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**Research Report**

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SWP Comments, No. 37/2012

**Provided in Cooperation with:**

Stiftung Wissenschaft und Politik (SWP), German Institute for International and Security Affairs, Berlin

*Suggested Citation:* Westphal, Kirsten; Röhrkasten, Sybille (2012) : IRENA: Stay the course! On the value of a multilateral organisation for renewable energy, SWP Comments, No. 37/2012, Stiftung Wissenschaft und Politik (SWP), Berlin

This Version is available at:

<https://hdl.handle.net/10419/256218>

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## IRENA: Stay the Course!

On the Value of a Multilateral Organisation for Renewable Energy

Sybille Röhrkasten and Kirsten Westphal

**Renewable energy is crucial to Germany's phasing-out of nuclear power and the associated energy transition. It is a field in which international cooperation is imperative. The International Renewable Energy Agency (IRENA) could play a decisive role in advancing renewables globally, but its true potential has yet to be tapped. While its official founding represented an important achievement for German foreign policy, in year two more concerted efforts are still needed to realise the original vision. Otherwise marginalisation looms. Germany continues to play a central role.**

IRENA has reached a decisive crossroads. Now that institution-building has been completed and the proper work has begun, the question is what line the organisation should take in the medium and long term. This will also predetermine whether it ends up becoming a serious player in international energy policy or just the relic of a vision.

As initiator and second-largest financial contributor, Berlin has a special interest in establishing IRENA as a strong actor in international energy governance. Currently, Germany must watch that IRENA does not drift away from the original idea. If IRENA is really to become the central knowledge broker for renewable energy and a driving force for exploiting the *global* potential for sustainable energy, the course has to be set now.

After attracting much attention among German decision-makers at the beginning of the founding process, IRENA has re-

mained largely colourless even in Germany, and plays virtually no role in the daily business of (energy) politics. Involving industry via a "Business Council" is a first step. Others must follow, otherwise IRENA will end up being nothing more than an international service organisation.

### The Idea

Germany took the initiative to set up IRENA, developed initial concepts, and successfully mobilised international support. The idea was to create an energy organisation with global membership, operating worldwide as a driving force for renewables and, above all through policy consultation, working to improve political frameworks and the transfer of knowledge and technology.

It was a hard knock for the German initiators when the IRENA headquarters

went to Abu Dhabi in the United Arab Emirates rather than Bonn, which had to be satisfied with the Innovation and Technology Centre. The founding phase was stormy, with initial management and funding problems threatening to sink the organisation into chaos even before its official inauguration. Only when the Kenyan Adnan Amin brought his great experience in multilateral processes to the helm did the project get back on course.

Since its official founding on 4 April 2011, IRENA is the first international organisation dedicated to promoting renewable energy. Its mandate is clearly defined: to be the global voice and knowledge base for the use of renewable energy, to serve as a forum for international technological cooperation, and to advise the member-states on these matters.

### **Asserting its Role, Finding its Position**

IRENA encounters a complex institutional landscape in which it must first carve out its own position, especially in relation to the International Energy Agency (IEA), an autonomous organisation within the OECD which has recently extended its reach beyond the circle of its member-states. What distinguishes IRENA from most other institutions of international energy governance is its *global* scope, as it is open to all UN member-states. Moreover, it is characterised by the principle of equality of all members in decision-making processes. In this aspect IRENA references UN principles. Alongside its dedication to renewables, this represents the great added value of IRENA and a unique feature in comparison to other institutions dealing with renewables like the German-funded policy network REN21, which regularly publishes a global status report on renewables, and the Clean Energy Ministerial, in which the biggest economies cooperate ad hoc on matters relating to renewables, clean technologies and energy efficiency.

IRENA's policy to date has been to define its role through cooperation agreements with existing institutions. It also collaborates on preparing a roadmap for implementation of the UN Sustainable Energy for All (SE4All) initiative, which seeks to double the global share of renewables by 2030 and ensure that access to modern technologies is available to all. That is an important step towards marking out its own fields of activity. On the other hand, there is a danger of generating too many interfaces without possessing the genuine resources to fulfil the tasks taken on. This involves risks of both overstretch and external encroachment, and results in visibility problems.

While it is undeniably a great success that 101 states and the EU have already joined IRENA, and another 57 have signed its statutes, this is largely a function of its voluntary approach, explicitly refraining from placing any binding obligations on its members. Even then a number of important states are still missing: China, which invests most in renewables, fears that IRENA might introduce such binding obligations at some later date. But at least the accession process has begun. The situation is trickier with Brazil, which sources more than 45 percent of its energy mix from renewables. Brazil felt that hydro power and biofuels, where it is a global leader, were not adequately prioritised. IRENA can hardly fulfil a global role as long as leading powers in a multipolar world order are absent. To bring IRENA more strongly into play in the G8 and G20 it will also have to engage Canada, Russia and Indonesia. Although a former energy exporter, Indonesia is on course to become increasingly dependent on fossil energy imports.

### **Acquiring Profile**

That IRENA's profile is still under development should not be a great surprise in just the second year of its existence. However, there are also structural reasons for blurred edges. What is today a strength – such as the principle of voluntariness – may

turn out to be a weakness the day after tomorrow. IRENA determinedly avoids seeking far-reaching political declarations, quantifiable targets or binding standards.

In relation to profile-shaping, at least three core problems can be identified. Firstly, IRENA is not yet the primary international point of reference for data and analyses concerning renewables, and will not become so in the foreseeable future. Interestingly, in parallel to the founding of IRENA the IEA began taking a greater interest in renewables. As the leader in international energy market analysis the IEA also has profited from political promotion by the G8 and been strengthened by its outreach process to the major emerging economies. Although the IEA obviously possesses the advantage of covering the entire spectrum of energy sources, and consequently also their interaction effects, the field should not be left to it alone – even if that means IRENA entering into competition with the IEA. For the IEA keeps its cards very close to its chest when it comes to energy supply scenarios, and it is often accused of favouring fossil fuels in its models, also partly because its findings have to be approved by its member-states, some of which have clear interests as producers of conventional and unconventional fossil fuels. To that extent it would be important for IRENA to conduct its own analysis and modelling of market developments. A comprehensive and reliable database is, namely, of decisive importance for investment decisions and the creation of efficient political instruments. Plain data collection should, however, be coordinated between IEA and IRENA.

That would also address the second core problem, that of visibility. For although IRENA maintains a global wind and solar atlas and has already published a series of reports on the costs of technology development and market introduction of renewables, these products are not yet well known. At the same time this information is central because worldwide doubts prevail over the potential, costs and “bankability”

of renewable energy projects. In this respect, these reports can provide real added value but would need more publicity. Likewise, its central project of Renewables Readiness Assessment is little-known. IRENA lacks a “flagship publication” which could also function as a vehicle for an improved communication strategy. By virtue of focusing solely on renewables, IRENA can research this sector more profoundly and develop more progressive solutions. But that needs to be made clear by an annual flagship publication, which would fulfil several needs. Such a publication could offer a comprehensive overview of data and developments in the field of renewables, including geographical and technological potentials, political frameworks and market trends. Unlike the IEA, IRENA could make its data and methods accessible in a transparent and user-friendly public database. Through changing annual focus topics IRENA could also influence the international agenda.

IRENA’s third core problem relates to its orientation. The declared goal is to promote renewables *globally*. But in the medium and longer term it runs the risk of being pushed into the development cooperation corner. The United States, supported by Australia and the United Kingdom, wishes to restrict its remit to developing countries in order to protect the IEA’s role as the central energy organisation of the OECD states. And various developing countries stake special claims. IRENA cooperates with the Abu Dhabi Fund for Development in conducting projects in developing countries. But with a development focus IRENA would lose sight of the potential of renewables in industrialised countries. It could easily become overstretched if it finds itself increasingly confronted with demands to take on implementation functions alongside policy advice. It could only sensibly fulfil the former with a considerable increase in its financial resources. And that is unlikely to be politically attainable. Instead IRENA should include development actors at an early stage in its policy advice activities.

The international agenda will change in the longer term, especially with the progressing expansion of renewables. IRENA must be prepared for this. In the UN SE4All initiative and the Sustainable Development Goals that are currently under negotiation, known but exacerbating conflicts about the role of biofuels and the sustainable use of water and land will increasingly come to the fore.

Especially in times of scarce funding, a concerted international approach for renewable energy technologies in the testing phase is relevant. This is the precondition for exploiting learning curves efficiently and making use of the best location advantages.

While all involved today still consciously put them to one side as hot potatoes, trade questions will arise. The promotion of renewables is often associated with protectionist tendencies, quotas for domestic content and energy autarchy rhetoric. Questions of transfer of know-how and technology will sooner or later place intellectual property rights on the agenda. And in the medium to long term international technical standards and norms will also have to be discussed. Then IRENA will be the right place to reconcile conflicting interests and channel coordination with other international organisations.

## Recommendations

Germany should continue to work to strengthen IRENA and improve coherence within the institutional landscape. The G-8 club forum and the G-20 initiative to phase out inefficient energy subsidies offer important entry points.

A comprehensive energy transformation presupposes a major rethink in the industrialised, the emerging and the developing economies. Given that Germany has an interest in IRENA's activities not being restricted to the developing countries alone, it would send a strong message if Germany itself were to make use of its policy advice services. IRENA is predestined

to conduct monitoring of the German energy transition and evaluate measures in the field of renewables. Themes like grid expansion and storage are important issues for many other industrialised countries too, and the desert power projects would also be a case for IRENA.

Germany should continue to work to strengthen IRENA structurally. Voluntary funding contributions should be invested not in niche topics but first and foremost in the central areas for the organisation, even if results here will only become visible in the medium term. This applies especially to the establishment of a comprehensive data and knowledge base.

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ISSN 1861-1761

Translation by Meredith Dale

(English version of  
SWP-Aktuell 62/2012)