

**Fundo Brasileiro para a Biodiversidade - FUNBIO**

**Independent auditor's report on the financial statement of  
"Certain Projects Managed by Fundo Brasileiro para a  
Biodiversidade - FUNBIO"**

January 1 to December 31, 2016



# Grant Thornton

## Contents

	<b>Page</b>
Independent auditor's report on the Projects' financial statement	3
Projects' financial statement	6
Notes to the Projects' financial statement	7
Report on internal controls review	45
Independent auditor's report on compliance with the Projects' standards, laws and regulations	47

# Independent auditor's report on the financial statement of Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO

Grant Thornton Auditores Independentes  
Rua Voluntários da Pátria, 89 - 1º andar  
Botafogo  
Rio de Janeiro | RJ | Brasil  
  
T +55 21 3529-9150  
[www.grantthornton.com.br](http://www.grantthornton.com.br)

To the:  
Management of  
**Fundo Brasileiro para a Biodiversidade - FUNBIO**  
Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO  
Rio de Janeiro – RJ

## Introduction

We have audited the financial statement of Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO ("Projects"), carried out by Fundo Brasileiro para a Biodiversidade - FUNBIO ("Entity") and financed with funds from several sponsors, for the period from January 1 to December 31, 2016, as well as the summary of the significant accounting policies and other notes.

In our opinion, the financial statement presents, in all material respects, the receipts and payments made during the period from January 1 to December 31, 2016 in accordance with the accounting practices described in Note 3.

## Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statement" section of our report". We are independent of the Projects in accordance with the relevant ethical requirements established in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis of matter

As described in Note 3, the “Projects” financial statement was prepared on the funds basis of accounting (cash), in accordance with the International Financial Reporting Standard on the funds basis of accounting (cash). The funds basis of accounting recognizes the transactions and facts only when the resources (including the equivalent to funds) are received or paid by the Entity and not when they result, are earned or originate from rights or obligations, even though a movement of funds (cash) has not been produced. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and those charged with governance for the financial statement

The Entity’s management is responsible for the preparation and fair presentation of the financial statement in accordance with the International Financial Reporting Standards, supplemented by the clauses of the Projects”, and for such internal controls as management determines is necessary to enable the preparation of financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Projects’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to terminate the Projects.

Those charged with the Projects’ governance are responsible for overseeing the financial reporting process.

#### Auditor’s responsibilities for the audit of the financial statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.


As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Projects' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Projects to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, April 27, 2017

  
Ana Cristina Linhares Areosa  
CT CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes  
CRC SP-025.583/O-1 "S" – RJ

# Financial statement of Certain Projects managed by Funbio

	12/31/2015	Rendering of accounts in progress	Rendering of accounts sent	Others	Funds used - rendering of accounts	Funds received	Investment income	Exchange rate changes	Finance costs	Transfers, disbursements and reimbursements	FMA Transfer Covenant x Agreement	12/31/2016	Note
		(a)	(b)	(c)	(a) + (b) + (c)								
Kayapo - Operating account	776	-	(546)	-	(546)	-	49	-	(1)	(106)	-	172	I
Kayapo Fund	16,438	-	-	-	-	-	2,509	-	(303)	-	-	18,644	I
Adoption of parks	2,230	(8)	(1,773)	13	(1,768)	-	172	-	(1)	-	-	633	II
Juruti Sustentável Program – Funjus and Conjus	3,351	-	(3,471)	-	(3,471)	-	198	-	-	(78)	-	-	III
Funjus Training	21	-	-	-	-	-	-	-	-	(21)	-	-	III
Probio Juruti Sustentável	84	-	(767)	-	(767)	751	38	-	-	(106)	-	-	IV
Subproject Votorantim - Execução	10	-	(1)	-	(1)	-	1	-	-	(10)	-	-	IV
Subproject Votorantim - CP	19	-	-	-	-	-	-	-	(1)	(18)	-	-	IV
GEF Pollinators	176	-	(142)	-	(142)	-	11	18	(1)	(62)	-	-	V
Fauna Portfolio - Ararinha Azul	1,114	(2)	(388)	-	(390)	-	114	-	-	(202)	-	636	VI
Fauna Portfolio – Sirênios	148	-	(6)	-	(6)	-	16	-	-	(38)	-	120	VI
Fauna Portfolio - Fauna	544	-	-	-	-	29	67	-	(10)	(80)	-	550	VI
ARPA for Life – New Sources	122	-	(21)	-	(21)	-	14	-	-	-	-	115	VII
RedLac Training Project	33	-	(21)	-	(21)	-	1	(38)	(19)	44	-	-	VIII
GEF Nutrition	1,205	-	(991)	-	(991)	822	136	-	(5)	(124)	-	1,043	IX
Paiteir Suruí Fund	1,079	-	(347)	-	(347)	33	76	(20)	(1)	(167)	-	653	X
ICCO Foundation	316	-	-	-	-	-	6	(34)	(1)	(287)	-	-	XI
Project K	83	(2)	(1,758)	2	(1,758)	4,404	20	(237)	(6)	(483)	-	2,023	XII
Moore Sustainability	749	-	(210)	-	(210)	659	29	-	(3)	(725)	-	499	XIII
Amapa Fund	-	-	-	-	-	8,127	368	2	(146)	-	-	8,351	XIV
Bahia and Espirito Santo Fund	-	-	-	-	-	6,928	2	(79)	(15)	-	-	6,836	XV
SVA Innovation	-	-	(3)	-	(3)	71	-	-	-	(68)	-	-	XVI
GEF Mangue	-	-	(267)	-	(267)	444	-	-	-	(177)	-	-	XVII
R20	-	-	(454)	-	(454)	474	2	-	-	(15)	-	7	XVIII
Funbio-Bioguiné	-	-	(8)	-	(8)	100	2	-	-	(11)	-	83	XIX
Atlantic Forest III	-	-	-	-	-	989	7	(31)	(4)	-	-	961	XX
PSA Matrix - Forest Trend	-	-	-	-	-	67	-	-	-	(67)	-	-	XXI
Mozambique	-	-	(55)	-	(55)	51	-	-	(1)	-	-	(5)	XXII
COP Cancun 13	-	-	(116)	-	(116)	160	-	-	-	-	-	44	XXIII
Meeting - REDLAC	-	-	(424)	-	(424)	491	15	-	(1)	-	-	81	XXIV
PAs from Acre	10	-	-	-	-	-	-	-	-	(10)	-	-	XXV
Promar	30	-	-	-	-	-	-	-	-	(30)	-	-	XXVI
<b>Total</b>	<b>28,538</b>	<b>(12)</b>	<b>(11,769)</b>	<b>15</b>	<b>(11,766)</b>	<b>24,600</b>	<b>3,853</b>	<b>(419)</b>	<b>(519)</b>	<b>(2,841)</b>	<b>-</b>	<b>41,447</b>	

The accompanying notes are an integral part of the project's financial statement

# Notes to the financial statement of certain Projects managed by Funbio for the period from January 1 to December 31, 2016

## 1. Operational context of the Projects' executor

Fundo Brasileiro para a Biodiversidade ("Funbio" or "Entity"), is a private, non-profit association, in operation since 1996. It is an innovative financial mechanism created to develop strategies that contribute to the implementation of the Convention on Biological Diversity (CBD) in Brazil. It acts as a strategic partner of the public and corporate sectors and of civil society, in initiatives that strengthen conservation policies, enable environmental funding programs and social and environmental investments, reduction and mitigation of their impacts, and in compliance with their legal obligations.

In just over 20 years, FUNBIO already managed \$ 593 million, supported 256 projects in 7 biomes, 206 institutions and 310 protected areas totaling 67 million hectares (approximately 3 times the territory of the State of São Paulo) and has provided the training of more than 1,300 partners. The source of resources leveraged by FUNBIO, with approximately 70 donors in its history, comes from international cooperation agreements, legal obligations and private national and international donations.

FUNBIO is the first and only national implementing agency of the Global Environment Fund (GEF), one of the world's most important funders of environmental projects, which gave accreditation to FUNBIO for its implementation capacity.

The Entity is part of the Latin America and the Caribbean Network of Environmental Funds, with 21 organizations of 16 countries, which, since 1999, have already managed more than \$2 billion in equity and extinguishable funds, supporting more than 900 protected areas.

FUNBIO's governance is led by the Advisory Board (AB), which comprises 16 members of the academic and environmental sectors and of the civil, corporate, and government society and is responsible for setting the strategy and for the overall direction of the organization. In 3 meetings per year the ABD assesses strategic directions and institutional management: it establishes a general policy, sets goals and priorities, transformed into actions by the Executive Secretariat. The AB approves annual operational plans, investment policies and developed projects. The Board members participate as volunteers, bringing their experience and knowledge. The Advisory Board is organized into Committees that deal with specific issues, such as Management, Project Standards, and Finances and Audit commissions and an Asset Management Committee.

At the end of this year, FUNBIO has assets under management amounting to R\$732 million (2015 - R\$ 548 million), with approximately 56% linked to long-term actions and projects organized in funds.

The execution of resources by FUNBIO in 2016 presented a growth of 39% to a historical mark of R\$ 81 million (2015 - R\$ 58 million).

## 2. Projects managed by FUNBIO

The financial statements of rendering of accounts of certain projects managed by Fundo Brasileiro para a Biodiversidade - FUNBIO, were prepared by FUNBIO's management at December 31, 2016 in order to inform funders about the financial execution of these projects, which are listed below:

### Kayapo Fund:

- Kayapó – Operating account
- Kayapo Fund - FK

### Adoption of parks

#### Juruti Sustentável Program:

- FUNJUS - Juruti Sustentável Fund
- FUNJUS Training

#### Probio Juruti Sustentável:

- Probio Juruti Sustentável subproject
- Votorantim subproject – Implementation
- Votorantim subproject - CP

### GEF Pollinators

#### Fauna Brasil Portfolio

- Fauna and Seismic Fund
- Sirenia
- Spix's Macaw

### ARPA for life - New Sources

#### RedLAC Training for Environmental Funds

#### GEF Nutrition

#### Carbono Paiter Suruí Fund

#### REDD + in PAs - ICCO Foundation

#### K Project – “KNOWLEDGE FOR ACTION”

#### Moore Sustainability

#### Amapa Fund

#### Bahia and Espírito Santo Fund

#### SVA Innovation - 1st Phase

#### GEF Mangue

#### R20

#### Funbio-Bioguiné

#### Atlantic Forest III



PSA Grid – Forest Trend  
 Mozambique – Biofund  
 COP Cancun 13  
 RedLAC Assembly  
 Federal CU's from Acre  
 Promar

### 3. Significant accounting policies

#### Basis of preparation

The Projects' financial statement was prepared on the accounting basis of funds (cash), with revenues recognized when funds are received and expenses recognized when they actually represent applications of funds.

These financial statements are presented in Brazilian real (R\$), which is FUNBIO's functional currency. All financial information presented in thousands of Reais was rounded to the nearest value, except where otherwise indicated.

### 4. Main information about certain projects managed by Funbio

#### **I) Kayapo Fund (FK) and Kayapo - Operating account**

Endowment established and designed by Funbio to support Kayapó organizations in the long term and increase the capacity of Kayapó Native Lands to maintain their physical integrity. FK received donations totaling R\$ 14.4 million from the Amazon Fund, through BNDES, and Conservação Internacional (CI-Brazil). Funbio is the manager of the resources, which should be allocated to projects designed by Native Brazilian organizations linked to this ethnic group.

In 2016, there was no disbursement from the Fund, but the third call for the Kayapó Fund projects was opened, from which three new projects were selected, in the amount of R\$ 3 million, to be executed in 2017 and 2018, for three different indigenous organizations. The Fund generated a financial income of R\$ 2.5 million in the year and at the end of the year it has a balance of R\$ 18.6 million. The Project's operating account disbursed the amount of R\$ 0.5 million in 2016.

At the same time, the projects of the second cycle were followed up, which resulted in the following advances:

- Mapping of deforestation, forest degradation and heat sources in the Kayapó, Mēkrāgnoti and Las Casas indigenous lands;
- Five expeditions of territorial monitoring in Kayapó indigenous lands;
- Support to the representation of Kayapó leaders in national forums of significant political significance for the ethnic group, as well as in several meetings in Brasilia with the House of Representatives and Senate, Civil House, Special Secretariat of the Presidency of the Republic, Presidency and Funai and Judicial Branch Boards;
- Support for the production, processing and marketing of chestnut, cumaru and Kayapó handicrafts (including the structuring of three handicraft shops);

- Support to the management of production chains' inventories;
- Support for the technical assistance and rural extension in several villages;
- Cost of administrative activities of the beneficiary indigenous organizations (salaries, holding of general meetings);
- Training of indigenous people in the quality production and commercialization of Kayapó handicrafts (quality of handicrafts, profile of Kayapó art shopper, handicrafts pricing and certification of origin of marketed products);
- Acquisition of audiovisual equipment for remote monitoring (External HD, Flash Drive, Drone for Aerial Images, iPhone for use in the Drone);
- Acquisition of tools and field supplies to support agrarian extraction activities;
- Acquisition of equipment and tools for the restructuring of Flour Houses;
- Preparation of videos about the production of chestnuts and indigenous political mobilization.

FUNBIO carried out monitoring visits to three Kayapó villages, located along the Xingu River: Kokraimoro, Pukarankre and Rikaró, as well as to the headquarters of the Protected Forest Association, one of the indigenous organizations beneficiary of the FK, where the technical and financial quality of the work performed by the beneficiary institution can be verified.

During the year, a meeting of the donors' committee and a technical committee were held to approve the amount to be withdrawn from the Kayapó Fund to support projects and other expenses associated to the approval of the projects and the operationalization of the third cycle.

#### a) Kayapo Fund

There were no contributions to Kayapo Fund in 2016 and 2015, as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
Kayapo Fund	-	-	14,392
Income	2,509	1,750	7,655
<b>Total resources contributed</b>	<b>2,509</b>	<b>1,750</b>	<b>22,047</b>

We present below the balances held in the project's bank accounts, including financial investments, at December 31, 2015 and 2016:

	(In thousands of Reais)	
	2016	2015
<b>Kayapo Fund Accounts</b>		
Itaú Private – Efficax investment 013548-6	9,082	8,119
Itaú Pragma – RF and Variable investment 89239-9	9,562	8,319
<b>Total</b>	<b>18,644</b>	<b>16,438</b>

#### Variations in Kayapo Fund

	(In thousands of Reais)	
	2016	2015
<b>Balance at January 1</b>	<b>16,438</b>	<b>14,993</b>
Income	2,509	1,750
Income tax withheld and provisioned	(303)	(305)
<b>Balance at December 31</b>	<b>18,644</b>	<b>16,438</b>

#### **b) Kayapó – Operating account**

There were no contributions to Kayapo - Operating account in 2016 and 2015, as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
Kayapo Fund	-	-	2,398
BNDES part A	-	-	155
Income	49	133	276
<b>Total inflow of resources</b>	<b>49</b>	<b>133</b>	<b>2,829</b>

The statement of investment of operational resources accumulated until 2016 is the following:

	(In thousands of Reais)		
	2016	2015	Accumulated
Consultancy for technical studies of the Kayapo people's quality of life diagnosis and physical integrity of their land	-	-	155
AFP Project Institutional strengthening towards autonomy	228	339	787
IR Project Support to actions for conservation and sustainable development of Capoto/Independencia and Menkragnoti indigenous lands	199	400	813
Kabu Institute Project Strengthening of income-generating activities	89	511	600
<b>Total disbursements to other institutions</b>	<b>516</b>	<b>1,250</b>	<b>2,355</b>
Other expenses	30	26	75
<b>All investments of resources</b>	<b>546</b>	<b>1,276</b>	<b>2,430</b>

We present below the balances held in the project's bank accounts, including financial investments, at December 31, 2015 and 2016:

	(In thousands of Reais)	
	2016	2015
<b>Kayapó Account</b>		
Banco do Brasil - C/C 28686-9	-	1
Banco do Brasil - Investment CDB 28686-9	173	775
<b>Total</b>	<b>173</b>	<b>776</b>

## II) Adoption of parks

This support method, created in 2011, seeks voluntary private investments to structure and foster the maintenance of Federal, State or Municipal Conservation Units (CUs), aimed at Biodiversity conservation. FUNBIO manages the donations and provides specialty procurement and hiring, financial control and reporting service. In consideration for the contribution of resources, the companies' sponsorship is recognized and they gain visibility in communication actions.

The existing agreements include:

(Parks)	Area (thousand)		Contractual Resources
	Hectares		
Fernando de Noronha Marine National Park	10.9		R\$ 4.3 million - OGX
Lençóis Maranhenses National Park	155		R\$ 3.5 million – MPX/ ENEVA

In 2015, the resources contributed by OGX and Eneva, formerly MPX, continued to be applied to the Fernando de Noronha (PE) and the Lençóis Maranhenses (MA) National Parks, respectively. The current planning seeks the application of the resources previously released by donors, without considering installments to be released.

Since the beginning of the project, infrastructure works were performed as follows:

- At Lençóis Maranhenses, the main ones included: the construction of the bridge over Cedro creek, which provides access to Lagoa Azul (Blue Lagoon), one of the main sights of the Park); construction of the nautical/land garage; renovation of the Atins Outpost, which includes accommodation and the administrative sub-office of the Park; renovation and maintenance of all vehicles, including boats, cars and quads. This renovation and maintenance work was key for the enforcement activities.
- At Fernando de Noronha, the following works were implemented: renovation and expansion of the administrative office; draft of the project for renovation and expansion of researchers' accommodation; procurement of goods and maintenance of vehicles and existing infrastructure in the Park.

The program also relies on a contribution for the original amount of R\$ 300,000 made by BP Brasil in 2012 to support actions related to environmental management of PAs; the project is underway.

At the end of 2016, the balance of the Park Adoption Program amounts to R\$ 0.6 million (2015: R\$ 2.2 million), and applied R\$ 1.8 million (2015: R\$ 655,000) to its activities.

There were no contributions to the Park Adoption Project in 2015 and 2016, as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
MPX – PNLM	-	-	2,060
OGX – PNFN	-	-	2,329
BP - RVS Tijuco and da Prata Rivers	-	-	300
Income	172	267	1,138
<b>Total resources contributed</b>	<b>172</b>	<b>267</b>	<b>5,827</b>

We present below the balances held in the project's bank accounts, including financial investments, at December 31, 2015 and 2016:

	(In thousands of Reais)	
	2016	2015
<b>Adoption of Parks Accounts</b>		
Banco do Brasil - C/C 28690-7	-	1
Banco do Brasil - Investment CDB 28690-7 - OGX	164	1,216
Banco do Brasil - C/C 28694-X – MPX	-	1
Banco do Brasil - Investment CDB 28694-X – MPX	-	604
Banco do Brasil - C/C 28711-3	-	-
Banco do Brasil – Investment CDB 28711-3 – BP	462	414
<b>Total</b>	<b>626</b>	<b>2,236</b>

(\*) The difference between the bank balance and the project's final balance refers to substantially to rendering of account contingent to the application in the subsequent period.

### III) Juruti Sustentável Program – Funjus and Conjus

The Juruti Sustentável Fund (Funjus) is an innovative experience for financial support to the implementation of social and environmental projects in the municipality of Juruti, State of Pará. Developed by FUNBIO, it integrates the Juruti Sustentável development strategy, which also includes the advisory forum known as Juruti Sustentável Council (Conjus) and Development Indicators, with a baseline designed by Getúlio Vargas Foundation (GV-CES) using a methodology based on joint construction with the community.

Year 2013 marked the beginning of a transition phase for Funjus. FUNBIO, which manages the fund since its inception four years ago, started an operating transition that assigns to Conjus the selection and implementation of the next invitations to bid. To fulfill this transition plan, a three-month training course is planned for the local Conjus team, as well as monitoring, totaling 18 months starting in January 2014. This training was completed in the first half of 2016.

In 2014, the information transfer model planned in the aforementioned transition consisted of training on management tools, divided into 12 modules addressing the following topics: introduction to the concepts of funds; board management; management of the executive secretariat; donor management; communication plan; information and documents management; selection; contracting; performance; monitoring and assessment; financial planning; and accounting control. Still in 2014, transfers were made for Conjus formalization and to the Chelonia Conservation Project.

The modules were divided into five meetings held in Juruti: four from May to November 2014 and the last one held in 2015, at Funbio, intended to introduce the work of other partners. At the same time, the activities of the new Funjus executive secretary was supervised, including guidance on the operation procedures, as well as the financial management of the Fund's assets.

FUNBIO is the depositary of Funjus' resources, safeguarding and managing the investments and making disbursements to Conjus as required. At the end of 2015, Funjus balance amounted to R\$ 3.4 million (2014: R\$ 3.1 million).

In 2016, the total balance of the Project, amounting to R\$ 3.5 million, was transferred to IJUS - Instituto Juruti Sustentável, an institute created to carry out the Conjus' activities. This final stage consolidates the success in the Project's implementation with the local training of the entity, and FUNBIO fully fulfilled its role.

#### a) Juruti Sustentável Fund

There were no contributions to Juruti Sustentável Fund in 2016 and 2015, as follows:

	(In thousands Reais)		
	2016	2015	Accumulated
<b>FUNJUS</b>	-	-	3,490
Income	198	358	1,639
<b>Total inflow of resources</b>	<b>198</b>	<b>358</b>	<b>5,129</b>

The statement of investment of operational resources accumulated until 2016 is as follows:

	(In thousands of Reais)	
	2016	Accumulated
Disbursement to Projects		
Disbursements for notice 01/2009's project preparation	-	10
Construindo e Alimentando com Qualidade (Building and Nurturing with Quality)	-	50
5S program in Juruti companies	-	39
Da Rua à Cultura (From the Street to Culture)	-	50
Tucumã	-	49
Juruti Pescados	-	50
Pesca Milagrosa - Breeding Tambaqui fish in Fish Breeding Nets	-	50
Cheiro Verde - Structuring of Family Gardens in Communities		
Santa Terezinha and Lago Preto	-	10
Consolidation and strengthening of Associations in the Highlands Region	-	10
Income generation for Family Rural Production Through the Breeding of Free Range Chicken	-	10
Support for producers of Organic Vegetables from the Community of Araçá-Preto	-	10
Breeding of native bees from the Community of São Brás	-	10

Support for organic poultry farmers from the Community of São José do Curumucuri	-	10
100% Curupira - Breeding Tambaqui fish in Fish Breeding Nets	-	10
100% Adelinos - Breeding Tambaqui fish in Fish Breeding Nets	-	10
Consolidation and strengthening of Associations in the Region of Juruti Velho Lake	-	10
Breeding Tambaqui fish in Fish Breeding Nets	-	10
100% Hortalinós - Structuring of Family Gardens from the Communities in the Santo Hilário Region	-	10
Amarrando Sonhos (Tying Dreams)	-	10
Structuring and adequacy of Flour Mills	-	10
Fisheries Agreement on Porção Grande Lake and Lago Grande do Curuai	-	49
Puxirum dos Curumins	-	50
Partial diagnostics of Juruti's fishery chain	-	10
Ass. Dos Prod. Rurais e Pescadores Artesanais - APROPARD	-	160
Funjus Training	-	326
Juruti Sustentável Board	-	143
Juruti Sustentável Institute - IJUS	3,471	3,471
<b>Total</b>	<b>3,471</b>	<b>4,637</b>

Below is the balance held in the project's bank account at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>Juruti Fund accounts</b>		
Banco do Brasil – Investment CDB 28710-5 (*)	-	3,351

(\*) In 2016, transferred to IJUS - Juruti Sustentável Institute.

## B) Funjus Training

The project was closed in 2016 with full use of the resources. Thus, there were no contributions to the Funjus Training Project in 2016 and 2015, as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
<b>FUNJUS TRAINING</b>	-	-	326
Income	-	44	12
<b>Total inflow of resources</b>	-	44	338

Below is the balance held in the project's bank account at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
Banco do Brasil C/C 26923-9	-	21

#### IV) PROBIO Juruti Sustentável

The aim of the initiative in this area is to support and finance the biodiversity mainstreaming in the context of mining, with a focus on the sector's externalities on the socioeconomics and natural resources, aiming at the development of sustainable economic alternatives. To achieve these goals, PROBIO II entered in a partnership with the Juruti Sustentável Fund (Funjus) and with the Juruti Sustentável Board (CONJUS) for the development of three productive chains: forestry (timber and non-timber); fishing; and family agriculture.

It is a tool capable of aggregating potential contributions to a sustainable development proposal for the territory, raising the municipality's economic level. For this, Probio II investments have been providing support for diagnostics, studies and business plans that aim to subsidize actions to build and leverage the productive chains of forestry, fishing and organics, with a view to add potential contributions to the productive landscapes. These documents will give support and guidance to the FUNJUS Board's decisions on the best funding lines to be induced by their notices. In addition, they will help in the identification of Government sources and plans which can support the leveraging of resources, as well as indicate forms of intervention in the bottlenecks found in different links of the chains that are preventing a stable production and/or economies of scale.

The differential of these activities carried out within the territory context is the participatory model, which is aggregating the different local partners, as a way of empower them as protagonists of their own demands and opportunities, whether they are productive or related to other issues of importance to the municipality's development. The whole process of diagnostics and studies preparation is being conducted to ensure the participation of local players in the processes, with the Municipal Public Power as an important partner in the reflections on the region's characteristics, associated with the acceptance of the conversion of the actions into public policies at the local level.

The project was closed in 2016 with the transfer of the project's balance to PROBIO - Opportunities Fund, and the final rendering of accounts.

##### a) Probio Juruti Sustentável

The details of the inflow of resources occurred into bank account no. 27.410-0 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

Probio Juruti BB	Amounts	Inflow date
	In thousands of Reais	of the resources in the bank
Inflow	751	3/7/2016

The resources contributed and the income earned during the years ended December 31, 2016 and 2015 were as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
Probio Juruti Sustentável	751	200	1,120
Income	38	11	52
<b>Total resources contributed</b>	<b>789</b>	<b>211</b>	<b>1,172</b>



Below is the balance held in the project's bank account at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>PROBIO JURUTI</b>		
Banco do Brasil - C/C 27,410-0	-	84

### b) Probio Votorantim Execução

There was no inflow of resources into Project Probio Votorantim Execução during 2016. The total resources contributed during 2015 was the following:

	(In thousands of Reais)		
	2016	2015	Accumulated
<b>Probio Votorantim Execução</b>	-	112	112
Income	1	3	4
<b>Total</b>	<b>1</b>	<b>115</b>	<b>116</b>

Below is the balance held in the project's bank account at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>Account</b>		
Banco do Brasil - C/C 27976-5	-	10

### c) Contrapartida

Based on the list provided by FUNBIO's management and through the bank statements of account No. 27856-4 held with Banco do Brasil, we confirm that there was no contribution of resources to the Contrapartida project during 2016. The total resources contributed during 2015 was the following:

	(In thousands of Reais)		
	2016	2015	Accumulated
Votorantim	-	331	331
Income	-	3	3
<b>Total</b>	<b>-</b>	<b>333</b>	<b>334</b>

Below is the balance held in the project's bank account at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>Account</b>		
Banco do Brasil - C/C 27856-4	-	19

**V) GEF Pollinators - Conservation and Management of Pollinators for Sustainable Agriculture through an Ecosystem-Based Approach – Brazilian Pollinators**

Initiative of the UN Food and Agriculture Organization (FAO), supported by the United Nations Environment Program (UNEP) and funded by the Global Environment Facility (GEF).

The project, aimed at consolidating an integrated knowledge base on pollination services; promoting effective conservation and sustainable use of pollinators for agriculture; expanding the farmers' and small landowners' ability to conserve and use pollination services in a sustainable fashion; and fostering public policies and public awareness actions.

Overall, 57 fellows from 19 institutions in over 10 Brazilian states were supported, who worked in the generation of primary data on pollinators. Five new bee species were identified with the support of the project. Over 40 publications and studies were prepared, yielding – in addition to important information and curious facts – nine good practices to boost pollination in the field. In 2015, the project also prepared the Good Practices Guide for Farmers and seven management plans for the following crops: cashew, apple, canola, tomatoes, melons, nuts and cotton.

To disseminate the results, a partnership with the "Bee or not to be" campaign was established, directed primarily to farmers. The campaign included creating a Website containing information on pollinators; preparing an educational booklet for 8 to 11 years old children; placing radio spots in 200 cities and 10 states, as well as various information bits on social media. A partnership with Rio de Janeiro State's Education Department of delivered 200 primers, intended for 33 classes at 17 schools, reaching over 700 students. At the Brazilian Pollinators Network website (<http://www.polinizadoresdobrasil.org.br/index.php/en/redes>), the key results of the project were disclosed.

In 2016, the Project was closed with the diagramming, dissemination on websites, printing and distribution of 20,000 copies of eight publications, namely: canola management plan; apple management plan; tomato management plan; cotton management plan; chestnut management plan; melon management plan; good practices manual for farmers and the booklet "More bees, more cotton". The implementation in 2016 was in the amount of R\$ 100,000.

The resources contributed and the income earned during the years ended December 31, 2016 and 2015 were as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
GEF Pollinators	-	915	6,933
Income	10	31	121
Total inflow of resources	<b>10</b>	<b>946</b>	<b>7,054</b>

The statement of investment of operational resources during the years ended December 31, 2016 and 2015, according to the eligible statements of expenditures in the project is the following:

	(In thousands of Reais)		
	2016	2015	Accumulated
<b>GEF Pollinators Category</b>			
2200 - Recruitment of staff	4	364	1,614
1200 - Recruitment of temporary services	22	226	1,154
3200 - Group Training	27	213	721
5200 - Expenditure with Reports	98	254	809
3300 - Meetings / conferences	-	226	613
3100 - Field logistics work	-	51	351
4300 - Facilities	-	6	109
1600 - Official business travels	-	77	178
4100 - Disposable Equipment	-	32	80
5300 - Other	-	-	19
5100 - Operation and Maintenance of equipment	-	64	84
4200 - Non-disposable equipment	-	3	3
<b>Total (*)</b>	<b>151</b>	<b>1,516</b>	<b>5,735</b>

(\*) The difference of R\$ 9 thousand is related to 2015 rendering of accounts, which were classified as "in progress" in that year.

Below is the balance held in the project's bank account at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>GEF Pollinators Accounts</b>		
Banco do Brasil - C/C 21556-2 (*)	-	156

(\*) The difference of R\$ 20 thousand in 2015 is related to the amounts settled in 2016.

## VI) Fauna Brasil Portfolio

The Brazilian Fauna and Fishing Resources Conservation Portfolio – Fauna Brasil Portfolio is a financial tool that receives funds from criminal penalties, environmental administrative fines, donations, sponsorships and other sources. Result of a partnership with Ibama (Brazilian Institute for the Environment and Natural Resources), ICMBio and the Federal Prosecutor's Office, it is intended to fund endangered Brazilian fauna conservation programs and projects.

For the Ararinha na Natureza project in 2015, the Fauna Portfolio supported the arrival of two Spix's macaw (*Cyanopsitta spixii*) couples donated to the Brazilian government. One came from Germany, and one came from Qatar, and the periodic monitoring meeting of the National Action Plan (NAP) for the species was held at the headquarters of Al Wabra, in Qatar, the primary breeding site for the species, which was extinct in nature in year 2000. In 2016 R\$ 388 thousand were used (2015: R\$ 111 thousand) and the project's financial balance at the end of the year amounts to R\$ 636 thousand (2015: R\$ 1.1 million).

In the Sirênios project, practically closed in 2015, was discussed the budget for the use of the project's balance, which at the end of 2016 amounts to R\$119,000.

The Fauna Fund presents a balance of R\$ 548 thousand at the end of 2016 (2015: R \$544 thousand), having received during this period R\$ 29 thousand and generated revenues of approximately R\$ 67 thousand.

In 2016, the Fauna Portfolio continued the Support and monitoring of implementation of 11 projects for conservation of Brazilian endangered species, such as reef fish, sea turtles, marine mammals (including porpoise, humpback whale and manatee), medium and large feline in the northern region of Rondonia State, red-tailed amazon and Spix's macaw.

Other actions in 2016 were: the return of the Ongoing Fauna Projects Showcase; and the renewal of the Technical Cooperation Agreement signed between FUNBIO, ICMBio, IBAMA and Federal Prosecutor's Office for implementation of Fauna Brasil Portfolio.

#### a) Fundo Fauna and Seismic Portfolio

The resources contributed and the FRF withdrawals during the years ended December 31, 2016 and 2015 were as follows:

##### Variations in Fauna Portfolios

	(In thousands of Reais)		
	2016	2015	Accumulated
Inflow of resources			
Free resources (a)	29	11	381
Species Conservation	-	-	9
Technical Capacity Development	-	-	7
Specific Project	-	-	51
Sustainable use of Native Species	-	-	3
<b>Total</b>	<b>29</b>	<b>11</b>	<b>450</b>
FRF Withdrawal			
Free Resources	(1)	-	(12)
Species Conservation	-	-	-
Technical Capacity Development	-	-	-
Specific Project	-	-	(3)
Sustainable Use of Native Species	-	-	-
<b>Total (b)</b>	<b>(1)</b>	<b>-</b>	<b>(15)</b>
Balance			
Free Resources	28	10	369
Species Conservation	-	-	8
Technical Capacity Development	-	-	7
Specific Project	-	-	48
Sustainable Use of Native Species	-	-	3
<b>Total</b>	<b>28</b>	<b>10</b>	<b>435</b>

(A) Within the R\$ 29 thousand inflow there was an amount of R\$3 thousand related to unidentified deposit in 2015, which was regularized in 2016.

(B) Corresponds to 5% of resources received, as provided for in the agreement.

There was no investment of operational resources during the years ended December 31, 2016 and 2015, as shown below:

(In thousands of Reais)			
	2016	2015	Accumulated
Disbursement to Projects			
Purple Face Parrot	-	-	(50)
Jamari Flora	-	-	(50)
Pró-Arribada CGPEG	-	-	(16)
<b>Total</b>	-	-	<b>(116)</b>

In addition, the bank accounts had inflow of resources relating to investment income, which totaled in the years ended December 31, 2016 and 2015 the following amounts:

(In thousands of Reais)			
	2016	2015	Accumulated
Income	67	59	207

Below are the balances held in the project's bank accounts, including financial investments, at December 31, 2016 and 2015:

(In thousands of Reais)		
	2016	2015
<b>Fundo Fauna and Seismic Portfolio Accounts</b>		
Itaú c/c 01677-4 CDB	5	16
Itaú c/c 01677-4 Private Exclusive FIC	387	104
Itaú c/c 01677-4 Compromissada DI	117	339
Itaú c/c 01677-4 Automatic investments	39	8
<b>Total</b>	<b>548</b>	<b>467</b>

#### **b) Fauna – Sirênios Portfolio**

The resources contributed and the income earned during the years ended December 31, 2016 and 2015 were as follows:

(In thousands of Reais)			
	2016	2015	Accumulated
<b>Sirênios</b>	-	147	3,976
Income	15	14	116
<b>Total</b>	<b>15</b>	<b>161</b>	<b>4,092</b>

Below are the balances held in the project's bank account, including financial investments, at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>Sirênios Accounts</b>		
Banco do Brasil - C/C 28629-X	-	-
Banco do Brasil – CDB 28629-X	116	148
<b>Total (*)</b>	<b>116</b>	<b>148</b>

(\*) The difference of R\$4 thousand refers to a bank outstanding item regularized in January 2017.

### c) Fauna Portfolio- Ararinha Azul

There were no contributions to the Fauna Portfolio – Spix's Macaw Project in 2016 and 2015, as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
Spix's Macaw	-	-	3,620
Income	113	121	468
<b>Total</b>	<b>113</b>	<b>121</b>	<b>4,089</b>

Below is the balance held in the project's bank account, including financial investments, at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>Account - Spix's Macaw</b>		
Banco do Brasil - C/C 28688-5	-	1
Banco do Brasil – CDB 28688-5	637	1,113
<b>Total</b>	<b>637</b>	<b>1,114</b>

## VII) Commitment to Amazon – ARPA for Life – New Sources

The ARPA for Life project is intended to create and implement a new funding strategy for the ARPA program – Amazon Protected Areas. The model combines the resources currently deposited to the Protected Areas Fund (Fundo de Áreas Protegidas, FAP) with private, bilateral and multilateral investments, creating a transition fund. This fund will enable gradually increasing the public funds in Protected Areas, within 25 years, to achieve the financial sustainability of the program.

Launched during Rio+20, the initiative brings together the WWF, Funbio, Linden Trust for Conservation, the Gordon and Betty Moore Foundation, the Brazilian Ministry of Environment (MMA), and ICMBio, supported of other ARPA partners. The initiative establishes fundraising goals based on the cost estimate calculated using real data from the program, systematized by Funbio since the creation of ARPA in 2003, and with data from the ICMBio implementation.

These calculations are detailed in the publication "How much does the ARPA program costs?", written by Funbio and WWF's technical teams.

The project aims to support the fundraisings directly to ARPA Program, as well as supporting the States in enabling consideration resources.

In 2016 the following activities were planned and/or performed:

- Study on the legal aspects of state compensation;
- Pará component:
  - Review of the action strategy for enabling the mechanism;
  - Coordination with local players;
  - Draft law providing for the mechanism referred for consideration.
- Rondônia component:
  - Dialog for the pilot project with resources from the federal compensation.
- Amapá component:
  - Release and raising of private funds.
- Amazonas component:
  - Dialog with local partners;
  - Design of the opportunities study at the Zona Franca (Free Zone);
- Fundraising component:
  - Conducted a pilot proposal roadshow together with entrepreneurs and state control agencies;
  - Structured raising of private funds strategy.

No resources were received and R\$ 21 thousand were applied in 2016 and 2015 (2015: R\$ 279 thousand) considering the repayment installments from FUNBIO's team.

There was no inflow of resources in the Commitment for Amazon Project - ARPA for Life - New Sources during 2016 and 2015, as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
New Sources Arpa	-	-	2,683
Income	14	27	124
<b>Total</b>	<b>14</b>	<b>27</b>	<b>2,807</b>

Below is the balance held in the project's bank account, including financial investments, at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>Account - Arpa New Sources</b>		
Banco do Brasil - C/C 23309-9	-	-
Banco do Brasil - Investment CDB 23309-9	115	122
<b>Total</b>	<b>115</b>	<b>122</b>

### VIII) RedLAC Training Project for Environmental Funds

The project is intended to strengthen the funds regarding their operation and the use of innovative financial tools to reduce reliance on donations and diversify the funding sources. The project, which brings together funds from Latin America, the Caribbean and Africa, fosters the exchange of experiences; building case studies and best practices; building methodologies in working groups and pilot projects to test new conservation tools.

2014 was the project's fourth and last year, with the delivery of two additional training workshops. The first in Cameroon, in Africa, about how the environmental funds can work with the extractive industry, especially the mining industry. This meeting was part of the IV CAFÉ Meeting's program, the African Funds Network. The second workshop of the year was also the project's last, in Guayaquil, Ecuador, integrated to the XVI RedLAC Meeting, and focused on the case study method. On occasion the funds developed case studies on their institutions and projects, and made a field trip to the Galapagos archipelago.

The two mentoring experiences among environmental funds were also finalized, a model in which the most consolidated and experienced funds support a newer fund's particular demand. In this activity, Funbio worked to support the structuring of Biofund's financial procedures, in Mozambique.

All content created during the four years of the project was translated into English, Spanish and French, being available on Funbio and RedLAC websites. As the next step a web platform for providing this material and future references will be launched, produced by both the RedLAC members and by the Africans funds of the CAFÉ sister-network.

The Project also co-funded five pilot projects to test innovative financial tools, which were intended to link the funds to new funding sources. The key results include the creation of the African Environmental Funds Network (CAFE), which now works in conjunction with RedLAC on a new project to strengthen the funds of both regions – Project K – started in 2015 and forecast to end in 2018.

In 2016 the project was closed with a final implementation of R\$ 21 thousand.

There were no contributions to the RedLAC Training Project for Environmental Funds in 2016 and 2015, as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
Moore	-	-	1,726
FFEM	-	-	2,298
Foreign exchange variation	(38)	4	148
<b>Total resources contributed</b>	<b>(38)</b>	<b>4</b>	<b>4,210</b>



Below is the balance held in the project's bank account at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>RedLac Training Accounts</b>		
Banco do Brasil NY - C/C 76253011-1 (*)	-	28
<b>Total</b>	-	<b>28</b>

(\*) The difference between the bank balance and the project's final balance in the amount of R\$5 thousand is related to adjustments to be made between the donor and Funbio which was regulated in 2016.

#### **IX) GEF Nutrition – Conservation and Sustainable Use of Biodiversity for Improved Human Nutrition and Well-Being**

The Project works to foster native species with high nutritional value, but unknown or little used in the Brazilian daily diet due to cultural reasons. In addition to fostering scientific knowledge on these species, the project focuses on disseminating information and on public policy for the procurement of food, minimum price and introduction of produce from the Brazilian biodiversity in school meals and in government food programs.

This project, in a partnership with Biodiversity International and funded by the Global Environmental Facility (GEF) through the Food and Agriculture Organization (FAO) and the United Nations Environment Program (UNEP), started in the second half of 2012. FUNBIO is responsible for managing the project funds in Brazil.

In 2016 the following activities and results were achieved by the Project:

- Data compiled for 49 priority species by partner universities showed a lack of reliable data about dietary fiber, vitamins and minerals for most species. The analysis of the food compositions is being performed to fill this data gap through partnerships with the Federal University of Ceará (UFC), Goiás (UFG), São Paulo (UNIFESP), Rio Grande do Sul (UFRGS) and Instituto Nacional de Pesquisas da Amazônia (INPA). The nutritional analysis for over 20 species is being carried out by the Brazilian Agricultural Research Corporation (EMBRAPA);
- A survey of traditional knowledge about the use of priority species in quilombolas communities of the Midwest was conducted by UFG, and in the Northeast by UFC, resulting in the publication of 2 dissertations at UFG and 3 bachelor theses at UFC;
- Additional information is being used to identify opportunities and barriers for the inclusion of some of these species in the National School Feeding Program (PNAE);
- To date, the partnership with universities and research institutes has resulted in the publication of:
  - 2 masters' dissertations at UFC in the first semester of 2016
  - 3 degree theses at UFC in the first semester of 2016
  - 2 masters' dissertations at UFG in the first semester of 2016
  - 2 masters' dissertations at USP in 2015
  - 1 masters' dissertations at UNIFESP in the second semester of 2016

- The Plants for the Future initiative continues to compile and document the traditional and scientific knowledge on priority species of the Midwest, North, Northeast and Southeast regions of Brazil. The collaboration with EMBRAPA's Horticultural Division (EMBRAPA Hortaliças) led to the inclusion of six native plants in the "Plants for the Future" publication for the Midwest region, which was completed in December 2016 and is currently being evaluated by MMA's Editorial Committee;

And moreover, project's publications and international dissemination; National Committee Meeting in November 2016; Review of the Project's Compromise in Brazil, with visits to partners and review of results achieved; Project's International Committee Meeting in November 2016 in Turkey; Annual budget and project review; Preparation of LOA 2017.

In 2016, the project invested R\$ 991 thousand (2015: R\$ 449 thousand) and received R\$ 822 thousand (2015: R\$ 984 thousand), with resources in the project amounting to R\$ 1.04 million (2015: R\$ 1.2 million).

The details of the inflow of resources occurred in account N. 24104-0 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts In thousands of Reais	Date of inflow of the resources in the Bank
<b>GEF Nutrition</b>		
Inflows	441,080	4/11/2016
Inflows	380,618	4/11/2016
<b>Total</b>	<b>821,699</b>	

The resources contributed and the income earned during the years ended December 31, 2016 and 2015 were as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
GEF Nutrition	822	984	3,075
Income	136	69	263
<b>Total</b>	<b>958</b>	<b>1,053</b>	<b>3,338</b>

Below is the balance held in the project's bank account, including financial investments, at December 31, 2016 and 2015:

	( thousands of Reais)	
	2016	2015
<b>Account - GEF Nutrition</b>		
Banco do Brasil - C/C 24104-0	1	1
Banco do Brasil - Investment CDB 24104-0	1,039	1,204
<b>Total</b>	<b>1,040</b>	<b>1,205</b>

## X) Paiter Suruí Fund

The Paiter Surui Fund is a financial tool aimed at implementing the Sete de Setembro Native Land Management Plan, based on good governance and transparency principles, with the active involvement of Native Brazilian representative councils in the decisions. The funds from the sale of carbon credits and from other sources will be integral parts of the Paiter Surui Fund, which has Funbio as the party responsible for its design and financial management.

The Surui Indians fight for the conservation of their natural resources, and, in the last decade, led by Almir Surui, drew up a strategic 50-year plan for the conservation, protection and sustainability of their land. To fund this plan, they developed a REDD+ carbon project and a fund to receive the financial resources from the sale of carbon credits, as well as resources from other sources. FUNBIO designed and manages the fund, which funds the projects proposed by the Surui people associations.

In 2014, cash disbursements were made to the associations, as well as two training programs. The first one was to Metareilá Association, on the fund management tools; and the second one was directed at Native Brazilian associations, on community project management tools.

Also, all credits from the first verification period were sold, as follows: 170,000 VCUs (Verified Carbon Units) for Natura's voluntary GHG emission offsetting program, and 75,000 VCUs for the Carbon Neutral Company Limited, aimed at neutralizing GHG emissions associated with FIFA World Cup Brazil 2014.

This project contributes to the consolidation and scope of the proposals and goals set by the National Climate Change Policy (NPCC) and the Action Plan for Deforestation Prevention and Control in the Amazon (PPCDAM). On a regional scale, the project is combined with the goals of the Deforestation Prevention and Elimination for the State of Rondônia.

In 2016, R\$ 347 thousand were invested (2015: R\$ 779 thousand) and new inflow of resources amounted to R\$ 33 thousand (2015: there were no inflow of resources). Income in the amount of R\$ 76 thousand was generated (2015: R\$ 124 thousand). The fund's operating account balance at the end of the year amounts to R\$ 653 thousand (2015: R\$ 1.1 million).

In 2017 the implementation of the transfer of the balances of the Paiter Suruí Fund to Metareilá Association is foreseen, to manage the Fund's resources.

The details of the inflow of resources occurred in account No. 25280-8 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts In thousands of Reais	Date of inflow of the resources in the bank
<b>Paiter Suruí Fund</b>		
Inflows	10	1/4/2016
Inflows	8	2/17/2016
Inflows	5	3/29/2016
Inflows	10	11/11/2016
<b>Total</b>	<b>33</b>	

The resources contributed during the years ended December 31, 2016 and 2015 were as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
Paiter Surui Fund	33	14	3,192
Income	76	124	240
<b>Total</b>	<b>109</b>	<b>138</b>	<b>3541</b>

Below is the balance held in the project's bank account, including financial investments, at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>Account- Paiter Surui Fund</b>		
Banco do Brasil - C/C 25280-8	-	2
Banco do Brasil – Investment CDB 25280-8	654	955
<b>Total</b>	<b>654</b>	<b>957</b>

#### **XI) REDD+ in PAs - Forest Carbon Credit Statement at Resex Tapajós-Arapiuns Project (ICCO Foundation)**

The REDD+ in PAs - Forest Carbon Credit at Resex Tapajós-Arapiuns Demo Project is the result of a partnership between Tapajoara Association, Chico Mendes Institute for Biodiversity Conservation (ICMBio), Fundo Brasileiro para a Biodiversidade (Funbio) and Center for Environment, Economy and Society of Columbia University (CEES), with technical support from Biofilica Investimentos Ambientais S.A. and financed with ICCO Foundation's resources in the amount of EUR 250,000.00.

The project aims to implement a Forest Carbon demo project with the use of the Rainforest Standard's Protected Areas Credit System, (RFSPAC™), as an alternative for financing the Tapajós-Arapiuns Management Plan activities.

The project started in July 2014 with the submission of the proposal to the Board of Trustees of the Tapajós - Arapiuns Extractive Reserve, which agreed with it. In October 2014, ICCO Foundation and FUNBIO signed the agreement to develop and finance the project. In December 2014, the first portion of the funding was deposited. That same month, FUNBIO and Biofilica signed an agreement with the objective of promoting the development of the work of preparing a map of protected area and a Project Design Document for the preparation of a Forest Carbon Credit Demo Project at the Tapajós-Arapiuns ("Project"), following the principles and criteria presented by the "Rainforest Standard for Protected Areas Credit" ("Certification").

In August 2015, with approximately half of the field work performed, ICMBio suspended the project due to indigenous people protests mainly related to issues beyond the project (demarcation of indigenous territories). These circumstances were not foreseen, and prevented the project from completing the work planned, which is why the investments were lower than expected. In this way, as the project was not completed, FUNBIO issued on February 11, 2016 the final rendering of accounts to the donor, requesting guidance on how to proceed with the project's balance.

In 2016, ICCO Foundation guided FUNBIO to proceed with the refund of the project's balance. R\$ 287 thousand were refunded, after the recognition of financial income in the amount of R\$6 thousand and foreign exchange loss of R\$ 34 thousand.

There was no inflow of resources in the REDD+ project during the year ended December 31, 2016. The total contributions at December 31, 2015 were as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
ICCO FOUNDATION	-	410	794
Income	6	30	38
<b>Total</b>	<b>6</b>	<b>440</b>	<b>832</b>

Below is the balance held in the project's bank account at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>Account - ICCO FOUNDATION</b>		
Banco do Brasil - C/C 27560-3	-	316

## **XII) Project K - "KNOWLEDGE FOR ACTION"**

The Project is intended to strengthen the funds regarding their operation and the use of innovative financial tools to reduce this reliance and diversify the funding sources. In addition to training workshops with different themes and environmental funds peer mentorship, the project will co-finance the implementation of innovative financial mechanisms through a call for proposals addressed to environmental funds in Latin America and the Caribbean (RedLAC) and the Consortium of African Funds (CAFÉ). The initiative has resources amounting to EUR 1.6 million + \$0.9 million guaranteed by FFEM, the Mava Foundation and GEF.

The main results in 2016 were:

- Financing of 10 pre-feasibility studies of innovative financial mechanisms;
- Selection of 5 of the studies mentioned above for a pilot implementation;
- Support to mentorship activities among 7 peers 1 funds group (RedLAC and CAFÉ);
- Holding of 2 training workshops: Brazil and Malawi;
- Development of a study about the networks, resulting in the development of a base line and indicator monitoring plan;
- Project disclosure at the World Conservation Congress (IUCN Hawaii) and in the RedLAC (Brazil) and CAFÉ (Malawi) meetings.

The project implemented resources in the amount of R\$ 1.8 million (2015: 458 thousand) and had a balance under the project resources line item of R\$ 2.0 million by the end of 2016 (2015: 83 thousand).

The details of the inflow of resources occurred in the account No. 76253011-1 held at Banco do Brasil New York, donated to the project in 2016, can be shown as follows:

Project K	Amounts in Euro	Exchange rate	Amounts In thousands of Reais	Date of inflow of the resources in the bank
FFEM Inflows	300	4.4593	1,338	1/28/2016
Inflow - Mava	80	3.6252	292	8/30/2016
<b>Total</b>	<b>380</b>		<b>1,629</b>	

Project K	Amounts in USD	Exchange rate	Amounts in thousands of Reais	Date of inflow of the resources in the bank
Inflows GEF/UNEP	133	3.9571	528	2/26/2016
Inflows GEF/UNEP	694	3.2384	2,247	7/29/2016
<b>Total</b>	<b>827</b>		<b>2,774</b>	

The resources contributed during the years ended December 31, 2016 and 2015 were as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
Project K	4,404	446	4,850
Income	20	-	20
<b>Total</b>	<b>4,424</b>	<b>446</b>	<b>4,870</b>

Below are the balances held in the project's bank accounts, including financial investments, at December 31, 2016:

	(In thousands of Reais)	
	2016	2015
<b>Project K</b>		
Banco do Brasil - Investment CDB 28434-3	133	2
Banco do Brasil Frankfurt C/C 3593313888	35	109
Banco do Brasil Nova York C/C 76253011-1	7	-
Banco do Brasil Nova York Over Night Investment 76253011-1	1,862	-
<b>Total (*)</b>	<b>2,037</b>	<b>111</b>

(\*) In 2016, difference noted in the bank reconciliation regularized in 2017.

### XIII) Moore Sustainability Project

The goal of the project is the financial sustainability of Amazon protected areas, including ARPA (Protected Areas in the Amazon Region) areas, enhanced through consolidation of compensation mechanisms and alternative funding sources for four priority states in the Brazilian Amazon (Amapá, Pará, Rondônia, and Amazonas) and the Federal Government. The project starts from a US\$ 700 thousand donation from Gordon & Betty Moore Foundation and Linden Trust for Conservation.

In 2016, R\$ 210 thousand in project resources were used (2015: R\$ 892 thousand) and R\$ 659 thousand were received (2015: R\$ 1.9 million).

The main results in 2016 were:

- Three dialog events on environmental compensation performed (Pará and Cuiabá) in partnership with Abrampa and the Pro-UC Coalition;
- Training the FUNBIO's team in tax law, with a focus on realized credits;
- Beginning of the design of strategies for tax credit;
- Establishment of a Working Group on Conservation Financing at Pro-UC Coalition, led by FUNBIO;
- Establishment of partnership with Abrampa to discuss legal obligations such as conservation financing instrument;
- Design of strategy for Private Fund for environmental compensation, in partnership with the private sector.

The details of the inflow of resources occurred in account No. 28488-2 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts In thousands of Reais	Date of inflow of the resources in the bank
<b>MOORE SUSTAINABILITY</b>		
Inflows	659	11/10/2016
<b>Total</b>	<b>659</b>	

The resources contributed and the income earned during the years ended December 31, 2016 and 2015 were as follows:

	(In thousands of Reais)		
	2016	2015	Accumulated
<b>MOORE SUSTAINABILITY</b>			
Inflows	659	1,905	2,564
Income	30	20	50
<b>Total</b>	<b>689</b>	<b>1,925</b>	<b>2,614</b>

Below is the balance held in the project's bank account, including financial investments, at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	2015
<b>MOORE SUSTAINABILITY</b>		
Banco do Brasil – C/C 28488-2	-	2
Banco do Brasil Investment CDB – 28488-2	499	747
<b>Total</b>	<b>499</b>	<b>749</b>

#### XIV) Amapa Fund

The Amapá Fund was designed by FUNBIO with support of Gordon & Betty Moore Foundation and CI-Brazil, and in close coordination with the Secretariat of Environment of Amapá staff to allocate resources for the maintenance of the state's biodiversity protected areas. Launched in 2015, it had an initial contribution of US\$ 2.5 million donated by the Global Conservation Fund (GCF), Conservation International and a state consideration of R\$ 1 million.

The mechanism foresees the raising of resources from diversified sources such as TACs, donations and payments for environmental services. The goal is to give agility to the implementation and flexibility for the allocation of resources in protected areas, in a manner that meets the real needs of Protected Areas (PAs) of the most preserved state in Brazil.

FUNBIO ensures the recruitment of a professional asset manager for compliance with the investment policy proposed by the fund. The first contribution occurred in 2016, amounting to R\$8.1 million. As expected, there will be a fundraising period while the governance in its use is defined.

Below are the details of the inflow of resources occurred in bank accounts No. 6088320 at Itaú Miami, No. 17414-7 at Itaú Private, No. 96669-8 at Itaú Pragma and No. 16936-6 at J.P. Morgan:

	Amounts in USD	Exchange rate	Amounts in thousands of Reais	Date of inflow of the resources in the bank
Conservation International	1,250	3.2092	4,012	6/30/2016
Inflows	1,250	3.2920	4,115	7/11/2016
<b>Total</b>	<b>2,500</b>		<b>8,127</b>	

The resources contributed and the exchange rate variations occurred during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
Conservation International	8,127	8,127
Income	368	368
Finance costs	(146)	(146)
Exchange rate variation	2	2
<b>Total</b>	<b>8,351</b>	<b>8,351</b>

Below are the balances held in the project's bank accounts, including financial investments, at December 31, 2016:

	(In thousands of Reais)
	2016
Itaú Miami – c/c 6088320	18
Itaú Miami – RF Investment and Variable 6088320	4,104
Itaú Priv. Efficax Investment - 17414-7	1,291
Itaú Pragma RF Investment and variable 96669-8	2,761
J. P. Morgan Investment Variable Income 16936-6	214
<b>Total</b>	<b>8,388</b>



## XV) Bahia and Espirito Santo Fund - Atlantic Forest Protected Areas Fund (AFPA Fund)

The AFPA Fund, also known as "Bahia & ES Fund" was designed by FUNBIO with the support of Gordon & Betty Moore Foundation and CI-Brasil, and in close coordination with the Chico Mendes Institute for Biodiversity Conservation (ICMbio) staff, to allocate resources to ensure the viability and sustainability of 29 biodiversity protected areas located in the states of Bahia and Espirito Santo. Launched in 2016, it had an initial contribution of US\$ 2.1 million donated by the Global Conservation Fund (GCF), form Conservation International.

FUNBIO ensures the recruitment of a professional asset manager for compliance with the investment policy proposed by the fund. The first contribution occurred in 2016, amounting to R\$6.9 million. As expected, there will be a fundraising period while the governance in its use is defined.

The details of the inflow of resources occurred in accounts No. 30.124-8 held at Banco do Brasil and No 1006340-3, held at Banco do Brasil NY, donated to the project in 2016, can be shown as follows:

	Amounts in USD	Exchange rate	Amounts in thousands of Reais	Date of inflow of the resources in the bank
<b>Conservation International</b>				
Inflows	1,050	3.3334	3,500	12/13/2016
Inflows	1,050	3.2646	3,428	12/28/2016
<b>Total</b>	<b>2,100</b>		<b>6,928</b>	

The resources contributed and the exchange rate variations occurred during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
<b>Conservation International</b>	6,928	6,928
Income	2	2
Finance costs	(15)	(15)
Foreign exchange variation	(79)	(79)
<b>Total</b>	<b>6,836</b>	<b>6,836</b>

Below are the balances held in the project's bank accounts, including financial investments, at December 31, 2016:

	(In thousands of Reais)
	2016
<b>BA and ES Fund Account</b>	
Banco do Brasil - C/C 30124-8	-
Banco do Brasil NY – C/C 1006340-3*	3,421
Itaú private – C/C 02077-9	3,415
<b>Total</b>	<b>6,836</b>

\* The funds were deposited in FUNBIO's administrative account, in New York. AFPA (Atlantic Forest Protected Areas Fund)'s Investment Policy provides that 50% of resources should be invested abroad and 50% in Brazil. Funbio, as the assets manager, proposed to join Amapá

Fund with AFPA in a single fund with the investment control according to each project's allocation. CI (Conservation International) is studying the proposal. Meanwhile, the resources in the account in New York are being kept invested in YCD (Yankee Certificate of Deposit) and the control maintained separate from the remaining account's resources.

#### **XVI) SVA Innovation - Design of a Financial Mechanism of Forestry Chain Stimulation**

In the context of the Project K, with a donation of \$20,000 for the first phase, and subject to \$200,000 in funds for a second phase, FUNBIO will develop a design for a financial mechanism to promote an environment that is favorable to the territorial development based on the sustainable forestry chain, taking advantage of the local potential, boosting social participation and bringing partners and strategic resources to this transformation environment.

The resources for the 1st Phase of the project have been received and executed by FUNBIO equivalent to R\$ 71 thousand, used primarily in the reimbursement of professionals involved and the travel expenses in the project's context.

The main results were:

- Consolidation and development of partnership with Engie, built from the Authorized Vegetation Suppression survey (SVA);
- Approval in Project K's first selection phase (financial mechanisms innovation component);
- Development of feasibility studies (socio-economic, financial, legal, strategic) of the financial mechanism;
- Approval in Project K's second selection phase (financial mechanisms innovation component);
- Definition of a pilot for the financial mechanism design base, which is the influence area of the Jirau hydroelectric power plant, in Rondônia.

The details of the inflow of resources occurred in account No. 29.760-7 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts in USD	Exchange rate	Amounts in thousands of Reais	Date of inflow of the resources in the bank
Project K				
Inflows	20	3.5660	71.	4/27/2016
<b>Total</b>	<b>20</b>		<b>71</b>	

The resources contributed during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
Project K	71	71
<b>Total</b>	<b>71</b>	<b>71</b>

These resources were fully used in the Project and, therefore, there is no balance held in the bank account at December 31, 2016:

	(In thousands of Reais)	
	2016	
<b>Account</b>		
Banco do Brasil - C/C 29760-7		-

## **XVII) GEF Mangue**

FUNBIO was hired by the United Nations Development Program - UNDP to perform a compilation of studies and experiences on the economic benefits provided by mangroves to the local, regional and global society. The need for funding of conservation units with mangroves and the economic instruments to support the financial sustainability aimed at the proposition and/or statement about approaches for the consolidation of financial mechanisms for the protection and conservation of this ecosystem.

The project began in 2015, but only in 2016 resources were provided for its operation. In 2016 the equivalent to R\$ 71 thousand were received and executed by FUNBIO, used in the reimbursement of professionals involved and the travel expenses in the project's context.

The results obtained with the initiative were:

- A study of the financial environment of PAs with mangroves (costs, current sources, financing gap and potential sources);
- Systematization of information about economic benefits of mangroves ecosystems to society;
- Mapping, classification and prioritization of sources of resources for PAs with mangroves and suggested funding strategy;
- Proposition of a financing strategy and a feasibility study for setting up a financial mechanism (fund) for the management of resources prioritized;
- Holding of the workshop on economic instruments for mangroves protection.

The details of the inflow of resources occurred in account No. 29.760-7 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts in thousands of Reais	Date of inflow of the resources in the bank
PNUD		
Inflows	62	4/6/2016
Inflows	113	5/31/2016
Inflows	45	8/9/2016
Inflows	112	8/23/2016
Inflows	113	9/14/2016
<b>Total</b>	<b>444</b>	

The resources contributed during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
PNUD	444	444
<b>Total</b>	<b>444</b>	<b>444</b>

These resources were fully applied in the Project and, therefore, there is no balance held in the bank account at December 31, 2016:

	(In thousands of Reais)
	2016
<b>Account</b>	
Banco do Brasil - C/C 29760-7	-

### **XVIII) Project to Support R20 activities in Brazil**

R 20 - Regions of Climate Action is a non-governmental organization founded in 2010 in California, United States which signed a partnership agreement with Funbio whose object is the operational support for the management of resources contributed by and for R20, consisting in managing financial resources to make possible the receipts and payments of the initial resources of R20's activities in Brazil.

In the partnership's first year R\$ 474 thousand were received and R\$ 454 thousand used by R20 in the implementation of the goals in Brazil were subject to rendering of accounts.

The details of the inflow of resources occurred in account No. 28.950-7 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts In thousands of Reais	Date of inflow of the resources in the bank
R20 – Regions of Climate Action		
Bauminas Serviço Indústria Química e Comércio Ltda	90	4/13/2016
Bauminas Serviço Indústria Química e Comércio Ltda	154	4/29/2016
Estre Ambiental	111	10/19/2016
Estre Ambiental	118	12/20/2016
<b>Total</b>	<b>474</b>	

The resources contributed and the income earned during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
R20 – Regions of Climate Action	474	474
Income	2	2
<b>Total</b>	<b>476</b>	<b>476</b>

Below are the balances held in the project's bank accounts, including financial investments, at December 31, 2016:

	(In thousands of Reais)	
	2016	
R20 – Regions of Climate Action		
Banco do Brasil - C/C 28,950-7		-
Banco do Brasil – Investment CDB		7
<b>Total</b>		<b>7</b>

#### **XIX) Funbio - Bioguiné**

Project funded by Project K, in the amount of \$30 thousand, with the objective of training of BioGuiné Foundation in developing financial mechanisms and administrative processes. FUNBIO's objective is to be BioGuiné Foundation's mentor and not the project's technical executor.

In 2016 the results already achieved are related to Training the BioGuiné Foundation and IBAP's team at FUNBIO in funding sources for conservation and financial mechanisms.

Of the R\$ 100 thousand received in the project's account, R\$ 83 thousand remain in the balance at the end of 2016 fiscal year.

The details of the inflow of resources occurred in account No. 29.760-7 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts in thousands of Reais	Date of inflow of resources in the bank
Funbio-BioGuiné Inflows	100	9/21/2016
<b>Total</b>	<b>100</b>	

The resources contributed and the income earned during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
Project K	100	100
Income	2	2
<b>Total</b>	<b>102</b>	<b>102</b>

Below is the balance held in the project's bank account, including financial investments, at December 31, 2016 and 2015:

	(In thousands of Reais)
	2016
<b>Funbio-BioGuiné Account</b>	
Banco do Brasil - C/C 29760-7	-
Banco do Brasil – Investment 29760-7	83
<b>Total</b>	<b>83</b>

## **XX) Atlantic Forest III**

Project with resources amounting to EUR 7.9 million financed by BMU (Germany's Ministry of Environment) through the German Development Bank (KfW) which has as its objectives: contribute to biodiversity conservation and ecological restoration in the Atlantic Forest, with emphasis in selected conservation units' mosaics, contributing to the mitigation and adaptation to climate change in this biome. There are estimates of considerations to the project amounting to EUR 6.4 million from the German Agency for International Cooperation (GIZ) and EUR 4.0 million from the Brazilian Ministry of Environment (MMA).

At the end of 2016 the first contribution to the project was made in the amount of R\$ 989 thousand.

The details of the inflow of resources occurred in account No. 28.123-9 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts in thousands of Reais	Date of inflow of the resources in the bank
<b>ATLANTIC FOREST III</b>		
KFW BMU MATA ATLANTICA III	989	11/29/2016
<b>Total</b>	<b>989</b>	

The resources contributed and the exchange rate variations occurred during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
ATLANTIC FOREST III	989	989
Income	7	7
Foreign exchange variation	(31)	(31)
<b>Total</b>	<b>965</b>	<b>965</b>

Below is the balance held in the project's bank account at December 31, 2016:

	(In thousands of Reais)
	2016
<b>ATLANTIC FOREST III Account</b>	
Banco do Brasil - C/C 28123-9	961

## XXI) PSA Matrix

Project funded by Forest Trends with the goal, at this stage, to develop a technical study for the mapping of Payments for Environmental Services (PES) experiences and other economic incentives in Brazil's oceans (including coastal and marine environments).

The results achieved in 2016 were:

- Development of a PSA matrix model of the oceans;
- A survey of primary information and alignment of concepts and scope with Forest Trends;
- Beginning of the selection process for hiring a consultant.

This Project phase in the amount of \$20,000 was completed, with the resources received - R\$ 67 thousand - being recognized in the 2016 fiscal year.

The details of the inflow of resources occurred in current account No. 12.001-4 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts in thousands of Reais	Date of inflow of the resources in the bank
Forest Trend		
Inflows	26	7/27/2016
Inflows	41	11/17/2016
<b>Total</b>	<b>67</b>	

The resources contributed during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
Forest Trend	67	67
<b>Total</b>	<b>67</b>	<b>67</b>

The resources contributed were fully utilized and were held in Funbio's administrative account.

## **XXII) Mozambique - Biofund**

The project, in partnership with GITEC, has as its goal BIOFUND's technical support in the definition and implementation of flows, development and use of tools (guides) for the financing Protected Areas of Mozambique.

The main goals of the project are:

- Structuring financial models, flows and guides and validation with partners, having as final products the Biofund Operational Manual (MOP) and its attachments.

The main results in 2016 were:

- Structuring of procedures and definition of flows for the Project Bee, resulting in the drafting and approval of BIOFUND Operating Manual and its attachments' first version (Selection Manual and Disbursement Manual);
- Support to the performance of the 1st training on BIOFUND procedures to accountants of Mozambique conservation areas.

In 2016 FUNBIO invested all the funds received - R\$ 51 thousand, in the project's implementation, and invested in the initiative the amount of R\$ 55 thousand. The project should be completed by mid-2017.



The details of the inflow of resources occurred in account No. 28.954-0 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts in thousands of Reais	Date of inflow of the resources in the bank
GITEC		
Inflows	51	8/17/2016
<b>Total</b>	<b>51</b>	

The resources contributed during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
GITEC	51	51
<b>Total</b>	<b>51</b>	<b>51</b>

Below is the balance maintained in the project's bank account at December 31, 2016:

	(In thousands of Reais)
	2016
<b>Account</b>	
Banco do Brasil - C/C 28954-x (*)	1

(\*) The project's balance is negative at December 31, 2016, because FUNBIO has invested its own resources in the project and after the donor's inflow in 2017, there was a reimbursement to Funbio's administrative account.

### **XXIII) Cop Cancun 13 F**

From December 4 to 17, 2016 the Conference of Parties (COP) of the Biological Diversity Conservation (CBD) happened in Cancun - Mexico. FUNBIO acted as fundraiser and organizer of Stand Brazil, Brazil's space of representation at the event.

The supporters who contributed to this initiative were: Embassy of the Federal Republic of Germany/GIZ, WWF-Brasil, O Boticário, Votorantim Industrial, and Conservation International do Brazil - CI.

Until December 31, 2016, between donations and grants the amount of R\$ 160 thousand was raised, and an amount of R\$ 116 thousand was applied to the event. The closing of the event's balance will happen in the first months of the following year.

The details of the inflow of resources occurred in accounts No. 29.987-1 held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts in thousands of Reais	Date of inflow of the resources in the bank
<b>COP 13 CANCUN</b>		
WWF-Brasil	35	12/20/2016
Embassy of the Federal Republic of Germany/GIZ.	75	12/20/2016
Conservation International do Brasil - CI	50	12/21/2016
<b>Total</b>	<b>160</b>	

The resources contributed and the income earned during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
<b>COP 13 CANCUN</b>	160	160
<b>Total</b>	<b>160</b>	<b>160</b>

Below is the balance held in the project's bank account, including financial investments, at December 31, 2016 and 2015:

	(In thousands of Reais)	
	2016	
<b>COP 13 CANCUN</b>		
Banco do Brasil - C/C 29,987-1		-
Banco do Brasil - Investment CDB 29,987-1		44
<b>Total</b>		<b>44</b>

#### **XXIV) Network of Environmental funds in Latin America and the Caribbean Meeting - REDLAC**

The annual meeting of environmental funds in Latin America and the Caribbean (RedLAC) is the most important forum for discussions in the region about the region's environmental financing. Each time it happens in a different country and, in 2016, Funbio was the event's host. The meeting took place in Brasília, between November 1 and 4, and had as guest speaker the photographer Sebastião Salgado, who spoke at the opening lecture about his experience and passion related to the environmental topic. With more than 160 participants, mostly in Latin America, but also with representatives of funds from Africa, this was the edition that had the largest audience since the start of the meetings. Members of the funds, large national and international donors, government representatives, fund managers and the press were among the participants.

In three days, experiences were presented, trends discussed and moments of networking were created among funds representatives, and them with donors. The meeting was also an important learning opportunity, since, during the meeting, success stories on topics such as innovation and access to new sources of funds, communication, relations with donors and with the private sector were presented.

The presentations were divided into eight panels, with an average of 3 panelists and a mediator (see schedule attached). The topics included the future of environmental financing, communications, experiences of the use of resources coming from environmental compensations, climate change, biodiversity and private initiative, safeguards and the Tropical Forest Conservation Act's (TFCA) successful experience in Brazil. This is a U.S. law that allowed the exchange of part of Brazil's debt with the USA for supporting conservation projects in the Atlantic Forest, the Cerrado and Caatinga.

Since 1999, when RedLAC was created, Brazil hosted the meeting only once, in Rio de Janeiro. Two Brazilian funds are part of RedLAC: the Amazon Fund/BNDES, which has the largest volume of funds under management among the RedLAC participating institutions, and Funbio. The event, with a duration of three days, included a field visit which enabled participants to get to know a biome of the host country (in this case, the Cerrado, the most biologically diverse savannah in the world), and also provided an efficient relationship experience.

RedLAC funds are connected to some of the most important conservation projects in the region, among them the Amazon Protected Areas (ARPA). Since the RedLAC creation, member funds have already managed funds amounting to \$2 billion in projects that affected 105 million hectares and over 1,500 Conservation Units in Latin America and the Caribbean.

Among the annual meetings' expected results is the strengthening of institutions that are part of RedLAC, which contributes to intensify and expand the work of promotion of environmental conservation projects in Latin America and the Caribbean. And, also, the creation of a continuous flow of information exchange between the funds, in addition to strengthening the relationship of RedLAC environmental funds with donors.

The details of the inflow of resources occurred in account No. 29151-X held at Banco do Brasil, donated to the project in 2016, can be shown as follows:

	Amounts in thousands of Reais	Date of inflow of the resources in the bank
<b>XVIII RedLAC Meeting</b>		
BNDES - National Bank for Social Economic Development	50	11/23/2016
BNDES - National Bank for Social Economic Development	50	12/29/2016
José Roberto Marinho KfW	30 8	11/25/2016 10/14/2016
OAK Foundation - Oak Philantropy Ltd - Tropical Forest Conservation Act	81 271	7/22/2016 6/9/2016
<b>Total</b>	<b>491</b>	

The resources contributed and the income earned during the year ended December 31, 2016 were as follows:

	(In thousands of Reais)	
	2016	Accumulated
<b>XVIII RedLAC Assembly</b>	491	491
Income	15	15
<b>Total</b>	<b>506</b>	<b>506</b>

Below are the balances held in the project's bank accounts, including financial investments, at December 31, 2016:

	(In thousands of Reais)	
	2016	
<b>XVIII RedLAC Assembly</b>		
Banco do Brasil - C/C 29.151-X		-
Banco do Brasil – Investment CDB		115
<b>Total (*)</b>		<b>115</b>

(\*) The Project's balance presents a balance of R\$ 81, because FUNBIO supplied its own resources for the project's expenses. In 2017, the balance was settled.

#### **XXV) PAs from Acre**

The Technical-Financial Partnership Agreement CPT 00458-2015 ended with the use of the last resources - R\$ 10 thousand, of a total financial contribution of R\$ 25 thousand - with the delivery of financial demand studies and proposals for the funding strategy of Pas from the state of Acre.

#### **XXVI) Promar**

The obligation derived from project balance without movements since December 6, 2000, when the first dissolution notification by FUNBIO occurred, was written off. In response to the Judicial Notice sent with a request for information to FUNBIO about the lawsuit No. 024.010.090.769 from the Seventh Civil Court of Vitória - ES, replied on June 26, 2006 the dissolution notification above is informed and another on 03/20/2001. Fubio is not a party to the lawsuit, it only provided information about the balance of the project already closed.

#### **5. Contingencies**

The Projects' Management, by means of its internal and external legal advisors, assessed the probability of eventual contingencies that could occur in these Projects. Up to December 31, 2016, there were no lawsuits against FUNBIO or this Project.

# Independent auditor's report on the internal control system of the financial statement of Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO

Grant Thornton Auditores Independentes  
Rua Voluntários da Pátria, 89 – 1º andar  
Botafogo  
Rio de Janeiro | RJ | Brasil

T +55 21 3529-9150  
[www.grantthornton.com.br](http://www.grantthornton.com.br)

To the:  
Management of  
**Fundo Brasileiro para a Biodiversidade - FUNBIO**  
Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO  
Rio de Janeiro – RJ

This report is complementary to our report on the financial statement of Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO

The management of Fundo Brasileiro para a Biodiversidade - FUNBIO, executor of Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO, is responsible for establishing and maintaining an internal control system that can mitigate the risks posed by distortions of financial information and protecting the assets under the projects' custody, including the constructed works and other acquired goods. To comply with this responsibility, judgments and estimates are required from the Management for assessing the expected benefits and costs related to the policies and procedures of the internal control system. The objectives of an internal control system are providing management with a reasonable, though not absolute, assurance that the assets are protected against losses resulting from unauthorized uses or provisions, that transactions are performed in accordance with authorizations given by management and within contractual terms, and are properly recorded to allow the preparation of reliable financial statements. Due to limitations that are inherent to any internal control system, errors or irregularities may occur and pass by undetected. Furthermore, projections of any structure evaluation of future periods are subject to risks in which procedures may become inadequate due to changes in the conditions, or that the efficiency of the policies' and procedures' design and operation may become impaired with time.


In planning and developing our audit of the financial statements of the Projects for the year ended December 31, 2016, we obtained an understanding of the current internal control system and we evaluated the control risk in order to determine the audit procedures, with the purpose of expressing an opinion on the Projects' financial statements, and not for expressing an opinion on the efficiency of the internal control system, reason why we do not express such an opinion.

Our audit of Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO, for the year ended December 31, 2016, did not reveal significant deficiencies in the design or operation of the internal control system, which, in our opinion, could adversely affect FUNBIO's capacity to record, process, summarize and present financial information in a manner consistent with management's assertions in the statements of funds received and disbursements made, as well as the statements of accumulated investments.

A significant deficiency is a condition in which the design or operation of one or more elements of the internal control system does not reduce to a relatively low level the risk that errors or irregularities may occur in amounts that could be significant in relation to the Projects' financial statements, and that could not be timely detected by FUNBIO's employees, during the normal course of tasks they were assigned with.

Our consideration of the internal control system does not necessarily expose all the issues of such system that could be considered as significant deficiencies and, therefore, it does not necessarily expose all the conditions to be informed, that could be considered as significant deficiencies, in accordance with the previous definition

Rio de Janeiro, April 27, 2017

  
Ana Cristina Linhares Areosa  
Accountant CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes  
CRC SP-025.583/O-1 "S" – RJ



# Independent auditor's report on compliance with the Projects' standards, laws and regulations of Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO

Grant Thornton Auditores Independentes  
Rua Voluntários da Pátria, 89 – 1º andar  
Botafogo  
Rio de Janeiro | RJ | Brasil

T +55 21 3529-9150  
[www.grantthornton.com.br](http://www.grantthornton.com.br)

To the:  
Management of  
**Fundo Brasileiro para a Biodiversidade - FUNBIO**  
Certain projects managed by Fundo Brasileiro para a Biodiversidade - FUNBIO  
Rio de Janeiro – RJ

We performed an audit of the financial statement of Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO ("Projects"), executed by Fundo Brasileiro para a Biodiversidade - FUNBIO for the period from January 1 to December 31, 2016, and issued our report thereon, dated April 27, 2017.


In connection with our audit, we examined the compliance with clauses and contractual articles established in the respective agreements, applicable at December 31, 2016, and other agreements signed between the parties, Laws and other legal provisions existing in the Brazilian legislation.

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and conduct the audit to obtain reasonable assurance that FUNBIO has complied with the clauses of the respective agreements and other agreements signed between the parties, Laws and other legal provisions existing in the Brazilian and America legislations. The audit includes the examination, on a test basis, of the appropriate evidence. We considered that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.



In our opinion, in the year ended December 31, 2016, FUNBIO complied, in all material respects, with the contractual clauses for Certain Projects Managed by Fundo Brasileiro para a Biodiversidade - FUNBIO and other agreements signed between the parties, Laws and other legal provisions existing in the Brazilian legislation.

Rio de Janeiro, April 27, 2017

  
Ana Cristina Linhares Areosa  
Accountant CRC RJ-081.409/O-3

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CRC SP-025.583/O-1 "S" – RJ