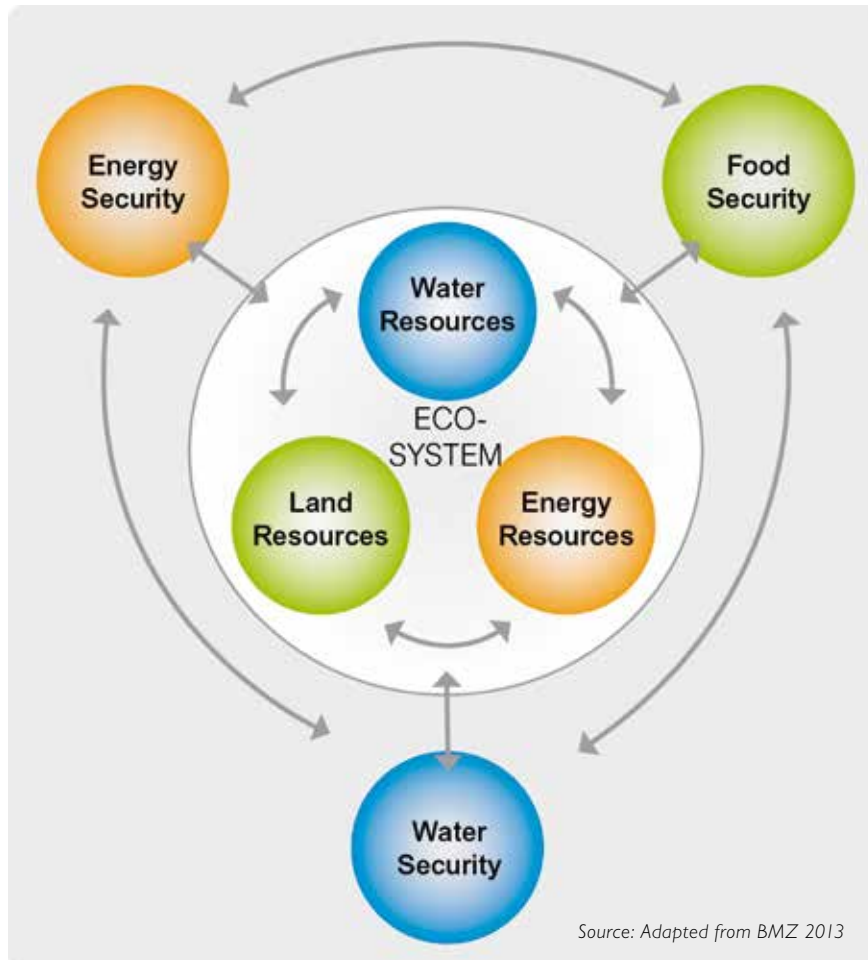


Source: The figure is based on UN World Population Prospects Revision 2015, and total world water renewable resources.

### Resource interactions

◀ The complex interactions among water, energy and food are reflected in the water required for the extraction and refining of fossil fuels, cooling thermal power plants, growing biofuel crops for producing energy, and generating hydropower electricity, as well as for producing food. It is estimated that agriculture consumes about 70 percent of global freshwater withdrawals, mostly to produce food. It is also estimated that the food sector accounts for about 30 percent of global energy consumption and is responsible for about 22 percent of total greenhouse gas emissions. Conversely, energy is required throughout the food supply chain, where it is used for pumping groundwater, mechanization, harvesting, processing, packaging, transport and marketing. It is also used for water treatment, distribution, and desalination, as well as for the construction and maintenance of water supply facilities, among other uses.

### The water–energy–food nexus



Water is placed at the center of the nexus sectors (Figure 2), because of its indispensable role in human survival and wellbeing, in addition to being a central resource for food and energy security. The food sector is tightly connected to both water and energy. It is both a consumer of water and a source of energy.

Among the set of 17 universal SDGs, Goal 2, Goal 6, and Goal 7 focus on food, water and energy security, respectively. Most SDGs, in one way or another, are directly or indirectly related to the sustainable use of water, energy and food, which are vital resources for the survival of humans and sustainable development.

The interlinkages between water, energy, and food embody many synergies and tradeoffs. Producing food uses water for irrigation, which can also reduce the potential of river flows for generating hydropower electricity. Growing irrigated bioenergy crops can increase the competition for land and water and jeopardize food security. Improving irrigation efficiency by converting in-efficient surface and furrow irrigation into the pressurized highly efficient water techniques such as sprinkler and drip irrigation could save water, but may consume more energy.

Renewable energy can play a key role in addressing some of the major challenges of the water–energy–food nexus. It can be used at different stages of the water supply chain. Solar energy pumping is particularly useful in off-grid applications, and in promoting access to reliable water services, especially to unserved communities, and can help in reducing the environmental impact of fossil fuel energy. Increasing demand for scarce water resources to produce traditional energy prompted the GCC countries to plan for the development of its vast potential for renewable energy and the diversification of its energy mix. In this respect, the International Renewable Energy Agency estimates a reduction of 20 percent in water withdrawals for power generation in the GCC countries by 2030.

### Governance structure

The complexity of the interlinkages between water, energy and agriculture for food production requires addressing the challenges of governance, including planning, coordination, integration and coherence across sectors and institutions. This helps in assessing policies and identifying synergies and trade-offs among sectors, and enables decision makers to implement



new policy options, such as prices, tariffs, subsidies and taxes which can contribute to improving the efficiency and sustainability of the resources.

Investment priorities in the water, energy and agriculture sectors need to be coordinated and agreed with the concerned institutions and authorities, both at the horizontal and vertical level, as well as with all stakeholders. National governments can play a key role in integrating the nexus approach into investment development plans and policies. Analysis of nexus interlinkages and interactions at planning and design stage helps decision makers to recognize the synergies among sector investments, and to identify likely trade-offs to ensure that the investments are viable and sustainable.

Investments from a nexus perspective are integrated, whereby investment in one sector spills over benefits to the others. For example, investing along the whole food supply chain—including production, packaging, transport, storage, and marketing—with the aim of improving irrigation efficiency, boosting crop productivity and reducing post-harvest losses, allows the maximization of total benefits generated from savings of water and energy resources. This is significant considering that 70 percent of the water used in the food supply chain is consumed at the farm gate, and 30 percent beyond it, while 80 percent of the energy is consumed beyond the farm gate.

The nexus approach is also applicable at the regional level, where joint projects in water, energy and food have the potential to maximize and produce mutual benefits for the participating countries, based on their comparative advantage in natural and financial resources.

## Global perspectives

Water, energy and food (land) are not only inextricably linked, but they are also finite resources and unevenly distributed across regions and countries of the world. Achieving water, energy and food security for all and leaving no one behind is a daunting challenge confronting humankind because of the billions of people who today still lack access to safe drinking water and modern energy services, and suffer from food insecurity and hunger.

The 2007–2008 food crisis accompanied by the exceptional hike in food prices highlighted that uncoordinated national policies can result in destabilizing the supply of food. Among the very complex factors that contributed to the food crisis were those with global dimensions and impacts on food availability and accessibility, especially with respect to food importing countries. Such factors include the expansion of biofuel production, export restrictions or bans imposed by major producer countries on cereal food staples, and the conversion of agricultural land for other uses.

The 19 targets of SDG17 (Partnerships for the Goals) include trade and systemic issues concerning policy and institutional coherence to enhance sustainable development. In this context, it is of paramount importance that the global aspects of water, energy and food be recognized by all stakeholders, including governments. There is a need to break away from the traditional sectoral approach and move toward adopting the nexus approach in governing, managing and using the natural resources to support achieving the SDGs, while ensuring the efficiency and sustainability of the resources for the welfare of present and future generations. ■

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*Investment priorities in the water, energy and agriculture sectors need to be coordinated and agreed with the concerned institutions and authorities, both at the horizontal and vertical level, as well as with all stakeholders.*

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**Abdul-Karim Sadik** has vast experience in development issues, gained over more than thirty-five years of work: as Economic Adviser at the Kuwait Fund for Arab Economic Development, Executive Director at IFAD, and Adviser to Executive Director at the World Bank, in addition to serving on a number of international committees related to development assistance. He has authored and co-authored a number of published articles and papers on various development issues, including agriculture, water economics and food security. He has contributed to the Annual Reports of the Arab Forum for Environment and Development as author, co-author and co-editor.



PHOTO: COURTESY OF ABDUL-KARIM SADIK

# Closing the safe water and sanitation financing gap: The role of the private sector

Global efforts to support those without access to safe water and sanitation services have advanced significantly. At the same time, political commitment has been gaining momentum. But despite the progress, there remain large differences between the least developed countries and the rest of the world. **Nastaran Sharif** considers how the private sector can help close the gap.

**T**en years of progress have meant that 91 percent of the global population now has access to safe water services, exceeding the Millennium Development Goal (MDG) target far ahead of schedule. In 2015, at the end of the MDG era, 68 percent of the global population had access to improved sanitation facilities. Although these are commendable achievements, the devil lies in the detail.

According to UNICEF, in the 48 least developed countries, most of which are located in sub-Saharan Africa and southern and southeast Asia, only 69 percent of the population has gained access to safe drinking water since 1990. Major gaps remain between rural and urban areas, and the rich and the poor. Rural sanitation expenditures, estimates a 2014 World Health Organization (WHO) report, comprise less than 10 percent of total water, sanitation and hygiene (WaSH) financing. In 2015, 2.4 billion people experienced sanitation services that fell short of the MDG target.



“Water and sanitation are essential to human health,” Dr Maria Neira, director of the WHO Department of Public Health and the Environment said in a press release. “Political commitment to ensure universal access to these vital services is at an all-time high. International aid for the sector is on the rise. But we continue to see major financial gaps at the country level, particularly in rural areas.”

International aid for the sector is on the rise. But we continue to see major financial gaps at the country level, particularly in rural areas.”

## The financing gap

In the context of mobilizing additional financing for the WaSH sector, we must consider where the money is coming from now, and where it could come from in the future.

In growing economies, borrowing to invest in water and aiming to repay through future productivity gains makes sense. Successful WaSH infrastructure projects should generate a sustainable revenue stream. According to the OECD, the main sources of repayment for WaSH sector investments are tariffs, taxes and transfers (the 3Ts). As investment opportunities



in the sector are capital intensive with long-life assets, large up





front investments often appear unattractive. So if project costs are not reduced, or the 3Ts are not high enough, explains the OECD, a financing gap is created. A blend of various forms of financing is then necessary to fill the gap.

Private sector participation can bridge existing financing gaps. Previously, the private sector's role in the water and sanitation sector was restricted to consultancy, construction and the supply of goods, according to a United Nations Public Administration Network study. Since the late 1990s, however, the scope of private sector participation, in particular in industrialized countries, has increased. Developing countries are following this example since multilateral development agencies have promoted it heavily.

According to the OECD's Business and Investment Advisory Committee, the benefits of private sector participation and investment in the WaSH sector are numerous. General expected benefits include network expansion, improved service delivery, reduced costs, long-term sustainability and better technology transfer. Nonetheless, the sector remains under-served by private investors.

## What are the constraints to private sector involvement and how can they be overcome?

A case study commissioned by WaterAid Ethiopia (WAE) in 2005, reveals some more specific constraints faced by the private sector. Legal and regulatory frameworks in Ethiopia, for example, were considered a key obstacle to private sector participation. While regions have produced their own policy frameworks for the water and sanitation sector, the Ministry of Water Resources remains responsible for water resource development and

management. This includes the issuance of construction permits and the maintenance or alterations of water works. While policies provide for private sector involvement in construction, consultancy and supply, no legal or institutional frameworks have been developed for private sector involvement in the management of projects or service provision. To enable effective private sector involvement, the study encouraged the government to act as a regulatory and policy-making body, instead of being involved in project implementation. Accordingly, the study recommended the revision of existing laws and the development of additional laws relating to private sector involvement in service and management contracts.

Financial constraints were also identified as hindering private sector involvement in Ethiopia. The absence of collateral is a major obstacle in obtaining short- and long-term loans by contractors and drillers, as bidding or insurance bonds are not acceptable in most bid procedures. According to the case study, the Ministry of Infrastructure could alleviate these constraints by changing the requirements for bank guarantees from requiring high liquidity, in favour of insurance or advance payment bonds. Also artisan associations were faced with a lack of access to funds. As financial institutions are mostly absent in rural areas, and micro-credit organizations do not address the needs of construction companies, artisan groups are often burdened with high interest local loans. Incentives such as tax breaks for artisan associations could further encourage the development of the small-scale private sector.

In 2013, the government adopted a WaSH Implementation Framework and the One WaSH National Programme (OWNP). Though some of the above constraints remain to be addressed, progress has been made in harmonizing government and donor approaches to planning,

procurement, implementation and financing in the sector. The OWNP aims to enable closer partnership between planners, implementers, development partners and others to achieve common goals.

## Moving forward

Although discussions on the post 2015 Sustainable Development Goals (SDGs) reflect increased political commitment at nation levels, weak national capacity to execute WaSH plans remains a key challenge. A recent UN-Water report (GLAAS 2014), which presents data from 94 countries and 23 external support agencies, sheds some light on the problem: less than one-third of the countries surveyed have national WaSH plans that are being fully implemented, funded and regularly reviewed.

One way to encourage more private sector involvement is through Public Private Partnerships (PPPs). Here, DFIs can help increase (international) private sector participation by gradually exposing PPPs to state owned enterprises and governments. Moreover, DFIs can attract private sector financing by mitigating risks. In a 2008 project evaluation, the Asian Development Bank (AsDB) notes that AsDB "took the lead in technical, financial, and legal due diligence, identifying key project risks." It also played a central role in mobilizing commercial financing when funding became scarce. As a UNEP report asserts, project risks are hard to avoid but they can be mitigated.

Introducing legal and policy reform into any sector requires time and effort. However, with the right structures, efficient financing will be attracted, and water and sanitation projects will become more commercially and technically viable. Sustainable returns will then attract more investment, and so the virtuous circle will begin. ■











# OFID in the Field

OFID supports a wide range of water-related operations, recognizing that water, energy and food are intrinsically linked and at the very heart of sustainable development. Over the following pages, we report on projects in Latin America, Africa and Western Asia.



# Providing water access and sanitation in Latin America

Working with the Spanish-based Foundation for the Social Promotion of Culture (FPSC), a non-governmental organization, OFID is ensuring that rural households in Bolivia and Haiti are provided with reliable access to clean water.

BY FATMA ELZAHRA ELSHHATI

*Through special workshops, Bolivian schoolchildren learn about health and hygiene.*

In 2014, OFID supported the Foundation for the Social Promotion of Culture to empower and improve living conditions for rural households in Bolivia and Haiti. The project, funded through OFID's grants window, secured more inclusive and reliable access to water resources.

More than 20,000 people have benefitted from improved water facilities in Bolivia. The project, which targeted eight towns in Santa Cruz, has responded directly to the needs of each of the districts—larger districts were provided with water purification plants, while in smaller communities, deep wells were constructed.

OFID's support, which amounted to US\$800,000, also contributed to improving living conditions for the rural poor in Haiti. This component of the project involved Food for the Poor, one of the largest international relief and development organizations in the United States. The aims were similar to those in Bolivia: to improve living conditions for the country's rural poor. Over 19,200 people have benefitted directly through the construction of houses with proper sanitation and solar water filtration units.

The Santanas, a family of six from Haiti, are proud new homeowners. Before the project, they described how they lived in unsanitary



PHOTOS:FPSC

conditions and worried about the health risks posed to their four children: “We would pretend it was safe and that they would never get hurt or infected,” they said. Now the Santanas have been provided with a new home equipped with a personal sanitation unit and a water cistern.

People like Candelaria Anduira, from Bolivia’s indigenous community, Guaraní, have also experienced a profound change. “Life was very hard,” she said. “Especially for women, as we had to travel up to five miles a day to bring water.”

As a result of clean water delivered directly to homes, women in Candelaria’s community have time to cater to other tasks. “I now have time to be with my children after they come back from school,” she added.

Safe water for drinking, cleaning and other sanitary purposes will help significantly in the fight against waterborne diseases. In line with this, the project targeted communities prone to illnesses such as cholera, and encouraged them to become more involved in the management of their own resources.

The project has created a transformational change in the communities it has reached. In Bolivia, the communities involved took up the challenge to support better water sustainability by creating potable water associations. David Mariscal, President of the Samaipata Water Cooperative, explained: “...now that we [have] provide[d] potable water, we have established a solidarity [fee] amongst all, which allows families access to quality water at a reasonable price.” The fee has enabled cooperatives to maintain their operating expenses and invest in improvements and extensions to other families in the areas, Mariscal added.

In Haiti, the project promoted a sense of strong accountability and ownership within the community. Many residents voluntarily gave a helping hand during the construction stages by digging and carrying water for cement. Moreover, after completion of the project, local safe water committees were established to ensure resources are properly managed, going forward.

The governments of both countries have placed priority on ensuring the reliable delivery of water services is a reality for all. One of the many problems faced by Bolivia and Haiti has been the poor management of resources. It is an especially pertinent problem for the rural poor—many people still lack access to adequate sanitation facilities. However, OFID’s project shows the potential for successful development where resources are correctly targeted and managed. ■



*The Santana family in Haiti have moved into a new home with its own sanitation unit and water cistern.*



*In Haiti, the project promoted a strong sense of accountability and ownership and set up local water committees to ensure the proper management of resources.*







## Improving access to water and sanitation in Lesotho

At the inauguration ceremony of the Maseru Water Supply Project in 2012, OFID Director-General Suleiman Al-Herbish said: “Living conditions cannot be improved without access to safe and reliable water. Or to quote the words of Dr Timothy Thahane [Former Minister of Finance of Lesotho]: ‘Water is Life.’”

BY SILVIA MATEYKA

In 2003, OFID received a request from the government of Lesotho for financial assistance to rehabilitate water infrastructure and extend distribution networks in the capital city Maseru. The project that followed saw the installation of 300 kilometers of pipeline along with connections and meters for thousands of homes. Two new reservoirs were built, with a total storage capacity of approximately 3,750 cubic meters, and two existing reservoirs were enlarged. Two pumping stations were constructed, while another was completely upgraded.

OFID joined with the Arab Bank for Economic Development to co-finance the project, located in the north- and southwest zones of Maseru. Previously in the capital, home to more than 450,000 people, only around one-half of

residents had an adequate supply of drinking water. Others, especially those living in the peri-urban areas, had to purchase water from vendors at inflated prices, or wait in long queues at public water points.

The project, executed by WASCO, the country’s water and sewerage company, was a resounding success. Syahrul Luddin, OFID Country Officer for Lesotho, explained that after the project’s completion in 2012, more than one million people in the area could access safe water and sanitation: “Women and children, who had previously carried the burden of fetching water, have benefited most from the improvements,” he said.

Households connected to the water supply network are not only able to save money, as they



no longer have to pay the high prices demanded by water resellers, but the project has also reduced the use of unsafe water sources and the inadequate sewerage system. “The direct impact on people’s health was immediate,” said Luddin. In addition, the project also contributed to economic development, since it provides water to support the garment manufacturing industry, he explained.

Impediments to the economic development of Lesotho have included the lack of natural resources, vulnerability to drought, and serious land shortages, combined with the country’s dependence on South Africa. Made up mostly of highlands, many of Lesotho’s villages can be reached only on horseback, by foot or light aircraft. However, water is one of the country’s greatest natural assets. It’s a source of wealth and prosperity for the 2.1 million people of the tiny South African enclave.

The government of Lesotho understandably prioritizes the development of the water sector. After all, it contributes around 10 percent to the Kingdom’s overall GDP. A Water Sector Policy—aimed at improving the management of water resources, the provision of water supply and sanitation services, and overall coordination within the sector—was adopted some years ago.

However, the lack of an adequate supply infrastructure and the uneven distribution of available water can still prove an impediment to the country’s socioeconomic development. Many rural people and urban poor still do not have sustainable access to safe drinking water and sanitation. Moreover, long dry periods can prove disastrous for farmers trying to eke out a living in marginal areas and leave the inhabitants of urban slums vulnerable to disease due to poor sanitation.

Since commencing cooperation with Lesotho in 1976, close to 40 percent of OFID’s support to the mountain Kingdom has helped fund projects in the water sector. These funds have been used to construct vital infrastructure including dams, reservoirs, water treatment plants, pumping stations and distribution networks.

With a GDP per capita (in current US\$) of a little over \$986 in 2014, a life expectancy at birth of around 49 years (2010-2015) and an urban population that represents just over a quarter of the total population (2015) according to UN data, there remain significant development opportunities to pursue. OFID is currently appraising a follow-up opportunity to further support the Maseru Water Supply Project. ■

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*After its completion in 2012, the project had an immediate impact on the health of the population, giving more than one million people access to safe water and sanitation.*

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PHOTO:OFID/ILUSA GIL

OFID Director-General Al-Herbish and Prime Minister Dr Pakalitha Mosisili of Lesotho inaugurate the Maseru water supply project.

# OFID helps boost agriculture in Lebanon

In Lebanon, OFID is working with the International Fund for Agricultural Development to co-fund a major project aimed at significantly increasing agricultural productivity by improving access to water.

BY LILIAN AL-BAZAZ

Forming part of the government of Lebanon's ambitious plan to address the pressing issue of water security, the ongoing Hilly Areas Sustainable Agriculture Development Project, is focused on improving living standards for rural and war-stricken areas of the country. OFID country officer for Lebanon Ahdi Alhunaif explained how some 24,000 households would benefit when the project is completed. The main expected benefits include improved income for farmers through better crop performance.

Water and soil conservation initiatives under the project aim to excavate around 30 ponds and reservoirs, as well as five lakes, with a combined total storage capacity of 1.5 million cu m. Other works include the construction of irrigation networks, the provision of technical support to small farmers, the establishment of grading, packing and refrigeration facilities and the start-up of a scheme to help local producers purchase reasonably-priced inputs such as fruit trees, seeds and fertilizers.



The Lebanese economy is heavily dependent on trade and services such as tourism, finance, housing, transport and health and education. While agriculture plays a relatively minor role in the country's overall economy (about six percent of GDP in 2008 and eight percent of the effective labour force), it is particularly important for populations in the poorest rural areas which depend on the sector as their primary source of income and employment, Alhunaif explained. Irrigation is a key requirement for agricultural productivity in most parts of Lebanon, given the country's prevailing Mediterranean climate, which features scarce rainfall during the main summer growing season. The country's principal crops are citrus fruits, potatoes, tomatoes and tobacco.

The proportion of poor populations in the focus areas of Akkar-Dannieh, North Baalbeck and Hermel, and South/Lower Litani is higher than on the plains. However, these hilly areas have good potential given that the majority of the land is suitable (when water is available) for growing high value crops, such as fruit and vegetables. This represents the main possibility for very poor rural households to substantially raise their farm incomes. Before the project, some of the focus areas were left fallow due to the lack of water.

Located in Western Asia, Lebanon is bordered by Syria to the north and east and has a coastline of about 220 kilometers on the Mediterranean Sea. It is a highly demographically





PHOTO: PIU

and geographically diverse country, with vast resources. Climate, soils and vegetation differ markedly within short distances. Generally, the coastal lowlands are hot and humid in summer, becoming mild in winter. In the mountains, which occupy much of Lebanon, the weather is cool in summer with heavy snowfalls in winter. The country occupies an area of more than 10,000 sq km.

However, water scarcity, rather than land resources, is currently limiting the expansion of agricultural production. Water efficiency in most existing irrigation schemes is usually quite low. In addition, uncontrolled private well drilling and pumping result in a significant lowering of the water table and increased salinity. Thus, a focus on the sustainable management of water is vital.

Out of a total population of more than four million, it is estimated that 20 to 25 percent of the country's population is engaged in some form of agricultural activities. Alhunaif explained that the development of the agriculture sector was a priority since it played such an important role in employment and pro-poor growth.

The rise in farmers' average incomes, directly accessible water, smart water and soil management practices and the adoption of improved agricultural techniques is helping to develop the project area. The project also aims to improve market linkages for small farmers via technical support services and to strengthen the

capacities of implementing agencies and partners.

From an environmental perspective, the project is expected to alleviate water shortages during the summer periods, increase the infiltration of runoff water and improve the capacity of downstream aquifers that supply either irrigated schemes and / or drinking water networks. ■

*With a reliable source of water to irrigate high value crops such as citrus fruits, small farmers in Lebanon's hilly areas have been able to substantially boost their incomes.*



PHOTO: ANTONOV ROMAN/SHUTTERSTOCK.COM





## OFID marks anniversary with Wenger exhibition

In late January, OFID held its customary anniversary exhibition, this year featuring the works of the late Austrian artist and Yoruba priestess, Susanne Wenger.

BY SASAENIA PAUL OLUWABUNMI

**T**itled ‘Susanne Wenger on a Sacred River in Nigeria,’ the exhibition was put together in partnership with the Nigerian Embassy in Vienna and the Susanne Wenger Foundation. It was opened by OFID Director-General Suleiman J Al-Herbish and HE Dr Werner Druml, a former Ambassador of Austria to Nigeria and a leading supporter of the Foundation.

Said Al-Herbish: “It is a great honor for OFID to bring together its Member Country Nigeria and host country Austria in this unique way.”

Wenger was born in Graz, Austria and passed away in Nigeria in 2009 aged 93. She is famous for the work she carried out after moving to Nigeria in 1950, where she immersed herself in the Yoruba culture and dedicated her efforts to the restoration of the derelict shrines of the Yoruba religion.

Ambassador Druml, who had the privilege of meeting Wenger, described



Susanne Wenger

the artist as an outstanding personality: “Moulded by Europe and a disciple of modern European Art, she became firmly rooted in Nigeria. She remained a fascinating person between two worlds.”

Through her art, which can be found along the Oshun River at the edge of the

town of Oshogbo, Wenger almost single-handedly protected from destruction one of the most important spiritual centres of Yoruba culture, together with the last of the giant rainforest trees in the area. In 2005, the Sacred Groves of Oshogbo, Wenger’s main architectural and sculptural work, was registered as a UNESCO World Heritage Site.

Also present at the opening reception was Professor Wolfgang Denk, curator of the Susanne Wenger Foundation, which Wenger set up in 1995 to safeguard her graphic works, paintings and batiks. Tasked with keeping the late artist’s legacy alive, Denk paid tribute to Wenger as the guardian of Yoruba traditions and religion. “It is thanks to her work that the Sacred Oshun Oshogbo Grove was saved,” he said.

The cement sculptures that make up the Oshogbo Groves range in size from relatively small up to 10 meters high and comprise shrines, meditation chambers and great lengths of sculptured walls depicting scenes of ritual life. Created by Wenger together with a group of Yoruba artists, artisans and priests—members of the New Sacred Art Movement—these

now form a monumental ensemble of modern art.

The anniversary exhibition was the most recent in a series of events held to showcase the cultural heritage of OFID Member and Partner Countries to its host community in Vienna.

Previous exhibitions have highlighted Member Countries Algeria, Indonesia, Iran, Iraq, Saudi Arabia and Venezuela, as well as Partner Countries Kenya and Sudan. The Wenger retrospective was the second occasion to showcase Nigerian art and culture and followed the *Rhythm of Hope* exhibition in 2013, which presented the paintings, sculpture and mixed media of three prominent Nigerian artists.

The Susanne Wenger Archives can be found in Krems, Lower Austria. ■



From left: Dr Werner Druml, former Austrian ambassador to Nigeria; the Hon. Lola Ayorinde; Sarah Yusuf, Nigerian Embassy, Vienna; Professor Wolfgang Denk, Susanne Wenger Foundation; Suleiman J Al-Herbish, OFID Director-General.

## Rebuilding smallholder farms in Gaza

OFID and Care Austria have signed a new agreement to tackle food insecurity in Palestine, where ongoing conflict has left farms decimated and halted local food production.

BY JUSTINE WÜRTZ

OFID Director-General Suleiman Al-Herbish and CARE Austria's Executive Director Dr Andrea Barschdorf-Hager signed the US\$800,000 grant agreement at OFID's headquarters on January 19.

"I am very proud of the project we will be working on together," said Barschdorf-Hager. "In the last war and during the tensions many vegetable fields, glass-houses and irrigation systems were completely destroyed."

Reconstruction of these assets is urgently required to re-establish sustainable food production and provide adequate nutrition to the 1.6 million people currently facing serious food security challenges.

OFID's funding will enable CARE Austria to broaden the scope of an existing

project that has concentrated on larger producers. "Now, we can work with Palestinian institutions and partner organizations to increase the assets of small-scale farmers and community cooperatives," Barschdorf-Hager explained.

The OFID grant specifically targets farmers in the Gaza strip, where half of all households suffer food insecurity. Small-scale farmers in the region face numerous problems, and the situation has been exacerbated by the 2014 blockade to Egypt.

"Access to agricultural assets is difficult, so people are forced to produce food with what they have available," said Barschdorf-Hager. "Even in times when food is available they don't have a well-balanced diet." She added that space and land



Dr Andrea Barschdorf-Hager, Executive Director of CARE Austria

were also very limited, so farmers needed special knowledge to make the most of their resources.

But encouraging the population to farm is hard, she said. "More than two generations have grown up through war and military tensions. This leaves traces, and in a setting like the Gaza strip where prospects are not promising, it affects people's motivation to be farmers."

Smallholder farming is a straightforward answer to the pressing need for food. It also creates opportunities for localized trade and employment. "The value of encouraging the poorest of the poor in this society not to give up and to generate an income should not be underestimated," stated Barschdorf-Hager. ▶





PHOTO: COURTESY OF CARE AUSTRIA

With training through the CARE project, small livestock farmers in Gaza can maximize productivity.

◀ The CARE Austria project takes a multi-pronged approach to these issues and includes the provision of supplies, equipment and inputs (such as fertilizer and seed), the establishment and improvement of irrigation lines and land management, as well as capacity building, training and community support.

The grant to CARE Austria represents one of the largest grants approved by OFID's Governing Board in 2016.

"OFID's partnership with CARE International dates back to 1988," Director-General Al-Herbish stated at the signing ceremony. Previous collaboration, he said, had "all achieved the intended outcomes and social impact."

Al-Herbish continued: "Since its inception four decades ago, OFID has maintained unwavering support and solidarity with the Palestinian People."

The US\$800,000 grant to CARE Austria was one of six operations in Palestine supported by OFID in 2016. Since the organization's establishment in 1976, more than 525 grants have been extended through OFID's special program for Palestine. Channeled through a variety of partner institutions, this assistance covers the West Bank and Gaza as well as Palestinian refugee camps in neighboring countries.

"The CARE Austria project exemplifies the work we have done to restructure OFID's Palestine portfolio," Dr Walid Mehalaine, Head, OFID Grants and Technical Assistance unit, told the Quarterly. "To

## OFID's Young Professional Development Program achieves major success

OFID's Young Professional Development Program (YPDP) has started as it means to go on. The first intake has completed its two years of training with such aplomb that all four talented individuals have been offered contract extensions.

BY STEVE HUGHES

**L**ibyan Fatma Elzahra Elshhati, Nigerian Sasaenia Paul Oluwabunmi, Ecuadorian Natalia Salazar and Venezuelan Alesandra Solano—all still some years shy of their 30th birthday—have impressed colleagues with their professionalism, hard work and energy. They have been immersed in OFID culture and operations, spending their time rotating between different departments and adding on-the-job experience to their already impressive CVs.

"People have invested a lot of time and effort in us," said Elshhati, who gained a Master's in International Studies and Diplomacy from the School of Oriental and

enhance the effectiveness and support the State's efforts, we have taken a twin-track approach."

This approach sees a continuation of OFID's efforts to address the basic needs of the population, such as providing emergency food and healthcare and supporting reconstruction efforts. Simultaneously, it allocates the lion's share of financing to development projects in key sectors such as agriculture, energy, education, and water and sanitation, in order to promote long-term sustainable improvements to living conditions in the region. ■

African Studies, London. "It's important to me that I'm somehow making a difference; somehow contributing to society. And working here is the perfect opportunity. We are all global citizens these days. So we should do everything we can to benefit all; not just our own."

Solano, who holds a Master's in Public Relations from London's University of Greenwich, was also thrilled to be able to support global development so directly. "We've met a number of the people who benefit from our work," she explained. "The feeling I had when I saw the difference it makes to their lives is just something I cannot explain."





OFID's successful YPDP intake (from left): Fatma Elzahra Elshhati, Natalia Salazar, Sasaenia Paul Oluwabunmi and Alesandra Solano.

The YPDP was launched in April 2015 to prepare promising young people from OFID Member Countries for a rewarding career in development. OFID's Fuad Albassam, Assistant Director-General, Public Sector Operations, is also the chairman of the YPDP committee. He explained how the program represented an important step forward: "The main objective for pursuing this program was to recruit entry level professionals from OFID's Member Countries who have relatively less experience, but the potential to grow into fully-fledged staff contributing towards OFID's goals and strategy."

Continued Albassam: "Furthermore, by providing training and rotation opportunities as part of the two-year program, this has enabled the participants to enhance their skills and competencies further but also to become more acquainted with OFID's work and how each department/unit contributes to the institution's overall strategic and operational goals."

Abdulwahab Al Abbas, Director of OFID's Human Resources Policies and

Planning unit, agreed that the program was helping to strengthen the organization: "Through the YPDP, OFID is growing and nurturing its future leaders from within."

Salazar, who speaks Spanish, Russian, English, German and French fluently, explained how having the opportunity to work for a global organization has prepared her for the future: "One mission was to attend the One Young World\* summit in Thailand. The opportunity to work with people from so many different countries and cultures is inspiring. I would say it has been challenging, but very worthwhile."

Oluwabunmi, an ExxonMobil international postgraduate scholar, said the learning curve was steep, especially having to "... prove ourselves with different managers. But I'm on a mission here. I was born in Nigeria and have seen challenges. I know you can make a difference anywhere, but in OFID we get the chance to help the common man; to support grass roots."

Asked what they were looking forward to most about the immediate future,

however, their answer was rather less serious. "We're excited about the next OFID YPDP intake," quipped one. "Then we won't feel like the new kids on the block any longer!"

Each intake will consist of three to five participants who have a maximum age of 28 and who each hold a Master's degree. The selection process is tough, and only those showing true promise, aptitude and excellent performance will be offered an extension after their initial two years, depending on job availability and OFID's manpower needs.

*\* One Young World is a charity that gathers together the brightest young leaders from around the world, empowering them to make lasting connections to create positive change. OFID is a founding partner and sponsors more than 20 young people to attend the annual Summit where delegates debate, formulate and share innovative solutions for the pressing issues the world faces.* ■



# OFID ready to support fight against cybercrime

OFID Director-General Suleiman J Al-Herbish has called for decisive collective action to address the unprecedented challenges posed by cybercrime to critical global energy infrastructure.

BY STEVE HUGHES

**A**l-Herbish made the remarks at the international multi-stakeholder conference: Cyberspace, Energy & Development, held February 16 in Vienna. Cybersecurity, he said, should become an integral part of the energy infrastructure and OFID stood ready to ensure developing countries were not left behind.

The conference, co-organized by the Federal Ministry for Europe, Integration and Foreign Affairs of Austria, the AIT Austrian Institute of Technology and the EnergyPact Foundation and hosted by the Austrian National Defence Academy, provided Al-Herbish with a global platform to highlight the dangers of cybercrime.

He said that global economic security was growing more vulnerable to cyberattacks: “Power networks and, to a certain extent, oil and gas infrastructure, are becoming increasingly integrated with information communication technology systems. Consequently, the number and security implications of sophisticated cyberattacks on these critical structures are also increasing.”

Al-Herbish stressed that a higher degree of cyber security would be needed to protect the energy industry of the future against potential security risks and data piracy. As always, he said, OFID could be counted on to help, since the organization was continually responsive to the changing needs and priorities of its partner countries: “... we stand ready to finance energy access projects that incorporate cybersecurity as an essential component of their activities.”

Al-Herbish was careful to be inclusive in his calls for action, recognizing that many countries would be particularly vulnerable to cybercrime: “While we deliberate on the cybersecurity of energy infrastructure, we must not forget the most vulnerable. As governments and private enterprises in developed countries invest in new innovations and digital technologies, it is crucial that we establish a robust and sustained dialogue, one that is inclusive and responsive to the needs of developing countries trying to protect critical energy infrastructure.”

Conference delegates, who included global stakeholders from different disciplines, countries and organizations, were alert to the fundamental importance of energy, with the conference program noting: “... if a cyberattack were to result in the deterioration in the supply of energy means such as electricity, it could also impair the availability of other critical infrastructures like telecommunications, finance, health, transport, etc.”

Similarly, Al-Herbish also took the opportunity to draw attention to energy’s role as an essential building block of a country’s social, economic and sustainable development. “As the 2030 Agenda for Sustainable Development has confirmed, the poorest societies are in need of sufficient energy to help lift their citizens out of poverty,” he said. “More energy is needed to provide electricity to the 1.2 billion people around the world who lack access to it, and to supply clean cooking facilities to the 2.7 billion people who rely on the intensified use of traditional biomass fuels.”

Concluding, Al-Herbish said that collective action needed to develop strategies and approaches to support education, training and technology transfer programs: “The aim is to help developing countries acquire the skills and institutional capacity they need to administer, manage and use cybersecurity protocols to protect their own infrastructures, and also to benefit the world at large.” ■



# Private sector approvals hit record high

OFID's Private Sector Facility approved a record US\$417m in new financing in 2016, more than double the sum approved in 2015.

BY STEVE HUGHES

The new peak in private sector approvals reflects OFID's growing reliability and experience on projects across the developing world. When combined with loans approved by OFID's Trade Facility, which forms part of the same window, the 2016 figure grows to US\$687.5m.

The success of the private sector emphasizes how OFID has stepped in to help plug the lingering gap created by the 2008 financial crisis, which caused investment flows from formerly reliable sources to significantly reduce. Almost a decade after the crisis, private sector financing remains a persistent challenge in emerging markets, with private companies and entrepreneurs still struggling to raise funds for starting or expanding businesses.

*"We are demand driven, so the market dictates to us to some extent. But we are gaining visibility year-on-year."*

TAREQ ALNASSAR

"It was a very good year for us," says Head, Private Sector and Trade Operations, Tareq Alnassar. "We are demand driven, so the market dictates to us to some extent. But we are gaining visibility year-on-year. Our partners are now aware of our appetite; and that we are reliable and transparent partners. They know that we can work globally across a range of sectors and that

we have experience in a variety of financial instruments."

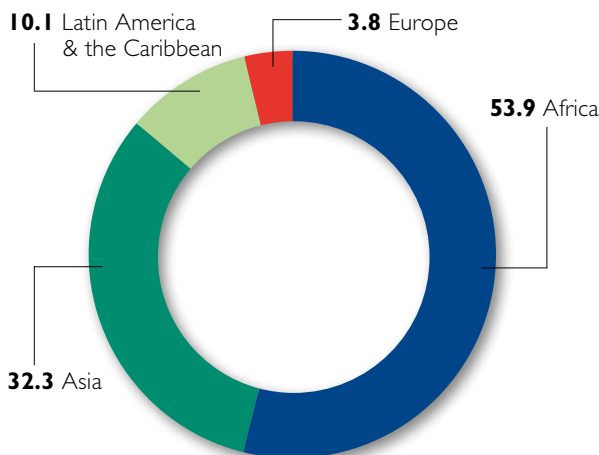
The team now provides everything from project finance, corporate loans, term loans to financial institutions, private equity, and risk sharing to structured commodity finance and credit guarantees, plus more. It has the ability to operate in 134 low- and middle-income countries and enjoys a preferred creditor status in over 65 of these.

One of the highlights of the team's work during 2016 was a US\$15.8m loan provided to post-conflict Mali for an energy project; a major development that will help to rebuild the country's economy (see page 30). There were also maiden private sector projects in Turkey and Madagascar. Also noteworthy were subordinated debt facilities to banks in Honduras and Nicaragua.

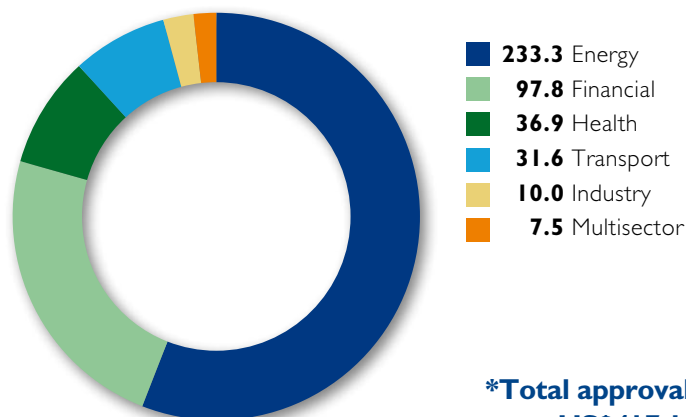
"Mali was a very challenging project," says Alnassar. "I don't expect a lot of lenders would commit to a project in Mali right now, especially for such a long tenor. But this is the role of OFID and all our projects are important. The main thing for us is to consider whether the project is developmental in focus: will it promote employment and productivity? Will it alleviate poverty and promote fair competition and the development of the sector? It's a very noble mission." ▶

## Private sector commitments in 2016

**Approvals by region**  
(in percent)



**Approvals by sector\***  
(US\$m)



**\*Total approvals:**  
**US\$417.1m**

◀ A large part of the team's continued success is down to its people, says Alnassar: "We have a very well-motivated proactive team with experience across countries and sectors. They have backgrounds in both development finance and the banking sector. Our people speak the languages of the regions we work in; they understand the culture and have built valuable relationships with our partners."

OFID's Private Sector Facility, was launched in 1998, and the Trade Finance Facility in 2006. As mentioned above, these two facilities now operate under one window. Fast-forward to today, and net approvals are at US\$5.6bn, a figure that includes 395 approved operations. "We were sowing the seeds," says Alnassar, who joined the organization in 2006. "At the beginning we had to establish the right policies and procedures, and hire the right people. We also had to build relationships with strategic partners such as other multilateral or bilateral DFIs and commercial banks, and gain their trust and confidence. OFID has successfully adapted to constantly changing market conditions and become a relevant player, as reflected by the level of approvals we achieved last year."

Alnassar acknowledges that we are now operating in an era of heightened risks and uncertainty, making OFID's mandate even more important: "We operate in countries that have been negatively affected over the last couple of years by increased currency volatility, commodity price adjustments, reduced global trade and increased geopolitical risk. All these factors have contributed to overall risk aversion and declining investment flows, and we need to ensure, especially in light of these challenges, that we continue to support our partners on their sustainable development paths."

Continues Alnassar: "My priority is to continue to focus on OFID's mandate in collaboration with our partners, while also ensuring risks are well-managed in order to protect OFID's financial sustainability."

For more information, please visit [ofid.org](http://ofid.org) or email: [pstfod@OFID.org](mailto:pstfod@OFID.org) ■



## Combating energy poverty in Mali

OFID has joined forces with sister organizations to increase grid electricity availability for households and industries in Mali.

BY JUSTINE WÜRTZ

OFID is contributing €15m to a financing facility of €85m to fund the development, construction and operation of a greenfield 90MW heavy fuel oil power facility in southwestern Mali.

The term loan has been awarded to Albatros Energy Mali, which will build and run the facility, located in the southwestern region of Kayes.

"Energy is an essential building block of a country's social, economic and sustainable development," said OFID's Director-General Suleiman Al-Herbish at the loan signing ceremony, held in Paris in February. "This groundbreaking initiative will get much needed additional electricity into the national grid."

The agreement was countersigned by Amadou Sow, Director of Albatross Energy Mali, and Malick Alhousseini, Malian Minister of Energy and Water.





PHOTO: COURTESY OF ALBATROS MALI

Less than a quarter of the 17.6 million people living in Mali have access to electricity. In rural areas, the proportion drops to a mere 13 percent. Electricity shortage is significantly obstructing the country's potential for economic growth, so the government of Mali is working to increase access.

Responding to these efforts, OFID joined the Islamic Development Bank, West African Development Bank, Islamic Corporation for Development and Emerging Africa Infrastructure Fund to co-finance the new power plant.

Speaking at the signing ceremony, Minister Alhousseini thanked the lenders for "believing in Mali" and this venture. He made assurances on behalf of the President of Mali, Ibrahim Boubacar Keita, that his government would "spare no effort in making the project an exemplary and meritorious example of public-private partnership."

Albatros will sell electricity to the national utility company for the benefit of all on-grid electricity consumers in the country. Considering that half (50.4 percent) of the 17.6 million people in Mali live below the international poverty line (US\$1.25/day), the government must also strive to keep consumer costs down.

Tareq Alnassar, Head of OFID's Private Sector and Trade Finance Operations

Department, explained: "One of the government's ways of tackling this [cost] has been to subsidize electricity tariffs for customers." The project is expected to supply the electricity at a lower cost than existing energy sources and therefore have a positive impact on the financial position of the power utility.

Kayes is a major industrial and mining region. Agriculture and gold mining are the country's dominant industries, employing some 85 percent of the working population. At present, the mining and cement companies located in the region are not connected to the grid and rely on their own power generation, which is more expensive and less reliable.

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*"The project is expected to supply the electricity at a lower cost than existing energy sources."*

TAREQ ALNASSAR

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Continued Alnassar: "Access to grid electricity will increase the efficiency and output of these industries, boosting the country's economic performance."

The expansion of energy generation from the new facility will increase total national capacity by 36 percent. This, in turn, is expected to support the national budget by helping to reduce the importation of expensive electricity.

"Another positive effect will be job generation," said Alnassar. The project is expected to create some 400 jobs during its construction, with the opportunity for 65 permanent jobs once operational. Most of these positions, Alnassar said, will be locally staffed.

Additionally, as part of its corporate and social responsibility commitment, Albatros Energy Mali will implement development projects in three villages located near to the facility. Focusing on health-care, water and waste management, food production, youth, employment, and education, these projects will help boost social and economic development in the region. ■



PHOTO: OFID STAFF

Signing the agreement (from left): Amadou Sow, Director Albatross Energy Mali; OFID Director-General Al-Herbish; and Malick Alhousseini, Minister of Energy of Mali.

## Supporting Paraguay's quest for better electricity distribution

OFID has signed a US\$32m loan agreement with the National Electricity Administration Company of Paraguay (ANDE) to help boost electricity supply in the capital, Asuncion.

BY STEVE HUGHES

The agreement was signed at OFID's headquarters in Vienna by Eng. Victor Raul Romero Solis, President of ANDE, and OFID Director-General Suleiman J Al-Herbish.

The new loan will improve the quality of the electricity supply for 55 percent of all Paraguay's commercial and industrial customers. The project focuses on the Asuncion Metropolitan Area and will affect a population of approximately two million people—more than 30 percent of the country's population.

"This agreement is very important not only for our company, but for our country," said Solis at the loan signing ceremony. "Due to the need for resources for the energy and electricity sectors in the country we are foreseeing a very long relationship with OFID over the years to come."

Continued Solis: "A reliable and quality system in the capital city will support industry and new businesses around the

region." Although Paraguay is one of the largest hydroelectric power exporters in the world, weaknesses in transmission and distribution at home continue to impede the country's economic development.

Addressing Solis, Al-Herbish said: "These loans add to the excellent cooperation that has developed between OFID and Paraguay since 1979. Since then, more than US\$168m of much needed assistance has been provided to your country in various sectors that beside energy include roads, water, agriculture and urban redevelopment. OFID has also supported Paraguay's private sector, through funding small and micro financial institutions."

Al-Herbish also referred to OFID's first energy-related project loan to Paraguay, approved in 2011. He said OFID would continue to support the government's efforts to achieve universal electricity access.

The newly signed loan will rehabilitate a section of the distribution system



Eng. Victor Raul Romero Solis, ANDE President

that is more than 40 years old, explained Solis: "This is the right moment to substitute the old system with this new investment so we can be ready and prepared not only to give a better service, but also to expand."

Solis thanked Al-Herbish and said: "OFID is an important provider of finance for us. We haven't fully concluded the first operation and already we are here signing this new loan. For the sector it gives the impression that it is a very important relationship, not only with the company, but also with the government of Paraguay."

Co-financers of the project include the Government of Paraguay and the Development Bank of Latin America (CAF). ■



## OFID funds life-saving cancer clinic in Malawi

At the ground-breaking ceremony held on the site of the future National Cancer Treatment Center in Lilongwe, President Peter Mutharika personally thanked OFID for helping his country “realize its dream.”

BY JUSTINE WÜRTZ

**A**n OFID loan of US\$13.15m is financing the construction and equipping of modern specialized cancer treatment facilities in the Republic of Malawi. The Center is being built at the Kamuzu Central Hospital in the country’s capital, Lilongwe.

President Arthur Peter Mutharika presided over the ground-breaking ceremony on March 8. Commending the works of the Ministry of Health, private contractors and other agents who are supporting the health sector in Malawi, he said: “Let us all make healthcare a great success of our time.”

Mutharika also called for stronger partnerships moving forward, especially with private healthcare providers: “We are partners because we all want to serve the same people and improve the quality of life of every Malawian.”

To OFID, he sent a personal message of gratitude. “Let me conclude with a vote of thanks. Government is grateful for the support that OFID has provided, for us to realize our dream of a specialized cancer treatment center.”

In a partnership which dates back to 1977, OFID has previously supported the construction of hospitals in the Nkhota-Kota (2008) and Nkhota-Bay (2016) districts.

OFID country officer, Khaled Al Zayer, represented OFID at the ceremony. “OFID is proud of the long lasting relationship with your esteemed country and looks forward to continuing our strong relationship through the support of future

socioeconomic development projects in Malawi,” he told President Mutharika.

Cancer is the leading cause of illness and death worldwide. And a disproportionate majority of cancer-related deaths occur in developing countries.

Spread of the disease has been largely neglected by global public health initiatives for a variety of reasons. But as mortal-



President Mutharika lays the foundation stone of the new cancer center.

ity from infectious diseases such as HIV/AIDS decreases and the population ages, chronic non-communicable diseases and cancer are expected to become more prevalent.

In low- to middle-income countries, particularly in sub-Saharan Africa, little is known about cancer epidemiology and surgical treatment.

Currently, Malawi has limited facilities to administer cancer diagnosis and care. And the increasing cancer-related morbidity and mortality is a growing burden on the services available.

“We have a lot of cancer cases, especially among our women,” said Minister of Health, Peter Kumpalume, at the ground-breaking ceremony. “Breast and cervical cancers need special treatment which we don’t have at the moment in the country.”

Cancer patients in Malawi often have extended waits to be sent abroad for treatment.

“With the construction of the cancer centre, patients will no longer have to travel abroad for treatment,” said President Mutharika. He expects this will reduce government costs of foreign treatment by as much as 50 percent. It will also significantly accelerate patient treatment.

Once completed and fully operational, the center is expected to provide treatment to 2,000 cancer patients annually—including some from neighboring countries—and enable teaching and research capacities.

## OFID Director-General at 2017 Arab–DAC Dialogue on Development: “Business as usual no longer an option”

Developing countries need trillions, rather than billions of dollars, to meet the ambitious Sustainable Development Goals (SDGs), said Suleiman J Al-Herbish.

BY STEVE HUGHES

At the March 26–28 Arab–DAC Dialogue on Development in Bern, Switzerland, OFID Director-General Al-Herbish called for partnerships and policy cohesion among stakeholders and said that all available means and resources must be mobilized to meet the challenges of the SDGs.

In his role as co-chair and on behalf of the Arab Coordination Group, Al-Herbish delivered a welcome address and spoke at a session entitled *Adjusting development cooperation tools to ensure sustainable development*. He said there was a dire need for better financial inclusion,

explaining how two billion adults across the globe still didn't have access to formal financial services.

“We have already recognized how crucial this is in delivering equitable opportunities for all, reducing poverty and driving sustainable growth,” said



PHOTO: PHILIPP ZINNIKER

Delegates gather for the 2017 Arab–DAC Dialogue on Development, which was chaired by OFID Director-General, Suleiman J Al-Herbish.



Al-Herbish. “At OFID, we promote financial inclusion through our public sector, private sector and trade finance windows. We have helped the governments of partner countries to launch and sustain their own microfinance programs and support SMEs in both the formal and informal sector.”

The session aimed to increase understanding of the range of tools available to support sustainable development in partner countries and of the different types of providers ready to assist.

Al-Herbish also addressed what he called one of the biggest hurdles preventing developing countries from achieving the SDGs: the lack of access to infrastructure. “Without energy, roads, water and food, basic human needs cannot be met,” he said. “At OFID, we focus on this most fundamental nexus and direct 70 percent of our financing toward related development. This amount is dictated by the demand of our partner countries.”

*“[financial inclusion] ... is crucial in delivering equitable opportunities for all.”*

AL-HERBISH

Referring specifically to SDG7—access to affordable, reliable, sustainable and modern energy for all—Al-Herbish noted the huge investment required to achieve the goal by 2030, citing estimates of up to US\$1.26tr per year. “This means all available types and sources of funding will be needed: ODA, public-private partnerships, foreign private investment and local resources. But even then, there will be a need for more innovative financing vehicles, more cost-effective technology and more credible policy options.”

Al-Herbish concluded by explaining how OFID and the Arab Coordination

Group were committed to playing a fair role in support of the development plans of its partner countries. “The group has reviewed the tenets of Agenda 2030 and issued a declaration in its support,” he said. “It stands ready, as always, to join all initiatives that promote the Sustainable Development Goals.”

Following a number of meetings held since 2009, the Arab–DAC Dialogue on Development has become a well-known platform upon which to exchange ideas, share good practice, promote mutual learning and identify opportunities for joint action on important development issues. The Dialogue, jointly organized by the DAC (the Development Assistance Committee of the OECD) and the Arab Coordination Group institutions has been fostering collaboration between Arab and DAC providers, looking for answers on how best to implement the 2030 Agenda and address the challenges of the SDGs. ■

## OFID helps MSMEs in Vietnam

A US\$20m loan agreement with the Vietnam Prosperity Joint Stock Commercial Bank (VPBank) will be used to support Vietnam’s micro-, small-, and medium-sized enterprises (MSMEs), particularly those owned by women.

BY ANNA ILARIA-MAYRHOFER

**T**he agreement, signed by OFID Director-General Suleiman J Al-Herbish and Nguyen Duc Vinh, VPBank’s Chief Executive Officer, represents the first loan extended to Vietnam under OFID’s private sector facility.

According to Tareq Alnassar, Head of OFID’s Private Sector and Trade Finance Operations Department: “MSMEs are a key engine of growth in most of OFID’s beneficiary countries. This facility will enable VPBank to provide much-needed capital to MSMEs, with a specific prefer-

ence for women-owned businesses, which will help alleviate one of the major obstacles to economic growth. It also underscores OFID’s commitment to the achievement of SDG8, which aims to promote inclusive and sustainable economic growth and employment.”

MSMEs in Vietnam account for the majority of all active enterprises and provide over three-quarters of the population with employment. They also generate 40 percent of the country’s GDP and produce 20 percent of total exports.

Despite their pivotal role in the Vietnamese economy, MSMEs continue to face many obstacles to growth, including poor access to financial services. The International Finance Corporation (IFC) estimates that the total credit gap of Vietnam’s formal MSMEs amounts to nearly US\$11.4bn. While the Vietnamese government is committed to implementing new measures to help create a favorable environment for small enterprises, shortfalls remain. Furthermore, some banks hesitate to lend to MSMEs citing them as ‘high risk’, resulting in borrowers pursuing non-conventional sources charging inordinately high interest rates.

OFID’s funding is part of the second tranche of a US\$158m financing package arranged by the IFC, the private sector arm of the World Bank Group. OFID’s Private Sector facility prioritizes support for MSMEs, as the institution recognizes the key role they play in boosting economic ►

*Over three-quarters of the Vietnamese population is engaged in the MSME sector, which generates 40 percent of the country's GDP.*



PHOTO: XPACIFIC/ALAMY STOCK PHOTO

◀ growth, providing jobs and alleviating poverty. OFID also understands the importance of inclusiveness and as such takes a gender-sensitive approach in all its operations whenever possible.

At least 25 percent of the total funding package will be earmarked to finance women-owned SMEs—a significant but disadvantaged group that accounts for just 28 percent of the total loan portfolio of commercial banks.

Nguyen Duc Vinh, VPBank's Chief Executive Officer, said: "Small and medium enterprises are the focal segment of VPBank's strategy to become a leading retail bank in Vietnam. OFID's financing will help accelerate the realization of this ambitious target and bring practical benefits to our customers."

Founded in 1993, VPBank is one of the leading MSME-focused banks in the country with a significant majority of its loans supporting small businesses and individuals. Over the years VPBank has been conferred with a number of prestigious awards, which include 'SME Bank of the Year' and 'Viet Nam Outstanding Bank for SMEs 2016', among others. ■

## OFID joins fight against world's leading cause of preventable blindness

The Carter Center, a guiding light in the fight against blinding trachoma in Mali and Niger, has received a US\$800,000 OFID grant

BY JUSTINE WÜRTZ

**F**ormer US President Jimmy Carter, Carter Center CEO Mary Ann Peters and OFID's Head of Grants and Technical Assistance Dr Walid Mehalaine gathered in Atlanta, USA on March 24 for a signing ceremony on the sidelines of the Center's 18th Annual Trachoma Control Program Review meeting. OFID has now given the Center US\$3m to support multiple public health programs since 1997.

Carter, who is the founder of the Center, thanked OFID for its assistance: "This support is deeply appreciated and will improve health for many people as we strive for the elimination of blinding trachoma as a public health problem in Mali and Niger."

OFID Director-General Suleiman J Al-Herbish, who was represented at the ceremony by Mehalaine, said: "I com-

mend The Carter Center for its leading role in the battle against neglected tropical diseases such as blinding trachoma and Guinea worm.

"Eliminating and treating preventable diseases is particularly important in the fight against poverty," Al-Herbish continued. "Since 1997, cooperation between our organizations has been very beneficial. OFID values this partnership and looks forward to deepening it in these and other areas of mutual interest."

Peters was also grateful for OFID's support: "It's gratifying to have generous partners like OFID join us in the effort to eliminate blinding trachoma in West Africa and elsewhere. Strong, dependable part-





PHOTOS: THE CARTER CENTER

From left: Dean Sienko, Carter Center Vice-President, Health Programs; Salissou Kane, Carter Center Country Representative for Niger; Former US President Jimmy Carter; Dr Walid Mehalaine, Head, Grants and Technical Assistance unit, OFID; Mary Ann Peters, Carter Center CEO; and Sadi Musa, Carter Center Country Representative for Mali.

ners allow us to keep advancing against this horrifying disease among impoverished populations.”

The Carter Center’s Trachoma Control Program has worked with the Mali and Niger National Trachoma Programs to implement a WHO strategy known as SAFE (Surgery, Antibiotics, Facial cleanliness, and Environmental Improvement) since 1999.

To date in Mali and Niger, the Center has facilitated 94,919 surgeries, distributed more than 4 million doses of antibiotics, provided more than 4,000 villages with health education (including about the importance of facial cleanliness to ward off flies), supported the construction of 219,947 latrines and trained and equipped 10,084 masons in Mali and Niger.

The three-year project supported by the OFID grant is expected to help Mali and Niger achieve and sustain their 2020 trachoma elimination objectives. This will be done through a number of interventions, including the provision of free corrective surgeries to around 36,000 individuals, distribution of antibiotic eye ointment through national mass drug administration campaigns, promotion of

good hygiene practices and environmental improvement activities.

The project will also provide training for an estimated 9,500 health workers, community leaders, women’s groups and school personnel, and support research associated with the global trachoma program.

The elimination of blinding trachoma is in line with OFID’s mission to eradicate all forms of poverty in partner coun-

tries, particularly the least developed countries, and its support of the post-2015 Sustainable Development Goals agenda. In this regard, SDG3 targets include the elimination by 2030 of neglected tropical diseases such as trachoma. The latter, caused by the bacterium *chlamydia trachomatis*, is the world’s leading infectious cause of blindness, affecting millions of people in communities that lack access to clean water and sanitation. ■



President Carter thanked OFID for its support, saying it was deeply appreciated.



## OFID and IFC support copper industry in Zambia

The International Finance Corporation (IFC) and OFID have made an investment of US\$10m each in Metalco Industries Company Limited (Metalco), a Zambian scrap metal recycling company.

BY JUSTINE WÜRTZ

**M**etalco will use the new capital to expand operations, including the purchase and installation of a copper cable and rod production plant. This will create over 250 new jobs and support the local economy of Kabwe, where the company is based.

“Metalco is one of Zambia’s few copper cable and rod manufacturers, and the only domestic producer of lead-acid batteries. IFC and OFID’s partnership will enable us to contribute to the government of Zambia’s goal to accelerate private sector-led diversification and the industrialization of Zambia,” said Hussein Safieddine, CEO of Metalco.

OFID’s Director-General Suleiman J Al-Herbish said: “Metalco is the largest

employer in Kabwe. As such, the company is an important contributor to living standards, providing not only jobs, but healthcare, housing and other services. OFID is proud to be behind this project, bolstering the Zambian economy and safeguarding employment levels and healthcare for the local population.”

Kabwe is an important transportation and mining center in Zambia. It is also one of the ten most polluted places in the world. This pollution is mainly due to groundwater contamination from former lead and zinc industrial mining activities. To date, little has been done to protect citizens from contaminated water supplies. However, the OFID/IFC investment in Metalco will ensure that the company

upgrades to meet international environmental standards and mitigates further pollution.

IFC will engage directly with the company to apply high performance standards and play a clear developmental role in addressing the problem of lead exposure, for the protection of staff and the local population. Metalco plans to make improvements such as the provision of

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*“IFC and OFID’s partnership will enable us to contribute to the government of Zambia’s goal to accelerate private sector-led diversification and the industrialization of Zambia.”*

HUSSEIN SAFIEDDINE  
METALCO CEO

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PHOTO: AMIR SABBAGH/SHUTTERSTOCK.COM

## OFID signs first trade finance agreement in Costa Rica

After an extended break, OFID has resumed cooperation with Costa Rica in the form of a US\$15m trade loan to Scotiabank de Costa Rica S.A (SCB).

BY STEVE HUGHES

**T**he transaction represents OFID's first-ever trade finance loan to the country and was signed by SCB's President of the Board of Directors Sergio Cruz and OFID Director-General Suleiman J Al-Herbish.

The funds will help SCB address the demand for short-term financing across all sectors of the Costa Rican economy, which will in turn help boost employment generation. The sub-loans will support the working capital needs of enterprises dedicated to international trade activities.

"We are pleased to work hand-in-hand with SCB, one of the largest private banks in the country," said OFID's Head, Private Sector and Trade Operations, Tareq Alnassar. "OFID approved two public sector loans to Costa Rica—in 1977 to support the transport sector and in 1981 for a hydroelectric project—so we are happy to re-establish our presence in the country with the firm aim of supporting its development."

Ignacio Vargas, SCB Treasury Manager, spoke about the benefits of the agreement: "This transaction has been obtained on terms and interest rates that will allow SCB to expand the availability of resources to meet the needs of its client portfolio. Our customers are our priority and through these agreements with recognized entities such as OFID, we achieve greater benefits for them."

OFID's Alnassar added: "This agreement will enable OFID to channel resources to the financial sector in line with SDG8, to promote inclusive and sustainable economic growth, employment and decent work for all."

Trade represents an important driver of Costa Rica's economy. While traditional agricultural exports of bananas, coffee, sugar and beef are still the backbone of commodity exports, in recent years a variety of industrial and specialized agricultural products have broadened export trade. High value-added goods and services, including microchips, have further bolstered exports. ■

regular blood testing, insurance cover and the payment of doctor fees for staff. IFC will also advise Metalco on how to improve operational and corporate governance practices, as well as on energy efficiency and quality control.

The World Bank Group, of which IFC is a member, is working with the government of Zambia to clean up Kabwe by building infrastructure to manage waste, and by financing clinics where companies can test and treat workers for lead exposure.

Dimitris Tsitsiragos, IFC's Vice President for New Business, said: "The World Bank Group's efforts to mitigate pollution and improve healthcare will not only allow Metalco to safeguard its workers, but also benefit residents of Kabwe."

Zambia is the eighth largest copper producer in the world. The country has a long history of mining and large reserves of copper and other minerals. The mining sector is a major contributor to foreign investment and GDP. It is also a significant source of employment for the population. ■



PHOTO: LYNN MORALLES/ALAMY STOCK PHOTO

Bananas and other agricultural commodities form the bulk of Costa Rican exports.



On March 10, the Director-General welcomed to his office Sheikh Ali Bin Jasim Bin Thani Al Thani, Ambassador of Qatar to Austria.



Dr Sun Xiansheng, Secretary-General of the International Energy Forum, met with Al-Herbish at OFID HQ on March 15.

### FEBRUARY 8

#### Research grants approved

**International Energy Forum (IEF).** US\$50,000. To support the 3rd IEF–OFID Energy Poverty Symposium to be held in Tunisia on April 12, 2017 and an IEF Capacity Building Workshop on April 11–13. OFID's contribution will cover the participation costs of about 40 attendees from African countries and the African Energy Commission, as well as the costs of about 10 speakers and trainers.

#### Islamic Trade Finance Corporation (ITFC).

US\$100,000. To support the implementation of the first-year action plan for the Bridges Program for Arab African Trade. OFID's co-financing will be earmarked mainly for planned trade capacity building activities, including workshops and training courses for SMEs.

#### Emergency aid grant approved

**World Food Program (WFP).** US\$400,000. To support WFP's ongoing humanitarian food and nutrition assistance operations in famine-stricken areas in northeast Nigeria. This latest initiative will target over two million people in Borno and Yobe states, including residents of areas not yet reached by humanitarian partners.

### FEBRUARY 22

#### Public sector loan agreement signed

**Sierra Leone.** US\$13.15m. Three Towns Water Supply & Sanitation Project. To broaden the scope of an ongoing project that is improving water supply infrastructure in the towns of Bo, Kenema and Makeni, where coverage is low. The provision of safe, piped-in water supplies will improve health and living conditions for around 500,000 people.

### MARCH 17

#### 158th session of the Governing Board

#### Public sector projects approved

**Bolivia.** US\$61m. Dams Program: More Investments for Irrigation. To boost agricultural productivity by increasing investment in dams and related infrastructure in seven departments with high poverty levels. Activities will focus on improving irrigation and expanding cultivatable land. Technical assistance and capacity-building components are also planned. Around 20,000 families reliant on subsistence agriculture are expected to benefit from the project.





Kito de Boer, Head of Mission of the Office of the Quartet in Jerusalem, visited the Director-General on March 8.



On January 11, Omar Amer Youssef, the new Ambassador of Egypt to Austria made a courtesy call on the Director-General.

**Burundi.** US\$15m. Bururi-Gakuba Road Upgrading. To pave a 35km portion of the national RN16 that crosses the Bururi and Gitega provinces and connects the country's south and central regions. This will enable approximately 200,000 inhabitants to transport inputs, agricultural produce and livestock more efficiently and reach important social services, thereby raising living standards and incomes.

**Ethiopia.** US\$30m. Shambu-Agamsa Road Upgrading. To improve a 94km-long stretch situated in the central/western region, thereby providing some 620,000 people with access to social services and reduced travel time and costs. The project will also help increase farmers' revenues by facilitating the delivery of their crops to marketplaces.

**Technical assistance grants approved**

**Carter Center.** US\$800,000. To support the second phase of an initiative aimed at eliminating blinding trachoma in Mali and Niger.

**International Atomic Energy Agency.** US\$600,000. To enhance food security, improve nutrition and promote sustainable agriculture in Bangladesh, Cambodia, Laos, Myanmar, Nepal and Vietnam. This will be achieved by implementing two projects. One will focus

on the application of nuclear techniques for the diagnosis and control of trans-boundary animal diseases in affected countries. Another will promote sustainable rice production systems.

**United Nations Relief and Works Agency for Refugees in the Near East.** US\$1m. To enhance the quality of education and learning conditions for Palestinian refugee children in the village of Beit Inan in Jerusalem. This will include expanding the Beit Inan school by constructing additional floors and classrooms, providing furnishing and equipment and carrying out rehabilitation works.

**MARCH 23**

**Public sector loan agreement signed**

**Uganda.** US\$14.3m. To help complete construction of nine vocational facilities, each with girls' dormitories, increasing annual enrolments by over 800 pupils and providing accommodations for over 1,000 girls. Also planned is the provision of equipment, teaching materials and staff training.

**Meetings attended by OFID**

**FEBRUARY 13–15**

**ROME, ITALY**  
40th session of the Governing Council of the International Fund for Agricultural Development

**FEBRUARY 16**

**VIENNA, AUSTRIA**  
International Multi-Stakeholder Conference "Cyberspace, Energy & Development: Protecting Critical Energy Infrastructure"

**FEBRUARY 22–23**

**ASTANA, KAZAKHSTAN**  
III International Participants Meeting, preparatory event for EXPO 2017

**MARCH 22–23**

**LISBON, PORTUGAL**  
Alliance for Rural Electrification Energy Access Investment Forum

**MARCH 23–24**

**LONDON, UK**  
Sustainability Summit 2017

**MARCH 26–28**

**BERN, SWITZERLAND**  
2017 Arab–DAC Dialogue on Development

**MARCH 27**

**PARIS, FRANCE**  
International Energy Agency World Energy Outlook 2017: High-level Workshop on Energy and Development

**MARCH 29–30**

**LIMA, PERU**  
11th Annual Development Finance Institutions Corporate Governance Meeting

**MARCH 29–30**

**PARIS, FRANCE**  
Deauville Partnership Senior Officials Conference on economic governance and human capital development

**MARCH 30–APRIL 2**

**ASUNCION, REPUBLIC OF PARAGUAY**  
Inter-American Development Bank and the Inter-American Investment Corporation Boards of Governors Annual Meeting

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



*Governing Board Chairman Abdul Wahab Al-Bader (right) with Director-General Al-Herbish (left).*

## 158th Session of the Governing Board

Funds amounting to nearly US\$190m were approved by OFID’s Governing Board at its 158th session in Vienna on March 14. More than 15 partner countries stand to benefit from this latest round of financing. The public sector loans, which total US\$106m, will support a dams program in Bolivia and transportation projects in Burundi and Ethiopia. Other approvals included three grants totalling US\$2.4m to: the Carter Center in support of eliminating blinding trachoma in Mali and Niger; the International Atomic Energy Agency (IAEA) to enhance food security; and the United Nations Relief and Works Agency for Refugees in the Near East (UNRWA) to improve the quality of education for Palestinian refugee children. Under OFID’s private sector facility, two financing facilities totaling US\$9.5m were approved for projects in Honduras and Zambia. Under OFID’s trade finance operations, the Board approved a US\$50m risk-sharing program to support international trade in primarily African countries, while US\$20m was approved to support international trade in Lebanon.



**Mr Bader Ahmed Al Qayed**  
Governor of Qatar to OFID



**Dr Mahmoud Isa-Dutse**  
Governor of Nigeria to OFID



**Mr Muwafaq Taha Ezzulddin**  
Alternate Governor of Iraq to OFID

**Dr Mohammad Khzaee**  
Governor of Iran to OFID



**Mohammed Abdullah Al-Kharashi**  
Governor of Saudi Arabia to OFID

LOAN & GRANT  
SIGNATURE  
photo  
gallery

US\$14.3m to Uganda  
for vocational education

Marcel Robert Tibaleka, Ambassador of Uganda to Germany, speaking at the signature ceremony. The project will help complete construction of nine vocational facilities, each with girls' dormitories, in a bid to improve job prospects and increase the size of a skilled workforce.



ITFC secures  
US\$100,000 grant  
for trade capacity  
building program

Hani Salem Sonbol, CEO of the International Islamic Trade Finance Corporation, shakes hands with Al-Herbish to seal a grant agreement in support of the ITFC's Arab-Africa Trade Bridges Program, which seeks to build trade capacity among SMEs.





**US\$13.15m for water project in Sierra Leone**

Jongopie Siaka Stevens, Ambassador of Sierra Leone to Germany, pictured at the signing ceremony. The loan will broaden the scope of an ongoing project that is improving water supply infrastructure in the towns of Bo, Kenema and Makeni, where coverage is low.

**US\$800,000 grant to CARE Austria to boost Gaza food security**

Dr Andrea Barschdorf-Hager, CARE Executive Director, concludes the agreement with Al-Herbish. The grant will support a project aimed at strengthening farmers' livelihoods and food security in the Gaza Strip, directly benefiting around 7,500 people.



**US\$32m to Paraguay for electricity sector**

Eng. Victor Romero Solis, President of the National Electricity Administration Company of Paraguay (*left*), signs the agreement alongside Director-General Al-Herbish. The project will improve the quality of electricity supply in the Paraguayan capital Asuncion, ultimately benefiting some two million people.

# Repeat business strengthens relations in Rwanda

In January, OFID extended a second term loan of US\$15m to Rwanda's Bank of Kigali to further support the growth of small- and medium-sized enterprises (SMEs) in the country. The *Quarterly* caught up with the bank's CEO **Dr Diane Karusisi**, who spoke about the importance of this sector for economic growth.

INTERVIEW BY JUSTINE WÜRTZ



PHOTO: COURTESY OF BANK OF KIGALI

Dr Diane Karusisi

**OQ:** *Today, Rwanda seems to be a country in a hurry to transform itself economically. What are the main development issues faced at the moment?*

**DK:** Rwanda is building its core infrastructure, both human and physical, essential for economic transformation. The large infrastructure gap, including lack of access to electricity, and a skills gap in key sectors are the main constraints to private investment. Other issues the country faces in my opinion are a developing private sector, as well as a fairly small financial industry unable to provide sufficient development financing.

**OQ:** *Growth in all sectors of the economy is important, but why do you consider SME growth so important?*

**DK:** The International Monetary Fund reported that SMEs create around 80 percent of Africa's employment, establishing a new middle class

and fueling demand for new goods and services. In Rwanda in recent years, SMEs have proven to be a great source of innovation and are the engine of economic transformation, through the creation of off-farm jobs and the generation of new sources of income.

**OQ:** *What are the main challenges—economic and otherwise—for SMEs looking to expand in Rwanda?*

**DK:** One of the greater challenges for SME development is access to affordable credit. SMEs often face difficulties in hiring well-qualified labor, although the country recently prioritized technical and vocational training. Also, SMEs lack the resources to implement sound business practices and invest in good internal management systems: in accounting, planning, financial operations and human resource management.



**OQ:** *How is the Bank of Kigali working to overcome these challenges and support SME growth?*

**DK:** Technology is a key ingredient for banks. We are harnessing technology to reach people in areas that are otherwise physically hard to reach and to mobilize long-term savings. The Bank has a wide range of products to support SMEs such as investment loans, working capital, stock loans and trade finance. We also provide support with professional advice and financial literacy. Our goal is to walk our customers through from being micro-enterprises to successful companies. We are also partnering with development financial institutions, including OFID, to access long-term financing to on-lend to businesses in Rwanda.

**OQ:** *How diverse is the bank's portfolio and what are the main sectors covered by the businesses it supports?*

**DK:** Our portfolio is a true reflection of Rwanda's GDP structure. Sectors include: trade, construction, manufacturing, transport and accommodation. We also have a sizeable exposure in agriculture (mainly export crops) as well a growing exposure in renewable energy.

**OQ:** *The sectors you mention lie at the very heart of a country's economy. How important is the work of the bank to the people of Rwanda?*

**DK:** These sectors are of value and create jobs in the Rwandan economy. The financing SMEs get supports their growth and the development of value chains in the economy. Our strategy has

always been to create links between SMEs and larger corporates; between SMEs in different sectors so as to strengthen the whole market ecosystem.

**OQ:** *How has OFID's funding helped the bank achieve its aims and increase its reach?*

**DK:** OFID's funding will support the bank in maintaining its leadership position as a corporate/SME bank of choice in Rwanda. It will help expand the corporate book in sectors such as renewable energy and continue to promote agriculture exports. With this funding, we will continue to encourage and incentivize SMEs to adopt sound business practices, efficient management techniques and improved corporate governance.

**OQ:** *How will OFID's latest tranche of financing help the bank to continue its important work?*

**DK:** The US\$15m facility will be used to support of financing the bank's SME pipeline which has been growing over the years. The key for the bank is to secure medium- to long-term financing to meet the investment needs of the bank's customers.

**OQ:** *What are your longer-term hopes about what this financing will help the bank—and Rwanda—to achieve?*

**DK:** This facility will create a scale for the bank and help boost SME competitiveness in Rwanda. We are hoping hundreds of new jobs will be created through this funding. ■

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*“This facility will create a scale for the bank and help boost SME competitiveness in Rwanda. We are hoping hundreds of new jobs will be created through this funding”*

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DR DIANE KARUSISI



PHOTO: THOMAS IMO/PHOTOTHEK VIA GETTY IMAGES

# OFID's new chapter to ensure more of the same



PHOTO: CLIVE ROBINSON

OFID's Assistant Director-General, Financial Operations, **Tarek Sherlala** joins the organization at an exciting time from Bank of New York Mellon. He shares his views on Vienna, the global economy and the next stage of OFID's remarkable journey.

INTERVIEW BY STEVE HUGHES



“Most issues in life require funding, and it’s almost never the case that the money is in the right place at the right time,” says OFID’s new Assistant Director-General, Financial Operations, Tarek Sherlala. “That’s our job as financiers—getting the money to the right place at the right time and making things happen.”

Sherlala is no stranger to making things happen; in the past nine years alone, he’s lived in five different countries. But this is his first time in Europe. Vienna, he says, looking out of his office window over the city’s Stadtpark as it slowly greens up for spring, is a beautiful city, at the center of everything. It’s a place he’s very much looking forward to exploring with his wife and three young children.

But there’s something Sherlala, who grew up in Libya and who originally trained as an engineer, is even more excited about. “OFID has talked about it for a long time,” he says. “We have approval from the Ministerial Council, we’re well on with the journey, and I think the market is expecting it of us. It’s a very, very exciting time to be joining this organization.”

Sherlala is talking about something OFID has been planning for many months. It has been one of the drivers of the organization’s quest—under long-serving Director-General Suleiman J Al-Herbish—for greater visibility in the marketplace and increased transparency. It has the potential to drive growth and ensure the organization’s sustainability and independence, long into the future.

That something is borrowing. Sherlala explains why it is so central to OFID’s future: “We’re committed to growth—to growing our private sector, growing the types and sizes of projects we support. So borrowing is a key component of that strategy. Lots of our peers are doing it and given our strong balance sheet, we should be in a position to borrow very competitively.”

But isn’t there a discord between growing OFID’s private sector window—a more profitable, and by definition, commercial operation—and the organization’s mission of promoting South-South cooperation? OFID works with developing country partners and the international donor community to stimulate economic growth and alleviate poverty in the most ►

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*“We’re committed to growth—to growing our private sector, growing the types and sizes of projects we support.”*

TAREK SHERLALA

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*“What we do has a direct impact on the ground. Working in commercial banking, it’s sometimes difficult to see the big picture. Here, our mission is to eradicate poverty. It’s hard to miss.”*

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TAREK SHERLALA

◀ disadvantaged regions of the world. In other words, it’s driven by development goals, not profit.

Absolutely not, says Sherlala. “OFID’s Member Countries remain committed to supporting us, but they also have development priorities of their own. Diversifying funding of our growth initiatives, both in the public and private sectors, will help us execute against the Corporate Plan, and allow us to be more independent and sustainable. It will bolster OFID’s ability to fulfil its mandate.”

In any case, he adds, the development pot of the balance sheet remains the top priority. “There is no question about that,” Sherlala says. “Borrowing will be very important, along with what we do to generate returns on our portfolio. And then there’s the bedrock of this institution, which is Member Country support. All this will take us to the next level.”

In order to borrow, OFID is seeking a credit rating; something Sherlala expects to achieve sooner rather than later. “Our internal processes, risk management, our systems; I think we’re pretty much there,” he says. “The various teams have worked hard to bring our credit processes up to best practice. I see it as a 2017 event—going out to rating agencies.” This should mean OFID

receives a rating in early 2018, Sherlala explains, and can go to the market shortly after.

Sherlala comes to OFID highly recommended. He was most recently located in Dubai, as Managing Director and Head of Middle East and Africa Investment Services at the Bank of New York Mellon (BNY Mellon)—a US-headquartered investment services and management firm with a massive US\$29.9tr of assets under custody and/or administration. He’s spent the last 12 years of his career with the bank, apart from a stint at the Central Bank of Libya.

However, Sherlala is also well versed in the issues OFID works hard to address. “I was born in Libya and spent the first 20 years of my life there,” he says. “I understand the challenges developing countries face: water, food and energy. This is one of the reasons OFID was so attractive to me. What we do has a direct impact on the ground. Working in commercial banking, it’s sometimes difficult to see the big picture. Here, our mission is to eradicate poverty. It’s hard to miss.”

Sherlala, who began his career in New York City and stayed in the big apple for 15 years, first with Bank ABC and then BNY Mellon, seems genuinely impressed by OFID. “It’s a truly international organization in terms of staff and outlook,” he says. “It has been on a journey—it’s more transparent now and it takes its world position among other DFIs well.” What did surprise him, he admits, was the size of the team: a staff of only 200, all located in Vienna. “We punch above our weight,” he says. “No doubt about it, there is further room for growth and new ideas and that’s hopefully where I, under the leadership of our Director-General, come in.”

But given the state of today’s economy, is growth still really attainable on the scale he anticipates? “The global economy is certainly in a better place now than two years ago,” he says. “It doesn’t look like we’ll go back to pre-2008 high growth and abundant opportunities, though. I think the term ‘lower for longer’ is probably right. People and countries need to work harder and faster to produce the same amount of progress.”

A former foreign exchange trader who completed a Masters of Business Administration (MBA) in finance while holding down a full-time job, Sherlala knows a thing or two about hard work. Couple this to his love of the outdoors and tennis, and it appears OFID could be onto a winner. ■



## Saudi Arabia launches major renewable energy initiative

PHOTO: JUAN ENRIQUE DEL BARRIO/SHUTTERSTOCK.COM

The world's largest exporter of crude oil will award tenders to build 700MW of solar and wind energy projects this September as part of a broader government plan to diversify Saudi Arabia's economy.

BY NADIA BENAMARA

Initial plans target the Kingdom's north-western regions: 300MW of solar plants in Al Jouf and 400MW of wind installations in Tabuk. International and domestic companies are being invited to qualify, with bidding itself to take place in April, according to Khalid A Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources.

"The terms on renewable contracts will be motivating so that the cost of generating power from these renewable sources will be the lowest in the world," said Al-Falih at a news conference in Riyadh, according to Bloomberg.

He described the planned installations as the largest in the region (size-wise) and the first Saudi project to be tendered through private-public partnership. A new Renewable Energy Development Office has been established to oversee and implement the project under the auspices of the Energy Ministry.

The initiative marks the first phase of Saudi Arabia's National Renewable Energy Program (NREP). It aims to deploy a total 9.5GW of renewable domestic energy (and

attract between US\$30bn and US\$50bn in investments) by the year 2023.

"We have vast renewable energy resources and by exploiting them, we work towards our Sustainable Development Goals and reinforce our position as the world's most reliable supplier of energy, allowing us to accelerate economic transformation," Al-Falih said.



Khalid A Al-Falih, Saudi Minister of Energy, Industry and Mineral Resources

PHOTO: REUTERS/FAISAL AL NASSER



PHOTO: DON TAM

## Indonesia commits US\$1bn to clean ocean program

OFID Member Country Indonesia has committed US\$1bn per year to clean up its oceans. The national action plan for tackling marine plastic wastes was announced on the sidelines of the fourth World Ocean Summit, held in Bali, Indonesia.

BY FATMA ELZAHRA ELSHHATI

The February 22–24 summit gathered representatives from governments, the private sector and development institutions to discuss how to finance a sustainable ocean economy. Indonesia’s commitment, announced by the country’s Coordinating Minister for Maritime Affairs Luhut Binsar Panjaitan, comes as part of the United Nations Environment Program’s (UNEP) global campaign to reduce ocean pollution.

The campaign, #cleanseas, aims to ensure governments and private sector companies commit to tackling the prob-

lem. Ten countries including Indonesia, Uruguay and Costa Rica, as well as private companies like DELL Computers, have already committed to fighting the issue.

Indonesia’s ambitious plan laid out some concrete strategies to minimize plastic waste on land, in coastal areas and in the sea. “By the end of 2025, we will reduce 70 percent of the plastic waste,” Panjaitan said.

Five years ago, Indonesia brought maritime protection to the forefront of the global agenda. Particular attention, the country argued, was needed to support the sustainable development of the

‘blue’ or maritime economy, as well as ‘green’ land-based economies.

A public awareness program to support the use of biodegradable materials is already being promoted. Solutions such as biodegradable plastic made from cassava, a common root vegetable in Indonesia, are already being used, but they remain comparatively expensive. Panjaitan has proposed imposing a nationwide tax on single-use plastics to solve this issue.

Over eight million tonnes of plastic waste is dumped into our oceans annually, with the bulk of the pollution coming from a handful of developing countries in Asia. This pollution has led to an alarming loss of biodiversity and affected food security. It is estimated that if the problem is not solved, our oceans will contain more plastic particles than fish by 2050.

“It is past time that we tackle the plastic problem that blights our oceans,” said Erik Solheim, Head of UNEP. “Plastic pollution is surfing onto Indonesian beaches, settling onto the ocean floor at the North Pole, and rising through the food chain onto our dinner tables.”

The World Ocean Summit is a precursor to the UN Ocean Conference that will be held from June 5 to June 9, 2017. ■



# Nigerian Minister rises to new role: UN Deputy Secretary-General

Nigeria's Minister of Environment, **Amina Mohammed**, has been appointed Deputy Secretary-General of the United Nations. Her new position is the highest ever held by a Nigerian within the UN system.

BY NADIA BENAMARA



PHOTO: UN PHOTO/MARK GÄRTEN

Secretary-General António Guterres (right) swears in Deputy Secretary-General Amina J Mohammed.

**M**ohammed previously served as Special Adviser to former Secretary-General Ban Ki-moon on post-2015 development planning. She was instrumental in establishing the 2030 Agenda for Sustainable Development, including the Sustainable Development Goals.

Mohammed was Minister of Environment for Nigeria between November 2015 and December 2016, steering the country's efforts on climate action. She has worked for three successive Nigerian administrations, including as Special Adviser on the Millennium Development Goals.

President Muhammadu Buhari described Mohammed's recent appointment as an honor for Nigeria and thanked her for her untiring contribution to transforming the country.

Mohammed promised that: "The next phase of my continued service to the people of Nigeria at the global level will certainly build on the rich insights and lessons drawn from engaging with leaders, colleagues and stakeholders across our beloved nation."

Kaduna State Governor Nasir El-Rufai hailed Mohammed as a role-model, in

*"I think many of our little girls, and boys, will look at Amina as an inspiration and will grow up to know that there are no limits to how far they can go."*

NASIR EL-RUFAI,  
KADUNA STATE GOVERNOR

particular for the children of her home state, at a send-off organized by the Ministry of Foreign Affairs in Abuja.

"This is very important for many of us that are governors and public leaders in northern Nigeria, where a girl child's education and the prospects of our female children have been less bright, less encouraged and much diminished by reason of gender," said El-Rufai. "I think many of our little girls, and boys, will look at Amina as an inspiration and will grow up to know that there are no limits to how far they can go."

UN Secretary General António Guterres announced Mohammed's appointment (along with that of Chef de Cabinet Maria Luiza Ribeiro Viotti of Brazil and Special Advisor on Policy Kyung-wha Kang of South Korea) in December 2016.

"These appointments are the foundation of my team, which I will continue to build, respecting my pledges on gender parity and geographical diversity," said Guterres.

He added: "I am happy to count on the efforts of these three highly competent women, whom I have chosen for their strong backgrounds in global affairs, development, diplomacy, human rights and humanitarian action."

The office of Deputy Secretary-General was established by the General Assembly in 1997 as part of the reform of the United Nations. It is intended to manage the many administrative responsibilities of the Secretary-General, run Secretariat operations and ensure the coherence of programs and activities. It is also meant to help elevate the UN's profile and leadership in economic and social spheres. ■

# OPEC and non-OPEC countries report high level of conformity

Progress continues towards full conformity with voluntary adjustments in oil production in an effort to stabilize the global oil market.

BY STEVE HUGHES

**T**he Joint OPEC/Non-OPEC Ministerial Monitoring Committee (JMCC) convened in Kuwait City in March and made the announcement based on the report of its technical committee for the month of February. It stated that the countries achieved a conformity level of 94 percent; an increase of 8 percentage points over the January performance. “This demonstrates the willingness of all participating countries to continue their cooperation,” a press release affirmed.

Issam A Almarzooq, Kuwait’s Minister of Oil and Minister of Electricity and Water, and Chairman of the JMCC, drew attention to some producers that had “over-performed,” saying they deserved recognition for their efforts: “So I would like to expressly offer my appreciation to both Angola and Saudi Arabia for conforming beyond expectation. I hope their achievements will motivate other participants to reach their own goals—and perhaps to even go further.”

However, Almarzooq also said that other countries had not been able to meet their production adjustments due to temporary difficulties. “I would like to candidly say that, in general, more has to be done,” he said. “We need to see conformity across the board. We assured

ourselves—and the world—that we would reach our adjustment to 100 percent conformity.”

Mohammad Sanusi Barkindo, OPEC Secretary General, said that conformity levels in January and February had been better than market expectations, but called for the full commitment of every participating country. “We expect 100% conformity,” he said. “It is critical we keep our eyes on the goal. We need to ensure an acceleration of the drawdown of the stock overhang, and bring the necessary market rebalancing forward.”

Almarzooq explained that there was a continued need for focus, given that oil stocks remained stubbornly high, particularly in the US, where a seasonally rising trend hit new historically high levels. “We have also seen some traders liquidate their long positions and Brent prices have dropped from the mid-50s to the low-50s,” he said. “Volatility has also increased. At the same time, while investments may be returning in some of the industry’s short-cycle projects, there is little investment going into the long-cycle projects that are the baseload of the industry.

“I would like to remind you all that we are under close scrutiny by the international com-





PHOTO: OPEC

The JMMC comprises the Oil and Energy Ministers of OPEC Members Algeria (Noureddine Boutarfa, second l), Kuwait (Issam A Almarzooq, fourth l - Committee Chairman) and Venezuela (Dr Nelson Martinez, r), as well as non-OPEC Oman (Mohammed Hamad Al Rumhy, second r) and the Russian Federation (Alexander Novak, third l). Pictured with Mohammad Sanusi Barkindo (fourth r), OPEC Secretary General; Jabbar Ali Hussein Al-Luiebi (l), Iraq's Minister of Oil; and Suhail Mohamed Al Mazrouei (third r), Minister of Energy, United Arab Emirates.

munity and the financial markets,” Almarzooq continued, addressing delegates. “The work of this Committee is thus essential to help rebuild confidence in the global oil markets and to achieve the sustainable stability that we are striving for. I thus would like to encourage you to do your very best today, and in the coming weeks and months, in the lead-up to our next meeting. There is a lot at stake.”

The JMMC was established following OPEC’s 171st Ministerial Conference Decision of 30 November 2016, and the subsequent Declaration of Cooperation made at the Joint OPEC/Non-OPEC Ministerial Meeting, held in December 2016. At this meeting, 11

non-OPEC oil-producing countries—Azerbaijan, Kingdom of Bahrain, Brunei Darussalam, Equatorial Guinea, Kazakhstan, Malaysia, Mexico, Sultanate of Oman, the Russian Federation, Republic of Sudan, and Republic of South Sudan—cooperated with OPEC Member Countries “to accelerate the stabilization of the global oil market through voluntary adjustments in combined production of around 1.8 million barrels per day”. The Declaration, which came into effect on 1 January 2017, is for six months and is extendable for an additional six months, depending on the status of the market.

“These landmark efforts were made because the oil industry could no longer continue along ▶



PHOTO: OPEC

Mohammad Sanusi Barkindo, OPEC Secretary General, is interviewed by the media.

◀ the same path it was on in 2015 and 2016,” said Almarzooq. “Something had to be done to address the major challenges that were suffocating the industry, and impacting current and future oil supplies. Producers everywhere recognized the need to stimulate the acceleration of the drawdown of the stock overhang, in order to bring the necessary market rebalancing forward, and ensure that much-needed investments returned to the industry.”

Almarzooq concluded by saying delegates were looking forward to the day when investments once again reached healthy levels, and the world economy was strong and robust: “This will be well-served if we do our work—and the long-

term deepening of ties and ongoing cooperation between OPEC and non-OPEC countries will go a long way to supporting such goals.”

In line with this, Barkindo called for patience: “We need to be patient, and demonstrate our strong will to allow our decision to run its course. I join the chair and the co-chair in urging all participants to meet their obligations under the very guiding principles of fairness, equity, transparency, and timeliness.”

The JMMC noted that certain factors, such as low seasonal demand, refinery maintenance, and rising non-OPEC supply, had slowed down the positive impact of the production adjustments on inven-

tory drawdowns. However, it was felt that the end of the refinery maintenance season and a noticeable slowdown in the US stock-build, as well as the reduction in floating storage, would support the positive efforts undertaken to achieve stability in the market.

The JMMC requested that its technical committee review the oil market conditions with the OPEC Secretariat and revert in April 2017 regarding the extension of the voluntary production adjustments, as stipulated in the Declaration of Cooperation. The JMMC will deliberate before submitting its recommendation to the participating countries. ■



## **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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