



United Nations Industrial Development Organization

Distr.: General
25 March 2013

Original: English

Industrial Development Board

Forty-first session

Vienna, 24-27 June 2013

Item 4 (g) of the provisional agenda

Strengthening UNIDO programmes through unutilized balances of appropriations

Programme and Budget Committee

Twenty-ninth session

Vienna, 22-24 May 2013

Item 9 of the provisional agenda

Strengthening UNIDO programmes through unutilized balances of appropriations

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 report provides information on the trust fund on renewable energy, thereby updating the information presented in a previous report to the Board (document IDB.40/7).

I. Introduction and background

1. Following the decision adopted by the General Conference at its thirteenth session (decision GC.13/Dec.15), a trust fund on renewable energy for productive activities was established with part of the amount of unutilized balances of appropriations of technical cooperation programmes due to Member States in 2010.
2. The main objective of the trust fund is to support the formulation, design and subsequent implementation of a concrete portfolio of projects and programmes to scale up the use of renewable energy for productive uses in developing countries and economies in transition. The most recent document provided on the fund (IDB.40/7, chapter I) provides further information on the genesis of the fund, the context in which it was created as well as on its objectives. To date, the trust fund comprises funds to the value of €1,017,741, including support costs.
3. For more than a year now, the trust fund on renewable energy has been fully operational and achieved a number of significant milestones (IDB.40/7, chapter III refers). From a relatively small funding base, the trust fund has been able to leverage funding from GEF and others sources. The total funding of \$209 million

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includes \$32 million in GEF grants and \$177 million targeted to be mobilized as co-financing.

II. Current project activities

4. To date, five projects developed with the support from the trust fund have been approved by the Global Environment Facility (GEF) for grant funding of \$18 million, as well as \$85 million to be leveraged as co-financing. As reported in document IDB.40/7 four of these projects were approved and an additional project has since then been endorsed.

5. Moreover, additional three project concepts (PIFs)¹ were technically cleared by GEF for grant funding of \$14 million and potentially \$92 million of co-financing. These project concepts will be developed into full size projects following the GEF project preparatory cycle. Details of these approved project concepts are outlined in the paragraphs below. In this context, it may be noted that, since the issuance of the last progress report to the fortieth session of the Board, significant progress was made in the development of project documents for Cameroon, Dominican Republic, India and Uruguay² and these will be presented for GEF CEO Endorsement³ in 2013.

6. **India.** The project will focus on developing business models for promoting industrial waste-to-energy (WTE) projects in line with the priorities of the national Government, particularly as outlined in the National Action Plan on Climate Change (NAPCC) and other relevant national missions.

7. Following the successful demonstration of WTE technology applications and business models through selected interventions, the project will develop a pipeline of standardized projects and assist in technical assessments and to secure financing. The experience gained will thus play a key role in sustaining the project outputs and ensuring replicability of the investments on a wider scale across the country.

8. The project has been technically cleared by GEF to apply for grant funding to the tune of \$3.3 million and an additional \$18 million will be leveraged as co-financing.

9. **United Republic of Tanzania.** The project aims at promoting the use of WTE technologies, more specifically application of biomass and biogas technologies, in agro-industries. This area was selected due to its rapid scaling up and greenhouse gas (GHG) emissions reduction potential.

10. The East Africa Ministerial Consultation meeting, organized by the GEF secretariat in January 2011 brought together a group of 19 countries including the

¹ PIF: Project Identification Form. It formulates the first step of the GEF project cycle.

² In case of GEF PIFs for Dominican Republic and Uruguay, the Observatory for Renewable Energy in the LAC Region along with the UNIDO Regional Offices in the region played a key role in designing and finalizing the proposals, while UNIDO Regional Office in India provided strong support in designing the GEF PIF for India, and UNIDO Country Office in Cameroon provided assistance in finalizing the GEF PIF in Cameroon.

³ A third step in the GEF project cycle is the GEF CEO's endorsement of projects before such projects are approved by the GEF Agencies.

United Republic of Tanzania, and put forward WTE as one of the priority areas to be considered for East African countries. In line with that recommendation, the expected outcomes of the project include human and institutional capacity development and increased investments for WTE technologies.

11. GEF has approved grant funding of \$5 million under the project and an additional \$25 million will be leveraged as co-financing.

12. **Ukraine.** The project aims at increasing the use of renewable energy in industry in Ukraine through the introduction and development of market economy tools and public policy instruments in Ukraine to scale up investments in renewable energy projects, specifically in the field of biofuels, in Ukraine's industrial sectors, with the overall aim to reduce GHG emissions, increase energy independence and improve competitiveness of the national economy through low-carbon industrial development.

13. The project will seek to create employment opportunities in rural areas, develop the local economy and strengthen local capacity through increased technical knowledge, capabilities and technology transfer.

14. The project has been technically cleared by GEF to apply for grant funding of \$4.2 million and an additional \$32.8 million will be leveraged as co-financing.

15. **Egypt.** The general objective of the project is to facilitate a comprehensive market transformation towards increased use of solar energy technologies for air conditioning, hot water production, drying applications in industrial processes and in large buildings.

16. This project will aim at promoting the use of low-carbon technologies for cooling and heating applications in order to reduce Egypt's GHG emissions as well as reducing power cuts by reducing the electricity demand.

17. The project has been technically cleared by GEF to apply for grant funding of \$6.5 million and an additional \$41.6 million will be leveraged as co-financing.

III. Action required of the Committee

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