



**PROGRAM SEF FOR THE EASTERN CARIBBEAN**  
**AUDITED FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2021**

## TABLE OF CONTENTS

	PAGE
1. Introduction	i
2. Auditor's Report	1
3. Statement of Cash Flows	5
4. Statement of Cumulative Investments	8
5. Notes to the Financial Statements of the Program	9
Appendix:	
A. Management Letter	22

## INTRODUCTION

KPMG in Barbados was contracted to conduct an audit of the Sustainable Energy Facility for the Eastern Caribbean Expanded (SEF-Expanded), Green Climate Fund Loan Agreement (4712/GN-RG) and Grant Agreement (GRT/GN-17199-RG) ("the Program"). The general objective of the engagement was to conduct an independent audit for the Program in accordance with the Terms of Reference of the contract.

Our examination was conducted in accordance with International Standards on Auditing (ISA). Those Standards require that the auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Our examination included an assessment of the Caribbean Development Bank to determine whether they were in compliance with the Program's financial management arrangements and requirements contained in the loan and grant contracts between the Inter-American Development Bank ("IDB" or the "Bank") and the Caribbean Development Bank.

Our evaluation of the internal control procedures was conducted in order to assess whether the system of internal control and management of the funds of the Program complied with the guidelines established within the Loan Contracts.

Our review of the payments presented in disbursement requests to the IDB was conducted solely to assist the Caribbean Development Bank in evaluating the validity of the disbursement requests submitted to the IDB.



**KPMG**

Hastings

Christ Church, BB 15154

Barbados West Indies

Telephone (246) 434-3900

Fax (246) 427-7123

P. O Box 690C

Bridgetown, Barbados

**Independent Auditor's Report**

To The Inter-American Development Bank  
Program: Sustainable Energy Facility for the Eastern Caribbean Expanded (SEF-Expanded), Green Climate Fund Loan Agreement (4712/GN-RG) and Grant Agreement (GRT/GN-17199-RG)

***Opinion***

We have audited the financial statements of the Sustainable Energy Facility for the Eastern Caribbean Expanded (SEF-Expanded), Green Climate Fund Loan Agreement (4712/GN-RG) and Grant Agreement (GRT/GN-17199-RG) ("the Program") executed by the Caribbean Development Bank (the Executing Agency), and financed with funds from the Inter-American Development Loan No. 3561-OC-RG, Loan No. 4712/GN-RG, Grant No. GRT/FM-15208 RG, Grant No. GRT/TC 15205, Grant No. ATN/CF-17952 and Grant No. GRT/GN-17199-RG which comprise the Statements of Cash Flows and Cumulative Investments as at and for the year ended December 31, 2021, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements are prepared in all material respects, in accordance with the basis of accounting described in the paragraph above and the accounting policies described in Note 3 of the financial statements.



## Independent Auditor's Report, continued

To The Inter-American Development Bank  
Program: Sustainable Energy Facility for the Eastern Caribbean Expanded (SEF-Expanded), Green Climate Fund Loan Agreement (4712/GN-RG) and Grant Agreement (GRT/GN-17199-RG)

### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Executing Agency in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution***

We draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Program to comply with the financial reporting provisions of the contracts referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Caribbean Development Bank and Inter-American Development Bank and should not be used by or distributed to parties other than the Inter-American Development Bank or the Executing Agency. Our opinion is not modified in respect of this matter.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting in note 3, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Program's financial reporting process.



## Independent Auditor's Report, continued

To                    The Inter-American Development Bank  
Program:           Sustainable Energy Facility for the Eastern Caribbean Expanded  
                         (SEF-Expanded), Green Climate Fund Loan Agreement (4712/GN-  
                         RG) and Grant Agreement (GRT/GN-17199-RG)

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## Independent Auditor's Report, continued

To The Inter-American Development Bank  
Program: Sustainable Energy Facility for the Eastern Caribbean Expanded (SEF-Expanded), Green Climate Fund Loan Agreement (4712/GN-RG) and Grant Agreement (GRT/GN-17199-RG)

### ***Auditor's Responsibilities for the Audit of the Financial Statements, continued***

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

A handwritten signature of the KPMG firm, written in blue ink.

Chartered Accountants  
Bridgetown, Barbados  
June 30, 2022.

Financial Statements of

Sustainable Energy Facility for the Eastern Caribbean Expanded (SEF-Expanded), Green Climate Fund Loan Agreement (4712/GN-RG) and Grant Agreement (GRT/GN-17199-RG) (“the Program”)

For the year ended December 31, 2021

*(Expressed in United States Dollars)*



CARIBBEAN DEVELOPMENT BANK  
PROGRAM SEF FOR THE EASTERN CARIBBEAN  
STATEMENT OF CASH FLOWS  
For the year ended December 31, 2021  
with comparative figures for the period ended December 31, 2020  
(Expressed in United States Dollars)

	Year Ended 31-DEC-2021						TOTAL
	3561-OC-RG 19705	GRT/EM-15208 RG 39727	GRT/TC-15205- RG 39728	4712/GN-RG 39722	ATN/CF-17952- RG 39730	GRT/GN-17199-RG 39731	
Cash Received							
Cumulative balance as at beginning of the period	8,872,330	1,855,706	19,050,000	-	-	2,000,000	31,778,036
Activity during the year							
Reimbursement - Reserve Account	258,322	-	-	-	-	-	258,322
Interest and Commitment Fee Received	282,742	41	-	-	-	-	282,783
Total Cash Received	9,413,394	1,855,747	19,050,000	-	-	2,000,000	32,319,141
Disbursements Made							
Cumulative balance as at beginning of the period	8,787,963	1,257,821	19,050,000	254,098	-	-	29,349,882
Activity during the year							
Justifications	-	318,781	-	-	-	-	318,781
ADV pending of justification	-	56,561	-	-	-	-	56,561
Other (Cost of Borrowings)	153,907	-	-	299,962	-	-	453,869
Total Cash Disbursements	8,941,870	1,633,163	19,050,000	554,060	-	-	30,179,093
Available Cash as of End of Year	471,524	222,584	-	(554,060)	-	2,000,000	2,140,049

The accompanying notes are an integral part of this statement

*for J. M. M.*

Director, Finance and Information Technology Solutions

**CARIBBEAN DEVELOPMENT BANK**  
**PROGRAM SEF FOR THE EASTERN CARIBBEAN**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2021**  
**with comparative figures for the period ended December 31, 2020**

*(Expressed in United States Dollars)*

	Period Ended 31-DEC-2020						
	<u>3561-OC-RG</u> <u>19705</u>	<u>GRT/FM-15208 RG</u> <u>39727</u>	<u>GRT/TC 15205- 4712/GN-RG</u> <u>RG 39728</u>	<u>4712/GN-RG</u> <u>39729</u>	<u>ATN/CF-17952- RG 39730</u> <u>RG 39730</u>	<u>GRT/GN-17199-RG</u> <u>39731</u>	<u>TOTAL</u>
<b>Cash Received</b>							0
Cumulative balance as at beginning of the period							
Activity during the year							
Advance of funds	7,218,524	1,855,706	19,050,000	-	-	2,000,000	30,124,230
Contributions by Executing Agency	797,476	-	-	-	-	-	797,476
Interest and Commitment Fee Received	719,152	-	-	-	-	-	719,152
Other (Reserve Account)	137,178						137,178
<b>Total Cash Received</b>	<b>8,872,330</b>	<b>1,855,706</b>	<b>19,050,000</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>31,778,036</b>
<b>Disbursements Made</b>							
Cumulative balance as at beginning of the period							
Activity during the year							
Disbursement Request No.	2,497,524	883,764	13,500,000	-	-	-	16,881,288
Advance of Funds	4,721,000	346,000	2,000,000	-	-	-	7,067,000
ADV pending of justification	-	28,057	3,550,000	-	-	-	3,578,057
Expenses pending reimbursement	797,476	-	-	-	-	-	797,476
Other (Cost of Borrowings)	771,963	-	-	254,098	-	-	1,026,061
<b>Total Cash Disbursements</b>	<b>8,787,963</b>	<b>1,257,821</b>	<b>19,050,000</b>	<b>254,098</b>	<b>-</b>	<b>-</b>	<b>29,349,882</b>
<b>Available Cash as of End of Period</b>	<b>84,367</b>	<b>597,885</b>	<b>-</b>	<b>(254,098)</b>	<b>-</b>	<b>2,000,000</b>	<b>2,428,154</b>

The accompanying notes are an integral part of this statement

CARIBBEAN DEVELOPMENT BANK  
PROGRAM SEF FOR THE EASTERN CARIBBEAN  
STATEMENT OF CUMULATIVE INVESTMENTS  
CUMULATIVE TO 31-DEC-2021  
(Expressed in United States Dollars)

	Cumulative as at December 31, 2020							Activity during the year							Cumulative as at December 31, 2021						
	IDB Loan Agreement (3561/OC-RG)	GEF Grant Agreement (GRT/FM-15208-RG)	CTF Grant Agreement (GRT/TC-15205-RG)	GCF Loan Agreement (4712/GN-RG)	GCF Grant Agreement (GRT/GN-17199-RG)	REI Grant Agreement (ATN/CF-17952-RG)	TOTAL	IDB Loan Agreement (3561/OC-RG)	GEF Grant Agreement (GRT/FM-15208-RG)	CTF Grant Agreement (GRT/TC-15205-RG)	GCF Loan Agreement (4712/GN-RG)	GCF Grant Agreement (GRT/GN-17199-RG)	REI Grant Agreement (ATN/CF-17952-RG)	TOTAL	IDB Loan Agreement (3561/OC-RG)	GEF Grant Agreement (GRT/FM-15208-RG)	CTF Grant Agreement (GRT/TC-15205-RG)	GCF Loan Agreement (4712/GN-RG)	GCF Grant Agreement (GRT/GN-17199-RG)	REI Grant Agreement (ATN/CF-17952-RG)	TOTAL
Component I - Energy Efficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Component II - Reg. framework, inst. strengthening and capacity building	-	618,594	-	-	-	-	618,594	-	132,598	-	-	-	-	132,598	-	751,190	-	-	-	-	751,190
Component III - Intermittent RE and GE	8,016,000	589,227	19,050,000	-	-	-	27,665,227	-	233,252	-	-	-	-	233,252	8,016,000	822,479	19,050,000	-	-	-	27,898,479
5-Project Management & Eval.	-	50,000	-	-	-	-	50,000	-	9,494	-	-	-	-	9,494	-	59,494	-	-	-	-	59,494
	8,016,000	1,257,821	19,050,000				28,323,821	-	375,342	-	-	-	-	375,342	8,016,000	1,633,163	19,050,000	-	-	-	29,699,163

The accompanying notes are an integral part of these financial statements

*for J. M. M.*

Director, Finance and Information Technology Solutions

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

---

**1. Description of the Program**

- 1.1 The Sustainable Energy Facility (SEF) for the Eastern Caribbean Program is part of Caribbean Development Bank's (CDB's) GeoSmart Initiative<sup>1</sup>, which aims to reduce the financial, technical and institutional barriers to geothermal energy development in five Eastern Caribbean states – Dominica, Grenada, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines. The program also helps governments build capacity and strengthen institutions so they can be better equipped to implement and manage geothermal energy initiatives. The SEF resources are provided through the Inter-American Development Bank (IDB) (which includes its own resources, and resources from the Green Climate Fund (GCF), the Clean Technology Fund (CTF), the Global Environmental Facility (GEF), and the Government of Italy (REI)).
- 1.2 The SEF Program is comprised of two distinct operations: (a) the Sustainable Energy Facility (SEF) for the Eastern Caribbean (hereinafter "SEF-2015"), and (b) the Sustainable Energy Facility for the Eastern Caribbean Expanded (hereinafter "SEF-Expanded"). Through each of these two operations, IDB is providing a Global Credit Loan (GCL) to CDB, which is complemented with resources from other donors to finance eligible Sub-loans and Sub-grants (investment and technical assistance) in the respective Final Beneficiaries and IDB Sub-borrowers and GCF Sub-borrowers. Together, the SEF-2015 and the SEF- Expanded make up the SEF Program, as follows:
- (i) Under SEF-2015, IDB provides a Global Credit Loan (GCL) to CDB, chargeable to IDB's ordinary capital (OC) resources, and complemented by resources from the CTF, GEF and CDB's counterpart resources; and
  - (ii) Under SEF-Expanded, IDB provides a GCL to CDB, chargeable to GCF resources administered by IDB according to the Accreditation Master Agreement (AMA) between IDB and GCF, and the Funded Activity Agreement (FAA) between IDB and GCF, which are complemented with resources from REI administered by IDB.

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

---

**2. Significant accounting policies**

- 2.1 Due to the nature of the SEF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of contributions and other development resources. These financial statements are not intended to be presented in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared in accordance with the accounting policies outlined below.
- 2.2 Preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

**Foreign currency translation**

Functional and presentation currency

- 2.3 The functional and presentation currency of the Fund is the United States dollar (US\$) and the Fund's financial statements are rounded to the nearest thousand. Monetary assets and liabilities in currencies other than United States dollars are translated at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated using the exchange rates at the dates of the initial transactions.
- 2.4 Foreign currency transactions are initially translated into United States dollars at applicable rates of exchange on the transaction dates. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in profit or loss in the statement of comprehensive income and accumulated net income for the year.

---

1 CDB GeoSmart Initiative is CDB's response to the need for risk mitigation to facilitate GE development, and seeks to mobilise adequate and suitable resources (grants, contingent grants, loans, and technical assistance) to address risks characteristic of the various stages of the GE project cycle.

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

---

**3. Available cash balance**

- 3.1 The available cash and cash equivalent balance as of December 31, 2021 is deposited in the Program's bank account, and includes interest and exchange rate gains.

<u>Entity</u>	<u>Entity Name</u>	<u>2021</u>	<u>2020</u>
19705	3561-OC-RG	471,524	84,367
39727	GRT/FM-15208-RG	222,585	597,885
39729	4712/GN-RG	(554,060)	(254,098)
39731	GRT/GN-17199-RG	<u>2,000,000</u>	<u>2,000,000</u>
Total		<u>2,140,049</u>	<u>2,428,154</u>

During the year 2021, there were interest gains of \$130 (2020: loss of \$54), and no currency exchange gains (2020: Gain of \$168).

CARIBBEAN DEVELOPMENT BANK

SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR-ENDED DECEMBER 31, 2021

(Expressed in United States Dollars)

4. Advances pending justification

4.1

As of December 31, 2021, the amount pending justification to the IDB amounts to US\$ 2,279,104 and is included in the following disbursement requests pending to be processed or expenses incurred and not included in such requests:

INVESTMENT CATEGORY		Unjustified Advances as of December 31, 2021			
	Sub-Loan/Sub-Grant (if applicable)	GEF Grant Agreement (GRT/FM-15208-RG)	CTF Grant Agreement (GRT/TC-15205-RG)	GCF Grant Agreement (GRT/GN-17199-RG)	TOTAL
Component II - Reg. framework, inst. strengthening and capacity building					
Training and capacity building interventions for the EA, SPVs, and/or government employees.	N/A			\$2,000,000	\$2,000,000
	GEOHERMAL DRILLING PROJECT - ST. VINCENT AND THE GRENADINES (TA - CAPACITY STRENGTHENING FOR CLO)				-
	TECHNICAL ASSISTANCE - INSTITUTIONAL STRENGTHENING ENERGY SECTOR GRENADA	279,104	-	-	279,104

There were no ineligible program expenses.

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

**4. Advances pending justification, continued**

As of December 31, 2020, the amount pending justification to the IDB amounts to US\$6,175,942 and is included in the following disbursement requests pending to be processed or expenses incurred and not included in such requests:

**Component III - Intermittent RE and GE**

<b>Funding operations for GE projects.</b>		-	<b>3,550,000</b>	-	<b>3,550,000</b>
Grants provided to geothermal projects with resources from the Program for drilling or doing pre- feasibility studies.		-	-	-	-
Contingent Recovery Grants (CRG) provided to geothermal projects with resources from the Program	GEOHERMAL DRILLING PROJECT - ST. VINCENT AND THE GRENADINES	-	3,550,000	-	3,550,000
Funding operations for intermittent RE projects.	PHOTOVOLTAIC RENEWABLE ENERGY SYSTEMS - ANTIGUA AND BARBUDA	411,775	-	-	411,775
<b>TOTAL</b>		<b>\$625,942</b>	<b>\$3,550,000</b>	<b>\$2,000,000</b>	<b>\$6,175,942</b>

There were no ineligible program expenses.



**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

**5. Counterpart funds**

5.1 Funding for SEF is detailed in the table below.

*Table 1 Summary of SEF financing sources*

Operation	Donor/ Co-financier	Funding resources
SEF-2015	IDB	for a total amount of USD20,000,000 (twenty million US Dollars), to be channeled through CDB in the form of loans for the financing of SE
	CTF	for an amount of USD19,050,000 (nineteen million fifty thousand US Dollars), in the form of non-reimbursable investment grants for the financing by CDB of CRG for exploratory drilling activities;
	GEF	for an amount of USD3,013,698 <sup>2</sup> (three million, thirteen thousand, six hundred and ninety-eight US Dollars), in the form of non-reimbursable grant resources for the financing of Technical Assistance under SEF-2015 Component 2 and EE and RE investments under SEF-2015 components 1 and 3 respectively, to be channeled through CDB to beneficiaries as follows: <div>             (1) USD1,004,566 (one million, four thousand, five hundred and sixty-six US Dollars) for SVG             (2) USD913,242 (nine hundred and thirteen thousand, two hundred and forty-two US Dollars) for GRE             (3) USD1,095,890 (one million, ninety-five thousand, eight hundred and ninety US Dollars) for A&amp;B           </div>
	CDB	for an amount of USD29,435,000 (twenty-nine million, four hundred and thirty-five thousand US Dollars) in the form of loans and/or grants for the financing of Technical Assistance, and/or EE, and/or GE Development and/or Other RE Development <sup>3</sup> .

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

**5. Counterpart Funds, continued**

Operation	Donor/ Co-financier	Funding resources
SEF-Expanded	GCF	<p>for an amount of USD80,000,000 (eighty million US Dollars), (the “GCF Proceeds”) to be administered by IDB and channeled through CDB for the purposes of, and to assist in, financing the implementation of the GCF Funded Activity as follows:</p> <ul style="list-style-type: none"> <li>(1) USD60,000,000 (sixty million US Dollars) as reimbursable funds to be provided by IDB to CDB under the GCF Loan Agreement in the form of loans for the implementation of GE Development; and</li> <li>(2) USD20,000,000 (twenty million US Dollars) in the form of: <ul style="list-style-type: none"> <li>a. USD16,000,000 (sixteen million US Dollars), as GCF reimbursable grants to be provided by IDB to CDB under the GCF Grant Agreement in the form of CRG for the implementation of GE Development (i.e. exploratory drilling activities); and</li> <li>b. USD4,000,000 (four million US Dollars) as GCF non-reimbursable grants, to be provided by IDB to CDB under the GCF Grant Agreement in the form of technical assistance grants for the implementation of SEF-Expanded Component 2.</li> </ul> </li> </ul>
	REI	<p>for an amount of USD5,607,1674 (five million six hundred and seven thousand one hundred and sixty-seven US Dollars), in the form of non-reimbursable grant resources to be channeled through CDB for the implementation of Technical Assistance activities and for purposes of carrying out pre-feasibility studies, including slim-hole drilling, to identify promising exploratory drilling sites for GE development.</p>

<sup>2</sup> Of which only USD1,935,698 (one million nine hundred and thirty-five thousand six hundred and ninety-eight US Dollars) for countries SVG and GRE, are co-financing (for the financing of Component 2) under the GCF Loan Agreement.

<sup>3</sup> Of which only USD18,040,000 (eighteen million forty thousand US Dollars) are co-financing (for the financing of GE Development Output 1.3) under the GCF Loan Agreement

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

---

**5. Counterpart Funds, continued**

Funding is governed by the following agreements:

- a) Legal agreements for SEF-2015:
  - i. IDB Loan Agreement (3561/OC-RG). A loan contract entered into between CDB and IDB on October 20, 2015 to establish the terms and conditions under which IDB made a loan to CDB to contribute to the financing and execution of the SEF Programme.
  - ii. CTF Grant Agreement (GRT/TC-15205-RG). A non-reimbursable investment financing agreement entered into between CDB and IDB, acting as implementing entity of the CTF, on October 20, 2015, to establish the terms and conditions under which IDB grants a non-reimbursable investment financing to CDB to contribute to the financing and execution of the SEF Programme. This contract was entered into pursuant to the Financial Procedures Agreement signed between the IDB and the International Bank for Reconstruction and Development (IBRD), on June 8, 2010, as trustee of the CTF Trust Fund.
  - iii. GEF Grant Agreement (GRT/FM-15208-RG). A non-reimbursable investment financing agreement, entered into between CDB and IDB, acting as administrator of the GEF, on October 20, 2015 to establish the terms and conditions under which IDB grants a non-reimbursable investment financing to CDB to contribute to the financing and execution of the SEF Programme. The contract was entered into pursuant to the Memorandum of Understanding signed between IDB and the Secretariat of the GEF on May 19, 2004, for direct access to the resources of the GEF through transfers to the IDB/GEF Fund and pursuant to the Financial Procedures Agreement signed between IDB and IBRD, as trustee of the GEF Trust Fund.
- b) IDB made a loan to CDB to contribute to the financing and execution of the SEF Programme.
  - i. GCF Loan Agreement (4712/GN-RG). The legal agreement, in the form of a loan, entered into between CDB and IDB on December 11, 2019, in accordance with the FAA between IDB and GCF for the implementation of SEF-Expanded sub-component 1.3 (Field and plant development).
  - ii. GCF Grant Agreement (GRT/GN-17199-RG). The legal agreement, entered into between CDB and IDB on December 11, 2019, in accordance with the FAA between IDB and GCF, for the provision of GCF resources in the form of grants and CRG for implementation of SEF-Expanded sub-component 1.1 (prefeasibility) and sub-component 1.2 (Exploration Drilling).
  - iii. REI Grant Agreement (ATN/CF-17952-RG). The legal agreement, that IDB entered into with CDB, on June 30, 2020, for the provision of REI resources in the form of non-reimbursable technical cooperation to support the execution of the SEF-Expanded Sub-component 1.1 (prefeasibility) and Component 2 (Technical Assistance)

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

**6. Procurement of Goods and Services**

6.1 The table below details significant categories of expenditure with respect to various categories for the year ended December 31, 2021.

INVESTMENT CATEGORY	EXPENDITURE ITEM	CTF Grant Agreement (GRT/TC-15205- RG)	GEF Grant Agreement (GRT/FM-15208- RG)	IDB Loan Agreement (3561/OC-RG)	Grand Total
<b>CONSULTANTS FEES</b>			<b>143,540</b>	-	<b>143,540</b>
2 Reg. framework, inst. strengthening and capacity building	HERBERT A SAMUEL	-	90,500	-	90,500
3 Intermittent RE and GE	MELESHA BANHAN	-	2,500	-	2,500
5-Project Management & Eval.	SHELDON MARSHALL	-	9,494	-	9,494
2 Reg. framework, inst. strengthening and capacity building	WENDY REDERICK	-	41,046	-	41,046
<b>GOODS</b>			<b>230,752</b>	-	<b>230,752</b>
3 Intermittent RE and GE	GREENTECH SOLAR LIMITED	-	230,752	-	230,752
<b>TRANSFER CHARGE</b>		-	<b>1,050</b>	-	<b>1,050</b>
2 Reg. framework, inst. strengthening and capacity building	HERBERT A SAMUEL	-	600	-	600
2 Reg. framework, inst. strengthening and capacity building	WENDY FREDERICK	-	450	-	450
				-	
<b>Grand Total</b>		-	<b>375,342</b>		<b>375,342</b>

<sup>4</sup> The total grant contribution from REI amounts to EUR5,000,000 (equivalent to US\$5,902,281 at an exchange rate of 1.18 US\$/EUR from December 13th, 2017). The amount available for the SEF-Expanded is US\$5,607,167, which is the total contribution net of a 5% administration fee (US\$295,114).

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

**6 Procurement of Goods and Services, continued**

The table below details significant categories of expenditure with respect to various categories for the year ended December 31, 2020.

INVESTMENT CATEGORY	EXPENDITURE ITEM	CTF Grant Agreement (GRT/TC-15205-RG)	GEF Grant Agreement (GRT/FM-15208-RG)	IDB Loan Agreement (3561/OC-RG)	Grand Total
<b>CONSULTANTS FEES</b>		-	<b>\$709,638</b>	-	<b>\$709,638</b>
5 Project Management & Eval.	ALAIN LAFONTAINE	-	50,000	-	50,000
2 Reg. framework, inst. strengthening and capacity building	ALDEAN WILLIAMS	-	126,185	-	126,185
3 Intermittent RE and GE	ALEX SPENCER	-	34,300	-	34,300
2 Reg. framework, inst. strengthening and	HERBERT A SAMUEL	-	248,075	-	248,075
3 Intermittent RE and GE	MELESHA BANHAN	-	7,500	-	7,500
2 Reg. framework, inst. strengthening and	MOTT MACDONALD	-	60,455	-	60,455
2 Reg. framework, inst. strengthening and capacity building	WENDY FREDERICK	-	183,123	-	183,123
<b>GOODS</b>			<b>547,427</b>		<b>547,427</b>
3 Intermittent RE and GE	GREENTECH SOLAR LIMITED	-	547,427	-	547,427
<b>INFRASTRUCTURE WORKS</b>		<b>\$19,050,000</b>	-	<b>\$8,016,000</b>	<b>\$27,066,000</b>
3-Intermittent RE and GE	DOMINICA ELECTRICITY SERVICES LTD	-	-	8,016,000	8,016,000
3-Intermittent RE and GE	JARDBORANIR HF	19,050,000	-	-	19,050,000
<b>TRANSFER CHARGE</b>		-	<b>100</b>	-	<b>100</b>
2 Reg. framework, inst. strengthening and capacity building	HERBERT A SAMUEL	-	<b>100</b>	-	<b>100</b>
<b>TRAVEL</b>		-	<b>656</b>	-	<b>656</b>
2 Reg. framework, inst. strengthening and capacity building	HERBERT A SAMUEL	-	<b>656</b>	-	<b>656</b>
<b>Grand Total</b>		<b>\$19,050,000</b>	<b>\$1,257,821</b>	<b>\$8,016,000</b>	<b>\$28,323,821</b>

<sup>4</sup> The total grant contribution from REI amounts to EUR5,000,000 (equivalent to \$5,902,281 at an exchange rate of 1.18 US\$/EUR from December 13th, 2017). The amount available for the SEF-Expanded is \$5,607,167, which is the total contribution net of a 5% administration fee (\$295,114).

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

7.        **“Statement of Cumulative Investments”**
- 7.1        The following table provides a reconciliation between the Statement of Cash Flows and the Statement of Cumulative Investments as at December 31,

Current Period:	2021	2020
Disbursements Made as per Statement of Cash Flows	30,179,093	29,349,882
Less: Reconciling Items:		
Justifications made during the period	-	-
Amount pending reimbursement	-	-
Cost of Borrowings	1,479,930	1,026,061
Disbursements as per Statement of Cumulative Investments	28,699,163	28,323,821

**8.        Advances and Justifications**  
**2021**

	<u>3561-OC-RG</u> <u>19705</u>	<u>GRT/FM-15208 RG</u> <u>39727</u>	<u>GRT/TC</u> <u>15205-RG</u> <u>39728</u>	<u>GRT/GN-</u> <u>17199-RG</u> <u>39731</u>
Opening balance of advances	-	625,942	2,000,000	3,550,000
Advances Received	-	-	-	-
Justification of Advances	-	(346,838)	-	(3,550,000)
Closing Balance of Advances	-	279,104	2,000,000	-

**2020**

	<u>3561-OC-RG</u> <u>19705</u>	<u>GRT/FM-15208 RG</u> <u>39727</u>	<u>GRT/TC</u> <u>15205-RG</u> <u>39728</u>	<u>GRT/GN-</u> <u>17199-RG</u> <u>39731</u>
Opening balance of advances	-	-	-	-
Advances Received	4,721,000	971,942	2,000,000	5,550,000
Justification of Advances	(4,721,000)	(346,000)	-	(2,000,000)
Closing Balance of Advances	-	625,942	2,000,000	3,550,000

9.        **Local counterpart funds**  
None.
10.       **Prior period adjustments**  
Not applicable.

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

**11. Reconciliation by investment categories between the program’s records and the IDB’s records**

**3561-OC-RG 705**

<b>Component</b>	<b>PER IDB</b>	<b>Per Statement of Cumulative Investments</b>	<b>Difference</b>	<b>Comments</b>
1: Energy Efficiency	-	-	-	
2: Reg. framework, institutional. strengthening and capacity building	-	-	-	
3: Intermittent RE and GE	8,016,000	8,016,000	-	
5: Project Management and Evaluation	-	-	-	
<b>Total</b>	<b>8,016,000</b>	<b>8,016,000</b>	<b>-</b>	

**GRT/FM-15208-RG**

<b>Component</b>	<b>PER IDB</b>	<b>Per Statement of Cumulative Investments</b>	<b>Difference</b>	<b>Comments</b>
1: Energy Efficiency	236,152	-	(236,152)	Amounts to be justified
2: Reg. framework, institutional. strengthening and capacity building	706,623	751,190	44,567	Amounts to be reimbursed by IDB - Sustainable Energy
3: Intermittent RE and GE	583,827	822,479	238,652	Amounts to be reimbursed by IDB - Sustainable Energy
5: Project Management and Evaluation	50,000	59,494	9,494	Amounts to be reimbursed by IDB - Sustainable Energy Intern
<b>Total</b>	<b>1,576,602</b>	<b>1,633,163</b>	<b>56,561</b>	

**GRT/TC-15205-RG**

<b>Component</b>	<b>PER IDB</b>	<b>Per Statement of Cumulative Investments</b>	<b>Difference</b>	<b>Comments</b>
1: Energy Efficiency	-	-	-	
2: Reg. framework, institutional. strengthening and capacity building	-	-	-	
3: Intermittent RE and GE	19,050,000	19,050,000	-	
5: Project Management and Evaluation	-	-	-	
<b>Total</b>	<b>19,050,000</b>	<b>19,050,000</b>	<b>-</b>	

**CARIBBEAN DEVELOPMENT BANK**  
**SUSTAINABLE ENERGY FACILITY FOR THE EASTERN CARIBBEAN PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED DECEMBER 31, 2021**  
*(Expressed in United States Dollars)*

---

**12. Contingencies**  
**None**

**13. Subsequent events**  
**None.**





**KPMG**

Hastings

Christ Church, BB 15154

Barbados West Indies

Telephone (246) 434-3900

Fax (246) 427-7123

P. O Box 690C

Bridgetown, Barbados

June 30, 2022

Inter-American Development Bank  
Regional Operations Support Office (ROS)  
Office of Disbursements and External Audits (DAU)  
1300 New York Avenue, N.W.  
Washington D.C. 20577  
USA

Dear Sirs:

**Re: Audit of: Sustainable Energy Facility for the Eastern Caribbean Program**

We have completed an examination of the above-captioned Programme for the year ended December 31, 2021. The primary purpose of our examination was to enable us to form an opinion on whether the funds provided by the Inter-American Development Bank have been used in accordance with the conditions established in the Program's contract.

This correspondence serves to bring to your attention certain matters which were encountered during the course of our work and to offer our comments and recommendations. These comments by their nature are critical as they relate solely to areas requiring improvement.

Yours truly,  
For and on behalf of KPMG

**Baldwin Alcindor**  
*Partner*

KPMG in Barbados and Eastern Caribbean, a partnership registered in Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

## Appendix A: Management Letter, continued

### 1. Evidence of adherence to reporting requirements by the ultimate beneficiary

#### Business Objective Risk

There is a risk that the sub-project is not being executed properly by the beneficiary.

#### Background

Under the terms of the grant agreement the following information was due to be submitted to the Bank by the beneficiary:

Report Implementation		Frequency	Deadline for Submission	Responsibility
1.	Monthly progress reports on design-supply and installation by the Project Coordinator/ Department of Environment	Monthly	Within two weeks of the end of each calendar month commencing one month after engagement.	Project Coordinator
2.	Report on Investment Cost	Quarterly	Within six weeks of the end of each quarter commencing with the quarter following the assignment of PC, until installation is completed.	
3.	Completion Report for design-supply and installation works prepared by the Project Coordinator/ Department of Environment	Once	With three weeks of the completion of installation by Constructor.	
4.	Procurement Plan Updates	Annually	In accordance with the applicable Procurement Guidelines	

#### Observation

The executing agency did not provide all of the reports due to be submitted by the beneficiary under Grant No. GA 26/ANT - Procurement and Installation of Grid Interactive Solar Photovoltaic Renewable Energy Systems between the Bank and the Government of Antigua & Barbuda.

#### Recommendation

The Bank should follow up with the project coordinator and/or the Government of Antigua and Barbuda to ensure that required reports are submitted to the bank in a timely manner.

#### Management's response

This point is noted. However, CDB is in contact with the Project Coordinator and is actively managing the implementation of the project. Due to delays in the delivery of equipment and periods of no or minimal changes to the project status during implementation, project reporting was done via meetings/more informal correspondence. This will be rectified going forward to ensure that project documentation is aligned with the agreements.

## **2. Approved Operating Manual for the Sustainable Energy Facility for the Eastern Caribbean**

### **Business Objective Risk**

The draft program may fail to address all aspects of the Program, and may not mitigate against risks affecting the Program.

### **Background**

The Operating Manual governs the operations of the Program and is key in ensuring that the Program can meet its objectives.

### **Observation**

KPMG observed that the operating manual for the Program is in draft form and has not yet been ratified by the Board of Directors with the latest draft dated May 15, 2019.

### **Recommendation**

The executing agency should ensure the operating manual for the Program has been approved and a final version available in place to govern the operations of the Program.

### **Management's response**

It is not intended nor is it required that the Operations Manual be ratified by the Board of Directors. It is considered to be a living project document that may be updated as agreed periodically between IDB and CDB. There has been no update during the period under review. Despite the DRAFT watermark, the revision referenced is the latest agreed version between IDB and CDB as is documented during the approval process of the SEF Expanded Programme, in February 2020. There is no risk to the programme. CDB and IDB will agree to update the document to remove the DRAFT watermark to avoid concern in the future.

### **3. Failure to submit reports to IDB on a timely basis**

#### **Business Objective Risk**

The draft program may fail to address all aspects of the Program and may not mitigate against risk affecting the Program.

#### **Background**

Under the terms of the following agreements, with respect to the Supervision of the Financial Management of the Program.

- Loan contract between the Caribbean Development Bank and the Inter-American Development Bank Re: Sustainable Energy Facility for the Eastern Caribbean
- The non-reimbursable investment financing agreement entered into between the Bank and the IADB, acting as administrator of the Global Environment Facility (GEF),
- The non-reimbursable investment financing agreement between the Bank and the IADB, acting as implementing entity of the Clean Technology Fund (CTF)
  - a) The documents that have been identified as necessary to supervise progress in the execution of the Program are semi-annual progress reports, which will be prepared by the Borrower in accordance with the Operating Manual and submitted to the Bank within 60 days of the end of each calendar semester during Program execution.
  - b) Semi-annual unaudited financial statements of the Beneficiary, which include financial status reports on sub-grants, 60 days of the end of each calendar semester during Program execution

#### **Observation**

KPMG observed the semi-annual report for the period July – December was not submitted by the deadline date of March 1, 2022, nor was a no objection for the delay obtained prior to the late submission.

#### **Recommendation**

The executing agency should ensure all reports under the terms of the agreements with the IDB are submitted within the stipulated time, or a no objection obtained prior to any late submission.

#### **Management's response**

This matter was previously discussed with IDB, as such, a letter requesting a 2-week extension to the submission deadline of the captioned report was sent from CDB to IDB on March 1, 2022, receipt of which was acknowledged. The report was subsequently submitted on March 14, 2022, aligned with the request for the extension. The need for this extension was due to an agreement between IDB and CDB to focus on other competing higher risk priorities, including providing response to the GCF annual report, as well as ongoing collaboration between IDB and CDB to update the format of the Semi-Annual Report.