



BRAZILIAN
BIODIVERSITY FUND

FUNBIO

Annual Report 2012



Photo: Du Zuppani

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Perspectives

2013 is a year that heralds great prospects for Funbio. We have now acquired the experience and maturity we need to provide solutions for the private sector in a variety of different areas. In the last three years we have improved our financial mechanism for the management of environmental compensation funds, with the result that we now have improved capacity to invest funds from other legal obligations, such as environmental compliance agreements, forest replacement, and greenhouse gas emission offsets.

Thanks to our experience in prior projects, we can also provide socioenvironmental analyses and solutions for companies to operate effectively in their areas of influence, fostering the sustainable use of natural resources and the involvement of communities in the production chain. These new partnerships will lead to better conservation outcomes and expand Funbio's range of action, helping to transform the relationship between development and the environment.

Funbio has also reinforced its results-oriented organizational culture and has a more robust managerial structure thanks to the creation of its internal audit area. The new institutional policies and safeguards, adopted as of 2013, establish the working principles that underpin the growing efficiency of our actions. These improvements will fortify and consolidate Funbio's reputation as an ethical, transparent and effective institution. We understand the importance of measuring our results so we can show that Funbio offers the best options and best returns on investments in the conservation of biological diversity.

Our 2012 results presented here are a representative sample of the programs and initiatives we are working on. In 2013 we will begin some new and challenging projects, expanding the scale of the financing for protected areas, helping to design sustainable production projects, and developing a consolidated presence in marine conservation. With our portfolio of existing projects and pipeline of new projects, I believe that Funbio is strategically positioned to mobilize resources and offer innovative solutions to face Brazil's environmental challenges.



Photo: Publius Vergilius



Rosa Lemos de Sá

Rosa Lemos
CEO, Funbio

Institutional Management

The Brazilian Biodiversity Fund (Funbio) is a registered non-profit civil association. It was created in 1995 as an innovative financial mechanism for the development of strategies that contribute to the implementation of the Convention on Biological Diversity in Brazil. Today, Funbio is involved in the design and management of financial mechanisms; the selection and management of programs and projects; the procurement of goods and services for environmental projects; the integration of the climate change and conservation agendas; and the coordination of actors and projects in national and international networks.

Funbio celebrated 16 years of operations in June 2012 at the United National Conference on Sustainable Development (Rio+20), where it took part in four events alongside its partners: the launch of the Kayapó Fund, the launch of the Rainforest Standard, the launch of the Arpa for Life initiative, and the last of the 2012 Sustainable Dialogues, on green economy.

As well as taking part in Rio+20, Funbio was also present at the International Union for Conservation Nature (IUCN) World Conservation Congress in Jeju, South Korea, and at the 11th Conference of the Parties to the CBD (COP 11) in Hyderabad, India. At both events, Funbio presented the Atlantic Forest Fund of Rio de Janeiro as a successful case of the harnessing of environmental compensation payments made by the private sector. It also supported the 2nd Assembly of the Consortium of African Funds for the Environment (CAFE) in Entebbe, Uganda, and the 14th Assembly of the Latin American and Caribbean Network of Environmental

Funds (RedLAC) in Lima, Peru.

2012 was a year marked by the consolidation of the Rio de Janeiro model for mobilizing environmental compensation payments, which sparked the interest of other states. As a result, Funbio signed cooperation agreements with the states of Paraná, Pará, Rondônia and Rio Grande do Norte for the development of similar mechanisms.

In view of the growth and diversification of the services it offers, it was important for Funbio to formulate a new strategic plan with input from the Board of Directors, the Advisory Board and the executive team. The new plan gives a clear vision of where we want to be by 2017.

To improve the communication of its projects, public tenders, events, procurement processes for goods and services, and accountability, Funbio launched a new website in 2012, which has a more modern look and is easier to navigate.



Photograph: Du Zuppani

In 16 years, we have:

administered
US\$ 400 million*

Supported 197 projects from
over 150 organizations

Supported 211 protected areas,
representing around 51% of the
protected land in Brazil**

*This number is the sum of all the contracts Funbio has signed since it started operations, converted into US dollars at the exchange rate of December 31, 2012; contracts signed in US dollars were included at their face value.

**Not considering Areas of Environmental Protection (APAs) in the Brazilian classification system, equivalent to IUCN category V - Protected Landscape; Funbio has supported 18 APAs.



Letter from the Chairman

2012 was an important year for Funbio. We invested over 50 million reais in conservation and biodiversity protection projects, the biggest volume of resources in a year since Funbio was created 16 years ago. This new record is demonstrative of the breadth of our mission and the complexity of the daily administration of an institution like Funbio, whose sheer scale sets it apart from other non-profit organizations.

With our many and varied projects in six of Brazil's seven biomes and our forthcoming pioneering project in the creation and conservation of marine parks, we count on a highly competent team of professionals who have demonstrated outstanding efficiency and made full use of the resources invested. The 32 programs and projects we manage, with their widely varying scopes and methodologies, allied with the huge variety of national and international partners we work with from the public, private and third sectors make for incredibly dynamic board meetings.

My involvement with Funbio started three years ago, when I was invited by my friend and Funbio board member, Mercedes Lachmann, to join its board at the end of Guilherme Leal's term as chairman. After more than twenty years in the private sector, I was surprised by the pace of work at Funbio, even though my experience was in the financial sector, which is known for its speed and efficiency. I met the other board members, all leaders in their respective fields and respected for their wisdom and experience in the environment, biodiversity conservation, and the promotion of sustainable development in its fullest sense. I consider it a privilege to have taken part in meetings with these people, conducted at the time by CEO Pedro Leitão with a combination of flair, profound knowledge and great experience.

In 2012 I was invited to take over as chairman of Funbio, while at the same time I was planning and implementing Symbiosis Investimento as the culmination of a project I had nurtured since 2008 to create a company capable of reinventing and transforming the production of tropical hardwoods, moving Brazil's timber industry from the logging of primary forests to the production of timber from planted forests of different native species. The sheer size of these challenges – both equally innovative and demanding – was at first somewhat overwhelming. But with support from Pedro Leitão and the new CEO, Rosa Lemos de Sá, I started to believe it would be possible to conciliate both activities.

Rosa's leadership was crucial to the success we achieved in 2012. Tireless, efficient and competent, she boasts enviable academic credentials and experience in large national and international organizations. We were able to review the institutional strategy for the coming years, which is increasingly geared towards the needs of the private sector, deploying additional resources for conservation, and consistently aiming to innovate in program and project design and the development of financial mechanisms. Successful models, such as the Rio de Janeiro state environmental compensation fund, are being scaled up, and our organizational management is increasingly professionalized, all in the pursuit of the goals set by the Funbio Board.

All this is presented transparently in this year's Annual Report and related financial statements, audited by leading independent auditors.

I hope that the information presented here will serve the objective of motivating more people to engage with Funbio, helping us to build the next stages of our work and reach new heights in the conservation of biodiversity in Brazil.



Bruno Mariani

Chairman of the Funbio Board of Directors



Governance

The Board of Directors has 16 members and is responsible for setting the general strategy and direction for Funbio. Former members and sector leaders are invited to sit on Funbio's Advisory Board, which convenes once a year and provides technical advice for the institution, while also reserving the right to form technical committees. In 2012 the Board of Directors reviewed Funbio's strategy for the coming years, which was discussed with the Advisory Board. The new lines of action include: focusing increasingly on the needs of the private sector to mobilize additional resources for conservation; professionalization of management activities; quest for innovation, both in program and project design and in the development of financial mechanisms; and the replication of successful models on a larger scale.

BOARD OF DIRECTORS UNTIL DECEMBER 2012

Chairman

Bruno Mariani

Vice-Chairman

Álvaro de Souza

Academia

Oscar Graça Couto

Niro Higuchi

Ricardo Machado

Sérgio Besserman

Environment

Adriana Ramos

Miguel Milano

Paulo Moutinho

Pedro Leitão

Business

Álvaro de Souza

Bruno Mariani

Gabriel Azevedo

Roberto Waack

Government

Roberto Cavalcanti

Rodrigo Vieira

Roberto Vizentin

Finance and Audit Committee

Álvaro de Souza

Bruno Mariani

Gabriel Azevedo

José Alentejano

Asset Management Committee

Álvaro de Souza

Bruno Mariani

Francisco José Aguiar de Cunto

José Alentejano

Marcelo Tomaszewski

Gabriel Amado de Moura

Fábio Spínola

Advisory Board

Angelo Machado

Aspásia Camargo

Beatrice Padovani Ferreira

Benjamin Gilbert

Bertha Becker

Carmen Lúcia Wongtschowski

Claudio Pádua

Fábio Scarano

Francisco José Aguiar de Cunto

Guilherme Frering

Guilherme Leal

Gustavo Fonseca

Haroldo de Matos Lemos

Ibsen de Gusmão Câmara

Jean Marc von der Weid

José Adalberto Veríssimo

José Augusto Alentejano

Juscelino Martins

Lídio Coradin

Luiz Felipe Andrade

Luiz Paulo Pinto

Marcelo Tomaszewski

Marcos A. V. Freitas

Maria Cecilia Wey de Brito

Maria das Dores V. Cavalcante Melo

Maria José Guazzelli

Maria Mercedes von Lachmann

Muriel Saragoussi

Nurit Bensusan

Ricardo Soavinski

Roberto Konder Bornhausen

Roberto Luiz Leme Klabin

Roberto Paulo Cezar de Andrade

Ruy Barbosa da Rocha

Ronaldo Weigand

VISION

To be the benchmark in enabling strategic resources and solutions for the conservation of biodiversity.



Program and Project Management

The program and project management area is responsible for investing resources in initiatives in the field. The work done by this team enables Funbio to turn financial resources into the goods and services needed to roll out projects and consolidate protected areas in different biomes in Brazil.

Activities:

- Operation of programs and funds
- Financing of projects through calls for proposals
- Financial management of projects
- Procurement and logistics
- Systems for project planning and management
- Asset management of socioenvironmental funds



Adoption of Parks



In this action line, finance raised from voluntary private sources is used to structure and maintain protected areas. Funbio is responsible for administrating these donations, procuring the specialized goods and services needed, financial control and reporting. In exchange for their support, companies enjoy public recognition of their sponsorship and gain increased visibility in communication initiatives.

2012 saw the beginning of the execution of the corporate resources received from OGX for Fernando de Noronha National Park, in the state of Pernambuco, and from MPX for Lençóis Maranhenses National Park in Maranhão state. Funbio invested these resources in infrastructure and the procurement of goods and services with the aim of providing physical, logistical and financial support for the parks' management. The companies have adopted the national parks until 2018.

The investments in Lençóis Maranhenses National Park went towards improving access to Lagoa Azul, a lake that is a key tourist attraction in the region, by building

a bridge for the passage of vehicles. A car and boat park was also built, as well as some basic infrastructure, such as a septic tank and water well. In 2012 renovation work for the park's administrative headquarters was started and an architectural project was designed for the refurbishment of the researchers' accommodation.

In Fernando de Noronha, services were hired for the renovation and expansion of the park's administrative headquarters, which will be completed in 2013. The contractor is required to use certified wood and abide by the principles of sustainable building.

Protected Area	Area (hectares)	Amount	Financier
Fernando de Noronha National Marine Park	11,200	R\$ 4,3 million	
Lençóis Maranhenses National Park	155,000	R\$ 3,5 million	



Photograph: Palê Zuppani



AFCoF II - Atlantic Forest Conservation Fund

The Atlantic Forest Conservation Fund II is a financial mechanism administered by Funbio to support the Atlantic Forest Protection Project II, which contributes towards the protection, recuperation and sustainable management of the Atlantic Forest. The financing for the mechanism comes from the KfW Development Bank. The project itself is supported by the International Climate Initiative of the German Ministry for the Environment, Nature Conservancy and Nuclear Safety, which also provides technical support through the German Agency for International Cooperation (GIZ).



In 2012 a number of studies were started for the creation of new protected areas in the three spheres of government and the private sector (private natural heritage reserves), which are still underway. In the fifth call for proposals in 2010, a project was selected for a Learning Community in Payments for Environmental Services (PES). It consists of an online platform that facilitates the exchange of information and experience between professionals and institutions working or interested in the topic, with the aim of collectively building knowledge and systematizing all PES initiatives in the Atlantic Forest (water, carbon, biodiversity).

Thirteen of the consultancy contracts signed are still valid, while a further five expired in 2012. The services hired included the mapping of patches of native vegetation, studies for the creation of protected

areas, socioeconomic studies for the legalization of land tenure and property rights in the land adjacent to the protected areas, and feasibility studies into the use of PES and alternative income generation for farmers in the biome.

The project for the Friends of the Atlantic Forest Biosphere Reserve Institute (IARBMA) was completed in 2012. All the original objectives were fulfilled and Nascentes do Paranapanema State Park was created in June 2012, covering around 75% of the project's study area. The extent of this particular protected area and its biological importance, due to the fact that it harbors endemic and endangered animal and plant species, are the highlights of this project financed from the 03/2010 call for proposals for the creation or expansion of protected areas.

Partners:



Por meio de:



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Photograph: Palê Zuppani



Arpa - Amazon Region Protected Areas – Phase II

Arpa is the world's largest tropical forest protection initiative. Its goal is to conserve and promote the sustainable use of 60 million hectares – 12% of the Amazon region – by 2018. Funbio manages the financial resources, procures goods and services for the protected areas, and manages the assets from the Protected Areas Fund. In its second phase (2010-2015), Arpa intends to support the creation of 13.5 million more hectares of protected areas and to consolidate around 32 million hectares, while capitalizing the Protected Areas Fund with 70 million dollars.



In 2012, Funbio and the Brazilian Ministry of the Environment signed financing contracts with the KfW Development Bank for 20 million euros and the Global Environment Facility, through the World Bank, for 15.9 million dollars. These financial resources were added to 20 million reais received from the Amazon Fund through the Brazilian Development Bank (BNDES) for the second phase of the program.

Brazil's official organ for Indigenous peoples policy (Funai) and the Ministry of the Environment also signed a partnership agreement as a prerequisite for the second phase of the program. Thanks to the results it has achieved since its creation, the Arpa program was awarded the Development Impacts Honor from the United States Department of the Treasury in recognition of its particular importance and impact.

Arpa is currently supporting the consolidation of 95 protected areas in the Amazon and the creation of a fur-

ther 17 by contributing to the drafting of management plans, the formation of management boards, the legalization, demarcation and signposting of protected areas, the supply of amenities and infrastructure, and covering recurring costs such as fuel, materials and low-cost local services.

At the 7th Brazilian Congress on Protected Areas held in Natal, Pernambuco, in 2012, a publication written jointly by the teams from Funbio and WWF was launched under the title "How much does the Arpa program cost?". The aim is to estimate how much it costs to finance the program's protected areas based on the data compiled since the program began, and also to discuss the financing of protected areas within the ambit of the legislation instituted by the National System for Protected Areas (SNUC – acronym in Portuguese).

The Protected Areas Fund has been capitalized with approximately 30.5 million dollars, 6 million reais and 20.3 million euros (balances as at December 2012).

Partners:



Governos Estaduais da Amazônia Brasileira: Acre, Amapá, Amazonas, Mato Grosso, Rondônia, Pará e Tocantins



Ministério do Meio Ambiente





Fauna Brazil Portfolio

The Portfolio for the Conservation of Brazilian Fauna and Fishing Resources (Fauna Brazil Portfolio) is a financial mechanism that receives funds from criminal sanctions, environmental fines, donations, sponsorship and other sources. Fruit of a partnership with the Brazilian Environmental Protection Agency (Ibama) and the Brazilian Public Prosecution Service, its objective is to finance programs and projects for the conservation of Brazilian wildlife.



In 2012, a project to protect the Spix's Macaw called "Spix's Macaw in the Wild" began operations in partnership with ICMBio and SAVE Brasil, using resources from Vale. Initially funded with a R\$ 5.9 million donation from Vale, the project contributes to the National Action Plan for the Recuperation of the Spix's Macaw. The planned actions include the implementation of public policies for the preservation of the species, support for the correct management of populations in captivity with a view to reintroducing them to the wild, building scientific knowledge on the species, protecting and restoring its habitat, and running communication and education campaigns.

In 2012, the Sea Cow Monitoring Project in the

Potiguar river basin, an outcome of a contract signed with Petrobras and CMA/ICMBio in compliance with environmental legislation requirements, established a field base in Icapuí, Ceará state, ran awareness-raising campaigns with the local communities, conducted an aerial census between the coasts of Beberibe (Ceará) and Touros (Rio Grande do Norte), and monitored native individuals via satellite.

An expedition was held in May 2012 to capture five manatees to be monitored via satellite. A team was deployed to prepare the logistics for the campaign, which involved tagging the animals with satellite tracking devices and collecting biological material and morphometric data to assess the health of the population.



Photograph: SAVE Brasil



Photograph: Edson Acioly

Partners:



Ministério do Meio Ambiente





Conservation and Sustainable Use of Biodiversity to Improve Human Nutrition and Welfare

This project will promote native species with a high nutritional value which Brazilians are unfamiliar with or rarely include in their diet for cultural reasons. While contributing to scientific knowledge on these species, the project will also focus on the dissemination of information and public policymaking concerning the purchase of foodstuffs, minimum prices and sociobiodiversity products.

This project, run in partnership with Biodiversity International and financed by the Global Environmental Facility through the Food and Agriculture Organization and the United Nations Environment Program, was started in the second half of 2012.

Funbio is responsible for managing the project's resources. In 2012, alongside the planning activities, a technical coordinator was hired to work alongside the Ministry of the Environment. The first results of the project will be published in 2013.

Partners:



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Photograph: Publius Vergilius



Atlantic Forest Fund of Rio de Janeiro (FMA/RJ)

The Rio de Janeiro State Operational and Financial Mechanism for the Conservation of Biodiversity, known as the Atlantic Forest Fund (FMA/RJ), was developed by Funbio to foster environmental investments in the state and to find new ways of supporting protected areas with greater agility, efficiency and transparency. Funbio administrates the fund's resources through a partnership signed with the Rio de Janeiro State Department of the Environment. So far, the fund has received resources in the form of financial compensation for the environmental impacts of industrial ventures, the payment of which is regulated by the National System for Protected Areas (SNUC – acronym in Portuguese).

In 2012 the project supported all 32 municipal, state and federal protected areas in the state of Rio de Janeiro. Six of these are classified under the “sustainable use” category, and 26 are for full protection. Combined, they provide protection for an area of around 350,000 hectares. The support is provided in the form of the procurement of goods and services for the protected areas.

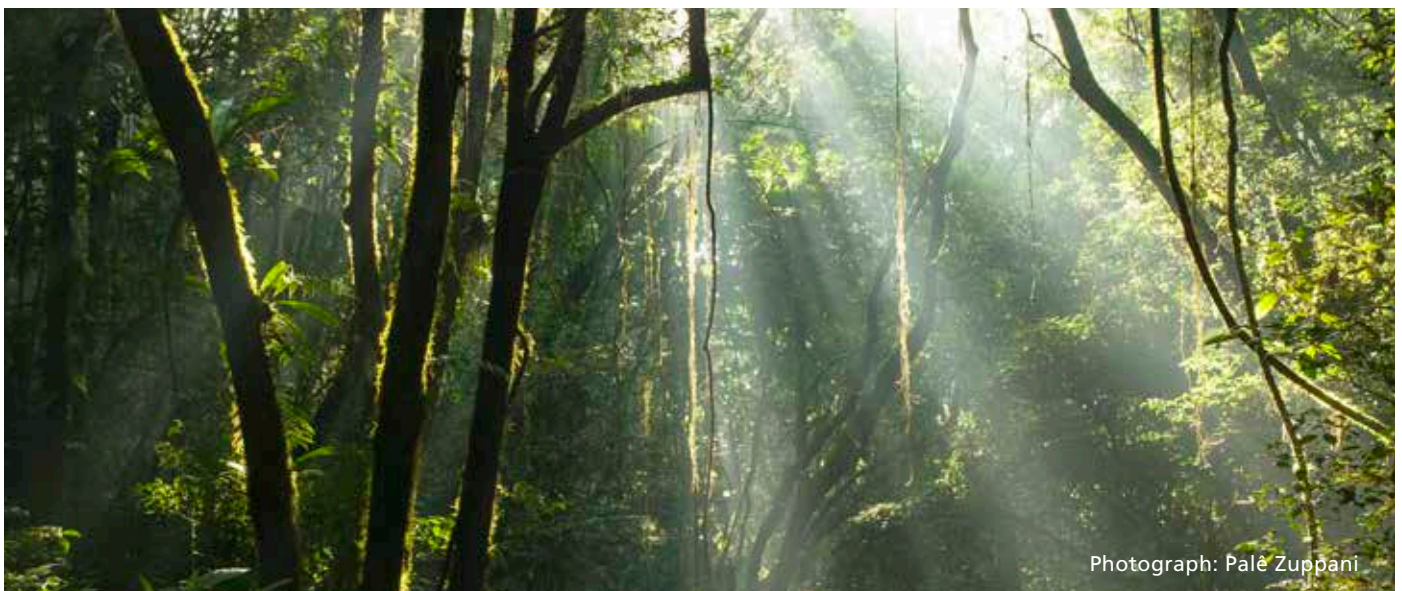
New municipal projects have also been started in Nova Iguaçu, Miracema, Paracambi and Cachoeiras de Macacu, bringing the number of projects to 46, which receive support in the following areas: drafting, implementation and review of management plans; working drawings and construction work; demarcation of boundaries, marking of perimeters and signposting for protected areas; legalization of land tenure and property rights in protected

areas and their surroundings; creation of a Private Natural Heritage Reserves working group; and others.

The environmental compensation management system was reviewed and a new method for transferring financial resources was introduced in the form of a joint debit card for 15 protected areas recommended by the Rio de Janeiro State Environmental Institute (Inea).

The Atlantic Forest Fund of Rio de Janeiro was presented by Funbio to international audiences at the International Union for the Conservation of Nature World Congress in Jeju, South Korea, and at the 11th Conference of the Parties to the CBD (COP 11) in Hyderabad, India, as a success case in the mobilization of private sector resources.

Partners:



Photograph: Palé Zuppani



Kayapó Fund

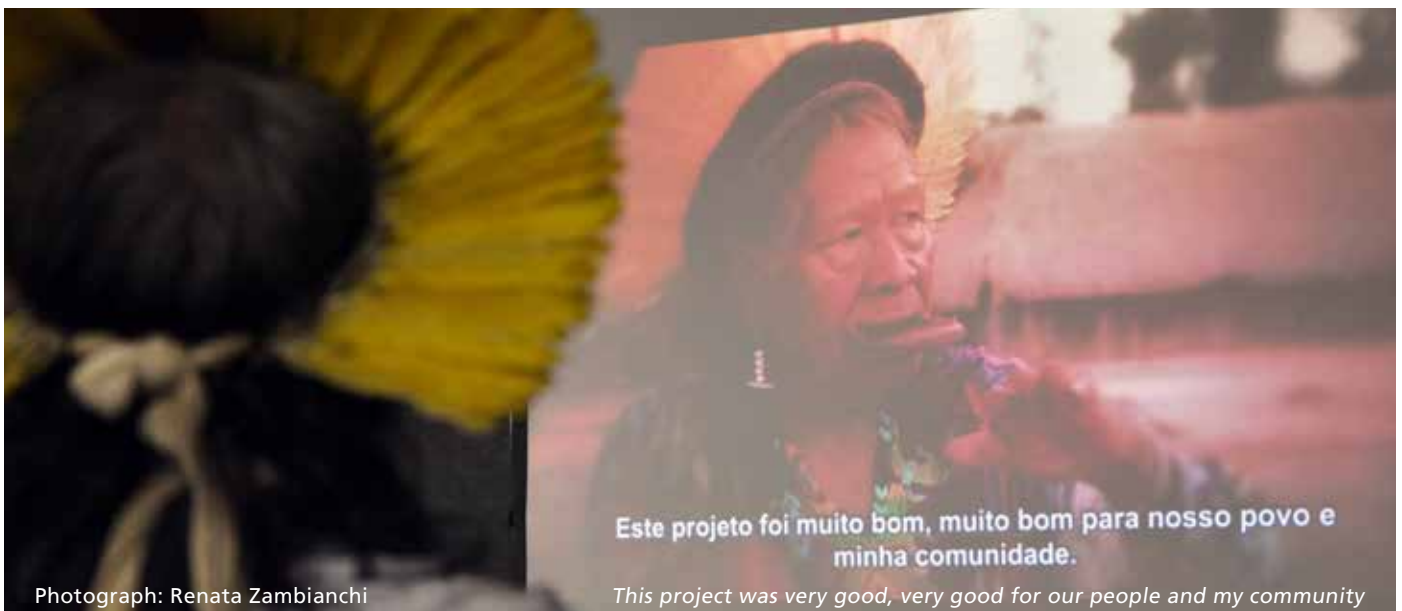
This endowment fund was created to provide long-term support for Kayapó organizations and to improve the capacity of the Kayapó indigenous lands to maintain their physical integrity. This is the first fund of its kind to receive financial support from the Brazilian Development Bank (BNDES) through its Amazon Fund in partnership with Conservation International.

This project was formally commenced in 2012 upon the signing of a contract with the Amazon Fund/BNDES, which signaled the start of Funbio's work as manager of the fund's assets. Its official launch was held in June at the United Nations Conference on Sustainable Development (Rio+20), alongside representatives of the Kayapó people, BNDES and Conservation International.

As fund manager, Funbio administrates 15.5 million reais for the benefit of seven thousand people threatened by the advancing agricultural frontier and illicit activities, such as illegal logging and mining.

The fund's operations manual has been approved and it has a committee, both of which are prerequisites for the mechanism to start operating in 2013 through calls for proposals for the financing of Kayapó association projects. In 2013 a formative evaluation and baseline assessment will also be conducted to appraise the quality of life of the Kayapó people and the physical integrity of their lands, providing a baseline against which to measure the fund's results in the future.

Partners:



Photograph: Renata Zambianchi



Sustainable Cerrado Initiative

This project, funded by the Global Environment Facility through the World Bank, aims to enhance the value of the Cerrado through a combination of conservation, restoration, rehabilitation and sustainable management activities. A total of 13 million dollars will be allocated to preserving the biome, to be executed in four sub-projects. Funbio is the financial manager of the “Policies and monitoring of the Cerrado biome” sub-project, run by the Brazilian Ministry of the Environment, which will receive four million dollars over its four-year term.

In 2012 the project supported the creation of protected areas in priority areas for biodiversity conservation in Mato Grosso, Tocantins and Piauí, totaling 1,657,112 hectares. Serra das Confusões National Park was also expanded to cover 270,000 hectares in the Cerrado biome.

In the promotion of sustainable production practices, two agrobiodiversity centers have been set up with a view to supporting local communities in the conservation, management and sustainable use of biodiversity, community seed banks, and traditional seed networks.

Two reference centers in the restoration of degraded areas have also been created, one in Janaúba (Minas Gerais) and the other in Barreiras (Bahia).

In the sphere of public policies, the Action Plan to Prevent and Combat Deforestation and Burning in the Cerrado was prepared in 2012 as part of the project, and a meeting was held to identify the priority areas for conservation, sustainable use and the distribution of the benefits of biodiversity in the Cerrado biome. The map created as an outcome of this study will serve as a basis for the macro ecological-economic zoning of the biome.

Partners:



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Photograph: Palê Zuppani



Probio II - National Project for Integrated Public-Private Partnerships for Biodiversity

The aim of Probio II is to encourage key industries to adopt the principles and practices of the conservation and sustainable use of biodiversity in their business activities. Funbio's actions are designed to engage private sector players in order to drive the transformation of production, consumption and land occupation models in Brazil. The project resources come from the Global Environment Facility through the World Bank, which has allocated a total of 22 million dollars for the partners in the initiative.



In 2012 the implementation of three sub-projects was approved for the following biomes: the Pampas, for livestock farming in the state of Rio Grande do Sul; the Atlantic Rainforest, for the forest economy, cocoa and ecotourism in Bahia; and the Amazon, for the Juruti Fund in Pará. The project's legal structure was discussed and detailed and the World Bank approved the operations manual for the opportunity fund, which will support the production chains in the target areas.

Interministerial discussions were also held about the 2013-2020 Action Plan for the Conservation of Biodiversity, based on a partnership between Funbio, the Ministry of the Environment and the Ministry of Planning. Co-financing of R\$ 8.5 million was pledged and R\$ 2.5 million of the GEF funds was paid into the opportunity fund.

Partners:



Photograph: Du Zuppani



GEF Mar

The aim of this program is to support the creation and implementation of an effective, representative network of protected marine and coastal areas to reduce biodiversity loss. This broad-based action plan integrates different agendas in a bid to support marine and coastal conservation. Run jointly by Funbio, the Ministry of the Environment, the Chico Mendes Institute for Biodiversity Conservation (ICMbio), the Brazilian Environmental Protection Agency (IBAMA) and Petrobras, the program has the World Bank as its GEF implementing agency.

In 2012 a workshop was held with specialists with the goal of providing inputs for the planning and detailing of the program's activities and reviewing and validating the criteria for selecting the marine areas to be prioritized for the creation of protected marine and coastal areas. Funbio held several alignment meetings between the project's partners and worked alongside the World Bank to prepare the project appraisal document. This document describes the context and functioning of the program, and serves as a reference for the project's execution and the preparation of socioenvironmental safeguards.

GEF Mar has received a total of 116 million dollars: 18.2 million dollars from the GEF, 20 million dollars from Petrobras, and co-financing from Petrobras in economically measurable goods and services worth a further 70 million dollars.

This program is a prime example of private sector involvement and government commitment to marine biodiversity conservation. It is considered by the World Bank to be a benchmark for the Global Partnership for Oceans, an expanding alliance of over one hundred governments, international organizations and private sector and civil society groups, including Funbio, with a common commitment to marine conservation.

Partners:



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Photograph: Du Zuppani



GEF Pollinators Program

An initiative by the Food and Agriculture Organization of the United Nations (FAO), with financing from the Global Environment Facility, this project aims to: consolidate an integrated knowledge base about pollination services; promote the effective conservation and sustainable use of pollinators for agriculture; build farmers' and smallholders' capacity to conserve and sustainably use pollination services; and promote public policies and public awareness-raising initiatives. In Brazil, the Ministry of the Environment is responsible for the technical coordination of the project.

In 2012, databases and a **website** were created to store and provide access to the information produced by the project, such as the georeferencing of the specimen data and interactions with crops. New pollinator species were identified and a taxonomy network was set up to help identify the specimens collected in the sub-projects.

A workshop was also held in Brasília on the importance of pollination services for agriculture, which was attended by all the coordinators of the sub-projects and collaborators.

Members of the project team also took part in a number of Brazilian and international conferences, including "Encontro de Abelhas" (Meeting of Bees) in Ribeirão Preto, São Paulo, an Entomology Congress in Curitiba, Paraná, the Brazilian Apiculture Congress in Gramado,

Rio Grande do Sul, and EpiEcoFlora, in San Marino, Italy. At the end of the year the project was submitted to a mid-term evaluation, which involved meetings and visits by FAO representatives to some cultivated areas.

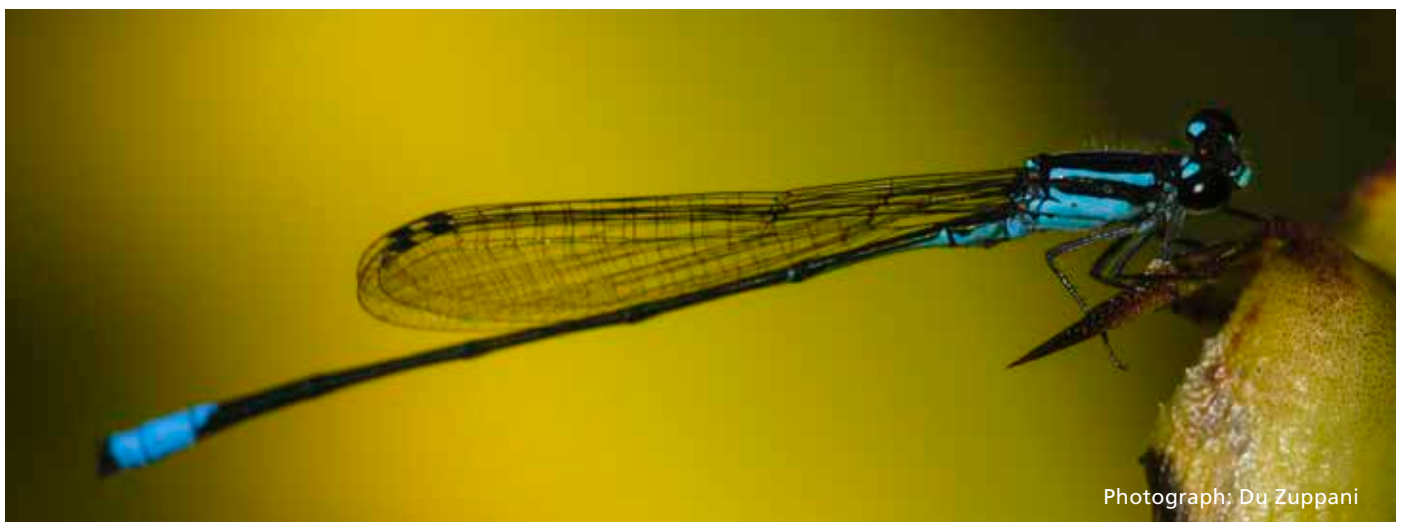
The first information researched about crops and their pollinators has been communicated to farmers and students from the schools in the vicinity of the land under cultivation. The aim is to divulge environmentally friendly farming practices for the sustainable diversity of pollinators in cultivated areas and adjacent native vegetation.

www.polinizadoresdobrasil.org.br

Partners:



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Photograph: Du Zuppani



Terra do Meio Project

The mission of this project is to help reduce deforestation and foster the conservation of biodiversity in the Amazon through the provision of support for the consolidation of 11 protected areas in the region called Terra do Meio. Situated in the central southern portion of the state of Pará, the region is under pressure from three anthropic sources: the Altamira-Itaituba highway (part of the Trans-Amazonian highway) to the north, the Cuiabá-Santarém highway (BR-163) to the west, and the most exposed agricultural frontier of the Amazon biome, in the southeast. The mosaic is made up of several contiguous protected areas covering a total of 28 million hectares, making it the second largest biodiversity corridor in Brazil.

The execution stage of the project began in July 2012 with the design of the legal structure for the protected areas to receive support, the conservation and investment strategy to be employed, and capacity building for the managers of the protected areas in question.

Planning workshops were held in Belém and Altamira (Pará) and were attended by over 30 representatives from the federal government (Ministry of the Environment and ICMBio), the Pará state government (Department of the Environment), Funbio, the Brazilian Forestry Service, and the University of Brasília. At these events, presenta-

tions were given of the legal status and current state of the integrated management of protected areas in Brazil. An assessment was also made of the status of the implementation of the 11 protected areas from Terra do Meio and their respective consolidation targets, and the project implementation methodology was discussed.

The operational plan was designed and the expectation is that in 2013 the protected areas will be equipped and signposted and their management plans will start to be drafted.

Partners:



Ministério do
Meio Ambiente



Photograph: Publius Vergilius



TFCA - Tropical Forest Conservation Act

Funbio is the executive coordinator of the TFCA account, which receives resources from a bilateral agreement between Brazil and the United States for remaining patches of Atlantic Forest, Cerrado and Caatinga biomes. This agreement is under the aegis of the Tropical Forest Conservation Act (TFCA), by which countries that owe money to the United States can swap their debts for investments in the conservation and sustainable use of their forests. The resources from this debt-for-nature agreement sum 20.8 million dollars.



In early 2012, 46 projects began operations after being approved in the first call for proposals in 2011. The projects are for five different thematic areas and will receive a total of 19.8 million reais from the TFCA account. In April 2012 around 80 representatives took part in a capacity-building workshop to share information and provide training in the TFCA rules and operational tools.

New calls for proposals were launched in 2012, from which ten projects were selected for the three biomes supported by the TFCA. Three projects from call 02/2012, designed to strengthen NGO networks, were selected for the Cerrado, receiving a total of 1.3 million

reais. The third call for proposals in the year was for capacity-building projects for the mobilization of public and private financial resources for new conservation and rehabilitation initiatives in all three biomes. Seven projects selected, received a total of 2.8 million reais.

The 02/2012 call for proposals was also repeated for the Atlantic Forest and Caatinga, as well as a fourth call for proposals for projects in the five thematic areas in all three biomes. The combined financing for these two calls for proposals is 8.7 million reais, but the successful projects will only be selected in 2013.

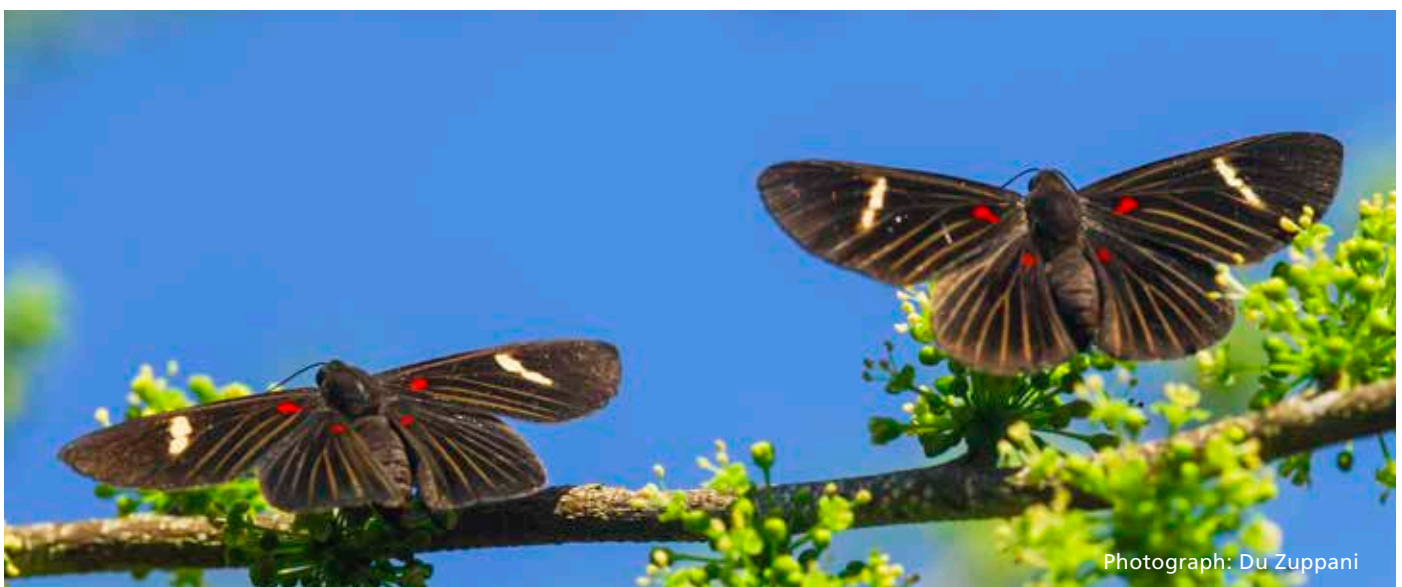
Partners:



Governo dos
Estados Unidos da América

Ministério do
Meio Ambiente

GOVERNO FEDERAL
BRASIL
PAÍS RICO É PAÍS SEM POBREZA



Photograph: Du Zuppani



Design, Implementation and Management of Financial Mechanisms

Funbio creates and consolidates innovative financial mechanisms operated in a financially sustainable manner to yield a larger volume of resources for biodiversity conservation.

Activities:

- Mapping and analysis of agendas, demands and actors to support interventions in the land
- Analysis of the financial environment for projects (supply and demand of resources)
- Optimization of access to existing resources and development of new sources
- Development of financial mechanisms
- Sustainable solutions for the articulation of public or private sector policies, programs and projects



Photograph: Du Zuppani



Paraná Bioclimate

The aim of this project is to support the Paraná State Department of the Environment and Water Resources in the development and implementation of economic instruments to help strengthen its capacity to manage the conservation and sustainable use of the state's natural resources.

In 2012 work was undertaken to develop the method for operating the Payments for Environmental Services (PES) scheme. The priority categories for PES will be protected areas, particularly private natural heritage reserves, and water resources. For protected areas, the method created for valuing environmental services sets a floor and ceiling on the amount to be received for environmental services rendered by the owners of private reserves, taking into account the availability of resources in the sources initially identified.

In the case of water resources, a partnership has been established between the Paraná state government, Funbio and the O Boticário Foundation to enable the methodology used today in the Oasis Project to be transferred to the Paraná state PES system. An evaluation was also made of the processes used in the Oasis Project

and adjustments were proposed to adapt it to the needs of a government program.

A survey was also conducted of public and private financing sources for the Paraná state PES system. In some cases the potential for creating markets for environmental services was analyzed.

The state's management of environmental compensation revenues was analyzed for the purposes of designing the financial mechanism. The regulations, key players, flows of receivables and execution of these resources were all identified, as were their respective opportunities and obstacles. Having mapped out the current state, a new design was proposed, which has been submitted to the state government for validation.

Partners:



Photograph: Du Zuppani

Commitment to the Amazon – Arpa for Life

The aim of this project is to raise funds for the Arpa (Amazon Region Protected Areas) program using a model that combines private, bilateral, multilateral and public investments in order to assure the program’s financial sustainability. According to this single-closing agreement, resources can only be used when all the financiers have pledged resources and these resources are enough to cover the estimated cost. Funbio is responsible for developing state-wide compensation funds and providing support in estimating the program’s costs and revenues, fundraising from the Brazilian private sector, and designing the institutional and financial structure of the new partnership.

Arpa for Life was launched at the United Nations Conference on Sustainable Development (Rio+20) and at the 11th Conference of the Parties to the CBD (COP 11) held in Hyderabad, India. It is a joint initiative by WWF, Funbio, the Linden Trust for Conservation, the Gordon and Betty Moore Foundation, the Brazilian Ministry of the Environment, and the Chico Mendes Institute for Biodiversity Conservation (ICMBio), and counts on support from the other partners in the Arpa program.

The initiative sets fundraising targets based on cost estimates made using real data, which Funbio has compiled since the Arpa program was created in 2003. These calculations are detailed in a publication entitled “How much does the Arpa program cost?” written by

the Funbio and WWF technical teams.

In 2012, thanks to financing from the Gordon and Betty Moore Foundation and the Linden Trust for Conservation, Funbio was able to conduct studies into the potential for environmental compensation payments being used by Amazonian states. Funbio also signed cooperation agreements with the Pará and Rondônia state governments for the design of funds, whose financial potential is considerable, demonstrating their receptiveness to the project. The funds should be delivered in 2013, when the idea is to set up partnerships with private sector players for the receipt of compensation payments, which will finance the pilot phase of the mechanism’s operations.

Partners:



Photograph: Publius Vergilius



Green Economy in the Amazon Region – UK Prosperity Fund

The aim of this project is to transform the economy of the municipality of São Félix do Xingu (Pará) and have it removed from the list of municipalities under environmental embargo because of its high rates of deforestation and forest degradation.

São Félix do Xingu is a municipality that covers 84,213 km². Although 73% of its original forest cover is still intact, it is at the top of the list of municipalities with the highest levels of deforestation. The municipal economy, based primarily on extensive livestock farming, was hit hard when the municipality was put under environmental embargo by the Ministry of the Environment, which imposed restrictions on credit for some of its farmers.

Increasing effort is being made to transform the São Félix do Xingu economy. Funbio has contributed to this effort with the Green Economy in the Amazon project, in partnership with TNC and with financing from the British Foreign and Commonwealth Office's Prosperity Fund.

The project includes the design of a financial mechanism to help reduce deforestation and forest degradation and a mechanism for the distribution of benefits from REDD+ projects. It shares these experiences within the ambit of the Green Municipalities program.

In 2012 several workshops were conducted with local players to design and validate the São Félix do Xingu Fund,

which will help implement the Agenda for the Municipal Pact for the End of Illegal Logging. To communicate the fund design, a seminar was held in Belém with representatives from the Green Municipalities Program, the Pará state government and the municipality itself, and a publication was also produced.

The design of the benefit-sharing method and financing program for the São Félix do Xingu Fund will be completed in 2013, and the fund will be legally constituted and have its operations manual prepared. The fund will start operating experimentally first in order to adjust its flows and mechanisms.

This initiative stems from the Preparing Brazil for REDD+ project, in which Funbio also participates, which focuses on the states of Mato Grosso and Pará, and also studies the particular circumstances in São Félix do Xingu.

Partners:



Photograph: Publius Vergilius

Feasibility Study for a Cap & Trade Scheme for the Guanabara Bay

This project appraises the feasibility of introducing a cap & trade scheme with the purpose of reducing industrial wastewater pollution in Guanabara Bay and proposes a mechanism for this purpose. This market mechanism would control the emission of wastewaters and improve the state of conservation of the bay.

Several studies were done in 2012 into a number of topics, including: cap & trade projects in other countries; legislation pertaining to industrial wastewaters in Guanabara Bay; the main polluters of the bay; and the pre-conditions for a cap & trade scheme for Guanabara Bay. The socioeconomic and institutional status of the bay was also evaluated, and its environmental status was mapped out.

The preliminary results indicate that several hurdles will have to be overcome before such a scheme can be implemented, namely: the fact that most of the pollution

is caused by a lack of basic sanitation rather than industrial facilities; the fact that the legislation is based on emission concentrations and not emission volumes; and the fact that the state's capacity to monitor industrial wastewaters is limited, amongst other factors.

The project was conducted in partnership with BVRio with a view to its potential future implementation and the application of the system to a different location. This is one of five innovative pilot mechanisms co-financed by the RedLAC Capacity Building Project for Environmental Funds.

Partners:



Photograph: Publius Vergilius



Natura Amazonia Program

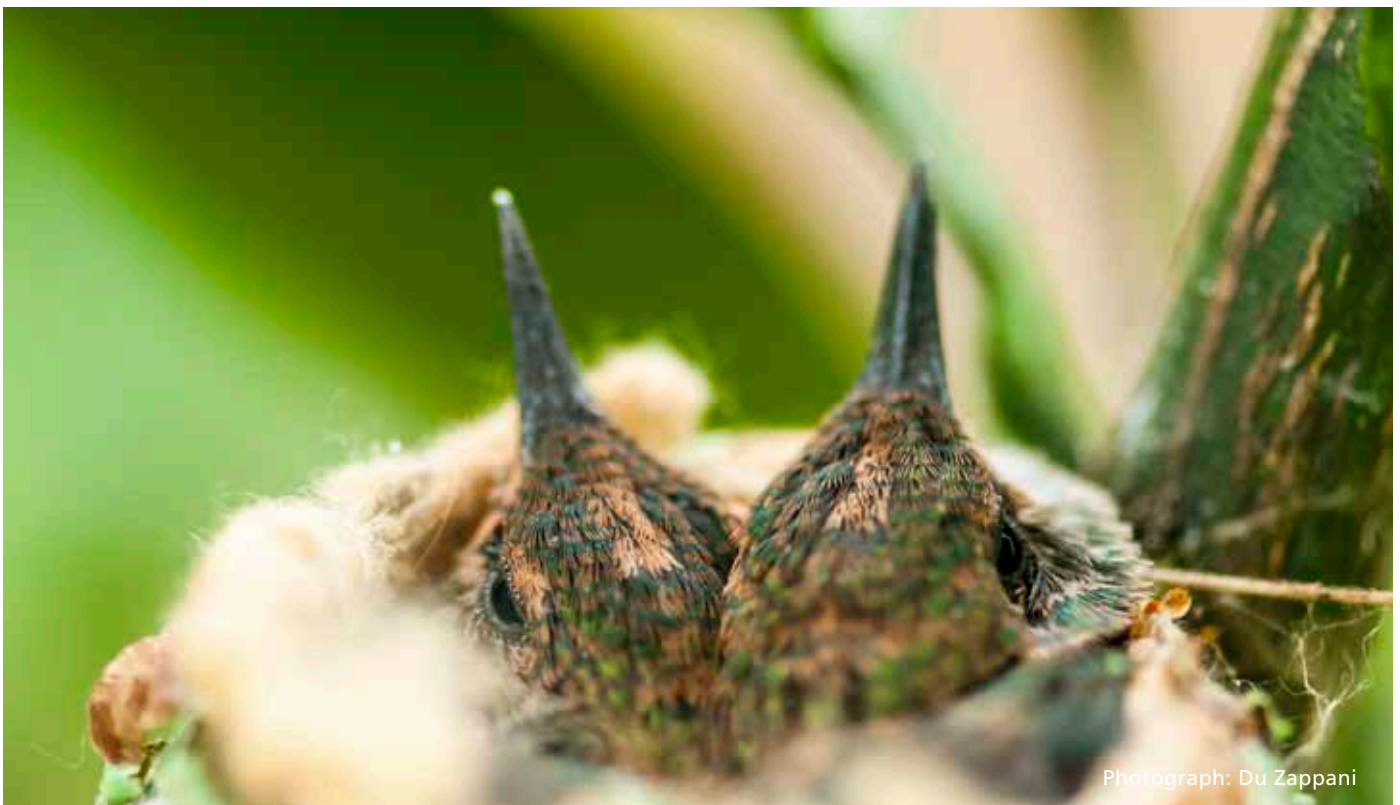
This project is designed to help Natura, a cosmetics company, build its institutional strategy in the Amazon for the coming ten years. Thanks to a detailed study of the region undertaken by Funbio, the company can develop a propitious environment for its socio-biodiversity business, focusing on the sustainable development of the region.

In 2012 the basic model for the company's strategy in the Amazon was presented. To design this model, the demand for resources in different areas of the Amazon where Natura intends to operate was first mapped out. The model also includes a preliminary evaluation of the growth of supply of resources by supplier communities, and the set of proven measures and public policies that should be employed to enable the benefits of the program to effectively promote local development.

These preliminary studies and the intervention proposal include the mapping of the land, a strategy for the company to expand its presence in the Amazon, the ma-

pping of public policies and additional sources of financing, and the design of a financial mechanism to support the implementation of the Natura Amazonia Program.

Partner:



Photograph: Du Zappani



Public-Private Partnerships in Protected Areas

Developed in partnership with the Semeia Institute, E2/LCA and Abeta, this project aims to find ways of boosting the management of protected areas through partnerships with private enterprises in the states of Minas Gerais, São Paulo and Rio de Janeiro, helping to broaden the scope of environmental, social and economic benefits for society by developing the public use of these protected areas.

In 2012 an economic and financial feasibility study was conducted to support the decision-making process for the selection of the most effective management model for the protected areas. The model was introduced at the following protected areas: Serra do Tiririca and Três Picos (Rio de Janeiro), Continuum do Paranapiacaba (São Paulo) and Bocaina National Park (Rio de Janeiro and São Paulo – ICMBio). It involved mapping out the conservation costs of the protected areas and the costs of their respective potential public uses. Using this information, the most suitable management strategies were selected, including different forms of partnership with the private sector, such as concessions and public-private partnerships.

The results obtained from the different protected areas were not uniform, but taken as a whole they indicate that with the conventional formats for exploiting public use and the financial volumes associated with public-private partnerships, a more broad-based strategy will be needed to integrate them into the landscape, incorporating the surrounding areas, so that a variety of businesses can flourish and sustain the projects.

The development of the tool and the studies themselves, conducted in partnership with the state authorities and ICMBio, strengthened these entities' partnerships with Semeia, E2/LCA, Abeta and Funbio in the discussions about the management of protected areas.

Partner:



Photograph: Du Zuppani



Klabin Socioenvironmental Action Plan

This plan was designed jointly by Funbio and Trama Brasil consultancy firm for Klabin. The aim was to design a proposal for the development of the area directly and indirectly impacted by the company's operations.

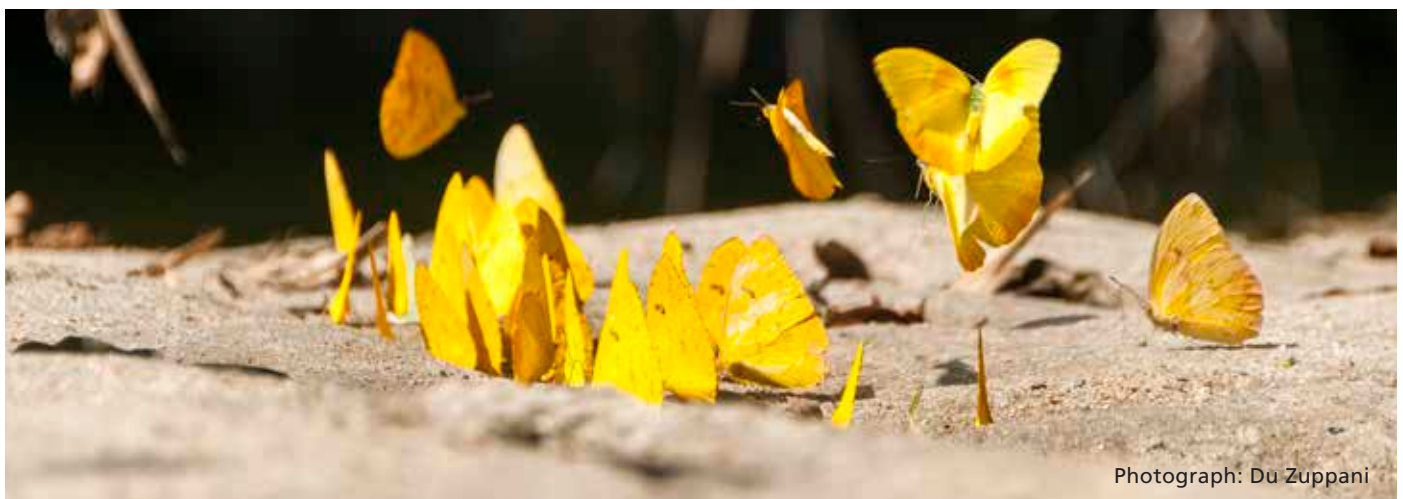
The action plan started being designed in 2012 during the environmental licensing of a new Klabin manufacturing plant in Ortigueira, Paraná. It was designed in different stages in order to identify the specific features of the area, to ensure the engagement of local key players, and then map out the opportunities so that the development proposal reflected the long-term local demands and expectations. This involved hearing the opinions and views of around 200 people from the public and private sectors, civil society and Klabin itself.

During the work, other steps were added to the development of the plan, including the preparation of public meetings, monitoring of the resettlement of people living in the areas acquired for the new industrial complex, and specific formative evaluations to give a better understanding of the territorial dynamics, the identification of new opportunities and, above all, contact with

local key players, such as the Kaingang indigenous people and the residents of the small rural communities.

The first results include: a baseline assessment of the study area, reporting on and appraising the existing and potential dynamics in the areas of direct and indirect influence of the new industrial complex; a baseline assessment of the temporary housing, setting forth the potential interactions between the temporary workers for the project and the urban conglomerates in the areas surrounding their housing; the baseline assessment of resettled people, analyzing the existing and subsequent living conditions of these people and the level of satisfaction of the owners of the land developed for the project; and the baseline assessment of indigenous people, which analyzed the Tybagi-Mococa and Queimadas indigenous lands, occupied by the Kaingang people, in the project's area of direct influence.

Partner:



Photograph: Du Zuppani



Preparing Brazil for REDD+

The project aims are to strengthen the capacity of state and municipal governments in Mato Grosso and Pará to reduce their greenhouse gas emissions from land use by adopting best practices in private land management with a view to supporting the transition to a low-carbon economy.

This initiative, financed by USAID, is implemented by a joint venture led by The Nature Conservancy (TNC) whose other participants are Funbio, Instituto Socioambiental, the Environmental Defense Fund, and Instituto Centro de Vida.

Funbio's task is to develop an economic instrument to encourage best farming practices. São Félix do Xingu, one of the three municipalities with the most cattle in the country and a high rate of deforestation, was chosen by the project team as a case study. Data were gathered and its main production chains were investigated from a social, economic and environmental perspective.

The studies demonstrated the inefficiency of the extensive livestock farming model, which fails to assure the effective generation and distribution of wealth. From what was observed, measures to reduce deforestation should focus primarily on large and medium-sized farmers responsible for deforestation and forest degradation.

Economic instruments designed to induce sustainable farming are being considered, such as incentives in the form of certification for good practices in the farming production chain, the diffusion of new, low-cost, low-complexity technological innovations, and the diversification of economic activities. Similar actions are being considered for smallholders, because although their impact on deforestation is not so great, by simply demonstrating the economic benefits of high productivity, low environmental impact managed cattle rearing, they could potentially win over others in the region. The feasibility study for the implementation of these instruments is planned to be completed by September 2013.

This project gave rise to another, entitled "Green Economy in the Amazon", run by Funbio in conjunction with TNC through financing from the UK Foreign and Commonwealth Office, which is intended to supplement the project financed by USAID and to contribute towards the implementation of the Agenda for the Municipal Pact for the End of Illegal Logging in the Municipality of São Félix do Xingu.

Partner:



Photograph: Publius Vergilius

Sustainable Juruti Program – Funjus and Conjus

The Sustainable Juruti Fund (Funjus) is an innovative experiment in providing financial support for socioenvironmental projects in Juruti, a municipality in the state of Pará. Developed by Funbio, it is an integral part of the Sustainable Juruti development strategy, which also includes an advisory forum called the Sustainable Juruti Council (Conjus) and development indicators, with a baseline systematized by Fundação Getúlio Vargas using a methodology developed in conjunction with the community.



In 2012, Funjus initiated a period of transition in which, four years after its creation, it was merged with the Sustainable Juruti Council (Conjus) to become an independent legal entity, a non-profit civil association. This merger, designed to give it greater fundraising independence, is also marked by a transition of operational attributes, which are gradually being transferred from Funbio, which is taking on the role of “mentor” for the local Funjus/Conjus team, reducing the risk of this option.

The completed projects from the first Funjus call for proposals (2009) were evaluated and included in a final project evaluation report, which served as an input for a review of the demands of the Conjus.

A second call for proposals was launched in 2012, which was designed to encourage local players to seek out additional revenues from public and private sources. The Funjus resources from this process are for technical assistance in the development of proposals and co-financing.

Two projects were approved for the development of proposals, receiving ten thousand reais each. A project for co-financing presented by Instituto de Pesquisa Ambiental da Amazônia (IPAM) was also approved. This project, designed to improve the management of natural resources from the Lower Amazon, is for approximately R\$ 3 million, R\$ 280,000 of which will be provided by Funjus.

As part of its strategy to leverage resources, Funbio, together with Alcoa, has designed several communication products, notably a documentary video shot in Juruti in November 2012, which tells the story of the fund and what it hopes to achieve in the future, seen through the eyes of the local people involved. Resources from Probio II, originating from the GEF through the World Bank, were also approved, providing Funjus with co-financing of around R\$1.5 million for projects for the development of sustainable production chains.

Partners:



Photograph: Publius Vergilius



REDD+ Risks Project

The REDD+ (Reducing Emissions from Deforestation and forest Degradation) Risks Project, developed by Funbio in partnership with researchers from the Fundação Getúlio Vargas Law Faculty Program on Law and the Environment, aims to identify and classify the risks inherent to REDD+ activities for forest conservation, sustainable forest management and increased carbon stocks (REDD+).

In 2012, a number of projects were sampled to map out their respective risks and classify them as economic, social, environmental, legal, institutional or governmental. Surveys were also conducted with stakeholders to incorporate their impressions of the risks inherent to REDD+ projects.

In the next phase of the project, a final report will be drafted containing the main lessons learnt and results achieved by the projects, taking into account the different actors, phases, controls, mitigation strategies, importance and other factors.

Partner:



Photograph: Publius Vergilius



Climate Change and Clean Energy

Funbio recognizes that contributing towards reducing greenhouse gas emissions is a responsibility that should be shared across nations. The programs in which Funbio participates include measures designed to maintain essential forests in order to mitigate the negative impacts of climate change on biodiversity.

Activities:

- Development of initiatives for REDD+ and clean energy projects
- Development of mechanisms for the distribution of benefits from REDD+
- Discussion of public policies for climate change
- Capacity building and technical support for REDD+ initiatives



AFCP - Amazon Forest Carbon Partnership – Rainforest Standard

The main objective of the AFCP is to create the conditions for developing conservation projects in the Amazon that yield carbon credits in exchange for prevented deforestation. These credits must be verifiable and based on the concept of Reducing Emissions from Deforestation and forest Degradation (REDD+). Five Environmental Funds in Bolivia, Brazil, Colombia, Ecuador and Peru and the University of Columbia's Center for Environment, Economy and Society (CEES) are the partners in this initiative, which intends to harness the carbon market to foster social and economic benefits for traditional forest-dwelling communities, while contributing towards biodiversity preservation.



The Rainforest Standard was officially launched at the United Nations Conference on Sustainable Development (Rio+20), held in June 2012 in Rio de Janeiro, as a REDD+ standard that combines social, economic and environmental benefits. The event was led by RedLAC (Latin American and Caribbean Network of Environmental Funds) and conducted in partnership with CEES.

The Rainforest Standard is the only set of standards created specifically for REDD+ that establishes the protocols for calculating carbon (MRV), additionality,

baseline, permanence, conflict resolution, the creation of financial mechanisms, biodiversity monitoring, and other socioeconomic factors. The use of the standard will be coordinated by the five Environmental Funds and CEES, which together form the AFCP.

In the second half of the year, discussions were held about the possibility of the testing of this new methodology in different parts of the Amazon with the private and public sectors in partnership with ICMBio, which is considering the possibility of applying it to a protected area.

Partners:



Photograph: Du Zuppani



Analysis of Incentives and Financing for the Control of Deforestation in Brazil

The aim of this project is to analyze the political and financial dimensions of the fight against deforestation in several Brazilian states. Despite the focus on the Amazon, states in the country's south-east and central-west regions have been explored to identify what policies they already have or are introducing. The goal is to identify complementary, replicable policies of a practical nature that provide incentives for the control of deforestation.

In 2012 the preliminary report was completed, mapping out different state policies and their local and regional impacts. This analysis served as the basis for a search for large-scale financing options to encourage investments in the Amazon.

Dozens of environmental and financial experts were interviewed and two round-table discussions were held

with specialists in São Paulo and Rio de Janeiro to discuss the findings of the report. The final document includes the analysis made, as well as proposed new economic mechanisms which may lead to a reduction in deforestation. In 2013, experts will be approached to discuss the implementation of these proposed mechanisms and appraise their political and financial feasibility.

Partners:



The Munden Project



Photograph: Publius Vergilius



REDD+ Feasibility Study in Acre

The objective of this study is to better understand the regulatory, political and socioenvironmental issues implied in the concept of REDD+ (Reducing Emissions from Deforestation and Forest Degradation) in the Brazilian state of Acre.

Renowned specialists from all the areas addressed by the project provided consultancy services, including Luiz Gylvan Meira Filho and Niro Higuchi. An area of around 1.55 million hectares was studied with a view to appraising the feasibility of implementing a REDD+ project there, its potential to yield carbon credits, and its social impact on the region.

The study concluded that for a future REDD+ project to be successful, the area would have to be divided into three and the project would have to be conducted in stages, which would substantially reduce the implementation costs. The study mapped out the conditions in the area and has been used by partners for the development of proposals for projects to be executed in the coming years.

Partners:



Photograph: Publius Vergilius



Climate Investment Funds (CIF) Forest Investment Program

The Forest Investment Program, run by the Climate Investment Funds, supports efforts to reduce deforestation and forest degradation and promote sustainable forest management that lead to emission reductions and enhancement of forest carbon stocks. In Brazil the program supports the Brazil Investment Plan, which aims to foster the sustainable use of the land and improved forest management in the Cerrado biome through coordinated actions.

The aim of this project was to prepare the Brazilian proposal to be submitted to the World Bank for approximately 70 million dollars in the form of grants and loans.

Coordination meetings were held in Brasilia with the participation of several ministries and civil society representatives. The program's four action lines in Brazil were discussed: low-carbon agriculture plan, registry of rural landholdings, an early-warning system to prevent fires, and a forest inventory of the biome. The proposal was submitted to the World Bank in May and was subsequently approved.

The remaining resources from this project are being used by the Ministry of the Environment to prepare the registry of rural landholdings.

In December 2012 two meetings were held in Palmas to provide training for smallholders' unions in how the registry works. Consultants were also hired to conduct different analyses (social, economic and environmental), which will be concluded in 2013.

Partners:



**Banco
Mundial**

Ministério do
Meio Ambiente

Ministério da
Fazenda

Ministério da
Agricultura, Pecuária
e Abastecimento

Ministério da
Ciência e Tecnologia

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Photograph: Publius Vergilius



Paiter Surui Fund

The Paiter Surui Fund is a financial mechanism created for the implementation of the management plan for the Sete de Setembro indigenous land, drawing on the principles of good governance and transparency, and with the active involvement of indigenous representative councils in decision-making processes. The financial resources obtained from the sale of carbon credits and the resources from other sources will be integrated into the Paiter Surui Fund. Funbio is responsible for the fund’s design and financial management.

The Surui defend the conservation of their natural resources, and in the last decade, under the leadership of Almir Surui, they have prepared a 50-year strategic plan for the conservation, protection and sustainability of their lands. To finance this plan, they have developed a REDD+ carbon project and a fund to receive the financial resources obtained from the sale of carbon credits and other sources. Designed and administrated by Funbio, the fund will finance projects proposed by Surui associations.

In 2012 the fund was validated by the Surui and its operations manual was completed. To capitalize the fund, one proposal was presented to the Amazon Fund and another to cosmetics company Natura for the sale of the first REDD+ carbon credits. Negotiations with both parties are at an advanced stage and are set to be completed in 2013.

Funbio will provide further capacity building for the Surui in the management of the Paiter Surui Fund and in the contracts for the sale of carbon credits from the first harvests on the voluntary market.

Partners:



Photograph: Palê Zuppani

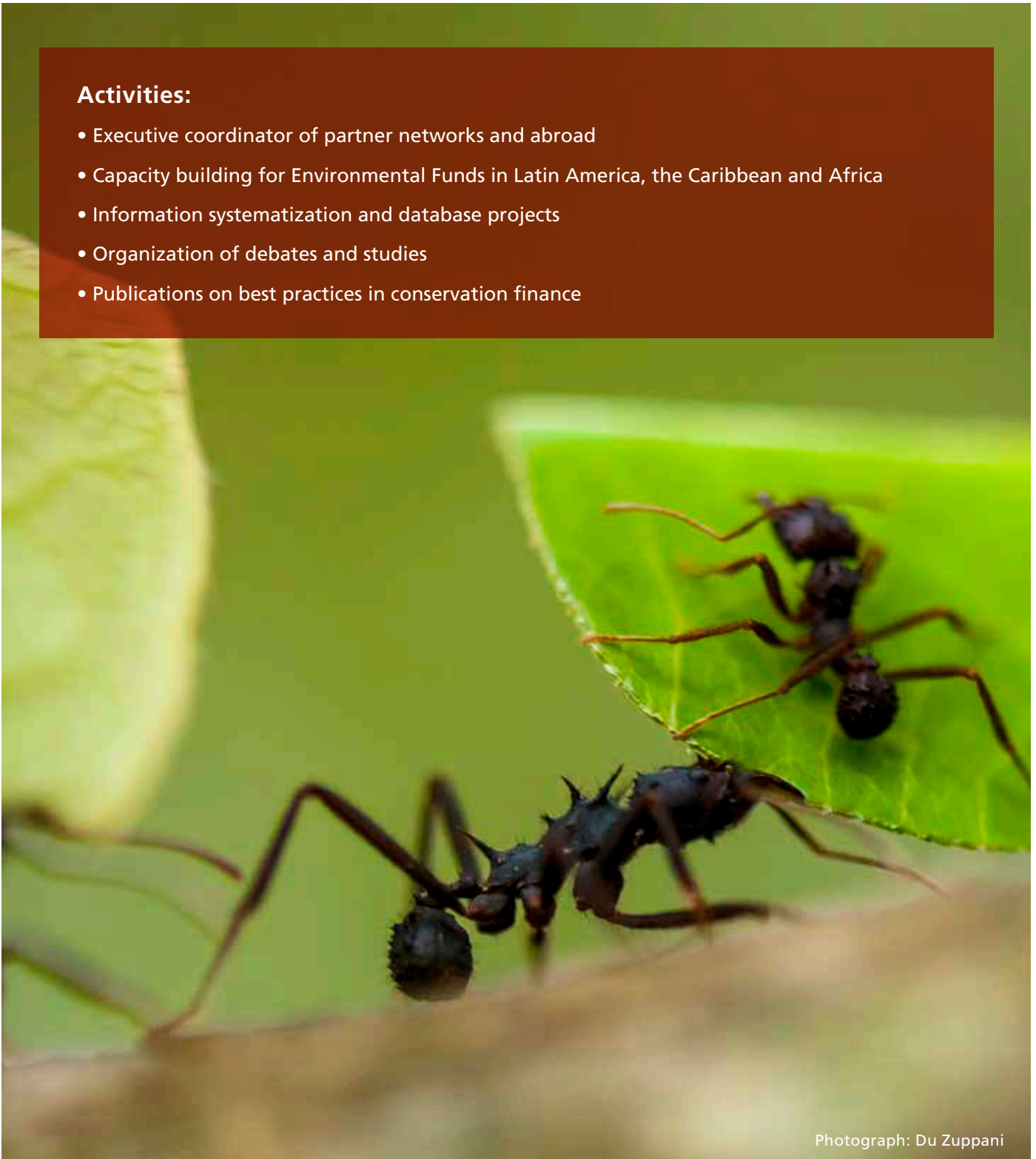


Network Management

Collective knowledge construction and exchange of experiences are important when developing innovative solutions and diffusing best practices in conservation finance. Funbio takes part in international networks and leads projects geared towards institutional strengthening and information mapping.

Activities:

- Executive coordinator of partner networks and abroad
- Capacity building for Environmental Funds in Latin America, the Caribbean and Africa
- Information systematization and database projects
- Organization of debates and studies
- Publications on best practices in conservation finance



Photograph: Du Zuppani



CFA – Conservation Finance Alliance

The CFA contributes to the exchange of knowledge and best practices in conservation finance by holding meetings and debates, conducting research and producing publications.



In 2012 the CFA held its global biennial meeting in parallel with the International Union for Conservation of Nature (IUCN) World Conservation Congress in Jeju, South Korea. Bringing together members from Latin America, North America, Africa and Europe, the meeting served as an opportunity for the reporting of results, and the development of thematic and engagement strategies for the coming years.

In September, the CFA provided support for the 2nd Consortium of African Funds for the Environment (CAFE) Assembly in Entebbe, Uganda. This provided an opportunity for the African funds to develop a strategy to strengthen the newly formed network and to present it to potential regional and international partners.

The CFA also conducted three studies into Environmental Funds: “Comparative Advantages of Environmental Funds and Projects for the Financing of Protected Areas Systems”, “Particularities of Regional Environmental Funds”, and the 5th Conservation Trust Fund Investment Survey. The studies were presented at the IUCN World Conservation Congress, the 2nd CAFE assembly, and the 14th assembly of RedLAC (Latin American and Caribbean Network of Environmental Funds).

Funbio, elected for its third term as Executive Secretariat of the CFA until the end of 2014, continues to be responsible for the management of the network’s activities and tools.

Partner:



toolkit.conservationfinance.org



Photograph: Du Zuppani



Sustainable Dialogues

This program aims to expand private sector engagement in biodiversity conservation through theme-based encounters between business, environmental, academic and government leaders, where they can exchange ideas about the conceptual and practical aspects of sustainability.



The aim of the 2012 Sustainable Dialogues, sponsored by Instituto Arapyaú and supported by Climate Works, Vitae Civilis and Avina, was to promote macro-economic discussions about the green economy, one of the key topics at the UN Conference on Sustainable Development (Rio+20), held in Rio de Janeiro in June.

The line-up of speakers included some outspoken advocates of the need to move towards a green economy, with the aim of indicating limitations and suggesting changes. They were joined by influential economists in the current system who recognize the scale of the transformations underway but have not been forthright in the debates about a potential transition.

Journalist Silio Boccanera was the moderator at the three events held in 2012, whose critical analyses and questions ensured the debates were lively. The audience at the Sustainable Dialogues – of which 11 have now been held – was again made up of leaders in the field whose contributions enriched the discussions.

Video on <http://vimeo.com/funbio>



9TH SUSTAINABLE DIALOGUE
Economic thinking and the limits of natural processes

- Sérgio Besserman
- Hugo Penteadó
- Pedro da Motta Veiga

10TH SUSTAINABLE DIALOGUE
The routes towards a different kind of development and the tools for getting there

- Paulo Bastos Tigre
- José Eli da Veiga
- Samuel de Abreu Pessoa

11TH SUSTAINABLE DIALOGUE
International panel on green economy

- Tim Jackson
- Arminio Fraga
- Ricardo Abramovay

Partners:



Photographs: Publius Vergilius



Ecofunds

The Ecofunds Database project is a collaborative database maintained by RedLAC (Latin American and Caribbean Network of Environmental Funds) whose purpose is to map out investments, organizations and projects involved in environmental conservation, focusing on investments intermediated by Environmental Funds. It enables organizations to promote their work, to ensure greater transparency for their investments, and to better evaluate the environmental financing context in specific regions or thematic areas.



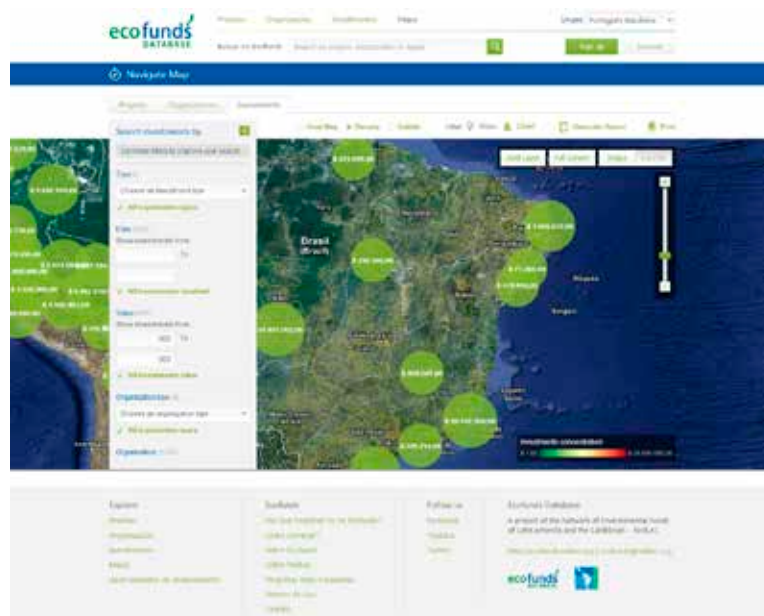
Ecofunds is the first project administrated jointly by members of RedLAC. It is coordinated by Funbio and is supported by eight other Funds from the network and an NGO, all of which work in the Andes Amazon region, the project's primary geographical focus. It has also been chosen as the official tool for the networks' members to pool their data.

In 2012 the first version of the tool was updated, introducing new functionalities that meet the network's needs. Ecofunds 2.0 will be more user-friendly and available in every region, and will also be able to show the concentration of resources on the map. The upgraded tool will be launched in 2013.

Member Organizations:

- Fundesnap (Bolivia)
- Patrimonio Natural (Colombia)
- Fondo Ambiental Nacional (Ecuador)
- Profonanpe (Peru)
- Suriname Conservation Foundation (Suriname)
- Fundo Nacional do Meio Ambiente (Brazil)
- Fondo Acción (Colombia)
- Fondo de las Américas (Peru)
- Bioparques (Venezuela) - NGO

Partners:





RedLAC Capacity Building Project for Environmental Funds

The aim of this project is to build the capacities of Environmental Funds in their operations and their use of innovative financial mechanisms that reduce their dependency on donors and diversify their sources of funding. It has received a total of US\$ 1.9 million from the French Fund for the World Environment and the Gordon and Betty Moore Foundation, and around US\$ 1 million from the member Funds.



In 2012, two capacity building workshops were held in Entebbe, Uganda, and Lima, Peru, on Communication & Marketing and Impact Monitoring, respectively. These were the sixth and seventh workshops to be run by the program, and they attracted participants from 32 Environmental Funds. All the program materials have been posted in English, Spanish and French on the RedLAC website.

Five pilot projects for RedLAC Environmental Funds have been financed and are currently being developed, promoting the creation of innovative financial mechanisms for conservation. At the 14th RedLAC assembly in Lima, Peru, the managers of the five pilot projects met with the project committee to discuss the progress made, challenges faced and next steps.

The program has also developed an impact monitoring methodology for Environmental Funds with the support of a RedLAC working group, for which three te-

chnical meetings were held in 2012. The method will be tested in 2013 by RedLAC members in eight areas of seven countries.

With the goal of strengthening the network, the project has also developed the RedLAC strategic plan and business plan, which were approved at the 2012 assembly.

Find out more at www.redlac.org

Partners:





Financial Management and Auditing

In order to ensure that resources received are optimized and invested appropriately in conservation projects, Funbio engages in financial management activities and the procurement of goods and services, while supporting its partners in the drafting of their annual operational plans, planning project demands and allocating financial resources, goods and services. All this work is monitored and reported back to the financiers and donors on a regular basis, assuring transparency in the use of resources.

The Asset Management Committee, whose members are both invited experts and members of the Board of Directors, is responsible for selecting the professional asset manager, establishing the investment policy for the different funds administrated by Funbio, and monitoring their results. The Finance and Audit Committee, composed of members from the Board of Directors and Advisory Board, is in charge of evaluating Funbio's financial management, and reviewing and signing off on its financial statements.

Financial investments in Brazil and abroad relating to funds and financial resources managed in programs and projects by Funbio:
R\$ 326 million

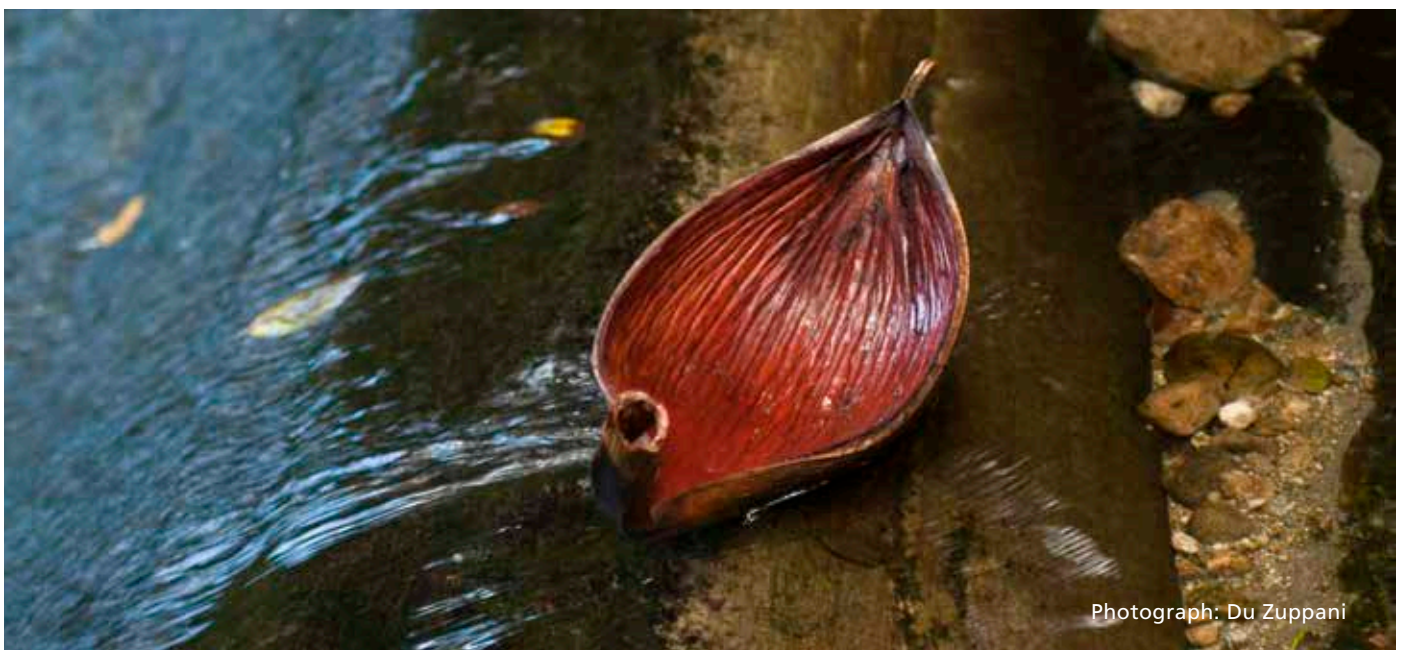
Third-party resources linked to projects:
R\$ 310 million

Funbio funds (own assets):
R\$ 14 million

Funbio in numbers

The financial statements as at December 31st 2012, and the related independent auditors' report and footnotes, are contained in the attached CD and posted on the website:

www.funbio.org.br/en/prestacao-de-contas



Photograph: Du Zuppani



Funbio Team in 2012

EXECUTIVE SECRETARIAT

Rosa Lemos de Sá (CEO) and Ana Flávia de Mello Pavoni (Assistant).

PROJECTS OFFICE

Mônica Ferreira.

COMMUNICATION AND NETWORKS DEPARTMENT

Camila Monteiro, Etienne Mendes, Fernanda Barbosa, Renata Zambianchi and Rômulo Carrijo.

LEGAL DEPARTMENT

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Rosa Lemos de Sá.

ECONOMIC AND FINANCIAL MECHANISMS UNIT

Manoel Serrão, Leonardo Geluda, Luiza Muccillo, Manuela Muanis, Marlena Pinheiro Soares and Nícia Coutinho.

PROGRAM MANAGEMENT

Fábio Leite, Alexandre Ferrazoli, Daniela Leite, Danielle Calandino, Erika Polverari, Fernanda Marques, Filipe da Cunha Mosqueira, Ilana Parga Nina, Natalia Paz, Nathalia Dreyer, Raquel Simiqueli and Vanina Antunes.

CLIMATE AND ENERGY UNIT

Ângelo Augusto Dos Santos and Leonardo Pradela.

PLANNING AND MANAGEMENT AREA

Aylton Coelho Costa Neto.

FINANCIAL SUSTAINABILITY

Marina Machado.

FINANCE

Ana Maria Ramos, Ana Paula Lopes, Daniele Soares, Fabio Eiras, Fábio Abreu, Flavia Fontes de Souza, Flávia Gomes Matos, Josicleide Bezerra, Juliana Mesquita, Marilene Viero, Priscila de Brito, Roberta Martins and Sérgio Dumay.

HUMAN RESOURCES

Heloisa Helena and Barbara Santana.

DOCUMENTATION CENTER

Jacqueline Ricarte and Danúbia Cunha.

PROCUREMENT

Maria Bernadette Lameira, Fernanda Jacintho, José Mauro de Oliveira, Juliana La Terza Penna, Mary Teixeira and Vinícius Chavão.

ADMINISTRATION

Alyne Pires Cunha Silva, Claudio Silvino, Flávia Mol, Luciana Bresciani and Márcio Maciel.

INFORMATION TECHNOLOGY

Alessandro Denes, Gilles Villeneuve, Igor Coutinho and Vinícius Barbosa.

INTERNS

Aline Ribas, Ana Luiza Almeida, Anna Gomes, Anna Rita Lima, Isabela Carvalho, Jeniffer Nunes, Leandro Nascimento, Rafaella Gomes, Thais Rodrigues, Sebastião de Souza and Vitor da Silva Vieira.



Photograph: Du Zuppani



DONORS AND CONTRACTING PARTIES IN 2012

Alcoa Foundation; Alcoa; Alphaville Urbanismo; Banco Mundial; Bioversity International; BP; Brascan; Brasco; Brasfels; Cabiúnas Incorporações e Participações; CEG Rio; Cia Construtora Vila Mar; Climate Land Use Alliance - CLUA; Climate Works; Concessionaria Rio Barra; Conservation Internacional; Construtora Queiróz Galvão; CSN; CTR Itaboraí; CTR São Gonçalo DER; DNIT; Energisa; FFEM/AFD; Fundação Avina; Fundação Skoll Fundo Amazônia-BNDES; GIZ; Global Environment Facility – GEF; Gordon and Betty Moore Foundation; Haztec; Infraero; Instituto Arapyaú; Instituto Semeia; ITTO; Jardel Franco Trindade; JPL; KfW Banking Group; Klabin; Libra Terminal Rio; LIGHTGER; Linden Trust for Conservation; LLX AÇU; Luis Antonio Simões Lopes; Mac Laren Oil Estaleiros; Macaé Projetos e Serviços Ambientais; Mava Fondation Pour La Nature; Ministério de Relações Exteriores do Reino Unido; MPX; Natura; OGX; OSX Construção Naval; Pedras Transmissora de Energia; Petrobras; Pontal de Nova Iguaçu Empreendimentos Imobiliários; Prefeitura da Cidade do Rio de Janeiro; Prefeitura Municipal de Quissamã; Prefeitura Municipal de Volta Redonda; Primus Ipanema Agropecuária; Quitumba Angra Resort Empreendimentos; RedLAC; Santa Rosa; SEMA-PR; SERB; SINPLAN; SPE Dominus; TAG - Baía de Guanabara; TAG - GASDUC III; TAG – Gasjap; Thyssenkrupp CSA; União Europeia USAID; UTC Engenharia; UTE Porto do Açú Energia; Vale.

CREDITS

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We thank the whole Funbio team for their involvement in the production and review of this report and the photographers who assigned their pictures.

ORGANIZATIONS SUPPORTED IN 2012

AMA; AMANE; Amanhãgua; Ambiente Brasil Centro de Estudos; ANSA; APA-TO; APREMAVI; Aquasis; AS-PTA; Associação Brotar e Crescer; Associação Flora Brasil; Associação Mecenas da Vida; Associação Mico-Leão-Dourado; Associação Onça D'água; Associação Plantas do Nordeste – APNE; Associação Pró-Muriqui; Associação Vianeí; ATECEL; Caipora; CEDAC; Centro de Desenvolvimento Agroecológico Sabiá; Centro de Estudos e Pesquisas para o Desenvolvimento do Extremo Sul da Bahia; Centro Ecológico; CEPAN; CIA - Comissão Ilha Ativa; Conservação Internacional do Brasil; COOPCERRADO; COOPERAFLORESTA; Crescente Fértil; CTA-ZM; FAUEPG; FEST; FITOVIDA; FMCN; Fondo Acción; Fondo Patrimonio Natural; FUNATURA; FUNDAG; Fundação Eliseu Alves; Fundação Flora de Apoio a Botânica; Fundação Matutu; Fundação Neotrópica do Brasil – FNB; Fundação SOS Pró-Mata Atlântica; FUNDECC; FUNDEP; FUNEP; IABS; IA-RBMA; IDESC; IEB; Instituto Alto-Montana da Serra Fina; Instituto Ambiente em Foco; Instituto de Ecologia Social Carnaúba; Instituto Floresta Viva; Instituto Primatas; Instituto Pró-Terra; Instituto Socioambiental – ISA; Instituto Terra Brasilis; Instituto Terra de Preservação Ambiental – ITPA; Instituto Walden - Tempo, Homem e Natureza; Instituto Xopotó; Instituto Ynamata; IPÊ - Instituto de Pesquisas Ecológicas; IPEMA; ISPN; Mater Natura; OCT; Pátio das Artes; PREA; Profonanpe; Rede de Sementes do Cerrado; SAVE Brasil; Sociedade Nordestina de Ecologia – SNE; SOS Sertão; SPVS; Terra Viva; The Green Initiative; The Nature Conservancy – TNC; UBEE; WCS.

PHOTOGRAPHS

The photographs that illustrate this report are: Du, Palê and Zé Zuppani.

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Fonts: Frutiger and Arial

Published in April 2013.