



Uniting against Poverty



Cover: Photos: OFID/Carlos Opitz Icons from the monument by Iraqi artist and sculptor Suhail AI-Hindawi, presented by OFID to the City of Vienna in 2016, in commemoration of the organization's 40th anniversary.

ANNUAL REPORT 2016

OFID THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

OFID at a glance

Vision

To aspire to a world where Sustainable Development, centered on human capacitybuilding, is a reality for all.

Mission

To foster South-South Partnership with fellow developing countries worldwide with the aim of eradicating poverty. The OPEC Fund for International Development (OFID) is the intergovernmental development finance institution established in 1976 by the Member States of the Organization of the Petroleum Exporting Countries (OPEC). OFID was conceived at the Conference of the Sovereigns and Heads of State of OPEC Member Countries, which was held in Algiers, Algeria, in March 1975. A Solemn Declaration of the Conference "reaffirmed the natural solidarity which unites OPEC countries with other developing countries in their struggle to overcome underdevelopment," and called for measures to strengthen cooperation between these countries.

The aims

• To promote cooperation between OPEC Member Countries and other developing countries as an expression of South-South solidarity. • To help particularly the poorer, low-income countries in pursuit of their social and economic advancement.

The means

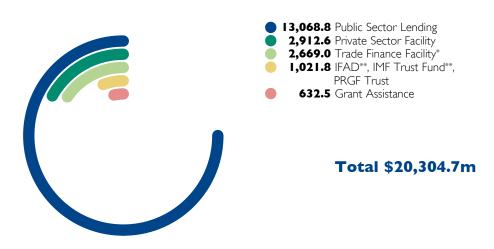
• By extending concessionary financial assistance in the form of loans for development projects and programs, balance of payments support and trade financing.

• By participating in the financing of private sector activities in developing countries.

• By providing grants in support of technical assistance, food aid, research and similar activities, and humanitarian emergency relief.

• By contributing to the resources of other development institutions whose work benefits developing countries.





*Excluding US\$1,950m in risk-sharing guarantee programs **Member Country contributions channeled through OFID • By serving as an agent of OPEC Member Countries in the international financial arena whenever collective action is deemed appropriate.

OFID resources

OFID's resources consist of voluntary contributions made by OPEC Member Countries and the accumulated reserves derived from its various operations. At the close of the year 2016, contributions pledged by OPEC Member Countries totalled \$4,433m out of which \$3,462m was direct contributions to OFID. The Reserve Account stood at \$2,740m.

The beneficiaries

All developing countries, with the exception of OPEC Member Countries, are in principle eligible for OFID assistance. The least developed

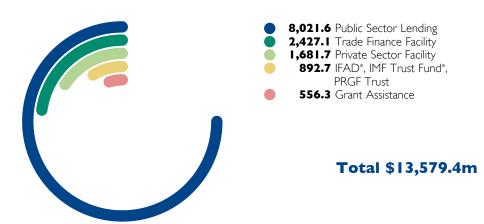
countries, however, are accorded higher priority. So far, 134 countries worldwide have benefited from OFID's financial assistance.

The co-financing partners

To optimize the impact of its contribution to international development, OFID cooperates closely with the bilateral and multilateral agencies of its Member Countries, the World Bank Group, the regional development banks and the specialized agencies of the United Nations, as well as a host of non-governmental and other organizations.

For more information please visit: http://www.ofid.org/ABOUT-US





* Member Country contributions channeled through OFID

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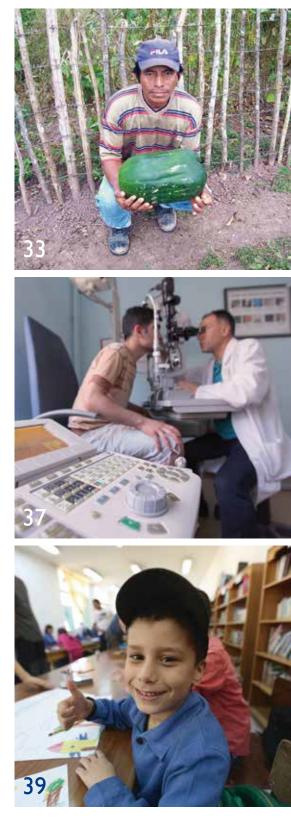
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- Notes
 Unless otherwise stated "dollars" (\$) refers to United States dollars.
 "Billion" means a thousand million.
 Numbers relate to approved amounts and do not include cancelations.
 Minor discrepancies between constituent figures and totals are due to rounding.
 Maps are for illustration purposes only and are not to be taken as accurate representations of borders.
 The economic data in Chapters One and Three was obtained from the following sources: the IMF, OPEC Secretariat, Economist Intelligence Unit, UN, and UNDP.

This publication is also available in Arabic, French and Spanish and on USB in all four languages, as well as in PDF format on OFID's website at <u>www.ofid.org</u>.



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Chairman of the Ministerial Council The OPEC Fund for International Development

Letter of Transmittal to the Ministerial Council

March 14, 2017



Dear Mr Chairman:

I have the honor to present to the Ministerial Council (the Council), OFID's Annual Report for the year ending December 31, 2016. The Report is being submitted to the Council for its consideration pursuant to paragraph (iv) of Section 5.02 of Article 5 of the Articles of Agreement Establishing the OPEC Fund for International Development (OFID).

The Report contains a general overview of cumulative operations and global outreach, together with a detailed appraisal of OFID's activities in 2016. These are presented by focus area, by region and by financing mechanism and described against the broad context in which OFID operates. In addition, a comprehensive listing is given of all operations approved in 2016, together with a record of high-level meetings attended and other highlights. Also included is a statement of contributions to OFID by Member Countries as of end 2016 and a summary of OFID's financial statements for the years 2015 and 2016.

Yours sincerely,

Abdul Wahab Ahmed Al-Bader Chairman of the Governing Board



The 37th Session of the Ministerial Council took place at OFID's headquarters in Vienna on June 3.

Ministerial Council*

Algeria	HE Hadji Babaammi ¹ (Chairman)
Ecuador	HE Fausto Herrera
Gabon	HE Luc Oyoubi
Indonesia	HE Dr Bambang PS Brodjonegoro
Iran, IR	HE Dr Ali Taieb Nia
Iraq	HE Hoshyar Zibari
Kuwait	HE Anas Khaled Al-Saleh
Libya	HE Fakhr Muftah Bufernah ²
Nigeria	HE Kemi Adeosun (Mrs)
Qatar	HE Ali Shareef Al Emadi
Saudi Arabia	HE Mohammed Al-Jadaan ³
United Arab Emirates	HH Sheikh Hamdan Bin Rashid Al-Maktoum HE Obaid H Al-Tayer
Venezuela	HE Rodolfo Medina del Rio ⁴

* As of December 31, 2016

1 Succeeded HE Abderrahmane Benkhalfa 2 Succeeded HE Kamel Breq Mu'min 3 Succeeded HE Dr Ibrahim Al-Assaf 4 Succeeded HE Rodolfo Clemente Marco Torres



Governors and Alternate Governors at OFID's Vienna headquarters for the 157th Session of the Board.

Governing Board*

	Representatives	Alternates
Algeria	Mr Farid Tiaiba	Mr Sidi Mohamed Ferhane
Ecuador	HE Wilson Marcelo Pastor Morris	Mr Juan Francisco Viera ²
Gabon	HE Luc Oyoubi	Mr Jean Philippe Ndong Biyogho
Indonesia	Mr Askolani	Dr Anandy Wati (Mrs)
Iran, IR	HE Dr Mohammad Khazaee	Mr Seyed Jamal Hosseini
Iraq	HE Dr Fadhil Nabee Othman	Mr Muwafaq Taha Ezzulddin
Kuwait	Mr Abdulwahab A Al-Bader (Chairman)	Mr Waleed S A Al-Bahar
Libya	Dr Ahmed Menesi	Dr Abdulnaser Othman Abdullah
Nigeria	HE Dr Mahmoud Isa-Dutse	Mr Haruna Mohammed
Qatar	Mr Bader Ahmed Al Qayed	Mr Ahmed Al Hashimi
Saudi Arabia	HE Mohammed Abdullah Al-Kharashi ¹	Mr Mohammed Abdulkarim Aljenaidel ³
United Arab Emirates	Mr Majed A Omran	Mr Hammad Al-Zaabi
Venezuela	HE Rodolfo Medina del Rio	Dr Eudomar Tovar

* As of December 31, 2016

1 Succeeded Dr Ahmed Abdulkarim Alkholifey 2 Succeeded Mr Daniel Esteban Torres León 3 Succeeded Mr Ibrahim Alturki

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OFID at 40: A staunch partner in challenging times



"The year 2016 was an opportunity to stand up for the cause closest to OFID's heart: the right of every man, woman and child to live in peace, security and prosperity."

> Suleiman Jasir Al-Herbish OFID Director-General

As the year in which it celebrated the 40th anniversary of its founding, 2016 was a significant milestone for OFID. It was also an opportunity to pause, reflect and take stock: Where have we come from? Where are we today? Where are we heading? The answers reveal a remarkable transformation that is a source of immense satisfaction and pride.

In the space of four decades, OFID has evolved from a temporary account with limited resources and ambitions into a pioneering international development finance institution of considerable substance, presence and influence.

By the end of 2016, and through the astute management of paid-in resources of just over \$2.4bn, OFID had

committed over US\$20bn in support of more than 3,600 development operations across 134 countries. Considering the institution's modest size, this is an outstanding achievement by any reckoning.

It has been an extraordinary journey. There have been economic crises to navigate, seismic geopolitical shifts, oil price volatility, wars and natural disasters. OFID has weathered every storm, repositioning itself whenever necessary to keep its work relevant and meaningful.

This has involved embracing new financing instruments and models, building a more diverse partnership network and, occasionally, venturing into uncharted territory. There's also been financial and operational restructuring, systems' modernization and institutional capacity building—all designed to keep OFID fit for purpose.

The transformation has been so complete as to render the institution virtually unrecognizable from its original incarnation. Unrecognizable, that is, except for its core values, which shine as clearly today as they did forty years ago: South-South solidarity, peoplecentered development, and unqualified impartiality.

So, yes, 2016 was indeed a year for celebration, but it was also an opportunity to stand up for the cause closest to OFID's heart: the right of every man, woman and child to live in peace, security and prosperity. We thus dedicated our anniversary year to the plight of refugees; to the millions of people forced to flee their homes and countries in search of a better, safer life. Our Equal Dreams campaign went some way toward raising awareness of this tragic situation.

Business as usual

Amid the anniversary activities, the serious business of OFID's day-to-day work continued throughout 2016. These efforts saw the approval of \$1,338.6m in fresh financing for development, an increase of around \$200m over 2015. In line with our strategic plan, operations continued to be led by the energy–water–food nexus, supported by the transportation sector.Together, these four areas accounted for some 73% of aggregate approvals for the year, taking \$972.5m for a wide range of priority initiatives.

It is energy access, however, that remains OFID's main focus, and this was well reflected in commitments to the sector, which amounted to \$412.4m. Representing one-third of total approvals, this sum is almost double that provided in 2015.The funding supported a variety of solutions, from power plants to rural electrification to small-scale renewal energy schemes. As always, all financing mechanisms were brought into play.

Advocacy efforts also intensified. A key highlight in this regard was the launch in March of the OFID- and WPC-led Oil and Gas Industry Energy Access Platform. The EAP will serve as a framework for the industry to harness its vast pool of expertise, technologies and capital, and collaborate with other stakeholders in support of universal energy access. Eight parties signed up to the EAP Charter in July, a number we hope to see grow as we move forward.

Breaking new ground

Two-thousand-and-sixteen was also a year of significant "firsts," especially with regard to OFID's private sector activities, where approvals leapt to a record high of \$417m in response to the persistent challenges faced by emerging markets. In a bid to meet the varied needs of its partners, OFID continues to evolve its range of financing products for the private sector and, in 2016, extended its first subordinated debt facilities. Equally notable was repeat business with several financial institutions serving as intermediaries for OFID on-lending to MSMEs. We consider it vitally important to nurture such relationships, which are beneficial to both sides.

In the area of trade financing, we committed some \$294m, the bulk of it drawn from an existing global trade participation scheme with the International Islamic Trade Finance Corporation. Here, too, we continued to expand our outreach, with maiden transactions benefiting Costa Rica and Djibouti.

In line with OFID's mandate, however, it was the public sector that formed the central pillar of activities in 2016, securing a substantial \$615m for a raft of new projects. Reflecting the priorities of partner countries, the majority of these will strengthen infrastructure in the transportation and energy sectors as well as in support of agriculture and food security.

Resources channeled through our grant program totaled \$11.7m and focused chiefly on food security and access to basic services as well as health and education. Grant funding represents an important instrument of development, and we remain committed to reaching out to vulnerable and marginalized groups and providing them with the means to improve their lives.

For all that we have achieved in 2016and indeed over the past 40 years-we are mindful that nothing would have been possible without the trust and support of our Member Countries. For this we are deeply grateful. A debt of thanks is also due to our host nation Austria and the beautiful city of Vienna, where we are so fortunate to have our headquarters. As a token of our gratitude, in 2016 we presented the City with a specially commissioned sculpture depicting the roots of development. This monument has pride of place directly outside the Vienna International Center on the northern bank of the River Danube. It is not only a gift to our generous hosts but an enduring symbol of our shared ideals. It gives me great pleasure to know that we will forever have a footprint in Vienna, just as we have in the other 134 countries around the globe where we have a presence.

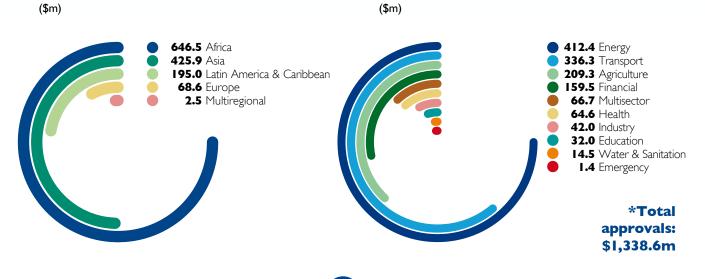
Suleiman J Al-Herbish Director-General, OFID

OFID: A global footprint

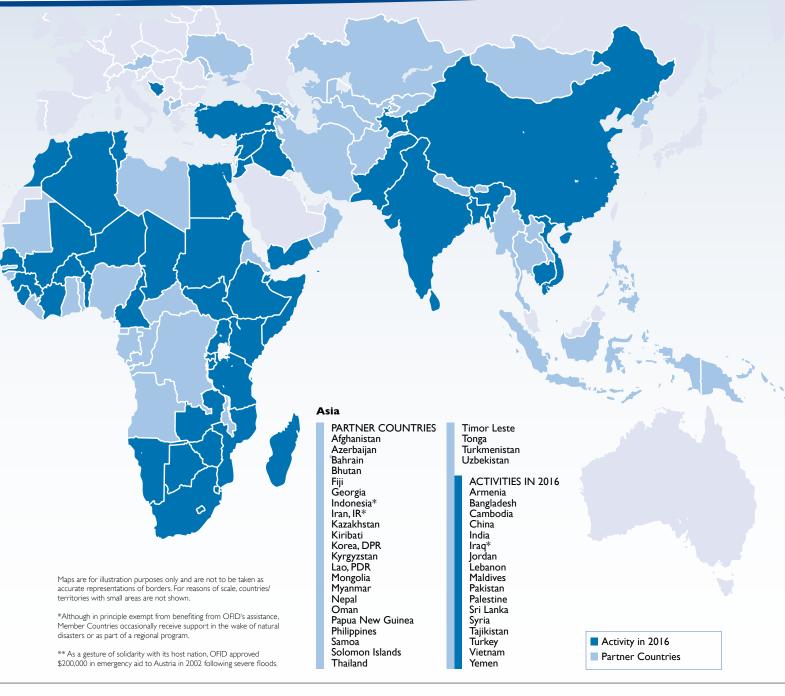
Africa

Africa		
PARTNER COUNTRIES		
Angola		
Cape Verde		Europe
Central African Republic		
Comoros		PARTNER COUNTRIES
Congo DP		Albania
Congo Ropublic		Austria**
Congo, DR Congo Republic Equatorial Guinea		Kosovo
Eritrea		Macedonia
Gabon*		Moldova
Gambia.The		Ukraine
Ghana		
Guinea Bissau		ACTIVITIES IN 2016
Liberia		Bosnia and Herzegovina
Libya* Malawi		
Mauritania		
Mauritius		
Nigeria*		
São Tomé and Príncipe	Latin America and the Caribbean	
Seychelles	Latin America and the Caribbean	
Togo	PARTNER COUNTRIES	
	Antigua & Barbuda	
ACTIVITIES IN 2016	Argentina	
Algeria*	Barbados	
Benin	Belize	
Botswana	Brazil	
Burkina Faso	Chile	
Burundi	Colombia	
Cameroon	Cuba	
Chad	Dominica	
Côte d'Ivoire		
Djibouti	Dominican Republic	
Egypt	Guyana	
Ethiopia	Mexico	
Guinea	Panama	
Kenya	Peru	
Lesotho	St. Kitts and Nevis	
Madagascar	Suriname	
Mali	Uruguay	
Morocco	Venezuéla*	
Mozambique		
Namibia	ACTIVITIES IN 2016	
Niger	Bolivia	
Rwanda	Costa Rica	
Senegal	Ecuador*	
Sierra Leone	El Salvador	
Somalia	Grenada	
South Africa	Guatemala	
Sudan	Haiti	
Swaziland	Honduras	5 S S
Tanzania	Jamaica	
Tunisia	Nicaragua	ेर्स्युन्न
	Paraguay	
Uganda	St. Lucia	
Zambia	St. Lucia St. Vincent and Grenadines	
Zimbabwe	St. vincent and Grenadines	

0.3 Approvals in 2016 by region* (\$m)



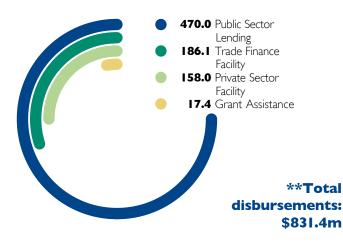
0.4 Approvals in 2016 by sector*







0.6 Disbursements in 2016 by mechanism** (\$m)



Cumulative commitments top **\$20bn**

hoto: jeffreymwalcott.con

Maiden energy projects in Botswana, Somalia and South Africa expand

energy footprint to

90 countries

Energy-waterfood nexus + transportation secures **74%**

of approvals



Cooperation with 63 countries

Photo: gyn9037/shutterstock.com

Equal dreams campaign highlights plight of refugees

Private sector attracts record \$417m

Energy sector leads approvals with **\$412m**



Highlights in brief



OFID celebrates **40**th Anniversary

TFF: maiden projects in Costa Rica and Djibouti

Launch of Oil & Gas Industry **Energy Access Platform**

First private sector transactions in

Turkey and **Madagascar**



Launch of OFID blog unitingagainstpoverty.org

St Vincent and Grenadines resumes cooperation after **28** years

Photo: railway ƙv/shutterstock.com

PSF extends first subordinated deht



OFID monument unveiled in Vienna





OFID Member Countries in 2016



OFID Member Countries in 2016

In 2016, the growth rate of world trade volume declined to



Background

In 2016, the social and economic performance of OFID Member Countries continued to be influenced by the international oil market as well as by low commodity prices, fluctuations in financial markets, stagnant global trade, and capital flows.

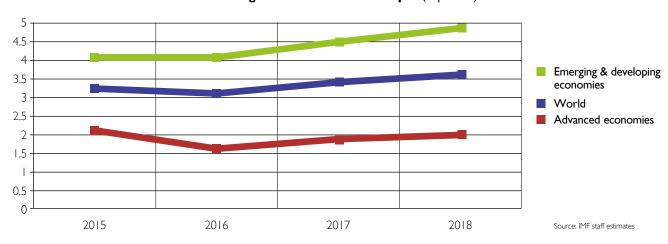
Global economic gains fell short of expectations in 2016, slowing to 3.1% from 3.2% in the previous year. Emerging markets and developing economies grew 4.1%, broadly in line with previous expectations. Advanced economies slowed to 1.6% in 2016, about half a percent lower than the previous year. International trade growth recorded its weakest performance since the global financial crisis, with the world trade volume growth rate declining from 2.7% in 2015 to 1.9% in 2016.

OPEC continued to contribute to the world oil supply by producing 32.4 million barrels per day (mb/d) in 2016, an increase of around 950,000 b/d from 2015. World oil demand grew by

Economic data for 2016 is based on estimates and subject to change.

1.2 mb/d in 2016 to 94.4 mb/d, where incremental demand was mainly met by OPEC supply. In 2016, the yearly value of the OPEC reference basket of selected crudes declined by about \$8 per barrel compared to the previous year, settling at \$41 per barrel. Global oil markets continued to suffer from a prolonged period of oversupply, coupled with a slowdown in the Chinese economy. Oil prices were additionally pushed downward by fluctuations in the equity markets and by the appreciation of the US dollar. The oversupplied market caused the commercial OECD oil stock to stand at 2.993 million barrels in November 2016, 271 million barrels higher than the latest five-year average. In November 2016, OPEC agreed on a new production target of 32.5 mb/d, effective from January 2017, in order to rebalance the oil market.

OFID Member Countries continue to undertake diverse measures to tackle the economic challenges faced by low oil revenues. Such actions include instituting prudent fiscal policies, limiting public spending, reducing subsidies, stimulating the private sector and encouraging a resilient economy. Longer term economic plans and



I.I Annual growth rate of world output (in percent)



initiatives will pursue sustainable, inclusive and diversified growth as well as the improvement of social conditions. The 2030 Agenda for Sustainable Development guides OFID Member Countries to build on the experiences gained in achieving the MDGs. By aligning these objectives with their national development plans, OFID Member Countries will be in a position to realize the Sustainable Development Goals (SDGs).

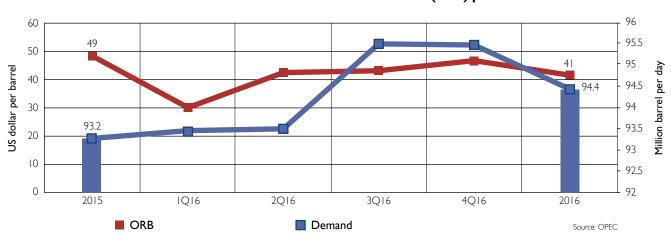
Since mid-2014, Algeria has been affected by the lower oil prices in the international market. The country's GDP growth rate fell from 3.9% in 2015 to 3% in 2016, mainly due to a tightening in both the hydrocarbon and non-hydrocarbon sectors. Inflation increased to 5.9% and unemployment rose to 11% in 2016, affecting women and youth in particular. Despite diminished oil revenues, the authorities reined in public investment and trimmed public spending to scale down the fiscal deficit to 16.7% of GDP in 2016. MDG accomplishments included reducing extreme poverty and hunger by half and promoting gender equality and the empowerment of women, who now hold 31.6% of seats in the national parliament.

Mainly due to the effect low oil prices have had on revenues, Ecuador's economic growth diminished to -1.1%in 2016 from the previous year's positive, but modest, growth rate of 0.2%. Inflation measured 2.4% in 2016. down from 4% in 2015. In recent years, bond issues have rehabilitated Ecuador's position in global capital markets. Backed by more than a decade of sustained growth, the poverty rate fell from 38% in 2006 to 22.5% in 2016, while the unemployment rate also dropped significantly. These achievements were nonetheless threatened by economic slowdown, a stronger US dollar and the devastating 2016 earthquake that cost the country an equivalent of 3% of its GDP. The government continued to protect investments and rationalize public spending, while imposing limits on labor market movements. Ecuador achieved most of the MDGs and made headway toward a sustainable and diversified economy.

The slump in oil prices slightly slowed GDP growth in **Gabon** to about 2.9% in 2016, compared with 3.9% the previous year, which had been supported by a one-off boost in oil production from new oil fields. Inflation

increased in 2016 to about 2.1% from around 0.1% in 2015. Despite recent sustained growth, the national unemployment rate remained at 20%, mainly affecting women and youth in urban areas. Gabon's medium-term economic prospects remain strong thanks to recent efforts to diversify the economy and attract investment in new strategic sectors, especially mining, forestry, and agribusiness. The authorities will continue to pursue this strategy, which would help the economy become more resilient to shocks and less dependent on its oil sector:

Indonesia's economic growth continued in 2016, reaching 5%; a slight increase from the previous year on account of strong private consumption. Inflation dropped to 3.3%, largely due to more efficient targeting of electricity subsidies. Sustained economic growth helped the country push the unemployment rate down from an all-time high of 11.2% in 2005 to 5.6% in 2016.To boost economic activity in 2016, the government unveiled its 11th economic stimulus package, which included a lower tax rate on property and the harmonization of customs checks. Full achievements were made



1.2 World oil demand vs. OPEC reference basket (ORB) price in 2016

\$41 was the average spot price of the OPEC reference basket in 2016 for three MDGs, including eradicating extreme poverty and hunger, promoting gender equality and empowering women, and combating HIV/AIDS, malaria, and other diseases. The generally positive investment climate and other ongoing political, economic and social reforms will help the country complete the new SDGs.

Iran's economy grew sharply by 4% in 2016 compared to 1% in 2015, following the implementation of the Joint Comprehensive Plan of Action, the partial lifting of nuclear-related sanctions, improved economic policies and increased oil production and exports. Foreign direct investment rose to \$4.5bn in the first half of 2016, and agreements between Iran and China, South Korea, Japan, Italy and Germany will provide over US\$70bn in financial facilities. The deployment of prudent policies in recent years allowed inflation to recede from a peak of 45.1% in 2012 to a single digit level of 8% in 2016. Iran met most of the MDGs, including those relating to poverty reduction, child and maternal mortality, and safe drinking water and sanitation. The rate of people living in extreme poverty shrank to 0.7%, down from 1.45% a decade before.

In 2016, Iraq's economy continued to be influenced by the decline in oil prices and the persisting insurgencies, which contributed to a sharp deterioration of economic activity and an increase in fiscal and current account deficits. Increased oil production, however, raised GDP growth to 5% in 2016, up from a negative 2.4% growth rate the year before. The 2016 inflation rate, though likely underestimated, remained low at 2% with the government subsidizing electricity, food and fuel. A more positive outlook is expected in the medium-term, owing to increased oil production, better oil prices, the implementation of structural reforms and an anticipated calmer political

situation. Iraq completed many of the MDGs, most notably with regard to the eradication of extreme hunger and poverty. In April 2016, Iraq launched a new poverty targeting program aimed at reforming the social security network.

Kuwait's overall economic growth reached 1.8% in 2016, up from 1% the previous year, due to the recovery of oil production. Inflation, which had been hovering at around 3%, rose to about 3.4% in 2016, reflecting the recent gasoline price increases. Unemployment for Kuwaiti nationals continued to remain at about 5%. As part of the medium-term fiscal consolidation program, the government raised non-hydrocarbon revenue through the introduction of a 5% VAT and will increase the excise tax on tobacco and sugary drinks; these measures are expected to net additional revenue of 1.75% of GDP. Three key MDG accomplishments included the eradication of extreme poverty and hunger, reducing child mortality, and contributing to a global partnership for development. Another achievement was the reduction of undernourished people from 39.4% in 1991 to around 5%.

Despite the establishment of the Government of National Accord, Libya continued in 2016 to be affected by internal political conflicts that resulted in low oil production and exports, prolonging a recession that began in 2013. The GDP contracted by -4% in 2016, due to low oil production which remained at roughly 25% capacity. Despite the broad consumer price subsidy system, inflation rose by 14% in 2016, mostly due to supply chain disruptions, lack of financing for imports, higher food prices and an expansion of black market activities. Libya recorded several gains toward the MDGs, including improved access to sanitation facilities and increasing the proportion of seats held by women in

national parliament to 16% in 2016 from 4.7% in 2006.

Nigeria, the largest country and the biggest oil exporter in Africa, slid into recession in 2016 for the first time in more than two decades. The economy contracted by -1% in 2016, down from a 2.8% growth rate in 2015. The economy suffered from low oil prices, a foreign currency shortage, falling state revenues, as well as weak investor confidence. Nigeria attempted to rein in inflation amid a shortage of dollars and lower oil prices. Inflation rose by about 16% in 2016, up from 9% in the previous year. The country reached the MDG target of halving the proportion of undernourished people and met the goals for gender parity and primary and secondary education. Further strides will be taken to tackle the remaining challenges by aligning the SDGs with Nigeria's national development plan.

The drop in international oil and gas prices placed pressure on **Qatar's** fiscal position in 2016, which was partially neutralized by lower public expenditures and increases in non-oil revenues, including tariff adjustments on utilities. Growth slowed to 2.5% in 2016 and inflation rose to 3%, in part due to higher domestic energy costs. The fiscal deficit was mainly financed through domestic and foreign borrowing without drawing down from the sovereign wealth fund. Qatar continued to develop its domestic debt market by issuing bonds and sukuk in September 2016. The country's leaders are implementing an ambitious diversification strategy encompassing a \$200bn infrastructure program, while retaining the country's systemic role in the global natural gas market. Qatar managed to complete most of the key MDGs, including eradicating extreme poverty and hunger, achieving universal primary education, and promoting gender equality and the empowerment of women.

Saudi Arabia has begun a fundamental policy shift to respond to low oil prices, including diversifying the economy, creating jobs for nationals in the private sector, and planning on a balanced budget in the next five years. Oil accounts for more than 80% of government revenues and with current price levels, fiscal deficits surpassed 13% of GDP in 2016. Economic growth in 2016 decreased to 1.5% from 3.5% the previous year. The oil price crash together with high spending over the last several years had been reducing the country's budget, which prompted policy reforms. Through Saudi Arabia's Vision 2030 plan, the country is aligning efforts with the SDGs. Saudi Arabia had already recorded positive MDG results in eradicating extreme poverty, lowering the under-five mortality rate, and reducing the spread of AIDS and other major diseases.

The United Arab Emirates'

economy has slowed due to persistently low oil prices. The 2016 growth rate is projected at 2.2%, down from 3.8% the previous year. Despite rising utility and energy costs, inflation fell slightly in 2016 to 3.6%, partially outweighed by a drop in rents and a strong US dollar. The unemployment rate increased slightly to 4.5% in 2016. The government continued its efforts to promote diversification as the UAE develops its role as a regional and global hub for trade, finance, transport and tourism. One of the UAE's notable MDG gains was the proportional increase of seats held by women in its national parliament, which went from zero in 1990 to 17.5% in 2016.

Despite strong performance in recent years, low international oil prices caused **Venezuela's** economy to contract to -8.5% in 2016, more severe than the 2015 level of -6.2%. In 2016, the Venezuelan economy continued to suffer a stagflation. Constraints in the supply side of the economy and increases in aggregate demand pushed inflation to a record high. The recent plunge in oil revenues and the pegged currency policy raised the public debt burden and pushed the trade account into deeper deficit. Despite many socioeconomic challenges, the country made some important MDG achievements. For instance, the rate of undernourishment fell from 14.1% in 1991 to under 5%, and access to improved sanitation facilitates increased to 94%, up from 82% in 1990.

For more information please visit: http://www.ofid.org/ABOUT-US/ Member-Countries



CHAPTER TWO

Mustering all means to address partners' priorities

Energy: Combining advocacy and action

Transportation: Supporting the nexus

Agriculture: Balancing productivity and sustainable practice

Financial: Steadfast support in uncertain times

Multisectoral: Added value from integrated approaches

Health: Far-reaching goals

Education: Focus on quality and equality

Water and Sanitation: Holistic solutions essential

Energy: Combining advocacy and action

OFID takes a nexus approach to energy poverty, addressing it alongside food and water security

In 2016, the sum approved to the energy sector was



an almost 50% rise over 2015

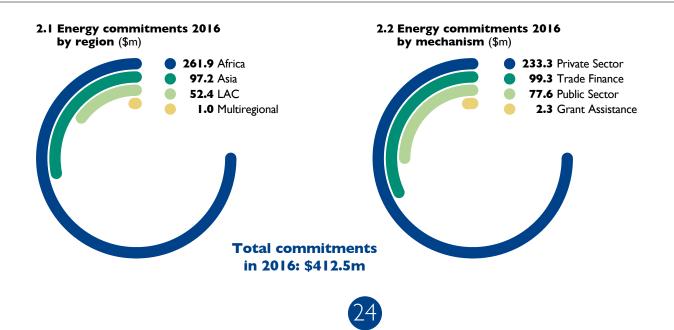
Strategic context

Embedded as SDG7 in the 2030 Agenda for Sustainable Development, access to modern energy services is universally accepted as one of the most powerful catalysts for both human and economic advancement. Without energy, it is impossible to provide healthcare and education, end hunger, supply clean water, mitigate climate change or, ultimately, eradicate poverty. The enabling power of energy access is underlined by its direct links to all other 16 SDGs.

Regardless of this growing recognition, an estimated 1.2 billion people still live without electricity, while some 2.7 billion people are without clean cooking facilities. Among the latter group, around four million people die prematurely every year from household air pollution caused by the burning of biomass. More than 95% of these people live in either sub-Saharan African or developing Asia, the vast majority of them in rural areas.

Now that the importance of energy has been firmly established, the challenge moving forward is how to achieve the stated objective of SDG7—"ensure access to affordable, reliable, sustainable and modern energy for all"—within the 2030 time frame. Key will be the development of innovative technical and financing solutions, together with an appropriate mix of energy sources that respond to local situations on the ground. According to the SEforALL Global Tracking Report 2015, the annual investment required to achieve universal energy access by 2030 is \$50bn. Other estimates are considerably higher, depending on the degree and quality of access.

OFID has assumed a lead role in global energy poverty alleviation efforts, following a direct mandate from its Member Countries in 2007. Working with likeminded partners, including the UN SEforALL initiative, OFID was instrumental in securing an explicit goal for energy in Agenda 2030. The institution is committed to using all resources at its disposal and pursuing all viable solutions in a bid to make modern energy universally available. The strategic framework for these activities is OFID's eight year-old Energy for the Poor Initiative, which is funded through a revolving endowment of \$1 bn, a sum pledged by the institution's supreme body, the Ministerial Council, in its June 2012 Declaration on Energy Poverty. In cooperation with all stakeholders, including the energy industry, OFID takes a nexus approach to energy poverty, addressing it



OFID IN ACTION

Private sector helps plug the energy gap in Bangladesh

Amount: \$12.6m Mechanism: Private Sector Term Loan

Co-financier: Infrastructure Development Company Limited

This loan will address Bangladesh's deficits in providing reliable energy services to its population through the financing of the Summit Narayanganj Power Unit II heavy fuel oil power plant. The new plant will increase the country's electricity capacity by around 318GWh per annum and contribute toward poverty reduction and economic development.

There is a strong need to advance the electricity infrastructure in Bangladesh in order to keep pace with the growing demand. At present only 47% of the population enjoys access to electricity services. Per capita generation stands at just 220KWh, which compares to an average of 500KWh for the South Asia region. These shortcomings constitute one of the greatest obstacles to Bangladesh's development, as they constrain activity in almost every economic and social sector. For the country's economy to grow at a rate conducive to alleviating poverty, electricity access needs to expand by an estimated 10% per year.

While the government has committed to addressing these challenges by prioritizing the installation of new power plants and the maintenance of existing ones, the financial burden is too great for the national power company—the Bangladesh Power Development Board—to bear alone.The government is thus incentivizing private investment in the energy



The new power plant will increase the country's electricity capacity and contribute toward poverty reduction and economic development.

sector and has contracted Summit Narayanganj Power Unit II Limited an independent power producer to generate and supply electricity to the national grid for a period of 15 years. This project is OFID's second transaction with the Summit Group.

The additional capacity provided by the project will help narrow the gap between electricity supply and demand and bring benefits to both domestic and industrial users.

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alongside food and water security. This nexus forms the central pillar of OFID's Corporate Plan 2016–2025.

As of end-2016, energy operations accounted for almost \$4,280m, or 22%, of OFID's cumulative commitments. These resources have been distributed among 90 countries—including three new in 2016 for projects ranging from infrastructure and equipment provision to research and capacity building.

Activities in 2016

With \$412.5m in new financing, the energy sector attracted close to one-third of aggregate commitments in 2016. The sum is almost double that approved in 2015 and will directly benefit 21 countries. More than half the total (\$233.3m) was approved through the private sector window for operations focusing chiefly on the construction of photovoltaic, hydropower, thermal or heavy fuel oil power plants. The beneficiary countries are: Bangladesh (\$12.6m—see OFID in Action previous page), Côte d'Ivoire (\$26.4m), Egypt (six loans totaling \$98.5m), Jamaica (\$20m), Jordan (\$40m), Mali (\$15.8m), and Uganda (\$20m). In the area of trade financing, around \$99.3m was delivered for the import of petroleum products under a scheme run by the ITFC in Cameroon (\$24.3m), Egypt (\$50m), and Pakistan (\$25m). The public sector attracted an aggregate \$77.6m for projects in Burkina Faso (\$13m—see OFID in Action opposite) and Cameroon (\$13m) for rural electrification; in Paraguay (\$32m) to expand electricity coverage in Asuncion; and in Pakistan (\$19.6m) toward construction of a run-of-river hydropower plant. Resources provided through OFID's grant program totaled \$2.3m and will support a diverse range of small-scale renewable energy schemes as well as knowledge development and exchange.

OFID maintained its advocacy efforts throughout 2016, working both independently and with other lead actors to move forward the energy poverty agenda. A key achievement was the launch in March of the OFID- and WPC-led Oil and Gas Industry Energy Access Platform. The EAP will serve as a framework for the industry to harness its vast pool of expertise, technologies and capital, and collaborate with other stakeholders in support of universal energy access. In July, eight parties signed up to the EAP Charter. Among the high-level events utilized as advocacy platforms in 2016 was October's World Energy Congress, where OFID Director-General Al-Herbish highlighted the important role of DFIs in building bridges to the private sector."As DFIs, our role is to help developing countries recognize the risks and barriers that deter private sector investment [in renewable energies] and help them gain investor confidence," he stated. Other events attended included the COP22 climate change conference and Oxford Energy Seminar, as well as meetings of the Arab Energy Club and the Vienna Energy Club.

A detailed breakdown of operations can be found in Chapter 4. For more information please visit: http://www.ofid.org/FOCUS-AREAS/ Energy

OFID IN ACTION

Burkina Faso: Expanding electricity access for better living standards and social inclusion

Zano-Koupela Transmission Line

Amount: \$13m Mechanism: Public Sector Loan Co-financier: Government of Burkina Faso

This loan will help provide a reliable source of power to over one million people in remote and vulnerable areas of Burkina Faso. The project, which involves the construction of a 55 km-long power line and related substations, will also reduce power losses in the project area.

In addition to raising living standards, through job creation and improved agricultural productivity, the project will help decrease the use of biomass for cooking and heating, thus having a favorable impact on both health and the environment. Women and girls will benefit from no longer having to spend much of their day collecting firewood.

Burkina Faso has made steady strides in developing its electricity capacity and connecting people to power networks. Yet, the electricity access rate remains low with a high disparity between urban and rural areas. In 2014, the national electrification rate stood at 16% (54% in urban and 2% in rural areas), which is among the lowest in sub-Saharan Africa.

Added to these weaknesses is the deficit in generation capacity and the high cost of access. Over the past decade, demand has increased by about 13% per year, due mainly to increased economic and mining activities and population growth. At the same time, however, supply has increased by an annual average of just 8%.



OFID's loan will help provide a reliable source of power and will also reduce power losses in remote areas of Burkina Faso.

The government's energy sector strategy seeks to address these deficiencies through a three-year rolling action plan that identifies priority projects with the ultimate aim of universal access to modern energy services. The OFIDsponsored project, which will help reduce regional development imbalances and promote social inclusion, supports this strategy.

5

Transportation: Supporting the nexus

The importance of the sector is underlined by its role as an enabler of the critical energywater-food nexus

As of December 2016, OFID's support for transport accounted for almost



Strategic context

Transportation infrastructure connects people and improves lives. It promotes inclusive economic growth and competitiveness and facilitates trade, integration and employment. The importance of the sector is underlined by its role as an enabler of the strategically critical energy-water-food nexus. Yet, an estimated one billion people in low-income countries remain isolated due to lack of access to an all-weather road. In cities, meanwhile, rapid urbanization has led to severe congestion and pollution and high mobility costs for the urban poor. Addressing these challenges will require significant investment, including from the private sector.

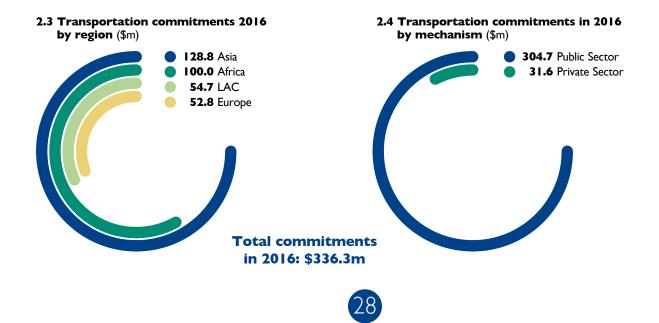
OFID's support to the transportation sector has been consistently high, with cumulative approvals amounting to around \$4,128m, or 21% of total commitments. These resources have been utilized across all subsectors, from roads, seaports and airports, to railways, inland waterways and urban mass transit. They have been channeled predominantly through the public sector, although the past decade has witnessed growing investment in private sector initiatives.

Activities in 2016

Operations approved in 2016 for the transportation sector numbered 13 and

benefited 12 countries. Provided almost exclusively in public sector financing, the aggregate \$336.3m in commitments represented a 25.6% share of total 2016 approvals. Asia and Africa shared the bulk of approvals, taking 38.3% and 29.7%, respectively, with the remainder going to LAC (16.3%) and Europe (15.7%). From the total \$304.7m directed at the public sector, Ethiopia (\$20m), Grenada (\$20m), Mali (\$10.4m), St Vincent & Grenadines (\$18.5m), Sierra Leone (\$20m) and Tanzania (\$18m) are all looking to open up agricultural areas. Urban and intercity connectivity, meanwhile, is the focus in Bosnia & Herzegovina (\$52.8m), St Lucia (\$16.2m), Tajikistan (\$12m—see OFID in Action opposite), and Vietnam (\$45m and \$21.8m). The Maldives will use its \$50m loan for airport expansion. One private sector loan was approved: a \$31.6m facility to Madagascar. The new infrastructure will generate economic opportunities, boost agricultural production, and promote tourism and trade.

A detailed breakdown of operations can be found in Chapter 4. For more information please visit: http://www.ofid.org/FOCUS-AREAS/ Transportation



OFID IN ACTION

Tajikistan: Boosting connectivity for regional integration and inclusive growth

CAREC Corridors 2, 5, and 6 (Dushanbe–Kurgonteppa) Road Amount: \$12m Mechanism: Public Sector Loan Co-financiers: ADB, Government of Tajikistan, Clean Energy Fund

OFID is supporting the Central Asia Regional Economic Cooperation (CAREC) Road Project to enhance economic growth in Tajikistan by improving the country's transport infrastructure.

OFID's assistance will help upgrade more than 30km of road that connects the capital, Dushanbe, with Kurgonteppa, another of Tajikistan's important economic hubs. The road is a strategic north-south link and one of the most heavily travelled in the country. When complete, the upgrade is expected to directly benefit around 54,000 people through improved transport efficiency. There will be better access to jobs, markets and public services, which will in turn promote socioeconomic development.

The safety of travel will also be improved through the introduction of road signs, street lighting and better rest stations. These improvements should address some of the factors that inhibit female mobility. The government plans to further promote confidence in travel through road safety awareness training and workshops.

As a landlocked country, Tajikistan is heavily dependent on the overland movement of goods for local consumption as well as for import and export, and all but a fraction of domestic cargo and passenger traffic



Construction workers upgrading the road from Dushanbe to Kurgonteppa, Tajikistan.

is carried by road. Transport costs remain high, however, due to ageing infrastructure and inadequate maintenance. Addressing these deficiencies with the aim of establishing an efficient and affordable transport system is a key strategic goal of the government.

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Agriculture: Balancing productivity and sustainable practice

Every year, 30% of food grown is lost or wasted. The challenge is not just about producing enough food, but also about efficient distribution

In 2016, OFID increased financing to agriculture by



Strategic context

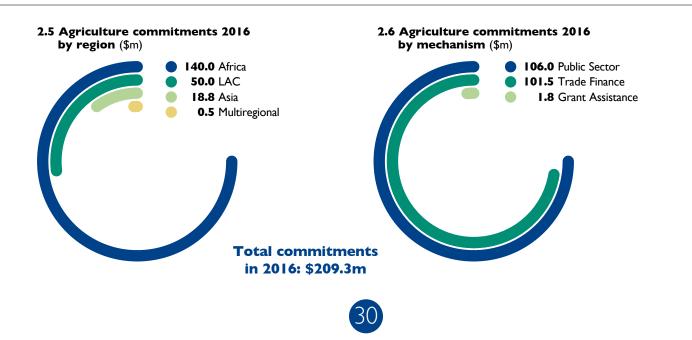
SDG2 aims to end hunger and all forms of malnutrition by 2030, a daunting task considering the rate of global population growth. While the prevalence of hunger has declined, from 15% globally in 2000–2002 to 11% in 2014–2016, more than 790 million people worldwide still lack adequate nutrition. At the same time, 30% of the food grown for human consumption is lost or wasted every year. The challenge, therefore, is not just about producing enough food, it's about efficient distribution networks and supply chains; the smart management of limited natural resources; and the effective mobilization of all stakeholders. Small producers sit at the heart of the solution.

At the end of 2016, OFID's cumulative support to agriculture stood at \$2,652m, or 14% of total approvals. These resources have supported all aspects of the value chain, from crop and livestock production and artisanal fisheries, to agro-processing, marketing, trade and financial services. Indirectly, OFID supports the sector by promoting agricultural research and improving rural infrastructure.

Activities in 2016

In 2016, the agriculture sector attracted \$209.3m in new financing. This was a 74% increase over 2015 and a strong response to OFID's heightened focus on food security as part of the energy-water-food nexus. The funds represented a 15.9% share of total commitments for the year and were concentrated primarily in Africa. Public sector projects narrowly led approvals, with \$106m shared among five countries: Benin (\$12m), Burundi (\$6m), El Salvador (\$50m-see OFID in Action opposite), Guinea (\$20m) and Sri Lanka (\$18m), for activities ranging from small-scale vegetable production to strengthening dairy and rice value chains. Together, these five projects will enhance food security for over 1.2 million people. Trade financing was also substantial, with a total \$101.5m approved for operations under a scheme with the ITFC in Burkina Faso (\$36.9m), Cameroon (\$7.4m), Côte d'Ivoire (\$42.2m) and Senegal (\$15m). The remaining \$1.5m was divided among three grant-financed initiatives that will boost food security in 15 countries through various kinds of assistance to resource-poor farmers.

A detailed breakdown of operations can be found in Chapter 4. For more information please visit: http://www.ofid.org/FOCUS-AREAS/Agriculture



OFID IN ACTION

El Salvador: Boosting agriculture and climate change resilience

Rural Economic

Transformation for National Living Well Program (Rural Adelante) Amount: \$50m Mechanism: Public Sector Loan Co-financiers: IFAD, Government of El Salvador

OFID is supporting the Rural Adelante program that aims to help rural communities in El Salvador increase sustainable agricultural productivity and income, while becoming more resilient to climate change.

The program will directly benefit more than 106,000 people (mostly women and young people) by engaging over 21,000 families involved in agricultural production and related small business activities. At least another 25,000 families not directly involved in agricultural production should also benefit from the spillover effects of investments, while employees of central and local government and community service providers will benefit from training and capacity building opportunities.

The program will include the development of a Climate Data System to provide climate information services to national institutions, and the rehabilitation of an important irrigation facility in one of El Salvador's driest and most vulnerable agricultural areas. A Climate Change Mitigation Fund will be established to finance at least 50 climate change mitigation plans, and up to 1,500 agricultural business and climate change scholarships and internships will be offered to young rural producers. In addition, around 400 rural organizations will be helped to develop and implement



Young producers, like these tomato farmers, are key targets of El Salvador's Rural Adelante initiative.

business and climate change adaptation plans.

Climate change is among the biggest challenges for Salvadoran farmers. According to the Intergovernmental Panel on Climate Change, rising temperatures will reduce the country's yields of main crops by 30% in 2050. Although El Salvador has become highly urbanized, rural poverty affects 37% of the population.

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Financial: Steadfast support in uncertain times

A solid financial sector is key to economic stability and growth and a strong force for poverty reduction

For the financial sector, OFID had committed a cumulative



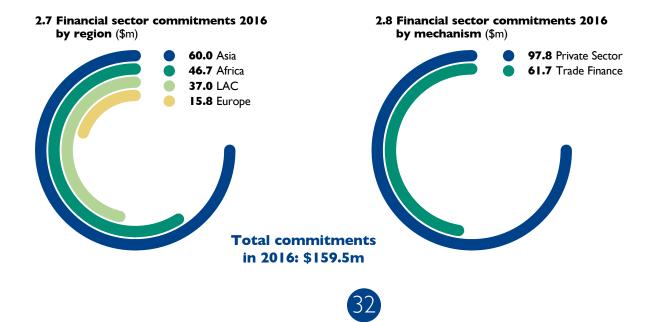
Strategic context

A solid financial sector is key to economic stability and growth and a strong force for poverty reduction. The year 2016 saw a continuation of the volatility experienced in emerging financial markets in 2015, with ongoing currency fluctuations and a number of regional geopolitical and economic transitions affecting emerging markets. This presented many sources of uncertainty, which translated into risk aversion and declining investment flows. In this climate, OFID steadfastly maintained its support to MSMEs, channeling funds through financial intermediaries, such as regional development banks, commercial banks, leasing companies, microfinance institutions and investment funds. With 70% of all MSMEs in emerging markets lacking access to credit, OFID's overarching goal for the sector is to bridge the financing gap and thus increase their contribution to job creation and economic growth. As of December 31, 2016, OFID's cumulative approvals to the financial sector stood at \$2,325m or 12% of total commitments.

Activities in 2016

In total, \$159.5m was approved in favor of the financial sector in 2016, with the largest share (61%) channeled through the private sector window to support the financing requirements of MSMEs. In a bid to strengthen long-term and mutually beneficial relations, several of these transactions involved existing partners, among them Amret of Cambodia, which received its fifth loan (\$10m), and Banco Ficohsa of Honduras, which received its third (\$12m). Ficohsa also featured in 2016 as one of two maiden subordinated debt transactions: the other concerned the Nicaraguan bank Banpro, which will use the funds to finance long-term projects in the country's agriculture sector. Cross border trade attracted \$61.7m in new financing in 2016: two facilities will support regional ITFC schemes in Africa; while another two will support the international trade activities of SMEs in Armenia and Costa Rica. The latter represents OFID's first trade operation in that country.

A detailed breakdown of operations can be found in Chapter 4. For more information please visit: http://www.ofid.org/FOCUS-AREAS/Financial



OFID IN ACTION

Extending a helping hand to Nicaragua's agribusiness SMEs

Banco de la Producción S.A. (BANPRO) Amount: \$10m Mechanism: Private Sector Subordinated Loan Co-financier: Proparco

Representing the first subordinated loan under OFID's Private Sector Facility, this transaction with Nicaragua's BANPRO will allow it to expand outreach to SMEs focusing on the agriculture and agroindustry sectors.

The financing will contribute to the modernization of the country's agriculture sector and in turn increase food security. Agriculturallyfocused enterprises will receive loans for capital expenditure such as the implementation of irrigation projects that will help reduce their vulnerability to the uncertainties of climate change.

Agriculture is considered the prime engine of economic growth in Nicaragua, accounting for 20% of national GDP. During the last two years, prolonged drought caused by the El Niño phenomenon has left the country's farmers grappling with severely reduced harvests. According to the UN Food and Agriculture Organization, harvests of maize and beans have declined by as much as 60-80% in Central America. In Nicaragua, an estimated 50% of total planted areas have been affected. Small scale farmers are the worst hit as they do not have the resources or the irrigation systems necessary to combat severe drought.

Interventions by national banks such as BANPRO are part of an initiative launched by the Nicaraguan government to strengthen farmers'



The OFID loan will contribute to the modernization of the country's agriculture sector and, in turn, increase food security.

capacities to respond more effectively to climate uncertainties. BANPRO is the country's leading agribusiness bank, with about 20% of its portfolio dedicated to agriculture and a sector market share of 39%. In addition, because it is a subordinated facility, the funding will have a multiplier effect on Nicaraguan SMEs by strengthening the bank's capital adequacy and supporting the expansion of its Ioan book.

The OFID financing is part of a \$20m facility being provided jointly with the French Development Bank (Proparco), which will participate with the remaining \$10m.

Multisectoral: Added value from integrated approaches

Agenda 2030 highlights the links between social and economic sectors and underscores the value of cross-cutting initiatives

Multisectoral commitments stood at



Strategic context

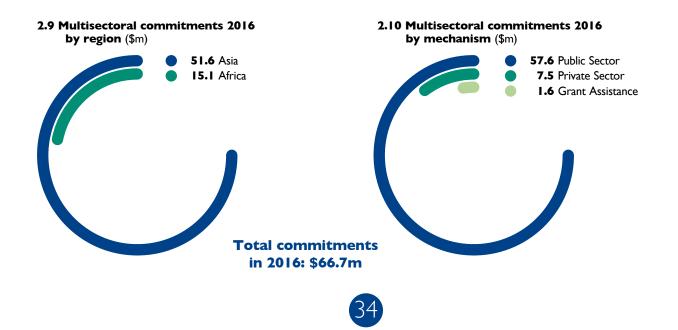
One of the most important lessons learned from the MDGs is that approaches to development need to be combined, integrated and holistic. Recognizing this, Agenda 2030 highlights the multiple interdependencies between social and economic sectors and underscores the value of cross-cutting initiatives. Typical examples are integrated rural or urban development projects and activities carried out by social investment funds which usually encompass a demand-driven range of sub-projects and are implemented with a high level of community participation.

While OFID will often finance a specific element of a multisectoral project, its contribution may equally be directed at undertakings that cut across more than one sector. Of particular note is OFID's strategic approach to the energy–water– food nexus with transportation as a fourth, enabling sector. As of December 31, 2016, OFID's cumulative approvals for multisectoral projects stood at \$818m.

Activities in 2016

Multisectoral commitments in 2016 stood at \$66.7m, similar to the amount approved in 2015, with the lion's share (86%) approved in public sector lending. In Pakistan, a \$50m loan will support a wide-reaching program to meet the infrastructure needs of families in the Federally Administered Tribal Areas; while a \$7.6m loan to Zimbabwe (see OFID in Action opposite) will help fund a multifaceted poverty alleviation project. One private sector transaction was approved: a \$7.5 term loan for urban development in Maputo, Mozambique. Of the \$1.6m approved in grant assistance, \$1m is destined for the second phase of a successful project to rehabilitate lowincome housing in East Jerusalem.

A detailed breakdown of operations can be found in Chapter 4. For more information please visit: http://www.ofid.org/FOCUS-AREAS/ Multi-Sect-Urban-Dvt



OFID IN ACTION

Zimbabwe sets sights on social transformation

Poverty Alleviation Project Amount: \$7.6m Mechanism: Public Sector Loan Co-financier: Government of Zimbabwe

Over 3.8 million people in the provinces of Manicaland, Masvingo and Matabeleland will benefit from this loan, which seeks to eradicate poverty through income diversification and increased food production for self-sufficiency. It will also serve as a catalyst for local people to engage in off-farm economic activities and community development.

In recent years, Zimbabwe has received inadequate rainfall to sustain traditional crop production. With 80 percent of the population dependent mainly on rain-fed agriculture for their livelihoods, the unpredictable climate has major implications for food production and security, especially in rural areas.

As rural poor households do not produce enough food to meet their basic needs from one harvest to the next, they often rely on markets and other non-farm sources for their supplies. The situation is made worse by the slowdown in economic growth, which has led to a shortage of decent jobs and sustainable livelihood options, especially for the youth.

The project thus sets out to rejuvenate rural economies and generate new opportunities for enhanced living standards. Activities include awareness campaigns to sensitize and inspire villagers to engage in sustainable, communitybased poverty alleviation schemes; community support initiatives to



Increased food production for self-sufficiency is one of the project's goals.

identify demand-driven sub-projects, such as livestock development, honey production, fish farming and the cultivation of locally grown fruits; and support to savings and credit cooperatives.

The project is in line with the government's 2013–2018 national development plan, which seeks to reduce poverty by providing an enabling environment for sustainable economic empowerment and social transformation.

Health: Far-reaching goals

OFID has restructured its grant program to incorporate a special health program that broadens the scope of its interventions

In 2016, the largest support went to Turkey for a

5558-bed training and research hospital

Strategic context

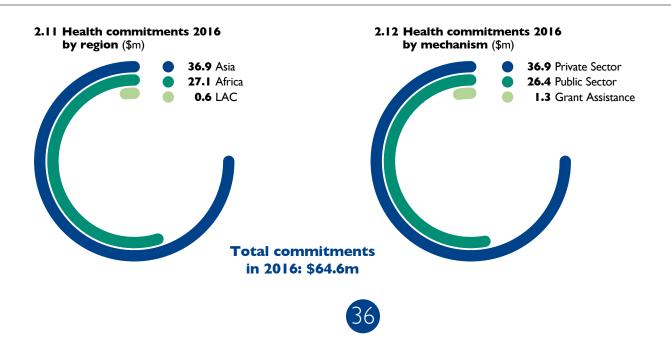
Great strides were made between 2000 and 2015 in reducing maternal and infant mortality and in pushing back the incidence of major infectious diseases like HIV, tuberculosis and malaria. Significant challenges remain, however, and the 2030 goals for improved global health are far reaching. Targets include, among others, improvements to maternal, child and reproductive health, reduction and prevention of communicable and noncommunicable diseases (NCDs), and access for all to safe, effective, quality and affordable medicines and vaccines. NCDs, in particular, are a grave concern, accounting for more than two-thirds of all deaths worldwide. To achieve the inclusive and widespread advancements outlined in SDG3 will require substantial investment in more and better healthcare facilities and workforce, as well as in research and development.

As of December 31, 2016, OFID's cumulative contribution to the health sector stood at \$866m. Among the many activities funded are infrastructure provision, capacity building and support to primary healthcare programs. OFID has recently restructured its grant program to incorporate a special health program that broadens the scope of its interventions. As well as HIV/AIDS and other preventable diseases, including TB, malaria and waterborne illnesses, the program targets NCDs, such as cancer, diabetes and heart disease, which are more prevalent in poor developing countries.

Activities in 2016

In the course of 2016, OFID committed \$64.6m for a diverse range of healthcare initiatives. The largest single transaction was a maiden private sector investment in Turkey, where a \$36.8m loan will support the construction of a training hospital (see OFID in Action opposite). From the remaining funds, an aggregate \$26.4m was approved through the public sector: \$14m for a national referral hospital in Swaziland, and \$12.4m for the construction and expansion of cancer treatment centers in Zambia. Grant financing totaled \$1.3m and comprised funding for a capacity-building project to reduce NCDs in Latin America; an initiative to improve the quality and availability of eye care in Niger; and a project to improve maternal and child health in Zambia.

A detailed breakdown of operations can be found in Chapter 4. For more information please visit: http://www.ofid.org/FOCUS-AREAS/Health



OFID IN ACTION

Turkey: Leveraging healthcare investment through PPPs

Amount: \$36.9m Mechanism: Private Sector Term Loan

Co-financiers: IsDB, ICD, Siemens Bank, Ziraat Katilim Bankasi

Some 1.3 million people in Turkey's western Manisa province will soon be able to access international standard healthcare thanks to this OFID-sponsored project, which will build a 558-bed training and research hospital in the provincial capital of the same name.

The new general hospital forms part of the government's comprehensive transformation program for the sector, which envisages adding 40,000–50,000 hospital beds to the public health service through the construction of 35 new health campuses and city hospitals.

Since the program's launch in 2003, the Turkish healthcare system has undergone steady improvement, including the introduction of a national social insurance scheme and a nationwide family practitioner scheme. One of the key elements of the program is the introduction of public–private partnerships (PPPs) to quickly leverage much needed investments for public hospitals. The Manisa project has been developed within this model.

Despite significant improvements in recent years to the way healthcare is provided and organized in Turkey, inequalities persist in service provision. This is particularly true for people living outside the main cities, where access to health facilities is limited. Among the OECD countries, Turkey has the third-lowest number of hospital beds in relation to its population size, and the demand for



The OFID-sponsored project will improve access to health services and ensure a better quality of care and a greater variety of treatments.

healthcare services is growing. Moreover, despite efforts to transfer ownership of the majority of public hospitals to the ministry of health, the sector is still dominated by private institutions.

Manisa's new hospital will bring numerous benefits to the population. As well as greatly improved access to health services, people can expect better quality of care and a greater variety of treatments from a team of specialized medical professionals.

Education: Focus on quality and equality

Children from the world's poorest households are four times less likely to be educated

Current estimates indicate a need for



Strategic context

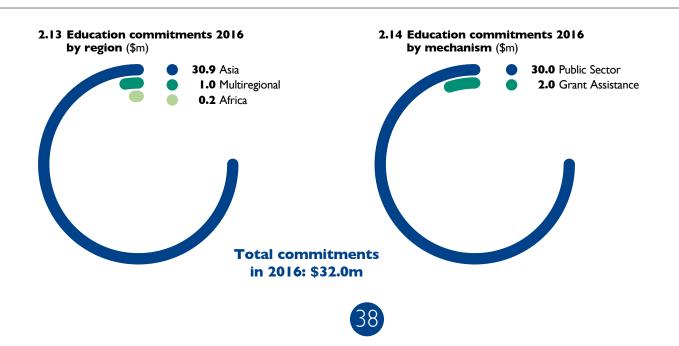
Since the beginning of the century and global efforts to promote schooling, more children receive an education than ever before, while literacy levels have risen markedly. Still, entrenched discrepancies and inequalities persist: children from the world's poorest households are four times less likely to be educated; 40%-90% of children completing primary school do so without minimum proficiency in reading and maths; and two-thirds of the world's illiterate are women. SDG 4 aims to plug these gaps and ensure quality education for all. Central to achieving this is a substantial increase in the number of qualified and capable teachers—current estimates indicate a need for 26 million new primary teachers by 2030. Meanwhile, more inclusive and effective national education policies will help mainstream gender parity and equal access to all levels of education.

As of December 31, 2016, \$978.5m (5%) of OFID's total commitments had been allocated to education-related initiatives, including the construction and modernization of primary, secondary and tertiary facilities, as well as teacher training and capacity building. Also supported is knowledge exchange through the sponsorship of conferences, workshops and other intellectual pursuits.

Activities in 2016

Education projects attracted \$32m in funding in 2016, with the bulk (\$30m) delivered in public sector lending for a single project in Asia: the expansion of China's Xingyi University. The remaining \$2m was provided in grant financing for a variety of capacity-building initiatives, including the sponsorship of ten winning OFID Scholarship applicants, among them five exiled Syrian women.

A detailed breakdown of operations can be found in Chapter 4. For more information please visit: http://www.ofid.org/FOCUS-AREAS/ Education



OFID IN ACTION

Refugees need an education too

In keeping with its 40th Anniversary pledge to highlight the plight of refugees, OFID reached out in 2016 to support the educational needs of displaced Syrian children and young women. The latter group benefited through OFID's annual scholarship award, which provided sponsorship to five aspiring Master's students under the program "100 Syrian Women, 1,000 Syrian Lives," which is run by the NGO Jusoor. All of the female scholars are Syrian exiles and have been identified with the potential to serve as global leaders. The funding has enabled them to pursue Master's studies in development related disciplines.

In Lebanon, OFID expanded its support of a program run by International Humanitarian Relief to establish mobile primary schools for refugees in the Beqa'a Valley, which hosts a large number of displaced Syrians. The maintenance of this vital program will enable some 2,000 children to continue receiving schooling in a safe and comfortable environment.

In Jordan, OFID built on the success of its 2015 partnership with the Queen Rania Foundation's Madrasati Initiative, which involves support to selected public schools with a high enrolment of Syrian refugees. In cooperation with the Child of Play initiative, OFID conducted a recreational-educational project with primary school pupils from the Al-Arqam Madrasati School. Since the beginning of the conflict, the school has accommodated a huge influx of Syrian youngsters, who now account for almost half of the student body. During this project, over 140 students at the school



OFID reached out in 2016 to support the educational needs of displaced Syrian children and young women.

participated in art, sculpting and acting workshops.

All of the above initiatives were sponsored through OFID's grant program, which places a high value on human capacity building as a foundation for sustainable development.

Water and Sanitation: Holistic solutions essential

The unsafe management of waste and wastewater poses a threat to public health and the environment

A single loan to provide safe water will improve living conditions for

500,000 people in Sierra Leone

Strategic context

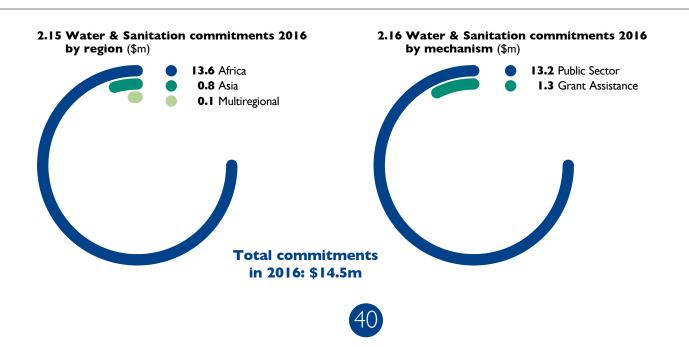
Despite progress that has seen clean water access extended to over 90% of the global population, some 660 million people are still without this basic human right. Worse still, around 2.4 billion people lack adequate sanitation facilities, including 946 million who continue to practice open defecation. Grim as these figures are, they mask widespread inequalities within and among countries, especially in sub-Saharan Africa and Oceania. The unsafe management of wastewater poses additional threats to public health and the environment. SDG6 not only tackles problems of inadequate drinking water, sanitation and hygiene, but addresses issues related to the quality and sustainability of water resources worldwide. The complexity of these challenges demands an integrated approach to water management that is both environmentally and geographically sensitive.

On a cumulative basis, OFID's contribution to the water supply and sanitation sector reached \$1,151m as of year-end 2016. Representing 6% of total commitments, 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.

Activities in 2016

In 2016, OFID maintained its support to the water supply and sanitation sector as part of the strategically critical energywater-food nexus. Approvals for the year amounted to \$14.5m, with the lion's share delivered via a single public sector loan of \$13.2m for a project to strengthen water security in three towns in Sierra Leone (see OFID in Action opposite). The provision of safe, piped-in water supplies will improve health and living conditions for around half a million people. Grant financing accounted for \$1.3m of commitments to the sector and supported grassroots projects in Madagascar, Mozambique, Jordan and Lebanon as well as the sponsorship of a report of the Arab Water Council on the State of Water in the Arab Region.

A detailed breakdown of operations can be found in Chapter 4. For more information please visit: http://www.ofid.org/FOCUS-AREAS/ Water-Supply-Sanitation



OFID IN ACTION

Sierra Leone: Supporting the "Agenda for Prosperity"

Three Towns Water Supply & Sanitation Amount: \$13.15m Mechanism: Public Sector Loan Co-financier: Government of Sierra Leone

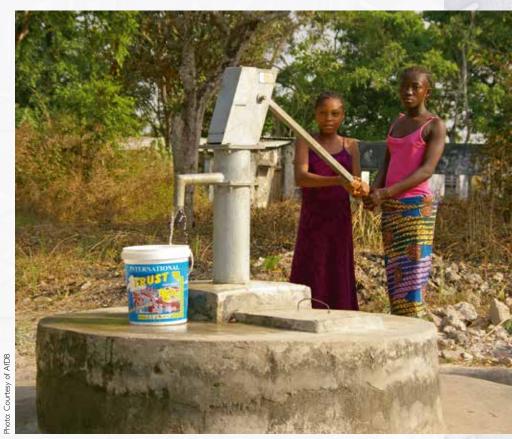
From 2020, nearly 500,000 Sierra Leoneans in the provincial capitals of Bo, Kenema and Makeni will be able to enjoy access to safe drinking water and sanitation services courtesy of this ongoing project.

By completely overhauling the necessary infrastructure, the project will significantly enhance living standards while reducing the incidence of waterborne diseases by 60 percent. Currently, less than 5 percent of the total population across the three cities has access to a safe water supply.

The project will also enhance the institutional, operational and management capabilities of the national water company, which is the main service provider for urban water and sanitation services outside the capital Freetown.

During the civil war of 1991–2002, Sierra Leone's infrastructure was seriously damaged. As a result, many water points and toilet facilities remain out of use.

Despite efforts by the government and NGOs, some two million people out of a total population of six million still have no access to safe water and 83 percent have nowhere to go to the toilet. This has had a detrimental impact on health, contributing to child deaths and a low life expectancy.



The OFID project is designed to improve access to safe water supply services.

The problem is also holding back the country's development, preventing adults from working and children from getting an education. Women and children in particular have to walk long distances to collect water from unsafe sources.

The project is among the priorities of the government under its poverty reduction strategy "Agenda for Prosperity." OFID's \$13.15m loan is its second tranche of financing to the project. An earlier loan of \$19m was extended in 2010.



CHAPTER THREE

OFID in the world



Africa: Focus on energy and food security

Economic context

In 2016, African economies grew by about 3.7%, a more moderate rate than the previous year due to weaknesses in the global economy and lower commodity prices. Sub-Saharan Africa witnessed average economic growth of 1.6% in 2016, down from 3.4% in 2015. This sharp decline reflects the challenging conditions for both the region's largest economies and for commodity exporters as they continue to face reduced commodity prices, tighter financing conditions and droughts. Slower growth deepens the challenge of reducing extreme poverty, which remains widespread across the continent.

Social context

Africa made significant progress on the MDGs, notably the realization of universal primary schooling by 70% of countries, a 54% drop in under-five mortality and a 45% reduction in maternal mortality. However, the continent is also characterized by unequal access to social services, high unemployment, and vulnerability to shocks. The African Union has adopted Agenda 2063, a 50-year long term development framework that aims to materialize Africa's vision of an integrated, prosperous and peaceful region driven by its own citizens. This continent-wide plan, combined with the global-level transition from the MDGs to the 2030 Agenda for Sustainable Development will help Africa achieve its socioeconomic transformation.

OFID in Africa

In keeping with its mandate to prioritize the low-income nations, OFID's presence in Africa extends to 49 countries, including all 33 of the region's LDCs. This focus has resulted in the continent receiving by far the largest share of OFID's cumulative assistance.

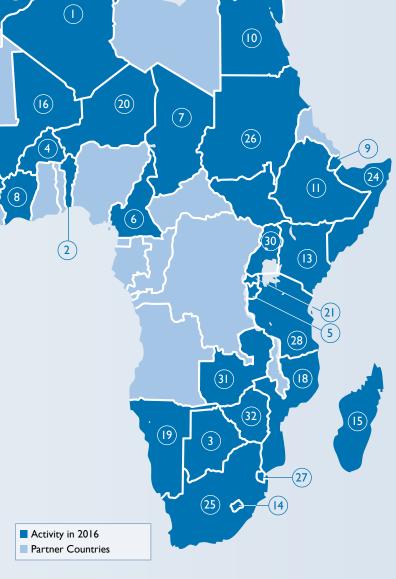
In 2016, 32 African countries shared total OFID financing of \$646.5m, or 48% of approvals for the year. In keeping with development priorities on the continent, \$261.9m (41%) went to the energy sector for a wide range of initiatives, both large and small, utilizing traditional as well as renewable technologies. Agriculture was also high on the agenda, with around \$140m (or 22% of aggregate approvals) committed to boost food and nutrition security and to help small-scale commodity producers access export markets. Some \$100m (15%) was channeled to the transportation sector to promote socioeconomic integration, chiefly through more efficient road links.

With regard to the type of financing, the private sector accounted for the biggest portion of approvals, attracting 34.8% (\$224.8m) predominantly for projects relating to the strengthening of energy infrastructure. Trade activities accounted for \$239.5m, or 37% of approved financing to the continent and concerned support exclusively to ITFC schemes benefiting a number of priority sectors. Twelve countries shared concessional public sector funding of \$179.6m (or 27.8% of aggregate approvals), the bulk of it for projects in the energy-water-food nexus. The region also benefited from generous grant funding in 2016, with some \$2.8m supporting eight initiatives across a number of sectors.

For more information please visit: http://www.ofid.org/COUNTRIES/ Africa In 2016, 32 African countries attracted

48% of total approvals for the year

ountry	Sector	Mechanism	Amount (\$m)
I Algeria	Agriculture	Grant Assistance	^
2 Benin	Agriculture	Public Sector	12.00
3 Botswana	Energy	Grant Assistance	*
4 Burkina Faso	Energy	Public Sector	13.00
	Agriculture	Trade Finance	36.90
	Agriculture	Grant Assistance	*
5 Burundi	Agriculture	Public Sector	6.00
6 Cameroon	Energy	Public Sector	13.00
	Agriculture	Trade Finance	7.38
	Energy	Trade Finance	24.25
7 Chad	Emergency	Grant Assistance	0.10
8 Côte d'Ivoire	Energy	Private Sector	26.36
	Agriculture	Trade Finance	42.18
9 Djibouti	Industry	Trade Finance	8.00
10 Egypt	Energy	Private Sector	98.45
	Energy	Trade Finance	50.00
	Agriculture	Grant Assistance	^
I I Ethiopia	Transport	Public Sector	20.00
12 Guinea	Agriculture	Public Sector	20.00
13 Kenya	Energy	Grant Assistance	^
14 Lesotho	Energy	Grant Assistance	*
15 Madagascar	Transport	Private Sector	31.63
	Water & Sanitation	Grant Assistance	*
16 Mali	Transport	Public Sector	10.40
	Energy	Private Sector	15.82
	Agriculture	Grant Assistance	*
17 Morocco	Industry	Trade Finance	24.00
	Agriculture	Grant Assistance	^
18 Mozambique	Multisectoral	Private Sector	7.50
	Energy	Grant Assistance	*
	Health	Grant Assistance	0.40
	Water & Sanitation	Grant Assistance	*
19 Namibia	Energy	Grant Assistance	*
20 Niger	Agriculture	Grant Assistance	*
	Health	Grant Assistance	0.25
21 Rwanda	Financial	Private Sector	15.00
22 Senegal	Agriculture	Trade Finance	15.00
	Agriculture	Grant Assistance	*



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(12 (23)

Country	Sector	Facility	Amount (\$m)
23 Sierra Leone	Transport	Public Sector	20.00
	Water & Sanitation	Public Sector	13.15
24 Somalia	Energy	Grant Assistance	0.40
25 South Africa	Energy	Grant Assistance	*
26 Sudan	Agriculture	Grant Assistance	^
27 Swaziland	Health	Public Sector	14.00
28 Tanzania	Transport	Public Sector	18.00
	Energy	Grant Assistance	^
29 Tunisia	Agriculture	Grant Assistance	^
30 Uganda	Energy	Private Sector	20.00
31 Zambia	Health	Public Sector	12.40
	Industry	Private Sector	10.00
32 Zimbabwe	Multisectoral	Public Sector	7.60
	Energy	Grant Assistance	*

^ Part of multiregional initiatives (Africa & Asia) totaling \$1.2m * Regional initiatives totaling \$33.36m

Asia: Public infrastructure tops agenda

Economic context

Growth in Asia and the Pacific reached iust above 5.4% in 2016 as a result of accommodative policies and relaxed financial conditions, which underpinned domestic demand and partially compensated for weak export growth. However, owing to slower economic expansion in China and India, the growth rate in Emerging and Developing Asia slowed to 6.3% in 2016, down from 6.7% the previous year. Given the low inflation and fiscal space in most of the region's economies, relevant fiscal and monetary policies will support growth and accelerate structural reforms. Capital flow volatility and sluggish worldwide growth are the main global risks to the Asian outlook.

Social context

The Asia and Pacific region was successful in meeting most of the MDGs. Poverty alleviation was one of the greatest accomplishments; since 1990 the proportion of people living on \$1.25 a day or less has fallen by more than two-thirds. The proportion of those without access to safe drinking water also dropped by more than 66% and nearly all primary-aged children now complete school. Though the rates of under-five and infant mortality passed the 50% reduction mark, they fell short of the targeted decline of two-thirds. As the region is home to more than half of both the world's population and those living in extreme poverty, the achievements of the SDGs will be vital for Asia as well for the entire globe.

OFID in Asia

OFID has longstanding ties with its Asian partners, a constituency that has grown to number 40 countries spread across the development spectrum. In 2016, the region attracted a 32.4% share of total committed resources for the year, receiving \$425.9m in fresh funding for operations in 17 countries. More than one-half of the resources was divided between the transport (\$128.8m) and energy (\$97.2m) sectors.

In terms of the financial mechanisms deployed, the lion's share (57.9%) went in public sector lending, with \$246.4m supporting transport and other infrastructure needs. The private sector also performed well, securing \$134.7m (31.6%) in favor of MSME development in Cambodia. Sri Lanka and Vietnam, as well as to boost energy and health provision elsewhere in the region. Just two transactions were approved under the Trade Finance Facility, for operations in Armenia (\$15m) and Pakistan (\$25m). The region also attracted the bulk of aggregate grant funding approved in 2016, receiving \$5m, or 43% of the total. Palestine was the biggest beneficiary, receiving \$2.8m for four projects; \$1.6m went to support vulnerable populations affected by the crisis in Syria.

For more information please visit: http://www.ofid.org/COUNTRIES/Asia

In 2016, \$426m went to

17_{countries}



Regional activity in 2016

Country	Sector	Mechanism	Amount (\$m)
I Armenia	Financial	Trade Finance	15.00
2 Bangladesh	Energy	Private Sector	12.64
3 Cambodia	Financial	Private Sector	10.00
4 China	Education	Public Sector	30.00
5 India	Energy	Grant Assistance	^
6 Iraq	Agriculture	Grant Assistance	^
7 Jordan	Energy	Private Sector	40.00
	Agriculture	Grant Assistance	^
	Education	Grant Assistance	0.08
	Water & Sanitation	Grant Assistance	*
8 Lebanon	Water & Sanitation	Grant Assistance	*
9 Maldives	Transport	Public Sector	50.00
10 Pakistan	Energy	Public Sector	19.60
	Multisectoral	Public Sector	50.00
	Energy	Trade Finance	25.00
II Palestine	Agriculture	Grant Assistance	0.80
	Agriculture	Grant Assistance	^
	Education	Grant Assistance	0.70
	Multisectoral	Grant Assistance	1.50
12 Sri Lanka	Agriculture	Public Sector	18.00
	Financial	Private Sector	15.00

Country	Sector	Mechanism	Amount (\$m)
13 Syria	Agriculture	Grant Assistance	^
	Education	Grant Assistance	0.10
	Emergency	Grant Assistance	0.30
	Multisectoral	Grant Assistance	0.10
14 Tajikistan	Transport	Public Sector	12.00
15 Turkey	Health	Private Sector	36.90
16 Vietnam	Transport	Public Sector	66.80
	Financial	Private Sector	20.00
17 Yemen	Agriculture	Grant Assistance	^
	Emergency	Grant Assistance	0.30

Activity in 2016 Partner Countries

^ Part of multiregional initiatives (Africa & Asia) totaling \$1.2m * Part of regional initiatives totaling \$1.1m

Latin America and the Caribbean: Expanding outreach

Economic context

Economic activity in Latin America and the Caribbean (LAC) has been slowing steadily since 2010 and registered a -0.7% contraction in real GDP in 2016. Contributing to this decline were tighter financial conditions, increased uncertainty in Mexico, and weaker activity in some Latin American countries currently in recession. For instance, over the past two years Brazil's large economy witnessed consecutive contraction in excess of -3% annually. In the Caribbean region, the protracted period of low commodity prices continued to be favorable in tourism-based economies but deteriorated growth in commoditybased Caribbean economies.

Social context

Despite the economic crisis, the LAC region showed impressive gains in reaching several MDG targets including lowering the extreme poverty rate from 13% in 1990 to 4% and reducing the undernourished population from 15% in 1990 to 6% in 2016. The share of women in parliament is also the highest among all developing regions, increasing from 15% in 2000 to 27% in 2016. However, large disparities remain between the Latin American and the Caribbean sub-regions. The region as a whole is making great strides in the implementation of the 2030 Agenda for Sustainable Development by integrating the SDGs into national plans, creating inter-ministerial entities for a holistic implementation of the goals, and engaging multiple stakeholders.

OFID in LAC

OFID's footprint in the LAC region extends to 29 countries, 13 of whom

received support in 2016, sharing \$195m in new financing for development, or some 14.8% of total global commitments for the year. All financial instruments were utilized in delivering these much-needed resources, with by far the lion's share (\$136.6m) approved in public sector lending. Of that sum, a single loan of \$50m will support a rural transformation project in El Salvador; while \$55.1 m will be divided among Grenada, St Lucia and St Vincent and the Grenadines for road improvements. From the \$42m approved under the private sector, \$20m went to Jamaica for investment in the energy sector, with the remainder shared by banks in Honduras and Nicaragua to expand their SME outreach. Of special note was the maiden \$15m trade facility in Costa Rica, which will provide sub-loans to support the working capital needs of enterprises involved in international trade. In the area of grant financing, the allocation for 2016 was \$1.4m and included \$400,000 in humanitarian aid for earthquake victims in Ecuador. The remaining \$1 m targeted solar energy in Haiti and a capacity building health initiative benefiting Bolivia, Guatemala and Honduras.

For more information please visit: http://www.ofid.org/COUNTRIES/ Latin-America-Caribbean Of note was a maiden

\$15m trade facility in Costa Rica

Regional activity in 2016

Country	Sector	Mechanism	Amount (\$m)
I Bolivia	Health	Grant Assistance	*
2 Costa Rica	Financial	Trade Finance	15.00
3 Ecuador	Emergency	Grant Assistance	0.40
4 El Salvador	Agriculture	Public Sector	50.00
5 Grenada	Transport	Public Sector	20.00
6 Guatemala	Health	Grant Assistance	*
7 Haiti	Energy	Grant Assistance	0.35
8 Honduras	Financial	Private Sector	12.00
	Health	Grant Assistance	*
9 Jamaica	Energy	Private Sector	20.00
10 Nicaragua	Financial	Private Sector	10.00
II Paraguay	Energy	Public Sector	32.00
12 Saint Lucia	Transport	Public Sector	16.16
13 Saint Vincent and the Grenadines	Transport	Public Sector	18.52

* Regional initiative totaling \$0.6m

Activity in 2016Partner Countries

(12)

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Emerging Europe: Maintaining support

Economic context

Growth in Emerging and Developing Europe was modest at 2.9% in 2016, down from 3.7% the previous year. Economic gains in much of Central, Eastern and Southeastern Europe remained solid despite moderate global growth. Outside the Commonwealth of Independent States (CIS), economic expansion continued at a good pace on the back of accommodative macroeconomic policies and resilient consumption, supported by strong real wage and gains in employment. In particular, in the southeastern non-EU member states, including Bosnia and Herzegovina, real GDP grew at 2.9% in 2016, up from 2.2% the previous year as a result of higher real exports, increased private consumption and expanded domestic demand.

Social context

Emerging Europe achieved significant MDG progress; however, large wealth gaps remain between most of these countries and nearby advanced market economies. In Eastern Europe, Central Asia and Southeastern Europe, extreme poverty was largely eradicated by 2015. The region achieved universal primary education and, to a large extent, reached gender parity in education. Substantial progress in reducing child and maternal mortality was also observed. Countries in Emerging Europe plan to involve stakeholders in the implementation of the SDGs, especially through institutional structures like national councils for sustainable development.

OFID in Europe

Through partnerships with six countries in the region, OFID is actively engaged in helping Emerging Europe



Regional activity in 2016

Country	Sector	Mechanism	Amount (\$m)
I Bosnia and Herzegovina	Transport	Public Sector	52.77
	Financial	Private Sector	15.82

achieve its development goals. In 2016, these efforts continued with the approval of \$68.6m in new financing to Bosnia and Herzegovina. This sum included a \$52.8m public sector loan for highway construction and a \$15.8m private sector term loan for on-lending to MSMEs via a commercial bank. The former will improve travel connections for some 150,000 people in the metropolitan area of Zenica, the country's most important center for mining and metallurgy.

For more information please visit: http://www.ofid.org/COUNTRIES/ Europe A road project in Bosnia and Herzegovina will improve connections for

150,000



OFID operations by financial mechanism



Public Sector Lending

Strategic context

Accounting for almost two-thirds of total, cumulative commitments, Public Sector Lending represents the main pillar of OFID's operations. Through this window, and as of December 31, 2016, an aggregate \$13,069m had been approved in 1,517 concessional loans to 106 developing countries. In line with OFID's founding mandate, the lion's share of these resources has gone to the low-income nations, which continue to receive priority attention, even as the institution has broadened its scope to include more middleincome partners.

All public sector operations are co-financed with the recipient government and frequently with other donors, including the regional development banks, the specialized agencies of the UN, and, in particular, the bilateral and multilateral development agencies of OPEC Member States. In keeping with the principles of the Global Partnership for Effective Development Cooperation, OFID harmonizes its activities with sister and other organizations in order to streamline joint efforts and maximize results. In the interests of sustainability, both capacity building and institution strengthening are integral components of all OFID public sector operations. The projects themselves are demanddriven, based on the strategic priorities of the partner countries. On a cumulative basis, the energy-waterfood-nexus—supported by the transportation sector—had attracted 78% of all public sector lending as of end-2016.

Also included under the umbrella of the public sector is OFID's contribution to the Heavily Indebted Poor Countries (HIPC) Initiative. OFID has supported the Initiative since its inception in 1996, utilizing several mechanisms to provide its relevant share of debt relief to 26 eligible partner countries. These include loans worth \$281m that were made available to ease the debt burden of these countries, together with debt restructuring operations.

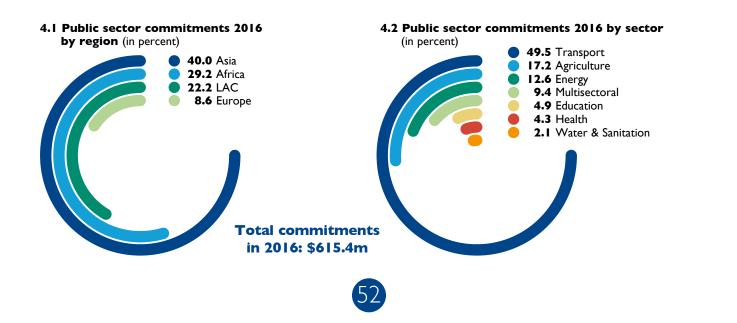
Activities in 2016

Public Sector Lending accounted for 47% of total commitments in 2016, attracting a total \$615.4m toward 27

projects in 23 countries. With substantial amounts going to the Maldives (\$50m) and Vietnam (\$45m) for transportation projects and to Pakistan (\$50m) for a rehabilitation and reconstruction program, Asia received the largest share, securing \$246.4m (40%) of committed resources. The Africa region received \$179.6m (29.2%), followed by LAC with \$136.7m (22.2%), and Europe with \$52.8m (8.6%).

In keeping with established practice, the sectoral distribution of commitments reflected the priorities of the concerned countries, with almost one-half (49.5%) of the resources going to the transportation sector. Agriculture and energy projects also drew considerable funds, attracting \$106m and \$77.6m, respectively. The remainder was divided among the following sectors: multisectoral (9.4%), education (4.9%), health (4.3%), and water and sanitation (2.1%).

For more information please visit: http://www.ofid.org/PROJECTS-OPERATIONS/Public-Sector



I. Public Sector loans approved in 2016 (in m) Africa

Country	Project	Sector	Co-financiers *	Purpose	Amount
Benin	Horticulture Development Support	Agriculture	IFAD, beneficiaries	To boost efficiency among small-scale vegetable farmers through improvements to a wide range of supporting infrastructure, ultimately benefiting around 120,000 people.	12.0
Burkina Faso	Zano–Koupela Transmission Line	Energy		To reduce energy losses and provide a reliable source of power, particularly in poor, rural areas, for over one million people. The project will also help cut the use of biomass.	13.0
Burundi	Agriculture Value Chains Development Program (Phase II)	Agriculture	IFAD, beneficiaries	D, beneficiaries To develop and improve crop and livestock production activities and strengthen community-based initiatives, and in turn enhance food security and incomes for over 200,000 people.	
Cameroon	Rural Electrification	Energy		To provide energy access to around 60,000 people in the regions of Adamaoua, Littoral, Nord and Sud, where agriculture and livestock represent chief income-generating activities.	13.0
Ethiopia	Hamusit–Estie Road Upgrading	Transportation	BADEA	To improve connections along a 77km-long stretch in the South Gondaor Zone, a key agricultural production area, thus bringing multiple benefits to the 500,000-strong population.	20.0
Guinea	Integrated Rural Development	Agriculture	BADEA	To help alleviate poverty and enhance food security among some 800,000 people, by upgrading roads, irrigation and water supply systems, and agricultural production and storage infrastructure.	
Mali	Kwala–Mourdiah–Nara Road	Transportation	BADEA, IsDB, Saudi Fund	nd To upgrade an 188km-long road and improve links in an area engaged in agriculture and animal husbandry, thereby improving opportunities for at least 16,000 people.	
Sierra Leone	Three Towns Water Supply & Sanitation (supplementary Ioan)	Water & Sanitation		To broaden the scope of an ongoing project that is improving water supply in areas with low coverage, with the aim of enhancing health and living conditions for around 500,000 people.	13.2
Sierra Leone	Rehabilitation of Bo–Bandajuma Road	Transportation	AfDB	To upgrade a 46km-portion of the Trans-African Highway, which provides key links to neighboring countries, thus improving opportunities, incomes and living standards for some 244,000 people.	20.0
Swaziland	National Referral Hospital	Health	BADEA, Kuwait Fund, Saudi Fund	To construct and equip a 250-bed hospital, an out-patient clinic and staff housing. The new facility will serve around 1.3 million people and reduce the need to send patients abroad for treatment.	14.0
Tanzania	Uvinza–Malagarasi Road	Transportation	Abu Dhabi Fund	To pave a 51 km-long earth road that serves around two million people in the Kigoma region, where agriculture is the mainstay of the economy.	
Zambia	Cancer Treatment Centers	Health	BADEA	To build two cancer treatment centers at provincial hospitals and expand the existing Cancer Diseases Hospital in Lusaka, thus raising cancer-care capacity by an additional 9,000 patients.	
Zimbabwe	Poverty Alleviation	Multisectoral		The project will carry out a wide range of demand-driven sub-projects and productivity-boosting activities across three provinces, populated by around 3.8 million people.	7.6
Africa					179.6

*In addition to the concerned government and OFID.



Asia

Project	Sector	Co-financiers *	Purpose	Amount
Xingyi University	Education		To alleviate the shortage of higher education facilities in Guizhou Province by constructing additional infrastructure that will enable the university to accommodate an extra 3,800 students.	30.0
Development of the Ibrahim Nasir International Airport	Transportation	Abu Dhabi Fund, China EXIM, Kuwait Fund, Saudi Fund	KIM, Kuwait Fund, Saudi million annually and in turn stimulating economic growth, enhancing tourism	
Golan Gol Hydropower (supplementary loan)	Energy	Kuwait, Saudi Fund, USAID	5	
Federally Administered Tribal Areas (FATA) Reconstruction and Rehabilitation Program	Multisectoral	DFID, IsDB, World Bank, Governments of China, Germany, Italy and USA	of China, people, through the rehabilitation and construction of social infrastructure	
Kalu Ganga Development (supplementary loan)	Agriculture	Saudi Fund, Kuwait Fund	irrigation, through the construction of a reservoir that will also be used for	
CAREC Corridors 2, 5 and 6 (Dushanbe– Kurgonteppa) Road	Transportation	ADB, Clean Energy Fund	around 54,000 people in 19 villages to gain better access to jobs,	
Da Nang City Transport	Transportation		To complete construction of a ring road, with the aim of improving access to the city center and opening up access to employment opportunities and social amenities for over one million inhabitants.	
Dam Vac Bridge	Transportation		To build a bridge over the Dam Vac lake to improve connectivity between the northern urban and southern rural regions of Vinh Yen City, ultimately benefiting over 100,000 people.	21.8
	Xingyi University Development of the Ibrahim Nasir International Airport Golan Gol Hydropower (supplementary loan) Federally Administered Tribal Areas (FATA) Reconstruction and Rehabilitation Program Kalu Ganga Development (supplementary loan) CAREC Corridors 2,5 and 6 (Dushanbe- Kurgonteppa) Road Da Nang City Transport	Xingyi UniversityEducationDevelopment of the Ibrahim Nasir International AirportTransportationGolan Gol Hydropower (supplementary loan)EnergyFederally Administered Tribal Areas (FATA) Reconstruction and Rehabilitation ProgramMultisectoralKalu Ganga Development (supplementary loan)AgricultureCAREC Corridors 2, 5 and 6 (Dushanbe- Kurgonteppa) RoadTransportationDa Nang City TransportTransportation	Xingyi University Education Development of the Ibrahim Nasir International Airport Transportation Abu Dhabi Fund, China EXIM, Kuwait Fund, Saudi Fund Golan Gol Hydropower (supplementary loan) Energy Kuwait, Saudi Fund, USAID Federally Administered Tribal Areas (FATA) Reconstruction and Rehabilitation Program Multisectoral DFID, IsDB, World Bank, Governments of China, Germany, Italy and USA Kalu Ganga Development (supplementary loan) Agriculture Saudi Fund, Kuwait Fund CAREC Corridors 2, 5 and 6 (Dushanbe- Kurgonteppa) Road Transportation ADB, Clean Energy Fund Da Nang City Transport Transportation ADB, Clean Energy Fund	NingviLitterLitterLitterLitterXingyiLitterEducationEducationTo alleviate the shortage of higher education facilities in Guizhou Province by constructing additional infrastructure that will enable the university to accommodate an extra 3,800 students.Development of the Ibrahim Nasir International AirportTransportationAbu Dhabi Fund, China EXIM, Kuwait Fund, Saudi FundTo expand the airport with a view to raising passenger traffic capacity to 7.5 million annually and in turn stimulating economic growth, enhancing tourism and creating jobs.Golan Gol Hydropower (supplementary loan)EnergyKuwait, Saudi Fund, USAIDTo construct a hydropower plant with the capacity to generate 106MW of electricity, thus encouraging local industry, boosting socioeconomic development and providing consumers with a more reliable energy supply.Federally Administered Tribal Areas (FATA) Reconstruction and Rehabilitation ProgramMultisectoralDFID, IsDB, World Bank, Governments of China, Germany, Italy and USATo support the recovery and infrastructure needs of some 4.6 million people, through the rehabilitation and construction of social infrastructure and the provision of early recovery packages for the temporarily displaced.Kalu Ganga Development (supplementary loan)AgricultureSaudi Fund, Kuwait FundTo expand available water supplies for household consumption and irrigion, through the construction of a reservoir that will also be used for inland fisheries.CAREC Corridors 2, 5 and 6 (Dushanbe- Kurgonteppa) RoadTransportationADB, Clean Energy FundTo upgrade a 33km-stretch of road and construct/rebuild bridges to enable around

 \ast In addition to the concerned government and OFID

Latin America & the Caribbean

Country	Project	Sector	Co-financiers *	Purpose	Amount
El Salvador	Rural Economic Transformation for Living Well National Program	Agriculture	IFAD, beneficiaries	To boost incomes among poor rural families and help them adapt to climate change, via activities such as crop diversification, irrigation improvement and capacity building.	50.0
Grenada	Agricultural Feeder Roads (Phase III)	Transportation	Kuwait Fund	To upgrade 40km of roads and build five bridges to link farming communities with local markets, thereby reducing the cost of marketing and transporting produce and boosting employment.	
Paraguay	Metropolitan Area Electricity Transmission and Distribution System Improvement	Energy	Development Bank of Latin America		
St Lucia	Millennium Highway Upgrade (Phase II)	Transportation		To ease the movement of agricultural and industrial goods, reduce transport costs and help boost living conditions among some 19,000 low-income households in the capital Castries and the northwest.	16.2
St Vincent and the Grenadines	Agricultural and Feeder Roads	Transportation	Kuwait Fund	To rehabilitate 25 sections of road, totaling circa 43km, with a view to improving trade, boosting tourism and enhancing socioeconomic development for over 66,000 people.	18.5
Latin Ame	rica & the Caribbean				136.7

 \ast In addition to the concerned government and OFID

Europe

Country	Project	Sector	Co-financiers *	Purpose	Amount
	Corridor Vc Motorway Project Section Nemila–Donja Gracanica (Zenica North)	Transportation		To improve travel connections for some 150,000 people in the metropolitan area of Zenica, the country's most important center for mining and metallurgy	53.0
Europe					53.0

 \ast In addition to the concerned government and OFID

Total

615.7

Private Sector Facility

Strategic context

The Private Sector Facility (PSF) represents an additional, complementary means through which OFID can fulfill its core mission of assisting its partner countries in their socioeconomic development. Private Sector financing is seen as a natural adaptation enabling OFID to continue to serve as wide a range of countries as possible and remain relevant and responsive to the changing global environment. By extending loans and equity investments, quasi-equity instruments and guarantees, the PSF seeks to encourage the growth of productive private enterprise and local capital markets.

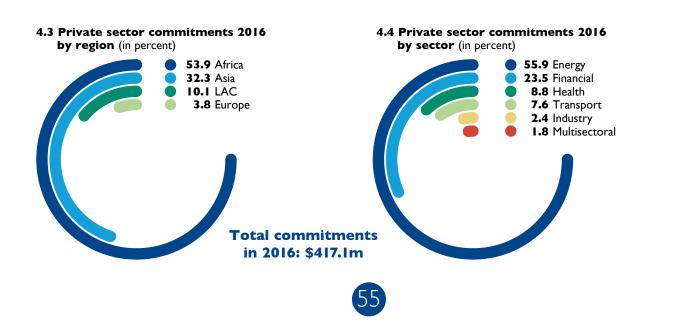
The PSF looks to expand its operations by partnering with other DFIs and commercial banks to support commercially viable, privately-owned enterprises. State-owned institutions may also be eligible, if they are commercially managed as autonomous enterprises or act as a channel of support for local private enterprises. In addition, public-private partnership projects are supported when operated on private enterprise principles. Selected projects are required to have a high developmental value, by promoting productivity, enhancing GDP growth, and supporting job creation and poverty alleviation.

By providing loans to financial intermediaries, the Facility prioritizes support for MSMEs, whose activities drive economic growth and play a key role in employment generation and poverty alleviation. Around half of the Facility's portfolio supports real economy sectors, such as agribusiness, telecoms and transport. Energy, including renewables, is a key strategic focus. The Facility has been responding to evolving market conditions by expanding its outreach to new countries and considering new venues to achieve a more balanced portfolio and be more responsive to partner countries' needs. These aims are well reflected in the Facility's performance in 2016.

Activities in 2016

In response to the persistent challenges faced in emerging markets, 2016 saw private sector approvals leap to a record high of \$417.1m, more than double the sum approved in 2015. Of the 23 transactions, the lion's share went to operations in the energy (\$233.3m) and financial (\$97.8m) sectors, followed by health (\$36.9m), transport (\$31.6m), industry (\$10m) and multisectoral (\$7.5m). A highlight in the energy sector was a \$15.8m term loan for the construction of a greenfield heavy fuel oil power plant in post-conflict Mali, where efforts are ongoing to rebuild the country's economy. Also noteworthy—and among the seven transactions benefiting MSMEs—were subordinated debt facilities to banks in Honduras and Nicaragua, the first of their kind under the PSF.The facility continued to expand its outreach in 2016, with maiden projects in Turkey—for the construction of a training hospital-and in Madagascar, for transportation.

For more information please visit: http://www.ofid.org/PROJECTS-OPERATIONS/Private-Sector



2. Private Sector financing approved in 2016 (in m)Africa

Region/Country	Recipient	Type of Finance	Sector	Amount
Côte d'Ivoire	Hydro Energy Company	Term Loan	Energy	26.36
Egypt	Solar Energy Company	Term Loan	Energy	11.15
Egypt	Solar Energy Company	Term Loan	Energy	11.15
Egypt	Solar Energy Company	Term Loan	Energy	20.00
Egypt	Solar Energy Company	Term Loan	Energy	11.15
Egypt	Solar Energy Company	Term Loan	Energy	25.00
Egypt	Solar Energy Company	Term Loan	Energy	20.00
Madagascar	Transport Company	Term Loan	Transport	31.63
Mali	Albatros Energy Mali S.A.	Term Loan	Energy	15.82
Mozambique	Real Estate Company	Term Loan	Multisectoral	7.50
Rwanda	Bank of Kigali	Term Loan	Financial	15.00
Uganda	ARPE Limited	Term Loan	Energy	20.00
Zambia	Metalco Industries Limited	Term Loan	Industry	10.00
Africa				224.76

Asia

Region/Country	Recipient	Type of Finance	Sector	Amount
Bangladesh	Summit Narayanganj Power Unit II Limited	Term Loan	Energy	12.64
Cambodia	Amret Company Limited	Term Loan	Financial	10.00
Jordan	Mahatet Al Zarqa Le Tawleed Al Takah Al Kahrabaieyah	Term Loan	Energy	40.00
Sri Lanka	Commercial Bank	Term Loan	Financial	15.00
Turkey	ATM Saglik Manisa Yatirim ve Isletme Anonim Sirketi	Term Loan	Health	36.90
Vietnam	Commercial Bank	Term Loan	Financial	20.00
Asia				134.54

Latin America & the Caribbean

Region/Country	Recipient	Type of Finance	Sector	Amount
Honduras	Banco Financiera Comercial Hondureña S.A.	Subordinated Term Loan	Financial	12.00
Jamaica	Utility Company	Term Loan	Energy	20.00
Nicaragua	Banco de la Produccion S.A.	Subordinated Term Loan	Financial	10.00
Latin America & the Caribbean				

Europe

Region/Country	Recipient	Type of Finance	Sector	Amount
Bosnia and Herzegovina	Commercial Bank	Term Loan	Financial	15.82
Europe				15.82

Total	417.12

Trade Finance Facility

Strategic context

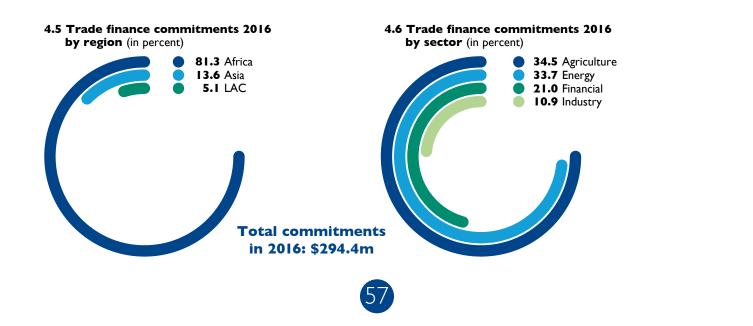
OFID's Trade Finance Facility (TFF) targets transactions to facilitate import and export activities and to address working capital requirements in developing countries. The general principles guiding the Facility include developmental impact, South-South cooperation and additionality.TFF operations are available to governments, private entities, commercial banks, regional DFIs and any other institution active in an OFID partner country. OFID products include import-, export- and pre-export financing, warehouse receipt financing, working capital financing and unfunded risk participation. Instruments include conventional loans as well as Islamic financing facilities.

Despite the stabilization of commodity prices, global trade growth in 2016 recorded its weakest performance since the 2008 global financial crisis, reflecting tempered demand from developed economies and stillcontracting imports from major commodity exporters, combined with heightened uncertainty regarding global trade policies and continued currency fluctuations. OFID continued to support its existing partner countries during these uncertain times, while also expanding its footprint to two new countries.

Activities in 2016

In terms of actual commitments, OFID approved an aggregate \$294.4m through the TFF in 2016. The lion's share (\$264.4m) was drawn from an existing global trade participation scheme with the International Islamic Trade Finance Corporation and included a maiden TFF operation in Djibouti. These funds facilitated the import of petroleum products and agriculture inputs by beneficiary countries as well as exports of strategic commodities, among other things. The remaining \$30m was channeled via financial intermediaries to support the import and export funding needs of SMEs in Armenia and Costa Rica, the latter a second country new to the TFF in 2016.

For more information please visit: http://www.ofid.org/PROJECTS-OPERATIONS/Trade-Finance-Facility



3. Trade financing approved in 2016 (in m)

Africa

Region/Country	Recipient	Type of Finance	Sector	Amount
Burkina Faso	Government of Burkina Faso	Term Loan	Agriculture	36.90
Cameroon	Government of Cameroon	Term Loan	Agriculture	7.38
Cameroon	Government of Cameroon	Term Loan	Energy	24.25
Côte d'Ivoire	Government of Côte d'Ivoire	Term Loan	Agriculture	42.18
Djibouti	Government of Djibouti	Term Loan	Industry	8.00
Egypt	Government of Egypt	Term Loan	Energy	50.00
Morocco	Mineral Company	Term Loan	Industry	24.00
Senegal	Government of Senegal	Term Loan	Agriculture	15.00
Regional Africa	Commercial Bank	Term Loan	Financial	13.71
Regional Africa	Commercial Bank	Term Loan	Financial	18.00
Africa 2				239.42

Asia

Region/Country	Recipient	Type of Finance	Sector	Amount
Armenia	Commercial Bank	Term Loan	Financial	15.00
Pakistan	Government of Pakistan	Term Loan	Energy	25.00
Asia				

Latin America & the Caribbean

Region/Country	Recipient	Type of Finance	Sector	Amount
Costa Rica	Commercial Bank	Term Loan	Financial	15.00
Latin America & the Caribbean				15.00

Total



Grant Assistance

Strategic context

OFID considers grant financing to be an important instrument of development. Its grant program is thus tailored to support initiatives that enhance livelihoods by addressing challenges in areas such as education, energy poverty, food security, public health, water supply and sanitation, which may not be directly funded through other financing windows.

OFID's grant program includes technical assistance for small-scale social schemes, sponsorship for research and other intellectual pursuits, and humanitarian aid. In addition, OFID runs special programs for health, Palestine and energy poverty. The latter is a particular priority and complements the financing provided through other mechanisms in support of OFID's Energy for the Poor Initiative. As of December 31, 2016, OFID had provided some \$632.5m in outright grants across all programs, working with UN agencies and a host of international and national NGOs, among many other partners, to meet the needs of the vulnerable, marginalized and very poor. This figure

includes grants approved through obsolete programs and special contributions to other organizations such as the Common Fund for Commodities and IFAD.

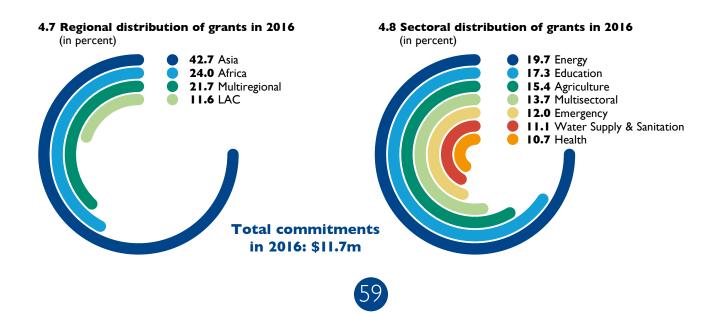
Activities in 2016

In 2016, an aggregate \$11.7m was approved under OFID's various grant programs for a total of 42 operations in some of the most disadvantaged regions of the world. Projects in the agriculture, energy, water and sanitation and education sectors accounted for over 60 percent of new grant commitments, which is consistent with the results achieved in 2015 and in line with OFID's strategic priorities. Technical assistance projects attracted \$2.5m, chiefly for activities to improve food security and access to basic services. Six grants totaling \$2.8m were drawn from the special program for Palestine in support of a broad range of interventions designed to improve the quality of life in marginalized communities. Approvals under the energy poverty program amounted to \$4m and involved the provision of solar energy solutions in eight countries. Two

grants totaling \$1m were committed under the special health program, while \$1.9m was allocated in research grants, mostly to sponsor conferences and similar events, but also to help fund a number of small-scale education and capacity-building schemes.The remaining \$1.4m was given in humanitarian aid.

Also noteworthy in 2016 was the completion of 52 projects financed with \$20.2m of previously approved grant resources and benefiting 52 countries.

For more information please visit: http://www.ofid.org/PROJECTS-OPERATIONS/Grants



4. Grants approved in 2016 (in thousands of dollars) Technical Assistance

Recipient	Sector	Co-financiers	Purpose	Amount
Alliance to Fight Avoidable Blindness	Health	Humanitarian Relief Foundation, Turkey; IsDB; Government of Niger	To improve access to, and quality of, eye care services in Niger by establishing an ophthalmic unit in Lamorde Hospital in the Niamey district. An estimated 30,000 people will have their sight restored through the provision of free cataract surgery.	250
ICARDA	Agriculture	Arab Fund, Kuwait Fund, Bill and Melinda Gates Foundation	To support a program aimed at boosting livelihoods and food security through the dissemination of improved wheat farming practices. OFID's contribution will support activities in Egypt, Jordan, Morocco, Syria, Sudan, Tunisia, Palestine and Yemen.	500
International Center for Biosaline Agriculture (ICBA)	Agriculture	ICBA, IsDB	To improve small-scale irrigation technologies and on-farm water management for increased agricultural productivity and food security among 20,000 resource-poor smallholders in Burkina Faso, Niger, Mali and Senegal.	500
OFID/Lindau Fellowship Program	Education		To sponsor the participation of 18 young researchers at the 66th Lindau Nobel Laureate Meeting June 26–July 6, 2016.	25
UNDP	Multisector	Coca-Cola Foundation, Government of the Netherlands	To strengthen host communities' resilience in Jordan and Lebanon by constructing additional infrastructure in areas where Syrian refugees reside. Around 50,000 Syrian refugees and over 26,000 local residents are expected to benefit.	800
Water & Sanitation for the Urban Poor	Water & Sanitation	Vitens Evides International/RVO, Private Corporate Foundation	To boost access to improved water sources and water, sanitation and hygiene services for around 47,000 people in urban areas of Antananarivo, Madagascar, and Beira, Mozambique, where access rates are low.	400
Technical Assistance			·	2,475

Energy Poverty Program

Channel	Co-financiers	Purpose	Amount
Austrian Development Agency (ADA)	ADA, beneficiaries	To support Phase III of the "Southern Africa Solar Training and Demonstration Initiative" which aims at reducing energy poverty by improving access to renewable energy, specifically solar thermal solutions. OFID's grant will cover activities in Lesotho, Mozambique and Zimbabwe.	600
EarthSpark International	USAID, US Trade & Development Agency, IDB, Kiva	To launch a solar-powered smart grid in Haiti to supply some 1,000 people with electrical power. The project will also develop a micro-grid model for implementation in 80 additional towns by 2020 to boost access to affordable, reliable and sustainable energy.	350
Shell Foundation	Shell Foundation, DFID	To create local renewable power sources to provide cheaper, more reliable and better quality energy in rural, low-income households in India, Kenya and Tanzania, through the installation of solar/biomass hybrid mini-grids units. The project will benefit some 10,500 people.	700
UNDP	African, Caribbean and Pacific European Union Energy Facility, Global Environment Facility, UNDP	To harness Somalia's solar energy potential by demonstrating solar photo-voltaic and solar thermal solutions at health facilities in major cities/towns and other public buildings.	400
Energy Poverty Prog	ram		2,050

Emergency Relief Aid

Recipient	Purpose	Amount
ICRC	To help procure urgently-needed supplies for around 2,600 households in Yemen.	300
IFRC	To help procure urgently-needed supplies and support humanitarian operations for earthquake victims in Ecuador.	400
Islamic Relief Worldwide, Switzerland	To support a winterization project that will procure and distribute 2,000 winter kits to Syrian refugees, benefiting over 12,000 individuals.	300
UNHCR	To support an operation aimed at upgrading shelters in areas with a high concentration of vulnerable, internally- displaced populations in Syria.	300
WFP	To support the WFP's humanitarian food and nutrition assistance operations in Chad.	100
Emergency Relief Aid		1,400

Special Health Program

Recipient	Co-financiers	Purpose	Amount
Hilfswerk Austria	MEDICOR Foundation, Hilfswerk Austria International, Hilfswerk Mozambique	To reduce maternal-child mortality in rural areas of Mozambique, by improving access to water and sanitation services and providing renewable energy systems to health posts. The project will benefit around 265,000 women and 130,000 children.	400
РАНО/WHO	PAHO/WHO	To reduce the burden of non-communicable diseases in Bolivia, Guatemala and Honduras, through health promotion and risk reduction, prevention and treatment, among other activities.	600
Special Health Program			1,000

Research and Similar Activities

Recipient	Sector	Co-financiers	Purpose	Amoun
Arab Forum on Environment and Development (AFED)	Education		To sponsor the 2016 Annual Report and Conference of AFED. The report Towards 2030: Sustainable Development Goals in a Changing Environment was presented at a conference held in November at the American University of Beirut.	4(
Arab Urban Institute (AUDI)	Education	AGFUND, National Microfinance Bank, Amman, AUDI	To support AUDI's conference Small projects and Productive Families as Development Enablers: The Role of Municipalities, The Public and Private Sectors and Civil Society held in Amman, Jordan in October.	50
Arab Water Council (AWC)	Water & sanitation	AWC, Center for Environment and Development for the Arab Region and Europe, UNEP,	To sponsor the AWC's third report on the State of Water in the Arab Region. The report will produce reliable assessments of water resource- related indicators to be used by decision-makers across the region for proper planning and management.	100
Child of Play Foundation	Education		To support an education and awareness program for Syrian refugee children attending schools in Jordan.	80
Gulf Educational Organization	Education		To support the establishment of ten educational parks for schools in the Gaza Strip, benefiting around 5,000 pupils.	200
Institute for Development Cooperation (ICEP)	Education	Austrian Development Agency	To support the Preparation for the Labor Market in East Africa program in Kenya and Uganda. Activities will improve the vocational training potential of local training institutions, ultimately benefiting over 29,000 individuals.	150
International Association for Energy Economics (IAEE)	Energy		To sponsor the participation of around 55 students from developing countries studying in the field of energy and energy economics, at IAEE conferences in 2017 and 2018.	100
International Humanitarian Relief (IHR)	Education		To support primary education for Syrian refugee children in Lebanon through the use of mobile schools. Around 2,000 children are expected to attend the schools during the scholastic year 2016/2017.	100
One Young World (OYW)	Education		To sponsor the participation of 25 delegates at the 2016 One Young World Summit that held Sept 28-Oct 1 in Ottawa, Canada.	100
Regional Center for Renewable Energy and Energy Efficiency (RCREEE).	Energy		To support the Arab Program for Sustainable Energy Youth (APSEY). The direct beneficiaries will be 24 young professionals and post- graduate students from RCREEE member states aspiring to work in the renewable energy and energy efficiency fields.	150
The World Academy of Sciences (TWAS)	Education	TWAS partner/host institutions	To cover the cost of 63 participants in the TWAS South-South Fellowships and Human Resources Mobility Programs to help advance science and technology in developing countries.	150
Vienna University of Technology Institute of Atomic and Subatomic Physics Arab-European Summer School on Energy Education (AESSEE)	Education		To promote and improve the teaching of renewable and non- renewable energy in secondary and technical schools across the Arab region. The grant will help cover the cost of the AESSEE, including participation costs of 20 delegates from Arab countries.	70
World Bank Global Forum on Law, Justice and Development	Education		To support ongoing initiatives of the forum: Research and Evaluation of Nexuses of the Exploitation of Water in African Law; Law, Justice and Development Week 2016; and, the World Bank Legal Review, Volume 7.	50
Doaa Al Zamel	Multisectoral		OFID Annual Award 2016	100
OFID Scholarship Award	Education		OFID Scholarship Award 2016	500
Research and Similar Ac	tivities			1,940

Grant Program for Palestine

Channel	Purpose	Amount
Welfare Association	To improve healthcare services for some 2,000 disabled and special-needs Palestinian children from marginalized communities.	250
Première Urgence Internationale	To provide funding and training and carry out awareness-raising activities to enhance incomes and boost living standards for 100 women farmers and their families.	150
ITF Enhancing Human Security	To provide rehabilitation services to those injured during the ongoing conflict and give specialized training to rehabilitation professionals.	100
Birzeit University	To expand the scope of the university's laboratory testing center which carries out testing on food, water, pharmaceuticals, animal feed and petroleum products. The grant will help purchase new equipment and reference materials.	500
Care Austria	To support a project in Gaza that aims to repair damaged farming infrastructure, provide inputs, and strengthen the capacity of agriculture and agribusiness community-based organizations and cooperatives. It is expected to directly benefit around 7,500 people.	800
UNDP/PAPP	To support the second phase of a project aimed at improving living conditions of marginalized, low-income Palestinian families living in East Jerusalem through the rehabilitation of 60 houses for around 450 people.	1,000
Grant Program for Palestine		2,800

Palestine: Greater resilience through better housing

Rehabilitation of Housing Units in East Jerusalem Phase II Amount: \$Im Mechanism: Grant

Phase II of OFID's flagship program will rehabilitate the homes of 60 lowincome families in East Jerusalem. The program targets some of the most marginalized neighborhoods and aims to enhance their access to adequate, affordable and safe housing.

Affordable housing is one of the biggest challenges facing residents in East Jerusalem, which has traditionally served as a political, socioeconomic, religious and cultural center for the Palestinian people. Even as the population of the city continues to swell, it remains difficult for Palestinians to obtain the necessary building permits. Moreover, due to economic constraints many families are unable to afford much needed renovation work. This has forced many residents to leave the historic city in pursuit of better living conditions.



The project aims to enhance access to adequate, affordable and safe housing.

Rehabilitation works are essential in order to protect these properties, especially since many of the buildings are subject to a demolition order as a result of their deteriorating condition. This UNDP/PAPP program safeguards the rights of residents to adequate housing and preserves the Palestinian character of their neighbourhoods. The program promotes a communitybased, self-help approach, whereby local skills and labor are utilized to ensure the sustainability of the project. This additional support from OFID builds on the success of Phase I of the project, co-financed by the Islamic Development Bank in 2014, which targeted 200 homes in the city.

Special initiatives





Doaa Al Zamel receives the 2016 OFID Annual Award.

OFID's special session on Refugee Heroes at the One Young World Summit in Ottawa, Canada.



OFID-sponsored children participating in the Vienna City Marathon kid's run.

OFID engages in a variety of activities beyond the scope of its core operations. Some of these initiatives promote human capacity building, while others acknowledge the contributions of outstanding individuals to development. OFID also participates in a number of local projects in its host community in Vienna, Austria. In keeping with the theme of the 40th Anniversary, all of these activities in 2016 featured a focus on refugees.

The OFID Annual Award went to

Doaa Al Zamel, a survivor of the 2014 Mediterranean shipwreck tragedy that claimed 500 lives. During her four-day ordeal at sea, after the boat she was traveling in sank, Doaa was able to save the life of an 18 month-old infant.The Award honors the young Syrian's bravery and her determination to draw greater attention to the refugee crisis by sharing her story.

OFID's Scholarship Program

sponsors outstanding young academics through their graduate studies in a development-related discipline. Ten OFID Scholars were selected in 2016. They are: Noon Altijani Osman Abbakar from Sudan who is studying Global Health Sciences at Oxford University, UK; Collins Acheampong



OFID 2016 Scholars Hannen Almohammad (Jusoor Scholar) and Baker Kasawuli.

from Ghana, who is reading Geoinformation Science at the University of Twente, the Netherlands; Beryl Ajwang from Kenya, who is studying Environmental Management-Energy and Environment at Yale University, USA; Baker Kasawuli from Uganda, who is pursuing an MA in Sustainable International Development at Brandeis University, USA; and Rahbar Ansari, who is reading Public Policy at the Central European University in Hungary. The remaining five scholars are being sponsored through the program "100 Syrian Women, 1,000 Syrian Lives," which is run by the NGO Jusoor. All of the young women are Syrian exiles in the US, where they now have the opportunity to continue their studies.

As it has done for several years now, OFID once again lent its support to the annual **One Young World Summit,** which this year took place in Ottawa, Canada. An OFID grant of \$100,000 sponsored the participation of 25 delegates from developing countries. This year, OFID hosted a special panel session on "Refugee Heroes" and a breakout session on "Beyond Asylum: Solutions for the Integration of Refugees."

As part of the institution's regular engagement with its host country, OFID participated for the ninth year in the **Vienna City Marathon,** on this occasion under the banner of its Anniversary campaign "Equal Dreams."

Another event that marked cooperation with Austria was the hosting of an art auction for the **Austrian Red Cross,** which raised over €50,000 to support the integration of refugees seeking to start new lives in Austria.

For more information please visit: http://www.ofid.org/FOCUS-AREAS/ Beyond-the-scope



Annexes





OFID maintains and continues to develop a wide network of strategic partners, including the bilateral and multilateral development institutions of OPEC Member States, the specialized agencies of the UN, the World Bank, regional development banks, commercial banks, microfinance institutions and a host of NGOs.

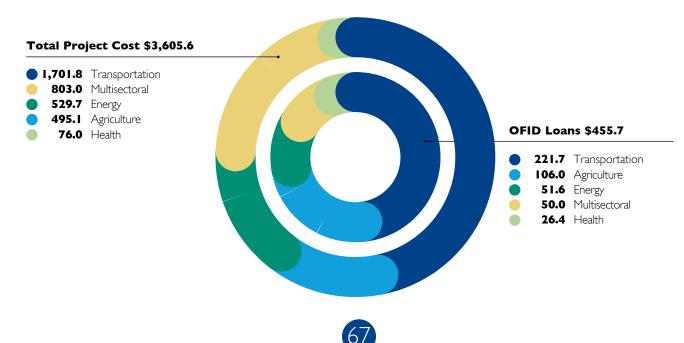
Of the 27 public sector projects approved in 2016, 19 were co-financed with external donors (in addition to the concerned governments). These included OPEC Member Country aid agencies: the Abu Dhabi Fund, BADEA, the Kuwait Fund, the Saudi Fund and IsDB, as well as numerous other partners including, among others: ADB, AfDB, CAF, EIB, EBRD, IFAD and the World Bank. A total of \$455.7m was contributed by OFID to these co-sponsored projects whose combined value amounted to \$3,605.6m (see chart 5.1 for the sectoral distribution of co-financed projects).

Enhanced business development and networking activities in recent years have significantly increased cooperation opportunities through OFID's Private Sector and Trade Finance facilities. These efforts generated aggregate approvals of \$687.5m in 2016, 40% more than in 2015. Among the private sector highlights was continued collaboration with traditional partners such as the IFC, FMO, and various international commercial banks, and enhanced cooperation with ÖEB, Proparco, and DEG, enabling further expansion of OFID's private sector activities. In the area of trade financing, successful cooperation continued with key partner ITFC, including a first operation in Djibouti.

With the exception of the OFID Annual Award, all OFID grant-financed operations in 2016 were carried out with external affiliates. Cooperating partners included, among others: ADA, GEF, Shell Foundation, and USAID; sister institutions: AGFUND, the Arab Fund, IsDB, and Kuwait Fund; as well as UN agencies: UNDP, UNEP, UNHCR, WFP and WHO.

Throughout 2016, OFID maintained its involvement in the global development dialogue, through participation in the GPEDC, the Deauville Partnership and SEforALL.

5.1 Public Sector projects co-financed with other external donors in 2016 (in \$m)



Statement of contributions to OFID by OPEC Member Countries

as of December 31, 2016 (in \$ thousands)*

Pledged contributions to

Country	OFID direct operations	IFAD **	IMF Trust Fund	Total
Algeria	105,640	25,580		131,220
Ecuador	7,220			7,220
Gabon	3,819	1,301		5,120
Indonesia	3,08	3,159		I 6,240
Iran, IR	529,449	139,637		669,086
Iraq	154,801	51,099	17,309	223,209
Kuwait	380,159	92,041	10,348	482,548
Libya	211,001	51,099	3,805	265,905
Nigeria	249,803	66,459		316,262
Qatar	94,900	22,980	3,155	121,035
Saudi Arabia	1,055,662	261,118	21,300	I ,338,080
United Arab Emirates	174,200	42,180	2,367	218,747
Venezuela	481,811	104,489	52,437	638,737
Total	3,461,546	861,142	110,721	4,433,409

Paid-In contributions to

Country	OFID direct operations	IFAD **	IMF Trust Fund	Total
Algeria	81,260	25,580		106,840
Ecuador	5,540			5,540
Gabon	3,503	1,301		4,804
Indonesia	9,842	3,159		3,00
Iran, I.R.	179,133	41,583		220,716
Iraq	119,061	51,099	17,309	187,469
Kuwait	292,319	92,041	10,348	394,708
Libya	153,151	20,000	3,805	176,956
Nigeria	190,183	66,459		256,642
Qatar	72,980	22,980	3,155	99,115
Saudi Arabia	811,822	261,118	21,300	1,094,240
United Arab Emirates	133,980	42,180	2,367	178,527
Venezuela	370,551	104,489	52,437	527,477
Total	2,423,326	731,989	110,721	3,266,036

* Rounded to the nearest dollar. ** Only contributions made through OFID, i.e. IFAD's initial resources and first replenishment.

High-level meetings attended by OFID in 2016

JANUARY

Manama, Bahrain Arab Energy Club Meeting

Vienna, Austria 15th Meeting of the Heads of Institutions of the Coordination Group

Vienna, Austria 2016 Arab–DAC Dialogue on Development

FEBRUARY

Rome, Italy 39th Session of IFAD's Governing Council

APRIL

Manama, Bahrain Annual Meeting of the Arab Financial Institutions

Amsterdam, Netherlands 61st Executive Board Meeting of the Common Fund for Commodities

Paris, France 10th Annual Development Finance Institutions Corporate Governance Conference

Nassau, Bahamas 57th Annual Meeting of the Board of Governors of the Inter-American Development Bank

Washington DC, USA World Bank and International Monetary Fund Spring Meetings

Vienna, Austria 14th Meeting of the Vienna Energy Club

MAY

Frankfurt, Germany 49th Annual Meeting of the Asian Development Bank

London, UK 25th Annual Meeting of the European Bank for Reconstruction and Development

Montego Bay, Jamaica 46th Annual Meeting of the Board of Governors of the Caribbean Development Bank

London, UK 12th Getenergy Global Annual Meeting Jakarta, Indonesia 41 st Annual Meeting of the Islamic Development Bank Group

Lusaka, Zambia 51st Annual Meeting of the African Development Bank Group

JUNE

Vienna, Austria SEforALL Advisory Board Meeting

JULY

Durban, South Africa 21st International AIDS Conference

Vienna, Austria First General Assembly of the Oil and Gas Industry Energy Access Platform

SEPTEMBER

Oxford, UK 38th Oxford Energy Seminar

Noordwijk, Netherlands Fourth FMO Conference on the Future of Finance

Ottawa, Canada One Young World 2016

OCTOBER

Washington DC, USA World Bank and International Monetary Fund Annual Meetings

Istanbul, Turkey 23rd World Energy Congress

NOVEMBER

Marrakech, Morocco 22nd Conference of the Parties (COP 22) to the UN Framework Convention on Climate Change (UNFCCC)

Amman, Jordan First Palestinian Resilience Conference

Nairobi, Kenya Second High-Level Meeting of the Global Partnership for Effective Development Cooperation

For more information please visit: http://www.ofid.org/NEWS/Meetings-attended





Financial Highlights

for the Years ended December 31, 2016 and 2015



FINANCIAL HIGHLIGHTS

The information presented below has been extracted from OFID's audited financial statements as of December 31, 2016, and provides basic and preliminary information on OFID's financial position. A full version of the financial statements is available at OFID.org

Basis of presentation

OFID's financial statements have been prepared in accordance with the International Financial Reporting Standards and its interpretations issued by the International Accounting Standard Board (IFRSs).

Summary of the notes to the financial statements

Accounting standard

OFID elected to adopt early IFRS 9 (Phase 1) related to Classification and Measurement of Financial Instruments. Additionally, OFID has adopted IFRS 13 as the basis for fair value measurement of its financial assets.

Development financing instruments

In line with its mandate, OFID provides development financing and grants to its partner countries. Public sector loans (sovereign loans) represent OFID's main financing window (73% of its development operations and 45% of total assets). Sovereign loans extended to low- and middleincome countries to finance development projects. Fixed or variable interest loans that enable partner countries to top up their allocations in the Lending Program are provided through the Blend Facility. The Lending Programs provide general guidelines and policies for resources allocation decisions. 2016 was the third and final year of OFID's 19th Lending Program.

Private sector loans include medium- and long-term loans to private sector entities and commercially run state-owned enterprises in developing countries on market-based terms and conditions. The trade finance facility consists of short- and of mediumterm commercial loans issued to sovereigns and commercial entities in developing countries to finance international trade and its related logistics.

Through trade finance guarantees, OFID facilitates international trade by partnering with several other financial institutions to confirm letters of credit issued by local banks in partner countries.

Equity investments are positions taken by OFID in private enterprises in furtherance of its development operations in partner countries. They are long term in nature but they also have defined exit strategies.

Grants are assistance by OFID in the form of transfer of resources directly or through a partner institution to a beneficiary.

Cash management

Cash, call accounts and deposit placements are managed in-house to provide liquidity for operational disbursements and administrative expenses. It is OFID's policy to place deposits only with banks having a minimum 'A' rating assigned by internationally recognized credit rating agencies.

Treasury investments

Treasury investments consist principally of a trading portfolio that is actively managed by external managers. The securities in OFID's trading portfolio are carried and reported at their publicly quoted prices (Level 1 in the fair value hierarchy). Both the realized and unrealized gains/losses are recognized in the income statement of the year in which they arise.

Account receivable

Account receivable comprises accrued interest and fees as well as receivables relating to Member Countries' contributions. The latter represents amounts due from Member Countries on called contributions. In 2013, OFID started to receive contributions pledged by Member Countries under the 4th Replenishment, which continued during 2016.



Property and equipment

OFID's property and equipment assets comprise freehold land and buildings, motor vehicles, computer software, furniture and fixtures, and technology and office equipment.

Post-employment benefits

OFID sponsors defined benefit pension and medical plans for its non-local employees. In a defined benefit plan, the amount of benefits payable to an employee upon retirement is predetermined in relation to indices other than the employee's past contributions or returns on the plan's investments. The plan receives regular contributions from participating employees and the sponsor entity; these contributions plus any return on investment minus benefits paid constitute the plan's assets.

Post-employment benefits include staff retirement plan, a medical benefits plan and other employee benefits such as annual leave compensation; housing and family allowances; end-of-service grant; relocation grant; and removal expenses to eligible employees.

Equity

Equity is defined as the Member Countries' contributions called plus reserves. Reserves comprise general reserve, reserves for grants, and other reserves. OFID's equity at the end of 2016 was \$7,003m, of which \$4,262m comprised Member Countries' contributions, and the balance was reserves. General reserve is cumulative net income since the inception of OFID up to the reporting date less any transfer to the reserve for grants.

Provision for Impairment

The provisioning for public sector financing is based on an internal risk rating system.

The private sector provisioning policy requires: (i) an initial expected credit loss provision of 2.5% on cumulative disbursements of loan and equity investments until the provision reaches 10% of outstanding loan and equity

investments; and (ii) a specific provision that is determined on the basis of the number of days that a loan has been in arrears.

For trade finance, a provision of 0.25% on all guarantees outstanding and loan disbursements is made until the cumulative provision reaches 5% of the total outstanding of loans; a similar approach is applied with respect to specific provision based on the loan's exposure.

Summary of financial results

OFID's total income in 2016 was \$273m against \$76m in 2015. The higher income was attributable to income from loans and guarantees, which was \$156m, continuing its increasing trend from \$141m in 2015, and the good performance of treasury investments. The Investment Portfolio return amounted to \$111m in 2016 in comparison to \$-56m in 2015. The outperformance can be traced back to the recovery of equity markets (with the exception of Europe) and a strong performance on the fixed income portfolio. The net income of the year, after the deduction of administrative expenditures, provisions and depreciation of property and equipment, was \$170m against \$21m in 2015.

Independent Auditor's Report

To the Ministerial Council of THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT (OFID)

Opinion

We have audited the financial statements of THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT (OFID), Vienna, which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of OFID as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and its interpretations issued by the International Accounting Standard Board (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of OFID in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Austria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the OFID's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate OFID or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing OFID's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OFID's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the OFID's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause OFID to cease to continue as a going concern.

 Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably by thought to bear on our independence, and where applicable, related safeguards.

PwC Wirtschaftsprüfung GmbH

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Gerhard Prachner Austrian Certified Public Accountan

Vienna, March 24, 2017

Statement of financial position at December 31, 2016 and 2015 (in \$m)

	2016	2015
ASSETS		
due from banks	378.6	269.4
TREASURY INVESTMENTS	1,615.6	1.578.3
ACCOUNTS RECEIVABLE	686.9	715.4
TRADE FINANCE FACILITY LOANS		
Net of Provisions	337.0	509.3
PRIVATE SECTOR LOANS		
Net of Provisions	731.9	715.8
PUBLIC SECTOR LOANS		
Net of Provisions	3,209.4	3,017.9
EQUITY INVESTMENTS		
At Fair Value PROPERTY AND EQUIPMENT	119.9	110.1 90.5
	88.4	
TOTAL ASSETS	7,167.7	7,006.8
	F O	()
Accounts Payable	5.8	6.3
Trade Finance Guarantees Provision	6.4	5.4
Post-Employment Benefits		131.9
TOTAL LIABILITIES	165.3	143.7

TOTAL LIABILITIES

TOTAL LIABILITIES AND EQUITY	7,167.7	7,006.8
TOTAL EQUITY	7,002.5	6,863. I
Reserves	2,740.3	2,600.9
Member Country Contributions	4,262.2	4,262.2
EQUITY		



Income statement at December 31, 2016 and 2015 (in \$m)

	2016	2015
OPERATIONAL INCOME AND EXPENSES		
Income/(Loss) from:		
Loans and Guarantees	156.2	140.9
Equity Investments	1.7	2.3
Treasury Investments	111.3	(56.0)
Currency valuation Gain/(Loss) and Other Income	4.2	(11.3)
Total Income	273.4	76.0
Provision for impairment	(43.4)	0.3
Net Operational Income	229.9	76.4
OTHER EXPENSES		
Administrative Expenses	(43.6)	(42.1)
Depreciation on Property and Equipment	(2.2)	(0.4)
Provisions for Post-Employment Benefits	(14.1)	(13.2)
Net Income for the Year	170.0	20.7

Statement of comprehensive income at December 31, 2016 and 2015 (ln \$m)

	2016	2015
Net Income for the Year	170.0	20.7
Other Comprehensive Income		
Items that will not be classified into profit and loss		
Revaluation Gain/(Loss) on Equity Investments	(2.7)	(17.6)
Revaluation Gain/(Loss) on Property	-	(1.8)
Revaluation Gain/(Loss) on Post Employment Benefit Plans	(9.4)	20.4
Total Other Comprehensive Income	(12.0)	1.0
Fotal Comprehensive Income for the year	158.0	21.7

Statement of changes in equity at December 31, 2016 and 2015 (in \$m)

	Member Country Contributions	General Reserve	Reserve for Grants	Other Reserves	Total Equity
Balance at January 1, 2015	4,262.2	2,523.5	81.6	(2.3)	6,864.9
Transfer from General Reserve	-	(18.0)	18.0	-	-
Transfer to General Reserve	-	0.2	(0.2)	-	-
Disbursement of Grants	-	-	(23.5)	-	(23.5)
Net and Other Comprehensive Income for the Year	-	20.7	-	1.0	21.7
Balance at December 31, 2015	4,262.2	2,526.4	75.8	(1.3)	6,863.1
Balance at January I, 2016	4,262.2	2,526.4	75.8	(1.3)	6,863.1
Transfer from General Reserve	-	(12.0)	12.0	-	-
Transfer to General Reserve	-	2.8	(0.9)	(1.8)	-
Disbursement of Grants	-	-	(17.3)	-	(17.3)
Net and Other Comprehensive Income for the Year	-	170.0	-	(12.0)	158.0
Realized Gain/(Loss) on Equity Investments	-	(1.3)	-	-	(1.3)
Balance at December 31, 2016	4,262.2	2,685.9	69.6	(15.2)	7,002.5



Statement of cash flows at December 31, 2016 and 2015 (in \$m)

	2016	2015
ASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other charges on Public Sector loans	89.3	85.8
Interest and other charges on Private Sector loans	39.2	33.7
Interest and other charges on Trade Finance Facility	23.5	22.0
Dividends and other gain from Equity investments	1.6	1.4
Interest on time deposit accounts	1.3	0.4
Administrative expenses	(45.8)	(43.5)
Others - net Vet Cash Provided by/(Used in) Operating Activities	5.2 114.4	(4.7) 95.2
ASH FLOWS FROM INVESTING ACTIVITIES		200.2
Disposal of treasury investments	75.6	380.2
Public Sector Ioan disbursed	(470.0)	(410.7)
Public Sector Ioan repaid	260.1	258.3
Private Sector Ioan disbursed	(143.5)	(158.2)
Private Sector Ioan repaid Trade Finance Ioan disbursed	(196.1)	104.7
	(186.1) 338.5	(380.0) 225.5
Trade Finance Ioan repaid Brivate Sector Fauity Investments acquired		
Private Sector Equity Investments acquired	(15.5) 2.9	(30.1) 5.5
		J.J
Private Sector Equity Investments sold		
Purchase of Equipment and Software	(0.1)	(0.2)
Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities		
Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities ASH FLOWS FROM FINANCING ACTIVITIES	(0.1) (26.1)	(0.2) (4.8)
Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities ASH FLOWS FROM FINANCING ACTIVITIES Member Countries' subscriptions	(0.1) (26.1) 38.1	(0.2) (4.8) 55.9
Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities ASH FLOWS FROM FINANCING ACTIVITIES Member Countries' subscriptions Grants disbursed from Reserves	(0.1) (26.1) 38.1 (17.3)	(0.2) (4.8) 55.9 (23.5)
Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities ASH FLOWS FROM FINANCING ACTIVITIES Member Countries' subscriptions Grants disbursed from Reserves	(0.1) (26.1) 38.1	(0.2) (4.8) 55.9
Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities ASH FLOWS FROM FINANCING ACTIVITIES Member Countries' subscriptions Grants disbursed from Reserves Net Cash Provided by/(Used in) Financing Activities Net Increase/(Decrease) in Cash and Call Accounts	(0.1) (26.1) 38.1 (17.3) 20.8 109.2	(0.2) (4.8) 55.9 (23.5) 32.4 I 22.7
Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities ASH FLOWS FROM FINANCING ACTIVITIES Member Countries' subscriptions Grants disbursed from Reserves Net Cash Provided by/(Used in) Financing Activities Net Increase/(Decrease) in Cash and Call Accounts Cash and Cash Equivalents at January 1	(0.1) (26.1) 38.1 (17.3) 20.8 109.2 269.4	(0.2) (4.8) 55.9 (23.5) 32.4 122.7 146.7
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Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities ASH FLOWS FROM FINANCING ACTIVITIES Member Countries' subscriptions Grants disbursed from Reserves Net Cash Provided by/(Used in) Financing Activities Net Increase/(Decrease) in Cash and Call Accounts Cash and Cash Equivalents at January 1 Cash and Cash Equivalents at December 31 ECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY O Net Income for the year djustments to reconcile net income to net cash provided by operating activities: Unrealised (gain)/loss from investment portfolio Depreciation Change in provision for Public Sector Ioan	(0.1) (26.1) (17.3) 20.8 109.2 269.4 378.6 PERATING ACT 170.0 (105.9) 2.2 11.2	(0.2) (4.8) (23.5) 32.4 122.7 146.7 269.4 IVITES 20.7 54.2 0.4 (13.8)
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Purchase of Equipment and Software Net Cash Provided by/(Used in) Investing Activities CASH FLOWS FROM FINANCING ACTIVITIES Member Countries' subscriptions Grants disbursed from Reserves Net Cash Provided by/(Used in) Financing Activities Net Increase/(Decrease) in Cash and Call Accounts Cash and Cash Equivalents at January 1 Cash and Cash Equivalents at December 31 ECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY O Net Income for the year djustments to reconcile net income to net cash provided by operating activities: Unrealised (gain)/loss from investment portfolio Depreciation Change in provision for Public Sector Ioan Change in provision for Private Sector Ioan	(0.1) (26.1) (17.3) 20.8 109.2 269.4 378.6 PERATING ACT 170.0 (105.9) 2.2 11.2 1.2 12.4	(0.2) (4.8) 55.9 (23.5) 32.4 122.7 146.7 269.4 IVITES 20.7 54.2 0.4 (13.8) 1.5

Glossary

Abu Dhabi Fund	
AfDB	African Development Bank
OeEB	Austrian Development Bank
ADB	Asian Development Bank
AGFUND	Arab Gulf Program for Development
Arab Fund	Arab Fund for Economic and Social Development
bn	billion
BADEA	Arab Bank for Economic Development in Africa
CAF	Development Bank of Latin America
China EXIM	Export-Import Bank of China
CIS	Commonwealth of Independent States
CLC	Commercial Leasing and Finance
DAC	OECD Development Assistance Committee
DEG	German Investment Corporation
DFIs	Development finance institutions
DFID	United Kingdom Department for International Development
EAP	Energy Access Platform
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EU	
FMO	Netherlands Development Finance Company
GDP	Gross Domestic Product
GPEDC	Global Program for Effective Development Cooperation
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunity Deficiency Syndrome
ICARDA	International Center for Agricultural Research in the Dry Areas
ICBA	International Center for Biosaline Agriculture
ICRC	International Committee of the Red Cross
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFRC	International Federation of Red Cross and Red Crescent Societies
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IsDB	Islamic Development Bank

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ITFC	Islamic Trade Finance Corporation
km	kilometer
Kuwait Fund	Kuwait Fund for Arab Economic Development
KWh	kilowatt-hour
LAC	Latin America and the Caribbean
LDCs	Least developed countries
m	million
mb/d	million barrels per day
MDGs	Millennium Development Goals
MSMEs	Micro-, small- and medium-size enterprises
NCDs	non-communicable diseases
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of the Petroleum Exporting Countries
	OPEC Reference Basket
	Pan American Health Organization
PAPP	Program of Assistance to the Palestinian People
PPPs	public–private partnership
PRGF	Poverty Reduction and Growth Facility
PSF	Private Sector Facility
Saudi Fund	Saudi Fund for Development
SDGs	Sustainable Development Goals
SEforALL	Sustainable Energy for All
SMEs	
Sukuk	
ТВ	tuberculosis
TFF	Trade Finance Facility
	United Arab Emirates
	United Nations
	United Nations Development Program
	United Nations Environment Program
	United Nations High Commissioner for Refugees
	United States
	United States of America
	United States Agency for International Development
	Value-added Tax
	World Food Program
	World Health Organization
WPC	World Petroleum Council

IMPRINT

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