

TO:
MANAGEMENT OF
BRAZILIAN DEVELOPMENT BANK – BNDES
RIO DE JANEIRO – RJ

LIMITED ASSURANCE REPORT

1. INTRODUCTION

We were retained to apply limited assurance procedures to verify compliance of projects supported by the Amazon Fund in 2010, with regard to standards and guidelines applicable to it.

Our responsibility is to issue a limited assurance report on compliance of projects supported by the Amazon Fund.

2. APPLIED PROCEDURES

Limited assurance procedures were applied in accordance with Norm NBC TO 01 – Assurance Work different from Audit and Review (3000), issued by the Federal Accounting Council (CFC) and approved by Resolution CFC 1.160/2009, and with ISAE 3000 - International Standard on Assurance Engagements issued by the International Auditing and Assurance Standards Board (IAASB), both for assurance engagements other than audit or review of historical financial information.

Limited assurance procedures included:

- a) Work planning, considering relevance, coherence, and volume of quantitative and qualitative information;
- b) Understanding project analysis methodology through interviews with managers responsible for information;
- c) Review of Analysis Reports, Management Decisions, and Contracts, verification of compliance in accordance with Decree 6.527, of 1 August 2008, which provides for the establishment of the Amazon Fund by the National Bank of Economic and Social Development (BNDES), especially Article 1, and the norms and guidelines issued by the Amazon Fund Guidance Committee (COFA);
- d) verification and analysis of the object of transactions analyzed and contracted, or to be contracted, to verify their compliance with strategic directions contained in the Sustainable Amazon Plan (PAS) and tactical-operational guidelines of the Action Plan for Prevention and Control of Deforestation in the Legal Amazon (PPCDAM); and
- e) Comparison of quantitative and qualitative information of Analysis Reports and their findings with Management Decisions and elaboration of contracts.

3. SCOPE AND LIMITS

Our work's objective was applying limited assurance procedures on standards and guidelines of the Amazon Fund Guidance Committee (COFA), as well as implementation of provisions contained in Decree 6.527/2008, not including assessment of compliance, by project beneficiaries, with duties contracted with BNDES.

The realization of procedures and of relevant analysis was restricted to documents made available by BNDES, and was not subject to validation of their authenticity.

Applied procedures do not represent an examination according to Brazilian and international financial reports auditing standards.

Our report does not provide limited assurance on the extent of future information (for example, goals, expectations, and ambitions) and descriptive information that is subject to subjective evaluation.

Additionally, the work was not intended to conduct documentary survey and to apply fraud identification procedures.

4. APPROVED AND CONTRACTED OPERATIONS

In carrying out limited assurance work, approved and/or contracted non-reimbursable financial cooperation operations in the course of fiscal 2010 were analyzed, including the following organizations and current stage of each operation:

a) Operations approved in 2009 and contracted in 2010:

Operation nº 2.119.668	Amazonas Sustainable Foundation (FAS)
Operation nº 2.182.528	Environmental Conservation Institute "The Nature Conservancy do Brasil" (TNC BRASIL)
Operation nº 2.194.637	Amazon Institute of People and Environment (IMAZON)
Operation nº 2.258.088	Brazilian Biodiversity Fund (FUNBIO)
Operation nº 2.305.301	Ouro Verde Institute (IOV)

b) Operations approved and contracted in 2010:

Operation nº 2.286.072	State of Acre
Operation nº 2.186.241	State of Pará
Operation nº 2.477.028	State of Amazonas

c) Operations approved in 2010 and contracted/to be contracted in 2011:

Operation nº 2.357.958	Alta Floresta Municipality / MT
Operation nº 2.235.487	Museum of the Amazon (MUSA)
Operation nº 2.350.729	Muraki Foundation / Amazonas State University (UEA)
Operation nº 2.419.791	Floresta Tropical Institute (IFT)
Operation nº 2.449.510	Marcelândia Municipality / MT

5. ENVIRONMENTAL ISSUES IN ANALYZED PROJECTS IN THE SCOPE OF THE AMAZON FUND

At the end of this work, we have elements that contribute to a better understanding of the subject, in relation to its current stage and future prospects, so as to aid the decision making process. During the analysis, we perceived the real dimension of the need for deeper knowledge about the vulnerability of biome in question, with impacts and adaptation strategies. There is a great opportunity to promote environmental, social, and economic development, and for forest preservation in the areas of scope of the Fund, with a real prospect of containing deforestation in the Legal Amazon and the viability of protection alternatives and sustainable forest use, based on mechanisms and processes set out in PPCDAM – Action Plan for Prevention and Control of Deforestation of the Legal Amazon, PAS – Sustainable Amazon Plan, and on the legal basis, by Decree 6.527/2008 and Law 12.187/2009.

In the analysis of proposed projects and of procedures and criteria used in awarding resources from the Amazon Fund, the axes that guide the scope of these projects and granting of resources were made explicit: Territorial and Agrarian Ordainment; Environmental Monitoring and Control; Promotion of Sustainable Productive Activities; Scientific and Technological Development; Modernization and Development of bodies acting in the Amazon biome.

6. CONCLUSIONS

- a) We compared Analysis Reports of operations related to item 4, sub-items b and c (projects approved and contracted in 2010 and projects approved in 2010 and contracted/to be contracted in 2011), with guidelines and criteria issued by the COFA, with purposes provided for in Decree 6.527/2008, of the Sustainable Amazon Plan – PAS, and in the Action Plan for Prevention and Control of Deforestation in the Legal Amazon – PPCDAM.

We verified that the purpose of the projects was kept in the approval of BNDES management.

No nonconformities were found.

- b) We verified the maintenance of the contracted object in relation to management decisions that approved projects' operations related to item 4, sub-item b (projects approved and contracted in 2010).

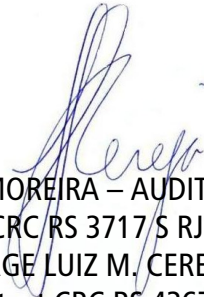
No nonconformities were found.

- c) We verified the maintenance of the contracted object in relation to management decisions adopted in the fiscal year 2009, concerning operations related to item 4, sub-item a (projects approved in 2009 and contracted in 2010).

No nonconformities nor alterations were found that could have affected the conformity of projects to Decree 6.527/2008, and to COFA, PAS, and PPCDAM directives.

These operations were the object of assurance analysis as to Management Reports on Analysis and Decisions, done in 25/05/2010 by Deloitte Touche Tomatsu whose audit report did not indicate nonconformities in relation to Decree 6.527/2008 and to COFA, PAS, and PPCDAM directives.

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