

FINANCIAL STATEMENT
FOR THE
NATIONAL GREEN ENERGY FUND -
17C163

For the Year Ended 31 December 2019

Prepared Under IPSAS: Financial Reporting Under the Cash Basis Accounting

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PROJECT BACKGROUND

The National Green Energy Fund (herein – NGEF, Project or Fund) is more than 2 years established financing mechanism of the Government of Vanuatu to support the implementation of the updated National Energy Road Map (NERM). The 2019 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 2019 has been allocated for fundraising activities including the operationalization of the Fund. In May 2019, the Council of Minister's (CoM) successfully endorsed VUV 30 million from the Government Fund of the previous Luganville Electricity Management Contract for the NGEF to pilot RE and EE investments in the six provinces.

By the end of 2019, three VREP II with capacity of 2249Wh per day Solar Home System were funded under the Pilot Fund to Ikiti Primary School in SW Tanna, Neramb Primary School in SE Malekula and Futuna Fishermen's Cooperative at Mission Bay on Futuna. The total costs of these three projects are VUV 1,987,770.

The Fund was also privileged through the support of the Ministry of Climate Change to have received approval by the Ministerial Budget Committee in August 2019 for an amount of VUV 100 million that was appropriated by Parliament in December 2019 under the 2020 New Project Proposals (NPP) of the Vanuatu Government.

The delivery of future financial products of the NGEF to the Vanuatu Cooperative Movement has been made possible through a Memorandum of Understanding (MOU) that was signed by the Registrar of Cooperative and the Chairman of the NGEF Board in Nov 2019. This MOU will support repayment of funds borrowed at concessional rates but more importantly establish a mechanism for members of the Cooperative movement to have access to affordable, reliable and sustainable electricity provided by RE sources. A similar arrangement is underway with the Education Services Directorate.

Finally, but not the least, I am pleased to state that the new Luganville Concession Deed that was signed by the Luganville Provider and the Government of Vanuatu in July 2019 recorded another milestone towards funding to be provided on an annual basis to support the operations of the Fund.



Ms Eslie Garaebiti
Chairwoman of NGEF Board

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



21 August 2020

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 2019.

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 2019.

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,

21 August 2020

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 2019**

(Expressed in VUV)

	Notes	2019	2018	Cumulative
		Receipts/Payments	Receipts/Payments	Receipts/Payments
		12 Months	18 Months	30 Months
CASH RECEIPTS				
Government Fund	2	30,000,000	7,300,000	37,300,000
TOTAL CASH RECEIPTS		30,000,000	7,300,000	37,300,000
CASH PAYMENTS				
Administrative Expenditure	3	5,569,353	2,850,332	8,419,685
Operating Expenditure	4	652,950	838,054	1,491,004
Capital Expenditure	5	1,987,770	202,750	2,190,520
TOTAL CASH PAYMENTS		8,210,073	3,891,136	12,101,209
CASH RECEIPTS LESS CASH PAYMENTS		21,789,927	3,408,864	25,198,791
Cash at beginning of yeaser		3,408,864	-	-
Increase/(decrease) in cash		21,789,927	3,408,864	25,198,791
CASH AT THE END OF YEAR	6	25,198,791	3,408,864	25,198,791



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

21 August 2020

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



Vanuatu
NGEF

NATIONAL GREEN ENERGY FUND
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in VUV)

Notes	2019				2018				Cumulative					
	ACTUAL		BUDGET VARIANCE		ACTUAL		BUDGET VARIANCE		TOTAL ACTUAL		TOTAL BUDGET		TOTAL VARIANCE	
	VUV	12 Months	VUV	12 Months	VUV	18 Months	VUV	18 Months	VUV	30 Months	VUV	30 Months	VUV	30 Months
CASH INFLOWS														
Government Fund	30,000,000	18,200,528	11,799,472	-	7,300,000	7,300,000	-	-	37,300,000	25,500,528	11,799,472			
TOTAL CASH RECEIPTS	30,000,000	18,200,528	11,799,472	-	7,300,000	7,300,000	-	-	37,300,000	25,500,528	11,799,472			
CASH OUTFLOWS														
Administrative Expenditure	5,569,353	12,959,528	(7,390,175)		2,850,332	3,980,000	(1,129,668)		8,419,685	16,939,528	(8,519,843)			
Operating Expenditure	652,950	4,071,000	(3,418,050)		838,054	2,840,000	(2,001,946)		1,491,004	6,911,000	(5,419,996)			
Capital Expenditure	1,987,770	1,170,000	817,770		202,750	480,000	(277,250)		2,190,520	1,650,000	540,520			
TOTAL CASH PAYMENTS	8,210,073	18,200,528	(9,990,455)		3,891,136	7,300,000	(3,408,864)		12,101,209	25,500,528	(13,399,319)			
NET CASH FLOWS	21,789,927	-	21,789,927		3,408,864	-	3,408,864		25,198,791	-	25,198,791			

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

**NATIONAL GREEN ENERGY FUND
ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019 and were authorized for issue on 29 April 2020 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 Act No.10 of 2018 and comply with the IPSAS: “Financial Reporting under the Cash Basis of Accounting” for the year ended 31 December 2019.

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 30 million in 2019 from the Luganville Electricity Management contract for its operations and implement pilot 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.

**NATIONAL GREEN ENERGY FUND
ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 normal operational expenditure.

The 2019 budget was approved by the NGEF Board on 16th of November 2018 with a total of VUV 18,200,528. 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 2019. The comparative figures are for 18 months period ended 31 December 2018.

2. Government Fund

Funding to pilot the operationalization of the NGEF is being met by the Government Fund of the Luganville Electricity Management Contract and approved by the CoM in May 2019. The total funding of VUV 30 million received in this reporting period, VUV 22 million to cover RE and EE projects and VUV 8 million allocated to support the operations of the Fund in year 2019 and 2020.

3. Administrative Expenditure

(Expressed in VUV)

	2019	2018
	12 Months	18 Months
Responsibility Allowance	-	196,615
Provident Fund	198,160	89,148
Consultants Fees	121,210	2,564,569
Housing Allowances	433,856	-
Permanent Wages	4,504,127	-
Audit Fees	312,000	-
Total	<u>5,569,353</u>	<u>2,850,332</u>

NATIONAL GREEN ENERGY FUND
ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Operating Expenditure

(Expressed in VUV)

	2019	2018
	12 Months	18 Months
Subsistence Allowances	105,000	50,000
Sitting Allowance	100,000	42,000
Vehicles Fuel	35,000	-
Facilities Hire	25,500	25,000
Advertising	71,305	88,652
Stationery	54,539	49,452
Telephone and Fax	10,000	-
Incidentals	2,850	44,710
Official Entertainment	21,000	78,222
Equipment Repairs & Maintenance	-	22,000
Food for meetings	9,550	86,620
Ration Suppliers	4,555	-
Local Travel	206,264	151,398
Local Workshops	-	200,000
General Materials	7,387	-
Total	652,950	838,054

5. Capital Expenditure

(Expressed in VUV)

	2019	2018
	12 Months	18 Months
Equipment-Computer	-	140,980
Furniture - Office Furniture	-	61,770
Equipment - Additional General	1,987,770	-
Total	1,987,770	202,750

**NATIONAL GREEN ENERGY FUND
ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Closing Cash Balance

(Expressed in VUV)

	2019	2018
	12 Months	18 Months
Made up as follows:		
SmartStream Central account	25,198,791	3,408,864
Total	25,198,791	3,408,864

7. Revenue Variance between Budget and Actual

The difference of VUV 11,799,472 represents the actual amount received being greater than the period budget. The variance relates to the funding from the Luganville Electricity Management contract that was received later in Mid-Year that resulted in underestimated budget planning for the reporting period.

8. Expenditure Variance between Budget and Actual

The fund underspends VUV 9,990,455 against the annual budget of VUV 18,200,528. This is due to number of activities that has not been implemented yet such as such as the recruitment of two additional officers, delay in the installation and use of the Xero Accounting software, purchase of office equipment and designing and printing of promotional materials.

9. Imprest Account

As at 31 December 2019, there were no outstanding imprest for the Fund (2018: 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 2018.

11. Related Parties

There were no related party transactions during the year ended 31 December 2019 (2018: Nil).