

**MINISTRY OF AGRICULTURE, ANIMAL HUSBANDRY AND FISHERIES
(LVV)**

**"AGRICULTURAL COMPETITIVENESS PROJECT SURINAME"
IDB Agreement LOAN NO: 4097/OC-SU – L1020 AND
NON-REIMBURSABLE INVESTMENT GRANT OPERATIONS
GRANTED BY EU-CIF Agreement No: DF-SU-G1004**

FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

Ministry of Agriculture, Animal Husbandry and Fisheries (LVV)
Agricultural Competitiveness Project Suriname-IDB loan no.: 4097/OC-SU – L1020 and
Non-Reimbursable Investment Grant Operations Agreement No: DF-SU-G1004

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Ministry of Agriculture, Animal Husbandry and Fisheries (LVV)
Agricultural Competitiveness Project Suriname-IDB loan no.: 4097/OC-SU – L1020 and
Non-Reimbursable Investment Grant Operations Agreement No: DF-SU-G1004

INDEPENDENT AUDITOR'S REPORT

To: Ministry of Agriculture, Animal Husbandry and Fisheries (LVV)
Agricultural Competitiveness Project Suriname-IDB

A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

Our opinion

We have audited the financial statements, which is recorded on the pages 5 till 22 of this report, for the period January 1, 2019 to December 31, 2019 of the Agricultural Competitiveness Project Suriname IDB loan no.: 4097/OC-SU – L1020 and Non-Reimbursable Investment Grant Operations Agreement No: DF-SU-G1004, executed by Ministry of Agriculture, Animal Husbandry and Fisheries (Executing Agency), based in Paramaribo and financed with funds from the Inter-American Development Bank (IDB) and European Union Caribbean Investment Facility (EU-CIF).

In our opinion the accompanying financial statements presents fairly, in all material respects, the cash flows and cumulative disbursements of the Agricultural Competitiveness Project Suriname IDB loan no.: 4097/OC-SU – L1020 and Non-Reimbursable Investment Grant Operations Agreement No: DF-SU-G1004 as of December 31, 2019 in accordance with Cash Basis Accounting and specific requirements of the IDB and EU-CIF.

The financial statements comprise of:

1. the statement of cash flows for the period January 1, 2019 to December 31, 2019;
2. the statement of cumulative disbursements as at December 31, 2019;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

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 Inter-American Development Bank Loan Agreement No. 4097/OC-SU – L1020 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 Unit 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, March 31, 2020

Tjong A Hung Accountants N.V.



M.S.A. Tjong A Hung CA
Partner

Ministry of Agriculture, Animal Husbandry and Fisheries (LVV)

Agricultural Competitiveness Project Suriname-IDB loan no.: 4097/OC-SU – L1020 and Non-Reimbursable Investment Grant Operations Agreement No: DF-SU-G1004

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	EU-CIF	IDB	Total
CASH RECEIVED					
Accumulated cash at beginning of year		1,150,731	-	-	1,150,731
<u>Activity during the period</u>					
Disbursements (advance, reimbursements, direct payments and reimbursements guaranteed by letter of credit)	9	1,000,000	-	1,150,000	1,150,000
Unused advances of PCF 2 – POC Funds	4	-1,176	-	-	-
Redeposit of unused funds	4	326	-	731	731
		999,150	-	1,150,731	1,150,731
Total cash received		2,149,881	-	1,150,731	1,150,731
DISBURSEMENTS MADE					
Cumulative cash disbursed at beginning of year		-294,766	-	-	-
<u>Activity during the year</u>					
Payments for goods and services	-	-	-	-	-
Agricultural Health and Food Safety	-	-140,899	-	-108,383	-108,383
Agricultural Research and Technology Transfer	-	-360,655	-	-5,323	-5,323
Program Administration	-	-138,776	-	-181,060	-181,060
External Audit	-	-18,524	-	-	-
Monitoring And Evaluation	-	-	-	-	-
		-658,854	-	-294,766	-294,766
Total cash disbursements		-953,620	-	-294,766	-294,766
CASH AVAILABLE AS AT DECEMBER 31, 2019	3	1,196,261	-	855,965	855,965

The accompanying notes on pages 7 to 22 form an integral part of the financial statements.

Ministry of Agriculture, Animal Husbandry and Fisheries (LWV)

Agricultural Competitiveness Project Suriname- IDB loan no.: 4097/OC-SU – L1020 and Non-Reimbursable Investment Grant Operations Agreement No: DF-SU-G1004

STATEMENT OF CUMULATIVE INVESTMENTS AS AT DECEMBER 31, 2019
(Expressed in US dollars)

Nr.	CATEGORY OF INVESTMENT	CUMULATIVE AT JANUARI 1, 2019			MOVEMENT DURING YEAR			CUMULATIVE AT DECEMBER 31, 2019		
		IDB	EU-CIF	TOTAL	IDB	EU-CIF	TOTAL	IDB	EU-CIF	TOTAL
1	Agricultural Health and Food Safety	108,383	-	108,383	140,899	-	140,899	249,282	-	249,282
1.1	Plant Health	-	-	-	36,456	-	36,456	36,456	-	36,456
1.2	Animal Health	108,383	-	108,383	59,522	-	59,522	167,905	-	167,905
1.3	Food Safety	-	-	-	44,484	-	44,484	44,484	-	44,484
1.4	Laboratory Complex Infrastructure	-	-	-	437	-	437	437	-	437
2	Agricultural Research and Technology	5,323	-	5,323	360,655	-	360,655	365,978	-	365,978
2.1	Transfer	3,432	-	3,432	279,347	-	279,347	282,779	-	282,779
2.2	Agricultural Innovation Projects	1,891	-	1,891	81,200	-	81,200	83,091	-	83,091
2.3	Institutional Capacity Building	-	-	-	-	-	-	-	-	-
2.4	Open Funding Window for Climate Change	-	-	-	-	-	-	-	-	-
	Adaption	-	-	-	-	-	-	-	-	-
	Cluster Laboratory	-	-	-	108	-	108	108	-	108
3	Program Administration	181,060	-	181,060	138,776	-	138,776	319,836	-	319,836
3.1	Personnel	112,618	-	112,618	61,597	-	61,597	174,215	-	174,215
3.2	Equipment & Furniture	62,309	-	62,309	72,659	-	72,659	134,968	-	134,968
3.3	Operation Costs	6,133	-	6,133	4,520	-	4,520	10,653	-	10,653
4	External Audit	-	-	-	18,524	-	18,524	18,524	-	18,524
5	Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
	Total	294,766	-	294,766	658,854	-	658,854	953,620	-	953,620

Ministry of Agriculture, Animal Husbandry and Fisheries (LVV)
Agricultural Competitiveness Project Suriname- IDB loan no.: 4097/OC-SU – L1020 and
Non-Reimbursable Investment Grant Operations Agreement No: DF-SU-G1004

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

NOTE 1 – PROGRAM DESCRIPTION

On June 23, 2017 the Republic of Suriname and Inter-American Development Bank entered into a Loan Agreement No. 4097/OC-SU – L1020 to cooperate in the execution of the Agricultural Competitiveness Project. The activities started per December 1, 2017 for a period of five years ending June 23, 2022.

Together with the above loan a non-reimbursable investment operation ("Investment Grant operation" or "IGR") has been granted to complement the ACP loan, for EUR 2.35 million (approximately US\$ 2.732 million) by the European Union Caribbean Investment Facility (EU-CIF) starting per January 2019 for a period of 30 months. The resources shall be transferred to the IDB, as administrator, by means of a project specific grant subject to the Framework Administrative Agreement between the European Union (EU) and the IDB dated June 10, 2015 (the EU-IDB Framework Agreement).

The ACP loan and the IGR grant will together be referred to as "the Program".

PROGRAM SCOPE AND OBJECTIVES

Objectives IDB Loan

The objective of the Program is to contribute to increasing the competitiveness of the agricultural sector through the improvement of animal health, plant health and food safety, and agricultural research and technology transfer services.

Objectives EU-CIF Grant

The objective of this project is to support the implementation of the ACP loan by addressing critical activities to strengthen the capacity of LVV in agricultural innovation and animal and plant health services. The EU-CIF funds will support the government of Suriname to complete the civil works of the Cluster Laboratory of the LVV. The Cluster Laboratory is a sub-component of component 2 of the ACP loan (see above). The project, in conjunction with the ACP loan, will look for execution synergies with the EU funded Suriname Agriculture Market Access Project (SAMAP) and implemented by the FAO.

PROGRAM COMPONENTS

Objective

The Program objective is to increase the competitiveness of the agricultural sector through the improvement of animal health, plant health, food safety and agricultural research and technology transfer services.

Description

In order to achieve the above-mentioned objectives, the Program will encompass the following components:

- Component 1. Agricultural Health and Food Safety;
- Component 2. Agricultural Research and Technology Transfer;
- Component 3. Program Administrations.

Component 1 - Agricultural Health and Food Safety

This component will have four sub-components:

- 1) Plant Health;
- 2) Animal Health;
- 3) Food Safety; and
- 4) Laboratory Complex Infrastructure.

Climate change impacts and adaptation actions will be considered, when appropriate, in selected activities of this component. For instance, specific training will address the implications of climate change in terms of animal and plant health.

Sub-component 1.1 - Plant Health

The focus areas of investment are:

- (i) the financing of the reorganization of the plant health service through appropriate legal, institutional and operational frameworks;
- (ii) the establishment of pest surveillance system and traceability systems;
- (iii) the strengthening of the export certification capacity and the import regulatory systems through the implementation of procedures to minimize risks associated with the movement of goods and people;
- (iv) the improvement of plant quarantine facilities;
- (v) the establishment of integrated border controls (infrastructure and procedures) for effective pest exclusion;
- (vi) a pesticide management system for regulating chemicals used in plant health and human health (including the promotion of Integrated Pest Management - IPM);
- (vii) human resources development through training for staff at all levels of the plant health services;
- (viii) the equipment and inputs for the LVV Laboratory Complex in order to provide timely diagnoses with a high degree of confidence and support the selection and application of phytosanitary measures; and
- (ix) the establishing of an area of low fruit flies prevalence, as a pilot program that may be later scaled-up for export purposes.

Sub-component 1.2 - Animal Health

The focus areas of investment of this sub-component are:

- (i) the establishment of a disease surveillance system including identification and traceability of animals and farms for the national registry, training in epidemiology risk analysis;
- (ii) disease surveillance and control programs, obtaining World Organization for Animal Health (OIE) recognition of disease free status;
- (iii) the organization of simulation exercises for the technical and logistical preparedness in case of disease introduction;
- (iv) the establishment of an animal health information system and equipment and materials for the LVV Laboratory Complex as related to animal health activities;
- (v) specific trainings aimed at increasing the competences of the Veterinary Service Unit; and
- (vi) awareness campaigns for the general public in order to help preventing exotic diseases introduction and to encourage disease notification, strengthening the collaboration between the public and private sectors.

Sub-component 1.3 - Food Safety

The focus areas of investment are:

- (i) financing of the development of national food safety policy;
- (ii) financing of the establishment of a Food Safety Unit (FSU) within LVV;
- (iii) financing of the establishment of a National Codex Committee;
- (iv) development of food safety standards and upgrade to technical regulations following Good Agricultural Practices (GAP) for crops, livestock and aquaculture;
- (v) the financing of development of hygiene code for processors of crops, meat and fish;
- (vi) staff training, including Training of Trainers (ToT) sessions on GAP, hygiene code, risk analysis;
- (vii) master's degrees in agri-food safety and quality assurance abroad;
- (viii) the strengthening of the diagnostic capacity of the Laboratory Complex through training, equipment, materials for residue testing and testing the content of imported pesticides, developing a quality assurance system (ISO 17025) and having laboratory methodologies validated and accredited;
- (ix) strengthening of the registration and inspection system through the preparation of procedural manuals for inspection of primary producers, preparation of procedural manuals for inspection of primary processors, training of plant and meat inspectors, hiring of meat inspectors and plant inspectors, equipment for inspection units (plant, meat, fish) and the development of a quality assurance system (ISO 17020) for inspection units, and accreditation of the inspection units (meat and plant);
- (x) implementation of a surveillance system for food safety hazards;
- (xi) awareness campaigns to the general public on food safety, including a solid collaboration with private sector actors in Suriname;
- (xii) institutional support and training to the Inter Ministerial working Group of Food Safety, which includes the Ministry of Trade, the Ministry of Health and the Ministry of Finance (Custom Department); and
- (xiii) support to the Fish Inspection Institute. This component will directly cooperate with the Bureau of Standards.

Sub-component 1.4. - Laboratory Complex Infrastructure

The completion of the construction of the Laboratory Complex at LVV (useful for all sub components) will be included in this Component and will complement animal and plant health and food safety activities included in the other three sub-components.

Component 2 - Agricultural Research and Technology Transfer

This component will have four sub-components:

- 1) Agricultural Research and Technology Transfer Projects;
- 2) Institutional Capacity Building;
- 3) Open Funding Window for Climate Change Adaptation; and
- 4) Cluster Laboratory.

Sub-component 2.1 - Agricultural Research and Technology Transfer Projects

The sub-component focuses on the strengthening of agricultural research and technology transfer, through the funding of five selected agricultural research and technology transfer projects that will consider climate change adaptation and/or mitigation and will be implemented in collaboration with national and international research and technology transfer centers. The five projects have been identified through a prioritization exercise that took into account the following criteria: economic relevance, market opportunities, yield gaps, and environmental and socio-economic aspects, as well as vulnerability to climate change impacts and contribution to Greenhouse Gas (GHG) emissions. The five pre-selected projects will combine adaptive research, technology validation and technology transfer activities and will focus on the following sub-sectors: rice, open-field vegetables, protected vegetable production, citrus fruits, and minor fruits. Emphasis will be given to gender considerations in the implementation of the projects (specific communication campaigns, focus on gender-sensitive crops, among others) so as to encourage the participation of women.

Sub-component 2.2 - Institutional Strengthening

This sub-component will focus on staffing and training, considering climate change impacts and adaptation actions of key research and technology transfer stakeholders (research department of LVV, public research centers such as ADRON, among others) in the country. Scholarships to upgrade the educational level of research staff of LVV will also be covered by this sub-component, as well as the establishment of the media unit.

Sub-component 2.3 - Open Funding Window for Climate Change Adaptation

This sub-component will finance 10 to 15 small research and technology transfer projects (up to a maximum of US\$ 100,000 each), selected through a competitive process. These projects will specifically focus on environmental sustainability and climate change adaptation.

Predefined selection criteria will consider at least the following:

- (i) focus on addressing explicit vulnerability to climate change;
- (ii) contribution to increase resilience to climate change (i.e. how the research and technology transfer could result in decreased variability, increased income or productivity, improvement in socio-economic variables);
- (iii) possible contribution to reduce GHG emissions or use of a low carbon technology; and
- (iv) adequacy and replicability (i.e. how the proposal responds to a pressing need and the potential to apply the technology at a larger scale). LVV departments will join efforts with external research centers, universities, and private sector actors for the implementation of this sub-component. Communication campaigns will ensure maximum visibility of the calls for proposals and emphasis will be given to and the inclusion of female farmers in the projects.

Sub-component 2.4 - Cluster Laboratory and Agriculture health and innovation services

Agriculture health and innovation services. The main activity is the construction of the Cluster Laboratory, which is a key subcomponent of the research and technology transfer component of the ACP loan. Many research and technology transfer initiatives depend on the laboratory for their development. The cluster laboratory encompasses laboratory facilities for soil, crop protection, seed quality control, post-harvest, weed management and processing. The Cluster Laboratory is currently partially constructed, and its completion will enable complementary financing from the ACP loan for the electrical works and outfitting of the laboratory. In outfitting the laboratory, the equipment selected will be specified as those being convenient (not the most expensive or state-of-the-art) and dependable technology. In addition, the training needs of LVV staff and maintenance needs will be taken into consideration in the implementation of this activity.

This sub-component will cover the finalization (electricity works and outfitting) of the LVV Cluster Laboratory, necessary for its functionality. This laboratory will be used for research purposes and will be complementary to the research projects financed under sub-component 2.1, as all key tests needed for the research projects will be conducted in the Cluster Laboratory.

Component 3 – Program Administration

The component includes sub-components such as:

Personnel, equipment & furniture operation cost, financial cost and project administration. Within the scope of project administration, financing will be available to design and implement a communications and visibility plan in order to raise awareness among different stakeholders in the sector about the importance of the actions being carried out by the Program.

PROGRAM COSTS AND FINANCING STRUCTURE

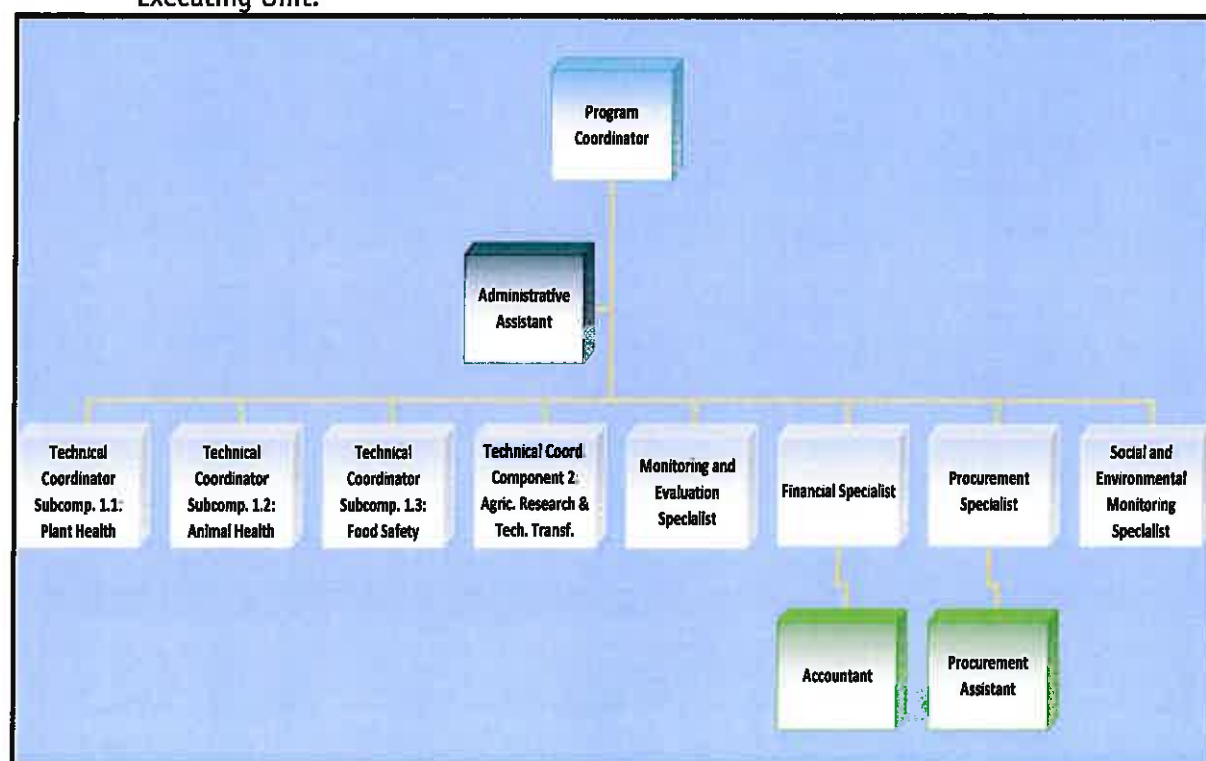
The total cost of this operation is twenty million two hundred thirty one thousand and nine hundred and twenty-three US dollars (US\$ 20,231,923), which is financed by the IDB (US\$ 17,500,000) and EU-CIF (US\$ 2,731,923) with no counterpart from the GOS.

The following is the financial plan of the Program:

CATEGORY OF INVESTMENT

	LOAN AND GRANTS			
	IDB	EU-CIF	TOTAL	%
Component 1. Agricultural Health and Food Safety	9,928,663	-	9,928,663	49.1
1.1 Plant Health	2,801,000	-	2,801,000	13.8
1.2 Animal Health	3,860,437	-	3,860,437	19.1
1.3 Food Safety	1,867,226	-	1,867,226	9.2
1.4 Laboratory Complex Infrastructure	1,400,000	-	1,400,000	6.9
Component 2. Agricultural Research and Technology Transfer	5,770,637	2,325,041	8,095,678	40.0
2.1 Agricultural Innovation Projects	2,959,437	-	2,959,437	14.6
2.2 Institutional Capacity Building	696,200	-	696,200	3.4
2.3 Open Funding Window for Climate Change Adaption	1,015,000	-	1,015,000	5.0
2.4 Cluster Laboratory	1,100,000	2,325,041	3,425,041	16.9
Program Administration	1,250,700	174,378	1,425,078	7.0
External Audit	250,000	-	250,000	1.2
Monitoring and Evaluation	300,000	-	300,000	1.5
EU-CIF fees	-	232,504	232,504	1.1
Total	17,500,000	2,731,923	20,231,923	100

Figure 1: Organizational Structure Of Agricultural Competitiveness Program, Structure Of The Program Executing Unit.



Execution IDB

The Executing Agency (EA) is the Ministry of Agriculture, Animal Husbandry and Fisheries (LVV). The EA of the Program will be the LVV, through the PEU under the Planning and Development Department. The PEU will be responsible for all the fiduciary obligations to manage the Program, including:

- (i) planning of the technical and fiduciary aspects related to the Program activities;
- (ii) procurement of goods, works and services for the Program;
- (iii) the oversight and evaluation of Program activities;
- iv) financial and accounting management of the Program, including the submission of disbursement requests and preparation of financial reports; and
- (v) risk management, including environmental and social risks.

The resources of the EU-CIF Grant will be administrated by the EA in the same manner as it is implementing the resources of from the ACP Loan.

For the year 2019 the PEU consisted of the following key personnel comprised of LVV appointed staff and external consultants:

1. Interim Program Manager	: Mr. R. Nojodimedjo	- Start date February 8, 2019
2. Financial Specialist	: Ms. C. Heide	- Up to December 31, 2019
3. Financial Officer	: Mr. S. Mangre	- Start date September 24, 2019
4. Financial Assistant	: Ms. A. Sukdeo	- Start date November 13, 2019
5. Program Administrative Assistant	: Ms. D. de Meza	- Up to September 16, 2019
6. Program Administrative Assistant	: Ms. A. Badloe	- Start date September 24, 2019
7. Procurement Specialist	: Mr. S. Jackson	- Up to June 30, 2019
8. Procurement Specialist	: Mr. J. Doekharan	- Start date September 24, 2019
9. Assistant Procurement Specialist	: Ms. P. Dompig	- Up to September 16, 2019
10. Procurement Officer	: Ms. K. Kromoreso	- Start date September 24, 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Cash Basis of Accounting

The financial statements of the Program as of December 31, 2019 have been prepared using the cash basis of accounting, which recognizes transactions and acts only when the cash and or its equivalent is received or disbursed by the Project, and not when they give rise to accrue or originate rights or obligations.

Currency

The Program's accounting records are maintained in U.S. dollars. The financial statements are also presented in U.S. dollars rounded off to the nearest whole US dollar value.

The valid exchange rate as at December 31, 2019 is as follow:

	December 31, 2019	December 31, 2018
	SRD	SRD
US\$	7.396	7.396

Cash receipts and cash disbursements denominated in the currency other than the U.S. dollars were translated using the applicable rate of the Central Bank of Suriname at the date of the transaction.

NOTE 3 – AVAILABLE CASH BALANCE

The composition of the available cash balance as at December 31, 2019 is as follows

	December 31, 2019			December 31, 2018	
	IDB	EU-CIF	Total	IDB	Total
	US\$	US\$	US\$	US\$	US\$
Central Bank of Suriname USD	1,193,561	-	1,193,561	855,703	855,703
Central Bank of Suriname SRD	772	-	772	249	249
Petty Cash SRD	480	-	480	5	5
POC SRD	1,448	-	1,448	8	8
Total	1,196,261	-	1,196,261	855,965	855,965

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. Both projects have their 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 to local suppliers of goods and services are paid in SRD according to the purchase USD rate of the CBvS, which is SRD 7.396.

NOTE 4 – UNUSED ADVANCES OF PCF 2 – POC FUNDS AND REDEPOSIT OF UNUSED FUNDS FINANCED THE IDB LOAN *)

Note 4a - Unused advances of PCF 2 - POC funds

The main purpose of the PCF2 - POC funds is to make small purchases of goods and services regarding the project. In November and December 2019, the PCF 2- POC funds has provided advances to the project coordinators for US\$ 2,093. From the advances provided to the project coordinators in December 2019 a total of US\$ 917 was accounted as an expense for 2019. Since it is a report on cash basis, the US\$ 1,176 should be returned and accounted in the following financial year.

	US\$
S. Ramautar-Udit	1,134
A. Djoenerie	42
	1,176

Note 4b - Redeposit of unused funds

This regards the redeposit of unused funds for advances given for travelling and attending the annual meeting of World Organization for Animal Health (OIE) in France for the Chief Veterinary Officer.

NOTE 5 – ADVANCES PENDING JUSTIFICATION *)

As at December 31, 2019 the amount pending justification to the IDB amounted to US\$ 4,407 (Note 11) (2018: US\$ 68,515) for expenditures incurred but not yet submitted for approval.

The Program did not have any amount pending justification from the EU-CIF grant for the financial year ended December 31, 2019 and financial period ended December 31, 2019.

NOTE 6 – ADVANCES AND JUSTIFICATION *)

The Project is receiving cash advances of funds from IDB based on a disbursement request. Upon reaching 80% disbursement out of the cash advances, the Project justifies the expenditures and then requests for additional cash advance.

	December 31, 2019	December 31, 2018
	IDB	Total
	US\$	US\$
Opening balance of advances	923,749	-
Advances received and recorded during the period	1,000,000	1,150,000
Less: Justification of advances	-722,963	-226,251**)
Closing balance as at December 31, 2019	<u>1,200,786</u>	<u>923,749</u>

The advance of funds balance is composed of the following:		
Cash available balance	1,196,261	855,965
Payments after last justification (Note 11)	4,675	68,515
Remaining payments made after disbursement request 5	118	-5,460
Invoices pending justification and not yet deducted from project's account	-	3,248
Over-justifications due to errors in disbursement request no 7 (Note 11)	-268	-
Over-justification disbursement request no. 4	-	1,481**)
Closing balance as at December 31, 2019	<u>1,200,786</u>	<u>923,749</u>

*) For the EU-CIF grant there are no advances of funds requested to the IDB nor expenditures made regarding the financial year ended December 31, 2019.

**) In disbursement request no. 4 dated September 6, 2018 there was initially an amount justified of US\$ 85,054. After review of the IDB it seems that the actual amount of the justification is US\$ 83,573 (Note 9). Therefore, there has been an over-justification of US\$ 1,481.

NOTE 7 – PROCUREMENT OF GOODS AND SERVICES

7.1. Procurement of goods

The following list of contracts for procurement of goods made by the Program from the beginning until December 31, 2019 is stated here:

#	Contractor / Supplier	Description of Services	Sign date (mo/year)	IDB no- objection	Reference #	Investment category	PRISM #	Amount in US\$
	List of contracts for procurement of goods funded by the IDB							
1	Fernandes Autohandel N.V.	Procurement of 3 vehicles	3-12-19	YES		01.03.06.8-1-4	SUA 0344	110,000
2	Fernandes Autohandel N.V.	Purchase of 6 vehicles	28-1-19	YES		01.01.05		224,935
3	Computronics NV	Hard and software	18-3-19	N/A		1.2.1.1	N/A	4,989
4	Analogic Solutions (PRISM No. SU B 0870)	1.2.1.1-1 Procurement of spares and repairs for residue lab	31-1-19	YES	7676-19	1.2.1.1-1	SUB 0870	28,000
5	Devina's Enterprises N.V.	Procurement of hard and software	30-1-19	N/A		01.03.06.8-1-4	N/A	1,750
6	Prodimec N.V.	Procurement of hard and software	30-1-19	N/A		01.03.06.8-1-4	N/A	2,520
7	Medlab NV	Procurement of equipment for LVV Meat Inspections	4-3-19	YES	1571-19	01.03.06.8-1-1	N/A	14,509
8	Orchant N.V.	Procurement of equipment for LVV Meat Inspections	4-3-19	YES	1571-19	01.03.06.8-1-1	N/A	22,371
9	Devina's Enterprises N.V.	Procurement of computer supplies	23-4-2019	N/A		02.01.01	N/A	2,058
10	Devina's Enterprises N.V.	Computer equipment and supplies	18-1-2019	N/A		02.01.01	N/A	3,825
11	Computers & Repairs N.V.	Computer equipment and supplies	21-2-2019	N/A		02.01.01	N/A	8,440
12	B. Sewnath NV	Building materials compost facility Houttuin	18-3-2019	N/A		02.01.01	N/A	3,634
13	RFBG/Carib Computers N.V.	Computer supplies	6-3-19	N/A		02.01.01	N/A	1,475
14	Basdew Trading NV	Building materials compost facility Tamansarie	18-3-19	N/A		02.01.01	N/A	1,981
15	RFBG/Carib Computers N.V.	Computer equipment and supplies	26-1-19	N/A		02.01.01	N/A	3,705
16	Devina's Enterprises N.V.	Computer supplies	30-4-2019	N/A		02.01.01.04-1-1	N/A	6,315
17	Intramur N.V.	Agricultural and PP equipment	5-9-19	N/A		02.01.01.01-1-4	N/A	6,763
18	Paolo J Bink/RC Hobby Shop Suriname	Computer displays/data shows and other equipment ter ondersteuning van het veldwerk van extension officers	21-1-19	YES	5857-18	2.2.3.6	N/A	4,450

N/A: No prism number required for amounts below US\$ 25,000, with the exception of individual consultants.

#	Contractor / Supplier	Description of Services	Sign date (mo/year)	IDB no- objection	Reference #	Investment category	PRISM #	Amount in US\$
19	CHS	Computer displays/data shows and other equipment ter ondersteuning van het veldwerk van extension officers	21-1-19	N/A	5857/18	2.2.3.6	N/A	9,543
20	Smart Connexionz	Computer displays/data shows and other equipment ter ondersteuning van het veldwerk van extension officers	22-2-2019	N/A	5857/18	2.2.3.6	N/A	1,040
21	CKC INCOM N.V.	PPE for pesticide management	30-10-2019	N/A		2.2.5.1-1-1	N/A	5,325
22	Computronics N.V.	Computer equipment and supplies	18-1-2019	N/A		2.1.1.1	N/A	275
23	Carib Computers N.V.	Computer equipment and supplies	18-1-2019	N/A		2.1.1.1	N/A	3,642
24	Carib Computers N.V.	Computer equipment and supplies for media unit	3-4-19	N/A		1.2.11.1	N/A	3,716
25	RPBG/CARIB Computers N.V.	Computer equipment and hardware for LW sub coordinators and teams	15-10-2019	N/A			N/A	3,616
26	Smart Connexionz	Computer equipment and hardware for LW sub coordinators and teams	25-10-2019	N/A		1.2.1.1-1	N/A	15,130
27	Computer Hardware Services N.V.	Computer equipment and hardware for LW sub coordinators and teams	25-10-2019	N/A		1.2.1.1-1	N/A	16,648
28	VSH	Personal Protective Equipment (PPE) for LVV/ADRON pesticide applicators and other supplies for the pesticide management activities	11-8-19	N/A		1.1.5.1.1.2	N/A	10,197
29	N.V. Ditra International	Delivery and installation of AC Units	20-11-2019	N/A	4668-19		N/A	14,160
	Sub total							535,012

N/A: No prism number required for amounts below US\$ 25,000, with the exception of individual consultants.

7.2. Procurement of services

#	Contractor/Supplier	Description of Services	Sign date (mo/year)	IDB no- objection	Reference #	Investment category	PRISM #	Amount in US\$
	List of contracts for procurement of services funded by the IDB							
1	OIE - World Organization for Animal Health	Contribution OIE: 2019	N/A	YES			N/A	28,714
2	J. Jones	Consulting services on SPS System	28-8-19	YES			SUA 1962	58,850
3	Stanley Oosthuizen	Purchase and installation of a greenhouse cover	26-8-19	N/A	484-19	02.01.01.04-1-1	N/A	2,545
4	Jaime Valdez	Consultancy to design an administrator training activities for Meat Inspectors	2-12-19	YES		1.3.6.6.4.1	SUA 1960	68,250
5	Jackson, Sizwe	Procurement Specialist	1-1-19	YES			SUA 1788	15,600
6	van Doorn - Dompig, Priscilla	Assistant Procurement Specialist	16-6-19	N/A			SUA 1789	900
7	Kalicharan - Polar, Sandhia	Junior Social and Environmental Specialist	16-6-19	N/A			SUA 1790	900
8	Heide, Claudia A. C.	Financial Specialist	1-1-19	YES			SUA 1787	29,800
9	de Meza, Deborah	Project Administrative Officer	16-7-19	N/A			N/A	1,400
10	Olafur Odgeirsson	Consultancy regulations on Meat Inspection	2-12-19	YES	1605-19	1.3.4.1	SUA 1961	87,220
	TOTAL SERVICES							294,179
	Total procurement goods and services							829,191

N/A: No prism number required for amounts below US\$ 25,000, with the exception of individual consultants.

NOTE 8 - INVESTMENT CATEGORIES AND DISBURSEMENTS MADE

	Budget		Cumulative Investments	
	IDB US\$	EU-CIF US\$	IDB US\$	EU-CIF US\$
1. Agricultural Health and Food Safety	9,928,663	-	249,282	-
1.1. Plant Health	2,801,000	-	36,456	-
1.2. Animal Health	3,860,437	-	167,905	-
1.3. Food Safety	1,867,226	-	44,484	-
1.4. Laboratory Complex Infrastructure	1,400,000	-	437	-
2. Agricultural Research and Technology Transfer	5,770,637	2,325,041	365,978	-
2.1. Agricultural Innovation Projects	2,959,437	-	282,779	-
2.2. Institutional Capacity Building	696,200	-	83,091	-
2.3. Open Funding Window for Climate Change Adaption	1,015,000	-	-	-
2.4. Cluster Laboratory	1,100,000	2,325,041	108	-
3. Program Administration	1,250,700	174,378	319,836	-
4. External Audit	250,000	-	18,524	-
5. Monitoring and Evaluation	300,000	-	-	-
6. EU-CIF fees	-	232,504	-	-
TOTAL	17,500,000	2,731,923	953,620	-
				953,620

All the expenditures have proven to be eligible.

NOTE 9 – DISBURSEMENTS MADE

Note 9a: Disbursement made IDB loan

Disbursement Request (DR) Number	Type	DR Date	Co reception Date	Authorization date	US\$
1	Receipt	22-Nov-17 ¹⁾	19-Dec-17	19-Dec-17	150,000
3	Receipt	24-May-18 ²⁾	28-May-18	29-May-18	1,000,000
8	Receipt	6-Dec-19 ³⁾	12-Dec-19	13-Dec-19	1,000,000
					<u>2,150,000</u>
2	Justification	24-May-18	28-May-18	29-May-18	142,678
4	Justification	31-Aug-18	6-Sep-18	11-Sep-18	83,573
5	Justification	30-Nov-18	11-Feb-19	13-Feb-19	63,055
6	Justification	11-June-19	3-Jul-19	3-Jul-19	270,573
7	Justification	6 Dec-19	10-Dec-19	12-Dec-19	389,335
					<u>949,214</u>
					<u><u>1,200,786</u></u>

1) First disbursement, request No. 1 dated November 22, 2017.

Pursuant to the terms and conditions of the loan contract, the Executing Agency requested the first Advance of Funds on November 22, 2017 for the amount of US\$ 150,000. The Ministry of LVV received the amount of US\$ 150,000 on December 21, 2017. The advance was recorded in the contractual currency (US\$).

2) Second disbursement, request No. 3 dated May 24, 2018.

The Executing Agency requested the second Advance of Funds on May 24, 2018 for the amount of US\$ 1,000,000. The Ministry of LVV received the amount of US\$ 1,000,000 on May 31, 2018. The advance was recorded in the contractual currency (US\$).

3) Third disbursement, request No. 8 dated Dec 06, 2019.

The Executing Agency requested the third Advance of Funds on Dec 06, 2019 for the amount of US\$ 1,000,000. The Ministry of LVV received the amount of US\$ 1,000,000 on Dec 17, 2019. The advance was recorded in the contractual currency (US\$).

Receipt pertains to the amount requested from IDB and subject to justification when 80% of the fund is used.

Justification pertains to the amount used by the Project out of the advance of funds and reported to the IDB.

Total cash received from IDB as at December 31, 2019 amounted to US\$ 2,150,000 (advance of funds).

Note 9b: Disbursement made IDB loan and EU-CIF grant

As of December 31, 2019 there were no disbursements made regarding the EU-CIF grant.

NOTE 10 – RECONCILIATION BETWEEN THE STATEMENT OF CASH FLOWS AND THE STATEMENT OF CUMULATIVE INVESTMENTS

	December 31, 2019			December 31, 2018	
	IDB	EU-CIF	Total	IDB	Total
	US\$	US\$	US\$	US\$	US\$
Per Statement of Cash Flow					
- Cumulative cash received as at December 31	2,149,881	-	2,149,881	1,150,731	1,150,731
Per Statement of Cumulative Investments					
- Cumulative investments as at December 31	-953,620	-	-953,620	-294,766	-294,766
Available cash balance as at December 31	1,196,261	-	1,196,261	855,965	855,965
Cash received					
	IDB 2019			IDB 2018	
	US\$			US\$	
Balance as of January 1, 2019	1,150,731			-	
Advance of Funds	1,000,000			1,150,000	
Direct Payments/ unused advances PCF-2 POC/ Redeposit of funds	-850			731	
Total cash received	2,149,881			1,150,731	
Project Disbursements					
Repayments	-			-	
Payments for goods and services	658,854			294,766	
Total Project Disbursements Made	658,854			294,766	
Cumulative Investments					
Agricultural Health and Food Safety	249,282			108,383	
Agricultural Research and Technology Transfer	365,978			5,323	
Program Administration	319,836			181,060	
External Audit	18,524			-	
Monitoring and Evaluation	-			-	
Total Cumulative Investments	953,620			294,766	
Available cash as of December 31, 2019	1,196,261			855,965	

NOTE 11 – RECONCILIATION BY INVESTMENT CATEGORIES BETWEEN THE PROGRAM'S RECORDS AND THE IDB'S RECORDS

This reconciliation clarifies the financials regarding the IDB financing, regarding the EU grant no disbursement was made in financial year 2019.

	Per Program's Records US\$	Per IDB's Records US\$	Difference US\$	Explanation US\$
Component 1. Agricultural Health and Food Safety	249,282	247,558	1,724	a
Component 2. Agricultural Research and Technology Transfer	365,978	363,947	2,031	b
Component 3. Program Administration	319,836	319,184	652	c
Component 4. External Audit	18,524	18,524	-	
Component 5. Monitoring and Evaluation	-	-	-	
Total Cumulative Disbursements	953,620	949,213	4,407	

Explanation of the difference

The difference between Program's records and IDB's records of a total of US\$ 4,407, is brought about by two events, which are payments made after the last justification of cash advance acknowledged by IDB for an amount of US\$ 4,675 and errors of US\$ -268 made in disbursement request no. 7 justified on December 6, 2019. In disbursement request no.7 there were several errors made in justifying the correct amounts according to the invoices. These errors have an impact on the difference between the program's records and IDB's records.

Details are as follows:

Description	December 31, 2019		
	IDB US\$	EU-CIF US\$	Total US\$
a. Component 1			
1.1 Plant Health	25	-	25
1.2 Animal Health	1,674	-	1,674
1.3 Food Safety	25	-	25
	1,724	-	1,724
b. Component 2			
2.1 Agricultural Innovation Projects	2,299	-	2,299
2.2 Institutional Capacity Building	-268	-	-268
	2,031	-	2,031
c. Component 3			
3.1 Program Management Consultancy fee	-100	-	-100
3.2 Office equipment & furniture	1,133	-	1,133
3.3 PEU operations	-381	-	-381
	652	-	652
Total amount spent after last justification	4,407	-	4,407

NOTE 12 – 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.

12.1. Accounts payable as at December

12.1a Accounts payable IDB

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

Supplier/Consultant	Description of Services	Amount in US\$
N.V. Ditra International	Purchase and installation of airco's	14,160
Heide, Claudia A.C.	Fee December 2019	2,400
Fernandes Autohandel N.V.	3x vehicles	110,000
Project Management Institute	Training 3x LVV staff	1,665
Acfinsol	QB training 2x staff PEU	270
PEU	Citrus project: stationery compost training and survey preparation	708
	Total	129,203

12.1b Accounts payable EU-CIF grant

As of December 31, 2019 there were no accounts payable made regarding the EU-CIF grant.

NOTE 13 - FINANCIAL COSTS GOVERNMENT

The interest and commitment fee regarding the loan is an obligation for the government as agreed in the loan agreement regarding IDB financing. The interest and commitment fee is not applicable for the EU-CIF grant. These are paid by "Bureau voor de Staatsschuld". The amounts regarding interest and commitment fee for 2019 is US\$ 120,708.

	December 31, 2019		December 31, 2018	
	IDB	Total	IDB	Total
	US\$	US\$	US\$	US\$
Commitment fee	81,750	81,750	84,034	84,034
Interest paid	38,958	38,958	22,749	22,749
Total	120,708	120,708	106,783	106,783

13.1. Approval of the financial statements

The financial statements of the Agricultural Competitiveness Project Suriname as at and for the year ended were approved by the Executing Agency on March 31, 2020.