

## **Director General's Statement**

### **12<sup>th</sup> International Energy Forum (IEF) Ministerial Meeting**

**March 29-31, 2010**

**Cancun, Mexico**

**Mr. Chairman,  
Excellencies,  
Ladies and Gentlemen;**

- ♦ I would like to start by **congratulating H.E. Dr. Georgina Kessel, Secretary of Energy of Mexico, and Mr. Noe van Hulst, Secretary General, IEF**, on this impressive and highly important meeting, and wish them every success. I would also like to take this opportunity to **thank the organizers for extending this invitation to OFID** to participate in this milestone event and to share our views with such a distinguished audience.
  
- ♦ **The Eradication of Energy Poverty has always been a matter close to our hearts at OFID**, and I was very pleased to see this subject given its own session to allow for a meaningful discussion. In fact, 34 years ago, our Member Countries, the same as the members of OPEC, decided to share their resources with their fellow developing countries around the world in the spirit of South-South cooperation. Since then, **our financing of energy related projects totals close to 20% of all our activity.**

- ◆ This commitment was strengthened in November 2007 through the **Riyadh Declaration** following the Summit of the Heads of States of OPEC Member Countries held in Saudi Arabia, which recognized that **fighting energy poverty is crucial for poverty eradication, sustainable development, and the achievement of the Millennium Development Goals**. In this context, the Declaration **explicitly cited OFID as a channel** for the OPEC Member Countries to work towards these ends, in association with the energy industry and other financial institutions.
- ◆ In recognition of the importance of the eradication of Energy Poverty, we organized a workshop entitled “*Energy Poverty in Africa*”, which took place in Abuja, Nigeria in June 2008, and which was attended by a high-level audience, including heads of various international organizations, as well as representatives from the energy private sector, such as Chevron and Schlumberger.
- ◆ **I am glad to note that our findings from the Abuja workshop are very relevant to this meeting.** Indeed, the stated objective of this session is “*addressing the barriers to the development of energy in the LDCs, as well as exploring and possibly agreeing upon concrete actions to alleviate energy poverty*”. During our deliberations in Nigeria, we came to the conclusion that a “business as usual” approach to the energy problems in the developing countries is ineffective. These countries find themselves trapped in a **vicious cycle**, in which poverty and the lack on energy are mutually reinforcing. **This cycle will not be broken by the market alone, and outside intervention is required.** It’s gratifying to

see that these conclusions were reinforced by the IEF Workshop on Energy Poverty in Johannesburg in December 2009.

- ◆ The call made in the Riyadh Declaration received further impetus and was turned into a concrete work plan for OFID in June 2008 through the *Energy for the Poor Initiative*, launched by King Abdullah of Saudi Arabia at the Energy Meeting in Jeddah. It is to be coordinated by the World Bank and supported by OFID and the Saudi Fund for Development, potentially clustering around it an initial US\$ 5 billion. This Initiative has **officially been recognized and supported by various international fora** such as the G20 – in their Pittsburgh Declaration - and the G8 Energy Ministers following their meeting in Italy in 2009.
  
- ◆ In response, we have been **intensifying our commitment to the eradication of energy poverty** through increased investments into energy related projects. However, **we at OFID are not waiting for any global consensus to come together in order to take action**. Indeed, I am pleased to highlight that our Governing Board has approved - **since November 2007 - 22 projects in 17 countries** such as the Dominican Republic, Haiti, Mozambique, Pakistan, Ethiopia, Egypt, Tunisia, and Benin, with many more projects still in the pipeline. This issue of Energy Poverty featured high on the agenda of our last Governing Board Session earlier this month, and will again be prominent on the agenda of OFID's Ministerial Council in Venezuela in June.

**Mr. Chairman;**

**Excellencies;**

**Ladies and Gentlemen;**

- ◆ Can OFID handle this issue alone? The answer is no, Mr. Chairman. As highlighted in the paper presented by the IEA for this session, the yearly capital requirement for providing electricity access by 2030 to those who lack it is estimated at US\$ 35 billion. Let's not make an argument out of this issue, as this investment would give 1.6 billion people access to electricity, while increasing global energy demand by less than 3%, and energy related CO2 emissions by less than 1% of the global per capital average. These statistics fully support our belief that environmental constraints should not limit the efforts of poverty eradication, specifically of energy poverty.
- ◆ To conclude, I want to reiterate **my appreciation for attending this memorable event**. At OFID, we were among the first to label the eradication of energy poverty the *ninth* or *the missing MDG*, and we will **continue to advocate this cause during our stay here as well as at other international conferences and meetings**.
- ◆ Further, I would like to declare our **readiness to participate in any other gatherings on this topic, or to host similar meetings at our headquarters in Vienna**.