

GOVERNMENT OF BELIZE
MINISTRY OF WORKS: 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, 2020 and Independent Auditor's
Report

GEORGE PRICE HIGHWAY REHABILITATION PROJECT

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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
FOR THE YEAR ENDED MARCH 31, 2020 (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
MOWT 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 is estimated to meet its objective within five (5) years of the signing of the Loan contract, that it is, by November 17, 2020. There may also be permitted extensions.

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, 2020 follows.

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
FOR THE YEAR ENDED MARCH 31, 2020 (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, 2020 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 Works

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 Works 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, 2020, which comprise the Statement of Cash Received and Disbursements as of the year ended March 31, 2020 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, 2020 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 Auditor's 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 on 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

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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 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.

Auditor's 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.

HLB Belize, LLP

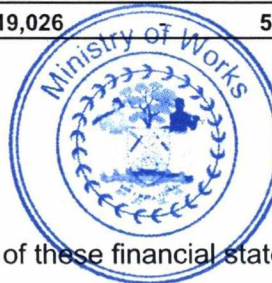
Chartered Accountants
Belize City, Belize
July 28, 2020

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
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS)

	Notes	Year Ended March 31, 2020				Year Ended March 31, 2019			
		IDB	CIF	Local Counter part	Total	IDB	CIF	Local Counter part	Total
		\$	\$	\$	\$	\$	\$	\$	\$
CASH RECEIVED									
Accumulated as at Beginning of Period		12,381,822	2,907,750	306,700	15,596,272	3,999,320	-	48,730	4,048,050
Activity During the Period					-				
REQ12 & 14 (Advances)	6.	7,100,000	-	532,824	7,632,824	8,382,502	2,907,750	257,970	11,548,222
Interest Received		-	-	-	-	-	-	-	-
Total Cash Received	10.	19,481,822	2,907,750	839,524	23,229,096	12,381,822	2,907,750	306,700	15,596,272
DISBURSEMENTS									
Beginning Balance		9,170,132	247,635	306,700	9,724,467	2,725,369	-	48,730	2,774,099
Activity during the Year									
Payments for goods and services		8,214,340	2,688,444	532,824	11,435,608	6,444,763	247,635	257,970	6,950,368
		-	-	-	-	-	-	-	-
TOTAL CASH DISBURSEMENTS		17,384,472	2,936,079	839,524	21,160,075	9,170,132	247,635	306,700	9,724,467
Program Receipts Less Disbursements	9.	2,097,350	(28,329)	-	2,069,021	3,211,690	2,660,115	-	5,871,805
Reimbursable from (MoWT to the Program)/ Program to MoWT	4.	2,478,007	547,355	-	3,025,362	2,347,958	247,635	-	2,595,593
AVAILABLE CASH BALANCE	3.	4,575,357	519,026		5,094,383	5,559,648	2,907,750	-	8,467,398



Project Manager



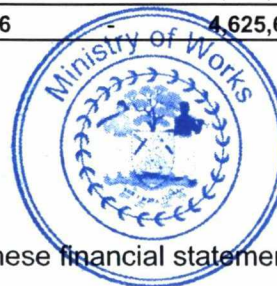

Chief Executive Officer,
Ministry of Works


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

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
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (IN EUR)

	Notes	Year Ended March 31, 2020				Year Ended March 31, 2019			
		IDB	CIF	Local Counter part	Total	IDB	CIF	Local Counter part	Total
		€	€	€	€	€	€	€	€
CASH RECEIVED									
Accumulated as at Beginning of Period		11,256,202	2,500,000	278,818	14,035,020	3,635,745	-	44,300	3,680,045
Activity During the Period									
REQ12 & 14 (Advances)	6.	6,454,545	-	484,386	6,938,931	7,620,457	2,500,000	234,518	10,354,975
Interest Received		-	-	-	-	-	-	-	-
Total Cash Received	10.	17,710,747	2,500,000	763,204	20,973,951	11,256,202	2,500,000	278,818	14,035,020
DISBURSEMENTS									
Beginning of Year		8,336,483	215,036	278,818	8,830,337	2,477,608	-	44,300	2,521,908
Activity during the Year									
Payments for goods and services		7,467,581	2,310,411	484,386	10,262,378	5,858,875	215,036	234,518	6,308,429
Refunds to IDB									
TOTAL CASH DISBURSEMENTS		15,804,064	2,525,447	763,204	19,092,715	8,336,483	215,036	278,818	8,830,337
Program Receipts Less Disbursements	9.	1,906,683	(25,447)	-	1,881,236	2,919,719	2,284,964	-	5,204,683
Reimbursable from (MoWT to the Program)/ Program to MoWT	4.	2,252,733	491,673	-	2,744,406	2,134,507	215,036	-	2,349,543
AVAILABLE CASH BALANCE	3.	4,159,416	466,226		4,625,642	5,054,226	2,500,000	-	7,554,226


Project Manager




**Chief Executive Officer,
Ministry of Works**

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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
STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS)

INVESTMENT CATEGORY/ COMPONENTS	CUMULATIVE AT THE END OF MARCH 31, 2019				MOVEMENTS DURING THE PERIOD ENDED MARCH 31, 2020				CUMULATIVE AT THE END OF MARCH 31, 2020			
	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	2,595,413	109,610	-	2,705,023	248,968	1,346,743	-	1,595,711	2,844,381	1,456,353	-	4,300,734
1.2 Rehabilitation of George Price Highway	4,882,758	138,025	-	5,020,783	6,666,699	1,255,247	-	7,921,946	11,549,457	1,393,272	-	12,942,729
1.3 Construction Supervision	1,114,651	-	-	1,114,651	929,512	-	-	929,512	2,044,163	-	-	2,044,163
1.4 Two-year Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Land Acquisition	-	-	306,700	306,700	-	-	532,824	532,824	-	-	839,524	839,524
TOTAL	8,592,822	247,635	306,700	9,147,157	7,845,179	2,601,990	532,824	10,979,993	16,438,001	2,849,625	839,524	20,127,150
Component II: Institutional Strengthening												
2.1 Ministry of Works Strengthening	38,423	-	-	38,423	-	-	-	-	38,423	-	-	38,423
TOTAL	38,423	-	-	38,423	-	-	-	-	38,423	-	-	38,423
Component III: Engineering & Administration												
3.1 Administration	538,553	-	-	538,553	311,867	-	-	311,867	850,420	-	-	850,420
3.2 Studies & Designs	-	-	-	-	6,245	-	-	6,245	6,245	-	-	6,245
3.3 Monitoring & Evaluation	-	-	-	-	19,134	-	-	19,134	19,134	-	-	19,134
3.4 Communication Strategy & Audits	334	-	-	334	31,915	-	-	31,915	32,249	-	-	32,249
TOTAL	538,887	-	-	538,887	369,161	-	-	369,161	908,048	-	-	908,048
CONTINGENCIES	-	-	-	-	-	-	-	-	-	-	-	-
FINANCE CHARGES	-	-	-	-	-	86,454	-	86,454	-	86,454	-	86,454
TOTAL INVESTMENT	9,170,132	247,635	306,700	9,724,467	8,214,340	2,688,444	532,824	11,435,608	17,384,472	2,936,079	839,524	21,160,075


Project Manager





Chief Executive Officer,
Ministry of Works

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

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
STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (IN EUR)

INVESTMENT CATEGORY/ COMPONENTS	CUMULATIVE AT THE END OF MARCH 31, 2019				MOVEMENTS DURING THE PERIOD ENDED MARCH 31, 2020				CUMULATIVE AT THE END OF MARCH 31, 2020			
	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	2,359,466	95,191	-	2,454,657	226,334	1,197,144	-	1,423,479	2,585,800	1,292,335	-	3,878,136
1.2 Rehabilitation of George Price Highway	4,438,871	119,845	-	4,558,716	6,060,635	1,113,267	-	7,173,903	10,499,506	1,233,112	-	11,732,619
1.3 Construction Supervision	1,013,319	-	-	1,013,319	845,011	-	-	845,011	1,858,330	-	-	1,858,330
1.4 Two-year Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Land Acquisition	-	-	278,818	278,818	-	-	484,386	484,386	-	-	763,204	763,204
TOTAL	7,811,656	215,036	278,818	8,305,510	7,131,981	2,310,411	484,386	9,926,778	14,943,637	2,525,447	763,204	18,232,288
Component II: Institutional Strengthening												
2.1 Ministry of Works Strengthening	34,930	-	-	34,930	-	-	-	-	34,930	-	-	34,930
TOTAL	34,930	-	-	34,930	-	-	-	-	34,930	-	-	34,930
Component III: Engineering & Administration												
3.1 Administration	489,594	-	-	489,594	283,515	-	-	283,515	773,109	-	-	773,109
3.2 Studies & Designs	-	-	-	-	5,677	-	-	5,677	5,677	-	-	5,677
3.3 Monitoring & Evaluation	-	-	-	-	17,394	-	-	17,394	17,394	-	-	17,394
3.4 Communication Strategy & Audits	304	-	-	304	29,014	-	-	29,014	29,318	-	-	29,318
TOTAL	489,898	-	-	489,898	335,600	-	-	335,600	825,498	-	-	825,498
CONTINGENCIES	-	-	-	-	-	-	-	-	-	-	-	-
FINANCE CHARGES	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INVESTMENT	8,336,484	215,036	278,818	8,830,338	7,467,581	2,310,411	484,386	10,262,378	15,804,064	2,525,447	763,204	19,092,715


Project Manager


**Chief Executive Officer,
Ministry of Works**

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

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
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2020 (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) (2019), 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 Works.

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 WORKS
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, 2020 (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 June 2019 for a duration of 18 months with a contract sum of BZ \$11,346,823. There were Amendment 1 to Section I for extension of time to additional six (6) months and with additional cost of BZ \$234,780. Amendment 2 is a new end date of March 2020. The contract is ongoing and paid as March 31, 2020 to the contractor is 74% (BZ \$8,601,467), at which point the contract achieved substantial completion where a snag list was prepared to reflect any agreed outstanding works and repairs identified at such time to be carried out within a designated period of time within the defects liability period. There were thirty one (31) Variation Orders 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. The contract is ongoing and paid as at March 31, 2020 to the contractor is 75% (BZ \$19,852,811) with a time elapse of 84% (27 of 32 months). 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.

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. The work is ongoing and paid as at March 31, 2020 to the contractor is 32% (BZ \$6,032,647) with a time elapse of 67% (12 of 18 months).

The Road Maintenance contracting have been delayed since there will be the extension of time for Section 1, 2 and 3. Nonetheless, the Terms of Reference have been drafted as the procurement process is being initiated.

The Supervision Firm submitted on 20th December 2019 a revised Amendment Proposal of the Consultancy Contract with adjustments in inputs to cover the services for Lots 1, and 2 given that both contractors had received a 3 & 8 extension of time respectively. The Amendment to the contract for extension of time and supervision works was approved in the new sum of USD \$3,215,267. The supervision firm has been paid BZ\$4,088,327 ending March 2020.

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 Inter-American Development Bank Policy of Project Affected Person (PAP). There is only one legal case against the project for Section I. The Roaring Creek Police station and the Soils Lab at MOW compound have been completed. Both building was funded by local counterpart funds.

**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
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)**

1. PROGRAM STATUS (Continued)

Component 2

The PMU had in the pipeline a second phase training with the collaboration of a consultant and the in-house expert, the Environmental Specialist. The other trainings to be conducted are the Structuring Performance-Based Contracts and the HDM-4 Training geared for MOW Engineers. The HDM-4 licenses have been acquired but training is pending as the State of Emergency caused a delay in closing several negotiations.

Component 3

The PMU as part of the administration aspect has the following staff: Program Coordinator, Project Manager, Procurement Specialist, Financial Specialist, Accounts Clerk, and Administrative Assistant, the Environmental Specialist and the Social Specialist, thus a complete staffing of the PMU.

While the Engineering portion in this component also makes provision for the procurement of two (2) vehicles for the Department of the Transport which are already in the pipeline. There are several pieces of equipment whose specs are being prepared for acquisition such as axel load survey equipment, automatic vehicle counter, profilometer, drone, water/noise/air testing equipment, etc.

The Project will be conducting data collection and several evaluations to compare the progress made and the benefit derived from the project.

Communication strategy and financial audits as part of component 3 there is a visibility and communications activity which is mostly funded with EU/CIF funds. The EU Reasonable Assurance Verification has been conducted satisfactorily.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (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 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, 2020, as held in the Project's bank account.

<u>2020</u>				
IDB FUNDS				
Central Bank of Belize a/c # 311093	BZ		USD	EUR
Statement balance at March 31, 2020	\$ 9,150,715	\$	4,575,357	€ 4,159,416
Total cash and bank balance	\$ 9,150,715	\$	4,575,357	€ 4,159,416
<u>2020</u>				
CIF-EU FUNDS				
Central Bank of Belize a/c # 312042	BZ		USD	EUR
Statement balance at March 31, 2020	\$ 1,038,052	\$	519,026	€ 466,226
Total cash and bank balance	\$ 1,038,052	\$	519,026	€ 466,226
Total Cash Balances	\$ 10,188,767	\$	5,094,383	€ 4,625,642

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.

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
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)

4. ADVANCES PENDING JUSTIFICATION

At March 31, 2020, the amount pending justification to the IDB amounted to US \$2,478,007, which represented the following disbursement requests awaiting processing, or expenditures incurred but not included in these requests.

5. ADVANCES AND JUSTIFICATION

IDB FUNDS	2020 USD	2020 EUR
Balance in Bank Accounts at March 31, 2020	\$ 4,575,357	€ 4,159,416
Funds Already Used	3,128,836	2,844,396
Reconciled Revolving Fund Balance	7,704,193	7,003,812
Advance Fund Balance per LMS1	5,226,186	4,751,078
	2,478,007	2,252,733
Explained Difference (see below) *	(2,478,007)	(2,252,733)
Difference	\$ -	€ -

* The US \$2,478,007 has been used by the Government of Belize for George Price Highway Rehabilitation Project expenses and are thus reimbursable to GOB by the GPHRP.

CIF-EU FUNDS	2020 USD	2020 EUR
Balance in Bank Accounts at March 31, 2020 **	\$ 519,026	€ 466,226
Funds Already Used and Pending Justification	(547,355)	(491,673)
Reconciled Revolving Fund Balance	\$ (28,329)	€ (25,447)

As at March 31, 2020, Government of Belize has invested the first full tranche (EUR \$2,500,000) and provided an advance of 25,447 Euros for the payment to contractor which is reimbursable to GOB.

** Balances from USD to Euro at March 31, 2020 has been converted at 1.11325 as per Central Bank of Belize rates.

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
 NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
 FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)

5. ADVANCES AND JUSTIFICATION (Continued)

Advance Fund Balance as per LMS1

Opening Balance Inter-American Development Bank 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
201608706	10-Mar-16	REQ01	GOB/IDB CIVIL WORKS-GEORGE PRICE	\$ 173,361		\$ 173,361	€ 157,601		€ 157,601
201717478	08-May-17	REQ02			\$ (157,678)	15,683		€ (143,344)	14,257
201717984	10-May-17	REQ03	GOB/IDB CIVIL WORKS-GEORGE PRICE	75,958		91,641	69,053		83,310
201744636	02-Oct-17	REQ04			(86,630)	5,011		(78,754)	4,556
201759701	12-Dec-17	REQ05	GOB/IDB CIVIL WORKS-GEORGE PRICE	3,750,000		3,755,011	3,409,091		3,413,647
201822108	25-May-18	REQ06	IMC Worldwide Inc. (DPS)	382,503	(382,503)	3,755,011	347,730	(347,730)	3,413,647
201823831	06-Jun-18	REQ07			(3,188,765)	566,247		(2,898,877)	514,770
201823941	07-Jun-18	REQ08	GOB/IDB CIVIL WORKS-GEORGE PRICE	3,000,000		3,566,247	2,727,273		3,242,043
201861927	14-Dec-18	REQ09	GOB/IDB CIVIL WORKS-GEORGE PRICE		(2,843,552)	722,695		(2,585,047)	656,995
201862165	17-Dec-18	REQ10	GOB/IDB CIVIL WORKS-GEORGE PRICE	5,000,000		5,722,695	4,545,455		5,202,450
201932819	12-Jul-19	REQ11	GOB/IDB CIVIL WORKS-GEORGE PRICE		(5,618,298)	104,397		(5,107,544)	94,906
201932935	16-Jul-19	REQ12	GOB/IDB CIVIL WORKS-GEORGE PRICE	2,600,000		2,704,397	2,363,636		2,458,542
201962020	03-Dec-19	REQ13	GOB/IDB CIVIL WORKS-GEORGE PRICE		(1,978,211)	726,186		(1,798,373)	660,169
201962756	06-Dec-19	REQ14	GOB/IDB CIVIL WORKS-GEORGE PRICE	4,500,000		5,226,186	4,090,909		4,751,078
Closing Balance				\$ 19,481,822	\$ (14,255,637)	\$ 5,226,186	€ 17,710,747	€ (12,959,669)	€ 4,751,078

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
 NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
 FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)

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	REQ01	GOB/EU GEORGE PRICE HIGHWAY REHABILITATION	\$ 2,907,750	\$ -	\$ 2,907,750	€ 2,500,000	€ -	€ 2,500,000
201932819	12-Jul-19	REQ11			(472,307)	2,435,443	(410,860)	2,089,140	
201962020	03-Dec-19	REQ13			(1,240,566)	1,194,877	(1,099,591)	989,549	
Closing Balance				\$ 2,907,750	\$ (1,712,873)	\$ 1,194,877	€ 2,500,000	€ (1,510,451)	€ 989,549

BY FISCAL YEAR

Advances & Justifications	IDB Fund		EU-CIF Funds	
	USD	EUR	USD	EUR
Opening Balance of Advance (April 1, 2019)	\$ 5,722,695	€ 5,202,450	\$ 2,907,750	€ 2,500,000
Advance Recorded & Justified	(7,596,509)	(6,905,917)	(1,712,873)	(1,510,451)
Advance Received	7,100,000	6,454,545	-	-
Closing Balance of Advances (March 31, 2020)	\$ 5,226,186	€ 4,751,078	\$ 1,194,877	€ 989,549

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
 NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
 FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)

6. LOCAL COUNTERPART FUNDS

	Year Ended March 31, 2019	Year Ended March 31, 2020	Cumulative as at March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Cumulative as at March 31, 2020
	USD	USD	USD	EUR	EUR	EUR
Advance Fund/ Replenishments (page 5 - 6)	\$ 306,700	\$ 532,824	\$ 839,524	€ 278,818	€ 484,386	€ 763,204
Direct Payments	-	-	-	-	-	-
Total	\$ 306,700	\$ 532,824	\$ 839,524	€ 278,818	€ 484,386	€ 763,204

The Government of Belize has committed to contributing a sum of USD \$1,528,000 (EUR 1,389,091). As of March 31, 2020, the Government has contributed a sum of USD \$839,524 (EUR 763,204), which equates to 55% 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, 2020)	# Processes	Amount USD	Amount EUR	%
Not Started	11	\$ 641,986	€ 583,624	2%
Ongoing/Underway	9	2,024,820	1,840,745	6%
Awarded (included completed)	22	31,361,194	28,510,176	92%
Total	42	\$ 34,028,000	€ 30,934,545	100%

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
 NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
 FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)

9. RECONCILIATION OF STATEMENT OF CASH RECEIVED AND DISBURSEMENTS WITH THE STATEMENT OF CUMULATIVE INVESTMENTS

	Cumulative as at March 31, 2019 USD	Year Ended March 31, 2020 USD	Cumulative as at March 31, 2020 USD	Cumulative as at March 31, 2019 EUR	Year Ended March 31, 2020 EUR	Cumulative as at March 31, 2020 EUR
Disbursements made by the PMU as per Statement of Cumulative Investments	\$ 8,787,629	\$ 8,214,340	\$ 17,001,969	€ 7,988,754	€ 7,467,581	€ 15,456,335
Direct Disbursements made by the IADB as per Statement of Cumulative Investment	382,503	-	382,503	347,729	-	347,729
Cumulative Investment	9,170,132	8,214,340	17,384,472	8,336,483	7,467,581	15,804,065
Total Cash Received and Direct Payments via IADB	\$ 12,381,822	\$ 7,100,000	\$ 19,481,822	€ 11,256,202	€ 6,454,545	€ 17,710,747
Less: Cumulative Disbursements for the period	(9,170,132)	(8,214,340)	(17,384,472)	(8,336,483)	(7,467,581)	(15,804,064)
Available Cash Balance	\$ 3,211,690	\$ (1,114,340)	\$ 2,097,350	€ 2,919,719	€ (1,013,036)	€ 1,906,683

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
 NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
 FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)

10. RECONCILIATION BY CATEGORY OF INVESTMENT OF THE PROGRAM'S RECORDS WITH 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	\$ 2,844,381	\$ 2,823,655	\$ 20,726	€ 2,585,801	€ 2,566,959	€ 18,842	
1.2 Rehabilitation of George Price Highway	11,549,457	9,273,902	2,275,555	10,499,506	8,430,820	2,068,686	
1.3 Construction Supervision	2,044,163	1,358,745	685,418	1,858,330	1,235,223	623,107	
1.4 Two-year Maintenance	-	-	-	-	-	-	
1.5 Land Acquisition	-	-	-	-	-	-	
TOTAL	16,438,001	13,456,302	2,981,699	14,943,637	12,233,002	2,710,635	
Component II: Institutional Strengthening							
2.1 Ministry of Works Strengthening	38,423	38,423	-	34,930	34,930	-	
TOTAL	38,423	38,423	-	34,930	34,930	-	
Component III: Engineering & Administration							
3.1 Administration	850,420	723,040	127,380	773,109	657,309	115,800	
3.2 Studies & Designs	6,245	-	6,245	5,677	-	5,677	
3.3 Monitoring & Evaluation	19,134	5,622	13,512	17,394	5,111	12,284	
3.4 Communication Strategy & Audits	32,249	32,249	-	29,317	29,317	-	
TOTAL	908,048	760,911	147,137	825,498	691,737	133,761	
Advance Fund Balance as at March 31, 2020	2,097,350	5,226,186	(3,128,836)	1,906,683	4,751,078	(2,844,396)	Funds used, see also note 5.
Total at March 31, 2020	\$ 19,481,822	\$ 19,481,822	\$ -	€ 17,710,747	€ 17,710,747	€ -	

**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
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020 (IN US DOLLARS and EUR)**

11. AUTHORIZATION DATE

The financial statements were authorized on July 27, 2020 by a Representative from Ministry of Works 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 Works

Program: George Price Highway Rehabilitation Project

We have audited the Statement of Cash Received and Disbursements for the year ended March 31, 2020, the Statement of Cumulative Investments as of and for the year ended March 31, 2020, 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 Works and have issued our report thereon dated July 28, 2020.

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, 2020, 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 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.

HLB Belize, Ltd

Chartered Accountants
Belize City, Belize
July 28, 2020

**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
 REPORT ON THE SYSTEM OF INTERNAL CONTROLS
 FOR THE YEAR ENDED MARCH 31, 2020 (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 Works

Program: George Price Highway Rehabilitation Project

We have audited the Statement of Cash Received and Disbursements for the year ended March 31, 2020, the Statement of Cumulative Investments as of and for the year ended March 31, 2020, 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 Works and have issued our report thereon dated July 28, 2020.

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, 2020. 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.

HLB Belize, LLP

**Chartered Accountants
Belize City, Belize
July 28, 2020**

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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
REPORT ON THE SYSTEM OF CONTRACTUAL CLAUSES
FOR THE YEAR ENDED MARCH 31, 2020 (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



Mr. Derick Calles
Project Manager
George Price Highway Rehabilitation Project
City of Belmopan
Cayo District
Belize

July 28, 2020

Dear Mr. Calles

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, 2020.

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.

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



Giacomo Sanchez
Client Service Partner

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