

AUDIT OF THE RESOURCES MANAGED
DURING THE PERIOD JULY 1, 2022
TO JUNE 30, 2023 BY THE COMMONWEALTH
OF DOMINICA UNDER THE DOMINICA DISASTER
VULNERABILITY REDUCTION PROJECT
CREDIT NUMBER 5495-DM
SCF-PPCR GRANT NUMBER TF016955
SCF-PPCR LOAN NUMBER TF016912
CREDIT NUMBER 6314-DM
CREDIT NUMBER 6717-DM

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Project Financial Statements

Mr. Shon Savarin
Coordinator (Ag.)
Central Services Unit
Disaster Vulnerability Reduction Project
38 Cork Street, First Floor
Roseau
Commonwealth of Dominica

December 14, 2023

Dear Mr. Savarin,

This report presents the results of a financial and compliance audit of the Resources managed during the period July 1, 2022 to June 30, 2023 by the Commonwealth of Dominica under the Dominica Disaster Vulnerability Reduction Project, Credit Number 5495-DM, SCF-PPCR Grant Number TF016955, SCF-PPCR Loan Number TF016912, Credit Number 6314-DM, Credit Number 6717-DM.

BACKGROUND

Description of Entity

The Disaster Vulnerability Reduction Project (DVRP) is implemented by the Ministry of Public Works, Public Utilities and the Digital Economy supported by a Project Coordination Unit (PCU) with oversight from the Ministry of Finance. The Government of the Commonwealth of Dominica is implementing the DVRP to reduce the vulnerability to natural hazards and the adverse impacts of climate change in Dominica and build resilience to adapt to such impacts.

The Project consists of four components:

- (i) Prevention and Adaptation Investments;
- (ii) Capacity Building and Data Development, Hazard Risk Management and Evaluation;
- (iii) Natural Disaster Response Investments; and
- (iv) Project Management and Implementation.

US\$39.5 million had been allocated to the DVRP through financing from a blend of grant and highly concessionary loan funding from The World Bank under the International Development Association (IDA) and the Pilot Programme for Climate Resilience (PPCR) under the Strategic Climate Fund (SCF) and counterpart support from the Government of the Commonwealth of Dominica. Additional financing of US\$31 Million has been made available by the World Bank to scale up activities following the passage of Tropical Storm Erika in August 2015 and Hurricane Maria in September 2017. The additional financing agreement was signed in November 2018 and became effective in February 2019.

The Project received a second additional financing of US\$12.8 million from the World Bank to meet the anticipated shortfall under the longterm East Coast Road works and the Castle Bruce culvert crossing construction.

Total allocation is now US\$ 83.3 Million.

Project Cost

The total project cost is US\$83.3 million and is summarized as follows:

| Project Cost By Component and/or Activity | Government Financed US \$million | World Bank Financed US \$million | Total US \$million |
|--|----------------------------------|----------------------------------|--------------------|
| 1. Prevention and Adaptation Investments | 1.125 | 68.9 | 70.025 |
| 2. Capacity Building and Data Development, Hazard Risk Management and Evaluation | 0.375 | 7.00 | 7.375 |
| 3. Natural Disaster Response Investments | 0.00 | 1.00 | 1.00 |
| 4. Project Management and Implementation Support | 0.00 | 4.9 | 4.9 |
| Total Project Cost | 1.5 | 81.80 | 83.3 |

Project Objectives

The objective of the project is to reduce vulnerability to natural hazards and climate change impacts in Dominica through investment in resilient infrastructure and improved hazard data collection and monitoring systems. The Project consists of the following components:

Component 1: Prevention and Adaptation Investments

This component will include carrying out of selected infrastructure investments, including: (a) construction of water storage and distribution infrastructure; (b) slope stabilization; (c) rehabilitation of transportation infrastructure; and (d) improvement of drainage in selected areas all through the provision of works, technical advisory services, operating costs and acquisition of goods.

Component 2: Capacity Building and Data Development, Hazard Risk Management and Evaluation

This component will deal with building the capacity for analysis and assessment of risks from natural hazards and climate change, including integration of such analysis into policy and decision making process for the development of investments, and developing data collection systems including:

- (a) Creation of high resolution digital topographic and bathymetric model for Dominica;
- (b) Creation of a high resolution soil survey map;
- (c) Design and deployment of robust hydromet network; and
- (d) Development of district and community level climate adaptation plans, all through the provision of technical advisory services and training, and acquisition of goods.

Component 3: Natural Disaster Response Investments

The objective of this component is the carrying out of Emergency Recovery and Reconstruction under an agreed action plan of activities designed as a mechanism to implement Dominica's response to an emergency; namely Contingency Emergency Response Component (CERC).

Component 4: Project Management and Implementation Support

The objective of this component is the strengthening of the institutional capacity for Project management, including:

- (a) Strengthening the capacity and staffing of the PCU;
- (b) Preparation of investment designs and tender documents;
- (c) Preparation of Project reports;
- (d) Processing of contracts and tender evaluation;
- (e) Co-ordination of participating line ministries;
- (f) Supervision of the quality of works
- (g) Provision of training of staff of the PCU in Project management and implementation support
- (h) Monitoring and evaluation of the Project progress and results; and
- (i) Carrying out related activities on Project management and implementation.

Audit Objective and Scope

We performed a financial and compliance audit of the Resources managed during the period from July 1st, 2022 to June 30th, 2023 by the Commonwealth of Dominica under the Dominica Disaster Vulnerability Reduction Project, Credit Number 5495-DM, SCF-PPCR Grant Number TF016955, SCF-PPCR Loan Number TF016912, Credit Number 6314-DM, Credit Number 6717-DM.

The objectives of the audit were:

- to issue an opinion on whether the Project financial statements presents fairly, in all material respects, the funds received and disbursements made during the year audited, as well as the cumulative investments at the end of the year, in accordance with International Accounting Standards issued by IASC and in accordance with the respective agreements with the Bank;
- to issue an opinion as to whether the supplementary financial information for the Project is fairly presented, in all material respects.
- to issue a report with respect to the adequacy of the internal control structure of the implementing institution in regard to the project and to the contribution of counterpart funds for the Project.
- to issue an opinion with respect to the PCU's compliance with the terms of the financing agreement and applicable laws and regulations (with regard to the financial aspects).
- to issue an opinion as to: (a) whether the expenditures included in the statement of requests for reimbursement are eligible, and if the information presented in the IFR's is reasonably dependable; (b) whether the accounting and the internal control procedures used for the preparation of the IFRs are adequate; and whether Credit funds have been used only for Project purposes, in accordance with the requirements established in the corresponding agreements with the international organizations.

- to issue an opinion as to whether the Statement of the Designated Account, if applicable, used for managing the funds provided by the Bank presents fairly the availability of funds at the end of the period audited, as well as the transactions made during the same period, in accordance with the provisions for the use of the funds established in the corresponding agreements with the Bank.

Our audit was performed in accordance with International Standards on Auditing by IFAC and the following World Bank's publications: Guidelines Annual Financial Reporting and Auditing for World Bank - Financed Activities, Terms of Reference for Audits of Projects, World Bank- Financed, Disbursement Letter and supporting annexes, Financial Monitoring Reports. We also reviewed the DVRP Operations Manual. Accordingly, our audit included such tests of the accounting records as we considered necessary in the circumstances.

The scope of our work consisted of the following:

- To establish whether all project funds were used for the purposes provided and in accordance with the conditions of the relevant financing agreements
- To determine whether counterpart funds were provided in accordance with the relevant financing agreements
- To determine whether goods and services financed were procured in accordance with the relevant financing agreements
- To review implementing entities system of recording and accounting for all project ventures including expenditures reported via Source and Uses of Funds, Funds by Disbursement Category or Special Accounts and to determine whether clear linkages exist between the books of account and the reports presented to the Bank
- To establish whether Special Accounts are being maintained in accordance with the provisions of the relevant financing agreements
- Review of project records
- Review of salary charges
- Review and testing of internal controls over project receipts and disbursements
- Review of Project Management Report and project reporting procedures.

RESULTS OF AUDIT

Project Financial Statements

We were able to test the validity of evidential matter related to Project Sources and Uses of Funds, Use of Funds by Disbursement Categories - Amounts in US Dollars, Designated Account Reconciliation and Statements, Cash Forecast Statements, Committed Funds Statements and Procurement Contract Monitoring Reports through examination, observation and inspection. We were provided with payment vouchers, original documentation, project reports and correspondence to support project disbursements which we reviewed. We were also able to determine the eligibility of costs charged to the Project by the application of appropriate auditing procedures.

We expressed our opinion on the Project financial statements for the period July 1, 2022 to June 30, 2023.

Internal Control Structure

We reviewed and evaluated the internal control structure of the Unit as required by International Standards on Auditing and World Bank's guidelines in order to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation.

Our review of the internal control structure was made for the purpose of determining the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Project's financial statements.

Compliance with Agreement Terms and Applicable Laws and Regulations

The results of our examination indicated that the tested items were generally in compliance with agreement terms and applicable laws and regulations.

In respect of untested items, we report that nothing came to our attention as a result of specified audit procedures that caused us to believe such items were not in compliance with agreement terms and applicable laws and regulations.

We thank you and the staff of the Project Coordination Unit for the invaluable assistance rendered to us during the course of the audit.

Yours faithfully

KPB Chartered Accountants

AUDITORS' REPORT ON THE PROJECT FINANCIAL STATEMENTS

Mr. Shon Savarin
Coordinator (Ag.)
Central Services Unit
Disaster Vulnerability Reduction Project
38 Cork Street, First Floor
Roseau
Commonwealth of Dominica



Opinion

We have audited the project financial statements of " Disaster Vulnerability Reduction Project", (the "Project") which comprise the statement of designated account reconciliation, statement of sources and uses of funds and statement of cumulative investments for the year ended June 30, 2023, and a summary of significant accounting policies and other explanatory information (the " project financial statements").

In our opinion, the accompanying project financial statements present fairly, in all material respects, cash proceeds and disbursements and uses of funds by project components of the Project for the year ended June 30, 2023, in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Basis of 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 Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the special purpose project 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 opinion.

Other matters

The project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the financial statements may not be suitable for another purpose.



Responsibilities of Management and Those Charged with Governance for the project financial statements

Management is responsible for the preparation and fair presentation of the project financial statements in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of the project financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities for the audit of the project financial statements

Our objectives are to obtain reasonable assurance about whether the project 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 is not a guarantee that an audit conducted in accordance with 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 project financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern.

- If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose project financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose project financial statements, including the disclosures, and whether the special purpose project 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 identify during our audit.

KPB Chartered Accountants

Roseau, Dominica
December 14, 2023

AUDITORS' REPORT ON INTERNAL CONTROLS



Mr. Shon Savarin
Coordinator (Ag.)
Central Services Unit
Disaster Vulnerability Reduction Project
38 Cork Street, First Floor
Roseau
Commonwealth of Dominica

Dear Mr. Savarin

We have audited the financial statements of the Resources managed during the period from July 1st, 2022 to June 30th, 2023 by the Commonwealth of Dominica under the Dominica Disaster Vulnerability Reduction Project, Credit Number 5495-DM, SCF-PPCR Grant Number TF016955, SCF-PPCR Loan Number TF016912, Credit Number 6314-DM, Credit Number 6717-DM.

We conducted our audit in accordance with International Standards on Auditing and World Bank guidelines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Resources managed by the Project Coordinating Unit (PCU) under the Dominica Disaster Vulnerability Reduction Project, we considered the internal control structure related to the World Bank financed program in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Project Coordinating Unit is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreements; and transactions are recorded properly to permit the preparation of the Project financial statements in conformity with the financial reporting provisions. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future years 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.

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KPB CHARTERED ACCOUNTANTS

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Partners: Marvlyn Estrado, Orlando Allan Richards



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For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Organisational controls

- Fund receipts
- Fund disbursements
- Procurement procedures for goods and services
- Payroll
- Fixed Assets
- Bank Reconciliations
- SMART Stream Reports
- Interim Financial Reporting (IFR)
- Project reporting

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the International Federation of Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the project financial statements may occur and not be detected within a timely year by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

KPB Chartered Accountants

Roseau, Dominica
December 14, 2023

AUDITORS' REPORT ON COMPLIANCE



Mr. Shon Savarin
Coordinator (Ag.)
Central Services Unit
Disaster Vulnerability Reduction Project
38 Cork Street, First Floor
Roseau
Commonwealth of Dominica

Dear Mr. Savarin

We have audited the financial statements of the Resources managed during the period from July 1st, 2022 to June 30th, 2023 by the Commonwealth of Dominica under the Dominica Disaster Vulnerability Reduction Project, Credit Number 5495-DM, SCF-PPCR Grant Number TF016955, SCF-PPCR Loan Number TF016912, Credit Number 6314-DM, Credit Number 6717-DM.

We conducted our audit in accordance with International Standards on Auditing and World Bank guidelines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with agreement terms, laws and regulations applicable to the Dominica Disaster Vulnerability Reduction Project, is the responsibility of the Project Coordinating Unit (PCU). As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests on Project Coordinating Unit/Dominica Disaster Vulnerability Reduction Project compliance with certain provisions or agreement terms and applicable laws and regulations.

In our opinion the Project Coordinating Unit/ Dominica Vulnerability Reduction Project was, in all material respects, in compliance with the provisions referred to in the preceding paragraph for the period July 1, 2022 to June 30, 2023.

KPB Chartered Accountants

Roseau, Dominica
December 14, 2023

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AUDITORS' REPORT ON THE DESIGNATED ACCOUNT STATEMENT



Mr. Shon Savarin
Coordinator (Ag.)
Central Services Unit
Disaster Vulnerability Reduction Project
38 Cork Street, First Floor
Roseau
Commonwealth of Dominica

Dear Mr. Savarin,

We have audited the accompanying Designated Account Statement of Resources managed during the period from July 1st, 2022 to June 30th, 2023 by the Commonwealth of Dominica under the Dominica Disaster Vulnerability Reduction Project, Credit Number 5495-DM, SCF-PPCR Grant Number TF016955, SCF-PPCR Loan Number TF016912, Credit Number 6314-DM, Credit Number 6717-DM.

Our responsibility is to express an opinion on the financial statements of the Designated Account based on our audit.

We conducted our audit in accordance with International Standards on Auditing and World Bank guidelines for Special Accounts. Those standards and World Bank guidelines require that we plan and perform the audit to obtain reasonable assurance that the Special Account financial statement is free of material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Designated Account Statement gives a true and fair view of the financial position of the Designated Account of the Resources managed by the Project Coordinating Unit (PCU) under the Dominica Disaster Vulnerability Reduction Project for the period July 1, 2022 to June 30, 2023 in accordance with International Accounting Standards and World Bank guidelines.

KPB Chartered Accountants

Roseau, Dominica
December 14, 2023

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SUMMARY OF THE MAIN AUDIT PROCEDURES PERFORMED

- Review of documents providing guidelines for the audit.
- Review of project and project related documents including loan and credit agreements.
- Examination and assessment of the internal control structure.
- Determination of audit strategy and design of appropriate audit and compliance tests.
- Performance of tests on compliance with internal control and terms of the agreements, laws and regulations.
- Verification of supporting documentation for the figures included in the project financial statements.
- Confirmation of funds disbursed by the World Bank.
- Physical verification tests on fixed assets.

GOVERNMENT OF DOMINICA
DISASTER VULNERABILITY REDUCTION PROJECT
AUDITED FINANCIAL STATEMENTS
(IDA AND TFS - Financed)
For the Period July 1, 2022 to June 30, 2023

Government of Dominica - Financing (IDA and TFs)
Disaster Vulnerability Reduction Project
Government of Dominica - Financing IDA and TFs
AUDITED FINANCIAL STATEMENT

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DOMINICA DISASTER VULNERABILITY REDUCTION PROJECT

Sources and Uses of Funds - Amounts in US\$
FOR THE YEAR ENDING JUNE 30, 2023


| | Current Period | | | | | | CUMULATIVE | | | | | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| | Actual | | | | | | Actual | | | | | |
| | IDA 5495 | TF016955 | TF016912 | IDA 6314 | IDA 67170 | TOTAL | IDA 5495 | TF016955 | TF016912 | IDA 6314 | IDA 67170 | TOTAL |
| RECEIPTS | | | | | | | | | | | | |
| Source of Financing | | | | | | | | | | | | |
| Government | | | | | | | | | | | | |
| World Bank | | | | | | | | | | | | |
| Designated Account | 134,127.39 | 1,330,381.48 | 2,432,037.18 | 7,568,236.29 | 3,438,927.97 | 14,903,710.31 | 15,498,525.00 | 10,694,609.27 | 7,230,739.10 | 17,031,521.22 | 7,653,065.08 | 58,108,459.67 |
| Direct Payment | - | - | - | - | - | - | - | - | - | - | - | - |
| Retractive Financing | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest | 8,272.78 | 2,954.57 | 8,863.70 | 26,591.08 | 12,409.16 | 59,091.29 | 15,498,525.00 | 10,694,609.27 | 7,230,739.10 | 17,031,521.22 | 7,653,065.08 | 58,108,459.67 |
| Refunds | - | - | - | 29,486.35 | - | 29,486.35 | - | - | - | - | - | - |
| Total Receipts (A) | 142,400.17 | 1,333,336.05 | 2,440,900.88 | 7,624,313.72 | 3,451,337.13 | 14,992,287.95 | 15,498,525.00 | 10,694,609.27 | 7,230,739.10 | 17,031,521.22 | 7,653,065.08 | 58,108,459.67 |
| LESS EXPENDITURES | | | | | | | | | | | | |
| Component 1 | 1,666,534.39 | 595,166.42 | 1,785,567.66 | 5,356,498.33 | 2,499,767.92 | 11,903,534.72 | 5,769,128.16 | 1,713,987.81 | 5,091,577.07 | 11,770,364.48 | 4,712,334.83 | 29,057,392.35 |
| Component 2 | - | 397,183.14 | - | 549,449.44 | - | 397,183.14 | 7,837,090.66 | 2,042,925.71 | - | - | - | 5,619,631.25 |
| Component 3 | - | - | - | 5,905,947.77 | 2,499,767.92 | 549,449.44 | 13,606,218.82 | 9,376,544.77 | 5,091,577.07 | 1,981,571.97 | 4,712,334.83 | 4,024,497.68 |
| Component 4 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures (B) | 1,666,534.39 | 992,349.56 | 1,785,567.66 | 5,905,947.77 | 2,499,767.92 | 12,850,167.30 | 13,606,218.82 | 9,376,544.77 | 5,091,577.07 | 13,751,936.45 | 4,712,334.83 | 46,538,611.94 |
| RECEIPTS LESS EXPENDITURES | | | | | | | | | | | | |
| Net Change in Cash (A - B) | (1,524,134.22) | 340,986.49 | 655,333.22 | 1,718,365.95 | 951,569.21 | 2,142,120.65 | 1,892,306.18 | 1,318,064.50 | 2,139,162.03 | 3,279,584.77 | 2,940,730.25 | 11,569,847.73 |
| Foreign Exchange Adjustment | - | - | - | - | - | - | - | - | - | - | - | - |
| BANK BALANCES | | | | | | | | | | | | |
| Opening Cash Balances | | | | | | | | | | | | |
| Designated Account | 359,317.72 | 153,332.79 | 551,686.05 | 2,080,246.32 | 2,114,396.66 | 5,258,979.54 | - | - | - | - | - | - |
| AERG AID Bank Balance | 2,853,808.75 | 804,197.31 | 913,374.57 | (37,225.22) | (97,387.15) | 4,436,768.27 | - | - | - | - | - | - |
| Project Account | 3,213,126.47 | 957,530.10 | 1,465,060.62 | 2,043,021.10 | 2,017,009.51 | 9,695,747.81 | - | - | - | - | - | - |
| Total Opening Balance | 9,426,252.94 | 2,915,060.20 | 3,929,121.24 | 4,146,042.20 | 4,134,415.12 | 19,539,515.56 | - | - | - | - | - | - |
| Closing Cash Balances | | | | | | | | | | | | |
| Designated Account | 284,206.47 | 496,021.20 | 1,173,829.59 | 4,862,658.22 | 2,839,500.32 | 9,656,215.80 | - | - | - | - | - | - |
| AERG AID Bank Balance | 1,404,785.500 | 802,495.276 | 946,563.942 | (1,101,272.130) | 129,077.970 | 2,181,650.56 | - | - | - | - | - | - |
| Project Account | 1,688,991.970 | 1,298,516.476 | 2,120,393.532 | 3,761,386.090 | 2,968,578.290 | 11,837,866.36 | - | - | - | - | - | - |
| Total Closing Balance | 3,377,983.940 | 2,596,912.952 | 4,240,787.066 | 7,522,772.180 | 5,937,156.580 | 23,473,512.754 | - | - | - | - | - | - |

| DOMINICA DISASTER VULNERABILITY REDUCTION PROJECT | | |
|---|----------------------|----------------------------------|
| Statement of Cumulative Investments | | |
| Year Ended June 30, 2023 | | |
| Categories | Current Year US\$ | Prior periods Cumulative US\$ |
| Category 1 | 11,903,534.72 | 29,057,392.35 |
| Category 2 | 397,183.14 | 5,619,631.25 |
| Category 3 | - | 7,837,090.66 |
| Category 4 | 549,449.44 | 4,024,497.68 |
| Total | 12,850,167.30 | 46,538,611.94 |

GOVERNMENT OF DOMINICA
 MINISTRY OF PUBLIC WORKS AND THE DIGITAL ECONOMY
 DOMINICA DISASTER VULNERABILITY REDUCTION PROJECT
 INTERIM UN-AUDITED FINANCIAL MONITORING REPORT
 DESIGNATED ACCOUNT RECONCILIATION
 For the Period April 1, 2023 to June 30, 2023
 (in USD)

| DESIGNATED ACCOUNT RECONCILIATION | | Source of Financing US \$ | | | | | |
|--|--|---------------------------|----------------|----------------|-----------------|----------------|--|
| LOAN/CREDIT/PPF/CORFINANCIER NUMBER P129992 | | IDA 54950-DM | TF016912 | TF016955 | IDA 6314-DM | IDA 67170-DM | |
| | | USD | USD | USD | USD | USD | |
| TOTAL | | | | | | | |
| 1 Total Advanced by World Bank (or Co-financier) | | 58,108,459.67 | 7,230,759.10 | 10,694,609.27 | 17,031,521.22 | 7,653,065.08 | |
| 2 Less: Total amount documented by World Bank | | (41,021,798.66) | (4,355,214.44) | (8,775,099.77) | (11,291,087.48) | (3,681,454.50) | |
| 3 Present outstanding amount advanced to the Designated Account (1-2) | | 17,086,661.01 | 2,875,524.66 | 1,919,509.50 | 5,740,433.74 | 3,971,610.58 | |
| 4 Balance of Designated Account and Project Account as at June 30th 2023 | | 11,837,866.36 | 2,120,393.53 | 1,298,516.48 | 3,761,386.09 | 2,968,578.29 | |
| 5 Plus: Total amount claimed in this application. | | 5,190,687.93 | 736,294.23 | 410,839.68 | 2,325,534.14 | 1,030,811.93 | |
| 6 Plus: Total amount withdrawn and not yet claimed. | | 58,106.73 | 18,836.90 | 210,153.34 | (346,486.49) | (27,779.64) | |
| 7 Plus: amounts claimed in previous applications not yet credited at date of bank statement. | | 0.00 | | | | | |
| Application No. | | 0.00 | | | | | |
| Sub Total of previous applications not yet credited. | | 0.00 | | | | | |
| 8 Less: Interest earned | | 0.00 | | | | | |
| 9 Total advance accounted for (NO.4 through No.8) | | 17,086,661.01 | 2,875,524.66 | 1,919,509.50 | 5,740,433.74 | 3,971,610.58 | |
| 10 Differences(3-9) | | 0.00 | | | | | |
| 11 Explanation of any differences shown in line 10: | | | | | | | |

Date: August 17, 2023


 Signature:
 COLLIN GUISTE
 Title: PROJECT COORDINATOR

Government of Dominica
Disaster Vulnerability Reduction Project
Interim Financial Monitoring Report
IDA 54950 / TF 16912 / TF 16955 /
IDA 63140- DM / IDA 67170- DM
Notes to the Financial Statements
For the period July 1st, 2022 to June 30th, 2023

NOTE 1: ACCOUNTING POLICIES

1. All transactions are recorded, and the financial statements prepared using the cash basis of accounting.
2. The financial accounts are maintained and the financial statements are prepared in Eastern Caribbean Dollars. Where required within this report, translation into United States Dollars is effected using the exchange rate of US \$1.00 to EC \$2.6882.
3. Fixed Assets procured with project resources are recorded at their acquisition cost at the date of purchase. No depreciation is recorded for project assets.
4. The Financial Statements have been prepared on the basis of historical cost convention. No account is taken of inflation.

NOTE 2: PROJECT DEVELOPMENT OBJECTIVE

The objective of the Project is to reduce vulnerability to natural hazards and climate change impacts in Dominica through: (i) investment in resilient infrastructure, and (ii) improved hazard data collection and monitoring systems.

NOTE 3: PROJECT DESCRIPTION

The project consists of four (4) components:

Component 1: Prevention and Adaptation Investments

This component would be designed to reduce physical vulnerability and pilot adaptive measures to build resilience to current and future hydro-meteorological shocks. Activities under this component include carrying out of selected infrastructure investments, including: (a) construction of water storage and distribution infrastructure; (b) slope stabilization; (c) rehabilitation of transportation infrastructure including, *inter alia*, selected primary and secondary roads and bridges; and (d) improvement of drainage in selected areas, all through the provision of works, technical advisory services, operating costs and acquisition of goods. Integrated hazard/climate analysis will inform engineering designs with respect to future service demands and infrastructure design life and will be built into the pre-engineering phase of each subproject.

Component 2: Capacity Building and Data Development, Hazard Risk Management and Evaluation

This component will support the creation of relevant core data and data collection systems as well as the integration analytical tools to permit improved decision making and engineering design for risk reduction and climate change adaptation. Activities under this component support building the capacity for analysis and assessment of risks from natural hazards and climate change, including integration of such analysis into policy and decision making process for the development of investments, and developing data collection systems, including: (a) creation of high resolution digital topographic and bathymetric model for the Recipient; (b) creation of a high resolution soils survey map; (c) design and deployment of robust hydromet network; and (d) development of district and community level climate adaptation plans, all through the provision of technical advisory services and training, and acquisition of goods.

Component 3: Natural Disaster Response Investments

This component would support carrying out of Emergency Recovery and Reconstruction Subprojects under an agreed action plan of activities (Agreed Action Plan of Activities) designed as a mechanism to implement the Recipient's response to an Emergency. This provisional component would allow rapid reallocation of the IDA credit, under streamlined procurement and disbursement procedures, to cover emergency response and recovery costs following an adverse natural event that causes a major disaster in Dominica. The contingent emergency component would be triggered, by an official Government of the Commonwealth of Dominica declaration of an emergency, in accordance with the country's laws and policies, following an adverse natural event. Dominica may ask the Bank to re-categorize and reallocate financing, from other project components to partially cover emergency response and recovery costs. This component could also be used to channel additional funds, should they become available, in response to the emergency.

Component 4: Project Management and Implementation

Activities under this component would support strengthening the institutional capacity for Project management, including: (a) strengthening the capacity and staffing of the PCU; (b) preparation of investment designs and tender documents; (c) preparation of Project reports; (d) processing of contracts and tender evaluation; (e) coordination of participating line ministries; (f) supervision of the quality of works; (g) provision of training of staff of the PCU in Project management and implementation support; (h) monitoring and evaluation of the Project progress and results; and (i) carrying out related activities on Project management and implementation, all through the provision of technical advisory services, training and operating costs, and acquisition of goods. The project will also support knowledge sharing and lessons learning activities at the program level and coordination with the PPCR Caribbean Regional Program in terms of knowledge management and M&R

NOTE 4: PROJECT FINANCING

The original estimated cost of the DVRP parent project was estimated at US \$39.5 million with the World Bank funding US\$38 million and Government counterpart financing totaling US \$1.5 million. There has now been an additional financing of the DVRP by the World Bank of IDA Credit in the amount of US\$31 million which was signed in November 2018 and became effective in February 2019. Further, the project also received a second Additional Financing from the World Bank in the amount of US 12.8 million under IDA Credit 67170 to meet the anticipated shortfall under the Long-term East Coast Road Works and for the construction of the Castle Bruce Culvert Crossing. These Additional Financing (AF) will scale up activities initiated under the parent project following the passage of Tropical Storm Erika in August 2015 and Hurricane Maria in September 2017.

The total financing of the DVRP is broken down as follows below:

| | Component 1 US\$ M | Component 2 US\$ M | Component 3 US\$ M | Component 4 US\$ M | Total US \$ |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| Counterpart Financing | 1.125 | 0.375 | | | 1.5 |
| IDA 54950 | 16.0 | | 1.0 | | 17.0 |
| SCF Credit TF 016912 | 9.0 | | | | 9.0 |
| SCF Grant TF 016955 | 3.0 | 7.0 | | 2.0 | 12.0 |
| IDA Credit 6314DM | 28.1 | | | 2.9 | 31.0 |
| IDA Credit 67170DM | 12.8 | | | | 12.8 |
| Total | 70.025 | 7.375 | 1.0 | 4.9 | 83.3 |

NOTE 5: PROJECT EXPENDITURE

During the Financial Year 2022/2023 the project expenditure totaled US \$12,850,167.30 for the implementation of activities under the under the different financing instruments. The table below depicts the amount spent per component under each financing instrument:

| COMPONENTS | IDA 54950 | TF 16912 | TF 16955 | IDA 6314 | IDA 67170 | GRAND TOTAL |
|--------------|---------------------|---------------------|-------------------|---------------------|---------------------|----------------------|
| Component 1 | 1,666,534.39 | 1,785,567.66 | 595,166.42 | 5,356,498.33 | 2,499,767.92 | 11,903,534.72 |
| Component 2 | | | 397,183.14 | | | 397,183.14 |
| Component 3 | | | | | | - |
| Component 4 | | | | 549,449.44 | | 549,449.44 |
| TOTAL | 1,666,534.39 | 1,785,567.66 | 992,349.56 | 5,905,947.77 | 2,499,767.92 | 12,850,167.30 |

5.1 Financial Statements

**DOMINICA DISASTER VULNERABILITY REDUCTION PROJECT
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDING JUNE 30, 2023**

| RECEIPTS | 2023 USD | 2023 XCD |
|--|-------------------------------|-------------------------------|
| Opening Balance | 9,695,747.81 | 26,064,109.25 |
| Replenishment during the year | 14,903,710.31 | 40,064,154.06 |
| Interest Received | 59,091.29 | 158,849.21 |
| Refunds to Project | 29,486.35 | 79,265.21 |
| TOTAL FINANCING | <u>24,688,035.76</u> | <u>66,366,377.72</u> |
| PROJECT EXPENDITURES BY COMPONENT | | |
| Component 1 | (11,903,534.72) | (31,999,082.03) |
| Component 2 | (397,183.14) | (1,067,707.72) |
| Component 3 | - | - |
| Component 4 | (549,449.44) | (1,477,029.98) |
| Total Project Expenditures | <u>(12,850,167.30)</u> | <u>(34,543,819.74)</u> |
| Closing Balance | <u>11,837,868.46</u> | <u>31,822,557.98</u> |
| CASH | | |
| Project Designated Account | 9,656,215.80 | 25,957,839.31 |
| Project Operating Account | 2,181,650.56 | 5,864,713.03 |
| TOTAL | <u>11,837,866.36</u> | <u>31,822,552.34</u> |

NOTE 6: CASH

Cash availability at the end of the period was as follows:

| | June 2023 | June 2022 |
|--------------------|-----------------------------|----------------------------|
| | US\$ | US \$ |
| Designated Account | 9,656,215.80 | 5,258,979.54 |
| Project Account | <u>2,181,650.56</u> | <u>4,436,768.27</u> |
| Total | <u>11,837,866.36</u> | <u>9,695,747.81</u> |

| 6.1 Balance of Project's Funds and Cash Status | 2023 | 2023 |
|---|----------------------|----------------------|
| | USD | XCD |
| Opening Balances | 9,695,747.81 | 26,064,109.25 |
| Add: Total Receipts during the period | 14,903,710.31 | 40,064,154.06 |
| Less: Total Expenditure during the Period | (12,850,167.30) | (34,543,819.74) |
| Add: Interest Received | 59,091.29 | 158,849.21 |
| Add: Refunds to Project CERC | - | - |
| Add: Refunds to Project | 29,486.35 | 79,265.21 |
| Excess of Receipts over Expenditure | <u>11,837,868.46</u> | <u>31,822,557.98</u> |

- a) Request for Disbursement from the World Bank during the Financial Year 2022/2023 totaled US \$14,903,710.31. These disbursement requests were deposited into the Project Designated Account at the National Bank of Dominica. The funds were received from four of the five financing instruments with the exception of Loan IDA 5495.

NOTE 7: INTEREST

Interest earned on deposit in the Designated Account during the period July 1, 2022 to June 30, 2023 was:

| | June 2023 | June 2022 |
|--------------------|-------------------------|-------------------------|
| | US \$ | US \$ |
| Designated Account | <u>59,091.29</u> | <u>73,522.56</u> |
| Total | <u>59,091.29</u> | <u>73,522.56</u> |

NOTE 8: BANK CHARGES

The following bank charges were incurred during the financial year 2022/2023.

| | June 2023 | June 2022 |
|--------------------|------------------------|------------------------|
| | US\$ | US \$ |
| Designated Account | 1,305.56 | 2,297.19 |
| Project Account | <u>100.81</u> | <u>878.38</u> |
| Total | <u>1,406.37</u> | <u>3,175.57</u> |

NOTE 9: FIXED ASSETS

Fixed Assets acquired for the period under review have been updated in the Fixed Assets Register. The figures below indicate the value of the Fixed Asset as registered in the Fixed Asset Register.

| | June 2023 | June 2022 |
|-----------------------|--------------------------|--------------------------|
| | US \$ | US \$ |
| Motor Vehicle | 50,182.28 | 50,182.28 |
| Computer Equipment | 36,989.65 | 40,129.03 |
| Furniture & Equipment | <u>53,435.10</u> | <u>51,963.10</u> |
| Total | <u>140,607.03</u> | <u>142,274.41</u> |

NOTES 10: CONTRACTS AWARDED DURING THE PERIOD UNDER REVIEW

| CONTRACT NUMBER | CONTRACTOR | Contract Description | Contract Estimate US \$ | Status |
|------------------------|---|--|--------------------------------|---------------|
| PPCR/DVRP/SHP-02/20 | Renee Construction Company Ltd | Construction of the Forestry Nuseries | \$ 475,449.84 | Completed |
| PPCR/DVRP/CS-09/16 | Mark Heggli | Consultancy Services to develop Hydromet instrument specifications | \$ 79,344.00 | Ongoing |
| PPCR/DVRP/CS-03/17 | Stephen Dadio | Consultancy for Preparation of Technical Specification for National Soils Survey | \$ 103,412.00 | Ongoing |
| PPCR/DVRP/CS-06/17 | Timothy Webster | Quality Assurance/Quality Control of Ariel Orthophotography, Lidar Terrain & Bathymetry, Data Acquisition & Modelling | \$ 104,128.00 | Ongoing |
| PPCR/DVRP/DC-02/19 | Wilston Etienne | Design and Construction Supervision for the Rehabilitation of Forestry Propagation Nursery | \$ 45,527.49 | Completed |
| DOM/DVRP/SER02/2014 | Tamika Lafond | Consulting Services Amended-Administrative/Contract Management Assistant | \$ 60,263.37 | Ongoing |
| PPCR/DVRP/DC-01/19 | Collin Guiste | Consulting Services- Project Coordinator | \$ 40,175.58 | Ongoing |
| PPCR/DVRP/SER-03/2017 | Ken George | Consulting Services- Financial Management Specialist | \$ 80,351.16 | Completed |
| PPCR/DVRP/SER-03/2015 | Jossie Stephenson | Consulting Services Amended - Procurement Officer | \$ 70,307.27 | Completed |
| DOM/DVRP/SER 05/2015 | Wynyard Esprit | Consulting Services Engineer | \$ 80,351.16 | Completed |
| DOM/DVRP/CS 02/20 | Raelene Bruney | Consulting Services Amended - Environmental Safeguard Specialist | \$ 35,153.63 | Completed |
| DOM/DVRP/CS 03/20 | Curlis Joseph | Consulting Services Amended - Social Safeguard Specialist | \$ 35,153.63 | Completed |
| PPCR/DVRP/CS-05/18 | PIENSA Labs S.A.S and Kartoza (PTY) Limited | Training & Technical Assistance DOMINODE Spatial Sharing Platform | \$ 219,900.00 | Ongoing |
| DOM/DVRP/ICB-01/19 | YSI Incorporated | Purchase and installation of Hydromet Network | \$ 1,062,902.55 | Ongoing |
| DOM/DVRP/ICB-02/19 | Sotradom SAS | Rehabilitation of Eastern Road Works Phase One Engineering Technician 4 of the Interim Supervision East Coast Road Works | \$ 47,159,991.60 | Ongoing |
| PPCRDVRP/DC -06/22 | CLEO TOBIAN SEBASTEIN | | \$ 9,166.73 | Ongoing |

| | | | | | |
|---------------------|--|---|----|----------------------|-----------|
| PPCRDVRP/DC -05/22 | JEFF ALFORD JOSEPH | Engineering Technician 3 of the Interim Supervision East Coast Road Works | \$ | 9,166.73 | Ongoing |
| PPCRDVRP/DC -03/22 | KALVIN TOUSSAINT | Engineering Technician 1 of the Interim Supervision East Coast Road Works | \$ | 9,166.73 | Ongoing |
| PPCRDVRP/DC -04/22 | KELTON JARVIS DANIEL OLUSEUN MICHEAL OLUROMINIYI | Engineering Technician 2 of the Interim Supervision East Coast Road Works | \$ | 9,166.73 | Ongoing |
| PPCRDVRP/DC -02/22 | SHERLOCK ROBINSON | Quantity Surveyor of the Interim Supervision East Coast Road Works | \$ | 18,168.29 | Ongoing |
| PPCRDVRP/CS -03/21 | National Commodities Management Services Ltd (NCML) | Resident Engineer of the Interim Supervision East Coast Road Works | \$ | 24,335.24 | Ongoing |
| PPCRDVRP/DC -01/23 | Computer & Business Services Limited | Development and Analysis of the National Soil Mapping System | \$ | 985,286.00 | Ongoing |
| PPCRDVRP/SHP -02/19 | | Supply of Computers for Hub Station Seismological Instrumentation | \$ | 28,404.43 | Completed |
| Total | | | \$ | 50,745,272.16 | |

11. Detailed Income and Expenditure Report

| | 2022/2023 USD | 2022/2023 XCD |
|--|----------------------|----------------------|
| INCOME | | |
| Opening Balance | 9,695,747.81 | 26,064,109.25 |
| Receipts from World Bank during the year | 14,903,710.31 | 40,064,154.06 |
| Refunds to Project | 29,486.35 | 79,265.21 |
| Interest Received | 59,091.29 | 158,849.21 |
| Total Income | 24,688,035.76 | 66,366,377.72 |
| EXPENDITURE | | |
| Consultancy | 12,299,950.20 | 33,064,726.13 |
| Personal Emoluments & Social Security | 261,480.56 | 702,912.04 |
| Utilities | - | - |
| Supplies and Materials | 4,060.42 | 10,915.22 |
| Communication Expenses | 8,090.07 | 21,747.73 |
| Vehicle Expenses | 4,531.55 | 12,181.71 |
| Repair and Maintenance Services of equipment | 1,313.89 | 3,532.00 |
| Rental of Property | 24,812.14 | 66,699.99 |
| Professional & Consultancy Services | 230,624.14 | 619,963.81 |
| Insurance | 2,632.97 | 7,077.95 |
| Other Machinery & Equipment | 6,249.54 | 16,800.01 |
| Sundry Expenses | 5,015.45 | 13,482.53 |
| Bank Charges | 1,406.37 | 3,780.60 |
| TOTAL EXPENDITURE | 12,850,167.30 | 34,543,819.74 |
| Surplus of Receipts over expenditure | 11,837,868.46 | 31,822,557.98 |

DOMINICA DISASTER VULNERABILITY REDUCTION PROJECT
Statement of Cumulative Investments
Year Ended June 30, 2023

| Categories | Current Year US\$ | Prior periods Cumulative US\$ |
|-------------------|------------------------------|--|
| Category 1 | 11,903,534.72 | 29,057,392.35 |
| Category 2 | 397,183.14 | 5,619,631.25 |
| Category 3 | - | 7,837,090.66 |
| Category 4 | 549,449.44 | 4,024,497.68 |
| Total | 12,850,167.30 | 46,538,611.94 |