

INTERNATIONAL RENEWABLE ENERGY AGENCY

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Note of the Director-General
Renewable energy and climate change**I. Introduction**

1. Throughout 2014, IRENA Members discussed the Agency's engagement on climate change. At the seventh and eighth meetings of the Council, Members requested IRENA to seek avenues to actively contribute to the global climate change effort. This note is submitted to provide an update on IRENA's engagement and its proposed strategy for climate change related activities until the end of 2015.

II. 2014 Climate Summit

2. On 23 September 2014, the UN Secretary-General hosted the Climate Summit, attended by 124 Heads of State and Government and more than 800 leaders from business, finance and civil society. The purpose of the 2014 Climate Summit was to raise political momentum for a meaningful universal climate agreement in Paris in 2015 and to galvanise action by all stakeholders to reduce emissions and build resilience to the adverse impacts of climate change. An important milestone to the Climate Summit was the Abu Dhabi Ascent that took place in May 2014, where some 1,000 participants used the opportunity to discuss possible strategies and create partnerships around specific impactful initiatives in preparation for the Summit.

a. Highlights of the event

3. At the Summit, leaders from government, business, finance and civil society announced their plans and actions to advance climate action on five fronts: cutting emissions; mobilising money and markets; pricing carbon; strengthening resilience; and mobilising new coalitions. Many countries reaffirmed their commitment to make their post-2020 emission-reduction contributions by the first quarter of 2015, a critical milestone in securing a global climate agreement by the end of 2015. Importantly, a number of developed nations made pledges to the nascent Green Climate Fund.

4. Of note was a widespread public action to increase the accountability and ambition of world leaders in taking action on climate change. The 2014 Climate Summit witnessed announcements of important new partnerships, and financial pledges and commitments by leaders set the foundation for greater ambition for climate action at all levels of society. The political momentum created by the Climate Summit is significant for the upcoming COP21 in Paris. Importantly, the Summit demonstrated a nuanced and action oriented approach in dealing with the climate change at a global level. While reaffirming the necessity of the new climate agreement within the COP process, it also highlighted the

collective ability to make concrete and impactful contributions and commitments for the reduction of greenhouse emissions.

b. IRENA at the Climate Summit

5. In preparation for the Climate Summit, IRENA spearheaded the efforts in the area of renewable energy by mobilising action in two of its programmatic activities, namely the Africa Clean Energy Corridor (ACEC) and the new Small Island Developing States (SIDS) initiative, the Lighthouses. Both initiatives gained significant momentum, culminating at the Climate Summit where Heads of State and Government, CEOs and financing institutions voiced their strong support and commitment to realising the ambitions of the ACEC and the Lighthouses.

6. Additional 31 partner State- and non-State actors joined the 19 governments already part of the ACEC since its Ministerial endorsement in January 2014, and the ACEC was widely perceived as one of the transformational initiatives that could be replicated in other regions. The SIDS Lighthouses Initiative was joined by 27 SIDS and 14 additional State- and non-State partners, who committed to working on the transformation of island energy systems. The SIDS Lighthouses Initiative, introduced at the Abu Dhabi Ascent in May 2014, has an ambitious agenda of mobilising USD 500 million over the next five years that would include 100 MW of new solar PV, 20 MW of wind, and significant additional capacity in other renewable energy technologies. To enable a swift operationalisation of the initiative, Germany and Norway each pledged voluntary resources of USD 3 million. These resources will play a critical role as they will enable the Agency to respond to a number of concrete requests for assistance already received from SIDS.

7. While IRENA's work within the Climate Summit was concentrated on two major initiatives, it is evident that the Summit created a new impetus for the role of renewable energy as one of the critical means to reducing greenhouse gas emissions.¹ A wide number of countries, the private sector, and civil society groups voiced support for a clear, long-term goal to shift from fossil fuels to clean energy. For example, a coalition of 160 institutions and local governments, and more than 500 individuals committed to divesting USD 50 billion from fossil fuels in the next three to five years and reinvest in new energy sources. IKEA and a dozen other private companies launched the *RE 100* initiative. They made a pledge to source 100 percent of their power from renewable energy, with the plan to recruit a total of 100 companies to make similar commitments by 2020. IRENA has partnered with *RE 100*, and preliminary discussions were held as to how this partnership can be operationalised.

III. The Lima Climate Change Conference- COP 20

8. The twentieth Conference of the Parties to the UN Framework Convention on Climate Change was held in Lima, Peru, from 1-12 December 2014. This COP marked an important milestone in the process to develop a new climate regime, as it is the last major climate conference before the one in Paris in 2015, where countries are expected to agree on a new agreement to combat climate change.

¹ Please find here links to the Joint Statements and Action Agendas of those initiatives that were spearheaded or supported by IRENA:

African Clean Energy Corridor:

<https://www.irena.org/cms/DocStreaming/Preview.aspx?FileName=10920141220379522774.pdf>

Lighthouses: <https://www.irena.org/cms/DocStreaming/Preview.aspx?FileName=10920141221028426811.pdf>

Global Geothermal Alliance:

<https://www.irena.org/cms/DocStreaming/Preview.aspx?FileName=10920141220507313238.pdf>

a. Highlights of the event

9. Countries continued their deliberations on how to advance action to mitigate climate change before 2020 and on the scope and process to elaborate on the content of their intended nationally determined contributions (INDCs) that would be included in the new agreement.

10. The momentum generated by the recent political progress, including the China-US agreement, the initial resource mobilisation for the GCF and the Climate Summit, set the negotiations off to a good start. Despite the sharp divide that characterised the negotiations in the last hours, the mood was generally positive over the two weeks, and this was particularly evident in the margins of the COP, in the deliberations and activities organised by civil society, local authorities, private sector and other stakeholders. The important role of action in the energy sector, and in particular renewable energy, in addressing climate change and the opportunities to unlock this potential featured significantly in these deliberations.

11. The Lima conference ended with a ‘Lima Call for Climate Action’, which established the process in which countries will state their contributions to addressing climate change. This agreement includes all countries under a common legal framework, a clear departure from previous conferences, where developed and developing countries were considered differently. By this decision, work will continue to enhance action in the pre-2020 period, including with the engagement of relevant stakeholders, and with a focus on identifying concrete policy options and activities, and advancing their implementation.

b. IRENA at the COP 20

12. The IRENA delegation to COP 20 engaged in several bilateral discussions with countries at the Ministerial and officials level, as well as with representatives of organisations including the Climate Technology Centre and Network (CTCN), the Climate Investment Funds (CIFs), the Global Environment Facility (GEF) and the Green Climate Fund (GCF). The aim of these discussions was to present IRENA’s work that is relevant to addressing climate change and seek views and input on how IRENA can strengthen its engagement in supporting countries to enhance renewables, including through their climate strategies, and in the case of the organisations, discuss synergies and areas of possible collaboration.

13. The Ministers and officials commended the work of IRENA and underscored the importance of IRENA’s engagement in action to address climate change in a positive but non-political manner. Specific requests for technical support were made by some countries, for example to examine the renewable resource potential, grid stability and institutional capacities necessary to support enhanced deployment. IRENA also organised a side event to discuss the role of renewables in addressing climate change.

14. In addition, the IRENA team participated in other events, such as a dialogues of legislators, the launch of the ‘1 Gigaton Coalition’ initiative, the Conference on Universal Access to Energy and Climate Change organised by Acciona, a seminar on national action on mitigation organised by Mexico and Germany, the Lima Platform for Action and Ministerial dialogue on the road to Paris organised by France and Peru.

15. IRENA’s engagement and information relating to renewable energy and climate were featured on the newly established IRENA newsroom (www.irena.org/newsroom), which was set up as a forum to inform on IRENA’s work and disseminate publications as well as share news to an audience beyond the COP.

IV. Some other key developments in 2014

a. Climate Action pledges

16. In October 2014, the European Council approved the *2030 Framework for Climate and Energy*, proposed by the European Commission. The framework includes a binding EU target of at least 40% reduction of greenhouse gas emissions by 2030, compared to 1990; a binding target of at least 27% of renewable energy used at EU level; an energy efficiency increase of at least 27%, to be reviewed by 2020 having in mind an EU level of 30% for 2030; and the completion of the internal energy market by reaching an electricity interconnection target of 15% between Member States and pushing forward important infrastructure projects. This policy framework is expected to provide the necessary stability and predictability for its economic operators and confirm the EU's role globally. The European Council also recalled its goal to build an Energy Union aiming at affordable, secure and sustainable energy.

17. Another major milestone was the announcement by *the US and China*, to strengthen cooperation on climate change and to work with other countries to reach an ambitious agreement in Paris in 2015 that reflects the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances. In this regard, they announced their respective post-2020 actions on climate change, recognising that these actions are part of efforts to transition to low-carbon economies in the longer term, and taking into consideration the global temperature goal of 2°C. The United States intends to achieve an economy-wide target of reducing its emissions by 26%-28% below its 2005 level by 2025 and to make best efforts to reduce its emissions by 28%. China intends to achieve the peaking of CO₂ emissions around 2030 and to make best efforts to peak early and intends to increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030. In announcing this agreement, the countries outlined modalities that promote the transition to low carbon options in order to achieve the targets, and which include measures to promote and enhance the development, deployment and use of clean energy on the ground.

b. GCF resource mobilisation

18. The Green Climate Fund organised a pledging conference in November in Berlin, where countries had an opportunity to announce their contributions to the fund's 'initial resource mobilisation period', that runs for three years between 2015 and 2018. Earlier pledges had been made during the UN Climate Summit, and together with those received at the Berlin pledging conference as well as during COP 20, these amount to USD 10.2 billion. Unlike the case of previous climate funds, pledges were received from developed as well as developing countries (Colombia, Mexico, Mongolia, Panama, Peru, Republic of South Korea). This development is a clear signal of the global engagement to address climate change. Half the funding will be used towards addressing the impacts of climate change, while the other half will go towards efforts to reduce greenhouse gas emissions through decarbonisation of the energy and transport sectors.

V. Strategy for engagement in 2015

19. The momentum generated since the Climate Summit provides an opportune moment for IRENA to align its programmatic activities to advance IRENA's objectives within the climate change agenda. A range of IRENA's programmatic activities lend themselves to a greater linkage to the global climate change efforts, and IRENA has sought the optimal way for its engagement in the global climate change effort, while remaining focused on its primary mandate. IRENA has identified some areas to consider for active engagement.

a. Informing enhanced action on climate change up to 2020 (UNFCCC Ad Hoc Working Group on the Durban Platform for Enhanced Action Workstream 2)

20. Members have asked that IRENA support countries in their engagement in renewable energy related UNFCCC programmes with particular focus on financial and technological development. The

Workstream 2 (WS2) of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) is an expert process that engages Party and non-Party experts in a technical assessment of policies and good practices in high emitting economic sectors with the aim to explore options for action that can close the ambition gap. WS2 has renewable energy as one of the priority areas. IRENA has already contributed to WS2 at the technical expert meeting (TEM) on renewable energy in March 2014, following which requests for IRENA's participation increased.

21. Parties at COP 20 decided to continue the technical examination of opportunities with high mitigation potential, including those with adaptation, health and sustainable development co-benefits, in the period 2015–2020, with the engagement of relevant organisations and stakeholders. IRENA could therefore consider how to further use WS2 to support countries in advancing renewable energy deployment, by continuing to support their engagement in this work programme. Given that the time allocated to TEMs at formal sessions of the UNFCCC will always be quite limited, it may be difficult to delve into specific barriers or regional circumstances, as well as to attract diverse stakeholders. IRENA could consider organising and hosting technical workshops and policy dialogues at different global events, and at the regional level, aimed at illustrating the role that enhancing renewable energy can play in advancing climate action and strategies to overcome barriers to RET deployment. The results of these meetings could be submitted formally to the UNFCCC as IRENA contribution to WS2 to inform the development of policy recommendations under this Workstream.

b. Support to countries to support their preparation of “Intended nationally determined contributions” (INDCs).

22. At COP 19 in Warsaw, Parties agreed to *‘initiate or intensify preparation of their intended nationally determined contributions’*. INDCs put forward by countries will form a key input to the preparation processes of negotiations leading towards the 2015 Paris climate agreement. In Lima, countries agreed to submit these well in advance of COP 21 or by the first quarter of 2015, for those who are ready to do so, as these will form a key input to the negotiations leading to the adoption of a new agreement in Paris. The INDCs will provide an indication of the proposed effort of the international community to address climate change. Development of INDCs will be guided by national priorities and should represent a progression beyond the current undertaking of the countries. As such, they are likely that they will be diverse in nature. The COP in Lima invited relevant organisations to support countries in their preparation of the INDCs. From the discussions with countries during the COP, it is clear that renewable energy strategies will be prominent in INDCs. IRENA could support countries upon request, and in the context of existing programmatic work, to define renewable energy targets that could be part of their INDC submissions. IRENA could also analyse the information provided through INDCs to both identify possible contributions it could make in supporting country initiatives and in preparations for the COP 21 in Paris. This information could also assist in the identification of programmatic priorities for the next biennium.

c. Women and renewable energy conference.

23. A significant success of the Climate Summit was its ability to catalyse action and engagement from different constituencies. IRENA's Work Programme envisages a conference on renewable energy and women, however, this activity is presently on hold since it requires additional voluntary contributions for it to be realised. As a contribution to the Paris positive agenda, IRENA will seek additional contributions to organise this conference prior to the meeting in Paris to engage women from different sectors and regions to demonstrate the vital role of renewable energy for this constituency. This could be a powerful voice of support of accelerated deployment of renewable energy in Paris and beyond.

d. Climate finance and the Green Climate Fund (GCF).

24. The GCF, together with other climate finance mechanisms, can make a decisive difference to renewable energy projects in developing countries. It will therefore be of critical importance to identify

how IRENA can best assist countries, as well as the climate process, in adequately addressing renewable energy projects in their climate strategies.

25. Many of IRENA's programmatic activities are aimed at assisting countries in the development of sound renewable energy projects. This assistance ranges from initiatives such as the Africa Clean Energy Corridor (ACEC) and the SIDS Lighthouses to providing practical tools to support the development of bankable projects. Many activities, such as the Renewables Readiness Assessments (RRAs), are aimed at supporting countries to be ready to access international sources of funding. IRENA's work on risks and barriers for renewable energy investments has focused on financial risk mitigation instruments and on approaches to enable the blending of public and private finance for renewable energy projects.

26. Dialogue has been initiated with the GCF to develop areas of collaboration that can provide support to developing countries. The following potential areas have been identified:

- Support to readiness activities for those countries that have selected renewable energy as a priority area;
- Support to developing a pipeline of projects and tools that will enable the use of public climate finance to mobilise large-scale private investments;
- Assistance to the GCF in programming renewable energy activities and identifying highest impact activities for its work.

27. The Climate Investment Funds administered by the World Bank include the Scaling up Renewable Energy in low-income Countries Program (SREP). In this context, IRENA has been invited to participate in strategic programming discussions for the next phase of SREP. This will provide an opportunity to discuss how SREP can be employed in the context of the ACEC and the SIDS Lighthouse initiatives and in taking forward the results of RRAs conducted in the countries participating in SREP. Discussions with the Global Environment Facility are under way to explore options for collaboration on project preparation and in the standardisation of small-scale project design with a view to bundling several projects to attract larger scale investments.

28. Further work and consultations are planned to define the focus and scope of collaboration, develop the modalities for collaboration and set priorities.

e. COP 21, Paris, France.

29. In preparation for this decisive meeting, the Government of France placed special emphasis on a 'positive agenda' to contribute to the success of the Conference and showcase practical action that can be taken to address the challenge of climate change. In this context, the French Syndicate of Renewable Energy (SER) is planning an event dedicated to renewable energy and climate. During the recent visit of the Director-General to France, IRENA was requested to partner with SER to collaborate on the organisation of this one-day event. In the coming months, IRENA will work with SER to further develop the concept and strategy towards COP 21 and will hold a preparatory meeting with the SER in the margins of the Assembly. IRENA will also seek other opportunities, including through the delivery of concrete outcomes from ongoing and planned programmatic activities, with the aim to contribute to the 'positive agenda' in the year to come.

30. In addition to the areas and milestones listed above, IRENA plans to advance its work to implement the initiatives that were announced in the Climate Summit, with a view to deliver concrete and visible outcomes to showcase real action on climate action through the possibilities presented by renewable energy deployment.

VI. Guiding questions

- Are current plans for IRENA engagement on climate change adequate and sufficient and are there additional opportunities for engagement in the coming year that IRENA should consider to further promote action on renewable energy within the global climate change efforts?
- There is a strong shift to engaging non-state actors, but there is also a need for follow-up action to turn announcements into firm commitments and action. What are the possible avenues to advance this progress?
- What should be the priority areas of collaboration with climate finance institutions, including the GCF, and what modalities for IRENA's engagement are considered most appropriate?
- Considering recent developments, how should IRENA position its work related to climate change in the context of the upcoming preparations of the Work Programme and Budget for 2016-2017?

The Assembly is invited to discuss these questions as well as provide further guidance on how IRENA can strengthen its work to on climate change while fulfilling its overall mandate to promote and advance renewable energy technologies.