

N.V. ENERGIEBEDRIJVEN SURINAME

**"SUPPORT FOR THE IMPLEMENTATION OF THE EBS INVESTMENT
PLAN" -IDB Loan Contract No. 3403/OC-SU
Project no. SU-L1039**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

N.V. Energiebedrijven Suriname - Project Executing Agency
"Support for the implementation of the EBS Investment Plan"

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N.V. Energiebedrijven Suriname – Project Executing Agency
“Support for the implementation of the EBS Investment Plan”

INDEPENDENT AUDITOR’S REPORT

To: The Program Management of
“Support for the implementation of the EBS Investment Plan”

A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Our opinion

We have audited the financial statements 2019, which is recorded on the pages 5 till 20 of this report, for the year ended December 31, 2019 of the “Support for the implementation of the EBS Investment Plan”, executed by the N.V. Energiebedrijven Suriname, based in Paramaribo and financed with funds from the Inter-American Development Bank.

In our opinion the accompanying financial statements presents fairly, in all material respects, the cash flows and cumulative disbursements of the “Support for the implementation of the EBS Investment Plan” project as of December 31, 2019 in accordance with Cash Basis Accounting and specific requirements of the IDB.

The financial statements comprise of:

1. the statement of cash flows for the period January 1 to December 31, 2019;
2. the statement of cumulative investments as at December 31, 2019;
3. notes to the financial statements for the year ended December 31, 2019.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other legal and/or regulatory requirements

We did not observe any situations suggesting non-compliance with the financial clauses in the Inter-American Development Bank Loan contract No. 3403/OC-SU during the period audited by us.

B. DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of Project management's for the financial statements

The Project management is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis Accounting and specific requirements of the IDB. Furthermore, the Project management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with International Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- Obtaining and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project Execution Agency internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paramaribo, April 15, 2020

Tjong A Hung Accountants N.V.



M.S.A. Tjong A Hung CA
Partner

N.V. Energiebedrijf Nijmegen - Project Executing Agency "Support for the implementation of the EBS Investment Plan"
STATEMENT OF CASH FLOWS FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2019 (Expressed in US dollars)

	Notes	December 31, 2019		December 31, 2018	
		IDB	Local counterpart	IDB	Local counterpart
CASH RECEIVED					
Accumulated cash at beginning of year		12,103,282	928,590	13,031,872	466,430
Correction due to beginning balance*)		-	2,472	2,472	-
		12,103,282	931,062	13,034,344	466,430
Activity during the period					
Disbursements (advance, reimbursements, direct payments and reimbursements guaranteed by letter of credit)	4	17,307,911	411,620	17,719,531	462,160
Deferred AOF by MOF	4	-3,157,062	-	-3,157,062	-
Total cash received		26,254,131	1,342,682	27,596,813	928,590
DISBURSEMENTS MADE					
Cumulative cash at beginning of year		-10,987,720	-933,036	-11,920,756	-469,952
Correction due to beginning balance*)		-	-2,472	-2,472	-
		-10,987,720	-935,508	-11,923,228	-469,952
Activity during the year					
Payments for goods and services					
Component 1		-2,655,545	-141,665	-2,797,210	-53,382
Component 2		-7,267,674	-270,795	-7,538,469	-85,015
Administration monitoring and auditing	8	-179,100	-250	-179,350	-96,100
		-10,102,319	-412,710	-10,515,029	-138,397
Bank charge		-	-	-	-924
Exchange loss		-	-	-	-
Credit fee		-	-	-	-
Interest fee		-	-	-	-
Total cash disbursements		-21,090,039	-1,348,218	-22,438,257	-129,374
CASH AVAILABLE AS AT DECEMBER 31, 2019	3	5,164,092	-5,536	5,158,556	-194,389
				-10,987,720	-933,036
				1,115,562	-4,446
					-11,920,756
					1,111,116

*) See note 6 – Prior Period Adjustment

N.V. Energiebedrijf Suriname - Project Executing Agency - "Support for the implementation of the EBS Investment Plan"
STATEMENT OF CUMULATIVE INVESTMENTS AS AT DECEMBER 31, 2019 (Expressed in US dollars)

CATEGORY OF INVESTMENT

Components	CUMULATIVE AT JANUARI 1, 2019			MOVEMENT DURING YEAR			CUMULATIVE AT DECEMBER 31, 2019		
	LOCAL			LOCAL			LOCAL		
	IDB	COUNTERPART	TOTAL	IDB	COUNTERPART	TOTAL	IDB	COUNTERPART	TOTAL
1. Improvement of EBS operations									
Component 1 Project management									
1a Distribution/Outage management system	8,741,928	90,756	8,832,684	2,655,545	141,665	2,797,210	11,397,473	232,421	11,629,894
1b Enterprise Resource Planning platform*)	248,243	23,827	272,070	1,081,748	97,837	1,179,585	1,329,991	121,664	1,451,655
1c Support to EBS transition process	7,762,150	40,695	7,802,845	1,241,254	42,565	1,283,819	9,003,404	83,260	9,086,664
1d Energy Efficiency framework	204,815	8,939	213,754	318,603	1,117	319,720	523,418	10,056	533,474
2. Critical infrastructure	526,720	17,295	544,015	13,940	146	14,086	540,660	17,441	558,101
Component 2 Project Management									
2a Substation J*)	2,119,852	94,714	2,214,566	7,267,674	270,795	7,538,469	9,387,526	365,509	9,753,035
2b Substation F*)	587,841	32,959	620,800	2,487,515	119,160	2,606,675	3,075,356	152,119	3,227,475
2c Development of substation Boma and upgrade substation E*)	694,685	32,266	726,951	904,150	72,124	976,274	1,598,835	104,390	1,703,225
3. Administration, monitoring and auditing	837,326	29,489	866,815	3,876,009	79,511	3,955,520	4,713,335	109,000	4,822,335
4. Contingencies	125,940	-	125,940	179,100	250	179,350	305,040	250	305,290
5. Financing Cost	-	-	-	-	-	-	-	-	-
Credit fee	-	745,593	745,593	-	-	-	-	745,593	745,593
Interest	-	461,837	461,837	-	-	-	-	461,837	461,837
Exchange gain or loss	-	283,756	283,756	-	-	-	-	283,756	283,756
Bank charges	-	3,016	3,016	-	-	-	-	3,016	3,016
Total	-	1,429	1,429	-	-	-	-	1,429	1,429
	10,987,720	935,508	11,923,228	10,102,319	412,710	10,515,029	21,090,039	1,348,218	22,438,257

*) See note 6 - Prior Period Adjustment

N.V. Energiebedrijven Suriname - Project Executing Agency
"Support for the implementation of the EBS Investment Plan"

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 – Program description

General

The loan contract was entered into on February 9, 2015, between the Republic of Suriname (borrower) and the Inter-American Development Bank (IDB) to cooperate in the execution of the Program "Support for The Implementation of the EBS Investment Plan". The loan agreement embraces an investment loan to the Republic of Suriname of US\$ 33 million to contribute to the financing of the Program.

The Executing Agency (EA) of the Program is N.V. Energiebedrijven Suriname (EBS). EBS is responsible for the fulfillment of technical, administrative and financial procedures related to the execution of the Program, as well as the planning, monitoring, supervision and independent evaluation thereof.

The total cost of the Program is estimated to be the equivalent of US\$ 33 million. However, pursuant to the loan contract, the Republic of Suriname shall contribute in a timely manner all of the resources in addition to those of the loan which may be necessary for the complete and uninterrupted execution of the Project, the estimated amount of which is specified in the loan contract. If during the process of disbursement an increase in the estimated cost of the Project takes place, IDB may require the modification of the investment schedule referred to in the loan contract such that the Republic of Suriname shall meet such increase.

A subsidiary agreement dated November 30, 2015 has been signed between the Government of Suriname and EBS for the use and management of the loan resources in accordance to the terms and conditions agreed under the loan contract. The Government of Suriname and EBS committed themselves to execute the Project towards the achievement of the objectives of the project.

The Executing Agency (EA) has expanded the existing PEU for loan SU-L1039 with the following full-time dedicated team as part of the Program Execution Unit: a project manager, a procurement assistant to support the existing procurement specialist, a financial assistant to support the existing financial specialist, and an individual coordinator for each component of the project.

The Executing Agency (EA) has approved the following key planning documents: the Project Operations Manual, the first Procurement Plan (PP), the first Annual Operation Plan (AOP), and a subsidiary agreement has been entered into between MOF and the Executing Agency (EA) for purposes of the use of loan resources and the implementation of the project in accordance with the terms and conditions set forth in the loan contract and previously agreed upon between the Borrower and the Bank.

Program objective

The Program will contribute to the sustainability of the power sector by strengthening Energiebedrijven Suriname's ("EBS") operational procedures and corporate performance, and by improving the sustainability of rural electricity supply.

The specific objectives are to support the implementation of information technologies in business support tools for EBS, to provide financial support for upgrading critical infrastructure, and to contribute to expand electricity coverage by grid extension and Renewable Energy (RE) systems in the Hinterlands.

Program Components

The main components of the Program are the following:

- (i) Improvement of EBS' Operations; and
- (ii) Critical Infrastructure.

Component I. Improvement of EBS' Operations.

Component I will support EBS's institutional and operational strengthening by: (i) implementing a Distribution/Outage Management System (DMS/OMS) and training activities; (ii) financing the implementation of an Enterprise Resource Planning (ERP) platform and training activities; (iii) assisting EBS during the transition to the new unbundled corporate model; and (iv) implementing a program to promote Renewable Energy and Energy Efficiency.

Component 1a: The design and implementation of a DMS/OMS application will support key operational activities within the customer service department, as well as the transmission and distribution division. The DMS/OMS also ensures the integration of existing systems such as the Customer Information System, Geographic Information System, Supervisory Control and Data Acquisition (SCADA) and Mobile Work Management Systems. The expected benefits of the DMS/OMS system include: (i) increased efficiency in the management and handling of emergency calls; (ii) increased ability to interact with customer outages; (iii) improved accuracy and timely data input for regulatory and internal reporting; (iv) improved accuracy and timely reporting on outages and restoration; and (v) an enhanced customer service experience.

Component 1b: An ERP platform will be designed and implemented to improve EBS's operational and management efficiency, which will help improve operational procedures. Currently, EBS's internal reporting, payroll and resource management processes are undertaken in an uncoordinated manner. As the number of customers increase, pressure is put on current systems which are inadequate to effectively manage administrative activities. The main benefits of the ERP will be: (i) process improvement; (ii) customer satisfaction; (iii) cycle time reduction; (iv) profitability focus; (v) centralization; (vi) employee job satisfaction; (vii) data security; and (viii) corporate transparency.

Component 1c: Anticipating a reform of the legal and institutional framework of the energy sector in Suriname, EBS is undergoing a corporate re-organization, adjusting project planning, processes, resources and systems to changes on the horizon. The Project will support EBS by strengthening its corporate capability in the adaptation process towards the transition and in accordance with the Company's new vision.

Component 1d: An Energy Efficiency Framework (EEF) to promote EE measures and awareness will be executed by EBS, in close coordination with the Ministry of Natural Resources. The EEF is intended to encourage the conservation and efficient use of energy by developing activities, including awareness-raising campaigns and energy education programs, in order to improve the population's understanding of the value of the energy.

Component II. Critical Infrastructure.

Component II will contribute to the upgrade and retrofitting of the National Power System's critical infrastructure, with aim of improving the reliability of the EPAR sub-system. Activities to be financed include: (i) upgrade of two existing S/S in the EPAR network (J and F); and (ii) construction of a new S/S in the EPAR network (Boma).

Component 2a: Substation J is one of the main providers of energy to the central zone of Paramaribo. With the current expansion in generation and transmission, its design ratings will be exceeded. The upgrade will consist of: (i) the renovation of the existing building; (ii) the replacement of switchgears to facilitate the dispatch of power plant DDP2; (iii) the replacement of protections and accessories; and (iv) the incorporation into the SCADA system.

Component 2b: Substation F is an open-air substation located in Para district. The substation needs to be upgraded to improve the reliability and to facilitate the connection of future customers. The retrofit will mainly include: (i) construction of the substation building; (ii) installation of a 25-MVA transformer; (iii) installation of switchgears; and (iv) integration into the SCADA system.

Component 2c: The new S/S Boma will improve the quality and reliability of the electricity supply in the Boma area, and allow for the connection of new customers. The activities include: (i) construction of S/S Boma and provision of equipment, including the installation of a new 25-MVA transformer; (ii) construction of a new 33-kV line to connect the new S/S to the existing S/S HL; (iii) construction of a new 33-kV line to connect the new S/S to the existing S/S E; and (iv) the upgrade of the existing S/S E.

The following is the financial plan of the Program:

Categories	Bank US\$ '000	Budget Transfer US\$ '000	Bank after the budget transfer US\$'000
Component 1.			
Improvement of EBS operations	12,853,000	1,376,500	14,229,500
1a. Distribution/outage management system	1,340,000	544,700	1,884,700
1b. Enterprise resource planning platform	8,763,000	1,321,000	10,084,000
1c. Support to EBS transition process	750,000	241,500	991,500
1d. Energy efficiency framework	2,000,000	-730,700	1,269,300
Component 2. Critical infrastructure	18,000,000	-1,221,000	16,779,000
2a Substation J	4,000,000	989,500	4,989,500
2b Substation F	4,000,000	-1,297,000	2,703,000
2c Development of Substation Boma and upgrade substation E	10,000,000	-913,500	9,086,500
3. Administration, monitoring and auditing	700,000	-	700,000
4. Contingencies	1,447,000	-155,500	1,291,500
Total	33,000,000	-	33,000,000

Budget transfer

On request of the Execution Agency (EA) a budget transfers has taken place in November 2019. These budget transfers were approved by the IDB.

Program organizational structure

The program organizational structure, depicted in Figure 1, will be composed of:

- The Project Steering Committee;
- Management of EBS; and
- The Project Executing Unit (PEU): the PEU consists of mandatory specialists as required by the Bank.

EBS is responsible for the recruitment of the Program staff and consultants with the pertinent skills to support it in the implementation. The PEU is also supported by designates from key N.V. EBS departments. A Program Advisory Committee is composed of key stakeholders which offer regular input and advice on program implementation.

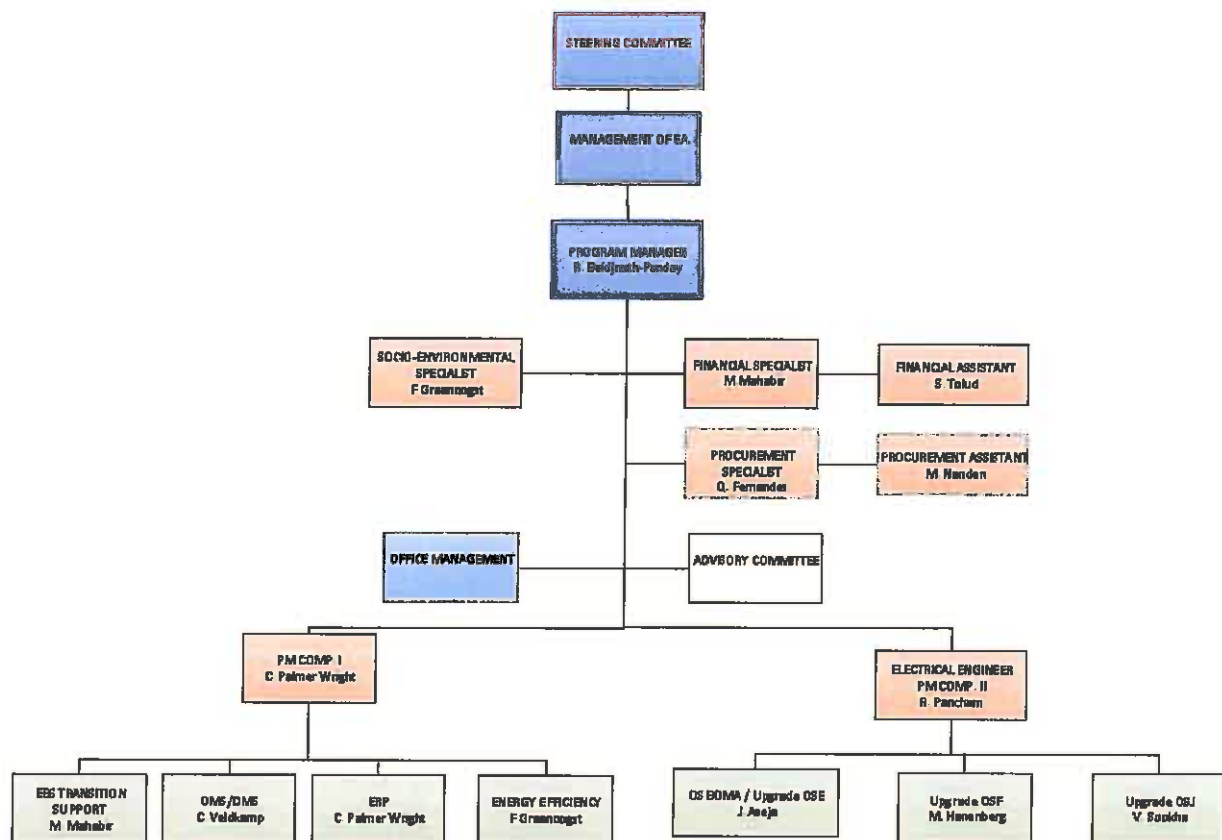


Figure 1: Organizational Structure of Support for the implementation of the EBS investment plan PEU.

Project Steering Committee

The Project Steering Committee (PSC) is composed of:

1. a representative of the Ministry of Natural Resources as Chairperson;
2. a representative of the Ministry of Finance;
3. a representative of the Executing Agency; and
4. the Program Manager as its Secretary.

The PSC will operate at the strategic level and will function to provide guidance on strategic and policy issues related to the Project, including recommendations on the Project's priorities, and to monitor progress of implementation according to the agreed schedule. The frequency for the meetings of the PSC shall be once per quarter. In 2017 several meetings were held of which for only one meeting minutes were available.

Core Management functions of the PEU

The Program is executed by the N.V. EBS through a Project Executing Unit (PEU) created for the implementation of the Program. The PEU has an organizational structure of five (5) specialists and three assistants and is headed by a Program Manager. The PEU is supported by two (2) Component Managers (including the Electrical Engineer) and seven (7) Project Managers. The organizational structure of the Program is presented in Figure 1.

The Program Manager is supported by Office Management of EBS and if necessary supported by the Administrative Assistant linked to the Financial Specialist. The Financial Specialist is supported by a Financial Assistant and the Procurement Specialist is supported by a Procurement Assistant.

Management functions of the PEU

The core functions of the PEU are:

1. The Program Manager supervises the Program on behalf of the Executing Agency (EA) and is responsible for its operation. The Program Manager is responsible for oversight, contribution to and facilitation of planning, implementation and evaluation of the Program. The Program Manager reports to the management of the Executing Agency (EA) and to the Bank.
2. The Financial Specialist of the project represents the Project Executing Unit (PEU) and ensures the efficient and effective execution of the Program, managing optimally the financial resources and reporting the progress achieved. The objective of the function is to ensure the coordination of all financial administration of the Program in accordance with the Program Report, Loan Contract and the Program Operating Regulations. The Financial Specialist reports directly to the PEU Program Manager and is responsible for the overall management of all aspects and activities under the Support to Improve Sustainability of the Electricity Service. This position is a full time position and is filled by an EBS specialist through an internal selection process.
3. The Electrical Engineer is responsible for the specification for the hiring of services and the acquisition of equipment and materials for the execution of technical/electrical Program's components. He or she is responsible for the monitoring of the execution of contracts under the Programs including compliance with environmental mitigation, the social management plans, and the contractor's health and safety plans. This is to be done in collaboration with the Socio-environmental Specialist. Also, the electrical engineer is responsible for the contribution to maintain good coordination and dialogue between all entities involved in the implementation of the program, including Ministry of Natural Resources. The Electrical Engineer works under the direction of the Project Manager and in collaboration with other specialists in the PEU and is responsible for the overall management of all aspects and activities under the Support for the Implementation of the EBS Investment Plan. This position is a full time position and is filled by an EBS specialist through an internal selection process.
4. The Socio-Environmental Specialist is responsible for the design and implementation of a social and environmental strategy to communicate the reforms proposed by the Program to the community and all other Stakeholders. The socio- environmental specialist is responsible for assessment of direct, indirect and cumulative negative environmental and social impacts, prepare and implement the Environmental and Social Analysis, prepare contingency plans, propose additional measures to ensure adequate health and safety and maintain a good coordination and dialogue between all entities involved in the implementation of the program. The social and environmental plan shall be prepared with the Program Manager. This position is filled by an EBS employee through an internal selection process.
5. The Procurement Specialist is responsible for all national and international procurement of goods, works and services of the Program in accordance with the Program Operations Manual, Procurement Standards of the IDB and requirements of the Government of Suriname. The Procurement Specialist reports directly to the PEU Program Manager and is responsible for the overall management of all aspects and activities under the Support to Improve Sustainability of the Electricity Service. This position is a full time position and is filled by an EBS specialist through an internal selection process.
6. The Procurement Assistant is responsible for all administrative and supporting activities related to national and international procurement of goods, works and services of the Program in accordance with the Program Operations Manual, Procurement Standards of the IDB and requirements of the Government of Suriname. The Procurement Assistant reports directly to the Procurement Specialist and is responsible for the overall administration and support of all aspects and activities under the Support for the Implementation of the EBS Investment Plan. This position is a full time position and is filled by an EBS specialist through an internal selection process.

7. The Project Manager Component I is responsible for the efficient and effective execution of Component I of the Program: (i) implementing a Distribution/Outage Management System and training activities; (ii) financing the implementation of an Enterprise Resource Planning platform and training activities; (iii) assisting EBS during the transition to the new unbundled corporate model; and (iv) implementing a program to promote Renewable Energy (RE) and Energy Efficiency (EE). The Component Manager is responsible for the overall management, implementation, monitoring and reporting on all aspects of the Component, in close coordination with the Financial and Procurement specialist. This position is a full time one, contracted through a single source selection. The Project Manager of Component I also fills the position of Project Manager for ERP.
8. The Project Manager Component II (Electrical Engineer) is responsible for the efficient and effective execution of Component II of the Program: (i) upgrade of two existing Substations in the EPAR network (J and F); and (ii) construction of a new Substation in the EPAR network (Boma). The Component Manager is responsible for the overall management, implementation, monitoring and reporting on all aspects of the Component, in close coordination with the Financial and Procurement specialist. This position is a full time position and is filled by an EBS employee through an internal selection process.
9. Administrative Assistant to the Financial Specialist will be responsible for maintaining financial records, preparation of financial reports and all other activities related to financial management of the Program. The assistant is also required to support the Project Managers in developing AOF planning process stage and AOF Justification. This position is a full time position and is filled by an EBS employee through an internal selection process.
10. The Project Manager will support the Component Manager for a specific project through planning, implementation and monitoring on all aspects of the project. The Project Managers are therefore responsible for preparation of financial plans, procurement documents and justification of the project under their supervision. The Project Manager will work in close collaboration with the Component Manager and the Specialists (Financial, Procurement and Socio-Environmental). The 6 positions for Project Managers are, based on the required expertise, filled by EBS personnel:
 - a. Project Manager OMS/DMS (1A);
 - b. Project Manager EBS Transition Support (1C);
 - c. Project Manager Energy Efficiency (1D);
 - d. Project Manager OSJ (2A);
 - e. Project Manager OSF(2B); and
 - f. Project Manager OS Boma (2C).

Finally, the whole team works in close coordination with Ministry departments and other stakeholders involved in the execution of specific activities for the different components.

Program Advisory Committee

The Program Advisory Committee reviews and offers advice to the PEU on annual operating plans and general program execution. The Project Controller of EBS will chair the meetings of the Advisory Committee. The Advisory Committee is composed of representatives from EBS: EBS Financial Controller, EBS Project Controller and EBS Manager Legal Affairs.

N.V. EBS key departments

The key departments are (limited list): Project Engineering, Transmission, Distribution, New Builds & Operational Support, Energy Innovation, Public Relations, Legal Affairs, Accounting, Procurement, PBC, Treasury and ICT, Project Management Office. These departments assist the PEU in defining the activities and implementation modalities within the different program components in their area of expertise and provide input into terms of references and bidding documents. These departments also assist in the execution of the program activities according to the program plans.

Note 2 - Significant accounting policies

Basis of preparation

The financial statements have been prepared using the cash basis accounting, recognizing cash receipts in the period when cash is received and recognizing expenses when cash has been disbursed. This accounting policy is another comprehensive basis of accounting than generally accepted accounting principles, under which transactions should be recorded when they occur and not when they are paid.

Unit of currency

The approved and contractual currency is US dollar (the legal tender of the United States of America). All disbursements shall be denominated and made in US dollar, unless the borrower requests that a disbursement be denominated in a currency other than the US dollar. The functional currency of the Program is US dollar. The program's accounting records are maintained in US dollar (USD). In order to calculate the equivalent in USD, the cash received in local currency (Surinamese Dollars, (SRD) in a bank account, is translated into USD using the daily buying rate of exchange used by the Central Bank of Suriname.

All figures in this report are stated in US dollars.

Note 3 - Available cash balance

The available cash balance as of 31 December 2019, is deposited in the Program's bank accounts:

	2019 US\$	2018 US\$
Bank account no. 0313100-001-063-840 Central Bank of Suriname N.V. (US\$)	5,158,556	1,111,116
Total	<u>5,158,556</u>	<u>1,111,116</u>

Treasury Single Account

For this Program Treasury Single Account is utilized. This account is held by the Ministry of Finance, whereby the Executing Agency is primarily responsible for the funds. Every project has its own project account, which makes it possible to administrate the cash flow of the project.

The process is that Executing Agency sends a request for direct payment with the necessary information after which Finance makes a request for payment and sends it to the Central Bank.

The original bank statements are sent to the Executing Agency.

The policy prescribes that deposits of project resources in the bank accounts which accrue interest, commissions etc. for the Executing Agency this income must be contributed to the Program as an integral part of the local or counterpart contribution. These funds may be used for expenses that are similar and/or complementary to eligible project expenses financed by the Bank.

Bank accounts held with the Central Bank do not accrue interest and do not bear monthly fees for maintaining the account. The Program funds are maintained in US dollars only. Payments in another currency are converted by the Central Bank upon processing the payment request.

Note 4 - Advances and justification

	2019 US\$	2018 US\$
Opening balance of advances	1,756,919	4,162,814
Advances received and recorded during the period at PEU	14,150,849	3,697,339
Deferred AOF by MOF (Note 9)	3,157,062	-
Less: Justification of advances	-10,095,433	-6,103,234
Closing balance	<u>8,969,397</u>	<u>1,756,919</u>
The advance of funds balance is composed of the following:		
Cash available balance (Note 3)	5,158,556	1,111,116
Payments after last justification (Note 11)	648,243	641,357
Reimbursable balance by local counterpart	5,536	4,446
Deferred AOF by MOF (Note 9)	3,157,062	-
Closing balance from local counterpart	<u>8,969,397</u>	<u>1,756,919</u>

Deferred AOF by MOF

On November 4, 2019 the Executing Agency requested an Advance of Funds for the amount of US\$ 8,955,699.58. The IDB transferred this amount to the TSA on November 14, 2019. Of the total disbursement the Executing Agency received an amount of US\$ 5,798,607.52 in 2019. The remaining balance of US\$ 3,157,062.06 is at the joint TSA account of the Ministry of Finance (MOF) for the IDB projects and will be transferred to the project bank account based on the further progress of the project. Given the fact that the financial statement is prepared using the cash basis accounting, the remaining balance is recognized as a deferred Advance of Funds by the Ministry of Finance.

Note 5 - Local counterpart funds

Pursuant to the loan contract, the Republic of Suriname shall contribute in a timely manner all of the resources in addition to those of the loan which may be necessary for the complete and uninterrupted execution of the Project, the estimated amount of which is specified in the loan contract. If during the process of disbursement an increase in the estimated cost of the Project takes place, IDB may require the modification of the investment schedule referred to in the loan contract such that the Republic of Suriname shall meet such increase.

During the reporting year, no increase in the estimated cost of the Project was foreseen and no contributions of the Government of Suriname were received.

The expenses of the Executing Agency are considered to be local counterpart expenses.

Note 6 - Prior Period Adjustment

As of January 1, 2019 the beginning balance has been adjusted with an amount of US\$ 2,472 to account for additional counterpart expenses over the period 2018. These expenses were not recorded due to the fact that EBS books were not officially closed yet. Therefore not all expenses were accounted for. A breakdown of the adjustment per component is provided in the table below: *(Expressed in US dollars)*

Component	December 31, 2018	Adjustment in beginning balance 2018	Adjusted balance per January 1, 2019
1a Enterprise Resource Planning Platform	40,485	210	40,695
2a Substation J	32,491	468	32,959
2b Substation F	31,433	833	32,266
2c Development of substation Boma and upgrade substation E	28,528	961	29,489
Total	<u>132,937</u>	<u>2,472</u>	<u>135,409</u>

The total counterpart reported as of December 31, 2018 of US\$ 933,036 has increased to a total of US\$ 935,508.

Note 7 - Procurement of goods and services

Unless IDB agrees otherwise in writing, the contracts for works, goods and services are subject to Ex-ante review by IDB and require IDB no-objection prior to proceeding, in accordance with the IDB's policies and procedures.

Procurement of goods and works and non-consulting services

The procurement policies applicable in 2019 are those dated March 2011, which are contained in IDB-document GN-2349-9.

Selection and contracting of consultants

The procurement policies applicable in 2018 are those dated March 2011, which are contained in IDB-document GN-2350-9.

Awarded contracts

Several procurement activities were performed in 2019. The following contracts were awarded contracts during the year 2019:

Contract	Description Services	Signature date	Prism number	US\$
Component 1				
OMS - ABB Sugarland Training FEB 2019	SU-L1039-108B OMS - ABB Sugarland Training Feb 2019	1-Feb-19	N/A*<25000	11,081
OMS - Sugarland Training MAY 2019	SU-L1039-108C OMS FAT Sugarland May 2019	1-May-19	N/A*<25000	13,190
Subtotal				24,271
Component 2				
Self-Reliance	SU-L1039-073A_Handling & Insurance of electrical equipment for SS Boma, E, F, J	11-Jan-19	N/A*<25000	5,753
Ramps Logistics	SU-L1039-073B_Handling & Insurance of electrical equipment for SS Boma, E, F, J	11-Jan-19	N/A*<25000	15,180
Bouwbedrijf Ramlal	SU-L1039-106_Construct Riser Poles Foundation SS/E	6-May-19	N/A*<25000	23,810
Necarex B.V.	SU-L1039-096_Distribution Materials SS/J, SS/ Boma and SS/E	25-Jun-19	SUA0330	567,278
Gemco	SU-L1039-105A_Electrical Tools	12-Aug-19	SUA0334	721,400
Intetrade	SU-L1039-105B_Electrical Tools	28-Aug-19	SUA0335	270,966
UCC	SU-L1039-094_Cable Laying 33kV Cable Civil and Electrical works	29-Nov-19	SUA0339	3,240,215
Subtotal				4,844,602
Administration				
Pensioenfonds	SU-L1039-086_Service fo facilitate	28-Feb-19	SUA 1972	54,000
Joseph Khan	SU-L1003-104_Mid-Term Evaluation Loan II	3-Jun-19	N/A*<25000	20,000
Subtotal				74,000
Total				4,942,873

*) Amounts less than US\$ 25,000 do not require a prism number.

Note 8 - Investment categories and disbursements made

Code	INVESTMENT CATEGORIE	Budget	Cumulative Investments IDB per December 31, 2019
1	IMPROVEMENT OF EBS OPERATIONS	14,229,500	11,397,473
	Component 1 Project management		
1a	Distribution/Outage management system	1,884,700	1,329,991
1b	Enterprise Resource Planning platform	10,084,000	9,003,404
1c	Support to EBS transition process	991,500	523,418
1s	Energy Efficiency Framework	1,269,300	540,660
2	CRITICAL INFRASTRUCTURE	16,779,000	9,387,526
	Component 2 Project Management		
2a	2A Substation J	4,989,500	3,075,356
2b	2B Substation F	2,703,000	1,598,835
2c	2C Development of Substation Boma and upgrade substation E	9,086,500	4,713,335
3	ADMINISTRATION, MONITORING AND AUDITING	700,000	305,040
4	CONTINGENCIES	1,291,500	-
	TOTAL	33,000,000	21,090,039

All the expenditures have proven to be eligible.

Local counterpart funds

Pursuant to the loan contract, the Republic of Suriname shall contribute in a timely manner all of the resources in addition to those of the loan which may be necessary for the complete and uninterrupted execution of the Project, the estimated amount of which is specified in the loan contract. The local counterpart expenditures included in this financial report are made through the Executing Agency.

Note 8.1 – Financing costs Government

The interest and credit fee regarding the loan is an obligation of the government. These are paid by the Suriname Debt Management Office. The amounts regarding interest and credit fee for 2019 are US\$ 591,591

	2019
	US\$
Credit fee 2019	94,495
Interest fee 2019	497,096
Total	<u>591,591</u>

Note 9 - Disbursements made

Disbursement Request (DR) Number	Type	DR Date		US\$
1	Receipt	7-Dec-15	1)	1,848,739
2	Receipt	20-Dec-16	2)	2,787,368
3	Receipt	13-Nov-17	3)	3,769,836
9	Receipt	25-May-18	4)	3,697,339
12	Receipt	3-Dec-2018	5)	3,488,698
16	Receipt	19-Jun-2019	6)	4,863,544
19	Receipt	4-Nov-2019	7)	8,955,669
				29,411,193
2	Justification	20-Dec-16		1,546,748
4	Justification	6-Jul-17		1,594,553
5	Justification	10-Nov-17		1,083,978
6	Justification	13-Nov-17		17,850
7	Justification	7-May-18		2,212,854
8	Justification	25-May-18		1,232,352
10	Justification	30-Aug-18		1,089,263
11	Justification	28-Nov-18		1,568,765
13	Justification	1-Apr-2019		1,300,451
14	Justification	13-Jun-2019		2,155,523
15	Justification	24-Jun-2019		1,022,505
17	Justification	16-Sep-2019		1,873,927
18	Justification	4-Nov-2019		3,743,027
				20,441,796
				8,969,397

- 1) First disbursement, request No. 1 dated December 7, 2015.
Pursuant to the terms and conditions of the loan contract, the Executing Agency requested the first Advance of Funds on December 7, 2015 for the amount of US\$ 1,848,739. The IDB transferred this amount on December 18, 2015 to the borrowers CVBS account. The EBS received the amount of US\$ 1,848,739 in 2016, from the borrower. Time differences due to processing within the government. Book dated and record entry date: October 7, 2016. The advance was recorded in the contractual currency (USD).
- 2) Second disbursement, request No. 2 dated December 20, 2016.
The Executing Agency requested the second Advance of Funds on December 20, 2016 for the amount of US\$ 2,787,368. This amount has been transferred to the Beneficiary account "Treasury Single Account" through the General Project Account at the Central Bank of Suriname with the value dated of December 21, 2016. The Executing Agency requested a transfer to the sub account "Support for the implementation of the N.V. Energiebedrijven Suriname investments" on February 8, 2017 and this amount is transferred on March 1, 2017.
Book dated and record entry date: March 1, 2017.
- 3) Third disbursement, request No. 7 dated November 13, 2017.
The Executing Agency requested the second Advance of Funds on November 13, 2017 for the amount of US\$ 3,769,836. The IDB transferred this amount on November 16, 2017 to the borrower. The Executing Agency requested a transfer to the sub account "Support for the implementation of the N.V. Energiebedrijven Suriname investments" December 11, 2017 and this amount is transferred on December 28, 2017. Book dated and record entry date: December 28, 2017.

4) Fourth disbursement, request No. 9 dated May, 25, 2018.

The Executing Agency requested the fourth Advance of Funds on May 25, 2018 for the amount of US\$ 3,697,339. The IDB transferred this amount on May 30, 2018. Time difference due to processing within the government. The EBS received the amount of US\$ 3,697,339 in 2018. Book dated and record entry date: July 7, 2018. The advance was recorded in the contractual currency (US\$).

5) Fourth disbursement, request No. 12 dated December 3, 2018.

The Executing Agency requested the fourth Advance of Funds December 3, 2018 for the amount of US\$ 3,488,698. The IDB transferred this amount to the TSA on December 18, 2018. Due to time difference of processing within the government, the Executing Agency received this disbursement in 2019. Book dated and record entry date of receipt into sub-account: February 1, 2019. The advance was recorded in the contractual currency (US\$).

6) Fifth disbursement, request No. 16 dated June 19, 2019.

The Executing Agency requested the fourth Advance of Funds June 19, 2019 for the amount of US\$ 4,863,544. The IDB transferred this amount to the TSA on June 28, 2019. Book dated and record entry date of receipt into sub-account: July 12, 2019. The advance was recorded in the contractual currency (US\$).

7) Sixth disbursement, request No. 19 dated November 4, 2019.

The Executing Agency requested the fourth Advance of Funds November 4, 2019 for the amount of US\$ 8,955,669.58. The IDB transferred this amount to the TSA on November 14, 2019. Of the total disbursement, the Executing Agency received an amount of US\$ 5,798,607.52 in 2019. Book dated and record entry date of receipt into sub-account: December 17, 2019. The advance was recorded in the contractual currency (US\$). The remaining balance of US\$ 3,157,062.06 is at the joint account of the MOF for the IDB projects and will be transferred to the Project bank account based on the further progress of the project (Refer to Note 4).

Note 10 - Reconciliation between the Statement of Cash Flows and the Statement of Cumulative Investments

	2019 US\$	2018 US\$
Cumulative cash received as at December 31,	27,596,813	13,031,872
Cumulative investment as at December 31,	<u>-22,438,257</u>	<u>-11,920,756</u>
Available cash balance as at December 31,	<u>5,158,556</u>	<u>1,111,116</u>

Cash received

	<u>IDB</u>	<u>LOCAL</u>	<u>TOTAL</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Balance as of January 1, 2019	12,103,282	931,062	13,034,344
Advance of Funds	17,307,911	-	17,307,911
Direct Payments/Deferred AOF by MOF	-3,157,062	411,620	-2,745,442
Total cash received	26,254,131	1,342,682	27,596,813
Project Disbursements			
Repayments			
Payments for goods and services	10,102,319	412,710	10,515,029
Total Project Disbursements Made	10,102,319	412,710	10,515,029
Cumulative Investments			
Improvement of EBS operations	11,397,473	232,421	11,629,894
Critical infrastructure	9,387,526	365,509	9,753,035
Administration, monitoring and auditing	305,040	250	305,290
Contingencies	-	-	-
Financing Costs	-	750,038	750,038
Total Cumulative Investments	21,090,039	1,348,218	22,438,257
Available cash as of December 31, 2019	5,164,092	-5,536	5,158,556

Note 11 - Reconciliation by disbursement categories between the project's records and the IDB records

Category of investments	Project records	IDB records	Difference
01.00.00-Improvement of EBS Operations			
01.01.00-Distribution/Outage Mgmt Syst	1,329,991	1,318,909	-11,082
01.02.00-Enterprise Resource Planning	9,003,404	8,872,406	-130,998
01.03.00-Support EBS transition process	523,418	409,474	-113,944
01.04.00-Energy Efficiency Framework	540,660	540,660	-
02.00.00-Critical Infrastructure			
02.01.00-Substation J Upgrade	3,075,356	2,945,561	-129,795
02.02.00-Substation F Upgrade	1,598,835	1,443,649	-155,186
02.03.00-Dev subst Boma Subst E upgrade	4,713,335	4,618,597	-94,738
03.00.00-Admin, M & E, auditing	305,040	292,540	-12,500
04.00.00-Contingencies	-	-	-
Total	21,090,039	20,441,796	-648,243

***) Explanation of differences**

At December 31, 2019 the total payments according to the Executing Agency project records are US\$ 21,090,039 and the total justified amount to the Inter-American Development Bank per December 31, 2018 was US\$ 20,441,796. The difference between the Executing Agency and Inter-American Development Bank records is US\$ 648,243. The difference of US\$ 648,243 will be justified in the next period.

Note 12 - Contingencies

The borrower, directly or via the Executing Agency, as the case may be, agreed to obtain, prior to awarding the contract for each of the works of the Project, if any, legal possession of the property where the construction of the respective work is to take place, easement or other rights required for its construction and use, as well as water rights required for the work in question.

Note 13 – Subsequent events

Subsequent events are events or transactions sometimes occur after the end of the period date, but before the issue of the financial statements and auditor's report, that has a material effect on the financial statements, and therefore may require adjustment or disclosure in the statements.

For this report no subsequent events are noted.

Note 13.1 - Accounts payable as at December

The list of outstanding payables as at December 31, 2019 is as follows:

Supplier/Consultant	Description of Services	Amount US\$
Organice	Consultancy Energy Efficiency	6,378.75
Stg. Pensioenfonds	Rental Services	1,500.00
N. Harris Computer Corporation	ERP implementation services	111,292.70
Lincoln SU-L1039-061	Civil works Substation F	43,677.35
Lincoln SU-L1039-063	Civil works Substation Boma & E	51,582.78
Coleen Palmer-Wright	Project Management Services	22,000.00
ABB	OMS implementation services	57,771.98
Tjong A Hung Accountants N.V.	Audit Services	4,240.00
Grand total		298,443.56

Note 13.2 - Approval of the financial statements

The financial statements of the N.V. Energiebedrijven Suriname as at and for the year ended were approved by the Executing Agency on April 15, 2020.