

PROFONANPE

Project "Building the Resilience of Wetlands in the
Province of Datem del Marañon in Peru" funded
by the Master Accreditation Agreement and the
Funded Activity Agreement (Grants) signed
between the Green Climate Fund and
PROFONANPE

Audit of financial statements for the year ended
December 31, 2024

PROFONANPE

Project "Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru" funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE
Audit of financial statements for the year ended December 31, 2024

**AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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Señor:
Anton Willems Delanoy
Director Ejecutivo
PROFONANPE
Lima - Perú.-

Dear Sirs:

This document represents the **"Executive Summary"** of the financial audit report for the period January 01 to December 31, 2024 of the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon, in Peru"*, funded through the Master Accreditation Agreement and Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE. The content of this executive summary is as follows:

1. BACKGROUND

a) The Green Climate Fund

The **Green Climate Fund** is a fund created in the context of the United Nations Framework Convention on Climate Change and was established as a mechanism to assist developing countries in climate change adaptation and mitigation practices. It is a unique global initiative to respond to climate change by investing in low-emission, climate-resilient development. This Fund was established by 194 governments to limit or reduce greenhouse gas emissions in developing countries and to help vulnerable societies adapt to the inevitable impacts of climate change. It therefore supports thematic funding windows, projects, programs, policies, and other activities in developing countries.

b) The Master Accreditation Agreement and Funded Activity Agreement (Grants)

On July 19, 2016, the Green Climate Fund signed an Accreditation Agreement with PROFONANPE to finance the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru"*, which was approved in November 2015 and started its activities in June 2017. This project aims to improve the resilience capacities of indigenous communities living in carbon-rich wetland ecosystems in the Province Datem del Marañon in the Loreto, Region of Peru (wetland and lake conservation); and, to improve the livelihoods of indigenous communities and reduce greenhouse gas emissions from deforestation (development of projects based on the sustainable use of biodiversity). On December 15, 2016, the Green Climate Fund and PROFONANPE signed the Funded Activity Agreement (Grants) for the execution of the project.

The budget approved by the Funded Activity Agreement amounts to US\$ 9,318,080, of which US\$ 6,240,000 is contributed by the Green Climate Fund, US\$ 800,000 is contributed by the Government of South Korea (*Korea International Cooperation Agency – KOICA*) and US\$ 2,278,080 by PROFONANPE.

c) The project-executing agency

PROFONANPE is a non-profit private institution established by Decree Law N° 26154 of December 29, 1992, to manage the National Fund for Natural Areas Protected by the Government and has its own legal existence and legal personality. In accordance with Article 181.1 of the Regulations of the Natural Protected Areas approved by Supreme Decree N° 038-2001-AG, PROFONANPE's mission is to capture, channel, and assign complementary resources required to contribute to the conservation of biological diversity, protection, and management of the Natural Protected Areas included in the Regulation.

2. OBJECTIVES AND AUDIT SCOPE

The external audit professional services contract signed with PROFONANPE to conduct the audit of the project *“Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru”*, funded through the Master Accreditation Agreement and Funded Activity Agreement (Grants), signed between the Green Climate Fund and PROFONANPE established the following objectives:

- Issue an opinion on whether the statement of funds and the statement of accumulated investments of the project *“Building the Resilience of Wetlands in the Province of Datem del Marañon, Peru”*, reasonably presents the sources and uses of funds for the period from January 01 to December 31, 2024, as well as the investments at the latest date, in accordance with the accounting policies applied and the terms of the Master Accreditation Agreement and Funded Activity Agreement (Grants).
- Issue an opinion on whether the supplementary financial information as of December 31, 2024, has been fairly presented in all its material respects.
- Issue an opinion regarding PROFONANPE's compliance with the clauses set forth in the Master Accreditation Agreement and the Funded Activity Agreement (Grants) during the period under review.
- Issue an opinion on the reasonableness of PROFONANPE' internal control system for the management of the funds transferred by the Green Climate Fund in the period under review, identifying significant deficiencies in design and operation, if any.

We conducted our audit in accordance with International Standards on Auditing issued by the *International Auditing and Assurance Standards Board – IIASB*, approved for application in Peru by the Board of Deans of Public Accountants Colleges of Peru, as well as with the requirements set forth in the Guidelines and Terms of Reference for Audits of World Bank-financed Projects in the Latin American and Caribbean Region. Therefore, our examination covered income and expense transactions made with funds from the Master Accreditation Agreement and the Funded Activity Agreement (Grants) for the period January 01 to December 31, 2024. A summary of the audit procedures applied is presented in Annex N° 4 of this report.

3. AUDIT RESULTS

As a result of the audit of financial statements of the Project *“Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru”* funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE for the period from January 01 to December 31, 2024, we issued our audit report on March 26, 2025. A summary of this report is presented below:

- Unqualified opinion on the statement of funds and the statement of accumulated investments of the project for the period from January 01 to December 31, 2024.
- Unqualified opinion on the supplementary information as of December 31, 2024.
- We believe that PROFONANPE reasonably complied with the terms of the Master Accreditation Agreement and the Funded Activity Agreement signed with the Green Climate Fund during the period from January 01 to December 31, 2024.
- The internal control report established by PROFONANPE for the period from January 01 to December 31, 2024, does not report any significant deficiencies in the design and operation of the internal controls established by the executing entity for project management.

4. ENTITY'S COMMENTS

The Executive Direction of PROFONANPE has taken cognizance of this audit report and has expressed its agreement with its content.

Lima, Perú
March 26, 2025

Countersigned by:

Fonseca, Camargo y Asociados



Oswaldo Fonseca Luna
Certified Public Accountant
Registration Nº 8095

INDEPENDENT AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

To the members of the Directive Board and Executive Director
PROFONANPE
Lima – Peru

March 26, 2025

Opinion

1. We have audited the statement of sources and uses of funds for the period from January 01 to December 31, 2024 and the statement of accumulated investments as of December 31, 2023, corresponding to the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon, in Peru"*, funded by the Master Accreditation Agreement and Funded Activity Agreement signed between the Green Climate fund and PROFONANPE, as well as the summary of significant accounting policies and other explanatory notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the sources and uses of funds for the period from January 01 to December 31, 2024, and the accumulative investments of the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon, in Peru"* for the period then ended, in accordance with the accounting policies described in Note 2 to the accompanying financial statements and the terms of the aforementioned Agreement.

Basis for opinion

2. We conducted our audit in accordance with International Standards on Auditing – ISA formalized in Peru by the Board of Deans of the Peruvian Institute of Public Accountants. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section. We are independent of PROFONANPE in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements of the Code of Professional Ethics issued by the Board of Deans of Peruvian Institute of Public Accountants that are relevant to our audit of financial statements. We have complied with our ethical responsibilities under the IESBA Code of Ethics and the ethical requirements of the Code of Professional Ethics of the Board of Deans of the Peruvian Institute of Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management' Responsibility for the financial statements

3. Management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with accounting standards applicable to not-for-profit organizations 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 entity's ability to continue as a going concern, disclosing, as appropriate, matters related to this accounting principle and its use, unless Management intends to liquidate the entity or cease operations, unless it has no realistic alternative but to do so. Management is responsible for the reasonable preparation of its financial statements in accordance with the accounting standards applicable to non-profit institutions described in note 2 to the financial statements.

Auditor's Responsibilities for the audit of the financial statements

4. Our objectives are to obtain reasonable assurance about whether the financial statements of the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon, in Peru"* as a whole are free from material misstatement, whether due to fraud or error, and to issue the audit 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 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 International Standards on Auditing approved for application in Peru by the Board of Deans of the Peruvian Institute of Public Accountants, we exercise professional judgment and maintain professional skepticism throughout the audit.

Also:

- a) We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks and applied audit procedures to respond to those risks and obtained sufficient appropriate evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) We 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.
- c) We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- d) We 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to disclosures related to the financial statements or, if these disclosures are inadequate, to modify our opinion. The conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the entity to cease to operate as a going concern.
- e) We evaluate the overall presentation, structure, content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate to those charged with governance of PROFONANPE a statement that we have complied with ethical requirements, including the planned scope and timing of the audit, as well as any deficiencies in internal control identified during the audit.

Other matter

5. Without modifying our opinion, we refer to note 2 to the financial statements describing the basis of accounting. The financial statements of the project *“Building the Resilience of Wetlands in the Province of Datem del Marañon, in Peru”*, for the period from January 01 to December 31, 2024, have been prepared in accordance with the cash basis of accounting. According to this basis of accounting, revenues are recognized when received and expenses are recognized when paid and not when accrued, which results in a method different from that based on accepted accounting principles in Peru, which include the International Financial Reporting Standards – IFRS.
6. This report is issued solely for the knowledge and use of PROFONANPE and the Green Climate Fund and should not be used by others or for purposes other than those indicated herein.

Lima, Peru
March 26, 2025

Countersigned by:

Fonseca, Camargo y Asociados



Oswaldo Fonseca Luna
Certified Public Accountant
Registration N° 8095

Project "Building the Resilience of Wetlands in the Province of Datem del Marañón in Peru" funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE
Audit of financial statements for the year ended December 31, 2024

For the period from January 01 to December 31, 2024
(Expressed in US Dollars)

The accompanying notes are part of this statement.

STATEMENT OF ACCUMULATED INVESTMENTS
For the period from January 01 to December 31, 2024
(Expressed in US Dollars)

Components	Budget approved				Accumulated as of December 31, 2023				Movements from January 1 to December 31, 2024				Accumulated as of December 31, 2024			
	PROFONANPE	KOICA	Fondo Verde para el Clima	TOTAL	PROFONANPE	KOICA	Fondo Verde para el Clima	TOTAL	PROFONANPE	KOICA	Fondo Verde para el Clima	TOTAL	PROFONANPE	KOICA	Fondo Verde para el Clima	TOTAL
0 Financial management	-	-	-	-	-	-	624,000	624,000	-	-	-	-	-	-	624,000	624,000
1 Strengthening institutional capacity in government agencies	320,413	-	950,000	1,270,413	231,830	-	1,029,961	1,261,791	7,571	-	4,973	12,544	239,401	-	1,034,934	1,274,335
2 Strengthening the capacity of institutions	620,353	-	1,940,000	2,560,353	487,230	-	1,538,370	2,025,600	272,101	-	57,557	329,658	759,331	-	1,595,927	2,355,258
3 Resilience through Biobusiness	910,648	800,000	2,700,000	4,410,648	173,493	598,548	2,657,623	3,429,664	692,459	-	110,027	802,486	865,952	598,548	2,767,650	4,232,150
4 Science, technology, knowledge, monitoring system and evaluation	426,666	-	650,000	1,076,666	270,689	-	803,603	1,074,292	114,661	-	3,010	117,671	385,350	-	806,613	1,191,963
Total Investments	2,278,080	800,000	6,240,000	9,318,080	1,163,242	598,548	6,653,557	8,415,347	1,086,792	-	175,567	1,262,359	2,250,034	598,548	6,829,124	9,677,706

The accompanying notes are part of this statement.

NOTES TO THE STATEMENT OF FUNDS AND STATEMENT OF ACCUMULATED INVESTMENTS FOR THE PERIOD BETWEEN JANUARY 01 AND DECEMBER 31, 2024

1. PURPOSE AND PROJECT'S BUSINESS ACTIVITIES

a. The Green Climate Fund

The **Green Climate Fund** is a fund created in the context of the United Nations Framework Convention on Climate Change and was established as a mechanism to assist developing countries in climate change adaptation and mitigation practices. It is a unique global initiative to respond to climate change by investing in low-emission, climate-resilient development. This Fund was established by 194 governments to limit or reduce greenhouse gas emissions in developing countries and to help vulnerable societies adapt to the inevitable impacts of climate change. Therefore, it supports thematic funding windows, projects, programs, policies, and other activities in developing countries.

The **Green Climate Fund** is based in *Songdo*, the new district of *Incheon, South Korea* and is governed by a Board.

b. The Master Accreditation Agreement and Funded Activity Agreement

On July 19, 2016, the Green Climate Fund signed a Master Accreditation Agreement with PROFONANPE to finance the project "Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru", which was approved in November 2015 and started its activities in June 2017. This project aims to:

- Improve the resilience capacities of indigenous communities living in carbon-rich wetland ecosystems in the Province Datem del Marañon in the Loreto Region of Peru (wetland and lake conservation); and,
- Improve the livelihoods of indigenous communities and reduce greenhouse gas emissions from deforestation (development of projects based on the sustainable use of biodiversity).

This project includes the extension of the scope of the "Pastaza Morona" project executed by PROFONANPE and includes among its components those measures for the mitigation and adaptation to climate change. The project's interaction strategy is aimed at enabling local producers to improve their organizational, technical, and financial and communication capacities in order to carry out the transformation and commercialization of their production, both through the management of biodiversity and the greater added value of products and the greater empowerment of their ancestral territories.

The project's scope of action is the indigenous community of Nueva Yarina, whose annexes are not recognized by the communities of Nueva Egipto, Puerto Tangama, Puerto Barranquillo, San Ramón, Kaspá Cocha, Chuinda Cocha, Urirococha and Domingo Cocha, located in the Chuinda ravine on the Pastaza River, a tributary of the Marañon River. The native community of Nueva Yarina and its annexes has requested support from the Datem Wetlands project for the implementation of a high value-added hardwood bio-business, which has been prioritized as an area of special interest for the project.

On December 15, 2016, the Green Climate Fund and PROFONANPE signed the Funded Activity Agreement (Grants) for the execution of the project. According to the budget approved by the Agreement, the amount financed is US\$ 9,318,080, of which US\$ 6,240,000 is contributed by the Green Climate Fund, US\$ 800,000 is contributed by the Government of South Korea (*Korea International Cooperation Agency* – KOICA) and US\$ 2,278,080 by PROFONANPE. The final budget is broken down into the following components:

Components	Expressed in US Dollars			
	Green Climate Fund	KOICA	PROFONANPE	Total
01. Strengthening of institutional capacity in government agencies	950,000	-	320,413	1,270,413
02. Strengthening the capacity of community institutions	1,940,000	-	620,353	2,560,353
03. Resilience through bio-business	2,700,000	800,000	910,648	4,410,648
04. Science, technology, knowledge and monitoring system and evaluation	650,000	-	426,666	1,076,666
Total	6,240,000	800,000	2,278,080	9,318,080.

The term of execution of the Agreement entered with the Green Climate Fund was five years, starting in March 2017, which is co-financed by KOICA and PROFONANPE. Additionally, on February 28, 2019, KOICA accepted the extension of project activities until December 2022 for the preparation of the memorandum of understanding and the financing agreement until February 2021. Also, based on the agreement adopted by the board of directors On June 1, 2021, an addendum to the co-financing agreement with KOICA was signed, reducing the total restructured budget to US\$ 800,000. By Side Letter No. 2 of June 2022, PROFONANPE's contribution was increased to US\$1,280,000. This increase was approved by the Board of Directors in Agreement 4 of the session held on August 22, 2023, bringing its contribution to US\$ 2,278,080.

c. The project-executing agency

PROFONANPE is a non-profit private institution established by Decree Law N° 26154 of December 29, 1992, to manage the National Fund for Natural Areas Protected by the Government and has its own legal existence and legal personality. In accordance with Article 181.1 of the Regulations of the Natural Protected Areas (Supreme Decree N° 038-2001-AG), PROFONANPE's mission is to capture, channel, and assign complementary resources required to contribute to the conservation of biological diversity, protection, and management of the Natural Protected Areas and their buffer zones included in the Regulation.

PROFONANPE is the recipient entity of the Green Climate Fund grant and is therefore responsible for the technical and fiduciary execution of the project, including monitoring and supervision, for which it must implement a Directive Committee to monitor its implementation.

2. ACCOUNTING POLICIES

The most important accounting policies used for the recording of transactions and the preparation of project's financial statements are as follows:

a) Presentation of financial statements

The project's financial statements were prepared by PROFONANPE based on the accounting records kept in accordance with the accounting standards applicable in Peru to nonprofit organizations and procedures established for that purpose.

b) Accounting basis

The statement of funds and the statement of accumulated investments are prepared on a cash accounting basis. On this basis, income is recognized when it is received and expenses when it is paid and not when it is earned. The adoption of this accounting basis gives rise to a method different from that based on accounting principles generally accepted in Peru.

c) Monetary unit

For presentation purposes, the basic financial statements of the Accreditation Agreement between the Green Climate Fund and PROFONANPE that are presented are expressed in U.S. Dollars.

d) Exchange rate

Transactions are recorded in Soles and U.S. Dollars as appropriate in each case. For the preparation and presentation of the project's financial statements (statement of funds and statement of accumulated investments), the funds in Soles are converted to U.S. Dollars at the exchange rate in effect on the date of each transaction.

e) Statement of funds

This financial statement shows the cash transactions carried out by the executing entity classified under Source of Funds (Income); Use of Funds (Expenses) and Cash available at the end of the period.

f) Statement of accumulated investments

This statement records the disbursements made against funds transferred by the Green Climate Fund and classified under the appropriate budget line items.

3. SOURCE OF FUNDS

Comprende:

<u>Date</u>	<u>Description</u>	<u>PROFONANPE / KfW</u>	<u>Green Climate Fund</u>	<u>Total</u>
12/31/2024	Interest saving account, 2024	-	257	257
		-	257	257
	(a) Portfolio withdrawals			
02/15/2024	Portfolio rescue Pastaza Morona	468,219	-	468,219
09/26/2024	Portfolio rescue Pastaza Morona	531,864	-	531,864
		1,000,083	-	1,000,083
	(b) Contributions PROFONANPE			
06/30/2024	Counterpart record PY062-1 Op. Ref.2024-12013	56,366	-	56,366
09/30/2024	Counterpart record PY062-1 JUL - SET 2024 Op. Ref. 2024-14100	28,198	-	28,198
		84,564	-	84,564
		1,084,647	257	1,084,904

4. USE OF FUNDS – STRENGTHENING OF INSTITUTIONAL CAPACITY IN GOVERNMENT AGENCIES (COMPONENT 1)

It comprises:

Expressed in US Dollars			
	<u>PROFONANPE / KfW</u>	<u>Green Climate Fund</u>	<u>Total</u>
003 Consulting	7,571	3,463	11,034
004 Operational cost	-	1,303	1,303
008 Personnel	-	207	207
	7,571	4,973	12,544

5. USE OF FUNDS – STRENGTHENING THE CAPACITY OF COMMUNITY INSTITUTIONS (COMPONENT 2)

It comprises:

Expressed in US Dollars			
	<u>PROFONANPE / KfW</u>	<u>Green Climate Fund</u>	<u>Total</u>
002 Goods and equipment	49,617	-	49,617
003 Consulting	42,908	51,482	94,390
004 Operational cost	47,818	6,312	54,130
008 Personnel	131,758	(67)	131,691
013 Travel, transport and per diem	-	(170)	(170)
	272,101	57,557	329,658

6. USE OF FUNDS – RESILIENCE THROUGH BIO-BUSINESS (COMPONENT 3)

It comprises:

	In US Dollars		
	PROFONANPE / KfW	Green Climate Fund	Total
001 works	409,198	28,550	437,748
002 Goods and equipment	17,319	21,660	38,979
003 Consulting	97,309	58,187	155,496
004 Operational cost	68,633	251	68,884
008 Personnel	-	(48)	(48)
011 Technical assistance	100,000	-	100,000
013 Travel, transportation and per diem	-	1,427	1,427
	692,459	110,027	802,486

7. USE OF FUNDS – SCIENCE, TECHNOLOGY, KNOWLEDGE, AND MONITORING SYSTEM (COMPONENT 4)

It comprises:

	In US Dollars		
	PROFONANPE / KfW	Green Climate Fund	Total
003 Consulting	-	3,127	3,127
004 Operational cost	12,771	(117)	12,654
008 Personnel	97,949	-	97,949
013 Travel, transporta and per diem	3,941	-	3,941
	114,661	3,010	117,671

8. AVAILABLE AT DECEMBER 31, 2024

Cash availability in the project's bank accounts is as follows:

	En Soles	In US Dollars
a) Green Climate Fund:		
Foreign currency savings account N° 191-72183746-1-73	-	33,345
Savings account in Soles N°191-72183730-0-57	6,716	1,787
Available balance on December 31, 2024		35,132
b) KOICA:		
Current account in foreign currency N°191-2484716-1-49	-	-
Current account in national currency N°193-1188608-0-39	-	-
Available balance as of December 31, 2024		-
c) PROFONANPE:		
Current account in foreign currency N°193-1188608-0-39	8,225	1,369
Master checking account in national currency N° 193-1192490-1-62		2,188
		3,557
Total available balance as of December 31, 2024		38,689

9. SUBSEQUENT EVENTS

There are no significant events that occurred between the closing date of the project's financial statements and the date of this report that could materially affect them.

INDEPENDENT AUDITOR'S OPINION ON THE SUPPLEMENTARY INFORMATION

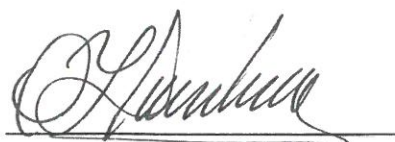
To the members of the Directive Board and Executive Director
PROFONANPE
Lima – Peru

1. We have audited the statement of funds for the period from January 01 to December 31, 2024 and the statement of accumulated investments as of December 31, 2024 for the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru"*, funded by the Master Accreditation Agreement and the Funded Activity Agreement signed between the Green Climate Fund and PROFONANPE, and have issued our unqualified opinion thereof on March 26, 2025.
2. Our review was intended to provide an opinion on the statement of source and uses funds and the statement of accumulated investments for the period from January 01 to December 31, 2024 of the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru"* funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE taken as a whole, was conducted in accordance with the International Standards on Auditing disclosed by the *International Auditing and Assurance Standards Board* and approved for application in Peru by the Board of Deans of Peruvian Colleges of Public Accountants, as well as with the requirements set forth in the *"Guidelines and Terms of Reference for Audits of World Bank-financed Projects in the Latin American and Caribbean Region"*; therefore, it included selective accounting tests and the application of other audit procedures as we considered necessary in the circumstances.
3. The supplementary financial information included as Annex 1, 2 and 3 is presented for additional analysis purposes and is not considered necessary for the presentation of the project's financial statements. This supplementary financial information has been the subject of the audit procedures applied to the project's financial statements and is, in our opinion, fairly presented in all material respects in relation to those statements taken as a whole.
4. This report is issued solely for the knowledge and use of PROFONANPE and the Green Climate Fund and should not be used by others or for purposes other than those indicated herein.

Lima, Peru
March 26, 2025

Countersigned by :

Fonseca, Camargo y Asociados



Oswaldo Fonseca Luna (Partner)
Certified Public Accountant
Registration N° 8095

PROFONANPE

Project "Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru" funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE
Audit of financial statements for the year ended December 31, 2024

Annex 1

PURCHASE OF GOODS
FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024
(Expressed in US Dollars in Soles)

<u>Date</u>	<u>Description</u>	<u>Supplier</u>	<u>In U.S. Dollars</u>	<u>In Soles</u>
04/01/2024	84 octane lubricated gasoline	Agrarian Technology Datem E.I.R.L.	-	3,000
04/16/2024	Lightweight rectangular box	Gama Gráfica S.R.L	-	1,290
08/16/2024	Amazonian palm tree harvesting kits	Consultoría & Negocios Riad S.A.C.	-	5,520
08/16/2024	Industrial digital scale	Consultoría & Negocios Riad S.A.C.	-	2,000
08/16/2024	Small small engine	Consultoría & Negocios Riad S.A.C.	-	20,100
08/16/2024	Bags	Consultoría & Negocios Riad S.A.C.	-	2,040
08/21/2024	Mechanical press	Maqorito E.I.R.L.	-	4,070
08/29/2024	Molds in general	Servicios Plásticos Técnicos de Exportación Sociedad Anónima Cerrada - Serplastex S.A.C.	2,284	-
09/10/2024	Wooden boat	Pasquel Chávez Pio	-	11,400
09/25/2024	Small small engine	Consultoría & Negocios Riad S.A.C.	-	3,350
09/25/2024	Wooden posts	Representaciones y Servicios Sdach E.I.R.L.	-	38,250
09/30/2024	Positioning equipment - GPS	Rial Negocios & Construcciones S.A.C.	-	6,900
10/03/2024	Cocoa huller	Lozada Campos Yessi Giovanni	-	5,500
10/16/2024	Various materials for construction	Inversiones Innovavital S.A.C.	-	5,844
10/28/2024	Food preservation display case	Servicios Generales Ager E.I.R.L.	-	9,000
11/11/2024	Unmanned aerial vehicle (drones)	Eduardo Rolando Bazán Zambora	-	17,310
11/19/2024	Eco-friendly bags	Aldahir Ríos Ríos	-	1,390
11/20/2024	Cap	Castro Traverso Ernesto César	-	1,250
11/30/2024	Pulping machine	Maqorito E.I.R.L.	-	124,630
Total:			2,284	262,844

PROFONANPE

Project "Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru" funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE
Audit of financial statements for the year ended December 31, 2024

Annex 2

CONSULTING SERVICES
FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024
(Expressed in US Dollars in Soles)

<u>Date</u>	<u>Description</u>	<u>Supplier</u>	<u>In U.S. Dollars</u>	<u>In Soles</u>
01/22/2024	Consulting Technical Assistance	Valles Del Águila Alen Jhuniór	-	27,500
01/22/2024	Consulting Technical Assistance	Ríos Armas Segundo Sixto	-	27,500
01/22/2024	Consulting Technical Assistance	Vásquez Torres Jairo Oyden	-	25,000
01/22/2024	Consulting Technical Assistance	Morales Brown Salvador	-	27,500
01/22/2024	Consulting Technical Assistance	Estrada Cerna Maibely	-	27,500
01/22/2024	Accounting Consulting and Advisory Services	Lozano Isla Juan Alberto	-	20,000
02/02/2024	Carbon Footprint Measurement Consulting	Rojas Baez Eduardo Jesus	-	20,000
03/05/2024	Construction Supervision	Energy Horizon Solutions E.I.R.L.	10,000	-
03/05/2024	Technical Assistance for Competitive Fund Projects	Suarez Vela Roy Starsky	-	20,000
07/05/2024	Consulting Technical Assistance	Valles Del Águila Alen Jhuniór	-	22,000
07/01/2024	Consulting Technical Assistance	Ríos Armas Segundo Sixto	-	22,000
07/01/2024	Consulting Technical Assistance	Lozano Isla Juan Alberto	-	16,000
07/01/2024	Consulting Technical Assistance	Vásquez Torres Jairo Oyden	-	20,000
07/01/2024	Consulting Technical Assistance	Estrada Cerna Maibely	-	9,900
07/01/2024	Consulting Technical Assistance	Morales Brown Salvador	-	22,000
08/16/2024	Consulting Technical Assistance	Derteano Mesía Angie Arguiro	-	15,000
11/05/2024	Final evaluation	Kameko Soria Carmen Rosa	20,964	-
			30,964	321,900

PROFONANPE

Project "Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru" funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE
Audit of financial statements for the year ended December 31, 2024

Annex 3

SERVICES

FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024

(Expressed in US Dollars in Soles)

<u>Date</u>	<u>Description</u>	<u>Supplier</u>	<u>In U.S. Dollars</u>	<u>In Soles</u>
02/15/2024	Transportation service	Daniel Wilder Arteaga Rodríguez	-	2,695
92/15/2024	License Maintenance, Updates	Open Business International Consulting E.I.R.L.	1,500	-
02/16/2024	Transportation service	Pasquel Chávez Pio	-	6,784
02/16/2024	Transportation service	Montoya Leyva Edgar Iván	-	1,300
02/20/2024	Translation service	Venancio Gratton Micaela Mary	-	4,275
02/29/2024	Transportation service	Daniel Wilder Arteaga Rodríguez	-	4,219
03/05/2024	Servicios en marketing	Ladrón de Guevara Boza Christian Manuel	-	10,000
04/08/2024	Construction of a Forest Nursery	Negocios Forestales San Martín - Refor Sociedad Anónima Cerrada	-	37,998
04/05/2024	Institution Member Registration Service	Saludablemente Rico S.A.C.	1,500	-
04/16/2024	Sediment Analysis	Centro Peruano Evaluador de la Conformidad S.A.C.	-	2,637
05/09/2024	Transportation service	Adelino Rivera Pérez	-	2,870
05/14/2024	Installation and commissioning of photovoltaic plants	Enerquímica Sociedad Anónima Cerrada	393,818	-
05/23/2024	Translation service	Romero Carpio Doris Virginia	563	-
06/14/2024	Other editing services	R & C Holding Sociedad Comercial de Responsabilidad Limitada - R & C Holding	-	7,480
06/25/2024	Market research and study service	Ladrón de Guevara Boza Christian Manuel	-	7,000
06/26/2024	Infographics	Paredes Ramos Luis Enrique	-	1,400
07/09/2024	Transportation service	Pasquel Chavez Pio	-	6,954
07/09/2024	Transportation service	Montoya Leyva Edgar Iván	-	1,750
07/09/2024	Transportation service	Daniel Wilder Arteaga Rodríguez	-	3,650
07/15/2024	Transportation service	Daniel Wilder Arteaga Rodríguez	-	1,921
07/25/2024	Laboratory Testing Specialization	Centro Peruano Evaluador de la Conformidad S.A.C.	-	1,298
07/30/2024	Transportation service	Daniel Wilder Arteaga Rodríguez	-	6,770
08/02/2024	Transportation service	Daniel Wilder Arteaga Rodríguez	-	4,270
08/16/2024	Installation of electrical equipment	Enerquímica Sociedad Anónima Cerrada	-	19,736
08/21/2024	Exhibition Stand Rental	Gobierno Regional Madre de Dios	-	1,600
08/21/2024	Technical Assistance for Competitive Fund Projects	Suárez Vela Roy Starsky	-	5,000
09/02/2024	Consulting Technical Assistance	Rojas Gonzales Hugo Fernando	-	11,000
09/02/2024	Field Articulation Service	Chanchari Mori Segundo Aldegundo	-	940
09/09/2024	Material Design and Layout	Instituto Tecnológico de la Produccion	-	1,896
09/09/2024	Stand Implementation	Cartonclick S.A.C.	-	2,395
09/30/2024	Laboratory Testing Specialization	Centro Peruano Evaluador de La Conformidad S.A.C.	-	4,366
09/30/2024	Transportation service	Operador Logístico de la Selva S.A.C.	-	6,250
10/15/2024	Internet service installation	Espinoza García Lita del Carmen	-	7,076
10/21/2024	Preparation of management plans	Vela López Víctor Jean Claude	-	7,500
10/21/2024	Consulting technical assistance	Domínguez Huarcaya Lester Raymudo	-	9,000
10/22/2024	Construction of a collection center	Rodríguez Fernández Isaías	-	25,000

<u>Date</u>	<u>Description</u>	<u>Supplier</u>	<u>In U.S. Dollars</u>	<u>In Soles</u>
10/22/2024	Equipment maintenance	Energy Horizon Solutions E.I.R.L.	10,402	-
10/28/2024	Label printing	Paredes Ramos Luis Enrique	-	3,700
10/30/2024	Consulting Technical Assistance	Ríos Armas Segundo Sixto	-	13,000
10/30/2024	Consulting Technical Assistance	Valles del Águila Alen Jhuniór	-	13,000
10/30/2024	Consulting Technical Assistance	Vásquez Torres Jairo Oyden	-	13,000
10/30/2024	Consulting Technical Assistance	Morales Brown Salvador	-	13,000
10/30/2024	Consulting Technical Assistance	Rojas Gonzales Hugo Fernando	-	13,000
10/30/2024	Consulting services related to indigenous peoples	Velasco Anderson Gabriel Mayu	-	15,000
10/30/2024	Administrative Support Consulting	Lozano Isla Juan Alberto	-	10,000
11/04/2024	Transportation service	Pasquel Chávez Pio	-	4,000
11/04/2024	Transportation service	Montoya Leyva Edgar Iván	-	850
11/04/2024	Triptych Printing	Paredes Ramos Luis Enrique	-	1,280
11/05/2024	Digital Production Service	Diablofuerte Proyectos Audiovisuales E.I.R.L.	9,722	-
11/05/2024	Design and Implementation of the Training Program	Valdivia Dávila Víctor Raúl	-	9,000
11/05/2024	Construction of Collection Center	Rodríguez Fernández Isaías	-	25,000
11/07/2024	Consulting Technical Assistance	Acevedo Palma José Luis	-	15,000
11/08/2024	Construction supervision	López Macedo Diego Antony	-	15,000
11/13/2024	Rental of playback equipment	Segline Servicios Generales E.I.R.L.	-	37,288
11/13/2024	Catering service	Aranibar Morcos Alberto Eduardo	-	20,100
11/13/2024	Office rentals	Tudela Gubbins de Rossello Luisa Maria	4,275	
11/13/2024	Consulting for Technical Content Development	Otoya Bellota Sandra	-	17,500
11/18/2024	Hiring a Public Relations Professional	Fox & Dabdoub Consultoría S.A.C.	-	9,440
11/19/2024	Transportation service	Daniel Wilder Arteaga Rodriguez	-	9,610
11/22/2024	Hotel Accommodation Service	Garcia Abellan Silvano	54	-
11/30/2024	Room Decoration Service	Group Ramirezca Perú S.A.C	-	13,280
12/10/2024	Hotel Accommodation Service	Elver Requejo Cabrera	-	3,000
12/10/2024	Laptop Maintenance	Alphalap S.A.C.	-	519
12/10/2024	Brochure Printing	Negrapata S.A.C	-	5,620
11/18/2024	Infrastructure Construction	Luand & Cía. E.I.R.L.	-	106,690
	Total		421,833	605,215

INDEPENDENT AUDITOR'S OPINION ON THE STATUS OF COMPLIANCE WITH THE CLAUSES OF THE MASTER ACCREDITATION AGREEMENT AND THE ACTIVITY AGREEMENT

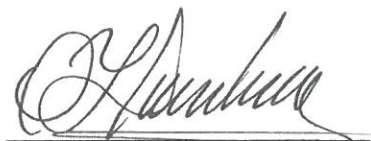
To the members of the Directive Board and Executive Director
PROFONANPE
Lima - Peru-

1. We have audited the statement of funds for the period from January 01 to December 31, 2023 and the statement of accumulated investments as of December 31, 2024 for the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru"*, funded by the Master Accreditation Agreement and the Funded Activity Agreement signed between the Green Climate Fund and PROFONANPE, and have issued our unqualified opinion on March 26, 2025.
2. We conducted our audit in accordance with the International Standards on Auditing disclosed by the *International Auditing and Assurance Standards Board*, approved for application in Peru by the Board of Deans of Peruvian Colleges of Public Accountants, within the framework of the policies on the audit of entities and projects financed by the International Bank for Reconstruction and Development – IBRD, applicable to compliance auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that PROFONANPE has complied with the terms of the above-mentioned Accreditation Agreement and the Funded Activity Agreement (Grants). An audit includes the examination, based on evidence, of appropriate evidence. We believe that our examination provides a reasonable basis for our opinion.
3. In our opinion, in the period from January 01 to December 31, 2024, PROFONANPE complied in all material respects with the provisions of the Master Accreditation Agreement and the Funded Activity Agreement signed with the Green Climate Fund.
4. This report is issued solely for the knowledge and use of PROFONANPE and the Green Climate Fund, so it should not be used by others or for purposes other than those indicated herein.

Lima, Peru
March 26, 2025

Countersigned by :

Fonseca, Camargo y Asociados



Oswaldo Fonseca Luna (Partner)
Certified Public Accountant
Registration N° 8095

PROFONANPE

Project "Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru" funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE
Audit of financial statements for the year ended December 31, 2024

**STATUS OF COMPLIANCE WITH THE CLAUSES OF THE MASTER ACCREDITATION AGREEMENT AND FUNDED
ACTIVITY AGREEMENT (GRANTS) SIGNED BETWEEN THE GREEN CLIMATE FUND AND PROFONANPE
FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024**

Clause	Description	Evaluation
7	A. Master Accreditation Agreement – AMA	
7.02	Disbursement of GCF benefits to the accredited entity The accredited entity shall ensure that the benefits of GCF and other GCF funds are, unless otherwise agreed, controlled, and held in a GCF account until they are spent for the individual funded activities. The accredited entity shall maintain separate records and general ledger accounts with respect to the GCF benefits and other GCF funds and disbursements from them. When an FAA establishes that the GCF Account for the relevant funded activity will be a bank account, such account will be: (a) separate from the account used for the purpose of other sums of money and funds of the accredited entity; and (b) opened at a bank with a long-term credit rating of BBB+ or higher by S&P or Fitch or Baa1 or higher at Moody's, or otherwise at a bank acceptable to the Fund.	Status: Accomplished PROFONANPE, manages the project funds transferred by the Green Climate Fund in savings accounts at a local bank.
11	Management of funds by the accredited entity	
11.02	The disbursement, administration, and processing of GCF benefits by the Accredited Entity must be in accordance with the rules, policies and procedures of the accredited entity applicable to the extent and scope of its accreditation in order to enable it to meet its obligations under this Agreement.	Status: Accomplished The activities performed during the period under review were authorized in accordance with PROFONANPE's standards and procedures.
15	Documents file and reports	
15.01	The Accredited Entity must ensure that: (c) all documents relating to individual funded activities, including records evidencing the use of GCF benefits in each FAA are retained for at least five (5) years after the relevant Reporting Period or longer required to monitor and manage any capital investment, outstanding loans or other financial instruments or to resolve any claims or audit queries or if required by the Fund; The accredited entity shall provide the Fund with the following reports prepared in a form and manner consistent with the practices and procedures of the Fund for individually funded activities:	Status: Accomplished PROFONANPE, has established a five-year conservation policy on project's income and expenses documents from international cooperation.
15.02	(a) APR on the status of each funded activity over the reporting period, including a narrative report on the progress of implementation based on the logical framework presented in the Funding Proposal and considerations on the continued operation of the funded activity against the fund's investment framework criteria. APR shall be submitted to the Secretary on an annual basis for the period ending on December 31 within sixty (60) days after the end of the annual period.	Status: Accomplished

PROFONANPE

Project "Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru" funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE
Audit of financial statements for the year ended December 31, 2024

**STATUS OF COMPLIANCE WITH THE CLAUSES OF THE MASTER ACCREDITATION AGREEMENT AND FUNDED
ACTIVITY AGREEMENT (GRANTS) SIGNED BETWEEN THE GREEN CLIMATE FUND AND PROFONANPE
FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024**

Reference	Description	Evaluation
17	Financial management; Financial information	
17.01	The Accredited Entity must ensure that: (a) a financial management system is maintained with various disclosures, descriptions and records of the GCF benefits and other GCF funds that are being prepared in accordance with internationally recognized accounting standards, consistently applied and acceptable to the Fund ("Financial Information"). (b) The financial information referred to in Articles 17.02(b) and 17.02(c) is then audited annually by independent external auditors or such other auditors as may be acceptable to the Fund in accordance with internationally recognized accounting and auditing standards acceptable to the Fund; the Financial Information so audited is provided to the Fund in accordance with Articles 17.02(b) and 17.02(c), together with such other information relating to the audited financial information and such other auditors as the Fund may from time to time reasonably request.	Status: Accomplished The project-executing agency has established an appropriate financial management system. Status: Accomplished
B. Funded Activity Agreement (Grants)		
Clause 3	The Grant: Disbursements	
3.05	The accredited entity shall use the grant exclusively to finance eligible expenses in accordance with AMA, as set forth in the funding proposal and budget.	Status: Accomplished

INDEPENDENT AUDITOR'S OPINION ON THE INTERNAL CONTROL STRUCTURE

To the members of the Directive Board and Executive Director
PROFONANPE
Lima - Peru. -

March 26, 2025

1. We have audited the statement of funds for the period from January 01 to December 31, 2024 and the statement of accumulated investments as of December 31, 2024 for the project *"Building the Resilience of Wetlands in the Province of Datem del Marañon in Peru"*, funded by the Master Accreditation Agreement and the Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE, and have issued our unqualified opinion thereof on March 26, 2025.
2. Our review was conducted in accordance with the International Standards on Auditing disclosed by the International Auditing and Assurance Standards Board and approved for application in Peru by the Board of Deans of Peruvian Colleges of Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements audited do not include material misstatements. In planning and performing our audit of financial statements of the project, we considered the related internal control structure in order to determine our audit procedures for expressing an opinion on the financial statements referred to above and not for expressing an opinion on the internal control structure.
3. PROFONANPE's management is responsible for establishing and maintaining an internal control structure. To fulfill this responsibility, the implementer must make estimates and judgments to evaluate the expected benefits and costs related to the policies and procedures of such structure. The objectives of an internal control system are to provide reasonable, but not absolute, assurance that assets are protected from loss through unauthorized use or disposition, that transactions are conducted in accordance with the authorizations of PROFONANPE and the terms of the aforementioned agreements, in accordance with the basis of accounting described in Note 2 to the financial statements.
4. Due to the inherent limitations of any internal control system, errors and irregularities may occur that are not detected. In addition, projections of any evaluation of the internal control structure into future periods are subject to the risk that procedures may become inadequate due to changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate. There is also the possibility that when control procedures are applied, errors may arise due to inappropriate understanding of the instructions, errors in judgment, lack of attention from staff, human failure, among other factors. Also, procedures whose effectiveness is based on segregation of duties could be circumvented in the event of collusion between employees involved in internal accounting and financial control, as well as procedures aimed at ensuring that transactions are conducted on terms authorized by management, may become ineffective if decisions are made erroneously or irregularly. Therefore, we cannot assure you that all processing errors, deficiencies in the internal control system or non-compliance with applicable regulations were disclosed in the course of our audit and we do not express an opinion as to whether all internal accounting and compliance procedures in place were applied correctly during the year.

PROFONANPE

5. Our consideration of the internal control structure does not necessarily reveal all aspects of that structure that could be considered material weaknesses. A material deficiency is one in which the design or operation of one or more specific elements of the internal control structure does not reduce to a relatively low level the risk that errors or irregularities in amounts that could be material to the project's financial statements may occur and not be detected by employees in the normal course of their duties. We did not observe any issues with the internal control structure and its operation that we consider to be a significant deficiency as defined above.
6. This report is issued solely for the knowledge and use of PROFONANPE and the Green Climate Fund and should not be used by others or for purposes other than those indicated herein.

Lima, Peru
March 26, 2025

Countersigned by: :

Fonseca, Camargo y Asociados

A handwritten signature in black ink, appearing to read 'Oswaldo Fonseca Luna', is written over a horizontal line.

Oswaldo Fonseca Luna (Partner)
Certified Public Accountant
Registration N° 8095

SUMMARY OF AUDIT PROCEDURES APPLIED

The following is a summary of the procedures applied in the review of the project's basic financial statements:

Objectives

Objective N° 1

Issue an opinion on the project's statement of funds, statement of accumulated investments, notes to the financial statements and supplementary information.

Specific procedures

1. Obtaining the project's basic financial statements for the period under review, as follows:
 - a) Statement of funds
 - b) Statement of accumulated investments
 - c) Notes to the financial statements
2. Review of documentation related to project's background and other aspects of resource management that included:
 - Understanding the organizational structure of the Agreement-executing agency, its financial internal control system, internal rules, and regulations applicable to the implementation of funds in the project.
 - Master Accreditation Agreement and Funded Activity Agreement (Grants) signed between the Green Climate Fund and PROFONANPE, applicable regulations, budget, and other related documents.
 - Operational Plan of Activities.
 - Internal rules and procedures established by PROFONANPE for the selection and hiring of consultants and the acquisition of goods.
3. Obtaining the documents that support the expenses executed with funds from the donation to find out if the documentation of the executing entity is kept in an orderly manner in the files through procedures that ensure the integrity of the information and its easy location.

Audit of financial statements

4. The following audit procedures were included in the examination of the statement of funds and the statement of accumulated investments:
 - a) Understanding the internal control system and its components: control environment, risk assessment, control activities, information and communication system and monitoring, from which the material error risk assessment was carried out.

- b) Understanding the accounting policies used for the preparation of the project's financial statements, to establish their application during the reporting period.

Source of funds

- 5. We reviewed the project's financial statements which are presented by the project-executing agency in US dollars, in accordance with the following procedures:
 - a) We verified that the project's financial statements were prepared on a cash accounting basis, recognizing income when funds are received and expenses when executed and representing disbursements of funds.
 - b) We verified that transactions in local currency were recorded in the entity's accounting books at the date they occurred and translated into U.S. dollars at the exchange rate prevailing at the date of each transaction.
- 6. We obtained from the project-executing agency's management the details of the funds received during the audited period and checked them against the credits in the relevant bank account.
- 7. We verified the accounting process followed by the project-executing agency for the recording of revenues received and issuance of financial statements in order to establish if they are adequate and are properly documented.

Use of funds

- 8. We obtained from the project-executing agency's management the accounting records of disbursements made and selected certain items to review the documentation of expenses made for the purpose of determining whether they were properly classified, properly documented, and applied for the purposes of the project, taking into account the following:
 - a) Eligibility of expenses incurred in accordance with the stipulations set out in the Master Accreditation Agreement and the Funded Activity Agreement (Grants).
 - b) Reliable documentary support, duly authorized and approved, verifying that it includes the conformity of reception of the contracted service.
 - c) Correct accounting and budgetary allocation considering the budget items approved by the donor.
 - d) Application of the current exchange rate for the conversion of local currency transactions into US dollars.
 - e) regarding to the justification of expenses, we verified the compliance with the procedures established internally in the executing entity for the granting, use, presentation, and control of funds.
- 9. We reconciled the use of funds according to the statement of funds with the balances of the statement of accumulated investments.

Statement of accumulated investments

- 10. We obtained from the executing entity's management the statement of accumulated investments at the end of the audited period, verifying their accumulation through reports from the institutional accounting system.

11. Taking into account the selection criteria for the selected sample of expenses included in the statement of accumulated investments over the audited period, the following was carried out:
 - a) Determine whether the budget items established were applied to the corresponding lines in the financial statement.
 - b) Reconciliation of the cumulative totals of the period with the relevant accounting records.
12. If differences were established as indicated above, we made the appropriate comparisons.

Objective N° 2

Issue an opinion on the notes to the financial statements and supplementary information and whether they have been fairly presented in all material respects.

Specific procedures

1. We obtained from the executing agency's management the notes to the financial statements and supplementary information for the period audited.
2. We verified that the notes to the project's financial statements and supplementary information prepared by the project-executing agency describe and/or explain in an appropriate manner the objectives of the Agreement, the accounting policies, the composition of available cash and other items that require it.

Objective N° 3

Issue an opinion regarding the compliance of the project-executing agency with the terms of the Agreement.

Specific procedures

1. We obtained information from the Project's management regarding the following:
 - Agreement and annexes
 - Guidelines and Terms of Reference for Audits of World Bank-financed Projects.
 - Progress reports; description of the accounting system; policies and procedures for the selection and hiring of consultants and acquisition of assets, as well as any other necessary documentation.
2. Based on the Agreement, we extracted the applicable clauses in order to take them into account in the evaluation.
3. We will prepare a summary certificate for each of the clauses of the Agreement indicating the current status of each one of them (accomplished, in process or pending) at the date of the review.
4. The above document supports our opinion on compliance with the terms of the Agreement as a supplement to the principal opinion on the project's financial statements.

Objective N° 4

Issue a report regarding the adequacy of the executing entity's internal control system in relation to the contractual agreement.

Specific procedures

1. The evaluation of the project's internal control system will be carried out based on the elements and their functioning during the period under review, in accordance with the structure of the COSO Report. For this purpose, aspects relating to organizational structure, information systems, procurement and/or contracting management and financial management will be included.
2. In assessing the control environment of the project-executing agency, consideration shall be given to its organizational structure, line of authority, segregation of duties, policy and procedures for selection and hiring of staff, in particular the following:
 - a. Administrative procedures governing the activities and responsibilities of the resources' financial administration.
 - b. Levels of authority, job descriptions, number, and adequacy of skills of the staff working in the various areas of execution.
 - c. Segregation of functions in financial administration (treasury activities, accounting, and preparation of financial statements).
3. In assessing the aspects relating to control activities, consideration will be given to those relating to the design and implementation of control procedures established by PROFONANPE for the receipt, custody, and payment of funds to establish their suitability for the purposes of the Agreement. Likewise, the evaluation of control procedures for the selection and hiring of consultants required by the project will be aimed at determining whether they were appropriate practices for this purpose.
4. In evaluating the aspects related to the information system, the policies and procedures established by PROFONANPE to record, process, summarize and present financial information were considered, especially the following:
 - a. Adequacy of data processing systems to produce timely and reliable financial and accounting information.
 - b. Ability of the accounting system to verify, control and monitor all sources and uses of project-related funds, including advance transactions received.
 - c. Ability of the accounting system used by the executor to record financial transactions.
5. Evaluation of the monitoring activities performed by PROFONANPE to determine whether they were adequately performed in terms of providing adequate information on the functioning of internal controls and whether appropriate corrective actions were taken to correct the deficiencies identified by the management of the Contract Agreement funds.

Fonseca, Camargo y Asociados
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