

**Remarks**  
by

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**Preliminary Framework**  
**for the Work Programme and Budget**  
**2018-2019**

**13<sup>th</sup> IRENA Council**

Mr Chairman,

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

I am pleased to introduce the Work Programme and Budget Framework 2018-2019 contained in document C/13/2 before you. This morning we reflected on the implementation of the current Work Programme, and received your feedback on progress to date and the way forward. We have also heard numerous accounts about positive developments in the deployment of renewable energy, which many of you shared this morning, but also on the obstacles that countries and regions continue to face. While each country has its own circumstances, plans and priorities, it is evident that change is underway and that IRENA will continue to provide an inclusive platform for international cooperation to accelerate transformation of the energy sector that is underway.

This transformation has been the subject of our discussions in the Council for a couple of years now in the context of the next Medium-term Strategy. The richness of these discussions has provided a solid foundation for the development of the Work Programme and Budget Framework 2018-2019, and we are very grateful to all of you for sharing your insights on this. Moreover, we have received written input from several Members as a contribution to the development of the Framework.

I would also like to mention that, for the first time, we reached out to the private sector and civil society stakeholders through IRENA's Coalition for Action to gather their views given the importance we give to our stakeholders in this organisation. We have shared these inputs with all Members, so that they can be taken into account as we discuss the priorities and activities for the next biennial cycle.

In feedback provided on programmatic and strategic priorities, Members called for the Agency to play a central role in the on-going energy transformation. They emphasised the importance of decisive action and strengthened collaboration to accelerate the implementation of renewable energy strategies, plans and projects worldwide. At the same time, the scope of areas where IRENA can contribute has grown exponentially over the last years. Coupled with the Agency's near-universal

membership, the need to define priorities and programmatic activities that reflect a balance of diverse needs and requirements has become even more important in this cycle than it was before.

Unlike in its formative years, IRENA today is an internationally-recognized organization, synonymous with excellence in providing knowledge and advice, with a very strong convening power as you have seen in our various Assemblies. The next programmatic cycle will further cement its place as a key player in the global energy and institutional landscape. It is therefore of utmost importance that the Work Programme builds on the Agency's comparative advantages, responding to the growing needs of its diverse membership within this evolving landscape.

IRENA's focussed mandate and global membership gives the Agency unique advantages that must be optimised in the upcoming programmatic cycle. There are, as we have discussed, endless possibilities and immense opportunities ahead of us. But we cannot and we should not try to do it all. We must remain focused on our core mission and be wise in prioritising our activities, and in using and applying our limited resources in areas where we can achieve the maximum impact. I will share with you an analogy I often use in our internal discussions about work programming. Some of you will know this because you were here since the formative years of the

Agency. I look at this as a garden, and in our civilisation gardens are very important. As we live in dry areas, cultivating a garden is an obsession. When we started in IRENA we had a barren field and we had to decide how we were going to grow it. So, we provided a lot of inputs and we planted seeds everywhere. We didn't realise how quickly those seeds were going to sprout and we would be faced with a forest of activities that became our Work Programme. My advice in management discussions is that now we need to turn this forest into a garden. We need to see how best we can utilise the various resources and structure it in a way that is responsive to our needs, and create an environment that is much more user-friendly as it were than having a thicket of vegetation. Of course, the response of management and members running their programme is to add more plants, so it is my job to prune. But, it is your job to tell us how to prune. So, in the future, how we grow this is going to be very much listening to our members in terms of where you feel the priorities are, where you feel the best results can be achieved and where the greatest needs are in the work of this organisation.

Ladies and Gentlemen,

In the past two programmatic cycles, IRENA implemented its work along six thematic areas, ranging from planning, through enabling frameworks to work in

islands, regions and rural settings. These issues continue to carry great importance, and Member feedback on the Work Programme highlighted that many of our current programmatic activities remain of high relevance for the next biennium, but they need to be sharpened and rebalanced to better address the priorities identified through the consultative process. This is a natural step considering that both the Agency and the sector have evolved significantly in the past few years. The outline of the programmatic focus for the next biennium has therefore been framed under new headings, to draw out the action needed to achieve the global, regional and country objectives.

Considering current trends and drivers, and based on Members' feedback, there are several substantive considerations to which the next Work Programme must respond.

- Firstly, the transformation of the global energy system is multifaceted and a far-reaching process. Actions taken today will have an impact on economies and societies for decades to come. Understanding different pathways and the role renewables can play is essential in planning at the country and regional levels. IRENA must continue to explore the technological solutions, and the economic and environmental strategies for deployment of renewables. In this context, continuous

focus on the business case of renewables and an increased understanding of the economic and societal benefits, underpinned by sound empirical evidence, should remain central to the Agency's work.

- Next, the global effort to meet the objectives of the Paris Agreement depends in a great part of the successful and ambitious realisation of the Nationally Determined Contributions (NDCs). Members emphasised IRENA's important contribution in this context, considering its knowledge, advisory and convening abilities. And we have seen since Paris, and I think we would like to claim a little bit of credit for this, how central renewable energy and decarbonisation have come to the discussion of the implementation of the Paris Agreement. And we need to bear in mind that next year is the first review year for the NDCs, at which we will be expected to make a major contribution in terms of how we see the renewable energy part of this effort shaping up. But, closely linked to this effort should be IRENA's support to realising the Agenda 2030, the sustainable energy goals, as access to modern energy services is key to stimulating economic growth and alleviating poverty. There is also an opportunity to design new systems based on the modular and decentralised nature of renewable energy. There is a chance for developing countries to leapfrog, from a technological perspective, the fixed polluting

infrastructure of the past, and embark on a new energy path. IRENA has to play a leading role in unlocking this potential and in attracting investment on the basis of a sound policy framework and business case for renewables.

- Next, and I cannot stress this enough, innovation will play a key role in the collective ability to change the existing energy system and achieve these objectives. Many solutions are still emerging, including storage, smart grids, digitalisation, as well as innovation in policy and markets. We are seeing a demand for our knowledge products in these areas is exceptionally high. IRENA is well-placed to monitor and analyse these developments, to anticipate change and convene diverse stakeholders to share experiences and best practices to accelerate progress. And it is very important in this setting to understand who these stakeholders are. We have people who are hands-on in the energy transformation. You have seen them at various meetings of IRENA, either at programmatic meetings or Assembly meetings, where we have transmission system operators, grid operators, investors, financiers, and others coming to the table together with civil society and industry organisations, that are very much integrated in our process and who part of our knowledge framework. Having these stakeholders as part of this discussion is extremely important.

- Next, developing renewable energy solutions for transport, industry and buildings, which we believe is essential. We have already won the war on how new capacity additions in the global power sector in renewables for the past three years in a row have outpaced conventional energy. The real challenge now is in the end-use sectors that account for 80 percent of the global energy demand. Sector coupling is also evolving as a promising path for transformation of these sectors and IRENA should remain abreast of the latest developments and knowledge that we can bring to the table. It struck me when I recently attended the Renewable Cities Forum in Vancouver how important cities are to this equation, and the need for us to integrate our efforts much more intensively with city authorities and regional authorities who actually carry tremendous implementation power at their level.

- Next, mobilizing renewable energy finance at the necessary scale hinges on the ability to develop bankable projects, rally investors, overcome the existing barriers and address investment risk. In other words, to lower the cost of capital as many of you commented earlier today. As the bulk of this investment will come from the private sector, the focus should be on understanding the key levers to attract private investment. IRENA's contribution in this context needs to be focused and practical, aimed at supporting actors who can help channel investments toward

renewables. I once again underscore the need to be practical; we really need to work with those who are on the frontline of making decisions to ensure the practicality of the recommendations that we make.

- Next, to make the next step-change, sharing of experiences and best practice as well as forging collaborative partnerships will have to occur at all levels, between all countries and regions, and among a wide range of stakeholders. IRENA should facilitate cooperation among and between Members, utilise Member experience, and focus attention of diverse stakeholders toward common objectives. This should also entail building effective partnerships with other institutions and a supportive dialogue with private sector actors who are active in the sector. We have gone a long way to already doing that, but we need to make this a much more systematic effort and part of our structural DNA moving forward.

In addressing these priorities, IRENA must play multiple, equally important roles: providing the cutting-edge information and knowledge on renewable energy to support countries and regions in their efforts to advance deployment, and offer an inclusive platform for cooperation. With IRENA Members coming from all regions and with varied interests, the programmatic activities must reflect both substantive and geographical diversity, and provide a balance between knowledge

products and hands-on advisory support, which we have seen as being so critical with so many settings in developing countries.

There are some key preconditions to securing IRENA's continued success. As the prominence and relevance of the Agency grows, technical excellence is key to maintaining and increasing its standing and credibility, and the ability to provide timely, objective and policy-relevant advice to Members in real-time.

Relevance and usefulness must remain the key drivers of IRENA's programmatic output. The Agency is occupying a privileged space in that it has access to the wealth of knowledge and information that its Members possess. It is also perfectly positioned to monitor trends, recognize new needs, and anticipate changes. Therefore, the Work Programme should seek to benefit from these advantages, but also remain agile to adapt to the changing environment.

Inclusiveness and partnerships must remain the trademarks of the Agency's work. Realising the transformation requires an unprecedented effort by governments, traditional stakeholders and new actors. Therefore, leveraging the strengths of committed stakeholders while bringing on board additional constituencies, will be an integral part of all IRENA's activities. Collaboration with

other international and regional organizations will be of utmost importance to avoid duplication of effort and capitalise on respective competencies.

The traits that have made us successful to date are our agility, our lean structure, and willingness to adapt to changing needs. Direct and continuous engagement is key to the ability to be responsive to Member needs, and to maximising the vast benefits of their participation in the Agency.

Finally, effectiveness and impact are key underpinnings of all programmatic activities. To date, efforts have been made to capture and report on the impacts, mainly by illustrating some of the work in the progress and annual reports. External evaluation undertaken in 2015 in the context of the MTS review was greatly beneficial in both, understanding the impact and in shaping the strategic direction and programmatic work of the future. From the next cycle, a more systematic assessment of results will be integrated in the programmatic activities to help demonstrate the Agency's effectiveness and impact, as called for by Members. The genuine feedback loop, constantly feeding back from experience and improving and sharpening activities. This aspect of the Agency's work is becoming increasingly important as the Agency strives to diversify its resource base.

Ladies and Gentlemen,

An inseparable part of discussion on the next Work Programme is the question of resources. Members emphasised that the ambition for the Agency should remain high, but accompanied by innovative strategies for securing funding beyond the core budget. A key objective in this context must be to secure a sustainable balance between core budget, voluntary contributions and other resources.

Recognising the financial issues many Members are faced with, we are not proposing at this stage a growth in the core budget. In line with the practice to date, the next biennial budget should account for inflation, conservatively estimated at 2.5% for the biennium. Further, posts approved for 2016/2017 were costed at the reduced rate in the current biennium, so full staffing costs account for additional USD 2.1 million for the biennium. Based on the increased membership, and hopefully by the next Assembly Brazil will also be a Member, accounting for inflation and a full staffing component, the core budget would be slightly higher than it currently is. As always, we remain grateful to our host countries UAE and Germany for their continuous provision of core non-assessed resources to our biennial budget, which has been central to our ability to deliver on an ambitious Work Programme for a young and small Agency.

It is evident that many of the future activities will depend on the availability of additional resources, beyond the provisions of core assessed and non-assessed resources. In the previous programmatic cycles, the Agency sought to resource a range of unfunded deliverables. This approach has not been optimal for Members or for the Agency, as it was too prescriptive and encouraged a piecemeal approach to funding, resulting in excessive management and administrative burdens.

In the next programmatic cycle, greater alignment between funding and agreed-upon programmatic priorities will be encouraged, to improve the predictability of the funding base. In this context, we would welcome Member feedback on how we can improve the presentation of the Agency's needs to encourage additional contributions. We also hope that the Agency's recent ODA status will help mobilise development finance for eligible activities and we would welcome Members' views on how to strengthen our linkages with the development community to this end.

The richness of our debate on the priorities and direction of the Agency has been immensely important to the development of this Framework. We look forward to your feedback since the outcome of this discussion will be critical for the articulation of the Work Programme and Budget for 2018-2019. And we look

forward to a process where we can continue to benefit from the views that you express. In reflecting on the process ahead of us, over the years we have developed an inclusive and participatory process that has enabled us to shape our successive Work Programmes, to reflect and balance the priorities and needs of our growing membership. As we proceed with the articulation of the Work Programme for 2018-2019, I would like to propose that we follow our previous process and provide for an additional input from Members prior to the 14<sup>th</sup> meeting of the Council.

Aligned with the previous schedule, we would circulate the draft Work Programme and Budget six weeks before the next Council, and should there be any changes to the draft, the Secretariat would circulate it two weeks before the Council meeting. In this way, we would be able to have a streamlined discussion at the Council with a view to making a recommendation at the Assembly, which would enjoy the confidence of us all.

Thank you Madame Chair.