

INTERNATIONAL RENEWABLE ENERGY AGENCY

Ninth meeting of the Council
Abu Dhabi, 10 – 11 June 2015

**Report of the Director-General
on the Review of the Medium-term Strategy 2013-2017****I. Introduction**

1. This note is prepared to facilitate Members' discussion on the review of the Medium-term strategy (MTS) of IRENA. The Assembly, in its third session, requested the Director-General to: "submit to the Assembly, at its sixth session, midterm evaluation of the Strategy with the view to its further refinement" (A/3/DC/14). This review was to be based on a number of elements, including in the context of annual reports as well as evaluation of impacts as defined in the work programme (A/3/25, paragraph 28).

2. In the course of 2014, Members held a number of strategic discussions on the future of the Agency, and provided substantive contributions to the preparation of the work programme and budget framework. This input, coupled with the progress in the implementation of the Agency's work programme since its inception, has provided a sound foundation upon which the review of the current MTS, as well as the process for the development of the next MTS, could be built.

3. Below is a brief overview of the current MTS and the key points for consideration on the way forward.

II. MTS 2013-2017**a. Development and outline**

4. The MTS 2013-2017 has been developed at the request of the Assembly at its first session to, "*clearly define vision, strategic direction, objectives and activities of the Agency*" (A/1/DC/8). In the course of 2011 and 2012, the Director-General, in cooperation with the Council, undertook extensive internal and external consultations. The process was taking place in the early stages of the Agency's existence, at a point when its programmatic activities were still evolving, and the position of the Agency in the global energy landscape had yet to be defined.

5. Following this process, the Director-General submitted his report on the *Medium-term Strategy of IRENA* (A/3/25) to the Assembly at its third session. Guided by the overall vision outlined in the Statute and based on the outcome of the consultative process, IRENA's vision for its MTS was defined as follows: "*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*".

6. The MTS envisages IRENA as an authoritative global voice for renewable energy, implementing the above vision along three pillars:

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

7. The MTS takes a unified approach in which all relevant activities, independent of their programme location, are integrated under these pillars. They cut across programmatic themes and internal organizational structure, and are independent of the source of funding. The MTS also defined five fundamental values that would 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.

8. The MTS 2013-2017 provides overarching guidance and serves as a roadmap to the Agency's activities during this period by helping focus programmatic priorities, while allowing for adjustments based on emerging priorities and such considerations as technological trends, emerging needs and the political, economic and social contexts. The MTS has provided an important basis to incorporate strategic thinking, planning and priority areas into successive programme documents.

9. Since its adoption, the three-pillar framework has provided a unifying approach to programming and helped ensure consistency and focus on longer term objectives. The clarity provided by this framework was particularly helpful in the development of successive work programmes and in the monitoring of progress through the Director-General's progress and annual reports. In 2013, the Agency formulated its Work Programme along a new organisational structure, which reflected IRENA's strategic vision and refocused the programmatic activities along the three pillars. The MTS also provided programmatic stability that facilitated the Assembly decision to introduce a biennial work programme cycle. Importantly, the MTS is a critical tool for ensuring that IRENA's work is balanced between its upstream work, practical support to countries and regions and an advocate for renewable energy in the global arena.

10. The MTS also provided a level of programmatic direction that identified some of the areas where additional activities were required and a number of tools and products were introduced or realigned as a result. For instance, the search engine REsource is a direct result of the effort to consolidate knowledge to be a centre of excellence and authority on renewable energy information. Similarly, the three pillars of MTS permeate through REthinking, by portraying IRENA as a centre of excellence, source of advice to countries and convener of stakeholders to accelerate action, with the aim of shaping REthinking as the voice for renewable energy.

b. Review of the MTS

11. In its recent report, REthinking Energy, IRENA examined the main drivers for transformation of the global energy system. Over the past 40 years the world's population grew from 4 billion to 7 billion people, marked with an increasing proportion of middle class and rapid urbanization. During the same period, electricity generation grew by more than 250%. The report highlights that, in 2030, there will be more than 8 billion people, with 5 billion in urban conglomerations. Global spending by the middle classes is expected to more than double, and the world electricity generation is forecast to grow by 70%.

12. **REthinking Energy**, affirmed by the Council and Assembly discussions, points that there are compelling reasons for changing the current energy mix to meet this demand, and that renewable energy will play a central role in the effort to transform the global energy system. Some of the key strategic considerations that will impact IRENA's direction in the future are outlined below.

13. Renewable energy costs continue to fall. Large-scale hydro, geothermal and biomass power have been competitive for some time. Over the past decade, and in particular over the last five years, solar and wind are increasingly reaching grid parity. The cost of onshore wind electricity has fallen by around 20% since 2009 in major markets and as much as 35% in some of them, with turbine costs falling by an average of around 30% since 2008/2009. Combined with technology advances that have improved capacity factors, wind is now often the cheapest source of new electricity in a wide and growing range of markets and more than 100 countries now use wind power. Offshore wind is also expected to grow rapidly, and costs are expected to fall in the near future. Hydropower and geothermal new capacities also continue to grow, as does the use of bioenergy. These developments, coupled with growing robustness and efficiency of technologies, have made investment in renewable energy increasingly attractive. Globally, renewable energy power capacity has grown 85% over the past 10 years, and renewables today constitute 30% of all installed power capacity, the largest share of any source.

14. Renewable energy is essential to stabilising the climate system. The latest IPCC report emphasised the need to act quickly and reduce carbon emissions to avert the catastrophic effects of climate change. The report stressed that tripling or even quadrupling the share of renewable energy in the global energy mix by 2050 is a central part of the solution. IRENA's REmap 2030 shows that under current policies and national plans, average carbon dioxide (CO₂) emissions will only fall to 498 g/kWh by 2030, exceeding the limit of 450 ppm beyond which severe climate change is expected to occur. By contrast, if stakeholders double the share of renewable energy by 2030, global average emissions could be reduced to 349 g/kWh. Coupled with improvements in energy efficiency, this would be enough to avert disastrous climate change. With the landmark climate meeting in Paris a few months away, the focus on renewable energy as an instrument for action will only increase.

15. Renewable energy is key to addressing energy poverty. Energy poverty, faced by 1.3 billion people without electricity access and 2.6 billion who rely on traditional biomass for cooking and heating, is catalysing action to provide access to modern energy services to improve lives and stimulate economic growth. The modular, scalable and decentralised nature of renewables means they can be adapted to local conditions and provide a broad range of energy services depending on the needs and purchasing power of end-users. Furthermore, there is growing evidence that decentralized renewables can increase household income and employment opportunities both in the energy supply chain and in downstream enterprises. IRENA estimates that attaining universal access to modern energy services by 2030 could create 4.5 million jobs in the off-grid renewables-based electricity sector alone. A growing number of examples from developing countries illustrate how renewable energy solutions cannot only provide the energy poor with access to clean energy at an affordable price, but also stimulate economic development and social wellbeing. The business case for renewable energy in these settings is strong and is becoming a major potential for new market openings and investments.

16. Renewable energy has wider benefits. There is growing evidence that renewable energy has a positive ripple effect throughout society, simultaneously advancing economic, social and environmental goals. A recent study, looking at a 2030 target of 14%-16% share of renewables, found the benefits were 2-3 times higher than the costs – including savings in fossil fuel imports, CO₂ emissions reductions and economic ripple effects. Employment remains one of the critical objectives for countries' growth strategies. Around the world, policy makers are pursuing renewable energy technologies not only for greater energy security or environmental considerations, but also for the socio-economic benefits they generate. The renewable energy sector has become a significant employer, with the potential for millions of jobs worldwide in the coming years.

17. **Renewable energy is yet to reach its potential.** While renewable energy has made remarkable strides to date, especially in the power sector, it is also evident that the share of renewables in the global energy mix will need to continue its growth if the challenges of energy security, climate change and energy access are to be addressed. This is particularly true for the non-power sectors where renewable energy technologies have tremendous potential, but are yet to make significant impact.

18. As indicated by Members in recent discussions, IRENA has made substantial strides to become the global voice for renewable energy. In parallel, the renewable energy landscape has dramatically evolved, and new drivers for the development and deployment of renewable energy have emerged. Furthermore, IRENA's membership has almost doubled since its inception, bringing new and more diverse needs and perspectives on the strategic direction of the Agency.

19. The strategic discussions on the future of the Agency over the past few months have indicated that the focus on IRENA as the voice for renewable energy that operates through the knowledge/advice/network pillars is still as relevant today as it was when the current MTS was developed, and that this framework could credibly continue to guide the Agency's operations for the remaining period of the MTS.

20. The Director-General has committed to conducting an evaluation of the work programme and its impact, to assist in the review of the progress attained against the objectives of the Agency. Further to the Assembly's discussions during its fifth session, the results of the work programme evaluation will be shared in the upcoming annual report to the Assembly. This process will also provide input to the evaluation of the MTS.

21. The MTS provides for a review to be undertaken based on successive annual reports and evaluation of the programmatic impact. This process has been greatly enriched with Members' discussions on the future of the Agency and the preparation of the next programmatic cycle. Members are also invited to provide their written views on the current MTS. It is proposed that such input be provided by 01 September 2015, to allow sufficient time for its consideration. The draft review of the current MTS will be submitted to the 10th meeting of the Council for its review and recommendation to the Assembly. At that time, Members may also wish to consider designing the process for the development of the MTS 2018-2022 that would take place in the course of the next biennium.

III. Questions:

- Are there main developments that have emerged since the adoption of the current MTS that need to be taken into account?
- How does the growth in membership and IRENA's current position in the global energy setting impact the MTS?
- Which main stakeholders should be consulted in the preparation of the MTS 2018-2022?
- Considering that strategic discussion on the future of the Agency have already commenced, should the discussion on the next MTS be considered in Council during the next biennium?