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International Institutional Arrangements

Bundling the Forces – but how?

Thematic Background Paper

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Authors: **Achim Steiner**
IUCN - The World Conservation Union

Thomas Wälde
University of Dundee, Scotland

Adrian Bradbrook
University of Adelaide, Australia

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This is one of 12 Thematic Background Papers (TBP) that have been prepared as thematic background for the International Conference for Renewable Energies, Bonn 2004 (renewables 2004). A list of all papers can be found at the end of this document.

Internationally recognised experts have prepared all TBPs. Many people have commented on earlier versions of this document. However, the responsibility for the content remains with the authors.

Each TBP focuses on a different aspect of renewable energy and presents policy implications and recommendations. The purpose of the TBP is twofold, first to provide a substantive basis for discussions on the Conference Issue Paper (CIP) and, second, to provide some empirical facts and background information for the interested public. In building on the existing wealth of political debate and academic discourse, they point to different options and open questions on how to solve the most important problems in the field of renewable energies.

All TBP are published in the conference documents as inputs to the preparation process. They can also be found on the conference website at www.renewables2004.de.

Executive Summary

Renewable energy (RE) is an essential component of sustainable development, and should provide a bigger proportion of the world's energy supply.
A stocktaking exercise of the international institutional landscape has identified several categories of RE actors and stakeholders. It concludes that the current RE landscape, however, does not seem optimal to enable RE to grow.
Two pathways are suggested that could increase the development of RE as a source of complementary/alternative energy in the future. The first consists of developing key principles and guidelines for "best practices" through an expertise- and consultation-based process; the output of such process could be a Code of Conduct / Code of Best Practices on Promoting Renewable Energy. Second, a new type of international organisation can ensure that RE becomes an essential element of global efforts at sustainable energy development.
These activities are viewed as distinct yet complementary and mutually reinforcing processes, and both involve multistakeholder participation. A multistakeholder approach is far more likely to harness the significant potential of non-state actors to promote RE than exclusive intergovernmental processes.
This Conference provides opportunities to catalyse these two important pathways. They can develop in parallel, and are mutually reinforcing.

About the Authors

Mr Achim Steiner is Director General of IUCN - The World Conservation Union. Mr Steiner has a BA from the University of Oxford (Philosophy, Politics and Economics) and a MA from the University of London (Economics and Regional Planning). He also studied at the German Development Institute in Berlin as well as the Harvard Business School. Previously, he has acted as Secretary General of the World Commission on Dams.

Professor Thomas Waelde (Dr. iur (Frankfurt); LL.M. (Harvard) is Jean Monnet Chair for EU Economics and Energy Law (Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee, Scotland). From 1980-1990 he was the principal UN adviser on international investment, natural resources and energy.

Adrian Bradbrook is the Bonython Professor of Law at the University of Adelaide, Australia. He is a Fellow and Member of the Board of Directors of the International Energy Foundation; Fellow of the Australian Institute of Energy; and Deputy Chair of the Working Group on Climate Change and Energy Law of the IUCN.

Table of Contents

1. Introduction

This background paper is based on the assumption that renewable energy (RE)[1] is an essential component of sustainable development, and should provide a bigger proportion of the world's energy supply.

This paper provides a condensed overview of the international institutional landscape and identifies key constraints that need to be addressed, most efficiently at the international level. The stocktaking exercise has identified several categories of RE actors and stakeholders. It concludes that the current RE landscape, however, does not seem optimal to enable RE to grow. Two pathways are suggested that could increase the development of RE as a source of complementary/alternative energy in the future. The first consists of developing key principles and guidelines for "best practices" through an expertise- and consultation-based process; the output of such process could be a Code of Conduct / Code of Best Practices on Promoting Renewable Energy in the overall context of global sustainable energy development. Second, a new type of international organisation can ensure that RE becomes an essential element of global efforts at sustainable energy development.

These activities are viewed as distinct yet complementary and mutually reinforcing processes, and both involve multistakeholder participation, considered essential to bundling the forces in a highly dispersed institutional landscape. It is essential not to isolate and compartmentalise renewable energy, but to design policies in a way that the interaction, competition and substitution between the various energy sources and energy industries is properly taken into account, and guided towards an overall more sustainable form of global energy. Single-minded promotion of renewable energy is less relevant than a policy and institutional context which favours a sustainable energy mix for the global community. Recent developments rooted in multistakeholder processes, and especially the involvement of the private sector, should be taken into account in the process of "bundling the forces".

2. Existing International Institutions and Activities - A Brief Overview

This section begins with a brief typology of the existing international landscape, and then proceeds to examine issues that should be addressed by these international actors for RE to grow. A third subsection will indicate shortcomings of the current situation.

2.1 Stocktaking: an overview of the international RE landscape

The brief stock-taking exercise produced an extensive list of activities undertaken by international actors on RE (governmental and also non-state, e.g. private sector, research etc.). The following typology is one of the many according to which these numerous and varied institutions and activities can be distinguished:

Intergovernmental organisations, whose primary activity is energy related	Examples include the International Energy Agency (IEA, affiliated with the OECD), the Organización Latinoamericana de Energía (OLADE) and the Energy Charter Conference and Treaty. On the one hand, these organisations have expertise, a governmental support base, and in some cases the authority to make binding rules. On the other hand, membership of most of these organisations is limited geographically or otherwise (though their activities and studies undoubtedly influence also non-members), and none have RE as a main focus.
The World Bank Group (including the International Finance Corporation), and the Regional Development Banks	These are significant players, with an important RE impact in developing countries. They finance a significant number of RE projects throughout the world, ranging from technological assistance to energy sector reform, sometimes with private sector co-financing. A well-known project of the International Bank for Reconstruction and Development (IBRD) is ESMAP (Energy Sector Management Assistance Programme), promoting an environmentally responsible role of energy in poverty reduction and economic growth.
Regional organisations	Examples include the European Union (EU), the Association of Southeast Asian Nations (ASEAN), the Southern African Development Community (SADC), and Asia-Pacific Economic Cooperation (APEC).

The Global Environmental Facility (GEF)	The GEF (through implementing agencies) operates more than 100 programmes for the promotion of energy production and consumption from RE (backed by private sector development and sometimes by energy sector reform), mainly with a domestic scope. Projects do not address issues such as taxation, subsidies or trade law on a global scale.
The UN system	The UN Regional Economic Commissions play an important capacity building role in the respective regions (e.g. United Nations Economic Commission for Europe (UNECE) or the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). Globally, the United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP) are important actors (cf. the Global Network on Energy for Sustainable Development, the UNDP Initiative for Sustainable Energy (UNISE), and the World Energy Assessment). Many other specialised UN agencies have addressed RE within their niche (for example the United Nations Department of Economic and Social Affairs (UNDESA), the World Health Organisation (WHO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the Food and Agriculture organisation of the United Nations (FAO)). UNDESA has developed RE projects in the context of Agenda 21, and signed an agreement with e7, founded by global electricity companies, and dedicated to developing rural energy. The Commission on Sustainable Development (CSD) includes energy as a major component of its work plan for the coming years. The recently established Global Village Energy Partnership (GVEP) focuses on access to modern energy services by the poor. The UN considered energy as one of five key areas for particular focus ("WEHAB": Water, Energy, Health, Agriculture and Biodiversity) for the Johannesburg World Summit on Sustainable Development (WSSD).
The World Summit on Sustainable Development (WSSD) and its Plan of Implementation (and the resulting "type II" partnerships)	The WSSD Plan of Implementation, while not binding, is the international instrument with the most extensive references to renewable energy and energy efficiency yet produced by the world community. It focuses on development, implementation, technology transfer and rapid commercialisation of RE. It sees energy as key to the eradication of world poverty, and to change of unsustainable consumption and production patterns. An example of a governmental initiative coming out of WSSD is the Johannesburg Renewable Energy Coalition. More than 20 type II (public-private) partnerships are active in RE, for example the Renewable Energy and Energy Efficiency Partnership (REEEP).
Non-Governmental Organisations (NGOs)	The NGO community ranges from green advocates (most environmental NGOs have a work programme on energy and climate

	change), to NGOs focusing specifically on energy, to consumer interest groups. Examples are the World Energy Council, the World Council for Renewable Energies, the World Wind Energy Association, the International Network for Sustainable Energy. Some charitable foundations also support RE activities.
The research community	This group includes a wide variety of actors, ranging from fundamental research at universities to applied research to technology development specifically for commercial purposes.
The private sector	Individual companies involved in energy supply (utilities, increasingly working in more than one country), technology supply and research and development (R&D), but also groups such as industry associations (e.g. Eurelectric) and the World Business Council on Sustainable Development.

2.2 Action required for the promotion of RE

The overview of actors on the one hand shows that many actors deal directly or indirectly with RE, including at the international level. On the other hand, no one existing institution brings together all stakeholders at a global level. Many constraints hindering RE growth should arguably be addressed at the international level. For example, RE is now more expensive than other sources, but remedying this is likely to cause some market distortion, so it is essential that countries work towards an alignment of their policies and rules.

Some of the key variables, or areas where coordination is needed for RE to be able to grow are the following:

- **Information**: research is needed into the environmental aspects and costs of every energy option. This is a precondition for the implementation of measures that are often proposed to increase the share of RE (e.g. "internalise environmental costs into the price of energy").
- **Demand**: there needs to be a substantial, growing, and sustained demand for renewable energy at economic conditions which make the creation of supply for such demand (investment) a long-term viable business proposition; at present, such demand is hindered by factors that make RE not competitive with other energy sources.
- **Markets**: RE can grow if there are functioning – and competitive – national and regional markets where the advantages of renewable energy can compete effectively against the advantages of incumbency (in terms of established suppliers, network operators, in terms of established and proven technologies, established regulatory and fiscal conditions and established political and institutional alliances and support); such RE markets need an enabling regulatory framework that encourages RE, which in turn depends on political will; expanded markets in industrialised countries reduces the cost of technologies and therefore accessibility for developing countries. Incumbents (e.g. existing network operators, in particular in countries where renewable energy has not as yet

been fully embraced in actual practice and mentality by existing energy monopolies) may obstruct interconnection, or access to domestic and international markets; industry associations naturally reflect rather vested positions than a pro-RE perspective. The same applies to transmission charges which as a rule are not geared towards easy and economically practical feed-in of renewable energy into grids.

- **Investment, taxation and subsidies**: investment in renewable energy facilities must rely on a favourable, stable framework in terms of international law, national regulation and taxation which minimises the much greater risk of long-term RE investments in particular against instability and revocation of committed subsidies and support systems. A promise of support will not help RE development, and will even be counterproductive, if it does not come with effective mechanisms to provide sufficient stability and credibility to such governmental policies: taxation and state support / public subsidies regimes must create a level playing field between renewable and conventional energy, with some element of an initial "affirmative action" to counter the handicaps of renewable energy. That requires full internalisation of external (in particular environmental) effects (both environmental cost and environmental benefit) by carbon and related taxes or an equivalent compensatory support of
- **Infrastructure**: available infrastructure should be accessible – technically and legally – to renewable energy and the creation of new infrastructure (interconnectors) necessary for RE trade should be

renewable energy. Renewable energy can only compete effectively if its competitors have no undue advantage. Targeted subsidies that are limited in time may be a tool to encourage RE investment (such subsidies must be designed so as to encourage further research and development; compatibility with trade rules is a delicate issue, and demands a coordinated international approach). Regulatory and tax regimes that encourage RE investment should be subject to external, enforceable disciplines that affect their credibility and stability. "Greening" of investment protection is one of the very few methods available that is likely to enhance the investment climate for RE-investment and RE-entrepreneurs.

- **Economic incentives**: developing and applying innovative technologies requires economic incentives. New technologies as a rule can not be imposed by state action, but have to emerge out of entrepreneurial action in markets – and that requires a favourable legal, regulatory and tax setting. There may have to be privileges for developing countries, but they must not undermine the economic incentive for developing and widely applying technological innovation; transfer of technology is helped by legislative or treaty-based support, but at the same time needs sufficient incentive.

encouraged and some public assumption of long-term commercial risk needs to take place.

- **Trade**: cross-border trade in increasingly integrated and liberalised

energy markets needs to be structured so that renewable energy is not penalised by domestic regimes which encourage – and protect – only domestic production of renewable energy; cross-border trade rules (World Trade Organisation - WTO) also need to be responsive to the competition between environmentally more favourable and environmentally less favourable energy. The issue is a contentious one within the WTO, but given that different countries are endowed with RE opportunities to a different degree, international trade in, for example, electricity generated by RE, must be specifically addressed.

- **Governance system**: the many elements constituting the governance system of the global economy (mainly international trade, economic, investment, environmental treaties) should not provide obstacles for RE investment and trade, but rather provide a protective, encouraging and facilitating effect.

2.3 Current situation: constraints

This brief overview shows a highly compartmentalised RE landscape, where many actors are active in the field, but where little systematic pooling of information, analysis and coordination exists at an international level. There is a lot of engagement for renewables but mostly dispersed and diffuse. All activities are relevant, but not sufficient to create more efficiency and synergies (e.g. sharing lessons, establishing common standards). One important consequence of this is that there is no comprehensive assessment yet of the effectiveness of the different policies and activities, or of the impact they have on each other (though assessments of effectiveness of policies are underway[2]). Nor is there a clear view on what the overall financial commitments for RE projects are, how they evolve and how they compare with measures for conventional energy (e.g. coal subsidies, or support for decommissioning of nuclear plants).

It has not been possible to identify, so far and in a clear and convincing way, which initiatives work, which don't, and why. While success and failure is always relative and conditioned upon the particular context, a successful case has a potential to serve as a model, and a failure has the potential to provide some pointers towards the need for a different approach. It is not in the logic of organizations to tell the world when their projects don't work. Proper assessment requires a combination of expertise, insight and independence which is rare. But such an assessment by an independent, respected and expertise-based institution or institutionalised processes appears imperative to find out how to make promotion of renewable energy work in practice, and not just in organisational public relations.

No international agency identifies wholeheartedly with the issue of global sustainable energy (in particular energy conservation, energy efficiency, renewable and climate-friendly energy) and focuses on it – in terms of agenda setting, initiatives for international negotiation of principles, rules and standards, setting up a global, authoritative and expert stakeholder consultation process and relationship-building with all relevant actors, including the private sector. Renewable energy does not have an "international home" at present. This fact may contribute to uncertainty about many of the initiatives' lasting effect, and to the fact that many primarily look like experimental show-case activities.

The survey also provides little evidence that RE issues have permeated non-RE energy (or related) international agency activities – e.g. the negotiation, amendment and application of international treaties related to trade, investment, environment and energy; technical and financial assistance in other areas of energy. It may well be that many environmental treaties and initiatives are being promoted which in effect do not favour, but may hinder the emergence of a viable RE activity.[3] It is only now that the specific impact of WTO rules (favourable and unfavourable) on RE-industries is being analysed with more depth. For example, renewable energy would benefit from an open cross-border energy market, but also needs protection from competition of energy produced under lax safety conditions or without internalisation of external costs – the "energy dumping" issue.

The compartmentalised response of international actors to the RE challenge may be due to their internal organisation: most of these agencies are classic intergovernmental organisations – a governing council composed of diplomats and ministry officials with a technical secretariat. It is only at the fringes of some organisations that the significant non-state actors (in RE primarily energy companies, but also NGOs, banks, professional firms and associations and academic institutions) have a very limited participatory role. This suggests that it would be inappropriate to call for a "World Energy Agency" in the classic model, but rather for an international institutional platform that is "owned" by all significant stakeholders. It should be the institutionalised form, secretariat and focus of a network that combines all relevant interest, influence, expertise, financing and regulatory power.

Especially trade is an issue that can not be dealt with successfully by a national or sectoral approach. The relation between RE promotion and international trade rules has not been studied sufficiently. The detailed discussion of WTO rules is beyond the scope of this paper, but trade must be a focus of any international mechanism to increase RE. The stock-taking survey (and the on-going REIL Project) highlight the possible role of WTO rules and other relevant trade rules (North American Free Trade Agreement (NAFTA), Energy Charter Treaty (ECT), and prospective ASEAN and Latin American Free Trade Area):

- On the positive side, trade liberalisation can help renewable energies to develop a larger market, economies of scale, exploitation of comparative / competitive advantage and thus drive both investment, supply and consumption upwards. This requires electricity-specific rules which are yet to emerge – mainly non-discriminatory and open access to grids, interconnectors and distribution networks.

- On the negative side, trade rules can reduce the competitiveness of renewable energy industries if they have to compete with energy which is produced without full internalisation of external costs.

In consultation between the custodians of trade rules (mainly WTO, NAFTA secretariat, Asian and Latin American trade organisations, and the European Union), it is necessary to develop, based on already available precedent,[4] a set of guidelines and principles which helps to apply available trade rules (non-discrimination – justification for non-protectionist, guideline-covered renewable energy; subsidies; dumping and state aids – against energy produced below international standards) in a way that facilitates cross-border RE trade, combats RE-based protectionism (by purely national schemes) and creates a truly level playing field in the competition between RE and conventional energy and energy products.

There is a need for instruments (both institutional and of the nature of rule- and standard-setting) which can:

- assess national/regional/global impacts of RE policies;
- exercise expertise-based "agenda power" by launching new initiatives encompassing stakeholder consultation;
- act as forum, vehicle and secretariat for the negotiation and continuous adaptation of principles, rules and standards for designing RE policies, assessing RE initiatives and integrating RE objectives into other relevant organisational activities.

The functional deficits of existing actors can be summarised as follows:

1. Area of activity: there do not seem to be real gaps in substance (e.g. project development, market reform, capacity building, specific RE sources) covered by existing actors, but coordinated research gathering receives less attention that is needed to fill the information gaps that prevent coordinated policy making.

2. Field of activities: here a clear gap can be identified. The numerous existing initiatives and projects indicate what is being done to promote RE. But this activity hides the fact that many countries do not have any RE activities, or may not even be aware of the specific RE potential present within their territory. Whereas many institutions try to influence decision makers, none is specifically mandated to consult governments on realising the RE potential of their country. This could be one of the key tasks of a possible new institution.

3. Membership: no single institution has been found where all stakeholders are represented and are able to contribute effectively in terms of their expertise and agenda setting capacity. Many partnerships have been created, especially since WSSD, and they often bring together stakeholders in a way that did not happen before. But this model could also be expanded to the governing board of a more stable focal point, more than a "partnership." A stable institutional platform as a focal point may also facilitate coordination and cooperation among existing actors.

4. Structures and finance. Many activities are designed around specific studies, projects, reforms or experiments. There does not seem to be an institution that is able to act on RE on a global scale, independent of projects, and with stable, possibly governmental, funding.

3. Addressing the Constraints - Two Potential Pathways for Progress

The overview of existing activities at the international level shows that there is no need for a new body to *invest* in RE, but there is a need for sharing experience, expertise and information. RE needs an institutional platform at the international level and a relevant international code of best practices in standards and policies – for governments, independent energy regulators, international organisations, private sector, academic institutions and NGOs – on designing, pursuing and integrating RE objectives in overall energy, environmental, investment, tax and trade policies and strategies.

Two parallel processes can be envisaged to address these issues, one leading to a compilation of guidelines, standards and best practices, the other leading to an institutional platform. Both are inter-related: the proposed negotiation of a Code of Conduct / Code of Best Practices on Renewable and Sustainable (World) Energy would bundle the relevant forces in a consultative process; it should be

serviced by an interim secretariat. The proposed outcome – the Code of Conduct – would then lend itself as one of the key mandates of what is proposed: a global institutional platform for sustainable energy.

A co-ordinated international approach must however take into account that energy policy remains a largely national prerogative. New international instruments would need to reflect national sovereignty considerations and respect the principle of subsidiarity. They would only come into play where action at the international level is more efficient. Several of the constraints identified in this paper precisely require international action for the promotion of RE.

3.1 Process 1: code of conduct / code of best practices related to renewable energy

A non-binding Code can be an important catalyst for coordinated action by providing a source of de facto rules and standards for energy policy and development - an enabling framework for actors in RE. Such a Code should be developed through a mechanism that involves all stakeholders: existing institutions active in the field of energy, e.g. IEA, EU, but perhaps also important actors that traditionally do not deal with RE, such as the Organization of the Petroleum Exporting Countries (OPEC) or the International Atomic Energy Agency (IAEA); the research community; national agencies and their "best practices"; the private sector (as a source of research, and as commercial stakeholder); energy utilities; the World Bank and the regional Development Banks; consumers; banks; and civil society.

The aim, at this stage, should thus not be a multilateral treaty. The experience with such treaty-making is patchy. It is much more difficult to achieve a treaty, and once it is completed, ratifications are as a rule very hard to get – except if the treaty itself is of little practical significance.

Codes and other non-binding instruments have been criticised for being too weak, and without real impact. However, a comprehensive text that has been developed and agreed by stakeholders can give a feeling of ownership, which makes it more likely that policy makers or governments would draw on the content of the Code. It may therefore be more feasible to start with an instrument that is not legally binding, but can acquire a persuasive authority – and some legal effect – over time. The condition for success is that such an instrument represents a progressive consensus of the main stakeholders while being suitable for a realistic and practical application. If such a pre-codification works, the next step may include the conversion of a Code into a legally binding instrument.

Issues that could be covered in the Code include:

- Phasing out of subsidies to non sustainable energy systems.
- Protection of investments: guaranteed subsidies for a limited time; initial "affirmative action"; full internalisation of external effects by carbon and related taxes.
- Mandatory prior assessment of the environmental effect of RE investments.
- Mandatory prior assessment of the economic effect of RE investments, and the effect on utilisation and development of other energy sources.
- The development of a RE-friendly trade regime (e.g. cross-border electricity trade involving "green electricity").
- Monitoring of the impact of RE projects and lessons learned (failure and success;

which policies work, and under which conditions).

- Facilitation of technology transfer, while protecting investors' rights during a certain period (the current agreement relating to the availability of vital drugs to developing countries could be a potential model).
- Investment in research capacity in developing countries, creating an enabling environment that makes RE projects self sustaining.
- Differentiated standards for developing countries, with a further distinction between energy supply to the growing urbanised centres and the remote, not grid-connected, rural communities.

Importantly, the development of a Code of Conduct / Code of Best Practices is a mechanism to channel the work, experience and expertise of existing initiatives and institutional capacities. Recent examples of multi-stakeholder processes of this kind include the work of the World Commission on Dams, the WHO Commission on Macroeconomics and Health, the "Berlin Guidelines on Mining & Sustainable Development", and the Mining, Minerals and Sustainable Development Project (MMSD).

A Code drafted and endorsed by the major stakeholders can serve significant legal functions: e.g.

- the justification, under WTO/GATT (General Agreement on Tariffs and Trade) rules, of import restrictions if necessary to protect RE investment;
- as an authoritative argument to protect RE investment if threatened by abrogation of governmental support and protection upon which the investor has relied;
- as a balancing weight when other environmental objectives pursued by single-focus treaties create an impediment to RE investment.

3.2 Process 2: an institutional platform

A Code would be an important element for the promotion of RE, but eventually a permanent institutional platform would be required. This paper distinguishes two possible outcomes. They are not mutually exclusive and may happen sequentially.

It should not be excluded that an existing institution could take the lead on global RE issues. At the same time, any existing institution would need to be restructured if it were to serve the purpose of convening all stakeholders as suggested. Any institution should not be a conventional intergovernmental agency, but rather an institutionalised and stable focal point of a network, grouping together the main stakeholders. The governing board should not be composed exclusively of state representatives, but rather of existing international agency representatives with a stake and expertise in RE (e.g. IEA, World Bank, UN, APEC, OLADE, ASEAN; IAEA), of governments, of private financial institutions, energy companies, energy professionals, industry associations, NGOs and civil society. Some existing partnerships show the way in linking a number of stakeholders.

The institution could include a fund specifically to stimulate research in the field of RE, and to build capacity in developing countries.

One option, possibly a necessary first step, would lead to the creation of a specialised RE agency. Such an agency would be the "international home" for renewable energy.

Such an organisation has been proposed and provisionally named IRENA (International Renewable Energy Agency).[5] It could be created rather quickly, and it would be able to perform functions such as coordination of policies, agenda-setting, and the monitoring of a Code of Conduct / Code of Best Practices. At the same time, it would remain a specialised RE agency, and the challenge would be to integrate its work within the broader context and ultimately policy decisions on sustainable energy choices. One important task for the institution (and a task envisaged for the proposed IRENA) would be to inform and advise governments about RE options. It should play a subsidiary role, and focus on countries that have an underdeveloped RE potential.

BOX 1: IRENA

IRENA has emerged as a prominent option in the preparations for the 2004 Bonn Conference, but it has been used by supporters and opponents alike, at times without clarity about what IRENA actually stands for.

The initial IRENA Memorandum was produced by EUROSOLAR (available through http://www.wcre.org).

It noted that "the introduction of Renewable Energy is not keeping up with increasing energy consumption." Industrial countries would need to reform their energy systems, and developing and transitional countries have the opportunity to start building a new system based on RE. One of the tasks of IRENA would be specifically a quick and broad scale transfer of technology to enable the latter.

IRENA would be designed to advise governments, among other things on

- drawing up national programmes for the introduction of Renewable Energy;
- supporting education, training, and the dissemination of information about Renewable Energy;
- implementing training activities for administrators, technicians, craftsmen and for small and medium enterprises (SME);
- the cooperative foundation of regional centres of research, development, and transfer;
- evaluating and processing information on applied technology and best practice experience;
- advising on and arranging financing options for Renewable Energy;
- collecting data and drawing up statistics.

IRENA should be "complementary to the activities of governmental and non-governmental organizations and enterprises. It shall not replace their activities, but support them if necessary and be active especially in those countries and regions where there are no relevant activities so far."

A second outcome could be an energy for sustainable development agency. This would be an international organisation, concerned with agenda-setting, expertise-developing, network-organising, technical-assistance providing in the field of energy. It is suggested that energy as the world's most important industry deserves and requires a separate international agency. Its mandate would have to be focused on promoting a sustainable model of energy supply with a primary focus on energy conservation, energy efficiency and renewable energy promotion. This may be a distant target, but arguably a logical endpoint of true integration of new energy sources in global energy policy.

The value added by any new institution to the range of existing institutions would be two-fold: firstly, RE would be a key element of the institution's work from the start, instead of a small component as is often the case in existing models; second, the institution would have a global perspective, bring together all stakeholders and have an explicit mandate for sustainable energy.

4. Conclusion

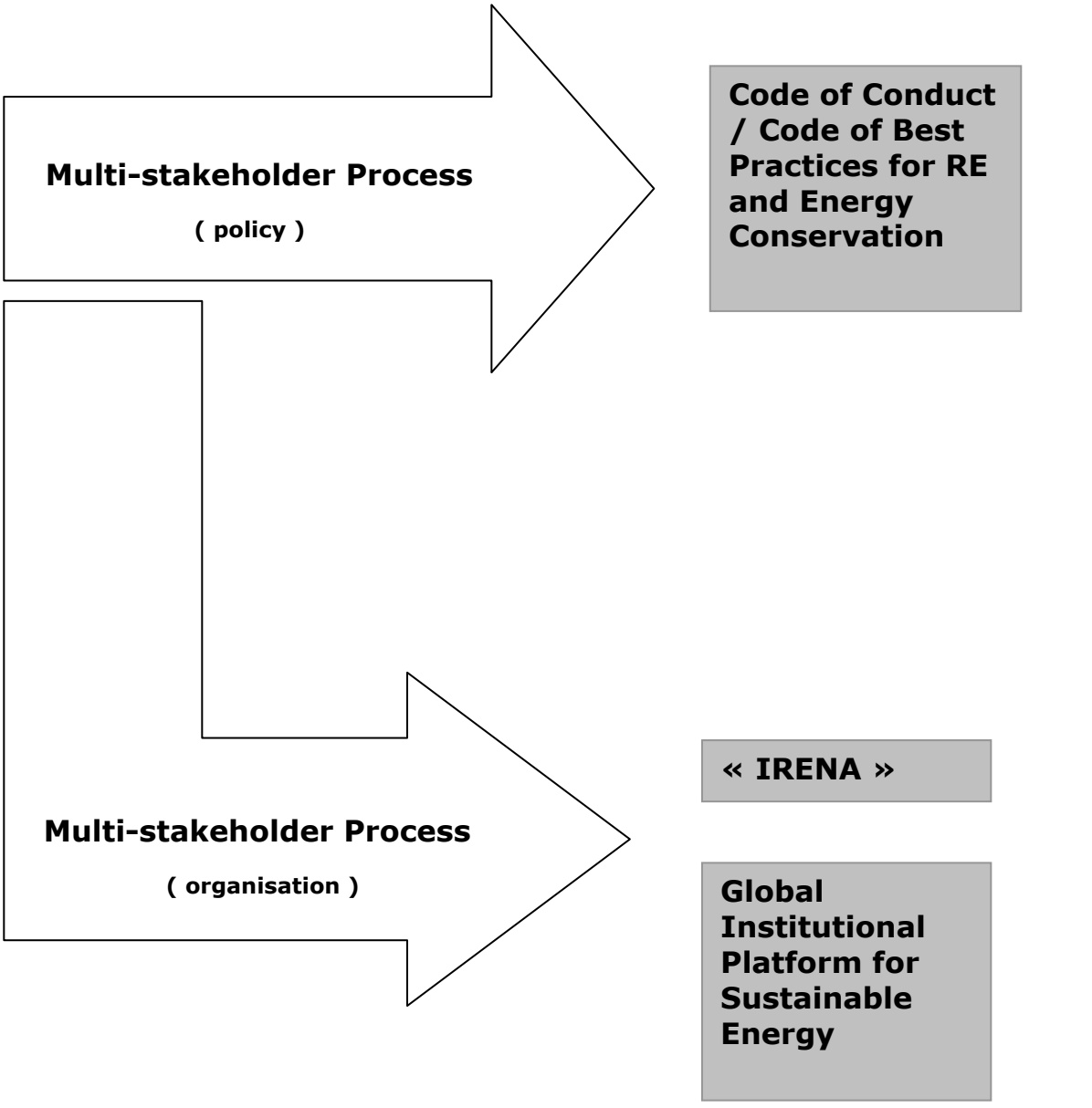
The current institutional landscape for RE is compartmentalised, lacks cohesion, focus, coordination, and ultimately critical mass to establish RE as a credible and effective energy option. If the aim is to increase RE, a different approach is needed. Traditional models of developing international policy and organisational frameworks through exclusive intergovernmental processes would not provide an effective response to this need. A multistakeholder approach is far more likely to harness the significant potential of non-state actors to promote RE in partnership with governments by drawing on their expertise, resources and capacity to influence and respond to consumer choice. The effectiveness of governments in establishing policy and regulatory frameworks for the promotion of RE will in large part depend on their capacity to mobilise the potential of researchers, investors and consumers.

This Conference provides opportunities to catalyse two important pathways towards addressing this dilemma. They can develop in parallel, and are mutually reinforcing.

The creation of a multistakeholder platform, limited in time and charged with drafting a Code of Conduct / Code of Best Practices for RE is a realistic first step. The Conference could continue the multistakeholder process used at the Conference, and designate a core group of convening institutions that will draft a framework for analysis and establish a process to create the analytical product envisaged. From this process, lessons can be drawn for the eventual establishment of an institutional platform.

The second process is the development of an international, multi-stakeholder based institution. Several scenarios are possible, depending on the priorities and scope for action of the international community. The institution could in due course become the monitor of the use and implementation of the Code of Conduct / Code of Best Practices.

While the future role of RE depends on research and development of technological options, the economic, institutional, and development policy frameworks will determine whether RE can establish itself as a viable source of complementary/alternative energy. The need for a new multi-stakeholder platform (with a mandate like IRENA, but with also non-state members, and ideally including energy efficiency and conservation in its remit), and the codification of an emerging consensus on RE are considered two pathways for strengthening the institutional framework for RE at an international level. The logic of this approach points ultimately towards the need for a global institutional platform for sustainable energy development.


Multi-stakeholder Process
(policy)
Code of Conduct / Code of Best Practices for RE and Energy Conservation
Multi-stakeholder Process
(organisation)
« IRENA »
Global Institutional Platform for Sustainable Energy

Endnotes:

[1] RE has been defined in many ways, covering different sources in different countries. This paper will not adopt one single definition of RE, as the existing institutional landscape, problems for RE development and possible solutions are independent of the definition used.

[2] For example the Renewable Energy & International Law Project (REILP). This project is supported by the UK Foreign Office's Renewable Energy and Energy Efficiency Partnership, law firm Baker & McKenzie and several universities [Yale; CEPMLP/Dundee et. al.]. Other project partners include IUCN (through its Environmental Law Programme), UNEP, the Australian and US governments, the NAFTA Secretariat, among others. The project is looking at ways in which international law can be used as a tool to support the development of renewable energy, and, conversely, ways in which it may be currently impeding that development.

[3] This is one of the focuses of the REIL Project.

[4] See for example the WTO Tuna-Dolphin cases.

[5] German Bundestag: Printed Paper 15/8111(5th electoral term, 40th Session, 10 April 2003).

This paper is part of a series of Thematic Background Papers (TBP):

1.	**The Case for Renewable Energies**	***José Goldemberg***
2.	**Setting Targets for Renewable Energy**	***Joergen Henningsen***
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