

CARIBBEAN EXPORT DEVELOPMENT AGENCY

(Haiti-Dominican Republic Bi-national Cooperation Programme Trade & Private Sector component, under the 11th European Development Fund (EDF), implemented by Caribben Export under the delegation agreement FED 2018/399-379)

Financial Statements

(With Independent Auditors Report)

For the year ended in December 2020

CARIBBEAN EXPORT DEVELOPMENT AGENCY

(Haiti-Dominican Republic Bi-national Cooperation Programme Trade & Private Sector component, under the 11th European Development Fund (EDF), implemented by Caribben Export under the delegation agreement FED 2018/399-379)

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INDEPENDENT AUDITORS REPORT

To the board of Directors of
Caribbean Export Development Agency
Haiti-Dominican Republic Bi-national Cooperation Programme Trade & Private Sector component,
under the 11th European Development Fund (EDF), implemented by Caribben Export under the
delegation agreement FED 2018/399-379

Opinion

We have audited the financial statements of Caribbean Export Development Agency, Haiti-Dominican Republic Bi-national Cooperation Programme Trade & Private Sector component, under the 11th European Development Fund (EDF), implemented by Caribben Export under the delegation agreement FED 2018/399-379, which comprise the statement of financial position as of December 31st, 2020, and the statements of activities, income and expenditure report and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of, the financial position of Caribbean Export Development Agency, Haiti-Dominican Republic Bi-national Cooperation Programme Trade & Private Sector component, under the 11th European Development Fund (EDF), implemented by Caribben Export under the delegation agreement FED 2018/399-379, at December 31st, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Dominican Republic, and we have fulfilled our 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.

Responsibilities of Management

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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, 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, 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.
- We communicate with Management, 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.

- We also provide Management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.
- From the matters communicated with Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Baker Tilly RD.

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Santo Domingo, Dominican Republic
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November 11, 2021



CARIBBEAN EXPORT DEVELOPMENT AGENCY

(Haiti-Dominican Republic Bi-national Cooperation Programme Trade & Private Sector component, under the 11th European Development Fund (EDF), implemented by Caribben Export under the delegation agreement FED 2018/399-379)

STATEMENTS OF FINANCIAL POSITION**December 31, 2020 and 2019****(Values expressed in EUR)**

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Current assets			
Cash	3	1,371,371	795,755
Accounts receivable	4	12,519	12,587
Deferred expenses		<u>3,119</u>	<u>3,408</u>
Total current assets		<u>1,387,009</u>	<u>811,750</u>
Total assets		<u>1,387,009</u>	<u>811,750</u>
LIABILITY AND NET ASSETS			
Current liabilities			
Accounts payable	5	198,939	231,491
Financial obligation - Visa Card		<u>-</u>	<u>2,176</u>
Total current liabilities		<u>198,939</u>	<u>233,667</u>
Non current liabilities			
Deferred Income	6	<u>1,187,655</u>	<u>577,799</u>
Total noncurrent liabilities		<u>1,187,655</u>	<u>577,799</u>
Total Liabilities		<u>1,386,594</u>	<u>811,466</u>
Net Assets			
General fund		<u>415</u>	<u>284</u>
Total Liabilities and Net Assets		<u>1,387,009</u>	<u>811,750</u>

CARIBBEAN EXPORT DEVELOPMENT AGENCY
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STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2020 and 2019

(Values expressed in EUR)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Revenue			
Funding revenue	6	800,009	783,044
Interest income on short term deposits		<u>137</u>	<u>239</u>
Total revenue		800,146	783,283
Expenses per component			
	7		
Initiatives to support Trade Formalization		(5,530)	(11,849)
Quality and Private Sector Development		(428,097)	(453,778)
Public Institutional Support and Dialogue		(107,242)	(72,234)
Administration/Programme implementation		<u>(259,141)</u>	<u>(245,177)</u>
Total expenses		<u>800,010</u>	<u>783,038</u>
Surplus for the year		<u>136</u>	<u>245</u>

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STATEMENTS OF CASH FLOWS**For the year ended December 31, 2020 and 2019****(Values expressed in EUR)**

	<u>2020</u>	<u>2019</u>
Cash from operating activities:		
Surplus for the year	<u>136</u>	<u>245</u>
Adjustment for non-cash expenses:		
Deferred Income	609,856	(767,383)
Prior year adjustment	(2)	-
Net changes in operating assets and current liabilities:		
Accounts receivable	68	(76)
Accounts payable	(32,555)	78,742
Deferred expenses	<u>289</u>	<u>(3,408)</u>
Net cash from operating activities	<u>577,792</u>	<u>(691,880)</u>
Cash from financing activities		
Financial obligation - Visa Card	<u>(2,176)</u>	<u>2,176</u>
Net cash from financing activities	<u>(2,176)</u>	<u>2,176</u>
Net increase (decrease) in cash and cash equivalents	575,616	(689,704)
Cash and cash equivalents, beginning of period	<u>795,755</u>	<u>1,485,458</u>
Cash at the end of the year	<u>1,371,371</u>	<u>795,755</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 and 2019

(Values expressed in EUR)

1. Project overview

Caribbean Export is the only regional trade and investment promotion agency in the African, Caribbean and Pacific (ACP) group. They were established in 1996 by an Inter-Governmental Agreement as the trade promotion Agency of the 15 Member States of CARIFORUM.

Then in July 2005 they assumed an investment promotion mandate after the 14th CARIFORUM Council of Ministers meeting. They have also established collaborative links with the French Caribbean Outermost Regions (FCORs), as well as, with the English and Dutch Overseas Countries and Territories (OCTs).

Caribbean Export has evolved over the past 20 years from an Implementing Management Unit of the CARICOM Regional Trade Development Programme (CRTDP) as established in 1988, to the CARICOM Export Development Project (CEDP), which in 1996 became the Caribbean Export Development Agency.

The 11th EDF Haiti-DR Bi-National Cooperation Programme Trade and Private Sector Component, under the Delegation Agreement FED2018/399-379 is to: Strengthen the economic and commercial cooperation between Haiti and the Dominican Republic in a sustainable manner by supporting initiatives that can reduce the current imbalances in the long term and reduce poverty levels.

The implementation period of this Delegation Agreement, will commence from May 7st 2018, as indicated in article 2, paragraphs 2.1 and 2.2 of the Special Conditions of such signed Agreement for a period of 45 months. The total project cost is estimated at EUR 5,765,306, with a maximum contribution of EUR 5,650,000 to be provided by the European Union from 11th EDF Caribbean Regional Indicative Programme Agreement. The programme will be implemented by the Caribbean Export Development Agency through its Sub-Regional Office in the Dominican Republic using its own rules and procedures via a delegation agreement.

This Trade and Private Sector component is executed by Caribbean Export through its Subregional Office in the Dominican Republic , supported by a Programme Office in Port-au-Prince, Haiti.

The Agency carries out numerous work programme activities within the context of Bi-National programmes such as study tours, export promotion activities to meet the objectives as follows:

- The promotion of a more balanced and formal binational trade between Haiti and the Dominican Republic.
- The quality of goods produced in both countries and the competitiveness of enterprises is enhanced with special attention to three (3) value chains: Cocoa/Chocolate; Essential Oils/Cosmetics; and Handicraft/Fashion/Accessories/Jewellery.
- The institutional cooperation, between the Ministries working in trade related issues and the Customs Administrations, as well as the public-private and private-private dialogue is reinforced.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2020 and 2019 (Values expressed in EUR)

2. Basis of presentation and principles of accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Accounting policies have been consistently applied in the financial statements of Caribbean Export Development Agency

The financial statements have been prepared to reasonable values from their historic cost, except by certain assets and liabilities that are presented to their reasonable value with other method.

Functional currency and presentation

The financial statements are presented in Euro (EUR), currency used by the Organization for the presentation of their financial statements, as established in the delegation agreement signed with the European Union.

Transactions in foreign currencies

Since May 2018, the contributions for the development of the Program are received and registered in Euros by the Organization, this being the functional currency of the Program. However, part of the funds are sporadically converted and transferred to other accounts of the Organization in pesos (RD\$) in the DR, as well as in dollars (US\$) in Haiti, to facilitate local payments related to the implementation of the Program. The transactions in these different currencies are converted to the functional currency for reporting purposes, using the exchange rate equivalent to the funds transferred from the Euros account to each of the aforementioned bank accounts, to cover the transactions of a particular period. In the year 2020, 2019 and 2018, the Organization will not recognize gains or losses from exchange, resulting from conversion.

Cash and cash equivalents

The Organization considers as cash all the funds deposited in cashier and the banks, as well as small investments in securities with an expiration of less or equal to three months, counted from the acquisition date.

Accounts payable

It is a present obligation of legal character or implied to the date of the financial statements of the Organization, which can be determined reliably and as a result of past events, to its expiration and to cancel it, the Organization expects to rid themselves of resources that include or have included benefits.

Revenue recognition

Revenues are recognized at the time of the transaction. These revenues are generated by cash transfers. The income is recognized as the projects advance, they are not recognized as income until used for the purposes defined. In this case, the contribution will remain in a liability account toward the donor.

Advances from European Union

European Union transfers cash to executing agencies, the transfer is recorded as an advance and the programme expenditure is recorded when incurred.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 and 2019

(Values expressed in EUR)

2. Basis of presentations - *cont.*

Advances for travel expenses.

The advances for travel expenses consist in pay out to staff members or contractors for travel related activities.

Deferred income

The Agency recognizes deferred revenues when the advances are received from the European Union and recognizes revenue when the expenses related to the program are recorded. Unspent amounts are classified in the deferred revenue liabilities section of the statement of financial position.

Expenses and components

The Agency classify their expenses in four components, The classification allows the Agency to have a better segregation of their expenditures. The components are also subdivide in subcomponents and they proceed to elaborate the budget based on the subcomponents.

The four components are the following:

1. Initiatives to support Trade Formalization (TF)
2. Quality and Private Sector Development (QP)
3. Public Institutional Support and Dialogue (IS)
4. Administration/Programme implementation (AD)

- Administrative Fee (*)

(*) The budget includes an Administrative fee up the 7% of the total eligible direct costs, which does not need to be justified with accounting documentation, as established in the Delegation Agreement signed with the European Union.

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For the year ended December 31, 2020 and 2019

(Values expressed in EUR)

3. Cash

As of December 31st, 2020 and 2019, a detail of cash is as following:

	<u>2020</u>	<u>2019</u>
Banreservas	1,365,482	791,647
Banque Nationale de Credit BNC	5,569	3,788
Petty cash	<u>320</u>	<u>320</u>
	<u>1,371,371</u>	<u>795,755</u>

4. Accounts receivable

Accounts receivable consists of the following:

	<u>2020</u>	<u>2019</u>
Head Office-Barbados (a)	12,343	12,343
A/R of the Agency's own funds (Counterpart) (b)	176	169
Accounts receivable staff & others	<u>-</u>	<u>75</u>
	<u>12,519</u>	<u>12,587</u>

(a) Corresponding to an outstanding Debit Note for the 10th EDF Regional Program under EDF agreement FED/2011/260-647 that was handled at Head Office-Barbados.

(b) Corresponding to bank charges for the transfer received from the EU, whose expenditure is not eligible to be covered by the Program funds, according to the Delegation Agreement.

5. Accounts payable

	<u>2020</u>	<u>2019</u>
Accounts payable reimbursements (a)	143,279	156,788
Accounts payable trade (b)	45,765	74,663
Accounts payable others	<u>9,895</u>	<u>40</u>
	<u>198,939</u>	<u>231,491</u>

(a) Between the signing date of the FED2018/399-379 agreement in May 2018 and the date of receipt of the first financing in November 2018, as well as during the 1st semestre of 2019, the Caribbean Export Agency made payments for Binational Program expenses. As of December 31st, 2020 and 2019, accounts payable of EUR143,279 and EUR156,788, respectively, correspond to balances in favor of the Caribbean Export agency and it is expected that at the end of each year this account payable will be reduced by a proportion of 2% of the global expenses as established in the regulatory agreement with the European Union.

(b) Corresponds to accounts payable to suppliers for services or purchases for the development of the objectives of the binational program.

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For the year ended December 31, 2020 and 2019

(Values expressed in EUR)

6. Deferred income

Deferred operating income is recognized at the date of the statement of financial position. Funds relating to program implementation are included as deferred income and are credited to the statement of comprehensive income in the same year as the relevant expenses are incurred.

The programme is funded by the European Union with a counterpart contribution from the implemented Agency. The first pre-financing was EUR1,520,197 received in november 2018 and the second pre-financing was EUR1,393,865 received in September 2020. From the start of the program until 2019 EUR942,398 has been recognized as the 98% of programme expenses covered by the EU funds, and the remaining 2% corresponding to EUR19,233 are expenses assumed by the agency according to the EDF agreement 2018/399-379.

During the year 2020 EUR784,009 has been recognized as the 98% of programme expenses covered by the EU funds, and the remaining 2% corresponding to EUR16,000 are expenses assumed by the agency according to the EDF agreement 2018/399-379.

The balance of EUR1,187,655 was recorded in deferred operating income on the statement of financial position at December 31st, 2020. There is not unfulfilled conditions or contingencies attached to this amount.

7. Expenses per component

A detail of the expenses per component as of December 31st, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Initiatives to support Trade Formalization		
Studies, surveys and needs analysis	5,530	375
Printing and publications	-	90
Training and workshops	-	11,384
Total, component	<u>5,530</u>	<u>11,849</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 and 2019

(Values expressed in EUR)

7. Expenses per component - cont.

	<u>2020</u>	<u>2019</u>
Quality and Private Sector Development		
<i>Technical Support</i>		
Salary of Deputy Programme Manager (DPM)	89,468	95,139
Salary of Senior Advisor DR	73,962	67,871
Salary of Senior Advisor Haiti	71,592	74,028
Salary of Project Expert DR	14,993	6,845
Salary of Project Expert Haiti	29,035	23,758
Cooperation in Quality	41,795	6,774
Quality and IP certifications	24,230	12,655
Investment Promotion	-	25,050
Support to BDS Services Provided by BSO	15,283	20,827
Purchase of equipment to support the Binational value chain implementation	243	5,573
Implementation of strategy of Haiti enter in DR Market	3,645	-
Trade Missions and Best Practice Missions	-	18,815
Total sub component	<u>364,246</u>	<u>357,335</u>
<i>Programme assistance to Cacao/Chocolate value chain</i>		
Studies, surveys and needs analysis	2,630	930
Technical Assistance (short term)	24,583	56,168
Training and workshops	-	16,464
Technical Working Groups	-	3,708
Total sub component	<u>27,213</u>	<u>77,270</u>
<i>Programme of assistance to the Essential Oils/Cosmetic Value Chain</i>		
Studies, surveys and needs analysis	-	447
Technical Assistance (short term)	16,904	3,108
Technical Working Groups	1,260	1,133
Total sub component	<u>18,163</u>	<u>4,688</u>
<i>Programme of assistance to the Handicraft/fashion/accessories/ jewellery... Value Chain</i>		
Studies, surveys and needs analysis	-	527
Technical Assistance (short term)	18,474	84
Technical Working Groups	-	3,794
Trade Missions and Best Practice Missions	-	10,080
Total sub component	<u>18,474</u>	<u>14,485</u>
Total, component	<u>428,097</u>	<u>453,778</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 and 2019

(Values expressed in EUR)

7. Expenses per component - cont.

	<u>2020</u>	<u>2019</u>
Public Institutional Support and Dialogue		
<i>Support to Trade and Industry Ministries</i>		
Technical Assistance (short term)	120	-
Training and workshops	-	33,179
Technical Working Groups	<u>9,239</u>	<u>9,523</u>
Total sub component	<u>9,359</u>	<u>42,702</u>
<i>Support to Customs Administrations</i>		
Training and workshops	96,199	-
Technical Working Groups	<u>1,684</u>	<u>160</u>
Total sub component	<u>97,883</u>	<u>160</u>
<i>Support to Public-Private / Private-Private Dialogue</i>		
Technical Assistance (short term)	-	8,642
Training and workshops	-	12,822
Technical Working Groups	<u>-</u>	<u>7,908</u>
Total sub component	<u>-</u>	<u>29,372</u>
Total, component	<u>107,242</u>	<u>72,234</u>
Administration/Programme implementation		
<i>Organizational Structuring- Haiti Office</i>		
Operations Advisor Haiti	47,707	31,237
Administrative and Financial Assistant HT	35,767	31,555
Chauffer HT	3,259	3,554
Vehicle gas, maintenance and insurance Haiti	1,103	4,564
Office rent and maintenance HT	48,569	48,291
Communications HT	18,615	13,433
Utilities HT	1,467	1,847
Office Equipment & materials: Purchase and Installation	-	5,371
Offices supplies HT and equipment maintenance	<u>2,218</u>	<u>2,398</u>
Total sub component	<u>158,705</u>	<u>142,250</u>
<i>Organizational Structuring- Dominican Republic Office</i>		
Financial Officer DR	43,017	40,137
Office rent and maintenance DR	34,949	36,538
Communications DR	2,268	5,067
Other costs operations	15,000	15,000
Utilities DR	4,695	5,684
Office supplies DR and equipment maintenance	<u>505</u>	<u>501</u>
Total sub component	<u>100,436</u>	<u>102,927</u>
Total, component	<u>259,141</u>	<u>245,177</u>