

N.V. SURINAAMSCHE WATERLEIDING MAATSCHAPPIJ

**WATER SUPPLY INFRASTRUCTURE REHABILITATION
LOAN NR 2451/OC-SU PROJECT # SU-L1018**

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

N.V. Surinaamsche Waterleiding Maatschappij
Water Supply Infrastructure Rehabilitation Project

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Appendix 1: Budget versus realization

To: N.V. Surinaamsche Waterleiding Maatschappij
Project Executing Unit
Water Supply Infrastructure Rehabilitation Project

INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements, which comprise the Statement of Cash Flows, the Statement of Cumulative disbursements and a summary of significant accounting principles and other explanatory information for the Water Supply Infrastructure Rehabilitation Project, executed by the N.V. Surinaamsche Waterleiding Maatschappij (Project Executing Agency), and financed with funds from the Inter-American Development Bank Loan Agreement No. 2451/OC-SU as of December 31, 2016 and for the period covered from January 1, 2016 to December 31, 2016.

Project management's responsibility for the financial statements

The Project management of the Water Supply Infrastructure Rehabilitation Project is responsible for the preparation and fair presentation of these financial statements in accordance with Cash Basis Accounting and specific requirements of the IDB and 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.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and specific requirements of the Inter-American Development Bank. Those standards 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation of the financial statements 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 agency's internal control. An audit also includes assessing the accounting policies used and the reasonableness of significant estimates made by Project management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash flows and cumulative disbursements of the Water Supply Infrastructure Rehabilitation Project as of December 31, 2016, in accordance with the accounting policies described in Note 2.

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 Agreement No. 2451/OC-SU during the period reviewed by us.

Restriction on use and distribution

We draw attention to Note 2 to the accompanying financial statements which describes the basis for accounting. The accompanying financial statements are prepared to comply with the specific reporting requirements of the IDB. As a result, the accompanying financial statements may not be suitable for another purpose. Our opinion is not qualified in respect of this matter.
The accompanying financial statements and our auditor's report thereon are intended solely for the N.V. Surinaamsche Waterleiding Maatschappij, Ministry of Finance of the Republic of Suriname and the Inter-American Development Bank and should not be used for other purposes.

Paramaribo, 29 March, 2017

Tjong A Hung Accountants N.V.



drs. J.D. Kortram RA
Partner

N.V. Surinaamsche Waterleiding Maatschappij
Water Supply Infrastructure Rehabilitation Project

STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016
(Expressed in US Dollars)

	<u>Notes</u>	<u>IDB</u>	<u>LOCAL</u>	<u>TOTAL</u>
CASH RECEIVED				
Accumulated cash at beginning of period		7,889,180	293,354*)	8,182,534
Activity during the year:				
Disbursements (Advances, reimbursements and direct payments)	5.8	1,890,936	149,910	2,040,846
Interest received			8,815	8,815
Exchange differences			6,596	6,596
Total cash received		9,780,116	458,675	10,238,791
DISBURSEMENTS MADE				
Cumulative cash disbursed at beginning of period		4,727,908	194,443*)	4,922,351
Activity during the year:				
Payments for goods and services		2,518,018		2,518,018
Interest and credit fee	5		149,910	149,910
Bank charges and currency exchange losses	5		3,778	3,778
Total cash disbursements		7,245,926	348,131	7,594,057
Available cash balance, December 31	3	2,534,190	110,544	2,644,734

*) Counterpart funds for the amount of US\$ 43,929 regarding interest and credit fee over the period 2011-2012 were not included in previous years. This amount has been adjusted in the beginning balances of the financial statement as at December 31, 2016.

The notes on pages 7 to 25 form an integral part of the financial statements.

N.V. Surinaamse Waterleiding Maatschappij
Water Supply Infrastructure Rehabilitation Project

STATEMENT OF CUMULATIVE DISBURSEMENTS
AS AT DECEMBER 31, 2016
(Expressed in US dollars)

IDB Nr	Category of disbursement	Notes	December 31, 2015		Movement during 2016		December 31, 2016
			IDB	LOCAL	IDB	LOCAL	TOTAL
01.00.00	Project Administration	7.1	534,851	-	111,552	-	646,403
02.01.00	Non-Revenue Water Program	7.2	649,818	-	954,846	-	1,604,664
02.02.00	Water Supply System Rehabilitation	7.3	3,224,509	-	1,418,053	-	4,642,562
02.03.00	Energy Efficiency Pilot Project	7.4	167,136	-	5,980	-	173,116
02.04.00	Institutional Strengthening	7.5	91,350	-	20,492	-	111,842
03.01.00	Auditing		43,313	-	7,095	-	50,408
03.02.00	Monitoring and Evaluation		16,931	-	-	-	16,931
04.00.00	Contingencies		-	-	-	-	-
04.02.00	Financing charges	5.0	-	194,443	-	153,688	348,131
	TOTAL		4,727,908	194,443	2,518,018	153,688	7,594,057

The notes on pages 7 to 25 form an integral part of the financial statements.

N.V. Surinaamsche Waterleiding Maatschappij
Water Supply Infrastructure Rehabilitation Project

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. PROJECT DESCRIPTION

1.1. Background

The Government of Suriname (GoS), with the financial support of the Inter-American Development Bank (IDB), embarked in a 5-year Water Supply Infrastructure Rehabilitation Project (SU- L1018) (hereinafter referred to as WSIR project or the Project). The Project was approved by the IDB Board of Directors on November 8, 2010. The total cost for the project is US\$ 12.5 million, of which US\$ 12 million will be drawn from the Single Currency Facility of the IDB's ordinary capital resources (OC) and US\$ 0.5 million from local counterpart contributions. The borrower for the proposed project is the Republic of Suriname, who will be legally responsible to the IDB for the loan repayment, while N.V. Surinaamsche Waterleiding Maatschappij (SWM) will be responsible for the execution.

1.2. Extension of the project

First extension

The expected physical implementation of the following activities of the WSIR project would end in February 2016:

- Asbestos pipes replaced,
- Secondary distribution network pipes replaced,
- Secondary distribution network pipes re-laid and
- Cast-Iron pipe replaced with Polyvinyl chloride (PVC) pipe.

The defects liability period of these works will go beyond the last disbursement date.

The project requested through the Ministry of Finance an extension of the disbursement period for one (1) year. At March 31, 2015 the IDB approved the request. The new expiration date of the last disbursement is February 10, 2017.

Second extension

Due to the delay in the civil works, the purchase of the Laboratory Management Information System and the Customer Relationship Management System, the project requested through the Ministry of Finance in November 2016, another extension of the disbursement period till September 2017. On December 13th, 2016 the IDB approved for an extension of the disbursement period till October 2nd, 2017.

1.3. Project scope and objective

The general objective of the proposed Project is to improve efficiency and quality of the potable water services provided in the coastal area of Suriname.

The specific objectives are: (i) decrease the level of Non-Revenue Water (NRW), through the development and implementation of a NRW program; (ii) improve the water supply distribution system in priority districts of the coastal area through rehabilitation works; and (iii) strengthen SWM performance by improving operations and maintenance, incorporating a management information system and decreasing energy consumption. It is proposed that the program be comprised of four components as outlined below.

1.4. Cost and financing structure of the Project

Category	IDB US\$	Local Contribution US\$	TOTAL US\$	Percentage %
1. Project Administration	791,000	-	791,000	6.3%
1.1 Project Management	791,000	-	791,000	6.3%
2. Direct Costs	11,029,000*)	-	11,029,000	88.2%
2.1 Non Revenue Water Program	2,190,000	-	2,190,000	17.5%
2.2 Water Supply System Rehabilitation	7,630,000	-	7,630,000	61.0%
2.3 Energy Efficiency Pilot Project	490,000	-	490,000	3.9%
2.4 Institutional Strengthening	719,000	-	719,000	5.8%
3. Concurrent Costs	180,000	-	180,000	1.4%
3.1 Auditing	120,000	-	120,000	1.0%
3.2 Monitoring and Evaluation	60,000	-	60,000	0.5%
4. Unallocated	-	500,000	500,000	4.0%
4.1 Contingencies*)	-*)	320,000	320,000	2.6%
4.2 Financing Charges	-	180,000	180,000	1.4%
Total	12,000,000	500,000	12,500,000	100.0%

*) Budget transfer

A total of US\$ 1,700,000 was budgeted under contingencies which is 13.6% of the total budget of the Project.

As at December 31, 2016, the transfer of US\$ 1,380,000 has been made from contingencies budget (4.1) to the Water Supply System Rehabilitation component (2.2). The project requested to finance the civil works for replacement of asbestos pipes.

The request for the transfer has been requested through the Ministry of Finance and approved on August 16, 2016.

1.5 Institutional background

The Government of Suriname (GoS) designated responsibilities for drinking water supply to two entities. Potable water supply in the districts of Paramaribo, larger part of Wanica, parts of Para, parts of Nickerie, and Marowijne (Albina and Moengo) is provided by the N.V. *Surinaamsche Waterleiding Maatschappij* (SWM, Suriname Water Company),¹ a government-owned utility that supplies water to approximately 70% of Suriname's population. The Department for Water Supply under the Ministry of Natural Resources (DWV/NH) is responsible for supplying drinking water in the coastal rural areas and in the Interior, which account for approximately 21% of the population of the country. The Ministry of Natural Resources has the overall responsibility for policy direction of both institutions, and for overseeing service provision. In the absence of an independent regulatory body, the Council of Ministers approves tariffs.

Other agencies with responsibilities in the water sector include: (i) the Ministry of Health, which is in charge of monitoring environmental health; (ii) the Ministry of Agriculture, which is in charge of irrigation; and (iii) the Ministry of Public Works (MPW) and the Ministry of Regional Development, which are in charge of drainage systems.

¹ In the district of Para SWM provides water only in the Republiek area.

Legal framework for the sector:

- Norms
 - World Health Organization (guidelines for Water quality);
 - Ministry of Labour, Technology and Environment (guidelines for the removal and handling of materials containing asbestos).
- Regulations (monitoring and control)
 - Concession contract to SWM (G.B. 1944 no. 129). This contract gave concession to SWM for abstracting and supplying potable water in Paramaribo and part of Wanica;
 - Decree Mandate of the Government Departments (S.B. 1991 no. 58). In accordance to this Decree, the Ministry of Natural Resources (NH/DW) is assigned with the responsibility of providing drinking water;
 - And then there are the following draft legislations: (a) A law on the protection of water winning and filtration areas, (b) a law on the supervision of the production of drinking water and (c) a law on the supervision of drinking water quality. It is not sure when these laws will be approved by the Government of Suriname.
- Planning and execution of sector interventions
 - Implementation of the Crash Program until December 2011;
 - Possible project of Islamic Development Bank.

Program Management

SWM will be the agency responsible for Project execution. Appropriate staff will be designated by SWM and assigned to a Project Executing Unit (PEU), which will include at a minimum a project manager (PM), a deputy project manager, two engineers (including a distribution specialist), a financial officer, a procurement officer and a secretary. Only the project manager, a distribution specialist engineer and a secretary will be financed with loan resources. SWM will appoint internally the other members of the PEU, including a deputy project manager, as well as a person with the responsibility to follow-up on the implementation of the ESMF.

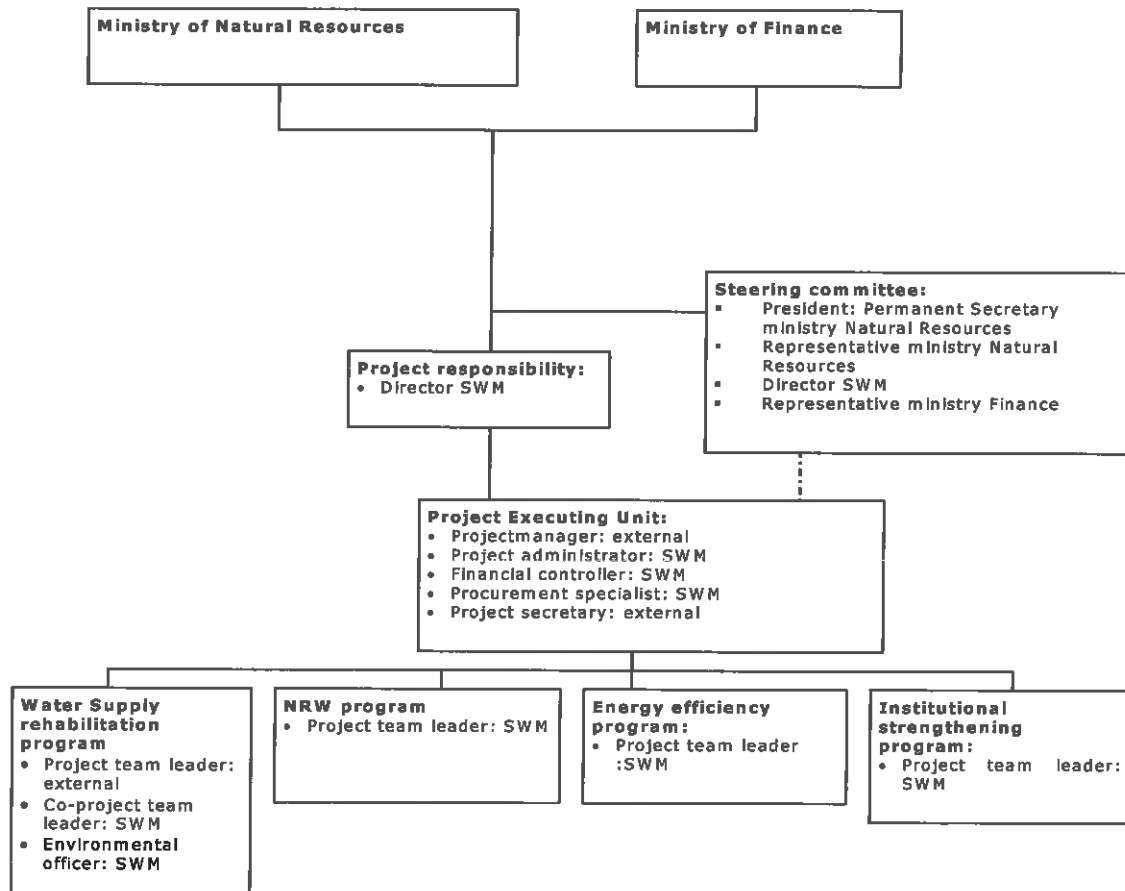
PEU Members:

Responsibility	Name	Organization
Ad interim Project manager	A. Boedhoe	SWM
Financial Controller/ Proc. Specialist	U. Hanenberg	SWM
Project Secretary	R. Kromotani	External
Project leader WSSR	S. Pieters	SWM
Co- project team leader WSSR	P. Jhinkoerai	SWM
Project leader NRW	R. Esschendal	External
Project leader Energy	L. Abanie	SWM
Project leader Institutional Strengthening	M. Chin- On	SWM
Project leader Water Quality	A. Salmin	SWM

- The contract for the project leader NRW R. Esschendal was extended from April 2015 until March 2016;
- A new contract is signed in 2015 with the secretary Mrs. R. Kromotani for the period from December 2015 until February 2017;
- The ad interim project manager was changed mid-June, where Mr. R. Gessel was replaced by Mrs. A. Boedhoe-Hemai.

1.6. The organizational structure

The organizational structure of the Water Supply Infrastructure Rehabilitation Project is represented in the organizational chart below:



The specific responsibilities of the PEU will include:

- (i) preparation, implementation and coordination of the Annual Operation Plans (AOPs);
- (ii) preparation of budgets and disbursement projections, chart of accounts for project accounting, and requests to advance project funds;
- (iii) preparation of the project's Annual Procurement Plan and the procurement of goods and services for the project;
- (iv) coordination of the preparation of technical reports, periodic (semi-annual) and end-of-year financial reports;
- (v) monitoring of the progress of project activities and analysis of variances of actual results against plans;
- (vi) contracting and execution of the external audit and ensuring, in coordination with the SWM Managing Director, that the relevant recommendations are implemented;
- (vii) facilitation of external evaluations and ensuring, in coordination with the Managing Director of the SWM, that the recommendations are implemented;
- (viii) serving as a liaison for the project with the Bank;
- (ix) organizing semi-annual stakeholders meetings with the participation of representatives from the Ministry of Natural Resources and the ministry of Finance;
- (x) implementation of the project ESMF; and
- (xi) preparation of the Operations Manual (OM) that will detail these arrangements.

Relationship PEU to the Ministry of Natural Resources

Role of Ministry of Natural Resources

The Ministry of Natural Resources is responsible for defining and overseeing the Program policies and the program budget (together with the ministry of Finance) including the GoS local contribution submitted to the Bank.

The Director of the SWM is the final responsible person for all documents to be submitted to the Ministry of Natural Resources. All documentation submitted to the Director of the SWM need the approval of the Director of the SWM before being submitted to the ministry of Natural Resources to be signed.

In absence of the Director of the SWM, both the Deputy Director Operations and the Deputy Director Finance will have to sign documents.

Relationship PEU to the Ministry of Finance & the Governor of the Central Bank

Role of Ministry of Finance & the Governor of the Central Bank

The Ministry of Finance is responsible for defining and overseeing the program budget together with the Ministry of Natural Resources including the GoS local contribution submitted to the Bank.

Any transfer from the contingencies budget to any other categories will have to be requested by the signatory of the loan contract (Minister of Finance) or by an authorized signatory within the Ministry of Finance.

The Governor of the Central Bank monitors the progress of the project through the IDB joint desk committee. The chair of this joint desk committee is Mrs. L. Pinas-Halfhide (permanent secretary at the Ministry of Finance).

Relationship PEU to stakeholders

Relevant stakeholders (including representatives of civil groups who will be affected by the project) will be informed and consulted throughout the project duration. Additionally, during pre-construction stage stakeholders will be informed of the project and the roles and responsibility required of them will be highlighted. Some of the key stakeholders include NIMOS.

Special Contractual Conditions for the First Disbursement and Execution

Special contractual conditions for the first disbursement will be:

- (i) evidence that the SWM staff that will be part of the PEU has been selected in accordance with terms and conditions previously agreed upon with the Bank;
- (ii) evidence that a project manager has been selected; and
- (iii) evidence that this Operations Manual is approved by the Managing Director of SWM and has entered into effect.

Special contractual conditions for execution will be:

- (i) compliance with the Environmental and Social Management Framework (ESMF), and IDB Environmental and Social Policies; and
- (ii) prior to start of the replacement of asbestos pipes, an environmental assessment and hazardous waste management/removal plan will be prepared and disclosed on the NIMOS and IDB webpage.

1.7. Other requirements

During program execution, the SWM will deliver the program's audited financial statements on an annual basis.

1.8. Environmental and social framework

Because of the potential impacts, which are considered minor to moderate, the project has been classified as category "B" under IDB's Environmental Policy (OP-703). Specific IDB Policies and Directives applicable to the project include OP-703, especially B.4 "Other Risk Factors", B.6 "Consultation", B.10 "Hazardous Material"; B.11 "Pollution Prevention and Abatement", OP-102 "Disclosure Policy", and OP-704 "Disaster Risk Management".

A draft Environmental and Social Assessment and Environmental and Social Management Framework (ESA/ESMF) has been prepared during project preparation. A consultation process on the draft ESA/ESMF took place (B.6). To address the weak institutional capacity for managing environmental and social issues (B.4), the project will finance a capacity building training program for SWM.

A SWM staff member will be appointed to follow-up on environmental and social issues.

To address the handling and disposal of hazardous material (B.10), a hazardous waste management plan will be developed prior to the start of activities and will follow international best practices in coordination with the National Institute for Environment and Research in Suriname (NIMOS) and the guidelines from the Ministry of Labour, Technology and Environment. Pollution issues (B.11) (e.g. dust, waste) during construction will be addressed through construction contractual obligations.

In compliance with OP-102 a draft ESA/ESMF was disclosed on the IDB website prior to the analysis mission. NIMOS also disclosed the draft ESA/ESMF on its website, where it was posted for 30 days, during which the document was reviewed by the general public.

The project will be implemented in (i) compliance with all applicable environmental, health and safety and labor regulatory requirements of Suriname associated with any environmental, health and safety related permits, authorizations or licenses that apply to the program; and (ii) compliance with any applicable IDB environmental and social policy and requirements including the Environmental and Safeguards Compliance Policy (OP-703); the Disaster Risk Management Policy (OP-704), and the Access to Information Policy (OP-102).

The environmental and social impacts and risks of this program will be managed through the ESMF. The ESMF defines the basic environmental and social considerations to be addressed during the detailed design phases, as well as during construction activities, including the preparation of Environmental Assessment (Eas), e.g. for handling of asbestos-cement pipes and site specific Environmental Management Plan (EMPs), supervision, capacity building and monitoring arrangements.

1.9. Program preparation prior to first disbursement

The Government of Suriname signed the loan agreement no 2451/OC-SU for the execution of the Water Supply Infrastructure Rehabilitation Program with the Inter-American Development Bank on February 10, 2011. The special conditions prior to the first disbursement are subjected to several requirements; therefore the special conditions were fulfilled after 9 months from the effective date of the loan agreement. After February 10, 2011 and before the first disbursement date November 1, 2011 several activities have been conducted to fulfill all prior conditions.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Cash Basis of Accounting

The financial statements of the Project for the year ended December 31, 2016 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 entity, and not when they give rise to accrue or originate rights or obligations.

2.2. Currency

The Project'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 U.S. dollar value, unless otherwise stated.

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

Effective translation rates of SRD transactions to US dollars

In order to calculate the equivalent in U.S. dollars, the cash disbursements denominated in SRD were translated to U.S. dollars at the official selling rate of exchange of the Surinaamsche Bank. The amounts received or disbursed in SRD currencies were translated into USD using the exchange rate at the transaction date.

The exchange rates at December 31 were:

	<u>12-31-2016</u>	<u>12-31-2015</u>
	SRD	SRD
US\$ 1	7.35	3.96

3. AVAILABLE CASH BALANCE

Available cash balance as at December 31, 2016 consisted of the following:

	<u>Account no</u>	<u>In SRD</u>	<u>In US\$</u>
USD account	95.80.735		2,643,394
SRD account	95.80.689	7,784	1,059
Cash on hand			281
Total			<u>2,644,734</u>

4. ADVANCES AND JUSTIFICATION

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

	January to December 2016 in US\$
Balance December 31, 2015	3,205,949
Cash advances received from IDB during the period (Note 8)	1,890,936
Less: Justification of advances (Note 8)	-2,544,766
Balance December 31, 2016	<u>2,552,119</u>
The Advance of Funds balance of US\$ 2,552,119 is composed of the following:	
Cash Available balance (Note 3)	2,644,734
Payments made after last justification of Funds (Note 10)	17,929
Exchange difference (cumulative)	-105,135
Reimbursable from local counterpart (Interest/Fin. Charges)	-5,409
	<u>2,552,119</u>

The payments made after December 5, 2016, the date of the last justification of funds during the year, amounted to US\$ 17,929. This amount will be part of the first justification to be submitted to IDB in 2017.

5. LOCAL COUNTERPART FUNDS

The Government of Suriname (GOS) has committed to contribute the sum of US\$ 500,000 which is US\$ 180,000 for the financing of financial charges (interest and credit fees) and US\$ 320,000 for the contingencies. The cumulative paid interest & credit fee by the Government of Suriname at December 31, 2016 totals US\$ 337,181.

The cumulative bank charges, which are paid by the Executing Agency are per December 2016 are US\$ 10,950. The total cumulative financing charges are therefore US\$ 348,131.

For the year 2016 the local counter parts disbursements also include the following payments to IDB:

Details	Date	US\$
credit fee	February & August 2016	27,650
Interest August & December	February & August 2016	<u>122,260</u>
IDB finance charges		149,910
Bank charges		<u>3,778</u>
		<u>153,688</u>

The IDB has stated to the Executing Agency that expenditures incurred in the project on or after November 8, 2010 could be recognized as part of the local contribution. Per December 12, 2016 the Executing Agency has communicated to the IDB that her local contribution has exceeded the committed contribution of US\$ 500,000. Per 2017 these amounts will be justified as local contribution.

6. PROCUREMENT OF GOODS, SERVICES AND WORKS

6.1. Procurement of Goods

The following are the goods procured by the Project as at December 31, 2016:

Contractor/Supplier	Description of goods	Sign date	IDB no-objection	Prism #	Investment category	Amount in US\$	Time frame
Office furniture	Goods	NA	NA	NA	01.00.00	3,736	Jan 2011-May 2012
Computer hardware services	Goods	2-Nov-12	Yes	SUB0621	01.00.00	22,375	Nov 2012-April 2013
SURTEL N.V.	Power analyzer, portable flow meter and water level sounder	5-Nov-12	Yes	SUB0623	02.03.00	21,117	Oct 2012-May 2013
Raminex	5,000 watermeters	8-Mar-13	Yes	SUA1214	02.02.00	115,050	March-Sept 2013
Elgawa N.V.	Goods for PVC piping	15-Mar-13	Yes	SUA280	02.02.00	234,199	March-July 2013
VK office supplies N.V.	Various office supplies	20-Mar-13	Yes	SUB0655	01.00.00	1,217	March-April 2013
Yokohama	2 vehicles	25-Apr-13	Yes	SUB 0660	01.00.00	51,437	April-May 2013
N.V. Van Allen's Beton Industrie	5,000 new concrete poles	9-May-13	Yes	SUB0661	02.02.00	54,677	May-Sep 2013
SURTEL N.V.	Portable measuring equipment	12-Aug-13	Yes	SUB0689	02.03.00	20,912	Aug 2013-Feb 2014
VK office supplies N.V.	Various office supplies	30-Oct-13	Yes	SUB 0718	01.00.00	737	Oct 2013-Jan 2014
Elgawa N.V.	Piping materials, fittings and accessories for household connections	7-Nov-13	Yes	SUB0717	02.02.00	144,775	Nov 2012-Feb 2014
Krohne Nederland BV	Flowmeter & accessories with related services	18-Mar-14	Yes	SUB 0734	02.01.00	229,850	March 2014-May 2015
Handelmaatschappy Kuldipsingh N.V.	Pvc piping materials, fittings and accessories	17-Apr-14	Yes	SUB 0738	02.02.00	1,619,495	April-Nov 2014
Handelmaatschappy Kuldipsingh N.V.	Fittings, PVC pipes and accessories	9-May-14	Yes	SUB 0741	02.01.00	53,552	May-Nov 2014
Carry forward						<u>2,573,129</u>	

Contractor/Supplier	Description of goods	Sign date	IDB no-objection	Prism #	Investment category	Amount in US\$	Time frame
To carry forward						2,573,129	
Necarex	Delivery of submersible pumps and accessories	28-May-14	Yes	SUA 0284	02.03.00	23,057	May-Aug 2014
N.V. Vabi	steel road plates	19-Aug-14	Yes	SUB0765	02.02.00	14,454	Expost
United Export Limited	Pressure meters, data logger and accessories	27-Nov-14	Yes	SUA0285	02.01.00	66,887	Nov 2014-Mar 2015
Necarex	Delivery of outdoor cabinets & acc	7-Jan-15	Yes	SUA0287	02.01.00	49,636	Jan-March 2015
Yokohama	2 vehicles	26-Jan-15	Yes	SUB 0790	01.00.00	42,721	Jan 2015
Jetzza	Delivery of shadow mesh	19-Mar-15	Yes	SUB0794	02.02.00	3,813	Mar-15
Vabi	Delivery of fire hydrants	30-Mar-15	Yes	SUB0802	02.02.00	29,508	March-July 2015
Necarex	Goods & anc. Services submersible. Pumps distr. Pumps with acc	29-May-15	Yes	SUB0797	02.03.00	24,158	May-August 2015
Melotte	Goods & anc. Services submersible Pumps distr. Pumps with acc	10-Jun-15	Yes	SUB0798	02.03.00	30,133	June-Oct 2015
Fishfinder	Delivery of GPS & acc	18-Jun-15	Yes	SUB0799	02.01.00	1,159	June 2015
Raminex	Delivery of 3000 water meters	22-Jun-15	Yes	SUB0800	02.01.00	76,500	22 June-Nov 2015
Krohne	Goods & anc. Services viz. flow (bulk) meters & acc	29-Jun-15	Yes	SUB0803	02.01.00	25,500	June-Sept 2015
Kuldipsingh	Delivery of 3000 concrete poles	19-Oct-15	Yes	SUB0813	02.01.00	32,308	19 Oct-19 Dec 2015
Telesur	Delivery of 18 sim cards & server	23-Oct-15	Yes	Expost	02.01.00	1,429	Oct 2015
Carry forward						2,994,392	

Contractor/ Supplier	Description of goods	Sign date	IDB no-objection	Prism #	Investment category	Amount in US\$	Time frame
To carry forward							
Guimar	Purchase of materials for Ac replacement	26-Oct-16	Yes	SUA0298	02.02.00	2,994,392	
Elgawa	Purchase of materials for water meter installations 2016	19-Sept-16	Yes	SUA0296	02.01.00	246,458	Oct 2016-Jan 2017
Elgawa	Piping materials for water meter installations in DMA's	20-May-16	Yes	SUB0824	02.01.00	365,620	Sept-Dec 2016
Elgawa	Additional materials	11-April-16	Yes	SUB0823	02.02.00	261,126	May-August 2016
Raminex	Purchase of mechanical water meters	31-Aug-16	Yes	SUB0825	02.01.00	67,271	April-July 2016
Vabi	Purchase of concrete poles and Fire hydrants	19-Sept-16	Yes	SUB0832	02.01.00	440,000	August 2016-Jan 2017
Necarex	Purchase of 6 digital portable pressure meters with data logger	19- April-16	Yes		02.01.00	41,048	Sept-Nov 2016
Melotte	Purchase of 6 Submersible pumps	24-Oct-16	Yes	SUB0833	02.03.00	9,801	April-May 2016
Digicel	Purchase of 29 sim cards & services	17-Mar-16	yes	expost	02.01.00	28,584	Oct 2016- Jan 2017
United Export	Purchase of 31 pressure transmitters	13-May-16	Yes		02.01.00	5,247	March 2016-March 2017
Krohne	Purchase of calibration meter (opticheck & acc.)	27-April-16	Yes		02.01.00	43,130	May-June 2016
						14,048	April-June 2016
						<u>4,516,725</u>	

6.2. Procurement of Services

The following are the services procured by the Project from 01 January to 31 December 2016:

Contractor/Supplier	Description of goods	Sign date	IDB no-objection	Prism #	Investment category	Amount in US\$	Time frame
Elvi Sodinjo	Project secretary Hydraulic Energy	19-Jan-12	Yes	SUA1309	01.00.00	4,833	Jan 2012-Sept 2012
Watery consultant	Energy efficiency consultant	17-Apr-12	Yes	SUA1214	02.02.00	58,280	April 2012- June 2015
Rob Esschendal	Distribution specialist	1-Jun-12	Yes	SUA1225	01.00.00	60,000	June 2012-May 2013
R. Doorson	Field officer- Domburg	1-Aug-12	Yes	SUB0610	02.01.00	4,485	August 2012-Jan 2013
H. Mohan	Field officer- Domburg	1-Aug-12	Yes	SUB0611	02.01.00	4,485	August 2012-Jan 2013
Ike uitzend buro	8- field workers Domburg	1-Aug-12	Yes	SUB0612	02.03.00	21,538	August 2012-Jan 2013
Elvi Sodinjo	Project secretary	1-Oct-12	Yes	SUA1246	01.00.00	8,400	Oct 2012-Sept 2013
Van Leesten	Project manager	4-Nov-12	Yes	SUA 1125	01.00.00	48,000	Dec 2011-July 2012
Rob Esschendal	Distribution specialist	1-Jun-13	Yes	SUA1329	01.00.00	60,000	June 2013-May 2014
Elvi Sodinjo	Project secretary	1-Oct-13	Yes	SUA1368	01.00.00	8,400	Oct 2013-Sept 2014
Ianthe Smith	Consulting services	6-Nov-13	Yes	SUA1369	03.02.00	17,281	Oct 2013-May 2014
Tjong A Hung	Consulting services	18-Nov-13	Yes	SUA1392	03.01.00	70,730	Nov 2013-Feb 2017
Ike Engineering	Installation of 5,000 water meters	13-Jan-14	Yes	SUB0723	02.02.00	171,321	Jan 2014-May 2015
Unesco- IHE	Drinking water quality training	21-Apr-14	Yes	SUA 1393	02.04.00	43,502	April 2014-Oct 2014
Carry forward						<u>581,255</u>	

Contractor/Supplier	Description of goods	Sign date	IDB no-objection	Prism #	Investment category	Amount in US\$	Time frame
To carry forward						581,255	
Watery consultant	Energy efficiency consultant	17-Apr-12	Yes	SUA1214	02.02.00	58,280	April 2012-April 2016
Ilaco	Consultancy services for the supervision of works and NRW for the SWM	24-Apr-14	Yes	SUA1435	01.00.00	852,600	April 2014-Feb 2016
Rob Esschendal	Project leader WSSR	1-Jun-14	Yes	SUA1447	01.00.00	47,000	June 2014-March 2015
Grondverzetbedrijf Mahadew Kishan	materials storage facility Leysweg	17-Jun-14	Yes	SUB0757	02.02.00	70,858	June- July 2014
Tino Lew	Advise and assist in selecting and implementing a suitable MIS for the SWM	6-Oct-14	Yes	SUA1476	02.04.00	18,480	Oct 2014-Jan 2015
Riene Kromotani	Project secretary	5-Dec-14	Yes	SUA1504	01.00.00	9,600	Dec 2014-Dec 2015
Rob Esschendal	Project leader NRW	1-Apr-15	Yes	SUA1447	01.00.00	60,000	April 2015-March 2016
Riene Kromotani	Project secretary	5-Dec-15	Yes	SUA1504	01.00.00	9,600	Dec 2015-Feb 2017
Total						<u>1,707,673</u>	

6.3. Procurement of Works

Procurement of Works

The following are the services procured by the Project as at 31 December 2016:

Contractor/Supplier	Description of goods	Sign date	IDB no-objection	Prism #	Investment category	Amount in US\$	Time frame
Tjonga Langa	Rehab 12 1/2 km transportation Main La Vigilantia	7-Sep-15	7-Mar-16	SUB0807	02.02.00	391,513	Sept 2015–March 2016
Tjonga Langa	Rehab 20 km secondary pvc network piping in area of La Vigilantia	07-Sep-15	26-Jan-16	SUB0808	02.02.00	427,477	Sept 2015-Jan 2016
Werkbij	Install. Press. Meters and outdoor cabinets	12-Oct-15	02-01-16	SUB0809	02.01.00	36,665	Sept 2015-Jan 2016
Ike Engineering	Replace water meters with an issue	11-Jul-16	16-Aug-16		02.01.00	11,000	July 2016-August 2016
Baitali	Replacement of drinking water distrib. Pipe networks in the area: Lot 1 Marowijne proj.	19-Oct-15	26-03-16	SUB0810	02.02.00	632,196	Oct 2015-March 2016
Baitali	Replacement of drinking water distrib. Pipe networks in the area: Lot 2 Saron proj.	19-Oct-15	26-03-16	SUB0811	02.02.00	499,001	Oct 2015 – March 2016
Baitali	Replacement of drinking water distrib. Pipe networks in the area: Lot 3 Land van Dijk project	19-Oct-15	26-03-16	SUB0812	02.02.00	451,800	Oct 2015-March 2016
Baitali	Replacement of 7 km cast iron water transportation main Indira Ghandiweg	7-March-16	30-Sep-16	SUB0821	02.02.00	778,025	March-Sept 2016
Tjonga Langa	Replacement of 6km drinking water distribution pipe networks in the Zorg & Hope Area	31-Oct-16	31-Mar-17	SUB0297	02.02.00	868,758	Oct 2016-Mar 2017
Botec	Architectural works at pumping station Republiek	16-June-16	Yes		02.03.00	6,578	June-July 2016
Remas	Upgrade server room	31-Oct-16	Yes	SUB0834	02.04.00	85,000	Oct 16-Jan 2017
Total						<u>4,188,013</u>	

7. DISBURSEMENT CATEGORIES

7.1. Project administration

	December 31, 2015	Movement during 2016	December 31, 2016
	US\$	US\$	US\$
Distribution specialist	216,701	55,000	271,701
Program manager	29,849	-	29,849
Secretary	31,398	8,779	40,177
Office supplies	5,433	532	5,965
Consumption and contingencies	361	199	560
Fixed assets	121,105	-	121,105
Hiring consultant for NRW & Supervision	130,004	47,042	177,046
	<u>534,851</u>	<u>111,552</u>	<u>646,403</u>

In January 2016 the management of the SWM Company was changed. This change caused a delay in ongoing activities, since the designated authorized signatories of this project had to be changed. On February 29, 2016 the no objection was granted. The change of the management with adjusted communication lines and the devaluation of the SRD caused a delay of about 3 months.

From November 2015 the Surinamese dollar devaluated from 3.25 to 7.35 at December 31, 2016. The devaluation impacted the signed contracts and all the procurement for which contracts were prepared to be signed.

7.2 Component 1: Non-Revenue Water (NRW) Program

This component finances the management plan on NRW in Paramaribo and Wanica to minimize losses through the optimized operation of the distribution system. It will be based on the recommendations of the on-going Water Supply Master Plan and will include the following activities: (i) development of a NRW management program to address and monitor the issue of commercial and physical losses; (ii) preparation of final designs and Environmental Assessment (EA) for civil works; (iii) implementation of a network simulation model; (iv) installation of flow and pressure meters in the network; (v) implementation of the NRW program in priority areas; and (vi) analysis and improvement of the revenue collection system.

The following are the items chargeable in this investment category:

1. Flow and pressure meters installation;
2. Suriname Water Company staff trained on Non-Revenue Water;
3. Final designs for civil works (on network rehabilitation and interventions related to Non-Revenue Water reduction) completed;
4. Non-Revenue Water (NRW) program implemented by the Suriname Water Company.

	December 31, 2015	Movement during 2016	December 31, 2016
	US\$	US\$	US\$
Flow and Pressure meters installed	418,766	90,808	509,574
Suriname Water Company (SWM) staff trained on NRW	-	-	-
Final designs for civil works (on network rehabilitation and interventions related to NRW reduction) completed	76,500	751,686	828,186
Non Revenue Water program implemented by the Suriname Water company	<u>154,552</u>	<u>112,352</u>	<u>266,904</u>
TOTAL	<u>649,818</u>	<u>954,846</u>	<u>1,604,664</u>

7.3. Component 2: Water Supply System Rehabilitation

This component complements component 1, and will finance rehabilitation of secondary and tertiary networks in areas of Wanica and Para where the distribution system is being handed over from NH/DVW to SWM. It is also structured to utilize the preliminary findings of the on-going Water Supply Master Plan and will include: (i) replacement of approximately 16 km of asbestos-cement pipes; (ii) replacement of 35 km of secondary distribution network and installation of 3,000 household meters; (iii) deeper re-laying of 70 km of secondary distribution network; (iv) replacement of 5,000 household connections, including water meters and piping, in Leidingen, an area within the Wanica district; and (v) replacement of seven km of an old cast-iron pipeline.

	December 31, 2015	Movement during 2016	December 31, 2016
	US\$	US\$	US\$
Asbestos pipes replaced	787,725	681,270	1,468,995
Secondary distribution network pipes re-placed	934,087	121,434	1,055,521
Secondary distribution network pipes re-laid	187,170	83,230	270,400
Household connections (including micrometers) in Leidingen replaced	697,356	-	697,356
Cast-iron replaced with PVC pipe	618,171	532,119	1,150,291
Total	3,224,509	1,418,053	4,642,562

Asbestos pipes replaced

This activity is subdivided in 3 lots:

1. Lot 1 Marowijne Project
2. Lot 2 Saron Project
3. Lot 3 Land van Dijk Project

The contractor Baitali was contracted for the 3 lots. The completion dates were extended due to permit of Public works and lack of experience of the contractor and the supervisor to execute the works according to planning.

Secondary distribution network pipes replaced

The execution started in September 2015. Delay in execution was due to asphalt cutting permit of the ministry of Public works. The completion date was of June 15, 2016. Due to bad performance of the contractor, he was not able to complete in June. The technical completion of the work was on October 17, 2016.

Secondary distribution network pipes re-laid

The actual relaying of 20km La Vigilantia was 11 km. Because of several reasons the 9km could not be relayed. There was determined that deeper relaying is labor-intensive due to additional excavation works (double trenches) and therefore expensive. The deeper relaying of 25km Leidingen was cancelled.

Cast-Iron pipe replaced with Polyvinyl chloride (PVC) pipe

The contract for this work was signed in March 2016. The change in Management effected the signing of this contract.

The SWM/ PMU decided that instead of relaying pipes a new lot of asbestos pipes will be replaced in the Zorg en Hoop area. The water mains in this area are poor and have very high number of complaints and leakages.

7.4. Component 3: Energy Efficiency Pilot Project

This component is based on the results of the recently completed energy audit financed through the regional TC "Energy Efficiency for Caribbean Water and Sanitation Companies" (ATN/OC-11286-RG), and will address the need to improve energy use within SWM facilities. It will include: (i) purchase of portable measuring equipment and improvement of measuring procedures and practices; and (ii) replacement of inefficient pumping equipment and operational improvements of electric motors in eight locations selected in the most populated project area. The following are the cost:

	December 31, 2015	Movements during 2016	December 31, 2016
	US\$	US\$	US\$
Units of portable measuring equipment purchased	42,030	-	42,030
Pumping station optimized (rehabilitated, calibrated etc)	-	-	-
Energy consultant	46,573	-	46,573
Pumps (6)	78,533	5,980	84,513
Total	167,136	5,980	173,116

7.5. Component 4: Institutional Strengthening

This component will address the need to strengthen SWM's capacity of operating and maintaining its systems, as well as the need to facilitate the handing-over of facilities from NH/DWC to SWM. It will include: (i) capacity building activities on operation and maintenance; (ii) management information system integration and upgrade of the major Information and Communication Technology (ICT) servers; (iii) evaluation of water quality standards and assessment of SWM and NH/DWC needs in water quality monitoring activities and services; and (iv) public awareness campaign.

	December 31, 2015	Movement during 2016	December 31, 2016
Suriname Water Company (SWM) staff trained energy efficiency program	11,707	-	11,707
Department for water supply under the Ministry of Natural Resources (NH/DWC) staff trained on water quality Management	42,127	-	42,127
Information System integration completed	19,049	-	19,049
Information and Communication Technology (ICT) servers upgraded	-	16,412	16,412
Suriname Water Company (SWM) staff trained on operations and Maintenance (O&M)	18,467	4,080	22,547
Total	91,350	20,492	111,842

Within this component it was planned for:

1. Upgrade of the server room;
2. Implementation of a Client Relationship management system (CRM);
3. Implementation of a Laboratory Information management system (LIMS).

In 2016 only the contract for the upgrade of the server room was signed.

8. DISBURSEMENTS MADE

Disbursement request Number	Type	Date	US\$
1	Receipt	1-Dec-11	625,000
3	Receipt	29-May-13	461,171
5	Receipt	25-Apr-14	2,015,535
7	Receipt	5-Dec-14	630,180
9	Receipt	7-Jul-15	1,153,213
13	Receipt	16-Dec-15	3,004,081
16	Receipt	14-Dec-16	1,890,936
			<u>9,780,116</u>
2	Justification	23-May-13	510,315
4	Justification	25-Apr-14	485,652
6	Justification	5-Dec-14	1,976,993
8	Justification	7-Jul-15	633,623
10	Justification	30-Oct-15	191,834
12	Justification	16-Dec-15	884,813
14	Justification	06-May-16	424,357
	Justification	09-Dec-16	2,120,410
			<u>7,227,997</u>

9. RECONCILIATION BETWEEN THE STATEMENT OF CASH FLOWS AND THE STATEMENT OF CUMULATIVE INVESTMENTS

	Total in US\$
Cumulative cash received as at December 31, 2016	10,229,976
Add: Interest income	8,815
	<u>10,238,791</u>
Cumulative investment at December 31, 2016	7,594,057
Available cash balance at December 31, 2016 (Note 3)	<u>2,644,734</u>

10. RECONCILIATION BY DISBURSEMENT CATEGORIES BETWEEN THE PROJECT'S RECORDS AND THE IDB RECORDS

Category	Per Project's records US\$	Per IDB's records US\$	Difference US\$	Explanation*)
01.00.00 Project Administration	646,403	632,771	13,632	a
02.01.00 Non- Revenue Water Program	1,604,664	1,617,928	-13,264	a
02.02.00 Water Supply System Rehab	4,642,562	4,624,578	17,984	b
02.03.00 Energy Efficiency Pilot Project	173,116	173,116	-	
02.04.00 Institutional Strengthening	111,842	112,265	-423	c
03.01.00 Auditing	50,408	50,408	-	
03.02.00 Monitoring and Evaluation	16,931	16,931	-	
Total investments	<u>7,245,926</u>	<u>7,227,997</u>	<u>17,929</u>	

***) Explanation of differences:**

- a. Regards consultant expenses of Ilaco, which have been reclassified from component 2.1 to 1. remaining differences regard foreign exchange differences;
- b. Regards foreign exchange differences of Tjong A Langa received after last justification of cash advance;
- c. Regards a remaining refund of a deposited consumption cheque for training.

The difference between the Project's records and IDB's records is brought about by payments made by the project after the last justification of cash advance.

	Per Project's records	Per IDB's records
	US\$	US\$
Total investments	7,245,926	7,227,997
Cash available balance- IDB	2,534,190	-
Cash advance of funds		2,552,119
	<u>9,780,116</u>	<u>9,780,116</u>

12. SUBSEQUENT EVENTS

12.1. Payables as at December 31, 2016

The outstanding payables as at December 31, 2016 are as follows:

<u>Consultants</u>	Amount in USD
Secretary	750
Distribution specialist	5,000
	<u>5,750</u>

12.2. Approval of the financial statements

The financial statements of the Project as at December 31, 2016 and for the period covering December 31, 2016 were approved by the Project Executing Unit on March 29, 2017.

N.V. Surinaamsche Waterleiding Maatschappij
Water Supply Infrastructure Rehabilitation Project

BUDGET VERSUS REALIZATION

Category	IDB	Local Contribution	Total budget	Realization per	
	US\$	US\$	US\$	31 December 2016	Under realization
				US\$	US\$
1. Project Administration					
1.1 Project Management	791,000	-	791,000	646,403	144,597
	791,000	-	791,000	646,403	144,597
2. Direct Costs					
2.1 Non Revenue Water Program	11,029,000	-	11,029,000	6,532,184	4,496,816
2.2 Water Supply System Rehabilitation	2,190,000	-	2,190,000	1,604,664	585,336
2.3 Energy Efficiency Pilot Project	7,630,000	-	7,630,000	4,642,562	1,469,336
2.4 Institutional Strengthening	490,000	-	490,000	173,116	316,884
	719,000	-	719,000	111,842	607,158
3. Concurrent Costs					
3.1 Auditing	180,000	-	180,000	67,339	112,661
3.2 Monitoring and Evaluation	120,000	-	120,000	50,408	69,592
	60,000	-	60,000	16,931	43,069
4. Unallocated					
4.1 Contingencies	-	500,000	500,000	348,131	151,869
4.2 Financing Charges	-	320,000	320,000	-	320,000
	-	180,000	180,000	348,131	-168,131
Total	12,000,000	500,000	12,500,000	7,594,057	4,905,943