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Perspectives

The current panorama leads us to accept with increasing conviction that the deterioration of environmental conditions threatens the well-being of all of humankind. This paradigm shift, which has gradually taken shape since the events that resulted in the Earth Summit in 1992 and more recently in Rio+20,is starting to be taken into account by big business, albeit still incipiently. Sustainable development without reducing productivity now looks like a real possibility. For this to happen, companies are looking for examples and models to show them the way forward, since they now understand thatenvironmental awareness can also be a major corporate asset.

The challenges that have led to the conservation of biodiversity and the valuation of standing forestsare increasingly converging with the responsibilities that many industries are taking on voluntarily. And for this to work, innovation is not just necessary but is actually the only way forward. Funbio wants to take center stage in thegeneration of sustainable ideas and solutions forfinancial mechanisms with the capacity to strike the right balance between production and conservation.

Funbio will soon reach its 18th anniversary. Since it started, it has been fortunate to have inspired leaders and a team committed to executing ourmission. It has acquired broad experience in conservation finance andcome up with novel ideas for projects, helping to make significant positive impacts on the conservation of Brazilian biodiversity. We are fully aware of the path we have so far taken, but equally aware of how far we still have to go.

Our task now is to fortify our foundations, rooted in intrinsic values such as transparency, ethics and innovation, which weconfirmin every new experience we acquire in the projects we run. As an outcome of this learning process, newprojects have been set up in the states of Pará, Rondônia, Amazonas, Amapá and Paraná that are receiving fundingfromenvironmental compensation revenues (article 36 of the law on the National System of Protected Areas). The model piloted in Rio de Janeiro has been an unmitigated success in that not only has itprovided direct fundingfor 40 protected areasin the state, but it has forged transparent relationships with the authorities involved.

We believe that transferring what we have learnt to other funds adds still more value to our experience, since being a benchmark for conservation is part of our vision for the future. We therefore plan to expand our international partnership network still further by providing capacity building for environmental funds. New partnerships have recently been consolidated in Africa with funds fromGuinea-Bissau and Mozambique, spreading Funbio's "DNA" to other cultures with their own particular challenges.

The FunbioGoverning Council and team have a new challenge facing them: to map out the results and divulge the knowledge acquired and embedded throughout these 18 years. What Funbio does for conservation and what biodiversity can offer in terms of new products and services is something we want our audiences to know almost intuitively. On this new path, Funbio will put redoubled effort into better communicating its challenges and achievements. The journey has been long and the prospects are exciting, but the time has come to make the assets Funbio generates for the conservation of biodiversity more visible and tangible.





Funbio

The Brazilian Biodiversity Fund (Funbio) is a registered non-profit civil association. It started operating in 1996 as an innovative financial mechanism for the development of strategies that contribute to the implementation of the UN Convention on Biological Diversity in Brazil.

Throughout its 17-year existence, Funbio has been a strategic partner for the private sector, different state and federal authorities, and organized civil society. Thanks to these partnerships, it has been possible for the companies involved to make social investments, and reduce and mitigate their impacts, while also fulfilling their legal obligations. In the public sphere, they serve to consolidate conservation policies and enable environmental funding programs.

In **17 years** we have:

Administrated US\$ **466** million*

Supported **199 Projects** projects from 154 different organizations

Supported **268** protected areas (all categories of PAs),

representing around 39% 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 from the last day of the month in which they were signed. Contracts signed in dollars are included at their face value.

Funbio operates through different teams which work in a coordinated and cross-disciplinary manneronthe projects managed by the institution.

The **Program and Project Management** area is responsible for investing resources in initiatives in the field through calls for projectsand disbursements to other institutions. Funbioalso turns financial resources into the goods and services needed to roll out projects and consolidate protected areasin 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
- Creation of socioenvironmental funds

Funbio's **Design, Implementation and Management of Financial Mechanisms** area formulates and consolidates innovative mechanisms that yield a larger volume of resources and conducts feasibility studies and analyses of areas for their financially sustainable conservation.







Activities:

- Mapping and analysis of agendas, demands and actors to support interventions in the land
- Analysis of the financial environment for projects
- Optimization of access to existing resources and development of new sources
- Development of financial mechanisms
- Studies for the coordination of policies, programs and projects

The programs in which Funbio participates include measures designed to maintain essential forests in order to mitigate the negative effects of climate change and its impacts on biodiversity. These activities are coordinated by the **Climate Change** area.

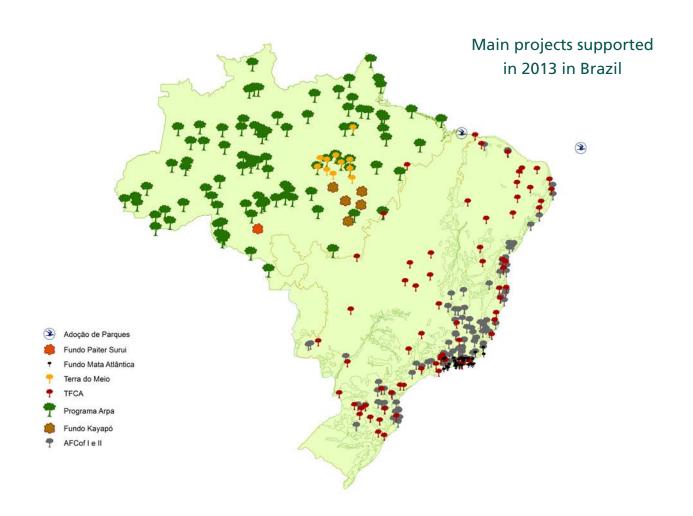
Activities:

- Development of initiatives for REDD+ 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

The **Network Management** team develop collective knowledge building processes and exchanges of experience, contributing to the development of innovative solutions and the spread of best practices in conservation financeand helping to build the capacity of other environmental funds and networks.

Activities:

- Executive secretariat of international networks
- Capacity building for environmental funds in Latin America, the Caribbean and Africa
- Information and database systematization
- Organization of debates and studies
- Publications on best practices in conservation finance







Letter from the Chairman

In 2013 we continued to achieve outstanding performance. Having attained all our investment records in 2012, our challenge now is to consolidate Funbio as one of Brazil's leading organizations for the conservation and protection of Brazilian biodiversity, which adds a new dimension of complexity and responsibility to our actions.

Our scalemakes us a significant player in all Brazil's biomes. Funbio has always been about reinventing itself every year to adapt to the new challenges and needs of conservation. We have agreements with different Brazilian non-profit organizations and several governments and institutions from other countries. In this context, one actor of central importance is the Brazilian government, for the formulation and management of environmental policy. Without this leadership, our mission would surely fail.

Funbio is an important facilitator and coordinator of projects with these different partners and is becoming increasingly noted for the development and implementation of customized financial mechanisms to meet increasingly complex needs. Serving, participating in and contributing to this organization is something that gives me great satisfaction. It is not just about doing my part, but about acting responsibly and consistently with the common goal of building a better world, caring for and bequeathing to the future generations what we inherited from our forefathers: our common heritage, the biodiversity of Brazil, and especially the conservation of Brazil's greatest asset, the Amazon forest.

Having served as an active member of the Governing Council and as its chairman in 2012-13, I feel qualified to state that Funbio's most valuable assets are its people and the credibility it has built up over almost 18 years. It is an inspiration to see this growth and steer these activities, and a privilege to spend time with the other members of the Governing Council, all of whom are leaders in their respective fields.

Having a multi-sectoral Governing Council with representatives from business, academia, government, and key players in the environmental world is a key aspect of our institution. Each link in the chain with its respective level of complexity is crucial for identifying the needs, risks, and means for building effective processes with the power to take us towards our main goal, to fosterthe conservation of biodiversity.

In 2013, which saw more active participation by the Governing Council, Funbio conducted a review of its plans and strategy. We focused our efforts on being the best option and providing the best returns oninvestments made. We actively engaged in formulating safeguards, which were adopted in 2013, and we focused our attention on strengthening our operational area by introducing a new control mechanism in the form of an internal audit area.

I have every faith that as we move forward, making sure that Funbio outgrows and outlives the finite time of the individuals who work here, that our vision for the future will be guaranteed by a positive environment of continuously renewing and adapting the core values shared by the employees and the Governing Council.

Funbio wishes to record its gratitude to Oscar Graça Couto, who left the Governing Councilat the end of the year, for all the contributions he made. We are pleased to announce that Álvaro de Souza will serve as chairman for the coming years.

It is in this environment of constant transformation that I will continue to work, now as vice-chairman, so that Funbio can continue to contribute with strategic resources to the conservation of Brazilian biodiversity.





Governance

The Governing Council has 16 members and is responsible for setting the general strategy and direction for Funbio. Former members and leaders are invited to sit on Funbio's Advisory Council, which convenes once a year and provides technical advice for the institution, while also reserving the right to form technical committees.

The Governing Council held three ordinary sessions in 2013, reviewing Funbio's new institutional policies, asset management practices, and strategic orientation.

At the last meeting, held in December, a new chairman and vice-chairman were elected. In 2014, its former vice-chairman, Álvaro de Souza, takes over as chairman from Bruno Mariani, who is now the vice-chairman. This meeting also marked the conclusion of Oscar GraçaCouto's significant eight-year membership of the Governing Council, vacating a chair from the academic sector to be filled in 2014.

The meeting of the Advisory Councilwas held in August at the Rio de Janeiro Stock Exchange building. The main item on the agenda was the regions to be covered by the National Project for Integrated Public-Private Partnerships for Biodiversity (Probio II). At the meeting, tribute was paid to former Governing Council member, Bertha Becker, who died in July, for the many contributions she made to the fulfilment of the institutional mission.

Governing Council until December 2013

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 (posição a ser preenchida por indicação)

Finance and Audit Committee

Álvaro de Souza; Bruno Mariani; Gabriel Azevedo e José Alentejano.

Asset Management Committee

Álvaro de Souza; Bruno Mariani;

Fábio Spínola; Francisco José Aguiar de Cunto; Gabriel Amado de Moura; José Alentejano e Marcelo Tomaszewski.

Advisory Board

Angelo Machado Aspásia Camargo Beatrice Padovani Ferreira Benjamin Gilbert Bertha Becker (falecida em julho de 2013) Carmen Lúcia D.B.R. 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
Lidio 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 Ronaldo Weigand Ruy Barbosa da Rocha

About Us – Funbio's team in 2013

General Secretary

Rosa Lemos de Sá (Secretária Geral) e Ana Flávia de Mello Pavoni.

Projects Management Officer (PMO) Mônica Ferreira

Communications and Networks Advisory

Camila Monteiro, Fernanda Barbosa, Karine Barcelos, Renata Zambianchi e Rômulo Collopy.

Legal Advisory

Flávia Neviani, Mateus Almeida e Paulo Miranda.

Internal Audit

Alexandra de Macedo e Michel Bortolini

Programs Superintendence

Rosa Lemos de Sá

Financial Mechanisms

Manoel Serrão, Andreia de Mello, Leonardo Geluda, Luiza Muccillo, Julia Queiroz, Manuela Muanis, Marlena Soares e Nícia Coutinho.

Program Management

Fábio Leite, Alexandre Ferrazoli, Daniela Leite, Danielle Calandino, Erika Polverari, Fernanda Marques, Filipe Mosqueira, Heidi Acampora, Laura Petroni, Ilana Parga Nina, Maria Rita Olyntho, Natalia Paz, Nathalia Dreyer, Raquel Simiqueli, Rejane Freitas e Vanina Antunes.

Climate Change

Ângelo Augusto dos Santos e Leonardo Pradela.

Planning And Management Superintendence

Aylton Coelho Neto

Financial Sustainability

Marina Machado

Finance

Ana Maria Ramos, Ana Paula Lopes, Daniele Soares, Fábio Abreu, Flavia Fontes de Souza, Flávia Gomes Matos, Josicleide Bezerra, Marilene Viero, Priscila de Brito, Roberta Martins, Vitor da Silva Vieira, Mayara Bernardes e Sérgio Dumay.

Human Resources

Heloisa Helena e Barbara Santana.

Documentation Centre (Cedoc)

Jacqueline Ricarte e Danúbia Cunha.

Project Procurement

Maria Bernadette Lameira, Eliane da Silva, Fernanda Jacintho, José Mauro de Oliveira, Juliana Penna, Livia Berçot, Mary Teixeira e Vinícius Chavão.

Administration

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

Information Technology

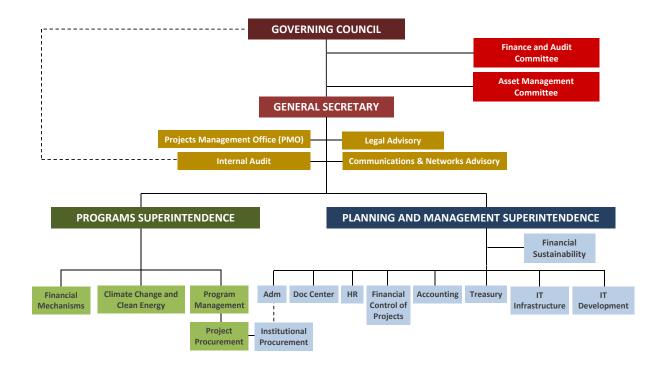
Alessandro Denes, Gilles Villeneuve, Igor Coutinho e Vinícius Barbosa.

Interns

Anna Gomes, Aline Ribas, Bruna Muniz, Daniel Neves, Felipe Camello, Felipe Serra, Flávio Rodrigues, Isabela Carvalho, Jaqueline Santos, Jeniffer Nunes, Priscila Larangeira, Rafaella Alves, Thais de Souza, Thais Medeiros e Yully Vogas.



Organization Chart







Adoption of Parks

In this funding method, private voluntary investments are sought to establish 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 investments, companies enjoy public recognition of their sponsorship and gain increased visibility in communication initiatives.

In 2013, corporate funds received from OGX andEneva, formerly MPX, were invested in the Fernando de Noronha National Marine Park in the state of Pernambuco, and Lençóis Maranhenses National Park in Maranhão, respectively.

Since the project began in 2011, new infrastructure has been built in these parks. At Lençóis Maranhenses, the main improvements are: building of a bridge over Riacho do Cedro, providing access to Lagoa Azul (a lake that is a key tourist attraction in the park); the building of a car and boat park; the renovation of the Atins outpost, including lodgings

and an administration office for the park; renovation and maintenance of all the vehicles, including a Flexboat, a Toyota Bandeirante, quadricycles, and vans. These renovation and maintenance works were crucial for the inspection activities to be conducted.

In Fernando de Noronha, the administrative headquarters were renovated and extended, a project was drawn up for the renovation and extension of the researchers' lodgings, some acquisitions of goods were made, and the park's vehicles and infrastructure were maintained.

UC	Area (hectares)	Amount	Financier
Fernando de Noronha National Marine Park	11,2	R\$ 2,3 million*	OGX
Lençóis Maranhenses National Park	155	R\$ 2,1 million*	عربر ع eneva

^{*}amounts updated in 2013





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 will support the creation of 13.5 million more hectares of protected areas and consolidate around 32 million hectares.



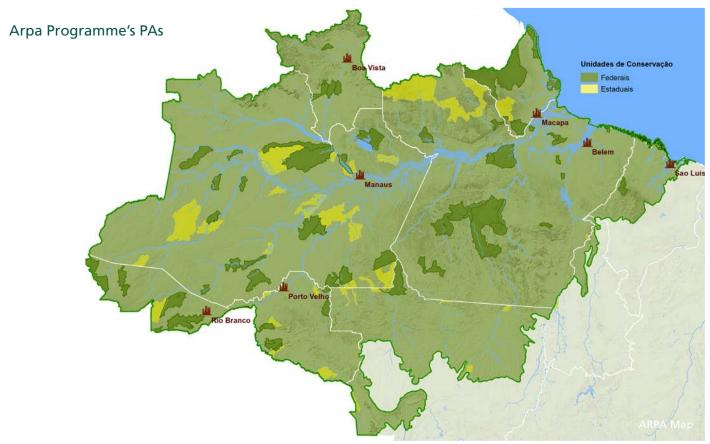
Arpa is currently supporting the consolidation of 95 protected areas in the Amazon and the creation of a further 20 by supporting the drafting of management plans, the formation of management boards, boundary demarcation and land tenure arrangement, the supply of amenities and infrastructure, and covering recurring costs such as fuel, materials, and low-cost local services.

In 2013 Arpa selected 12 Sustainable Action Plans and two Indigenous People's Action Plans for the implementation of community projects in the protected areas buffer zones. It also finished three preliminary environmental assessments, one preliminary socioenvironmental assessment, and one public consultation process for the creation of protected areas.

The investments for 2013 include funding for the following activities: preparation of management plans; holding of meetings of the management councilsof protected areas; activities addressingboundary demarcation and land tenure issues; preparation and implementation of protection plans; and acquisition of basic equipment for the management of the protected areas.

As a result, ten protected areas reached the basic level of boundary demarcation and resolution of land tenure issues:

- Antônio Mujica Nava/Serra dos Três Irmãos Ecological Station
- Xingu State Park







- Juruena National Park
- Serra do Divisor National Park
- Alto TarauacáExtractivist Reserve
- ArapixiExtractivist Reserve
- Rio UniniExtractivist Reserve
- Rio JutaíExtractivist Reserve
- Rio XinguExtractivist Reserve
- Niquiá Ecological Station

Two protected areas attained an advanced level of boundary demarcation and resolution of land tenure issues, making them eligible to receive resources from the Protected Areas Fund:

- Jarú Biological Reserve
- Cantão State Park

The operational plans for 2014-2015 were approved by the Program Committee and the planning of inputswas consolidated together with the protected areas concerned. Three workshops were also held in Brasília to prepare the Annual Operational Plan for

2014-2015, with one manager from each protected area supported by Arpa taking part.

In 2014, the Arpa capacity building plan will be finished, as will the design and negotiation of a new long-term funding strategy called Arpafor Life. The new strategy will create a transition fund that will make decreasing investments while the government undertakes to gradually increase its investment in protected areas until it covers all the costs, over a period of 25 years. The Protected Areas Fund, an endowment fund of which only the earnings will be used for fully legalized protected areas, will compose the transition fundin this new phase.

The Protected Areas Fund ended 2013 with around 30.1 million dollars and 60.5 million reais.

Partners:





giz KFW









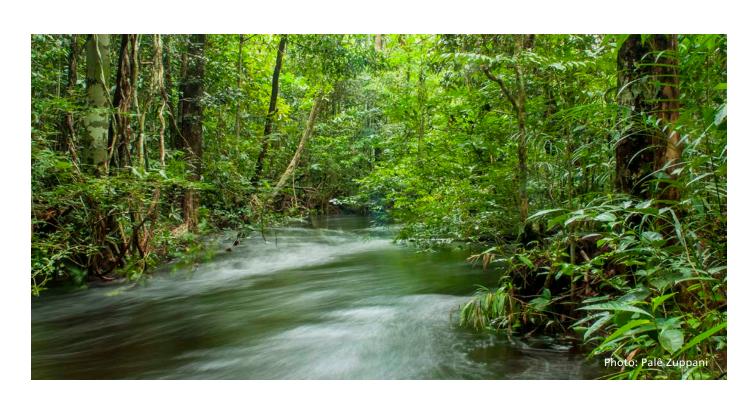


Governos Estaduais da Amazônia Brasileira: Acre, Amapá, Amazonas, Mato Grosso, Rondônia, Pará e Tocantins



Meio Ambiente









Commitment to the Amazon – Arpa for Life

This project proposes a new funding strategy for the Arpa (Amazon Region Protected Areas) program. The model combines the resources already in the Protected Areas Fund with private, bilateral, and multilateral investments, creating a transition fund. This fund will enable a gradual increase in the public funding of protected areas over 25 years, assuring financial stability for the program.

Arpa for Life was launched during Rio+20 as a joint initiative of 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 (IC-MBio), and counts on the support from the other partners in the Arpa project. The initiative sets fundraising targets based on cost estimates made using real data from the Arpa program, which Funbio has compiled since it was created in 2003, in conjunction with data on investments from ICMBio. These calculations are detailed in a publication entitled "How much does the Arpa program cost?" written by the Funbio and WWF technical teams.

The strategy to compose the fund, named single closing agreement, uses the resourcesonly when all the financiers have signed pledges and there are sufficient funds to cover the estimated costs.

In 2013, Funbio and the Brazilian Ministry of the Environment focused their efforts on raising funds from Brazil's business sector, withthe development of a new operations manual for the program andsome adjustments to the donation contracts signed and pledges made. Funbio also worked on developing environmental compensation funds for the states of Pará, Rondônia and Amapá, having already validated the format of the funds for Rondônia and Pará. A new institutional and financial arrangement for the program (flows, processes, governance), to be used after the single closing agreement, was also designed.



















Consolidation of the Protected Areas in the Terra do Meio Region

The mission of this project is to help reduce deforestation and foster biodiversity conservation in the Amazon through the 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 part of a vast area of contiguous protected areas covering a total of 28 million hectares, making it the second largest biodiversity corridor in Brazil.

The project, which started in 2012, was ramped up in 2013 after new measures were taken to address the deficits in the protected areas' teams. These included contracting a professional from Funbio to be based in Altamira to support local investments, and the involvement of ICMBio's macro-processes in the operationalization of the project.

The shortage of managers for the protected areas also had an impact on the use of the joint debit cards, a financial mechanism developed by Funbiowith the purpose of facilitating local expenditures. Funbio responded to this by introducing alternative mechanisms for local investments, including a fuel card and umbrella contracts. Both are being preparedby the Funbio procurement team.

From August to October 2013, some meetings were held between Funbio, ICMBio, and the Ministry of the Environment to adjust the planning process. The proposed adjustments were forwarded to the European Union for appraisal. Meanwhile,

training in operational procedures was given in Brasilia for the people responsible for the macroprocesses at ICMBio.

In 2013, as part of this project, six meetings were held of the management councilsof protected areas and the first steps were taken for the creation of a board for Flotalriri. Inspections were conducted at Riozinho do AnfrísioExtractivist Reserve, Xingu, and Terra do Meio Ecological Station, newequipment was acquired, signposting was introduced at Terra do Meio Ecological Station and-Triunfo do Xingu Conservation Area, and support was provided for local development strategies, such as a bio-jewelry workshop and workshops for the production of wooden furniture.

The Terra doMeioproject complements the Arpa program, since seven of the 11 protected areas are also supported by Arpa. The fact that Funbio manages both programs prevents the duplication of activities and assures the best possible performance for the protected areas.













Mechanism for the Conservation of Biodiversity in the State of Rio de Janeiro (FMA/RJ)

The Atlantic Forest Fund of Rio de Janeiro(FMA/RJ) was developed by Funbio to foster environmental investments in the state and to find new ways of supporting protected areas with greater efficiency and transparency. Funbio administrates the FMA/RJresources through a partnership with the Rio de Janeiro State Department of the Environment. So far, ithas received resources from the compensation for the environmental impacts of productiveenterprises, regulated by the National System for Protected Areas.

Since its creation, FMA/RJ has supported 40 municipal, state, and federal protected areas in the state of Rio de Janeiro. Eight of these are for sustainable use, and 32 are for strictprotection. Combined, they provide protection for an area of around 430,000 hectares. The support is provided in the form of the acquisition of goods and services for the protected areas. The total allotted to projects from March 2010 to December 2013 sums around 101 million reais, of which around 72 million has been executed.

In 2013, the environmental compensation management system was supervised, and the pilot project for the joint debit card scheme, a new method for transferring funds to the 16 protected areas indicated by INEA, theRio de Janeiro state environmental institute, was completed. This pilot project also started to be operated using funds from the first disbursement of the endowmentfund, which already contains 21 million reais for the maintenance of protected areas in the long term.

Funbio has started to respond to requests for new projects by the Rio de Janeiro State environmental compensation committee (CCA), and eight municipal projects are currently under analysis. The FMA/RJ page on the Funbio website has been updated to include comprehensive information about the mechanism, namely: calls for proposals for acquisitions of goods and services; accounts; applications for reimbursements to the Rio de JaneiroState Department of the Environment; list of acquisitions per protected area; FAQs; and the portfolio in English.

The plans for 2014 are that funds from other sources, such as Conduct Adjustment Agreements (TAC), will be made available, and that the reviews of the operations manualsfor the joint debit card, the trust fund, and other sources will be completed.

The experience Funbio has acquired in Rio de Janeiro with FMA/RJ is now being multiplied out to other states, where similar mechanisms are being developed, enabling the effective use of the resources available for the protected areas.



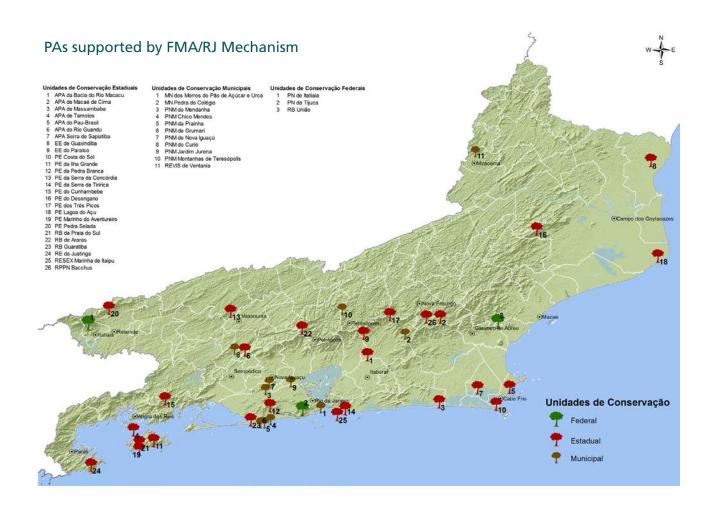








Mechanism for the Conservation of Biodiversity in the State of Rio de Janeiro (FMA/RJ)







GIZ Anavilhanas Project

Funded by the GermanAgency for International Cooperation (GIZ), this project aims to build a floating headquarters for Anavilhanas National Park on the Negro river in the Amazon, to be administered by ICMBio.

Signed in December 2012, the main goal of this initiative is to build a new floating office, using novel structures (containers) and alternative energy sources, such as solar energy. The focus is to provide public servicesin the national parks during major events in the country. In 2013 the contracting process for the company to develop the final project for the floating officewas commenced, as was the bidding processfor the services needed to build and assemble it. In 2014, the office will be built, with the construction work being supervised by Funbio.













AFCoF - Atlantic Forest Conservation Fund

The Atlantic Forest Conservation Fund is a financial mechanism administrated by Funbio to support the Atlantic Forest Protection Project, which contributes towards the protection, recovering, and sustainable management of the Atlantic Forest. The financing for the mechanism comes from the KfW Development Bank (German Development Bank). The project itself is part of 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 2013 the latter stages of the project were continued, with the replanning and investment of the last resources, which came from abroad and were used to acquire goods and services for the Ministry of the Environment. 39 consultancy services were contracted during the project and completed in 2013. They included: studies to map remaining forestcover; studies for the creation of new protected areas; socioeconomic studies for legalization ofthe areas around the protected areas and to compile the results from the projects supported; studies to analyze the feasibility of using payments for environmental services; and studies for income generation for farmers in the biome.

A publication was launched setting forth the lessons learned from the challenges faced and best practices observed in the payment for environmental

services pilot projects. Publications were also brought outwith lessons learnt to help the development of municipal plans for the conservation and recuperation of the Atlantic Forest, and about the environmental complianceof rural landholdings based on the experience of the Association of Municipalities of Alto Vale do Itajaí. The lessons learned in the management of protected areas in the Atlantic Forest will be presented in a final publication in 2014.

A launch event was held of the publications and a presentation was made of the Atlantic Forest Charter, a document produced during Atlantic Forest Week, held in May by the Ministry of the Environment, where the current state, lessons learnt and prospects for the protection, recuperation, and sustainable management of the forest were discussed.

Partners:



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Policies and Monitoring of the Cerrado Biome

Funbio is the financial manager of the "Policies and Monitoring of the Cerrado Biome" sub-project, one of four components of the Sustainable Cerrado Initiative, run by the Brazilian Ministry of the Environment and funded by the Global Environment Facility through the World Bank. The aim is to help enhance the value of the Cerrado through conservation, restoration, recuperation, and sustainable management initiatives.

The aim of the sub-project is to develop a policy structure for the conservation of the Cerrado with at least two policy components adopted, contributing to conserving the biodiversity in more than 20% of the biome and at least four priority regions. The hope is that the goal of protecting one million hectares of the biome will be reached. Four million dollars will be invested over four years.

In the second half of 2013, four consultants were hired for land tenure and socioeconomic studies of the Serra do Espinhaço area in Minas Gerais, for studies for the expansion of Serra do Intendenteand Serra do Rio Preto State Parks, and for the Domo de Araguainha regionof Mato Grossofor the future creation of a preservation area. A proposal for the creation of a wildlife sanctuary in an area covering 54,214 hectares inthe middle Tocantinsriver basin was also sent to the Chief of Staff's Office.

Contacts were signed for economic macro-zoning, the creation of a database for building a sociobiodiversity portal, and the planning of a conservation project and policies. These were all within the broader context of undertakings made as part of the UN Convention on Biological Diversityand the Aichi Targets.

With regard to sustainable management practices, the archive of best practices was organized and initiatives to foster traditional knowledge and best practices for the sustainable management of the Cerrado's natural resource were publicized. Additionally, the following results were obtained: 200 farmerswere trained by the Reference Center in Wildlife Conservation and the Restoration of Degraded Areas (known as CRAD in Portuguese), in Paracatu, and about 800 hectares were managed; four CRADs were introduced; andgeoprocessing studies were undertaken alongsidelCMBioas part of the creation of a database on biodiversity, vegetationcover, and land use.

Regional meetings were also held in the states of Mato Grosso do Sul, Minas Gerais, Goiás, Distrito Federal, and Tocantins to provide inputs for the formulation of the Cerrado Bill, coordinated by the Cerrado Network. The sub-project was responsible for coordinating the agendas of different social groupings from the region, mapping the socioenvironmental conflicts. Ordinary meetings of the Sustainable Cerrado Initiative Board were also held.

As regards public policymaking, the Priority Areas for Conservation, Sustainable Use and Sharing of Biodiversity Benefits were updated, and support was provided for the definitions for the Economic and Ecological Macro-Zoning of the Cerrado.

Partners:















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 is a broad-based action plan, combining different agendas to support marine and coastal conservation. This is a Funbio initiative, in partnership with the Ministry of the Environment, the Chico Mendes Institute for Biodiversity Conservation (ICMBio), the Ministry of Mines and Energy (MME/Petrobras), financed by the Global Environment Facility via the World Bank.

GEF Mar total amount is of around 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. The project also counts withco-financing from the Ministry of the Environment and ICMBio.

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 a hundred governments, international organizations, and private sector

and civil society groups, including Funbio, with a common commitment to marine conservation.

In 2013, alignment meetings were held in preparation for the appraisal mission in December, which served to fine-tune understandings for the drafting of the Project Appraisal Document. This document describes the context and means by which the program's partners undertook their respective duties, and is used as a reference for investments and the design of socioenvironmental safeguards. The investment of funds by the program should beginin 2014.

Partners:













Tropical Forest Conservation Act – TFCA

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. 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-swap agreement sum 20.8 million dollars.



Since 2011, the TFCA has held four calls for projects, in which 82 projects have been selected to receive support. Of this total, by the end of 2013, 43 of the 78 projects underway had already had their results monitored by the Funbio team, and four were set to begin in 2014. The thematic areas covered are: protected areas, landscape management, capacity building, species management, community projects, network strengthening, and capacity building in the mobilization of financial resources.

In October, the 1stTFCA Project Seminar was held in Florianópolis, Santa Catarina. The TFCA Committee and the institutions responsible for the projects that have received support took part in the event. The three days included a variety of workshops, talks, and plenary sessions with the committee, as well as

the communication of results. The event served to promote an exchange of experiences and interaction between the institutions working in similar fields or the same biomes, and to foster discussion about the sustainability of the results obtained in the projects.

In 2013, the TFCA page on the Funbio website was updated to include information on the projects that have received funding. Each project has its own page with details of its objectives, partners and expected outcomes thanks to the support of the TFCA. In 2013, 77 videos were also produced containing statements by the institutions supported, giving an overview of the conservation work being done, as well as a video explaining the TFCA agreement. These communication materials will be divulged throughout 2014.

Partners:















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

The aim of this project was to analyze the political and financial dimensions of different Brazilian states in the fight against deforestation. Despite the focus on the Amazon, the policies that existed and were under development in states from the south-east and central west regions of the country were also examined. The aim was to identify complementary and replicable practices and policies that create economic incentives for the control of deforestation.

Concluded in 2013, this project resulted in the publication of an article entitled "Economic Instruments for Reducing Deforestation in the Amazon" in partnership with the Climate and Land Use Alliance and US consultancy firm The Munden Project. In it, the basic dynamics in the political, spatial, and economic realm that lead to deforestation in Brazil are analyzed. The relative capacity and motivations of the state and federal leaders in dealing with each of these dynamics are considered. The article also proposes ways in which federal and state governments could work together to create incentives for sustainable production and economic mechanisms for the funding of such activities, improving the control of deforestation.

All the planned stages of the project were completed, which included interviews with environmental and finance experts, mapping of different state policies and their local and regional impacts, roundtable discussions with experts in São Paulo andBrasília, and the writing, typesetting, and layoutof the final publication.

Funbio did a case study of a specific production chain in the municipality of São Félix do Xingúin Pará to test the legal and economic feasibility of the project. The study tested different tax schemesaimed at encouraging transition from the current livestock production model to a sustainable model.

Partners:



The Munden Project





Conservation and Management of Pollinators for Sustainable Agriculture Using an Ecosystemic Approach

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 technical coordinator of the project is the Ministry of the Environment.

Since the project started in 2010, the pollinators of seven crops (cashew, Brazil nut, apple, tomato, melon, canola, and cotton) have been monitored, and 25 meetings have been held with farmers to spread good practices for the sustainability of the diversity of pollinators of farm crops and the surrounding native vegetation. The project's scientific discoveries have been communicated in 80 papers presented at conferences and published in 40 articles. In 2014 a number of books and booklets will be published using language that can be easily understood by agricultural andextensive farmers.

In 2013 the subject that was the focus of communication and awareness-raising activities was "pollination and agriculture". Meetings were held for farmers at agricultural fairs and events, where they had the opportunity to learn about pollinators and the benefits of pollination services to agriculture. Informative leaflets, newsletters, videos, and radio and television broadcasts were also prepared, the latter of which went out on Embrapa'sDia de Campo naTVtelevision program.

Some important meetings were held in 2013 with the different countries involved in the project, includinga Meta-Analysis Workshop in São Paulo to jointly appraise the pollination deficit in Brazil, Ghana, Kenya, South Africa, India, Pakistan, China,



Norway, Colombia, Zimbabwe, Argentina, and Indonesia. Kenya also hosted a global meeting to discuss the prospects for action in public policymaking, and in South Africa a meeting was held about socioeconomic valuation.

The project has contributed to the work of the Brazilian environmental protection agency, Ibama, in its study of the influence of pesticides on pollinators, which is serving as a basis for the reappraisal of pesticidesfor the review of the respective law. In 2013 a paper was presented in Paris at an OECD meeting about the study.

















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

This project promotes 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 also focuses on communicating information and public policymaking concerning the purchase of foodstuffs, minimum prices, and socio-biodiversity products.

This project, run in partnership with Bioversity 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 administrating the project's resources in Brazil.

2013 saw the continuation of research into nutritional value and work in conjunction with government entities and programs involved in the purchase of foodstuffs for school meals. A capacity-building workshop was held for members of the Collaborative Centers for School Nutrition and Food about the

survey of nutritional data on native species using a special FAO methodology. A new call for proposalswas also launched to select researchers to gather and compile nutritional data on selected species.

In 2014, the selected researchers will receive training, the national nutrition strategies and policies will be reviewed, national guidelines on food safety will be prepared, the project will be communicated in publications and at international events, a data gathering effort will be run, and a congress for the project will be organized for 2015. The project is being run simultaneously in Turkey, Sri Lanka, and Kenya.

Partners:

















Sustainable Cities Fund

This study evaluates the feasibility, design, and implementation of a mechanism for funding the environmental and climate agenda of Brazil's urban spaces for the creation of a Sustainable Cities Fund.

Cities play a key role in mitigating greenhouse gases and adapting to climate changeand its impacts. However, public and private investments have been made in infrastructure that fail to take into account different social, climatic, and environmental variables. Changing these investments also depends on creating new financial mechanisms that facilitate access to existing resources and provide access to new funds to support urban agendas in the long term.

The project, which started in 2013, will make an initial review of current requirements and the resources available per sector. This will lead to the design of a proposed financial and legal mechanism and the gauging of interest on the part of potential donors to get the mechanism working in its initial format under incubation by Funbio. The mapping of agendas, actors, and the funding environment is at its final stage. The next stages will involve analyzing the feasibility of the fund, risk mapping, and the initial design of the future mechanism, including legal, financial, governance, managerial, and administrative issues, factoring in validation and adjustment processes in conjunction with key players.







Forest Investment Program of the Climate Investment Funds

The Forest Investment Program of the Climate Investment Funds supports efforts to reduce deforestation and forest degradation and promote sustainable forest management in order to reduce emission-sand increase 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 is to prepare the Brazilian application to be submitted to the World Bank for approximately 70 million dollars in the form of grants and loans. Since the start of the project in 2012, different meetings have been held involving several ministries and civil society representatives to discuss the program's four action lines in Brazil: the low-carbon agriculture plan, the registry of rural landholdings, a fire early-warning system, and a forest inventory of the biome.

In 2013, the contracting processes for consultants to conduct different social, economic, and environmental analyses were started. Work on the Brazil Investment Plan for the Forest Investment Program was also continued and, upon the request of the Ministry of the Environment, the deadline for the conclusion of the project was extended. The World Bank has approved the proposal, and the deadline for finishing the activities is set for June 2014.

Partners:



Ministério do Meio Ambiente Ministério da Fazenda Ministério da Agricultura, Pecuária e Abastecimento Ministério da Ciência e Tecnologia









How much does it cost to consolidate and maintain the protected areas in Acre?

This study, financed by WWF-Brasil, aims to forecast the cost of consolidating and maintaining the protected areas in the state of Acre and to develop a financing strategy for them.

The study was begun in April 2013 with the aim of calculating the cost of maintaining the protected areas in the state of Acre using a model developed by the Arpa program. In 2013 the project gathered data on the protected areas, mapped out the current sources of funds to calculate the funding gap, and is completing the projection of potential sources of financing in order to develop the funding strategy.

The report entitled "How much does it cost to consolidate and maintain the protected areas in Acre?" sets forth the financial needs of the protected areas in question, which include municipal, state, and federal protected areas, under different scenarios as regarding their legalization, boundary demarcation, and land tenure issues.

The deadline for the project has been extended from December 2013 to June 2014 so it can include the survey of current and potential sources of funding. This will enable a funding strategy for the state's protected areas to be drawn up.











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 2013 more in-depth discussions were held about how to design the payment for environmental services scheme. Together with the teams from the Paraná State Department of the Environment and Water Resources and the Paraná Environmental Institute, a proposed decree was drafted to regulate the scheme according to the law, and the design of the methodology for water resources was also completed. Proposals were submitted for how to implement the scheme in the state. The methodology was developed taking into account the reality in Paraná, the government's main funding strategies, and the support capacity of the state structures.

The structure of the methodology for the valuation of protected areas was also discussed again in 2013, specifically focusing on Private Natural Heritage Reserves, as requested by state representatives. This material is in the process of being validated.

Another important component of Paraná Bioclimate is the investment of environmental compensation revenues in the state. Having analyzed how these funds are currently managedby the state by identifying the regulations, key players, flows of receivables, and investment practices, a proposed mechanism for the investment of environmental compensation revenues was made. To complement the internal discussions, a working group with members of Funbio and the state government was set up, which prepared a draft decree to regulate the topic, incorporating the region's specific features.











Klabin Socioenvironmental Action Plan

This plan, developed by Funbio with consultancy firm TramaBrasil for Klabin, a pulp and paper producer and exporter, is designed to prepare a development proposal for the area impacted directly and indirectly by Klabin's new factory. The plan covers the municipalities of Ortigueira (where the factory will be built), Telêmaco, Borba and Imbaú, in the state of Paraná.

In order to design the plan, the details of the local reality were identified and the region's needs and potential opportunities were mapped out. This involved hearing the opinions and views of around 200 people from the public and private sectors, civil society, and Klabin itself. The results of this survey were cross-referenced against secondary data provided by the federal, state, and municipal governments. This resulted in a map of local requirements and a socioeconomic development strategy for the whole area. This strategy aims to harness the positive effects of the direct investments arising from the new factory in the mid and long term and to channel the voluntary investments made by the company in the short term. The preliminary assessmentand strategy were subject to a broad consultation process and social validation, forming the kernel of what is intended to develop into a local governance structure.

In 2013 this first phase reached its conclusion and the strategy for the whole area was approved by the local communities and Klabin's representatives. It will start to be developed in 2014. This new proposal aims to expand and diversify access to funds from public and private programs that could boost local development through the introduction of a project office providing support for the local authorities and civil society in the design of projects and also in the design of a financial mechanism to raise the funds needed for the agreed-on agenda.











Green Economy in the Amazon Region

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. It is conducted in partnership with The Nature Conservancy and is funded by the British Foreign and Commonwealth Office's Prosperity Fund.

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 credit restrictions on some of its farmers.

Increasing effort is being made to transform the São Félix do Xingu economy. Funbio joined this effort in 2012 with this project, which includes designing a financial mechanism to help reduce deforestation and forest degradation, designing a scheme for distributing the benefits from REDD+ projects, and sharing these experiences within the ambit of the Green Municipalities program.

In 2013 the mechanism for distributing the benefits from REDD+ projects was completed, as was the design of the fund structure, its legal institution, and its operations manual. Workshops were also held to develop each stage of the project. The fund, called the Green Land Fund (name chosen by the participants in the last workshop held in November 2013), should start working experimentally in 2014 as soon as it is capitalized, 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.











Preparing Brazil for REDD +

The aims of this project were 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. Financed by USAID, the initiative was 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 was to develop an economic instrument to encourage best farming practices. São Félix do Xingu (Pará), 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, and put forward a proposal for an economic instrument offering tax breaks in exchange for the adoption of sustainable practices.

The project was completed in 2013 and its main outcomes include the approval of the design of the financial mechanism created in partnership with the local community, and a publication showing the main results and lessons learnt in the process of designing the Green Land Fund for São Félix do Xingu.

This project gave rise to another, entitled Green Economy in the Amazon, formulated by Funbio in conjunction with TNC with 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 Compact for the End of Illegal Logging in the Municipality of São Félix do Xingu.

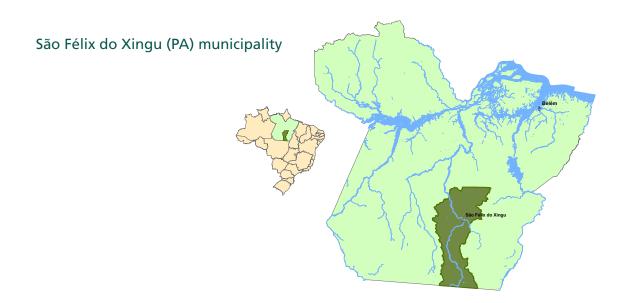
















Sustainable Juruti Program



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 developed by Fundação Getúlio Vargas using a methodology devised in conjunction with the community.

2013 saw the beginning of the transfer of the direct management of the fund from Funbio to Funjus, and of the end of its operational support forConjus. After a number of debates with representatives from Alcoa and Funjus, the decision was taken to transfer the executive secretariatsfromFunjus and Conjus to local players. To do so, Funbio will train the new executors, transferring knowledge about project management and other important guidance about control mechanisms. Funbio will still supervise Funjus's activities, offering support to the new executive secretariat, and will be responsible for managing Funjus's assets. After 18 months, it is hoped that the members of Funjus will have acquired enough autonomy and skill to handle the fund's assets in compliance with best financial practices.

Still in 2013, as part of its fundraising strategy, Funbio partnered with Alcoa for the design of 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. A final document was also drafted together with Conjus which sets forth the development priorities for the municipality.

New partnerships have been forged with Instituto de DesenvolvimentoFlorestal do Pará (Ideflor), Pará Rural, the Brazilian Development Bank (BNDES), the Brazilian Forestry Service, Natura, andGrupoOrsa. A call for proposals was also prepared for as part of the National Project for Integrated Public-Private Partnerships for Biodiversity (Probio II). Probio II will also transfer cofinancing of around 700,000 reais to Funjusfrom the Global Environment Facility (GEF), via the World Bank, for the funding of projects for the development of sustainable production chains.





















National Project for Integrated Public-private Partnerships for Biodiversity (PROBIO II)

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's resources come from the Global Environment Facility through the World Bank, which has allotted a total of 22 million dollars for the partners in the initiative.



2013 marked the beginning of the implementation of all the Probio II sub-projects administrated by Funbio. A knowledge database, serving as a content management tool for Probio II and Funbio, was also developed, and the Action Plan for Biodiversity Conservation 2013-2020 was finished, under the coordination of the Ministry of the Environment.

Probio II was discussed at the meeting of the Funbio Advisory Councilin August 2013. The idea was to present the regions to benefit from the project's actions: Juruti, Sul da Bahia, Mato Grosso do Sul, Vale do Ribeira, and Pampa. The strategies for each region were explained and discussed and the contributions they could make towards achieving the 2020 targets of the UN Convention on Biological Diversitywere highlighted, as were the respective partners in each region.

Partners:













Agricultura, Pecuária e Abastecimento

Ministério da Ciência e Tecnologia

Saúde

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. Resultof a partnership with the Brazilian environmental protection agency (Ibama), ICMBio, and the Brazilian Public Prosecution Service, its objective is to finance programs and projects for the conservation of Brazilian wildlife.

Since the Fauna Brazil Portfolio began in 2007, it has supported 11 conservation projects for endangered Brazilian animal species, such as reef-living fish, sea turtles, marine mammals (including the dolphin, humpback whale, andmanatee), medium-sized and large felines from the north of Rondônia state, the red-tailed amazonand the Spix's macaw.

In 2013, the project to protect the Spix's macaw, called "ArarinhanaNatureza", run in partnership with ICMBio and SAVE Brasil with funding from Vale, transported some Spix's macaws from Spain and Germany to Brazil. After quarantine, they were shipped to a breeding facility, where they were paired for future breeding. Socioeconomic and land tenure studies in the area where the species used to live, in the region of Curaçá, Bahia state, were also conducted to determine where best to set up a federal protected area. In the same area, a survey of existing species and their state of health is being done with a view to reintroducing the Spix'smacaws into the region in the future. Some educational activities were also run in schools in partnership with the respective local authorities.





Facebook Project page: https://www.facebook.com/ararinhananatureza Ararinha na Natureza Project

The Manatee Monitoring Project in the Potiguar river basin, outcome of a contract signed with Petrobras and ICMBio's Aquatic Mammals Center in compliance with environmental legislation requirements, held an expedition in 2013 to retrieve the remote monitoring devices tagged on native manatees. In this expedition, new biological material was collected from these individuals and morphometric measurements were taken. The devices on the recaptured individuals were also replaced so that the satellite monitoring of their movements can be continued.













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.

The fund's first investment cycle ended in April 2013. From the information on the fund's yields, the Donors Committee decided that 660,000 reais was the amount that could be channeled into supporting projects. Parallel to this, a preliminary assessmentwas made of the quality of life and physical integrity of the Kayapó lands. This will serve as the baseline against which the results obtained by the fund will be evaluated after a few years of investments.

The fund's operations manual has been approved, and it has a technical committee and donors committee, which are key elements for ensuring the good governance and operation of the mechanism. In the first half of the year, the first call for proposals of the year was published, and of the three proposals submitted, the technical committee selected two, one from Associação FlorestaProtegidaand the other from Instituto Raoni. Once the legal and document appraisal stages have been completed the funds will be released in early 2014.

Funbio manages the fund, which contains 15.5 million reais. The aim is to support projects devised by Kayapó indigenous organizations working in the lands covering 10.6 million hectares, where around seven thousand people of this ethnic group live.

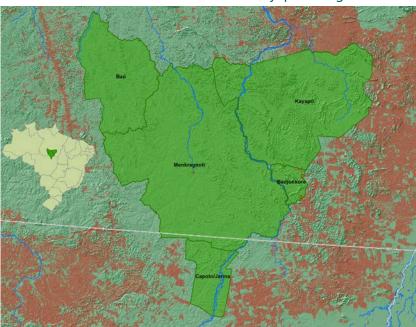
Partners:







Kayapó's Indigenous lands







Paiter Surui Fund

The PaiterSurui 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 decisionmaking processes. The financial resources obtained from the sale of carbon credits and the resources from other sources will be integrated into the PaiterSurui Fund. Funbio is responsible for the fund's design and financial management.

The Surui people defend the conservation of their natural resources, and in the last decade, under the leadership of AlmirSurui, 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 managed by Funbio, the fund will finance projects proposed by Surui associations.

November 2013 saw the first disbursements to the associations. Funbio also prepared the fund's operations manual, and held five workshops with it to train Suruiindividuals, who learnt how to use the management tools, prepare project proposals, and do bookkeeping. The funds received from the first sale of carbon credits, worth around 1.2 million reais, to Natura cosmetics firm, will be invested in 2014 in sustainable production projects, craftwork, and cultural projects proposed by the associations and villages.

Partners:











Surui Forest Carbon Project

verified carbon units (VCUs) to Natura as part of its voluntary GHG emissions offset program. The total emission reduction achieved in the first harvestwas 251,530 tCO2e. Naturahas bought part of the credits, and the others are under negotiation. Funbio, Natura, and Associação Metareilá havesigned a contract for the sale of these credits, which details a working plan explaining how the resources will be invested, namely, in protection and inspection activities, and in sustainable production and improved local capacity, aiming for environmental conservation and the strengthening of the PaiterSurui culture.

Indigenous land Sete de Setembro (Surui)





"We believe that transferring what we have learnt to other funds adds still more value to our experience, since being a benchmark for conservation is part of our vision for the future."

Álvaro de Souza, chairman-elect of the Funbio Governing Council





CFA – Conservation Finance Alliance



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

By the end of 2013, the CFA had over 445 voluntary members in 101 countries. These include representatives from governments, multilateral agencies, NGOs, companies, and academic establishments.

Three studies have been conducted about conservation finance: the Conservation Trust Funds Investment Survey 2012 (CTIS 2012), Comparative Advantages of CTFs and Project Approach to support Protected Areas Systems (Phase II) and Practice Standards for Conservation Trust Funds (CTFs), bringing the total number of studies produced since the project started in 2008 to 11.

In September, at the 3rdGeneral Assembly of the Consortium of African Funds for the Environment (CAFE)in Antsiranana, Madagascar, Funbio presented the preliminary version of the study on Practice Standards for CTFs.

In November, at the 15thGeneral Assembly of Red-LACin San José, Costa Rica, the CFA presented two studies,CTIS 2012 and Practice Standards for CTFs,along with the partners who had worked on the projects. The CFA Executive Committee met after this meeting had ended with the purpose of deciding what the network's next activities should be. The subjects addressed included the 2014 work plan, financial sustainability, and international events (COP-12 - Conference of the Partiesand the World Parks Congress).

Funbio will remain the CFA's executive secretariat until the end of 2014, and is preparing to give a presentation at the 6thInternational Union for Conservation of Nature World Parks Congress, to be held in November in Sydney, Australia. The CFA has been invited to lead the discussions about conservation finance at the congress and to sit on the group of experts for the World Commission on Protected Areas. The planned activities include presentations, workshops, and knowledge cafés. All the studies that have been presented by CFA are on its website.

www.conservationfinance.org toolkit.conservationfinance.org























Ecofunds Database

This is a collaborative database maintained by RedLAC (Latin American and Caribbean Network of Environmental Funds) whose purpose is to map out investments, organizations, and projectsmediated by the network's environmental funds. It enables organizations to promote their work, ensure greater transparency for their investments, and evaluate the environmental finance 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 other funds from the network and funded by the Gordon and Betty More Foundation, the Avina Foundation, and the Skoll Foundation. This project has been discussed and devised since 2008 and its format has changed a number of times. Initially the idea was to create a database of all conservation investments in the Andean Amazon Region. Today, Ecofundsonly maps out investments made by environmental funds, using accurate data that Funbio can access thanks to the trust established between the members of RedLAC. In terms of its geographical scope, it has now expanded tocover the whole of Latin America and the Caribbean.

In November 2013 at the 15thRedLAC General Assembly in Costa Rica, Ecofunds 2.0 was launched, with an easier-to-use platform that shows the concentration of resources on a map and enables users to download

comprehensive information about registered projects, organizations, and investments.

The challenge for 2014 is to attract new supporters and bring together detailed information on the projects financed by RedLAC funds, giving a more accurate picture of the amounts invested in conservation, and the main financiers and executors of projects in each country and the region as a whole. RedLAC also plans to offer the system to the environmental funds of Africa that belong to CAFE (Consortium of African Funds for the Environment) at a later date.







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Download all Investments as X		



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 donations and diversify their sources of funding. Covering funds from Latin America, the Caribbean, and Africa, the project fosters the exchange of experiences, the systematization of case studies and best practices, the development of methodologies in working groups, and pilot projects to test new mechanisms.



In 2013, two capacity building workshops were held, bringing the total to nine in all for a total of 119 representatives of 54 funds from 33 countries since the project started in 2010. In September, the 8th workshop, on governance strategies for environmental funds, was held in Madagascar to coincide with the 3rd General Assembly of CAFE (Consortium of African Funds for the Environment). The workshop was attended by the executive directors of African funds and members of their boards to discuss techniques and success cases in institutional governance.

The 9th workshop was held in November in Costa Rica, coinciding with the 15thRedLAC General Assembly. The discussions covered mechanisms for mobilizing financial resources for environmental funds, and included a review of all the subjects discussed in the previous eight workshops, since it introduced updated information about market mechanisms and best operating practices, seen as prerequisites for environmental funds to have access to financing.

An agreement was also signed to test a new format for collaboration between two funds, called "EF to EF mentoring". The idea is to enable the exchange of individual experiences, where one fund's bottlenecks can be tackled together with another fund with greater experience in such matters. Two mentoring projects are scheduled for 2014: between FondoAcción from Colombia and FUNDESNAP from Bolivia; and between

Funbio and the recently formed Biofundfrom Mozambique. Funbio is also responsible for the logistics and subsequent communication of the results of both mentoring experiences.

The project has also set up a working group about the monitoring of impacts of funds on protected areas, which in 2013 tested a methodology devised by the group specifically for the reality of environmental funds. The results of this test will be published in 2014 together with the final methodology.

This project has received funding from Fonds Français pour l'Environnement Mondial(FFEM) and the Gordon and Betty Moore Foundation, bringing the investments from donors to 1.9 million dollars, together with around one million dollars from the participating funds. In 2013 RedLACand CAFEheld a joint planning workshop to prepare a second capacity building program for the funds from both regions as of 2015.

Access www.redlac.org to learn more













Transparency

In order to ensure that funds 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 requirements, 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 from the Governing Council, 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 Governing Council and Advisory Board, is in charge of evaluating Funbio's financial management, and reviewing and signing off on its financial statements.

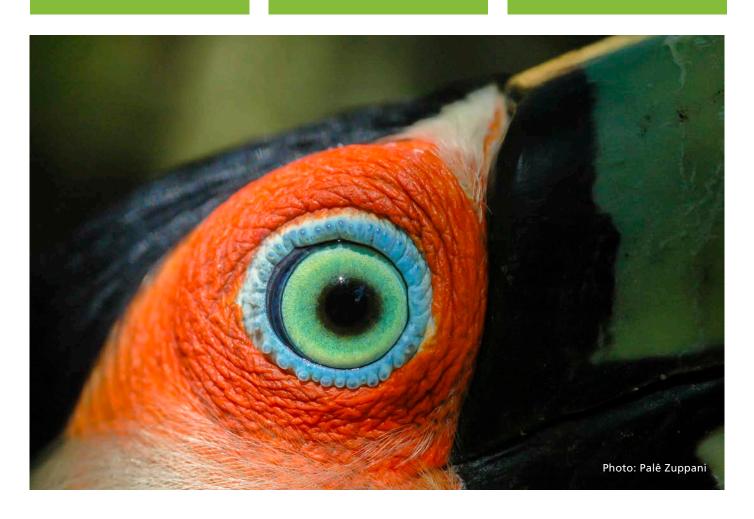
Financial investments in Brazil and abroad relating to funds and financial resources managed in programs and projects by Funbio:

million

Third-party resources linked to projects:

million

Funbio funds (own assets):





Internal Audit Area

Funbio internal audit area investigates control-related issues and the integrity of accounting and financial data, and above all identifies and addresses any distortions or failuresin Funbio's operations. Amongst other things, it is responsible for supporting Funbio in the observance of best management practices to assure an adequate control environment and the security of all operations. As this is an independent function and an instrument that impacts on every level of the organization, it fosters appropriate working relations between the different areas, supports and drives improvements to processes, and above all serves as a benchmark for the implementation and engagement of best practices in organizational governance.

External Audits

The financial statements as at December 31, 2013, can be accessed on the Funbio website together with the footnotes and the independent auditors' report:

www.funbio.org.br/en/transparencia/auditoria







Funbio's network



Companies

Public Sector Partners

International Cooperation

International **Partners**

Third **Sector**

COMPANIES

Alcoa

BP

Eneva

Klabin

Natura

O Boticário

OGX

Petrobras

Vale

PUBLIC SECTOR PARTNERS

Fundo Amazônia - BNDES

IBAMA

Instituto Chico Mendes de Conservação da

Biodiversidade - ICMBio

Instituto Estadual do Ambiente - Inea

Ministério de Minas e Energia - MME

Ministério do Meio Ambiente - MMA

Ministério Público Federal

Secretaria de Estado do Ambiente do Rio de Janeiro

- SEA/RJ

SEMA – Paraná

SEDAM – Rondônia

SEMA – Pará

SEMA – Amapá

INTERNATIONAL COOPERATION

Agência de Cooperação Técnica Alemã - GIZ

Agência dos Estados Unidos para o

Desenvolvimento Internacional - USAID

Banco Alemão de Desenvolvimento - KfW

Entwicklungsbank

Banco Mundial

Environmental Defense Fund - EDF

Fonds Français pour l'Environnement Mondial -

FFEM/AFD

Global Environment Facility - GEF

Organização das Nações Unidas para Agricultura e

Alimentação - FAO

Programa das Nações Unidas para o Meio Ambiente

- PNUMA

Proteção da Natureza e Segurança Nuclear da

Alemanha - BMU

United Nations Environment Programme – UNEP

União Europeia

INTERNATIONAL PARTNERS

Alcoa Foundation

Climate and Land Use Alliance - Clua

Climate Works

Consortium of African Funds for the Environment -

Café

Fondation Internationale du Banc d'Arguin - FIBA

Forest Trends

Fundação Gordon e Betty Moore

Fundación Avina

International Tropical Timber Organization (ITTO)

Latin America Regional Climate Initiative - LARCI

Linden Trust for Conservation

Mava Foundation

RedLAC - Red de Fondos Ambientales de

Latinoamérica y el Caribe

Skoll Foundation

The Munden Project

The Nature Conservancy - TNC

Wildlife Conservation Society

WWF-US

THIRD SECTOR

Alternativas para a Pequena Agricultura no

Tocantins - APA-TO





Funbio's network

Ambiente Brasil Centro de Estudos

Assessoria e Serviços a Projetos em Agricultura

Alternativa - ASPTA

Associação Brotar e Crescer

Associação Civil Muriqui de Desenvolvimento

Sustentável - Associação Pró-Muriqui

Associação de Desenvolvimento de Produtos da

Sociobiodiversidade - FITOVIDA

Associação de Educação e Assistência Social Nossa

Senhora da Assunção - ANSA

Associação de Pesquisa e Preservação de

Ecossistemas Aquáticos - AQUASIS

Associação de Preservação do Meio Ambiente e da

Vida - APREMAVI

Associação dos Amigos do meio Ambiente - AMA

Associação Flora Brasil

Associação Floresta Protegida - AFP

Associação Metareilá

Associação Mico-Leão-Dourado - AMLD

Associação Movimento Mecenas da Vida -

Movimento Mecenas da Vida

Associação Onça Dágua de Apoio a Unidades de

Conservação do Tocantins, Associação Instituto

Araguaia de Proteção Ambiental e Naturatins

Associação para a Conservação das Aves do Brasil -

SAVE BRASIL

Associação para a Proteção da Mata Atlântica do

Nordeste - AMANE

Associação Plantas do Nordeste - APNE

Associação Técnico Científica Ernesto Luiz Oliveira

Júnior - ATECEL

Caipora Cooperativa para Proteção e Conservação

dos Recursos Naturais

Centro Brasileiro de Estudos em Ecologia de

Estradas - CBEE/Fundação de Desenvolvimento

Científico e Cultural - FUNDECC

Centro de Desenvolvimento Agroecológico - SABIÁ

Centro de Desenvolvimento Agroecológico do

Cerrado - CEDAC

Centro de Desenvolvimento Agroecológico do

Extremo Sul da Bahia - TERRA VIVA

Centro de Estudos e Pesquisas para o

Desenvolvimento do Extremo Sul da Bahia -

CEPEDES

Centro de Pesquisas Ambientais do Nordeste -

Cepan

Centro de Tecnologias Alternativas da Zona da

Mata - CTA-ZM

Centro Ecológico - CE

Centro Vianei de Educação Popular - Associação

Vianei de Cooperação e Intercâmbio no Trabalho,

Educação, Cultura e Saúde - AVICITECS

Comissão Ilha Ativa - CIA

Conservação Internacional - CI-Brasil

Cooperafloresta - Associação dos Agricultores

Agroflorestais de Barra do Turvo e Adrianópolis

Cooperativa Mista de Agricultores Familiares,

Extrativistas, Pescadores, Vazanteiros e Guias

Turísticos do Cerrado - COOPCERRADO

Crescente Fértil - Projeto Ambientais, Culturais e de

Comunicação

Embrapa Recursos Genéticos e Biotecnologia

(Embrapa/Cenargen) - Eliseu Alves

Fundação BioGuiné

Fundação de Apoio à Pesquisa Agrícola - FUNDAG

Fundação de Apoio a Pesquisa, Ensino e Extensão -

FUNEP

Fundação de Apoio ao Desenvolvimento

Institucional, Científico e Tecnológico da

Universidade Estadual de Ponta Grossa - FAUEPG

Fundação Espírito-santense de Tecnologia - FEST

Fundação Flora de Apoio à Botânica

Fundação Getúlio Vargas -GV-CES

Fundação Matutu

Fundação Neotrópica do Brasil - FNB

Fundação para o Desenvolvimento Sustentável da

Terra Potiquar - FUNDEP

Fundação Pró-Natureza - FUNATURA

Fundação SOS Pró-Mata Atlântica

Instituto Alto-Montana da Serra Fina

Instituto Ambiental Brasil Sustentável - IABS

Instituto Ambiente em Foco - IAF

Instituto Amigos da Reserva da Biosfera da Mata

Atlântica - IA-RBMA

Instituto Brasileiro de pesquisas e Estudos

Ambientais - Pró-Natura

Instituto Centro de Vida – ICV

Instituto de Ecologia Social Carnaúba - IESC

Instituto de Permacultura e Ecovilas da Mata

Atlântica - IPEMA

Instituto de Pesquisas da Mata Atlânctica - IPEMA

Instituto de Pesquisas Ecológicas - IPÊ

Instituto Floresta Viva

Instituto Internacional de Educação do Brasil - IEB

Instituto para o Desenvolvimento Sustentável e

Cidadania do Vale do Ribeira - IDESC

Instituto Pri-Matas para a Conservação da

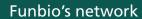
Biodiversidade - Pri-Matas

Instituto Pro Terra

Instituto Raoni

Instituto Semeia

Instituto Sociedade, População e Natureza - ISPN







SOS SERTÃO

Instituto Socioambiental - ISA
Instituto Terra Brasilis
Instituto Terra de Preservação Ambiental - ITPA
Instituto Walden - Tempo, Homem e Natureza
Instituto Xopotó para o Desenvolvimento Social,
Econômico, Ambiental
Instituto Ynamata de Desenvolvimento SócioEconômico e Conservação da Natureza
Mater Natura - Instituto de Estudos Ambientais
ONG Pátio das Artes: Pró-Mata
Organização da Conservação de Terras do Baixo Sul
- OCT
Organização Sertaneja dos Amigos da Natureza -

Programa De Educação Ambiental - Prea Rede de Sementes do Cerrado Sociedade de Pesquisa em Vida Selvagem e Educação Ambiental - SPVS Sociedade Nordestina de Ecologia - SNE The Green Initiative - Iniciativa Verde União Brasileira de educação e ensino - UBEE/ Instituto Marista de Solidariedade - IMS WCS/Brasil - Associação Conservação da Vida Silvestre WWF - Brasil







Credits

Text: Camila Monteiro and Renata Zambianchi

Revision: Mônica Ferreira **Graphic Project:** qx3

Translation: Rebecca Atkinson

IMAGES

Du Zuppani and Palê Zuppani (www.fotonatural.com.br), Roberto Rangel (www.rrangel.com.br), Alexandre Loureiro, Renata Zambianchi, Publius Vergilius and Funbio Archive.

TIPOLOGY

Frutiger

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