



**Governing Council  
of the  
United Nations  
Development Programme**

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P O L I C Y

OTHER FUNDS AND PROGRAMMES

PROGRAMMES IN ENERGY DEVELOPMENT

Actions taken as follow-up to the  
United Nations Conference on New and Renewable Sources of Energy,  
Nairobi, 10-21 August 1981

Report of the Administrator

Summary

The Administrator is proposing to the Council that he be authorized to transform the Energy Account into a stable funding arrangement including expanding its funding base and strengthening its activities in new and renewable sources of energy, in addition to continuing its work in the field of conventional energy. Representatives of several Governments have enquired whether the Energy Account can receive contributions tied to procurement in the donor country. As this question will be discussed at the Council as a general policy issue, it is proposed that in the light of the outcome, a determination would be made regarding the action to be taken in respect to the Energy Account.

1. The General Assembly, in its resolutions 37/250 of 21 December 1982 and 38/169 of 19 December 1983, requested the Secretary-General of the United Nations to present to the Committee on the Development and Utilization of New and Renewable Sources of Energy substantive proposals on further ways and means of mobilizing financial resources for development and utilization of new and renewable sources of energy.

2. In response to this request, the Secretary-General presented to the second session of the Committee on the Development and Utilization of New and Renewable Sources of Energy, 23 April-4 May 1984, a report entitled "Further ways and means of mobilizing resources for new and renewable sources of energy."<sup>1/</sup> The report noted that in order to expand supporting actions and pre-investment activities in the area of new and renewable sources of energy, in line with recommendations of the Nairobi Programme of Action, an increase in various financial flows would be necessary. As regards further ways and means, the report stated that rather than establishing a new mechanism, consideration should be given to strengthening an existing arrangement which was already active in this field, and which had the potential for expanding its activities relevant to the development of new and renewable sources of energy. In the opinion of the Secretary-General, the UNDP Energy Account, set up by the Governing Council in decision 80/27, constituted such a mechanism.

3. In this context, the Secretary-General proposed to the Committee on the Development and Utilization of New and Renewable Sources of Energy that it recommend to the Governing Council of UNDP a review of the interim arrangements of the Energy Account in the light of the conclusions of the Nairobi Conference as well as of subsequent meetings on new and renewable sources of energy. He stated that such a review could result in strengthening the Energy Account and transforming it into a fund, which could be given the responsibility for promoting the mobilization of additional voluntary resources for supporting actions and pre-investment activities in the field of new and renewable sources of energy.

4. The Administrator had been authorized by the Governing Council at its twenty-seventh session in 1980 to establish the Energy Account on an interim basis in order to seek and accept voluntary contributions in cash or in kind to undertake specific projects designed to help meet urgent needs for assistance to developing countries, especially the poorest among them, without prejudice to future arrangements which may be proposed by the intergovernmental bodies.

5. As no new proposals for funding have emerged since decision 80/27 was approved by the Governing Council, the Committee on the Development and Utilization of New and Renewable Sources of Energy, in its report on its second session, after consideration of the various options as well as the activities and performance of the Energy Account, recommended that the UNDP Governing Council "... review the current interim arrangements for the Energy Account, with a view to ensuring the continuation of the operations of the Account on a more stable basis and to strengthen its activities in order to make it better able to respond to the needs of developing countries in the field of new and renewable sources of energy. The Committee invites additional voluntary contributions to the Account in order to expand those activities. The Secretary-General is requested to report on the action taken by the Governing Council of UNDP on this recommendation" to the Committee on the Development and Utilization of New and Renewable Sources of Energy at its third session.<sup>2/</sup>

6. The Committee on the Development and Utilization of New and Renewable Sources of Energy has emphasized the importance of consultative meetings at the national, regional and global levels and of the UNDP Energy Account as specific means for mobilizing

financial resources for programmes and projects in the field of new and renewable sources of energy. The efforts of the Energy Account, under the management of the Administrator, in the mobilization of financial resources and the implementation of programmes and projects were recognized and commended. In particular, reference was made to the joint UNDP/World Bank Energy Sector Assessment Surveys for 70 developing countries which are aimed at helping decision makers in the developing countries to address their pressing energy problems in a systematic and realistic way. The surveys are also designed to help promote the preparation and implementation of co-ordinated energy policies, programmes and projects. These surveys, if the recipient Governments so agree, would provide a valuable input for the convening of national consultative meetings.

7. In addition to this and the Energy Management Assistance Programme which is concerned with the follow-up of the Energy Assessment Programme, the Energy Account has approved some activities in a number of priority areas in the Nairobi Programme of Action such as small-scale hydro demonstration plants, geothermal exploration and training workshops in energy assessment and planning. A list of the projects approved for financing from the Energy Account is provided in annex II to this report.

8. The UNDP Energy Account, in the short time it has been in existence, has been able to respond rapidly and flexibly in providing assistance to Governments in the field of energy. In particular, through the Management Assistance Programme, it has provided seed money for attracting finance from other multilateral and bilateral sources by carrying out feasibility studies and preparing projects for capital investment. The following two examples are provided to illustrate the multiplier effect obtainable through the Energy Account: (a) a contribution of \$1 million earmarked for providing the overall project management, training and consultant services for a geothermal exploration and development project in Djibouti complements a \$6 million IDA credit together with contributions from other development financing sources for a total of \$16.6 million; and (b) a contribution of \$849,200 for a demonstration small-scale hydro plant in the Sudan has attracted bilateral funding for a total project cost of \$3 million.

9. Currently, the resources pledged to the Account since its inception amount to \$17 million, which are fully programmed and have been allocated to projects. However, as a result of the country energy assessment missions, a large number of priority projects have been identified for which Governments are requesting further assistance from UNDP. Furthermore, the Energy Account has been receiving other requests for assistance in energy projects in priority areas for which financing is not available.

10. The Administrator has given careful consideration to the recommendation of the Committee on the Development and Utilization of New and Renewable Sources of Energy and would propose to the Governing Council that he be authorized to:

(a) Transform the current interim arrangement for the Energy Account into a stable funding arrangement;

(b) Strengthen its activities in the area of new and renewable sources of energy, including supporting actions and pre-investment activities as identified in the Nairobi

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Programme of Action, in addition to continuing its work in the fields of conventional energy;

(c) Promote increased participation of the relevant United Nations development system organizations in the implementation of programmes and projects; and

(d) Expand the funding base by launching an appeal to all those countries which have the potential to contribute to the Energy Account.

11. Representatives of several Governments have enquired whether the Energy Account can receive contributions tied to procurement in the donor country. As the question of contributions tied to such procurement will be discussed by the Council as a general policy issue,<sup>3/</sup> it is proposed that these discussions take place first, and thereafter in the light of the outcome of the discussions, a determination would be made by the Council regarding the action to be taken in respect of the Energy Account.

12. The Administrator is of the opinion that the approval by the Council of the measures set forth in paragraphs 10 and 11 above would greatly enhance the financial basis of the Energy Account and enable it to expand its activities in support of the recommendations and programmes of the Nairobi Programme of Action as well as other projects in the energy field.

13. The management of the Energy Account is entrusted by the Administrator to the Energy Office which utilizes the technical, administrative, and financial services of UNDP in support of the Account's activities. The Administrator proposes to continue with these arrangements.

14. The Administrator also proposes reporting to the Governing Council at its thirty-second session on the results and effectiveness of actions undertaken with the Council approval.

#### Notes

<sup>1/</sup> A/AC.218/7.

<sup>2/</sup> A/39/44, Conclusions and Recommendations, paragraph 19(c).

<sup>3/</sup> Trust funds conditioned on procurement from a donor country, DP/1984/58, agenda item 9(d).

Annex I

CONTRIBUTIONS RECEIVED FOR THE UNDP ENERGY ACCOUNT  
AS OF 15 MAY 1984

<u>Country/organization</u>	<u>US dollars</u>
OPEC Fund for International Development	6 000 000
Netherlands	4 923 077
Sweden	2 207 502
Australia	968 900
Switzerland	939 000
Finland	788 025
Norway	604 082
United Kingdom	459 418
Denmark	229 886
Japan	202 280
New Zealand	69 345
Jamaica	<u>6 027</u>
	<u>17 397 542</u>

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Annex II

PROJECTS APPROVED FOR FINANCING FROM THE ENERGY ACCOUNT  
JANUARY 1982 TO MAY 1984

<u>Project title</u>	<u>Project no.</u>	<u>Energy Account contribution (US dollars)</u>
<u>Interregional projects</u>		
1. Energy Sector Assessment Programme (covering 70 countries)	INT/80/009	3 446 531
2. Energy Workshops to Promote Investments in New and Renewable Sources of Energy	INT/82/008	20 000
3. Power System Loss Reduction Studies	INT/82/009	457 534
4. Fellowships (3) for the Geothermal Institute at the University of Auckland, New Zealand	INT/81/023	43 343
5. Energy Sector Management Assistance Programme	INT/83/005	3 916 942
6. Training in Energy and Power	INT/82/013	65 382
7. Prefeasibility Study for an International Co-operative Programme for Training and Research in Energy Planning and Management	INT/81/004	147 845
8. UNDP/World Bank Study of Pre-investment Requirements for Renewable Energy Development	INT/81/051	68 161

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<u>Project title</u>	<u>Project no.</u>	<u>Energy Account contribution (US dollars)</u>
<u>Interregional projects</u>		
9. UNDP/UN Coal Symposium for Electricity Generation in Developing Countries	INT/82/004	100 000
10. Development of Training Modules for Energy Management in Enterprises: Turin Centre	INT/82/006	123 500
11. Monitoring of Biomass Gasifiers	INT/83/007	376 300
12. Seminar on Energy Assessment and Planning (May 1984)	INT/83/014	202 280
<u>Global projects</u>		
1. Consultant Missions for the Preparation by Governments for the United Nations Conference on New and Renewable Sources of Energy	GLO/81/005	83 926
2. UNDP/UNITAR Information Centre for Heavy Crudes and Tar Sands	GLO/82/004	20 000
<u>Asia</u>		
1. Off-shore Drilling Centre Training School in Viet Nam	VIE/83/003	400 000
2. Small Scale Hydro Plant: Fiji	FIJ/00/000	1 000 000
<u>Africa</u>		
1. Preparation of an Energy Master Plan for The Niger	NER/81/033	60 000
2. Energy Survey: Benin	BEN/81/010	28 850
3. Energy Planning and Management: Mauritius	MAR/82/006	130 000
4. EDI/UNDP Seminar on Energy Policy (6-14 March 1984)	RAF/83/031	38 500

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<u>Project title</u>	<u>Project no.</u>	<u>Energy Account contribution (US dollars)</u>
<u>Latin America</u>		
1. Hydrocarbons, Phase I: Bolivia	BOL/82/002	33 800
2. Hydrocarbons, Phase II: Bolivia	BOL/82/003	54 260
3. Planning Methods for the Expansion of the Colombian Electrical System	COL/82/025	150 000
4. Development of an Energy Savings Device for Antigua, Barbuda, Barbados and Grenada	CAR/82/001	19 765
5. Coal Transportation Study in Colombia	COL/81/005	200 000
6. Production of Biogas for Rural Energy: Honduras	HON/00/000	45 000
7. Energy Savings Device: Jamaica	JAM/82/012	56 500
8. Caribbean Energy Programme: Co-ordination Project	RLA/81/007	2 394
9. Caribbean Regional Petroleum Exploration	RLA/82/026	500 000
10. Management, Programming and Control of Hydroelectric Projects: Colombia	COL/82/038	315 000
11. Energy Savings Device: Barbados	BAR/82/001	106 223
<u>Arab States</u>		
1. Preparatory Assistance to Renewable Energy: Egypt	EGY/82/001	48 364
2. Utilisation Domestique du Gaz Naturel: Morocco	MOR/83/007	23 000
3. Small-scale Hydro-power Project Engineering: The Sudan	SUD/84/000	849 200
4. Geothermal Exploration: Djibouti	DJI/84/000	999 000

