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**Trust funds on food security and renewable energy**

## Programme and Budget Committee

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**Trust funds on food security and renewable energy**

## Trust fund on renewable energy

### Report by the Director-General

In compliance with General Conference decision GC.13/Dec.15 and Board decision IDB.38/Dec.5, the present document provides information on the special trust fund on renewable energy for productive activities during the biennium 2010-2011 that were undertaken with part of the amount of unutilized balances of appropriations due to Member States in 2010.

## I. Background and financial resources

1. The trust fund for renewable energy for productive activities was established in compliance with decision GC.13/Dec.15 with part of the amount of unutilized balances of appropriations of technical cooperation programmes due to Member States in 2010.
2. In July 2010, Member States approved a total of €1,516,426 for the trust fund accounts on increased food security through agribusiness and agro-industry promotion and renewable energy for productive activities. The value of the trust fund for renewable energy for productive activities is €509,106.
3. The overall strategic goal of this trust fund is to contribute to industrial development and environmental sustainability through the promotion of renewable energy for productive activities in selected developing countries. The main objectives and activities under the trust fund are to develop projects for scaling up

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renewable energy for productive activities in developing countries. These projects will primarily promote activities aimed at addressing barriers to renewable energy technologies such as policy, technical, financial and capacity; augmenting rural electrification; promoting private sector investments; and strengthening energy and climate security.

## II. Key activities

4. As indicated previously in document IDB.38/10, in order for industrial development to be accelerated in developing countries and countries with economies in transition, there is a critical need to develop reliable and more widely-available sources of renewable energy, and for this energy to be used more efficiently. Thus, renewable energy will clearly be a critical component of the diversified energy mix needed for promoting energy security in developing countries. In this way, low-carbon renewable energy solutions will play a key role in enhancing economic development and alleviating poverty for the almost two billion people currently without access to modern forms of energy. The key challenge will be to effectively link reliable and affordable modern energy services based on renewable energy with productive uses and industrial applications. However, this will require enhanced investments, innovative policies and institutional frameworks, and increased capacities at the national as well as local level for their wide-scale use and dissemination.

5. The trust fund primarily focuses on financing preparatory activities that facilitate the development of concrete project proposals to promote renewable energy, enhancing access to energy and supporting income generation in developing countries. In addition, the fund also assists in developing strategic methodologies and tools for promoting private sector involvement in renewable energy projects. A concrete monitoring and evaluation plan has already been developed and put in place to monitor the activities, results and impacts of the trust fund.

6. While implementation of activities under the trust fund is taking place, UNIDO intends to build on its experience and expertise in designing concrete projects and programmatic approaches for promoting renewable energy at the country level, and applying this know-how to the formulation of the new project proposals in this trust fund. A good example of such an initiative is the strategic energy programme funded by the Global Environment Facility (GEF) in 18 target countries of West Africa. Under this programme, UNIDO has designed renewable energy projects in nine countries of West Africa (where the Organization is the implementing agency in renewable energy projects under the GEF Strategic Programme) including Burkina Faso, Cape Verde, Chad, Côte d'Ivoire, Gambia, Guinea, Liberia, Nigeria and Sierra Leone and in addition a tenth project called the Regional Coordination Project in the West African Region. Special efforts are being made to ensure coherence and coordination under the project proposals currently being developed to align them with regional initiatives and global programmes on renewable energy for productive activities.

7. UNIDO is currently working closely with its counterparts including national energy organizations, United Nations organizations active in energy issues, United Nations Regional Commissions, regional banks including the African Development

Bank, the African Union and the European Union to ensure synergies from the start within the project proposals being developed under the trust fund. This cooperation is also providing the opportunity to strengthen global partnerships and networks such as UN-Energy currently being chaired by the Director-General of UNIDO. The project proposals are also being coordinated with other regional level GEF and multi and bilateral initiatives to ensure synergies and build upon emerging lessons. Strong coordination efforts and linkages are continuously being made with UNIDO field offices, country level energy projects, and regional strategies and plans to address key challenges in order to be able to develop common solutions at a more comprehensive scale.

8. The proposed approach in developing the project proposals under the trust fund envisages retaining close linkages with the UNIDO international and regional renewable energy technological centres, such as the International Solar Energy Centre (ISEC), the International Centre for Small Hydropower (ICSHP), Regional Centres on Small Hydropower in China and Nigeria, International Centre on Hydrogen Energy Technologies in Turkey (ICHET) and other partner institutions in order to impart training and build national capacities. An important element of this approach is to focus on strengthening South-South cooperation in renewable energy to provide reliable energy services for poverty reduction. The projects being undertaken through this trust fund are closely related to the activities under the food security trust fund (outlined in document IDB.39/10-PBC.27/10) since they also require reliable supplies of energy that can be provided by renewable sources of energy at the local level.

### **III. Results and impacts**

9. Following extensive consultations in recent months, requests have been received from several governments in developing countries for assistance in the development of renewable energy project proposals that have a particular focus on mobilizing GEF resources. Ongoing consultations are in the final stages with these countries. The activities under the trust fund are expected to result in the finalization of over 10 concrete projects leveraging more than \$25 million in funding from GEF, the European Union and other multi and bilateral partners, and strategic methodologies and tools for promoting private sector involvement in renewable energy projects. In addition all the proposals encourage the involvement of the private sector as one of the co-financers of the initiatives. Member States will continue to be informed of further developments.

### **IV. Action required of the Committee**

10. The Committee may wish to take note of the information provided in the present document.