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UNIDO activities related to energy and the environment

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Report by the Director General

The present document reports on the implementation of General Conference resolution GC.15/Res.4 and provides information on latest developments. It supplements the information contained in progress reports presented to the Board at its forty-second session in document IDB.42/12, as well as in the *Annual Report of UNIDO 2013* (IDB.42/2) and the *Annual Report of UNIDO 2014* (IDB.43/2).

I. Introduction

1. UNIDO continues to promote a sustainable model of industrial development through targeted global, regional and national projects in the area of circular economy, and through reducing the use of environmentally harmful substances by upgrading the capacity of industry to develop and use sustainable alternative technologies.
2. UNIDO's service delivery in the areas of energy and environment was restructured in early 2015 (UNIDO/DGB/2014/01/Amend.1), and an Environment Branch was formed for more effective technical cooperation towards UNIDO's mandate of inclusive and sustainable industrial development (ISID). UNIDO's new Environment Branch aims to improve existing industries' environmental performance and foster new industries delivering environmental goods and services.

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3. The work of UNIDO's Environment Branch is structured around four key areas of intervention: promoting industrial resource efficiency and cleaner production (RECP) and the optimum use of water; eliminating persistent organic pollutants (POPs) from processes, products and waste; phasing out ozone-depleting substances (ODS); and developing new services to support industry to address emerging environmental compliance regimes. The delivery achieved in the area of environment during the biennium 2014-2015 is approximately \$150 million.¹

4. As a result, a model of industrial development is being promoted throughout developing and transition economies, that is at the same time economically viable, environmentally sound, and protective of human and community health.

II. Promoting industrial resource efficiency and cleaner production

5. For UNIDO, the 2015 marks 20 years of successful delivery of RECP services to industry. This was celebrated at the joint UNIDO-United Nations Environment Programme Global Network Conference on RECP, which took place in October 2015 in Switzerland.

6. Over this period, the Global Network for RECP (RECPnet) has expanded to over 70 organizations, providing enterprises with specialized technical and advisory support to increase productivity, reduce natural resource use and emissions, and improve worker and community health and well-being.

7. Multi-country and regional thematic RECP initiatives encompass eco-industrial parks, innovative chemicals management, chemical leasing, and low-carbon industrial development. These initiatives also include RECP centres and programmes launched in Bosnia and Herzegovina and in Ecuador.

8. The UNIDO programme on the transfer of environmentally sound technologies (TEST) continues to expand in the Mediterranean and the Gulf of Mexico, including large TEST components to promote sustainable production in industrial sites.

9. UNIDO, in cooperation with industry, promotes public-private partnerships for water stewardship in 11 water-scarce areas globally. Jointly with Norway, UNIDO is scaling up its support for the transition from artisanal to semi-industrial fishery in Sudan.

10. Since December 2014, new project grant funding in resource efficiency has totalled \$5.3 million. Total delivery is approximately \$33 million in 64 countries.

11. In the coming years, UNIDO intends to strengthen RECPnet to facilitate the distribution of know-how and services. Eco-industrial parks and their contribution to sustainable cities will allow multiple targeted, efficient interventions to benefit countries' economic and environmental development.

¹ All delivery figures are indicative, due to the changes in association of activities to different branches affected by the restructuring.

III. Elimination of persistent organic pollutants

12. In late 2014, UNIDO held a global forum event on South-South cooperation for the update of National Implementation Plans of the Stockholm Convention in 49 countries. UNIDO's POPs programme, currently emphasizing polychlorinated biphenyl (PCB) and unintentionally produced POPs, is evolving in line with national priorities towards a sharper focus on recycling industries and sectors with POPs linkages, such as e-waste, metals and plastics. This will help establish new recycling industries and improve existing ones, leading to increased job opportunities, particularly in the rapidly urbanizing developing world.

13. A new UNIDO project focusing on key Chinese industrial sectors has been developed to promote the application of a systematic life-cycle approach in POPs and chemical waste covered by the Strategic Approach to International Chemicals Management.

14. Since December 2014, project grant funding in the area of POPs has totalled \$33 million. Total delivery was about \$24 million. This includes projects in India on the phase-out of dichlorodiphenyltrichloroethane (DDT), the development of recycling industries and waste management in East Asia and Eastern Europe, PCB management in Africa and Asia, POPs management in China and, more recently, in eight small island developing States in the Caribbean. In total, the programme is implemented in 79 countries.

IV. Phase-out of ozone-depleting substances

15. The Montreal Protocol is a treaty with firm, near-term restrictions for several ozone-depleting substances, leading to a number of necessary changes in larger industry, as well as in micro, small and medium-sized enterprises. The Protocol also needs to be transferred into national legislation and enforcement. UNIDO is assisting 70 countries in meeting their commitments under the Protocol.

16. Of the substances currently targeted, hydrochlorofluorocarbons (HCFCs), are predominantly used in the foam, refrigeration and air conditioning sectors, while the fumigant methyl bromide (MeBr) is used widely in agro-industries. UNIDO provides training and supports the conversion and upgrading of production lines.

17. Since December 2014, project grant funding in the Montreal Protocol Unit and its predecessors in the former Montreal Protocol Branch has totalled \$38 million. The resulting delivery was \$85 million.

18. HCFC-related activities under the Protocol are expected to continue for the next decade, with countries benefiting from UNIDO's expertise in the foam and refrigeration industries, and in the refrigeration service sector. Over the past 20 years of implementation, UNIDO activities under the Protocol have reduced annual greenhouse gas emissions by an estimated 727 megatons of carbon dioxide equivalent.

19. By assisting countries to conduct detailed national surveys on different substitutes, UNIDO plays a leading role by supporting the generation of valuable data on the economic and environmental viability of such alternatives. This effort is

helping inform ongoing discussions on the potential inclusion of more substances in the Protocol, which would expand UNIDO activities accordingly.

V. Emerging compliance regimes

20. UNIDO assists developing countries to prepare for the forthcoming Minamata Convention on Mercury to protect from the adverse effects of mercury. With GEF funding, UNIDO supports 37 countries in implementing initial assessments, national action plans for artisanal and small-scale gold mining (ASGM) related to mercury, and projects focused on chlor-alkali processes. UNIDO concentrates particularly on ASGM-related implementation to substantially reduce the health impact on ASGM workers. In China, UNIDO is leading an initiative in the polyvinyl chloride (PVC) sector to demonstrate low mercury catalyst technologies and mercury-free alternatives.

21. UNIDO also supports countries in addressing MeBr uses currently not covered under the Protocol, such as quarantine and pre-shipment treatment. UNIDO is currently working on identifying environmentally friendly, effective alternatives to MeBr.

22. UNIDO is actively promoting the reduction of nitrous oxide (N₂O) emissions stemming from agriculture, in anticipation of control measures to mitigate N₂O emissions. This will not only substantially reduce the negative impact of agriculture on the climate, but also improve water resources through reduced run-off. It is expected that fertilizer efficiency and yield can be improved in agro-industries, thereby improving their economic and ecological sustainability.

VI. Outlook

23. The Addis Ababa Action Agenda on Financing for Development, the United Nations Sustainable Development Summit for the adoption of the post-2015 development agenda, and the 2015 Paris Climate Conference are three major policy frameworks in 2015 which will guide countries in pursuing sustainable development. On the basis of ISID, these frameworks provide the context for UNIDO's environmental services, and inform their structure and strategy.

24. ISID and the changes in global policy will increase the relevance of UNIDO's environmental services. Ongoing efforts to strengthen the impact of these services on industrial development will be intensified, and new services will be established to support industry in improving its environmental performance, and seizing related development opportunities. Particular attention will also be paid to ensure the economic and environmental viability of large-scale industrial developments, anticipating growth opportunities in emerging compliance regimes, and increasing industries' resilience to climate change.

VII. Action required of the Conference

25. The Conference may wish to take note of the information provided in the present document.