

GOVERNMENT OF BELIZE
MINISTRY OF WORKS:
CLIMATE VULNERABILITY REDUCTION
PROGRAM FINAL REPORT
LOAN CONTRACT NO. 4426/OC-BL

*Financial Statements for the 23 Months Period
Ended March 31, 2020 and Independent
Auditor's Report*

CLIMATE VULNERABILITY REDUCTION PROGRAM

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GOVERNMENT OF BELIZE
MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
FOR THE 23 MONTHS PERIOD ENDED MARCH 31, 2020 (IN US DOLLARS)

INTRODUCTION

The loan agreement for the Climate Vulnerability Reduction Program (CVRP) was signed by the Inter-American Development Bank (IDB) and by the Government of Belize (GOB) on May 7, 2018. The objective of the Program is to reduce Belize's climate vulnerability and risk through the implementation of climate resilient measures in the tourism sector and by improving the governance of Belize's Disaster Risk Management.

To achieve its objectives, the Program is divided into three components:

Component 1: Climate risk reduction in the tourism sector

This component includes: (i) implementation of climate resilient flood control measures that consider climate change scenarios to protect public and private infrastructure in tourism and residential areas of downtown Belize City; and (ii) shoreline stabilization measures on public land in public tourism areas in Caye Caulker and Goff's Caye.

Component 2: Governance for disaster risk management and CC adaptation

This component finances studies and the procurement of services for: (i) consultancy to develop and disseminate a web-based platform that could be input to a National Climate Risk Information System to share existing climate risk information, including an estimation of cost of maintenance in the first two years and training modules in the use of the web-based platform. This will also take into account other similar national initiatives such as the National Spatial Data Infrastructure housed at the Ministry of Natural Resources; (ii) a consultancy to support the Central Building Authority through the provision of technical guide that will provide recommendations for building in coastal areas, including innovative nature-based solutions; and (iii) a consultancy to design a climate risk financing strategy for the tourism and agriculture sectors.

Component 3: Project Management

This component finances the: (i) Technical Unit; (ii) Annual Evaluations and Audits.

MANAGEMENT SUMMARY

The Executing Agency under which the Program will be managed is the Ministry of Works (MOW). The Office of the Chief Engineer, under the office of the Chief Executive Officer of the MOW, represents the focal point for the execution of the Program.

As the Executing Agency, the Ministry of Works will be responsible for the coordination, planning and monitoring, financial management, procurement, technical administration, and the implementation of the social and environmental safeguards of the Program. These responsibilities will be discharged through the Program Management Unit (PMU) tasked with specific technical and administrative responsibilities. The established PMU provides supervision for three IDB funded investment loans (BL-L1019, BL-L1028 and BL-L1029) and two non-reimbursable technical cooperation (BL-T1098, ATN/OC-15287-BL and ATN/OC-15288-BL) which fall under either the George Price Highway Rehabilitation (GPHR) Project, Caracol Road Rehabilitation Project or CVRP.

GOVERNMENT OF BELIZE
MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
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FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)

INTRODUCTION (CONTINUED)

The Program Execution Unit has a Program Steering Committee (PSC) that has been established to provide strategic monitoring and oversight for the Program implementation. The PSC consists of key implementing agencies and stakeholders and is chaired by the Chief Executive Officer of the Ministry of Economic Development and Petroleum.

FINANCIAL RESOURCES

The Program has a total cost of US\$10 Million, to be fully funded by the Bank, with resources from the Ordinary Capital (OC) Fund. Figure 2 presents the distribution of resources of the loan as set forth in the loan agreement. Government Counterpart Funding will be assessed based on needs for land acquisition for the proposed civil works.

INVESTMENT CATEGORIES	IDB	Percentage
Component 1: Climate Risk Reduction in the Tourism Sector	8,539,461	85.3%
- Climate Resilient Flood Control Measure in Belize City	6,960,720	69.6%
- Investments in Caye Caulker and Goff's Caye	961,400	9.6%
- Environmental Measures	200,000	2.0%
- Coastal Monitoring for Goff's Caye (Erosion and Coral Reef)	303,691	3.0%
- Management Plans for Palapa Beach (Caye Caulker) and Goff's Caye	113,650	1.1%
Component 2: Governance for Disaster Risk Management and Climate Change Adaptation	618,241	6.2%
- Climate Risk Information System	478,241	4.8%
- Design of Building Codes	70,000	0.7%
- Climate Risk Financing Strategy for the Tourism and Agriculture Sectors	70,000	0.7%
Project Management	842,298	8.5%
- Technical Unit	627,298	6.3%
- Annual Evaluations and Audits	215,000	2.2%
Total	10,000,000	100%

The Project officially commenced operations on May 7, 2018 and estimated to meet its objective within 48 months. There may also be permitted extensions.

**GOVERNMENT OF BELIZE
MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)**

OBJECTIVE OF AUDIT

The objective of our audit is to provide IDB with the assurance that IDB resources are being managed in accordance with the terms of Loan Contract No. 4426/OC-BL, in an environment in which there are adequate management, administrative and financial controls.

Our audit was conducted in accordance with the requirements of Project Financial Reports and Audit Guidelines and in accordance with International Standards on Auditing. Accordingly, our auditing procedures included tests of accounting records and controls along with other procedures considered necessary in the circumstances.

The specific objectives of our audit were:

1. To express an opinion as to whether the Statement of Cash Received and Disbursements and Statement of Cumulative Investments present fairly, in all material respects, the cash received and disbursements made for the 23 months ended March 31, 2020 in accordance with the requirements established in the contractual clause 7.03 of the Loan Contract No. 4426/OC-BL and the Audited Financial Reports and External Audit Management Handbook for Projects Financed by the IDB.
2. To obtain a sufficient understanding of the Climate Vulnerability Reduction Program's internal controls and risk assessment procedures;
3. To report on material weaknesses in internal controls and inefficiencies encountered; and
4. To determine whether the Climate Vulnerability Reduction Program complied, in all material respects, with the terms of the Loan Contract and any other applicable laws and regulations.

SCOPE OF AUDIT

The scope of our audit included:

1. An evaluation of the internal control system of the Program;
2. A review of the financial transactions and accounting records for the purpose of providing an opinion as to whether the financial information of the Program is reasonably presented and in accordance with the requirements established in the contractual clause 7.03 of the Loan Contract No. 4426/OC-BL and the Audited Financial Reports and External Audit Management Handbook for Projects Financed by the IDB;
3. An evaluation of compliance with the financial, accounting and operational contractual clauses and regulations;
4. A review of the supporting documentation and controls related to the activities and investments financed, procurement of goods and contracting of works and consulting services; and
5. A review of procedures used to record, control and maintain goods acquired with Program funds.

**INDEPENDENT AUDITORS' REPORT ON THE STATEMENT OF
CASH RECEIPTS AND DISBURSEMENTS
AND STATEMENT OF CUMULATIVE INVESTMENTS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL**

To: Government of Belize, Ministry of Works

Program: Climate Vulnerability Reduction Program

Opinion

We have audited the Financial Statements of Climate Vulnerability Reduction Program carried out by the Government of Belize through the Ministry of Works and financed with resources of the Loan Contract/Technical Cooperation Agreement No. 4426/OC-BL of the Inter-American Development Bank (IDB) and with contributions for the Government of Belize, which include the Statement of Cash Received and Disbursements made and the Statement of Cumulative Investments for the 23 months ended March 31, 2020, , and the notes to the financial statements prepared for the 23 months ended March 31, 2020, as well as the notes to the financial statements, which include a summary of the relevant accounting policies.

In our opinion, the accompanying financial statements of the Climate Vulnerability Reduction Program for the 23 months' period ended March 31, 2020 have been prepared in all material respects, in accordance with the financial reporting requirements of the contractual clause, Article 8.01, of the Loan Contract No. 4426/OC-BL and the Audited Financial Reports and External Audit Management Handbook for projects financed by IDB.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Government of Belize through the Ministry of Works and the Climate Vulnerability Reduction Program in accordance with the ethical requirements that are relevant to our audit of the financial statements in Belize and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting, and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the Climate Vulnerability Reduction Program in accordance with the requirements of the Loan Contract No. 4426/OC-BL and the Audited Financial Reports and External Audit Management Handbook for Projects Financed by the IDB. As a result, the financial statements may not be suitable for another purpose. Our report is intended only for the Executing Agency and the IDB, and should not be distributed to other parties other than the Bank or the Executing Agency. However, this report may become a public document, in which case its distribution would not be limited. Our opinion has not been modified in relation to this issue.

hlb.bz

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the requirements established in the contractual clause, Article 6.01, of the Loan Contract No.4426/OC-BL and the Audited Financial Reports and External Audit Management Handbook for Programs Financed by the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the International Standards on Auditing 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.

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

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

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

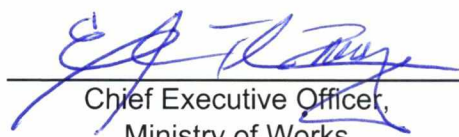
HLB Belize, LLP

Chartered Accountants
Belize City, Belize
July 28, 2020

**GOVERNMENT OF BELIZE, MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS
FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)**

	Notes	March 31, 2020	
		IDB	Total
CASH RECEIVED		\$	\$
Accumulated as at beginning of period			
Activity during the period			
Disbursements (Advances, reimbursements and direct payments)	9.	1,263,372	1,263,372
Interest Received		-	-
TOTAL CASH RECEIVED		1,263,372	1,263,372
DISBURSEMENTS			
Beginning Balance			
Activity during the period			
Payment for goods and services		649,908	649,908
Refunds to IDB		-	-
TOTAL CASH DISBURSEMENTS		649,908	649,908
Cash Received Less Cash Disbursements	8.	613,464	613,464
Reimbursable to Government of Belize	4	408,767	408,767
AVAILABLE CASH BALANCE	3.	1,022,231	1,022,231


Program Coordinator


Chief Executive Officer,
Ministry of Works

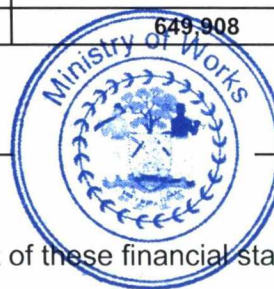
The accompanying notes on pages 8 to 14 form an integral part of these financial statements.



**GOVERNMENT OF BELIZE, MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
STATEMENT OF CUMULATIVE INVESTMENTS
FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)**

INVESTMENTS CATEGORY/COMPONENTS	MOVEMENT DURING THE PERIOD ENDED MARCH 31, 2020		CUMULATIVE AT THE END OF MARCH 31, 2020	
	IDB	Total	IDB	Total
Component 1: Climate risk reduction in the tourism sector	\$	\$	\$	\$
1.1 Climate Resilient Flood Control Measure in Belize	334,452	334,452	334,452	334,452
1.2 Investments in Caye Caulkers and Goff's Caye	-	-	-	-
1.3 Environmental Measures	-	-	-	-
1.4 Coastal Monitoring for Goff's Caye (Erosion and Coral Reef)	-	-	-	-
1.5 Management Plans for Palapa Beach (Caye Caulker) and Goff's Caye	-	-	-	-
TOTAL	334,452	334,452	334,452	334,452
Component 2: Governance for disaster risk management and CC				
2.1 Climate Risk Information System	-	-	-	-
2.2 Designing of Building Codes	-	-	-	-
2.3 Climate Risk Financing Strategy for the Tourism and Agriculture Sectors	-	-	-	-
TOTAL	-	-	-	-
Component 3: Project Management				
3.1 Technical Unit	315,457	315,457	315,457	315,457
3.2 Annual Evaluations and Audits	-	-	-	-
TOTAL	315,457	315,457	315,457	315,457
FINANCE CHARGES	-	-	-	-
TOTAL INVESTMENT	649,908	649,908	649,908	649,908


Program Coordinator




Chief Executive Officer, Ministry of Works

The accompanying notes on pages 8 to 14 form an integral part of these financial statement.

**GOVERNMENT OF BELIZE, MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
NOTES TO FINANCIAL STATEMENTS
FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)**

1. PROGRAM STATUS

Component 1

Under Component 1, a total of three (3) civil works contracts have been awarded to date. These include the Belize City civil works: Lot 1 – Canal Dredging, Lot 2 – Canal Lining & Sluice Gate Installation, and Lot 3 – Street Drain Restoration (Orange Street). Each contract was signed on December 18, 2020 and commenced January 6, 2020.

The contract for Lot 1 - Canal Dredging (De'Mar's Stone Company Ltd) is for a duration of 8 months and with a contract sum of BZ \$805,569. A total of 47% of the contract duration has elapsed with an overall physical progress of about 43% and 20% financial progress.

The contract for Lot 2 - Canal Lining & Sluice Gate Installation (De'Mar's Stone Company Ltd) is for a duration of 12 months and with a contract sum of BZ \$2,380,277. A total of 32% of the contract duration has elapsed with an overall physical progress of about 23% and 20% financial progress.

The contract for Lot 3 - Street Drain Restoration Orange Street (Cisco Construction Ltd) is for a duration of 12 months and with a contract sum of BZ \$1,805,749. A total of 32% of the contract duration has elapsed with an overall physical progress of about 34% and 0% financial progress.

Additionally, three (3) contracts were awarded for the Supervision Team comprising of a Technical Specialist and two Site Inspectors. The team is housed in Belize City and responsible for the technical supervision of the construction contracts under the Loan Program.

A total of eight (8) contracts are in the pipeline for Component 1. These include the following civil work and consultancy services:

Construction Activities		
Contract	Phase	Allocated Budget USD
Street Drain Restoration (King & Dean Streets)	On hold due to shortfall of funds	\$ -
Belama Bridge	On hold due to shortfall of funds	
Pumping Station & Breakwater	Procurement Phase	\$ 3,842,875
Caye Caulker Palapa Gardens Beach Redevelopment	On hold due to delay in final design preparation being administered by the Ministry of Tourism under the STPII project.	\$ 350,000
Goff's Caye Infrastructure and Pier Development	On hold due to delay in final design preparation being administered by the IDB.	\$ 524,000

**GOVERNMENT OF BELIZE, MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)**

1. PROGRAM STATUS (Continued)

Consultancies		
Contract	Phase	Allocated Budget USD
Coastal Monitoring for Goff's Caye (erosion and coral reef)	Procurement Phase	\$ 200,000
Management Plan for Caye Caulker Palapa Gardens Beach Area	Procurement Phase	\$ 113,650
Management Plan for Goff's Caye	Procurement Phase	\$ 217,341

It is expected that three (3) contracts should be awarded by the end of 2020 including: the Pumping Station & Breakwater Coastal Monitoring for Goff's Caye (erosion and coral reef) and the Management Plan for Goff's Caye.

Component 2:

No contracts have been awarded under Component 2 to date. This Component is comprised of three consultancies: the Climate Risk Information System, National Assessment for Building Codes Development in Belize and Climate Risk Financing Strategy for Tourism and Agriculture Sectors.

The preparation of procurement package for the Climate Risk Information System has been delayed due to unsuccessful stakeholder engagements conducted in 2019. The Terms of Reference for this package is still under review. Additionally, further discussions regarding the hosting site and the link between the Climate Risk Information System and National Spatial Data Infrastructure housed at the Ministry of Natural Resources are to be sorted.

The procurement process for the National Assessment for Building Codes Development in Belize has been expedited. This process has been launched successfully and is expected to commence in June 2020.

The procurement process for the Climate Risk Financing Strategy is expected to commence in the next reporting period.

Component 3:

The resources available under this component contributes to the operation costs for the Project Staff and the technical evaluations and audits required for the project.

While the Program Management Unit shared staff members are financed under the George Price Highway Rehabilitation Project (Procurement Officer, Financial Specialist, Accounts Clerk, Administrative Assistant, Environmental Specialist and Social Specialist), a Project Manager, Program Coordinator and Coastal Engineer is financed under this component.

Regarding Evaluations and Audits, a deferral for Year 1 Audit was obtained due to minimal financial activity in Year 1. The procurement process for hiring of a consulting firm to execute a multi-year financial audit is currently almost concluded and expected to commence in May 2020.

**GOVERNMENT OF BELIZE, MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE 23 MONTHS PERIOD ENDED MARCH 31, 2020 (IN US DOLLARS)**

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in United States dollars (USD) under the historical cost convention and conformity with "Financial Reporting under the Cash Basis of Accounting". The approved budget is developed on the same accounting basis (cash basis), same classification basis, and for the same period as for the financial statements.

The Program's accounting and financial reporting system aims to enable users to assess the accountability of the funds available for its activities. In order to satisfy this objective, the following accounting policies have been adopted.

- (a) **Cash Basis Accounting** - The financial statements have been prepared using the cash basis of accounting, recognizing revenue when the cash is received and recognizing expenses when the cash has been disbursed. This accounting policy differs from the IPSAS under which transactions should be recorded when they occur and not when they are paid. However, the IPSAS have been applied to circumstances such as those discussed in chapter "Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting."
- (b) **Currency** - The program's accounting records are maintained in local currency and U.S.dollars. The official exchange rate for reporting purposes is fixed at BZ\$2 = US\$1.
- (c) All costs related to the Program's activities are classified, where appropriate, according to the work plan budget for the period.
- (d) No depreciation is charged on fixed assets acquired with Program funds.
- (e) The Program's Statement of Cash Receipts and Disbursements reflects receipts and disbursements relating to IDB Loan Contract No. 4426/OC-BL.
- (f) The Program's funds are deposited into account #311113 Climate Vulnerability Reduction at the Central Bank of Belize.

3. CASH AND BANK BALANCES

IDB FUNDS

The available cash balance as of March 31, 2020, as held in the Program's bank account is as follows:

	BZ	USD
Central Bank of Belize Account No. 311113		
Statement balance at March 31, 2020	\$ 2,044,461	\$ 1,022,231
Total cash and bank balance	\$ 2,044,461	\$ 1,022,231

GOVERNMENT OF BELIZE, MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)

4. ADVANCES PENDING JUSTIFICATION

At March 31, 2020, the amount pending justification to the IDB amounted to US \$408,767, which represented the following disbursement requests awaiting processing, or expenditures incurred but not included in these requests. The US \$408,767 has been used by the Government of Belize for Climate Vulnerability Reduction Program expenses and are thus reimbursable to GOB by CVRP.

5. ADVANCES AND JUSTIFICATIONS

USD

Balance in Bank Accounts at March 31, 2020	\$ 1,022,231
Funds Already Used	408,767
Reconciled Revolving Fund Balance	1,430,998
Advance Fund Balance as per LMS1	1,022,231
	408,767
Explained Difference (see note 4)	(408,767)
Difference	\$ -

Advance Fund Balance as per LMS1

Opening Balance: IDB Funds			Advances & Justification (Project Life)	Advances Received	Advances Justified	Advances
LMS/ CBB	Value Dates	Request	Beneficiary	ANT	ANJ	Balance
201858876	December 7, 2018	REQ 01	Climate Vulnerability Reduction Program	\$ 113,372	\$ -	\$ 113,372
201932905	July 12, 2019	REQ 02			(95,208)	18,164
201933117	July 16, 2019	REQ 03	Climate Vulnerability Reduction Program	150,000		168,164
201963681	December 6, 2019	REQ 04			(145,933)	22,231
201964553	December 11, 2019	REQ 05	Climate Vulnerability Reduction Program	1,000,000		1,022,231
Closing Balance				\$ 1,263,372	\$ (241,141)	\$ 1,022,231

Advances & Justification (Financial Year March 31,2020)	IDB Funds
Opening Balance of Advance (April 1, 2019)	\$ 113,372
Advance Recorded & Justified	(241,141)
Advanced Received	1,150,000
Closing Balance of Advances (March 31, 2020)	\$ 1,022,231

GOVERNMENT OF BELIZE, MINISTRY OF WORKS
 CLIMATE VULNERABILITY REDUCTION PROGRAM
 LOAN CONTRACT NO. 4426/OC-BL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)

6. PRIOR PERIOD ADJUSTMENT

There is no prior period adjustment applicable to the first financial statement period.

7. PROCURMENT OF GOODS AND SERVICES

Status of Processes to Date	# Processes	Amount	%
Not started	7	\$ 1,937,680	19%
Ongoing/Underway	7	5,117,977	51%
Awarded (includes completed)	15	2,944,343	29%
TOTAL	29	\$ 10,000,000	100%

8. RECONCILIATION OF STATEMENTS OF CASH RECEIVED AND DISBURSEMENTS WITH THE STATEMENT OF CUMULATIVE INVESTMENTS

	During Period March 31, 2020 USD	Cumulative as at March 31, 2020 USD
Disbursements made by the PMU as per Statement of Cumulative Investments	\$ 649,908	\$ 649,908
Direct Disbursements made by the IADB as per Statement of Cumulative Investment	-	-
Cumulative Investments	649,908	649,908
Total Cash Received and Direct Payments via IDB	\$ 1,263,372	\$ 1,263,372
Less: Cumulative Disbursements for the Period	(649,908)	(649,908)
Cash Received Less Disbursements	\$ 613,464	\$ 613,464

GOVERNMENT OF BELIZE, MINISTRY OF WORKS
 CLIMATE VULNERABILITY REDUCTION PROGRAM
 LOAN CONTRACT NO. 4426/OC-BL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)

9. RECONCILIATION BY CATEGORY OF INVESTMENT OF THE PROGRAM'S RECORDS WITH THE IDB'S RECORDS

CATEGORY	Cumulative Balance as per:		Variance	Explanation for Variances
	Program's Records (Statement of Cumulative Investments)	IDB's Records (LMS 1 Executive Financial Summary)		
Component 1: Climate Risk Reduction in the Tourism Sector				
1.1 Climate Resilient Flood Control Measure in Belize City	\$ 334,452	\$ -	\$ 334,452	
1.2 Investments in Caye Caulkers and Goff's Caye	-	-	-	
1.3 Environmental Measures	-	-	-	
1.4 Coastal Monitoring for Goff's Caye (Erosion and Coral Reef)	-	-	-	
1.5 Management Plans for Palapa Beach (Caye Caulker) and Goff's Caye	-	-	-	
TOTAL	334,452	-	334,452	
Component 2: Governance for Disaster Risk Management and Climate Change Adaptation				
2.1 Climate Risk Information System	-	-	-	
2.2 Design of Building Codes	-	-	-	
2.3 Climate Risk Financing Strategy for the Tourism and Agriculture Sectors	-	-	-	
TOTAL	-	-	-	
Component 3: Project Management				
3.1 Technical Unit	315,457	241,141	74,315	
3.2 Annual Evaluations and Audits	-	-	-	
TOTAL	315,457	241,141	74,315	
Advance Fund Balance as at March 31, 2020	613,464	1,022,231	(408,767)	Funds used, see also note 5.
Total at March 31, 2020	\$ 1,263,372	\$ 1,263,372	\$ -	

GOVERNMENT OF BELIZE, MINISTRY OF WORKS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)

10. AUTHORIZATION DATE

The financial statements were authorized on July 27, 2020 by a Representative from Ministry of Works and the Climate Vulnerability Reduction Program Coordinator.

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**INDEPENDENT AUDITORS' REPORT ON THE
SYSTEM OF INTERNAL CONTROL
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL**

To: Government of Belize, Ministry of Works,

Project: Climate Vulnerability Reduction Program

We have audited the Statement of Cash Received and Disbursements for the 23 months ended March 31, 2020, Statement of Cumulative Investments as of and for the 23 months ended March 31, 2020 for the Climate Vulnerability Reduction Program, entered into by the Government of Belize and the Inter-American Development Bank, executed by the Ministry of Works and have issued our report thereon dated July 28, 2020.

This report complements our opinion on the referenced financial statements.

The Management of the Climate Vulnerability Reduction Program is responsible for establishing and maintaining a system of internal control sufficient to mitigate the risks of financial information misstatements and safeguard the assets of the Program, including construction works and other procured goods. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of system of internal control policies and procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are protected against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the contract, and transactions are recorded properly to permit the preparation of fair and true financial statements. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation months is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Program's financial statements for the 23 months' period ended March 31, 2020 we obtained an understanding of the system of internal controls. With respect to the system of internal controls, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation and we assessed control risk in order to determine our auditing procedures for the purpose of expressing an opinion on the Program's financial statements and not to provide an opinion on the system of internal controls. Accordingly, we do not express such an opinion.

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We did not note any internal control weaknesses that we consider to be reportable conditions under International Standards of Auditing. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the system of internal control that, in our judgment, could adversely affect the ability of the Climate Vulnerability Reduction Program to record, process, summarize, and report financial data consistent with assertions of management in the Statement of Cash Received and Disbursements, and Statement of Cumulative Investments.

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

HLB Belize, LLP

Chartered Accountants
Belize City, Belize
July 28, 2020

GOVERNMENT OF BELIZE, MINISTRY OF WORKS
 CLIMATE VULNERABILITY REDUCTION PROGRAM
 LOAN CONTRACT NO. 4426/OC-BL
 REPORT ON THE SYSTEM OF INTERNAL CONTROLS
 FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)

Control Objective	In Compliance/ or Not in Compliance
Purchase Orders are properly prepared, authorized and filed. Also, PO's issued relate to budgeted activities.	In Compliance
The administrative assistant verifies that items on the PO's are the items invoiced and received.	In Compliance
Disbursement requests were properly authorized and submitted; funds received were correctly recorded in the approved chart of accounts.	In Compliance
Project assets acquired exist, are in good working condition, and there are controls in place to properly track their transfer from one individual to another.	In Compliance
Perform timely reconciliation of bank accounts.	In Compliance

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH FINANCIAL AND
ACCOUNTING CONTRACTUAL CLAUSES AND THE PROJECT'S OPERATING
REGULATIONS
CLIMATE VULNERABILITY REDUCTION PROGRAM
LOAN CONTRACT NO. 4426/OC-BL**

To: Government of Belize, Ministry of Works

Program: Climate Vulnerability Reduction Program

We have audited the Statement of Cash Received and Disbursements for the 23 months ended March 31, 2020, Statement of Cumulative Investments as of and for the 23 months ended March 31, 2020 for the Climate Vulnerability Reduction Program, entered into by the Government of Belize and the InterAmerican Development Bank, executed by the Ministry of Works and have issued our report thereon dated July 28, 2020.

In relation to our audit, we determined compliance with the financial and accounting contractual clauses and articles within the Special Conditions and General Conditions of Loan Contract No. 4426/OC-BL, for the 23 months' period ended March 31, 2020. We have examined the Special Conditions described in Part One, Chapters 1 to 6, the General Conditions described in Part Two, Chapters 1 to 12.

We conducted our audit in accordance with International Standards on Auditing and the requirements of the Inter-American Development Bank. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Program has complied with the pertinent loan contractual clauses, applicable laws and regulations and the provisions contained in the Project's Operating Regulations. The audit also includes examining, on a test basis, the appropriate evidence. We believe that our audit provides a reasonable basis for our opinion.

In our opinion we are not aware of any instances of acts of noncompliance that occurred or any violation on the part of the Executing Agency with respect to the financial and accounting contractual clauses of Loan Contract No. 4426/OC-BL and the Program's Operating Regulations.

HLB Belize, LLP

**Chartered Accountants
Belize City, Belize
July 28, 2020**

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GOVERNMENT OF BELIZE, MINISTRY OF WORKS
 CLIMATE VULNERABILITY REDUCTION PROGRAM
 LOAN CONTRACT NO. 4426/OC-BL
 REPORT ON THE SYSTEM OF CONTRACTUAL CLAUSES
 FOR THE 23 MONTHS ENDED MARCH 31, 2020 (IN US DOLLARS)

Report on Contractual Clauses		
Section	Clause	Findings
ARTICLE 6.01. Financial Management Systems and Internal Control	<p>(a) The Borrower shall maintain, or cause the Executing Agency and Contracting Agency, if any, to maintain, as the case may be, internal controls so as to reasonably ensure:</p> <p>(i) that Project resources are used for the purposes of this Contract, devoting special attention to the principles of economy and efficiency;</p> <p>(ii) that Project assets are adequately safeguarded;</p> <p>(iii) that Project transactions, decisions, and activities are duly authorized and executed in accordance with the provisions of this Contract and any other contract related to the Project; and</p> <p>(iv) that transactions are properly documented and recorded in a way that facilitates the production of timely and reliable reports.</p>	In Compliance
	<p>(b) The Borrower shall maintain, and shall cause the Executing Agency and the Contracting Agency, if any, to maintain, an acceptable and reliable financial management system for the timely management of Project resources that provides for : (i) financial planning; (ii) accounting, budgetary, and financial record-keeping; (iii) contract administration; (iv) payment processing; (v) the issuance of financial audit reports and other reports associated with the resources of the Loan, the Additional Resources, and other financing sources of the Project, if any.</p>	In Compliance



Rolando Chan
Program Coordinator
Climate Vulnerability Reduction Program
City of Belmopan
Cayo District
Belize

July 28, 2020

Dear Mr. Chan

We have completed our financial audit of the Climate Vulnerability Reduction Program for the 23 months ended March 31, 2020.

During the course of our audit, we examined the principal controls that the Program has established to enable it to ensure, as far as possible, the accuracy and reliability of its records and safeguard of its assets.

We did not identify any significant shortcoming in the executing unit's system of internal controls.

Kindly note, however, that the examination we carried out cannot be relied upon to disclose every weakness and for this reason the matters dealt with in this letter are not necessarily the only shortcomings which may exist in the system. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray what is in existence. The potential effectiveness of specific controls at the Program is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

We must commend the Program for its positive efforts in observation of the guidelines stipulated in the Government of Belize and Inter-American Development Bank Loan Contract No. 4426/OC-BL. We greatly appreciate the opportunity to serve as your external independent auditors.

This report is intended solely for use by the Management of the Climate Vulnerability Reduction Program and Representatives of the Inter-American Development Bank.

Please contact us whenever you feel we might be of assistance to you.

Sincerely


Giacomo Sanchez
Client Service Partner

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