



THE NATIONAL GREEN ENERGY FUND

2020 ANNUAL REPORT

For the 12 month period ended 31 December 2020



Prepared by Georgewin Garae, Fund Manager
National Green Energy Fund, March 2021

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THE NATIONAL GREEN ENERGY FUND

Introduction

The National Green Energy Fund commonly referred to as NGEF or Fund has been created to energize Vanuatu's growth and development through the provision of secure, affordable, widely accessible, high quality, clean energy services as stipulated in the updated National Energy Road Map (NERM) to contribute towards achieving the National Vision for **"a stable, sustainable and prosperous Vanuatu"**.

The Fund was launched in August 2018 by the Hon. Minister of Climate Change at the Warwick Le Lagoon Resort in Port Vila. To date, it has progressed from a concept and design phase to a Unit within the Department of Energy and upgraded to an independent public entity when Parliament unanimously tabled the NGEF Act No.10 in July 2018. Implementation of energy projects began in December 2019 and extended to 2020, with their respective details clearly stated in the report below.

Mission

To increase Renewable Energy (RE) sources of generation, Energy Efficient (EE) end-use of electricity and promote green-growth projects and activities aimed at achieving the NERM.

Vision

To provide accessible, affordable, secure, reliable and sustainable energy and green-growth investments by providing financial and technical assistance to small businesses, public institutions and households.

Values

The organization's core values include:

- ❖ Team Work;
- ❖ Self-discipline and Respect;
- ❖ Trustworthy;
- ❖ Accountable;
- ❖ Professional;
- ❖ Innovative;
- ❖ Fairness; and
- ❖ Punctual.

Members of the NGEF Board

The NGEF Board comprises of six Government directors and one representation from the NGO and the Civil Society (CSO). Below are the Board Members:



Mrs. Esline Bule, Director General, Ministry of Climate Change

Mrs. Bule is the Chairlady to the NGEF Board. She joined the Fund in mid-2020. She was previously the Director of Meteorology and Geo-Hazard's Department.



Mr. Antony GARAE LIU, Director Department of Energy
He also serve as Deputy Chair to the NGEF Board. He joined the Fund as the Taskforce Chair in 2017 when the NGEF was operating as a Project under the Department of Energy.



Mr. Leith VEREMAITO, Director, Department of Local Authorities
He also served as the Vanuatu Rural Electrification Project Manager until early 2019.



Mrs. Rothina ILO NOKA, Director, Department of Women's Affairs



Mr. Jerryson LAPU, Director, Department of Strategic, Policy, Planning and Aid Coordination
DSSPAC also served under the NGEF Taskforce during the creation of the Fund.



Mrs. Dorothy ERICSON, Director, Department of Finance and Treasury



Mr. Willie MISSACK, Representative of CSO/NGO, Oxfam Vanuatu
This position is currently vacant after his contract ended on 30th June 2020.

Management Team

The intention of the NGEF organizational structure is to remain small with most of its activities delivered through financial and non-financial intermediaries. From time to time, the NGEF Board will endorse a pool of Technical Experts and an Advisory Committee to provide technical and advisory support to the Board and the Management team. Below are the first staff of the Fund:



Georgewin GARAE, NGEF Fund Manager
Mr. Garae is the first officer of the Fund and has served since November 2017 as the Project Manager and eventually as appointed to the position of Fund Manager in Feb 2019.



Hellen WILSON TOM, Finance and Administration Officer
Ms. Wilson is the second officer recruited by the NGEF Board in June 2020. She has previously served as Finance and Administration Manager of the Department of Energy for five years.



Joshua Chalapan NARI, Program Officer
Mr. Nari is the third Officer recruited by the NGEF Board in October 2020. He has previously served with the Department of Energy for four years. He is responsible with technical aspects of the Fund.

MESSAGE FROM THE CHAIR

It is my pleasure to present to the Ministry of Climate Change, the 2020 National Green Energy Fund (NGEF or Fund) Annual Report for the 12 months' period ended 31 December 2020.

As such, I am grateful to say that the Fund was successful in raising additional funding towards implementing the operationalization phase in 2020. A total of VUV100 million was appropriated by Parliament in December 2019 to extend funding for more RE and EE projects.

The Pilot Fund (COM Decision of 2019) funded Solar Home Systems (SHS) for two primary schools, one cooperative society and one Micro-Grid System (MGS) for one secondary school. The total funding of the four projects is VUV2.8 million. It was interesting to hear that one of the SHS is powering a water pump system for one of the primary schools.

In addition, the NGEF Board was able to approve nine MGSs and seven SHSs and funded by the 2020 New Project Proposal (NPP). These systems were installed in ten cooperatives, five primary schools and one secondary. The total funding for the projects is VUV15.2 million.

I am also pleased to report a total of 50 awareness and load assessments were completed with two very successful basic solar maintenance workshops that were organized for the MALAMPA and TAFEA beneficiaries. The detail of each project including the 2020 highlights are further explained in the Highlight section below.

Given the achievements, the NGEF faced a number of challenges. These included the COVID-19 and the TC Harold State of Emergency (SOE) that affected implementation from March to June. All operations of the Fund were stopped during the four months. By end of 31st December, funds from both the Pilot and 2020 NPP were rolled over to 2021.

At this juncture, may I take this golden opportunity to express my gratitude and acknowledgement to the Department of Cooperative and the Education Services Directorate for the smooth facilitation of applications received from the cooperatives and schools respectively. My appreciation is also extended to the Department of Energy for the support accorded during the awareness and load assessment activities and not forgetting your support through the BRANTV project to successfully fund the completion of a five-year Resource Mobilization and Financial sustainability Plan for the Fund. NGEF would also like to acknowledge the beneficiaries and the support from the Department of Energy through the VREP II subsidy project which standardized the technical design and installation of the solar PV installations funded by NGEF.

Last but not the least, the Fund wishes to extend its enormous appreciation to the Government of Vanuatu through the Ministry of Climate Change for making available VUV100 million during this period to extend the 'Operationalization' phase of the Fund.

I seek the usual collaborative team spirit from the Fund's delivery partners for 2021.


Esline Bule
Chair & Director General
Ministry of Climate Change



HIGHLIGHTS

This page presents the main achievements of the NGEF during the period January to December 2020.



NGEF Refurbished Office

One of the achievement for 2020 is the completion of the NGEF office refurbishment. Accommodated within the premises of the Ministry of Climate Change at Nambatu Area, the NGEF Office can accommodate up to six officers and two lavatories each for male and female officers. The office has been equipped with a network photocopier and connected to both the Government and a new Wi-Fi network. A street security light was successfully installed as a donation from Etech (Vanuatu) Ltd for lightings at night. Given limited spacing, a cooling system was also installed to provide a comfortable working space for the officers. NGEF staff moved to the new office in July 2020 from the Department of Energy's Building. The total cost of the refurbishment is VT2,203,880.



Staff Recruitment

The Fund was able to successfully formalize the appointment of the Finance and Administration Officer by June 2020 while the Program Officer joined on the 1st of October 2020.

The Finance and Administration Officer is responsible for finance and accounts and looks after the administration of the Fund. The Program Officer is responsible for technical support including load assessment and working with vendors on the design and installation of solar systems in approved sites by the NGEF Board. The Investment Officer's offer was rejected and had to be re-advertised in 2021.



NGEF 2020 NPP

The initial funding requested from the Ministerial Budget Committee (MBC) in 2019 was VT500 million to complete solar systems for households, public institutions and small businesses in off-grid areas for the next five years. It was to be disbursed equally for five years with the first VT100 million disbursed to the NGEF in 2020. During the extra ordinary session of December 2020, Parliament further approved the same figure for the 2021 period. Funding under this NPP will target RE and EE projects through the Fund's loan products.



New Memorandum of Understanding Signed

Lending to the rural areas is risky and financial institutions do apply high interest rates to mitigate risky activities or basically do not serve this population. Under these conditions, off-grid customers do not have an opportunity to access funds or are reluctant to access lending products. The decision of the NGEF Board to enter into MOUs is to assist the Fund in delivering and recovering its lending products to and from households, small businesses and public institutions through the coordination and accessibility of the MOU partner. The first MOUs were signed with the Department of Cooperatives and the Education Services Directorate. The NGEF Board further successfully signed an MOU with the Department of Tourism in December 2020 enabling rural tourism operators to access funding from the Fund.

Investment Projects Implemented

The 2020 Financial Year has seen an increase in the number of project approved by the NGEF Board and successfully installed even though TC Harold and COVID-19 SOE ceased operations during March to June.

1. Susiana Cooperative Society is located at Nikaura Village, East of Epi Island. The society



has 35 members with a Committee that oversees the operations. Cooperative projects such as this, were possible through an MOU signed between the Department of Cooperative and Business Development Services and the NGEF Board in November 2019.

2. Lamenaure is a French Primary School located at Lounapkalualua Village in Central Tanna Island. In 2019 while the Fund visited the school, there were 164 children supported by five teachers.



A smaller solar system used by the school was damaged during Cyclone Pam so the school had to depend on a generator to produce its electricity. With the support of NGEF, the school was able to install a new solar home system in 30 June 2020 that is

generating 1177WHs per day to address its electricity needs. School projects such as this, were made possible through an MOU signed between the Education Services Directorate and the NGEF Board in May 2020.

3. Mene Cooperative Society Limited is located at Baiap village in West Ambrym. It is one of the successful cooperative on Ambrym Island registered on 17th of March 1993 with the registration number 295. To date, it has registered 138 members. In July 2020, Mene was able to receive fund support from the Fund for the installment of a 4200WH per day Micro-grid at the premises in Baiap village. This support came with a 316-liter Deep Freezer, a cooler, a laptop and a printer including standard wiring and lights. The Committee and Management of Mene were pleased the support enabling them to expand

their sales into fresh fish and meat including improving accessing a 24hr electricity to support their book keeping system.

4. Tchimaie Cooperative Society Limited is another society that was supported by the NGEF in July 2020. Located at Craig Cove, West Ambrym, Tchimaie received a 4200WHs per day Micro-Grid system including a 316-liter Deep Freezer, a Cooler, a Laptop and a printer including standard wiring and lights. This cooperative was registered on 13th of August 1992 with 282 registration number. It has a total of 49 members. This cooperative is managed by a woman and is very successful.
5. Sakpisi Cooperative Society Limited is the third client of the Fund for Ambrym island and located at Endu village in the South Eastern part of the island. The society was registered in May 1992 and has registered a total of 46 members. Sakpisi is privilege to receive from the NGEF funding support a 1176WHs per day Solar Home System, a deep freezer, a laptop and a printer including standard wiring and lights installed in the building.
6. Laharis Cooperative Society Limited is the first client of the NGEF for Paama Island. Located at Liro station, this cooperative has been registered in May of 1992 and to date, has a total of 61 active members. The Cooperative was able to access a 1176WHs per day Solar Home System that come with a standard wiring and light system, a cooler, a laptop and a printer.
7. Malvahal cooperative Society Limited is located in the Southern tip of Malekula Island without any access to land transportation routes. This area is only accessible by small boats. Registered in August 1992, it has a total of 59 active members. The society was able to access funding support from the NGEF for the installment of a 1173WHs per day Solar Home System that came with its standard wiring and lights but also included a 316-litre deep freezer, a laptop and a printer.



8. Lambubu Cooperative Society Limited is a workers cooperative employed by the Lambubu Cocoa Plantation at central Malekula Island. Registered in August 2002, the cooperative has a total of 101 members. Lambubu cooperative is located at the Lambubu Cocoa Plantation Headquarter. This cooperative has been recently revived by the Department of Cooperatives and was privileged to receive the installation of a 2347WHs per day Solar Home System including standard wiring and LED lights plus a cooler, a deep freezer, a laptop and a printer.
9. Sarmette Cooperative Society Limited has received one of the biggest Micro-grids systems that was funded by NGEF for cooperatives. This 7310WHs per day system was able to provide power to lights, a 316-litre deep freezer, a cooler, a laptop and a printer. The system also provides power to a coconut grinding machine to assist the members produce virgin coconut oil. It is one of the focused projects dealing with value addition and is generating additional income to support the members. Sarmette Cooperative was registered in April 1992 with a total 31 members, mostly employees of the Mapest Plantation on Malekula Island. This is another cooperative managed by a woman.
10. Tontar Saving Cooperative Society Limited is a saving and loan cooperative and is located in the Northern tip of Malekula Island. The cooperative was registered in 2012 and to date

has a total of 400 members. With the support of the Fund, Tontar was able to install a 4200WHs per day micro grid system to supply power through a standard wiring and lights system including a deep freezer, a cooler, a laptop and a printer.

11. Enkataley Primary School is another beneficiary of the fund. It is located in the eastern side of Tanna Island at Enkataley Village. The school has enrolled a total of 100 students in 2020 and are the beneficiaries of the 2347WHs per day Solar Home System. This support came with a standard wiring of the administration building including class rooms. Staff housing are not connected.
12. Three Hands Cooperative Society Limited is the first cooperative from PENAMA Province to receive funding support from the NGEF. It is one of few cooperatives that were registered prior to Vanuatu's Independence. It was a very successful cooperative of the Province but faced management issues in the early 20s and almost went bankrupt. With the support of the Department of Cooperative, the society was able to function again and a request for a solar system was lodged to the Board. A 4200WHs per day micro-grid system as installed with standard wiring and lights plus two (316litres) deep freezers, a cooler, a laptop and a printer which were all funded by the Fund.
13. Hog harbor Secondary School is first secondary school to access funding from the NGEF. Located a few hundred meters away from the Hog harbor village in East Santo, the school has been privileged to receive two separate 10735WHs per day micro-grid system with a total of 21400WHs per day. A standard wiring was constructed to connect the dining hall, the office administration, all the classrooms, boys and girl dormitories and ablution blocks plus a computer Lap. The system was completed just before the Christmas celebration; however, a launching ceremony is yet to be finalized in 2021.
14. Iatap Primary School is another beneficiary of Fund for SW Tanna Island. With a registered 120 students' enrollment, this school has faced difficulties in accessing consistent electricity to operate its printing/photocopy machine and more importantly uploading daily school reports onto the Open VEMIS system of the Ministry of Education. Accessing fuel for their generator has been difficult and expensive due to poor and distant road conditions during rainy days. With the support of NGEF, the school was able to access a 2347WHs per day Solar Home System that came with all wiring and lights for most of the buildings.
15. Uripiv Primary School is located at Uripiv Island outside the Lakatoro commercial area in Central Malekula. This school was a happy recipient of the NGEF's support when a 2353WHs per day Solar Home System including wiring and lights were installed at the school. The school enrollment in 2020 is 119 student for the primary school and 31 for its preschool. The school principal no longer travels to Lakatoro to do her usual printing and uploading her daily report as all these are done at the school premises. The system is supplying the administration building and two classrooms for the time being. Future connection to the remaining two buildings including a library to be completed in the next phase of the project.
16. Robin Memorial Primary School is the only successful beneficiary of the Fund from Torba Province in 2020. Located in Loh Island, the school is privileged to receive support from NGEF for the installation of a 4200WHs per day micro-grid system that included a

complete wiring of buildings including lightings. Even though not fully operational by December 2020, the school is pleased with the system to provide electricity for their printing/photocopying, daily upload of reports on to the OPEN VEMIS system and allow teachers to prepare classes at night including night classes for the students.

17. Marus Cooperative Society Limited is another beneficiary from SE Malekula. Located at Burbar village, the Cooperative was successful through the NGEF funding to install a 4200WHs per day micro-grid system. The support also covered a 316 Litres deep freezer, a cooler, a laptop and a printer, all connected to a standard wiring system with LED lights for the shopping room and security lights for outdoor. The society was registered with the Cooperative Registrar in May 2002 with a total of 89 active members to date. The Manager recently stated and I quote 'Our solar system is operating at 100%' when NGEF requested feedback from them.
18. Lini Memorial College is the second Secondary School to receive funding support from the NGEF. Located in the northern tip of Pentecost Island, the college was very happy to receive a 7819WHs per day micro-grid system that came with a complete wiring of buildings and lightings. This investment is an upgrade from a smaller system previously installed but was overloaded most of the times due to the high demand for electricity. The system has contributed to improved times for teachers preparation of lessons including printing/photocopy and have tremendously reduced their fuel costs using a generator. The generator is currently kept as a backup.
19. Fetukai Primary School
One of the very first solar water pump went to Fetukai Primary School. It is located at Middlebush, Tanna Island and has been categorized as a Centre school. Having experienced water issues, the school council approved for the NGEF to support the school with a complete solar water system. The school was pleased when Savvy Solar installed the system just before the Christmas celebration in 2020.
20. Lerawo Primary School is located in the northern tip of Malekula Island. NGEF team travelled to the school and provided information to the school for possible support by NGEF. Acknowledging the VREP II products for the first time, the Committee decided to fund 100% of the cost of a 1173WHs per day solar home system, however, NGEF will assist in facilitating the installation. The school is now considering increasing the size of the system into a micro-grid system to complete all the classrooms and staff housing.

THE NGEF BOARD APPROVAL PROCESS

It is important to mention that all the applications go through an assessment and approval process of the NGEF Board that has improved in 2020. It includes the following steps;

1. Awareness and Load Assessment are completed on site by NGEF/DoE. If a direct request is received by NGEF, a load assessment must be completed on site;
2. A formal letter of request approved by the applicant's committee or council is submitted to NGEF;
3. In supporting the applicant, NGEF collects Three Quotes only from the registered VREP Suppliers;

4. Applicant select and approves the preferred quote;
5. Application is assessed and recommendation presented to the NGEF Board;
6. Board considers and approves request;
7. Letter of Offer is issued to successful Applicant;
8. In accepting the Offer, a 17% Deposit is paid by applicant directly to selected supplier;
9. Loan Agreement is prepared and signed by NGEF Board and Applicant's Representatives;
10. LPO is prepared and submitted to the selected Supplier completing the remaining 83% of the total quotation cost;
11. Supplier prepare, transport and install system on site; and
12. Project is tested, commissioned and launched.

It is important to note that the NGEF process has expanded the VREP II project to include wiring and lights including funding other additional appliances but more importantly, it has added the load assessment activity prior to designing and approving the solar system. This activity was not properly undertaken previously and did contributed to incorrect solar system purchased.

Additionally, a basic Maintenance Training workshop is also delivered in the process to all beneficiaries of the Fund. The first two trainings were delivered in Lenakel, Tanna and Lakatoro, Malekula for both TAFEA and MALAMPA beneficiaries in 2020.

BASIC SOLAR MAINTENANCE TRAINING

Following the feedback from the Awareness activities to include basic maintenance training, the Secretariat with the two VREP II Suppliers through the endorsement of the Board, successfully delivered two solar maintenance Workshops in Tanna and Malekula. The topics covered in the course included:

1. Load Assessment
2. Documentation
3. Warranty
4. Personnel/Staff
5. Components of a solar PV system
6. Start Up/Shut Down Procedure
7. Safety consideration
8. Maintenance
9. Troubleshooting
10. Grievance

The Loan Agreement document was also covered during the three-day workshop. The participants expressed satisfaction on the workshop and stated that it has improved their knowledge on how to look after the solar systems and at the same time understand their duties and responsibilities during the validity of their respective loan term.

2020 PRIORITIES AND ONGOING ACTIVITIES

The priority of the NGEF in 2020 is to continue raising additional funds towards the operationalization phase. Below are the activities of the 2020 Work Plan towards achieving the stated priorities.

Administrative Activities

Develop a Staff Manual and Review the Operation Manual

The Fund began implementing three projects in late 2019 and twenty implemented in 2020. With the growing experience and the need to increase the number of staff to accommodate the workload, a Staff Manual was initiated to be completed in 2020 including the review of the Appendix Section of the Operations Manual following improvement in information collection.

However, due to the impact of COVID-19 and TC Harold SOE, the Secretariat was not able to complete these two documents. The latter half of the year focused primarily on implementing RE and EE projects, given the 2020 NPP funding availability. The two documents have been included in the 2021 Work Plan.

Staff Recruitment

As mentioned in the Highlights above, an Administration and Finance Officer was successfully recruited to the Fund in June 2020. Similarly, in October 2020 a new Program Officer was also recruited.

The Secretariat also completed a Terms of Reference (TOR) for a new Investment Officer to also join the Fund. An advertisement was published in the Media and a total of seven applications were received. An evaluation was carried out by the appointed Panel and recommended for the position to be re-advertised. In August, Board meet and requested for an immediate facilitation to recruit the officer as soon as possible. With the support from internal staff, an application was received meeting the criteria of the position and an offer letter was issued in December 2020. Unfortunately, the offer was turned down due to the salary package not meeting the candidate. The Board will make a decision on the position in the New Year. This absence of an investment officer has contributed activities not being achieved during the year.

Operation Activities

Awareness and Load Assessment

One of the key activities of the Fund during the period is getting the potential beneficiaries to know and access its concessional loan product. This activity covers 10 awareness programs planned for TAFEA and MALAMPA as priority Provinces for 2020. NGEF received support from the Department of Energy to complete this activity.

The other important activity is load assessment. Load assessment determines the design and sizing of a solar system. It contributes to cost saving and reduces remorse decisions. There are technical officers of the NGEF and the DoE to complete this activity.

Below is a summary of results for both the Awareness and Load Assessments in 2020;

Date	Islands	No. of Institutions Visited	Feedback
14 – 15 th Feb	Ambrym & Malekula	3 secondary Schools & 2 primary schools	1 primary school and 1 secondary school responded
27 April to 5 May	Pentecost Santo Torres Group	2 Secondary Schools & 3 Primary schools	Three school has already submitted an application
29 May to 12 June	Paama Ambrym Malekula	15 Coop Societies 6 Primary Schools	11 coops responded with an application while 3 responded from primary schools.
25/26 th Aug 5 th Sept	Epi	3 Primary School 1 Secondary Schools	Letter of request received from the secondary school.
26 th – 31 st October	Tanna	1 general awareness 5 cooperative 9 Primary Schools	Five primary schools have submitted applications
TOTAL	8	50	25 responded

A case study visitation to installation sites was also organized for Tanna, Ambrym and Malekula as a promotional event for successful beneficiaries. However, it fall short with only one case study Press Release completed for Lamenaure Primary School in central Tanna. This activity was a replacement of the three launching programs that were not completed due to Board members tight schedules.

Board Meetings

A total of six board meetings were convened in 2020 plus three Flying Minutes. There were no meetings organized between March and June due to the SOE declaration to manage COVID-19 and TC Harold.

Basic Solar Maintenance Workshop for TAFEA and MALAMPA Province

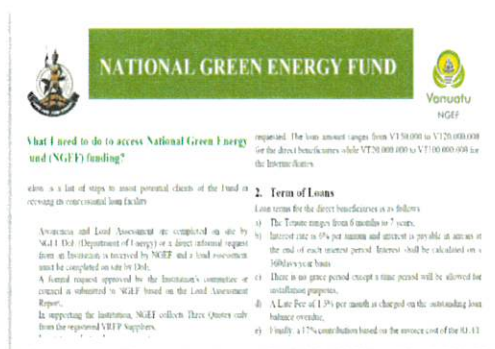
As mentioned in the Highlight above, two trainings were organized at Lenakel and Lakatoro for the NGEF beneficiaries of the two provinces. A total of 20 participants attended the Lenakel workshop while 19 participants attended the Lakatoro.

Marketing and Promotion



There was no proper marketing and promotional activities planned for 2020 other than the awareness that were undertaken. A number of press releases were planned for and to be published in the media including launching activities, however, the Secretariat managed to complete three and were published in the Vanuatu Daily Post. They included the Futuna Fishermen's Coop, the Ikiti French Primary School and the Lamenaure French Primary School in Tanna. Case studies for Paama, Ambrym and Malekula have been deferred due to responsible officer's falling sick.

Brochure



To assist potential beneficiaries of the Fund, the Secretariat created a lending leaflet to provide information on the approval process, the terms and conditions of a loan and two examples of how the loan is calculated. This document has been circulated via our office, emails and during the 50 awareness activities undertaken in 2020.

This leaflet is an addition to a previous brochure about the Fund.

This program needs to be strengthened in the new year, given the limited access to information the Fund is presenting.

Capitalization Activities

Office Building

The former DoE Branch office was eventually refurbished to standard working condition for the NGEF staff. It can accommodate up to six staff for the time being.

Office Furniture

The Fund purchase three office desks to accommodate the three officers including three office chairs and a filing cabinet to support the administration in its filing system.

Office Equipment

Three laptops including three monitors were also purchased to support the staff with each officer's table equipped with three Yealink T27G telephones. Other equipment purchased included a new air condition equipment to provide comfort in the small office including a network printer connecting all three staff.

Pilot Fund

The balance brought forward to 2020 is VT20,016,728. The Fund funded solar systems for Susiana Cooperative Society on Epi, Lamenaure French Primary school on Tanna, a solar water pump for Fetukai Primary school on Tanna and Lini Memorial Collage on Pentecost. The cost of the total investment is VT2,845,607.

2020 NPP Fund

Following the NGEF Board Meeting of 22nd January, a decision was made to allocate VT10 million from the NPP to support the operations of the Fund and allow for recruitment of three additional officers – Finance/Administration, Program and Investment.

The total RE and EE investment fund is VT90 million. It was allocated to a banking institution to offer on-lending activities to households, small businesses and public institutions while VT40 million to connect micro grids to secondary schools and VT20 million to meet cooperative societies' energy needs.

By 31st December 2020, a total of VT15,243,640 was committed to fund solar systems for one secondary school and six primary schools and ten cooperative societies. The details of which are explained in the highlight section above.

Therefore, funding from the 2020 Pilot and NPP were rolled over to 2021 totaling to VT92 million to specifically financed RE and EE projects. The roll-over was made possible through the NGEF Project code 17C163 treating the funding as project funds.

Financial Activities

2020 Budget and Actual Implementation

The 2020 Budget Estimate and the Implementation Plan were approved by the NGEF Board in January 2020. The Budget Estimate as stated in the table below was finally signed on 31st January 2020.

Total Budget Summary

	Inflows	Amount (Vatu)
I	Revenue	140,535,581
	Outflows	
II	Administrative Expenditure	15,565,353
III	Operating Expenditure	7,881,000
IV	Financial Expenditure	1,605,500
V	Capital Expenditure	115,483,728
VII	TOTAL Outflows	140,535,581

Summary of Projects Targeted, Approved and Implemented

Beneficiaries	Targets	Approvals	Implements	NGEF Loans	Principle Repayment	Interest
Cooperative societies	26	16	11	9,008,905	644,174	125,840
Primary Schools	52	10	6	2,941,459	0	0
Secondary Schools	12	4	2	5,990,409	0	0
Project Funds	110,016,728	38,387,248	20,712,073*	17,940,773	644,174	125,840

* Inclusive of VREP II Subsidy.

The uncommitted funds at the end of the year relating to projects is VT92,078,955 that was brought forward to 2021.

Creating the NGEF Financial System

A number of meetings were convened to create a system that runs in parallel with the Government Finance system. With the support of the FMIS team under the Department of Finance and Treasury, NGEF was able to develop a financial system that connects its beneficiaries from both grid and off-grid areas. During the period, beneficiaries of the Fund were able to make their loan repayments through the Financial Services Bureau (FSBs) located in the six provincial headquarters. The Ministry of Finance also provided a Government Island Revenue Account from the National Bank of Vanuatu to be used by beneficiaries who do not access FSBs. This account is accessible; however, reconciliation may take a while before NGEF can confirm receipts of payment. This is useful because a number of the beneficiaries only

access NBV branches. The Fund has received approval from the Ministry of Finance to open an NGEF bank account at the NBV but is yet to be issued.

Publishing the 2019 Annual and Audit Reports



In accordance with Section 21 of the NGEF Act No.10 of 2018, the Board must prepare a financial statement in respect of the financial year in accordance with the Generally Accepted Accounting Principles, and certified reports submitted to the Minister responsible.



The 2019 Financial Statements and the Annual Report were approved by the Board and by end of June 2020 the accounts were finally audited by AJC Chartered Accountants following a contract signed by the Auditor General's Office for AJC to carry out audit on the NGEF Accounts for a period of three year. Both reports were published in the Department of Energy's website (www.doe.gov.vu).

FUTURE OUTLOOK

The 2020 financial period could have been better; however, given the COVID-19 and TC Harold SOE, the Fund was able to implement twenty new projects. This translated into achieving eleven small business and 9 public institutions accessing electricity using solar energy as stipulated in the NERM targets. More importantly, the solar investment saves CO2 emissions by 185kg per day or 68 tons per year.

It was able to undertake two basic solar maintenance workshop for the twenty beneficiaries. The refurbishment of the office with equipment and furniture allowed the staff to access space that was not available within the DoE.

The delay in recruiting the investment officer and a new Marketing officer due to unavailability of human resource will continue to hinder progress in terms of implementing more RE and EE projects. This delay can also lead to Parliament delaying additional funding that were earmarked until 2024.

Thus, the New Year will continue to address these challenges, improve on marketing and promotion and be able to increase the number of implemented projects in off-grid areas.

2020 Appendix Section

2020 Audited Financial Statements



PROJECT BACKGROUND

The National Green Energy Fund (herein – NGEF, Project or Fund) is more than 3 years since its establishment as a financing mechanism of the Government of Vanuatu to support the implementation of the updated National Energy Road Map (NERM). The 2020 year has been another successful period of the Fund in attracting funding from domestic sources to implement renewable energy (RE) sources of electricity and energy efficiency (EE) end-use investments following the NERM targets.

PROJECT STATUS

The year 2020, it has been allocated for fundraising activities including the operationalization of the Fund. In 2019, the Ministerial Budget Committee (MBC) successfully endorsed VUV 100 million from the Government's New Policy Proposal (NPP) budget for the NGEF to provide loan to Cooperatives and Schools for RE and EE investments in the six provinces. In 2020, the Fund has mainly focused in TAFEA and MALAMPA provinces.

By the end of 2020, there were eleven (11) Cooperatives and eight (8) schools that has successfully access loans through the Fund compared to two primary schools and one cooperative society in 2019. The Cooperatives and Schools have purchase VREP II solar system with capacity ranging from 2249-4200 Wh per day Solar Home System and micro grids ranging from 7000-21470 Wh per day. The total costs of these nineteen (19) projects are VUV 17,123,132.

The delivery of future financial products of the NGEF to the Department of Tourism and Education Services Directorate has been made possible through a Memorandum of Understanding (MOU) that was signed by the Director of the Department of Education Services and the Chairman of the NGEF Board in May 2020 and in October 2020 MOU was signed by the Director of the Department of Tourism and the Chairwoman of the NGEF Board. These MOU will support repayment of funds borrowed at concessional rates but more importantly establish a mechanism for schools and rural bungalows to have access to affordable, reliable and sustainable electricity provided by RE sources. A similar arrangement is underway with the Ministry of Health and Ministry of Lands and Natural Resources.

A blue ink signature of Ms Esline Garaebiti.

Ms Esline Garaebiti
Chairwoman of NGEF Board

Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Environment & Energy



30 June 2021

Independent Auditor's Report

To the Office of the Auditor-General

The Auditor-General is the auditor of the National Green Energy Fund. Under the Expenditure Review and Audit Act [CAP 241], the Auditor-General has appointed Martin St-Hilaire of AJC to undertake the audit of the National Green Energy Fund for the year ended 31 December 2020.

Opinion

We were engaged to audit the financial statements of the National Green Energy Fund, which comprise the statement of cash receipts and payments of the National Green Energy Fund (herein - the Fund), the statement of comparison of budget and actual amount, and the accounting policies and notes to the financial statements for the year ended 31 December 2020.

In our opinion, the accompanying financial statements are free from material misstatements including omissions and errors and are fairly presented in all material respect in accordance with the International Public Sector Accounting Standard: Financial Reporting under the Cash Basis of Accounting (herein - IPSAS Cash Basis) and comply with the Public Finance and Economic Management Act [CAP 244], the NGEF Act No.10 of 2018, the Government Contracts and Tenders Act [CAP 245], and Vanuatu Financial Regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards of Auditing (herein - ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the Financial Statement* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Vanuatu, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IPSAS Cash Basis, the Public Finance and Economic Management Act [CAP 244], the NGEF Act No.10 of 2018, the Government Contracts and Tenders Act [CAP 245], and Vanuatu Financial Regulations, and for devising and maintaining such a system of internal control as management determines is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Port Vila,

30 June 2021

Yours sincerely,



Martin St. Hilaire, MBA, CPA Auditor, CA

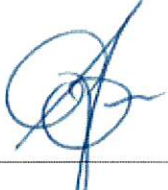
AJC – SAINT HILAIRE & Associates
(Qualified auditors under Section 130 of the
Companies Act No.25 of 2012 of the Republic
of Vanuatu)

NATIONAL GREEN ENERGY FUND

**STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in VUV)

	Notes	2020	2019	2018	Consolidated Project Total
		Receipt/(Payment)	Receipt/(Payment)	Receipt/(Payment)	
		(VUV)	(VUV)	(VUV)	
		12 Months	12 Months	18 Months	30 Months
CASH RECEIPTS					
Government Fund	2	100,000,000	30,000,000	7,300,000	137,300,000
Loan Repayment - Principal	3	763,682	-	-	763,682
Loan Repayment - Interest	3	147,372	-	-	147,372
TOTAL CASH RECEIPTS		100,911,054	30,000,000	7,300,000	138,211,054
CASH PAYMENTS					
Administrative Expenditures	4	8,462,096	6,569,353	2,850,332	16,881,751
Operating Expenditure	5	2,684,160	657,448	838,054	4,179,662
Capital Expenditure	6	21,820,416	1,983,272	202,750	24,006,438
TOTAL CASH PAYMENTS		32,966,672	9,210,073	3,891,136	45,067,881
CASH RECEIPTS LESS CASH PAYMENTS		67,944,382	21,789,927	3,408,864	93,143,173
INCREASE/(DECREASE) IN CASH		67,944,382	21,789,927	3,408,864	93,143,173
Cash at 1 January		25,198,791	3,408,864	-	
Cash at 31 December	7	93,143,173	25,198,791	3,408,864	93,143,173



Ms Eslino Garaebiti
Chairwoman of NGEF Board
Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Environment & Energy



30 June 2021

This Statement is to be read in conjunction with the accompanying notes and accounting policies.

*Statement of Comparison of Budget and Actual Amount
(Expressed in Vatu)*

Notes	2020			2019			2018			CONSOLIDATED PROJECT		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	TOTAL ACTUAL	TOTAL BUDGET	TOTAL VARIANCE
	VUV	VUV	VUV	VUV	VUV	VUV	VUV	VUV	VUV	VUV	VUV	VUV
	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	18 Months	18 Months	18 Months	30 Months	30 Months	30 Months
CASH RECEIPTS												
Government Fund	100,000,000	140,416,585	-40,416,585	30,000,000	18,200,528	11,799,472	7,300,000	7,300,000	-	137,300,000	165,917,113	-28,617,113
Loan Repayment - Principal	644,174	-	644,174	-	-	-	-	-	-	644,174	-	644,174
Loan Repayment - Interest	125,840	118,996	6,844	-	-	-	-	-	-	125,840	118,996	6,844
TOTAL CASH RECEIPTS	7	100,770,014	140,535,581	30,000,000	18,200,528	11,799,472	7,300,000	7,300,000	-	138,070,014	166,036,109	-27,966,095
CASH PAYMENTS												
Administrative Expenditure	7,935,006	15,565,353	(7,630,347)	5,569,353	12,959,528	(7,390,175)	2,850,332	3,980,000	(1,129,668)	16,354,691	32,504,881	-16,150,190
Operating Expenditure	3,241,829	9,486,500	(6,244,671)	657,448	4,071,000	(3,413,552)	838,054	2,840,000	(2,001,946)	4,737,331	16,397,500	-11,660,169
Capital Expenditure	21,702,233	115,483,728	(93,781,495)	1,983,272	1,170,000	813,272	202,750	480,000	(277,250)	23,888,255	117,133,728	-93,245,473
TOTAL CASH PAYMENTS	8	32,879,068	140,535,581	8,210,073	18,200,528	(9,990,455)	3,891,136	7,300,000	(3,408,864)	44,980,277	166,036,109	(121,055,832)
NET CASH FLOWS												
	67,890,946	-	67,890,946	21,789,927	-	21,789,927	3,408,864	-	3,408,864	93,089,737	-	93,089,737

Accounting Policies and Notes to the Financial Statements

1. Accounting Policies

a. Reporting Entity

The National Green Energy Fund Board is responsible for the efficient and proper management and control of the monies of the Fund. One of the main functions of the Board is to approve the annual report on the operations of the Fund following the NGEF Act No.10 of 2018.

b. Authorization Date

The financial statements of the Fund are for the year ended 31 December 2020 and were authorized for issue on 20 June 2021 by the NGEF Board. No other body has the power to amend these financial statements once they have been issued.

c. Basis of Preparation

The Financial statements of the Fund have been prepared in accordance with the NGEF No.10 of 2018 and comply with the IPSAS: "Financial Reporting under the Cash Basis of Accounting" for the year ended 31 December 2020.

d. Presentation currency

The financial statements are presented in Vatu (VUV).

e. Foreign currency

There is no foreign currency involvement in this audit period.

f. Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The National Green Energy Fund Revived VUV 100 million in 2020 from the Government New Policy Proposal (NPP), VUV 10 Million for its operations and VUV 90 Million to implement projects around Vanuatu. Payments are committed through the Smart Stream payment system under the authorization of the NGEF Secretariat and in accordance with the approved annual budget by the NGEF Board.

These transactions have been disclosed in a separate column in the "Statement of cash receipts and payments".

g. Property, Plant & Equipment

Purchases of assets have been included in the Statement of Cash Receipts and Payments under office equipment and furniture's and separately disclosed in Note 5 to the financial statements. Fixed assets are stated at cost at the date of purchase.

There are no fixed assets purchased on hire purchase schemes and no depreciation being charged.

h. Budget

The budget is prepared on a cash basis when cash is expected to be received and paid. The classification of the budget is prepared on the common revenue sources and expenditure is classified on the nature of expenditure normally incurred by the Fund. Office equipment and furniture are treated as part of capital expenditure.

The 2020 budget was approved by the NGEF Board on 16th of December 2020 with a total of VUV 140,535,581. It is developed on the same accounting basis, classification basis, as the financial statements. The budget presented has been prepared for the 12 months' financial period.

i. Changes in Accounting Policies

There are no changes in the accounting policies during the audit year.

j. Comparatives

These financial statements are for year ended 31 December 2020. The comparative figures are for the period ended 31 December 2019.

2. Government Fund

Funding for the operationalization of the NGEF is being met by the Government through the Fund of the Luganville Electricity Management Contract and approved by the CoM in May 2019 and New Policy Proposal that was submitted and approved in 2020. The total funding of VUV 100 million received in this reporting period, VUV 90 million to cover RE and EE projects and VUV 10 million allocated to support the operations of the Fund.

3. Administrative Expenditure

(Expressed in VUV)

	2020 12 MONTHS	2019 12 MONTHS	2018 18 MONTHS
Responsibility Allowance	-	-	196,615
Provident Fund	255,151	198,160	89,148
Consultants Fees	-	121,210	2,564,569
Housing Allowances	600,015	433,856	-
Permanent Wages	7,079,840	4,504,127	-
Audit Fees	-	312,000	-
Total	7,935,006	5,569,353	2,850,332

4. Operating Expenditure

(Expressed in VUV)

	2020 12 MONTHS	2019 12 MONTHS	2018 18 MONTHS
Subsistence Allowances	375,000	105,000	50,000
Sitting Allowance	154,555	100,000	42,000
Other Fees	345,000		
Vehicles Fuel	54,762	35,000	-
Office Cleaning	47,636		
Facilities Hire	-	25,500	25,000
Advertising - Communications	120,735	71,305	88,652
Internet and Satellite Communications	67,099		
Printing - Communications	9,483		
Stationery - Communications	203,741	58,977	49,452
Telephone/Fax- Communications	67,236	10,000	-
Other Rental	70,518		
Incidentals	251,650	4,910	44,710
Official Entertainment	29,895	21,000	78,222
Equipment Repairs & Maintenance	14,600	-	22,000
Food - Suppliers	25,000	9,550	86,620
Ration Suppliers	-	4,555	-
Local Travel	1,490,551	206,264	151,398
Electricity Utilities	35,393		
Water Utilities	9,906		
Local Workshops	-	-	200,000
General - Materials	-	7,387	-
Value Added Tax	(130,931)		
Total	3,241,829	657,448	838,054

5. Capital Expenditure

(Expressed in VUV)

	2020 12 MONTHS	2019 12 MONTHS	2018 18 MONTHS
Other Advances - Drawdowns	17,234,471		
General-Materials	1,483,017		
Buildings Repairs & Maintenance	1,005,600		
Equipment-Computer	673,788		140,980
Equipment- Photocopiers	722,809		
Furniture - Office Furniture	544,301		61,770
Equipment - Additional General	38,247	1,983,272	-
Total	21,702,233	1,983,272	202,750

6. Closing Cash Balance

(Expressed in VUV)

	2020 12 MONTHS	2019 12 MONTHS	2018 18 MONTHS
Made up as follows:			
SmartStream Central account	93,089,737	25,198,791	3,408,864
Total	93,089,737	25,198,791	3,408,864

7. Revenue Variance between Budget and Actual

The difference of VUV -39,765,567 represents the actual amount received being less than the period budget. The variance relates to the 2019 balance estimates during budget planning with other estimate revenues that the Fund was planning to receive during the reporting period. In February 2020, the Fund only received funding from the Government New Policy Proposal of VUV 100 Million. There was no other funding received as planned during the reporting period that resulted in overestimated budget planning for the reporting period.

8. Expenditure Variance between Budget and Actual

The fund underspends VUV 107,656,513 against the annual budget of VUV 140,535,581. This is due to number of activities that has not been implemented yet such as the recruitment of two additional officers, delay in response from interested client, full-time technical officer for the load assessment for interested clients for the project and supply and installation of solar system from the VREP II registered vendors. Above all, COVID-19 stopped operations of the Fund from March to June.

9. Imprest Account

As at 31 December 2020, there were no outstanding imprest for the Fund (2019: Nil).

10. Subsequent Events

Subsequent to year-end is the worldwide coronavirus pandemic. As of the date of issuance of these financial statements, the full impact of the pandemic to the Project is not known.

There were no subsequent events for the period ended 31 December 2020.

11. Related Parties

There were no related party transactions during the year ended 31 December 2020 (2019: Nil).

