

N.V. ENERGIEBEDRIJVEN SURINAME

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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 ENDED DECEMBER 31, 2021

Our opinion

We have audited the financial statements 2021, which is recorded on the pages 5 till 20 of this report, for the year ended December 31, 2021 of the "Support for the implementation of the EBS Investment Plan", executed by the N.V. Energiebedrijven Suriname, based in Paramaribo and financed with funds from the Inter-American Development Bank.

In our opinion the accompanying financial statements presents fairly, in all material respects, the cash flows and cumulative disbursements of the "Support for the implementation of the EBS Investment Plan" project as of December 31, 2021 in accordance with Cash Basis Accounting and specific requirements of the IDB.

The financial statements comprise of:

1. the statement of cash flows for the period January 1 to December 31, 2021;
2. the statement of cumulative investments as at December 31, 2021;
3. notes to the financial statements for the year ended December 31, 2021.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Report on other legal and/or regulatory requirements

We did not observe any situations suggesting non-compliance with the financial clauses in the Inter-American Development Bank Loan contract No. 3403/OC-SU during the period audited by us.

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 of the IDB. Furthermore, the Project management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional 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 responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project Execution Agency internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paramaribo, March 10, 2021

Tjong A Hung Accountants N.V.



M.S.A. Tjong A Hung CA MSc RA
Partner

N.V. Energiebedrijf Suriname - Project Executing Agency "Support for the implementation of the EBS Investment Plan"
STATEMENT OF CASH FLOWS FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2021 (Expressed in US dollars)

	Notes	December 31, 2021		December 31, 2020	
		IDB	Local counterpart	Total	Local counterpart
CASH RECEIVED					
Accumulated cash at beginning of year		29,411,193	1,634,492	31,045,685	26,254,131
Correction due to beginning balance		-	-	-	-
		29,411,193	1,634,492	31,045,685	26,254,131
					1,342,682
					27,596,813
<u>Activity during the period</u>					
Disbursements (advance, reimbursements, direct payments and reimbursements guaranteed by letter of credit)	5	3,588,807	300,818	3,889,625	291,810
Deferred AOF by MOF	5	-	-	-	-
		33,000,000	1,935,310	34,935,310	3,157,062
Total cash received				34,935,310	1,634,492
DISBURSEMENTS MADE					
Cumulative disbursements at beginning of year		-25,458,640	-1,640,971	-27,099,611	-21,090,039
					-1,348,218
					-22,438,257
<u>Activity during the year</u>					
Payments for goods and services					
Component 1	9	-1,106,080	-62,007	-1,168,087	-1,510,135
Component 2	9	-3,791,545	-237,656	-4,029,201	-2,657,020
Administration monitoring and auditing	9	-21,512	-1,940	-23,452	-201,446
		-4,919,137	-301,603	-5,220,740	-4,368,601
					-292,753
					-4,661,354
Bank charge					-
Exchange loss					-
Credit fee					-
Interest fee					-
Total cash disbursements				-32,320,351	-1,640,971
		-30,377,777	-1,942,574	-32,320,351	-25,458,640
					-27,099,611
CASH AVAILABLE AS AT DECEMBER 31,	3	2,622,223	-7,264	2,614,959	3,952,553
					-6,479
					3,946,074

N.V. Energiebedrijfven Suriname - Project Executing Agency - "Support for the implementation of the EBS Investment Plan"
STATEMENT OF CUMULATIVE INVESTMENTS AS AT DECEMBER 31, 2021 (Expressed in US dollars)

CATEGORY OF INVESTMENT	CUMULATIVE AT JANUARI 1, 2021			MOVEMENT DURING YEAR			CUMULATIVE AT DECEMBER 31, 2021		
	LOCAL			LOCAL			LOCAL		
	IDB	COUNTERPART	TOTAL	IDB	COUNTERPART	TOTAL	IDB	COUNTERPART	TOTAL
Components									
1. Improvement of EBS operations									
Component 1 Project management	12,907,608	325,238	13,232,846	1,106,080	62,007	1,168,087	14,013,688	387,245	14,400,933
1a Distribution/Outage management system	1,737,671	204,936	1,942,607	372,434	14,390	386,824	2,110,105	219,326	2,329,431
1b Enterprise Resource Planning platform	9,825,792	92,680	9,918,472	616,776	47,517	664,293	10,442,568	140,197	10,582,765
1c Support to EBS transition process	751,591	10,156	761,747	91,373	75	91,448	842,964	10,231	853,195
1d Energy Efficiency framework	592,554	17,466	610,020	25,497	25	25,522	618,051	17,491	635,542
2. Critical infrastructure									
Component 2 Project Management	12,044,546	565,345	12,609,891	3,791,545	237,656	4,029,201	15,836,091	803,001	16,639,092
2a Substation J	3,924,632	194,302	4,118,934	549,421	51,246	600,667	4,474,053	245,548	4,719,601
2b Substation F	1,907,692	184,021	2,091,713	522,563	48,174	570,737	2,430,255	232,195	2,662,450
2c Development of substation Boma and upgrade substation E	6,212,222	187,022	6,399,245	2,719,561	138,236	2,857,797	8,931,783	325,258	9,257,041
3. Administration, monitoring and auditing	506,486	350	506,836	21,512	1,940	23,452	527,998	2,290	530,288
4. Contingencies	-	-	-	-	-	-	-	-	-
5. Financing Cost	-	745,593	745,593	-	-	-	-	745,593	745,593
Credit fee	-	461,837	461,837	-	-	-	-	461,837	461,837
Interest	-	283,756	283,756	-	-	-	-	283,756	283,756
Exchange gain or loss	-	3,016	3,016	-	-	-	-	3,016	3,016
Bank charges	-	1,429	1,429	-	-	-	-	1,429	1,429
Total	25,458,640	1,640,971	27,099,611	4,919,137	301,603	5,220,740	30,377,777	1,942,574	32,320,351

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, 2021

Note 1 – Program description

General

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

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

The total cost of the Program is estimated to be the equivalent of US\$ 33 million. However, pursuant to the loan contract, the Republic of Suriname shall contribute in a timely manner all of the resources in addition to those of the loan which may be necessary for the complete and uninterrupted execution of the Project, the estimated amount of which is specified in the loan contract. If during the process of disbursement an increase in the estimated cost of the Project takes place, IDB may require the modification of the investment schedule referred to in the loan contract such that the Republic of Suriname shall meet such increase.

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

The Executing Agency (EA) has expanded the existing PEU for loan SU-L1039 with the following full-time dedicated team as part of the Program Execution Unit: a project manager, a procurement assistant to support the existing procurement specialist, a financial assistant to support the existing financial specialist, and an individual coordinator for each component of the project.

The Executing Agency (EA) has approved the following key planning documents: the Project Operations Manual, the first Procurement Plan (PP), the first Annual Operation Plan (AOP), and a subsidiary agreement has been entered into between MOF and the Executing Agency (EA) for purposes of the use of loan resources and the implementation of the project in accordance with the terms and conditions set forth in the loan contract and previously agreed upon between the Borrower and the Bank.

Program objective

The Program will contribute to the sustainability of the power sector by strengthening Energiebedrijven Suriname’s (“EBS”) operational procedures and corporate performance, and by improving the sustainability of rural electricity supply.

The specific objectives are to support the implementation of information technologies in business support tools for EBS, to provide financial support for upgrading critical infrastructure, and to contribute to expand electricity coverage by grid Renewable Energy (RE) systems in the Hinterlands.

Program execution period

A first extension of the Program with the execution period initially set at 5 years, and a last disbursement date of February 9, 2020, was approved by the Bank in February 2020, thereby extending the Last Disbursement date to December 31, 2020.

Based on the progress of the projects and revised planning of the execution in 2020, a second extension was required and therefore requested by the Ministry of Finance on November 13, 2020. On November 17, 2020, the Bank approved the second extension request and extended the Last Disbursement Date of the Program "Support for the Implementation of the EBS Investment Plan" to December 31, 2021.

In 2021 not all projects were completed, therefore, a third loan extension was requested by the Ministry of Finance on September 30, 2021. The Bank granted the third extension request on October 15, 2021 and extended the last disbursement date of the program to December 31, 2022.

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 by: (i) implementing a Distribution/Outage Management System (DMS/OMS) and training activities; (ii) financing the implementation of an Enterprise Resource Planning (ERP) platform and training activities; (iii) assisting EBS during the transition to the new unbundled corporate model; and (iv) implementing a program to promote Renewable Energy and Energy Efficiency.

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

Component 1b: An ERP platform will be designed and implemented to improve EBS's operational and management efficiency, which will help improve operational procedures. Currently, EBS's internal reporting, payroll and resource management processes are undertaken in an uncoordinated manner. As the number of customers increase, pressure is put on current systems which are inadequate to effectively manage administrative activities. The main benefits of the ERP will be: (i) process improvement; (ii) customer satisfaction; (iii) cycle time reduction; (iv) profitability focus; (v) centralization; (vi) employee job satisfaction; (vii) data security; and (viii) corporate transparency.

Component 1c: Anticipating a reform of the legal and institutional framework of the energy sector in Suriname, EBS is undergoing a corporate re-organization, adjusting project planning, processes, resources and systems to changes on the horizon. The Project will support EBS by strengthening its corporate capability in the adaptation process towards the transition and in accordance with the Company's new vision.

Component 1d: An Energy Efficiency Framework (EEF) to promote EE measures and awareness will be executed by EBS, in close coordination with the Ministry of Natural Resources. The EEF is intended to encourage the conservation and efficient use of energy by developing activities, including awareness-raising campaigns and energy education programs, in order to improve the population's understanding of the value of the energy.

Component II. Critical Infrastructure.

Component II will contribute to the upgrade and retrofitting of the National Power System's critical infrastructure, with aim of improving the reliability of the EPAR sub-system. Activities to be financed include: (i) upgrade of two existing S/S in the EPAR network (J and F); and (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 central zone of Paramaribo. With the current expansion in generation and transmission, its design ratings will be exceeded. The upgrade will consist of: (i) the renovation of the existing building; (ii) the replacement of switchgears to facilitate the dispatch of power plant DDP2; (iii) the replacement of protections and accessories; and (iv) the incorporation into the SCADA system.

Component 2b: Substation F is an open-air substation located in Para district. The substation needs to be upgraded to improve the reliability and to facilitate the connection of future customers. The retrofit will mainly include: (i) construction of the substation building; (ii) installation of a 25-MVA transformer; (iii) installation of switchgears; and (iv) integration into the SCADA system.

Component 2c: The new S/S Boma will improve the quality and reliability of the electricity supply in the Boma area, and allow for the connection of new customers. The activities 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 S/S HL; (iii) construction of a new 33-kV line to connect the new S/S to the existing S/S E; and (iv) the upgrade of the existing S/S E.

The following is the financial plan of the Program:

Categories	Bank US\$	Budget Transfer 2021 US\$	Bank after the budget transfer US\$
Component 1.			
Improvement of EBS operations	14,229,500	-	14,229,500
1a. Distribution/outage management system	1,884,700	-	1,884,700
1b. Enterprise resource planning platform	10,084,000	-	10,084,000
1c. Support to EBS transition process	991,500	-	991,500
1d. Energy efficiency framework	1,269,300	-	1,269,300
Component 2. Critical infrastructure	16,779,000	-	16,779,000
2a Substation J	4,989,500	-	4,989,500
2b Substation F	2,703,000	-	2,703,000
2c Development of Substation Boma and upgrade substation E	9,086,500	-	9,086,500
3. Administration, monitoring and auditing	700,000	-	700,000
4. Contingencies	1,291,500	-	1,291,500
Total	33,000,000	-	33,000,000

Budget transfer

During the fiscal year 2021, there were no budget transfers.

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 specialists as required by the Bank.

EBS is responsible for the recruitment of the Program staff and consultants with the pertinent skills to support it in the implementation. The PEU is also supported by designates from key N.V. EBS departments. A Program Advisory Committee is composed of key stakeholders which offer regular input and advice on program implementation.

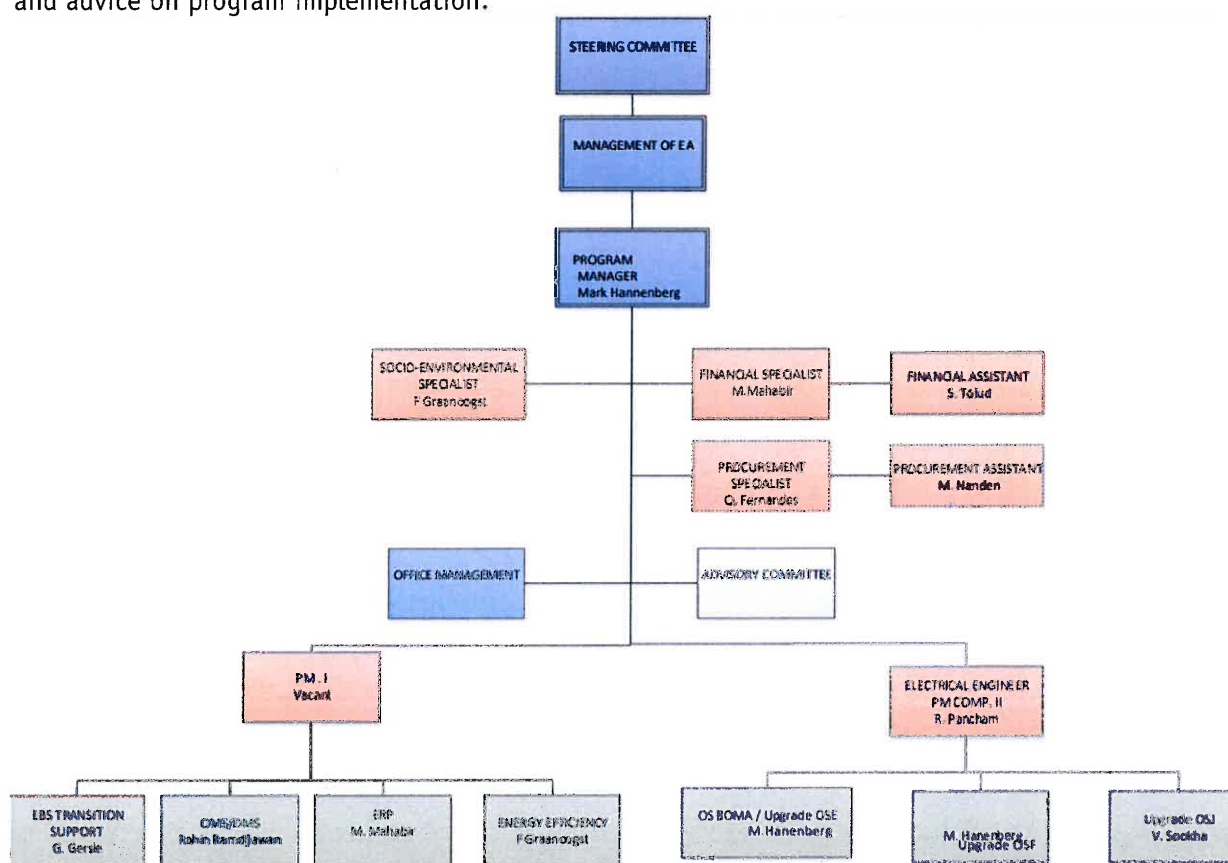


Figure 1: Organizational Structure of Support for the implementation of the EBS investment plan PEU as of December 31, 2021.

Project Steering Committee

The Project Steering Committee (PSC) is composed of:

1. a representative of the Ministry of Natural Resources as Chairperson;
2. a representative of the Ministry of Finance;
3. a representative of the Executing Agency; and
4. the Program Manager as its Secretary.

The PSC will operate at the strategic level and will function to provide guidance on strategic and policy issues related to the Project, including recommendations on the Project's priorities, and to monitor progress of implementation according to the agreed schedule. The frequency for the meetings of the PSC shall be once per quarter. In 2017 several meetings were held of which for only one meeting minutes were available.

Core Management functions of the PEU

The Program is executed by the N.V. EBS through a Project Executing Unit (PEU) created for the implementation of the Program. The PEU has an organizational structure of five (5) specialists and three assistants and is headed by a Program Manager. The PEU is supported by two (2) Component Managers (including the Electrical Engineer) and seven (7) Project Managers. The organizational structure of the Program is presented in Figure 1. The Program Manager is supported by Office Management of EBS and if necessary supported by the Administrative Assistant linked to the Financial Specialist. The Financial Specialist is supported by a Financial Assistant and the Procurement Specialist is supported by a Procurement Assistant.

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 oversight, contribution to and facilitation of planning, implementation and evaluation of the Program. The Program Manager reports to the management of the Executing Agency (EA) and to the Bank.
2. The Financial Specialist of the project represents the Project Executing Unit (PEU) and ensures the efficient and effective execution of the Program, managing optimally the financial resources and reporting the progress achieved. The objective of the function is to ensure the coordination of all financial administration of the Program in accordance with the Program Report, Loan Contract and the Program Operating Regulations. The Financial Specialist reports directly to the PEU Program Manager and is responsible for the overall management of all aspects and activities under the Support to Improve Sustainability of the Electricity Service. This position is a full time position and is filled by an EBS specialist through an internal selection process.
3. The Electrical Engineer is responsible for the specification for the hiring of services and the acquisition of equipment and materials for the execution of technical/electrical Program's components. He or she is responsible for the monitoring of the execution of contracts under the Programs including compliance with environmental mitigation, the social management plans, and the contractor's health and safety plans. This is to be done in collaboration with the Socio-environmental Specialist. Also, the electrical engineer is responsible for the contribution to maintain good coordination and dialogue between all entities involved in the implementation of the program, including Ministry of Natural Resources. The Electrical Engineer works under the direction of the Project Manager and in collaboration with other specialists in the PEU and is responsible for the overall management of all aspects and activities under the Support for the Implementation of the EBS Investment Plan. This position is a full time position and is filled by an EBS specialist through an internal selection process.
4. The Socio-Environmental Specialist is responsible for the design and implementation of a social and environmental strategy to communicate the reforms proposed by the Program to the community and all other Stakeholders. The socio- environmental specialist is responsible for assessment of direct, indirect and cumulative negative environmental and social impacts, prepare and implement the Environmental and Social Analysis, prepare contingency plans, propose additional measures to ensure adequate health and safety and maintain a good coordination and dialogue between all entities involved in the implementation of the program. The social and environmental plan shall be prepared with the Program Manager. This position is filled by an EBS employee through an internal selection process.

5. The Procurement Specialist is responsible for all national and international procurement of goods, works and services of the Program in accordance with the Program Operations Manual, Procurement Standards of the IDB and requirements of the Government of Suriname. The Procurement Specialist reports directly to the PEU Program Manager and is responsible for the overall management of all aspects and activities under the Support to Improve Sustainability of the Electricity Service. This position is a full time position and is filled by an EBS specialist through an internal selection process.
6. The Procurement Assistant is responsible for all administrative and supporting activities related to national and international procurement of goods, works and services of the Program in accordance with the Program Operations Manual, Procurement Standards of the IDB and requirements of the Government of Suriname. The Procurement Assistant reports directly to the Procurement Specialist and is responsible for the overall administration and support of all aspects and activities under the Support for the Implementation of the EBS Investment Plan. This position is a full time position and is filled by an EBS specialist through an internal selection process.
7. The Project Manager Component I is responsible for the efficient and effective execution of Component I of the Program: (i) implementing a Distribution/Outage Management System and training activities; (ii) financing the implementation of an Enterprise Resource Planning platform and training activities; (iii) assisting EBS during the transition to the new unbundled corporate model; and (iv) implementing a program to promote Renewable Energy (RE) and Energy Efficiency (EE). The Component Manager is responsible for the overall management, implementation, monitoring and reporting on all aspects of the Component, in close coordination with the Financial and Procurement specialist. This position is a full time one, contracted through a single source selection. The Project Manager of Component I also fills the position of Project Manager for ERP.
8. The Project Manager Component II (Electrical Engineer) is responsible for the efficient and effective execution of Component II of the Program: (i) upgrade of two existing Substations in the EPAR network (J and F); and (ii) construction of a new Substation in the EPAR network (Boma). The Component Manager is responsible for the overall management, implementation, monitoring and reporting on all aspects of the Component, in close coordination with the Financial and Procurement specialist. This position is a full time position and is filled by an EBS employee 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 financial management of the Program. The assistant is also required to support the Project Managers in developing AOF planning process stage and AOF Justification. This position is a full time position and is filled by an EBS employee through an internal selection process.
10. The Project Manager will support the Component Manager for a specific project through planning, implementation and monitoring on all aspects of the project. The Project Managers are therefore responsible for preparation of financial plans, procurement documents and justification of the project under their supervision. The Project Manager will work in close collaboration with the Component Manager and the Specialists (Financial, Procurement and Socio-Environmental). The 6 positions for Project Managers are, based on the required expertise, filled by EBS personnel:
 - a. Project Manager OMS/DMS (1A);
 - b. Project Manager EBS Transition Support (1C);
 - c. Project Manager Energy Efficiency (1D);
 - d. Project Manager OSJ (2A);
 - e. Project Manager OSF(2B); and
 - f. Project Manager OS Boma (2C).

Finally, the whole team works in close coordination with Ministry departments and other stakeholders involved in the execution of specific activities for the different components.

Program Advisory Committee

The Program Advisory Committee reviews and offers advice to the PEU on annual operating plans and general program execution. The Project Controller of EBS will chair the meetings of the Advisory Committee. The Advisory Committee is composed of representatives from EBS: EBS Financial Controller, EBS Project Controller and EBS Manager Legal Affairs.

N.V. EBS key departments

The key departments are (limited list): Project Engineering, Transmission, Distribution, New Builds & Operational Support, Energy Innovation, Public Relations, Legal Affairs, Accounting, Procurement, PBC, Treasury and ICT, Project Management Office. These departments assist the PEU in defining the activities and implementation modalities within the different program components in their area of expertise and provide input into terms of references and bidding documents. These departments also assist in the execution of the program activities according to the program plans.

Note 2 - Significant accounting policies

Basis of preparation

The financial statements have been prepared using the cash basis accounting, recognizing cash receipts in the period 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.

Unit of currency

The approved and contractual currency is US dollar (the legal tender of the United States of America). All disbursements shall be denominated and made in US dollar, unless the borrower requests that a disbursement be denominated in a currency other than the US dollar. The functional currency of the Program is US dollar. The program's accounting records are maintained in US dollar (USD). In order to calculate the equivalent in USD, the cash received in local currency (Surinamese Dollars, (SRD) in a bank account, is translated into USD using the daily buying rate of exchange used by the Central Bank 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, 2021, is deposited in the Program's bank accounts:

	2021 US\$	2020 US\$
Bank account no. 0313100-001-063-840 Central Bank of Suriname N.V. (US\$)	2,614,959	3,946,074
Total	<u>2,614,959</u>	<u>3,946,074</u>

Treasury Single Account

For this Program Treasury Single Account is utilized. This account is held by the Ministry of Finance, whereby the Executing Agency is primarily responsible for the funds. Every project has its own project account, which makes it possible to administrate the cash flow of the project.

The process is that Executing Agency sends a request for direct payment with the necessary information after which Finance makes a request for payment and sends it to the Central Bank.

The original bank statements are sent to the Executing Agency.

The policy prescribes that deposits of project resources in the bank accounts which accrue interest, commissions etc. for the Executing Agency this income must be contributed to the Program as an integral part of the local or counterpart contribution. These funds may be used for expenses that are similar and/or complementary to eligible project expenses financed by the Bank.

Bank accounts held with the Central Bank do not accrue interest and do not bear monthly fees for maintaining the account. The Program funds are maintained in US dollars only. Payments in another currency are converted by the Central Bank upon processing the payment request.

Note 4 - Advances pending justification

As of December 31st, 2021, the amount pending Justification to the IDB Amounts to US\$ 2,403,593, and is included in the following disbursement request pending to be processed. All expenses incurred in the year 2021 are eligible program expenses. For a breakdown of the pending amounts per subcomponent, please refer to note 12.

Note 5 - Advances and justification

	2021	2020
	US\$	US\$
Opening balance of advances	5,269,993	8,969,397
Advances received and recorded during the period at PEU	3,588,807	3,157,062
Deferred AOF by MOF (Note 10)	-	-3,157,062
Less: Justification of advances (Note 10)	-3,832,984	-3,699,404
Closing balance	<u>5,025,816</u>	<u>5,269,993</u>
The advance of funds balance is composed of the following:		
Cash available balance (Note 3)	2,614,959	3,946,074
Payments after last justification (Note 12)	2,403,593	1,317,440
Reimbursable balance by local counterpart	7,264	6,479
Deferred AOF by MOF (Note 10)	-	-
Closing balance from local counterpart	<u>5,025,816</u>	<u>5,269,993</u>

Note 6 - Local counterpart funds

Pursuant to the loan contract, the Republic of Suriname shall contribute in a timely manner all of the resources in addition to those of the loan which may be necessary for the complete and uninterrupted execution of the Project, the estimated amount of which is specified in the loan contract. If during the process of disbursement an increase in the estimated cost of the Project takes place, IDB may require the modification of the investment schedule referred to in the loan contract such that the Republic of Suriname shall meet such increase.

During the reporting year, no increase in the estimated cost of the Project was foreseen and no contributions of the Government of Suriname were received.

The expenses of the Executing Agency are considered to be local counterpart expenses. As of December 31, 2021 the books of the Executing Agency are not closed.

Note 7 – Prior period adjustments

In 2021 it became evident that the cost allocation in the Project Administration for purchases from TKF, for process #SU-L1039-071 was incorrect. Therefore the cost for subcomponent 2.1 Substation J and 2.2 Substation F needed to be adjusted. On December 31, 2021, an adjusting entry was recorded as follows:

Date	From	Amount	To	Amount
12-31-2021	2.1 Substation J	USD 119,433.36	2.2 Substation F	USD 119,433.36

This adjustment had no impact on the overall cost of Component 2 or the cumulative investments of the Project.

Note 8 - Procurement of goods and services

Unless IDB agrees otherwise in writing, the contracts for works, goods and services are subject to Ex-ante review by IDB and require IDB no-objection prior to proceeding, in accordance with the IDB's policies and procedures.

Procurement of goods and works and non-consulting services

The procurement policies applicable in 2021 are those dated May 2019, which are contained in IDB-document GN-2349-15.

Selection and contracting of consultants

The procurement policies applicable in 2021 are those dated May 2019, which are contained in IDB-document GN-2350-15.

Awarded contracts

Several procurement activities were performed in 2021. The following contracts were awarded contracts during the year 2021:

Contract	Description Services	Signature date	Prism number	US\$
Component 1				
N.V. Inno	SU-L1039-126 Consultancy Services to Support Transition	5/19/2021	SUA2050	239,852.81
HAPG	SU-L1039-129 Increase System Reliability	9/30/2021	SUA0362	273,438.00
Subtotal				513,291
Component 2				
Aannemingsbedrijf Ponica	SU-L1039-121B-A_Outstanding Civil works SS Boma (Contract A)	1/11/2021	SUB0890	404,167.62
Dundas Bouwbedrijf N.V.	SU-L1039-121B-B_Outstanding Civil works SS E (Contract B)	1/11/2021	SUB0891	881,100.00
United Caribbean Contractors N.V.	SU-L1039-128 FO Connection Works SS HL-SS Boma-SS E	11/16/2021	SUA0363	191,878.68
Subtotal				1,477,146
Total				1,990,437

*) Amounts less than US\$ 25,000 do not require a prism number.

Note 9 - Investment categories

Code	INVESTMENT CATEGORIE	Budget	Cumulative Investments IDB per December 31, 2021
1	IMPROVEMENT OF EBS OPERATIONS	14,229,500	14,013,688
	Component 1 Project management		
1a	Distribution/Outage management system	1,884,700	2,110,105
1b	Enterprise Resource Planning platform	10,084,000	10,442,568
1c	Support to EBS transition process	991,500	842,964
1d	Energy Efficiency Framework	1,269,300	618,051
2	CRITICAL INFRASTRUCTURE	16,779,000	15,836,091
	Component 2 Project Management		
2a	2A Substation J	4,989,500	4,474,053
2b	2B Substation F	2,703,000	2,430,255
2c	2C Development of Substation Boma and upgrade substation E	9,086,500	8,931,783
3	ADMINISTRATION, MONITORING AND AUDITING	700,000	527,998
4	CONTINGENCIES	1,291,500	-
	TOTAL	33,000,000	30,377,777

All the expenditures have proven to be eligible.

Note 9.1 – Financing costs Government

The interest and credit fee regarding the loan is an obligation of the government. These are paid by the Suriname Debt Management Office. The amounts regarding interest and credit fee for 2021 are US\$ 347,918.

	2021 US\$
Credit fee 2021	17,921
Interest fee 2021	329,997
Total	347,918

Note 9.2 – Repayment

The initial execution period was set for February 9, 2020. Although the EBS has already been granted 3 loan extensions, the repayment date has not changed. The first repayment took place in August 2020. The amount regarding the repayment of the principal fee is US\$ 1,470,560.

Note 10 - Disbursements

Disbursement Request (DR) Number	Type	DR Date	US\$
1	Receipt	7-Dec-2015 1)	1,848,739
2	Receipt	20-Dec-2016 2)	2,787,368
3	Receipt	13-Nov-2017 3)	3,769,836
9	Receipt	25-May-2018 4)	3,697,339
12	Receipt	3-Dec-2018 5)	3,488,698
16	Receipt	19-Jun-2019 6)	4,863,544
19	Receipt	4-Nov-2019 7)	8,955,669
23	Receipt	4-Jun-21 8)	3,588,807
			33,000,000
2	Justification	20-Dec-2016	1,546,748
4	Justification	6-Jul-2017	1,594,553
5	Justification	10-Nov-2017	1,083,978
6	Justification	13-Nov-2017	17,850
7	Justification	7-May-2018	2,212,854
8	Justification	25-May-2018	1,232,352
10	Justification	30-Aug-2018	1,089,263
11	Justification	28-Nov-2018	1,568,765
13	Justification	1-Apr-2019	1,300,451
14	Justification	13-Jun-2019	2,155,523
15	Justification	24-Jun-2019	1,022,505
17	Justification	16-Sep-2019	1,873,927
18	Justification	4-Nov-2019	3,743,027
20	Justification	6-Aug-2020	3,699,404
21	Justification	18-Jan-21	1,317,439
22	Justification	26-Apr-21	2,515,545
			27,974,184
			5,025,816

- 1) First disbursement, request No. 1 dated December 7, 2015.
Pursuant to the terms and conditions of the loan contract, the Executing Agency requested the first Advance of Funds on December 7, 2015 for the amount of US\$ 1,848,739. The IDB transferred this amount on December 18, 2015 to the borrowers CVBS account. The EBS received the amount of US\$ 1,848,739 in 2016, from the borrower. Time differences due to processing within the government. Book dated and record entry date: October 7, 2016. The advance was recorded in the contractual currency (USD).
- 2) Second disbursement, request No. 2 dated December 20, 2016.
The Executing Agency requested the second Advance of Funds on December 20, 2016 for the amount of US\$ 2,787,368. This amount has been transferred to the Beneficiary account "Treasury Single Account" through the General Project Account at the Central Bank of Suriname with the value dated of December 21, 2016. The Executing Agency requested a transfer to the sub account "Support for the implementation of the N.V. Energiebedrijven Suriname investments" on February 8, 2017 and this amount is transferred on March 1, 2017.
Book dated and record entry date: March 1, 2017.

- 3) Third disbursement, request No. 7 dated November 13, 2017.
The Executing Agency requested the second Advance of Funds on November 13, 2017 for the amount of US\$ 3,769,836. The IDB transferred this amount on November 16, 2017 to the borrower. The Executing Agency requested a transfer to the sub account "Support for the implementation of the N.V. Energiebedrijven Suriname investments" December 11, 2017 and this amount is transferred on December 28, 2017. Book dated and record entry date: December 28, 2017.
- 4) Fourth disbursement, request No. 9 dated May 25, 2018.
The Executing Agency requested the fourth Advance of Funds on May 25, 2018 for the amount of US\$ 3,697,339. The IDB transferred this amount on May 30, 2018. Time difference due to processing within the government. The EBS received the amount of US\$ 3,697,339 in 2018. Book dated and record entry date: July 7, 2018. The advance was recorded in the contractual currency (US\$).
- 5) Fifth disbursement, request No. 12 dated December 3, 2018.
The Executing Agency requested the fifth Advance of Funds December 3, 2018 for the amount of US\$ 3,488,698. The IDB transferred this amount to the TSA on December 18, 2018. Due to time difference of processing within the government, the Executing Agency received this disbursement in 2019. Book dated and record entry date of receipt into sub-account: February 1, 2019. The advance was recorded in the contractual currency (US\$).
- 6) Sixth disbursement, request No. 16 dated June 19, 2019.
The Executing Agency requested the sixth Advance of Funds June 19, 2019 for the amount of US\$ 4,863,544. The IDB transferred this amount to the TSA on June 28, 2019. Book dated and record entry date of receipt into sub-account: July 12, 2019. The advance was recorded in the contractual currency (US\$).
- 7) Seventh disbursement, request No. 19 dated November 4, 2019.
The Executing Agency requested the seventh Advance of Funds November 4, 2019 for the amount of US\$ 8,955,669.58. The IDB transferred this amount to the TSA on November 14, 2019. Of the total disbursement, the Executing Agency received an amount of US\$ 5,798,607.52 in 2019. Book dated and record entry date of receipt into sub-account: December 17, 2019. The advance was recorded in the contractual currency (US\$). The remaining balance of US\$ 3,157,062.06 was transferred to the Project bank account with a book and record date of receipt of September 15, 2020.
- 8) Eighth disbursement, request No. 23 dated June 4, 2021
The Executing Agency requested the eighth Advance of Funds on June 4, 2021 for the amount of US\$ 3,588,807. The IDB transferred this amount directly to the sub-account on June 29, 2021. The advance was recorded in the contractual currency (US\$).

Note 11 - Reconciliation between the Statement of Cash Receipt and Disbursements and the Statement of Cumulative Investments

	2021 US\$	2020 US\$
Cumulative cash received as at December 31,	34,935,310	31,045,685
Cumulative investment as at December 31,	<u>-32,320,351</u>	<u>-27,099,611</u>
Available cash balance as at December 31,	<u>2,614,959</u>	<u>3,946,074</u>

Cash received

	IDB US\$	LOCAL US\$	TOTAL US\$
Balance as of January 1, 2021	29,411,193	1,634,492	31,045,685
Advance of Funds	3,588,807	300,818	3,889,625
Direct Payments/Deferred AOF by MOF	-	-	-
Total cash received	33,000,000	1,935,310	34,935,310
Project Disbursements			
Repayments	-	-	-
Payments for goods and services	4,919,137	301,603	5,220,740
Total Project Disbursements Made	4,919,137	301,603	5,220,740
Cumulative Investments			
Improvement of EBS operations	14,013,688	387,245	14,400,933
Critical infrastructure	15,836,091	803,001	16,639,092
Administration, monitoring and auditing	527,998	2,290	530,288
Contingencies	-	-	-
Financing Costs	-	750,038	750,038
Total Cumulative Investments	30,377,777	1,942,574	32,320,351
Available cash as of December 31, 2021	2,622,223	(7,264)	2,614,959

Note 12 - Reconciliation by disbursement categories between the projects records and the IDB records

Category of investments	Project records	IDB records	Difference
01.00.00-Improvement of EBS Operations	14,013,688	13,310,826	-702,862
01.01.00-Distribution/Outage Management System	2,110,105	1,985,202	-124,903
01.02.00-Enterprise Resource Planning	10,442,568	9,981,480	-461,088
01.03.00-Support EBS transition process	842,964	751,590	-91,374
01.04.00-Energy Efficiency Framework	618,051	592,554	-25,497
02.00.00-Critical Infrastructure	15,836,091	14,152,632	-1,683,459
02.01.00-Substation J Upgrade	4,474,053	3,924,632	-549,421
02.02.00-Substation F Upgrade	2,430,255	1,995,617	-434,638
02.03.00-Dev Substation Boma & Substation E-upgrade	8,931,783	8,232,383	-699,400
03.00.00-Admin, M & E, auditing	527,998	510,726	-17,272
04.00.00-Contingencies	-	-	-
Total	30,377,777	27,974,184	-2,403,593

*) Explanation of differences

At December 31, 2021 the total payments according to the Executing Agency project records are US\$ 30,377,777 and the total justified amount to the Inter-American Development Bank per December 31, 2021 was US\$ 27,974,184. The difference between the Executing Agency and Inter-American Development Bank records is US\$ 2,403,593. The difference of US\$ 2,403,593 will be justified in the next period.

Note 13 - Contingencies

The borrower, directly or via the Executing Agency, as the case may be, agreed to obtain, prior to awarding the contract for each of the works of the Project, if any, legal possession of the property where the construction of the respective work is to take place, easement or other rights required for its construction and use, as well as water rights required for the work in question.

Note 14 - Accounts payable as at December

The list of outstanding payables as at December 31, 2021 is as follows:

Supplier/Consultant	Description of Services	Amount
ABB Hitachi Energy	SCADA-OMS Increase of System Reliability and Availability incl. System Hardware Separation	136,719.00
Inno NV	Consultancy to support the Transition to a new Organizational Model	34,264.69
N. Harris Computer Corporation	ERP Implementation services	45,066.07
UCC	FO Connection Works	93,468.56
Total		309,518.32

Note 15 – Subsequent events

Subsequent events are events or transactions sometimes occur after the end of the period date, but before the issue of the financial statements and auditor's report, that has a material effect on the financial statements, and therefore may require adjustment or disclosure in the statements.

For this report no subsequent events are noted.

Note 16 - Approval of the financial statements

The financial statements of the N.V. Energiebedrijven Suriname as at and for the year ended were approved by the Executing Agency on March 10, 2022.