

**Meeting of SREP Pilot Countries  
May 28-30, 2013 – Bandos Island, Maldives**

**Progress Updates from Countries without Endorsed Investment Plans**

**Country/regional pilot: Vanuatu, Pacific Region**

*Please describe any advances made in the following areas, arising from your SREP programming process since the last meeting of SREP pilots.*

<p>Stakeholder engagement (e.g., CSOs, private sector, development partners)</p>	<p><b>Vanuatu National Energy Road Map (NERM)</b>- Launched in 2011. The Government of Vanuatu (GoV) embarked on developing the NERM with the assistance of the World Bank. Several consultations between line government agencies, the private sector (Suppliers and Retailers), development partners and the public were done to ensure that NERM presents a collective national view on energy sector development and to set out the need to review energy sector policies and legislations to support the implementation of the NERM. The wide consultations prove vital to ensuring a holistic approach to energy being a catalyst of social and economic development. The NERM sets out ambitious targets on access, affordability and energy security, including renewable energy.</p>
<p>Institutional arrangements and government coordination</p>	<p><b>Institutional Arrangement</b>- Prior to 2012, a committee known as the National Advisory Committee for Climate Change, made up of Heads of Department of Meteorology, Energy, Environment, Agriculture, Forestry, Lands, Public Works, and Fisheries were coordinating Climate Change and of which renewable energy projects are part of. However in January 2013, due to major flow of projects, the group reformed itself to be the <b>National Advisory Board(NAB)</b>. The NAB is now equipped with Specialist and Advisors. They assist gaps in capacity building of fulltime officers in the <b>Project Management Unit (PMU)</b>. This PMU is supported by European Union and the World Bank.</p> <p><b>Government Coordination</b>- In 2011, the set up of the an Energy Taskforce consisting of three Director Generals from the Ministry of Public Works and Utilities, the Ministry of Lands and Natural Resources and the Prime Ministers Office who chairs the ah hoc committee. The Energy Taskforce is also made up of representatives from the Ministry of Finance, and from the Aid Coordination Unit also at the Prime Ministers Office. They are responsible for oversight of major investment of Energy Projects. For example, the</p>

	<p>current development of a 8MW Geothermal on the island of Efate.</p> <p><b>Technical Working Group-</b> The Energy Taskforce is supported by a Technical Working Group which consists of representatives from the Utility companies and the major energy consumers for instance the Hotel and Resort Association.</p> <p>Grid electricity is supplied by two private concession holders (UNELCO and VUI) on four main islands under concession agreements with the GoV. Rural electrification is supported by the Department of Energy, Mines and Mineral Resources (DEMRR).</p> <p>An <b>independent regulator</b>, the Utilities Regulatory Authority, provides oversight for electricity prices and services in the concessions.</p>
Analytical work and technical studies	<ol style="list-style-type: none"> <li>1. A Report on Petroleum and LPG Supply Chain Study.</li> <li>2. A Pre-feasibility Hydro Study for 2 rivers near potential development areas. These are considered to be priority projects.</li> <li>3. A Pre-feasibility Study on the Efate Geothermal Project.</li> <li>4. A Global Partnership for Output- Based Aid (GPOBA) on improved electricity access in Vanuatu.</li> </ol>
Capacity building	<p>The PMU as described previously is the secretariat of the NAB. The PMU staff are assisted by qualified and experienced professionals. PMU provides technical oversight and assistance to the NAB committee. However, there is still greater need for capacity building, especially within the newly established Ministry of Climate Change, Meteorology, Energy, and Environment. Also that the there are new projects such as Desalination and Tidal Energy, where a grater need for more technical resource personnel will be required.</p>
Financing	<p>The NERM identifies the need for significant investment in the energy sector to increase access (currently at 27%), affordability (one of the highest prices in the Pacific) and energy security (high reliance on diesel fuel. Investment in renewable energy is a key GoV priority for economic, climate change and energy security reasons).</p> <p>Through NAB, continuous dialogue with Development Partners has been the key to securing additional funding for key priority areas in the renewable energy, however much more is necessary to realize the GoV's goals. In January 2013 the NAB committee was invited to attend a World Bank Finance and Procurement guideline workshop, then recruited a fulltime Finance and Procurement Specialist as aid to the PMU staff.</p>

Procurement and recruiting	There are processes already in place for recruitment into the Department of Energy and the PMU. The Government recognises the need to create more capacity in the field of Energy and Climate Change.
----------------------------	---

*Please describe any challenges encountered in the following areas, arising from your SREP programming process since the last meeting of SREP pilots.*

Political issues	Following a recent move by the Government to mainstream funds for Climate Change adaptation and mitigation, which Renewable Energy is a major component of, it saw the establishment of the new Ministry of Climate Change, Meteorology, Geo-hazards, Energy and Environment. This Ministry mission is to <i>Develop sound policies &amp; legislative frameworks and provide timely, scientific and technical information for service delivery to mainstream community resilience and a sustainable environment and economic development.</i>
Stakeholder engagement (e.g., CSOs, private sector, development partners)	GoV achieved stakeholder engagement and consensus on the priorities and goals for the energy sector through the development of the NERM. The challenges going forward will be at project level where broad support from all key stakeholders (GoV, private concessionaires, potential investors, the regulator, land owners, the community and the development partners) will need to be achieved.
Institutional arrangements and government coordination	<p>The Department of Energy has been restructuring is in past 2 years purposely to expand the Off-Grid and Rural Electrification Section. The staff will be supported by Energy Policy Advisors and Energy Technical Advisors as an effort to improve and secure more Renewable Energy Projects. The Rural Electrification Team will also be responsible for the Vanuatu Electricity for Rural Development(VERD) Program that will be funded by development partner AusAID.</p> <p>The oversight of all Energy Projects is with the Sector Analyst of the Department of Strategic Planning and Aid Coordination (DSPAC) at the Prime Ministers Office.</p>
Stakeholder capacity (e.g., government, private sector, CSOs)	Stakeholder capacity- A few government statutory bodies providing business environment(Eg, VIPA, VCC,etc.) and private sector especially financial institutions (eg. Agriculture Development Bank) have been able to secure or lend minimum loans towards Renewable Energy as they do not have the technical capacity. A suggested basic capacity building training on Renewable Energy would greatly breakdown the barrier in the short term to ensure more low income households get access soft loans to purchase Renewable Energy.

Data availability	The Department of Energy has recruited a GIS and Database Officer. Currently under development is a Website which will showcase all concurrent Renewable Energy Projects and those under study. The site will also publish materials and the vision of the website is to establish contact from interested individuals and organisations for information needs.
Financing	The Department of Energy was upgraded in 2011, however has not been able to recruit until now. Since the influx of projects administered by the Department, there is a great need to improve additional resources, however financial support from the Government has been slow in progress.
Procurement and recruiting	The establishment of the PMU for NAB coordinate and centralise all Project Finance, Procurement, Monitoring and Evaluation. The Department of Energy has yet to overcome financial constraints but progress in recruitment are underway.

*Please provide any additional information you wish to share on impacts or lessons learned from the SREP programming process.*

- The SREP activities in Vanuatu are timely to complement the National Energy Road Map targets.
- About 73% of the population does not have access to modern electricity. Due to the geographically situation of main islands to the smaller ones, accessibility and affordability is always a concern.
- Mini Grids have been introduced with bio-fuel, but market prices of copra oil are unsteady.

*Monitoring energy access:*

What indicators and monitoring systems are being used at the national or sector level to monitor energy access?	The Department of Energy has annual business plan that outlines developing projects through renewable energy. This identifies the type of project to the community depending on geographical resource and the number of households being improved. The National Statistics Office(VSNO) and the Customs Department have a ICT capabilities to monitor individuals, retailers or organisations that import and classify goods under the Renewable Energy as they get levied from the Government. The VNSO also conducts household income and expenditure survey, of which data for means of lighting and cooking can form the National Access Rate. The electricity concessionaires in Vanuatu are responsible to report the new connections. This is also added to reflect the NAR. Currently the NAR remains at 30% of the total households in Vanuatu.
Would these existing	Yes, Vanuatu is made up of collective islands and settlements are

<p>monitoring systems capture the impacts of SREP investments in energy access, and, if yes, how?</p>	<p>governed by Provincial Area Councils. Thus SREP projects will be coordinated and monitored from the Department of Energy to track records of households in communities that gain energy access. Provincial Area Councils work together with the VNSO to ensure households counts are updated. The next HIES will capture the developments of energy access.</p>
---	--

*What is your government's experience working with social enterprises for delivery of energy access in rural areas?*

In 2010, the Government of Vanuatu and the Government Australia initiated a rural lighting program called the Vanuatu Lighting Project, which now sees 2 in 3 households throughout rural Vanuatu have access to pico solar lanterns. This has significantly reduced the dependency of kerosene for lighting. There are three beneficiaries to this Project and all three are NGOs whom have networking with women groups and youth projects as their distribution centres. The Projects has successfully distributed 40,000 plus pico solar lanterns in just over 3 years.

*What activities undertaken in your country have been successful at scaling up renewable energy access in rural areas?*

Implementing Phase 2 of the Sarakata Hydro for Luganville Town, Santo. This was carried out by the Japanese Government in 2006, which saw an additional 600 Kilowatt installed.

*What activities undertaken in your country have not been successful at scaling up renewable energy access in rural areas?*

**Biofuel-** In 2009, a pilot project on bio-diesel to for mini-grid, however experiencing high cost of operation. There is a lack of capacity in rural areas to maintain and manage the facilities, however the impact into these communities having mini grid eradicates the expenses for gas on domestic generators.

**Biogas-** The potential for biogas is huge in rural areas as almost every rural household are accustomed to domestic piggery. Though demonstrated by a few, bio-gas from animal waste could provide essential cooking and lighting needs at a very budget cost.

**Solar-** High capital cost of solar packages and sales of unwarranted solar panels (and batteries) brands.

**Wind-** Since 2012, 6 modern wind monitoring towers have been installed throughout the country. With wind statistics, this could further develop into wind farm for specific sites with economical capacity.