

INTERNATIONAL RENEWABLE ENERGY AGENCY

Fourth meeting of the Council

Abu Dhabi, 12 – 13 November 2012

**Note of the Director-General on
Engagement with the Private Sector**

This note is submitted to provide Members with information on the developments to date with respect to IRENA's engagement with the private sector and possible ways forward.

I. Background

1. Despite significant growth in investment in renewable energy, the share of renewable energy in the world's primary energy supply remains small and its adoption uneven. The key driver for advancing renewables remains forward-thinking policy decisions and enabling frameworks, as market forces alone are unlikely to scale up renewable energy adoption to the required levels, given existing economic and non-economic barriers. In this regard, the public and private sector together have a central role in shaping a supportive business environment for renewable energy.
2. While governments have a crucial part to play in levelling the playing field for renewables by providing an appropriate market-oriented framework, the private sector intervention can be a powerful driver for renewable energy market expansion, and the private sector has been a major source of funding in the renewable energy field. IRENA's Members recognized that private investors' input regarding the key conditions necessary to drive future investment growth in the renewable energy sector will be necessary to close the current gap in investment.
3. During the second meeting of the Council of IRENA on 13-14 November 2011, Members agreed that the input of private sector stakeholders to IRENA processes would support the realisation of IRENA's mandate. This notion was endorsed by those who participated in the Ministerial Roundtable held on 15 January 2012 during the second session of the Assembly of IRENA, where participants stressed that engagement with the private sector is necessary and mutually-beneficial, particularly in consideration of the private sector's role as a principal source of technology, investment, and innovation in the renewable energy field. It was largely agreed that IRENA should seek ways to introduce such engagement in a more formalized manner, while continuing to cooperate in the implementation of the work programme, wherever appropriate.

4. IRENA has also looked into other entities comparable to that envisaged for the Agency. Those included the World Business Council for Sustainable Development, Business Action for Sustainable Development, United Nations Global Compact LEAD, Public-Private Infrastructure Advisory Facility, and IEA Renewable Industry Advisory Board, among others. Following this process, a framework outlining the main elements of an IRENA business advisory entity was devised.

II. Purpose, Principles and Objectives

5. The purpose is to establish, engage, and foster clear lines of communication between IRENA and the renewable energy private sector. The purpose of an IRENA business entity would be to contribute an industry perspective to the IRENA Assembly and to provide private sector input to policy decision-making by governments in IRENA.
6. The IRENA business entity would also serve as a platform for public-private sector dialogue in order to channel co-operation around renewable energy initiatives of mutual benefit of all stakeholders. The entity would also serve to bridge the chasm between policy and finance, identifying enabling regulatory policies that create the market environment required to effectively scale up investments in the renewable energy sector.
7. Guiding principles could include the following:
 - Strive to equally represent the industry without advantage to a sector, region, or technology;
 - Contribute to all relevant aspects of the work programme activities, including policy, technology, and country support;
 - Advance high-impact and sustainable solutions to industry barriers;
 - Align with the objectives and activities that guide IRENA's work programme; and
 - Assist IRENA in furthering its initiatives in a commercially unbiased manner.
8. Objectives could include the following:
 - Assist IRENA through provision of input into its programmatic implementation. It is anticipated that the private sector's input that is leveraged through IRENA's work programme will strengthen its capabilities as a renewable energy and technology advisory resource for its Members. Selected private sector participants could for example contribute some of their in-house resources such as in R&D or communication to leverage IRENA's capabilities in specific activities.
 - Offer IRENA private sector input for consideration in upcoming work programmes. Serving as a global voice for renewable energy and technologies will require IRENA, in addition to continuing its other numerous activities, to identify the issues that are absent in the global conversation and to provide the context around their fundamental impact on the industry. Accessing the private sector and

channelling its perspective through the direction of its work programme will amplify and further legitimize the Agency's voice.

- Provide IRENA with a more structured platform for private sector input into policy making. The interaction between the private sector and the IRENA membership is vital to creating a continuous line of communication between those who are implementing policy and those whom the policy is meant to assist, while allowing for the development of a prosperous renewable energy industry. IRENA believes an uninterrupted dialogue is an important step to creating a framework that mitigates the risk of instability in policy over time.

III. Informal discussion with the private sector

9. In order to gain a comprehensive view on how this engagement could be structured in the most effective manner, an informal meeting with private sector representatives was organized on 18 October 2012. In order to ensure diversity of views at the meeting, consideration was given to the company size and type, geographical background, sector, and renewable energy sources and technology. Over 100 private sector individuals were considered, identified mainly through the network developed in the course of the programme implementation, and some 30 people were invited to attend. The list of participants who were able to attend the meeting is attached to this note.
10. The participants confirmed that the industry would benefit from close engagement and cooperation with IRENA. They stressed that IRENA should think big and act on the global stage. There was agreement that renewables do have a common message that can be broadly shared and that could encourage the deployment of renewables. It was agreed that IRENA can be a catalyst for devising such a message that could then be used and promoted by all stakeholders. While the sources and technologies vary, there are common denominators that could be used for formulating these messages, particularly considering their positive impact on energy access, security, and climate change. There was also an agreement that IRENA could benefit from the data-driven observation that industry possesses support the development of such messages.
11. A number of themes of common interest were identified including markets, policies and enabling environments, innovation, finance, outreach, and local content. It was noted that industry would benefit from an IRENA publication that provides up-to-date and comprehensive information on global policies and support schemes. It was also noted that every effort should be made to ensure that an IRENA/private sector entity is results-oriented and not another forum for discussion only. Such an entity could also be useful in devising modalities to mobilise finance and maximise the impact of existing and envisaged financing facilities.
12. In sum, it was viewed that an IRENA/private sector entity could contribute in the following areas:
 - Develop a common information and communications strategy and effective messaging in support of renewable energy;

- Share data, experiences, and best practices from the private sector;
 - Consult on specific policy issues;
 - Provide a platform for strategic alliances; and
 - Promote common understanding and facilitate consultation between the private and public sectors on opportunities, gaps, and barriers.
13. The participants also discussed possible modalities for the establishment and functioning of a business advisory entity. It was largely agreed that this group should, at the very least, include 30 individuals. The possibility for an all-inclusive network of networks that could comprise a significantly higher number of individuals was also considered, and the group agreed this could also be a viable option, with the caveat that it should start small with a single purpose and allow itself to evolve over time. In any case, it was emphasised that participation in any such entity should be unbiased and transparent. The participants were highly in favour of the concept of a rotating membership. They considered this to be vital for ensuring the incorporation of new ideas into the operation of the entity.
14. There was wide consensus among participants that IRENA's engagement with the private sector is an essential requirement to furthering its mission. The participants strongly encouraged the speedy establishment of an entity such as a council to institutionalise the engagement of the private sector with IRENA in an unbiased manner, in accordance with IRENA's mandate.

IV. Possible ways forward

15. Based on the discussions held to date in the Council and Assembly meetings, and considering the views expressed in the informal consultation with the private sector, two viable options for engagement with the private sector have been identified. These options are described in turn.

a. Business Advisory Council

16. The first option is the formation of a business advisory council that comprises a group of private sector individuals selected for their high-level of technical expertise, understanding of the Agency, and their ability to connect policy with industry. This option would allow IRENA to convene a select number of individuals on a regular basis. Having a small group of dedicated individuals for a set period of time would guarantee continuity and institutional memory. A small group would also be relatively simple to convene, as it would involve only a limited number of individuals.
17. On the other hand, it would be difficult to ensure that such a small group would be representative of different constituencies and able to aptly and competently address a diverse range of issues related to IRENA's work. Consequently, additional modalities of interaction with the private sector would have to be considered.

b. IRENA Business Forum

18. The other viable option identified is the creation of a forum to facilitate broad private sector engagement with IRENA. This option would result in an inclusive structure open to participation from the full range of renewable energy private sector organisations that would concentrate interested parties around issues and themes of common interest. This forum would exist as an online platform, with the possibility of physical meetings when and if they were necessary and/or desired. The flexibility of this approach would enable IRENA to recognise and react to issues and trends, when and where they occur, or address specific elements related to the work programme. The forum would have the capacity to form task forces to share knowledge and implement projects, but it could also be used to have focused and targeted interaction with the entire community on a specific topic. Lastly, the structure of a forum could provide a platform for relevant cooperation on public-private partnerships.
19. While the development of criteria for participation in the forum would have to be devised, it would be largely inclusive, in the spirit of IRENA's focus on openness and transparency. This approach would require technology investment at the outset, but would not require extensive administrative effort. The organic nature of the forum would ensure that IRENA would have regular and easy access to an invaluable resource of individuals willing to participate in its work.

Members may wish to consider to the purpose, principles, and objectives proposed and to provide guidance on their further development. Members may also wish to advise on modalities for future consultation.

Participants in the private sector informal consultation meeting:

- a. Michael Eckhart - Managing Director, Citigroup
- b. Mumtaz Khan - Chief Executive Officer, Middle East & Asia Capital Partners
- c. Nicolas Swetchine - Chief Customer Officer, AREVA Renewable Energies
- d. Omar Njie - Managing Director, NICE Gambia Ltd.
- e. Paul van Son - Chief Executive Officer, DESERTEC Industrial Initiative (Dii) GmbH
- f. Steve Sawyer - Chief Executive Officer, Global Wind Energy Council
- g. Takashi Hongo - Senior Fellow, Mitsui Global Strategic Studies Institute
- h. Teresa Ribera - Director of Strategic Development and New International Markets, ISOFOTON S.A.