

**GOVERNMENT OF BELIZE: MINISTRY OF
INFRASTRUCTURE DEVELOPMENT &
HOUSING: George Price Highway Rehabilitation
Project
FINANCIAL REPORT
LOAN CONTRACT NO. 3344/OC-BL and EU/CIF Grant
No. EDF/2015/362-165**

*Financial Statements for the Year Ended March 31, 2021
and Independent Auditors' Report*

GEORGE PRICE HIGHWAY REHABILITATION PROJECT

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GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO: 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
FOR THE YEAR ENDED MARCH 31, 2021 (IN US DOLLARS AND EUR)

Cost and Financing
(in US\$ 000)

| Component | IDB | CIF (*) | | Local | Total |
|---|---------------|--------------|--------------|--------------|---------------|
| | (US\$000) | (€000) | (US\$000) | (US\$000) | (US\$000) |
| Component 1: . Civil works & maintenance | 23,954 | 4,800 | 5,280 | 1,528 | 30,762 |
| 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 | 2,200 | 2,420 | - | 20,942 |
| Construction supervision | 1,800 | - | - | - | 1,800 |
| 2 years maintenance | 156 | - | - | 156 | 312 |
| Land acquisition | - | - | - | 1,372 | 1,372 |
| Component 2: Institutional Strengthening | 400 | - | - | - | 400 |
| MolDH strengthening | 400 | - | - | - | 400 |
| Component 3. Engineering & administration | 2,646 | 200 | 220 | - | 2,866 |
| Administration (PEU Staff) | 1,747 | - | - | - | 1,747 |
| Studies and designs | 449 | - | - | - | 449 |
| Monitoring & Evaluation | 350 | - | - | - | 350 |
| Communication strategy and Financial audits | 100 | 200 | 220 | - | 320 |
| Total | 27,000 | 5,000 | 5,500 | 1,528 | 34,028 |

(*) 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 USD Dollars and in Euros. An equivalent in US dollars will be calculated based on current exchange rates applicable at the time of payments.

The Project officially commenced operations on November 17, 2015 and was estimated to meet its objective within five (5) years of the signing of the Loan contract, that is, November 17, 2020. Nevertheless, an extension was granted and is scheduled to be completed in July 2021.

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 year ended March 31, 2021 follows.

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO: 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
FOR THE YEAR ENDED MARCH 31, 2021 (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. 3344/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 and Statement of Cumulative Investments present fairly, in all material respects, the cash received and disbursements made for year ended March 31, 2021 in accordance with the "Cash Basis of Accounting";
2. To obtain a sufficient understanding of the George Price Highway Rehabilitation Project's 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 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
AND STATEMENT OF CUMULATIVE INVESTMENTS
GOVERNMENT OF BELIZE MINISTRY OF WORKS
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO. 3344/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

Opinion

We have audited the accompanying financial statements of the George Price Highway Rehabilitation Project 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. 3344/OC-BL and Grant from the European Commission - Caribbean Investment Facility EU/CIF Grant No. EDF/2015/362-165 as of and for the year ended March 31, 2021, which comprise the Statement of Cash Received and Disbursements as of the year ended March 31, 2021 and Statement of Cumulative Investments and the 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 for the year ended on March 31, 2021 have been prepared in all material respects, in accordance with the financial reporting requirements of the contractual clause, Article 8.01, Loan Contract No. 3344/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 Works the Executing Agency of the Loan Contract No. 3344/OC-BL and the George Price Highway Rehabilitation Project 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 statement, which describes the basis of accounting. The financial statements have been prepared to assist the George Price Highway Rehabilitation Project in accordance with the requirements of the Loan Contract No. 3344/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. 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

hblb.bz

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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 8.01, of the Loan Contract No. 3344/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 entity'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. 3344/OC-BL and EU/CIF Grant No. EDF/2015/362-165 during the period examined by us.



Chartered Accountants
Belize City, Belize
July 21, 2021

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO: 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (IN US DOLLARS)

| | Notes | Year Ended March 31, 2021 | | | | Year Ended March 31, 2020 | | | |
|--|-------|---------------------------|------------------|--------------------|-------------------|---------------------------|------------------|--------------------|-------------------|
| | | IDB | CIF | Local Counter part | Total | IDB | CIF | Local Counter part | Total |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CASH RECEIVED | | | | | | | | | |
| Accumulated cash at beginning of period | | 19,481,822 | 2,907,750 | 839,524 | 23,229,096 | 12,381,822 | 2,907,750 | 306,700 | 15,596,272 |
| Activity during the year | | | | | | | | | |
| REQ16 (Advances) | 6. | 5,000,000 | 2,956,750 | 265,640 | 8,222,390 | 7,100,000 | - | 532,824 | 7,632,824 |
| Interest received | | - | - | - | - | - | - | - | - |
| Total cash received | 10. | 24,481,822 | 5,864,500 | 1,105,164 | 31,451,486 | 19,481,822 | 2,907,750 | 839,524 | 23,229,096 |
| DISBURSEMENTS MADE | | | | | | | | | |
| Cumulative cash at beginning of period | | 17,384,472 | 2,936,079 | 839,524 | 21,160,075 | 9,170,132 | 247,635 | 306,700 | 9,724,467 |
| Activity during the Year | | | | | | | | | |
| Payments for goods and services | | 6,618,418 | 1,862,243 | 265,640 | 8,746,301 | 8,214,340 | 2,688,444 | 532,824 | 11,435,608 |
| Total cash disbursements | 6. | 24,002,890 | 4,798,322 | 1,105,164 | 29,906,376 | 17,384,472 | 2,936,079 | 839,524 | 21,160,075 |
| Program Receipts Less Disbursements | 9. | 478,932 | 1,066,178 | - | 1,545,110 | 2,097,350 | (28,329) | - | 2,069,021 |
| Reimbursable from (MoIDH to the Program)/ Program to MoIDH | 5. | 91,320 | 434,416 | - | 525,736 | 2,478,007 | 547,355 | - | 3,025,362 |
| AVAILABLE CASH AS OF END OF YEAR | 3. | 570,252 | 1,500,594 | - | 2,070,846 | 4,575,357 | 519,026 | - | 5,094,383 |


Project Manager




Chief Executive Officer,
Ministry of Infrastructure Development & Housing

The accompanying notes on pages 9 to 19 form an integral part of these financial statements.

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO: 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (IN EUR)

| | Notes | Year Ended March 31, 2021 | | | | Year Ended March 31, 2020 | | | |
|--|-------|---------------------------|------------------|--------------------|-------------------|---------------------------|------------------|--------------------|-------------------|
| | | IDB | CIF | Local Counter part | Total | IDB | CIF | Local Counter part | Total |
| | | € | € | € | € | € | € | € | € |
| CASH RECEIVED | | | | | | | | | |
| Accumulated cash at Beginning of Period | | 17,710,747 | 2,500,000 | 763,204 | 20,973,951 | 11,256,202 | 2,500,000 | 278,818 | 14,035,020 |
| Activity during the year | | | | | | | | | |
| REQ 16 (Advances) | 6. | 4,545,455 | 2,500,000 | 241,490 | 7,286,945 | 6,454,545 | - | 484,386 | 6,938,931 |
| Interest Received | | - | - | - | - | - | - | - | - |
| Total cash received | 10. | 22,256,202 | 5,000,000 | 1,004,694 | 28,260,896 | 17,710,747 | 2,500,000 | 763,204 | 20,973,951 |
| DISBURSEMENTS MADE | | | | | | | | | |
| Cumulative cash at beginning of period | | 15,804,064 | 2,525,447 | 763,204 | 19,092,715 | 8,336,483 | 215,036 | 278,818 | 8,830,337 |
| Activity during the Year | | | | | | | | | |
| Payments for goods and services | | 6,016,743 | 1,577,366 | 241,490 | 7,835,599 | 7,467,581 | 2,310,411 | 484,386 | 10,262,378 |
| Total cash disbursements | 6. | 21,820,807 | 4,102,813 | 1,004,694 | 26,928,314 | 15,804,064 | 2,525,447 | 763,204 | 19,092,715 |
| Program Receipts Less Disbursements | 9. | 435,395 | 897,187 | - | 1,332,582 | 1,906,683 | (25,447) | - | 1,881,236 |
| Reimbursable from (MoldH to the Program)/ Program to MoldH | 5. | 83,017 | 361,806 | - | 444,823 | 2,252,733 | 491,673 | - | 2,744,406 |
| AVAILABLE CASH AS OF END OF YEAR | 3. | 518,412 | 1,258,993 | - | 1,777,405 | 4,159,416 | 466,226 | - | 4,625,642 |


Project Manager

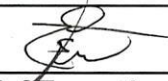

Chief Executive Officer,
Ministry of Infrastructure Development & Housing

The accompanying notes on pages 9 to 19 form an integral part of these financial statements.

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO: 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (IN US DOLLARS)

| INVESTMENT CATEGORY/ COMPONENTS | CUMULATIVE AT THE END OF MARCH 31, 2020 | | | | MOVEMENTS DURING THE PERIOD ENDED MARCH 31, 2021 | | | | CUMULATIVE AT THE END OF MARCH 31, 2021 | | | |
|--|--|------------------|----------------------|-------------------|---|------------------|----------------------|------------------|--|------------------|----------------------|-------------------|
| | IDB | CIF | Local Counterpart | Total | IDB | CIF | Local Counterpart | Total | IDB | CIF | Local Counterpart | Total |
| Component I: Civil Works & Maintenance | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1.1 Replacement of Roaring Creek Bridge | 2,844,381 | 1,456,353 | - | 4,300,734 | 31,032 | 933,759 | - | 964,791 | 2,875,413 | 2,390,112 | - | 5,265,525 |
| 1.2 Rehabilitation of George Price Highway | 11,549,457 | 1,393,272 | - | 12,942,729 | 5,166,421 | 954,121 | - | 6,120,542 | 16,715,878 | 2,347,393 | - | 19,063,271 |
| 1.3 Construction Supervision | 2,044,163 | - | - | 2,044,163 | 1,017,694 | - | - | 1,017,694 | 3,061,857 | - | - | 3,061,857 |
| 1.4 Two-year Maintenance | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.5 Land Acquisition | - | - | 839,524 | 839,524 | - | - | 265,640 | 265,640 | - | - | 1,105,164 | 1,105,164 |
| TOTAL | 16,438,001 | 2,849,625 | 839,524 | 20,127,150 | 6,215,147 | 1,887,880 | 265,640 | 8,368,667 | 22,653,148 | 4,737,505 | 1,105,164 | 28,495,817 |
| Component II: Institutional Strengthening | | | | | | | | | | | | |
| 2.1 Ministry of Works Strengthening | 38,423 | - | - | 38,423 | 35,313 | - | - | 35,313 | 73,736 | - | - | 73,736 |
| TOTAL | 38,423 | - | - | 38,423 | 35,313 | - | - | 35,313 | 73,736 | - | - | 73,736 |
| Component III: Engineering & Administration | | | | | | | | | | | | |
| 3.1 Administration | 850,420 | - | - | 850,420 | 336,314 | - | - | 336,314 | 1,186,734 | - | - | 1,186,734 |
| 3.2 Studies & Designs | 6,245,000 | - | - | 6,245 | - | - | - | - | 6,245 | - | - | 6,245 |
| 3.3 Monitoring & Evaluation | 19,134 | - | - | 19,134 | 15,445 | - | - | 15,445 | 34,579 | - | - | 34,579 |
| 3.4 Communication Strategy & Audits | 32,249 | - | - | 32,249 | 16,199 | 18,727 | - | 34,926 | 48,448 | 18,727 | - | 67,175 |
| TOTAL | 908,048 | - | - | 908,048 | 367,958 | 18,727 | - | 386,685 | 1,276,006 | 18,727 | - | 1,294,733 |
| CONTINGENCIES | - | - | - | - | - | - | - | - | - | - | - | - |
| FINANCE CHARGES | - | 86,454 | - | 86,454 | | (44,364) | - | (44,364) | - | 42,090 | - | 42,090 |
| TOTAL INVESTMENT | 17,384,472 | 2,936,079 | 839,524 | 21,160,075 | 6,618,418 | 1,862,243 | 265,640 | 8,746,301 | 24,002,890 | 4,798,322 | 1,105,164 | 29,906,376 |


Project Manager

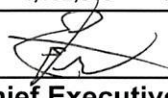

**Chief Executive Officer,
Ministry of Infrastructure Development
& Housing**

The accompanying notes on pages 9 to 19 form an integral part of these financial statements.

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO: 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (IN EUR)

| INVESTMENT CATEGORY/ COMPONENTS | CUMULATIVE AT THE END OF MARCH 31, 2020 | | | | MOVEMENTS DURING THE PERIOD ENDED MARCH 31, 2021 | | | | CUMULATIVE AT THE END OF MARCH 31, 2021 | | | |
|--|--|------------------|----------------------|-------------------|---|------------------|----------------------|------------------|--|------------------|----------------------|-------------------|
| | IDB | CIF | Local Counterpart | Total | IDB | CIF | Local Counterpart | Total | IDB | CIF | Local Counterpart | Total |
| | € | € | € | € | € | € | € | € | € | € | € | € |
| Component I: Civil Works & Maintenance | | | | | | | | | | | | |
| 1.1 Replacement of Roaring Creek Bridge | 2,585,801 | 1,292,335 | - | 3,878,136 | 28,211 | 781,365 | - | 809,576 | 2,614,012 | 2,073,700 | - | 4,687,712 |
| 1.2 Rehabilitation of George Price Highway | 10,499,506 | 1,233,112 | - | 11,732,618 | 4,696,746 | 780,030 | - | 5,476,776 | 15,196,252 | 2,013,142 | - | 17,209,394 |
| 1.3 Construction Supervision | 1,858,330 | - | - | 1,858,330 | 925,176 | - | - | 925,176 | 2,783,506 | - | - | 2,783,506 |
| 1.4 Two-year Maintenance | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.5 Land Acquisition | - | - | 763,204 | 763,204 | - | - | 241,490 | 241,490 | - | - | 1,004,694 | 1,004,694 |
| TOTAL | 14,943,637 | 2,525,447 | 763,204 | 18,232,288 | 5,650,133 | 1,561,395 | 241,490 | 7,453,018 | 20,593,770 | 4,086,842 | 1,004,694 | 25,685,306 |
| Strengthening | | | | | | | | | | | | |
| 2.1 Ministry of Works Strengthening | 34,930 | - | - | 34,930 | 32,103 | - | - | 32,103 | 67,033 | - | - | 67,033 |
| TOTAL | 34,930 | - | - | 34,930 | 32,103 | - | - | 32,103 | 67,033 | - | - | 67,033 |
| Component III: Engineering & Administration | | | | | | | | | | | | |
| 3.1 Administration | 773,109 | - | - | 773,109 | 305,740 | - | - | 305,740 | 1,078,849 | - | - | 1,078,849 |
| 3.2 Studies & Designs | 5,677,000 | - | - | 5,677 | - | - | - | - | 5,677 | - | - | 5,677 |
| 3.3 Monitoring & Evaluation | 17,394 | - | - | 17,394 | 14,041 | - | - | 14,041 | 31,435 | - | - | 31,435 |
| 3.4 Communication Strategy & Audits | 29,317 | - | - | 29,317 | 14,726 | 15,971 | - | 30,697 | 44,043 | 15,971 | - | 60,014 |
| TOTAL | 825,497 | - | - | 825,497 | 334,507 | 15,971 | - | 350,478 | 1,160,004 | 15,971 | - | 1,175,975 |
| CONTINGENCIES | - | - | - | - | - | - | - | - | - | - | - | - |
| FINANCE CHARGES | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL INVESTMENT | 15,804,064 | 2,525,447 | 763,204 | 19,092,715 | 6,016,743 | 1,577,366 | 241,490 | 7,835,599 | 21,820,807 | 4,102,813 | 1,004,694 | 26,928,314 |


Project Manager


**Chief Executive Officer,
Ministry of Infrastructure Development
& Housing**

The accompanying notes on pages 9 to 19 form an integral part of these financial statements.



GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO: 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2021 (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 and Grant from the European Commission-Caribbean Investment Facility to finance a portion of the cost of the George Price Highway Rehabilitation Project. The total contribution to the project is USD\$34,028,000 consisting of USD \$27,000,000 from Inter American Development Bank; USD \$5,500,000 (EUR 5,000,000) from European Commission-Caribbean Investment Facility; and USD \$1,528,000 from Government of Belize local counter-part.

The project is financially administered in three (3) components: Component 1 - Civil works and maintenance, Component 2 - Institutional strengthening, and Component 3 - Engineering & administration. The project is 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 scope of the rehabilitation work includes horizontal and vertical realignment of the roadway to meet international safety standards, as well as the upgrading of drainage and construction of runoff channels to improve climate resilience of the road. The project will also address the replacement of major culverts at key locations, clearing of the road reserve, removal of any obstructions, construction of safety barriers, increased road signage and support the maintenance of the works, once the rehabilitation is completed.

Component 2 consists in providing trainings to strengthen the knowledge and expertise of the Ministry of Infrastructure Development & Housing.

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

Project Administration

Civil Works: Section I-III

Section I Construction of Roaring Creek Bridge was awarded to M&M Engineering Consultants Limited in the sum of BZ\$11,346,823; Section II Roaring Creek to Iguana Creek Junction was awarded to Teichroeb & Sons Limited in the sum of BZ\$20,540,823; and Section III Iguana Creek Junction to Santa Elena Town was awarded to Imer Hernandez Development Company Limited in the sum of BZ\$ 19,012,936.

Supervision Services: IMC Worldwide

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

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO: 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2021 (IN US DOLLARS and EUR)

1. PROGRAM STATUS (CONTINUED)

Project Status

Component 1

The contract for Section I (M&M Engineering Consultant Ltd) was signed on December 18, 2017 with initial end date 30-Apr- 2019 for a duration of 18 months with a contract sum of BZ \$11,346,823; with end date June 30, 2019 as per amendment 1. There were Amendment 2 to Section I for extension of time to additional six (6) months and with additional cost of BZ \$234,780. Amendment 3 signed May 07, 2020 replaced the new end date to March 31, 2020. The contract is considered completed and paid as March 31, 2021 to the contractor is 90% (BZD \$10,531,051.02). There were thirty-One (31) Variation Orders and twenty-two (22) Site Instructions approved.

The contract 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 BZ \$20,540,823. 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 BZ \$25,521,469. Amendment 2 was signed 03-April-20 to increase the contract value to BZ \$26,521,469.09. 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 FY2020-2021, there was Amendment 3 increasing the contract value to BZ \$27,204,485.96 and the Intended Completion Dates to the work (chainage). The contract is ongoing and paid as at March 31, 2021 to the contractor is 95% (BZ \$26,079,306.90).

The contract 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 BZ \$19,012,936. There has been only one Amendment to the contract which adjusted the Site Location of the work section (chainage). The work is ongoing and paid as at March 31, 2021 to the contractor is 63% (BZD \$12,047,234.69).

The Road Maintenance contracting have been delayed since there were extensions of time for Section 1, 2 and 3.

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\$1,912,514.50 for twenty four (24) months. The contract value and expiration of contract was Amended on July 17, 2019 to the sum of USD\$3,215,266.67 and forty-seven (47) months, respectively. In FY2020-2021, Amendment 2 was approved on June 30, 2020 increasing the contract sum to USD\$3,328,486.92 to accommodate the extension of time and the defect liabilities reports. In addition, Amendment 3 was approved on 18-Jan-21 increasing the value to USD\$3,917,433.72 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 USD\$3,061,856.67 ending March 2021.

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). There is only one legal case against the project for Section I.

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1. PROGRAM STATUS (CONTINUED)

Component 2

The PMU conducted three (3) trainings during Fiscal Year 2020-2021, that is, in Structuring Performance-Based Contracts, Procurement & Contract Management and HDM-4 Training geared for MIDH Engineers.

Component 3

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

The Engineering portion in this component made provision for the procurement of two (2) vehicles for the Department of the Transport. The PMU contracted a supplier and is awaiting delivery of the specialized vehicles. There were several pieces of equipment acquired for water/noise/air testing.

Both Financial Audit and Reasonable Assurance Audit of last fiscal year was conducted satisfactory.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in United States dollars (USD) 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.

- (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.

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2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (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 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 #311093, 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, 2021, as held in the Project's bank account.

| | <u>2021</u> | | | | | |
|-------------------------------------|-------------|------------------|-----------|----------------|----------|----------------|
| IDB FUNDS | | | | | | |
| Central Bank of Belize a/c # 311093 | BZ | | USD | | EUR | |
| Statement balance at March 31, 2021 | \$ | 1,140,503 | \$ | 570,252 | € | 518,412 |
| Total cash and bank balance | \$ | 1,140,503 | \$ | 570,252 | € | 518,412 |

| | <u>2021</u> | | |
|--|---------------------|---------------------|--------------------|
| CIF-EU FUNDS | | | |
| Central Bank of Belize a/c # 312042 | BZ | USD | EUR |
| Statement balance at March 31, 2021 | \$ 3,001,188 | \$ 1,500,594 | € 1,258,993 |
| Total cash and bank balance | \$ 3,001,188 | \$ 1,500,594 | € 1,258,993 |
| Total Cash Balances | \$ 4,141,691 | \$ 2,070,846 | € 1,777,405 |

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, 2021, the amount pending justification to the IDB totaled US\$5,434,247 (€4,940,225) and relating to EU - CIF funds US\$2,793,913 (€2,344,083) which represents disbursement requests awaiting processing or expenditures incurred but not included in prior requests. See note 5.

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5. ADVANCES AND JUSTIFICATION

| IDB FUNDS | <u>2021</u> | |
|--|-------------|------------|
| | <u>USD</u> | <u>EUR</u> |
| Balance in Bank Accounts at March 31, 2021 | \$ 570,252 | € 518,411 |
| Funds Already Used | 4,955,315 | 4,504,831 |
| Reconciled Revolving Fund Balance | 5,525,567 | 5,023,242 |
| Advance Fund Balance per LMS1 | 5,434,247 | 4,940,225 |
| | 91,320 | 83,017 |
| Explained Difference (see below) * | (91,320) | (83,017) |
| Difference | \$ - | € - |

* The US \$91,320 has been used by the Government of Belize for George Price Highway Rehabilitation Project expenses and are thus reimbursable to MOLDH by the GPHRP and pending justification to the IDB.

| CIF-EU FUNDS | <u>2021</u> | |
|---|--------------|-------------|
| | <u>USD</u> | <u>EUR</u> |
| Balance in Bank Accounts at March 31, 2021 ** | \$ 1,500,594 | € 1,258,993 |
| Funds Already Used and Pending Justification | 1,727,735 | 1,446,896 |
| Reconciled Revolving Fund Balance | 3,228,329 | 2,705,889 |
| Advance funds unjustified | (2,793,913) | (2,344,083) |
| | 434,416 | 361,806 |
| Explained difference (see below) *** | (434,416) | (361,806) |
| Difference | \$ - | € - |

As at March 31, 2021; Government of Belize (GOB) has provided an advance of 361,806 Euros for the payment to contractor which is reimbursable to GOB.

** Balances from USD to Euro at March 31, 2021 has been converted at 1.1919 as per Central Bank of Belize rates.

*** The US\$434,316 has been used by the Program Management Unit for George Price Highway Rehabilitation Project expenses and are thus reimbursable to GOB by the GPHRP and pending justification to the IDB.

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5. ADVANCES AND JUSTIFICATION (CONTINUED)

Advance Fund Balance as per LMS1

| Opening Balance Inter- American | | | 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 |
| 201608706 | 10-Mar-16 | REQ01 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | \$ 173,361 | \$ - | \$ 173,361 | € 157,602 | € - | € 157,602 |
| 201717478 | 08-May-17 | REQ02 | | - | (157,678) | 15,683 | - | (€ 143,344) | 14,258 |
| 201717984 | 10-May-17 | REQ03 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | 75,958 | - | 91,641 | 69,053 | - | 83,311 |
| 201744636 | 02-Oct-17 | REQ04 | | - | (86,630) | 5,011 | - | (78,754) | 4,557 |
| 201759701 | 12-Dec-17 | REQ05 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | 3,750,000 | - | 3,755,011 | 3,409,091 | - | 3,413,648 |
| 201822108 | 25-May-18 | REQ06 | IMC Worldwide Inc. (DPS) | 382,503 | (382,503) | 3,755,011 | 347,730 | (347,730) | 3,413,648 |
| 201823831 | 06-Jun-18 | REQ07 | | - | (3,188,765) | 566,247 | - | (2,898,877) | 514,771 |
| 201823941 | 07-Jun-18 | REQ08 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | 3,000,000 | - | 3,566,247 | 2,727,273 | - | 3,242,043 |
| 201861927 | 14-Dec-18 | REQ09 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | - | (2,843,552) | 722,695 | - | (2,585,047) | 656,995 |
| 201862165 | 17-Dec-18 | REQ10 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | 5,000,000 | - | 5,722,695 | 4,545,455 | - | 5,202,450 |
| 201932819 | 12-Jul-19 | REQ11 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | - | (5,618,298) | 104,397 | - | (5,107,544) | 94,906 |
| 201932935 | 16-Jul-19 | REQ12 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | 2,600,000 | - | 2,704,397 | 2,363,636 | - | 2,458,542 |
| 201962020 | 03-Dec-19 | REQ13 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | - | (1,978,211) | 726,186 | - | (1,798,374) | 660,168 |
| 201962756 | 06-Dec-19 | REQ14 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | 4,500,000 | - | 5,226,186 | 4,090,909 | - | 4,751,077 |
| 202035759 | 14-Aug-20 | REQ15 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | - | (4,791,939) | 434,247 | - | (4,356,307) | 394,770 |
| 202036475 | 14-Aug-20 | REQ16 | GOB/IDB CIVIL WORKS- GEORGE PRICE HIGHWAY | 5,000,000 | - | 5,434,247 | 4,545,455 | - | 4,940,225 |
| Closing Balance | | | | \$ 24,481,822 | \$ (19,047,576) | \$ 5,434,247 | € 22,256,202 | (€ 17,315,977) | € 4,940,226 |

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5. ADVANCES AND JUSTIFICATION (CONTINUED)

| Opening Bal. EU FUNDS | | | 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 |
| | 31-Aug-18 | DEP01 | GOB/EU GEORGE PRICE HIGHWAY REHABILITATION | \$ 2,907,750 | \$ - | \$ 2,907,750 | € 2,500,000 | € - | € 2,500,000 |
| 201932819 | 12-Jul-19 | REQ11 | GOB/EU GEORGE PRICE HIGHWAY REHABILITATION | - | (472,307) | 2,435,443 | - | (410,860) | 2,089,140 |
| 201962020 | 03-Dec-19 | REQ13 | GOB/EU GEORGE PRICE HIGHWAY REHABILITATION | - | (1,240,566) | 1,194,877 | - | (1,099,591) | 989,549 |
| | 31-Jul-20 | DEP02 | GOB/EU GEORGE PRICE HIGHWAY REHABILITATION | 2,956,750 | - | 4,151,627 | 2,500,000 | - | 3,489,549 |
| 202035759 | 26-Aug-20 | REQ15 | GOB/EU GEORGE PRICE HIGHWAY REHABILITATION | - | (1,357,714) | 2,793,913 | - | (1,217,797) | 2,271,752 |
| Closing Balance | | | | \$ 5,864,500 | \$ (3,070,587) | \$ 2,793,913 | € 5,000,000 | € (2,728,248) | € 2,271,752 |

BY FISCAL YEAR

| Advances & Justifications | IDB Fund | | EU-CIF Funds | |
|--|---------------------|--------------------|---------------------|--------------------|
| | USD | EUR | USD | EUR |
| Opening Balance of Advance (April 1, 2020) | \$ 5,226,186 | € 4,751,078 | \$ 1,194,877 | € 989,549 |
| Advance Recorded & Justified | (4,791,939) | (4,356,308) | (1,357,714) | (1,217,797) |
| Advance Received | 5,000,000 | 4,545,455 | 2,956,750 | 2,500,000 |
| Closing Balance of Advances (March 31, 2021) | \$ 5,434,247 | € 4,940,225 | \$ 2,793,913 | € 2,271,752 |

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6. LOCAL COUNTERPART FUNDS

| | Cumulative as at March 31, 2020 | Year Ended March 31, 2021 | Cumulative as at March 31, 2021 | Year Ended March 31, 2020 | Year Ended March 31, 2021 | Cumulative as at March 31, 2021 |
|---|---------------------------------------|------------------------------|---------------------------------------|------------------------------|------------------------------|---------------------------------------|
| | USD | USD | USD | EUR | EUR | EUR |
| Advance Fund/ Replenishments (page 5 - 6 \$ | 839,524 | \$ 265,640 | \$ 1,105,164 | € 763,204 | € 241,490 | € 1,004,694 |
| Direct Payments | - | - | - | - | - | - |
| Total | \$ 839,524 | \$ 265,640 | \$ 1,105,164 | € 763,204 | € 241,490 | € 1,004,694 |

The Government of Belize has committed to contributing a sum of USD \$1,528,000 (EUR 1,389,091). As of March 31, 2021, the Government has contributed a sum of USD \$1,105,164 (EUR 1,004,694), which equates to 72% of the total committed. Local counterpart funding is concentrated in the land acquisition, compensation to affected persons and projected maintenance components.

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, 2021) | # Processes | Amount USD | Amount EUR | % |
|--------------------------------------|-------------|----------------------|---------------------|-------------|
| Not Started | 4 | \$ 100,000 | € 90,909 | 0% |
| Ongoing/Underway | 5 | 2,089,308 | 1,899,371 | 6% |
| Awarded (including completed) | 29 | 31,838,692 | 28,944,265 | 94% |
| Total | 38 | \$ 34,028,000 | € 30,934,545 | 100% |

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

| | Cumulative as at March 31, 2020 USD | Year Ended March 31, 2021 USD | Cumulative as at March 31, 2021 USD | Cumulative as at March 31, 2020 EUR | Year Ended March 31, 2021 EUR | Cumulative as at March 31, 2021 EUR |
|---|--|-------------------------------------|--|--|-------------------------------------|--|
| Disbursements made by the PMU as per Statement of Cumulative Investments | \$ 17,001,969 | \$ 6,618,418 | \$ 23,620,387 | € 15,456,335 | € 6,016,743 | € 21,473,078 |
| Direct Disbursements made by the IADB as per Statement of Cumulative Investment | 382,503 | - | 382,503 | 347,728 | - | 347,728 |
| Cumulative Investment | 17,384,472 | 6,618,418 | 24,002,890 | 15,804,064 | 6,016,743 | 21,820,807 |
| Total Cash Received and Direct Payments via IADB | \$ 19,481,822 | \$ 5,000,000 | \$ 24,481,822 | € 17,710,747 | € 4,545,455 | € 22,256,202 |
| Less: Cumulative Disbursements for the period | (17,384,472) | (6,618,418) | (24,002,890) | (15,804,064) | (6,016,743) | (21,820,807) |
| Receipts Less Disbursements | \$ 2,097,350 | \$ (1,618,418) | \$ 478,932 | € 1,906,683 | € (1,471,288) | € 435,395 |

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
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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 | \$ 2,875,413 | \$ 2,851,826 | \$ 23,587 | € 2,614,012 | 2,592,569 | € 21,443 | |
| 1.2 Rehabilitation of George Price Highway | 16,715,878 | 12,939,454 | 3,776,425 | 15,196,252 | 11,763,140 | 3,433,112 | |
| 1.3 Construction Supervision | 3,061,857 | 2,215,518 | 846,339 | 2,783,506 | 2,014,107 | 769,399 | |
| 1.4 Two-year Maintenance | - | - | - | - | - | - | |
| 1.5 Land Acquisition | - | - | - | - | - | - | |
| TOTAL | \$ 22,653,148 | \$ 18,006,798 | \$ 4,646,351 | \$ 20,593,770 | \$ 16,369,816 | \$ 4,223,954 | |
| Component II: Institutional Strengthening | | | | | | | |
| 2.1 Ministry of Works Strengthening | 73,736 | 38,423 | 35,313 | 67,033 | 34,930 | 32,103 | |
| TOTAL | 73,736 | 38,423 | 35,313 | 67,033 | 34,930 | 32,103 | |
| Component III: Engineering & Administration | | | | | | | |
| 3.1 Administration | 1,186,734 | 944,727 | 242,007 | 1,078,849 | 858,843 | 220,006 | |
| 3.2 Studies & Designs | 6,245 | 6,245 | - | 5,677 | 5,677 | - | |
| 3.3 Monitoring & Evaluation | 34,579 | 19,134 | 15,445 | 31,435 | 17,395 | 14,041 | |
| 3.4 Communication Strategy & Audits | 48,448 | 32,249 | 16,199 | 44,043 | 29,317 | 14,725 | |
| TOTAL | 1,276,006 | 1,002,355 | 273,651 | 1,160,004 | 911,232 | 248,773 | |
| Advance Fund Balance as at March 31, 2021 | 478,932 | 5,434,247 | (4,955,315) | 435,395 | 4,940,225 | (4,504,830) | Funds used, see also note 5. |
| Total at March 31, 2021 | \$ 24,481,822 | \$ 24,481,822 | \$ - | € 22,256,202 | 22,256,202 | € - | |

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11. AUTHORIZATION DATE

The financial statements were authorized on July 21, 2021 by a Representative from Ministry of Infrastructure Development & Housing and the George Price Highway Rehabilitation Project Manager.

**INDEPENDENT AUDITORS' REPORT ON THE
SYSTEM OF INTERNAL CONTROL
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO. 3344/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

We have audited the Statement of Cash Received and Disbursements for the year ended March 31, 2021 and the Statement of Cumulative Investments as of and for the year ended March 31, 2021, for the George Price Highway Rehabilitation Project, 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 21, 2021.

This report complements our opinion on the referenced financial statements.

The Management of the George Price Highway Rehabilitation Project 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 year ended March 31, 2021, 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.

hlb.bz

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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 to record, process, summarize, and report financial data consistent with assertions of management in the Statement of Cash Received and Disbursements, 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.



Chartered Accountants
Belize City, Belize
July 21, 2021

GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO. 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
REPORT ON THE SYSTEM OF INTERNAL CONTROLS
FOR THE YEAR ENDED MARCH 31, 2021 (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 WORKS
GEORGE PRICE HIGHWAY REHABILITATION PROJECT
LOAN CONTRACT NO. 3344/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

We have audited the Statement of Cash Received and Disbursements for the year ended March 31, 2021 and the Statement of Cumulative Investments as of and for the year ended March 31, 2021, for the George Price Highway Rehabilitation Project, 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 21, 2021.

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. 3344/OC-BL and EU/CIF Grant No. EDF/2015/362-165, for the year ended March 31, 2021. 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. 3344/OC- BL and EU/CIF Grant No. EDF/2015/362-165 and the Project's Operating Regulations.

**Chartered Accountants
Belize City, Belize
July 21, 2021**

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GOVERNMENT OF BELIZE, MINISTRY OF INFRASTRUCTURE DEVELOPMENT & HOUSING
 GEORGE PRICE HIGHWAY REHABILITATION PROJECT
 LOAN CONTRACT NO. 3344/OC-BL AND EU/CIF Grant No. EDF/2015/362-165
 REPORT ON THE SYSTEM OF CONTRACTUAL CLAUSES
 FOR THE YEAR ENDED MARCH 31, 2021 (IN US DOLLARS)

| Report on Contractual Clauses | | |
|---|---|---------------|
| Section | Clause | Findings |
| ARTICLE 8.01. Financial Information and Internal Control Systems | (a) The Borrower or the Executing Agency, or the Contracting Agency, as the case may be, shall maintain: (i) a financial information system acceptable to the Bank that enables accounting, budgetary and financial record keeping, as well as the issuance of financial statements and other reports related to the resources of the Loan and other financial sources, as the case may be; and (ii) an internal control structure that enables effective Project management; provides reliability regarding the financial information and the physical, magnetic and electronic records and files; and enables the fulfillment of the provisions of this Contract. | In Compliance |



July 21, 2021

Rolando Chan
Project Manager
George Price Highway Rehabilitation Project
City of Belmopan
Cayo District

Dear Mr. Chan

We have completed our audit of the Final Audit of George Price Highway Rehabilitation Project, (Loan Contract No. 3344/OC-BL and EU/CIF Grant No. EDF/2015/362-165) for the year ended March 31, 2021.

During the course of our audit, we examined the principal controls that management of the George Price Rehabilitation Project 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 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. 3344/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, 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

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

Giacomo Sanchez
Client Service Partner