

INTERNATIONAL RENEWABLE ENERGY AGENCY

Eleventh meeting of the Council

Abu Dhabi, 24 – 25 May 2016

Note of the Director-General

Future Orientations – Emerging Strategic Considerations for IRENA’s Work**Background**

1. At its third session, the Assembly adopted the Medium-term Strategy (MTS) of the Agency for the period from 2013 to 2017¹. The review of the MTS took place in 2015. One of the main findings of this review, as reported to the Assembly at its sixth session², was that the current strategy remains unchanged, but to use the upcoming two-year period to develop the future strategic direction of the Agency in the post-2017 period. The review also highlighted that both the Agency and the renewable energy sector have evolved much faster than anticipated. New drivers for the development and deployment of renewable energy have emerged, and the continuous expansion of renewable energy is reshaping the energy landscape at the global, regional and national levels.

2. IRENA exists today in a significantly different context from that of 2012 when its current strategy was developed. The Agency has matured as an institution, both in its programmatic output and orientation, and in its global standing and recognition. Its membership more than doubled during this period, bringing new and more diverse perspectives on the programmatic priorities and strategic direction. Of great significance to IRENA’s future strategic direction is also the adoption of the Sustainable Development Goals and the Paris Agreement, which provide a powerful signal of the resolve to transition to a sustainable energy future. Defining the strategy for the next five-year period therefore requires a careful assessment of the context in which the Agency operates today, as well as of the trends that indicate where its contribution to the sector and beyond would be most impactful.

3. Building on the ongoing trend of targeted discussions on strategic and programmatic matters, this note is provided to facilitate the initial discussion on the Medium-term Strategy 2018-2022.

Introduction

4. From major industrialized economies, through growing emerging economies, to small islands, the need for energy sustainability, security and accessibility is driving change. This change is taking hold across all energy-dependent sectors: electricity, heat and transport, and reshaping ancillary areas such as producers, networks, and markets. Renewable energy is at the heart of this transformation. Its business case is strong and continuously improving with falling costs and technology advancements. Ubiquitous in nature,

¹ A/3/DC/14 ‘Decision on the Medium-term Strategy of IRENA’

² A/6/11 ‘Report of the Director-General on the review of the Medium-term Strategy 2013-2017’

renewables offer an economically attractive answer to climate and energy security concerns, and new opportunities for sustainable livelihoods for the millions who lack energy access today.

5. Countries are embracing this solution. IRENA's *Renewable Capacity Statistics 2016* highlights that, since IRENA's establishment five years ago, renewable generation capacity has increased by roughly one-third. Nearly 2,000 GW exist globally, with most of the growth coming from new installations of wind and solar energy. The year 2015 marked the highest annual growth rate on record, as well as the first year when renewables made up the majority of the added energy capacity at 53.6%.

6. Despite this progress, much remains to be done to realize national ambitions of 164 countries which have established renewable energy targets³ and the 180 that have submitted NDCs, and achieve the objectives enshrined in the Sustainable Development Goals and the Paris Agreement. IRENA's *REmap: Roadmap for a Renewable Energy Future* shows that doubling the share of renewable energy by 2030, underpinned by energy efficiency would help realize both the growth and decarbonization objectives. It emphasizes that the next three to five years present a window of opportunity to escalate the transformation at the necessary scale. With current national plans only taking the global share of renewables to 21% in 2030, a six-fold acceleration of current growth is needed to bring this share to the needed 36%.

7. REmap shows that a doubling of the share of renewable energy in the global energy mix by 2030 is technologically feasible and economically viable. It would result in 24.4 million jobs in the renewable energy sector and boost the global economy by up to USD 1.3 trillion⁴. A doubling would achieve up to 12 gigatonnes of energy-related CO₂ emission reductions, a five time increase from the renewable energy related commitments in the Nationally Determined Contributions (NDCs). While the cost of this doubling is estimated at USD 290 billion per year by 2030, the savings resulting from CO₂ and air pollution reduction are estimated to be up to 15 times higher.

8. To realize this opportunity and transform the energy sector, concerted action is needed to align diverse objectives, influence the areas of key relevance, and accelerate the global learning curve. In the second edition of *REthinking Energy*⁵, IRENA has identified five actions needed to support the transition:

- Strengthening the policy commitment to renewable energy;
- Mobilising investment in renewable energy;
- Building institutional, technical and human capacity;
- Harnessing the cross-cutting impact of renewables on sustainable development;
- Enhancing regional engagement and international cooperation.

Future orientation for IRENA

9. Looking at its next MTS, IRENA will need to carefully identify areas that may affect the most change, and refine its direction and resulting programmatic activities, mindful of the priorities highlighted by Members in the review of the current MTS. These include:

³ IRENA (2015), 'Renewable Energy Target Setting'

⁴ IRENA (2016), 'Renewable Energy Benefits: Measuring the Economics'

⁵ IRENA (2015), 'REthinking Energy: Renewable Energy and Climate Change'

a. Renewable energy and climate change. Climate change represents a major global challenge which requires solutions on many fronts. Renewable energy is one of the key solutions, included in the majority of NDCs submitted to date. IRENA should consider how to best serve as an enabling instrument to support countries in their efforts to decarbonize energy, and use the momentum to promote the business case for renewables across all sectors of activity.

b. Social and economic benefits of renewable energy. Contextualizing renewable energy both within the broader energy sector and in different economic and social settings supports the case for renewable energy. IRENA's work to date in this context has been effective but limited, and efforts should be made to expand it to the most impactful aspects. Demonstrating renewable energy benefits for energy security, employment, local value chains, productive use, and resource sustainability will make the case of renewables even stronger.

c. Sustainable Development Goal on Energy (SDG 7). SDG 7 is providing an important framework to international and national efforts to accelerate the deployment of renewable energy, as well as to highlight the interconnected nature of the path to sustainable development. IRENA should support the global efforts to achieve SDG 7, and increase the knowledge and awareness of the role of renewable energy across Sustainable Development Goals.

d. Fostering partnerships. Positive developments in the sector mean that there is an increasing number of possibilities to forge partnerships to promote greater effectiveness and sustainability of IRENA's work, and to facilitate convergence of effort. This should include identification of synergies with initiatives and organizations active in the sector, and establishment of strong links with financing institutions. To support on the ground implementation, partnerships with country and regional actors and networks will offer continuum and sustain effort.

e. Engagement with the private sector. While mindful of the necessity to remain and to be perceived as impartial, IRENA should bolster its engagement with the private sector to facilitate investment and a demand-driven deployment. This engagement should include also those companies that have committed to renewable energy as part of their strategy to transition to sustainable business models.

Way forward

10. IRENA's strategic vision for the current period is, *"To be the principal platform for international cooperation, a centre of excellence on renewable energy and a repository of policy, technology, resource and financial knowledge and to support countries in their transition to a renewable energy future"*. The MTS envisages IRENA as an authoritative global voice for renewable energy, acting along three pillars:

- Centre of excellence for renewable energy;
- Renewable energy advisory resource for countries;
- Network hub of country, regional and global programs.

11. The MTS also defines five fundamental values that guide the Agency's work:

- Supportive of developing and developed countries to further the adoption of renewable energy and ensure energy access and security to all;

- Neutral/unbiased among all renewable technologies (bioenergy, geothermal, hydropower, ocean, solar and wind);
- Responsive, nimble, lean and action-oriented;
- Respectful of diversity;
- Grounded in integrity, accountability and transparency.

12. This strategic framework should be examined against the backdrop of the ongoing transformation of the energy sector and used to answer a number of strategic, programmatic and institutional questions. With its nearly universal membership and a focused mandate, IRENA is ideally placed to drive change and remain at the cutting edge of developments in the transformation of the energy sector. In line with its work to date, it can provide state-of the-art information, recommendations and advice, stimulate action, and convene stakeholders. IRENA will need to carefully select its strategic priorities to best utilize its comparative advantage and focus on the most impactful and consequential areas.

Questions

- Considering developments in recent years, as well as drivers for the future deployment of renewable energy, what are the areas of IRENA's strategy where adjustments should be made?
- What should be the key building blocks/elements of the MTS 2018-2022?
- What should be the level of ambition for the next strategic period, and what does that imply for the level of resources?
- From a country perspective, what are the key areas where IRENA can play a role in advancing NDC implementation?
- How can IRENA make a more effective contribution to global efforts to increase energy access?
- Are there new forms of partnerships that IRENA should consider in its future work?
- How can the Agency best facilitate the engagement of interested Members in its work?