

Montevideo solar energy research and development

MONTEVIDEO - The Renewable Energy Innovation Fund (REIF) has approved its first three financial operations, providing US\$1m. in refundable financing for projects that drive the Second Energy Transition in Uruguay.

The Renewable Energy Innovation Fund (REIF), supported by a US\$10m. grant from the United Nations Joint Sustainable Development Goals Fund (Joint SDG Fund), adopts a public-private partnership approach to provide financing and technical assistance to innovative projects aimed at decarbonizing key sectors of the Uruguayan economy. REIF is an instrument that contributes to implementing Uruguay's energy policy, supported by the triple-impact financing that private commercial banks want to promote.

In this regard, Uruguay's Minister of Industry, Energy and Mining, Omar Paganini, stated that, "REIF is a model that generates success and one we want to see multiplied. It aligns global and national objectives of decarbonization, with the objective of private businesses surviving, growing and being profitable, all while targeting triple impact; environmental, social, and economic."

The Deputy Minister of Industry, Energy and Mining, Walter Verri, confirmed that "following a successful first energy transition, mechanisms like REIF consolidate the country's mission to advance towards decarbonization, involving key stakeholders in the pursuit of a more sustainable Uruguay."

Having signed cooperation agreements with seven commercial banks in the country (representing over 80% of the relevant segment of the banking system), REIF sealed its first three financial operations, leveraging investments with Banque Heritage, Ita? Bank and BBVA Bank, for electric mobility and energy efficiency transformation plans.

UNIDO is the leading United Nations agency in the implementation of the REIF. From that perspective, Manuel Albaladejo, Representative of UNIDO's office for the Southern Cone countries, argues that "the REIF was envisaged to catalyze triple impact private financing and break with the traditional cooperation model that is no longer applicable to middle and high-income countries like Uruguay. It is a new way of creating public-private partnerships for development financing."

In 2020, the United Nations Joint SDG Fund selected the REIF project proposed by Uruguay from more than 150 submissions from various countries. In light of this, Pablo Ruiz, the UN Resident Coordinator in Uruguay, speaking at a press conference to announce the updates, said, "Uruguay is an important country for us; UN agencies consider it for experimental projects due to its strong institutional setting stability, and reputation as a serious country."

REIF is an initiative involving the Ministry of Industry, Energy and Mining, the Ministry of Environment, the Office of Planning and Budget, and the National Administration of Power Plants and Electric Transmissions (UTE), financed by the Joint SDG Fund and implemented by United Nations Uruguay, UNIDO, UN Women and the UNDP.

The Inter-American Investment Corporation (IIC) signed two financing packages with Solaria Energía y Medio Ambiente S.A. for the construction, operation and maintenance of two solar photovoltaic energy plants in Uruguay. The ceremony took place in Montevideo with IIC CEO James P. Scriven and Solaria Energía y Medio Ambiente Dario Lopez. Financing included \$12.2 million and \$12.8 million for the Natelu and Yarnel wind farms, respectively.

The projects will jointly generate approximately 35.8 GWh of electricity annually from non-conventional renewable energy sources, displace about 19,500 tons of CO₂ equivalent emissions per year and reduce the vulnerability of Uruguay's electricity sector to hydrological conditions. By supporting two, small-power generation companies' market entry, the IIC is supporting the diversification of the country's energy matrix and increasing private sector participation.

The Natelu wind farm includes an IIC senior loan of \$6.1 million plus a \$6.1 million co-loan from the Canadian Climate Fund for the Private Sector in the Americas (C2F), a \$250 million fund that co-finances climate-friendly private sector projects in the region. The Yarnel farm will receive \$6.4 million from IIC's capital and \$6.4 million from the C2F.

The loan offers an 18-year tenor to make the project viable and competitive. The IIC has contributed to systemic change in Uruguay's energy sector by providing long-term financing, mobilizing capital from investors and working with the government to increase the private sector's involvement.

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