

FISCAL STRENGTHENING TO SUPPORT ECONOMIC GROWTH PROGRAM

LOAN NR 4112/OC-SU-L1050

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

(Expressed in United States Dollars)

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT 2

FINANCIAL STATEMENTS

- Statement of cash flows for the period January 1, 2019 to December 31, 2019 5
- Statement of cumulative disbursements ast at December 31, 2019 6
- Notes to the financial statements December 31, 2019 7

APPENDICES

Appendix 1: Budget versus realization

INDEPENDENT AUDITOR'S REPORT

To: The Ministry of Finance
Project Implementation Unit
Fiscal Strengthening to Support Economic Growth Program

Report on the audit of the financial statements 2019

Our opinion

We have audited the accompanying financial statements 2019 of the Fiscal Strengthening to Support Economic Growth Program (further refer to as 'The Program'), executed by the Ministry of Finance and financed with funds from the Inter-American Development Bank Loan Agreement NR 4112/OC-SU-L1050.

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash flows and cumulative disbursements of the Program as of December 31, 2019, in accordance with the accounting policies described in Note 2.

The financial statements comprise:

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

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing and specific requirements of the Inter-American Bank.

Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the Program in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Code of Ethics).

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

Responsibilities of management for the financial statements

The project management of the Fiscal Strengthening to Support Economic Growth Program is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis Accounting and specific requirement of the Inter-American Development Bank.

Furthermore, 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.

As part of the preparation of the financial statements, management is responsible for assessing the Program's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Program's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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 judgement and have maintained professional skepticism throughout the audit, in accordance with International Standards on Auditing, ethical requirements and independence requirements.

Our audit included among others:

- 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control;

- evaluating the appropriateness of accounting policies used and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Program's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- 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.

We communicate with those charged with Program execution regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

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. 4112/OC-SU-L1050 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 Fiscal Strengthening to support Economic Growth Program, Ministry of Finance of the Republic of Suriname and the Inter-American Development Bank and should not be used for other purposes.

Paramaribo, 17 April 2020

Crowe Burgos Accountants N.V.



drs. Romeo K. Burgos RA
Managing Partner

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

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

(Expressed in US Dollars)

	Notes	IDB	LOCAL	TOTAL
CASH RECEIVED				
Accumulated cash at beginning of period		6,180,644	390,581	6,571,225
Activity during the year:				
Disbursements (Advances, reimbursements and direct payments)	8	7,789,455	378,475	8,167,930
Total cash received		13,970,099	769,056	14,739,155
DISBURSEMENTS MADE				
Cumulative cash disbursed at beginning of period		3,320,536	390,581	3,711,117
Activity during the year:				
Payments for goods and services		6,684,794	-	6,684,794
Bank charges		961	-	961
Interest and credit fee	5	-	378,475	378,475
Total cash disbursements		10,006,291	769,056	10,775,347
Available cash balance, December 31	3	3,963,808	-	3,963,808

The accompanying notes on pages 7 to 23 form an integral part of the financial statements.

Fiscal Strengthening to Support Economic Growth Program

STATEMENT OF CUMULATIVE DISBURSEMENTS AST AT DECEMBER 31, 2019 (Expressed in US Dollars)

IDB Nr	Category of disbursement	Notes	December 31, 2018		Movement during 2019		December 31, 2019
			IDB	LOCAL	IDB	LOCAL	TOTAL
01.00.00	Direct Cost		3,047,055	-	6,291,646	-	9,338,701
01.01.00	Strengthen Revenue Administration	7.1	3,047,055	-	4,878,776	-	7,925,831
01.02.00	Strengthen the PFM	7.2	-	-	1,382,728	-	1,382,728
01.03.00	Strengthen the Public Investment	7.3	-	-	30,142	-	30,142
02.00.00	Administrative Cost	7.4	273,481	-	394,109	-	667,590
02.01.00	Chief of the PIU		35,999	-	48,000	-	83,999
02.02.00	Financial Expert		37,799	-	10,603	-	48,402
02.03.00	Procurement Expert		38,013	-	20,202	-	58,215
02.04.00	Monitoring Expert		12,015	-	43,968	-	55,983
02.05.00	Evaluation Expert		24,176	-	34,430	-	58,606
02.06.00	Audit & Evaluation		-	-	6,506	-	6,506
02.07.00	Consultants to support execution		125,479	-	155,638	-	281,117
02.09.00	PIU Administrative expenses		-	-	74,762	-	74,762
06.00.00	Financing costs	5	-	390,581	-	378,475	769,056
06.01.00	Interest		-	162,739	-	209,378	372,117
06.02.00	Credit fee		-	227,842	-	169,097	396,939
TOTAL			3,320,536	390,581	6,685,755	378,475	10,775,347

The accompanying notes on pages 7 to 23 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2019

1. GENERAL INFORMATION

1.1. Program background

The Government of Suriname (GoS), with the financial support of the Inter-American Development Bank (IDB), embarked on a 5-year Fiscal Strengthening to Support Economic Growth (FISEG) program. The project has a duration of 5 years starting in July 2017. The total contract amount is US\$ 40,000,000 and will be fully financed by a loan from the IDB. The objective of FISEG is to support Suriname's efforts to attain a sustainable fiscal path in the medium term through an ongoing reduction of its fiscal deficit.

The program will be financed by a specific investment loan by the bank (IDB) and the borrower will be the Republic of Suriname. The governmental entity responsible for implementing the program will be the MoF through the office of the Minister of Finance. A project executing unit will be established within the existing structure of the MoF that will be responsible for carrying out all the fiduciary and technical obligations of the program.

1.2. Project scope and objective

The specific objectives of this project are to:

- Increase tax revenue;
- Improve public expenditure planning and execution;
- Improve the quality of public investment while increasing alternative sources of funding for investment projects.

This single USD 40 million investment loan operation includes the following components and activities:

- **Component 1: Strengthen revenue administration (\$22.5 million).** The objective of this component is to revamp the DoTC's institutional organization and support the VAT implementation.
- **Component 2: Strengthen the PFM (\$10.2 million).** The objective of this component is strengthening the budget decision making process regarding planning, execution and monitoring.
- **Component 3: Strengthen the public investment system (\$3.2 million).** The objective of this component is to strengthen the public investment strategy to prioritize and rationalize investment projects based on value for money.

The component "Administrative cost" while not formally a separate activity includes the Program's administrative cost and funding for strengthening the support areas in order to provide better service at a lower cost to technical areas. It also includes funding for the PIU to carry out monitoring and evaluation activities and for the annual external audit.

Fiscal Strengthening to Support Economic Growth Program

1.3. Cost and financing structure of the Project

Category	Total	Percentage
1 Direct costs		
1.1.1 New Organizational Structure (OS) of the revenue administration implemented	\$ 489,430.00	1.2
1.1.2 Taxpayer Service (TS) function and organization in the ORA created and staffed	\$ 591,423.00	1.5
1.1.3 Internal Revenue System Modules implemented	\$ 1,152,885.00	2.9
1.1.4 New Tax Appeal System implemented	\$ 135,960.00	0.3
1.1.5 New Customs Procedures Implemented	\$ 4,475,040.00	11.2
1.1.6 New Customs Systems Implemented	\$ 7,647,640.00	19.1
1.1.7 Revenue Administration Physical Structure Implemented (including gender specific needs)	\$ 7,738,520.00	19.3
1.1.8 Tax Legal Framework Reviewed and Updated	\$ 348,220.00	0.9
Total for component 1	\$ 22,579,118.00	56.4
1.2.1 New Public Financial Management Organisational Structure Implemented for MOF	\$ 597,000.00	1.5
1.2.2 Macroeconomic analysis, fiscal and public policy function of the MoF modernized	\$ 396,000.00	1.0
1.2.3 Budget planning business model reviewed and implemented	\$ 1,026,000.00	2.6
1.2.4 Treasury Operations developed and implemented	\$ 1,137,520.00	2.8
1.2.5 Budget Execution Systems Implemented	\$ 2,850,222.00	7.1
Accounting system and Internal Control and Internal Audit reviewed and strengthened according to the		
1.2.6 new International Public Sector Accounting Standards (IPSAS)	\$ 579,500.00	1.4
1.2.7 State Owned Enterprises (SOEs) business model reviewed and implemented	\$ 693,000.00	1.7
1.2.8 Technological Infrastructure for the MOF (including Transparency Portal) Updated	\$ 2,742,960.00	6.9
1.2.9 Public Financial Management Legal Framework Reviewed and Updated.	\$ 228,000.00	0.6
Total for component 1.2	\$ 10,250,202.00	25.6
Design and establishment of a Public Investment and PPPs Unit including the business		
1.3.1 model and a management system	\$ 1,135,600.00	2.8
Implementation of an operational plan and funding for planning, pre-investment		
1.3.2 and feasibility studies in public infrastructure and PPPs	\$ 2,032,668.00	5.1
Total for component 1.3	\$ 3,168,268.00	7.9
2 Administrative costs		
2.1 Chief of the PIU	\$ 244,800.00	0.6
2.2 Financial Expert	\$ 221,760.00	0.6
2.3 Procurement Expert	\$ 221,760.00	0.6
2.4 Monitoring Expert	\$ 221,760.00	0.6
2.5 Evaluation Expert	\$ 170,000.00	0.4
2.6 Audit & Evaluation	\$ 220,000.00	0.6
2.7 Consultancies to support the execution	\$ 692,000.00	1.7
2.8 Monitoring tools	\$ 100,000.00	0.3
2.9 PIU administrative expenses	\$ 135,487.00	0.3
Total for administrative costs	\$ 2,227,567.00	5.6
3 Contingencies	\$ 1,774,845.00	4.4
Total	\$ 40,000,000.00	100.0

Budget transfer

A total of US\$ 2,010,332 was budgeted under contingencies which is 5.0% of the total budget of the Project. As at December 31, 2019, the transfer of US\$ 235,487 has been made from contingencies budget (03.00) to the Monitoring Tools component (02.08) and the PIU Administrative expense component (02.09) for respectively US\$ 100,000 and US\$ 135,487.

The request for the transfer had been requested through the PIU and approved on November 18, 2019. This request was done, because of the adjustment of the chart of account that had been recommended by the Inter-American Bank.

1.4 The Status of the project of the end of 2019

Component 1 Strengthening Revenue Administration

In 2019 the focus of Component 1 was on getting the ICT system SIGTAS implemented, after an unsuccessful attempt the year before.

Full-time Monitoring Specialist for the PIU Mr. Sullivan Thomas was hired as of October 1, 2018 (see also above). As an ICT specialist with ample international experience in Tax Administration, he immediately started collaborating with the representatives of Sogema in order to speed up the preparations for the implementation of SIGTAS by January 2019.

An International Technical Expert, Mrs. Teresa Petrocco, was hired as of November 15, 2018 in order to provide inputs on reengineering the existing business functions and processes of the Office of Revenue Administration, and providing recommendations in order to incorporate SIGTAS in the day-to-day operations of the ORA. An attempt to hire a Local Tax (Fiscal) Specialist, who would collaborate with Mrs. Petrocco, failed.

Mrs. Petrocco was hired to carry out four missions of approx. six weeks each, but could not execute her 4th and last mission because of health problems. Attempts to have her replaced failed, because there was no other international expert available. A Local Manager SIGTAS (Mr. Harphey Sandel) was hired in March 2019. He was supposed to form a team with the Local Tax (Fiscal) Expert and a Technical Consultant. Therefore, there is still a need for the Technical Consultant, (either international or local) and the Local Fiscal Expert, in order to complement and strengthen the local SIGTAS team.

In order to increase the execution capacity of Component 1, a Tax Administration Reform Project Team Leader (Component 1 Team Leader) was hired per February 2019 (Mr. Marciano Bohr). His main task was to function as Component 1 Leader, coordinate all FISEG sub-projects and communicate with the Management Team of the Directorate of Taxes and Customs (DoTC). Most of his initial efforts were aimed at creating awareness among the Management Team and staff of DoTC about the FISEG program, and convincing them that this result-based program could bring the necessary and long awaited change and reform for the tax authorities. For expertise on Taxes, a FISEG Advisor for DoTC was hired.

Besides the costs incurred for the implementation of SIGTAS and the four consultants mentioned, most funds were spent in 2019 on the acquisition of an existing building (former US Embassy Building) for the Tax Office. To cover the latter expenses, a reimbursement of funds was made to the Government of Suriname. Additional costs included the Sound & Fit for Purpose, and the Market Value Assessments for the former embassy building. The design and refurbishment of the building will take place in 2020.

Component 2 Strengthening Public Financial Management (PFM)

On November 14, 2018 Ms. Joy ten Berge was assigned by the Minister of Finance as Component 2 Team Leader. In December 2018 a consultancy was carried out by Mr. Alasdair Fraser for a “Summary Diagnosis of the Business and Reporting Processes of the Budget Office/s of the Ministry of Finance.” Up till now no final report has been received from the consultant.

In January 2019 a request was received from Component 2 to hire a consultant for a scoping mission. However, the selected person appeared not to be from an IDB member country, so the activity could not be continued. In 2019 two “scoping missions” were carried out for (1) “Orientation on role and requirements of the Project Manager for Public Financial Management reform,” and (2) for “Advisory and Oversight”. Preparations were made to attract the consultant of these to missions as Project Manager for Component 2 (also Component 2 Team leader). However, eventually the decision was made by the Component 2 Leader to downgrade the activities and responsibilities of the Project Manager Component 2, so the intended consultancy was cancelled. Up till now no other Project Manager has been hired for Component 2. Ms. Ten Berge has indicated that this will be arranged in 2020.

Another sub project of Component 2 was the supply and delivery of ICT equipment (laptops, desktops, printers) for the Ministry of Finance, the upgrading of the data network, and ICT equipment for the Directorate of Planning and Development Finance, and the supply and delivery of printers for Customs. This means that ICT equipment for the whole Ministry is part of the Component 2 activities.

The Consultancy for reviewing and describing the processes and procedures of the Suriname Debt Management Office (SDMO) is also an ongoing activity. The procurement process for this activity (preparation of the TOR) commenced in April 2018 and has not been completed yet, due to uninterested national consulting firms. A second shortlist of two international firms which had expressed their interest has been sent to IDB for approval.

Component 3 Strengthening Public Investment and Public-Private Partnership (PPP)

Initially, due to the relocation of the Directorate Planning and Development Finance, the FISEG activities suffered some delay. A consultancy for an Enterprise Content Management (ECM) system was initiated, but not followed-up.

A consultant was made available by the IDB who - according to the TORs - was to present a report recommending the business model to implement Public Private Partnerships (PPPs) in Suriname, including the legal and institutional framework. The first draft was supposed to be presented during the first two weeks of November. The contract would end February 2020. So far we have not heard of any results.

Attempts have also been made by the Evaluation Specialist of the PIU to draft a TOR for a PPP consultant in consultation with staff of Component 3. No final decision has been made on this either.

The plan was to hire a Project Manager for Component 3, but this has not happened yet.

Fiscal Strengthening to Support Economic Growth Program

The Program Manager, Monitoring and Evaluation Experts of the PIU have continually tried to communicate with and support both Component 2 and 3, with little result. We think that:

- (1) Management structures (who are responsible for what), and clear internal and external communication are needed;
- (2) Managers delegate tasks, but not decision-making capacity;
- (3) Communication lines are unclear: Who is responsible for internal and external communication (also for Component 1).

Project Managers for components 2 and 3 may solve these problems, and also a general commitment to the FISEG program. Furthermore, some of the civil servants must be involved in the project full-time, so that activities do not slow down.

1.5 Institutional background

Program Management

The Program Implementation Unit (PIU) members as at December 31, 2019 are as follow:

Responsibility	Name	Organization
Program Manager	Mireille Brunings – Stolz	PIU
Monitoring Specialist	Sullivan Thomas	PIU
Evaluation Specialist	Winston Roseval	PIU
Procurement Officer	Gaitrie Sitaram	PIU
Financial Officer	Gracelly Kasanngaloewar	PIU

The financial specialist Mr. M. Bohr has resigned from the PIU as of February 2019. The former Administrative Officer, Mrs. G. Kasanngaloewar, was appointed as Financial Officer per February 1, 2019.

A new contract was signed with Mister Bohr as the Team Manager of the Tax Administration Reform Project (TARP Team Manager) effective on February 1, 2019.

The Procurement Specialist Ms. J. Morroy was no longer associated with the PIU at the end of 2019. Her contract ended on May 26, 2019.

Steering Committee

Responsibility	Name	Organization
Minister of Finance	Gillmore Hoefdraad	Ministry of Finance
Coordinator DoTC	Marita Wijnerman	Ministry of Finance
Director of Planning and Development Financing	Iris Sandel	Ministry of Finance
TARP team leader	Marciano Bohr	Ministry of Finance
Consultant (FISEG Advisor)	Roy May	Ministry of Finance
Consultant	Joy Ten Berge	Ministry of Finance
Consultant	Milton Kensenhuis	Ministry of Finance
Program Manager PIU (Secretary)	Mireille Brunings-Stolz	FISEG/Ministry of Finance

All three component leaders are members of the Steering Committee. In 2019 Mr. Marciano Bohr was appointed as leader of component 1.

The Director of Finance, Mr. J. Tawjoeram, had withdrawn as component leader due to his busy work schedule. That is why Ms. J. Ten Berge was appointed by the Minister of Finance as component leader of component 2.

Ms. Iris Sandel has been leader of component 3 since 2018. Mr. J. de Lannoy had not returned as a consultant to the Ministry of Finance, which was the reason why he was not part of the steering committee in 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Cash basis of accounting

The financial statements of the Project for the period ended 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, and not when they give rise to accrue or originate rights or obligations.

2.2. Currency

The functional currency of the Project is US dollars (USD) and its accounting records are kept in its functional currency. Transactions in SRD are translated at the foreign exchange rate of the Central Bank of Suriname (CBvS) ruling at the day of the transaction. The financial statements are presented in American dollars, rounded off to the nearest whole US dollar value, unless otherwise stated.

Cash receipt and cash disbursements denominated in the currency other than the US dollar were translated using the applicable rate of the Central Bank of Suriname at the date of the transaction

The exchange rates at December 31 were:

	12-31-2019	12-31-2018
	SRD	SRD
US\$ 1	7,396	7,396

3. AVAILABLE CASH BALANCE

The available cash balance at December 31, 2019 consisted of the following:

	Account no	US\$
Central Bank of Suriname USD account	0313100/001-114-840	3,962,863
Cash on hand	Petty cash	945
		<u>3,963,808</u>

4. ADVANCES PENDING JUSTIFICATION

The Project is receiving cash advances of funds from the IDB based on a disbursement request. Upon reaching 80% disbursement out of the cash advance, the Project justifies the expenditures and then request for additional cash advance. As of December 31, 2019, the amount pending justification to the IDB amounts to US\$ 177,132 and is included in the following disbursement request pending to be processed. The amount pending justification is as follows:

	January to December 2019
	In US\$
Balance December 31, 2018	3,027,620
Cash advances received from IDB during the period (Note 8)	7,789,455
Less: Justification of advances (Note 8)	-6,676,135
Balance December 31, 2019	<u>4,140,940</u>

The advance of funds balance of US\$ 4,140,940 is composed of the following:

Cash available balance	3,963,808
Payments made after last justification of funds (Note 10)	<u>177,132</u>
Balance December 31, 2019	<u>4,140,940</u>

The payments made after November 2019, the date of the last justification of funds during the year, amounted to USD 177,132. This amount will be part of the first justification to be submitted to IDB in 2020.

5. LOCAL COUNTERPART FUNDS

The cumulative paid financial charges (interest and credit fees) paid by the Government of Suriname at December 31, 2019, as a result of the loan provided by the IDB, totals US\$769,056. For the year 2019 the local counter parts disbursements include the following payments made to the IDB:

Details	Date	In USD
Credit fee	June & December 2019	169,097
Interest	June & December 2019	<u>209,378</u>
		<u>378,475</u>

6. PROCUREMENT OF GOODS, SERVICES AND WORKS

6.1. Procurement of services

The following are the services procured by the Project from 01 January to 31 December 2019:

Contractor/supplier	Description of services	Sign date	IDB No-objection	Prism#	Investment category	Amount in US\$	Time frame
Sogema	Implementation of an integrated tax information system	08-Dec-17	Yes	SUA 1941	01.01.00	495,216	Feb 2019 – Dec 2020
M. Brunings	Program Manager	21-Feb-18	Yes	SUA 1804	02.01.00	12,000	Feb 2018- Mar 2019
M. Brunings	Program Manager	01-Apr-19	Yes	SUA 1804	02.01.00	36,000	Apr 2019 – Mar 2020
S. Thomas	Monitoring Expert	15-06-18	Yes	SUA 1937	02.04.00	34,636	Oct 2018 – Sept 2019
S. Thomas	Monitoring Expert	01-Oct-19	Yes	SUA 1937	02.04.00	10,800	Oct 2019 – Sept 2020
W. Roseval	Evaluation Expert	01-Jun-18	Yes	SUA 1800	02.05.00	5,600	June 2018 – Feb 2019
W. Roseval	Evaluation Expert	05-Mar-19	Yes	SUA 1800	02.05.00	28,815	Mar 2019 – Mar 2020
G. Sitaram	Procurement Officer	26-Apr-18	Yes	SUA 1974	02.03.00	2,700	Apr 2018 – May 2019
G. Sitaram	Procurement Officer	24-May-19	Yes	SUA 1974	02.03.00	4,200	May 2019 – May 2020
G. Kasanngaloewar	Financial Officer	15-Oct-18	Yes	SUA 1950	02.02.00	6,400	Oct 2018 – Oct 2019
G. Kasanngaloewar	Financial Officer	31-Dec-19	Yes	SUA 1950	02.02.00	600	Dec 2019 – Dec 2020
Carry forward						636,967	

Fiscal Strengthening to Support Economic Growth Program

Contractor/supplier	Description of services	Sign date	IDB No-objection	Prism#	Investment category	Amount in US\$	Time frame
To carry forward						636,976	
M. Bohr	Financial Expert	15-Feb-18	Yes	SUA 1803	02.02.00	3,600	Feb 2018 – Feb 2019
M. Bohr	TARP Manager	01-Feb-19	Yes	SUA 1951	01.01.00	71,400	Feb 2019 – Dec 2019
T. Petrocco	Consultancy fee and reimbursable traveling expenses	15-Nov-18	Yes	NA	02.03.00	62,591	Nov 2018- Nov 2019
J. Morroy	Procurement Expert	26-Nov-18	Yes	SUA 1801	02.03.00	13,250	Nov 2018- Nov 2019
J. Ch. Leysner	Appraiser	27-Jun-19	Yes	NA	01.07.00	7,301	June 2019
M. Meyer	Identify deficiencies in existing buildings and to prepare fit for purpose assessment with budget and time frame for refurbishment	09- Sept-19	Yes	SUA 1966	01.07.00		Sept 2019- Dec 2019
Surpost	The distribution of filing forms for taxpayers DoT(SURPOST)	12- Jul- 19	Yes	NA	01.03.00	3,600	July 2019
R. May	FISEG Advisor to the DoTC	30-Apr-19	Yes	NA	02.07.00	74,295	Apr 2019 – April 2020
H. Sandel	Local SIGTAS Manager	11-Mar- 19	Yes	SUA 1975	02.07.00	36,000	Mar 2019- Mar 2020
Carry forward						939,004	

Fiscal Strengthening to Support Economic Growth Program

Contractor/supplier	Description of services	Sign date	IDB No-objection	Prism#	Investment category	Amount in US\$	Time frame
To carry forward						939,004	
Career IT	Training Windows	12 -Mar-2019	Yes	NA	01.02.00	41,740	Mar 2019-Apr 2019
Crowe Burgos Accountants	Consultancy services	22-Jan-19	Yes	NA	02.06.00	6,506	Jan 2019-Apr 2019
Clean It	Cleaning Company	1-Jun-18	Yes	NA	02.07.00	2,582	Jan -Dec 2019
Integrated Computer Services	ICT equipment for the DPDF	13-Jun-19	Yes	NA	01.02.00	25,586	Jun 2019
I-frontier	Oracle training for MOF ICT staff	7-Mar-19	Yes	NA	01.02.00	39,000	Mar 2019
						1,054,418	

Fiscal Strengthening to Support Economic Growth Program

6.2. Procurement of goods

The following are the goods procured by the Project from 01 January to 31 December 2019:

Contractor/supplier	Description of services	Sign date	IDB No-objection	Prism#	Investment category	Amount in US\$	Time frame
Integrated Computer Services	Supply and Delivery of ICT Equipment for MoF: laptops and printers	21-Oct-19	Yes	SUA 0337	01.02.00	162,854	Nov 2019 – Dec 2019
Integrated Computer Services	Supply and Delivery of ICT Equipment for MoF: laptops and printers	21-Oct-19	Yes	SUA 0338	01.02.00	39,332	Nov 2019 – Dec 2019
Integrated Computer Services	Supply and Delivery of ICT Equipment for MoF: laptops and printers	21-Oct-19	Yes	SUA 0333	01.02.00	148,355.50	Nov 2019 – Dec 2019
Computer Hardware Services	Supply and Delivery of ICT Equipment for MoF: low end desktop computers	28-Oct-19	Yes	SUA 0336	01.02.00	741,625	Nov 2019
Fernandes Autohandel	Supply and delivery of ICT unit vehicles (Honda Fit & VW Transporter)	6-June-19	Yes	SUB 0873	01.02.00	24,650	Dec 2019
HSDS	Electronics	15-jan-19	Yes	NA	01.02.00	23,184	Feb 2019 – May 2019
Infinity Holding	Vertical blinds	24-Apr-19	Yes	NA	02.07.00	479	May 2019
UCC	Upgrading data network	15-Nov-18	Yes	NA	01.03.00	4,556	Feb 2019
VSH	Supply and delivery of printers for Costums	27-May-19	Yes	NA	01.01.00	30,227	May 2019
Inova Solutions	Microsoft Licenses	8-Mar-19	Yes	NA	01.02.00	148,651	Mar 2019
						1,323,914	

7. DISBURSEMENT CATEGORIES

The loan for this program was signed for 40 million USD. With this loan 3 components are being financed. These components are as follows:

- Component 1: Strengthen revenue administration (\$22.5 million)
- Component 2: Strengthen the PFM (\$10.2 million)
- Component 3: Strengthen the public investment system (\$3.2 million)

In 2019 there was a total amount spent of US\$ 6,685,755 for all the components. This amount was spent on:

7.1. Strengthen Revenue Administration

The amount of US\$ 4,878,776. was spent on, among other things, the purchase of the former embassy building for the tax office (approx. US\$ 4.3 million) the payment of the Soundness and Fit for Purpose Assessments and the Appraisal report for the former embassy building (approx. US\$ 13,000), the payment of the integrated tax administration system (SIGTAS) (approx. US\$ 495,000) and payment to SURPOST (post office) (approx. US\$ 74,000).

7.2 Strengthen the PFM

The amount of US\$ 1,382,728 was spent on the payment of ICT equipment (approx. US\$ 1.3 million), training (approx. US\$ 43,000) and down payments for two vehicles (approx. US\$ 25,000).

7.3 Strengthen the public investment system

The amount of US\$ 30.142 was spent on the payment to the company UCC for upgrading of data network (approx. US\$ 26,000) and ICT equipment (approx. US\$5,000).

7.4 Administrative costs

The total disbursement of USD 394,109 includes the salaries of the PIU members, payments to some consultants, furniture & fixtures, computers and other recurrent costs required for supporting the Program's administration in the implementation period.

A total of bank charges for the year 2019 of USD 961 are considered ineligible as IDB contribution.

8. DISBURSEMENTS MADE

Disbursement request number	Type	Date	USD
1	Reimbursements	20-12-2017	2,248,456
2	Receipt	26-03-2018	3,932,188
3	Reimbursements	04-12-2019	4,265,276
4	Receipt	01-12-2019	3,524,179
			<u>13,970,099</u>
1	Justification	15-12-2017	2,248,456
2	Justification	03-09-2018	904,568
3	Justification	15-11-2019	1,333,272
4	Justification	27-11-2019	1,077,587
5	Justification	04-12-2019	4,265,276
			<u>9,829,159</u>

On December 4th, 2019, a disbursement was provided by the IDB to the project for US\$ 3,524,179. An amount of US\$ 4,265,276 reimbursed by the bank for the purchase of the former embassy building for the tax office.

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

	USD
Cumulative cash received as at December 31, 2019	13,970,099
Cumulative investments at December 31, 2019	10,006,291
Available cash balance at December 31, 2019 (Note 3)	<u>3,963,808</u>

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

Category	Per Project's records	Per IDB's records	Difference
	USD	USD	USD
1. Direct Costs	9,338,701	9,301,807	36,894
1.1 Strengthening revenue administration	7,925,831	7,922,231	3,600
1.2 Strengthening the PFM	1,382,728	1,349,434	33,294
1.3 Strengthening the public investment	30,142	30,142	-
2. Administrative costs	667,590	527,352	140,238
2.1 Chief of the PIU	83,999	72,020	11,979
2.2 Financial expert	48,402	47,620	782
2.3 Procurement expert	58,215	57,815	400
2.4 Monitoring expert	55,983	45,225	10,758
2.5 Evaluation expert	58,606	49,827	8,779
2.6 Audit and evaluation	6,506	6,506	-
2.7 Cons. to support execution	281,117	173,577	107,540
2.9 PIU Administrative expenses	74,762	74,762	-
Total investments	10,006,291	9,829,159	177,132

The difference of USD 177,132 between the Project's records and the 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
Total investments	10,006,291	9,829,159
Cash available balance IDB	3,963,808	4,140,940
Cash advance of funds	13,970,099	13,970,099

11. SUBSEQUENT EVENTS

11.1. Approval of the financial statements

The financial statements of the Project as at December 31, 2019 and for the period covering January 1, 2019 to December 31, 2019 were approved by the Program Implementation Unit on 17 April 2020.

Appendix 1

BUDGET VERSUS REALIZATION

	Total budget	Realization per 31 December 2019	Balance
01.00.00-Direct Costs	35,997,588	9,338,701	26,658,887
01.01.00-Strengthen Revenue Administration	22,579,118	7,925,831	14,653,287
01.02.00-Strengthen the PFM	10,250,202	1,382,728	8,867,474
01.03.00-Strengthen the Public Investment	3,168,268	30,142	3,138,126
02.00.00-Administrative Costs	2,227,567	667,590	1,559,977
02.01.00-Chief of the PIU	244,800	83,999	160,801
02.02.00-Financial Expert	221,760	48,402	173,358
02.03.00-Procurement Expert	221,760	58,215	163,545
02.04.00-Monitoring Expert	221,760	55,983	165,777
02.05.00-Evaluation Expert	170,000	58,606	111,394
02.06.00-Audit & Evaluation	220,000	6,506	213,494
02.07.00-Cons. to support execution	692,000	281,117	410,883
0208.00-Monitoring Tools	100,000	-	100,000
02.09.00-PIU Administrative Exp.	135,487	74,762	60,725
03.00.00-Contingencies	1,774,845	-	1,774,845
	40,000,000	10,006,291	29,993,709