

Remarks

by

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at the

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**Progress Report of the Director-General on the implementation of the Work
Programme and Budget for 2018-2019**

Abu Dhabi, United Arab Emirates, 8th May 2018

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

It is my pleasure to introduce the Progress Report of the Director-General, contained in document C/15/2. The report provides an account of the implementation of the Work Programme for 2018-2019 since its adoption in January and reflects on the plans for the coming months and the year ahead. Even though the report covers just three months of the programmatic cycle, the pace of implementation is reflective of the speed with which the change is taking hold across the energy sector worldwide.

I was in Bangkok in February in preparation for the review of SDG7 on Energy that will take place at the UN's High-Level Political Forum on Sustainable Development this July, where IRENA has been asked to chair the panel on the review of SDG7. Two years since the adoption of the Agenda 2030 and the Paris Agreement in 2015 is not a long period of time, but it was evident that a lot has changed. In two years, the political momentum has swung irreversibly towards the adoption of renewable energy. In two years, technological evolution has benefited

from tremendous improvements, from falling cost of storage solutions to new IT tools and the digitalisation of energy. In two years, actions from all kind of stakeholders, ranging from big corporations to local communities, have made the energy transformation a broad global movement.

It is the speed of this change that will determine whether the energy system of the future can deliver across three key imperatives: economic growth and development; energy security and universal access; and environmental sustainability. The ingredients for success have crystallised over the years: we now have technologies that enable the transition to a sustainable society, available policy frameworks that promote such solutions, financial capacities that help their deployment, and social approaches that support a just and inclusive energy transformation.

I observed this first hand during my missions over the last weeks. I visited China, where I met the Chairman of the State Grid Corporation and discussed with him our fruitful collaboration ongrid transformation. My visit coincided with China's Party Congress, where President Xi Jinping spoke about advent of an

ecological civilisation. I also visited Hebei Province where I met with the governor of the province to discuss the greening the province so that by the time they will host the Olympics will have green energy system driven by renewable energy. It is encouraging that the world's biggest energy consumer, but also its biggest emitter of greenhouse gases, is now on a journey to transform its energy sector with renewables.

I also visited Japan on the invitation of their Foreign Minister. During my visit, I met with all relevant minister including from the Ministry of Economy, Trade and Industry and the Ministry of Environment. Japan is in the middle of a fundamental discussion about its energy future so this visit was timely as the Agency was able to share our perspectives in this context. There was intense interest from the media in the visit. My most important visit was to Fukushima. After the Fukushima disaster happened, my first official visit as Director-General was to Japan and seeing Fukushima's transformation since then and its emergence as hub of renewable energy is very encouraging. I also attended the launch of the Singapore International Energy week. Singapore is currently chairing ASEAN and will work with IRENA on a more ambitious action plan on renewable energy for ASEAN. I further visited

Iceland for the Geothermal Conference and it was inspiring to see advances made in this area. IRENA also convened a well-attended event on the use of geothermal for food security alongside the conference. This is just to give an overview of the global movement and initiatives that are on the global energy agenda.

These missions confirmed the importance of adopting a tailored approach to transition planning that strengthens the enabling environment and considers how to support multiple economic, social and environmental objectives. We continued to provide such tailored support to countries across the globe. For instance, a few weeks ago, I was in Pakistan where we launched the Renewable Resource Assessment – RRA – report developed in close cooperation with local stakeholders. With more than half of Pakistan’s population residing in rural areas, millions remain reliant on traditional biomass use and only half have access to electricity. In recent years, Pakistan has seen a surge in providers offering a range of solar home system products including water pumping, lighting solutions and water heaters. The RRA report shows that deployment of solar PV technologies has helped to create over 15,500 local jobs. With the significant untapped renewable energy potential, the country has an opportunity to both transform its energy system and create thousands of jobs

along the value chain, and the RRA provides a range of recommendations to realise this potential and I have been assured by Pakistan that they will take the implementation forward.

Employment creation has emerged as a major driver of renewables deployment. Later today we will release our 2018 Annual Jobs Review. With 500,000 new jobs added in the sector in the last year, the global total is now 10.3 million, with solar PV remaining the largest employer. Gains are being made in construction and installation and increasingly also in operation and maintenance, reflecting the steady growth in capacity over the past years. And the trend is clear – IRENA’s latest generation statistics show that of all capacity added in 2017, renewable energy was the majority: a record of 167 GW of new renewable capacity was added, an increase of 8.3% from 2016. Solar PV grew by a remarkable 32%, followed by wind energy, which grew by 10%. And underlying this growth are substantial cost reductions, with the levelised cost of electricity from solar PV decreasing by 73%, and onshore wind by nearly one-quarter, between 2010 and 2017. Our latest costs report released in January shows that both technologies are now well within the cost range of power generated by fossil fuels in many parts of the world.

This steady progress is welcome, but far from sufficient if we are to meet the objectives of international agreements forged in 2015. In early April, we launched the report on *Global Energy Transformation – A roadmap to 2050* at the fourth Berlin Energy Transition Dialogue. The findings show that to reduce energy-related emissions needs in line with the two-degree pathway of the Paris Agreement, the speed of global renewable energy adoption should be increased at least by a factor of six. The acceleration of renewables deployment, buttressed by energy efficiency, would require significant upfront investment but would reap long-term benefits. The global economy in this scenario would grow by 1%, and the employment in the sector would triple from today's levels. Importantly, global welfare would improve by 15% compared to the current trajectory. This includes benefits not captured by GDP, such as better health resulting from reduced air pollution and lesser climate impacts, among others.

The development and climate objectives require a fundamental change in the way we produce, distribute and consume energy. The technological and political

pillars in the energy sector have moved very fast, but the financial and economic aspects need to be further solidified. We have yet to learn how to invest in, and accurately manage the risk and the potential of renewable energy. This potential has systematically been underestimated, and the deployment has consistently outperformed the predictions of theoretical models in the energy space. This is problematic. The renewables potential needs to be properly planned for, fully realised and needs to enter into the mindset of decision makers around the world.

With the work on REmap, IRENA is trying to rectify part of this problem by providing a realistic and cost-effective pathway for renewable energy deployment. Over the past year, we have for example worked with the European Commission to develop regional REmap for the EU. The report, launched in March 2018, shows that the region can double its share of renewable energy to reach 34% in 2030, bringing with it a range of social and economic benefits. These findings were a welcome input in the ongoing energy debate in Europe, which is considering a set of propositions for a consumer-centric energy market. In France, for instance, citizens have the right to self-consume the renewable energy they produce and trade the excess into the grid. But, far more interestingly, they can now collectively self-

consume renewable energy, meaning that consumers and producers can trade their energy, allocate supply and act on their energy bills.

This is a forerunner of a new energy system that offers more transparency and liberty for the consumers to empower them to make a choice, but also to include and protect the most vulnerable. Renewable energy is indeed a means to ensuring that the ongoing transformation of the energy system is just and fair. It is enabling economic and social progress in communities that considered energy access an unattainable goal only a decade ago. Our off-grid renewables capacity numbers show unprecedented growth in 2017, with an estimated 6.6 GW serving off-grid customers. This represents a 10% growth from last year. Our statistics also show that around 146 million people are now using off-grid renewables.

Excellencies, ladies and gentlemen,

The contours of the energy system of the 21st century are slowly emerging. The world is moving towards a more decarbonised, decentralised and digitalised energy system, and scaling-up renewables in line with the Paris Climate Agreement

and the Agenda 2030. This will have a profound impact on the world of today. To better understand what lies ahead, we launched the Global Commission on the Geopolitics of Energy Transformation in January 2018. The Commission has met for the first time in Berlin on the margins of the Berlin Energy Transition Dialogue. A good mix of politicians, government, business leaders, and technical experts attended and the initial discussions indicate that we will have very interesting few months ahead as the Commission advances its work. The findings will be released during our next Assembly in January, and we are grateful to the Governments of Germany, Norway and the United Arab Emirates who are supporting this work.

I have reflected on some of our programmatic activities, and the progress report before you provides a detailed account of the work to date. It also includes a refined matrix of deliverables in line with the previous years but adapted to the new programmatic structure.

Before I conclude, I would also like to highlight some institutional considerations. As of end-March, we had received USD 6.7 million in assessed contributions, representing some 31% percent of our core budget. Since the

submission of the report, we received additional USD 1.9 million, bringing the total for 2018 to 40 percent. USD 5.1 million was received from Germany in core non-assessed contributions and, since the submission of the progress report, we received USD 3.3 million from the UAE. We are grateful to our Members for their timely payments and look forward to receiving the outstanding contributions, to enable the implementation of our programmatic activities.

We are also grateful to Members who are providing additional voluntary contributions to enable the full implementation of the Work Programme. The report reflects USD 500 thousand that we received in additional voluntary contributions to date from Germany and Japan, and since the submission of the report, we received USD 1.5 million from the UAE. A number of voluntary contributions are under development and will be concluded in the coming weeks and months. We are working to not only secure the resources for this biennium but also develop a sustainable, diverse base for the continuing growth of the Agency in the years to come. This will be greatly assisted by the enterprise resource planning – ERP – system which is now in place and operational. ERP roll-out has been implemented smoothly, in great part due to hard work of our colleagues in the administration who

have worked tirelessly to introduce the new system while seamlessly supporting the day to day work of the Agency. It was a heavy task, but within less than 2 years we have created a system at the fraction of the cost and in the fraction of the time required by other international organisations.

With the alignment of the Work Programme and the Medium-term Strategy, we continue to improve our reporting to Members, to provide an informative, user-friendly and impact-oriented account of our work. Demonstrating the impact is vital for IRENA's long-term direction and priority setting, as well as for diversification of its resource base. At present, we are designing a monitoring and evaluation system that will further support the impact-oriented reporting, and promote continuous self-reflection and focus on excellence.

Excellencies, ladies and gentlemen,

Our global family is paving the way for a profound transformation of the energy sector. Progress has been remarkable, and new boundaries continue to be

tested. Inevitably, many trials are ahead of us, given the pace, scope and size of the change. Only through collective and collaborative action can we forge a positive way forward in this shared endeavour. With your guidance and support, we are confident that IRENA will continue to grow as an inclusive and agile platform, and provide responsive leadership in the global effort to transform the energy system for a prosperous and sustainable future for us all.

I thank you, Mr Chairman.