

# VANUATU

## GREEN AND INCLUSIVE ENERGY REFORM



### OVERVIEW

Owning division	GGPI
Country / region / Global implementation	Vanuatu Least Developed Countries (LDCs)
Thematic area	Energy
Project start date	Q3 2015
Funding source	Core
Approved budget for 2015-16	USD 504,345
% of budget disbursed	94%

### HIGHLIGHTS

- With GGGI's inputs, the updated National Energy Roadmap (NERM) was adopted and launched by the Minister of Climate Change in October, 2016.
- Based on recommendations in the NERM, a financing mechanism for implementation, the National Green Energy Fund (NGEF), was endorsed by the Government.
- Building on this in 2017-18, GGGI is providing support to establish the NGEF, develop a pipeline of green energy projects and access funding from the Green Climate Fund (GCF).

### CONTEXT

Driven by its traditional agriculture and fishing sectors as well as its fast-growing tourism industry, Vanuatu has achieved strong economic performance over the past decade. Vanuatu encounters unique economic challenges due to its distance from major markets, lack of infrastructure, and vulnerability to natural disasters and climate change. Vanuatu's energy insecurity is also a barrier to achieving inclusive green growth, with key challenges including:

- High dependence on imported fossil fuels
- High cost of electricity
- Lack of energy efficiency policies, regulations and standards
- Expensive and logistically challenging supply of energy to remote rural locations
- Low rates of rural electrification.

### OVERALL OBJECTIVE

GGGI is supporting the Government of Vanuatu (GoV), through its National Energy Roadmap: 2016-2030 (NERM), to prioritize the development of green energy projects to drive inclusive green growth, improve rural electrification and reduce rural poverty.

## RESULTS FOR 2015-16

### OUTPUT 1.1

STATUS **ACHIEVED**

#### Develop a green growth strategy to inform the revision of the National Energy Roadmap (NERM)

- Developed policy discussion papers on energy efficiency and energy and green growth, with the latter focusing on inclusive rural development and linkages between green energy and tourism, agriculture, fisheries and water sectors.
- Identified and prioritized energy efficiency and renewable energy projects.
- Recommendations from the policy papers and initial pipeline of projects were incorporated into the final revised NERM. The revision of the NERM was done in collaboration with the World Bank who focused on energy access, renewables and petroleum while GGGI supported the development of the chapters on energy efficiency and green growth.

### OUTPUT 1.3

STATUS **ACHIEVED**

#### Improve knowledge sharing on green growth

- Initiated in 2015 with a knowledge sharing and training event on demand-side energy efficiency which targeted the Department of Energy, other Government agencies, private sector and civil society.
- Developed a report on business-as-usual energy demand scenarios and presented the results at the energy efficiency workshop mentioned above. The report was also used to inform the NERM revision and policy papers. The report was published in 2016 and launched at a regional workshop in Suva, Fiji.
- In partnership with the Department of Energy in 2015, conducted a workshop where green energy financing mechanism options were presented and discussed. The purpose was to receive feedback and discuss ideas with a broad range of stakeholders to inform the development of financing options to implement the NERM.
- In 2016, five Government officials (four from the Department of Energy and one from the Department of Strategic Planning), including the Directors of Energy and Strategic Planning, participated in a two-day regional workshop on energy planning and NDC implementation in Suva, Fiji. This workshop was conducted in collaboration with the International Renewable Energy Agency (IRENA). The feedback from participants noted that 100% of the participants either "strongly agreed" or "agreed" that they had improved their knowledge on green growth.

### OUTPUT 1.2

STATUS **ACHIEVED**

#### Provide financing options for implementing the NERM

- Developed a report which included analyses of need and options for a rural green energy financing mechanism and submitted to government in January, 2016. This included the recommendation to create a National Green Energy Fund (NGEF).
- Assisted in the preparation of a summary of the NGEF recommendation and request for endorsement which was presented and approved by the Council of Ministers (CoM) in April 2016, after which the NGEF was integrated into the revised NERM.

### OUTCOME 1

STATUS **ACHIEVED**

#### Revised NERM and associated financing options adopted by Government of Vanuatu

- The revised National Energy Road Map: 2016-2030 (NERM) was adopted by the Council of Ministers (CoM) in June, 2016 and officially launched by the Minister of Climate Change in October, 2016.

#### ADDITIONAL RESULTS

- Contributed to the formulation of the green growth and energy goals and policy objectives of the National Sustainable Development Plan (NSDP).
- Completed initial steps to establish the NGEF through a preliminary study on the structure and business plan and a GCF readiness proposal to support feasibility and market studies. In addition, finalized 5 concept notes for green energy projects to develop a pipeline of projects for future funding.
- Established a partnership with UNDP to develop a full project proposal to the GCF on solar rural electrification in Vanuatu.
- In partnership with the Departments of Energy and Tourism, completed a market study and developed a proposed way forward to promote solar energy use by small rural tourism operators.

## PARTNERS

### LOCAL

- Department of Energy, Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Environment, Energy and Disaster Management
- Department of Finance and Treasury, Ministry of Finance
- Department of Strategic Planning and Aid Coordination of the Prime Minister's Office
- Department of Tourism, Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business
- Department of Water, Ministry of Mines, Geology and Water

### INTERNATIONAL

- World Bank
- United Nations Development Program (UNDP)
- International Renewable Energy Agency (IRENA)

## LESSONS LEARNED

- **Remain flexible to respond and adapt to external risks:** The start of the 2015-2016 project was delayed by several months, mainly due to the devastating effects of Cyclone Pam, which hit Vanuatu in March, 2015. After the cyclone, government services were severely affected, with any available resources diverted to responding to emergency relief and recovery. This resulted in the delay of the Council of Ministers' endorsement of the National Energy Road Map (NERM) review together with the terms of reference for the NERM Review Taskforce. However, despite the late start, the project team worked closely with government partners to complete the review of the NERM ahead of schedule.