VANUATU
MOBILIZING FINANCE FOR GREEN ENERGY PROJECTS IN VANUATU

OVERVIEW

<table>
<thead>
<tr>
<th>Country / Global implementation</th>
<th>Vanuatu Least Developed Country (LDC)</th>
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<tbody>
<tr>
<td>Thematic area</td>
<td>Energy</td>
</tr>
<tr>
<td>Project start date</td>
<td>Q1 2017</td>
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<tr>
<td>Funding source</td>
<td>Core</td>
</tr>
<tr>
<td>2017 budget</td>
<td>USD 931,874</td>
</tr>
<tr>
<td>% of budget disbursed</td>
<td>75%</td>
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RELEVANT SDGs

5.c. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

7.1. By 2030, ensure universal access to affordable, reliable and modern energy services.

7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.

13.a. Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly USD 100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible.

CONTEXT

- Vanuatu is a Small Island Developing State, consisting of more than 80 remote islands and highly vulnerable to climate change. Its remoteness, small market size and limited institutional capacity remain key barriers to green growth. Over 2015-2016, in collaboration with the World Bank, GGGI provided technical assistance to the Department of Energy for the revision of the National Energy Road Map (NERM). The revised NERM has identified five strategic areas for policy intervention in the energy sector: accessible energy, affordable energy, secure and reliable energy, sustainable energy and green growth. In addition, a financing gap of at least USD 20 million was identified to achieve national energy access targets.

- 73% of Vanuatu’s population does not have access to electricity. The Project aims to implement the objectives of the NERM to achieve 100% rural electrification, while also supporting the 100% renewable energy target also set out in the NERM. It will do so by helping to mobilize financial resources to help fill the USD 20 million financing gap for Vanuatu. The NGEF was included in the NERM as one of the tools for its implementation.

- The Program also aims to provide green employment opportunities in rural areas through use of renewable energies.

OVERALL OBJECTIVE

- To support the Government of Vanuatu’s establishment and operationalization of the National Green Energy Fund and to mobilize financing for a green energy projects.

HIGHLIGHTS

- The National Green Energy Fund (NGEF) was set up on May 29, 2017, and the government contributed a seed fund of USD 86,000 with a planned allocation of USD 0.6 million annually from 2018. The NGEF Task Force was established and met five times and the NGEF Manager was recruited. Fund design incorporated policy to mainstream gender and social inclusion.

- The Vanuatu Country Planning Framework 2017-2021 was signed in June 2017, by the GGGI Director General of GGGI and the Minister of Climate Change in Vanuatu.
## RESULTS ACHIEVED IN 2017

### OUTPUT 1.1 STATUS  ON TRACK

**Appropriate legislative framework identified and the NGEF integrated into existing government financial systems.**

- The Vanuatu CPF was launched focusing on strengthening Vanuatu’s inclusive and sustainable energy development effort.
- The operational manual and procedures was completed at the end of 2017. Extensive consultations have been carried out with the Ministry of Finance and the Reserve Bank of Vanuatu regarding the legislation and financial integration of the NGEF into the Vanuatu financial system. The drafting of legislation has been delayed slightly due to the volcanic eruption and Government decisions and will be completed by 31st January 2018. The NGEF legislation is expected for approval by the Parliament in June, 2018.
- A gender assessment for the implementation of the NGEF was completed in October 2017, this facilitated amongst others the development of gender policy into the NGEF design support, the alignment of the fund with the National Gender Policy and People’s Plan, the alignment with budget requirement to track gender-related investments and opening up broader stakeholder engagement.

### OUTPUT 1.2 STATUS  ON TRACK

**Institutional capacity for energy projects strengthened and guidelines for accessing energy financing developed.**

This will include enhancing project identification and prioritization, design, evaluation and management skills for officers from Government implementing agencies and other key stakeholders.

- GGGI has supported five meetings of the NGEF Task Force and attended the Department of Energy annual retreat and contributed towards the development of the 2017 DoE Business Plan.
- A training workshop was completed in April for the Department of Energy and the Utilities Regulatory Authority on the NGEF and on energy project prioritization. Training workshops were also carried out for the NGEF Task Force members in April and November. The NGEF training workshops resulted in letters of intent from two institutions to partner with the NGEF signaling that institutional capacity building is increasing the likelihood of increased financing for energy access and green energy through the NGEF.
- A GCF readiness project was approved in March 2017 and is underway to carry out market assessments, feasibility studies and develop a pipeline of projects for the NGEF. In addition, GGGI has assisted the Government to submit 3 concept notes to KOICA for funding to the NGEF.
- As described in Output 2.1, substantial work has been done to increase the institutional capacity of the NGEF. A training workshop was completed in April for the Department of energy and the Utilities Regulatory Authority on the NGEF and on energy project prioritization. Training workshops were also carried out for the NGEF Task Force members in April and November. The NGEF training workshops resulted in letters of intent from two institutions to partner with the NGEF signaling that institutional capacity building is increasing the likelihood of increased financing for energy access and green energy through the NGEF.

### OUTPUT 1.3 STATUS  ON TRACK

**National Green Energy Fund (NGEF) designed and established and operationalization documents prepared.**

- The National Green Energy Fund was formally approved and set up under Model 1 by the Council of Ministers (CoM) on May 29, 2017, establishing an NGEF Unit within the Department of Energy and the NGEF Task Force comprised of the Ministry of Climate Change, the Ministry of Finance, DSPPAC and DLA. Through this CoM decision, an initial amount of VVT7.3 million, roughly USD 68,000, was allocated for NGEF operations and investment as part of Government Contribution for 2017-2018. The Government is in the process of allocating another USD 0.6 million annually from domestic sources (electricity bill levy) toward the fund, from 2018 onwards. GGGI also assisted the Gov to submit 3 concept notes to KOICA for funding to the NGEF.
- A Project Manager for the NGEF was recruited in November 2017 to support the NGEF Task Force, with the responsibility to lead in activities towards setting up the Fund as an independent public entity.
- The NGEF has met five times since June this year and has approved TORs for further activities supported by GGGI including drafting of the NGEF legislation, NGEF operations manual and management rules and procedures.
- The NGEF Operational Manual has incorporated gender and social inclusion in funding evaluation criteria. GGGI also facilitated the inclusion of Vanuatu’s Department of Women’s Affairs in the fund’s future Board to ensure continued attention to its contributions towards gender equality.

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GGGI Vanuatu: Project Results Report

2/4
RESULTS ACHIEVED IN 2017

OUTCOME 2

**STATUS**

Increased financing for green energy projects mobilized through project proposal development.

- GGGI has been involved in developing green energy projects which are currently under consideration for financing. A GCF Readiness Project was approved in March and is underway to carry out market assessments and feasibility studies. A project proposal on Solar Water Pumps for off-grid and rural communities in Vanuatu was submitted in September to the Luxembourg Government and is under consideration. GGGI also assisted the Department of Energy and Department of Tourism to implement a BMZ funded Solar Freezer Project for rural tourism bungalows in Vanuatu.
- GGGI’s work in helping to build the institutional capacity of the NGEF under Output 1.2 will assist the NGEF to direct finance towards green energy projected.

OUTCOME 3

**STATUS**

Increased knowledge and skills among government and local stakeholders to scale up green energy.

- A Green Infrastructure Project Development and Financing Regional Capacity Building Workshop was conducted in Suva, Fiji on 28th of June 27-28. Seven government officials from Vanuatu attended the workshop, from the Department of Energy, the Department of Geology Mines, and Water Resources, and the Department of Public Works. These are GGGI government counterparts who are involved in energy and infrastructure sector activities in Vanuatu.
- The 1-day private sector capacity building workshops in Espiritu Santo and Port Vila to introduce EE and RE applications in industrial and commercial facilities helped to increase the knowledge and skills of local stakeholders.

ADDITIONAL RESULTS

- The NGEF work in Vanuatu is considered SPRSI best practice, and the GGGI NFV guidelines are based on this experience. The gender assessments done for the solar freezers project are also an example of gender-sensitive project design and implementation.
- Vanuatu Energy Demand Projections, BAU Scenario Report launched with the Ministry of Finance, Prime Minister’s Office, KOICA and UNDP in attendance. Article in local newspaper and on GGGI and DoE websites.
- NGEF was included in the Vanuatu Climate Finance Roadmap by the Climate Finance Working Group of the Ministry of Climate Change.
- Provided advice towards the Lugarlville electricity concession re-tender and commented on the re-tender documents.
- Assisted with the Talise Hydro project management by providing support to the project manager.

OUTPUT 2.1

**STATUS**

Green energy projects are designed and demonstrated to be financially feasible under the national energy access and sustainable energy objectives of Vanuatu. This output will focus on identification of green energy projects with demonstrated financial feasibility and build on an ideas pipeline started in 2016.

- A detailed project proposal on Solar Water Pumps for off-grid and rural communities in Vanuatu was submitted in September, 2017 to Luxembourg Government in Partnership with the Department of Energy and the Department of Water. The project aims to promote and scale-up the use of solar water pumping systems in rural areas of Vanuatu, thereby increasing the resilience of Ni-Vanuatu in rural areas through access to alternative sources of potable water. The project is based on gender assessments, gender responsive design and monitoring and evaluation. The proposal is currently under consideration.
- The solar refrigeration for Vanuatu Rural Tourism Operators project aimed to improve livelihoods and electricity access, reliability and affordability for small rural tourism operators in selected off-grid sites in Vanuatu through access to refrigeration powered by solar systems that enables diversification of services and improved income streams. 10 systems were installed and a skills development and training workshop was organized for the rural tourism operators. The project is based on gender assessments, gender responsive design and monitoring and evaluation. The relatively high participation of women was due to deliberate efforts by GGGI, e.g. by involving women in the planning and combining technical RE with food processing. During the workshop, GGGI also facilitated a gender-segregated session on participants’ perception of social and productivity benefits from new technology.

OUTPUT 3.1

**STATUS**

Policy, institutional and incentives assessment for green energy projects in alignment to outputs 1.3 and 2.1 conducted and customized training for capacity building for green energy projects in Vanuatu delivered.

Data collection and surveys with private sector with potential for Renewable Energy (RE) and Energy Efficiency (EE) projects were carried out and the information was collated and analyzed. GGGI organized 1 day private sector capacity building workshops in Espiritu Santo and Port Vila to introduce EE and RE applications in industrial and commercial facilities. GGGI aimed to establish engagement with various stakeholders, increase level of awareness, share the knowledge with private sector representatives and assess project pipeline options. The following results were achieved: i) Survey results report including companies with highest energy consumption and the assessment of potential project options, ii) Market reach report on the availability and pricing of energy efficient equipment and renewable energy systems and iii) a Workshop evaluation and quiz result report.
PARTNERS

LOCAL

- Ministry of Climate Change
- Department of Energy
- Department of Strategic Policy, Planning and Aid Coordination (DSPPAC)
- Department of Finance and Treasury
- Department of Tourism Development (DoTD)
- Department of Women’s Affairs
- Department of Local Authorities (DLA)
- Department of Geology Mines and Water Resources
- National Bank of Vanuatu

LESSONS LEARNED

- It is important to have done a gender analysis of the NGEF operations with all the Task Force members involved, as well as non-government actors. This resulted in more awareness of how to involve women at all levels and the Ministry of Women being added to the proposed NGEF management Board.