



Climate Change and Clean Energy

Funbio recognizes that contributing towards reducing greenhouse gas emissions is a responsibility that should be shared between nations. Funbio and the programs it is part of make efforts to mitigate the negative impacts climate change has on biodiversity.

REDD+ feasibility study

The goal of this study is to guarantee the understanding of regulatory, political and socio-environmental matters related to the concept of Reducing Emissions from Deforestation and Forest Degradation - REDD+ in the state of Acre. The study, commissioned by the Japanese company Marubeni in partnership with ITTO (International Tropical Timber Organization), analyzed general characteristics of the Amazon and specificities in the state of Acre to draw a baseline of the potential deforestation in the project area for the next 30 years. This area, which covers approximately 1.55 million acres, represents 9.5% of the state territory.

Paiter Surui Carbon Fund

The Paiter Surui Carbon Fund is a financial mechanism created to design a management plan for the Sete de Setembro Indigenous Reserve, drawing on the principles of good governance and transparency and using a collaborative decision-making process that requires the active participation of the councils representing the indigenous peoples. In 2011, the design and functioning of the Paiter Surui Carbon Fund were finalized and validated by the indigenous leaders. The fund was launched in Mexico at the United Nations Climate Change Conference (COP 16), and was subsequently divulged during an official event at COP 17 in South Africa.



Network Management

Collective knowledge construction and exchange of experience are important when developing innovative solutions and spreading best practice in conservation finance. Funbio takes part in international networks and leads projects geared towards strengthening institutions and systematizing information on the subject.

RedLAC Capacity Building Project for Environmental Funds

The aim of this project is to build the capacities of environmental funds to operate and use novel financial mechanisms that reduce their dependency on donors and diversify their sources of funding. In 2011 the capacity building project held four theme-based workshops focusing on the work of environmental funds: strategic planning, in Kenya; REDD+, in Brazil; fundraising strategies, in Tanzania; and opportunities for offsetting schemes, in Suriname. The program has received combined funding worth US\$ 1.9 million from the French Fund for Global Environment and the Gordon and Betty Moore Foundation.

Sustainable Dialogues

This program is geared towards expanding the engagement of private enterprise 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. In 2011 the 8th Sustainable Dialog was held, under the topic "Green Economy: TEEB and the inclusion of biodiversity in the country's plans for biodiversity". This coincided with Funbio's 15th anniversary and the annual meeting of its Advisory Board.

Ecofunds

This project for the systematization of conservation investments in the Andes-Amazon region aims to promote a more strategic distribution of financial resources for conservation. It was developed by the Latin American and Caribbean Network of Environmental Funds (RedLAC) under the coordination of Funbio. In 2011, the features of the online database were reviewed at meetings with strategic stakeholders in the seven Andes-Amazon countries where the project has focal points: Brazil, Bolivia, Colombia, Ecuador, Peru, Suriname and Venezuela.



Financial Management and Auditing

In order to ensure that funds are optimized and invested appropriately in conservation projects, Funbio engages in financial management and oversees the procurement of goods and services while supporting its partners as they prepare their annual operational plans, where they predict the demand for their projects and invest the resources received in the form of goods, services or financial resources. All this work is monitored and reported to the financiers and donors on an ongoing basis, assuring the transparent use of financial 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 to be used by the different funds administered by Funbio, and tracking their results. The Finance and Audit Committee, made up of members of the Board of Directors and Advisory Board, is in charge of evaluating Funbio's management activities, reviewing its financial statements and making recommendations on these statements for their approval.

Financial investments in Brazil and abroad relating to funds and financial resources invested in programs and projects by Funbio:

208 million reais

Third-party funds linked to projects:

193 million reais

Funbio funds (own assets):

12.6 million reais



Credits

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We are grateful for the contributions made by everyone at Funbio in the production and review of this report.

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Published on April, 2012



Annual Report 2011

Summary



MISSION

To provide strategic resources for biodiversity conservation



With 15 years of acquired experience, Funbio is fully prepared for today's demands at a time when the private sector is discussing how to integrate development, conservation and the sustainable use of biodiversity. In 2012, Funbio launches a new phase in its work, setting its sights on guiding the transition from the established economic model to the long-awaited Green Economy.

Twenty years since the creation of the Convention on Biological Diversity, which itself gave rise to Funbio, the institution has matured and confirmed its conviction that economic growth cannot be pursued in isolation from conservation and social inclusion. We know that over the long term, disorganized growth with no concern for environmental services can only lead to an unwelcome future, and we are more prepared than ever to support the public and private sectors in their quest to build models that support the Green Economy and guarantee sturdy, reliable foundations for future development.

The United Nations Conference on Sustainable Development (Rio+20) is coming at a time when talks about economic transition are giving way to an active quest for ways to actualize this goal, which is sustainable development. The conference is also a chance for us to showcase the experience we have acquired over the years, including our capacity to manage resources donated by bi- and multilateral agencies and our expertise in investing funds from the Brazilian business community in conservation initiatives for the public good, including environmental offsets and voluntary investments. Many are the routes that lead to the Green Economy, and we are committed to developing innovative solutions to build these routes and draw ever closer to our goal.



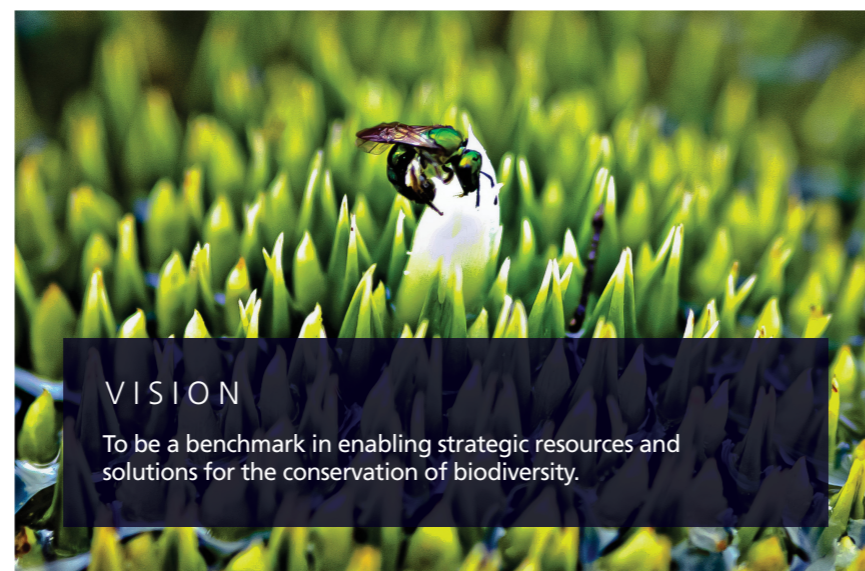
Rosa Lemos de Sá
CEO of Funbio

Institutional Management

The Brazilian Biodiversity Fund (Funbio) is a non-profit organization that raises funds and engages in asset management to provide services for the furtherment of biodiversity conservation, including: designing and managing financial mechanisms; selecting and managing projects; procuring goods and services for environmental projects; making territorial analyses; and articulating different stakeholders in national and international networks. In its 15 years of existence, Funbio has been a strategic partner for the business sector and for different federal and state government entities. Through these partnerships, companies have been able to make socioenvironmental investments and reduce and mitigate their impacts, while also fulfilling their legal obligations. In the public sphere, partnerships have helped consolidate conservation policies and enabled environmental financing programs.

Governance

The Board of Directors has 16 members and is responsible for setting the general strategy and direction for Funbio. It approves the annual operational plans, investment policies and projects. The board members participate on a voluntary basis, contributing with their combined experience and expertise. 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 to address specific issues relating to the projects underway or institutional management issues.



The program and project management area is responsible for investing funds 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 every biome in Brazil.

Atlantic Forest Conservation Fund (AFCoF II)

Coordinated by the Brazilian Ministry of the Environment, AFCoF II marks the second phase of the Atlantic Forest Conservation Fund, which contributes to the protection, sustainable management and recovery of the Atlantic Forest. In 2011, the proposals approved in the May 2010 Call for Projects were contracted, totaling 4.3 million reais. In the Payment for Environmental Service (PES) component, alongside the projects already underway, a contract was signed in 2011 for a PES Education Community, which provides capacity building and support in the communication of PES mechanisms.

Amazon Region Protected Areas (Arpa) - Phase II

The Arpa program is the biggest tropical forest protection initiative in the world. Its goal is to have 60 million hectares conserved and used sustainably by 2018. In 2011 negotiations were concluded for new contracts with the German Ministry for Economic Cooperation and Development, through the KfW Development Bank, and with the World Bank, totaling investments of some 20 million euros and 15.9 million dollars, respectively, for phase II of the program.

Adoption of Parks

In this action line, voluntary private funds are sought to help structure and maintain federal, state or municipal preserved areas for the purpose of conserving biological diversity. In 2011, OGX and MPX signed a contract with Funbio to adopt Fernando de Noronha (Pernambuco) and Lençóis Maranhenses (Maranhão) national parks until 2018, involving investments worth 4.3 and 3.5 million reais, respectively. BP Brasil has also signed a contract worth 300,000 reais to support the administration and environmental management of Tijuco and Prata River State Wildlife Refuge in Minas Gerais for a year.

Fauna Brazil Portfolio

Fruit of a partnership with the Brazilian environmental protection agency (Ibama), the Chico Mendes Institute for the Conservation of Biodiversity (ICMBio) and the Federal Public Prosecution Service, Fauna Brazil Portfolio is a financial mechanism that receives funds from criminal sanctions, environmental fines, donations, sponsors and other sources. Its objective is to finance programs and projects for the conservation of Brazilian wildlife. In 2011 a contract was signed with Petrobras for the Project for Monitoring the South American Manatee in Potiguar River Basin. National action plans for the conservation of endangered species from the Brazilian Wildlife Initiative, run by ICMBio, were also included in the Fauna Brazil Portfolio.

Rio de Janeiro Atlantic Forest Fund (FMA)

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, providing greater agility, efficiency and transparency. In 2011, over 40 developments around the state pledged to channel the funds for their environmental offsets into the FMA, summing a total of 200 million reais. In all, 23 preserved areas – 17 state-run, one federal and five municipal – have received support from the FMA.

Tropical Forest Conservation Act (TFCA)

Funbio is the executive secretariat of the TFCA account, which receives resources from the bilateral agreement between Brazil and the United States deriving from the Tropical Forest Conservation Act (TFCA). The act allows countries that owe money to the United States to swap their debts for investments in the conservation and sustainable use of their tropical forests. In the bilateral agreement between Brazil and the United States, these constitute remaining patches of Atlantic Forest, Cerrado or Caatinga. In 2011, the first call for proposals approved 47 projects, which received 20 million reais in total from the TFCA account. This was the largest call for proposals run by Funbio in terms of volume of financial resources.



BOARD OF DIRECTORS UNTIL DECEMBER 2011

Chairman Pedro Leitão	Vice-Chairman Álvaro de Souza
Academia Sergio Besserman Ricardo Bonfim Machado Oscar Graça Couto Paulo Eugenio Oliveira	Business Álvaro de Souza Bruno Mariani Gabriel Azevedo Roberto Waack
Environment Aurélio Vianna Miguel Milano Paulo Moutinho Pedro Leitão	Government Izabella Mônica Teixeira Bráulio Ferreira de Souza Dias Rômulo Mello

NAME OF ORGANIZATION

Brazilian Biodiversity Fund – Funbio

START OF OPERATIONS

1996

LEGAL PERSONALITY

Private, non-profit organization. Classified under Brazilian law as a Civil Society Organization of Public Interest (OSCIPI, for its name in Portuguese).

GOVERNANCE

The supreme decision-making body is the Board of Directors, whose 16 members equally represent the academic, environmental, business and government sectors. Funbio also has an Advisory Board and two committees: Finance & Audit and Asset Management.

NUMBER OF EMPLOYEES

59 (in December 2011)

OPERATING STRUCTURE IN 2011

The executive secretariat has two departments: Programs and Planning & Management. The

Programs department contains the teams working in Program Management, Financial Mechanisms, Climate Change and Clean Energy, and the Project Management Office. The Planning & Management department contains the back office functions: human resources, financial sustainability, administration, finance, procurement, IT and the documentation center. Funbio also has two supporting areas: communications & networks and legal.

FINANCIAL RESOURCES RECEIVED IN 2011

109.9 million reais, approximately.

RESOURCES EXECUTED IN 2011

33 million reais, approximately.

RESOURCES ADMINISTERED SINCE FOUNDING

319 million dollars, approximately.

NUMBER OF PROJECTS SUPPORTED

181

NUMBER OF PROTECTED AREAS SUPPORTED

195 protected areas (federal, state, municipal and private).

Funbio works towards the creation and consolidation of innovative and sustainable financial mechanisms that increase the amount of available resources for biodiversity conservation.

Public-Private Partnerships in Protected Areas

In partnership with Semeia Institute, the project seeks to encourage a more dynamic management of Protected Areas (PAs) through partnerships with the private sector, aiming at broader environmental, social and economic benefits to society. In 2011, the project mapped the PAs in the state of Minas Gerais, São Paulo and Rio de Janeiro, and evaluated the political context regarding its receptivity to the implementation of private management. In 2012, the project's goal is to apply the feasibility study in four other PAs (Três Picos and Serra da Tiririca in RJ, Ilha Bela in SP and another to be defined in Minas Gerais).

Natura Amazon Program

This project is designed to help Natura, a cosmetics company, build its institutional strategy in the Amazon for the coming ten years. In 2011 Funbio supported the institutional strengthening of the Amazon Program, undertaking the following activities: setting theme-based agendas, undertaking territorial analyses, and selecting priority areas in the Amazon; analyzing the funding environment; and identifying partners and initiatives with synergies.

