

**BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR
RURAL AREAS**

**PROJECT FINANCIAL REPORT
LOAN CONTRACT NO. 5753/OC-BL**

Financial Statements for 28 Months Ended:
March 31, 2026 and Independent Auditors' Report

**BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL
FINANCIAL STATEMENTS FOR 28 MONTHS ENDED MARCH 31, 2026**

TABLE OF CONTENTS

	<u>Page</u>
Financial Statements and Notes:	
Introduction	1 - 2
Objective and Scope of the Audit	3
Independent Auditors' Report	4 - 5
Statement of Cash Received and Disbursements Made	6
Statement of Cumulative Investments	7
Notes to Financial Statements	8 - 14
Independent Auditors' Report on the System of Internal Controls	15 - 16
Report on the System of Internal Controls	17
Independent Auditors' Report on Compliance with Financial and Accounting Contractual Clauses	18
Report on Financial and Accounting Contractual Clauses	19 - 20

**BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL**

FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

INTRODUCTION

The Water and Sanitation Program for Rural Areas (5753/OC-BL), funded by the Inter-American Development Bank (IDB) and executed by the Belize Social Investment Fund (BSIF), aims to improve the quality of water services in Belize's rural areas through the following specific objectives: (i) improving the drinkability of water in rural areas; and (ii) strengthening the financial management of Village Water Boards (VWB) and the institutional capacity of Belize's water sector.

The program is comprised of the following components:

Component 1. Improving the drinkability of water in rural areas

This component will finance the installation of innovative disinfection technologies in rural villages, namely On-site Generation (OSG) options with two alternatives depending on water supply conditions: (i) OSG sodium hypochlorite, recommended when no quality problems are detected in raw water; and (ii) OSG mixed oxidants, recommended when water quality problems are detected in raw water, such as the presence of iron, manganese, or organic matter.

This component will also finance small rehabilitations at the system level, including pipe replacement, electromechanical equipment, and storage tanks, and the implementation of a pilot to identify the effect of introducing micro-metering on water consumption and service payment.

Component 2. Strengthening the Institutional Capacity of the water sector

This component will finance training for VWB on Operation and Maintenance (O&M), financial management and water sources' protection, as well as the development and deployment of a financial management system to address the issue of manual bookkeeping. It will also finance training to promote the participation of women and migrants in Village Water Boards (VWB). It will also finance behavioural change campaign at the household level on tariff payment, water conservation and use, and tap water consumption that will contribute to an efficient use of water resources. This campaign will be developed with a gender and diversity approach. In addition, the campaign will support the implementation of the micro-metering pilot. It will also finance the development of a policy proposal to advance changes in how the rural water sector is managed, will include gender and diversity considerations when it comes to service provision, tariff structuring and service payment. Finally, it will finance a study to identify the potential of innovative technologies in improving the environmental conditions of the New River watershed, including an analysis on the impact of these technologies in ameliorating pollution generated by industrial and wastewater discharges.

Project Management, Audit and Evaluation

Remaining resources will cover management and supervision costs as well as the operation's external audits and intermediate and final evaluations.

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL

FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

INTRODUCTION (CONTINUED)

The estimated total cost of the Project is the equivalent of US\$4,640,000 including a loan of up to the amount of four million dollars (US\$4,000,000), hereinafter the 'Loan' and Non-reimbursable Investment Financing for up to six hundred forty thousand dollars (US\$640,000) in accordance with the following investment categories and sources of financing:

Cost and Financing
(in US\$)

Component	Loan	Contribution	Total	%
C1. Improving the drinkability of water in rural areas	2,755,100	600,000	3,355,100	72%
1.1. Disinfection equipment	1,361,800	600,000	1,961,800	42%
1.2. Rehabilitation	1,343,100	-	1,343,100	29%
1.3. Water Meters	50,200	-	50,200	1%
C2. Strengthening the institutional capacity of the water sector	844,900	40,000	884,900	19%
2.1. Design of behavioral change campaign for households	37,000	-	37,000	1%
2.2. Implementation of Behavioral change campaign for households	153,600	10,000	163,600	3%
2.3. Training materials package for strengthening VWB	40,000	-	40,000	1%
2.4. VWB equipment	40,000	-	40,000	1%
2.5. VWB trainings	134,300	30,000	164,300	3%
2.6. Rural Water Policy Proposal	40,000	-	40,000	1%
2.7. New River Study	400,000	-	400,000	9%
Project management, audit & evaluation	400,000	-	400,000	9%
3.1. Project Management	310,000	-	310,000	7%
3.2. Evaluations	50,000	-	50,000	1%
3.3. External Audits	40,000	-	40,000	1%
TOTAL	4,000,000	640,000	4,640,000	100%

**BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL**

FOR 28 MONTHS ENDED MARCH 31, 2026 (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. 5753/OC-BL and Financing Agreement No. 5756/GR-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 Made and Statement of Cumulative Investments present fairly, in all material respects, the cash received and disbursements made for 28 months ended March 31, 2026 in accordance with the requirements established in the contractual clause 7.03 of the Loan Contract No. 5753/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 Water and Sanitation Program for Rural Areas internal controls and risk assessment procedures;
3. To report on material weaknesses in internal controls and inefficiencies encountered; and
4. To determine whether the Water and Sanitation Program for Rural Areas 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 Project;
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. 5753/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 Project funds.

**INDEPENDENT AUDITORS' REPORT ON THE STATEMENT OF
CASH RECEIVED AND DISBURSEMENTS MADE
AND STATEMENT OF CUMULATIVE INVESTMENTS
WATER AND SANITATION PROGRAM FOR RURAL AREAS
LOAN CONTRACT NO. 5753/OC-BL**

To: Belize Social Investment Fund

Opinion

We have audited the accompanying financial statements, which comprise the Statement of Cash Received and Disbursements Made, Statement of Cumulative Investments and a summary of significant accounting policies and other explanatory information for the Water and Sanitation Program for Rural Areas executed by the Belize Social Investment Fund and financed with funds from Inter-American Development Bank (IDB) Loan Contract No. 5753/OC-BL as of and for the period ended March 31, 2026.

In our opinion, the accompanying financial statements of the Water and Sanitation Program for Rural Areas for the period ended March 31, 2026 have been prepared in all material respects, in accordance with the financial reporting requirements of the contractual clause, Article 7.03, of the Loan Contract No. 5753/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 Auditors' Responsibilities for the Audit of the financial statements section of our report. We are independent of the Belize Social Investment Fund and the Water and Sanitation Program for Rural Areas 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 Water and Sanitation Program for Rural Areas in accordance with the requirements of the Loan Contract No. 5753/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.

hblb.bz

Partners: Claude Burrell, CA, CISA, CDPSE | Giacomo Sanchez, CA

40 Central American Blvd | Belize City | Belize C.A.

TEL: +501 227 3020 **EMAIL:** info@hblb.bz

HLB Belize, LLP is an independent member of HLB, the global advisory and accounting network

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 7.03, of the Loan Contract No. 5753/OC-BL and the Audited Financial Reports and External Audit Management Handbook for Projects 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.

Auditors' 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 29, 2026

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO. 5753/OC-BL
AND FINANCING AGREEMENT NO. 5756/GR-BL

STATEMENT OF CASH RECEIVED AND DISBURSEMENTS MADE
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

	Notes	28 Months Ended March 31, 2026		
		IDB		Total
		Loan	Contribution	
CASH RECEIVED		\$	\$	\$
Beginning Balance		-	-	-
Activity during the period:				
Advance of Funds	5.	926,764	100,000	1,026,764
Reimbursement of payments made (during execution)		-	-	-
Direct payments to Third Parties		-	-	-
IDB Retroactive Reimbursement or Recognition of Local Contribution Expenditures		-	-	-
Other		-	-	-
Subtotal Cash received during the period		926,764	100,000	1,026,764
Total Cash Received		926,764	100,000	1,026,764
DISBURSEMENTS MADE				
Cumulative at beginning of period		-	-	-
During the period:				
Expenses Justified	5.	444,423	-	444,423
Expenses Pending Justification	4.	60,794	10	60,804
Others		-	-	-
Subtotal Disbursement made in the period		505,217	10	505,227
TOTAL CASH DISBURSEMENTS		505,217	10	505,227
CASH AVAILABLE AT END OF PERIOD	3.	421,547	99,990	521,537



Carlos Tun
Executive Director



Rico Nurse
General/Technical Coordinator

The accompanying notes are an integral part of these financial statements.

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO. 5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL

STATEMENT OF CUMULATIVE INVESTMENTS
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

INVESTMENTS CATEGORY/COMPONENTS	MOVEMENTS DURING THE PERIOD ENDED MARCH 31, 2026			CUMULATIVE AT THE END OF MARCH 31, 2026		
	IDB		Total	IDB		Total
	Loan	Contribution		Loan	Contribution	
COMPONENT 1: IMPROVING THE DRINKABILITY OF WATER IN RURAL AREAS	\$	\$	\$	\$	\$	\$
1.1. Disinfection equipment	26,778	-	26,778	26,778	-	26,778
1.2. Rehabilitation	79,637	-	79,637	79,637	-	79,637
1.3. Water Meters	-	-	-	-	-	-
TOTAL	106,415	-	106,415	106,415	-	106,415
COMPONENT 2: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE WATER SECTOR						
2.1. Design of behavioral change campaign for households	-	-	-	-	-	-
2.2. Implementation of Behavioral change campaign for households	-	-	-	-	-	-
2.3. Training materials package for strengthening VWB	-	-	-	-	-	-
2.4. VWB equipment	-	-	-	-	-	-
2.5. VWB trainings	-	-	-	-	-	-
2.6. Rural Water Policy Proposal	-	-	-	-	-	-
2.7. New River Study	204,633	-	204,633	204,633	-	204,633
TOTAL	204,633	-	204,633	204,633	-	204,633
Project Management, audit & evaluation						
3.1. Project Management	194,169	-	194,169	194,169	-	194,169
3.2. Evaluations	-	-	-	-	-	-
3.3. External Audits	-	-	-	-	-	-
TOTAL	194,169	-	194,169	194,169	-	194,169
CONTINGENCIES	-	-	-	-	-	-
FINANCE CHARGES	-	10	10	-	10	10
TOTAL INVESTMENTS	505,217	10	505,227	505,217	10	505,227
PERCENTAGES	100%	0%	100%	100%	0%	100%

The accompanying notes are an integral part of these financial statements.

**BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL**

**NOTES TO THE FINANCIAL STATEMENTS
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)**

1. PROJECT STATUS

On November 16, 2023, an agreement was entered into between the Inter-American Development Bank and the Ministry of Finance and Economic Development and Investment for a loan totalling US\$4,000,000 to assist in the financing of the Water and Sanitation Program for Rural Areas (WSRA). The Program also includes resources from the non-reimbursable Investment Financing Agreement No. 5756/GR-BL for up to US\$640,000. The general objective of the Program is to contribute to improving the quality of water services in Belize's rural areas through the following specific objectives: (a) improving the drinkability of water in rural areas; and (b) strengthening the Financial Management of VWB and the institutional capacity of Belize's water sector. The Last Disbursement Date is November 16, 2027.

As of March 31, 2026, the project has been in execution for Twenty Eight (28) months and the IDB has disbursed to date a total of US\$926,764 (23%) from the US\$4,000,000 for the loan and US\$100,000 from the US\$640,000 contribution agreement. The remaining undisbursed funds currently stand at US\$3,073,236 for the loan and US\$540,000 for contribution.

Staffing

The WSRA's staff has been complemented with the following staff for the purpose of Project Execution:

- (i) General/Technical Coordinator
- (ii) Procurement Specialist
- (iii) Financial Specialist
- (iv) Environmental and Social Management Officer

During the 28 months, the following employment contracts were executed:

General/Technical Coordinator

The General/Technical Coordinator was contracted for 2 years with effect from July 29, 2024, to July 30, 2026.

Procurement Specialist

The Procurement Specialist was contracted for 2 years with effect from August 16, 2024, to August 26, 2026.

Financial Specialist

The Financial Specialist is a support staff hired by the Belize Social Investment Fund (BSIF) and works alongside BSIF's Finance Coordinator to support the Program throughout the execution period.

Environmental and Social Management Officer

The Environmental and Social Management Officer was contracted for 2 years with effect from May 5, 2025 to May 5, 2027.

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

1. PROJECT STATUS (CONTINUED)

Component 1 - Improving the drinkability of water in rural areas

The main activities and the status of the works and services under this component are outlined below.

Overview

This component supports improvements to the quality, reliability, and safety of potable water services in rural communities through the installation of innovative on-site water disinfection technologies and targeted rehabilitation of existing water supply infrastructure.

The component finances the installation of On-Site Generation (OSG) disinfection systems, with two technology options selected based on raw water quality conditions:

- On-Site Generation (OSG) Sodium Hypochlorite, for water systems where no significant raw water quality issues are identified; and
- On-Site Generation (OSG) Mixed Oxidants, for systems where raw water contains elevated levels of iron, manganese, organic matter, or other constituents requiring enhanced treatment.

The component also finances rehabilitation works to improve the functionality and reliability of rural water systems, including upgrades to electrical systems, repairs to pumphouses and storage tanks, and the implementation of a micro-metering pilot to evaluate the impact of household metering on water consumption, revenue collection, and customer payment behaviour.

Status

Implementation of Component 1 has progressed significantly across its principal activities. Installation of bulk water meters was successfully completed in 20 rural communities, providing the data collection infrastructure required for the Water Demand Study. The Water Demand Study has since been completed, and its findings are being used to inform the sizing and procurement of the proposed water disinfection systems. The bidding documents for the supply and installation of the disinfection equipment are currently being finalized in preparation for procurement.

Progress has also been made on the rehabilitation of rural water systems. An electrical engineering consultant was engaged to prepare the required electrical designs and obtain approvals from the Public Utilities Commission (PUC). Architectural drawings were also prepared internally, and the necessary approvals from the Central Building Authority (CBA) were secured to facilitate implementation. The rehabilitation works contract has been advertised, and the procurement process is currently in its final stage.

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

1. PROJECT STATUS (CONTINUED)

Component 2: Strengthening the institutional capacity of the water sector

The main activities and the status of the works and services under this component are outlined below.

Overview

This component strengthens the institutional, operational, and governance capacity of Belize's rural water sector through technical assistance, training, policy development, modernization initiatives, and public awareness activities.

Key activities include the development and delivery of training programmes for Village Water Boards (VWB) covering operation and maintenance, financial management, and water source protection. The component also finances the development and implementation of an integrated utility management system to replace manual bookkeeping practices and improve financial and operational management within rural water systems.

To promote inclusive and sustainable service delivery, the component supports initiatives that encourage the participation of women and migrants in VWB. It also finances a behavioural change campaign to promote timely tariff payment, water conservation, efficient water use, and increased consumption of treated tap water. The campaign incorporates gender and diversity considerations and supports the implementation of the micro-metering pilot.

In addition, the component finances the preparation of a National Rural Water Systems Management Policy to strengthen governance, institutional oversight, financial sustainability, and climate resilience within the rural water sector. The policy incorporates gender and diversity considerations related to service delivery, tariff structures, and customer payment practices.

Finally, the component finances a technical study and pilot initiative to evaluate innovative technologies for improving environmental conditions within the New River watershed, including an assessment of their effectiveness in reducing pollution associated with industrial and wastewater discharges.

Status

Implementation of Component 2 continues to advance across its technical assistance and institutional strengthening activities. The consultancy for the design and delivery of VWB training has been advertised and is currently in the evaluation stage of the Expressions of Interest. The consultancy for the development of the VWB utility management software is also progressing, with the evaluation of submitted proposals currently underway.

The procurement documents for the Behavioural Change Campaign have been submitted to the IDB for review and approval prior to advertisement. Meanwhile, the consultancy for the development of the National Rural Water Systems Management Policy is under implementation and has progressed into the policy drafting phase following completion of the Situational Assessment and stakeholder validation process.

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

1. PROJECT STATUS (CONTINUED)

Component 2: Strengthening the institutional capacity of the water sector (continued)

Status (continued)

The technical study and pilot initiative for the New River watershed is nearing completion. All field activities and on-site implementation have been completed, with only the submission and acceptance of the final report remaining before the consultancy is concluded.

Contracts executed during 28 months ended March 2026

CONTRACTOR	VALUE OF CONTRACT	PURPOSE OF CONTRACT
Business Computer Systems Limited	\$ 8,702.00	Supply and delivery of laptops with accessories and office furniture for the Program Executing Unit (PEU) of BSIF.
The Angelus Press Ltd.	\$ 1,129.00	Supply and delivery of laptops with accessories and office furniture for the Program Executing Unit (PEU) of BSIF. LOT #2-Office Furniture.
Belize Diesel and Equipment Company (1997) Limited	\$ 43,786.00	Purchase of 1 4x4 pick-up truck for the Program Executing Unit (PEU) of BSIF.
Luwani Lino	\$ 4,100.00	National consultancy to prepare approved electrical plans for rehabilitation works.
Lemellda Landaberde	\$ 49,200.00	National consultancy - Environmental and Social Management Officer for the Program Executing Unit (PEU) of BSIF.
Algea BioSolutions S.A.S	\$ 409,266.00	International consultancy to prepare a technical study on innovative technologies to address pollution in the New River.
FT Williams & Associates	\$ 75,536.00	Supply and Installation of Bulk meters for 20 communities (Amendment).
University of Belize	\$ 44,630.00	National Consultancy to prepare a technical study on the Water demand for the 21 villages.
Rico Nurse	\$ 72,000.00	National Consultancy- General /Technical Coordinator for the Program Executing Unit (PEU) of BSIF.

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

1. PROJECT STATUS (CONTINUED)

Contracts executed during 28 months ended March 2026 (continued)

Kyla Cho	\$ 40,000.00	National consultancy – Procurement Specialist for the Program Executing Unit (PEU) of BSIF.
Rudolph Williams JR	\$ 38,750.00	National or International Consultancy- Development of a National Rural Water Systems Management Policy to Strengthen the Rural Water Sector in Belize.

2. KEY ACCOUNTING PRINCIPLES

Cash Basis of Accounting

The financial statements have been prepared using the cash basis of accounting, recognizing revenue when cash is received and recognizing expenses when cash has been disbursed. This accounting practice differs from IPSAS, under which transactions should be recorded as they are incurred rather than when they are paid. However, IPSAS has been applied for these circumstances, as discussed in the chapter "Cash Basis IPSASs - Financial Reporting under a Cash Basis of Accounting".

Monetary Unit

Program records have been prepared in Belize Dollars (BZ), however, for presentation purposes to the Bank, the financial reports were converted United States Dollars (US), and an explanatory note added regarding the exchange rate and conversion methodology agreed between the Bank and the Borrower and/or Executing Agency. The official exchange rate for reporting purposes is fixed at BZ\$2 = US\$1.

Exchange rate differences that result from the application of the exchange rate(s) used for the conversion of the resources received and the exchange rate used for the justification of payments of eligible expenses is recorded as an exchange difference charged to: (i) Bank financing; (ii) local counterpart; or (iii) other sources.

3. AVAILABLE CASH BALANCE

The available cash balance at the close of the corresponding fiscal period, March 31, 2026 is deposited in the Program's bank accounts and includes interest income and exchange rate gain where applicable.

	<u>2026</u>
Balance in bank	
Atlantic Bank Account No: 2110043817	\$ 421,547
Atlantic Bank Account No: 2110043818	99,990
	<u>\$ 521,537</u>

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

4. EXPENDITURES PENDING JUSTIFICATION

As of March 31, 2026, expenditures incurred, pending justification to the IDB amounts to US\$60,804. These are represented by the following:

Component	IDB
1.1. Disinfection equipment	\$ 26,779
3.1. Project Management	34,015
Finance Charges	10
Total	\$ 60,804

5. RECONCILIATION OF ADVANCES

2026

Balance of advances pending justification at the beginning of the period.	\$ -
Less: Advances justified during the period ending	(444,423)
Add: Advances received	1,026,764
Balance of advances at the end of the period	582,341
Advances pending justification according to OPS report or actual	(60,804)
Difference	<u>\$ 521,537</u>

The financial transactions under the advance and justification of advances methodologies processed by the Bank during the audited period were as follows:

Financial Transaction	Value Date	Funding	IDB
Request No 1	October 25, 2024	Loan	\$ 500,000
Request No 3	December 10, 2025	Loan	\$ 426,764
Request No 1	June 17, 2025	Contribution	\$ 100,000
		Total	\$ 1,026,764

6. PROCUREMENT OF GOODS AND SERVICES

All procurement and their corresponding signed contracts have been recorded in the published Procurement Plan and is available in the system accepted by the Bank.

The abovementioned processes complied with, and/or included the provisions of the Policies for the Contracting of Goods, Works and Consulting Services and the Policies for the Selection and Contracting of Consultants applicable under the Loan Contract.

The expenses paid during the audited period are derived from contracting and procurement processes included in the approved and published Procurement Plan.

BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)

7. RECONCILIATION BETWEEN THE "STATEMENT OF CASH RECEIVED AND DISBURSEMENTS MADE" AND THE STATEMENT OF CUMULATIVE INVESTMENTS

	At March 31, 2026		
	Loan	Contribution	Total
Statement of cash received and disbursements made	\$ 505,217	\$ 10	\$ 505,227
Statement of cumulative investments	\$ 505,217	\$ 10	\$ 505,227
Difference	\$ -	\$ -	\$ -

8. RECONCILIATION OF PROGRAM RECORDS WITH IDB RECORDS BY COMPONENT

CATEGORY	Cumulative Balance as per:		Variance	Explanation for Variances
	Program's Records (Statement of Cumulative Investments)	IDB's Records (OPS 1 Executive Financial Summary)		
Component 1. Improving the drinkability of water in rural areas	\$ 106,415	\$ 79,636	\$ 26,779	Expenditures for Water Demand Study Consultancy paid during Jan - Mar 26
Component 2: Strengthening the Institutional Capacity of the water sector	204,633	204,633	-	
Project Management	194,169	160,154	34,015	Expenditures for Project Management paid during Jan - Mar 26
FINANCE CHARGES	10	-	10	Finance charges for the Grant bank account
Totals	\$ 505,227	\$ 444,423	\$ 60,804	Expenses pending justification

9. AUTHORIZATION DATE

The financial statements were authorized on July 29, 2026 by the Executive Director of the Belize Social Investment Fund and the WSRA General/Technical Coordinator.



**INDEPENDENT AUDITORS' REPORT ON THE
SYSTEM OF INTERNAL CONTROL
WATER AND SANITATION PROGRAM FOR RURAL AREAS
LOAN CONTRACT NO. 5753/OC-BL**

To: Belize Social Investment Fund

Program: Water and Sanitation Program for Rural Areas

We have audited the Statement of Cash Received and Disbursements Made for the period ended March 31, 2026, Statement of Cumulative Investments as of and for the period ended March 31, 2026 for the Water and Sanitation Program for Rural Areas, entered into by the Belize Social Investment Fund and the InterAmerican Development Bank, executed by the Belize Social Investment Fund and have issued our report thereon dated July 29, 2026.

This report complements our opinion on the referenced financial statements.

The Management of the Water and Sanitation Program for Rural Areas 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 of the structure to the future 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.

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 Water and Sanitation Program for Rural Areas 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.

hlb.bz

Partners: Claude Burrell, CA, CISA, CDPSE | Giacomo Sanchez, CA

40 Central American Blvd | Belize City | Belize C.A.

TEL: +501 227 3020 **EMAIL:** info@hlb.bz

HLB Belize, LLP is an independent member of HLB, the global advisory and accounting network

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 29, 2026

**BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL**

**REPORT ON THE SYSTEM OF INTERNAL CONTROLS
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)**

Control Objective	In Compliance/ or Not in Compliance
Vendor's original invoices must receive authorization from the Director and Engineer, confirming their accuracy and compliance with organizational requirements.	In compliance
Expenditures for the year have been filed, with all supporting documentation properly organized. This includes authorized invoices and payment supports, ensuring full compliance and proper record-keeping.	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 PROGRAM'S OPERATING
REGULATIONS
WATER AND SANITATION PROGRAM FOR RURAL AREAS
LOAN CONTRACT NO. 5753/OC-BL**

To: Belize Social Investment Fund

Program: Water and Sanitation Program for Rural Areas

We have audited the Statement of Cash Received and Disbursements Made for the period ended March 31, 2026, Statement of Cumulative Investments as of and for the period ended March 31, 2026 for the Water and Sanitation Program for Rural Areas, entered into by the Belize Social Investment Fund and the InterAmerican Development Bank, executed by the Belize Social Investment Fund and have issued our report thereon dated July 29, 2026.

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. 5753/OC-BL, for the period ended March 31, 2026. 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 Program'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. 5753/OC-BL and the Program's Operating Regulations.

HLB, Belize, LLP

**Chartered Accountants
Belize City, Belize
July 29, 2026**

hlb.bz

Partners: Claude Burrell, CA, CISA, CDPSE | Giacomo Sanchez, CA

40 Central American Blvd | Belize City | Belize C.A.

TEL: +501 227 3020 **EMAIL:** info@hlab.bz

HLB Belize, LLP is an independent member of HLB, the global advisory and accounting network

**BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL**

**REPORT ON FINANCIAL AND ACCOUNTING CONTRACTUAL CLAUSES
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)**

General Conditions		
Report on Financial and Accounting Contractual Clauses		
Section	Clause	Findings
ARTICLE 6.01. Financial Management Systems and Internal Control.	(a) The Borrower shall maintain, or cause the Executing Agency and Procurement Agent, if any, to maintain, as the case may be, internal controls so as to reasonably ensure: (i) that Project resources are used for the purposes of this Contract, devoting special attention to the principles of economy and efficiency; (ii) that Project assets are adequately safeguarded; (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 (iv) that transactions are properly documented and recorded in a way that facilitates the production of timely and reliable reports.	In compliance
	(b) The Borrower shall maintain, and shall cause the Executing Agency and the Procurement Agent, 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.	In compliance
	(c) The Borrower shall preserve, and shall cause the Executing Agency or the Procurement Agent, as the case may be, to preserve, the original records of the Project for a minimum period of three (3) years after the expiration date of the Original Disbursement Period or any extension thereof. Such documents and records shall be maintained adequately in order to: (i) substantiate Project-related activities, decisions, and transactions, including all expenditures incurred; and (ii) show the correlation of the expenditures incurred under the Loan to the respective disbursement made by the Bank.	In compliance

**BELIZE SOCIAL INVESTMENT FUND
WATER AND SANITATION PROGRAM FOR RURAL AREAS, LOAN CONTRACT NO.
5753/OC-BL AND FINANCING AGREEMENT NO. 5756/GR-BL**

**REPORT ON FINANCIAL AND ACCOUNTING CONTRACTUAL CLAUSES (CONTINUED)
FOR 28 MONTHS ENDED MARCH 31, 2026 (IN US DOLLARS)**

General Conditions		
Report on Contractual Clauses		
Section	Clause	Findings
ARTICLE 6.01. Financial Management Systems and Internal Control.	(d) The Borrower shall include, or cause the Executing Agency and the Procurement Agent, if any, to include in all bidding documents, requests for proposals, and contracts financed with the resources of the Loan that they enter into, respectively, a provision requiring that providers of goods or services, contractors, subcontractors, consultants and their agents, personnel, subconsultants, subcontractors, or concessionaires contracted by them, keep all documents and records related to activities financed with resources of the Loan for a period of seven (7) years after completion of the work contemplated in the relevant contract.	In compliance



40 Central American Blvd.
Belize City, Belize, C.A.

TEL: +501 227 3020

EMAIL: info@hlb.bz

WEB: www.hlb.bz