



## **TERMS OF REFERENCE**

### **Scaling-up Renewable Energy Program (SREP)**

#### **Scoping Mission**

**February 11 - 14, 2013**

#### **Vanuatu**



**WORLD BANK GROUP**



Asian Development Bank

## Table of Contents

---

|  |          |
|--|----------|
| <b>TABLE OF CONTENTS .....</b>                   | <b>2</b> |
| <b>1. BACKGROUND .....</b>                       | <b>3</b> |
| <b>2. COUNTRY CONTEXT .....</b>                  | <b>4</b> |
| <b>3. SCOPING MISSION - OBJECTIVES .....</b>     | <b>5</b> |
| <b>4. DATES .....</b>                            | <b>6</b> |
| <b>5. PARTICIPANTS AND PROPOSED AGENDA .....</b> | <b>6</b> |
| <b>ANNEX 1. LIST OF STAKEHOLDERS .....</b>       | <b>8</b> |

# 1. BACKGROUND

---

1.1 The **Climate Investment Funds (CIF)** support developing countries as they move toward low emissions and climate resilient development. The CIF provides developing countries with grants, concessional loans, and risk mitigation instruments that leverage significant private sector, MDB, and other co-financing. Five Multilateral Development Banks (MDBs) - the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), and World Bank Group (WB), including the International Finance Corporation (IFC) - are the implementing agencies of CIF funded projects and programs.

1.2 The CIF's financial architecture rests on two trust funds: (i) the Clean Technology Fund (CTF); and (ii) the Strategic Climate Fund (SCF):

- The CTF finances the scaled-up demonstration, deployment, and transfer of clean technologies. The focus is on piloting investments in countries or regions that have the potential for significant greenhouse gas abatement.
- The SCF finances targeted programs that pilot new approaches with the potential for scaling up. The SCF includes the Forest Investment Program, the Pilot Program for Climate Resilience, and the **Scaling Up Renewable Energy Program in Low-income Countries (SREP)**.

1.3 The objective of the SREP is to pilot and demonstrate the economic, social and environmental viability of low carbon development pathways in the energy sector by creating new economic opportunities and increasing energy access through the use of renewable energy. An initial group of six pilot countries was selected to receive funding under the SREP program (i.e., Kenya, Ethiopia, Mali, Nepal, Honduras, Maldives). In addition, a group of 'waitlisted' countries, including Vanuatu, was selected to receive SREP funding provided additional resources become available. In March 2012, the SREP sub-committee agreed upon the upper amount of funding and order of priority in which funding would be allocated to these countries: (1) Tanzania, US\$50 million; (2) Liberia, US\$50 million; (3) Yemen, US\$40 million; (4) Armenia, US\$40 million; (5) **Pacific Regional (Vanuatu, Solomon Islands), US\$30 million;** and (6) Mongolia, US\$30 million. As of September 2012, only Tanzania has secured SREP funding, implying that Pacific Regional (Solomon Islands, Vanuatu) will receive SREP funding once additional resources have become available for Liberia, Yemen, and Armenia (in this order)..The funding will be split between Vanuatu and Solomon Islands.

1.4 In March 2012, Solomon Islands and Vanuatu were invited to participate in the Pacific Regional program and to prepare country specific investment plans and a "light" regional component for knowledge sharing and capacity building. In response, Vanuatu wrote to the CIF

to reconfirm their interest in participating in SREP and nominated a focal point. In August 2012, Vanuatu received an allocation of SREP funding (US\$250,000) to support the development of the country's Investment Plan.

1.5 During Phase I of the implementation of the SREP the WB/IFC and ADB will be supporting the Government of Vanuatu and other relevant stakeholders - United Nations Organizations, bilateral partners, private sector companies, non-governmental organizations and civil society organizations - in developing the SREP investment plan. It was agreed that the WB would be the "lead MDB" and would therefore coordinate the joint effort of the MDBs in the country. The finalization and endorsement of the investment plan by the SREP Sub-Committee marks the beginning of implementation (Phase II).

## **2. COUNTRY CONTEXT**

---

2.1 The Republic of Vanuatu is an archipelago of 82 volcanic islands covering a total area of about 12,200 square km – of which about a third is land. The country has been a democratic republic since gaining independence from the United Kingdom and France in 1980. Vanuatu's population is approximately 243,000 people; almost evenly distributed among the four administrative provinces. The national household count stands at an estimated 46,000, of which about 10,000 households are located in urban areas and the remainder 35,000 (76 percent) are dispersed in rural areas.

2.2 In recent years, Vanuatu has become one of the fastest growing economies of the Pacific region. The economy has experienced strong and sustained growth mainly driven by tourism, construction, and aid inflows. The per capita GDP is estimated in US\$2,896 at current prices (US\$4,765 at PPP)<sup>1</sup>. Yet, the cost of basic infrastructure services is very high and affects the business environment in the country. For instance, although Vanuatu ranks 75 in the "ease of doing business" indicator reported by The World Bank, which analyzes a total of 183 economies; it ranks at 147 in the "getting electricity" indicator mainly due to the high cost associated with obtaining new connections.

2.3 Like many small island nations, Vanuatu became heavily dependent on fossil fuels to meet its commercial energy needs and today ranks among the nations with the very highest petroleum energy intensity, anywhere in the world<sup>2</sup>. Land transport represents 55 percent share of total demand, and is the largest consumption sector, while electricity generation represented 36 percent of demand and ranks second with nominal demand coming from the household and commercial and industrial sectors. Some 90 percent of all electricity generated in Vanuatu is from diesel fuel.

---

<sup>1</sup> IMF staff forecast 2010.

<sup>2</sup> ADB (quoted in "Options for increasing the efficiency of Vanuatu's oil and gas supply chain" Draft report, April 2012, Hale and Twomey, and David Butcher and Associates)

2.4 Vanuatu is estimated to have considerable renewable energy resources, and existing investments have been used to bring down the cost of generating electricity. The hydro power plant at Espiritu Santo has reliably generated electricity at a lower cost than diesel generation since it was commissioned in 1995. The wind farm at Devils Point, commissioned in 2007, has saved more than VUV24 million (US\$267,000) in fuel costs in its first 2.5 years of operation. A proposed geothermal power development on Efate and Hydeo developments in Malekula and Espiritu Santo is the next planned phase of investment and development in new renewable generation. However, there is no comprehensive strategy for further developing renewable energy that is integrated into a soundly structured scale up strategy and a consistent and credible least cost investment plan.

2.5 The Government is committed to promoting the development of renewable energy in the country and to that end expressed its interest to be one of the pilot countries under SREP and was included in the reserve list.

2.6 The Government also seeks to build on the existing cooperation with multilateral and bilateral development partners, including the World Bank Group, ADB, AUSAID, UNEP, etc. These institutions are currently supporting Vanuatu to increase renewable energy based power generation, and rehabilitate and expand the electricity transmission network.

### **3. SCOPING MISSION - OBJECTIVES**

---

3.1 **The MDBs are organizing this Scoping Mission to assist the Government of Vanuatu in planning and preparing** the development of the SREP investment plan and the first MDB Joint Mission.

3.2 The objectives of the Scoping Mission are outlined below:

- Identify an agree with Government of Vanuatu, in particular with the Vanuatu Meterology and Geo-Hazards Department (VMGD), regarding the task force responsible for preparing the SREP “Phase I”
- Identify relevant government counterparts, development partners and stakeholders for the proposed SREP activities;
- Hold discussions about the objectives of the SREP programme, its benefits and the modalities of its implementation in Vanuatu to ensure a common understanding by all stakeholders;
- Initiate discussions and consultations with the identified stakeholders and development partners;

- Undertake a stocktake of existing activities and documentation available on a range of analytical, strategic and programming activities related to renewable energy, which are considered important aspects of preparing the investment plan;
- Agree on the scope and outline of the investment plan;
- Agree on the timeline as well as financial and human resources required to prepare the investment plan;
- Finalize the terms of reference for the selection of the consultant to support the Government with the preparation of the SREP investment plan; and
- Agree on the terms of reference for the next MDB Joint Mission.

3.3 At the completion of the scoping mission, the MDB team will jointly prepare an aide-memoire that describes the key issues discussed, agreements reached and the next steps.

#### **4. DATES**

---

4.1 The proposed dates for the Scoping Mission are **February 11 – 14, 2013**.

#### **5. PARTICIPANTS AND PROPOSED AGENDA**

---

5.1 The Scoping Mission will be coordinated by the Government through the Vanuatu Meteorology and Geo-Hazards Department (‘VMGD), which is the focal point for SREP in Vanuatu.

5.2 The SREP mission team will include Federcio Querio (Operations Officer, World Bank), Kamlesh Khelawan (Senior Energy Specialist, World Bank) and Renee Walmsley (Social Development Analyst, World Bank) and Martina Tonizzo (Transport, Energy and Natural Resources, ADB).

5.3 The MDBs focal points for SREP is:

- WB: Gevorg Sargsyan (gsargsyan@worldbank.org)
- IFC: Joyita M. Mukherjee (jmukherjee1@ifc.org)
- ADB: Jiwana Acharya (jacharya@adb.org)

5.4 The Government focal point is: Mr. Jotham Napat (Director VMGD, NACCC Chair & UNFCCC Focal Point, [jnapat@vanuatu.gov.vu](mailto:jnapat@vanuatu.gov.vu)).

5.5 Table I presents a tentative agenda and timetable for the activities for the Scoping Mission.

Table I: Tentative Agenda and Timetable

| Date                                  | Morning   | Afternoon  |
|---------------------------------------|---|--|
| <b>Sunday 10<br/>February 2012</b>    | Scoping mission arrive at Vanuatu   |  |
| <b>Monday, 11<br/>February 2013</b>   | Internal World Bank meeting<br>Internal WB, ADB + IFC meeting             | Meeting with AusAID/EU   |
| <b>Tuesday 12<br/>February 2013</b>   | Joint meeting with Energy Task Force<br>and Geothermal Steering Committee | Meeting Energy Technical Team  |
| <b>Wednesday 13<br/>February 2013</b> | Meeting UNELCO-Cofely<br>Meeting Kuth Energy                              | Meeting VUI<br>Meeting with Director General, Ministry<br>of Finance and Economic Management       |
| <b>Thursday 14<br/>February 2013</b>  | Joint Team meeting and drafting of the<br>Aide Memoire                    | Wrap up meeting with Department of<br>Energy and Vanuatu Meteorology and<br>Geo-Hazards Department |
| <b>Friday 15<br/>February 2013</b>    | Scoping mission depart Vanuatu  |  |

## ANNEX 1. LIST OF STAKEHOLDERS

| <b>Government (name, position, email)</b>           |   |  |
|---|---|--|
| <b>Energy Task Force</b>                            |   |  |
| Mr. Simeon Athy                                     | Director General and Chairman, Office of the Prime Minister   | <a href="mailto:smithy@vanuatu.gov.vu">smithy@vanuatu.gov.vu</a>   |
| Mr. Jotham Napat                                    | Director, Vanuatu Meteorology and Geo-Hazards Department, NACCC Chair & UNFCCC Focal Point              | <a href="mailto:jnapat@vanuatu.gov.vu">jnapat@vanuatu.gov.vu</a> ,<br><a href="mailto:piccap@vanuatu.com.vu">piccap@vanuatu.com.vu</a> and<br><a href="mailto:jbenjamin@vanuatu.gov.vu">jbenjamin@vanuatu.gov.vu</a> |
| Mr. Joe Ligo  | Director General, Ministry of Lands & Natural Resources and Chairman, Geothermal Steering Committee     | <a href="mailto:jligo@vanuatu.gov.vu">jligo@vanuatu.gov.vu</a>   |
| Mr. Jognson Binaru                                  | Director General, Ministry of Infrastructure & Public Works   | <a href="mailto:jbiuma@vanuatu.gov.vu">jbiuma@vanuatu.gov.vu</a>   |
| Mr. Leo Moli  | Department of Energy, Ministry of Lands and Natural Resources and member, Geothermal Steering Committee | <a href="mailto:lmoli@vanuatu.gov.vu">lmoli@vanuatu.gov.vu</a>   |
| Mr. Benjamin Shing                                  | Director, Department of Strategic Planning and Aid Coordination, Office of the Prime Minister           | <a href="mailto:bshing@vanuatu.gov.vu">bshing@vanuatu.gov.vu</a>   |
| Mr. Tony Sewen                                      | Director, Ministry of Finance and Economic Management   | <a href="mailto:tasewen@vanuatu.gov.vu">tasewen@vanuatu.gov.vu</a>   |
| Mr. Simon Cramp                                     | Director, Australian Agency for International Development, Governance for Growth                        | <a href="mailto:simon.cramp@ausaid.gov.au">simon.cramp@ausaid.gov.au</a>   |
| <b>Energy Technical Team</b>                        |   |  |
| Ms. Lizzie Taura                                    | Manager Regulation, Utilities Regulatory Authority  | <a href="mailto:ltaura@ura.gov.vu">ltaura@ura.gov.vu</a>   |
| Ms. Maturine Tary                                   | Director General, Ministry of Health  | <a href="mailto:mtary@vanuatu.gov.vu">mtary@vanuatu.gov.vu</a>   |
| Mr. Jesse Dick Joe                                  | Director General, Ministry of Education   | <a href="mailto:jjoe@vanuatu.gov.vu">jjoe@vanuatu.gov.vu</a>   |
| Mr. Alatoi Ishmael Kalsakau                         | Associate General, State Law Office   | <a href="mailto:aikalsakau@vanuatu.gov.vu">aikalsakau@vanuatu.gov.vu</a>   |
| Ms. Simil Johnson                                   | National Statistics Office  | <a href="mailto:sjohnson@vanuatu.gov.vu">sjohnson@vanuatu.gov.vu</a>   |
| <b>Geothermal Steering Committee</b>                |   |  |
| Mr. Albert William                                  | Director of Environment and Vice Chairman, Geothermal Steering Committee                                |  |
| Mr. Brian Philip                                    | NACCC Secretariat and Secretary, Geothermal Steering Committee  |  |
| Mr. George Maniuri                                  | Director General, Ministry of Finance and Economic Management   |  |
| Mr. Peter Pata                                      | Acting Director, Ministry of Lands & Natural Resources  |  |
| Mr. Christopher Loan                                | Director of Water & Commissioner of Mines   |  |
| <b>MDBs (name, position, email)</b>                 |   |  |
| Mr. Federico Querio                                 | Operations Officer, World Bank  | <a href="mailto:fquerio@worldbank.org">fquerio@worldbank.org</a>   |
| Mr. Kamlesh Khelawan                                | Senior Energy Specialist, World Bank  | <a href="mailto:kkhelawan@worldbank.org">kkhelawan@worldbank.org</a>   |
| Ms. Renee Walmsley                                  | Social Development Analyst, World Bank  | <a href="mailto:rwalmsley@worldbank.org">rwalmsley@worldbank.org</a>   |
| Ms. Martina Tonizzo                                 | Transport, Energy and Natural Resources, Asian Development Bank   | <a href="mailto:amaxwell@adb.org">amaxwell@adb.org</a>   |
| <b>Development Partners (name, position, email)</b> |   |  |
| Mr. Adrian Mourgues                                 | Attache Cooperative, European Union Delegates   | <a href="mailto:adrian.mourgues@eeas.europa.eu">adrian.mourgues@eeas.europa.eu</a>   |
| Mr. Simon Cramp                                     | Director, Australian Agency for International Development, Governance for Growth                        | <a href="mailto:simon.cramp@ausaid.gov.au">simon.cramp@ausaid.gov.au</a>   |
| <b>Private Sector (name, position, email)</b>       |   |  |
| Mr. Philippe Mehrenberger                           | Managing Director, UNELCO Vanuatu Ltd.  | <a href="mailto:Philippe.mehrenberger@unelco.com.vu">Philippe.mehrenberger@unelco.com.vu</a>   |
| Mr. Peter Allen                                     | General Manager, Vanuatu Utilities and Infrastructure (VUI)   | <a href="mailto:pallen@pernixgroup.com">pallen@pernixgroup.com</a>   |
| Mr. Randel Vallette                                 | General Manager, Pacific Petroleum  | <a href="mailto:rvallette@pacificpetrole.com">rvallette@pacificpetrole.com</a>   |