

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

Background Note

Energy transition policies to maximise socio-economic benefits

Background

1. The emergence of the COVID-19 crisis this year has added a momentous challenge to the world's agenda, reinforcing the need for building more resilient and sustainable economies that truly work for everyone. The pandemic response is most immediately focused on resuscitating economies, but it is imperative that this is done in a manner consistent with the medium- and long-term needs of the energy transition, so that the promises under the sustainable development agenda and the commitments toward climate stability can be fulfilled.

2. Against this backdrop, the socio-economic benefits of renewable energy assume ever greater significance. IRENA continues to analyse the impacts of the energy transition, including GDP, human welfare benefits, and employment. COVID-19 has underscored the central importance of creating jobs and protecting livelihoods in every society.

3. The 2020 edition of *Renewable Energy and Jobs – Annual Review* offers the latest estimates available and finds that worldwide, at least 11.5 million jobs had been created in the sector as of 2019 (with the impacts of COVID-19 to be more fully analysed in the 2021 edition). IRENA's *Post-COVID Recovery* report suggests that by 2023, an ambitious stimulus can create 5.5 million more jobs in renewables and other energy transition-related technologies than possible with a more muted policy response.

4. The *Global Renewables Outlook*, meanwhile, suggests that renewable energy jobs could expand to almost 30 million by 2030 and some 42 million by 2050. Energy transition technologies will then account for the bulk of all energy employment and will echo across the economy. Countries will be able to avail themselves of these employment opportunities as they raise their ambition; leverage and enhance their existing industrial capacities; and augment their education and training efforts. Further, working toward gender equity will allow the renewable energy sector to draw much more extensively on the talents and ideas of women, who currently remain under-represented.

5. Customisable and increasingly affordable, decentralised applications of renewable energy not only have the potential for revolutionising energy access. They are also beginning to create rising numbers of jobs in both the formal and informal economy, while also propelling employment in productive uses that range from agro-processing to local commerce. Decentralized renewables can pave the way for improved livelihoods not only through economic activities but also through reduced drudgery, improved education, healthcare and communications enabling the poor to experience rapid socio-economic progress.

6. While the net employment impacts of the energy transition promise to be highly positive, labour markets may nonetheless experience misalignments that could hurt affected workers and their communities. Governments must be proactive in diversifying and revitalising fossil fuel-dependent regions and in scrutinizing opportunities for reskilling fossil fuel workers. For communities that have been left behind by the current energy system, interventions need to put people's needs and livelihoods at the center of decision-making to ensure that the energy transition towards renewable energy is just and equitable.

7. Education and training initiatives (including vocational training, curricula development, teacher training, and enhanced technology use for remote learning) are a core component of a comprehensive transition policy package. A human-centered, holistic approach accelerates the deployment of renewables through supportive policies and bold investment strategies; addresses synergies between the energy system and the wider economy; enhances countries' capacities through industrial policies and skill-building efforts; provides social protection while the transition unfolds; and affords a voice for affected workers and communities, women and youth.

8. For socio-economic and environmental benefits to materialise, greater ambition is required through enhanced renewable energy targets, a commitment to stable and long-term deployment policies in all end-uses with a supportive power market design, and financing mechanisms that are key to driving the development of the sector. Public resources can be used strategically to accelerate and guide the transition and to attract private capital, through for example public investment in enabling infrastructure or risk mitigation instruments.

Objective of the session

The objective of the session is to exchange views on how a holistic approach can be build that combines an effective post-COVID recovery with an ambitious medium- to long-term energy transition so as to secure manifold socio-economic and environmental benefits.

During the discussion, the Agency seeks to solicit Members' perspectives and experiences on the inherent challenges and opportunities, including insights and best practices in engaging and empowering stakeholders. The discussion will further explore how the Agency can most effectively provide support to Members through its research, modelling, analytical work, and policy advice.

Guiding questions

- What experiences have Members made in terms of COVID-19 impacts on renewable energy projects and on employment along the supply chain?
- How can governments ensure that the COVID response is combined with the longer-term requirements of the energy transition in effective ways? What are the potential synergies and how can contradictory objectives best be avoided or minimised?
- How can IRENA improve its analytical and policy-making support in this complex context? What specific advisory or capacity building services would be most relevant?

Relevant reports

[Renewable Energy and Jobs – Annual Review 2020](#) (2020)

[Global Renewables Outlook 2020](#) (2020)

[The Post-COVID Recovery](#) (2020)

[Wind Energy: A Gender Perspective](#) (2020)

[Renewable Energy: A Gender Perspective](#) (2019)

[Tracking SDG 7: The Energy Progress Report](#) (2020)

[Renewable energy auctions: Status and trends beyond price](#) (2019)

[Renewable Energy Policies in a Time of Transition](#) (2018)