

**REPORT**  
**to**  
Management and the Board of Directors  
LOW INCOME SHELTER PROGRAM FOUNDATION  
PARAMARIBO  
**regarding**  
the audit of the Financial Statements of the  
Second Low Income Shelter Program for the year 2014



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Management and Board of Directors of  
LOW INCOME SHELTER PROGRAM FOUNDATION  
PARAMARIBO

Paramaribo, April 29, 2015

## **1. INDEPENDENT AUDITOR'S OPINION**

### **Engagement**

We have audited the accompanying financial statements which comprise the Statement of Cash Received and Disbursements Made, the Statement of Investments and the notes for the Second Low Income Shelter Program, executed by the Low Income Shelter Foundation and financed with funds from the Inter-American Development Bank under the loan contract no. 2259/OC-SU and local counterpart funds from the Government of the Republic of Suriname as at and for the year ended December 31, 2014. These statements are the responsibility of the Foundation's management as the Executing Agency for the program. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

### **Scope**

We conducted our audit in accordance with international standards on auditing, issued by the International Federation of Accountants (IFAC) and the Inter-American Development Bank's requirements, specifically the Bank Policy on the Audit of Projects and Entities (Document AF-100) and Guidelines for the Preparation of Financial Statements and Independent Audit Requirements (Document AF-300). These standards require that we plan and perform 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 Program management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

### **Emphasis of matter**

As described in Note 2, the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments were prepared under the cash basis of accounting, which is another comprehensive basis of accounting rather than generally accepted accounting principles.



## Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the cash received and disbursements made for the year 2014 and the cumulative investments for the Second Low Income Shelter Program as at December 31, 2014, in accordance with the basis of accounting described in Note 2 and the terms of IDB Loan contract no 2259/OC-SU.

## 2. INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY FINANCIAL INFORMATION

We conducted our audits in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), and the Inter-American Development Bank's requirements, specifically the Bank Policy on the audit of Projects and Entities (Document AF-100) and the Guidelines for the Preparation of Financial Statements and Independent Audit requirements (Document AF-300). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We conducted our audit for the purpose of expressing an opinion on the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments of the Second Low Income Shelter Program taken as a whole. The accompanying supplementary financial information is presented for the purpose of additional analysis and should not be considered necessary to the presentation of the basic financial statements. This information has been subject to the audit procedures applied to the basic financial statements and nothing has come to our attention to believe that the supplementary information is not fairly presented in all material respects.

## 3. INDEPENDENT AUDITOR'S REPORT ON THE SYSTEM OF INTERNAL CONTROL

We conducted our audits in accordance with International Standards on Auditing, issued by the International Federation of Accountants (IFAC), and the Inter-American Development Bank's requirements, specifically the Bank Policy on the audit of Projects and Entities (Document AF-100) and the Guidelines for the Preparation of Financial Statements and Independent Audit requirements (Document AF-300). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Second Low Income Shelter Program Foundation is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control system policies and procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the contract; and transactions are recorded properly to permit the preparation of the Statement of Cash Received and Disbursements Made and the Statement of Cumulative Investments, in conformity with the basis of accounting described in Note 2 to the Financial Statements. Because of the inherent limitations of any system of internal control irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



In planning and performing our audit of the program's financial statements for the year ended December 31, 2014 we obtained an understanding of the system of internal control, including an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risks in order to determine our auditing procedures for the purpose of expressing our opinion on the project's financial statements and not to provide an opinion on the system of internal control. Accordingly, we do not express such an opinion.

We have no matters to report regarding the system of internal control and its operation that we consider to be reportable conditions under International Standards on Auditing.

Reportable conditions involve matters relating to significant deficiencies in the design or operation of the system of internal control that, in our judgment, could adversely affect the ability of the Second Low Income Shelter Program to record, process, summarize, and report financial data consistent with the assertions of management in the Statement of Cash Received and Disbursements Made and the Cumulative Statement of Investments.

A material weakness is a reportable condition in which the design or operation of one or more of the specific elements of the system of internal control does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the program's financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our review of the system of internal control, within the context of our audit of the financial statements, would therefore not necessarily disclose all matters in the system of internal control that might be material weakness defined above.

Following our audit procedures on the financial statements, nothing has come to our attention regarding the system of internal control that we consider to be material weaknesses, either than those reported in the management letter.

#### 4. UNIT OF CURRENCY

The functional currency of the Second Low Income Shelter Program is the USD. Therefore no conversion of the financial statements needs to be performed for the presentation to the Inter-American Development Bank and subsequently there is no need to give a separate opinion on the conversion method used, as requested in AF-300 clause 9.03. Reference is made to note 2.2 in the summary of significant accounting policies of the financial statements where an explanatory note 'Currency Translation' is provided for amounts received or disbursed in SRD and translated into USD.

For BDO Assurance N.V.



E.H. Pater AA  
Senior manager



W.K. Achthoven RA  
Partner

**Annex 1**

To report dated April 29, 2015

Second Low Income Shelter Program

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**STATEMENT OF CASH RECEIVED AND DISBURSEMENTS MADE FOR 2014**

(Expressed in US Dollars)

<b>Cash Received</b>	<b>IDB</b>	<b>Local</b>	<b>Total</b>
Beginning Balance January 1, 2014	6,689,263	915,596	7,604,859
Activity till December 31, 2014			
Revolving Fund Replenishment	3,650,540	-	3,650,540
GOS Additional Fund Received	-	259,794	259,794
Interest received	-	2,408	2,408
<b>Total Cash Received as of December 31, 2014</b>	<b><u>10,339,803</u></b>	<b><u>1,177,798</u></b>	<b><u>11,517,601</u></b>
<b>Disbursements Made</b>			
Cummulative Balance January 1, 2014	6,453,722	396,320	6,850,042
Investments GOS	-	229,194	229,194
Revolving Fund Replenishment 45 t/m 61	3,506,081	-	3,506,081
Revolving Fund pending Replenishment 62	<u>31,667</u>	<u>-</u>	<u>31,667</u>
<b>Total Cash Disbursements as of December 31, 2014</b>	<b><u>9,991,470</u></b>	<b><u>625,514</u></b>	<b><u>10,616,984</u></b>
<b>Available Bank Balance as of December 31, 2014</b>	<b><u>433,619</u></b>	<b><u>516,554</u></b>	<b><u>950,173</u></b>



**Annex 2**

To report dated April 29, 2015  
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**STATEMENT OF CUMULATIVE INVESTMENTS AS AT DECEMBER 31, 2014**  
(Expressed in US Dollars)

COI	Investment Category	2014			2013			2012			2011			2010			Total		
		IDB	GOS	Total	IDB	GOS	Total	IDB	GOS	Total	IDB	GOS	Total	IDB	GOS	Total	IDB	GOS	Total
1	Consolidation of the subsidy Model																	-	
1.1.1	New Core House	96,000	-	96,000	117,000	-	117,000	42,000	-	42,000	15,000	-	15,000	-	-	-	270,000	-	270,000
1.1.2	House Improvement and extension	2,967,146	-	2,967,146	2,283,000	-	2,283,000	1,746,000	-	1,746,000	912,000	-	912,000	-	-	-	7,908,146	-	7,908,146
1.2	Subsidies to the Interior																		
1.2.1	New Core House	52,675	-	52,676	-	-	-	15,000	-	15,000	-	-	-	-	-	-	67,675	-	67,676
1.3	Institutional Strengthening of Program Partners																		
1.3.1.	Training to NGO'S	-	-	-	-	-	-	-	60	60	3,735	-	3,735	4,374	-	4,374	9,450	60	9,510
1.3.2.	NGO'S & IFI's services	134,788	35,580	170,367	80,308	45,063	125,371	65,505	12,863	78,368	30,222	-	30,222	11,557	-	11,557	322,380	93,506	415,886
2	Pilot Development																		
2.1	Pilot Design and related investment																		
2.2	Execution/Monitoring	-	-	-	5,500	-	5,500	-	-	-	-	-	-	-	-	-	5,500	-	5,500
3.0	Strengthening of LISP Foundation and Program Management																		
3.1	Staff	266,123	34,746	300,869	266,986	31,967	298,953	238,431	17,676	256,107	295,262	20,825	316,087	13,038	66,615	79,653	1,084,608	173,829	1,258,437
3.2	Equipment	-	23,719	23,719	306	5,518	5,824	-	7,303	7,303	33,549	23	33,572	16,576	-	16,576	69,628	36,563	106,191
3.3	Traning to the PEU	-	-	-	9,605	237	9,842	938	191	1,129	1,644	-	1,644	1,973	-	1,973	14,682	428	15,110
3.4	Program Administration	19,401	120,283	139,684	18,746	79,140	97,886	28,711	85,477	114,188	107,378	2,366	109,744	12,861	62	12,923	187,992	287,328	475,320
3.5	Program promotion and Outreach	1,614	14,012	15,626	-	4,679	4,679	1,775	12,200	13,975	6,961	125	7,086	8,516	29	8,545	18,866	31,045	49,911
4.0	Contingencies																		
5.0	Evaluation and Auditing	11,980	854	12,834	11,828	1,339	13,167	7,025	562	7,587	10,795	-	10,795	-	-	-	41,628	2,755	44,383
	Totals	3,549,727	229,194	3,778,921	2,793,279	167,943	2,961,222	2,145,385	136,332	2,281,717	1,416,546	23,339	1,439,885	68,895	66,706	135,601	10,000,555	625,514	10,626,070

**Annex 3**

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Second Low Income Shelter Program

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**NOTES TO THE FINANCIAL STATEMENTS OF THE PROGRAM****1. GENERAL****1.1 Introduction**

The Government of Suriname signed the loan contract no. 2259/OC-SU for the execution of the Low-Income Shelter Program II (LISP II) with the Inter-American Development Bank on March 26, 2010. The loan agreement embraces the cooperation between the public and the private sector and deals with a long term loan to the Republic of Suriname of USD 15 million by the IDB. Suriname's minimum own contribution is USD 314,000. As of 31 December 2014 the local budgeted contribution is USD 1,169,826. Therefore the total available amount to be invested over a period of five (5) years for the construction and renovation of houses for low and moderate-income families and managerial expenses to USD 16,169,826.

The First Low Income Shelter Program (LISP I/SU0017) was executed in Suriname between 2003 and 2009. The program was based on the allocation of a direct up-front subsidy to LISP I income beneficiaries, for the purchase and/or construction of a new house, or for the expansion or improvement of an existing house. Over its five years of execution the program benefited 3,725 households: 1,208 for new housing and 2,517 for housing improvement. Furthermore, the program supported the establishment of the LISP Foundation and the formation of a Program Implementation Unit (PIU).

The Second Low Income Shelter Program (LISP II) is designed to build upon the success and achievements of the LISP I and to continue supporting the Government of Suriname in its efforts to improve living conditions of low income households. LISP II focuses its efforts on targeting households with monthly net income level of between SRD 852 and SRD 1,988. Through the provision of an upfront demand subsidy the Program address: (i) the significant qualitative housing deficit of affecting LISP II households; and (ii) the lack of affordable housing. LISP II has incorporated lessons from LISP I to improve the outreach, allocation, execution and supervisory processes of the subsidy, and to establish new institutional arrangements.

**1.2 Objective and Goal**

The Program Objective is to support the Government of Suriname in its efforts to improve living conditions of low income households in Suriname.

The Program Goal is to facilitate access to adequate housing solution through mobilization of savings and/or leveraging of finance from financial institutions.

**1.3 Target Beneficiaries and Modalities**

The targets beneficiaries of the Program are LISP II households with own land or have the right to use land.



**Annex 3 (continued)**

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Low income households are defined as those with the following maximum net monthly income:

- When the Household has 1 to 2 members, the declared per capita income of the Applicant Household should be equal or less than SRD 852 (USD 262) per month.
- When the Household has equal or more than 3 members the declared per capita income of the Applicant Household should be equal or less than SRD 284 (USD 87) per month multiplied by the number of Household members).
- The maximum of household members to be considered in the count would be 7, with a maximum combined income of SRD 1,988 (USD 612).

Beneficiaries receive a Housing Incentive Subsidy of USD 3,000 to be used towards the cost of financing one of the following alternatives:

1. Construction of a new core house
2. Build an extension to an existing house
3. Undertake physical improvements to an existing house

While the beneficiaries in the Hinterland receive a Housing Incentive Subsidy of USD 8,000 to be used towards the cost of financing of the construction of a new core house.

**1.4 Program Components**

The Program comprises three components as stated in The Annex of the Loan Agreement. These are:

**Component 1: Consolidate of the Subsidy Model for Affordable Housing Solutions**

This component:

- a) Assist low income households that own land or have the right to land use to access or improve a housing solution by providing them an upfront subsidy of USD 3,000.  
It is a one-time, upfront subsidy that will be provided on a non-reimbursable basis. The value of the Housing Incentive Certificate will be the same for all types of projects (new core houses; extension; improvement; or combined projects involving both extension and improvement). This means that the smallest sized project that will be eligible for LISP II is a project that costs USD 3,000 plus the minimum household contribution;
- b) Extend geographic coverage of the subsidy to the Interior of the country with an upfront subsidy of USD 8,000 plus an in-kind contribution by the beneficiaries; and
- c) Strengthen the operation, training and equipment needs of the PIU and of NGO service providers.

**Component 2: Pilot Projects for Low Income Housing**

The pilot component is to explore options to provide residential land and a housing solution at prices affordable for low income households.

**Annex 3 (continued)**

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**Component 3: Institutional Strengthening of the PIU**

The aim of this component is to support the operational, managerial and environmental training and equipment needs of the PIU.

**1.5 The Foundation**

The implementing agency for Second Low Income Shelter Program is the LISP Foundation, a legally constituted and autonomous entity established with the following aims:

1. Promoting investments in residential areas at low and mid-income groups, particularly new development, renovation or expansion of buildings;
2. Promoting self-building activities;
3. Promoting the participation of Financial Institutions, the building and the construction sector, non-governmental organizations and the government, particularly the Ministry of Social Affairs and Public Housing in the rehabilitation and building of houses in areas at low and mid-income groups;
4. Promoting policy reforms so that land for building purposes, funding and living areas become available more efficiently;
5. Promoting policy reforms as regards the selling and renting out of houses as well as promoting policy reforms in the entire house-building sector;
6. Helping to promote the quality of life and/or the social climate within the respective neighborhoods;
7. The Foundation attempts to reach its goals by, among other things:
  - a) Cooperating with Non-Governmental Organizations, the construction sector, the financial sector and others;
  - b) Identifying possibilities to make house-building less expensive and easier and to make available this information to interested parties;
  - c) Providing training and information to NGO's and LISP Personnel;
  - d) Identifying and, where possible, creating policy reforms to make possible the house-building less expensive, easier and faster and to support the realization of said reforms;
  - e) Financially supporting housing solutions of low and mid-income households;
  - f) Using any other legal means conducive to the goals set.

**1.6 The Supervisory Board of LISP Foundation**

The LISP Board is the body responsible for the management of the LISP Foundation. In performing this task the Board shall aim at the interest of the Foundation and the activities the Foundation engages in. The Board evaluates periodically the state of affairs of the Foundation against the background of its instructions concerning the general lines and objectives of the financial, economic, and social and personnel policy.



**Annex 3 (continued)**

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The Board should consist of seven persons, with the following agencies being represented in the numbers indicated:

- a) Three representatives to be appointed on the recommendation of the Government of Suriname;
- b) One representative to be appointed on the recommendation of the participating financial institutions;
- c) Two representatives to be appointed in the recommendation of the non-governmental organizations involved in shelter activities;
- d) One representative who is acceptable to all aforementioned agencies.

To implement the LISP Program, the Government of Suriname, represented by its Ministry of Social Affairs and Public Housing, had established Low-Income Shelter Program to operate in the form of a Foundation. The LISP Foundation was the coordinating body for the execution of the LISP Program and has all the responsibilities for all aspects of the project execution.

The Foundation Low-Income Shelter Program was established on November 11, 2003, while some changes were made to the articles of association on June 13, 2003. Registration with the Ministry of Justice followed on July 23 under registration number 7949. The Board of Directors is the highest authority in the Foundation.

Supervisory Board

The supervisory Board consists of the following members:

Mr. J. Lecton	- Treasurer
Mr. C. Mertosentiko	- Member till November 2014
Mrs. M. Caprino	- Member
Mrs. U. H. Perri-Oliviera	- Member
Mr. A. Dore	- Member
Mrs. S. Bron	- Member
Mr. Ir. L.W. Boksteen	- Chairman
Mr. A. Vrede	- Member as of November 2014

As of November 2014 Mr. Mertosentiko was replaced by the Ministry of Social Affairs and Housing by Mr. A. Vrede.

**Annex 3 (continued)**

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Second Low Income Shelter Program  
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The PIU is the entity responsible for the day-to-day management and implementation of LISP II. The PIU senior officers include a Managing Director, a Housing Program Manager (former Technical Manager) and a Financial Manager. The LISP Board appointed these senior officers and enters into a written employment agreement with them. The Managing Director is accountable to the LISP board and the Housing Program Manager and Financial Manager is accountable to the Managing Director. In addition to the senior executive officers, the PIU includes a Financial Administrator, 2 Housing Program Supervisors, 4 Housing Program Officers, an Office Manager, Office Assistant and Facility Assistant.

*1.7.2 Responsibilities of the PIU*

The Responsibilities of the PIU include:

- a) Management of the day-to-day activities of the PIU;
- b) Financial Administration and semi-annual reporting on the revolving fund and the annual financial statement of LISP II resources;
- c) Preparation of semester progress reports;
- d) Prepare a Project Implementation Plan covering the entire implementation period of LISP;
- e) Prepare Annual Plans of Operations;
- f) Manage the procurement cycle (from procurement plan to final payment for goods or services);
- g) Make recommendations to the LISP Board regarding annual targets and the allocation of Housing Incentive Certificates between income groups;
- h) Manage the LISP II project cycle throughout its various stages;
- i) Promote the goals, objectives and procedures of the Program;
- j) Provide training to service providers (NGOs, Financial Institutions) in the procedures, regulations and rules described in this Operations Manual;
- k) Verify the social, technical, and financial eligibility of applications for Housing Incentive Subsidies (HIC);
- l) Approval of applications for subsidies that satisfy all eligibility criteria and rejection of applications that do not satisfy LISP II criteria;
- m) Monitoring the implementation of LISP housing projects and provide technical advice to beneficiary households and building contractors to ensure that LISP projects are completed on time and on cost;
- n) Monitor and provide technical assistance to the implementing entities of LISP Pilot Projects;
- o) Supervise extensions and improvement projects and approve disbursements for those projects;
- p) Prepare project completion reports;
- q) Ensure that LISP II is implemented according to the rules and guidelines contained in the Operations Manual;
- r) Maintain a Management Information System for managing the LISP project cycle;
- s) Present the Plan of Implementation, the Annual Plans of Operation and the Quarterly Progress Reports to the Board.

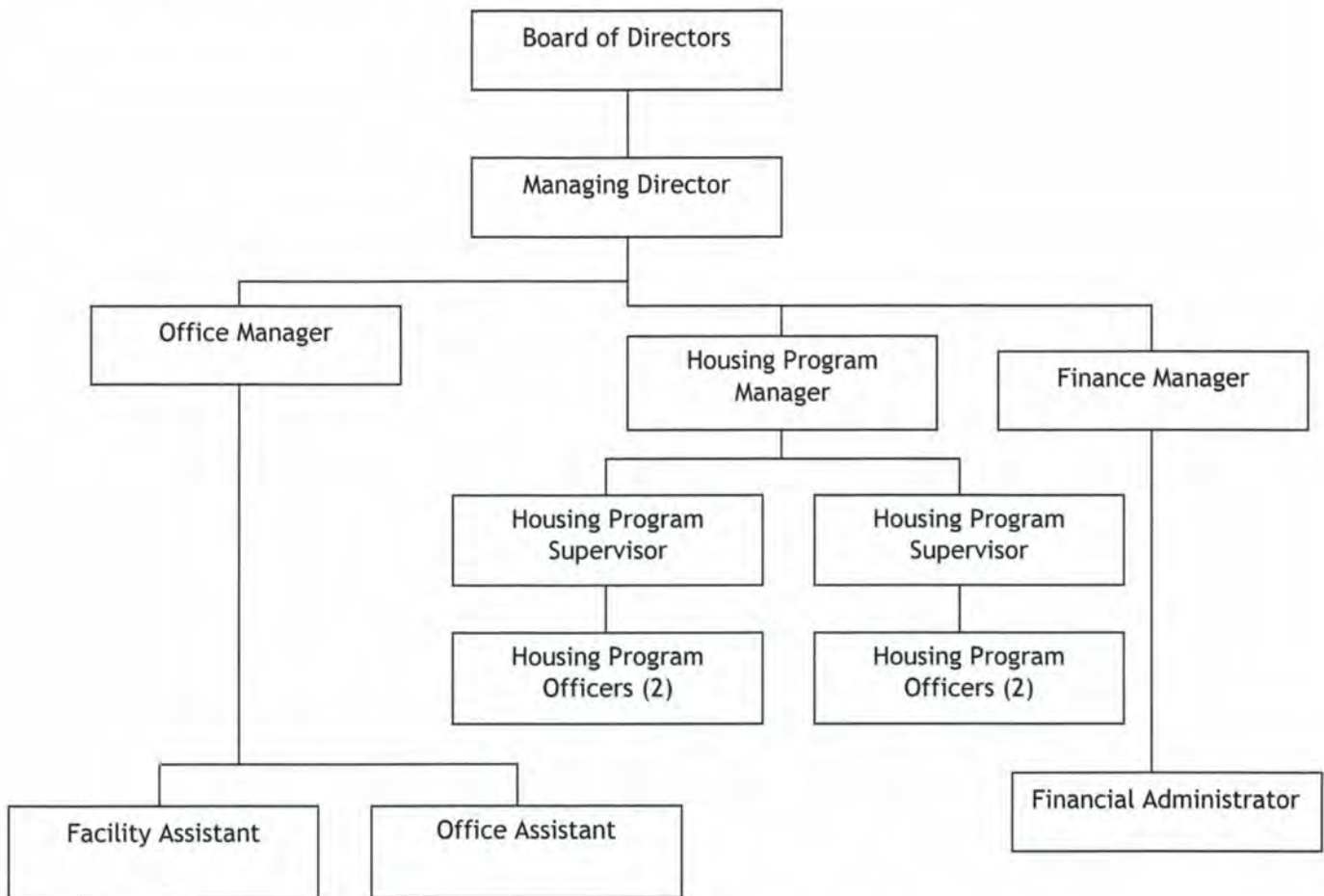


### Annex 3 (continued)

To report dated April 29, 2015

Second Low Income Shelter Program  
PARAMARIBO

#### 1.7.3 Organization structure of the PIU- LISP



#### 1.8 Program preparation and prior to first disbursement LISP II

The Government of Suriname signed the loan agreement no. 2259/OC-SU for the execution of the Low-Income Shelter Program II (LISP II) with the Inter-American Development Bank on March 26, 2010. Before the effective date of this agreement several expenditures have incurred in the preparation of the Program starting from August 31, 2009 and resources of the Foundation and the Low Middle Income Shelter Program were advanced to replace depleted IT infrastructure and consultancy services for advices on the design of the management information System of the Low Income Shelter Program II. The special conditions prior to first disbursement are subjected to several requirements; therefore the special conditions for the first disbursement were fulfilled after 8.5 months from the effective date of the Loan agreement. After March 26, 2010 and before the first disbursement date, December 15th 2010, several activities have been conducted to fulfill all prior conditions.

**Annex 3 (continued)**

To report dated April 29, 2015  
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**1.9 Program execution changes**

The following program parameters have been adjusted after the increase of the official buying exchange rate in January 2011 from SRD 2.71 to SRD 3.25 for one USD applied by the Central Bank of Suriname:

**1. Net Monthly household Income:**

- When the Household has 1 or 2 members, the declared per capita income of the Applicant Household should be equal or less than SRD 852 (USD 262) per month.
- When the Household has equal or more than 3 members the declared per capita income of the Applicant Household should be equal or less than SRD 284 (USD 87) per month multiplied by the number of Household members).
- The maximum of household members to be considered in the count would be 7, with a maximum combined income of SRD 1,988 (USD 612).

**2. New Core Housing solution.**

The maximum building cost for new core housing has been increased from USD 10,000 to USD 15,000.

The LISP II program is incorporated in the Nationwide Hanna's Lust Housing program ("Landelijke Woningbouw Programma Hanna's Lust") of the Government to realize more new core Houses than Home Improvements as initially planned and stipulated in the Loan agreement with the IDB and the Government of Suriname.

**1.10 Important Developments during the year 2014**

- a. **Hinterland.** To guarantee the success of the housing component in the Hinterland, it was required to develop a strategy and methodology for intervention. This strategy and methodology included a pilot phase in four villages that allowed the following : (i) testing building models that are culturally, technically and financially viable, (ii) confirming availability and need for builders and service providers, (iii) understanding what kind of materials are available and what can be considered the beneficiary's contribution and (iv) inferring lessons learned before scaling up.

Local teams of consultants (SFOB and Team Alfa) were hired by LISP PIU to oversee this implementation under the coordinated strategy and methodology. In addition four communities -pilot- were selected to build the prototypes: the Amerindian villages of Section in the district of Sipaliwini and Matta in the district of Para and the Maroon villages of Ricanau Mofo located in the district of Marowijne and Pikin Pada in the district of Brokopondo.



**Annex 3 (continued)**

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The IDB provided technical assistance monitoring and supervising the execution of the pilot in the name of Mrs. Irayda Ruiz, ensuring that it occurs within the applicable policies, standing agreements and safeguard guidelines framed LISP actions while using IDB's financing.

In addition to the four communities selected for the pilot phase seven additional communities were identified by the ministry of Social Affairs and Public Housing (SOZAVO) as priorities to be included in the so called scale up phase. These are Apoera (Amerindian), Washabo (Amerindian), Pikin Slee (Maroon), Kambalua (Maroon), Dritabiki (Maroon), Poeketi (Maroon) and Brownsweg (Maroon). The total villages to build houses are 11.

The consultancies SFOB and Team Alfa were hired again by LISP PIU for this scale-up phase, though it is a limited assignment compared to the pilot phase. SFOB would only be active in the villages of Diitabiki and Poeketi to conduct the socio economic study and report the findings. The rest of the socio-economic studies were to be conducted by the LISP PIU by hiring individual consultant(s) to deliver this service in order to speed up the processes.

As of December 2014, the LISP PIU has started the scale-up with the purchase of materials for the villages of Apoera, Section and Washabo and the 4 pilot houses have been delivered.

LISP PIU executed in 2014 another project in Cabenda Dorp with Local Counterpart Funds as part of the participatory process that LISP uses in the Hinterland of Suriname. Ten (10) houses were built with also a subsidy of USD 8,000 and an in-kind contribution of the beneficiaries.

- b. **IDB Supervisory Missions.** In total three IDB supervisory missions were conducted in the first semester of 2014, one in January, one in April and the third in June. The overall goal of these missions was to conduct supervision activities by the IDB consultant Mrs. Irayda Ruiz sometimes accompanied by the team leader Mrs. Caroline Piedrafita. One of the results of the third supervisory missions was the determination of the amount of the subsidy for the Hinterland at USD 8,000 and a building cost per m2 of about USD 250. In the second semester of 2014 also three IDB supervisory missions were conducted between July and December 2014. The IDB continued their technical assistance in monitoring and supervising of the execution of the scale-up.
- c. **Personnel Change.** As per April 2014, one of the Housing Program Supervisor resigned and fortunately as per April the position was filled again. As per January 2014 the open position for Housing Program Officer was filled.
- d. **Mid Term Evaluation.** The mid-term evaluation started in April 2014 by the consultant mr. A. Baasaron, but due to poor performance LISP has to cancelled his contract and hired another consultant in November 2014, mrs. B. Sabajo-Cederboom to finish the assignment.



**Annex 3 (continued)**

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PARAMARIBO**e. Limitation of the execution of component 2 (Pilot Component 2 (Richelieu))**

One of the requirements before executing component 2 was to obtain building land from the government. During several conducted meetings among the Working Group (WGHS), the ministry of Social Affairs and Housing (SoZaVo), the ministry of Spatial Planning (RGB), the LISP Board and LISP management, it was decided by the WGHS to appoint a piece of Richelieu Government project. This requirement was finally met in June 2014 in order to execute any intended pilot under component 2.

The hiring of the pilot manager was also a requirement to fulfill as well as the Pilot Evaluation Committee (PEC) to screen pilot options. At the last quarter of 2014 these requirements were not yet accomplish and since the option was stated in the Loan agreement ( article 2.10, The Annex) that if the funds of component 2 were not used it could be used for component 1, the LISP-PIU, LISP board and the Ministry of Social Affairs mutually decided to limit the execution of component 2 to the level of desk research.

- f. Program Extension.** From the start of the LISP-II program there was a six months delay in execution due to late signature of the loan contract (March 26<sup>th</sup>, 2010), which was launched on 15 September 2010, a definite release of the MIS in December 2010 to use with the implementation of the program, a period of about 4 months of non-communication between the LISP PIU, and the IDB during February 2011 and June 2011. These reasons were communicated with the IDB and by the end of 2014 a formal request was submitted by the Ministry of Social Affairs and Public Housing (SOZAVO) to the IDB for extension of the program with nine months.
- g. Budget Transfers.** As part of the extension of the LISP II, it is mutually decided to limit the whole Pilot component (Component 2) and use this money in totally for component 1 (coastal/rural area and the hinterland). Also because of the remaining time period and the huge demand for subsidy for improvement and extension in the coastal and rural area which causes depletion of funds in component 1 a significant amount was transferred. In 2014 a total of three budget transfers took place. The first in May 2014 for USD 1,715,000, the second in September 2014 for USD 630,000 and the third in December 2014 for USD 3,502,816.
- h. Upgrading of the Management Information System (MIS) for LISP II:** In January 2014 an agreement was signed with Ayala Consulting Co., the initial designer of this MIS, to upgrade the reporting module of the MIS. The updated MIS was delivered in July 2014. The LISP PIU is currently in the process of evaluating and testing the indicators module to be able to comment adequately on the delivered product.
- i. Reporting of program performance.** On September 10<sup>th</sup>, 2014 the General Manager for the Caribbean for the IDB, Mr. Graham Johnson, visited Suriname with regard to the annual portfolio of several IDB programs in execution, whereby the participation of the PIU was required. Earlier on September 1<sup>st</sup>, LISP PIU took part in a field visit conducted by the Board of the IDB. Annually, the PIU is requested to report program performances according to specific indicated parameters.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 BASIS of presentation**

The Statement of Cash Received and Disbursements Made has been prepared using the cash basis of accounting, recognizing revenue when cash is received and recognizing expenses when cash has been disbursed. This accounting policy is another comprehensive basis of accounting than generally accepted accounting principles, under which transactions should be recorded when they occur and not when they are paid.

**2.2 Currency**

The program's accounting records are maintained in US dollar. Amounts received or disbursed in SRD currencies are translated into USD at the official buying rate of exchange used by the Central Bank of Suriname in effect on the date of such receivable or disbursement. Any gain or loss resulting from a difference in the exchange rates when funds were received versus when they are converted into local currency is accounted for as an exchange rates difference, which is charged to or booked in favor of the local counterpart funds.

For the presentation of these statements all amounts stated in Suriname dollars have been translated into US dollars against the official buying rate of exchange used by the Central Bank of Suriname existing at December 31, 2014 (USD 1 = SRD3.25).

All figures in this report are stated in US dollars. Minor rounding differences in the disclosures may occur due to the presentation of amounts originally in USD dollar cents.

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**3. AVAILABLE CASH BALANCE**

A breakdown of available cash as at December 31, 2014 in the Program bank accounts and petty cash is as follows:

Bank	Account #	Currency	IDB in USD	Local in USD	Total in USD
<b>Total Cash at Bank in 2013</b>			<u>337,442</u>	<u>480,569</u>	<u>818,011</u>
Central Bank of Suriname	0313100/001-130-968	SRD	-	259,794	259,794
RBC Bank	19.710.946	SRD	-	256,760	256,760
Central Bank of Suriname	0313100/001-051-840	USD	137,500	-	137,500
DSB Bank	70.96.003	USD	515	-	515
SPSB Bank	312.082.540	SRD	11,384	-	11,384
GODO	52.39.10	SRD	443	-	443
Finatrust N.V.	12.17.652	SRD	15,055	-	15,055
Kredietcooperatie de Schakel	10.53.608	SRD	27,527	-	27,527
DSB Bank	70.95.945	SRD	<u>241,195</u>	<u>-</u>	<u>241,195</u>
<b>Total cash at Bank in 2014</b>			433,619	516,554	950,173
Petty cash local		SRD	-	931	931
Petty cash Local Fieldinspections		SRD	-	310	310
Petty Cash IDB Funds		SRD	<u>479</u>	<u>-</u>	<u>479</u>
<b>Total Cash in USD</b>			<u>434,098</u>	<u>517,795</u>	<u>951,893</u>

The cumulative available earned interest income amounts to USD 7,972, cumulative bank charges and exchange rate loss of respectively USD 3,183 and USD 26,722 were realized.

	Cumulative		Cumulative		Total
	2013	2014	2013	2014	
	IDB	IDB	Local	Local	
Bankinterest	1,111	785	4,453	1,623	7,972
Bankcharges	2,189	726	159	109	3,183
Exchange rate gain/loss	2,153	-2	-28,873	-	-26,722



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Exchange rate loss:

On April 23, 2010, the Government of Suriname deposited SRD 879,200. However, in January 2011 the official buying exchange rate was increased by the Central Bank of Suriname from 2.71 to 3.25, which devaluation resulted in an exchange loss. In 2014 the buying exchange rate was still 3.25.

**4. FUNDS OF LISPII APPLICANTS UNDER MANAGEMENT OF THE FINANCIAL INSTITUTIONS**

A Reconciliation and breakdown of funds (subsidy, own contribution and loans ) in the project accounts of LISPII applicants as at December 31, 2014 under management of the Financial Institutions is as follows:

	Cooperatie De Schakel	Godo	Finatrust N.V.	Suritrust N.V.	SPSB	WBG/ Pilot
Subsidy amount (Category of Investments statement):	255,000	2,355,000	2,043,000	3,378,000	132,000	15,000
Own Contribution	<u>35,457</u>	<u>323,952</u>	<u>243,770</u>	<u>401,141</u>	<u>547,325</u>	-
Total amount subsidy + Own Contribution	<u>290,457</u>	<u>2,678,952</u>	<u>2,286,770</u>	<u>3,779,141</u>	<u>679,325</u>	<u>15,000</u>
First payment to the applicants	273,003	2,552,772	2,177,660	3,596,321	678,392	15,000
Second and Third payment to the applicant:						
Pending for payment	<u>17,607</u>	<u>126,180</u>	<u>109,110</u>	<u>182,820</u>	<u>933</u>	-
Total amount (1)	<u>290,610</u>	<u>2,678,952</u>	<u>2,286,770</u>	<u>3,779,141</u>	<u>679,325</u>	<u>15,000</u>
Financial Institutions report (2):						
Applicant Subsidy and Own Contribution Disbursed /Paid	274,044	2,497,836	2,122,405	3,633,423	724,361	15,000
Special Account balance	<u>16,551</u>	<u>123,145</u>	<u>107,866</u>	<u>170,390</u>	<u>933</u>	-
Total amount (2)	<u>290,595</u>	<u>2,620,981</u>	<u>2,230,271</u>	<u>3,803,813</u>	<u>725,294</u>	<u>15,000</u>
Reconciliation (1-2)	<u>15</u>	<u>57,971</u>	<u>56,499</u>	<u>-24,672</u>	<u>-45,969</u>	-

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**RECONCILIATION FINANCIAL INSTITUTIONS RECORDS WITH PROGRAM RECORDS:**

Explanation of difference brought forward:	Cooperatie De Schakel	GODO	Finatrust N.V.	Suritrust N.V.	SPSB	Total in USD
Applicant Saving Account additional fund/interest Applicants have deposited own Contribution (less)/more than agreed	15	-81	-	-375	-	-441
Applicant Apapoe Frankie have redeposited subsidy amount	-	-3,000	-	-	-	-3,000
Program records: 44 completed projects showing zero balance and IFI record shows 3 more pending last payments of those projects, which was already completed. The IFI correct this in 2015	-	-	-	-	-45,969	-45,969
Pending payment as at December 31, 2014 (include 3 applications in the IFI report)	-	-	-	-10,203	-	-10,203
Pending payment as at December 31, 2014 (include 1 applications in the IFI report)	-	-	-3,153	-	-	-3,153
Pending payment as at December 31, 2014 (exclude 18 applications in the IFI report)	-	61,052	59,652	-	-	120,704
Deposits of own contribution by 43 applicants but approved in 2015	-	-	-	-14,094	-	-14,094
<b>Total</b>	<u>15</u>	<u>57,971</u>	<u>56,499</u>	<u>-24,672</u>	<u>-45,969</u>	<u>-43,844</u>



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As at December 31, 2014, the amount pending for justification of IDB fund amounts to USD 31,667 (note 12), which represents the request for Replenishment of the revolving fund number 62 process in 2015.

**6. REVOLVING FUND**

In accordance with loan contract No. 2259/OC-SU a revolving fund was established at an amount of USD 300,000 and deposited in December 2010 and thereafter increased to USD 436,761 as at December 31, 2012. In 2013, the Revolving Fund deducted with USD 56,761 makes the revolving fund USD 380,000.

This deduction of the revolving fund is processed by the IDB in two steps, namely a) justification of the revolving fund in the amount of USD 246,313 and b) revolving fund disbursement in the amount of USD 189,552 as disbursement request # 34 and disbursement request # 35 respectively (see letter of the IDB with reference number CCB/CSU/397/2013). In 2014 the revolving Fund decrease again with USD 1,500 makes it USD 378,500, due to ineligible payments.

**7. LOCAL COUNTERPART FUNDS**

The Government of Suriname committed to contribute a minimum sum of USD 314,000 and deposited the equivalent of SRD 879,200 on April 23, 2010. In January 2013 the Government of Suriname has made deposit an additional deposit of SRD 1,000,000 converted into USD at the rate of 3.25. In 2013 an amount of USD 288,340 has been deposited and in 2014 a total amount of USD 259,794. The total contribution of the Government of Suriname amounts to USD 1,169,826.

Sales tax, bank charges; Interest and exchange rate differences of this program are charged for a total amount of USD 7,972 to the local contribution.

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**8. PROCUREMENT OF GOODS AND SERVICES**

Several procurement activities performed and approved in 2014, of which the status per December 31, 2014 is provided below are:

Goods and ServicesNo objection IDB

Housing Program Officer	Yes
Mid Term Evaluator (1 <sup>st</sup> )	Yes
Housing Program Supervisor	Yes
SFOB	Yes
Team Alfa	Yes
Mid Term Evaluator (2 <sup>nd</sup> )	Yes

CBO Contract

Foundation Sisa Marronvrouwen Netwerk	Yes
Foundation Njun Foto Sisa	Yes



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**Contracts 2014:**

Contract	Description Services	Signature date	Original amount in USD	Prism number	Amount approved in USD	Time frame
Mr. D. Amattaeran	Housing Program Officer	Jan 2 <sup>nd</sup> , 2014	10,400	SUA 1406	10,400	Jan 1 <sup>st</sup> , 2014- Jan 1 <sup>st</sup> , 2015
Foundation Sisa Marronvrouwen Netwerk	Outreach and subsidy application services	March 31 <sup>st</sup> , 2014	4,308	pending	4,308	March 31 <sup>st</sup> , 2014- March 31 <sup>st</sup> , 2015
Foundation Njun Foto Sisa	Outreach and subsidy application services	March 31 <sup>st</sup> , 2014	4,308	pending	4,308	March 31 <sup>st</sup> , 2014- March 31 <sup>st</sup> , 2015
Mr. Andrew Baasaron	Mid Term Evaluation LISP-II	April 4 <sup>th</sup> , 2014	13,000	SUA 1425	13,000	April 15 <sup>th</sup> , 2014- May 15 <sup>th</sup> , 2014
Mrs. R. Franker	Housing Program Supervisor	April 2 <sup>nd</sup> , 2014	16,500	SUA 1448	16,500	April 1 <sup>st</sup> , 2014- April 1 <sup>st</sup> , 2015
Stichting Fonds Ontwikkeling Binnenland (SFOB)	Socio-Economic Study Scale-Up Phase Hinterland	November 10 <sup>th</sup> , 2014	7,846.15	pending	7,846.15	November 10 <sup>th</sup> , 2014- December 10 <sup>th</sup> , 2014
Team Alfa	Scale-Up Housing Hinterland	November 5 <sup>th</sup> , 2014	51,800	pending	51,800	November 5 <sup>th</sup> , 2014- June 15 <sup>th</sup> , 2015
Mrs. B. Sabajo-Cederboom	Mid Term Evaluation LISP-II	November 6 <sup>th</sup> , 2014	9,500	SUA 1493	9,500	November 6 <sup>th</sup> , 2014- December 15 <sup>th</sup> , 2014

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### Committed amount LISPII Fund

As at December 31, 2014, the PIU has committed USD 292,368 of LISP II budget.

#### 1. Consolidation of the subsidy Model

		Cumulative	Year	Cumulative	Year	Total
		2013	2014	2013	2014	
		IDB	IDB	Local	Local	
1.1.1 & 1.2.1	New Core House	189,000	148,676	-	-	337,676
1.1.2	Home Improvement and extension	<u>4,941,000</u>	<u>2,967,146</u>	<u>-</u>	<u>-</u>	<u>7,908,146</u>
		<u>5,130,000</u>	<u>3,115,822</u>	<u>-</u>	<u>-</u>	<u>8,245,822</u>

The PIU granted 1,022 applicants with subsidies in 2014 for the following solutions:

Home Renovations : 956 (2013: 740)

Home Expansion : 33 (2013: 21)

New Homes : 33 (2013: 39)

Completed projects as at December 31, 2014: 1,205

The subsidy for each solution is fixed at USD 3,000, equivalent to SRD 9,750, while that of New Homes Hinterland is USD 8,000, equivalent to SRD 26,000.

Hinterland Subsidy is provided by LISP PIU by purchasing the building materials, paying to transport these materials to the different villages and paid the labor costs so that the new homes can be build. Beneficiaries also give their in-kind contribution which was agreed before hand.

#### 1.3 Institutional strengthening of program partners

		Cumulative	Year	Cumulative	Year	Total
		2013	2014	2013	2014	
		IDB	IDB	Local	Local	
1.3.1	Training to NGO's	9,450	-	60	-	9,510
1.3.2	NGO's and IFI's Services	<u>187,592</u>	<u>134,788</u>	<u>57,926</u>	<u>35,580</u>	<u>415,886</u>
		<u>197,042</u>	<u>134,788</u>	<u>57,986</u>	<u>35,580</u>	<u>425,396</u>

NGO and IFI's services relate to fees paid to the Non-Governmental Organizations. The Financial Institutions are paid for their services out of the local budget. The fee paid to the NGO's for one approved application is USD 110.77 for region 3, 4 and 5 exclusive of the districts Saramacca and Marowijne. The latter are awarded with an extra fee of USD 83.27 for each approved application.



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Notes to the 1.3.2 NGO Services:

NGO's	2014		2013		2012		2011		2010		2009		Total
	IDB	Local	IDB	Local	IDB	Local	IDB	Local	IDB	Local	IDB	Local	
Women Business Group	28,578	-	27,028	-	15,618	-	-	-	1,833	-	-	-	73,057
Women Business Group Pilot Interior	-	-	-	-	5,339	1,538	-	-	-	-	-	-	6,877
Marsidi	23,262	-	7,643	-	-	-	-	-	-	-	-	-	30,905
Stichting Habitat									1,873				1,873
Stichting Lust & Rust	12,074	1,749	14,511	3,747	10,756	5,996	1,098	-	2,790	-	-	-	52,721
Sari	12,628	415	11,631	1,166	31,821	5,329	21,913	-	3,188	-	-	-	88,091
NVB	16,505	-	19,495	-	7,311	-	1,872	-	1,873	-	-	-	47,056
Randstad 'Bouw en Constructie'	997	-	-	-	-	-	-	-	-	-	-	-	997
Stichting Cedrewana Krioro	3,877	-	-	-	-	-	-	-	-	-	-	-	3,877
Stichting Henaturant	111	-	-	-	-	-	-	-	-	-	-	-	111
Stichting Jongeren van Flora en Omgeving	1,292	-	-	-	-	-	-	-	-	-	-	-	1,292
Stichting Luku Dosu	8,357	-	-	-	-	-	-	-	-	-	-	-	8,357
Stichting Vonzell	1,206	-	-	-	-	-	-	-	-	-	-	-	1,206
Stichting Evangelisatie Gemeente Handelingen	172	-	-	-	-	-	-	-	-	-	-	-	172
Stichting Leiding 14	2,326	-	-	-	-	-	-	-	-	-	-	-	2,326
								-		-	-	-	
IFI		33,415	-	40,150	-	-	-	-	-	-	-	-	73,565
<b>SUPERVISION COST</b>	23,403	-	-	-	-	-	-	-	-	-	-	-	23,403
<b>Total payment</b>	134,788	35,579	80,308	45,063	70,845	12,863	24,883	-	11,557	-	-	-	415,886

### Annex 3 (continued)

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### 3.0 Strengthening of LISP Foundation and Program Management

	<u>Cumulative</u>	<u>Year</u>	<u>Cumulative</u>	<u>Year</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
	IDB	IDB	Local	Local	
3.1 Staff	818,485	266,123	139,083	34,746	1,258,437
3.2 Equipment	69,628	-	12,844	23,719	106,191
3.3 Training to the PEU	14,682	-	428	-	15,110
3.4 Program Administration	168,591	19,401	167,045	120,283	475,320
3.5 Program promotion and Outreach	<u>17,252</u>	<u>1,614</u>	<u>17,033</u>	<u>14,012</u>	<u>49,911</u>
	<u>1,088,638</u>	<u>287,138</u>	<u>336,433</u>	<u>192,760</u>	<u>1,904,969</u>
5.0 · Evaluation and Auditing	<u>29,648</u>	<u>11,980</u>	<u>1,901</u>	<u>854</u>	<u>44,383</u>



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11. RECONCILIATION BETWEEN THE STATEMENT OF CASH RECEIVED AND DISBURSEMENTS  
MADE AND THE STATEMENT OF CUMULATIVE INVESTMENTS

	IDB	GOS	Total
Total cash received according to Statement of Cash			
Received and Disbursements Made as of December 31, 2014	10,339,803	1,177,798	11,517,601
Less: Cash at Bank available as at December 31, 2014	<u>433,619</u>	<u>516,554</u>	<u>950,173</u>
Cash used	9,906,184	661,244	10,567,428
Petty cash balances	<u>479</u>	<u>1,241</u>	<u>1,720</u>
	9,905,705	660,003	10,565,708
Total investment according to Statement of Investment	<u>10,000,556</u>	<u>625,514</u>	<u>10,626,070</u>
Reconciliation difference	<u>-94,851</u>	<u>34,489</u>	<u>-60,362</u>

The Reconciliation difference consists of the following items:

Payment in transfers	-92,077	-	-92,077
Funds already used and pending for justification # 45	250	-	250
Funds already used and pending for justification; NGO Sari	228	-	228
Pending Transfer for settlement Leets Unice; Schakel	146	-	146
Pending Transfer Medical Insurance	-172	-	-172
LISP I bank balance transfer to LISPII	-816	-2,299	-3,115
Bankinterest	-623	623	-
Bankcharges	1,986	-473	1,513
Exchange rate differences	-2,213	28,936	26,723
Receivable employees medical insurance and wage tax	-	4,598	4,598
Liability Wage Tax Authorities	-	273	273
Liability Medical Insurance	-	177	177
Unexplained	<u>-1,560</u>	<u>2,654</u>	<u>1,094</u>
	<u>-94,851</u>	<u>34,489</u>	<u>-60,362</u>

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**12. RECONCILIATION BY CATEGORY OF INVESTMENT OF THE PROGRAM RECORDS WITH IDB RECORDS**

Category	IDB records disbursed LMS1	Revolving fund pending Justification	Program Records	Difference	
<b>1.0 Consolidation of the subsidy Model</b>					
<b>1.1 Subsidies to Coastal and Urban Areas</b>					
1.1.1 New Core House	273,000	-	270,000	3,000	1
1.1.2 House Improvement and Extension	7,914,000	-	7,908,146	5,854	2
<b>1.2 Subsidies to the Interior</b>					
1.2.1 New Core House					
SUBS. INTERIOR NEW CORE	45,059	7,320	67,676	-15,298	3
<b>1.3 Institutional Strengthening of Program Partner</b>	329,830	1,772	331,830	-228	4
<b>2.0 Pilot Development</b>					
<b>2.1 Pilot design and related Investment</b>					
2.2 Execution/Monitoring	22,209	-	5,500	16,709	5
<b>3.0 Strengthening of LISP Foundation and Program Management</b>					
3.1 Staff	1,052,091	21,375	1,084,608	-11,142	6
3.2 Equipment	69,628	-	69,628	-	
3.3 Training to the PEU	6,758	-	14,682	-7,924	7
3.4 Program Administration	186,734	1,200	187,992	-57	
3.5 Program promotion and Outreach	18,866		18,866	-	
<b>5.0 Evaluation and Auditing</b>	41,627	-	41,628	-	
	9,959,803	31,667	10,000,556	-9,086	
Revolving Fund	378,500	-	378,500		
	<u>10,338,303</u>	<u>31,667</u>	<u>10,379,056</u>	<u>-9,086</u>	



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**Explanatory Notes of the differences in Reconciliation of investments IDB**

1. The subsidy for the applicant Mr. Macintosh was disbursed for USD 3.000, however the subsidy was not paid because of inappropriate requirements.
2. Subsidy for the applicant Mr. Lejoenakame Charla U (NB 442) & Apapoe Franke Arfie were disbursed for total USD 6,000, however these subsidies were later redeposit, because of inappropriate requirements.  
Also USD 146 was paid too much by De Schakel, this is already corrected in 2015.
3. Building Material paid out other program instead, this already corrected in 2015.
4. Funds already used and pending for justification; NGO Sari.
5. USD 22,209 was in the beginning of 2014 disbursed under 2.1. During a conversation with the senior operations specialist of the IDB these funds needs to disbursed under 1.3 instead of 2.1. His explanation was that we did not fulfill the prior conditions yet to spend money out of component 2 the correction of USD 16,709 made immediately by the PIU. USD 5,500 are expenses of 2013, so this is not corrected. IDB still needs to make the correction in their LMS report.
- 6/7 Compared to the IDB records LISP recorded the expenses of Nimos (USD 7,875 in 2013) as costs of staff instead of Training to the PIU.  
This regards disbursement number 44 (see financial statement 2013).  
Further USD 975 is pending transfer of funds from IDB to GOS account (already disbursed USD 975 salary July E. Dahan).  
Too much disbursed USD 172.31 regarding bonus M.P. Isselt 2013.  
USD 1,500 salary deposit from LISP IDB funds Suriname to IDB funds Washington is recorded as advance of funds (see LMS 10).

**Annex 4**

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**12.1 SUPPLEMENTARY FINANCIAL INFORMATION**
**12.1.1 Total Budget versus cumulative investments**

A comparison between the total budget and cumulative investments as per December 31, 2014 reads as follows:

Code	Investment Category	Budget in Force			Cumulative investments			Available funds as of December 31, 2014			in % IDB Realization
		IDB	GOS	TOTAL	IDB	GOS	TOTAL	IDB	GOS	TOTAL	
<b>1</b>	<b>Consolidation of the subsidy Model</b>										
<b>1.1</b>	<b>Subsidies to Coastal and Urban areas:</b>										
1.1.1	New Core House	459,000	-	459,000	270,000	-	270,000	189,000	-	189,000	58.8
1.1.2	House Improvement and extension	10,740,854	-	10,740,854	7,908,146	-	7,908,146	2,832,708	-	2,832,708	73.6
<b>1.2</b>	<b>Subsidies to the Interior:</b>										
1.2.1	New Core House	895,000	-	895,000	67,675	-	67,675	827,325	-	827,325	7.6
1.3.2	Institutional Strengthening of Program Partners	587,467	183,679	771,146	331,830	93,566	425,396	255,637	90,113	345,750	56.5
<b>2</b>	<b>Pilot Development</b>										
2.1	Pilot Design and related investment										
2.2	Execution/Monitoring	400,000	-	400,000	5,500	-	5,500	394,500	-	394,500	1.4
<b>3.0</b>	<b>Strengthening of LISP Foundation and Program Management</b>										
3.1	Staff	1,472,146	541,698	2,013,844	1,084,608	173,829	1,258,437	387,538	367,869	755,407	73.7
3.2	Equipment	71,112	78,793	149,905	69,628	36,563	106,191	1,484	42,230	43,714	97.9
3.3	Traning	23,000	4,500	27,500	14,682	428	15,110	8,318	4,072	12,390	63.8
3.4	Program Administration	226,421	302,881	529,302	187,992	287,328	475,320	38,429	15,553	53,982	83.0
3.5	Program promotion and Outreach	25,000	53,775	78,775	18,866	31,045	49,911	6,134	22,730	28,864	75.5
<b>4.0</b>	<b>Contingencies</b>										
<b>5.0</b>	<b>Evaluation and Auditing</b>	100,000	4,500	104,500	41,628	2,755	44,383	58,372	1,745	60,117	41.6
	<b>Total</b>	15,000,000	1,169,826	16,169,826	10,000,555	625,514	10,626,069	4,999,445	544,312	5,543,757	66.7



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**12.1.2 Total annual budget versus annual investments-First Semester**

Code	Investment Category	Year 2014-Annual Operating Plan First Semester			Investment Jan 2014-June 2014 (actuals) (2)			Difference First semester AOP 2014- Realization 2014 (1-2)			in %	notes
		IDB	GOS & Add GOS	TOTAL	IDB	GOS & Add GOS	TOTAL	IDB	GOS & Add GOS	TOTAL		
	Home Rehabilitation	596	-	596	557	-	557	39	-			
	New Homes	119	-	119	26	-	26	93	-	39	-	
1	Consolidation of the subsidy Model									93	-	
1.1	Subsidies to Coastal and Urban areas:											
1.1.1	New Core House	63,000	-	63,000	69,000	-	69,000	-6,000	-	-6,000	-10	1
1.1.2	House Improvement and extension	1,788,000	-	1,788,000	1,671,000	-	1,671,000	117,000	-	117,000	7	2
1.2	Subsidies to the Interior:											
1.2.1	New Core House	294,000	-	294,000	9,834	-	9,834	284,166	-	284,166	97	3
1.3	Institutional Strengthening of Program Partners	69,036	91,840	160,876	67,005	15,677	82,681	2,031	76,163	78,194	49	4
2	Pilot Development											
2.1	Pilot Design and related investment	89,400	-	89,400	-	-	-	89,400	-	89,400	100	
2.2	Execution/Monitoring	46,192	-	46,192	-	-	-	46,192	-	46,192	100	5
3.0	Strengthening of LISP Foundation and Program Management											
3.1	Staff	177,350	270,849	448,199	140,348	16,942	157,290	37,002	253,907	290,909	65	6
3.2	Equipment		39,397	39,397	-	21,572	21,572	-	17,825	17,825	45	7
3.3	Traning		4,500	4,500	-	-	-	-	4,500	4,500	100	8
3.4	Program Administration	24,600	15,141	39,741	12,200	72,252	84,452	12,400	-57,111	-44,711	-113	9
3.5	Program Promotion and Outreach	5,500	26,888	32,388	-	10,161	10,161	5,500	16,727	22,227	69	10
4.0	Contingencies											
5.0	Evaluation and Auditing	26,316	4,500	30,816	10,680	854	11,534	15,636	3,646	19,282	63	11
	<b>Total</b>	2,583,393	453,115	3,036,509	1,980,067	137,458	2,117,525	603,327	315,657	918,984	30	

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The following explanation of the first semester of 2014 goes together with the previous tables for the components which need to be explained.

From the forecasted investments 30% was not realized.

**Explanatory note 1:***1.0 Consolidation of the Subsidy model: New Core House*

For the first semester of 2014 the PIU projected to accommodate 21 households with subsidies for New Homes solutions, but 2 more New Homes households has been realized.

**Explanatory note 2:***1.0 Consolidation of the Subsidy model: House Improvement and Extension:*

For the first semester of 2014 the PIU projected to accommodate 596 households with subsidies for Improvement and Extension solutions. From this component the PIU granted 557 applicants with subsidies. The difference of 39 solutions will be performed in the next semester.

**Explanatory note 3:***1.0 Consolidation of the Subsidy model: New Core House Interior:*

In the first semester of 2014 it was more or less the preparation of the building of the 5 pilot new homes in the Hinterland and the discussion of the strategy for implementation of the participatory approach for the Hinterland in close cooperation with SFOB, Team Alfa, IDB, the Ministry of Social Affairs & Housing and the PIU.

**Explanatory note 4:***1.3 Institutional Strengthening of Program Partners:*

The NGO's payments depend on approved applications for subsidy.

**Explanatory note 5:***2.0 Pilot Development:*

This activity namely to hire an individual consultant to design the Pilot was not started up yet. Prior conditions, such as installation of a PEC, appoint a piece of government land to LISP etc. was not yet met in this semester. The IDB made the decision that all the payments that were made from this component must be done from component 1.3 instead of 2.



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**Explanatory note 6:***3.0 Strengthening of LISP Foundation and Program Management:*

Pending ANTS payment for Maintenance and Back-up services reference to Nov 2011, 2012 and first semester 2013.

**Explanatory note 7 and 8:***3.0 Strengthening of LISP Foundation and Program Management: Equipment and Training*

Not all items of the listed equipment are procured.  
Training MIS, NGOs/CBOs conducted in-house.

**Explanatory note 9:***3.0 Strengthening of LISP Foundation and Program Management:*

Program administration cost relates to office expenses, utilities, telephone costs

**Explanatory note 10:***3.0 Strengthening of LISP Foundation and Program Management: Promotion:*

The under realization of 69% relates to the execution of the communication plan. Next semester by employment of the HPOS officer the implementation of the Communication plan will be scrutinized (new outreach ideas).

**Explanatory note 11:***5.0 Evaluation and Auditing:*

Payments to BDO and sales tax BDO. Payments to the midterm evaluation was done in the second semester of 2014.

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**12.1.3 Total annual budget versus annual investments-Second Semester**

Code	Investment Category	Year 2014-Annual Operating Plan Second Semester (1)			Investment July 2014- December 2014 (actuals) (2)			Difference Second Semester AOP 2014- Realization 2014 (1-2)			in %	notes
		IDB	GOS & Add GOS	TOTAL	IDB	GOS & Add GOS	TOTAL	IDB	GOS & Add GOS	TOTAL		
	<b>Home Rehabilitation</b>	344	-	344	432	-	432	-88	-	-88		
	<b>New Homes</b>	128.6	-	128.6	23	-	23	105	-	105		
<b>1</b>	<b>Consolidation of the subsidy Model</b>											
<b>1.1</b>	<b>Subsidies to Coastal and Urban areas:</b>											
<b>1.1.1</b>	<b>New Core House</b>	60,000	-	60,000	27,000	-	27,000	33,000	-	33,000	55	1
<b>1.1.2</b>	<b>House Improvement and extension</b>	1,032,000	-	1,032,000	1,296,146	-	1,296,146	-264,146	-	-264,146	-26	2
<b>1.2</b>	<b>Subsidies to the Interior:</b>											
<b>1.2.1</b>	<b>New Core House</b>	423,000	-	423,000	42,842	-	42,842	282,958	-	282,958	87	3
<b>1.3</b>	<b>Institutional Strengthening of Program Partners</b>	46,222	91,840	138,062	67,783	19,903	87,686	-21,061	71,936	50,875	37	4
<b>2</b>	<b>Pilot Development</b>											
<b>2.1</b>	<b>Pilot Design and related investment</b>	20,115	-	20,115	-	-	-	20,115	-	20,115	100	5
<b>2.2</b>	<b>Execution/Monitoring</b>											5
<b>3.0</b>	<b>Strengthening of LISP Foundation and Program Management</b>											
<b>3.1</b>	<b>Staff</b>	158,725	270,849	429,574	125,775	17,804	143,579	32,950	253,046	285,996	67	6
<b>3.2</b>	<b>Equipment</b>	-	36,397	36,397	-	2,147	2,147	-	34,250	34,250	94	7
<b>3.3</b>	<b>Traning</b>											
<b>3.4</b>	<b>Program Administration</b>	7,200	15,411	22,611	7,201	48,032	55,233	-1	-32,892	-32,893	-147	8
<b>3.5</b>	<b>Program Promotion and Outreach</b>	-	26,888	26,888	1,614	3,851	5,465	-1,614	23,036	21,422	80	9
<b>4.0</b>	<b>Contingencies</b>											
<b>5.0</b>	<b>Evaluation and Auditing</b>				1,300	-	1,300	-1,300	-	-1,300		10
	<b>Total</b>	1,747,262	441,385	2,188,647	1,569,661	91,737	1,661,398	80,901	349,378	430,279	21	



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The following explanation of the second semesters 2014 goes together with the previous tables for the components which need to be explained.

From the forecasted investments 21% was not realized.

**Explanatory note 1:***1.0 Consolidation of the Subsidy model: New Core House:*

For the second semester of 2014 the PIU projected to accommodate 20 households with subsidies for New Homes solutions. Only 9 were realized.

**Explanatory note 2:***1.0 Consolidation of the Subsidy model: House Improvement and Extension:*

For the second semester of 2014 the PIU projected to accommodate 344 households with subsidies for Improvement and Extension solutions. From this component the PIU granted 432 applicants with subsidies.

**Explanatory note 3 and 5:***1.0 Consolidation of the Subsidy model: New Core House Interior:*

For the second semester of 2014 the PIU projected to accommodate 5 households with subsidies for New Homes solutions in the Interior. In a pilot 5 core houses were built and delivered in November 2012. After this pilot the hinterland activities were put on hold. It took the PIU and the IDB a while to agree on the approach of the hinterland intervention. Finally, in Oct 2013 the PIU was granted no objection to implement the strategy based on the participatory policy. This process is being implemented through the cooperation with SFOB and the consultant TEAM ALFA. By the end of November 2014 the 5 pilot houses were almost completed.

**Explanatory note 4:***1.3 Institutional Strengthening of Program Partners:*

The NGO's payments depend on approved applications for subsidy. By next semester scheduled payments will be settled.

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**Explanatory note 5:****2.0 Pilot Development:**

This activity namely to hire an individual consultant to design the Pilot was not started up yet. Negotiations in this regard with the government (WGHH) and land developers were in progress. By the end of the third Quarter the decision is finally made to cancel this project.

**Explanatory note 6:****3.0 Strengthening of LISP Foundation and Program Management:**

ANTS payment for Maintenance and Back-up services and for NIMOS were realized.

**Explanatory note 7:****3.0 Strengthening of LISP Foundation and Program Management: Equipment and Training**

Not all items of the listed equipment were procured.

**Explanatory note 8:****3.0 Strengthening of LISP Foundation and Program Management**

Program administration cost relates to office expenses, utilities, telephone costs.

Payment to Ayala for MIS services were realized

**Explanatory note 9:****3.0 Strengthening of LISP Foundation and Program Management: Promotion:**

Under realization of 80%. This activity is an ongoing activity, thus will be continued realized next year.

**Explanatory note 10:****5.0 Evaluation and Auditing:**

Payment of Mid Term Evaluation Consultant was foreseen in the first semester of 2014.



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**12.1.3 Disbursement List**

IDB Fund:

Type of transaction requested	Disb. #	Requested in USD	Type of transaction processed	Disb. #	Disbursed in USD	Variances
Replenishment of the Revolving Fund	44	144,460	Replenishment of the Revolving Fund	44	144,460	
Replenishment of the Revolving Fund	45	285,991	Replenishment of the Revolving Fund	45	285,741	250
Replenishment of the Revolving Fund	46	261,403	Replenishment of the Revolving Fund	46	261,403	-
Replenishment of the Revolving Fund	47	378,617	Replenishment of the Revolving Fund	47	378,444	172
Replenishment of the Revolving Fund	48	200,249	Replenishment of the Revolving Fund	48	200,249	-
Replenishment of the Revolving Fund	49	192,075	Replenishment of the Revolving Fund	49	192,075	-
Replenishment of the Revolving Fund	50	229,465	Replenishment of the Revolving Fund	50	229,465	-
Replenishment of the Revolving Fund	51	139,755	Replenishment of the Revolving Fund	51	139,755	-
Replenishment of the Revolving Fund	52	254,217	Replenishment of the Revolving Fund	52	254,217	-
Replenishment of the Revolving Fund	53	46,527	Replenishment of the Revolving Fund	53	46,527	-
Replenishment of the Revolving Fund	54	237,000	Replenishment of the Revolving Fund	54	237,000	-
Replenishment of the Revolving Fund	55	140,515	Replenishment of the Revolving Fund	55	140,515	-
Replenishment of the Revolving Fund	56	325,061	Replenishment of the Revolving Fund	56	325,061	-
Replenishment of the Revolving Fund	57	378,000	Replenishment of the Revolving Fund	57	378,000	-
Replenishment of the Revolving Fund	58	42,827	Replenishment of the Revolving Fund	58	42,827	-
Replenishment of the Revolving Fund	59	241,977	Replenishment of the Revolving Fund	59	241,977	-
Replenishment of the Revolving Fund	60	29,825	Replenishment of the Revolving Fund	60	29,825	-
Replenishment of the Revolving Fund	61	123,000	Replenishment of the Revolving Fund	61	123,000	-
		<b>3,650,963</b>			<b>3,650,541</b>	<b>422</b>

**Explanation Variance:**

- USD 250 was deducted from disbursement request # 45 because the request is larger than the Revolving Fund.
- USD 172.31 ineligible expenses.

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**12.1.4 Information on Budget transfers**

In 2014 a total of three budget transfers took place. The first in May 2014 for USD 1,715,000, the second in September 2014 for USD 630,000 and the third in December 2014 for USD 3,502,816.

**12.1.5 Reconciliation of the Revolving Fund:**

	USD
Balance in Bank Accounts (page 15)	433,619
Funds already used and pending for justification (page 18)	<u>31,667</u>
Total of Revolving Fund pending for justification	465,286
Balance of the Revolving Fund as per LMSI	<u>378,500</u>
Difference	<u>-86,786</u>

The difference of USD 86,786 is reconciled:

Payments in transfer	-92,077
Funds already used and pending for justification # 45	250
Funds already used and pending for justification; NGO Sari	228
Pending Transfer for settlement Leets Unice; Schakel	146
Pending Transfer Medical Insurance	-172
LISP I bank balance transfer to LISP II	-816
Bankinterest	-623
Petty Cash IDB Fund	-479
Bankcharges	1,986
Exchange Rate Differences	-2,213
Difference in Investment between the Program Records and the IDB Records (p. 24)	9,086
Unexplained	<u>-2,102</u>
	<u>-86,786</u>



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**12.1.6 Acquired Assets**

Assets acquired on behalf of the execution of LISP II are as follows:

	<i>Cumulative acquisition 2013</i>	<i>Acquisition 2014</i>	<i>Total fixed assets</i>
Total Fixed Assets			
3.2.102 Computer/Laptops	17,776	17,670	35,446
3.2.102 IT Software/MIS	14,394	1,941	16,335
3.2.103 Servers/Network/Backup	7,269	323	7,592
3.2.104 Printers/Scanners/Copymachine	8,296	-	8,296
3.2.105 Telephones/Fax	2,773	-	2,773
3.2.201 Vehicle Pick-Up Inventory	27,600	-	27,600
3.2.3 Office Equipment (Furniture)	3,108	2,743	5,851
3.2.5 Other Equipment	<u>1,255</u>	<u>1,041</u>	<u>2,296</u>
Total Fixed Assets	<u>82,471</u>	<u>23,718</u>	<u>106,189</u>

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Pending for justification as stated in note 12 is replenished at the amount of USD 31,667 under replenishment of the Revolving Fund request number 62.



## Annex 5

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## 14. COMPLIANCE WITH CLAUSES OF THE LOAN CONTRACT 2259/OC-SU

No. of clause	Title of clause	
<i>Loan Contract Special Conditions Chapter I</i>		
Section 1.01	Cost of the program	N/A
Section 1.02	Amount of the financing	N/A
Section 1.04	Additional resources	N/A
<i>Loan Contract Special Conditions Chapter II</i>		
Section 2.01	Amortization	N/A
Section 2.02 (b)	Interest	N/A
Section 2.03	Resources for general inspection and supervision	N/A
Section 2.04	Credit fee	N/A
<i>Loan Contract Special Conditions Chapter III</i>		
Section 3.02	Special conditions prior to first disbursement	
	a. Hiring of the Managing Director, Technical Manager and Finance Manager	X
	b. Operating Regulations	X
Section 3.03	Special conditions prior to first disbursement for the activities referred to in subcomponents 1 and 11 of component 1 of the program	
	a. Hiring of the following staff of the PIU: Management Information System Manager, Environmental and Social Specialist, Field supervisors and Field Officers	X
	b. Readiness of the Management Information System	X
	c. Signing of the Contract with NGO's and IFI's	X
Section 3.04	Special conditions prior to first disbursement for the activities referred to in subcomponents III of component 1 of the program	X

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No. of clause	Title of clause	
Section 3.05	Special conditions prior to first disbursement for the activities referred to in components II of the program	X
	a. Hiring of the Pilot Manager	N/A
	b. Existence of Pilot Evaluation Committee	N/A
Section 3.06	Reimbursement of expenditures chargeable to the financing	X
Section 3.07	Disbursement period	N/A
Section 3.08	Revolving fund	X
<i>Loan Contract Special Conditions Chapter IV</i>		
Section 4.01	Procurement of Goods and Works	X
Section 4.02	Maintenance of Works	N/A
Section 4.03	Reimbursement of expense as of date Loan approval	X
Section 4.04	Selection and Contracting of Consulting Services	X
Section 4.05	Operating Regulations	X
<i>Loan Contract Special Conditions Chapter V</i>		
Section 5.01	Records, inspections and reports	X
Section 5.02	Audits	X
<i>Loan Contract General Conditions Chapter III</i>		
Art. 3.01	Dates of amortization	N/A
Art. 3.02	Credit fee	N/A



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No. of clause	Title of clause	
<i>Loan Contract General Conditions Chapter IV</i>		
Art. 4.01 a, b, c d, e, f	Conditions precedent to the first disbursement	
	a. Well founded legal opinion	X
	b. Designated officials and signatories	X
	c. Sufficient resources to cover expenditures first calendar year	X
	d. Initial report	X
	e. Chart of Accounts	X
	F Auditor	X

**Legend used:**

X	In compliance
NYA	Not yet applicable
NA	Not applicable
NIA	Not in compliance