

**NATIONAL BANK FOR ECONOMIC AND SOCIAL
DEVELOPMENT - BNDES**

**Independent auditors' limited assurance
report**

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Contents

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- 1. Introduction**
- 2. Procedures applied**
- 3. Scope and limitations**
- 4. Projected supported**
- 5. Environmental aspects of the analyzed projects related to Amazon Fund**
- 6. Conclusions**

INDEPENDENT AUDITORS' REPORT

To
Management of
National Bank for Economic and Social Development - BNDES
Rio de Janeiro - RJ

1. Introduction

We were engaged for the purpose of applying limited assurance procedures intended to check the compliance of projects supported by Amazon Fund in 2013 with standards and guidelines applicable to them.

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

2. Procedures applied

The limited assurance procedures were followed according to the Standard NBC TO 3000 - Assurance Engagement Different from Audit and Review, issued by the Federal Association of Accountants (CFC) and approved by CFC Resolution 1.160/2009, and to the ISAE 3000 - International Standard on Assurance Engagements, issued by International Auditing and Assurance Standards Board (IAASB), both for assurance engagements different from audit or review of historic financial information.

The limited assurance procedures comprise:

- a) Planning of the work, considering the relevance, coherence, and volume of quantitative and qualitative information;
- b) Understanding the methodology of analysis of the projects by means of interviews with the managers responsible for the information;
- c) Examining analysis reports, management's decisions and contracts, checking their compliance with Decree No. 6.527, of August 1, 2008, which addresses the creation of the Amazon Fund by the Brazilian Development Bank (BNDES), particularly the compliance with the provisions of Article 1, and with the standards and guidelines issued by the Amazon Fund Guidance Committee (COFA);
- d) Evaluation of the purpose compliance (products and services), expected results and objectives of the projects analyzed by the technical teams of BNDES, approved by its management, engaged or to be engaged, to verify their compliance with the strategic guidelines included in the Sustainable Amazon Plan (PAS) and with the tactical and operational guidelines of the Action Plan for Prevention and Control of the Legal Amazon Deforestation (PPCDAM);

- e) Crosschecking the quantitative and qualitative information of the analysis reports and their conclusions against management's decisions and the contracts entered into between BNDES and the executors of the projects.

3. Scope and limitations

The purpose of our work was the application of limited assurance procedures on the compliance by BNDES with the provisions of Decree No. 6.527/2008 in regard to supportable actions with the guidelines and criteria issued by COFA, with the strategic guidelines included in PAS, and with the tactical and operational guidelines of PPCDAM, not including an evaluation of the compliance by the beneficiaries of the projects with the obligations agreed with BNDES.

The procedures followed and pertinent analyses made were restricted to the documents made available by BNDES, and their authenticity was not subject to validation.

The procedures applied do not represent an exam of financial statements according to Brazilian and international audit standards.

Our report does not provide limited assurance on targets met, results and expectation, and on information involving subjective evaluation.

Additionally, an exam of documents and procedures to identify frauds were not established.

4. Projects supported

During the performance of the limited assurance work, we analyzed approvals and engagements of non-reimbursable financial support to the projects during 2013, comprising the following executors and their current status:

a) Projects approved in 2012 and engaged in 2013:

Contract nº 12208321	Brazilian Federal Government/Ministry of Environment - Brazilian Forest Service (SFB)
Contract nº 12212881	State of Pará - Fire Department
Contract nº. 12213851	Brazilian Institute of Municipal Administration (Ibam)
Contract nº. 12213871	Mamirauá Institute of Sustainable development

b) Projects approved and engaged in 2013:

Contract nº 13204711	Amazon Cooperation Treaty Organization (OTCA)
Contract nº 13205581	State of Tocantins - State Department of the Environment and Sustainable Development (TO/Semades)
Contract nº 13205591	State of Maranhão - State Department of the Environment and Sustainable Development (MA/Sema)
Contract nº 13206321	Municipality of Alta Floresta/MT
Contract nº 13208281	Center for Amazon Environment and Culture Studies (Rioterra)
Contract nº 13208991	State of Amazonas - State Department of the Rural Production (AM/Sepror)
Contract nº 13211141	State of Acre - State Department of Planning (AC/Seplan)

c) Projects approved in 2013 and engaged/to be engaged in 2014:

Operation nº 3465328 (*)	Ministry of Environment - Brazilian Environment and Natural Resources Institute (Ibama)
Operation nº 3469386 (*)	WWF-Brazil
Operation nº 3889434 (*)	State of Mato Grosso - State Department of the Environment (MT/Sema)
Operation nº 4663727 (*)	Socio-environmental Institute (ISA)
Operation nº 4488847 (*)	State of Amapá - State Department of Planning, Budget and Treasury (AP/Seplan)
Operation nº 4753456 (*)	Ouro Verde Institute (IOV) - Phase 2
Operation nº. 4853474 (*)	State of Pará

(*) BNDES' internal numbering

5. Environmental aspects of the analyzed projects related to Amazon Fund

By the end of present work, we were provided with elements that contributed to a better understanding of the matter, both in regard to its current stage and future prospects, in order to assist the decision-making process. There is a great opportunity to promote environmental, social, and economic development and forest conservation in the areas covered by the Fund, with an actual prospect of containment of deforestation in Legal Amazon, and to enable alternatives for protection and sustainable use of the forest, based on the mechanisms and processes included in PPCDAM, PAS, and legal provisions of Decree nº. 6.527/2008 and Law nº 12.187/2009.

The analysis of the proposed projects and of the procedures and criteria used in the release of funds from Amazon Fund has made apparent the axes that guide the scope of these projects and the release of the funds: Land use; environmental control and monitoring; promotion of sustainable production activities; technological and scientific development; modernization and development of agencies acting in the Amazon biome.

6. Conclusions

a) We crosschecked the clauses of the contracts for financial support to the projects listed in item 4, sub-item "a" (projects approved in 2012 and engaged in 2013) against the wording of the BNDES' management decisions approving the financial support.

We found that the purpose established in BNDES' management decisions, that approved the financial support to the projects was maintained in the contracts. We also found that the contracts did not include any amendments that could affect the compliance of the projects with Decree No. 6.527/2008, and with the criteria and guidelines of COFA, PAS, and PPCDAM.

The analysis reports and management's decisions referring to these projects were the object of our assurance analysis, for the year 2012, concluded on February 19, 2013. The audit report then issued concluded on the compliance of the projects with Decree No. 6.527/2008, and with the criteria and guidelines of COFA, PAS, and PPCDAM.

- b) We crosschecked the information included in analysis reports of the projects listed in item 4, sub-items "b" and "c" (projects approved and engaged in 2013, and projects approved in 2013 and engaged/to be engaged in 2014), against the provisions of Decree No. 6.527/2008, the criteria and guidelines established by COFA, the strategic guidelines included in PAS, and the tactical and operational guidelines of PPCDAM.

We did not find any non-conformances.

- c) We crosschecked the wording of BNDES' management decisions which approved the financial support to the projects listed in item 4, sub-items "b" and "c" (projects approved and engaged in 2013, and projects approved in 2013 and engaged/to be engaged in 2014) against the information included in the analysis reports.

We found that the purpose of the projects, object of the analysis reports issued by BNDES' technical teams, was maintained upon the approval of BNDES' management. We also found that the management decisions did not include any amendments that could affect the compliance of the projects with Decree No. 6.527/2008, and with the criteria and guidelines of COFA, PAS, and PPCDAM.



- d) We crosschecked the clauses of the contracts for financial support to the projects listed in item 4, sub-item “b” (projects approved and engaged in 2013) against the wording of BNDES’ management decisions.

We found that the purpose established in BNDES’ management decisions, that approved the financial support to the projects was maintained in the contracts. We also found that the contracts did not include any amendments that could affect the compliance of the projects with Decree n°. 6.527/2008, and with the criteria and guidelines of COFA, PAS, and PPCDAM.

Rio de Janeiro, February 18, 2014.



BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1 S - RJ


Alfredo Ferreira Marques Filho
Accountant CRC 1 SP 154954/O-3 - S - RJ


Jairo da Rocha Soares
Accountant CRC 1 SP 120458/O-6 - S - RJ