

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

**(Funds administered by CAF)  
Independent Auditors' Report**

**Statement of cash collections and  
disbursements**

For the years ended December 31, 2020  
and 2019

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

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## **Independent Auditors' Report**

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

### **Report on the Financial Statement**

We have audited the accompanying Statement of cash collections and disbursements of funds administered by **Corporación Andina de Fomento (CAF)**, transferred by Global Environment Facility Trust Fund for the years ended December 31, 2020, and the related notes (the financial statement).

### **Management's Responsibility for the 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; this includes determining that the cash basis of accounting is an acceptable basis for 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the statement based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement by the Fund's administrator, 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 Company's internal control by the Fund's administrator. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statement referred-to above presents fairly, in all material respects, the cash collections and disbursements of funds administered by **Corporación Andina de Fomento (CAF)**, transferred by Global Environment Facility Trust Fund for the years ended December 31, 2020, in accordance with the cash basis of accounting described in Note 2 to the financial statement.

## Basis of Accounting

We draw attention to Note 2 of 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, to comply with the financial reporting clause of the contract referred-to Note 1. Our opinion is not modified with respect to this matter.

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August 25, 2021

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, 2020 and 2019  
(Denominated in US dollars)

	<u>NOTES</u>	<u>2020</u>	<u>2019</u>
Collected:			
Transfer of funds by the trustee		2,984,737	2,348,939
Interest income		<u>7,630</u>	<u>13,332</u>
Total collected	<b>3</b>	<u>2,992,367</u>	<u>2,362,271</u>
Disbursements:			
Project Andes Adaptation to the Impacts of Climate Change in Water Resources		-	938,238
Project Transformation of Colombia's Panama Subsector through the NAMA's Initial Implementation		5,700	4,484
Project Supporting the Chilean Low Emissions Transport Strategy		3,737	41,528
Project Ecosystem-based Biodiversity Friendly Cattle Production Framework for the Darien Region of Panama		95,000	62,045
Project Preparing the Ground for the Implementation of the La Plata Basin Strategic Action Program		498,750	498,750
Project BE-CLME+: Promoting National Blue Economy Priorities Through Marine Spatial		46,809	-
Project Development of an enabling environment for sustainable businesses based on the native biodiversity of Ecuador		17,925	-
Project Amazon Sustainable Landscape Approach in the Pluri-national System of Protected Areas and Strategic Ecosystems of Bolivia		128,358	-
Project Agency Fees		25,596	32,895
Other disbursements		<u>14,924</u>	<u>5,894</u>
Total disbursements	<b>3</b>	<u>836,799</u>	<u>1,583,834</u>
Excess of cash collections over disbursements		2,155,568	778,437
Fund balance at beginning of year		<u>4,316,686</u>	<u>3,538,249</u>
Fund balance at end of year		<u>6,472,254</u>	<u>4,316,686</u>
Fund balance consists of:			
Contributions in deposits with banks		<u>6,472,254</u>	<u>4,316,686</u>

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, 2020 and 2019  
(Denominated in US dollars)

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### 1. DESCRIPTION OF THE FINANCIAL PROCEDURES AGREEMENT

On September 28, 2015, Corporacion 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 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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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, 2020 and 2019, the Trustee approved 1 and 4 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, 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. During the year ended December 31, 2019, CAF has received transfers of funds for US\$ 2,348,939, comprising US\$ 1,959,863 of cash transfer for fund projects and US\$ 389,076 of cash transfer for agency fees and has performed total disbursements for US\$ 1,583,834, including US\$ 1,545,045 for fund projects and US\$ 32,895 for agency fees and US\$ 5,894 for others disbursements.

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

- During the years ended December 31, 2020 and 2019, the Trustee did not approve additional commitments to the 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. During the year ended December 31, 2019, CAF did not receive additional contributions to execute the project, and performed disbursements for US\$ 938,238 to execute the project and US\$ 16,732 for agency fees.

# GLOBAL ENVIRONMENT FACILITY TRUST FUND (GEFTF)

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Notes to the statement of cash collections and disbursements

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(Denominated in US dollars)

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- During the years ended December 31, 2020 and 2019, the Trustee did not approve additional commitments to the project “Transformation of Colombia's Panama Subsector through the NAMA's Initial Implementation” (CPS-NAMA) to contribute to the implementation of the NAMA through the productive and technological transformation of the Panama sub-sector. Additionally, CAF did not receive additional contributions to execute the project, and performed disbursement for US\$ 5,700 and US\$ 4,484, respectively, to execute the project.
- On December 4, 2019, the Trustee approved the commitment to the project “Supporting the Chilean Low Emissions Transport Strategy” (CLETS) for US\$ 3,056,600, to demonstrate systemic impacts of integrated zero or low-emission urban mobility systems. During the year ended December 31, 2020, CAF received 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 year ended December 31, 2019, CAF did not receive additional contributions to execute the project, and performed disbursement for US\$ 41,528 to execute the project and US\$ 4,681 for agency fees.
- On October 3, 2019, the Trustee approved the commitment to the project “Ecosystem-based Biodiversity Friendly Cattle Production Framework for the Darien Region of Panama” for US\$ 3,709,790, for the establishment of an ecosystem-based biodiversity friendly cattle production framework for the Darien Region of Panamá. During the year ended December 31, 2020, CAF did not receive additional contributions to execute the project and performed disbursement for US\$ 95,000 to execute the project and US\$ 8,250 for agency fees. During the year ended December 31, 2019, CAF received additional contributions for US\$ 1,949,928, comprising US\$ 1,759,863 of fund project and US\$ 190,065 of agency fees, and performed disbursement for US\$ 62,045 to execute the project and US\$ 8,288 for agency fees.
- During the years ended December 31, 2020 and 2019, the Trustee did not approve additional commitments to the project “Preparing the Ground for the Implementation of the La Plata Basin Strategic Action Program”. Additionally, during the years ended December 31, 2020 and 2019, CAF did not receive additional contributions to execute the project and CAF performed disbursement for US\$ 498,750 to execute the project and US\$ 11,126 for agency fees and performed disbursement for US\$ 498,750 to execute the project and US\$ 3,193 for agency fees respectively.

On January 7, 2020 and December 4, 2019, the Trustee approved the commitments to the 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 for US\$ 56,844 and US\$ 110,646, respectively. During the year ended December 31, 2020, CAF received additional contributions for US\$ 167,490, comprising US\$ 101,510 of fund project and US\$ 65,980 of agency fees and performed disbursement for US\$ 46,809 to execute the project and US\$ 3,000 for agency fees.



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- On January 7, 2020 and December 4, 2019, the Trustee approved commitments to the project “Development of an enabling environment for sustainable businesses based on the native biodiversity of Ecuador” for US\$ 56,147 and US\$ 100,000 to Create basic conditions that facilitate the development of businesses that sustainably use native biodiversity in Ecuador. During the year ended December 31, 2020, CAF received additional contributions for US\$ 156,147, comprising US\$ 100,000 of fund project and US\$ 56,147 of agency fees and performed disbursement for US\$ 17,925 to execute the project and US\$ 3,220 for agency fees.
- On July 8, 2019 and November 4, 2019, the Trustee approved the commitment to the project “Amazon Sustainable Landscape Approach in the Pluri-national System of Protected Areas and Strategic Ecosystems of Bolivia” for US\$ 181,011 and US\$ 218,000, respectively, Strengthening 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, CAF did not receive additional contributions to execute the project and performed disbursement for US\$ 128,358 to execute the project. During the year ended December 31, 2019, CAF received contributions for US\$ 399,011, comprising US\$ 200,000 of fund project and US\$ 199,011 of agency fees, and did not performed disbursements.
- On February 6, 2020 and December 4, 2019, the Trustee approved the commitments to the project “Implementation of the Guarani Aquifer Strategic Action Program: Enabling Regional Actions” for US\$ 2,000,000 and US\$ 54,500, respectively, 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, 2020, CAF received additional contributions for US\$ 1,054,500, comprising US\$ 1,050,000 of fund project and US\$ 4,500 of agency fees and did not performed disbursements.

Additionally, during the years ended December 2020 and 2019, CAF received other transfers for US\$ 7,630 and US\$ 13,332, 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\$ 14,924 and US\$ 5,894, respectively, including bank interests monthly earned for US\$ 14,669, reimbursed to the Trustee, and US\$ 254, for finance costs corresponding to the bank account where the fund’s resources are maintained for 2020 and bank interests monthly earned for US\$ 5,894, reimbursed to the Trustee for 2019.

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