

Twentieth meeting of the Council
Abu Dhabi, 3-4 November 2020

Background Note

Accelerating the energy transition through integrated project facilitation support

Background

1. As part of the global energy transitions, countries around the world are looking for ways to deploy more renewables, resulting in the development of new and expansion of existing mature renewable energy markets. Renewables bring far-reaching benefits in terms of energy security, energy access, environmental protection and sustainable development. In line with the objectives of the Paris Agreement, renewables-based energy transitions are increasingly seen as a fundamental pathway to implement climate objectives while delivering jobs and economic growth.

2. Several governments and private corporations around the world have already committed to adding some 826 gigawatts of new non-hydro renewable power capacity until 2030, at a likely cost of around USD 1 trillion¹. In 2019 alone, the amount of new renewable power capacity added was one of the highest ever in history, at 176.8 gigawatts, a 7.4% increase over 2018².

3. The quest to accelerate and achieve the global energy transitions and thus develop and grow renewable energy markets will require continued mobilisation and effective deployment of significant investments in the sector. In the power sector alone, the global energy transformation would require investment of nearly USD 22.5 trillion in new renewable installed capacity through 2050³. Annual investment in renewables would hence need to almost triple from an average of just below USD 300 billion in the period of 2013-2018 to almost USD 800 billion through 2050⁴.

4. However, channelling investments 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 the limited capacity of local developers to develop investor-ready projects, a weak appetite of investors and funders to assume early stage project development risk, lack of access to resource assessments, smaller deal sizes creating barriers to scalability, and structural issues related to policies and regulations in the countries.

5. To achieve and accelerate energy transitions, it is imperative that the above-mentioned challenges are addressed. IRENA has invested considerable resources over the years, with the guidance and support of Members, and has developed a suite of [project facilitation services](#) to support Member countries in their energy transition endeavours:

- a. The **IRENA/ADFD Facility** ran for 7 years and provided the means for projects totalling 250 MW of planned capacity with USD 350 million concessional capital from ADFD. These projects are expected to benefit a cumulative 3.5 million people in 21 countries. The assessment report is available [here](#).

¹ Frankfurt School-UNEP Centre/BNEF. 2020. Global Trends in Renewable Energy Investment 2020

² IRENA (2020), Renewable Energy Statistics 2020

³ IRENA (2020), Global Renewables Outlook: Energy transformation 2050

⁴ IRENA and CPI (2020), Global Landscape of Renewable Energy Finance, 2020 (Pending publication)

- b. The **Project Navigator** provides knowledge services to developers to make the project structuring process more systematic.
- c. The **Sustainable Energy Marketplace** promotes interaction among market players, developers and financiers and attempts to improve transparency in renewable energy markets.

6. As of 2020, IRENA has consolidated these services into a coherent institutional space for project facilitation support for all Members. Through a newly established division, the project facilitation work is integrated within the [Climate Investment Platform \(CIP\)](#) initiative, led by IRENA, UNDP and SEforALL, in close cooperation with the Green Climate Fund. CIP was launched at the Climate Action Summit in September 2019 with the objective to align efforts to attract investments in renewables-based energy transitions.

7. Through its project facilitation work, the Agency will support countries achieve their renewable energy targets and facilitate [investments](#), by:

- Originating projects at various stages of development, advancing early stage projects to investor-readiness, thereby building a pipeline of promising projects ready for financing (project origination & incubation function).
- Supporting government-backed projects through the CIP and IRENA Project Facility 2.0 (project pre-screening and support function).
- Providing an interactive platform at CIP's Investor Forums to bring investor-ready projects together with CIP registered financiers and investors to reduce transaction time and transaction costs (matchmaking function).

8. The Agency intends to explore additional ways to establish timely communication with all relevant stakeholders in Member countries, in order to ensure a quick and effective process for delivering bankable projects in these countries.

Objective of the session

The objective of the session is to discuss the streamlined and integrated project facilitation support offered by the Agency to support Members in speeding up the process of building investment-ready project pipelines and facilitate access to finance.

During the discussion, the Agency seeks to capture Members perspectives and insights in their project development experiences, level of readiness for investment, persisting and new challenges, and how they can most effectively benefit from the range of support provided by the Agency.

Guiding questions

- What are the specific bottlenecks in renewable energy project development and attracting investments and project financing in your country?
- How can IRENA more effectively support your country in improving renewable energy project development efforts as well as in attracting and scaling up investments? Which specific capacity building or technical advisory services would be relevant?
- In your experience, what have been successful ways of reaching out to project development and financing stakeholders in your country?