

Second Meeting of the International Steering Committee

Berlin, 15 - 16 December 2003



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für Erneuerbare Energien, Bonn
International Conference
for Renewable Energies, Bonn

Summary

Introduction

The International Conference for Renewable Energies, Bonn 2004 will take place in Bonn, 1 – 4 June 2004. The International Steering Committee for *renewables 2004* held its second meeting on 15 – 16 December 2003 at DBB Forum Berlin (chairs: Mr. Hofmann (BMZ) and Mr. Hinrichs-Rahlwes (BMU)).

Welcome address

The members of the ISC were welcomed by the German Federal Minister for Economic Cooperation and Development, Heidemarie Wiecek-Zeul. The Minister highlighted the unsustainability of existing energy systems, making a particular reference to the 2 billion people in the developing world that lack access to modern energy services. She briefly touched upon the expected results of the conference and declared that Germany is planning to announce substantive commitments and actions in Bonn.

Introduction of Conference Facilitator

The chairs introduced Mohamed El-Ashry as facilitator of the conference to the members of the International Steering Committee. El Ashry, the former Chief Executive Officer and Chairman of GEF, greeted the ISC saying that he was delighted to have been asked to take on this role in such an important conference.

Brief reports from the past preparatory meetings

ISC members from Denmark, Brazil and Kenya gave brief presentations about the proceedings and results of regional preparatory meetings for *renewables 2004* for Latin America and the Caribbean, Africa and the Sonderborg conference (Denmark). The issues discussed have been the regional views and expectations for *renewables 2004*. The considerations and discussions in Brazil have been developed into the “Brasilia platform”. In Nairobi a “Draft Statement on RE in Africa” has been discussed and the intention for a follow-up conference in April 2004 was put forward. The results of the Sonderborg meeting are documented in the “Sonderborg conference conclusions”.

Discussion on the Conference Issue Paper (CIP)

Most of the first day was devoted to a comprehensive discussion of the Draft Conference Issue Paper (CIP), which had been circulated among ISC members prior to the meeting. Tilman C. Herberg, one of the co-authors of the CIP, gave a short presentation of the objective, logic and structure of the paper. The CIP is supposed to raise the main issues that the conference should address, namely “Policies for market development”, “Finance” and “Human Capacities, Institutions and Research & Development (R&D)”. However, it does not attempt to provide an in-depth analysis of the issues. They are treated in much more detail in the 12 Thematic Background Papers that have been written by internationally recognised authors as part of the thematic preparatory process. The CIP will help focus the discussions at *renewables 2004* and will also embed the conference in the wider international discourse and process concerning sustainable development.



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General comments

In the following discussion, the CIP was welcomed by the ISC members as a good first draft, a helpful basis for further discussion and a good starting point for the development of the final Conference Issue Paper.

Function and structure of the paper

Some ISC members felt that the CIP should try to address both supporters and sceptics of renewable energies. In order to achieve this, it should make much more the argument (or rationale) for renewable energies – especially from a development perspective. Other members highlighted the fact that, in principle, nobody has anything against renewables and that the CIP could build on this. Thus, the conference (and therefore also the CIP) should not deal with the question “why” (to promote renewable energies) but should focus on the “how”.

ISC members reminded the convenors that the CIP should create the basis for an action agenda and that the arguments could be geared more towards questions of implementation. In order to achieve this the paper would have to be more practical and outline concrete instruments for the promotion of renewable energies. As it has to convince political leaders it should be kept short. The convenors were asked to follow an approach of “empirically based advocacy” for renewables by telling more success stories and showing good practices. Especially successes with large programmes would encourage policy makers to move forward.

Concerning the structure of the CIP some doubts were uttered about discussing aspects of capacity development, institutional requirements and research and technology development within a single chapter.

Regional aspects

A number of ISC members expressed concern that the CIP does not reflect sufficiently the different regional perspectives, which are different in terms of circumstances, objectives or targets and therefore policies, strategies and instruments.

Strategies and targets

On targets in general, some ISC members requested the convenors to be clearer in the CIP on what is really meant, i.e. bottom-up and voluntary targets and to be flexible on the varieties of possible targets and timetables. While targets should be clear and realistic, they should also be coherent to a whole range of sector policies (e.g. agriculture, transport). One member proposed to replace the word “targets” by the word “objectives” as no agreement was reached on targets at WSSD.

Missing aspects

Some ISC members called for a clear reference in the CIP to the CSD-process (“UN Commission on Sustainable Development”) and to use more agreed text from the Plan of Implementation of the World Summit on Sustainable Development (WSSD). The role of the North in addressing the challenge of an unsustainable pattern of energy use should be highlighted.

There was consensus that the draft CIP still neglects gender and development issues, in particular in the context of relevant Millennium Development Goals (MDG).

Particular aspects that need more attention are employment generation, balance-of-payment and on energy service access. Accordingly, the high relevance of some technologies and applications for



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developing countries should be emphasised (e.g. small hydro; clean stoves; renewable energy for desalination of sea water).

Specific comments on chapter 1 “Challenge”

Concern was repeatedly expressed about the factual basis on which the CIP founds its arguments. First, it should be said right from the start, some suggested, that conventional energies will continue to play an important role in the years to come and that, as a consequence, any potential depletion of conventional energy sources would not be the key driver of renewable energy. Second, some ISC members felt that the CIP should be clearer about the costs and prices of most renewable energy technologies, today and in the future, and should be more precise about the conceptual and practical challenge of internalising external costs. It should work more with cost comparisons between alternative energy technology solutions and also discuss avoided infrastructure costs of decentralised renewable energy solutions.

Some ISC members were also worried that a scenario is not a very helpful way to make the argument for RE as scenarios have never really worked. The ISC members generally welcomed the way in which aspects of energy efficiency have been integrated into the paper. One member urged to also mention efficient new conventional energy technologies, including supply side technologies, as they are very important for the mitigation of climate change.

Specific comments on chapter 2 “Policies for Renewables”

In the discussion about the chapter on “Policies for Renewables” a wide range of proposals have been made by ISC members. It should point more explicitly to the successes of the feed-in-system. It should also be mentioned, that a fair division of costs of incentive schemes between different groups of consumers is important. Local level governance questions become highly relevant for renewable energies (e.g. community based energy systems), in particular in developing countries. In general, more attention should be given to rural energy provisions, analysing different models for rural market development. Some ISC members called for a strengthening of the discussion on the heat sector, in particular with regard to district heating. Some missed a treatment of energy carbon taxes and the related “polluter pays principle”.

It would also be important to integrate the different policy approaches acknowledging the cross-sectoral nature of the renewable energy challenge.

Specific comments on chapter 3 “Financing”

Commenting on the chapter on “Financing” one ISC member proposed that it should set out by stating that the right political framework is the most important precondition for mobilising finance. Others, in a similar sense, felt that the section should make a compelling case for investors and that, therefore, the relationship between investment and finance would have to be elaborated. This should be done for both large scale as well as smaller sized investment projects.

Concerning financing problems specific to developing countries some said that the CIP would have to state clearly that supply driven solutions will not work. A big problem exists with local finance and the banking structure would have to become more responsive to consumer needs. It was also suggested that the importance of public investment would have to be highlighted (e.g. Chinese model for access



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expansion). With a view to strengthening the empirical basis of this chapter, some ISC members would like to see more examples of functioning PPP-models.

Commenting on the sections on Official Development Assistance (ODA) and on the role of International Financial Institutions (IFI), a number of suggestions were made. In particular more should be said about the role of bilateral donors, regional development banks, the Gold Standard that was agreed at the recent COP in Milan, and also about the need for new risk-mitigating instruments. Specifically on IFIs, some ISC members thought that the higher transaction costs that many development banks face with renewable energy programmes should be mentioned in the CIP. The section on the responsibility of IFIs in the promotion of renewable energy should also state clearly that this is mainly an intergovernmental issue.

Specific comments on chapter 4 “Human Capacities, Institutions, R&D”

Commenting on the chapter on “Human Capital, Institutions, R&D” many ISC members felt that, generally speaking, it does not demonstrate very well the different situations in different countries, in particular in developing countries.

Human and entrepreneurial development/ know-how and technology transfer

There was a lively debate about the section on technology transfer. Some ISC members representing developing countries called for a more prominent placement in the overall text of questions related to technology transfer, making a clear reference to the sections on technology transfer in the Plan of Implementation of WSSD. Other ISC members were of the opinion that the issue should be addressed in a very practical way in order not to replicate discussions familiar in some UN fora.

A particular call was made for a more comprehensive elaboration of the need for entrepreneurial development – not only in terms of installation and maintenance capacity for renewable energy technologies. In this context some ISC members emphasised the need to link efforts in capacity development to concrete investment activities.

Capacity and institutional development

Different ISC members called for a more prominent treatment of the needs and roles of certain actors and institutions at various decision-making levels for capacity development, in particular local actors, IFI and other donor organisations, consumers, as well as the private sector including corporate foundations. In this context, various ISC members said that the CIP should underline that renewable energy development is largely the work of small and medium enterprises, especially in the field of applications. Similarly the role of farmers for the development of the biomass sector should be elaborated.

Concerning institutional aspects at the international level some ISC members called for an explicit mentioning of the idea for an International Renewable Energy Agency (IRENA), while other expressed some concern about this concept. Other ISC members felt that it was more important that the CIP spells out clearly that more intergovernmental fora are needed in order to discuss renewable energy at the highest political level, and that more innovative institutional arrangements would be more flexible than a new international organisation.



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Research and Development

In their comments on the section on Research and Development a number of ISC members suggested to emphasise the need for cost reductions. Others considered the CIP as too optimistic on future cost reductions for renewable energies. Nevertheless, aspects of the innovation chain and cost-buy-down argument could be made in a stronger fashion, some ISC members felt.

A few ISC members repeatedly called for an international collaborative research effort on solving the access problem through renewable energy technologies and that the problem of adaptation of technology and non-availability of appropriate technology on the international market should be raised as an issue in the CIP.

Conference Outcomes and Structure

On behalf of the conference convenors Manfred Konukiewitz (BMZ) presented to the ISC the intended conference outcomes. This was followed by a brief presentation by Norbert Gorißen (BMU) on the state of discussion about the conference structure. The subsequent discussion and statements focused on the following aspects:

Participation and general character of the conference

Several speakers reiterated that this conference should not be understood as a UN type decision-making forum. It is rather a unique opportunity to bring together supporters and provide a forum of promotion and for moving into action and implementation to increase the use of renewable energy world-wide. Many ISC members recommended including all relevant players, even if there are different levels of engagement that different actors are willing to commit to.

A specific request was made by some ISC members to actively engage actors not only from national governments but also from lower governance levels (federal states, municipalities).

There were a variety of views expressed from the ISC about whether the conference should be designed for those who are already active supporters of renewable energies or also for sceptics. While it might miss its purpose if it did not try to build more support for renewable energies, involving those who are against renewable energies – if given the floor – might use it to obstruct the achievement of the overall conference objective.

Envisaged Outcomes

While ISC members acknowledged and welcomed the ambitious objective to achieve a comprehensive set of conference outcomes, some also asked how this could be realised. ISC members alerted the convenors that it needs very careful preparations and that a lot of people and organisations have to be consulted before Bonn. It was suggested to actively involve the ISC members in the drafting of the outcomes. The third meeting of the ISC would be the best place to discuss them.

Political Declaration

Many ISC members urged the convenors to try to avoid lengthy discussions about the declaration at the conference itself. Instead, the political declaration should be short and be agreed upon quickly. Political consultation before the conference would be necessary to draft that document. A draft should, therefore, be circulated early. The convenors agreed that an early first draft was desirable and that it could be



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circulated among ISC members before the third Meeting. Subsequently, it could be circulated among governments and relevant stakeholders.

Concerning the character and content of the declaration a variety of – sometimes differing – recommendations came from the ISC. Some felt that the declaration should be very ambitious, others thought that it should reflect a wide consensus. Some delegates emphasised that the declaration would have to state clearly that all commitments would be voluntary.

Portfolio of Actions (PoA)

ISC members generally supported the idea of differentiated outcomes for different types of actors and, therefore, a Portfolio of Action would provide an appropriate format. Such a solution would also avoid lengthy negotiations in Bonn. A number of opinions and questions have been put forward:

- The PoA should cover a wide range of actions also such without targets and timetables
- The PoA might not only include full-fledged commitments but also statements
- May existing initiatives contribute to the PoA? Do the commitments have to be new and additional?
- Should those actors who enter into commitments make their own decision concerning monitoring and evaluation of their implementation?
- How do we mobilise the various actors to enter into commitments?
- A format to present contributions to the PoA has to be developed.
- How is the PoA (or other parts of the outcomes) linked to the envisaged follow up process?

The convenors urged those who would like to contribute to the PoA to come forward as soon as possible in order to motivate others. Germany plans to proactively approach some of the most relevant actors early and requests others to do likewise.

Structure of the Conference

In order to make renewables 2004 a success the participatory process has to be developed further and has to be well structured. Thus, a number of recommendations were made. There were many arguments for a more open forum for discussion between ministers, officials, and all forms of stakeholder. Negotiations about text behind closed doors should be kept to a minimum.

“Best practices” on 2 June 2004

ISC members supported the idea that best practices in terms of policies and instruments for the increased use of renewable energy and relevant success stories – to be presented on the second day of the conference – would motivate others to take action. Some ISC members proposed to also have presentations on technologies, as they are important drivers in the sector.

Senior Officials Meetings (SOM)

Some ISC members expressed concern about what they felt was a closed character of Senior Officials Meetings (“parallel track”) and argued that they should be open and include other groups. As the Portfolio of Action is expected to bring together commitments of various stakeholders the meetings should be rather open and inclusive.

Ministerial Segment (MS)

ISC members had various questions and recommendations concerning the Ministerial Segment, among others to have more dialogue between ministers and stakeholders, to have a balanced list of speakers



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from different sectors and regions, and to try to use innovative and lively forms of dialogue (e.g. roundtable, more discussion, less presentations).

Multi-Stakeholder Dialogue (MSD)

ISC member David Hales – representing the Stakeholder Forum for Our Common Future as moderator of the MSD - gave a brief presentation on the planned Multi-Stakeholder Dialogue. A lot of comments and offers for support then came from the ISC. It was argued that a broad cross-sectoral representation is important, among others from relevant industries and the active international renewable energy associations and organisations. A gender balance should be ensured even if this is difficult in the energy sector.

Some ISC members thought that it would be important to be rather selective and strategic when involving stakeholders and called for a focus on those who can make a difference at the level of implementation. Most such actors (e.g. from finance) are not used to this type of stakeholder process and would therefore have to be motivated to participate.

Some ISC members sought clarification on how the MSD process will contribute to other conference segments, in particular the Ministerial Segments. Likewise it was asked how the report from the MSD as well as the results of other events (meeting of local authorities, Forum of Parliamentarians, etc) would be fed into the main conference.

The convenors clarified that limited resources could be made available to support participation of stakeholders from Least Developed Countries.

Other remarks

One ISC member requested that the Plenary Hall in the conference facility should be made available to the Parliamentarians' Forum on 2 June 2004.

The proposed date for the Third ISC Meeting in April poses some problems because the German Bundestag is in session at the same time.

The APEC Ministerial Meeting 2004 will take place on 4 June 2004, i.e. in parallel to renewables 2004. Some conflict in terms of participation might arise.

One ISC member requested clarification about the selection of side events for renewables 2004. The convenors explained that they would have to be selective as there is limited time and space for side events.