

Vanuatu

Financing 100% Renewable Energy in Vanuatu

As Vanuatu's government looks to improve their electricity supply while following a path of sustainable, environmentally-friendly growth, the Global Green Growth Institute (GGGI) is playing a key role in securing investment for the Pacific Island country to achieve its development goals.

Vanuatu relies heavily on imported fuel for power, with 71% of its electricity generated from fossil fuels. Less-than-ideal energy security combined with considerable electricity access limitations—almost 90% of people living in rural areas are not connected to the grid—has adversely impacted Vanuatu's social and economic development.

The government has identified energy security and energy access as top priorities and has determined that renewable energy is the best way to achieve them. The recently updated National Energy Road Map (NERM) aims to deliver 100% electricity access throughout Vanuatu, relying entirely on renewable energy sources. The roadmap envisions a 14% reduction in energy use through increased efficiency.

The NERM is an explicitly green growth approach, linking the island state's growth in key productive sectors with opportunities in the renewable energy sector.

However, like many other developing countries in the Pacific, Vanuatu cannot finance major development and infrastructure projects from public sources alone and has had difficulty attracting sufficient private sector interest.

To address this, the Global Green Growth Institute—which developed parts of the NERM, covering energy efficiency and green growth—has helped create the National Green Energy Fund (NGEF) to mobilize finance for investment. The NGEF aims to overcome barriers, such as a lack of access to credit and short-term loans, limited ability of the private sector to self-finance, shortage of information on bankable projects, and lack of a consolidated and dedicated domestic fund to support clean energy projects across Vanuatu.

Hellen Tom Wilson, finance manager at the Department for Energy at Vanuatu's Ministry for Climate Change, explained, *"Vanuatu developed the National Green Energy Fund to overcome those barriers [to financing development projects]."*

The NGEF will help to boost household energy access while also providing a pathway to local businesses to invest in clean, climate-resilient energy and help rural communities.



GGGI in Vanuatu: Planning the transition to clean energy

Antony Garae, director of the Department for Energy at Vanuatu's Ministry for Climate Change, said, *"The fund has some specific aims, and those are to help provide electricity access to communities which are not connected to a stable electricity supply and also to help provide access to and utilize renewable energy resources."*

An estimated 30% of households and public institutions in Vanuatu are connected to the electricity grid, but this network covers only parts of four of the country's

65 inhabited islands. In rural areas, 85–90% of people have no access to electricity at all.

GGGI Senior Program officer in Vanuatu, Paul Kaun, added, *"Connecting these communities to a stable power supply would improve their quality of life and help raise levels of economic activity. People would be able to have, for instance, cooling services for produce which would help with food preservation and transport—for example, getting fish from islands to urban centers."*



GGGI in Vanuatu: National Green Energy Fund to mobilize renewable energy investments



Kaun continued, *"People could also be economically active for longer. At the moment, when the sun goes down, it's dark, and people in these communities can't really do much as there is no light. It would also help to provide greater access to schools and hospitals."*

The government of Vanuatu has already appealed to local and international financial institutions to contribute to the NGEF, which has been operationalized. To begin with, it will act as a lending facility to subsidize projects, mainly in renewable energy and rural electrification. The NGEF

will play a central role in helping ensure renewable energy access and energy efficiency across a range of key sectors, including water, agriculture, fisheries, and tourism.

Meeting the ambitious NERM target of 100% electricity access across Vanuatu will hinge on the success of the NGEF to mobilize finance. *"The aim an ambitious one, but if the financing is there, we can do it,"* said Garae.