

## **OFID's Strategy towards Universal Energy Access**

### **Ladies and Gentlemen, Good Morning**

This year, OFID celebrates its 40<sup>th</sup> Anniversary and looks back at four decades of hard work and dedication. Initially established as a Special Fund, our commitment and perseverance made our organization a world-class international development finance institution, one that is responsive to the changing needs and priorities of its Partner Countries. Guided by its commitment to South-South cooperation, OFID has delivered – since inception - almost US\$20 billion in support of around 3,600 operations across 134 countries.

### **Ladies and gentlemen**

Our operations span the whole spectrum of needs in education, health, agriculture, rural development, transport, water supply, industry, and communications. However, in recent years, it is energy that has become a focus area of our activities.

Through four decades of practicing on the ground, we have learned a valuable lesson: access to reliable, affordable, and sustainable energy services is a vital precondition to achieving sustainable development. This was not widely acknowledged among development practitioners. In fact, energy was missed entirely in the Millennium Development Goals.

To address the challenges of energy access, OFID derived a strategy based on three pillars:

- First, advocacy, building awareness and momentum.
- Second, consolidating and expanding action and projects on the ground, and

- Third, building alliances and creating synergies with other stakeholders, including the IEF and the energy industry.

With regards to the first pillar, we started by framing energy as the “Missing Millennium Development Goal”. An important recognition of our call and mission came when the 12<sup>th</sup> IEF Ministerial Meeting in Cancun, Mexico, adopted the proposal of OFID that energy should be declared as the 9<sup>th</sup> MDG. Responding further to calls from the Cancun IEF Ministerial, OFID and the IEF organized a symposium in Vienna, Austria in November 2011 where specialists explored approaches to energy poverty alleviation.

OFID was recognized early on as a pioneer and champion of energy poverty eradication. As such, OFID has been invited to participate in the SE4ALL initiative from its early days. It was nominated to the UN Secretary-General’s High Level Group for the initiative in 2011, and has served on the SE4ALL Advisory Board since 2013.

### **Ladies and gentlemen**

OFID has worked tirelessly in international fora to advocate for the inclusion of the fight against energy poverty into the post 2015 development agenda.

It was therefore with great pride that we witnessed our efforts culminate in the adoption of Energy as Sustainable Development Goal 7 in the 2030 agenda. This achievement would not have been possible without the strategic partnerships and joint efforts of like-minded institutions, such as the IEF and SE4ALL.

Regarding the second pillar – activities on the ground - energy access has been the central theme of our work since 2007, when OPEC Member countries’ aid institutions received a mandate from the Riyadh Declaration of the 3<sup>rd</sup> OPEC Summit to align their programmes with the objective of achieving sustainable

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development and the eradication of energy poverty in the developing countries. OFID is proud to have implemented this mandate in its entirety.

This mandate was framed in 2008 in Jeddah, with the announcement by the late King Abdullah of his energy initiative. Acting on this, OFID crafted its Energy for the Poor Initiative as a concrete action plan.

Since then, we've committed a total of over US\$3.0 billion to energy projects, representing around 25% of the total value of all our commitments for the period. This sum, made available to governments, private companies, SMEs, NGOs, and entrepreneurs, has supported over 180 operations worldwide. These operations support all forms of energy, whether fossil fuels or renewable sources, and range from large centralized power plants and grid extensions to community level mini-grids, small home systems, and cook stoves, depending on the local circumstances.

In the year 2012, our Ministerial Council provided the strategic guidance to this work, by issuing the Declaration on Energy Poverty which committed a minimum of US\$1 billion to support OFID's Energy for the Poor Initiative. I announced this commitment at the Rio+20 Summit. One year later, the Council turned this pledge into a revolving commitment.

We are proud of our achievements so far, but this is not the end of it. Our intentions are best manifested by the new strategic vision reflected in our recently adopted Corporate Plan 2016-2025, which centers on the energy-water-food nexus. Based on this Plan, 70% of our activities in the coming decade will be dedicated to these critical sectors, with transportation as an additional enabling sector.

**Ladies and gentlemen**

It has always been clear to us that achieving universal energy access requires tapping all available types and sources of funding and a wide investor base. Private and public sectors together with development finance institutions need to combine their different strengths.

This is the basis of the third pillar of our energy poverty alleviation strategy: creating synergies and developing joint resources by working with bilateral, regional, and multilateral development institutions. We also join efforts with other stakeholders, including the energy industry and UN agencies.

**Ladies and gentlemen**

Allow me now to give you some specific examples of how such partnerships can work. These are drawn from OFID's own experience and practice on the ground.

- Firstly, the Task Force on Energy comprising of members of the Arab Coordination Group (ACG) and of the OECD DAC, was established to determine the feasibility of working together to reduce energy poverty in Sub-Saharan Africa.
- Also, OFID is a key participant in the deep dive process, through which the ACG and the World Bank Group agreed to consult on enhancing their cooperation in achieving SDG 7.

OFID is also playing a role in leveraging the Oil and Gas Industry capabilities. In this connection, we recently launched the “Oil and Gas Industry Energy Access Platform (EAP)”, a collaboration between OFID, the World Petroleum Council, TOTAL, SHELL, Schlumberger, OMV, IGU, GLPG, BCG and other strategic partners like the Shell Foundation. OFID had first expressed its

readiness to host such a platform at the World Petroleum Congress in Doha in 2011, and reiterated this at the 2014 Congress in Moscow and many other events.

This strategic partnership leverages the vast experience and resources of the global oil and gas industry in the fight against energy poverty. At the same time, the EAP provides a platform for the oil and gas companies to collaborate with other international multi-stakeholders on access to energy initiatives.

Indeed, this platform represents a win-win opportunity for all. Local communities stand to benefit from improved living standards, while the petroleum companies benefit from strengthened relationships with the host countries.

Let me give you an example: In some West African countries, using flared gas to meet local energy needs is a win-win situation. The value-added for local communities is a better environment and health status as well as improved energy access. For the operator companies, it means an enhanced relationship with the host country and responds to new climate regulations at the national or international level.

**Ladies and gentlemen**

To conclude, allow me to declare that today, OFID is more than a lending institution. I am proud to assert that through our continuous presence and active engagement in the sustainable development arena, OFID has become a main player in shaping the global development agenda.

And I wish to reiterate the commitment of OFID to continue scale-up actions on the cause of energy access and to work actively with the IEF, the energy

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industry and other stakeholders, along the line spelled out in the Riyadh Declaration and Sustainable Energy for All Initiative.

Thank you for your attention