

STANDING COMMITTEE ON
PUBLIC ACCOUNTS

[Verbatim Report of Meeting]

HELD IN THE

COMMITTEE ROOM (EAST WING)

ON

MONDAY, 4TH FEBRUARY, 2019

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD AT THE BIG COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON MONDAY 4TH FEBRUARY, 2019 AT 1.00 P.M.

Submittee: COP 23 Secretariat – COP 23 Presidency Trust Fund Account

In Attendance:

1. Mr. John Connor - Executive Director
2. Ms. Letila Tuiyalani - Finance Manager

MR. CHAIRMAN.- First of all, I would like to welcome the team from COP 23 Secretariat, who are actually here to elaborate to us on the COP 23 Presidency Trust Fund 2nd Semi Annual Report.

Before we go further, I would like to introduce our team.

(Introduction of Committee Members by Chairman)

Without further delay, I believe questions were forwarded to your office, so we will go straight into it. As you deliberate question by question, if we have any supplementary questions, we will ask those questions and if not, we will have a discussion right at the end. Thank you.

MR. J. CONNOR.- Mr. Chairman, I thank you all for your attention. I can see a few of you again from the last time.

I would like to introduce my Finance Manager, Letila Tuiyalani, who has been with us since July of last year, not exactly the period covered but they were working on our accounts since then. My name is John Connor, Executive Director. It has been my great privilege to have this role for the last two years.

If I may, just a couple of opening remarks about the Report because it does cover the important period of COP 23 itself which was part of a remarkable partnership with Germany and it is really important. I think we would like to express our gratitude to the German Government, the City of Bonn and the State of North Rhine-Westphalia, who provided remarkable support, not just through the Trust Fund, but in kind and in other significant investments and as we note, in the Report also in support of some of the work of the Climate Champion and other elements. And of course, in this particular period, they were the most significant contributing donor into that period of time.

We did receive and I want to acknowledge other donations from others who are listed there and you will see it in the Report. Everything came from larger donations down to FJ\$500 from the Delai Naronia Trust from the gate takings of COP 23 Fijian Sevens. Again, they hosted in 2017.

The Report highlights as most were required under the Act to have the Fund independently audited, and we did have PricewaterhouseCoopers finalising its audit and noting that the payments provided by donors and having all material aspects been used is in compliance with the Act, the Guidelines, the Procurement Regulations and in conformity with the applicable conditions of the funding agreements of the donors and PricewaterhouseCoopers are now with us again on the next Audit.

You asked questions around on some of the outcomes and I will come to those separately, but as the Report states, we had spent \$8.5 million during that period with the remainder that then has been applied since that time on variety of outcomes and events which we listed in the Report. So that is, perhaps, my overarching comments but I can come now to the direct questions that the Committee has asked and I believe you have been provided with copies of our responses. We got those questions late on Thursday so we have pushed to get those for you.

Your first question is regarding an internal audit. Does the Ministry of Economy conduct one? The process that we have is, as we (the Secretariat) are an entity within the Ministry of Economy, the Permanent Secretary approves all payments and signs off on quarterly reports, as well as these Semi-Annual Reports which obviously also has to go to Cabinet before being tabled in Parliament.

There is a power underneath the Financial Guidelines for the Permanent Secretary to conduct an internal audit if he or she wishes, but today that has not been necessary or required with your reports being as they have been, and also with our three monthly reports being conducted and approved by the Permanent Secretary and posted on the website as soon as they are available. So there is a high degree of scrutiny. This is particularly also being driven by the donors and today, they are very comfortable with that accountability or transparency.

The next question was around the Financial Policy Guideline, that is, again an extra requirement that was put in place and that was approved in early 2017. The Guideline itself refers to the Procurement Regulations which we follow regarding tenders, waivers were necessary and the requirements for three quotations for expenses as the Secretariat manages those funds.

I will just keep going. The next question is in relation to a Fijian team member posted in Bonn; we have provided per diems for that officer. There was a tradition in this events for officers to be posted with UNFCCC and that person was there from 10th August, 2017 to 30th November, 2017. We used relevant UN rates as guidelines.

Some questions regarding the legacy projects so our answers in relations to the relevant period are as follows:

1. The Fiji Rural Electrification Fund which was announced at the Pre-COP, the legal work to set up the Charitable Trust had been done by that period of time and the site selection had identified Vio as the pilot site for that. I can say that, that work has been completed and finally certified for Vio and we are looking into further sites under that Fund.
2. The Pacific Regional Hub for the implementation of NDC so that is important. The commitment made by a number of countries to support the Pacific in implementing and hopefully, enhancing NDCs and that had its governance arrangements were being finalised which were done so ahead of the conference in July and it is now starting and be ready to launch its activities.
3. The Climate Finance and Insurance Incubator and at that time, commencing its work also with some additional support from ADB and reviewing Climate Finance and Insurance initiatives and consulting on options.
4. The Fijian Sovereign Green Bond was actually launched at the London Stock Exchange at the end of this period just before the Commonwealth Heads of Government Meeting (CHOGM) and that has been fully subscribed and already subject to reporting.

Monitoring on the various activities; obviously the core responsibilities as President was to determine the Talanoa Dialogue as it was to run through 2018 and keep the momentum moving for the implementation guidelines, to make the deadline of having those approved in Poland at COP 24. We actually were successful in Poland under the Polish Presidency as they took it on from the first day to finalise implementation guidelines. And we also concluded very successful and widely regarded Talanoa Dialogue process which concluded at COP 24 with the talanoa call for action which is an important document giving forward.

Question No. 6; a question regarding others. This still refer to two contributions and one was a part payment from the European Climate Foundation which we then actually identified more clearly in the second period, and the other was from a source which asked to remain anonymous as it was from a donor country.

Question No. 7; the secretariat team costs, there was an increase, almost doubling from the two periods but the simple answer on that was that the original period was very much the establishment period. This was the period in which we had to do most of the most, coming of the back of managing Pre-COP, having the team set up more fully for the COP 23 Secretariat and a range of activities that were supported through that period of time and through the remainder of 2018.

Question No 8; Audit Report Questions, again, that is the question which I have referred to an answer Question No. 6 above. There is a question regarding other payments directly by donors. That is detailed in the Report. Essentially, we have had monies being managed by other entities on behalf of the Presidency, by the UNFCCC Secretariat, by GIZ and by UNDP. Some countries have different rules for whom they can give to and we manage those. We had to keep in touch with those entities managing over the period of time.

The question on the standard used, I went back to the PricewaterhouseCoopers and I was advised that the International Standards on Auditing (ISA) is indeed the appropriate standard for our auditing and audit reports and they do explain that the IFRS applies at different times. So, that is the advice from PwC.

Also, you mentioned their disclaimer on the restriction on use, again, that is a standard course. They acknowledged and it was unusual in this regard because they were aware that the audit report will be made public, tabled in Parliament and published on the website as it is but they explained to us that they just wanted to know if we were giving it particularly and directly to donor nations, so that is the process that has been honoured.

Finally, just a breakdown of the liabilities, basically that sum was just the unspent monies from donor nations at that particular point of time. We have managed all of the funds and report to various donor nations according to their own requirements at that period of time and they are reviewed as part of an external audit process and as I have quoted earlier, the external auditors found that they were appropriately managed under the requirements of the donor agreements.

MR. CHAIRMAN.- Thank you, Sir, for answering the questions that were sent to your office by the Committee. I now open the floor to the Honourable Members if they have any more queries or questions with regards to the submission that was just done in front of the Committee.

HON. A.M. RADRODRO.- Thank you very much, Mr. Connor, for a very comprehensive reply to the questions that was sent by the Committee. Just on the legacy projects for Fiji, the first one regarding the one which is the Rural Electrification Funding. Can you just elaborate more on

this established Trust that has been set up and the selection process in terms of the community? Is that how it is going to work?

MR. J. CONNOR.- The Trust Fund is headed up by the Permanent Secretary for Economy. There is also the Permanent Secretary for Infrastructure and the Solicitor -General I think, these are the three who head up that actual Trust that has been formed there. The concept is that we will set up a Fund that becomes eventually Revolving Fund and so which will then make a payment to support the communities who make then payments which basically pay off the original capital expenses and can actually assistance in other communities being provided with these electrification services.

Obviously we have just been through the first pilot phase of that with the Leonardo DiCaprio Foundation. We are now looking and I think they have identified, I do not know the exact sites, I think there are another 10 sites. There is a criteria and we use the FLMMA, that is one of the advisory agencies that is the local marine management agency, I forgot the acronym I am afraid, I can provide that to you. There is a criteria that is applied for that and they are looking to do that as the next phase with fundraising and engaging with the couple of parties about the extra funding for that. And hopefully after that 10 or so, we then begin to get back that critical mass where we can provide ongoing support for more and more communities for their electrification.

HON. A.M. RADRODRO.- On the workings of this Trust Fund and this Rural Electrification Project, in terms of the post implementation of this Electrification Project, can you inform us or elaborate what will happen, who will continue to fund these projects or is it just themselves?

MR. J. CONNOR.- Yes, obviously that is separate thing from the Secretariat but we have separate monies that have gone into that, so that is the Leonardo DiCaprio Foundation that provided the original fund. The idea now is that we take two other donors. The success of the first pilot phase and then ask other donors to join so the DiCaprio Foundation is, we are engaged in conversations with them with another donor country who is very interested in that and ideally we will seek other donors to support that initiative. I do not have the exact reporting requirements of the Trust in front of me but I am sure they are not too dissimilar to that. The Secretariat can provide the Committee with the structure of the Trust and its reporting requirements.

MR. CHAIRMAN.- Thank you. Honourable Ratu Naiqama.

HON. RATU N.T. LALABALAVU.- Thank you, Honourable Chairman, through you. John, thank you so much for the briefing that you have just made regarding the question that we raised from your report. The question that I would like to raise is very much centred on the outcomes of COP 23, especially on the vulnerability of some nations. Our taking of the COP 23 and the role that we are trying to encourage and play here is to do with how best can we take control of the deteriorating aspects of effects of climate change. At the same time you have got in your report some issues there that have caught the eyes of the Committee and that is to do with your loss and damage. Through you Honourable Chair, can you elaborate a bit more on that? It has to do with the cases that have come across our way during this period of COP 23 where there is heavy loss and damage like cyclones and heavy tidal waves and all that to the vulnerable nations.

MR. J. CONNOR.- Thank you, Honourable Member. Yes, this is obviously one of the questions which is, we hope that is being central to the Presidency in highlighting the importance of vulnerable countries and the Pacific and bringing those stories and helping the processes in ways in which we could do so.

That point you referred to does talk a range of initiatives which were agreed and launched at COP 23 in terms of extra money and to ensure resilience funds, there was an adaptation fund which is to help vulnerable countries in responding and building resilience. But we were very upfront that this was not all that was needed and greater contributions needed to be made, as we seek to find responses and build resilience. Some of those impacts which you correctly mentioned are growing and aspiring, not just amongst the vulnerable nations, in many other countries now as well.

I think the points that the Prime Minister made is that we are all vulnerable, we all need to act. Now the issue on loss and damage there are process that are made underneath the United Nations Framework Convention on Climate Change and Paris Agreement itself in which the parties talking about what can be done, various parties on much greater financial support. That is still being something that is being worked through, but was being made a part in COP24 to be key part of future global stocktakes and a matter that is going to be discussed again at COP25.

We did not get all the answers that we wanted, the Prime Minister in COP 23 Presidency has been upfront about that and that is part of the ongoing efforts to ensure that there can be more finances made available to help build resilience.

HON. RATU N.T. LALABALAVU.- Honourable Chairman, through you again, I am not at all comfortable with what has been said, especially when it comes to do with loss and damage. Here you have just mentioned building more on resilience, this particular paragraph caught the eyes of the Committee especially when it has to do with loss and damage. Building resilience is an aspect of it, the suffering has occurred.

MR. J. CONNOR.- I mean this paragraph talks about the range of things and financing for vulnerable nations and that section, and so amongst that is resilience, the question of loss and damage for cultural, economic and environmental loss that cannot be insured, I think is a point of your question.

That is not resolved, it was financial payments for that, we are restricted under the Paris Agreement, but, that is an ongoing and very live debate about how that might be funded and financed outside of the Paris Agreement. But ways in which that issue can be kept alive will certainly front and centre and was an outcome out of the COP24 that issues of loss and damage would continue to be debated now. It is not perfect for all of us, but that is part of the process that is ongoing.

MR. CHAIRMAN.- Mr. Connor, I just have a clarification, now that we are in COP24 and presidency has shifted from Fiji, what happens to the Secretariat based in Fiji in future?

MR. J. CONNOR.- We are now busy going through the next audit and doing a lot of the reporting and assessment of what is still available. There are still payments being processed and it is a matter for Government exactly how it moves forward from here, from what might be the remainder of the Presidency Trust Fund for its own strategy for climate diplomacy moving forward.

So definitely our Presidency and the Prime Minister committed that very strongly and intends to continue the leadership, and we have seen that as Fiji taking on the Chair of the Pacific Small Island Developing States (PSIDS) countries and of course the Minister of Economy as Chair of the World Bank Small States Forum is continuing on some of that international leadership. How that exactly manifests for the Secretariat is a matter for Government.

MR. CHAIRMAN.- Okay, does that mean that the Secretariat office will continue in future or it will be on the Government to decide?

MR. J. CONNOR.- At least for another couple of months. We have got those responsibilities to finalise with our donor countries. So, at least, for another couple of months and then Government will need to make a decision on how they wish to continue to support some of these activities or it is just absorbed back into Government agencies.

MR. CHAIRMAN.- Any other questions from Government MPs or any clarification that you would like to seek?

HON. A.M. RADRODRO.- A clarification, Mr. Connor, on your No. 6 answer, that is quite a big amount to ask for an anonymous donation. Just a question out of concern because you are not stating it as “anonymous” but as “other donations”. So, in normal financial term, it is supposed to be reflected as a valid donor. To have it as anonymous, out of the norm especially with the amount involved. Is the European Climate Fund only \$32,000?

MR. J. CONNOR.- That is correct.

HON. A.M. RADRODRO.- And the balance is, the anonymous donor is around about \$4 million.

MR. J. CONNOR.- Yes, that is the amount that you have on Question No. 1.

HON. A.M. RADRODRO.- That is quite a big amount to ask to remain anonymous. Would you be able to elaborate to the Committee this anonymous donor? If not, what are the conditions attached to this huge amount that is being given to the Secretariat with anonymity?

MR. J. CONNOR.- As I have said, it was the request of the donor country that, that remains anonymous. There were no specific restrictions beyond supporting the work of the COP 23 Presidency initiatives and so it remains the view of that party, that country that they wish that to remain anonymous, reasons of their own.

HON. A.M. RADRODRO.- Supplementary question, Mr. Chairman, in addition to that according to your Financial Report all unused funds will have to be returned to the donor.

MR. J. CONNOR.- If that is the case, it depends on how much will all be used up.

HON. A.M. RADRODRO.- (Inaudible)

MR. J. CONNOR.- Correct and obviously we have had some significant expenditures since then we have had those two intercessional meetings, also there was COP24 and there were a range of other meetings. A number of the grants that are valid through to June and a couple through until December of this year and so that is the discussion of remaining funds with those parties on how they may want to use that.

One for example, I think we have already put out a save the date Australia is supported Pacific engagement through its donation and it is supporting Climate Action Pacific Partnership, I think they were planning to have it again in Suva next month. So, that will be an ongoing use of money still in the Presidency Trust Fund. So, how that works through with some of those remaining donors nations, most of which will of course have been expanded but what remainder is left for those with some dedication will be a discussion with the donor countries.

MR. CHAIRMAN.- Thank you. Honourable Ratu Naiqama.

HON. RATU N.T. LALABALAVU.- Thank you, Mr. Chairman, through you again. John, I will go back to my earlier question especially it is following along the lines that has been raised by Honourable Aseri Radrodoro a while ago. That is to do with funding. On paragraph 3 of your Report it says that you managed to get the backing of \$US150 million. Does that signify some form of commitment of that payment of \$US150 million or this is for that loss and damage or just some kind of commitment made and yet nothing has been received.

MR. J. CONNOR.- Sir, that is money towards to ensure resilience partnership, so it is a global partnership, I think in particular, Germany and United Kingdom made the significant contributions. So it is a global partnership, in particular, Germany and United Kingdom made the significant contributions to that. I am not entirely sure of the initiatives that are actually funded here in Fiji, I think there is one insurance initiative that might have received the money or funding from the InsuResilience firm.

The partnership is like an additional funding stream that is available to vulnerable countries with the goal of InsuResilience, the name of it is actually trying to get much greater take up of private and commercial insurance to spread the risk so that States, governments are not fully exposed to all of the risks and impacts when they do come. I have to find if I can look up the latest financial report of that InsuResilience partnership if you wish us to give you a bit more detail about how that will be expended, and if any has been expended here in Fiji.

MR. CHAIRMAN.- Any more questions?

HON. A.M. RADRODRO.- Any clarifications on Item 2 on the questions of which the answers that you provided? You talked about the amount involved in this period of tendering and wavering of quotations, particularly the expenditure breakdown that is highlighted in your Report. What is the minimum amount that you will require a tender or a quotation; did you undertake this process in all these expenditures that you incurred?

MR. J. CONNOR.- Yes, Sir, the guidelines are around \$50,000, requires a tender, and we get three quotations which is about everything, less than \$50,000.00. That is the process for waivers when things have to be done, under an urgent basis, that is again under the Procurement Regulations and so we follow those to set out exactly why we have to waive it, if we did have to do so.

MR. CHAIRMAN.- Thank you, Honourable Member. Any more questions?

On behalf of the Public Accounts Committee, I would like to thank you, Team from the COP 23 Presidency Trust Fund, for availing yourselves before the Committee here this afternoon, to deliberate on the questions that were of concern to the Committee itself.

I think it is rightfully said that the COP 23 Presidency Trust Fund Secretariat has done a wonderful job. We have seen the difference on the ground itself, and looking at the questions that were raised by the Committee itself was not to do mostly with regards to the mismanagement or all those kinds of things but it was just general clarification that we sought, so that actually stated that the Secretariat team did a wonderful job for the past one year. We hope that co-work continues like this in Fiji with regards to the climate change, and all the best to the team. Honourable Members, the Committee shall now adjourn for a while and then resume after that, thank you very much.

MR. J. CONNOR.- Thank you very much, Mr. Chairman.

The Committee adjourned at 1.33 p.m.