

Twenty-third meeting of the Council  
Abu Dhabi, 24-25 May 2022

## **Note of the Director-General**

### **Draft Framework for the Medium-term Strategy 2023-2027**

#### **I. Introduction**

This note has been prepared to facilitate Members' discussion on the Medium-term Strategy (MTS) for 2023-2027. The MTS is a strategic framework that defines IRENA's "vision, strategic direction, objectives and activities" over five years (A/1/DC/8). The implementation of the current MTS, adopted at the eighth session of the Assembly in 2018 (A/8/DC/2), is due to be completed in 2022. Accordingly, the draft MTS 2023-2027 will be presented to the Assembly for adoption at its thirteenth session in January 2023.

Pursuant to the Assembly guidance, the MTS has been considered at all Council meetings since 2021 to enable sustained and inclusive engagement of the Membership. Council consideration is also facilitated by a Working Team that provides an inclusive platform for more detailed discussions. The MTS Working Team is co-led by Denmark and Kenya and open to the participation of the IRENA Membership. To date, twenty-one Members<sup>1</sup> have joined the Working Team, with several others participating on an ad-hoc basis. The Working Team has met on three occasions thus far: 8 September 2021, 23 March 2022 and 11 May 2022.<sup>2</sup>

The MTS 2023-2027 provides an opportunity for Members to define a shared vision for the next five years and sharpen IRENA's role, impact and delivery. The strategic orientation will be translated into two programmatic cycles, starting with the Work Programme and Budget 2024-2025, which will be developed in 2023.

#### **II. Medium-term Strategy Framework**

Accelerated development and deployment of renewable energy hold strategic stakes when societies worldwide face the rising pressures of change and the international community confronts new challenges. Reflecting the global nature of the Agency, Member feedback showed that a diverse set of objectives, including development imperatives, climate change, energy security, green growth, energy poverty and local pollution considerations, drive energy transitions. This diversity of priorities underlines the need for focused and concerted actions in the near-term and a shared understanding of the long-term vision.

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<sup>1</sup> Algeria, Belgium, Canada, China, Denmark, Ecuador, European Union, France, Germany, Italy, Japan, Kenya, Kiribati, Norway, Netherlands, Spain, United Arab Emirates, United Kingdom, United States of America, Uruguay, Zimbabwe.

<sup>2</sup> Forthcoming at the time of writing. Co-facilitators also convened an in-person meeting with the Permanent Representatives in Abu Dhabi in November 2021.

The Agency's World Energy Transitions Outlook (WETO) has become a substantive framework for the Agency's activities in the adoption of the Work Programme and Budget 2022-2023. The WETO shows that rapid deployment of renewables is the only avenue that will enable the achievement of the Sustainable Development Goal on Energy (SDG7) and make the necessary emission reductions by 2030 for a chance to stay on the 1.5°C pathway. The 2022 edition of WETO spells out the actions required to meet these 2030 priorities. Similarly, the MTS shapes the path for the Agency's strategic direction to 2027, when the world will have a clear picture of whether there has been sufficient progress. This timeline underlines the importance of Members' decision on the next strategic period.

IRENA has a clear mission fully aligned with the 2030 Agenda for Sustainable Development and the Paris Agreement. The Agency's global membership gives it a unique ability – and responsibility – to consider the future energy system based on Members' diverse priorities, abilities, and needs. New considerations continue to emerge. Wide-ranging consequences of the pandemic brought to the fore vulnerabilities of the current energy system and its immense impact on many facets of economies and societies. The pandemic also accentuated the unacceptable fact that billions of people live in energy poverty, rendering services like health, water, and information technology out of reach. Moreover, the ongoing crisis in Ukraine brings new levels of concern and uncertainty, with many aspects of everyday life affected by turmoil in the energy sector. Moreover the Ukrainian crisis has added new levels of concern and uncertainty. The intertwined nature of fossil fuels with the global economy, and the resulting fragility, is evident. The imperative of transforming the current energy system to one that is predictable, resilient, inclusive, and sustainable has never been more urgent.

The ongoing global dynamics underline the need for agility while reinforcing the centrality of renewables in solving many challenges. As the only intergovernmental energy agency with global membership, IRENA's work must adapt to the circumstances and respond to evolving dynamics, anticipate Members' needs and drive change on the ground. Moreover, many entities are increasingly focused on renewables and the energy transition, so IRENA's comparative advantages should be an orientation for its strategy development. IRENA needs to stay true to its goals at this critical juncture, while ensuring that the organisation is resilient, flexible, and fit for purpose.

A decade after its establishment, IRENA's contribution to the global discourse on energy is undeniable. IRENA brought renewables to the forefront of discussions, helped prove their business case, and mainstreamed them in the global energy transition. The Agency also pioneered a holistic approach to the energy transition, with areas such as job creation being an integral part of its work since 2012. For the next strategic cycle, the need to assertively shape the global energy transformation will only grow, as will the need to innovate in all facets of the Agency's work. Aligned with its mandate and functions, IRENA will:

- Remain focused on its core functions;
- Systematically review and evaluate its work to demonstrate impact and strengthen programme delivery;
- Build on synergies and cooperation to avoid duplication, redundancies and marginal endeavours; and
- Enhance outreach that leads to a more discernible and traceable impact of its actions to the benefit of Members.

### *Mission and Objectives*

IRENA's current mission is *“to play a leading role in the ongoing transformation of the global energy systems as a centre of excellence for knowledge and innovation, a global voice of renewable energy, a network hub for all stakeholders and a source of advice and support for countries.”* Members' views shared to-date affirmed the continuous pertinence of this mission but stressed that the coming period requires a renewed sense of urgency and prominence of the Agency's work. IRENA should continue to take a comprehensive approach to the transition, focusing on practical application of its analyses, collecting best practices, and sharing and catalysing action. Members also noted that the Agency should consider both the benefits and costs of the energy transition to help manage trade-offs for optimal outcomes.

IRENA's mission for the next five-year period could be refined to capture these additional elements as follows: *“to play a leading role in the acceleration of the global energy transformation, with a renewed sense of urgency for a just, fair and inclusive transition, toward the realisation of climate, economic and social goals by 2030.”*

IRENA's MTS is currently structured along four pillars<sup>3</sup> that set out the overall objectives of the Agency's work. Members noted that these pillars remain pertinent and capture the core functions of the Agency. The MTS pillars have provided the necessary focus and stability over the successive programmatic cycles, but some gaps and misalignment emerged as the Work Programmes have evolved. For instance, the Agency's regional work significantly progressed over the years but remained divided between different pillars, making it difficult to effectively assess and report on activities. Therefore, the MTS pillars could be adapted and expanded to provide a slightly refined structure in line with the Agency's comparative advantages. IRENA could therefore act along the following six pillars:

#### **1. Centre of excellence for the energy transition**

**Objective:** *Shape the global discourse on energy transformation by providing authoritative knowledge, data and analysis on all aspects of the energy transformation and its impacts at global, national and sectoral levels.*

IRENA should continue strengthening its position as the centre of excellence and knowledge hub on the energy transition by providing unbiased, high-quality, timely, and authoritative information, analysis, and data. Within the framework of WETO, the work should focus on priorities across all sectors (electricity and end-use), as well as analyses of the socio-economic, environmental, and geopolitical aspects of the energy transition. Insights into nexus issues across areas such as education, food, gender, health, and water will also be addressed, given their growing importance.

<sup>3</sup> **Centre of excellence for energy transformation.** Objective: Empower effective policy and decision-making by providing authoritative knowledge and analysis on renewables-based energy transformation at global, national and sectoral levels;

**Global Voice of Renewables.** Objective: Shape the global discourse on energy transformation by providing relevant, timely, high-quality information and access to data on renewable energy;

**Network Hub.** Objective: Provide an inclusive platform for all stakeholders to foster action, convergence of efforts and knowledge sharing for impact on the ground;

**Source of advice and support.** Objective: Support country-level decision-making to accelerate the renewables-based transformation of national energy systems, advance strategies to diversify energy sources, reduce global emissions and achieve sustainable development.

## 2. Global Voice for Renewables

*Objective: Empower effective development and deployment of renewables-based technologies through timely, high-quality information and access to data.*

IRENA has been a strong global voice for renewables, contributing to the business case for renewable sources and technologies through its analytical and empirical work. Great strides have been made in mainstreaming renewables within the overall energy transition, and the coming period will require accelerated deployment and development. This will be a challenge, also considering competing priorities and narratives. Given the rising energy prices, a changing political and energy landscape, and the countdown to 2030, IRENA's focus for the upcoming period should be to reinforce the message that a renewables-based energy transition is the right choice, despite challenges and obstacles.

## 3. Support for Regions and Countries

*Objective: Support regional and country-level decision-making and implementation strategies with the aim of reducing global emissions, adapting to climate change and achieving sustainable development.*

The energy transition pathways for countries and regions vary depending on circumstances and priorities, starting conditions, and capabilities. IRENA must support governments, especially the Least Developed Countries (LDCs) and Small Island Developing States (SIDS), in keeping pace with global trends. Given its near-universal membership, IRENA's comparative advantage rests in the ability to lead regional energy transition efforts. The current Work Programme envisages the Agency to undertake Regional Energy Transitions Outlooks (RETOs) which can provide a unique perspective to national stakeholders that otherwise may not be easily accessible, thus amplifying the Agency's work. It is proposed to consolidate the country and regional analytical and advisory work under a dedicated strategic pillar for greater alignment and coherence of programmatic activities.

## 4. International Collaboration and Network Hub

*Objective: Galvanise international collaboration and provide an inclusive platform for all stakeholders to foster action and knowledge-sharing for impact on the ground.*

IRENA's global Membership, broad reach, and access to the vast expertise contained within its Members are recognised as key advantages compared to other organisations operating in the energy field. IRENA has proven to be an able convener of Members and stakeholders, including the private sector, international and regional organisations, academia, research institutions, and others while maintaining focus, impartiality, and independence. In this context, several Collaborative Frameworks were established to promote engagement, facilitate peer-to-peer exchange, and enrich programmatic output. These will be further evolved to tap into the abundance of knowledge that exists in IRENA's Membership and foster a sense of ownership. IRENA will also harness its Governing Body Meetings and Global High-Level Forum on Energy Transition to promote international cooperation and multilateralism. Moreover, given that IRENA is not an implementing agency, it is essential to maintain strong links with those operating on the ground to ensure the lasting impact of its programmatic activities. Therefore, this pillar would reinforce the importance of cooperation, engagement, and partnerships to IRENA's mission.

## 5. Facilitator of Renewables Deployment

*Objective: Accelerate the deployment of renewables-based technologies by facilitating the development of project pipelines and channelling investment toward renewables-based energy systems.*

Decisions on the adoption of renewable technologies and solutions to meet the energy needs of individual countries are often dictated – or restricted – by well-known barriers to financing and investment. IRENA is utilising its knowledge, expertise, and professional relationships to facilitate the creation of project pipelines and access to finance. The Agency will have to maintain even stronger relationships with multi-lateral development banks, funds, and the private sector to channel the necessary investment toward renewables in the coming period. IRENA will thus leverage instruments, such as the Climate Investment Platform (CIP) and the Energy Transition Accelerator Financing (ETAF) Platform, to enhance the flow of financial resources to emerging economies and scale up the development of renewable energy projects. Given the importance of the deployment of renewable technologies in the coming years, it is proposed to consolidate project facilitation and related finance and investment activities into a separate strategic pillar.

## 6. Efficient and Agile Institution

*Objective: Continuously refine institutional approaches, tools and mechanisms for efficient delivery of programmatic activities.*

Providing added value is of utmost importance in today’s challenging global context, where varied agendas compete for limited resources. The clarity of IRENA’s purpose, timeliness of its mandate, and global Membership give the Agency a privileged space in the institutional energy landscape. IRENA’s growing credibility and authority make it an asset in the global energy discourse. It is imperative to remain alert and agile while adapting the organisational structure and strengthening institutional capacities to respond to the growing needs and increasing complexities of the sector. Much of the Agency’s success hinges upon the excellence of its staff, so attracting, developing and retaining talent remains paramount. Importantly, Members’ trust and confidence in the Agency are underpinned by transparent, accountable, and efficient institutional approaches, tools, and mechanisms. Therefore, while the previous strategic cycles have not included an institutional pillar, it is proposed to add it to the new MTS to reflect the importance of continuous reform and improvement of internal processes and practices for effective programme delivery.

### *Resource base*

The ability to focus and deliver impactful programmatic activities greatly depends on a predictable and sustained resource base. It is thus essential to secure a sustainable balance between core budget, voluntary contribution, and other resources. The IRENA Statute envisages that the Agency’s budget would comprise three streams of funding: mandatory contributions of its Members, based on the scale of assessments of the United Nations; voluntary contributions; and other possible sources. To date, resources were derived from core and voluntary contributions from Members, with limited exploration of “*other possible sources*”. In line with the Assembly decision on the Work Programme and Budget for 2022-2023 (A/12/DC/1/Rev.1), the Secretariat is working on establishing the Renewables Acceleration Fund. The establishment of the Renewables Acceleration Fund will seek to expand the range of funding sources, including from other international organisations, philanthropies, and the

private sector. Such a fund will help secure a multi-year resource base supporting successive programmatic cycles aligned with the MTS priorities and direction.

### **III Next Steps**

The above outlines a proposed framework for the MTS 2023-2027 to be considered by the Council at its twenty-third meeting. Based on Member feedback received, the framework will be elaborated into the strategy document. The strategy document will also be informed by MTS Working Team meetings that co-facilitators may convene in the future. The twenty-fourth Council will consider the draft Medium-Term Strategy 2023-2027 and make its recommendation to the Assembly, for adoption at its thirteenth session in January 2023.