

**AUDITED FINANCIAL STATEMENTS OF THE
ENERGY MATRIX DIVERSIFICATION AND INSTITUTIONAL
STRENGTHENING OF THE DEPARTMENT OF ENERGY
PROGRAM IDB LOAN AGREEMENT № 4676/BL-GY**

**FOR THE PERIOD 11 FEBRUARY 2019-
31 DECEMBER 2020**

**AUDITORS: AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**

**AUDITED FINANCIAL STATEMENTS OF THE
ENERGY MATRIX DIVERSIFICATION AND INSTITUTIONAL STRENGTHENING
OF THE DEPARTMENT OF ENERGY PROGRAM
IDB LOAN AGREEMENT № 4676/BL-GY
FOR THE YEAR PERIOD 11 FEBRUARY 2019- 31 DECEMBER 2020**

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83/IADB: 124/2021/2021

30 April 2021

Mr. Gregory Dumbar
Financial Management Specialist
Inter-American Development Bank
47 High Street
Kingston
Georgetown.

Dear Mr. Dumbar,


AUDIT OF THE FINANCIAL STATEMENTS
OF THE ENERGY MATRIX DIVERSIFICATION AND INSTITUTIONAL
STRENGTHENING OF THE DEPARTMENT OF ENERGY PROGRAM
IDB LOAN AGREEMENT № 4676/BL-GY
FOR THE PERIOD 11 FEBRUARY 2019 TO 31 DECEMBER 2020

I forward herewith one (1) copy of the audited financial statements for the above-mentioned Program for the year ended 31 December 2020, together with the Report of the Auditor General and Internal Control Report thereon.

Should you need any clarification or explanation, please do not hesitate to let me know.

With kind regards.

Yours sincerely,

for 
MONA ROBERTS
AUDIT MANAGER (ag)



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P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

AG: 47/2021 *Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>* 30 April 2021

**REPORT OF THE AUDITOR GENERAL ON THE
THE STATEMENT OF CUMULATIVE INVESTMENTS AND
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS
OF THE ENERGY MATRIX DIVERSIFICATION AND INSTITUTIONAL
STRENGTHENING OF THE DEPARTMENT OF ENERGY PROGRAM
FINANCING AGREEMENT No. LO-4676/BL-GY
FOR THE PERIOD 11 FEBRUARY 2019 TO 31 DECEMBER 2020**

Audit Opinion

I have audited the Financial Statements of the Energy Matrix Diversification and Institutional Strengthening of the Department of Energy Program carried out by the Guyana Energy Agency and financed with resources of the Loan Agreement № 4676/BL-GY of the Inter-American Development Bank (IDB), which include the Statement of Cumulative Investments for the period 11 February 2019 to 31 December 2020, the Statement of Cash Received and Disbursements, the Balance Sheet as at 31 December 2020 and the notes to the Financial Statements, prepared for the period 11 February 2019 to 31 December 2020, which include a summary of relevant accounting policies.

In my opinion, the accompanying Financial Statements of the Energy Matrix Diversification and Institutional Strengthening of the Department of Energy Program for the period 11 February 2019 to 31 December 2020 have been prepared in all material respects, in accordance with the financial reporting requirements of Section 5.03 of the Loan Agreement № 4676/BL-GY and the Audited Financial Reports and External Audit Management Handbook for projects financed by the IDB.

Basis for Audit Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Energy Matrix Diversification and Institutional Strengthening of the Department of Energy in accordance with the ethical requirements that are relevant to my audit of the Financial Statements in Guyana and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Management's Responsibility

Management is responsible for the preparation of these Financial Statements in accordance with the requirements established in Section 5.03 of the Loan Agreement № 4676/BL-GY and the Audited Financial Reports and External Audit Management Handbook for projects financed by the IDB. In addition, management is responsible for establishing internal control as they determine necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.

**ENERGY MATRIX DIVERSIFICATION & INSTITUTIONAL STRENGTHENING OF THE DEPARTMENT OF ENERGY
(EMISDE) COMPONENT 1 &3**

**LO-4676/BL-GY BETWEEN THE GOVERNMENT OF THE COOPERATIVE REPUBLIC OF GUYANA
& INTERAMERICAN DEVELOPMENT BANK**

**STATEMENT OF CASH RECEIVED AND DISBURSEMENTS
FOR THE PERIOD FEBRUARY 11,2019 TO DECEMBER 31,2020**

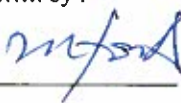
Expressed in US Dollars

	Notes	IDB	GEA	TOTAL
CASH RECEIVED				
Beginning balance		-	-	-
Activity during period				
Disbursements (Advance)	10	867,228.94	-	867,228.94
others				
Total Cash Received		867,228.94	-	867,228.94
DISBURSEMENTS				
Beginning balance		-	-	-
Activity during period				
Payment of goods and services	9	778,283.26	-	778,283.26
Total cash disbursement for period		778,283.26	-	778,283.26
Cumulative cash disbursement at end of period		778,283.26	-	778,283.26
AVAILABLE CASH AT PERIOD END	3	88,945.68	-	88,945.68

The Financial Statements were authorized for issuance on by :



Chief Executive Officer



Project Coordinator



Financial Specialist

The accompanying notes form an integral part of the financial statements.

ENERGY MATRIX DIVERSIFICATION AND INSTITUTIONAL STRENGTHENING OF THE DEPARTMENT OF ENERGY (EMISDE)

LO-4676/BL-GY BETWEEN THE GOVERNMENT OF THE COOPERATIVE REPUBLIC OF GUYANA

& INTERAMERICAN DEVELOPMENT BANK

STATEMENT OF CUMULATIVE INVESTMENT FOR THE PERIOD FEBRUARY 11, 2019 TO DECEMBER 31, 2020

Investment Category	Expressed in US Dollars			Expressed in US Dollars			Expressed in US Dollars		
	Cumulative at the beginning of the period			Movement During the period the period			Cumulative at the End of the period		
	IDB	GEA	Total	IDB	GEA	Total	IDB	GEA	Total
1									
1.1									
1.2									
1.3									
3									
3.1									
3.2									
3.3									
3.4									
4									
4.1									
4.5									
4.6									
4.7									
4.8									
TOTAL									

778,283.26

778,283.26

778,283.26

778,283.26

Financial Specialist

Project Coordinator

Chief Executive Officer

**ENERGY MATRIX DIVERSIFICATION & INSTITUTIONAL STRENGTHENING OF THE
DEPARTMENT OF ENERGY (EMISDE) COMPONENT 1 &3**

**LO-4676/BL-GY BETWEEN THE GOVERNMENT OF THE COOPERATIVE REPUBLIC OF
GUYANA**

& INTERAMERICAN DEVELOPMENT BANK

BALANCE SHEET AS AT DECEMBER 31, 2020

Expressed in US \$

Assets

Non- Current	Previous Year	Current Year
Investments	-	778,283.26
Other	-	-
Total non - current assets	-	778,283.26
Current	Previous Year	Current Year
Cash and Cash Equivalent Note 3	-	88,945.68
Others	-	-
Total Current assets	-	88,945.68
Total assets	-	867,228.94

Liabilities

Current liabilities:	Previous Year	Current Year
Accounts payable	-	-
Other	-	-
Total Current Liabilities	-	-
Non Current Liabilities:	Previous Year	Current Year
IDB Disbursement (Advance of Funds)	-	867,228.94
Other	-	-
Total Non Current Liabilities	-	867,228.94
Total liabilities	-	867,228.94



Chief Executive Officer



Project Coordinator



Financial Specialist

The accompanying notes form an integral part of the financial statements.

GUYANA ENERGY AGENCY
ENERGY MATRIX DIVERSIFICATION AND INSTITUTIONAL STRENGTHENING OF THE
DEPARTMENT OF ENERGY (EMISDE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FEBRUARY 11, 2019 – DECEMBER 31, 2020

1. By one establishment and principal activity of the program:

The Government of the Cooperative Republic of Guyana (GOG) obtained financing of US\$21.16 M from the Inter- American Development Bank (IDB) under Loan No. 4676/BL-GY valued at US\$25.11 M to implement the Program for Energy Matrix Diversification and Institutional Strengthening of the Department of Energy (EMISDE). The Loan Agreement was signed on February 11, 2019 and has an execution period of four (4) years from this date.

The Program is being jointly implemented by the Guyana Power and Light Incorporated (GPL) and the Guyana Energy Agency (GEA). The GPL will contribute Counterpart resources of US\$3.95 million towards the execution of the Program. The loan was considered eligible for disbursement on August 8, 2019, having complied with all the conditions precedent to the first disbursement, pursuant to the requirements established in Section 3.01 of the Special Conditions and Article 4.01 of the General Conditions of the Loan Agreement.

The general objectives of the Program is to support Guyana's evolving energy sector by:

- (i) Investing in sustainable/ cleaner energy solutions to diversify the energy matrix in the Hinterland while contributing to climate change mitigation.
- (ii) Investing in the reinforcement of transmission infrastructure to improve reliability and stability of the Demerara-Berbice Interconnected System (DBIS).
- (iii) Developing and strengthening the Department of Energy (DE) to develop a regulatory framework and improve institutional capacity and governance of the Oil and Gas (O&G) sector.

To achieve these objectives, the program has the following three (3) components:

- (i) Renewable Energy (RE) solutions for the Hinterland
- (ii) Reinforcement of transmission infrastructure
- (iii) Institutional strengthening and governance of the DE.

The GEA Program Coordinating Unit (PCU) will administer components I and III, while GPL's will execute Component II.

Component 1. Installation of solar plants in the three townships

- 1.1.1 Solar plant in Bartica (1.5MW), installed
- 1.1.2 Solar plant in Lethem (1 MW), installed
- 1.1.3 Solar plant Mahdia (0.65 MW), installed

Product 1.2-Introduction of smart metering and digitalization

Product 1.3-Community centers with female entrepreneur groups with use of electricity

Component 3. Institutional Strengthening and Governance of the Energy Sector

Product 3.1-A Regulatory framework for the oil and gas sector is proposed.

Product 3.2-Production Sharing Agreement (PSA) contract administration procedures created.

Product 3.3-Oil and Gas Management Strengthening program executed.

Product 3.4-Energy Department Staff teams trained

Component 4. Project Management and Other Costs

Product 4.1 Project Management

Product 4.2 Contingencies

The PCU is responsible for the Technical, Administrative and Financial aspects of components I and III.

2. Significant accounting policies

Basis of Presentation

- **Cash Basis of Accounting**

The financial statements have been prepared using the Cash basis of accounting, under which transactions are recognized or accrued when they occurred, in the conformity with the provisions of IPSAS recognizing revenue when the cash is received and recognizing expenses when the cash has been disbursed. This accounting policy differs from the IPSAS accordingly, transactions and other acts have been entered in the accounting records and recognized in the financial statements.

- **Currency**

The program's accounting records are maintained in U.S. dollars and GY dollars in accordance with both Government and IDB's requirements. In order to calculate the equivalent in U.S. dollars, the cash received in local currency in a specific bank account, is converted at the Bank of Guyana rate of exchange in effect at the time of receipt or payment of these funds or at the rate of exchange at a time close to the transaction date, such as, the effective rate on the last day of the preceding month or the monthly average.

The exchange rate loss is accounted for by the borrower this is as a result from a difference of the exchange rate when the funds are received versus when they are converted to local currency to make payments for eligible expenses. Exchange gains, however, may be used for eligible activities and IDB's prior no objection should be sought before using these funds.

3. Available Cash and Bank Balances

- a) The available cash balance in the Program's bank accounts held at Crown Agent Bank and the Bank of Guyana as at December 31, 2020 are as follows:

IDB Resources	US Dollars
Foreign Bank account no. 3368119	67,228.94
Local Bank account no. 162700440015	26,414.63
Petty Cash Float	
Total Cash & Bank Balance as of Year End	93,643.57
Less: Unpresented Cheques for Local A/C	<u>4,698.81</u>
Available Cash as of Year End as per Statement of Cash Received and Disbursements	<u>88,944.76</u>

- b) During financial year 2020, earned interest income equated to US\$ 0 and exchange rate earnings amounted to US\$ 0.

4. Advance of Fund

In accordance with loan/ grant agreements no. LO-4676/BL-GY the advance of fund methodology is adapted where the Bank disburses resources as an Advance of Fund to the Executing Agency to cover eligible expenditures related to the execution of the Project. The maximum amount of each advance of fund shall be set by the Bank on the liquidity needs of the project. At no time may the maximum amount of an Advance of Fund exceed the amount required to finance such expenditures, during a period of up to six (6) months in accordance with the investment schedule and the cash flow required to meet such purpose and the capacity demonstrated by the Executing Agency. The Bank may increase the maximum amount of an Advance of Fund when immediate cash flow needs that merit such increase arise, upon presentation of a request duly justified and accompanied by a statement of projected expenditures for the execution of the Project during the corresponding Advance of Fund period in effect. At least (80%) eighty Percent of the total amount of resources disbursed as an Advance of Fund must be justified before the Executing Agency receives another Advance of Fund.

(a)

Date of receipt	US Dollars	Remarks
Oct-9-2019	150,754.00	Disbursement request #1
Jun-10-2020	100,000.00	Disbursement request #2
Dec-15-2020	616,474.94	Disbursement request #3
Total	867,228.94	

5. Local counterpart funds

There were no local counterpart funds.

6. Prior-Period Adjustments

There was no prior period adjustment as at December 31, 2020.

7. Procurement of Goods and Services

The Procurement of goods, works and related services were done in accordance with the provisions set forth in Document GN-2349-9 ("Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank"), and GN-2350 -9 (policies for the selection and contracting of consultants financed by the Inter American Deelopment Bank), both dated March 2011 and approved by the Bank on April, 2011 (hereinafter referred to as the "Procurement Policies).

8. Investment Categories

Net movement	US\$				Project Management	Total
	Component 1	Component 2	Component 3			
Opening balance February11, 2019	-	-	-		-	
Payments fiscal year 2019/2020	562,137.13	-	-		216,146.13	778,283.26
Balance as at December 31 2020	562,137.13	-	-		216,146.13	778,283.26

9. Reconciliation by investment category between the project's records and IDB's records.

As at December 31, 2020, the amount pending justification to the IDB amounted to US\$551,489.05. These are eligible expenses for the program. (Appendix 1)

	IDB Resources	Expressed in US Dollars		
Component	Category of Investment	Amount as per Statement of Cumulative Investments	Amounts as per OPS 1	Pending Justification
1	Renewable energy solution for the Hinterland	562,137.13	44,504.43	517,632.70
4	Project Management and Other Costs	216,146.13	182,289.78	33,856.35
	Total	778,283.26	226,794.21	551,489.05

10. Contingencies

Contingencies are existing conditions, situation, or set of circumstances that involves uncertainty as to a possible gain or loss. The uncertainty revolves when one or more future events occur or fail to occur and falls into three categories as follows:

- Probable, where the future event remains most likely to occur.
- Reasonably possible, where the future event occurring is realistic, but neither likely nor remote.
- Remote, where the chance of the future event occurring is slight.

As at December 31,2020 there was no pending litigation in relation to the Program.

11. Subsequent Events

There were no events arising that provided additional evidence about conditions that existed as at December 31, 2020.

12. Commitments

As at December 31, 2020 total disbursement under the project amounted to US\$867,228.94 of which US\$562,134.13 of the total commitments were paid at the end of 2020.

Component 1	Contract Reference	Consultancy Service	Opening Balance as at February 11,2019		New Contract		Payments		Closing Balance as at December 31,2020	
			USD		USD		USD		USD	
		Consultancy services Re vegetation plan Baritica	-		35,350.00		35,350.00		-	
		Construction of solar PV farm at Lethem	-		2,267,870.50		226,787.05		2,041,083.45	
		Construction of solar PV farm at Baritica	-		2,999,970.79		299,997.08		2,699,973.71	
Total Component 1			-		5,303,191.29		562,134.13		4,741,057.16	

Appendix 1

Pending Justification as at December 31,2020

Date	Cheque number	Vouche	Name	Description	Amount GYS	Amount US	Rate
14/12/2020	650611	IDB168	Shamane Munro	Salary for December 2020	361,105	1,731.92	208.50
14/12/2020	650612	IDB169	Sanasha Perreira	Salary for December 2020	184,066	882.81	208.50
14/12/2020	650613	IDB170	Mfon Akpan	Salary for December 2020	479,164	2,298.15	208.50
14/12/2020	650614	IDB171	GRA	Deductions for December 2020	301,657	1,446.80	208.50
14/12/2020	650615	IDB172	NIS	Deductions for December 2020	112,350	538.85	208.50
14/12/2020	650616	IDB173	Hand in Hand	Deductions for December 2020	15,955	76.52	208.50
14/12/2020	650617	IDB174	Shamane Munro	Gratuity and Leave Passage for December 2020	1,139,750	5,466.43	208.50
14/12/2020	650618	IDB175	Sanasha Perreira	Gratuity and Leave Passage for December 2021	569,875	2,733.21	208.50
14/12/2020	650619	IDB176	Mfon Akpan	Gratuity and Leave Passage for December 2022	1,519,566	7,288.09	208.50
14/12/2020	650620	IDB177	EPA	Construction Permit	238,150	1,142.21	208.50
14/12/2020	650621	IDB178	Mfon Akpan	Advance to travel	264,000	1,266.19	208.50
21/12/2020			Farfan and Mendes	10% payment for the instalation of PV farms at Lethem and bartica	109,834,491	526,784.13	208.50
30/12/2020	650622	IDB179	Jai signs and auto design	Payment for single side metal frame	60,420	289.78	208.50
30/12/2020	46316		Mfon Akpan	Refund of advance trip to Mahdia		-	208.50
21/12/2020				Bank charges for transfer of funds	200	0.96	208.50
					115,080,749	551,946.04	208.50
				Refunds	- 95,089	- 456.06	208.50
				Total	114,985,660	551,489.98	208.50