

**INTERNATIONAL RENEWABLE ENERGY AGENCY**

Fourteenth meeting of the Council  
Abu Dhabi, 28 – 29 November 2017

## **Note of the Director-General**

### **Accelerating the energy transition through effective project facilitation**

1. Renewable energy technology advancements, driven by policy and underpinned by enabling frameworks and rapidly falling costs, have resulted in the development of new and the expansion of existing markets. Renewables bring far-reaching benefits in terms of sustainable and inclusive development, security of supply and environmental protection. They are recognized as an essential element of the climate agenda, while at the same time delivering jobs and economic growth.
2. To meet the level of renewable energy deployment to achieve these objectives, continued mobilisation and effective deployment of significant investments in the sector will be required. Current investment trends are positive, in the range of USD 300 billion per year since 2012. However, investment volumes must almost triple to meet the growing global energy demand with an increasing share of renewables, while meeting climate objectives. This requires special attention to new markets, where renewables are still in their infancy and capacity for their deployment is limited.
3. Channelling financing to the renewable energy sector, especially in developing countries, requires a steady pipeline of investor-ready and scalable projects. The challenges in achieving this are manifold, including: reluctance to assume early-stage project development risk, limited capacity to develop investor-mature projects, lack of access to technology information and resource assessments, smaller deal sizes creating barriers to scalability, and structural issues related to policies and regulations.
4. To address these challenges, IRENA has developed a suite of project facilitation capabilities:
  - a. the **Global Atlas**, which supports resource assessments, both at regional level through zoning, and at local level through screening suitable sites for development;
  - b. the **Project Navigator**, which provides systematic guidance and tools to build capacities, improve the quality of proposals and increase the overall project bankability; and
  - c. the **Sustainable Energy Marketplace**, which supports interaction among market players, particularly linking project developers and financiers, to accelerate deal-flow and renewable energy investment.

These capabilities are especially targeted at new and developing markets, as it is in these markets where project development experience is growing through a mix of public and private renewable energy projects under development.

5. In addition, IRENA is working with partner institutions to facilitate international collaboration and stakeholder engagement to help accelerate and streamline project development processes. Together with the Terrawatt Initiative, IRENA has begun work on standardized project document templates for solar PV projects that can help reduced transaction costs and serve as a basis for aggregation of projects. This work currently engages 15 international law firms supporting the drafting exercise pro bono, some 20 financial institutions (public and private), as well as other industry players reviewing the templates.

6. IRENA is also actively involved in the screening and selection of projects for financing: The **IRENA/ADFD Project Facility**, through the end of its fifth cycle, has provided co-financing for several projects in developing countries through concessional finance from the Abu Dhabi Fund for Development (ADFD), and has attracted additional funding from diverse sources of capital. So far, a total of USD 576 million has been mobilized for 19 projects, with USD 189 million from ADFD and USD 387 million from co-funding sources.

7. The project facilitation tools have been an integral part of IRENA's regional and country support activities and thematic initiatives. For instance, Global Atlas' site analysis supports assessing the financial viability of solar and wind projects within the high potential zones in the Clean Energy Corridors. The Project Navigator and the Marketplace support improved project bankability and bringing projects to the market. Under the Entrepreneurship Support Facility, the Navigator is being used to support local private sector actors in Africa to realise renewable access projects. The Global Geothermal Alliance and SIDS Lighthouses initiative offer multi-stakeholder platforms for an effective and widespread use of the geothermal energy and islands modules of the Navigator, respectively, while providing tailored support for easier access to financing through the Marketplace's region-specific platforms.

8. Going forward, IRENA intends to streamline these efforts to create simplified access and consistent project facilitation support for all interested Members. Support would be geared towards assisting projects at varying stages, from conception and prefeasibility to more detailed feasibility analysis and proposal development, and in the latter stages, match-making through the Marketplace. The recently launched new Marketplace platform will place special focus on collaboration with partners, including international finance institutions, some of which are already acting as partners for the Marketplace's regional hubs. The Agency will pursue efforts to deepen its links with all relevant stakeholders to be constantly apprised of support needs and the activities of others, in order to benefit from synergies of respective efforts.

### **Objective of the session**

9. The objective of this plenary discussion is to increase awareness of IRENA's project support capabilities – platforms and services, to deepen cooperation with Members, and to explore effective pathways to leverage these capabilities in order to build more credible project pipelines across the world. The session will highlight the prospects and merits of streamlined and integrated project facilitation support offered by the Agency. During the discussion, Members are invited to highlight priorities and provide insights into key challenges in regards to project development and readiness for investment in their respective countries. Based on this discussion, they are invited to advise on how the support capabilities provided by the Agency can be most effectively used on the ground.

### **Guiding questions**

- What are the most significant challenges in project development and project financing that you see in your countries? What are the key bottlenecks in scaling up project finance?
- How can IRENA most effectively support countries in improving their project development efforts and processes? What partnerships do Members see as most effective?
- What is the general level of awareness and utilization of IRENA's project development platforms and services in different countries? How can their use be enhanced?