



Reference Nr: 560/OWABE/22

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**Subject: SU-G1001, Request Non-Objection, the Special Purpose Financial Statements of the Program SU-G1001 for the year 2021, the independent auditor's report 2021 and the internal control report 2021**

Paramaribo, 29 April 2022

Dear Mr. Ballon,

With regard to the implementation of the project, "Development of Renewable Energy, Energy Efficiency and Electrification of Suriname (SU-G1001)", I hereby request a 'non - objection' from the Bank for the Special Purpose Financial Statements of the Program SU-G1001 for the year 2021, the independent auditor's report 2021 and the internal control report 2021.

Attached you will find:

- the Special Purpose Financial Statements of the Program "Development of Renewable Energy, Energy Efficiency and Electrification of Suriname for the year 2021
- the independent auditor's report 2021
- the internal control report 2021

I hope to have informed you sufficiently and look forward to your earliest response.

On behalf of the Ministry of Natural Resources

Kind regards,



Mrs. Drs. Thelma Douglas-Pinas MPA  
Acting Permanent Secretary  
Energy Department

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MINISTERIE VAN NATUURLIJKE HULPBRONNEN  
MINISTRY OF NATURAL RESOURCES

## **Annual Financial Report 2021**

To

The Permanent Secretary Of

The Ministry Of Natural Resources,

PARAMARIBO

### **Regarding**

The Special Purpose Financial Statements Of The Program

**“Development Of Renewable Energy, Energy Efficiency  
And Electrification Of Suriname”**

For The Year 2021

Financing Agreement N° Grt/Fm-13774-Su

Project No. Su-G1001



## TABLE OF CONTENTS

STATEMENT OF CASH RECEIVED AND DISBURSEMENTS .....	3
STATEMENT OF CUMULATIVE INVESTMENTS .....	4
NOTES TO THE FINANCIAL STATEMENTS.....	7
1. Program description .....	7
2. Significant accounting policies.....	7
3. Available cash balance .....	9
4. Advances pending justification .....	10
5. Advances and justifications .....	10
6. Advances and Justifications overview to date in accordance with LMS 10.....	11
7. Justifications per component .....	12
8. Local counterpart funds.....	14
9. Prior-period adjustments .....	14
10. Procurement of goods and services .....	14
11. Investment categories .....	16
12. Reconciliation between the “Statement of Cash Received and Disbursements” and the “Statement of Cumulative Investments” .....	17
13. Reconciliation between the program’s accounting records and IDB’s LMS records ..	17
14. Contingencies .....	18
15. Subsequent events.....	19

# STATEMENT OF CASH RECEIVED AND DISBURSEMENTS

(All amounts are in US dollars)

	YEAR ENDED 31 DECEMBER 2021		
	IDB	COUNTER-PART	TOTAL
<b>CASH RECEIVED</b>			
Accumulated cash received at beginning of year	1,839,570	228,329	2,067,899
Restatement of counterpart contribution	-	-	-
Activity during the year:			
- Disbursements (advances, reimbursements, direct payments and reimbursements guaranteed by letter of credit)	-	24,849	24,849
- BID deposit	-	-	-
<b>Accumulated cash received as of end of year</b>	<b>1,839,570</b>	<b>253,178</b>	<b>2,092,748</b>
<b>DISBURSEMENTS MADE</b>			
Accumulated cash disbursements at beginning of year	1,138,284	228,329	1,366,613
Activity during the year:			
- Payments for goods and services	608,797	24,849	633,646
- Restatement of counterpart contribution	-	-	-
<b>Accumulated cash disbursements as of end of year</b>	<b>1,747,081</b>	<b>253,178</b>	<b>2,000,259</b>
<b>AVAILABLE CASH AS OF END OF YEAR</b>	<b>92,489</b>	<b>-</b>	<b>92,489</b>

	YEAR ENDED 31 DECEMBER 2020		
	IDB	COUNTER-PART	TOTAL
	846,195	217,192	1,063,387
	-	(37,623)	(37,623)
	990,882	48,760	1,039,642
	2,493	-	2,493
<b>Accumulated cash received as of end of year</b>	<b>1,839,570</b>	<b>228,329</b>	<b>2,067,899</b>
	509,900	217,192	727,092
	628,384	48,760	677,144
	-	(37,623)	(37,623)
<b>Accumulated cash disbursements as of end of year</b>	<b>1,138,284</b>	<b>228,329</b>	<b>1,366,613</b>
<b>AVAILABLE CASH AS OF END OF YEAR</b>	<b>701,286</b>	<b>-</b>	<b>701,286</b>

The accompanying notes are an integral part of this statement.



# STATEMENT OF CUMULATIVE INVESTMENTS

(All amounts are in US Dollars)

Category		Beginning of the year 2021			Movement during the year			At the end of the year 2021		
		IDB	COUNTER-PART	TOTAL	IDB	COUNTER-PART	TOTAL	IDB	COUNTER-PART	TOTAL
1	<b>Strengthening of regulatory and institutional framework to implement RE and EE technologies</b>	365,220	1,400	366,620	162,624	-	162,624	527,844	1,400	529,244
1.1	Installation of Wind Measuring Stations & Preparation of Wind Map	365,220	1,400	366,620	153,399	-	153,399	518,619	1,400	520,019
1.2	Wind Atlas Supervision consultants	-	-	-	7,848	-	7,848	7,848	-	7,848
1.3	Site visits	-	-	-	1,377	-	1,377	1,377	-	1,377
2	<b>Implementation of pilots for on-grid and rural electricity supply using RET's</b>	303,789	902	304,691	389,075	-	389,075	692,864	902	693,766
2.1	EPC solar plant in Godoholo	273,491	902	274,393	314,376	-	314,376	587,867	902	588,769
2.2	Social/Community consultant	20,715	-	20,715	-	-	-	20,715	-	20,715
2.3	Environmental consultant	6,986	-	6,986	101	-	101	7,087	-	7,087
2.4	Wooden poles	895	-	895	28,549	-	28,549	29,444	-	29,444

2.5	Distribution network construction	1,702	-	1,702	2,158	-	2,158	3,860	-	3,860
2.6	Field visits	-	-	-	43,891	-	43,891	43,891	-	43,891
3	<b>Strengthening of institutional arrangements, sustainable operation of RE and promotion of EE technologies in Suriname</b>	<b>37,201</b>	<b>68</b>	<b>37,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,201</b>	<b>68</b>	<b>37,269</b>
3.1	Business models	33,210	68	33,278	-	-	-	33,210	68	33,278
3.3.1	Promotional events Program 1	3,991	-	3,991	-	-	-	3,991	-	3,991
4	<b>Project management &amp; administration</b>	<b>431,734</b>	<b>225,959</b>	<b>657,693</b>	<b>57,097</b>	<b>24,849</b>	<b>81,946</b>	<b>488,831</b>	<b>250,808</b>	<b>739,639</b>
4.1	Financial Firm	-	-	-	14,100	-	14,100	14,100	-	14,100
4.2	Financial auditor	26,917	-	26,917	14,367	-	14,367	41,284	-	41,284
4.5	Contract Project Assistant	4,451	-	4,451	874	-	874	5,325	-	5,325
4.6	Rental office space	-	-	-	22,834	-	22,834	22,834	-	22,834
4.7	Office equipment	-	-	-	2,512	-	2,512	2,512	-	2,512
4.8	Mid-term evaluation	15,050	-	15,050	-	-	-	15,050	-	15,050
4.10	Administrative expenses	56,015	-	56,015	2,410	-	2,410	58,425	-	58,425
4.11	Contract program manager (wages PEU members)	96,563	70,693	167,256	-	24,849	24,849	96,563	95,542	192,105

4.12	Transportation, facilitation & logistics for field or site visits, overnight, etc. related to Component 1 Wind measuring Stations installation	2,377	-	2,377	-	-	-	2,377	-	2,377
4.13	Contract financial specialist	10,672	-	10,672	-	-	-	10,672	-	10,672
4.14	Expenditures previous PEU's (restated)	198,812	155,266	354,078	-	-	-	198,812	155,266	354,078
4.15	Contract international procurement specialist	20,877	-	20,877	-	-	-	20,877	-	20,877
	<b>TOTAL</b>	<b>1,137,944</b>	<b>228,329</b>	<b>1,366,273</b>	<b>608,797</b>	<b>24,849</b>	<b>633,646</b>	<b>1,746,740</b>	<b>253,178</b>	<b>1,999,918</b>

*The accompanying notes are an integral part of this statement.*



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Program description

The Development of Renewable Energy, Energy Efficiency, and Electrification of Suriname (The Program) was approved on April 11, 2013 and reached first eligibility on April 15, 2014. The general objective of the Program is to promote the use of renewable energy and energy efficiency technologies (RET and EET, respectively) in the urban and rural areas and increase access to energy in the interior of Suriname with additional benefits of reducing the sector's emission of greenhouse gases. The specific objectives are to incorporate in the power sector framework and institutions the use of renewable energy and energy efficiency technologies, to reduce the long-term operational costs of on-grid and off-grid electricity service and implement sustainable business models for its operation and maintenance.

NH is the Ministry responsible for the functioning and development of the energy sector in Suriname. MNH is responsible for supervising the national electricity company EBS; for evaluating and adjusting the tariff structure; and for stimulating development of renewable energy resources. The Ministry aims at increasing electricity coverage rate in the Hinterlands and has been involved throughout the preparation and design phase of the operation at the highest level (Minister and Permanent Secretary).

The project was restructured per April 2017 and a new project team was in charge of project operations from April 2017. The project administration was started completely new by the Program Manager.

### 2. Significant accounting policies

#### *Basis of preparation: cash basis of accounting*

The financial statements have been prepared using the cash basis of 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. This record-keeping modality differs from the IPSAS under which transactions should be recorded as they are incurred and not when they are paid.

#### *Unit of currency*

The project accounting records are prepared in the currency in which the Borrower and/or Executing Agency maintains its accounting records. Exchange rate losses occur when USD amounts are exchanged to SRD by the PEU and funds are not used in a timely manner as intended. The exchange rate gain or loss that results from a difference in the exchange rate when the funds are received, versus when they are converted to local currency, to make payments for eligible expenses is accounted for as an exchange rate differential charged to Bank financing or local counterpart.

At December 31<sup>st</sup>, 2021 the exchange rate was: USD 1 = SRD 20.893 (2020: SRD 14.018).

All amounts in this report are stated in US dollars.



Previously the following instructions were given to prevent future substantial exchange rate losses that could jeopardize meeting the project's objectives:

- i. Better monitoring of the advanced funds, ensuring there is an appropriate financial plan in place with reliable terms and conditions for deliverables that would prevent keeping large amounts of SRD funds in the bank account to lose value. Project planning should be realistic, accurate and aligned with its execution.
- ii. No new conversion of projects funds from USD into SRD. All payments must be made directly from the USD account. For payments to locals in SRD, the payment instruction to the Bank must include: "payment to be made in SRD equivalent.
- iii. Winding down of the available SRD bank balances to zero. Existing SRD bank balances must be used until the funds in this account are depleted.

However, Starting from Q3 2021 the Ministry of Finance demanded that the contracts of local consultants are stated and paid out in SRD. This resulted in disagreement between the Ministry of Finance and several consultants regarding the exchange rate used when paid out. Therefore, it was decided to reactivate the SRD bank account of the project, to avoid this exchange rate discussion. In October 2021 this was done by transferring an amount of SRD 800.000 to the SRD bank account of this project from the USD bank account.

### 3. Available cash balance

The available cash balance as of December 31<sup>st</sup> 2021 is deposited in the Program's bank accounts or under management of the FM.

	Amount	Exchange Rate	Amount in USD
Available balance in the project currency account as of 31st December 2021: Central Bank of Suriname (CBvS) <b>USD account</b> Account No.: 0313-100-001-074-840	USD 35,513.23	1	USD 35,513.23
Available balance in the local currency account as of 31st December 2021: Central Bank of Suriname (CBvS) <b>SRD account</b> Account No.: 0313-100-001-160-968	SRD 783,734.85	SRD 20.893	USD 37,511.84
Available balance in the local currency as of 31st December 2021: - <b>Cash under FM</b>	SRD 378,642.79	SRD 20.893	USD 18,122.95
- <b>Petty cash MNH</b>	SRD 28,015.21	SRD 20.893	USD 1,340.89
<b>Total</b>	<b>USD 92,489</b>		

Amounts paid to the account of the Financial Firm during the year 2021 are fully justified and detailed in the project records under "Cash under FM". The balance as of the end of 2021 is **SRD 378,642.79** which will be spend on components 1 and 2 according to requested budget for:

- Solar fieldtrips;
- Wind fieldtrips;
- Wooden Poles production;
- Wooden Poles Inventory and Transportation

with an ending balance as of March 31<sup>st</sup> 2022 of **SRD 202,152.19 (USD 9,675.59)**.

Transactions recorded as cash under FM have been included in justifications in 2021.

During the fiscal year 2021, no interest income is applicable. During 2021, the exchange rate of US dollar increased from SRD 14.018 to 20.893 at year-end. At the end of 2021, SRD bank balances recorded in USD have been adjusted when the official exchange rate changed and resulted exchange rate differences are recorded within the component. During January 1<sup>st</sup> 2022 and May 31<sup>st</sup> 2022, the minimum exchange rate was stable at USD 1.00 ≈ SRD 21.

4. Advances pending justification

The amount of pending justifications of advances of funds in accordance with LMS is USD 650,222.

5. Advances and justifications

The movement of the balance of Advance of Funds during the year is as follows:

	Dec-21
	USD
Opening balance of Advance of Funds (LMS dated August 28th, 2020)	1,055,441
Direct payments paid and recorded during the period	-
Direct payments justification	-
Advances received and recorded during the period	-
Advances of funds justification during the period (February 9th 2021)	(405,219)
Closing balance of pending justifications Advance of Funds according to bank records	650,222

There are no advances received and recorded during the period according to the statement of cash received and LMS 10.

The movement of advances of funds justifications during the year is as follows:

	Dec-21
	USD
Advances of funds justifications during the period (February 9th 2021)	405,219
Justifications regarding 2020	405,219
Justifications regarding 2021	-



## 6. Advances and Justifications overview to date in accordance with LMS 10

Transaction type	Request number	Amount in USD	Authorization date	Value date
Justification Advance of Funds (ANJ)	17	405,218.57	February 9th 2021	February 9th 2021
Advance of Funds (ANT)	16	990,882.47	June 8th 2020	June 9th 2020
Justification Advance of Funds (ANJ)	15	315,497.88	May 18 <sup>th</sup> 2020	May 18 <sup>th</sup> 2020
Justification Advance of Funds (ANJ)	14	72,121	September 10 <sup>th</sup> 2019	September 10 <sup>th</sup> 2019
Advance of Funds (ANT)	13	450,803	December 17 <sup>th</sup> 2018	December 19 <sup>th</sup> 2018
Justification Advance of Funds (ANJ)	12	105,420	November 30 <sup>th</sup> 2018	December 06 <sup>th</sup> 2018
Direct Payment (DPS)	11	1,751	November 22 <sup>th</sup> 2018	November 28 <sup>th</sup> 2018
Direct Payment (DPS)	10	13,560	November 22 <sup>th</sup> 2018	November 27 <sup>th</sup> 2018
Justification Advance of Funds (ANJ)	9	35,168	February 26 <sup>th</sup> 2018	February 27 <sup>th</sup> 2018
Advance of Funds (ANT)	8	114,564	July 31 <sup>st</sup> 2017	August 1 <sup>st</sup> 2017
Justification Advance of Funds (ANJ)	7	23,161	July 31 <sup>st</sup> 2017	July 31 <sup>st</sup> 2017
Justification Advance of Funds (ANJ)	6	29,500	July 21 <sup>st</sup> 2017	July 28 <sup>th</sup> 2017
Justification Advance of Funds (ANJ)	5	9,280	August 11 <sup>th</sup> 2016	August 11 <sup>th</sup> 2016
Justification Advance of Funds (ANJ)	4	113,086	December 18 <sup>th</sup> 2015	December 18 <sup>th</sup> 2015
Advance of Funds (ANT)	3	189,017	November 21 <sup>st</sup> 2014	December 1 <sup>st</sup> 2014
Justification Advance of Funds (ANJ)	2	61,592	November 6 <sup>th</sup> 2014	November 6 <sup>th</sup> 2014
Advance of Funds (ANT)	1	75,000	April 17 <sup>th</sup> 2014	April 23 <sup>rd</sup> 2014

## 7. Justifications per component

Comp.	Justifications	Total	2021	2020	2019	2018	2017	2016	2015	2014
1.0.0	Strengthening of regulatory	187,968		187,968		-	-	-	-	-
1.1	Wind Atlas Contract	150,379	150,379							
1.1.1	Wind specialist	18,565				8,265	10,300	-	-	-
1.3.1	Field visits Albina	283	-	-	-	-	-	-	283	-
1.3.1	Consultant (salaries)	8,025	-	-	-	-	-	-	8,025	-
	<b>Subtotal component 1</b>	<b>365,220</b>	<b>150,379</b>	<b>187,968</b>	<b>-</b>	<b>8,265</b>	<b>10,300</b>	<b>-</b>	<b>8,308</b>	<b>-</b>
2.1	EPC Solar plant in Godo Olo	117,988	117,988				-	-	-	-
2.2	Land Clearing	20,383	20,383				-	-	-	-
2.1.1	Contract a rural electrification PV consultant (PV Consultant)	31,665	-		13,560	18,105	-	-	-	-
2.1.9	Transportation, logistics, additional labor & other operational costs related to this component for the preparation and installation of the Rural PV plant	130,327	-	74,912	36,762	18,653	-	-	-	-
2.6	Field visits	50,161	50,161	-	-	-	-	-	-	-
2.7	Social/Community consultant	20,715	-	-	-	20,715	-	-	-	-
2.8	Environmental consultant	1,200	-	-	-	1,200	-	-	-	-
2.4	Wooden poles	896	896	-	-		-	-	-	-
	<b>Subtotal component 2</b>	<b>373,335</b>	<b>189,428</b>	<b>74,912</b>	<b>50,322</b>	<b>58,673</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1	Business models	33,210	-	1,135	24,050	8,025	-	-	-	-
3.3.1	Promotional event s Program 1	3,991	-			3,991	-	-	-	-
	<b>Subtotal component 3</b>	<b>37,201</b>	<b>-</b>	<b>1,135</b>	<b>24,050</b>	<b>12,016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

4.1	Financial Firm	8,573	8,573	-	-	-	-	-	-	-
4.2	Financial auditor	26,917	7,737	-	9,590	9,590	-	-	-	-
4.5	Contract Project Assistant	4,451	431	2,010	2,010	-	-	-	-	-
4.6	Rental Office Space	24,898	24,898	-	-	-	-	-	-	-
4.7	Office equipment	18,828	18,828	-	-	-	-	-	-	-
4.8	Mid-term evaluation	15,050	-	15,050	-	-	-	-	-	-
4.10	Administrative expenses	5,572	1,627	1,471	1,547	927	-	-	-	-
4.11	Contract program manager	96,463	-	5,363	9,600	62,300	19,200	-	-	-
4.12	Transportation, facilitation & logistics for field or site visits, overnight, etc. (Component 1)	2,377	-	-	-	2,377	-	-	-	-
4.13	Contract financial specialist	2,592	-	1,542	1,050	-	-	-	-	-
4.14	Expenditures previous PEU's (restated)	192,519	-	-	-	-	23,161	9,280	104,778	55,300
4.15	Contract international procurement specialist	5,068	3,317	-	-	1,751	-	-	-	-
4.16	Final evaluation	6,292	-	-	-	-	-	-	-	6,292
	<b>Subtotal component 4</b>	<b>409,600</b>	<b>65,411</b>	<b>25,436</b>	<b>23,797</b>	<b>76,945</b>	<b>42,361</b>	<b>9,280</b>	<b>104,778</b>	<b>61,592</b>
	<b>Total justifications at year end 2021</b>	<b>1,185,356</b>	<b>405,219</b>	<b>289,450</b>	<b>98,169</b>	<b>155,899</b>	<b>52,661</b>	<b>9,280</b>	<b>113,086</b>	<b>61,592</b>
	<b>Pending justifications at year end 2021</b>	<b>650,222</b>								
	<b>Accumulated cash disbursements at year end 2021</b>	<b>1,835,578</b>								

The data of justifications is according to IDB records, LMS August 9<sup>th</sup> 2021.

After August 2021 there were no disbursement or justifications processed in 2021.



## 8. Local counterpart funds

The Republic of Suriname has agreed to contribute the sum of USD 3,300,000 as a local counterpart (both in-kind and cash). As of December 2021, the recorded counterpart contribution amounts to USD 253,178. A plot of land located in Godoholo of approximately 1 hectare has been made available for building the solar plant. The value of this contribution is unknown and not included in the amount. Reference is made to note 15 subsequent events.

The movement in the local counterpart funds is as follows:

Component	Accumulated counterpart contribution at year end 2021 (converted against historical SRD currency rates)	USD
	Balance as of January 1st, 2021	228,329
4	Counterpart contributions 2021: In-Kind salaries and wages of PEU staff	24,849
	<b>Balance as of December 31st 2021</b>	<b>253,178</b>

## 9. Prior-period adjustments

There are no prior period adjustments.

## 10. 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. The Bank may establish such inspection procedures as it deems necessary to ensure the satisfactory development of the project (Art. 7.02 special conditions grant agreement). IDB's applicable policies and procedures:

- **Procurement of goods and works and non-consulting services**  
The procurement policies applicable in 2021 are those dated March 2011, which are contained in IDB-document GN-2349-9.
- **Selection and contracting of consultants**  
The procurement policies applicable in 20120 are those dated March 2011, which are contained in IDB-document GN-2350-9.

An overview of the awarded contracts between January - December 2021:

Component	Contract name	Name of Contractor/Consultant	Start Date	Contract amount (USD)
2	G45_Distribution and Connection Materials	InteTrade Ltd.	02-Jul-21	406,864
1	G51_Wind Atlas Reports Supervision	Truusje S. Warsodikromo	31-May-21	5,567
4	G33_Audit Firm	BDO	15-Jun-21	14,386
4	G58_Financial Firm	IAC International N.V.	01-Aug-21	17,949

The amounts of contracts in other currency than USD (mainly SRD) are translated in USD.



## 11. Investment categories

Category	Investment Category	Current approved	Cumulative Investments at end of 2021		
			IDB	Counterpart	Total
1	Strengthening of regulatory and institutional framework to implement RE and EE technologies	900,000	527,844	1,400	529,244
2	Demonstration of RE technologies for interconnected grids for rural electrification	2,900,000	692,864	902	693,766
3	Strengthening of institutional arrangements, sustainable operation of RE and promotion of EE technologies in Suriname	150,000	37,201	68	37,269
4	Project management & administration	450,000	488,831	250,808	739,639
	<b>Total</b>	<b>4,400,000</b>	<b>1,746,740</b>	<b>253,178</b>	<b>1,999,918</b>

The total investments as of 31<sup>st</sup> of December 2021 for this project are USD 1,999,918, including Counterpart Contribution.





12. Reconciliation between the “Statement of Cash Received and Disbursements” and the “Statement of Cumulative Investments”

<i>In USD's</i>	<b>IDB</b>	<b>COUNTERPART</b>	<b>TOTAL</b>
Statement of Cash Received and Disbursements: Cumulative investments at beginning of period	1,138,284	228,329	1,366,613
Statement of Cash Received and Disbursements: Payments for goods and services during the year	608,797	24,849	633,646
<b>Total (=Statement of Cash Received and Disbursement: Accumulated cash disbursement as of end of year)</b>	<b>1,747,081</b>	<b>253,178</b>	<b>2,000,259</b>
<b>Statement of Cumulative Investments: Total investments at the end of the year</b>	<b>1,746,740</b>	<b>253,178</b>	<b>1,999,918</b>
Differences: Foreign exchange differences 2019	341	0	341

The Cash received and Disbursed corresponds with the Cumulative investments at year end according to the accounting records with the exception of an exchange rate difference in 2019 of USD 341.

13. Reconciliation between the program's accounting records and IDB's LMS records

The **IDB records** as per LMS-1 at the end of year include:

- Current approved amount for the project	USD 4,400,000
- Available Balance	USD 2,564,422
- Total disbursed amount	USD 1,835,578
- Total investments	USD 1,185,356
- <b>Total pending justifications</b>	<b>USD 650,222</b>

The **project accounting records** at the end of year include:

- Accumulated cash received at end of year	USD 1,839,570
- Accumulated cash disbursements at beginning of year (expenses)	USD 1,138,284
- <b>Total Pending Justification at the beginning of year</b>	<b>USD 701,286</b>

Total pending justifications consists of:

- Total investments (expenses 2021)	USD 608,797
- Available cash and bank balance at the end of year	USD 92,489
	<b>USD 701,286</b>

The **reconciliation** of total pending justifications in the IDB records and project accounting records is as follows:

- Project accounting records	USD	701,286
- IDB records	USD	650,222
<b>Differences (explained below)</b>	<b>USD</b>	<b>51,064</b>

**Differences** in available cash and bank balance in accounting records explained in FS of previous years:

- Cash under FM	USD	46,721
- Bid deposits received	USD	3,993
- Other differences	USD	350
	<b>USD</b>	<b>51,064</b>

The total pending justifications according to the IDB records corresponds with the project accounting records with the exception of a surplus in the available cash and bank balance in the accounting records of USD 51,064, as explained in the FS of previous years.

#### 14. Contingencies

The Executing Agency undertakes to (a) ensure that the works and equipment included in the Project shall be adequately maintained according to generally accepted technical standards; and (b) present to the Bank, during the project execution period, and within 3 months following the termination of each work or the acquisition of the equipment, up to and including the first year after the last disbursement of the resources of the Contribution, a report on the status of said works and equipment and an annual maintenance plan for that year. If from the inspections conducted by the Bank or from the reports it receives, it is determined that maintenance does not meet the levels agreed upon, the Executing Agency shall undertake the necessary measures to correct these shortcomings.

Except with the express authorization of the Bank, the goods acquired with resources of the Contribution shall be used exclusively for the purposes of the Project. Once the Project has been completed, the construction machinery and equipment utilized in the execution of the Project may be used for other purposes.

The Executing Agency agrees 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, easements or other rights required for its construction and use, as well as water rights required for the work in question.

## 15. Subsequent events

1. **Counterpart contribution:** The total (in-kind) counterpart contribution by the Republic of Suriname to the project recorded at the end of 2021 is SD 253,178. The Republic of Suriname committed to a total amount of "in kind" contributions of USD 3,300,000. It is expected that the Republic of Suriname will not be able to contribute the in-kind counterpart as committed. Discussions with the IDB have been started to assess what the impact of this will be on the execution of the project. To reduce the local counterpart commitment of USD 3.3 million, the PEU requested a joined discussion and recommendations from the bank to reach an eligible solution on this topic and the amount for reduction. Based on the financial plan for 2022 and 2023 it is expected that no local counterpart contributions in cash are necessary for the completion of the project.
2. **Execution of Rural Electrification Plan (REP):** At the end of 2021 it was decided to add the REP to the project. This is identified as the last critical milestone for the success of the Project to exploit the maximum benefit of the project for Suriname. This plan will be prepared and executed in 2022 depending on the available funds of the project.
3. **Extension of the project:** According to the letter of the IDB dated November 3<sup>rd</sup> 2020 the last disbursement date has been extended to May 08, 2022. Due to the COVID-19 pandemic there were delays in the shipment of goods. The deliverables of the project will not be ready on time (before May 08, 2022). Therefore, another extension proposal of the project SU-G1001 will be submitted to the IDB in 2022 with an extension request for a year. Request for assistance from the Ministry of Finance and Planning for submission of the extension proposal of the project to the IDB has been requested.
4. Most important **awarded or extended Contracts** after December 31<sup>st</sup> 2021:

Component	Contract name	Name of Contractor/Consultant	Start Date	Contract amount (USD)
2	G53_Construction of a distribution grid in Godoholo (New Contract)	N.V. Betagroup	04-Feb-22	237,951
2	G01_Micro grid solar plant (Amendment)	Johs. Gram-Hanssen A/S JGH Group	24-Feb-22	1,211,403



The Permanent Secretary of  
THE MINISTRY OF NATURAL RESOURCES  
Attn. drs. Thelma Douglas , MPA  
mr. dr. J.C. de Mirandastraat 11-15  
PARAMARIBO

Paramaribo, April 28, 2022  
A 22/39 NV/SSO

Dear Mrs. Douglas,

Please find enclosed a copy of the special purpose financial statements of the program "DEVELOPMENT OF RENEWABLE ENERGY, ENERGY EFFICIENCY AND ELECTRIFICATION OF SUIRNAME" for the year ended December 31, 2021 that have been initialed for identification purposes, and our auditor's reports thereon dated April 28, 2022.

We confirm our permission to include this auditor's reports in copies of the aforementioned special purpose financial statements provided that they are identical to the enclosed copy that has been initialed for identification purposes.

Sincerely,  
For BDO Assurance N.V.



N.T.H. Veerman RA CA  
Partner

## INDEPENDENT AUDITOR'S REPORT

To: the Project Executing Unit of the project "DEVELOPMENT OF RENEWABLE ENERGY, ENERGY EFFICIENCY AND ELECTRIFICATION OF SUIRNAME"

### A. Report on the audit of the special purpose financial statements 2021

#### Qualified opinion

We have audited the accompanying special purpose financial statements of the project "Development of Renewable Energy, Energy Efficiency and Electrification of Suriname" ("Project") for the period January 1, 2021 to December 31, 2021.

The project is carried out by the Republic of Suriname through the Ministry of Natural Resources and financed with resources of the financing agreement N° GRT/FM-13774-SU (SU-G1001) of the Inter-American Development Bank (IDB) and with contributions of the Republic of Suriname.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying special purpose financial statements have been prepared in all material respects, in accordance with the financial reporting requirements of the contractual clause of Chapter IV, Section 4.01, 4.02 and 4.03 of the financing agreement and the Audited Financial Reports and External Audit Management Handbook for projects financed by IDB.

The special purpose financial statements comprise:

1. the statement of cash received and disbursements;
2. the statement of cumulative investments;
3. the notes comprising a summary of significant accounting policies and other explanatory information.

#### Basis for qualified opinion

The comparative financial information in these financial statements is derived from the financial statements of previous year on which a qualified opinion dated November 18, 2021 has been issued, based upon the following:

"Government officials and civil servants may only be hired under consulting contracts if they are not being hired by the agency they were working for immediately before going on leave and their employment would not create a conflict of interest. In the contract for consultant's services, the former project manager declared as a government official or civil servant not to have worked for the Executing Agency prior to such leave. The consultant who became the project manager in 2014 was the former permanent secretary of Ministry of Natural Recourses and was replaced as permanent secretary in 2012. We were unable to verify if the project managers complied with the eligibility requirements, although he signed the declaration with respect to eligibility. The Inter-American Development Bank approved the hiring of the former project manager and the further justification of payments done to the project manager and has taken note of the possible conflict of interest issue".

These circumstances are not applicable for the current financial year but do apply to the corresponding figures. If the amounts shown in the statement of cumulative investments as at 31 December 2020 were to require adjustment, this would directly affect the amounts reported for the year ended 2021 i.e. cumulative investments. The amounts reported in the statement of cumulative investments therefore remain uncertain.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Executing Agency of financing agreement N° GRT/FM-13774-SU (SU-G1001) in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **B. Description of responsibilities regarding the special purpose financial statements**

### **Responsibilities of management for the special purpose financial statements**

Management is responsible for the preparation of these financial statements in accordance with the financial reporting requirements of the contractual clause of Chapter IV, Section 4.01, 4.02 and 4.03 of the financing agreement and the Audited Financial Reports and External Audit Management Handbook for projects financed by IDB. In addition, management is responsible for establishing internal controls as they determine necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

### **Our responsibilities for the audit of the special purpose financial statements**

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

### **Emphasis of Matter**

We draw attention to Note 8 and Note 15 of the financial statements, which describe the local counterpart funds and further extension of the project. Our opinion is not modified in respect of this matter.

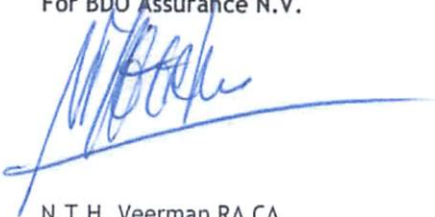


#### Emphasis of the basis of accounting and restriction on use and distribution

Without modifying our opinion, we draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared to assist the Project to comply with the financial reporting requirements of the contractual clause of Chapter IV, Section 4.01, 4.02 and 4.03 of the financing agreement and the Audited Financial Reports and External Audit Management Handbook for projects financed by IDB. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended only for the Project Executing Unit and the Inter-American Development Bank and should not be used by or distributed to other parties other than the Project Execution Unit and the Inter-American Development Bank.

Paramaribo, April 28, 2022

For BDO Assurance N.V.



N.T.H. Veerman RA CA  
Partner





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The Acting Permanent Secretary of  
THE MINISTRY OF NATURAL RESOURCES  
and the Program Manager of IDB project SU-G1001  
Mr. dr. J.C. de Mirandastraat 11-15  
PARAMARIBO

Paramaribo, April 27, 2022  
A 22/40 NV/SSO

Dear Mrs. Douglas-Pinas and Mrs. Van de Scheur-Rijker,

We herewith provide information related to the audit and evaluation of the internal control system,  
as carried out within the scope provided in the International Standards on Auditing applicable to the  
audit of the financial statements 2021.

Sincerely,  
For BDO Assurance N.V.

A handwritten signature in blue ink, appearing to be 'N.T.H. Veerman', is written over a horizontal blue line.

N.T.H. Veerman RA CA  
Partner

## GENERAL OBSERVATIONS ARISING FROM EVALUATION

As in previous years, we have not performed interim audit procedures during the year. After contract negotiations and signing the amended contract, we received the signed audit engagement letter on April 4, 2022.

During the audit we observed improved accounting records, financial reporting, and documentation. As a result, we were able to perform the audit procedures as planned.

The Last Disbursement Date for the Program has been extended to May 08, 2022 (according to the letter from IDB dated November 23, 2020) and it is expected that another extension will be granted, based on information provided to us by the Program Manager.

## COUNTERPART CONTRIBUTIONS

We refer to our letter dated November 18, 2021 evaluation of the internal control system.

During 2021, counterpart (in-kind) contributions amounting to USD 24,849 have been recorded. The in-kind contributions during 2021 concern PEU staff salaries. Counterpart contributions effected by December 31, 2021 amount to USD 253,718.

It was discussed during the meeting of June 12<sup>th</sup>, 2018 that the currently expected counterpart contribution of USD 3.3 million must be restricted. We recommended to formally approve the restriction of the counterpart contribution in order to prevent non-compliance with terms and conditions in the financing agreement.

We recommended determining the resources which need to be contributed by the Republic of Suriname which may be necessary for the complete and uninterrupted execution of the project.

We were informed that, based on the project financial planning for 2022 and 2023, sufficient financial resources are available for the implementation and completion of the Program and that the (in kind) counterpart contribution will continue in accordance with current practices.

Operations manual September 2020: "the Republic of Suriname will contribute 'in kind' the amount of US\$3,300,000 to the Project GRT/FM-13774-SU. The local contribution can be increased with funds coming through other Inter-institutional Co-financing Agreements endorsed by the Republic of Suriname. The funds will be administered by the Ministry of Natural Resources as the Executing Agency, according to the procedures and guidelines as described in this OM, the Project Document of operation SU-G1001 and the investment grant subscribed by the Bank and the Government for the execution of the Project. Possible co-financing will have to be formalized through agreements and be registered in the final financial structure of the Project".

We requested to (i) disclose in the notes to the financial statements 2020 the status of the counterpart contribution to the project and (ii) subsequent events in 2021 with respect to counterpart contributions, (iii) to provide correspondence with IDB regarding the counterpart contribution and decisions made on behalf of the Republic of Suriname regarding the counterpart contribution, and (iv) to provide an analysis of the impact for the project execution if the Republic of Suriname will not contribute 'in kind' the amount of US\$ 3,300,000 to the project.

In our letter dated November 18, 2021 we reported that the requested information has not been made available or disclosed in the financial statements 2020.

Included in the financial statements 2021: (i) the status of the counterpart contribution, (ii) subsequent events.

We have not received the requested correspondence with IDB regarding counterpart contribution and decisions made on behalf of the Republic of Suriname. We were informed that, based on the project financial planning for 2022 and 2023, sufficient financial resources are available for the implementation and completion of the Program and that the (in kind) counterpart contribution will continue in accordance with current practices.

#### **OBSERVATIONS WITH RESPECT TO 2021**

##### **Comments and findings related to the accounting records, and the control processes reviewed during the audit**

The contracted accounting firm produced accounting records using Quickbooks and provided the draft financial statements. With respect to the preparation of accounting records, financial statements and supporting documentation in accordance with applicable guidelines we observed that sufficient improvements have been achieved. During 2021, financial management of field visits improved.

##### **Deficiencies and material weakness in the controls and systems**

We have not noticed material weaknesses in the controls and systems.

##### **Deviations in the application of accounting principles**

The identified deviations in the application of accounting principles during the audit of the financial statements 2020 have been adjusted in accordance with our request.

We noticed follow-up of our recommendation to ensure subsequent events are identified and disclosed in the financial statements.

##### **Non-compliance with terms and conditions stated in the financing agreement**

We have not identified non-compliance with terms and conditions stated in the financing agreement.



### Expenses considered ineligible

The expenditures financed with the operation's resources (Bank or counterpart funds) are eligible as long as they: i) are necessary for the project and in line with its objectives; ii) comply with the applicable Bank policies and legal agreement(s); and iii) are properly recorded and adequately supported in the borrower's and/or EA's systems.

We have not identified expenditures that do not comply with eligibility criteria (not necessary for the project and in line with its objectives).

### Expenses that do not comply with the tax legislation or other applicable laws in Suriname

We identified no such expenses.

### Issues that drew the Auditor's attention during the conduct of the audit and which could have a significant impact on the project's execution

No issues that could have a significant impact on the project's execution have come to our attention.

### Status of compliance with audit recommendations identified in previous periods

We identified follow-up of audit recommendations. The Program Manager informed us with respect to follow-up in 2022 of certain recommendations regarding work completion control and documenting the internal control activities.

The following comments have been reported to us in writing in the draft financial statements:

*Status of the adjustments recommended according to the evaluation of the internal control system by BDO in the letter with reference A 21/198 NV/SSO:*

#### **1. No timely availability of Audit information and supporting information**

- i. *With a change in the dedicated hours and management of the Financial Management firm the timely availability of Audit information and supporting information based on the agreed time schedule for the AFS 2021 is improved.*
- ii. *After receiving the PBC-list from the auditor clear responsibilities for providing the requested audit information were divided between MNH and FM.*

#### **2. Reducing local counterpart commitment**

*To reduce the local counterpart commitment of USD 3.3 million the PEU requested a joined discussion and recommendation from the bank to reach an eligible solution and amount of this reduction. In Progress.*

#### **3. Expenses considered ineligible**

*According to the auditor an amount of USD 2,820 does not comply with the eligibility criteria and should be eliminated. As of now the IDB has given its consent that these costs are eligible and therefore don't need to be eliminated from the records in 2020 anymore.*



**4. Improve financial management of field trip expenses**

Financial management of fieldtrips have been improved during the year 2021 including budget reports prior to every fieldtrip as well as an evaluation report including budget vs. actuals after each fieldtrip during the year 2021. The evaluation sustains of the planned budget against the actual expenses of the fieldtrips.

**5. Correct discrepancies in accounting records**

Discrepancies have been adjusted and corrected after recommendations from the auditor.

**6. Introduce written work completion control procedures and responsibilities**

- iii. Required improvements regarding accounting records and control will be discussed with EA and put in place internally, when necessary.
- iv. Cash basis of accounting is already implemented, where recognizing cash receipts in the period when cash is received and recognizing expenses when cash has been disbursed is applied.
- v. The responsibilities regarding the financial administration within the PEU are divided and documented.

**A risk assessment of the audit findings, including comments from management**

For comments from management we refer to 'Status of compliance with audit recommendations identified in previous periods'.

Taking into account the stage the project is at, we recommend evaluating and managing Key Person risk factors.

Sincerely,

For BDO Assurance N.V.



N.T.H. Veerman RA CA  
Partner