

INTERNATIONAL RENEWABLE ENERGY AGENCY

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Draft Medium-term Strategy 2018-2022¹ Report of the Director-General

Introduction

1. The Medium-term Strategy 2018-2022 (MTS) defines a strategic and forward looking vision for IRENA as it enters its second midterm period. The context in which the Agency exists today is significantly different from that of 2012 when its first midterm Strategy was developed. New drivers for the deployment of cost-effective renewable energy solutions have emerged and the global energy system is in transition. Choices about the local supply and consumption of energy are broadening, and the patterns of energy use are changing. Renewable energy is creating a vibrant climate for innovation, investment and new jobs, while sharing the benefits across communities and creating new economic opportunities.

2. There are increasing options to shape the future energy system while ensuring its affordability, security of supply and efficiency of use, and helping to tackle the challenges of climate change. The adoption of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), and the Paris Agreement on Climate Change in 2015 provided a powerful signal of the common resolve to transition to a sustainable energy future. In this dynamic setting, IRENA's foresighted mandate has propelled the Agency's growing relevance and authority in the global energy landscape. Its membership more than doubled to 153 Members² and 27 states in accession, demonstrating the Agency's global reach and significance of its objectives. As a result, the Agency has rapidly matured as an institution, both in the programmatic output and orientation, and in its global recognition.

3. The strategy for the next five-year period therefore reflects a careful assessment of the context in which the Agency operates, as well as of the trends that indicate where its contribution to the sector and beyond would be most impactful. The strategic orientations laid out in the present document will be translated into three consecutive programmatic and budgetary cycles, starting with the Work Programme and Budget for 2018-2019. Drawing on IRENA's focused mandate and growing experience, and bolstered by consultations and deliberations that have guided the two-year process of its development, the present strategy reflects the common priorities of all Members.

¹ The Medium-term Strategy for 2018-2022 has been developed through a two-year consultative process. This process included discussions in the sixth and seventh sessions of the Assembly, five consecutive Council meetings and the work of a consultative Working Team comprising interested Members and facilitated by the United States of America that maintained dialogue on the MTS development between Council meetings in 2017. Input was also provided by the members of IRENA's Coalition for Action.

² As at October 2017

I. The changing energy landscape

4. Transformation of the global energy system is a multifaceted and far-reaching process with actions taken today that will have an impact on economies and societies for decades to come. The change is driven by factors inside and outside of the energy system. In contrast with a traditionally long lifetime of energy infrastructure, the rapid and unexpected developments in recent years have increased the level of volatility about the energy future. It has therefore become very complex to anticipate how the system will develop in the years ahead.

5. Accelerated development and deployment of renewable energy hold strategic stakes at a time when societies across the world face the rising pressures of change. It offers a positive outlook as the international community confronts new challenges. The business case of renewables is strong and continuously improving with well-calibrated policies, falling costs, technology advancements and growing demand. Renewables today offer a technically feasible and economically attractive answer to climate and energy security concerns, and new opportunities for sustainable livelihoods for the large number of people who lack energy access. Increasingly, renewables are also considered a central solution to tackling a range of economic and social priorities including employment, infrastructure development, health, and education, among others. In its abundance, renewable energy is offering a new economic, social and environmental frame of reference.

6. Many of the challenges faced by individual countries are also global concerns. International cooperation will therefore play a central role in finding solutions that can be applied locally while accelerating the common goal of a sustainable energy future. Members have highlighted a range of strategic considerations that are of high importance for IRENA's work in the upcoming five-year period.

- a. IRENA's global membership places the Agency in a privileged space, with direct access to the wealth of knowledge, experience and expertise of its Members. From this central position, IRENA is optimally placed to foster a global understanding of the role renewables can play in the transformation of the energy system, and stimulate and support development and deployment at the country and regional levels. IRENA will continue to explore and analyse all available technological, economic and environmental strategies and solutions. In this context, a continuous focus on the business case of renewables and an increased understanding of the economic and societal benefits, underpinned by sound empirical evidence, will remain central to the Agency's work.
- b. The transformation of the energy system is taking place at a time of growing constraints, both in terms of the sustainability of the resources of the planet and current pathways. In this context, far more must be made of innovation in all aspects of the global energy system. Technology innovation has played an indispensable role to date and many more solutions are rapidly evolving, including storage, smart grids, and digitalisation. This innovation is reshaping the power sector and highlighting the need for solutions in end-use sectors that will be the key to a far-reaching transformation. Going forward, many of these will come from innovation in policy and markets, which must keep pace with the changing energy mix. IRENA is well-placed to monitor and analyse these developments, anticipate change, and convene diverse stakeholders to accelerate progress.
- c. Continuous innovation also offers an opportunity to design new systems based on the modular and decentralised nature of renewable energy. This can greatly contribute to securing universal access to modern energy services that are central to stimulating economic growth and alleviating poverty. Understanding the technology, policy and regulatory requirements, supporting successful business and financing models, and providing targeted advice to countries will be key to unlocking this potential and to attracting investment based on a sound policy framework and business case.

- d. Mobilising renewable energy finance at the necessary scale hinges on the ability to develop bankable projects, engage financiers, overcome the existing barriers and address investment risks. As the bulk of this investment will come from the private sector, the focus must be on understanding the key levers to attract private investment and how the existing and new risk mitigation instruments and financing mechanisms, including multilateral facilities, can be mobilised to this end. IRENA will play an active role in understanding these links, and supporting the key actors in channelling investments toward renewables, including through collaboration with financing institutions, and development and climate finance entities.
- e. As the share of renewables grows, so does the need for cutting-edge knowledge and advice on technologies, investments, policies and markets. In some instances, this will concern transition of the existing energy systems. In others, it will be the creation of new solutions and business models to reap the benefits of the decentralised and modular nature of renewables. IRENA will continue to gather and analyse the latest information, cross-pollinate knowledge and experience among Members, and engage stakeholders, including the private sector. It will also continue to provide advisory support to countries to develop effective strategies and enabling frameworks to attract investment and realise indigenous renewable energy potentials.
- f. The upcoming five-year period will also be decisive for the advancement of the global development and climate objectives. Accelerated deployment of renewables will play a central role in the achievement of the SDGs. IRENA must therefore support efforts to realise the energy Goal (SDG7), as well as highlight the role that renewable energy can play in achieving the Goals in other sectors including food, education, health, and water. Recognising these opportunities will have a multiplier effect in enabling countries to meet their economic, social and environmental objectives. This is also of high importance for the successful and ambitious realisation of the Nationally Determined Contributions (NDCs) as part of the global effort on climate change. IRENA will ensure that countries are empowered with the knowledge and tools to consider the significant untapped potential of renewable energy, particularly in the context of raising ambition on NDC targets.

II. Guiding principles for the Medium-term Strategy 2018-2022

7. IRENA has a keyrole to play in the ongoing energy transformation. Its focused mandate and near-universal membership give the Agency unique advantages. As the only international organisation dedicated to renewable energy, IRENA will continue to rely on its key strengths, which include:

- Focused and clear mandate;
- Broad membership base and strong Member engagement in the work of the Agency;
- Consultative, inclusive and participatory approach to all facets of the work;
- Direct and continuous engagement with countries at all levels;
- Increasing intellectual capital accumulated through programmatic work and interaction with countries; and
- Growing credibility and authority based on substantive products and inclusive platforms for cooperation.

8. The elaboration of the Medium-term Strategy 2018-2022 has been guided by the following principles to ensure consistency with the expectations expressed by Members in the process of its development.

- Optimizing IRENA's comparative advantages and contributions to focus its programmatic work;
- Empowering the Agency to take a holistic approach across sectors, economies and communities;

- Strengthening IRENA's voice in the shaping of, and contributing to, the global energy dialogue;
- Prioritizing cooperation and partnerships that will be necessary for the achievement of the Agency's objectives;
- Encouraging innovation and creativity in IRENA's fields of competence;
- Maintaining clear focus on impact and change on the ground; and
- Diversifying its resource base to enable growth commensurate with its Members' ambition.

III. Mission statement and strategic objectives

9. IRENA's mission for the next five-year period is to *play a leading role in the ongoing transformation of the global energy systems as a centre of excellence for knowledge and innovation, a global voice of renewable energy, a network hub for all stakeholders and a source of advice and support for countries.*

10. This mission is reflected in four strategic objectives that will give orientation to successive programmatic cycles, where they will be translated into action. IRENA will work to:

- Empower effective policy and decision-making by providing authoritative knowledge and analysis on renewables-based energy transformation at global, national and sectoral levels;
- Shape the global discourse on energy transformation by providing relevant timely, high-quality information and access to data on renewable energy;
- Provide an inclusive platform for all stakeholders to foster action, convergence of efforts and knowledge sharing for impact on the ground;
- Support country-level decision-making to accelerate the renewables-based transformation of national energy systems, advance strategies to diversify energy sources, reduce global emissions and achieve sustainable development.

Centre of excellence for energy transformation.

Objective: Empower effective policy and decision-making by providing authoritative knowledge and analysis on renewables-based energy transformation at global, national and sectoral levels

11. The next five years will be a period of opportunity, and an important task will be to keep renewable energy high on the global agenda. In response to the need for evidence-based policy-making, IRENA will continue to identify pathways and monitor progress, as well as steer international debate on critical opportunities and emerging challenges for renewable energy.

12. As multiple stakeholders navigate the shift from a centralised system to one that is much more interactive, but also decentralised and distributed, understanding the role of renewable energy and possible pathways for its deployment will be vital for planning at all levels. To drive the transformation of the energy system, IRENA will consider renewables in the broader energy context across all sectors (electricity and end-use) and the related infrastructure. This will include an added focus on innovation, shifting from technology to all aspects of system development, including policy and markets, and the relationship with sectors such as information and communication technology (ICT).

13. As the pace of change increases, capturing experiences and best practice is even more critical. IRENA, with its global reach, will become the repository of this information to make it a public good for the benefit of all. Where possible and appropriate, IRENA will seek synergies and leverage the work of others to maximise the effect of its resources and avoid duplication of effort.

Global Voice of Renewables.

Objective: Shape the global discourse on energy transformation by providing relevant timely, high-quality information and access to data on renewable energy

14. Greater knowledge and information sharing will be critical to induce the transformative changes needed to address the complex and inter-related challenges of sustainable development. IRENA will continue to be a source of unbiased, timely and authoritative information, analyses and data on renewable energy. A strong and widely-known business case of all renewable energy sources and technologies will be required to achieve the global ambition for the energy sector, and IRENA will maintain and strengthen its role as an authoritative voice in this regard. Pursuing a holistic approach, IRENA will reinforce the work on the socio-economic impact of renewable energy to empower policy-makers with the knowledge and information needed to harvest all potential benefits.

15. The Agency must have efficient instruments for the production and dissemination of information. Whether in the form of publications or media materials, or on its web platform, IRENA's will strive to provide high-quality, accessible content. IRENA will tailor its voice for diverse audiences including Members, multilateral processes (UN, G7, G20, regional initiatives), the private sector, investors and financiers, sub-national actors, citizens and youth. The reach will be amplified through close collaboration with Members both in devising messages and in outreach and dissemination efforts.

Network Hub

Objective: Provide an inclusive platform for all stakeholders to foster action, convergence of efforts and knowledge sharing for impact on the ground

16. With its global membership and wide reach, IRENA will be a locus of partnerships, transcending traditional approaches and modes of cooperation. These partnerships will be key to translating IRENA's expertise, knowledge and tools into a sustained impact on the ground. The Agency's access to the vast expertise contained within its membership gives it a unique comparative advantage that IRENA will proactively access and leverage. It will also fulfil a role as an unbiased, neutral communicator and coordinator of technical and financial efforts across Member countries to best match resources with needs.

17. IRENA will pursue a proactive strategic approach to working with public and private partners, networks and constituencies. Partnering with a broad range of entities providing diverse expertise, advice and support has become one of IRENA's hallmarks in many areas of its work. In the upcoming period, efforts will be intensified to leverage partnerships and collaborative approaches. In recognition of the growing demand for international cooperation in IRENA's fields of competence, the Agency will foster alliances, partnerships and cooperation at the international, regional and country levels with all relevant partners. This will also help enhance overall visibility and impact.

18. The private sector plays a central role in accelerating the development and deployment of renewable energy. IRENA will seek to strengthen this collaboration at all levels. To preserve the Agency's impartiality and independence, a transparent set of criteria will be developed for this purpose. IRENA will also increase its collaboration with research and academic institutions worldwide, considering the importance of this constituency for the transformation of the energy sector.

Source of advice and support

Objective: Support country-level decision-making to accelerate the renewables-based transformation of national energy systems, advance strategies to diversify energy sources, reduce global emissions and achieve sustainable development

19. The relevance and depth of IRENA's action depend to a large degree on its ability to support countries in their national and regional efforts to accelerate the deployment of renewables and transform their energy systems. This is a critical function that translates knowledge products into on-the-ground change. To better respond to Members' needs and priorities, IRENA will develop a strong operational framework and enhanced focus on the application of its knowledge, tools and methodologies to build capacity and realise change on the ground. Priority will be placed on regional work, which has an amplifier effect and provides a unique perspective to national stakeholders that otherwise may not be easily accessible.

20. Advisory work will include the development and dissemination of tools, methodologies and pathways, as well as capacity building and technical assistance when requested. Considering near-universal membership and limited resources, this assistance will be prioritised to maximise cross-pollination of successful experiences and peer-to-peer collaboration, and accelerate the common and inclusive learning curve. IRENA's advisory role will also include the identification of, and the collaboration with, reliable partners who are well-placed to continue the implementation on the ground and secure long-term impact of the Agency's work.

IV. Effectiveness and Impact

21. In the 2018-2022 period, the Agency will continue to enhance the institutional approaches, tools and mechanisms to improve its overall outputs and delivery with fewer but more sharply articulated programmatic activities. This shift will include a greater outreach that leads to more discernible and traceable impact of IRENA's actions to the benefit of Members. Aligned with its mandate and functions, IRENA will:

- a. Remain focused on its core functions, concentrating on upstream policy-related work and related implementation on the ground;
- b. Build on synergies and cooperation, avoiding duplication, redundancies and marginal endeavours; and
- c. Introduce systematic review and evaluation with the objective of demonstrating impact and strengthening programme delivery.

22. IRENA's near-universal membership brings new and more diverse perspectives on priorities and strategic direction. Thus, clarity of the programmatic focus is one of the major challenges and focus will be retained on key drivers of change. Biennial programmatic cycles will provide for a regular review of priorities and timely alignment of activities to respond to Member needs. To improve impact on the ground, IRENA will concentrate programmatic efforts around fewer, well-defined areas, guided by the strategic objectives of the Medium-term Strategy. In defining these, the focus will be placed on the areas where the Agency possesses comparative strengths and advantages and an established track record, or where it has a clear added value.

23. In this context, evaluation plays a critical role by providing credible and evidence-based information that feeds into decision-making processes. During the mid-term period, the overarching objective will be to strengthen monitoring and evaluation of IRENA's programmatic impact through targeted activities and enhanced quality, type and coverage of evaluations. These will include self-evaluation at the end of each programmatic cycle and mid-term external evaluation that will also inform the development of the next Medium-term Strategy. Considering the importance of monitoring and evaluation for the long-term effectiveness of the Agency, IRENA will work with its Members to appropriately resource these functions.

V. Resource base

24. Intrinsic to the ability to focus and deliver impactful results is a predictable and sustained resource base. As envisaged by the IRENA Statute, the core budget provides a stable source of funding. Increasingly, it has however become evident that these resources alone will not be sufficient to meet Members' ambition for the Agency, which will have to be met through a diverse resource base and a growth of non-core resources.

25. The trends in voluntary funding to date have had positive effects on programme delivery and some key programmatic activities have grown through such support. Voluntary contributions have also provided a boost to the Agency's impact at critical junctions. Members emphasised that diversified resource base should become an integral part of IRENA's programming approach. They stressed that a key objective must be to secure a sustainable balance between core budget and voluntary contributions and other resources, in a way that the programme expansion and delivery capacity are adequately ensured. Therefore, resource mobilisation strategies, tightly linked to IRENA's priorities and capacities to deliver, will be intensified.

26. To ensure coherence of delivery and sustainability of effort, it is essential that all voluntary and other resources complement core programme priorities and contribute to meeting agreed-upon strategic objectives. Therefore, each Work Programme and Budget will include an overview of the funding needs and priorities to orientate Members' consideration of additional contributions and facilitate longer-term planning of projects and activities. To this end, the alignment of non-core resources with the Agency's strategic direction, efficient use of voluntary resources, and compliance with donor conditions and requirements will be paramount.

27. Building on the efforts to date, IRENA will seek innovative ways to increase its resource base, while strengthening the Member ownership of, and engagement in the Agency's work. In addition to voluntary contributions, this will include a proactive pursuit of secondment and loan arrangements, shared implementation of projects and activities, and in-kind contribution of expert and other resources. An integral part of the resource diversification strategy will be a consideration of accessing private finance. To define under which circumstances such resources could be accepted, clear and transparent criteria will be developed in close collaboration with Members.