

**GOVERNMENT OF BELIZE: MINISTRY OF
INFRASTRUCTURE DEVELOPMENT &
HOUSING: George Price Highway Rehabilitation
Project (Additional Financing)
FINANCIAL REPORT
LOAN CONTRACT NO. 4616/OC-BL and EU/CIF Grant
NO. EDF/2015/362-165**

*Financial Statements for the Thirty Eight Months Ended
March 31, 2022 and Independent Auditors' Report*

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING

**GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO. 4616/OC-BL AND EU/CIF GRANT NO. EDF/2015/362-165**

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GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO: 4616/OC-BL AND EU/CIF GRANT NO. EDF/2015/362-165
FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN US DOLLARS AND EUR)

Cost and Financing
(in US\$ 000)

Component	IDB L1019	IDB L1029	CIF (*)		Local	Total
	(US\$000)	(US\$000)	(€000)	(US\$000)	(US\$000)	(US\$000)
Component 1: Civil works & maintenance	23,954	6,164	4,800	5,280	1,528	36,926
Replacement of Roaring Creek Bridge including approaches	3,476	-	2,600	2,860	-	6,336
Rehabilitation of GPH, environmental and social mitigation measures, utilities relocation	18,522	5,003	2,200	2,420	-	25,945
Construction supervision	1,800	686	-	-	-	2,486
2 years maintenance	156	475	-	-	156	787
Land acquisition	-	-	-	-	1,372	1,372
Component 2: Institutional Strengthening	400	-	-	-	-	400
MoldH strengthening	400	-	-	-	-	400
Component 3: Engineering & administration	2,646	836	200	220	-	3,702
Administration (PEU Staff)	1,747	421	-	-	-	2,168
Studies and designs	449	155	-	-	-	604
Monitoring & evaluation	350	196	-	-	-	546
Communication strategy and Financial audits	100	64	200	220	-	384
Total	27,000	7,000	5,000	5,500	1,528	41,028

(*) The cost table was calculated using an approximate exchange rate of €1=US\$1.10 in order to determine the estimated project cost in one single currency. The final cost of the project will be reported at its end, using actual amounts spent in US Dollars and in Euros. An equivalent in US dollars will be calculated based on current exchange rates applicable at the time of payments.

IDB Loan 3344/OC-BL was officially closed in October 2021. IDB Loan 4616/OC-BL officially commenced operations on January 31, 2019 and was estimated to meet its objective within four (4) years of the signing of the Loan contract, that is, January 31, 2023. Expenditures of the Project commenced within the the fiscal year April 1, 2021 through March 31, 2022 as reported herein.

The project is also comprised of a Management Agreement which exists between the European Commission representing the European Union and the Inter-American Development Bank signed on February 6, 2017 which involves supporting activities financed with the EU Contribution.

The financial statements and notes of the Project for the thirty eight months ended March 31, 2022 follows.

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO: 4616/OC-BL AND EU/CIF Grant NO. EDF/2015/362-165
FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN US DOLLARS AND EUR)

OBJECTIVE OF AUDIT

The objective of our audit is to provide IDB and EU with the assurance that Project resources are being managed in accordance with the terms of Loan Contract No. 4616/OC-BL and EU/CIF Grant No. EDF/2015/362-165 (accorded by CIF Management Agreement FED/2016/382-917 and CIF implementing agreement), in an environment in which there are adequate management, administrative and financial controls.

Our audit was conducted in accordance with the requirements of Project Financial Reports and Audit Guidelines and in accordance with International Standards on Auditing. Accordingly, our auditing procedures included tests of accounting records and controls along with other procedures considered necessary in the circumstances.

The specific objectives of our audit were:

1. To express an opinion as to whether the Statement of Cash Received and Disbursements Made and Statement of Cumulative Investments present fairly, in all material respects, the cash received and disbursements made for thirty eight months ended March 31, 2022 in accordance with the "Cash Basis of Accounting";
2. To obtain a sufficient understanding of the George Price Highway Rehabilitation Project's (Additional Financing) internal controls and risk assessment procedures;
3. To report on material weaknesses in internal controls and inefficiencies encountered; and
4. To determine whether the George Price Highway Rehabilitation Project (Additional Financing) complied, in all material respects, with the terms of the loan and grant agreement and any other applicable laws and regulations.

SCOPE OF AUDIT

The scope of our audit included:

1. An evaluation of the internal control system of the Project;
2. A review of the financial transactions and accounting records for the purpose of providing an opinion as to whether the financial information of the Project is reasonably presented and in accordance with the "Cash Basis of Accounting" and IDB's requirements;
3. An evaluation of compliance with the financial, accounting and operational contractual clauses and regulations;
4. A review of the supporting documentation and controls related to the activities and investments financed, procurement of goods and contracting of works and consulting services; and
5. A review of procedures used to record, control and maintain goods acquired with Project funds.

**INDEPENDENT AUDITORS' REPORT ON THE STATEMENT OF
CASH RECEIPTS AND DISBURSEMENTS MADE
AND STATEMENT OF CUMULATIVE INVESTMENTS
GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT No. 4616/OC-BL AND EU/CIF GRANT No. EDF/2015/362-165**

To: Government of Belize, Ministry of Infrastructure Development & Housing

Program: George Price Highway Rehabilitation Project (Additional Financing)

Opinion

We have audited the accompanying financial statements of the George Price Highway Rehabilitation Project (Additional Financing) executed by the Government of Belize through the Ministry of Infrastructure Development & Housing and financed with funds from Inter-American Development Bank (IDB) Loan Contract No. 4616/OC-BL and Grant from the European Commission - Caribbean Investment Facility EU/CIF Grant No. EDF/2015/362-165 as of and for the thirty eight months ended March 31, 2022, which comprise the Statement of Cash Received and Disbursements Made and Statement of Cumulative Investments as of and for the thirty eight months ended March 31, 2022 and notes to the financial statements, which include a summary of the relevant accounting policies.

In our opinion, the accompanying Financial Statements of the George Price Highway Rehabilitation Project (Additional Financing) for the thirty eight months ended on March 31, 2022 have been prepared in all material respects, in accordance with the financial reporting requirements of the contractual clause, Article 6.01, Loan Contract No. 4616/OC-BL and the Audited Financial Reports and External Audit Management Handbook for projects financed by IDB.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Government of Belize, Ministry of Infrastructure Development and Housing, the Executing Agency, of the Loan Contract No. 4616/OC-BL and the George Price Highway Rehabilitation Project (Additional Financing) in accordance with the ethical requirements that are relevant to our audit of the financial statements in Belize 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.

Emphasis of Matter-Basis of Accounting, and Restriction and Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the George Price Highway Rehabilitation Project (Additional Financing) in accordance with the requirements of the Loan Contract No. 4616/OC-BL and EU/CIF Grant No. EDF/2015/362-165 and the Audited Financial Reports and External Audit Management Handbook for Projects Financed by the IDB.

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As a result, the financial statements may not be suitable for another purpose. Our report is intended only for the Executing Agency of the Project, IDB and the European Commission, and should not be distributed to other parties other than the Bank, European Commission or the Executing Agency of the Project. However, this report may become a public document, in which case its distribution would not be limited. Our opinion has not been modified in relation to this issue.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the requirements established in the contractual clause, Article 6.01, of the Loan Contract No. 4616/OC -BL and the Audited Financial Reports and External Audit Management Handbook for Projects Financed by the IDB and the grant agreement. In addition, management is responsible for establishing internal controls as they determine necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance that 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 it is not a guarantee that an audit conducted in accordance with the International Standards on Auditing 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 the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other legal and/or regulatory requirements

We did not observe any situation suggesting noncompliance with the financial clauses in the Inter-American Development Bank Loan Contract No. 4616/OC-BL and EU/CIF Grant No. EDF/2015/362-165 during the period examined by us.


HLB Belize, LLP

Chartered Accountants
Belize City, Belize
July 19, 2022

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO: 4616/OC-BL AND EU/CIF Grant NO. EDF/2015/362-165
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS MADE
FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN US DOLLARS)

	Notes	Thirty Eight Months Ended March 31, 2022					Six and a Half Months Ended October 15, 2021			
		IDB L1019	CIF	Local Counterpart	IDB L1029	Total	IDB L1019	CIF	Local Counterpart	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
CASH RECEIVED										
Accumulated cash at beginning of period		27,000,000	5,864,500	1,125,464	-	33,989,964	24,481,822	5,864,500	1,105,164	31,451,486
Activity during the period										
REQ16 (Advances)	6.	-	-	20,273	3,500,000	3,520,273	2,518,178	-	20,300	2,538,478
Interest received		-	-	-	-	-	-	-	-	-
Total cash received	10.	27,000,000	5,864,500	1,145,737	3,500,000	37,510,237	27,000,000	5,864,500	1,125,464	33,989,964
DISBURSEMENTS MADE										
Cumulative cash at beginning of period		27,000,000	5,233,443	1,125,464	-	33,358,907	24,002,890	4,798,322	1,105,164	29,906,376
Activity during the period										
Payments for goods and services		-	493,924	20,273	3,097,331	3,611,528	2,997,110	435,121	20,300	3,452,531
Total cash disbursements	6.	27,000,000	5,727,367	1,145,737	3,097,331	36,970,435	27,000,000	5,233,443	1,125,464	33,358,907
Program Receipts Less Disbursements Made	9.	-	137,133	-	402,669	539,802	-	631,057	-	631,057
Reimbursable from (MIDH to the Program)/ Program to MIDH	5.	-	-	-	(2,631)	(2,631)	625,105	122,892	-	747,997
AVAILABLE CASH AS OF END OF THE PERIOD	3.	-	137,133	-	400,038	537,171	625,105	753,949	-	1,379,054


Project Manager


Chief Executive Officer,
Ministry of Infrastructure Development & Housing

The accompanying notes on pages 9 to 22 form an integral part of these financial statements.

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO: 4616/OC-BL AND EU/CIF Grant NO. EDF/2015/362-165
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS MADE
FOR THE YEAR ENDED MARCH 31, 2022 (IN EUR)

	Notes	Year Ended March 31, 2022					Six and a Half Months Ended October 15, 2021			
		IDB L1019 €	CIF €	Local Counterpart €	IDB L1029 €	Total €	IDB L1019 €	CIF €	Local Counterpart €	Total €
CASH RECEIVED										
Accumulated cash at Beginning of Period		24,545,455	5,000,000	1,023,149	-	30,568,604	22,256,202	5,000,000	1,004,694	28,260,896
Activity during the year										
REQ 16 (Advances)	6.	-	-	18,430	3,181,818	3,200,248	2,289,253	-	18,455	2,307,708
Interest Received		-	-	-	-	-	-	-	-	-
Total cash received	10.	24,545,455	5,000,000	1,041,579	3,181,818	33,768,852	24,545,455	5,000,000	1,023,149	30,568,604
DISBURSEMENTS MADE										
Cumulative cash at beginning of period		24,545,455	4,463,886	1,023,149	-	30,032,490	21,820,807	4,102,813	1,004,694	26,928,314
Activity during the Year										
Payments for goods and services		-	414,108	18,430	2,815,756	3,248,294	2,724,648	361,073	18,455	3,104,176
Total cash disbursements	6.	24,545,455	4,877,994	1,041,579	2,815,756	33,280,784	24,545,455	4,463,886	1,023,149	30,032,490
Program Receipts Less Disbursements Made	9.	-	122,006	-	366,062	488,068	-	536,114	-	536,114
Reimbursable from (MoIDH to the Program)/ Program to MoIDH	5.	-	-	-	(2,391)	(2,391)	568,277	103,965	-	672,242
AVAILABLE CASH AS OF END OF THE PERIOD	3.	-	122,006	-	363,671	485,677	568,277	640,079	-	1,208,356


Project Manager


Chief Executive Officer,
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Housing

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GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO: 4616/OC-BL AND EU/CIF GRANT NO. EDF/2015/362-165
STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN US DOLLARS)

INVESTMENT CATEGORY/ COMPONENTS	CUMULATIVE AT THE END OF OCTOBER 15, 2021				MOVEMENTS DURING THE PERIOD					CUMULATIVE AT THE END OF MARCH 31, 2022				
	IDB L1019	CIF	Local Counterpart	Total	IDB L1019	CIF	Local Counterpart	IDB L1029	Total	IDB L1019	CIF	Local Counterpart	IDB L1029	Total
Component I: Civil Works & Maintenance	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1.1 Replacement of Roaring Creek Bridge	2,885,032	2,701,136	-	5,586,168	-	-	-	-	-	2,885,032	2,701,136	-	-	5,586,168
1.2 Rehabilitation of George Price Highway	19,166,432	2,470,285	-	21,636,717	-	404,901	-	2,256,381	2,661,282	19,166,432	2,875,186	-	2,256,381	24,297,999
1.3 Construction Supervision	3,445,499	-	-	3,445,499	-	-	-	685,411	685,411	3,445,499	-	-	685,411	4,130,910
1.4 Two-year Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Land Acquisition	-	-	1,125,464	1,125,464	-	-	20,273	-	20,273	-	-	1,145,737	-	1,145,737
TOTAL	25,496,963	5,171,421	1,125,464	31,793,848	-	404,901	20,273	2,941,792	3,366,966	25,496,963	5,576,322	1,145,737	2,941,792	35,160,814
Component II: Institutional Strengthening														
2.1 Ministry of Works Strengthening	89,185	-	-	89,185	-	-	-	-	-	89,185	-	-	-	89,185
TOTAL	89,185	-	-	89,185	-	-	-	-	-	89,185	-	-	-	89,185
Component III: Engineering & Administration														
3.1 Administration	1,287,613	-	-	1,287,613	-	-	-	144,526	144,526	1,287,613	-	-	144,526	1,432,139
3.2 Studies & Designs	6,245	-	-	6,245	-	-	-	-	-	6,245	-	-	-	6,245
3.3 Monitoring & Evaluation	56,448	-	-	56,448	-	-	-	8,821,000	8,821,000	56,448	-	-	8,821	65,269
3.4 Communication Strategy & Audits	63,501	18,727	-	82,228	-	70,140	-	2,192	72,332	63,501	88,867	-	2,192	154,560
TOTAL	1,413,807	18,727	-	1,432,534	-	70,140	-	155,539	225,679	1,413,807	88,867	-	155,539	1,658,213
CONTINGENCIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINANCE CHARGES	45	43,295	-	43,340	-	18,883	-	-	18,883	45	62,178	-	-	62,223
TOTAL INVESTMENT	27,000,000	5,233,443	1,125,464	33,358,907	-	493,924	20,273	3,097,331	3,611,528	27,000,000	5,727,367	1,145,737	3,097,331	36,970,435


Project Manager


Chief Executive Officer,
Ministry of Infrastructure Development & Housing

The accompanying notes on pages 9 to 22 form an integral part of these financial statements.

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO: 4616/OC-BL AND EU/CIF GRANT NO. EDF/2015/362-165
STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN EUR)

INVESTMENT CATEGORY/ COMPONENTS	CUMULATIVE AT THE END OF OCTOBER 15, 2021				MOVEMENTS DURING THE PERIOD					CUMULATIVE AT THE END OF MARCH 31, 2022				
	IDB L1019	CIF	Local Counterpart	Total	IDB L1019	CIF	Local Counterpart	IDB L1029	Total	IDB L1019	CIF	Local Counterpart	IDB L1029	Total
	€	€	€	€	€	€	€	€	€	€	€	€	€	€
Component I: Civil Works & Maintenance														
1.1 Replacement of Roaring Creek Bridge	2,622,758	2,330,808	-	4,953,566	-	-	-	-	-	2,622,758	2,330,808	-	-	4,953,566
1.2 Rehabilitation of George Price Highway	17,424,029	2,117,107	-	19,541,136	-	352,218	-	2,051,256	2,403,474	17,424,029	2,469,325	-	2,051,256	21,944,610
1.3 Construction Supervision	3,132,271	-	-	3,132,271	-	-	-	623,101	623,101	3,132,271	-	-	623,101	3,755,372
1.4 Two-year Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Land Acquisition	-	-	1,023,149	1,023,149	-	-	18,430	-	18,430	-	-	1,041,579	-	1,041,579
TOTAL	23,179,058	4,447,915	1,023,149	28,650,122	-	352,218	18,430	2,674,357	3,045,005	23,179,058	4,800,133	1,041,579	2,674,357	31,695,127
Component II: Institutional Strengthening														
2.1 Ministry of Works Strengthening	81,078	-	-	81,078	-	-	-	-	-	81,078	-	-	-	81,078
TOTAL	81,078	-	-	81,078	-	-	-	-	-	81,078	-	-	-	81,078
Component III: Engineering & Administration														
3.1 Administration	1,170,557	-	-	1,170,557	-	-	-	131,387	131,387	1,170,557	-	-	131,387	1,301,944
3.2 Studies & Designs	5,677	-	-	5,677	-	-	-	-	-	5,677	-	-	-	5,677
3.3 Monitoring & Evaluation	51,316	-	-	51,316	-	-	-	8,019	8,019	51,316	-	-	8,019	59,335
3.4 Communication Strategy & Audits	57,728	15,971	-	73,699	-	61,890	-	1,993	63,883	57,728	77,861	-	1,993	137,582
TOTAL	1,285,278	15,971	-	1,301,249	-	61,890	-	141,399	203,289	1,285,278	77,861	-	141,399	1,504,538
CONTINGENCIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINANCE CHARGES	41	-	-	41	-	-	-	-	-	41	-	-	-	41
TOTAL INVESTMENT	24,545,455	4,463,886	1,023,149	30,032,490	-	414,108	18,430	2,815,756	3,248,294	24,545,455	4,877,994	1,041,579	2,815,756	33,280,784


Project Manager


Chief Executive Officer,
Ministry of Infrastructure Development & Housing

The accompanying notes on pages 9 to 22 form an integral part of these financial statements.

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO: 4616/OC-BL AND EU/CIF GRANT NO. EDF/2015/362-165

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN US DOLLARS and EUR)

1. PROGRAM STATUS

The Government of Belize (hereinafter referred to as 'the Borrower') received a loan from the Inter-American Development Bank (IDB) and Grant from the European Commission- Caribbean Investment Facility (EU/CIF) to finance a portion of the cost of the George Price Rehabilitation Project. The contribution to the project is US\$34,028,000 consisting of US\$27,000,000 from IDB; US\$5,500,000 (EUR 5,000,000) from EU-CIF; and US\$1,528,000 from Government of Belize local counter-part. This project was supplemented by a US\$7,000,000 loan from IDB; thus resulting in a global investment of US\$41,028,000.

The initial project was financially administered by three (3) components: Component 1-Civil works and maintenance, Component 2- Institutional strengthening, and Component 3- Engineering & administration. The Additional Financing of the George Price Highway Rehabilitation Project is financially administered by only Component 1 and 3. The project has been technically administered by the monitoring tools which includes Project Execution Plan (PEP), Annual Operation Plan (AOP), Financial Plan (FP) and Procurement Plan (PP).

Component 1 was divided into three (3) Lots/Sections with one lot being assigned the construction of the new Roaring Creek Bridge and the other two Lots/Sections being assigned to the road rehabilitation. This component also includes the land acquisition of work areas and the supervision of the project and subsequently a two-year maintenance of the roads.

The original project was split into three lots as follows: Section I Construction of Roaring Creek Bridge was awarded to M&M Engineering Consultants Limited in the sum of US\$5,673,412; Section II Roaring Creek to Iguana Creek Junction was awarded to Teichroeb & Sons Limited in the sum of US\$10,270,412; and Section III Iguana Creek Junction to Santa Elena Town was awarded to Imer Hernandez Development Company Limited in the sum of US\$9,506,468.

Project Sections (Lots)				
Construction Section	Length	Contractor	Original Amount (US)	Revised Contract Amount (US)
Section 1: Construction of Roaring Creek Bridge	0+000 to 0+485km	M&M Engineering Consultants Limited	\$ 5,673,412	\$ 5,790,802
Section 2: Roaring Creek to Iguana Creek Junction	0+485 to 15+870km	Teichroeb & Sons Limited	\$ 10,270,412	\$ 13,602,243
Section 3: Iguana Creek Junction to Santa Elena	15+870 to 32+450km	Imer Hernandez Development Company Limited	\$ 9,506,468	\$ 11,890,340

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN US DOLLARS and EUR)

1. PROGRAM STATUS (CONTINUED)

Lot 1: Section I Construction of new Roaring Creek Bridge

This lot included the construction of the new Roaring Creek Bridge alongside the existing bridge that has been upgraded. The new bridge is a 95m long, 3-span reinforced concrete structure with two lanes and sidewalks on both sides of the carriageway. The approaches to the new bridge either side are 200m lengths with 3m high embankment on the eastern approach and a retaining wall structure on the western side.

Lot 2: Section II Roaring Creek to Iguana Creek Junction

The section rehabilitated is 15.385km long, starting on the western bank of Roaring Creek at km0+485 to just before the Iguana Creek Junction. The finished road width is 2 lanes of 3.5m with a 1.5m paved shoulder and a 0.5m gravel verge. This rehabilitated road in its inception showed deterioration in the latter half of the Lot, with the most common defects include edge cracking and shoulder drop-off. The large near vertical drops of the hill in the Z-curves (in Teakettle) was trimmed to improve the road alignment in this area due to safety concerns. The works included the reconstruction of 32 cross-culverts, 35 side road culverts and 317 access culverts.

Lot 3: Section III Iguana Creek Junction to Santa Elena Town

This section is 16.580km in length, starting just before the Iguana Creek Junction and extending to the Santa Elena Roundabout. The finished road width will be 2 lanes of 3.5m with a 1.5m paved shoulder and a 0.5m gravel verge. This section also shows deterioration in sections particularly in the villages with edge cracking and lane drop-offs. These defects for the most part include patching, depressions, weathering, and raveling. Drainage is addressed by replacing of some of the existing culverts to mitigate against flooding. The works includes the reconstruction of 25 cross-culverts, 48 side road culverts and 285 access culverts.

Supervision Services: IMC Worldwide

The specialized supervision firm hired to supervise Section I-III is IMC Worldwide Inc in the sum of US\$1,912,515.

Component 3 is divided into four (4) sub-components: administration, studies/designs, monitoring/evaluation, and communication strategy & financial audits.

Component 1

The Contract No. 315 of 17/18 for Section I (M&M Engineering Consultants Ltd) was signed on December 18, 2017 in the contract sum of US\$5,673,412; with end date April 30, 2019 as per Amendment 1. There were Amendment 2 to Section I for extension of time to additional six (6) months with end date December 2019 and with additional cost of US\$117,390. Amendment 3 signed May 7, 2020 replaced the new end date to March 31, 2021. The contract is considered completed and paid as March 31, 2022 to the contractor is 100% (US\$5,586,169)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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1. PROGRAM STATUS (CONTINUED)

Component 1 (Continued)

The Contract No. 380 of 17/18 for Section II (Teichroeb & Sons Ltd) was signed on January 24, 2018 with initial end date of July 2019 for a duration of 18 months and with a contract sum of US\$10,270,412. There were Amendment to Section II to include additional works and the construction of the Iguana Creek Roundabout with a revised end date of August 2020 and new sum of US\$12,760,735. Amendment 2 was signed April 3, 2020 to increase the contract value to US\$13,260,735. Amendment 2 of the contract allowed for sectional completion of the works where the works under the original contract were accepted as substantially completed while the construction of the roundabout was allotted 8 months to be complete beyond December 31, 2019. During fiscal year 2020-2021, there was Amendment 3 increasing the contract value to US\$13,602,243 and the Intended Completion Dates to the work chainage. At the closing of the original loan, October 15, 2021, the contractor had been paid US\$13,263,500. There was an amendment 4 dated October 19, 2021 whereby the Contract Price read to be US\$13,860,285. IDB 4616/OC-BL (Additional Financing George Price Highway) contributed \$551,607 for Section II. The final saving was US\$45,178 as at March 31, 22; thus, the total invested for this section is US\$13,815,107.

The Contract No. 280 of 2018/ 2019 for Section III (Imer Hernandez Development Company Ltd) was signed on March 28, 2019 with end date of October 2020 for a duration of 18 months and with a contract sum of US\$9,506,467.95. There was Amendment 1 dated December 18, 2019 to the contract which adjusted the Site Location of the work section (chainage). Amendment 2 dated January 18, 2021 adjusted the Intended Completion Date from October 22, 2020 to June 22, 2021. There was Amendment No. 3 signed on June 18, 2021 to increase the contract value to US\$11,890,339. The work is ongoing and paid as at October 15, 2021 to the contractor US\$8,373,218. from IDB Financing Agreement 3344/OC-BL. IDB 4616/OC-BL (Additional Financing George Price Highway) contributed \$2,109,975 for Section III. Therefore, the total invested for this section is US\$10,482,894 as at March 31, 2022.

The total amount of funds invested for sub-section 1.2 is US\$24,297,999 comprised of Contract No. 380 of 17/18 in the sum of US\$13,815,107 and Contract No. 280 of 2018/ 2019 in the sum of US\$10,482,894.

The Road Maintenance contracting is ongoing as the Program Management Unit engaged Contract 398 of 2021-2022 in the 'Preparation of Bidding Documents for the Two-Year Maintenance of the George Price Highway (Section I, II and III).

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1. PROGRAM STATUS (CONTINUED)

Component 1 (Continued)

The Supervision Firm hired to oversee the civil works for Section I to III is IMC Worldwide Inc. with an initial contract sum of USD\$1,912,514 for twenty-four (24) months. The contract value and expiration of contract was Amended on July 17, 2021 to the sum of US\$3,215,267 and forty-seven (47) months, respectively. In fiscal year 2020-2021, Amendment 2 was approved on June 30, 2020, increasing the contract sum to US\$3,328,487 to accommodate the extension of time and the defect liabilities reports. In addition, Amendment 3 was approved on January 18, 2021, increasing the value to US\$3,917,434 and the expiration date to June 26 2022, that is, total of fifty-five (55) months to the contract period. The supervision firm has been paid US\$3,445,499 from IDB 3344/OC-BL as of October 15, 2021. The IDB loan 4616/OC-BL (Additional Financing George Price Highway) contributed \$685,411 for the supervision of the civil works. Thus, total invested is US\$4,130,909 as at March 31, 2022.

The Project has acquired all land required for road works for the three sections, processed all compensations to the fruit vendors to restore their livelihood, which is aligned to IDB Policy of Project Affected Person (PAP). The total invested as at March 31, 2022 is \$1,145,737. There has been only one legal case against the project for Section I.

The pending procurement activities under Component 1 for FY2022-2023 are the following:

Works				
Activity	Procurement Method	Process Number	Status	Estimated Amount (US)
2 Year Maintenance (Sections 1 and 2)	National Competitive Bidding	1.1.5	Not Started	\$ 312,794
2 Year Maintenance (Section 3)	National Competitive Bidding	1.1.6	Not Started	\$ 158,290
Western Approach Lifting RC Bridge	National Competitive Bidding	1.1.9	Ongoing	\$ 972,000

Component 3

The PMU as part of the administration aspect has been staffed with the following consultants: Program Coordinator, Financial Specialist, Procurement Specialist, Environmental Specialist, Accounts Clerk and Administrative Assistant.

The pending procurement activities under Component 3 for fiscal year 2022-2023 are the following:

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1. PROGRAM STATUS (CONTINUED)

Goods				
Activity	Procurement Method	Process Number	Status	Estimated Amount (US)
Road Furniture for Maintenance	International Competitive Bidding by Lots	1.1.7	Not Started	\$ 460,677
Testing Equipment for Soils Lab	Shopping	1.3.3.9.2	Ongoing	\$ 100,000
Additional Communication Strategy (Road Safety Signs)	Shopping	1.3.4.4	Ongoing	\$ 98,000
Profilometer	Shopping	1.3.3.11	Not Started	\$ 30,000
Additional Communication Strategy (Visibility - Billboards)	Shopping	1.3.4.5.3	Ongoing	\$ 22,500
Non Consulting Services				
Activity	Procurement Method	Process Number	Status	Estimated Amount (US)
Additional Communication Strategy (Visibility - Radio Ad)	Single Source Selection	1.3.4.5.1	Ongoing	\$ 12,431
Additional Communication Strategy (Visibility - TV Ad)	Single Source Selection	1.3.4.5.2	Ongoing	\$ 29,250
Individual Consultants				
Activity	Procurement Method	Process Number	Status	Estimated Amount (US)
Final Evaluation	Comparison of Qualifications - International Individual Consultant	1.3.3.6	Not Started	\$ 20,000
Data Collection (Vehicle counts and axle load data collection)	Comparison of Qualifications - International Individual Consultant	1.3.3.7.1	Ongoing	\$ 20,394

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1. PROGRAM STATUS (CONTINUED)

Individual Consultants				
Activity	Procurement Method	Process Number	Status	Estimated Amount (US)
Ex-Post Economic Evaluation	Comparison of Qualifications - International Individual Consultant	1.3.3.8	Not Started	\$ 50,000
Soils Technician to trains MIDH Soils Lab Crew	Comparison of Qualifications - International Individual Consultant	1.3.3.10	Ongoing	\$ 80,000
TV & Radio Ads (to air DOE video)	Comparison of Qualifications - International Individual Consultant	1.3.4.1	Ongoing	\$ 20,000
Communication Strategy (Design & Production of Communication and Vicinity Materials)	Comparison of Qualifications - International Individual Consultant	1.3.4.3	Awarded	\$ 85,030
DOE Video	3CV	1.3.5	Not Started	\$ 10,000
Environmental Safeguards Training (Phase 2)	Comparison of Qualifications - International Individual Consultant	1.3.8	Not Started	\$ 25,122

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in United States dollars (US) and Euro currency (EU) under the historical cost convention and conformity with "Financial Reporting under the Cash Basis of Accounting". The approved budget is developed on the same accounting basis (cash basis), same classification basis, and for the same period as for the financial statements.

The Project's accounting and financial reporting system aims to enable users to assess the accountability of the funds available for its activities. In order to satisfy this objective, the following accounting policies have been adopted.

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2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (a) Cash Basis of Accounting - The financial statements have been prepared using the cash basis of accounting, recognizing revenue when the cash is received and recognizing expenses when the cash has been disbursed. This accounting policy differs from the IPSAS under which transactions should be recorded when they occur and not when they are paid. However, the IPSAS have been applied to circumstances such as those discussed in chapter "Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting."
- (b) Currency - The program's accounting records are maintained in local currency and U.S. dollars. The official exchange rate for reporting purposes is fixed at BZ\$2 = US\$1. In order to calculate the Euro currency, the cash received in local currency in a specific commercial bank account, is converted at the rate of exchange in effect at the time of receipt of these funds or at the rate of exchange at a time close to the transaction date, such as, the effective rate on the last day of the preceding month or the monthly average. The original budget was calculated using an approximate exchange rate of €1 = US\$1.10. The final cost of the project will be reported at its end, using actual amounts spent in USD Dollars and in Euros.
- (c) All costs related to the Project's activities are classified, where appropriate, according to the work plan budget for the period.
- (d) No depreciation is charged on fixed assets acquired with Project funds.
- (e) The Project's Statement of Cash Receipts and Disbursements made reflects activities relating to IDB Loan No. 3344 OC-BL, EU/CIF Grant No. EDF/2015/362-165 and counterpart contribution.
- (f) The IDB Project's funds are deposited into account #311116, GOB/ IDB Civil Works - George Price Highway at the Central Bank of Belize upon IDB's approval.
- (g) The EU Project's funds are deposited into account #312042 George Price Highway Rehabilitation at the Central Bank of Belize.

3. CASH AND BANK BALANCES

The available cash balance as of March 31, 2022, as held in the Project's bank account:

	<u>2022</u>			
IDB FUNDS				
Central Bank of Belize a/c # 311116	BZ	US	EUR	
Statement balance at March 31, 2022	\$ 800,075	\$ 400,038	€ 363,671	
Total IDB Cash and Bank Balances	\$ 800,075	\$ 400,038	€ 363,671	
CIF-EU FUNDS				
Central Bank of Belize a/c # 312042	BZ	US	EUR	
Statement balance at March 31, 2022	\$ 274,268	\$ 137,133	€ 122,006	
Total CIF-EU Cash and Bank Balances	\$ 274,268	\$ 137,133	€ 122,006	
Total Cash and Bank Balances	\$ 1,074,343	\$ 537,171	€ 485,677	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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3. CASH AND BANK BALANCES (CONTINUED)

The exchange rate gain or loss that results from a difference of the exchange rate when the funds are received versus when they are converted to local currency to make payments for eligible expenses is accounted for as an exchange rate differential allocated to finance charges.

4. ADVANCES PENDING JUSTIFICATION

At March 31, 2022, the amount pending justification to the IDB totaled US\$2,692,136 (€2,447,396) and relating to EU - CIF funds US\$631,057 (€536,114) which represents disbursement requests awaiting processing or expenditures incurred but not included in these requests. See note 5.

5. ADVANCES AND JUSTIFICATION

IDB FUNDS	2022 US	2022 EUR
Balance in Bank Accounts at March 31, 2022	\$ 400,038	€ 363,671
Funds Already Used	2,289,467	2,081,334
Reconciled Revolving Fund Balance	2,689,505	2,445,005
Advance Fund Balance per LMS1	2,692,136	2,447,396
	(2,631)	(2,391)
Explained difference (see below) *	2,631	2,391
Difference	\$ -	€ -

* The US\$2,631 has been reimbursed in excess to GOB by the Program Management. Thus, reimbursable by GOB to the GPHRP.

CIF-EU FUNDS	2022 US	2022 EUR
Balance in Bank Accounts at March 31, 2022 **	\$ 137,133	€ 122,006
Funds Already Used and Pending Justification	-	-
Reconciled Revolving Fund Balance	137,133	122,006
Advance funds unjustified	-	-
	137,133	122,006
Explained difference	-	-
Difference	\$ 137,133	€ 122,006

*As at March 31, 2022; Government of Belize (GOB) has invested 2,377,995 EUROS of the 2,500,000 EUROS budget.

** Balances from US to Euro at March 31, 2022 has been converted at 1.1240 USD / 2.2480 BZ as per Central Bank of Belize rates.

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5. ADVANCES AND JUSTIFICATION (CONTINUED)

Advance Fund Balance as per OPS1

Opening Balance Inter-American Development Bank Funds (L1029)			Advance & Justification (Project Life)	Advances Received	Advances Justified	Advances Unjustified	Advances Received	Advances Justified	Advances Unjustified
LMS/CBB	Value Dates	Request	Beneficiary	ANT	ANJ	Balance	ANT	ANJ	Balance
201963161	December 6, 2019	REQ01	Additional Financing GPHR Project	\$ 1,000,000	\$ -	\$ 1,000,000	€ 909,091	€ -	€ 909,091
2021043021	September 6, 2021	REQ2		-	(807,864)	192,136	-	(734,422)	174,669
2021043956	September 24, 2021	REQ03	Additional Financing GPHR Project	2,500,000	-	2,692,136	2,272,727	-	2,447,396
	April 28, 2022	REQ04	Justification US \$2,289,467	-	-	-	-	-	-
Closing Balance				\$ 3,500,000	\$ (807,864)	\$ 2,692,136	€ 3,181,818	€ (734,422)	€ 2,447,396

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5. ADVANCES AND JUSTIFICATION (CONTINUED)

<i>Opening Balance European Union - Caribbean Investment Facility (EU-CIF)</i>			Advance & Justification (Project Life)	Advances Received	Advances Justified	Advanced Unjustified	Advances Received	Advances Justified	Advances Unjustified
LMS/CBB	Value Dates	Request	Beneficiary	ANT	ANJ	Balance	ANT	ANJ	Balance
	August 31, 2018	BL1019: DEP 01	Additional Financing GPHR Project	\$ 2,907,750	\$ -	\$ 2,907,750	€ 2,500,000	€ -	€ 2,500,000
201932819	July 12, 2019	BL1019: REQ11		\$0	(472,307)	2,435,443	-	(410,860)	2,089,140
201962020	December 3, 2019	BL1019: REQ13		-	(1,240,566)	1,194,877	-	(1,099,591)	989,549
	July 31, 2020	BL1019: DEP 02	Additional Financing GPHR Project	2,956,750	-	4,151,627	2,500,000	-	3,489,549
202035759	August 26, 2020	BL1019: REQ15		-	(1,357,714)	2,793,913	-	(1,217,797)	2,271,752
		BL1019: REQ15B		-	(10,479)	2,783,434	-	-	2,271,752
2021034530	July 5, 2021	BL1019: REQ17		-	(1,675,166)	1,108,268	-	(1,374,565)	897,187
2021050242	October 19, 2021	BL1019: REQ19		-	(433,916)	674,352	-	(361,074)	536,113
	April 28, 2022	BL1029: REQ04	[US \$475,040.45/ EUR 414,108 FY22-23]	-	-	-	-	-	-
Closing Balance				\$ 5,864,500	\$ (5,190,148)	\$ 674,352	€ 5,000,000	€ (4,463,887)	€ 536,113

BY FISCAL PERIOD

Advances & Justification (FY 21-22)	IDB Funds		EU-CIF Funds	
	USD	EUR	USD	EUR
Opening Balance of Advance (April 1, 2021)	\$ 1,000,000	€ 909,091	\$ 2,783,434	€ 2,271,752
Advance Recorded & Justified	(807,864)	(734,422)	(2,109,082)	(1,735,639)
Advanced Received	2,500,000	2,272,727	-	-
Translation Loss	-	-	(43,295)	-
Closing Balance of Advances (March 31, 2022)	\$ 2,692,136	€ 2,447,396	\$ 631,057	€ 536,113

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6. LOCAL COUNTERPART FUNDS

	Cumulative as at October 15, 2021	Period Ended March 31, 2022	Cumulative as at March 31, 2022	Period Ended October 15, 2021	Period Ended March 31, 2022	Cumulative as at March 31, 2022
	US	US	US	EUR	EUR	EUR
Advance Fund/ Replenishments (page 5 - 6)	\$ 1,125,464	\$ 20,273	\$ 1,145,737	€ 1,023,149	€ 18,430	€ 1,041,579
Direct Payments	-	-	-	-	-	-
Total	\$ 1,125,464	\$ 20,273	\$ 1,145,737	€ 1,023,149	€ 18,430	€ 1,041,579

*The Government of Belize (GOB) has committed to contribute a sum of US\$1,528,000 [EUR 1,389,091]. As of March 31, 2022, the government has contributed a sum of \$1,145,737 [EUR 1,041,579], which equates to 75% of the total committed. Local counterpart funding is concentrated in the land acquisition, compensations to projected affected persons and maintenance component of the budget.

7. PRIOR PERIOD ADJUSTMENT

There is no prior period adjustment applicable to the financial statement period.

8. PROCUREMENT STATUS OF GOODS AND SERVICES

Status of Processes (March 31, 2022)	# Processes	Amount USD	Amount EUR	%
Not Started	13	\$ 1,221,098	€ 1,110,089	3%
Ongoing/Underway	14	\$ 1,449,878	€ 1,318,071	4%
Awarded (including completed)	37	\$ 38,357,024	€ 34,870,022	93%
Total	64	\$ 41,028,000	€ 37,298,182	100%

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9. RECONCILIATION BETWEEN THE STATEMENT OF RECEIPTS AND DISBURSEMENTS AND THE STATEMENT OF CUMULATIVE INVESTMENTS

	Cumulative as at October 15, 2021 US	Period Ended March 31, 2022 US	Cumulative as at March 31, 2022 US	Cumulative as at October 15, 2021 EUR	Period Ended March 31, 2022 EUR	Cumulative as at March 31, 2022 EUR
Disbursements made by the PMU as per Statement of Cumulative Investments	\$ 26,617,497	\$ 3,097,331	\$ 29,714,828	€ -	€ 2,815,756	€ 2,815,756
Direct Disbursements made by the IADB as per Statement of Cumulative Investment	382,503	-	382,503	-	-	-
Cumulative Investment	\$ 27,000,000	\$ 3,097,331	\$ 30,097,331	€ -	€ 2,815,756	€ 2,815,756
Total Cash Received and Direct Payments via IADB	\$ 27,000,000	\$ 3,500,000	\$ 30,500,000	€ -	€ 3,181,818	€ 3,181,818
Less: Cumulative Disbursements for the period	(27,000,000)	(3,097,331)	(30,097,331)	-	(2,815,756)	(2,815,756)
Receipts Less Disbursements	\$ -	\$ 402,669	\$ 402,669	€ -	€ 366,062	€ 366,062

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10. RECONCILIATION BY INVESTMENT CATEGORIES BETWEEN THE PROGRAM'S RECORDS AND THE IDB'S RECORDS

CATEGORY	Cumulative Balance as per:		Variance	Cumulative Balance as per:		Variance	Explanation for Variances
	Program's Records (Statement of Cumulative Investments)	IDB's Records (LMS 1 Executive Financial Summary)		Program's Records (Statement of Cumulative Investments)	IDB's Records (LMS 1 Executive Financial Summary)		
Component I: Civil Works & Maintenance							
1.1 Replacement of Roaring Creek Bridge	\$ -	\$ -	\$ -	€ -	€ -	€ -	
1.2 Rehabilitation of George Price Highway	2,256,381	700,074	1,556,307	2,051,255	636,431	1,414,824	
1.3 Construction Supervision	685,411	107,790	577,621	623,101	97,991	525,110	
1.4 Two-year Maintenance	-	-	-	-	-	-	
1.5 Land Acquisition	-	-	-	-	-	-	
TOTAL	2,941,792	807,864	2,133,928	2,674,356	734,422	1,939,934.0	
Component II: Institutional Strengthening							
2.1 Ministry of Works Strengthening	-	-	-	-	-	-	
TOTAL	-	-	-	-	-	-	
Component III: Engineering & Administration							
3.1 Administration	144,526	-	144,526	131,388	-	131,388	
3.2 Studies & Designs	-	-	-	-	-	-	
3.3 Monitoring & Evaluation	8,821	-	8,821	8,019	-	8,019	
3.4 Communication Strategy & Audits	2,192	-	2,192	1,993	-	1,993	
TOTAL	155,539	-	155,539	141,400	-	141,400	
Advance Fund Balance as at March 31, 2022	402,669	2,692,136	(2,289,467)	366,062	2,447,396	(2,081,334)	Funds that are pending justification, REQ04 (Approved April 28, 2022: \$2,289,467)
Total at March 31, 2022	\$ 3,500,000	\$ 3,500,000	\$ -	€ 3,181,818	€ 3,181,818	€ -	

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11. AUTHORIZATION DATE

The financial statements were authorized on July 19, 2022 by a Representative from Ministry of Infrastructure Development & Housing and the George Price Highway Rehabilitation Project Manager.

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**INDEPENDENT AUDITORS' REPORT ON THE
SYSTEM OF INTERNAL CONTROLS
GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO. 4616/OC-BL AND EU/CIF GRANT NO. EDF/2015/362-165**

To: Government of Belize, Ministry of Infrastructure Development & Housing

Program: George Price Highway Rehabilitation Project (Additional Financing)

We have audited the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments as of and for the thirty eight months ended March 31, 2022, for the George Price Highway Rehabilitation Project (Additional Financing), entered into by the Government of Belize and the Inter-American Development Bank and Grant from the European Commission - Caribbean Investment Facility (EU/CIF), executed by the Ministry of Infrastructure Development & Housing and have issued our report thereon dated July 19, 2022.

This report complements our opinion on the referenced financial statements.

The Management of the George Price Highway Rehabilitation Project (Additional Financing) is responsible for establishing and maintaining a system of internal control sufficient to mitigate the risks of financial information misstatements and safeguard the assets of the project, including construction works and other procured goods. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of system of internal control policies and procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are protected against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the contract, and transactions are recorded properly to permit the preparation of fair and true financial statements. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Project's financial statements for the thirty-eight months ended March 31, 2022, we obtained an understanding of the system of internal controls. With respect to the system of internal controls, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation and we assessed control risk in order to determine our auditing procedures for the purpose of expressing an opinion on the Project's financial statements and not to provide an opinion on the system of internal controls. Accordingly, we do not express such an opinion.

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We noted no matter involving the system of internal control and its operation that we consider to be reportable condition under International Standards of Auditing. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the system of internal control that, in our judgment, could adversely affect the ability of the George Price Highway Rehabilitation Project (Additional Financing) to record, process, summarize, and report financial data consistent with assertions of management in the Statement of Cash Received and Disbursements made, the Statement of Cumulative Investments.

A material weakness is a reportable condition in which the design or operation of one or more of the specific elements of the system of internal control does not reduce to a relatively low level the risk that significant errors or irregularities in amounts that would be material in relation to the program's financial statements may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions.

HLB Belize, LLP

Chartered Accountants
Belize City, Belize
July 19, 2022

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO. 4616/OC-BL AND EU/CIF GRANT NO. EDF/2015/362-165
REPORT ON THE SYSTEM OF INTERNAL CONTROLS
FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN US DOLLARS)

Control Objective	In Compliance/ or Not in Compliance
Purchase Orders are properly prepared, authorized and filed. Also, PO's issued relate to budgeted activities.	In Compliance
The Administrative assistant verifies that items on the PO's are the items invoiced and received.	In Compliance
Disbursement Requests were properly authorized and submitted; funds received were correctly recorded in the approved chart of accounts.	In Compliance
Project assets acquired exist, are in good working condition, and there are controls in place to properly track their transfer from one individual to another.	In Compliance
Perform timely reconciliation of bank accounts.	In Compliance



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH FINANCIAL AND
ACCOUNTING CONTRACTUAL CLAUSES AND THE PROJECT'S OPERATING
REGULATIONS
GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT &
HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
LOAN CONTRACT NO. 4616/OC-BL AND EU/CIF GRANT NO. EDF/2015/362-165**

To: Government of Belize, Ministry of Infrastructure Development & Housing

Program: George Price Highway Rehabilitation Project (Additional Financing)

We have audited the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments as of and for the thirty eight months ended March 31, 2022, for the George Price Highway Rehabilitation Project (Additional Financing), entered into by the Government of Belize and the Inter-American Development Bank and Grant from the European Commission- Caribbean Investment Facility, executed by the Ministry of Infrastructure Development & Housing and have issued our report thereon dated July 19, 2022.

In relation to our audit, we determined compliance with most financial and accounting contractual clauses and articles within the Special Conditions and General Conditions of Loan Contract No. 4616/OC-BL and EU/CIF Grant No. EDF/2015/362-165, for the year ended March 31, 2022. We have examined the Special Conditions described in Part One, Chapters 1 to 7, the General Conditions described in Part Two, Chapter 1 to 10 and the grant agreement.

We conducted our audit in accordance with International Standards on Auditing and the requirements of the Inter-American Development Bank. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Program has complied with the pertinent loan contractual clauses, applicable laws and regulations and the provisions contained in the Project's Operating Regulations. The audit also includes examining, on a test basis, the appropriate evidence. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, there was no instance of noncompliance that occurred in violation on the part of the Executing Agency with respect to the financial and accounting contractual clauses of Loan Contract No. 4616/OC- BL and EU/CIF Grant No. EDF/2015/362-165 and the Project's Operating Regulations.

HLB Belize, LLC

**Chartered Accountants
Belize City, Belize
July 19, 2022**

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GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
 GEORGE PRICE HIGHWAY REHABILITATION PROJECT (ADDITIONAL FINANCING)
 LOAN CONTRACT NO. 4616/OC-BL AND EU/CIF Grant NO. EDF/2015/362-165
 REPORT ON THE SYSTEM OF CONTRACTUAL CLAUSES
 FOR THE THIRTY EIGHT MONTHS ENDED MARCH 31, 2022 (IN US DOLLARS)

Report on Contractual Clauses		
Section	Clause	Findings
ARTICLE 6.01. Financial Management Systems and Internal Control	(b) The Borrower shall maintain, and shall cause the Executing Agency and the Contracting Agency, if any, to maintain, an acceptable and reliable financial management system for the timely management of Project resources that provides for: (i) financial planning; (ii) accounting, budgetary, and financial record-keeping; (iii) contract administration; (iv) payment processing; (v) the issuance of financial audit reports and other reports associated with the resources of the Loan, the Additional Resources, and other financing sources of the Project, if any.	In Compliance



July 19, 2022

Mr. Rolando Chan
Project Coordinator
Government of Belize, Ministry of Infrastructure
Development & Housing
George Price Highway Rehabilitation Project (Additional Financing)
City of Belmopan
Cayo District

Dear Mr. Chan

We have completed our audit of the Final Audit of George Price Highway Rehabilitation Project (Additional Financing), (Loan Contract No. 4616/OC-BL and EU/CIF Grant No. EDF/2015/362-165) for the thirty eight months ended March 31, 2022.

During the course of our audit, we examined the principal controls that management of the George Price Rehabilitation Project (Additional Financing) has established to enable it to ensure, as far as possible, the accuracy and reliability of its records and safeguard of its assets.

Kindly note, however, that the examination we carried out cannot be relied upon to disclose every weakness and for this reason the matters dealt with in this letter are not necessarily the only shortcomings which may exist in the system. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray what is in existence. The potential effectiveness of specific controls at the George Price Highway Rehabilitation Project (Additional Financing) is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

We have determined that no significant finding existed during the course of our audit on the Financial Statements taken as a whole that would be required to be communicated in this report.

We must commend the Project for its efforts in compliance with the guidelines stipulated in the Inter- American Development Bank Loan Contract No. 4616/OC-BL and EU/CIF Grant No. EDF/2015/362-165. We would also like to express our appreciation to the members of your staff who assisted us in completing our procedures. We greatly appreciate the opportunity to serve as your external independent auditors.

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This report is intended solely for use by the Management of the George Price Highway Rehabilitation Project (Additional Financing), The Government of Belize and the Representatives of the Inter-American Development Bank and the European Commission.

Please feel free to contact us whenever you feel we might be of assistance to you.

Sincerely,
HLB Belize, LLP

A handwritten signature in blue ink, appearing to read 'Giacomo Sanchez', written over a horizontal line.

Giacomo Sanchez
Client Service Partner