

**Global Environment Facility
Trust Fund (GEFTF)**

**(Funds administered by CAF)
Independent Auditor's Report**

**Statement of cash collections and
disbursements**

For the years ended December 31, 2021
and 2020

GLOBAL ENVIRONMENT FACILITY TRUST FUND (GEFTF)
(Funds administered by CAF)

Contents

	Pages
Independent Auditor’s Report	1-2
Statement of cash collections and disbursements	3
Notes to the statement of cash collections and disbursements	4-8



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Independent Auditor's Report

To the Stockholders and Board of Directors of
Corporación Andina de Fomento (CAF)

Opinion

We have audited the statement of cash collections and disbursements administered by **Corporación Andina de Fomento (CAF)** of Global Environment Facility Trust Fund, for the year ended December 31, 2021, and the related notes (the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the cash collections and disbursements of funds for the year ended December 31, 2021, in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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September 28, 2022

Caracas – Venezuela

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GLOBAL ENVIRONMENT FACILITY TRUST FUND (GEFTF)

(Funds administered by CAF)

Statement of cash collections and disbursements

For years ended December 31, 2021 and 2020

(Denominated in US dollars)

	NOTE	2021	2020
Received:			
Transfer of funds by the trustee		-	2,984,737
Interest income		518	7,630
Total received	3	518	2,992,367
Disbursements:			
Project Transformation of Colombia's Panama Subsector through the NAMA's Initial Implementation		300	5,700
Project Supporting the Chilean Low Emissions Transport Strategy		-	3,737
Project Ecosystem-based Biodiversity Friendly Cattle Production Framework for the Darien Region of Panama		519,285	95,000
Project Preparing the Ground for the Implementation of the La Plata Basin Strategic Action Program		967,500	498,750
Project BE-CLME+: Promoting National Blue Economy Priorities Through Marine Spatial		3,000	46,809
Project Development of an enabling environment for sustainable businesses based on the native biodiversity of Ecuador		76,575	17,925
Project Amazon Sustainable Landscape Approach in the Pluri-national System of Protected Areas and Strategic Ecosystems of Bolivia		35,666	128,358
Project Implementation of the Guarani Aquifer Strategic Action Program: Enabling Regional Actions		23,520	-
Project Agency Fees		51,493	25,596
Other disbursements		897	14,924
Total disbursements	3	1,678,237	836,799
Excess of (disbursements over cash collections) cash collections over disbursements		(1,677,719)	2,155,568
Fund balance at beginning of year		6,472,254	4,316,686
Fund balance at end of year		4,794,535	6,472,254
Fund balance consists of:			
Contributions in deposits with banks		4,794,535	6,472,254

See accompanying notes to statement of cash collections and disbursements

GLOBAL ENVIRONMENT FACILITY TRUST FUND (GEFTF)

(Funds administered by CAF)

Notes to the statement of cash collections and disbursements
For the years ended December 31, 2021 and 2020
(Denominated in US dollars)

1. DESCRIPTION OF THE FINANCIAL PROCEDURES AGREEMENT

On September 28, 2015, Corporación Andina de Fomento (CAF) and International Bank for Reconstruction and Development (the “World Bank”) as a Trustee of the Global Environment Facility Trust Fund (GEFTF), agreed the standard provisions applicable to the Trust Funds that set forth certain terms and conditions generally applicable to the financial procedures agreement. The financial procedures agreement provides for the conditions for the transfer of funds by the Trustee to CAF and the use of these funds.

The Trustee applies the procedures described in Article IV of the financial procedure agreement for all the commitments of funds granted to CAF, as Project Agency; these procedures include the signing of a Letter of Commitment for each approved transaction. In addition, after the funds have been committed by the Trustee, and the Fund project has been approved by CAF, the latter may request transfers of funds for a Fund project. The funds received by the Trustee are presented as cash receipts in the statement of cash collections and disbursements.

The funds transferred to CAF under the financial procedures Agreement shall be used for the purpose for which they have been provided; in addition, the disbursements of funds from CAF to the recipients shall be made in accordance with CAF’s policies and procedures, including its applicable disbursement procedures. The funds shall not be used for the purpose of any payment to persons or entities or for the import of goods, if such payment or import, to the CAF’s knowledge or belief, is prohibited by a resolution, action or decision of the United Nations Security Council taken under Chapter VII of the United Nations. The funds used and disbursed by CAF are presented as cash disbursement in the statement of cash collections and disbursements.

Unused funds from the fund projects, for which no further disbursements are due to be made, shall be held by CAF and reflected in the net cash position reported by CAF to the Trustee. If so requested by the Trustee, CAF shall return to the GEFTF any unused fund from the Fund projects. If the funds were not used for the purpose provided under the instrument and/or the decisions made by the Fund Council, as applicable, due to the CAF’s actions or due to the action of a third party as a result of the Project Agency’s gross negligence or willful misconduct, CAF shall promptly return to the GEFTF the amount of Fund resources, and, as applicable, shall take the necessary actions within its control to address the matter, including in accordance with its policies and procedures, using reasonable efforts to recover from such third party the amount of the Fund resources that have not been used for the purposes provided, and return such resources to the GEFTF.

According to the fee policy for Global Environment Facility (GEF) Partner Agencies and the financial procedures agreement, CAF receives agency fees, to cover the project agency’s cost in respect of the services performed by the project agency in connection with the GEF. The fee policy for GEF partner agency establishes fees for 9.5 percent of the grant, for GEF project grant up to, and including, \$10 million. For GEF project grant above \$10 million, GEF agencies will receive fees at 9.0 percent of the grant. Agency fees are presented as disbursement in the statement of cash collections and disbursements.

GLOBAL ENVIRONMENT FACILITY TRUST FUND (GEFTF)

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Notes to the statement of cash collections and disbursements
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The Global Environment Facility (GEF) Trust Fund was established in 1992 Rio Earth Summit to help about environmental problems. GEF funding to support the projects is contributed by donor countries. GEF funds are available to develop countries with economies in transition to meet the objectives of the international environmental conventions and agreements.

The World Bank serves as the GEF Trustee, administering the GEF Trust Fund (contributions by donors). The Trustee helps mobilize GEF resources; disburses funds to GEF Agencies, prepares financial reports on investments and use of resources, and monitors application of budgetary and project funds.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Under the cash basis of accounting, contributions and disbursements are recorded in the accounts when cash is collected and cash is disbursed. The accompanying statement has been prepared in U.S. dollar.

3. CONTRIBUTIONS RECEIPTS AND DISBURSEMENTS

During the years ended December 31, 2021 and 2020, the Trustee approved 5 and 1 commitments for the execution of fund projects, respectively, that meet the conditions of the financial procedures agreement in articles 4 “Commitment of funds by the Trustee” and 5 “Transfer of funds by the Trustee to the Project Agency”.

Additionally, during the year ended December 31, 2021, CAF did not receive resources for execution of the fund’s projects, and agency fees; however, CAF has made total disbursements for US\$ 1,678,237, including US\$ 1,625,847 for projects of the fund, US\$ 51,493 for agency fees, and US\$ 897 for other disbursements.

During the year ended December 31, 2020, CAF has received funds for US\$ 2,984,737, comprising US\$ 2,701,510 of cash transfer for fund projects and US\$ 283,227 for agency fees and has performed total disbursements for US\$ 836,799, including US\$ 796,279 for fund projects, US\$ 25,596 for agency fees and US\$ 14,924 for others disbursements.

The information of the commitment approved to execute the projects is detailed below:

- During the years ended December 31, 2021 and 2020, the Trustee did not approve commitments additional to project “Andes Adaptation to the Impacts of Climate Change in Water Resources” (AICCA) to generate and share data, information and experiences relevant for adaptation to climate variability and change, and useful for formulation of policies in selected sectors, and to pilot investments in priority areas in the four Andean countries. Additionally, during the years ended December 31, 2021 and 2020, CAF did not receive additional contributions for project execution purposes, and made no disbursements for execution of the project.

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Notes to the statement of cash collections and disbursements

For the years ended December 31, 2021 and 2020

(Denominated in US dollars)

- On April 27, 2021, the Trustee approved the commitment of project “Transformation of Colombia's Panaela Subsector through the NAMA's Initial Implementation” (CPS-NAMA) for US\$ 2,180,000 to contribute to the implementation of the NAMA through the productive and technological transformation of the Panaela sub-sector. During the year ended December 31, 2020, the Trustee did not approve additional commitments. Additionally, during the years ended December 31, 2021 and 2020, CAF did not receive additional contributions for project execution purposes. However, CAF made disbursements amounting to US\$ 300 and US\$ 5,700, respectively, for execution of the project.
- During the years ended December 31, 2021 and 2020, the Trustee did not approve commitments additional to project “Supporting the Chilean Low Emissions Transport Strategy” (CLETS), to demonstrate systemic impacts of integrated zero or low-emission urban mobility systems. Additionally, during the year ended December 31, 2021, CAF did not receive additional contributions for project execution purposes. However, during the year ended 2020 CAF receive additional contributions for US\$ 1,606,600, comprising US\$ 1,450,000 of fund project and US\$ 156,600 of agency fees to execute the project, and performed disbursement for US\$ 3,737 to execute the project.
- During the years ended December 31, 2021 and 2020, the Trustee did not approve commitments additional to project “Ecosystem-based Biodiversity Friendly Cattle Production Framework for the Darien Region of Panama” for the establishment of an ecosystem-based biodiversity friendly cattle production framework for the Darien Region of Panama. Additionally, during the years ended December 31, 2021 and 2020, CAF did not receive additional contributions for project execution purposes. However, CAF made disbursements amounting to US\$ 519,285 and US\$ 95,000, respectively, for project execution purposes, and disbursements for agency fees amounting to US\$ 33,194 and US\$ 8,250, respectively.
- During the years ended December 31, 2021 and 2020, the Trustee did not approve commitments additional to project “Preparing the Ground for the Implementation of the La Plata Basin Strategic Action Program” to set the scene for the implementation of the priority national and regional actions identified in the Strategic Action Program (SAP), agreed upon by the countries sharing the La Plata Basin and aimed at improving water security, climate resilience and ecosystem health. Additionally, during the years ended December 31, 2021 and 2020, CAF did not receive additional contributions for project execution purposes. However, CAF made disbursements amounting to US\$ 967,500 and US\$ 498,750, respectively, for project execution purposes, and disbursements amounting to US\$ 18,299 and US\$ 11,126, respectively, for agency fees.
- On January 7, 2020, the Trustee approved the commitments of project “BE-CLME+: Promoting National Blue Economy Priorities Through Marine Spatial Planning in the Caribbean Large Marine Ecosystem Plus” to promote blue economy development in the CLME+ through marine spatial planning and marine protected areas (MPAs), ecosystem approach to fisheries (EAF), and sustainable seafood value chains of sea products for US\$ 56,844. During the year ended December 31, 2021, CAF did not receive additional contributions for project execution purposes and made disbursements to execute the project amounting to US\$ 3,000. During the year ended

- December 31, 2020, CAF received additional contributions for US\$ 167,490, including US\$ 101,510 for project execution purposes, and US\$ 65,980 for agency fees, and made disbursements amounting to US\$ 46,809 for project execution purposes and US\$ 3,000 for agency fees.
- On January 7, 2020, the Trustee approved commitments of project “Development of an enabling environment for sustainable businesses based on the native biodiversity of Ecuador” for US\$ 56,147 to Create basic conditions that facilitate the development of businesses that sustainably use native biodiversity in Ecuador. During the year ended December 31, 2021, CAF did not receive additional contributions for project execution purposes and made disbursements for those purposes amounting to US\$ 76,575. Additionally, during the year ended December 31, 2020, CAF received additional contributions for US\$ 156,147, including US\$ 100,000 for project execution purposes and US\$ 56,147 for agency fees, and made disbursements amounting to US\$ 17,925 for project execution purposes and US\$ 3,220 for agency fees.
 - On June 17, 2021, the Trustee approved the commitment of project “Amazon Sustainable Landscape Approach in the Pluri-national System of Protected Areas and Strategic Ecosystems of Bolivia” for US\$ 10,237,200 to strengthen the management effectiveness and financial sustainability of the National System of Protected Areas (SNAP) and strategic ecosystems, based on social participation and on the sustainable production of natural resources, focusing on the Bolivian Amazon. During the year ended December 31, 2020, the Trustee did not approve additional commitments. Additionally, during the years ended December 31, 2021 and 2020, CAF did not receive additional contributions for project execution purposes; however, CAF made disbursements amounting to US\$ 35,666 and US\$ 128,358, respectively, for execution of the project.
 - On February 6, 2020, the Trustee approved the commitments of project “Implementation of the Guarani Aquifer Strategic Action Program: Enabling Regional Actions” for US\$ 2,000,000, to enhance water security in Argentina, Brazil, Paraguay and Uruguay by facilitating the initial implementation of the Guarani Aquifer System SAP through the setting up of information collection and exchange mechanisms, and multi-country technical management bodies and tools. During the year ended December 31, 2021, CAF did not receive additional resources and made disbursements amounting to US\$ 23,520 for project execution purposes. During the year ended December 31, 2020, CAF received additional contributions for US\$ 1,054,500, including US\$ 1,050,000 for project execution purposes, and US\$ 4,500 for agency fees, and made no disbursements.
 - On November 17 and December 15, 2021, the Trustee approved the commitment of project “Green Finance & Sustainable Agriculture in the Dry Forest Ecoregion of Ecuador and Peru” for US\$ 109,000 and US\$ 108,000, respectively, to Support the conservation of biodiversity in prioritized territories of Dry Forests in Ecuador and Peru by financing sustainable agricultural practices (including climate-smart agriculture), building capacities and transferring technology to small and medium agriculture businesses. Sustainable agricultural practices will be funded under adequate financial terms and conditions through the issuance of one or more green bonds in Peru and Ecuador that will be favored with guarantees provided by GEF and CAF. Guarantees will act as credit enhancements thus improving the financing conditions of issuers and their loan conditions for small farmers in that region. During the year ended December 31, 2020, the Trustee did not approve additional commitments. Additionally, during the year ended December 31, 2021, CAF did not receive additional resources or made disbursements for project execution purposes.

- On December 1, 2021, the Trustee approved the commitment of project “Safeguarding the Biodiversity of Isla del Coco National Park by Enhancing Biosecurity” for US\$ 572,435 to Guarantee the conservation, ecological restoration and sustainable use of the globally significant biodiversity of Cocos Island National Park by implementing a profitable and sustainable prevention process and getting ready for the eradication of invasive alien species, particularly mammals, while generating lessons learned. During the year ended December 31, 2020, the Trustee did not approve additional commitments. Additionally, during the year ended December 31, 2021, CAF did not receive additional resources or made disbursements for project execution purposes.
- On July 28, 2021, the Trustee approved the commitments of project “Effective Conservation of Protected Areas of Galapagos, through Strengthening of Control and Surveillance of the Galapagos Marine Reserve and the Eradication of Invasive Predators from Floreana Island” for US\$ 1,779,817, to promote and safeguard the biodiversity of protected areas of the Galápagos islands through the management of threats to land and sea biodiversity. During the period ended December 31, 2021, CAF did not receive additional contributions or made disbursements for project execution purposes”

Additionally, during the years ended December 2021 and 2020, CAF received other transfers for US\$ 518 and US\$ 7,630, respectively, corresponding to bank interests monthly earned on the balance maintained in the fund’s bank account, which will be reimbursed to the Trustee; and it made other disbursements for US\$ 897 and US\$ 14,924, respectively, including bank interests monthly earned for US\$ 14,669, reimbursed to the Trustee, and US\$ 255, for finance costs corresponding to the bank account where the fund’s resources are maintained for 2020 and bank interests monthly earned for US\$ 897, reimbursed to the Trustee for 2021.



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