



**Fonseca,
Camargo y
Asociados**

Contadores Pùblicos, Auditores y Consultores

PROFONANPE

**Audit of financial Project “The Adaptation to the
Impacts of Climate Change on Peru’s Coastal Marine
Ecosystem and Fisheries - Project in Peru” funded by
the Grant Agreement signed between the
Adaptation Fund and PROFONANPE
statements for the periods from August 9, 2016,
to April 17, 2023**

**CONF
AUDITORES**

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PROFONANPE

Project "The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru" funded by the Grant
Agreement signed between the Adaptation Fund and PROFONANPE
Audit of financial statements for the periods from August 9, 2016, to April 17, 2023

**AUDIT OF FINANCIAL STATEMENTS
FOR THE PERIODS FROM AUGUST 9, 2016, TO APRIL 17, 2023**

CONTENT

	<u>Página</u>
Executive Summary	
• Background.	2
• Objectives and audit scope.	3
• Audit results.	3
• Entity's comments.	4
Report on the financial statements	
• Independent auditor's opinion.	5
• Financial statements	
- Statement of sources and uses of funds.	8
- Statement of accumulated investments.	9
- Notes to the financial statements.	10
Supplementary financial information	
• Independent auditor's report.	16
Annex 1: List of acquisitions of goods	17
Annex 2: List of consulting contracts.	20
Report on the internal control system	
• Independent auditor's report.	22
Annex:	
Annex 3: Summary of the main Audit procedures applied.	24

Mr.
Anton Willems Delanoy
Executive director
PROFONANPE
Lima - Peru.-

Dear Sirs:

This document represents the "**Executive Summary**" of the financial audit report for the periods August 9, 2016 to April 17, 2023 of the project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru*", funded through the Grant Agreement signed between the Adaptation Fund and PROFONANPE. The content of this executive summary is as follows:

1. BACKGROUND

a) The Adaptation Fund

The Adaptation Fund was created in 2001 and came into operation in 2007. It is a new mechanism to address a global problem such as Climate Change. Its purpose is to help developing countries, parties to the Kyoto Protocol, that are vulnerable to the adverse effects of climate change to face the costs of adaptation, by financing adaptation projects and programs promoted by the countries themselves and that focus on the needs, opinions and priorities that meet the criteria of eligibility, based on full cost coverage.

The Grant Agreement

On August 9, 2016, the Adaptation Fund and PROFONANPE signed the Grant Agreement to execute the Project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru*". The general objective of the project was to support the Government of Peru in reducing the vulnerability of coastal communities to the impacts of climate change on coastal marine ecosystems and their fishing resources. The Ministry of Production, the Instituto del Mar del Perú intervene in this project as technical agencies of the project, and as the entity that administers the PROFONANPE donation funds, under the direction of an Administration Board made up of representatives of the public agencies.

b) The Project executing agency

PROFONANPE is a non-profit private institution established by Decree Law 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 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 "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru*", funded through the Grant Agreement signed between the Adaptation 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 "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru*", reasonably presents the sources and uses of funds for the periods from August 9, 2016 to April 17, 2023, as well as the investments at the latest date, in accordance with the accounting policies applied and the terms of the Grant Agreement funded by the Adaptation Fund.
- Issue an opinion on whether the supplementary financial information for the periods from August 9, 2016 to April 17, 2023, has been fairly presented in all its material respects.
- Issue an opinion on the reasonableness of PROFONANPE' internal control system for the management of the funds transferred by the Adaptation 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. Therefore, our examination covered income and expense transactions made with funds from the Grant Agreement signed between the Adaptation Fund and PROFONANPE for the periods August 9, 2016 to April, 17 2023. A summary of the audit procedures applied is presented in Annex N° 3 of this report.

3. AUDIT RESULTS

As a result of the audit of financial statements of the Project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru*" funded by the Grant Agreement signed between the Adaptation Fund and PROFONANPE for the periods from August 9, 2016 to April 17, 2023, we issued our audit report on July 20, 2023. A summary of this report is presented below:

- Unqualified opinion on the statement of sources and uses of funds and the statement of accumulated investments of the project for the periods from August 9, 2016, to April 17, 2023.
- Unqualified opinion on the supplementary information for the periods from August 9, 2016, to April 17, 2023.
- The internal control report established by PROFONANPE for the periods for the periods from August 9, 2016, to April 17, 2023, does not report any significant deficiencies in the design and operation of the internal controls established by the executing entity for project management, as well as minor internal control matters that need to be communicated.

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, Peru
July 20, 2023

Countersigned by:



Oswaldo Fonseca Luna
Certified Public Accountant
Registration N° 8095



INDEPENDENT AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

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

July 20, 2023

Opinion

1. We have audited the financial statements of the Project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries- Project in Peru*" executed by PROFONANPE and funded by the Adaptation Fund, which include the statement of sources and uses of funds and the statement of accumulated investments for the periods from August 9, 2016 to April 17, 2023, 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 periods from August 9, 2016 to April 17, 2023, and the accumulative investments of the project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries- Project in Peru*" for the periods then ended, in accordance with the accounting policies described in Note 2 to the accompanying financial statements and the terms of the Grant Agreement signed between The Adaptation Fund and PROFONANPE, as well as the Instructions on Financial Reports and External Audit of the Operations Financed by The Adaptation Fund

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, including the requirements established in the Project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru*" funded by the Grant Agreement signed between the Adaptation Fund and PROFONANPE. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

3. Without modifying our opinion, we refer to note 2 to the financial statements describing the basis of accounting. The financial statements of the project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries- Project in Peru*", for the periods from August 9, 2016 to April 17, 2023, 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 generally accepted accounting principles in Peru, which include the International Financial Reporting Standards – IFRS. Our opinion is not modified in respect of this matter.

Management' Responsibility for the Financial Statements

4. 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.

Those charged with governance of the entity are responsible for overseeing the process of preparing its financial information, in accordance with the accounting standards described in note 2 to the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

5. Our objectives are to obtain reasonable assurance about whether the financial statements of the project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries- Project 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 bases on these 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.

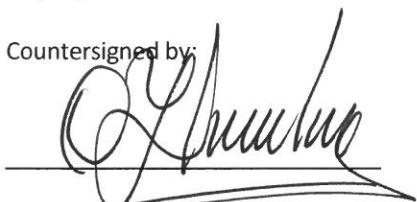
We communicate to those charged with governance of PROFONANPE a statement that we have complied with ethical requirements, including the planned scope and timing of the audit, as well as any deficiencies in internal control identified during the audit.

Restriction on Distribution and Use of the Report

6. This report is issued solely for the knowledge and use of PROFONANPE, the public organizations that intervened in the project and the Adaptation Fund and should not be used by others or for purposes other than those indicated herein. However, this report may become a public document, in which case its distribution is not restricted.

Lima, Peru
July 20, 2023

Countersigned by:



Oswaldo Fonseca Luna
Certified Public Accountant
Registration N° 8095



STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE PERIODS FROM AUGUST 9, 2016 TO APRIL 17, 2023
 (Expressed in U.S. Dollars)
 (Notes 1 y 2)

	From 01/01/2016 to 12/31/2016	From 01/01/2017 to 12/31/2017	From 01/01/2018 to 12/31/2018	From 01/01/2019 to 12/31/2019	From 01/01/2020 to 12/31/2020	From 01/01/2021 to 12/31/2021	From 01/01/2022 to 12/31/2022	Accumulated as of 12/31/2022	From 01/01/2023 to 04/17/2023	Accumulated as of 04/17/2023
SOURCE OF FUNDS:										
Transfers Adaptation Fund	2,775,614	-	-	-	-	2,772,500	-	5,548,114	857,531	6,405,645
Management fee	204,078	-	-	-	-	272,244	-	476,322	68,062	544,384
Total funds received	2,979,692	-	-	-	-	3,044,744	-	6,024,436	925,593	6,950,029
USE OF FUNDS BY COMPONENT:										
01 Implementation of interventions in pilot strategic areas to improve resilience of target coastal communities and key coastal marine ecosystems to climate change and variability-induced stress.	-	-	14,383	109,680	165,434	712,420	1,453,730	2,455,647	739,064	3,194,711
02 Deployment of a modern and efficient environment surveillance and prediction system in the coastal marine ecosystems at regional and local scales supporting fisheries adaptive management under the EAF principles.	-	-	31,711	472,829	1,134,260	198,725	159,738	1,997,263	57,943	2,055,206
03 Capacity building and knowledge management system for implementing the EBA and the EAF, and for the dissemination of project's lessons learned, targeting government officials, academia, local communities and other stakeholders.	-	-	307	3,033	28,242	95,809	69,168	196,559	49,268	245,827
04 Management policies, regulations and measures promoting the resiliency of coastal ecosystems and local communities to climate change and variability-induced stress.	-	-	307	-	33,362	20,314	53,983	10,222	64,205	
05 Project execution cost – CEP cost.	-	-	60,972	108,339	128,502	141,738	139,740	579,291	219,624	798,915
00 Costs of cycle management of the project (CGCP) - PROFONANPE	-	-	120,000	84,078	-	272,244	-	476,322	68,062	544,384
Sub total project investments	-	-	227,680	777,959	1,456,438	1,454,298	1,842,690	5,759,066	1,144,182	6,903,248
Accounts to be regularized	203,846	(149)	(204,101)	(238)	360	(1,818)	2,488	389	(385)	4
Exchange difference	-	-	-	(3,877)	(3,399)	(6,019)	(3,197)	(16,493)	16,493	-
Increase (decrease) of cash	203,846	(149)	(204,101)	(4,115)	(3,039)	(7,837)	(710)	(16,104)	16,108	4
Effective at the beginning of the period	3,183,538	(149)	(431,781)	(782,073)	(1,459,478)	1,582,608	(1,843,400)	249,266	(202,481)	46,785
Effective at the end of the period	3,183,538	3,183,538	3,183,389	2,751,609	1,969,535	510,058	2,092,666	249,266	249,266	46,785

The accompanying notes from part of this financial statement.

STATEMENT OF ACCUMULATED INVESTMENTS
FOR THE PERIODS FROM AUGUST 9, 2016 TO APRIL 17, 2023
 (Expressed in U.S. Dollars)

Component	Amendment Budget	Execution acummulated as of December 2022	Movements from January to April 2023	Total acummulated as of April 2023
01 Implementation of interventions in pilot strategic areas to improve resilience of target coastal communities and key coastal marine ecosystems to climate change and variability-induced stress.	3,038,615	2,455,647	739,064	3,194,711
02 Deployment of a modern and efficient environment surveillance and prediction system in the coastal marine ecosystems at regional and local scales supporting fisheries adaptive management under the EAF principles.	2,055,200	1,997,263	57,943	2,055,206
03 Capacity building and knowledge management system for implementing the EBA and the EAF, and for the dissemination of project's lessons learned, targeting government officials, academia, local communities and other stakeholders.	420,000	196,559	49,268	245,827
04 Management policies, regulations and measures promoting the resiliency of coastal ecosystems and local communities to climate change and variability-induced stress.	250,000	53,983	10,222	64,205
05 Project execution cost – CEP cost	641,935	579,292	219,623	798,915
Total	6,405,750	5,282,744	1,076,120	6,358,864
00 Costs of cycle management of the project (CGCP) - PROFONANPE	544,489	476,322	68,062	544,384
Total	6,950,239	5,759,066	1,144,182	6,903,248

The accompanying notes from part of this financial statement.

PROFONANPE

Project "The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries" Project in Peru" funded by the Grant
Agreement signed between the Adaptation Fund and PROFONANPE
Audit of financial statements for the periods from August 9, 2016 to April 17, 2023

**NOTES TO THE STATEMENT OF SOURCES AND USED OF FUNDS AND STATEMENT OF
ACCUMULATED INVESTMENTS**
FOR THE PERIODS FROM AUGUST 9, 2016 TO APRIL 17, 2023

1. PURPOSE AND PROJECT'S BUSINESS ACTIVITIES

a. The Adaptation Fund

At the seventh meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change held in Marrakech, Morocco, in 2001, the Parties agreed to create the Adaptation Fund, in accordance with Article 12.8 of the Kyoto Protocol. Subsequently, during the Conferences in Montreal, Canada, in November 2005 and in Nairobi, Kenya, in December 2006, the strategies, principles and modalities that would be applied to the operation of the Fund were approved; At the Conference in Bali, Indonesia, in 2007, the Board of the Adaptation Fund was entrusted with the governance of the Fund

The Adaptation Fund is a new mechanism to address a global problem of Climate Change using several elements: 1) a Board of Directors made up of a majority of developing countries; 2) the option of directly accessing the Fund's resources as an alternative to using the services of a network of executing entities; 3) a source of resources that is independent of donor contributions: 2% of revenue from certified emission reductions under the Clean Development Mechanism; and, 4) a cycle for the presentation and approval of innovative projects. The Fund is intended to help developing countries vulnerable to the adverse effects of climate change to meet the costs of adaptation.

The Fund's operations are guided by the following criteria: a) responses to activities promoted by the countries; b) good financial management and transparency; entity in charge of the operation of the financial mechanism of the Convention regarding the operation of the Adaptation Fund; c) separation of other sources of financing; and, d) learning

b. The Grant Agreement

The Agreement between the Adaptation Fund and PROFONANPE to execute the Project "Adaptation to the impacts of climate change on the coastal marine ecosystem and its fisheries", was signed on August 9, 2016. The general objective of the project was to support the Government of Peru in reducing the vulnerability of coastal communities to the impacts of climate change on coastal marine ecosystems and their fishing resources. This will require the implementation of a group of adaptation measures that include:

- (i) Implementation of a set of activities that contribute to improving the current adaptive capacity of the artisanal fishing communities that live along the Peruvian coast, and reduce the vulnerability of coastal ecosystems, in turn increasing the income of the communities and their participation in the management and protection of their natural resources.

- (ii) Implementation of a modern and efficient system for monitoring, forecasting and information on climate and key environmental factors at the regional and local scale, support for fishing activities, aquaculture and ecotourism, as well as adaptive management fisheries based on the long-term forecast within the framework of climate change scenarios.
- (iii) Development of a knowledge framework to facilitate capacity building at different levels and dissemination of lessons learned from the project.
- (iv) Adjustment of the institutional framework (legal, regulatory and organizational) to facilitate EBA for the coastal marine domain at the country level and to implement an ecosystem approach to fisheries (EEF), including artisanal fisheries.

On April 1, 2022, the Adaptation Fund approved the extension of the project completion period until April 17, 2023, based on the request made by PROFONANPE in view of the impact of the COVID-19 Pandemic on its activities in Peru, prior approval of the Board of Directors at its meeting 02-2021 on December 22, 2021 in which it approved the extension of the project execution period until April 17, 2023 and the Annual Operating Plan – POA corresponding in which it modifies two components of the budget without changing the total cost of the project.

The amount of the grant amounted to US Dollars 6,950,239, the detail of which is as follows:

Componentes del Proyecto	En Dólares Estadounidenses
Component 1. Implementation of interventions in pilot strategic areas to improve resilience of target coastal communities and key coastal marine ecosystems to climate change and variability-induced stress.	3,038,615
Component 2. Deployment of a modern and efficient environment surveillance and prediction system in the coastal marine ecosystems at regional and local scales supporting fisheries adaptive management under the EAF principles.	2,055,200
Component 3. Capacity building and knowledge management system for implementing the EBA and the EAF, and for the dissemination of project's lessons learned, targeting government officials, academia, local communities and other stakeholders.	420,000
Component 4. Management policies, regulations and measures promoting the resiliency of coastal ecosystems and local communities to climate change and variability-induced stress.	250,000
Project execution cost – CEP cost.	5,763,815
Costs of cycle management of the Project (CGCP).	641,935
Total project cost	<u><u>544,489</u></u>
	<u><u>6,950,239</u></u>

The total budget was modified by the Technical Secretariat of the Project in its session on December 21, 2021, due to the impact of the COVID 19 pandemic, having modified the Global Operational Plan - POG. This requirement was approved by the Adaptation Fund in its communication 2022/027 of April 1, 2022.

c. Main actors of the Project and organization

The project is executed by the Ministry of Production - PRODUCE, through the Vice Ministry of Fisheries and Aquaculture, being responsible for compliance with the results of components 3 and 4 the General Directorates of Environmental Affairs and Fisheries and Aquaculture and, Policies and Regulatory Analysis in Fisheries and Aquaculture of the same ministry, as well as the Executing Unit 003 Promotion of Direct Human Consumption - To Eat Fish and the corresponding general directorates. The Institute of the Sea of Peru - IMARPE, is responsible for the achievement of results of components 1 and 2 of the project. Likewise, PROFONANPE is the recipient of the grant resources transferred by the Adaptation Fund, as well as being responsible for the acquisitions, contracting and technical and financial supervision of the project.

The direction and execution of the project is carried out by the Administration Board made up of representatives of PRODUCE, IMARPE and a representative of the National Service of Natural Areas Protected by the State, who were responsible for guiding the development of the project and approving the planning documents, management and evaluation of the project, having the support of the Technical Secretariat chaired by the representatives of IMARPE and PRODUCE and, therefore, in charge of providing technical and scientific advice to the Coordination Team, which is responsible for planning, coordinating and monitoring the activities of the project and monitor the achievement of its objectives and goals and functionally depends on the Executing Unit 003.

d. The entity that manages the funds of the project

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.

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 financial statements of the Grant Agreement signed between the Adaptation Fund and PROFONANPE that are presented and expressed in US Dollars.

d) Exchange rate

Transactions are recorded in Soles and US Dollars as appropriate in each case. For the preparation and presentation of the project's financial statements (statement of source of funds and statement of accumulated investments), the funds in Soles are converted to US 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

It comprises:

Date	Description	En US Dollars	
08-24-2016	Transfer of funds – Adaptation Fund	2,775,614	
08-24-2016	Transfer of funds, management costs	204,078	2,979,692
03-04-2021	Transfer of funds – Adaptation Fund	1,564,050	
03-04-2021	Transfer of funds, management costs	136,122	1,700,172
10-11-2021	Transfer of funds – Adaptation Fund	1,208,450	
10-11-2021	Transfer of funds, management costs	136,122	1,344,573
02-02-2023	Transfer of funds – Adaptation Fund	857,530	
02-02-2023	Transfer of funds, management costs	68,062	925,592
Total			6,950,029

4. USE OF FUNDS - COMPONENT 1

It comprises:

Categoría	2018	2019	2020	2021	2022	2023	Total
2. Equipment/IT	-	76,733	45,779	133,316	77,733	47,706	381,267
3. Consultants	-	18,679	107,248	490,518	1,254,156	665,158	2,535,759
4. Misceláneous	1,561	7,295	7,741	79,544	37,722	26,061	159,924
5. Workshops & Meetings	12,822	-	-	1,320	25,278	-	39,420
13. Travel	-	6,973	4,666	7,723	58,146	138	77,646
14. Communications	-	-	-	-	695	-	695
Total	14,383	109,680	165,434	712,421	1,453,730	739,063	3,194,711

5. USE OF FUNDS -COMPONENT 2

It comprises:

Category	2018	2019	2020	2021	2022	2023	Total
2. Equipment/IT	-	398,040	904,625	43,652	21,716	-	1,368,033
3. Consultants	753	45,348	107,752	129,476	104,128	33,240	420,697
4. Misceláneous	25,728	17,212	109,981	3,252	18,526	28,895	203,594
5. Workshops & Meetings	-	2,734	12,242	853	-	-	15,829
13. Travel	5,230	9,495	-340	21,492	15,368	-4,192	47,053
Total	31,711	472,829	1,134,260	198,725	159,738	57,943	2,055,206

6. USE OF FUNDS - COMPONENT 3

It comprises:

Category	2018	2019	2020	2021	2022	2023	Total
2. Equipment/IT	-	-	2,980	4,048	-852	9,438	15,614
3. Consultants	-	3,033	22,000	86,272	69,514	36,228	217,047
4. Misceláneous	-	-	299	4,878	-	3,602	8,779
5. Workshops & Mitins	307	-	214	-	-	-	521
13. Travel	-	-	2,749	611	506	-	3,866
Total	307	3,033	28,242	95,809	69,168	49,268	245,827

7. USE OF FUNDS- COMPONENT 4

It comprises:

Category	2018	2019	2020	2021	2022	2023	Total
3. Consultants	-	-	-	32,738	19,374	9,999	62,111
5. Workshops & Meetings	307	-	-	-	-	-	307
13. Travels	-	-	-	624	940	223	1,787
Total	307	-	-	33,362	20,314	10,222	64,205

8. USE OF FUNDS – PROJECT EXECUTION COST – CEP COST

It comprises:

Category	2018	2019	2020	2021	2022	2023	Total
2. Equipment/IT	-	4,837	-	7,207	-	-	12,044
3. Consultants	154	-	16,843	28,516	14,705	86,284	146,502
4. Misceláneous	-	1,983	-	9,862	16,064	62,272	90,181
5. Workshops & Mitins	9,293	-13	451	-	-	-	9,731
8. Contracts	51,525	101,532	108,966	96,412	101,881	48,534	508,850
13. Travel	-	-	2,242	-259	7,090	22,534	31,607
Total	60,972	108,339	128,502	141,738	139,740	219,624	798,915

According to numeral 4.03 of the Donation Agreement signed between the Adaptation Fund and PROFONANPE, any substantial change that involves ten percent (10%) or more of the total project budget must be communicated to the Adaptation Fund for its approval.

9. MANAGEMENT COSTS

It comprises:

Category	2018	2019	2020	2021	2022	2023	Total
Management costs	120,000	84,078	-	272,244	-	68,062	544,384
Total	120,000	84,078	-	272,244	-	68,062	544,384

10. AVAILABLE AS OF APRIL 17, 2023

Cash availability is as follows:

	<u>In Soles</u>	<u>In US Dollars</u>
Current account in foreign currency N° 193-2336161-1-95	-	44,666
Current account in Soles N° 191-2512418-0-58	7,746	2,119
Available balance as of April 17,2023		46,785

11. SUBSEQUENT EVENTS

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

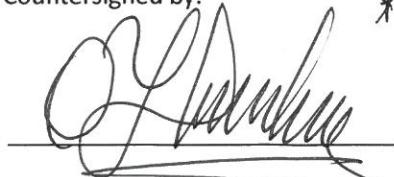
INDEPENDENT AUDITOR'S OPINION ON THE SUPPLEMENTARY INFORMATION

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

1. We have audited the statement of sources and uses of funds for the period from August 09, 2016 to April 17, 2023 and the statement of accumulated investments as of April 17, 2023 for the project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries- Project in Peru*", funded by the Grant Agreement signed between the Adaptation Fund and PROFONANPE, and have issued our unqualified opinion thereon on July 20, 2023.
2. Our review was intended to provide an opinion on the statement of funds and the statement of accumulated investments for the periods from August 09, 2016 to April 17, 2023 of the project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries- Project in Peru*" funded by the Grant Agreement signed between the Adaptation 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; 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 N° 1 and 2 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, the public organizations that intervened in the project and the Adaptation Fund and should not be used by others or for purposes other than those indicated herein.

Lima, Peru
 July 20, 2023

Countersigned by:



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

Fonseca, Camargo & Asociados

PROFONANPE

Project "The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru" funded by the Grant
 Agreement signed between the Adaptation Fund and PROFONANPE
 Audit of financial statements for the periods from August 9, 2016 to April 17, 2023

Annex 1

LIST OF ACQUISITIONS OF GOODS
FOR THE PERIODS FROM AUGUST 9, 2016 TO APRIL 17, 2023
(Expressed in US Dollars and Soles)

Date	Description	Supplier	In Soles	In US Dollars
02/7/2019	Positioning equipment - GPS	Explorador Andino S.A.C.	-	370.00
02/11/2019	Presentador Multimedia	Innova Easy Hard S.A.C.	-	418.23
06/03/2019	Red Wp2	Corporación Ewest S.A.C.	7,440.68	-
03/15/2019	Lap Top	Calnet SAC	-	4,366.00
03/06/2019	Color laser printer	Innova Easy Hard S.A.C.	-	2,823.37
03/7/2019	Autoclave Digital Vertical	Equipamiento Instrumentación Industrias Y Laboratorios SAC – EQUINLAB SAC	32,450.00	-
03/27/2019	Espectrofotometro	Cientifica Andina S.A.C.	136,290.00	-
04/2/2019	Sonda Multiparametro	Adr Technology S.A.C.	149,913.57	-
04/22/2019	Correntometro	Nortek As	-	16,130.00
06/3/2019	UPS	Innova Easy Hard S.A.C.	-	3,658.35
06/19/2019	Desktop	Calnet SAC	-	8,021.64
09/5/2019	Radio Handys Vhf-Uhf	Lavayet Is S.A.C.	2,119.75	-
09/5/2019	Lap Top	It Service S.A.C.	-	4,836.67
09/9/2019	Air Compressor	Refabelt Eirl	-	2,242.00
10/31/2019	NAS Storage	Tecnologia en Sistemas S.A. Tecnosys	-	58,198.00
12/3/2019	Stainless Steel work table	Industrias & Innovación de Maquinarias Gastronómicas Perú S.A.- IMAGAS Perú S.A.	-	6,654.00
10/12/2019	Office equipment	Aquasport S.A.C.	-	7,072.02
12/12/2019	Glider	Alava Ingenieros S.A., Sucursal del Perú	-	292,965.00
12/13/2019	Balanza de Precisión	Pesatec Perú S.A.C.	-	3,368.90
12/13/2019	Empacadora de forraje	Draf Maquinas Industriales E.I.R.L.	-	1,711.00
02/6/2020	Multiparámetro Portátil	OZ Perú Group S.A.C.	-	4,832.10
02/6/2020	Fotómetro	Omega Perú Sa	-	2,591.26
02/14/2020	NAS Storage	Tecnología En Sistemas S.A. Tecnosys	-	58,198.00
02/17/2020	Projector	Innova Easy Hard S.A.C.	-	692.16
02/17/2020	Electronic board	Eduboard E.I.R.L.	-	4,281.25
02/17/2020	Stainless Steel work table	Industrias & Innovación de Maquinarias Gastronómicas Perú S.A. - IMAGAS PERÚ S.A.	-	3,327.00
02/24/2020	Hard Disk 1 Tb	Innova Easy Hard S.A.C.	-	131.24
02/26/2020	Basic equipment	ADR Technology S.A.C.	-	64,960.00
05/29/2020	Glider	Alava Ingenieros S.A., Sucursal Del Perú	-	683,585.00
06/1/2020	Basic Equipment	Equipos Analíticos y Tecnología de Información S.A.C. - EQUANTI S.A.C.	-	97,882.29
07/2/2020	Basic Equipment	Corporación Boticas Perú SAC	5,414.70	-
07/2/2020	Basic Equipment	Corporación Boticas Perú SAC	17,736.50	-
07/2/2020	Basic Equipment	Daryza S.A.C.	283.77	-
07/2/2020	Basic Equipment	Prolimfe & Cía. SAC	280.00	-

Date	Description	Supplier	In Soles	In US Dollars
02/07/2020	Basic Equipment	Quality Rubber S.A.C.	1,306.44	-
07/06/2020	Basic Equipment	Corporación Chamluci S.A.C.	2,340.00	-
08/27/2020	Basic Equipment	Coproacuipes S.A.C.	-	8,650.00
08/31/2020	Lap Top	Equipos Analíticos y Tecnología de Información S.A.C. - EQUANTI S.A.C.	-	2,607.80
09/07/2020	Lap Top	Equipos Analíticos y Tecnología de Información S.A.C. - EQUANTI S.A.C.	-	3,779.99
11/02/2020	Glider	Alava Ingenieros S.A., Sucursal del Perú	-	97,655.00
12/01/2020	Basic equipment	Coproacuipes S.A.C.	-	2,980.34
12/21/2020	Cotton pole	Dasegur S.A.C.	7,650.02	
03/10/2021	Lap Top	Computadoras Y Telecomunicaciones S.A	-	5,575.79
03/10/2021	Water Tank	Troyani Inversiones Empresa Individual De Responsabilidad Limitada	11,700.05	-
03/16/2021	Basic equipment	Constructeck Perú S.A.C.	12,366.40	-
03/16/2021	Electronic board	Innova Easy Hard S.A.C.	7,509.59	-
04/07/2021	Drones	Geodesia y Topografía S.A.C.	-	5,149.00
04/07/2021	Hard Disk External 4tb	Computers & Tecnology S.A.C.	-	4,026.03
04/08/2021	Licencies software	Open Business International Consulting E.I.R.L.	-	3,663.90
04/15/2021	Lap Top	Innova Easy Hard S.A.C.	-	2,935.95
06/11/2021	Potenciometro	Equipamiento Instrumentación Industrias Y Laboratorios Sac - Equinlab Sac	-	283.20
06/15/2021	Balanza de Plataforma	Descom Peru S.A.C.	-	1,484.99
06/15/2021	Laboratory equipment	Cb Energias Renovables E.I.R.L	-	10,896.14
06/30/2021	Photographic Camera	Computers & Tecnology S.A.C.	-	2,099.15
07/09/2021	Multiparametro Portátil	Adr Tecnology S.A.C.	-	42,000.00
07/30/2021	Fishing materials	Coproacuipes S.A.C.	-	37,172.40
08/13/2021	Positioning equipment - GPS	Explorador Andino S.A.C.	-	510.00
08/13/2021	Basic Equipment	Bienes De Humberto Vázquez Sa	6,760.01	-
08/13/2021	Meat grinder machine	Food Machine S.A.C.	-	4,365.00
08/24/2021	Licences software	Collecte Localisation Satellites Perú S.A.C.	-	826.00
08/31/2021	Sonda Multiparametro	Adr Tecnology S.A.C.	-	10,000.00
08/31/2021	Basic equipment	Industria Maderera el Huayruro S.A.C.	19,028.68	-
09/01/2021	Sonda Multiparametro	Discret S.A.C.	-	2,588.57
09/06/2021	Microscope	Biocare Medical S.A.C	10,620.00	-
09/06/2021	Microscope	Alquimia Laboratorio Central S.A.C.	8,930.00	-
09/06/2021	Electric generator	Motores Diesel Andinos S.A.- Modasa	-	7,788.00
07/09/2021	Tank 1000lt	Envases Firmetal S.A.C.	-	9,118.44
09/10/2021	Lactic acid bacteria	Abonos Sierra y Selva E.I.R.L.	-	8,118.00
09/15/2021	Water pump	Corporación S3 S.A.C	-	9,424.00
09/09/2021	Printer (Other))	Computadoras y Telecomunicaciones S.A	-	10,878.56
06/30/2021	Water pumpa (Other)	Perú Bombas E.I.R.L.	-	420.00
10/21/2021	Tamizador Eléctrico	Lavayet Is S.A.C.	8,872.66	-
11/04/2021	Photographic Camera	Computadoras y Telecomunicaciones S.A	-	1,444.08
11/04/2021	Motocar	Ronco Motor'S S.A.C.	40,290.00	-
11/06/2021	Generator (Other)	Unimaq S.A.	-	1,416.00
11/08/2021	Field equipment in general	Tecnología e Innovación Andina E.I.R.L.	-	22,271.00

Date	Description	Supplier	In Soles	In US Dollars
08/11/2021	Outboard motor	Proyectos y Reparaciones Navales E.I.R.L.	-	25,080.00
10/12/2021	Multifunction laser printer	Computadoras y Telecomunicaciones S.A	-	5,766.93
12/13/2021	Cooler	Coproacuipes S.A.C.	-	6,962.00
12/13/2021	Lifejacket	AEE Proveedores Industriales S.A.C.	17,000.00	-
01/26/2022	Basic Equipment	Abonos Sierra y Selva E.I.R.L.	-	6,966.72
01/26/2022	Basic Equipment	Corporación S3 S.A.C	-	4,712.00
02/02/2022	Lifejacket	AEE Proveedores Industriales S.A.C.	8,600.00	-
03/24/2022	Freezer	Integra Retail S.A.C.	1,899.01	-
03/25/2022	Field equipment in general	Tecnología e Innovación Andina E.I.R.L.	-	11,135.50
04/07/2022	Various accessories	Geodesia y Topografía S.A.C.	-	2,189.00
04/08/2022	Freezer	Integra Retail S.A.C.	3,398.00	-
04/19/2022	Battery charger	Computadoras y Telecomunicaciones S.A	-	107.90
04/26/2022	Licences software	Computadoras y Telecomunicaciones S.A	-	255.98
05/13/2022	Estabilizador	Gamatec Soluciones Tecnológicas S.A.C.	-	2,495.70
06/13/2022	Extintor	Sharks Marine S.A.C.	510.00	-
06/23/2022	Tomatodo	Aldahir Ríos Ríos	5,410.02	-
07/05/2022	Key ring	Plasma Agencia Creativa S.A.C.	1,355.01	-
08/10/2022	Licences software	Open Business International Consulting E.I.R.L.	-	936.47
08/11/2022	Flotador Salvavidas	Sharks Marine S.A.C.	145.00	-
09/14/2022	UPS	Equipos Analíticos y Tecnología de Información S.A.C. - EQUANTI S.A.C.	-	9,162.35
03/11/2022	Technological Platform – Related services	Perú Apps Sociedad Anónima Cerrada - Perú Apps S.A.C.	-	4,885.20
08/11/2022	Electric generator	Eximport Distribuidores del Perú S A	-	9,735.00
09/11/2022	Lap Top	Equipos Analíticos y Tecnología de Información S.A.C. - EQUANTI S.A.C.	-	12,554.00
11/14/2022	Meat grinder machine	Inversiones y Corporación Perú SAC - Invercorp Perú SAC	-	6,500.01
11/14/2022	Field equipment in general	Kaival S.A.C.	-	14,396.00
02/01/2023	Metallic support for Solar Panels	Inmotica S.A.C.	-	16,543.34
02/09/2023	Spare parts and accessories for Glider Teledyne	Discret S.A.C.	-	8,119.02
02/23/2023	Field equipment in general	Kaival S.A.C.	32,332.00	-
03/07/2023	Mobile Electronic Pedestal for Interactive Whiteboard	Industria Tecnológicas Olimpo S.A.C.	9,680.00	-
03/13/2023	Projector	J & M Soluciones Ti S.A.C.	-	1,766.23
03/13/2023	Projector	Computadoras y Telecomunicaciones S.A	-	605.97
03/03/2023	Mobile Electronic Pedestal for Interactive Whiteboards	Multimedia PC S.A.C.	16,985.30	-
03/14/2023	Kits products Merchandising	Zúñiga Castro de Sánchez Rosa Milagros	8,850.00	-
03/28/2023	Curved Stainless Razor	Inversiones y Corporación Perú SAC - INVERCORP Perú SAC	2,690.40	-
				598,157.56 1,804,318.13

PROFONANPE

Project "The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries" Project in Peru" funded by the Grant
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 Audit of financial statements for the periods from August 9, 2016 to April 17, 2023

Annex 2

**LIST OF CONSULTING CONTRACTS
 FOR THE PERIODS FROM AUGUST 9, 2016 TO APRIL 17, 2023
 (Expressed in US Dollars and Soles)**

Description	Consultant	In US Dollars	Beginning date	End date
Strategies, análisis and optimization of information provided by the deployment of a Slocum G-2 Glider.	Alice Ghislaine Marcelle Véronique Catherine Pietri	10,000.00	03/25/2019	08/26/2019
Technical assistance to identify and define the areas for the restocking and cultivation of scallops in the pilot zone of Huacho.	Ernesto Pedro Pariona Icochea	5,500.00	05/16/2019	12/12/2019
Oceanographic modeling of marine and coastal zones.	Joel Richard Soto Rivera	8,500.00	05/28/2019	11/25/2019
Feasibility study of the activity of converting fishing and aquaculture waste into bioproducts.	Red de Acción en Agricultura Alternativa	19,882.82	06/18/2019	10/16/2019
Technical assistance for the identification and definition of areas for oyster farming.	Fernando Alexis Fernandini Valdez	5,500.00	06/20/2019	11/15/2019
Analysis of the socio-ecological vulnerability of artisanal fishing communities.	Noelia del Carmen Valderrama Braun	3,000.00	09/02/2019	12/02/2019
Assistance for the gathering of information from cruises and surveys for incorporation into the data of the oceanographic data center.	Jason Einer Rojas Flores	10,000.00	09/05/2019	07/31/2020
Thesis: Atmospheric modeling of marine and coastal zones of the pilot areas of Huacho and Máncora.	Víctor Daniel Camarena Pérez	13,200.00	09/11/2019	08/02/2021
Thesis: Climate vulnerability assessment of the impacts of climate change on key species of the Peruvian tropical ecosystem.	Lucero Kleio Ceferina Achaya Carhuachin	13,200.00	09/11/2019	08/12/2021
Thesis: Studies of the environment in marine and coastal areas with data from deployments of autonomous submarine vehicles.	Pedro Isaac Díaz Ramírez	13,200.00	09/11/2019	08/12/2021
Thesis: Statistical modeling of species in marine and coastal zones of the pilot areas.	Claudia Stefanie Durand Lujan	13,200.00	11/09/2019	12/08/2021
Assistance in research to evaluate the potential for seed capture of commercial bivalve molluscs in the Huacho area.	Luis Alejandro Santander Cárdenas	4,000.00	09/27/2019	08/24/2020
Climate Vulnerability Assessment of species of the Peruvian tropical ecosystem.	Jorge Eduardo Ramos Castillejos	39,000.00	11/18/2019	06/16/2020
Technical assistance for productive development actions, aimed at artisanal fishermen in Huacho.	Manuel Ernesto Sotomayor Velásquez	15,400.00	10/19/2019	11/17/2020
Assistance for a study on the impact of climate change on macro benthic communities.	Withney Aracely Yarasca Cerna	13,200.00	11/11/2019	10/29/2021
Specialization for the design of the project's knowledge management strategy.	Innovation Value S.A.C.	24,500.00	12/04/2019	04/02/2020
Ecological risk assessment associated with selected artesanal fisheries.	The Environment Management S.A.C.	67,052.40	12/02/2019	07/29/2020
Technical Assistance	José Luis Raúl Arteaga Bengoa	19,000.00	02/18/2020	10/13/2020
Technical Assistance	Ríos Cadillo Márquez	120.00	05/03/2020	05/03/2020
Research and training in new tools	Gonzales Reguero Borja	35,000.00	11/05/2020	10/26/2020
Saveguards monitoring	Hércules Stive Marthans Castillo	10,000.00	06/22/2020	03/01/2021
Consulting and advice	Duarte Saloma Jaime Richard	6,000.00	06/24/2020	09/30/2020
Consulting and advice	Chapilliquen Tume Baltazar	5,000.00	08/20/2020	01/11/2021
Consulting and advice	Campusano Baltazar Félix Arturo	17,000.00	09/25/2020	03/27/2021
Consulting and advice	BM Izajes E.I.R.L.	26,000.00	11/04/2020	09/08/2021
Assistance for the design of technical bases	Rodríguez Pinto Pilar Angelica	15,000.00	11/25/2020	04/24/2021

Description	Consultant	In US Dollars	Beginning date	End date
Consulting and advice	Blueconsult E.I.R.L.	30,000.00	11/30/2020	03/30/2021
Consulting and advice	AF Negociaciones E.I.R.L.	54,800.00	12/14/2020	04/13/2021
Consulting and advice	Red de Acción en Agricultura Alternativa	87,621.48	01/20/2021	07/14/2022
Consulting and advice	Identidad y Desarrollo Sociedad Civil	558,086.19	02/08/2021	08/02/2022
Consulting and advice	Consultoría y Manejo Técnico en Maricultura S.A.C. - COMTEMAR S.A.C.	237,368.00	02/09/2021	08/02/2022
Implementation in general	Shellcatch Perú S.A.C	517,854.00	02/09/2021	08/03/2022
Consulting and advice	Integral Aquaculture Consulting S.A.C.	182,428.73	03/12/2021	09/02/2022
Research and modeling	Ruiz Ccori Víctor André	7,700.00	04/23/2021	08/03/2021
Consulting and advice	Salhuana Cavides Roger	5,250.00	04/23/2021	08/03/2021
Consulting and advice	Mesías Changa Luis Alberto	16,600.00	04/27/2021	10/13/2021
Consulting, monitoring and evaluation	Aller Rojas Oscar Daniel	16,370.00	05/10/2021	07/08/2021
Consulting and advice	Hércules Stive Marthans Castillo	35,000.00	06/02/2021	03/29/2022
Design and development of mobile application	Perú Apps Sociedad Anónima Cerrada - Perú Apps S.A.C.	24,403.18	06/08/2021	10/09/2021
Investigation and monitoring of the change of fishing arts	Pontificia Universidad Católica del Perú	95,968.25	07/02/2021	07/07/2022
Consulting and advice	Ganoza Estevez Marco Antonio	9,900.00	07/02/2021	03/04/2022
Consulting and advice	Agromar del Pacifico S.A	186,558.86	07/13/2021	06/29/2022
Consulting and advice	Agromar del Pacifico S.A	44,722.00	07/13/2021	11/04/2021
Preparation of proposed legislation	Silvana Denisse Fajardo Pérez	25,000.00	09/30/2021	01/28/2022
Implementation in general	Terra Nuova Centro Para El Voluntariado	41,389.20	4/10/2021	08/12/2022
Investigation and modeling	Durand Luján Claudia Stefanie	20,000.00	12/09/2021	05/27/2022
Consulting and advice	Mesías Changa Luis Alberto	15,000.00	01/13/2022	05/13/2022
Consulting and other studies	Diaz Ramírez Pedro Isaac	7,500.00	05/16/2022	01/24/2023
Consulting and other studies	Rojas Flores Jason Einer	5,000.00	05/17/2022	11/01/2022
Consulting and advice	Nieves Valle Elmer Jesús	10,500.00	06/22/2022	09/21/2022
Consulting and advice	Ipanaque Ballesteros Jonatan Moisés	2,000.00	07/06/2022	02/02/2023
Consulting and advice	Camarena Pérez Víctor Daniel	9,730.00	07/06/2022	01/03/2023
Consulting and other studies	Blueconsult E.I.R.L.	38,047.00	07/15/2022	01/16/2023
Consulting and advice	Pontificia Universidad Católica del Perú	54,069.49	08/04/2022	05/11/2023
Consulting and other studies	Vision It S.A.C.	27,140.00	08/12/2022	03/10/2023
Consulting and other studies	Red de Acción en Agricultura Alternativa	47,858.03	11/09/2022	04/10/2023
Development of the protocols of the interventions to be incorporated into the proposal to update the Budget Program 095 (PP 095) 2020-2022, for the improvement of the productivity of the agents of Artisanal Fishing in a context of climate change..	Salhuana Cavides Roger	10,000.00	11/14/2022	02/13/2023
Consulting and advice	Quispe Aguirre Marcial	1,500.00	11/14/2022	02/13/2023
Final evaluation	Arias Schreiber Barba Milena Esther	20,300.00	02/16/2023	04/27/2023
	Total	2,857,119.63		

INDEPENDENT AUDITOR'S OPINION ON THE INTERNAL CONTROL STRUCTURE

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

July 20, 2023

1. We have audited the statement of sources and uses of funds for the period from August 09, 2016 to April 17, 2023 and the statement of accumulated investments as of April 17, 2023 for the project "*The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru*", funded by the Grant Agreement signed between the Adaptation Fund and PROFONANPE, and have issued our unqualified opinion thereof on July 20, 2023.
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; therefore, it included selective accounting tests and the application of other audit procedures as we considered necessary in the circumstances. 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.

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.
5. This report is issued solely for the knowledge and use of PROFONANPE, the public organizations that intervened in the project and the Adaptation Fund and should not be used by others or for purposes other than those indicated herein.

Lima, Peru
July 20, 2023

Countersigned by:



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

PROFONANPE

Project "The Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries - Project in Peru" funded by the Grant
Agreement signed between the Adaptation Fund and PROFONANPE
Audit of financial statements for the periods from August 9, 2016 to April 17, 2023

Annex 3

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 sources and uses 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 source and uses 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.
 - Grant Agreement signed between the Adaptation Fund and PROFONANPE, applicable regulations, budget and other related documents.
 - Operational Plan of Activities (POA) approved.
 - Project Operations Manual.
 - Financial reports submitted to the Adaptation Fund.
 - Global Operational Plan -POG of the project.
 - Project management board meeting minutes.
 - Internal rules and procedures established by PROFONANPE for the selection and hiring of consultants and the acquisition of goods.
3. Meeting of the Project Coordination Team at the beginning and at the end of the audit.

4. 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

5. The following audit procedures were included in the examination of the statement of sources and uses 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

6. 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.
7. 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.
8. 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

9. 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 Grant Agreement.
 - 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) In regard 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.
- 10. We reconciled the use of funds according to the statement of sources and uses of funds with the balances of the statement of accumulated investments.
- 11. Reconciliation between the disbursed and justified amounts included in the accounting records of the project with those reported to the Adaptation Fund, as well as the reconciliation of the current account where the project funds are managed.

Statement of accumulated investments

- 12. 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.
- 13. 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.
- 14. 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 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 on the basis of 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 in order 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 taken into account, 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.