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INSTITUTIONAL PROFILE

Name: Brazilian Biodiversity Fund

Year of foundation: 1995 (started operating in 1996)

Mission: To provide strategic resources for biodiversity conservation.

Vision: To be the preferred partner of the main national and international environment actors in finding sustainable solutions for conservation.

Headquarters: Rio de Janeiro

Geographical scope: Brazil

Legal status: Non-profit civil association. Holds the title of Civil Society Organization of Public Interest – OSCIP.

Governance: The ultimate decision making body is the Board of Directors, comprised of 16 members from the academic, environmental, business and government sectors. The other two bodies are the Advisory Board and a Finance and Auditing Commission.

Employees: 65 (December 2010)

Operating structure: The Executive Secretariat is made up of two superintendences: Programs and Planning & Management. The Programs Superintendence coordinates finalistic activities and is composed of the Financial Mechanisms and Program Management teams in addition to a thematic unit on Climate Change and Clean Energy, and the Project Management Office (PMO). The Planning and Management Superintendence includes the supporting units: Human Resources, Financial Sustainability, Administration, Finance, Procurement, and Information Technology, in addition to the Documentation Center. Furthermore, Funbio has three advisory units: Networks Management, Legal and Communications.

Resources received in 2010: approximately R\$ 62 million.

Resources used in 2010: approximately R\$ 15 million.

Resources managed since the foundation: approximately US\$ 252 million.

Number of projects already supported: 134

Number of preserved areas supported: 192 protected areas (federal, state, municipal or private) have already received support from Funbio through programs such as the Amazon Region Protected Areas (ARPA), the Atlantic Forest Fund of Rio de Janeiro - FMA/RJ, and the Atlantic Forest Conservation Fund - AFCoF (including the private reserves in the incentive program coordinated by the Alliance for the Conservation of the Atlantic Forest)



SUMMARY

1 LETTER FROM THE PRESIDENT



Alexandre Loureiro

Funbio experienced profound changes in its governance in 2010: after spending 14 years heading the executive secretariat, I left the post to chair the Board of Directors, after the departure of Guilherme Leal. Former Programs Superintendent, Rosa Lemos de Sá took over as Secretary. This transition ensured the continuity of the institution's recently adopted strategy, and new presidential elections at the end of 2011.

There was another change in plans that was as important as, if not more, than the changes in governance: the strategy adopted to obtain greater financial autonomy, with the multiplication of programs to provide services to governmental entities, and, especially, the development of projects with the private sector, did not meet expectations, mainly due to the 2008 financial crisis, which blocked previously foreseen investments.

Hence, 2010 was a time to review plans of strategies and of managerial vision; and this was all very good because it provided our new executive secretary with an important period of adaptation, and more time to become familiar with a renewed council.

This does not mean that things were not done, that accomplishments did not occur and that success escaped through the back door. There were important results, such as the consolidation of programs dedicated to the Atlantic Forest, support to ARPA from the Amazon Fund, integration of the biodiversity and climate agendas with the launching of the Suruí Carbon Fund and new GEF resources for the Cerrado. We initiated the Capacity Building Project for Latin American and African Environmental Funds and signed the debt swap agreement for forest conservation between the Brazilian and American governments.

After 15 years, Funbio renewed itself to implement new projects and face the pain and the glory of its own growth.

Pedro Leitão
President of the Board of Directors

2 PUBLIC POLICIES AND ENVIRONMENTAL FUNDING



One of the foremost roles of environmental funds is to work in partnership with the public sector, mainly to consolidate conservation policies. Funbio has established itself as a strategic partner to different state and federal government organizations to facilitate environmental funding projects.

2.1. PROTECTED AREAS

The funding of protected areas is one of the essential points to consolidate and carry out the National System of Protected Areas (SNUC in Portuguese). Funbio has worked with its partners to calculate the necessary investments for the maintenance of protected areas in the country, as well as to identify sources of funds and design planning and management instruments. The challenge arose with the Amazon Region Protected Areas Program (ARPA), whose learning curve is already being replicated in other initiatives.

2.1.1. Amazon Region Protected Areas Program - ARPA

In seven years of activities, ARPA has already supported the creation of 44 protected areas (PAs) totaling an area of 23.9 million hectares, in addition to establishing and consolidating 62 PAs in an area of 32 million hectares. At present, the program supports 64 PAs in the seven states of the Brazilian Legal Amazon.

In its second phase (2010 to 2013), ARPA intends to support the creation of over 13.5 million protected hectares and consolidate approximately 32 million hectares. In addition to the R\$ 20 million commitment that has already been signed with a new donor,



the Brazilian Development Bank (BNDES)/Amazon Fund, in phase II ARPA will be able to count on US\$ 15.9 million from the Global Environment Facility, GEF (through the World Bank), € 10 million from the German government and US\$ 10 million from WWF-Brazil. Together with state and federal government contributions, the budget for the second phase will reach over R\$ 130 million in direct investments for the supported PAs.

As of 2011, ARPA will make an effort to consolidate PAs, especially by supporting structuring activities. Part of the maintenance costs will be covered by management institutions such as state environmental protection agencies and the Chico Mendes Institute for Biodiversity Conservation (ICMbio) that have markedly been structuring themselves and using new tools to provide materials commonly used by the PAs, such as the fuel card. It is intended that consolidated PAs become able to access the Protected Areas Fund (FAP), an endowment fund created to ensure their long term maintenance.

 Zé Zuppani

PROJECT SUMMARY:

As the largest international initiative in rainforest protection, ARPA has the goal of conserving and supporting the sustainable use of 60 million hectares – 12% of the Brazilian Amazon – until 2016. To reach this objective it encourages the creation and consolidation of Protected Areas. Funbio is the manager of financial resources, and responsible for procurement for the PAs and for the management of the Protected Areas Fund (FAP).

TABLE 1 • Planned resources for direct execution of ARPA's second phase (estimated values in dollars)

Donor	Planned resources (in US\$)	Year of contract (planned)
BNDES/Amazon fund	11.5 million	2010
GEF/WB	15.9 million	2011
WWF- Brazil	10.0 million	2011
KfW	12.5 million	2011
Direct contributions from state and federal governments	25 million	-
Estimated total	74.9 million	

Execution and management in 2010

The contract with KfW/BMU was finalized in July. Contributions totaled € 2.8 million and were exclusively allocated for PAs of sustainable use supported by the program. The amount was invested in hiring consulting services to prepare management plans, mobilizing boards of directors, purchasing equipment, signalling and inspection activities.

In April, the contract with BNDES/Amazon Fund ensured the investment of the first resources for the program's phase II. The first portion – R\$ 5 million – was only approved at the end of October because it depended on the elaboration and approval of the Annual Operations Plan (POA in Portuguese), a tool used in managing the program.

The POA is prepared by the executing agencies and organized by the Ministry of Environment and later

HISTORY

ARPA is a program coordinated by the Brazilian Government through the Ministry of Environment that began in 2003 and is planned to happen in three phases. It counts on a complex set of partners including national and regional public institutions, civil society, technical cooperation, and national and international donors, in addition to Funbio.

In the first phase of the program investments came from donations from the German Ministries for Economic Cooperation and Development (BMZ) and for the Environment, Protection of Nature and Nuclear Safety (BMU), both through the German Development Bank (KfW), GEF/World Bank and WWF-Brazil, in addition to U\$S 18 million of matching funds from the Brazilian government.

approved by the program's committee, ARPA's highest decision-making level.

Throughout the year, PAs of strict protection continued to receive support from the program with funds donated by KfW/BMZ for ARPA's first phase. As part of Funbio's procedures, 45

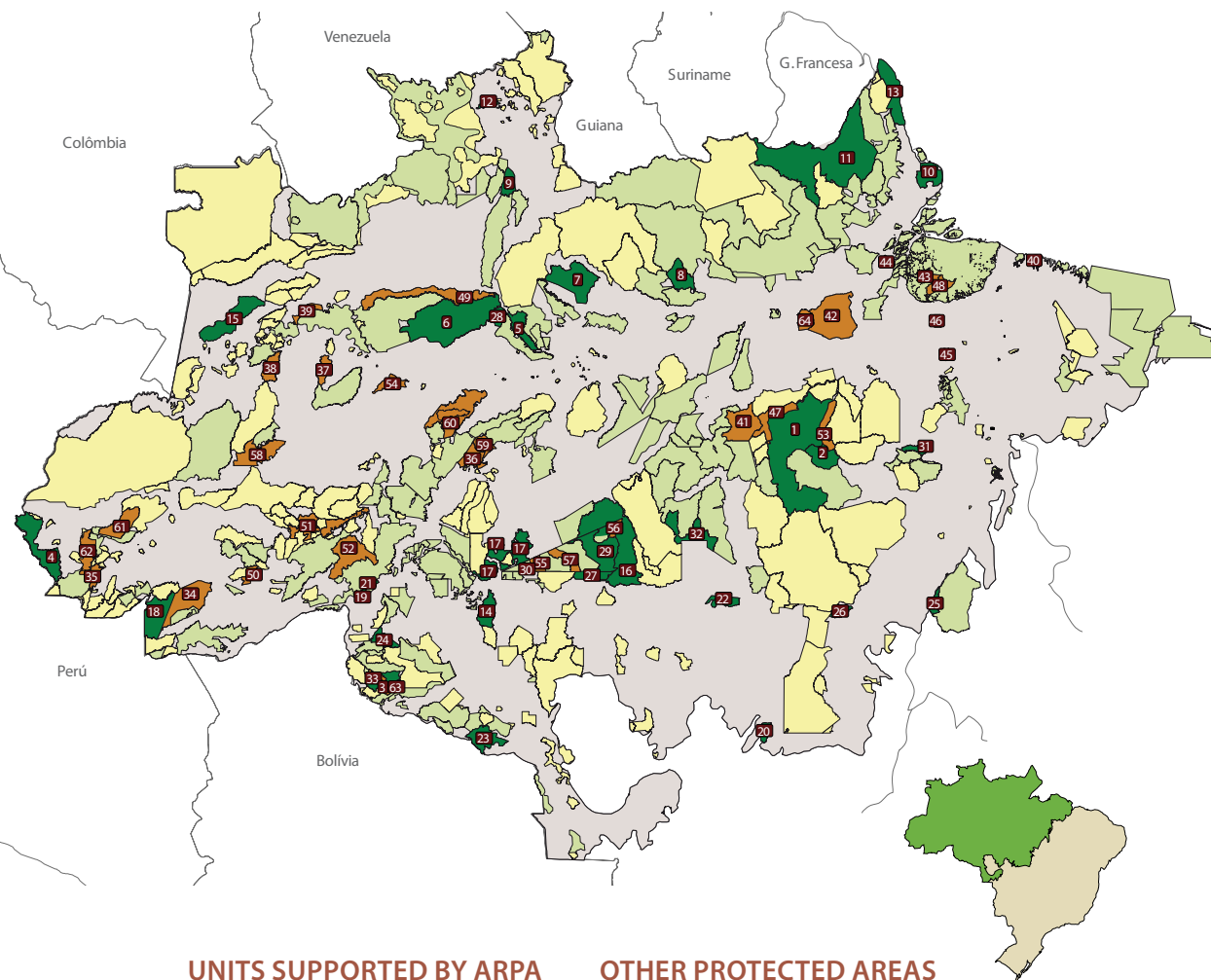
new environmental analysts were trained throughout the year. The training focused on management and operation of tools used in the program, such as the system "Cérebro" and the "linked account", a sort of joint bank account that Funbio maintains with each protected area.

ARPA, just in its first phase, created and supported a total of 31.5 million hectares, representing 30% of the protected areas in the Amazon biome. This is very significant to the climate change scenario in Brazil" - Adriana Moreira, World Bank Biodiversity Specialist and Project Manager.



Zé Zuppani

List of units supported by the ARPA program



UNITS SUPPORTED BY ARPA

- Strict Protection PA
- Sustainable Use PA

OTHER PROTECTED AREAS

- Protected Areas
- Indigenous Lands

BIOME

- Amazon

STRICT PROTECTION PAs

- 1 - ESEC da Terra do Meio
- 2 - PARNA da Serra do Pardo
- 3 - PARNA Serra da Cutia
- 4 - PARNA da Serra do Divisor
- 5 - PARNA de Anavilhanas
- 6 - PARNA do Jaú
- 7 - REBIO do Uatumã
- 8 - REBIO do Rio Trombetas
- 9 - PARNA do Viruá
- 10 - REBIO do Lago Piratuba
- 11 - PARNA Montanhas do Tumucumaque
- 12 - ESEC de Maracá
- 13 - PARNA do Cabo Orange
- 14 - REBIO do Jaru
- 15 - ESEC Juami-Japurá
- 16 - PARNA do Juruena
- 17 - PARNA dos Campos Amazônicos
- 18 - PE do Chandles
- 19 - ESEC Antônio Mujica Nava
- 20 - ESEC do Rio Ronuro
- 21 - ESEC Serra dos Três Irmãos
- 22 - PE Cristalino I and II
- 23 - PE de Corumbiara
- 24 - PE de Guajará Mirim
- 25 - PE do Cantão
- 26 - PE do Xingu
- 27 - PE Igarapés do Juruena
- 28 - PAREST do Rio Negro - Setor Norte
- 29 - PAREST do Sucunduri
- 30 - PAREST do Guariba
- 31 - REBIO Tapirapé
- 32 - PARNA Rio Novo

SUSTAINABLE USE PAs

- 33 - RESEX Barreiro das Antas
- 34 - RESEX do Cazumbá-Iracema
- 35 - RESEX do Alto Tarauacá
- 36 - RESEX do Lago do Capanã Grande
- 37 - RESEX do Baixo Juruá
- 38 - RESEX do Rio Jutaí
- 39 - RESEX Auati-Paraná
- 40 - RESEX Maracanã
- 41 - RESEX Riozinho do Anfrísio
- 42 - RESEX Verde para Sempre
- 43 - RESEX Mapuá
- 44 - RDS de Itatupã-Baquia
- 45 - RESEX Ipaú-Anilzinho
- 46 - RESEX Arióca Pruanã
- 47 - RESEX Rio Iriri
- 48 - RESEX Terra Grande-Pracuúba
- 49 - RESEX Rio Unini
- 50 - RESEX Arapixi
- 51 - RESEX Médio Purus
- 52 - RESEX Ituxi
- 53 - RESEX do Rio Xingu
- 54 - RESEX Catuá Ipixuna
- 55 - RESEX do Guariba
- 56 - RDS Bararati
- 57 - RDS Aripuanã
- 58 - RDS Uacari
- 59 - RDS do Rio Amapá
- 60 - RDS Piaguaçu-Purus
- 61 - RESEX do Rio Gregorio
- 62 - RESEX Riozinho da Liberdade
- 63 - RESEX do Rio do Cautário
- 64 - RESEX Renascer

Financial Sustainability of PAs

Funbio was responsible for creating the financial sustainability component that was developed within ARPA to identify and implement financial instruments that contribute toward the long term maintenance of strict protection PAs. In addition to creating the Protected Areas Fund (FAP in Portuguese), this component carried out studies on the mechanisms that may generate resources for the areas, directly, by the exploitation of its assets, or indirectly, via FAP.

A new management model for ARPA, which remains under Funbio's responsibility, was agreed upon in the second phase. The participation of the program's partners was enhanced with the creation of a technical committee that will support the definition of objectives and thematic agendas as well as the execution and assessment of activities.

Funbio also made efforts in 2010, in partnership with WWF, to improve the cost calculation methodology for the next phases of ARPA. This analysis includes expenses with investments and those with PAs' consolidation, as well as FAP's resources input forecast.

As to FAP, the companies O Boticário and Natura deposited US\$ 200,000 each, thus closing the US\$ 1 million donation that each institution made to the fund in 2006. The increase in the balance was also due to the appreciation of the Fund's assets, which closed the year totaling US\$ 28.4 million.

Community Participation

The community participation component of ARPA, created to engage the surrounding communities in the conservation of protected areas, terminated its

project support stage through public bids in 2010. During the program's first phase 14 projects were selected and supported. They were located in the vicinities of the National Parks of Serra da Cutia (RO), Jaú (AM) and Serra do Divisor (AC), of state parks Corumbiara (RO), Cantão (TO) and of the Biological Reserve of Jaru (RO). Approximately R\$ 2.1 million were invested in these initiatives.

Eight out of the 14 projects ended their actions in 2009, one had its contract terminated due to poor

execution and five continued their implementation in 2010 and will still get support in 2011 with resources from the Amazon Fund in order to conclude their activities (see table 2).

ARPA partners and donors are still discussing how to engage local communities and the surrounding areas during the second phase of the program. The experience with funded projects led the program to think of new means of support other than strictly by a public bid for projects.

TABLE 2 • Community participation projects implemented in 2010

Project	Implementing organization	PA / state	Funds disbursed (in R\$)	Support from the Amazon Fund	Total cost of the project (in R\$)
1. Sustainable management of natural resources in the surrounding areas of Parna Jaú: a proposal to balance environmental protection and cultural strengthening.	Vitória Amazônica Foundation (FVA)	Parna Jaú/ AM	298,307	99,435	397,743
2. Indigenous and rubber tapper experiences in the surrounding areas of Serra do Divisor National Park.	Acre state Pro-Indian commission (CPI)	Parna Serra do Divisor/ AC	132,190	37,270	169,460
3. Sustainable Development of the Rolim de Moura do Guaporé district.	Association of ecotourism guides, river drivers and conservation workers of the Guaporé River and its Affluents - Ecomeg	Corumbiara/ RO	146,250	48,750	195,000
4. Support to production, training and social organization	Padereehj Indigenous Organization	Rebio Jaru/ RO	42,583	127,745	170,332
5. Sowing seeds and harvesting awareness	Small Rural Producers Association at the Line PA-13 (AMAPA)	Rebio Jaru/ RO	95,667	68,245	163,912

2.1.2. Mechanism for Biodiversity Conservation of the State of Rio de Janeiro – the Atlantic Forest Fund of Rio de Janeiro – FMA/RJ

The FMA (in Portuguese) was inspired in the experience from ARPA and helped expedite projects for parks and reserves in the state of Rio de Janeiro and make them more efficient and transparent.

The mechanism operates with four portfolios. The most significant one is the one destined to projects with resources from environmental compensation of major enterprises. National and international donations are also part of FMA's operations as well as a permanent trust fund that would cover recurrent expenses of Protected Areas.

During its pilot phase, that ended in March, about R\$ 3.1 million were allocated to the environmental compensation portfolio and R\$ 427,000 to donations. Following the renewal of the partnership between Funbio and Rio de Janeiro's Environmental Secretariat (SEA-RJ, in Portuguese), other R\$ 14.5 million were invested in protected areas, in projects approved by the compensation authority of the state. Some of the funded activities include: land regulation, management plans, demarcation of parks, physical infrastructure construction and equipment.

PROJECT SUMMARY:

The Atlantic Forest Fund (FMA, in Portuguese) was originally developed to improve environmental investments in the state of Rio de Janeiro, and has proven to be an innovative mechanism to manage environmental compensation. Funbio was responsible for the design and pilot phases of the fund and this guaranteed the renewal of the partnership with Rio de Janeiro's Environmental Secretariat (SEA-RJ, in Portuguese). This will allow Funbio to continue operating the fund for three more years, as of 2010. By the end of 2010, FMA had already collected around R\$ 115 million in contracts approved by Rio's environmental compensation authority.

TABLE 3 • Projects and amounts invested by FMA with resources from the agreement with the steel mill ThyssenKrupp CSA in 2010

Projects	Amount invested (in R\$)
Operational reinforcement of the Environmental Compensation Coordination Department (UCC)	252,836
Structure of the Land Settlement Regulation Group of Strictly Protected Areas managed by IEF/RJ – NUREF 2	103,983
Structure of the Land Settlement Regulation Group of Strictly Protected Areas managed by IEF/RJ – NUREF 2	2,137,981
State program of Private Natural Heritage Reserves - RPPN	29,458
State program of Private Natural Heritage Reserves – RPPN 2	1,591,971
Review of the Management Plan for the Tamoios PA	98,893
Executive Project to rebuild the land connection between the villages of Abraão and Dois Rios, located at Ilha Grande	249,398
Occupation plan and complete executive project to implement the Teresópolis suboffice at the Três Picos State Park	200,000
Land settlement	535,680
Land Acknowledgement of the Guandu River PA	200,000
Definition of the Nature Protected Area category, for the space built by the Juatinga ecological reserve and by Parati-Mirim's state leisure area	249,373
Completion of the construction of the researcher's housing building, revamping buildings (administrative office and visitor's center), implementation of urban landscaping infrastructure and building housing for park rangers at the Paraíso ecological station	1,068,780
Executive project to renovate and build the headquarters of Araras Biological Reserve – RBA	60,000
Executive project to renovate and build the headquarters of the Guaratiba Biological and Archaeological Reserve – RBAG	62,000
Executive project to build the headquarters of Serra da Concórdia state park - PESC	90,000
Fencing and signalling of the Guaratiba Biological and Archaeological Reserve – RBAG	853,683
Implementation and strengthening program of the Montanhas de Teresópolis natural park – RJ	1,298,531
Delimitation of municipal protected areas - scale 1:25.000	4,466,030
Review the Management Plan of the Itatiaia National Park	565,061
Management and structuring plan of the Guandu River PA	409,145
Total	14,522,809

2.1.3. Sustainability Program for the Cerrado Protected Areas

This project considered the creation of a financial mechanism for the PAs of the *Cerrado* biome. Studies about micro and macroeconomic aspects that affect PAs as well as the possibility of expanding them were carried out. The main economic activities that present a risk to the *Cerrado* were also taken into account, such as agriculture, extensive cattle breeding, mining, hydropower generation and coal production.

The initial investment estimates, considering the rational use of resources, are of about R\$ 280 million, including: ten years of project; creation, consolidation and maintenance of 36 new PAs (over 400,000 hectares each); consolidation and maintenance of existing 18 PAs (over 100,000 hectares each); implementation of management improvement and revenue generation programs; and a component of appreciation and dissemination of environmental services provided by the PAs.

It should be noted that the proposal also emphasizes improving PAs management, not only in terms of individual units but also of managing agencies. Improving management will lead to a quantum leap in the national PAs quality.

PROJECT SUMMARY:

The partnership between Funbio and The Nature Conservancy (TNC), initiated in 2008 with a US\$ 80,000 investment by TNC, has carried out studies that subsidized the building of a strategy for the financial sustainability of the Protected Areas in the *Cerrado* biome. The job was concluded in 2010 and led to the structuring of the Program for Sustainability of PAs in the Brazilian *Cerrado*.

Fernando Tatagiba 

The program includes a financial mechanism that may finance the conservation of at least 10% of the *Cerrado*, and ensures long term sustainability of the PAs. The study recommends that this mechanism should be private, but with public/private governance, which will enable greater flexibility in the management and use of resources. It also considers that the funding sources be varied: public (budget and extra-budget), private (national or international, voluntary or compulsory), multilateral or originated from the payment for environmental services and the fund's own financial investments.

However, in order to put the program into operation, financial resources will have to be sought even for a pilot phase, in accordance with the study. The fundraising for the project, carried out by TNC, was initiated in 2010 and will be a determining factor for the continuity of the initiative.



COMPONENTS OF THE PROGRAM FOR SUSTAINABILITY OF PAS IN THE BRAZILIAN CERRADO

1. Expansion of the coverage of protected areas.
2. Improvement of PAs management, including its systems and sub-systems.
3. Consolidation of the PAs of the Brazilian *Cerrado*.
4. Financial sustainability of the PAs system.
5. Acknowledgement and valuation of environmental services provided by the PAs.
6. Project management.

2.1.4. Fund for Coastal and Marine Protected Areas (Fundo do Mar)

The *Fundo do Mar* project mobilizes a group made up of experts and government, university and NGO representatives in discussing the program whose priority is the creation and implementation of systems of Coastal and Marine Protected Areas (ACMPs in Portuguese). The project's objective is to contribute to the protection of 10% of coastal and marine zones in Brazil, including fishing exclusion areas, strictly protected areas and other forms of conservation and sustainable use of these regions.

Funbio, with the Brazilian Ministry of Environment, prepared the proposal's concept note for submission to GEF's support. The proposal is being discussed with non-governmental and private sector partners. Expectations are that negotiations be concluded by the end of 2011 so that the program can begin in 2012.

SPECIFIC PURPOSES OF THE FUNDO DO MAR PROJECT

1. Detail and select priority areas for conservation of coastal and marine biodiversity.
2. Support the design of new marine protected areas.
3. Support the implementation of marine protected areas.
4. Create financial mechanisms to provide long term funding to ACMPs systems.
5. Monitor project's results, in its physical, financial and biodiversity aspects in ACMPs systems



PROJECT SUMMARY:

The project's objective is to formulate a support program for representative and effective systems for Coastal and Marine Protected Areas (ACMPs in Portuguese), established under a mosaic regime. It is a broad action plan with different integrated agendas, which should be implemented together with the Brazilian Government, civil society and enterprise partners.

Camila Monteiro 

2.2. CONSERVATION, RECOVERY AND SUSTAINABLE MANAGEMENT OF SPECIES AND BIOMES

Created to collaborate with the implementation of the Convention on Biological Diversity, Funbio has developed solutions for funding and improving management of biodiversity conservation programs. In 15 years of existence, it has invested in biodiversity conservation projects, recovery and sustainable management of natural ecosystems and appreciation and recognition of local populations.

R\$ 500,000 for the design of 43 new private reserves (RPPNs), and costing of management plans for 15 of these units. It also assigned R\$ 800,000 to seven projects for sustainable business and biodiversity.

Furthermore, a balance of R\$ 50,000 from the first phase enabled the support in 2010 of the project

“Conservation of the red-tailed parrot (*papagaio-de-cara-roxa / Amazona brasiliensis*), in the coast of Paraná”, developed by the Society of Wildlife Research and Environmental Education (SPVS in Portuguese), through the **Bank of Projects** of the Fauna Brazil Portfolio.

TABLE 4 • Calls for projects disclosed by AFCoF II in 2010

Bid notices	Themes	Responsible organizations	# of approved projects	Contribution (in R\$)
9th Call	Incentive Program to the Private Reserves of the Atlantic Forest	Conservation International, SOS Mata Atlântica Foundation and The Nature Conservancy (TNC)	21	330,000.00
Call 03/2010	Creation or expansion of state and municipal PAs	Funbio	5	674,590.31
Call 04/2010	Payment for environmental services (PES) in water management, carbon and biodiversity	Funbio	8	2,427,143.70
Call 05/2010	Creation or expansion of public PAs, development of municipal conservation plans, environmental regularization of rural properties and feasibility of PES projects.	Funbio	Selection in process	4,300,000.00*
Total amount provided through calls for projects				R\$ 7,731,734.01

* Total amount made available.

2.2.1. The Atlantic Forest Conservation Fund

In its first phase, the Atlantic Forest Conservation Fund (AFCoF) received resources of about € 2 million that enabled the acquisition of equipment for 12 national, 36 state (22 in Rio de Janeiro and 14 in Minas Gerais) and one municipal (in Teresópolis, Rio de Janeiro) protected areas, in addition to the transfer of

PROJECT SUMMARY:

The Atlantic Forest Protection II project, coordinated by the Ministry of Environment and initiated in 2010, marks the second phase of the AFCoF. It is planned to last three years and its objective is to contribute to the protection, sustainable management and recovery of the Atlantic Forest. The investment will total 6.5 million euros. The AFCoF is funded by the International Climate Protection Initiative (IKI, in German), of the German Ministry of Environment, Nature Protection and Nuclear Safety (BMU). There will also be support from the German Technical Cooperation Agency (GTZ) and financial support from the German Development Bank – KfW Entwicklungsbank. In Brazil, Funbio manages its resources.

Atlantic Forest Protection II

The second phase of the AFCoF was initiated in 2010 and is planned to last three years. Its objective is to contribute to the protection, sustainable management and recovery of the Atlantic Forest. The project is divided into four components: expansion and consolidation of the protected areas system (PAs); environmental services; biodiversity and climate change monitoring; building competencies and skills (public and private entities).

Funbio issued three bid notices for the AFCoF II in 2010. The first call (03/2010), divulged in July, approved five projects geared toward building or expanding state and/or municipal PAs in the Atlantic Forest. The approved projects will last up to 18 months and will perform technical studies as well as public consultations for ten PAs (six new protected areas and expansion of four existing ones). It is estimated that almost 50,000 hectares of Atlantic Forest may be preserved with the support from the AFCoF II.

The following bid notice (04/2010) was issued in August. Its objective was to support projects working on payments for environmental services (PES) of water and biodiversity protection as well as emissions reduction and fixation of carbon. Funbio's Board of Directors approved eight of the 44 proposals received. Together they will receive approximately R\$ 2.4 million.

In December, a new bid notice (05/2010) was issued for the use of the remaining resources. This call covered four themes: building or expansion of public municipal and/or state PAs; preparation of municipal plans for the conservation and recovery of the Atlantic Forest; environmental regularization of rural real estate; and viability of PES projects. Results should be disclosed in April 2011.

In the second semester of 2010, Funbio also forwarded AFCoF II resources to the Incentive Program for Private Natural Heritage Reserves

(RPPNs) of the Atlantic Forest, coordinated by the NGOs Conservation International, SOS Mata Atlântica Foundation and The Nature Conservancy (TNC). Once these institutions issued the bid notice, Funbio participated in the technical appraisal that selected 21 proposals for creating RPPNs in seven states (Rio de Janeiro, Bahia, Espírito Santo, Minas Gerais, Rio Grande do Sul, Santa Catarina, São Paulo, Paraná and Sergipe). This support will lead to the protection of almost 14,000 hectares of Atlantic Forest.

TABLE 5 • Organizations and projects approved in the call 03/2010 – Atlantic Forest II Project – Component 1 – state and municipal PAs.

Proponent	Project	State	Contribution (in R\$)
Mater Natura – Environmental Studies Institute	Inclusion and expansion of the protection of ecotone areas of the mixed ombrofile forest – dense ombrofile forest in four strictly PAs in the Serra do Mar region.	Paraná	259,770
Atlantic Forest Research Institute - Ipema	Support to the establishment of protected areas in the Espírito Santo state: a participative process to integrate local communities.	Espírito Santo	240,000
Environment and Life Preservation Association – Apremavi	Study for the creation of a PA in the municipality of Vitor Meireles.	Santa Catarina	47,453
Brazilian Association for Bird Conservation - Save Brasil	Protection of the Atlantic Forest located in the hill areas of Espírito Santo: Caetés – priority for the conservation of endemic and endangered species.	Espírito Santo	79,134
Brazilian Institute for Research and Environmental Studies – Pro-Natura	Establishment of the Pedra do Picu City Natural Monument in Itamonte.	Minas Gerais	48,232
Total amount approved			674,590

TABLE 6 • Organizations and projects approved in the Call 04/2010 – Atlantic Forest II Project – Component 2 – Payment for Environmental Services.

Proponent	Project	State	Contribution (in R\$)
Socioenvironmental Institute - ISA	Forest and Water: payment for environmental services experiences at the Ribeira Valley	São Paulo	488,710
Northeast Ecology Society - SNE	Living Carbon: Carbon Mosaic	Pernambuco	236,668
Brazilian Neotropical Foundation - FNB	Biodiversity Producers: Volunteer PES market for biodiversity at the basin of Formoso River in Bonito	Mato Grosso do Sul	341,530
Northeast Environmental Research Center - Cepan	Park Water: proposal for payment for environmental services rendered by the Dois Irmãos state park	Pernambuco	245,690
Xopotó Institute	Environmental Agent - phase III	Minas Gerais	223,822
Zona da Mata Alternative Technologies Center - CTA	Agroecology and biodiversity: searching for sustainability	Minas Gerais	233,474
The Nature Conservancy - TNC	Water Producer of the Camboriú River	Santa Catarina	249,969
Floresta Viva Institute	Environmental services at Serra do Conduru state park, south of Bahia	Bahia	407,279
Total amount approved			2,427,143

Renata Zambianchi

In 2010, the AFCoF II also supported actions by the Ministry for the Environment and the German Cooperation Agency (GTZ) to strengthen monitoring of the Atlantic Forest and train public and private organizations that act in this biome. One of the main planned activities is building the Strategy for Remote Monitoring of Biodiversity and Ecosystems Services of the Atlantic Forest. In 2010, in order to prepare this strategy, AFCoF financed the acquisition of satellite images, survey of remaining forest areas, a study on gaps and priority areas for phytophysionomy protection and recovery and digitalization of the use and coverage of Brazilian soil.

A TREASURE ON THE EDGE OF EXTINCTION

The Atlantic Forest is a Brazilian biome that originally occupied almost the entire coast of Brazil, that is, approximately 1.3 million km², about 15% of its territory. It covers close to 3,200 municipalities in 17 states and includes some of the largest cities in the country. There are about 120 million Brazilians living in this region, which accounts for 70% of the country's GDP. At present, the Atlantic Forest has only 7.5% of its original area – well conserved forest fragments greater than 100 hectares. Despite the considerable loss of species, the Atlantic Forest is still considered one of the biomes with the greatest biodiversity on the planet.

2.2.2. Fauna Brazil Portfolio

One of the most relevant actions in 2010 was the launch of the bank of projects of the Fauna Brazil Portfolio, available at www.faunabrasil.org.br. This bank is a space where institutions can submit their fauna conservation projects, so as to be able to receive resources from the Fauna Brazil Portfolio.

The projects enrolled must meet criteria such as: have a direct link with the conservation of Brazilian fauna and fishing resources, fit under one of the Portfolio's themes, and request amounts of between R\$ 50,000 and R\$ 250,000. Projects are assessed every three months by the Fauna Technical Commission, made up of representatives from Funbio, Ibama, ICMBio and the Federal Prosecutors Office, and can be included in the "Projects Showcase" that offers pre-selected projects to the support of interested parties.

Until the end of 2010, the Bank of Projects already had 30 projects enrolled and nine had been recommended by the Fauna Technical Commission to the Showcase. Out of these nine, the first to be chosen to receive funding was the "Conservation of the red-tailed parrot project", submitted by the Wildlife Research and Environmental Education Society (SPVS, in Portuguese). Resources for this support derived from a R\$ 50,000 donation from the Atlantic Forest Conservation Fund (AFCoF), with KfW's authorization to add to the project's activities during about one year.

PROJECT SUMMARY:

Fauna Brazil Portfolio was created in 2006, with the technical Cooperation Agreement signed by Funbio, Ibama and the Chico Mendes Institute for Biodiversity Conservation (ICMBio), and intervention by the Federal Prosecutors Office. Its objective is to raise funds from penalties, environmental administrative fines and donations to be directly invested in actions of conservation of the Brazilian fauna and fishing resources. In 2010, the Fauna Portfolio continued to fund seven projects on marine fauna research and conservation, approved support for yet another project (with resources from an AFCoF donation) and launched the Fauna Brazil Portfolio Bank of Projects .

TABLE 7 • Projects supported by the Fauna Portfolio until 2010

Project	Implementing organization	Amount spent until 2010	Total project cost (in R\$)
Use aerial surveys to analyze presence and distribution of marine mammals. Project concluded.	National Center for Aquatic Mammals (CMA/ICMBio)	383,950	386,500
Technical training of veterinarian doctors	CMA/ICMBio	109,970	245,265
National Meeting of Biota Observers - seismic prospection	CMA/ICMBio	93,036	158,235
The Brazilian Marine Mammal Beaching Network - REMAB and the Marine Mammal Monitoring System – SIMMAM.	CMA/ICMBio	88,985	110,000
Train technical team in data analysis for satellite monitoring of sea turtles. Project concluded.	National Center for Conservation and Management of Sea Turtles (TAMAR/ICMBio).	22,716	23,980
Analysis of diagnostics for Beached Sea Turtles.	TAMAR/ICMBio	750,167	875,979
Brazilian coral reef fish breeding/spawning areas: aid for environmental licensing of oil exploration and production activities.	Pró-Arribada – Biodiversity Conservation Directory (DIBIO/ICMBio).	274,174	899,920
Conservation of the red-tailed parrot (<i>Amazona brasiliensis</i>) on the coast of Paraná state.	SPVS	23,000	50,000
Total amount spent and assigned to the projects		1,745,998	2,749,879

MAIN ACTION THEMES OF THE FAUNA BRAZIL PORTFOLIO

- Conservation of migratory species or those in danger of extinction.
- Sustainable use of native species.
- Management of invasive species.
- Development of technical skills for conservation and sustainable use of fauna and fishing resources.

2.2.3. Global Pollination Project

Brazil was one of the six countries invited by the UN Food and Agriculture Organization (FAO) to be part of the project “Conservation and Management of Pollinators for Sustainable Agriculture through an Ecosystem Approach” known as the Global Pollination Project. The project invests resources in the payment of scholarships to students and farmers’ children who work in the fields, in the establishment of a taxonomy network, and in farmers training in sustainable agricultural practices.

One of the project’s main actions in 2010 was the discussion of the protocols and methodologies to be adopted. Experts in pollination, taxonomy, monitoring, ecologic agriculture, information networks and technology from different regions in Brazil were gathered in Brasília for the “First Meeting of a National Consultation of the Brazilian Pollination Initiative”.

In November 2010, the second meeting of the project’s International Coordinating Committee was held in Ghana, Africa. The main purpose was the leveling of information and the monitoring of the execution of projects by each of the seven countries that are part of the initiative: Brazil, India, Pakistan, South Africa, Kenya, Nepal and Ghana.

Márcia Rêgo



Pollination is the transfer of pollen between the male and female organs of plants, thus enabling their reproduction. Bees, butterflies, moths, birds and bats are among the most popular pollinators who perform this very important environmental service. Pollination benefits wild plants as well as crops that are necessary for production of food, fibers, energy and raw materials for clothes and medication for society. Pollinators need protected areas to reproduce and this shows the direct relationship between biodiversity conservation and food security.

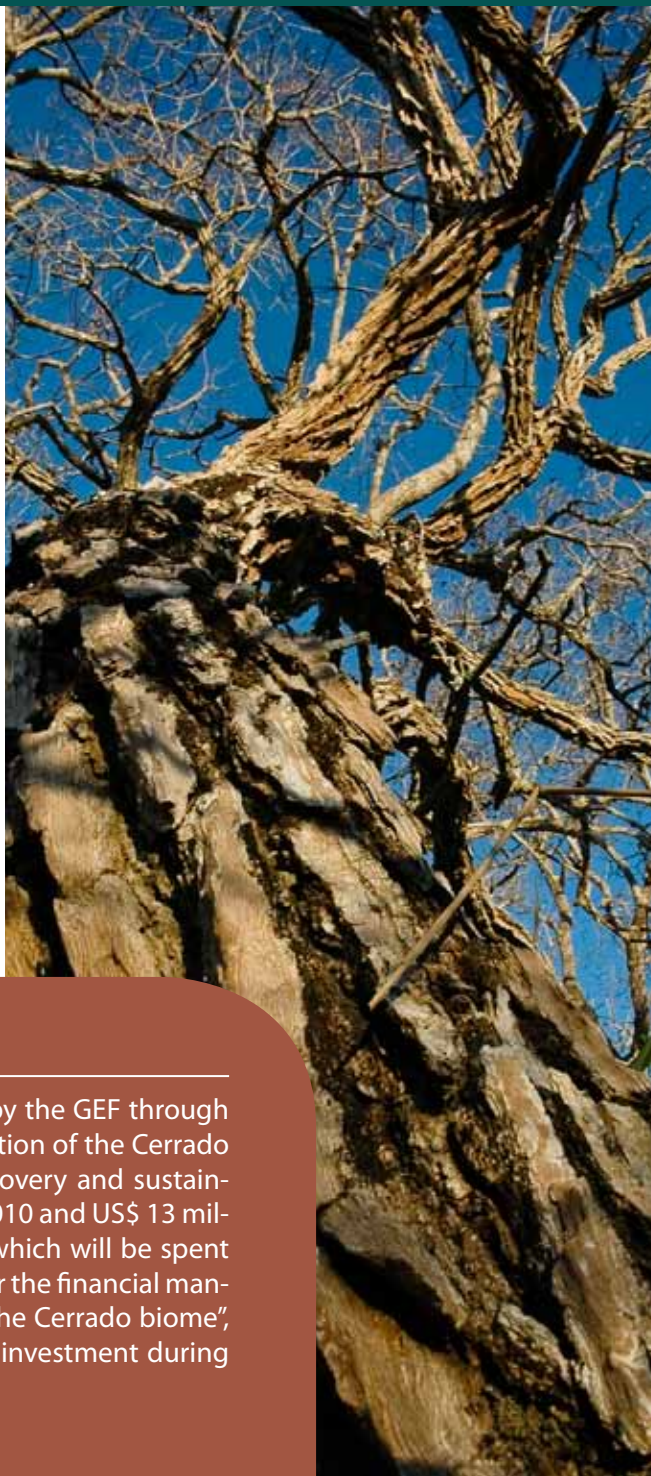
PROJECT SUMMARY:

The project is a FAO initiative with GEF funding. Its objectives include: consolidating an integrated knowledge base on pollination services; promoting enhanced conservation and sustainable use of pollinators for agriculture; building landowners and small farmers’ capacity in conservation and sustainable use of pollinators; generating public policies; and raising public awareness. In Brazil, the technical coordination is in the hands of the Ministry of Environment (MMA) and Funbio is responsible for the financial execution and technical follow up. It has a total value of US\$ 3.5 million and a five year estimated duration.

2.2.4. Sustainable Brazilian Cerrado Initiative

The main goals of the Sustainable Cerrado Initiative are to invest in the implementation of new environmental policies as well as strengthen public and civil society institutions involved in environmental conservation, to expand protected areas and to develop a biome monitoring system. The donation agreement was signed with the GEF at the end of 2010, when the project kicked off its four subprojects that will be developed by the Ministry of Environment (MMA), the Chico Mendes Institute for Biodiversity Conservation (ICMBio) and by the governments of the states of Goiás and Tocantins.

Funbio is responsible for the financial management of MMA's subproject "Policies and monitoring of the Cerrado biome", which aims at developing a political framework for the Cerrado that may contribute to biodiversity conservation in over 20% of the biome, thus increasing it in at least four priority regions.



PROJECT SUMMARY:

The Sustainable Cerrado Initiative is a project financed by the GEF through the World Bank and aims at contributing to the appreciation of the Cerrado through such activities as conservation, restoration, recovery and sustainable management. The grant agreement was signed in 2010 and US\$ 13 million will be invested in the conservation of the biome, which will be spent through four subprojects/grants. Funbio is responsible for the financial management of the subproject "Policies and monitoring of the Cerrado biome", implemented by the MMA, and will get a US\$ 4 million investment during the four years of the project.

FUNBIO MANAGES RESOURCES OF FUND CREATED IN DEBT SWAP

In August 2010, the Brazilian government signed an agreement with the US government through the United States Agency for International Development (USAID) to exchange debt for forest protection. The agreement determines that the US\$ 21 million that would be used to pay a debt from loans obtained in the 60s, be used to create a fund that will finance conservation actions in the Atlantic Forest, the Caatinga (semi-arid) and the Cerrado (savannah). Funbio was invited to be the financial manager of these resources.

Programs for the preservation of threatened areas, conservation of areas of permanent protection and development of sustainable activities for local communities may receive resources from the fund that will start operating in 2011.





3 PRIVATE SECTOR AND BIODIVERSITY



The loss of biodiversity is increasingly worse and leads to environmental, economic and social losses. Funbio believes all segments of society must be involved in facing the challenge of reducing the threats that endanger the future of habitats and, consequently, human survival and well being.

Funbio has tried to enhance dialogue and partnerships with enterprise representatives that work in Brazil in an attempt to consolidate a productive model with less negative impacts on the environment.

3.1. SUSTAINABLE TERRITORIES

Funbio works to identify territories that unite productive landscapes and priority biodiversity conservation areas. The purpose is to manage in an integrated fashion the economic, social and environmental agendas with the participation of the productive sector, which both provokes impacts as it needs the natural resources and environmental services.

3.1.1. National Program for Integrated Public-Private Actions for Biodiversity – Probio II

The prospection of territories for action in Probio II was carried out throughout 2010. Funbio visited the Araripe Plateau, along the borders of the states of Ceará, Piauí and Pernambuco, where the intensive use of firewood was seen as an opportunity to develop actions geared to sustainable forest management. The region is considered a priority area for the conservation of Caatinga's biodiversity, and one of the

most industrialized regions of the interior of Ceará. It houses major productive sectors such as the footwear sector (third largest in the country), ceramics and juices. In the state of Pernambuco, there is the Araripe plaster sector that is responsible for 95% of the plaster produced in Brazil.

The energy matrix of these sectors is made up of electricity, oil products and firewood, especially. In this territory, the change proposed by Probio II concentrates on forest management for the sustainable production of firewood. Meetings with Araripe Foundation, Ibama/PE, Assogesso and SEBRAE Araripina/PE were held and it is expected that subprojects will be developed together with the region's plaster producers.

Funbio also followed up on the Sustainable Livestock Working Group, formed by stakeholders from different segments that make up the productive beef chain in Brazil. The purpose is to define the principles and common standards to be adopted by the sector that could ensure the development of a sustainable livestock that is socially fair, environmentally correct and economically feasible.

Funbio participated in the technical meetings and collaborated with the drafting of a proposal to

strengthen livestock in the Pampa biome, together with Ibama/RS. It also initiated negotiations with WWF-Brazil to prepare a project for sustainable livestock in the Pantanal, and with TNC for a possible partnership in Western Bahia where soy bean plantation is expanding in the Cerrado biome.

Computerized management

Funbio built internal capacity to treat georeferenced data via Geographic Information System (GIS) to organize and map the information from the territories for Probio II. It also adapted its projects management system, known as "Cérebro" (Brain), and made it available to Probio II partners.

Funbio is also responsible for implementing Probio II's Knowledge Base, an online collaboration system on several themes that will facilitate the exchange of information between partner organizations, in addition to recording and consolidating the knowledge acquired during the project's implementation. In 2010 the operating platform was defined, the knowledge base use strategy and the system began to be developed. It should be launched in 2011.

PROJECT SUMMARY:

Probio II exists to demonstrate how feasible it is to make changes in the current production, occupation and consumption models in Brazil, in both the public and private sectors. Funbio is responsible for actions to engage the private sector, so that it will prioritize the integration of biodiversity in its practices. The project is funded with a contribution of US\$ 22 million for the partners of the initiative from GEF, through the World Bank. Funbio will manage US\$ 6 million for projects in partnership with the private sector until 2013.

3.1.2. Sustainable Juruti Fund

2010 marked the beginning of the implementation of projects approved in the first call for projects of the Sustainable Juruti Fund (Funjus). Of the 67 letters of consultation received in the first stage of the selection, 41 became projects presented to the fund by organizations from Juruti and surrounding region and of these, 21 were selected and together received about R\$ 510,000 in resources. An amount of approximately R\$ 300,000 was released in 2010.

One of the main goals of the call for projects 01/2009 was to verify the profile of resources demand in the municipality as a subsidy for planning future Funjus funding strategies. The result displayed a scenario of short term projects, focused on designing alternatives for income generation, and mostly presented by grassroots organizations. In light of this panorama, Funbio and Alcoa also initiated in 2010 a discussion on the continuity of Funjus and future calls for projects, to use the resources that are still available in the fund and total R\$ 1.9 million, accounting for the results in the period.

PROJECT SUMMARY:

The Sustainable Juruti Fund (Funjus) was launched in May 2009 to fund local development projects that integrate environmental, economic and social aspects in the municipality of Juruti, in the Brazilian Amazon, where the company Alcoa owns a bauxite extraction mine. Funjus is the result of a partnership between Funbio and Alcoa, and approved 21 projects in its first call, in March 2010. This pilot-stage of the initiative seeks to be adjusted to the socio-economic and environmental context of the community, and test its ability to cope with the operation of the company.

TABLE 8 • Projects supported by the Funjus call for projects 01/2009, in 2010

Organization	Project	Funds disbursed in 2010 (in R\$)	Project cost (in R\$)
1. ACEJ - Juruti Commercial and Business Association	Program 5S – Juruti	39,050	39,050
2. APRAPAEB - Association of rural producers and fishermen settled in the Balaio agro-extractivism project	Balaio Juruti Fisheries	19,540	49,940
3. APRAPAEVID - Association of rural producers and fishermen settled in the Valha-me Deus agro-extractivism settlement project	Tambaqui farming in net tanks	19,200	50,000
4. APROFASP - Rural producers association of the communities Santa Terezinha and Lago Preto community	Cheiro Verde	6,840	9,995
5. ASPROSEIS – Seis Unidas family agriculture producers association	Tambaqui farming in net tanks	2,800	10,000
6. ASPEFANGE – Nova Galiléia and Nova Esperança association of family agriculture producers with net tanks	100% Curupira – Tambaqui Farming in net tanks	2,800	10,000
7. ASPROFAGU - Grupos Unidos association of family agriculture producers	100% Adelinos – Tambaqui farming in net tanks	10,000	10,000
8. ASPROFAGU - Grupos Unidos association of family agriculture producers	Consolidation and strengthening of associations in the region of lake Old Juruti	10,000	10,000
9. APROFASP - Rural producers association of the communities Santa Terezinha and Lago Preto	Consolidation and strengthening of associations in the Plateau region	4,500	10,000
10. ASPRUFARSHI - Association of family agriculture producers of the Santo Hilário region	Structuring of family gardens of communities of the Santo Hilário Region	7,258	9,998
11. ABOMS - Bom Samaritano Beneficent Promotional Association	Building and Feeding with Quality	49,879	49,879
12. Brazilian Association for the Conservation of Turtles	Puxirum dos Curumins – 1st Meeting of Turtle Small Club	0.00	50,000
13. ACMBR - Santa Rita Local Association	From Street to Culture	21,818	49,997
14. Juruti Craftsmen Association	Tucumã Project	28,248	49,063
15. Araçá Preto Producers Association	Support to the producers of organic vegetables	9,908	9,908
16. São Brás Producers Association	Native bee farming of the community	9,998	9,998
17. São José Rural Producers Association	Support to poultry farmers of the community	9,991	9,991
18. Association of small rural producers of São Pedro	Generation of poultry farming	9,973	9,973
19. São Benedito Community	Tying Dreams	4,100	10,000
20. CTPJ - Três Vistas, Capiroanga, Pompom, Pau D'Arco and Jauari family agriculture producers association	Structuring and standardizing of Casa de Farinha	9,998	9,998
21. MOPEBAM - West of Pará and Lower Amazonas Fishermen and Fisherwomen Movement	Fishing agreement Lago Grande and Curuai	32,571	50,000
Total amount used and assigned to the projects		308,473	517,792

The basis of the design of a model for local development focused on sustainability was built around a partnership between Alcoa, Funbio and the Center for Sustainability Studies (GVces) of the Getulio Vargas Foundation. In addition to Funjus, the Sustainable Juruti Tripod, as it is called, is composed of the Sustainable Juruti Council (Conjus) and of sustainability indicators defined according to priorities indicated by the local society itself.

Additional support from Alcoa Foundation

In the meeting to judge the competing projects under the Funjus call for projects 01/2009, an agreement was reached that it would be the responsibility of Conjus members and the Executive Secretariat to look for new investors for the projects that had not been selected but that presented quality and relevance for Juruti's sustainable development. Thus, Alcoa Foundation was contacted and donated US\$ 50,000 in additional resources.

TABLE 9. Projects supported by the Alcoa Foundation in 2010

Organization	Project	Funds disbursed in 2010 (in R\$)	Total amount of the project (in R\$)
1. ASPRUFARSHI - Association of family agriculture producers of the Santo Hilário region	Structuring of family gardens of the communities of the Santo Hilário Region	7,258	9,998
2. APROFASP - Santa Terezinha and Lago Preto community rural producers association	Consolidation and Strengthening of Associations in the Plateau Region	5,400	10,000
3. ASPEFANGE – Nova Galiléia and Nova Esperança association of family agriculture producers with net tanks	100% Curupira – tambaqui farming in net tanks	2,800	10,000
4. APROFAGU - Grupos Unidos association of family agriculture producers	Consolidation and strengthening of associations in the region of lake Old Juruti	4,555	10,000
Total amount used and assigned to the projects		20,013	39,998



Guilherme Figueiredo

3.1.3. Biodiversity and Agricultural Commodities Program – BACP

The BACP has issued calls to support projects that aim at: removing political barriers, supporting a more sustainable production, promoting demand for more sustainable products vis-à-vis biodiversity and encouraging financial mechanisms that support better practices regarding biodiversity and agriculture.

As the Brazilian focal point of the program, Funbio participated in both the design of market transformation strategies for commodities – soy, sugar cane, cocoa and palm oil –, and in the projects' selection process. Funbio's actions in the program add to the Probio II initiatives in enabling a better understanding of the role these commodities play in the territories and in mainstreaming biodiversity.

Finding sustainable production models for Brazilian agribusiness and its expansion is essential for the conservation of biomes.



In 2010 the program launched a bid notice directed to the soy sector rendering available US\$ 2.9 million. The Brazilian organizations Aliança da Terra, Instituto de Pesquisa da Amazônia (IPAM) and Instituto Centro da Vida (ICV) had their projects selected by the bid. The Aliança da Terra works in the Xingu River Basin in Mato Grosso, helping soy producers improve the social and environmental management of their properties. For more information on the program, visit:

 www.bacp.net.

 Palê Zuppani

PROJECT SUMMARY:

The BACP is a program of the International Finance Corporation (IFC) of the World Bank Group that aims at reducing the threats to biodiversity resulting from the destruction of habitats due to agricultural expansion. The program seeks to use market forces to promote best practices throughout the production chain of four agricultural commodities: soy, palm oil, sugar cane and cocoa. The implementation of the program is a responsibility of Chemonics International Inc., and receives resources from GEF (US\$ 7 million), the government of Japan (US\$ 620,000) and the IFC (US\$ 380,000).

BACP works in five countries – Indonesia, Malaysia, Ghana, Ivory Coast and Brazil. Funbio is the focal point in Latin America.

3.1.4. Suruí Carbon Fund

At COP 16, in December 2010 in Cancun, it was announced the creation of the Suruí Carbon Fund designed by Funbio. This fund will be the financial mechanism in charge of managing and distributing the benefits resulting from the resources of the Suruí Project. This will be the first REDD+ fund for indigenous populations.

In 2010, Funbio worked together with partners from the Suruí people to design a financial mechanism to help implement a management plan for the Sete de Setembro Indigenous Land. The Suruí Fund was created and will receive resources from the sales of carbon credits and other sources. The fund will enable a series of actions including building the community's capacity for the implementation and financial management of the project, in addition to promoting other income generation activities.

The Suruí Fund complies with good governance and transparency principles, according to which the indigenous councils exercise their decision making role. The resources obtained with the Suruí Carbon Fund are managed to the benefit of the whole community.

PROMISING ALTERNATIVE FOR THE SURUÍ PEOPLE

The payment for environmental services, especially the sales of carbon credits, represents a new and promising alternative for the Suruí people. This is the project's key element, which from its very beginning in 2007 excelled in a procedure geared toward the need for the Suruí people to hold ownership of the concepts and techniques used in the carbon market. This is another option to bring new paths to the ethnic environmental management of indigenous lands.

"From my own land and people, I'm trying to show the world that it is possible to improve human well-being. It isn't possible to split the inhabitants of this planet into groups, we are all part of the same planet." - Almir Suruí

Chicoepab Suruí 

PROJECT SUMMARY:

The Suruí Project plans to finance activities of protection, inspection, sustainable production and capacity building, aiming the conservation of the environment and the strengthening of local cultures. It was designed by the Meta-reilá Association, with support from Funbio, Forest Trends, ACT Brasil, Kanindé Association and Idesam (the Institute for the Conservation and Sustainable Development of Amazonas).



3.2. CONSERVATION STUDIES AND MOBILIZATION

Given its ability to articulate actors from different segments and the specific knowledge it possesses in biodiversity and financial mechanisms for conservation, Funbio has worked on assessments with the private sector, which contribute to the definition of investment strategies, as well as training and multi-sector meetings to discuss specific issues.

3.2.1. Focus | Brazil Vision

To disclose the results of the Focus | Brazil Vision reports, as well as submit them to an expert review and build new recommendations, in 2010 Funbio organized two events, which gathered 220 participants. Both were held within the **Sustainable Dialogues program**.

The seminar “The Energy Sector and the Transition to a Low Carbon Economy” raised the debate around the Brazilian energy matrix. How to create technological, financial, political and socio-environmental bases for the energy sector so as to encourage a low carbon economy? This was the core issue of the seminar that was held on March 4, 2010, in Rio de Janeiro. The Brazilian Oil, Gas and Biofuels Institute (IBP in Portuguese) was also a partner in this event.

On April 13, in Brasília, the second seminar – “Pathways toward a Sustainable Agribusiness” – was held. The purpose was to present the final results of Focus and debate proposals for the future of agribusiness in four target commodities (livestock, soy, sugar cane and planted forests). The event was closed with the round table “The Future of the Forest Code in light of Agribusiness Sustainability” with the presence of Marina Silva, then senator from the state of Acre.

All the results from the Focus study, as well as a detailed report of the events and special interviews with debaters are available at:

 www.visaobrasil.org.

PROJECT SUMMARY:

The Focus | Brazil Vision project – Funding and Opportunities of Conservation and Sustainable Use – produced a compilation of studies and analyses about social and environmental liabilities of four commodities: livestock, soy, sugar cane and planted forests. The purpose is to propose recommendations with the aim of generating changes in the current production model. The initiative is the output of a partnership between Funbio and Institute Arapyaú for Education and Sustainable Development, and its results were disclosed in the first semester of 2010.

FUNBIO LAUNCHES A PORTUGUESE VERSION OF BBOP

The Business and Biodiversity Offsets Program (BBOP) is a differentiated mechanism to assess the environmental impact of businesses, which provides a detailed diagnosis of social, economic and environmental changes provoked by projects. The purpose is to establish offset actions that go beyond the environmental obligations under the legislation. In 2010, Funbio launched the Portuguese version of the publication “Business, Biodiversity Offsets and BBOP: an overview”. The document presents the main guiding principles and actions that have already been developed by BBOP, an international network that includes over 600 organizations.

The publication aims at helping stakeholders of the productive sectors, environment protection groups, communities, governments and financial institutions adopt and develop best practices in biodiversity offsets.

Click here to access the publication.



 André Pinnola

3.2.2. Sustainable Dialogues

In 2010, the program held two events with the Focus | Brazil Vision project. Ever since it was launched in 2006, the Sustainable Dialogues program has become a point of reference for the debate around biodiversity in the Brazilian business context. One of the program's highlights is its capacity to incorporate the theme, mobilize outstanding speakers, and obtain a good repercussion in the

media and among business, government and social leaderships.

For the program to happen, Funbio looks for partners and companies that understand the importance of conservation and the sustainable use of biodiversity for a business' profitability and are active in the development of the Brazilian environment agenda.

PROJECT SUMMARY:

The Sustainable Dialogues program is a Funbio initiative to promote the engagement of the private sector in biodiversity conservation. Its goal is to raise awareness of biodiversity conservation among this segment through events that gather leaders from companies, environmental organizations, academic and governmental institutions.

The series Sustainable Dialogues is an important part of Funbio's efforts to engage the private initiative in the search for solutions to integrate biodiversity conservation in its productive processes.

Nina Kahn 

3.2.3. Productive, Infrastructure and Biodiversity Sectors in the Legal Amazon

This study produced an overview of the region's productive sectors, demonstrating their economic relevance and main bottlenecks, as well as the associated social and environmental impacts. Presented with a descriptive, quantitative and spatial approach, the study also demonstrated the context and status of governmental strategies for biodiversity conservation in the region.

PROJECT SUMMARY:

Funbio carried out a study to contribute to the strategy of work of the cosmetics company Natura in the Amazon. This paper on productive sectors, infrastructure and biodiversity in the legal Amazon provides an overview of the main productive sectors established in this region, and a map of the main regional infrastructure enterprises in energy, port and transportation sectors. It also includes a detailed list of protected areas and priority areas for biodiversity conservation in the region.





4 INSTITUTIONAL MANAGEMENT



In 2010, Pedro Leitão left his executive position, after 14 years leading the institution, to become the president of the Board of Directors. Rosa Lemos de Sá, former Programs Superintendent, was inducted as Funbio's Executive Secretary.

4.1. GOVERNANCE AND ORGANIZATIONAL MANAGEMENT

The ecologist Rosa Lemos de Sá, former Programs Superintendent, took over the position of executive secretary and the organization's leadership. In addition to a renewal in governance, the institutional management went through some important adjustments. The staff was restructured and the organization had the support from an external consulting group to review financial and procurement processes.

Furthermore, as an institutional action, Funbio played an outstanding role in coordinating projects developed in international networks – RedLAC (Latin American and Caribbean Network of Environmental Funds) and CFA (Conservation Finance Alliance).

4.2. PROJECTS IN NETWORKS

In 2010 Funbio continued the leadership role played in two international networks: the Latin American and Caribbean Network of Environmental Funds (RedLAC) and the Conservation Finance Alliance (CFA).

In RedLAC, Funbio raised funds for an capacity building project for environmental funds, which in 2010 held its first workshop. During the 12th RedLAC Annual Assembly, held in November in Mexico, the Ecofunds project, which is coordinated by Funbio, was officially launched. Moreover, in this event the new president of the network was elected: the director for Fondo para la Acción Ambiental y la Niñez, from Colombia, who will take office at the end of 2011. Another network project that Funbio kept working on was the Amazon Forest Carbon Partnership (AFCP).

EDUARDO VIOLA AND ADRIANA MOREIRA TALK ABOUT THE TRANSITION TO A LOW CARBON ECONOMY

The annual meeting of Funbio's Advisory Board, on August 20, discussed the theme "Transition to a low carbon economy", because of its relevance to the biodiversity agenda. Approximately 50 participants, among advisors and guests, listened to the lectures by Professor Eduardo Viola, from the International Relations Institute of the University of Brasília, and by Adriana Moreira, World Bank's expert in sustainable development.

At the same event, members of Funbio's technical team presented projects developed by the institution and participants collaborated with proposals and suggestions.

The Board of Directors is the highest decision making level at Funbio. It has 16 council members, with an equal share among the academic, environmental, business and governmental sectors. It also counts on thematic committees made up of council members and ad hoc consultants who give advice on the organization's programs.


BRAZILIAN NETWORK OF SOCIO-ENVIRONMENTAL FUNDS

The Brazilian Network of Socio-environmental Funds was created to be a space for dialogue, learning, institutional strengthening, capacity building and articulation of all players involved with socio-environmental funding. It holds at present 70 member funds, and its Executive Secretariat is hosted at Funbio since 2009.

To disseminate information to the members, Funbio reactivated the network's website with information on bid notices, answers to doubts, spontaneous demands and open public calls, and also participated in seminars and gave dissemination lectures.

Environmental funds are scattered around the country. For this reason, improving and articulating its actions can bring about an enormous gain of scale in financing socio-environmental projects. This, in turn, will promote the preservation, improvement and recovery of the environment's quality that is essential for life. Funbio will continue to look for new partnerships in 2011 to design projects such as distance training and engagement of funds. To this end, it is formulating a fundraising strategy.

For more information on the network visit:

 www.fundosambientais.org.br

Camila Monteiro 



PROJECT SUMMARY:

This project aims to strengthen environmental funds through the exchange of experiences and innovative practices. It was created in 2010, under Funbio's management, with a time frame of three years, during which ten workshops will take place. The project is funded by an investment of US\$ 1.9 million by the French Global Environment Facility (FGEF) and the Gordon and Betty Moore Foundation.

4.2.1. RedLAC's Capacity Building Project

The purpose of this project is to strengthen environmental funds to implement new financial mechanisms and improve their operations. Thereunto, six workshops in Latin America and four in Africa will be organized to bring together these region's funds teams and experts in different fields.

In addition to the training workshops, the project will fund at least six pilot initiatives from RedLAC member funds to implement innovative financial mechanisms. A call for proposals will be issued to select initiatives that will receive US\$ 100,000 each in contributions, and shall have to present US\$ 50,000 in matching funds.

The project was launched in November 2010 at RedLAC's 12th Annual Assembly, when its first workshop, on Payments for Environmental Services (PES), was held. The instructors were Michael Jenkins, CEO and founder of Forest Trends, and Ricardo Bayon, EKO Asset Management Partners expert, who are also founders of the Ecosystem Marketplace website and participants of the Katoomba Group, all of which are reference groups in PES.

In future meetings, themes such as monitoring biodiversity impacts and carbon market will be discussed through presentations of concepts and successful cases of the participating environmental funds. All the content of the course is produced in three languages (English, Spanish and French), and available at the RedLAC website:

 www.redlac.org

4.2.2. Ecofunds

After the conclusion of its prototype and the validation of entered data, Ecofunds was presented in the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP-10) in Japan, and launched in Mexico during RedLAC's Assembly. Ecofunds enables monitoring investments made to conservation programs and projects in the Andes-Amazon region, as well as identifying funding needs and opportunities.

Ecofunds is available in three languages (Portuguese, English and Spanish). It ended 2010 with over 880 registered projects. Information was registered by RedLAC members and other partners. The project's core points are distributed in seven countries in the region: Bolivia, Brazil, Colombia, Ecuador, Peru, Suriname and Venezuela.

The systematization of investments in biodiversity conservation is essential to monitor and identify areas and themes that demand more investments. So, Ecofunds provides orientation to project investors

PROJECT SUMMARY:

Ecofunds Database is a RedLAC project coordinated by Funbio. Its main goal is to track the trends and needs of biodiversity conservation investments in the Andes-Amazon region. It is a website that facilitates communication between donors and project leaders, to improve allocation of financial resources in conservation. Ecofunds initially received a contribution of US\$ 618,000 from the Gordon and Betty Moore Foundation, and in 2010, a donation of US\$ 100,000 from foundations such as Avina and Skoll was provided to fund another year of activities.



and conservation practitioners for a better allocation of resources and conservation efforts, thus promoting more strategic and efficient investments.

To this end, Ecofunds depends on partnerships with the main institutions in the region to register consistent information and supply results that precisely portray the local reality. It is a collaborative tool designed to unite efforts and disseminate knowledge about investments in conservation.

Institutions interested in accessing the database and registering their projects are welcome to visit the Ecofunds website at www.redlac.org/ecofunds.

ECOFUNDS' COMPONENTS

Funding opportunities: space for donors to post requests for proposals.

Funding needs: space for requests of support for conservation projects.

MapEngine: map that integrates georeferenced information on conservation priorities and data registered by users.

TrendTracker: statistical analyses and graphics generation of registered data.



4.2.3. Amazon Forest Carbon Partnership – AFCP

The Platinum Standard criteria were discussed and defined during 2010. Experts in the social, economic and environmental fields of the countries involved got together throughout the year and created a model that considers specific factors of the Amazon reality, not only the counting of tons of carbon that will not be emitted. The model establishes strict protocols and validation, verification and control criteria of the carbon credits generated by REDD+ activities.

The AFCP also got technical support from the universities of Columbia, Duke and Stanford, as well as from the international law firm Covington & Burling, a global reference in carbon emissions policies.

Themes such as financial mechanisms to share generated benefits, protocols for conflict resolution, adequate methodology to measure carbon, legal issues around credit holders, market and other necessary points to measure, share and verify credits, are all included in the Platinum Standard.



PROJECT SUMMARY:

Funbio and other four RedLAC environmental funds (Bolivia, Colombia, Ecuador and Peru) came together with Columbia University's Center for Environment, Economy, and Society (CEES) and created the Amazon Forest Carbon Partnership (AFCP). The initiative aims at supporting Reducing Emissions from Deforestation and Forest Degradation (REDD+) projects. Its objectives include: establish a model for REDD+ projects, called the Platinum Standard; train institutions in the use of this model; found an organization that will "guard" the quality of projects; and create a registry of generated credits.

FUNBIO PARTICIPATES IN THE DISCUSSIONS ABOUT REDD+ IN BRAZIL

Funbio participated in the discussions around the creation of socio-environmental safeguards for Reducing Emissions from Deforestation and Forest Degradation (REDD+) projects, together with actions in conservation, sustainable forest management and enhancing forest carbon stock (REDD+) in the Brazilian Amazon.

Following public consultation, the final document was disclosed and marked an important stage in the discussion and building process around this theme. The group that coordinated this work is made up of representatives from social movements, family agriculture, private sector, environmental NGOs (including Funbio) and research institutions. The Institute for Forest and Agricultural Management and Certification (Imaflora) was responsible for facilitating this process.

The document is organized into principles and criteria. It provides guidance to REDD+ programs and projects so that their actions may have minimal risks and collaborate toward reducing deforestation, biodiversity conservation, increasing social benefits and respecting the rights of indigenous people, small farmers and traditional communities.

The final version is available for download (click here).



PROJECT SUMMARY:

The CFA contributes to the exchange of expertise and best practices in conservation finance, carrying out meetings, assessments, seminars and publications.

 Meeting of CFA members in Nagoya, Japan (archive)

4.2.4. CFA – Conservation Finance Alliance

Funbio coordinated CFA's Environmental Funds Tool Kit, an online library where documents from environmental funds from all over the world can be downloaded, in different languages, to serve as a reference to the constitution and operation of these institutions. Over 200 documents were collected and classified, and the development of the system was initiated.

Another activity Funbio developed in the CFA was the support of the development of publications. Together with PriceWaterhouseCoopers, Funbio participated in the study "National REDD+ funding

frameworks and achieving REDD+ readiness", which was launched in the 10th Meeting of the Conference of the Parties of the Convention on Biological Diversity (COP-10), held in October in Japan, where CFA had a booth.

CFA also published, with support from RedLAC funds, the third issue of the Conservation Trust Investment Survey (CTIS), which assesses the performance of environmental funds in managing their financial assets. The study demonstrates that since 2006, fund investments in the financial market have presented positive results, and excel the traditional benchmarks.

The experience of RedLAC and the CFA is an example to other environmental funds around the world. It was within the CFA working group on environmental funds that the initiative of establishing a network to strengthen environmental funds in Africa arose. In 2010, the first meeting to build a Network of African Environmental Funds was held, in Senegal. There, RedLAC representatives shared their experience and presented the network's Capacity Building Project, that has reserved places for African funds.

All publications and the Tool Kit are available at:

 www.conservationfinance.org



5 FINANCIAL AUDIT



Funbio manages the financial, purchasing and hiring processes so as to ensure that the resources received are optimized and invested in conservation projects. It supports its partners in preparing annual operating plans, designing project demands and contributing with resources such as assets, hiring services or financial resources. All this work is monitored and reported to permanent lenders and donors, thus ensuring transparency in the use of resources.

The Asset Management Committee, made up of members of the Board of Directors and guest experts, is responsible for selecting the professional asset manager, for the investment policy of the different funds managed by Funbio, and for following up on the results.

The Finance and Auditing Committee, made up of members of the Board of Directors and Advisory Board members, is responsible for the evaluation of Funbio's management, the review and recommendation for approval of the reports of financial statements.

Financial investments in the country and abroad related to the funds and resources managed by Funbio in programs and projects	R\$ 124 million
Third party resources linked to projects	R\$ 108 million
Funbio resource fund (own capital)	R\$ 15 million

FINANCIAL MANAGEMENT

A review in the organizational processes and structure of the institution took place in 2010. Internal control has been improved to ensure advancements in corporate governance, and Funbio started the alignment of financial sustainability actions with the new projects and ongoing contracts.

Because of the increment in resources, the significance of balances and also to guarantee more transparency in the process and provide reliable figures, Funbio altered its accounting regime. We started acknowledging numbers based on the specific regime of years, instead of the cash flow system, used until 2009.

INDEPENDENT AUDITORS' REPORT

The Management

FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO

Rio de Janeiro - RJ

We have audited the accompanying financial statements of FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO, comprising the balance sheet as of December 31, 2010 and the related statements of surplus, of changes in net worth and of cash flows for the year then ended, as well as a summary of the main accounting practices and other explanatory notes.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO as of December 31, 2010, the results of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Audit of prior years' statements

The statements referring to the year ended December 31, 2009, presented for comparative purposes, were previously audited by other independent auditors, whose report dated April 14, 2010 was not modified.

Rio de Janeiro, March 18, 2011.

DIRECTA AUDITORES
CRC N° 2SP013002/O-3 "S" RJ

Antonio Carlos Bonini Santos Pinto
CTCRC N° 1SP114365/O-0 "S" RJ

I - BALANCE SHEETS

AS OF DECEMBER 31, 2010 AND 2009 (In Thousands of Reais)

ASSETS	2010	2009
CURRENT ASSETS		
Cash and banks	665	971
Short-term investments in the Brazilian money market	75.169	30.471
Banks – checking account and foreign investments	48.686	50.885
Other	157	807
Total Current Assets	124.677	83.134
NON-CURRENT ASSETS		
Fixed assets	413	481
Intangibles	75	111
Total Non-Current Assets	488	592
TOTAL ASSETS	125.165	83.726
LIABILITIES AND NET WORTH		
CURRENT LIABILITIES		
Suppliers – Trade payables	235	493
Salaries and related charges	1.053	1.151
Taxes and rates	226	197
Project-linked third parties´ resources (Note 6)	108.067	53.337
Other accounts payable	9	79
Total Current Liabilities	109.590	55.257
NON-CURRENT LIABILITIES		
“Fundo de Recursos FUNBIO” (Note 7)	15.118	9.523
Financial lease	8	-
Total Non-Current Liabilities	15.126	9.523
NET WORTH		
Accumulated surplus	18.946	38.710
Accumulated surplus – adjustment (Note 12)	(19.734)	-
Surplus(deficit) for the year	1.237	(19.764)
Total Net Worth	449	18.946
TOTAL LIABILITIES AND NET WORTH	125.165	83.726

II - STATEMENT OF SURPLUS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of Reais)

	2010	2009
REVENUES		
Project-linked reimbursements	3.799	771
Management fee	665	49
Services rendered	635	1.197
Donations	-	15.963
TOTAL REVENUES	5.099	17.980
EXPENSES		
Salaries and related charges	(7.833)	(7.439)
Third parties´ services	(1.097)	(1.693)
Rental and maintenance	(713)	(939)
General expenses	(641)	(1.394)
Travel expenses	(367)	(884)
Miscellaneous supplies	(79)	(99)
TOTAL EXPENSES	(10.730)	(12.448)
FINANCIAL REVENUES (EXPENSES)	57	(4.037)
INCOME ON PROJECTS	(535)	(23.859)
OPERATING INCOME	(6.109)	(22.364)
RESOURCES USED	7.346	2.600
SURPLUS/DEFICIT FOR THE YEAR	1.237	(19.764)

III - STATEMENT OF CHANGES IN NET WORTH

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of Reais)

	Accumulated surplus	Surplus (deficit) for the year	Total
AT DECEMBER 31, 2008	38.710	-	38.710
Deficit for the year		(19.764)	(19.764)
Transfer to accumulated surplus	(19.764)	19.764	-
AT DECEMBER 31, 2009	18.946	-	18.946
Prior years' adjustment (Note 12)	(19.734)	-	(19.734)
Surplus for the year	-	1.237	1.237
Transfer to accumulated surplus	1.237	(1.237)	-
AT DECEMBER 31, 2010	449	-	449

SHORT-TERM INVESTMENTS IN THE BRAZILIAN MONEY MARKET

These comprise:

	2010	2009
Banco do Brasil - Carteira Fauna (Sísmica)	874	1.680
Itaú Pragma FAP	4.892	-
Itaú FUNBIO - Pragma FRF	15.118	13.953
Itaú FUNBIO - FRF	-	7.087
Itaú Private FAP	-	3.798
Banpará - Fundo Juruti	1.930	-
Banco do Brasil - AFCOF II	1.551	-
Banco do Brasil - Administrativa	1.069	-
Banco do Brasil - ARPA KfW 1ª Fase	707	-
Banco do Brasil CDB - CSA II	22.571	-
Banco do Brasil - FMA Comperj	6.504	-
Banco do Brasil - CSA II	1.737	-
Banco do Brasil CDB - FMA LLX AÇU	3.451	-
Banco do Brasil - FMA GASDUC III	7.355	-
Banco do Brasil - FMA GROTA FUNDA	691	-
Banco do Brasil - ARPA BNDES 2ª Fase	3.625	-
Banco do Brasil - GEF Cerrado	1.214	-
Miscellaneous	1.882	3.953
Total	75.169	30.471

BANKS - CHECKING ACCOUNT AND INVESTMENTS ABROAD

These comprise:

	2010	2009
Banks - foreign checking accounts		
Itaú LUX Funbio	-	3
Banco do Brasil Frankfurt - ARPA KfW 1ª fase	-	791
Banco do Brasil NY - Moore/RedLAC	3	518
Banco do Brasil Frankfurt - AFCOF II	37	1.754
Banco do Brasil Frankfurt - BMU ARPA	-	829
Banco do Brasil NY - RedLAC Capacitação	58	-
Banco do Brasil Frankfurt - FFEM	223	-
Other	157	294
Total	478	4.189
Short-term investments in foreign money markets		
Itaú LUX FAP (a)	47.527	46.659
Banco do Brasil NY - RedLAC Capacitação	616	-
Other investments	65	37
Total	48.208	46.696
Total	48.686	50.885

THIRD PARTIES' RESOURCES LINKED TO PROJECTS

In 2010, as compared to 2009, the third parties' resources linked to projects grew by R\$ 54.730 thousand, basically due to FMA's environmental compensation contributions (R\$ 43.492 thousand), adjustment to accumulated surplus (R\$ 8.214 thousand), which in turn resulted from the change of cash basis to the accrual basis of accounting; and incoming resources relating to other projects (R\$ 3.024 thousand).

Below, the composition of project balances and comments on each project:

	2010	2009
ARPA FAP	52.419	50.462
CSA – Thyssenkrup – Mata Atlantica	-	1.003
Alcooa – Fundo Juruti Sustentável	1.930	1.578
ARPA BNDES - 2ª Fase	3.960	
FMA - CSA II	24.308	
FMA - Convênio SEA	19.184	
Carteira Fauna - Sísmica	929	
Carteira Fauna - Fundo Fauna	107	67
Capacitação RedLAC	973	
ARPA KFW - 1ª Fase	707	
Probio II	119	
AFCOF I	62	
AFCOF II	1.589	
RedLAC	5	121
GEF Cerrado	1.231	
GEF Polinizadores	41	
Diálogos Pórticus	110	
Bolsa Pórticus	40	
Ecofunds/BCID	213	
CFA	32	
Other projects	108	106
Total	108.067	53.337

"FUNDO DE RECURSOS FUNBIO – FRF"

This fund comprises resources originating from the Global Environment Facility – GEF, which were donated by "Banco Mundial" for FUNBIO to start operating, as well as subsequent donations, the changes in which in 2010 and 2009 were as follows:

	2010	2009
At January 1	9.523	12.123
Adjustment to the accrual basis of accounting	11.520	-
Earnings in the year	1.533	-
Gestão Pragma	(13)	-
Provision for income tax	(99)	-
Redemptions during the year	(7.346)	(2.600)
At December 31	15.118	9.523

INCOME ON PROJECTS

	2010		2009	
	Costs incurred on projects	Resources used	Income	
Carteira Fauna	741	684	(58)	(240)
Projeto RedLAC	43	110	67	(80)
Projeto BCID/Ecofunds	166	84	(82)	(240)
Fundo Mata Atlântica – CSA - Piloto	255	235	(20)	(2.215)
Fundo Mata Atlântica – CSA - Convenio SEA	1.686	1.647	(38)	-
ARPA KfW - 1st Phase	8.521	8.530	9	(14.707)
CFA	96	55	(41)	-
Probio II	76	84	8	-
AFCOF I	226	226	-	(5.483)
FOCUS (a)	229	-	(229)	-
GEF Polinizadores	360	345	(15)	-
AFCOF II	1.644	1.698	54	-
RedLAC Capacitação (b)	116	-	(116)	-
ARPA BNDES - 2ª Fase	310	310	-	-
Fundação Ford	-	-	-	(409)
Componente 2.3 – ARPA	-	-	-	(53)
Outros (BACP, TNC, Natura, AFCP, TFCA, Alcoa, GEF Cerrado)	74	-	(74)	(432)
Total	14.543	14.008	(535)	(23.859)

ADJUSTMENT TO ACCUMULATED SURPLUS

Given the increase in resources received and the relevance of the respective balances, and in order to ensure more transparent and reliable financial data, the Entity has replaced the cash basis of accounting, used until 2009, with the accrual basis of accounting, in force in 2010.

Under the accrual basis of accounting and adjusting third parties' resources linked to projects representing the Entity's obligations with the donors and financiers, an adjustment of R\$ 19.734 thousand was made to the accumulated surplus, after a review of agreements taking into account the new accounting practice and adjustment to the projects' bank balances.

Below, the detailed effect of each fund and project:

FUNDS/PROJECTS	In thousands of R\$
Aplicação de recursos do Funbio – FRF	11.520
BMU ARPA	2.095
AFCOF II	1.754
Carteira Fauna Sísmica	1.725
ARPA KfW - 1ª Fase	1.421
Ecofunds/BCID	502
AFCOF I	465
CFA	132
Probio II	127
GEF Polinizadores	10
Fundo Juruti	(10)
FAP Local	(4)
Fundo Fauna	(2)
Other	(1)
Total Adjustments	19.734

Funbio is audited annually and all statements remain available on its website. [Click here to see the complete 2010 audit document.](#)



6 PERSPECTIVES



2010 was a year filled with events that valued the conservation of biodiversity and the sustainable use of natural resources, and mobilized the private sector towards them. The Business Movement towards Conservation and Sustainable Use of Biodiversity (MEB, in Portuguese) gathered many companies to stand up for this cause. Through the Business Charter on the use of Brazilian Biodiversity, the companies made commitments and requested solid actions from the government, maximizing the involvement of the private sector and the civil society.

Another important initiative in 2010 was the publication of TEEB – The Economics of Ecosystems and Biodiversity. This study provides a global analysis of the economic impact of losses in biodiversity. The estimated loss is of 2 to 4.5 trillion dollars because of deforestation and environmental degradation. The effective management of ecosystems and biodiversity and the inclusion of natural capital to governments and companies' accountability may start to correct and reduce future losses.

In 2010 the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization was signed. The Protocol lays the foundation for an international access and distribution regime of benefits that come from the use of biodiversity, as well as the traditional knowledge associated with biodiversity. This is an important step towards biodiversity conservation, and will ensure that financial benefits obtained by companies through the use of animals, plants, microorganism are shared with the communities and countries where these natural resources come from.

The COP-10 meeting in Nagoya has also established new goals for biodiversity conservation. Until 2020, the countries that signed the convention are committed to the protection of at least 17% of land and water ecosystems and 10% of maritime and coast ecosystems. The forest loss should be reduced in at least 50%.

Funbio is included in all of these actions. We are partners of the MEB, of the development of the TEEB report for Brazil and the establishment of the country's goals for 2020, which will be presented at the United Nations Convention on Biological Diversity in 2012.

This is the decade to include biodiversity in the business world.

Biodiversity conservation is not idealism on the part of nature lovers. It is developing quality of life and safety; it's the opportunity for technological innovation and economic growth. It's a guarantee

Biodiversity conservation is not just idealism from nature lovers. It is developing well-being and safety; it's the opportunity for technological innovation and economic growth. It's a guarantee of permanence and of future.

of permanence and future. The companies that decrease their impact on the environment and adopt best practices will increase their profit, create new products and soon enough, own the international market.

We are certain that the productive sector is aware of the significance of its participation and the stronger presence it brings to biodiversity conservation. We stand ready to support and work alongside the private and government sectors to meet the demands of mainstreaming biodiversity.

It will be necessary to review concepts, identify opportunities and define new standards, not only in productive practices but also in fiscal and public policies. Funbio has been preparing itself exactly to take part in this agenda and deliver proper solutions.

Rosa Lemos de Sá
General Secretary

CREDITS

FUNBIO STAFF IN 2010

EXECUTIVE SECRETARIAT:	Hebe Peralta, Mônica Ferreira, Rosa Lemos de Sá and Verônica Romeo.
Networks management:	Camila Monteiro and Lia Brum. Intern: Fernanda Barbosa.
Legal advisory:	Flavia Neviani, Julia Lagoeiro and Paulo Miranda.
Communications advisory:	Lysandre Ribeiro, Márcia Soares and Rômulo Collopy Carrijo.
PROGRAMS SUPERINTENDENCE:	Rosa Lemos de Sá
Climate Change and Clean Energy:	Ângelo Augusto dos Santos and Renata Zambianchi.
Strategic Projects:	Daniela Lerda Klohck and Elaine Teixeira. Intern: Eduardo Arraes.
Financial Mechanisms:	Guilherme Figueiredo, Leonardo Geluda, Luiza Barcellos, Manoel Serrão, Manuela Muanis, Nícia Coutinho and Tatiana Botelho.
Program Management:	Alexandre Ferrazoli, Carolina Milhorance, Daniela Leite, Erika Queiroz, Erika Polverari, Fábio Leite, Fernanda Marques, Marina Landeiro, Mary Teixeira, Natalia Paz and Raquel Monteiro. Intern: Amanda Chrispim.
PLANNING AND MANAGEMENT SUPERINTENDENCE:	Augusto Mota, Aylton Coelho and Ligia Linhares.
Human Resources:	Erika Rupp, Heloisa Helena Henriques and Renata Xisto.
Financial Sustainability:	Cintia Ribeiro and Marina Machado.
Administration:	Barbara Santana, Cláudio Augusto Silvino, Corina Stallbohm, Flávia Mol, Luciana Bresciani, Márcio de Vasconcelos Maciel, Mirian Conceição Lobo and Raquel Ventura. Intern: Jefferson Agostinni.
Information Technology:	Alessandro Denes, Fabio Ramos, Igor Coutinho, Marcelo José Alves, Marcelo José de Siqueira, Ricardo Macedo and Vinicius Barbosa.
Procurement:	Alessandro Jonady, Ana Paula Oliveira, Douglas Moreira Mendes, Fernanda Jacintho, Helga Ferreira, Jacqueline Holanda, João Otávio Machado, José Eugenio Matilde, José Mauro de Oliveira, Marcela Simões, Maria Bernadette Lameira, Monica Rocha, Rafael Botelho, Taíssa Albagli, Tânia Bravo and Vinicius Chavão.
Finance:	Alexandre Santos, Ana Maria Ramos, Átila Camargo, Daniele Soares, Danielle Duarte, Fábio Eiras, Glauce Vitoria da Silva, Hécio Oliveira, Marcela Guimarães, Marcio Conrado, Marilene Viero, Roberta Alves, Sérgio Dumay and Vanderlei de Souza.
Documentation Center (Cedoc):	Jacqueline Ricarte, Danubia Cunha and Nathalice Cardoso. Intern: Linda Menezes.

DONORS AND LENDERS IN 2010

Alcoa; Alcoa Foundation; Banco Mundial (Bird); BNDES - Banco Nacional de Desenvolvimento Econômico e Social (Fundo Amazônia); Organização das Nações Unidas para Agricultura e Alimentação (FAO); Chemonics; Companhia Construtora Vilar Mar; Concessionária Rio Barra S/A; Conservation International; FFEM – Fonds Français pour l'Environnement Mondial; Fundação Avina; Global Environment Facility (GEF); Gordon and Betty Moore Foundation; Instituto Arapyaú de Educação e Desenvolvimento Sustentável; KfW Entwicklungsbank; LLX AÇU Operações Portuárias S.A; Macaé Projetos e Serviços Ambientais Ltda; Natura Cosméticos; O Boticário; Omnia Minérios S/A; Petrobras; Petróleo Brasileiro S/A; Porticus; Prefeitura da Cidade do Rio de Janeiro; Prefeitura Municipal de Volta Redonda; Pedras Transmissora de Energia S/A; Secretaria de Estado do Ambiente do Rio de Janeiro (SEA/RJ) com recursos de compensação ambiental dos empreendedores Thyssenkrupp CSA Siderúrgica do Atlântico Ltda; SERB - Saneamento e Energia Renovável do Brasil S/A; SINPLAN Empreendimentos e Participações Ltda; SPE Dominus 03 Empreendimento Imobiliário S/A; The Nature Conservancy (TNC); Transportadora Associada de Gás S/A – TAG; WWF-Brasil.

FUNBIO PARTNERS AND BENEFICIARIES IN 2010

Agência de Cooperação Alemã (GTZ); Alcoa; Amigos das Águas do Juruá (Amaj); Apiwtxa; Associação Beneficente Promocional Bom Samaritano; Associação Brasileira para a Conservação das Tartarugas; Associação Comercial e Empresarial de Juruti (ACEJ); Associação Comunitária dos Moradores do Bairro Santa Rita; Associação dos Artesãos de Juruti; Associação dos Pequenos Produtores Rurais da Linha 13 – Amapá; Associação dos Pequenos Produtores Rurais de São Pedro; Associação dos Produtores da Comunidade de Araçá Preto; Associação dos Produtores da Comunidade de São Brás; Associação dos Produtores Familiar es Grupos Unidos (ASPROFAGU); Associação dos Produtores Familiares da Região de Santo Hilário (ASPRUFARSHI); Associação dos Produtores Rurais e Pescadores Artesanais Assentados no Projeto de Assentamento Agroextrativista Valha-me Deus (APRAPA-EVID); Associação dos Produtores Rurais de São José; Centro de Estudos para a Sustentabilidade da Fundação Getúlio Vargas (GV-Ces/SP); Centro de Mamíferos Aquáticos (CMA); Centro Nacional de Conservação e Manejo das Tartarugas Marinhas (Tamar); Chemonics; Conservation Finance Alliance (CFA); Conservation International (CI); Coopter - Cooperativa de trabalho, prestação de serviços, assistência técnica e extensão rural; Comissão Pró-índio do Acre (CPI-AC); Comunidade de São Benedito; Ecomeg; Forest Trends; Fundação Ford; Fundação Vitória Amazônica; Gordon and Betty Moore Foundation; Greenpeace; Grupo de Pesquisa e Extensão em Sistemas Agroflorestais (Pesacre); Instituto Arapyaú de Educação e Desenvolvimento Sustentável; Instituto Brasileiro de Administração Municipal (Ibam); Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (Ibama); Instituto Chico Mendes de Conservação da Biodiversidade (ICMBio); Instituto de Pesquisa Ambiental da Amazônia (Ipam); Instituto Ekos; Instituto Estadual do Ambiente (INEA/RJ); Instituto para o Agronegócio Responsável (Ares); International Finance Corporation; Kanindé – Associação de Defesa Etnoambiental; Madeira Energia S.A. (Mesa); Ministério do Meio Ambiente (MMA); Ministério Público Federal (MPF); Missão Verde; Movimento dos Pescadores e Pescadoras do Oeste do Pará e Baixo Amazonas (MOPEBAM); Organização Paderejéh; Órgãos estaduais ambientais da Amazônia; Projeto Pró-Arribada; Publix; Rede Brasileira de Fundos Socioambientais; Rede de Fundos Ambientais da América Latina e do Caribe (RedLAC); Rioterra; Secretaria de Estado de Produção do Estado do Acre (Sepro); Secretaria de Estado do Ambiente do Rio de Janeiro (SEA-RJ); SOS Amazônia; SOS Mata Atlântica; Tamar; The Nature Conservancy (TNC); Universidade Federal do Acre (Ufac); Wildlife Conservation Society (WCS); WWF-Brasil.

CREDITS

Text : Márcia Soares and Camila Monteiro

Editing: Rômulo Collopy and Renata Zambianchi

Review: Camila Monteiro, Lia Brum and Renata Zambianchi

Graphic Design: I Graficci Comunicação e Design

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FUNBIO

Largo do Ibam, 01 6º andar Humaitá
Cep: 22.271-070 • Rio de Janeiro • RJ
Tel: (21) 2123 5300 fax: (21) 2123 5354
funbio@funbio.org.br • www.funbio.org.br