



N.V. ENERGIEBEDRIJVEN SURINAME

**"SUPPORT FOR THE IMPLEMENTATION OF THE EBS IN
PLAN" -IDB Loan Contract No. 3403/OC-SU
Project no. SU-L1039**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



N.V. Energiebedrijven Suriname - Project Executing Agency
“Support for the implementation of the EBS Investment Plan”

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N.V. Energiebedrijven Suriname - Project Executing Agency
"Support for the implementation of the EBS Investment Plan"

INDEPENDENT AUDITOR'S REPORT

To: The Program Management of
"Support for the implementation of the EBS Investment Plan"

A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020

Our opinion

We have audited the financial statements 2020, which is recorded on the report, for the year ended December 31, 2020 of the "Support for the implementation of the EBS Investment Plan", executed by the N.V. Energiebedrijven Suriname, based in Paramaribo, Suriname, financed with funds from the Inter-American Development Bank.

In our opinion the accompanying financial statements presents fairly, in all material aspects, the cash flows and cumulative disbursements of the "Support for the implementation of the EBS Investment Plan" project as of December 31, 2020 in accordance with the specific requirements of the IDB.

The financial statements comprise of:

1. the statement of cash flows for the period January 1 to December 31, 2020;
2. the statement of cumulative investments as at December 31, 2020;
3. notes to the financial statements for the year ended December 31, 2020.

B. DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of Project management's for the financial statements

The Project management is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis Accounting and specific requirements. Furthermore, the Project management is responsible for such internal controls as it determines is necessary to enable the preparation of the financial statements free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that provides sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance. It may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, in aggregate, they could reasonably be expected to influence the economic decisions on the basis of these financial statements. The materiality affects the nature, timing and extent of audit procedures and the evaluation of the effect of identified misstatements.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with International Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures to address those risks, and obtaining audit evidence that is sufficient and appropriate to support 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 misrepresentations, or the override of internal control;



“Support for the implementation of the EBS Investment Plan”

TO DECEMBER 31, 2020 (Expressed in US dollars)

	December 31, 2020			December 31, 2019		
	IDB	Local counterpart	Total	IDB	Local counterpart	Total
	26,254,131	1,342,682	27,596,813	12,103,282	928,590	13,031,872
	-	-	-	-	2,472	2,472
	26,254,131	1,342,682	27,596,813	12,103,282	931,062	13,034,344
	-	291,810	291,810	17,307,911	411,620	17,719,531
	3,157,062	-	3,157,062	-3,157,062	-	-3,157,062
	29,411,193	1,634,492	31,045,685	26,254,131	1,342,682	27,596,813
	-21,090,039	-1,348,218	-22,438,257	-10,987,720	-933,036	-11,920,756
	-	-	-	-	-2,472	-2,472
	-21,090,039	-1,348,218	-22,438,257	-10,987,720	-935,508	-11,923,228



Y - "Support for the implementation of the EBS Investment Plan"
 31, 2020 (Expressed in US dollars)

ANUARI 1, 2020		MOVEMENT DURING YEAR			CUMULATIVE AT DECEMBER 31, 2020		
LOCAL	COUNTERPART	TOTAL	IDB	LOCAL		TOTAL	IDB
				COUNTERPART	TOTAL		
2,421	11,629,894	1,510,135	92,817	1,602,952	12,907,608	325,238	13,232,846
1,664	1,451,655	407,680	83,272	490,952	1,737,671	204,936	1,942,607
3,260	9,086,664	822,388	9,420	831,808	9,825,792	92,680	9,918,472
0,056	533,474	228,173	100	228,273	751,591	10,156	761,747
7,441	558,101	51,894	25	51,919	592,554	17,466	610,020
5,509	9,753,035	2,657,020	199,836	2,856,856	12,044,546	565,345	12,609,891
2,119	3,227,475	849,276	42,183	891,459	3,924,632	194,302	4,118,934

N.V. Energiebedrijven Suriname - Project Executing Agency
“Support for the implementation of the EBS Investment Plan”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 – Program description

General

The loan contract was entered into on February 9, 2015, between the Republic of Suriname and the Inter-American Development Bank (IDB) to cooperate in the execution of the Project for “Support for The Implementation of the EBS Investment Plan”. The loan agreement provides for the Republic of Suriname of US\$ 33 million to contribute to the financing of the Project.

The Executing Agency (EA) of the Program is N.V. Energiebedrijven Suriname, responsible for the fulfillment of technical, administrative and financial procedures of the Program, as well as the planning, monitoring, supervision and independent evaluation of the Project.

The total cost of the Program is estimated to be the equivalent of US\$ 100 million. Under the loan contract, the Republic of Suriname shall contribute in a timely manner the share of the total cost of the Project, in addition to those of the loan which may be necessary for the complete financing of the Project, the estimated amount of which is specified in the loan contract. In the event of a disbursement an increase in the estimated cost of the Project takes place, the Government of Suriname shall meet such increase.

A subsidiary agreement dated November 30, 2015 has been signed between the Republic of Suriname and EBS for the use and management of the loan resources in accordance with the conditions agreed under the loan contract. The Government of Suriname is committed to execute the Project towards the achievement of the objectives of the Program.

The Executing Agency (EA) has expanded the existing PEU for loan SU-L to a full-time dedicated team as part of the Program Execution Unit: a project management unit.

Based on the progress of the projects and revised planning of the execution, an extension was required and therefore requested by the Ministry of Finance. On November 17, 2020, the Bank approved the second extension request and the Disbursement Date of the Program “Support for the Implementation of the Program” is December 31, 2021.

Program Components

The main components of the Program are the following:

- (i) Improvement of EBS’ Operations; and
- (ii) Critical Infrastructure.

Component I. Improvement of EBS’ Operations.

Component I will support EBS’s institutional and operational strengthening activities, including the implementation of a Distribution/Outage Management System (DMS/OMS) and training activities, the implementation of an Enterprise Resource Planning (ERP) platform and the transition of EBS during the transition to the new unbundled corporate model; and (iii) promote Renewable Energy and Energy Efficiency.

Component 1a: The design and implementation of a DMS/OMS application to support the activities within the customer service department, as well as the transmission and distribution system. The DMS/OMS also ensures the integration of existing systems such as the SCADA System, Geographic Information System, Supervisory Control and Data Acquisition (SCADA) Work Management Systems. The expected benefits of the DMS/OMS system are: (i) improved efficiency in the management and handling of emergency calls; (ii) improved customer outages; (iii) improved accuracy and timely data input for regulatory reporting; (iv) improved accuracy and timely reporting on outages and restoration service experience.

Component 1b: An ERP platform will be designed and implemented to improve management efficiency, which will help improve the operational performance of EBS.

Component II. Critical Infrastructure.

Component II will contribute to the upgrade and retrofitting of the National infrastructure, with aim of improving the reliability of the EPAR sub-system. The project will include: (i) upgrade of two existing S/S in the EPAR network (J and F); (ii) construction of a new S/S in the EPAR network (Boma).

Component 2a: Substation J is one of the main providers of energy to the National infrastructure. With the current expansion in generation and transmission, its design and capacity will be upgraded. The upgrade will consist of: (i) the renovation of the existing building; (ii) the installation of a new 25-MVA transformer to facilitate the dispatch of power plant DDP2; (iii) the replacement of the existing SCADA system; (iv) the incorporation into the SCADA system.

Component 2b: Substation F is an open-air substation located in Para. It will be upgraded to improve the reliability and to facilitate the connection of new customers. The upgrade will mainly include: (i) construction of the substation building; (ii) installation of a 25-MVA transformer; (iii) installation of switchgear; (iv) replacement of the existing SCADA system.

Component 2c: The new S/S Boma will improve the quality and reliability of the power supply in the Boma area, and allow for the connection of new customers. The activities will include: (i) construction of S/S Boma and provision of equipment, including the installation of a new 25-MVA transformer; (ii) construction of a new 33-kV line to connect the new S/S to the existing HL; (iii) construction of a new 33-kV line to connect the new S/S to the existing S/S E.

The following is the financial plan of the Program:

Categories	Bank US\$
Component 1	



Program organizational structure

The program organizational structure, depicted in Figure 1, will be composed of:

- The Project Steering Committee;
- Management of EBS; and
- The Project Executing Unit (PEU): the PEU consists of mandatory specialist staff.

EBS is responsible for the recruitment of the Program staff and consultants to support it in the implementation. The PEU is also supported by designated departments. A Program Advisory Committee is composed of key stakeholders to provide advice on program implementation.

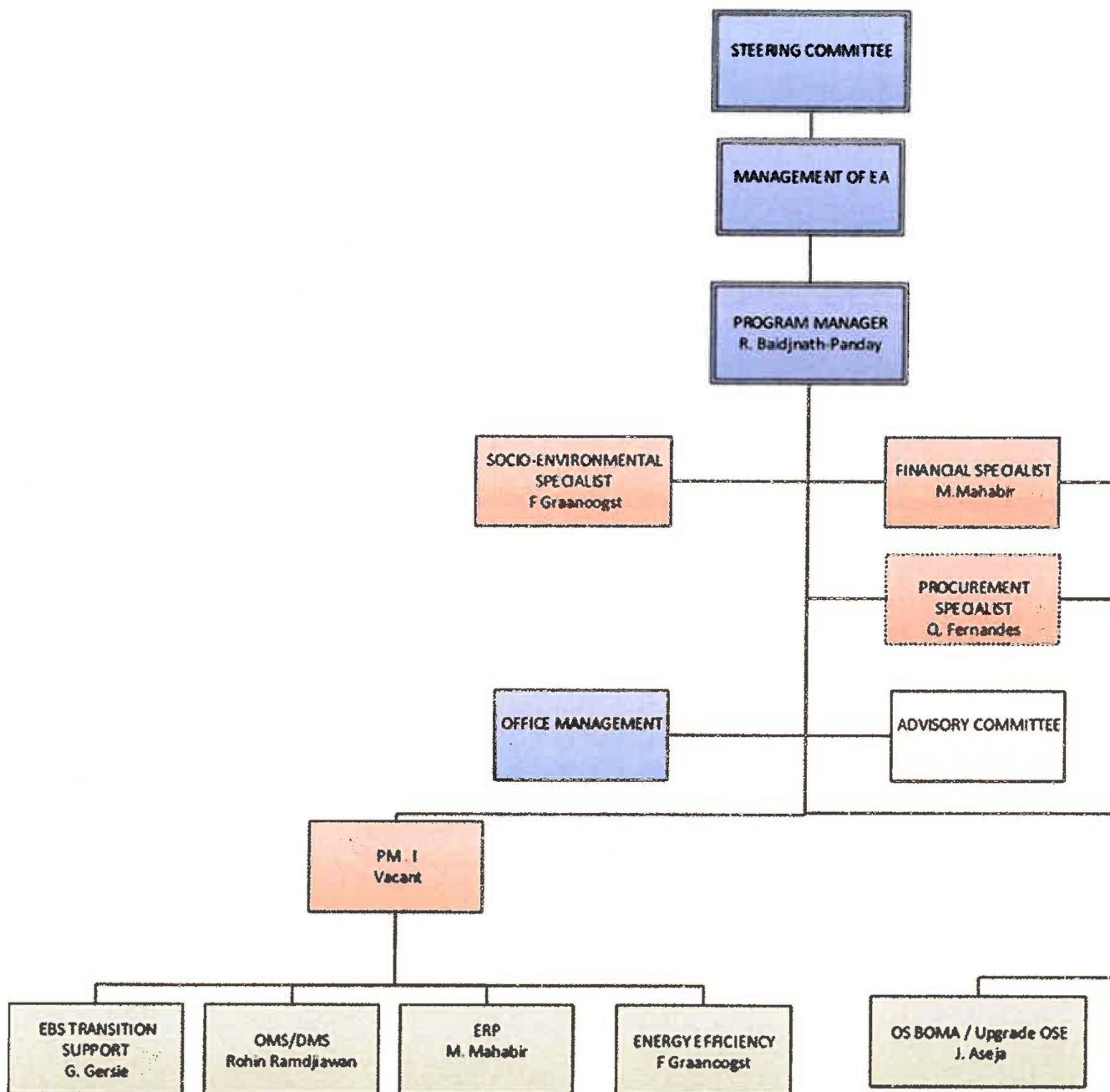


Figure 1: Organizational Structure of Support for the implementation of OS BOMA as of December 31, 2020.

Management functions of the PEU

The core functions of the PEU are:

1. The Program Manager supervises the Program on behalf of the Executing Agency (EA) and is responsible for its operation. The Program Manager is responsible for the overall management of the Program, including the facilitation of planning, implementation and evaluation of the Program. The Program Manager reports to the management of the Executing Agency (EA) and to the Project Manager.
2. The Financial Specialist of the project represents the Project Executing Agency (EA) and is responsible for the efficient and effective execution of the Program, managing optimal financial resources and reporting the progress achieved. The objective of the function is to ensure the financial administration of the Program in accordance with the Program Operating Regulations. The Financial Specialist reports to the Project Manager and is responsible for the overall management of all aspects of the financial administration of the Program. Support to Improve Sustainability of the Electricity Service. This position is filled by an EBS specialist through an internal selection process.
3. The Electrical Engineer is responsible for the specification for the hardware and software, the acquisition of equipment and materials for the execution of technical components. He or she is responsible for the monitoring of the execution of the Programs including compliance with environmental mitigation, the implementation of the contractor's health and safety plans. This is to be done in collaboration with the Environmental Specialist. Also, the electrical engineer is responsible for maintaining good coordination and dialogue between all entities involved in the program, including Ministry of Natural Resources. The Electrical Engineer reports to the direction of the Project Manager and in collaboration with other specialists is responsible for the overall management of all aspects and activities related to the Implementation of the EBS Investment Plan. This position is a full-time position filled by an EBS specialist through an internal selection process.
4. The Socio-Environmental Specialist is responsible for the design and implementation of an environmental strategy to communicate the reforms proposed by the

7. The Project Manager Component I is responsible for the efficient and effective implementation of Component I of the Program: (i) implementing a Distribution/Outreach and training activities; (ii) financing the implementation of an Enterprise Development and training activities; (iii) assisting EBS during the transition to the new business model; and (iv) implementing a program to promote Renewable Energy (EE). The Component Manager is responsible for the overall management, monitoring and reporting on all aspects of the Component, in close coordination with the Procurement specialist. This position is a full time one, contracted through an internal selection. The Project Manager of Component I also fills the position of the Project Manager of Component II.
8. The Project Manager Component II (Electrical Engineer) is responsible for the execution of Component II of the Program: (i) upgrade of two existing distribution network (J and F); and (ii) construction of a new Substation in the Component II. The Component Manager is responsible for the overall management, monitoring and reporting on all aspects of the Component, in close coordination with the Procurement specialist. This position is a full time position and is filled through an internal selection process.
9. Administrative Assistant to the Financial Specialist will be responsible for maintaining financial records, preparation of financial reports and all other activities related to the Program. The assistant is also required to support the Project Manager in the planning process stage and AOF Justification. This position is a full time position, filled by an EBS employee through an internal selection process.
10. The Project Manager will support the Component Manager for a specific project implementation and monitoring on all aspects of the project. The Project Manager is responsible for preparation of financial plans, procurement documents and implementation of the project under their supervision. The Project Manager will work in close coordination with the Component Manager and the Specialists (Financial, Procurement and Technical). The 6 positions for Project Managers are, based on the required expertise:
 - a. Project Manager OMS/DMS (1A);

Note 2 - Significant accounting policies

Basis of preparation

The financial statements have been prepared using the cash basis accounting in the period when cash is received and recognizing expenses when cash is paid. This accounting policy is another comprehensive basis of accounting than generally accepted accounting principles, under which transactions should be recorded when they occur.

Unit of currency

The approved and contractual currency is US dollar (the legal tender of Suriname). All disbursements shall be denominated and made in US dollar, unless the disbursement be denominated in a currency other than the US dollar. The Program is US dollar. The program's accounting records are maintained in US dollar. To calculate the equivalent in USD, the cash received in local currency (Surinamese dollar) bank account, is translated into USD using the daily buying rate of exchange of Suriname.

All figures in this report are stated in US dollars.

Note 3 - Available cash balance

The available cash balance as of December 31, 2020, is deposited in the

Bank account no. 0313100-001-063-840 Central Bank of
Suriname N.V. (US\$)

Total

3,
3,

Treasury Single Account

For this Program Treasury Single Account is utilized. This account is held

Note 4 - Advances and justification

Opening balance of advances	8
Advances received and recorded during the period at PEU	3
Deferred AOF by MOF (Note 9)	-3
Less: Justification of advances (Note 9)	-3
Closing balance	5
The advance of funds balance is composed of the following:	
Cash available balance (Note 3)	3
Payments after last justification (Note 11)	1
Reimbursable balance by local counterpart	
Deferred AOF by MOF (Note 9)	
Closing balance from local counterpart	5

Deferred AOF by MOF

On November 4, 2019 the Executing Agency requested an Advance of Funds of US\$ 8,955,699.58. The IDB transferred this amount to the TSA on November 11, 2019. In the process of disbursement the Executing Agency received an amount of US\$ 5,798,699.58. A balance of US\$ 3,157,062.06 has been received on the Project account.

Note 5 - Local counterpart funds

Pursuant to the loan contract, the Republic of Suriname shall contribute its own resources in addition to those of the loan which may be necessary for the execution of the Project, the estimated amount of which is specified in the loan agreement. In the process of disbursement an increase in the estimated cost of the Project shall require the modification of the investment schedule referred to in the loan contract. Suriname shall meet such increase.

During the reporting year, no increase in the estimated cost of the Project was recorded.

Awarded contracts

Several procurement activities were performed in 2019. The following contracts were awarded during the year 2020:

Contract	Description Services	S
Component 1		
EMSS	SU-L1039-110_Procurement of Services for Energy Management System	16
SURTEL	SU-L1039-124_Radio Communication Equipment	26
Ernst & Young Advisory	SU-L1039-017_Consulting Services to Support Leadership Development	30
ABB Inc.	SU-L1039-012_Purchase of OMS, Hardware and related services (Amendment)	11
Harris Computer Corporation	SU-L1039-001_Procurement of ERP software & implementation services associated (Amendment 3)	31
Harris Computer Corporation	SU-L1039-001_Procurement of ERP software & implementation services associated (Amendment 4)	28
Harris Computer Corporation	SU-L1039-001_Procurement of ERP software & implementation services associated (Amendment 5)	19
Subtotal		
Component 2		
ABB Power Grids BV	SU-L1039-112 Switchgears for Substation E	1-F
BII World	SU-L1039-120 BII World Invoice payment, Energy Storage & Battery Integration	15

Note 8 - Investment categories and disbursements made

Code	INVESTMENT CATEGORIE
1	IMPROVEMENT OF EBS OPERATIONS
	Component 1 Project management
1a	Distribution/Outage management system
1b	Enterprise Resource Planning platform
1c	Support to EBS transition process
1s	Energy Efficiency Framework
2	CRITICAL INFRASTRUCTURE
	Component 2 Project Management
2a	2A Substation J
2b	2B Substation F
2c	2C Development of Substation Boma and upgrade substation E
3	ADMINISTRATION, MONITORING AND AUDITING
4	CONTINGENCIES
	TOTAL

All the expenditures have proven to be eligible.

Note 9 - Disbursements made

<u>Disbursement Request (DR) Number</u>	<u>Type</u>	<u>DR</u>
1	Receipt	7-Dec
2	Receipt	20-Dec
3	Receipt	13-Nov
9	Receipt	25-May
12	Receipt	3-Dec
16	Receipt	19-Jun
19	Receipt	4-Nov
2	Justification	20-Dec
4	Justification	6-Jul
5	Justification	10-Nov
6	Justification	13-Nov
7	Justification	7-May
8	Justification	25-May
10	Justification	30-Aug
11	Justification	28-Nov
13	Justification	1-Apr
14	Justification	13-Jun
15	Justification	24-Jun
17	Justification	16-Sep
18	Justification	4-Nov
20	Justification	6-Aug

- 3) Third disbursement, request No. 7 dated November 13, 2017.
The Executing Agency requested the second Advance of Funds on November 13, 2017 for an amount of US\$ 3,769,836. The IDB transferred this amount on November 13, 2017. The Executing Agency requested a transfer to the sub account "Support for the N.V. Energiebedrijven Suriname investments" December 11, 2017. The advance was recorded on December 28, 2017. Book dated and record entry date: December 28, 2017. The advance was recorded in the contractual currency (US\$).
- 4) Fourth disbursement, request No. 9 dated May 25, 2018.
The Executing Agency requested the fourth Advance of Funds on May 25, 2018 for an amount of US\$ 3,697,339. The IDB transferred this amount on May 30, 2018. The advance was recorded after processing within the government. The EBS received the amount of US\$ 3,697,339 on May 30, 2018. Book dated and record entry date: July 7, 2018. The advance was recorded in the contractual currency (US\$).
- 5) Fourth disbursement, request No. 12 dated December 3, 2018.
The Executing Agency requested the fourth Advance of Funds December 3, 2018 for an amount of US\$ 3,488,698. The IDB transferred this amount to the TSA on December 3, 2018. The advance was recorded after difference of processing within the government, the Executing Agency received the amount of US\$ 3,488,698 on December 3, 2019. Book dated and record entry date of receipt into sub-account: December 3, 2019. The advance was recorded in the contractual currency (US\$).
- 6) Fifth disbursement, request No. 16 dated June 19, 2019.
The Executing Agency requested the fourth Advance of Funds June 19, 2019 for an amount of US\$ 4,863,544. The IDB transferred this amount to the TSA on June 19, 2019. The advance was recorded after record entry date of receipt into sub-account: July 12, 2019. The advance was recorded in the contractual currency (US\$).
- 7) Sixth disbursement, request No. 19 dated November 4, 2019.
The Executing Agency requested the fourth Advance of Funds November 4, 2019 for an amount of US\$ 8,955,669.58. The IDB transferred this amount to the TSA on November 4, 2019. The advance was recorded after disbursement, the Executing Agency received an amount of US\$ 5,795,669.58 on November 4, 2019. Book dated and record entry date of receipt into sub-account: December 17, 2019. The advance was recorded in the contractual currency (US\$).

Cash received

	<u>IDB</u> <u>US\$</u>
Balance as of January 1, 2020	26,254,131
Advance of Funds	3,157,062
Direct Payments/Deferred AOF by MOF	<u>-</u>
Total cash received	<u>29,411,193</u>
 Project Disbursements	
Repayments	-
Payments for goods and services	<u>4,368,601</u>
Total Project Disbursements Made	<u>4,368,601</u>
 Cumulative Investments	
Improvement of EBS operations	12,907,608
Critical infrastructure	12,044,546
Administration, monitoring and auditing	506,486
Contingencies	-
Financing Costs	<u>-</u>
Total Cumulative Investments	<u>25,485,640</u>
 Available cash as of December 31, 2020	<u><u>3,952,553</u></u>

Note 11 - Reconciliation by disbursement categories between the project records

Category of investments	Project records
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Note 12 - Contingencies

The borrower, directly or via the Executing Agency, as the case may be, is responsible for securing all necessary legal rights for the awarding the contract for each of the works of the Project, if any, legal easements, rights of way, and other rights necessary for the construction of the respective work is to take place, easements, rights of way, and other rights necessary for the construction and use, as well as water rights required for the work in question.

Note 13 – Subsequent events

Subsequent events are events or transactions sometimes occur after the date of the financial statements and auditor's report, that have occurred before the issue of the financial statements and auditor's report, that have occurred before the issue of the financial statements, and therefore may require adjustment or disclosure in the financial statements.

For this report no subsequent events are noted.

Note 13.1 - Accounts payable as at December

The list of outstanding payables as at December 31, 2020 is as follows:

Supplier/Consultant	Description of Service
ABB INC (SU-L1039-012)	OMS implementation s
LINCOLN (SU-L1039-061)	Civil works Substation
N. Harris Computer Corporation (SU-L1009-001)	ERP Implementation S
Rocco Pallas (AMD1 SU-L1039-092)	Fencing for Substation
RDBG (SU-L1039-102)	ERP Implementation S
UCC (SU-L1039-094)	Cable Laying 33kV Cab works SS/HL-SS/Boma OS/Boma (12kV), OS/E SS/F (12+33kV)
Total	