

**FINANCIAL STATEMENT
FOR THE
NATIONAL GREEN ENERGY FUND -
17C163**

For the Year Ended 31 December 2020

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 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.



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) (VUV)	Receipt/(Payment) (VUV)	Receipt/(Payment) (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	5,569,353	2,850,332	16,881,781
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	8,210,073	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 Esline 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.



NATIONAL GREEN ENERGY FUND

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in VUV)

Notes	2020			2019			2018			CONSOLIDATED PROJECT		TOTAL
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	TOTAL ACTUAL	TOTAL BUDGET	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	763,682	-	763,682	-	-	-	-	-	-	763,682	-	763,682
Loan Repayment - Interest	147,372	118,996	28,376	-	-	-	-	-	-	147,372	118,996	28,376
TOTAL CASH RECEIPTS	8 100,911,054	140,535,581	-39,624,527	30,000,000	18,200,528	11,799,472	7,300,000	7,300,000	-	138,211,054	166,036,109	-27,825,055
CASH PAYMENTS												
Administrative Expenditure	8,462,096	15,565,353	(7,103,257)	5,569,353	12,959,528	(7,390,175)	2,850,332	3,980,000	(1,129,668)	16,881,781	32,504,881	-15,623,100
Operating Expenditure	2,684,160	9,486,500	(6,802,340)	657,448	4,071,000	(3,413,552)	838,054	2,840,000	(2,001,946)	4,179,662	16,397,500	-12,217,838
Capital Expenditure	21,820,416	115,483,728	(93,663,312)	1,983,272	1,170,000	813,272	202,750	480,000	(277,250)	24,006,438	117,133,728	-93,127,290
TOTAL CASH PAYMENTS	9 32,966,672	140,535,581	(107,568,909)	8,210,073	18,200,528	(9,990,455)	3,891,136	7,300,000	(3,408,864)	45,067,881	166,036,109	(120,968,228)
NET CASH FLOWS	67,944,382	-	67,944,382	21,789,927	-	21,789,927	3,408,864	-	3,408,864	93,143,173	-	93,143,173

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 2020

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 24 February 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 Act 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 Received 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.

NATIONAL GREEN ENERGY FUND

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 22 January 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. Loan Repayment

Since 2020, NGEF is providing loans to Schools and Cooperatives for Solar Systems. The Loans repayments and interest repayments represent the repayments received from Schools and Cooperatives during the year. The loan amounts were recorded in Capital Expenditure into the "other Advances - Drawdowns" account."

4. Administrative Expenditure

(Expressed in VUV)

	2020 12 MONTHS	2019 12 MONTHS	2018 18 MONTHS
Responsibility Allowance	-	-	196,615
Provident Fund	259,935	198,160	89,148
Consultants Fees	-	121,210	2,564,569
Housing Allowances	611,092	433,856	-
Permanent Wages	7,246,069	4,504,127	-
Other Fees	25,000		
Audit Fees	320,000	312,000	-
Total	8,462,096	5,569,353	2,850,332

NATIONAL GREEN ENERGY FUND

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. 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
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	56,977	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	-
VAT Expense Refund	(343,600)		
Total	2,684,160	657,448	838,054

NATIONAL GREEN ENERGY FUND

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. Capital Expenditure

(Expressed in VUV)

	2020 12 MONTHS	2019 12 MONTHS	2018 18 MONTHS
Other Advances - Drawdowns	18,030,881		
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	(639,980)	1,983,272	-
Total	21,820,416	1,983,272	202,750

NATIONAL GREEN ENERGY FUND

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Closing Cash Balance

(Expressed in VUV)

	2020 12 MONTHS	2019 12 MONTHS	2018 18 MONTHS
Made up as follows:			
SmartStream Central account	93,143,173	25,198,791	3,408,864
Total	93,143,173	25,198,791	3,408,864

8. Revenue Variance between Budget and Actual

The difference of VUV -39,624,527 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.

9. Expenditure Variance between Budget and Actual

The fund underspends VUV 107,568,909 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.

10. Imprest Account

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

11. Subsequent Events

During 2020, the worldwide coronavirus pandemic has been declared. As of the date of issuance of these financial statements, the full impact of the pandemic to the Project remains not known.

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

12. Related Parties

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