

**FUNDO BRASILEIRO PARA A  
BIODIVERSIDADE  
FUNBIO**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2011 AND 2010  
ACCOMPANIED BY THE INDEPENDENT  
AUDITORS' REPORT**

CE-0263/12 ING

**FUNDO BRASILEIRO PARA A  
BIODIVERSIDADE – FUNBIO**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2011 AND 2010  
ACCOMPANIED BY THE  
INDEPENDENT AUDITORS' REPORT**

---

	<b>Pages</b>
<b>INDEPENDENT AUDITORS' REPORT</b> .....	2-3
 <b>FINANCIAL STATEMENTS</b>	
Balance Sheet .....	4-5
Statement of Surplus .....	6
Statement of Changes in Net Worth.....	7
Statement of Cash Flows.....	8
 <b>NOTES TO THE FINANCIAL STATEMENTS</b> .....	
	9-31

## INDEPENDENT AUDITORS' REPORT

---

The Management

**FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO**

Rio de Janeiro - RJ

We have audited the accompanying financial statements of **FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO**, comprising the balance sheet as of December 31, 2011 and the related statements of surplus, of changes in net worth and of cash flows for the year then ended, as well as a summary of the main accounting practices and other explanatory notes.

### **Management's responsibility for the financial statements**

The Entity's management is responsible for the preparation and proper presentation of these financial statements, in accordance with accounting practices adopted in Brazil, and the internal controls deemed necessary for preparing financial statements that are free from material misstatement, whether due to fraud or error.

### **Independent auditors' responsibility**

Our responsibility is to issue an opinion on these financial statements, based on our audit, in accordance with Brazilian and international auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing selected procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Entity's preparation and presentation of its financial statements 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 Entity's internal controls. An audit also includes evaluating accounting practices used, and the reasonableness of estimates made, by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate as a basis for our opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **FUNDO BRASILEIRO PARA A BIODIVERSIDADE – FUNBIO** as of December 31, 2011, the results of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Rio de Janeiro, March 22, 2012.

**Directa**  
Auditores

**CRC N° SP013002/O-3F-RJ**

**Vagner Alves de Lira**

**CTCRC N° SP222941/O-8S-RJ**



## FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO

**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2011 AND 2010**  
**(In Thousands of Reais)**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
<b>Current</b>		
Cash and banks	3.596	665
Short-term investments in the Brazilian money market (Note 3)	99.437	75.169
Banks – checking account and foreign investments (Note 4)	104.580	48.686
Other	620	157
<b>Total Current Assets</b>	<b>208.233</b>	<b>124.677</b>
<b>Non-Current</b>		
Property, Plant and Equipment (Note 5)	836	413
Intangible	44	75
<b>Total Non-Current Assets</b>	<b>880</b>	<b>488</b>
<b>TOTAL ASSETS</b>	<b>209.113</b>	<b>125.165</b>

The accompanying notes are an integral part of these financial statements.



## FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO

**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2011 AND 2010**  
**(In Thousands of Reais)**

<b>LIABILITIES AND NET WORTH</b>	<b>2011</b>	<b>2010</b>
<b>Current</b>		
Suppliers	956	235
Salaries and related charges	803	1.053
Taxes and rates	227	226
Project-linked third parties' resources (Note 6)	193.140	108.067
Project Advances	769	-
Other accounts payable	37	9
<b>Total Current Liabilities</b>	<b>195.932</b>	<b>109.590</b>
<b>Non-Current</b>		
FUNBIO "Resources Fund" (Note 7 )	12.680	15.118
Financial Leasing	-	8
<b>Total Non-Current Liabilities</b>	<b>12.680</b>	<b>15.126</b>
<b>Net Worth</b>		
Accumulated surplus	449	18.946
Accumulated surplus – adjustment	-	(19.734)
Surplus(deficit) for the year	52	1.237
<b>Total Net Worth</b>	<b>501</b>	<b>449</b>
<b>TOTAL LIABILITIES AND NET WORTH</b>	<b>209.113</b>	<b>125.165</b>

The accompanying notes are an integral part of these financial statements.



## FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO

### STATEMENT OF SURPLUS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of Reais)

	2011	2010
<b>REVENUES</b>		
Project-linked reimbursements (Note 8)	2.925	3.799
Management fee (Note 9)	1.272	665
Services rendered (Note 10)	1.145	635
<b>TOTAL REVENUES</b>	<b>5.342</b>	<b>5.099</b>
<b>EXPENSES</b>		
Salaries and related charges	(6.886)	(7.833)
Third parties' services	(672)	(1.097)
Rental and maintenance	(698)	(713)
General expenses	(764)	(720)
Travel expenses	(108)	(367)
<b>TOTAL EXPENSES</b>	<b>(9.128)</b>	<b>(10.730)</b>
<b>FINANCIAL REVENUES (EXPENSES)</b>	<b>138</b>	<b>57</b>
<b>INCOME ON PROJECTS</b>	<b>-</b>	<b>(535)</b>
<b>OPERATING INCOME</b>	<b>(3.648)</b>	<b>(6.109)</b>
<b>RESOURCES USED</b> (Note 7)	<b>3.700</b>	<b>7.346</b>
<b>SURPLUS/DEFICIT FOR THE YEAR</b>	<b>52</b>	<b>1.237</b>

The accompanying notes are an integral part of these financial statements.



## FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO

### STATEMENT OF CHANGES IN NET WORTH FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of Reais)

	Accumulated surplus	Surplus for the year	Total
<b>AT DECEMBER 31, 2009</b>	<b>18.946</b>	<b>-</b>	<b>18.946</b>
Prior years' adjustment	(19.734)	-	(19.734)
Surplus for the year	-	1.237	1.237
Transfer to accumulated surplus	1.237	(1.237)	-
<b>AT DECEMBER 31, 2010</b>	<b>449</b>	<b>-</b>	<b>449</b>
Surplus for the year	-	52	52
Transfer to accumulated surplus	52	(52)	-
<b>AT DECEMBER 31, 2011</b>	<b>501</b>	<b>-</b>	<b>501</b>

The accompanying notes are an integral part of these financial statements.





## FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO

### STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of Reais)

	2011	2010
<b>Operating activities</b>		
Surplus for the year	52	1.237
<b>Adjustments for reconciliation of income to cash and cash equivalents generated by operating activities:</b>		
Residual cost of fixed assets written off	8	5
Depreciation and amortization	137	146
<b>Net cash used in operating activities</b>	<b>197</b>	<b>1.388</b>
<b>Activities relating to changes in working capital</b>		
(Increase)/decrease in advances to suppliers	(179)	(411)
(Increase)/decrease in other assets	(283)	(237)
Increase/(decrease) in suppliers – trade payables	721	196
Increase/(decrease) in other liabilities	539	713
Increase/(decrease) in net worth	-	(19.734)
<b>Net cash used in changes in working capital</b>	<b>798</b>	<b>(19.473)</b>
<b>Activities of changes in other than working capital</b>		
Acquisitions of property, plant and equipment	(538)	(45)
Acquisitions of intangible	-	(2)
<b>Net cash used in investing activities</b>	<b>(538)</b>	<b>(47)</b>
<b>Financing activities</b>		
Receipt of project-linked resources	109.889	66.730
Yield on project-linked resources	6.588	5.428
Exchange variation on project-linked resources	6.280	(2.219)
Financial management of project-linked resources	(4.607)	(305)
Costs linked to projects	(33.077)	(14.905)
Increase/decrease in reserve funds	(2.437)	5.595
<b>Net cash generated by financing activities</b>	<b>82.636</b>	<b>60.324</b>
<b>Net changes in cash and cash equivalents</b>	<b>83.093</b>	<b>42.192</b>
<b>Stated as follows:</b>		
Cash and cash equivalents at the end of year	207.613	124.520
Cash and cash equivalents at the beginning of year	124.520	82.328
<b>Net changes in cash and cash equivalents</b>	<b>83.093</b>	<b>42.192</b>



# FUNDO BRASILEIRO PARA A BIODIVERSIDADE - FUNBIO

## NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 AND 2010 (In thousands of Reais)

---

### I. OPERATIONS

---

#### **“Funbio’s mission is to provide strategic resources for biodiversity conservation”**

Biodiversity Brazilian Fund (Fundo Brasileiro para a Biodiversidade) – FUNBIO is a civil, non-profit association, entitled Civil Society Organization for Public Interest - OSCIP. Funbio is originated from international agreements resulting from Rio 92, the Biological Diversity Convention (CDB). After 20 years, in the year of Rio+20, Funbio is established as the main institution that promotes partnerships between public and private sectors aiming at meeting the CDB goals.

It was created out of a US\$ 20 million donation from the Fund to the Global Environment Facility – GEF, from the beginning of its operations 15 years ago, Funbio has gathered contracts amounting to R\$ 318 million, applied in 181 projects and 192 Conservation Units.

Currently, Funbio manages assets amounting to R\$ 209 million, and R\$ 193 million in long-term funds, (endowment) and resources destined to projects in progress with several partners and beneficiaries. It also has an own resources fund of R\$ 13 million, which aims at ensuring financial sustainability.

Given its ability to develop projects and manage assets, Funbio is increasingly sought by the private sector entities to develop conservation strategies. Its activities are in line with the strategic vision of leading companies and institutions that seek to preserve the environment without losing financial return on conservation processes in several different production scenarios.

From its inception, Funbio’s governance relies on its Advisory Board (“CD”) formed by leaders from its four comprising segments: Academic, Environmental, Entrepreneurial and Governmental, totaling 16 board members. The “CD” is responsible for defining strategies and general management of the Fund, which are transformed into actions by its Executive Secretary. This group approves annual operational plans, investment policies and developed projects. The Board Members voluntarily participate by contributing their experiences and knowledge. The Advisory Board is organized into committees that deal with specific issues. Guest former board members and leaders are part of the Fund’s Advisory Board, which operates as the institution’s technical advisor, gathering once a year and with the possibility to be part of technical commissions operating over the year.

In 2011, Funbio moved to a new office, in the Botafogo neighborhood, at Rua Voluntários da Pátria, 286, 5<sup>th</sup> floor. Along with the new facilities, we strive for a better operating performance, adjusting the new layout to the synergies between the programs, purchases and financial control areas. Additionally, employees were readjusted, aiming at rationalizing internal processes. Consequently, Funbio is preparing for a future with a greater number of projects and more efficiency.

Finally, Funbio is guided by essential values: Transparency, Ethics, Effectiveness, Receptivity, Exemption and Innovation in all operating areas.

## **2. PRESENTATION OF THE FINANCIAL STATEMENTS**

---

The financial statements were prepared in accordance with accounting practices adopted in Brazil, as laid down in corporate legislation.

The following are the main accounting practices used in preparing these financial statements:

### **a) Financial Investments**

Stated at cost plus the related earnings and exchange variations up to the balance sheet date, duly adjusted to market value, if this is lower.

### **b) Foreign currency**

Monetary assets denominated in foreign currencies were converted to Reais at the exchange rate ruling at the balance sheet date. Variations resulting from conversion of foreign currency are recognized as income for the year.

### **c) Property, Plant and Equipment**

Stated at the acquisition cost, net of accumulated depreciation, which is calculated on the straight-line method, at rates that take into account the estimated useful life of assets expected to be recovered in the course of the Entity's operating activities.

### **d) Intangibles**

Stated at the acquisition or formation cost (including interest and other financial charges). Amortization is calculated on the straight-line method, taking into account the estimated useful life of assets.

**e) Income tax and social contribution**

Pursuant to Law 9532/97. Art. 5, as a non-profit Entity, Funbio is income tax and social contribution exempt, provided that it complies with the provisions of art. 2, section 2, “a” and “e”, of said law.

Contribution to the Social Integration Program - PIS and Contribution to Social Security Funding – COFINS.

Pursuant to art. 13 of the Provisional Measure (“MP”) 2158-35 of 2001, non-profit entities who have employees as defined in Labor Legislation, are required to pay contributions to PIS at the rate of 1% of the monthly payroll. These entities are PIS exempt on revenues, according to the MP 2158-35/01, art. 14, section 1, provided that they comply with the provisions of art. 12 of Law 9532/97.

As regards COFINS, under of “MP” 2158-35 sub-section X, art. 14 of 2001, it is not due on revenues earned by non-profit institutions. Also, in this case, exemption is contingent upon compliance with the provisions of Law 9532/97, art. 12

**f) Other current and non-current liabilities**

Stated at known or estimated amounts plus, where applicable, the related charges, monetary and/or exchange variations incurred up to the balance sheet date.

**g) Revenues and expenses**

Revenues and expenses are recognized on the accrual basis.

### 3. SHORT-TERM INVESTMENTS IN THE BRAZILIAN MONEY MARKET

These comprise:

		2011	2010
Banco do Brasil - Carteira Fauna (Sísmica)	(a)	364	874
Itaú Pragma - FAP	(b)	5.344	4.892
Itaú Pragma - FRF	(c)	12.680	15.118
Banpará - FUNJUS	(d)	-	1.930
Banco do Brasil - FUNJUS	(e)	1.786	-
Banco do Brasil - AFCOF II	(e)	26	1.551
Banco do Brasil CDB - AFCOF II	(e)	344	0
Banco do Brasil - Administrativa	(e)	-	1.069
Banco do Brasil CDB - Administrativa	(e)	386	0
Banco do Brasil - ARPA KfW 1ª Fase	(e)	78	707
Banco do Brasil CDB - CSA II	(e)	9.817	22.571
Banco do Brasil - FMA Comperj	(e)	15.268	6.504
Banco do Brasil - CSA II	(e)	1.911	1.737
Banco do Brasil CDB - FMA LLX AÇU	(e)	8.689	3.451
Banco do Brasil - FMA GASDUC III	(e)	8.068	7.355
Banco do Brasil - FMA GROTA FUNDA	(e)	2.223	691
Banco do Brasil - ARPA BNDES 2ª Fase	(e)	-	3.625
Banco do Brasil - GEF Cerrado	(e)	942	1.214
Banco do Brasil - FMA GASJAP	(e)	1.015	-
Banco do Brasil - TFCA	(e)	14.525	-
Banco do Brasil - FMA Construção Naval do Açu	(e)	5.284	-
Banco do Brasil CDB - FMA Via Principal	(e)	868	-
Banco do Brasil - Carteira Fauna (Sirênios)	(e)	1.066	-
Banco do Brasil - Adoção de Parques (MPX LM)	(e)	1.567	-
Banco do Brasil - Adoção de Parques (OGX FN)	(e)	1.959	-
Banco do Brasil RF - FMA SERB	(e)	511	373
Banco do Brasil - FMA Metrô	(e)	859	119
Banco do Brasil CDB - FMA Metrô	(e)	401	365
Banco do Brasil - FMA LT EN Elétrica	(e)	195	183
Banco do Brasil - FMA Volta Redonda	(e)	243	23
Banco do Brasil - FMA Lighter	(e)	647	-
Banco do Brasil - Ecofunds/BCID	(e)	166	146
Banco do Brasil - CTR Itaboraí	(e)	126	-
Banco do Brasil - CFA	(e)	110	-
Banco do Brasil - Suruí	(e)	185	-
Banco do Brasil - FMA Obras Tecab	(e)	526	-
Banco do Brasil CDB - GEF Polinizadores	(e)	541	-
Miscellaneous		717	671
<b>Total</b>		<b>99.437</b>	<b>75.169</b>

- (a) The investments in “Carteira Fauna” in Brazil are made under the “Sísmicas” project, using resources provided by “Processo IBAMA no. 02001.003030/2001-82 – Term of Commitment and Amendment between IBAMA - Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis and IAGC - International Association of Geophysical Contractors D.O.U (Official Gazette). of January 8, 2003, the Term of Technical Cooperation between “IBAMA - Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis” (Brazilian Institute of Environment and Natural Renewable Resources) and “FUNBIO” – Brazilian Biodiversity Fund, entered into on November 28, 2006 and Ofício (Official Notice) 67/2007 - GP/IBAMA of January 18, 2007).

- (b) The “FAP” investments in Brazil are made out of the five first portions of donations from: “O Boticário Franchising” and “Natura Cosméticos S.A.”, in the amount of US\$ 1 million each (the last of 5 installments was deposited in 2010), which was used by the Manager of Assets “Pragma Gestão de Patrimônio Ltda.”

Below, a statement of changes in the Brazilian FAP – Protected Amazon Areas Fund – in 2011 and 2010:

	2011	2010
<b>At January 1</b>	<b>4.892</b>	<b>3.798</b>
Adjustments to the accrual basis	-	4
Resources contributed	-	724
Net yield	452	365
<b>At December 31</b>	<b>5.344</b>	<b>4.892</b>

- (c) Funbio’s Resource Fund – FRF is fully applied in the domestic market through Asset Manager Pragma Gestão de Patrimônio Ltda. and is subject to a specific note in liabilities.
- (d) Refer to CDB bonds linked to CDI – Interbank Deposit Certificate kept at Banpará to gather resources with the state and the community.
- (e) Financial investments in the country refer to short-term investment funds applications and BDBs linked to CDI.

#### 4. **BANKS – CHECKING ACCOUNT AND INVESTMENTS ABROAD**

These comprise:

	2011	2010
<b>Banks – foreign checking accounts</b>		
Banco do Brasil NY - Moore/RecLac	-	3
Banco do Brasil Frankfurt - AFCOF II	716	37
Banco do Brasil NY - Capacitação RedLac	947	58
Banco do Brasil Frankfurt - FFEM	50	223
Banco do Brasil NY Funbio	140	102
Banco do Brasil NY - GEF CERRADO	18	16
Other	-	39
<b>Sub-Total</b>	<b>1.871</b>	<b>478</b>
<b>Financial investments abroad</b>		
Itau LUX FAP (a)	54.047	47.527
Banco do Brasil NY - Capacitação RedLac	-	616
Banco do Brasil Frankfurt - KfW FAP (b)	48.662	-
Other investments	-	65
<b>Sub-Total</b>	<b>102.709</b>	<b>48.208</b>
<b>Total</b>	<b>104.580</b>	<b>48.686</b>

- (a) Basically composed by applications in other funds, bonds and international shares. The owners decided not to internalize and they are kept at Itaú Luxemburg, managed by Pragma Gestão de Patrimônio Ltda. Changes in the fund are stated below:

	2011	2010
<b>At January 1</b>	<b>47.527</b>	<b>46.659</b>
Resources contributed		
Earnings	430	3.167
Exchange variation	6.261	(2.117)
Financial management cost	(171)	(182)
<b>At December 31</b>	<b>54.047</b>	<b>47.527</b>

- (b) Deposit made at the end of December in Corp Fixed Deposit – Euro, at Banco do Brasil agency in Frankfurt, waiting for international bidding process recommended by the donor (KfW) to hire an asset manager.

Changes in KfW FAP balances kept abroad, in 2011:

	2011	2010
<b>At January 1</b>	-	-
Resources contributed	48.662	-
<b>At December 31</b>	<b>48.662</b>	-

## 5. PROPERTY, PLANT AND EQUIPMENT

	2011	Additions	Write-Offs	2010
<b><u>ACQUISITION COST</u></b>				
Furniture and fixtures	294	7	-	287
Machines and equipment	198	33	(20)	185
Computer hardware	545	70	(121)	596
Leasehold improvements	111	-	-	111
Improvements in progress	428	428	-	-
	<b>1.576</b>	<b>538</b>	<b>(141)</b>	<b>1.179</b>
<b><u>(-) DEPRECIATION</u></b>				
Furniture and fixtures	(219)	(20)	-	(199)
Machines and equipment	(98)	(18)	15	(95)
Computer hardware	(388)	(65)	118	(441)
Leasehold improvements	(35)	(4)	-	(31)
	<b>(740)</b>	<b>(106)</b>	<b>133</b>	<b>(766)</b>
	<b>836</b>	<b>432</b>	<b>(8)</b>	<b>413</b>



## 6. THIRD PARTIES' RESOURCES LINKED TO PROJECTS

See below the composition of projects balances and comments related to each project:

	31/12/2010	Accounting in Progress	Accounting Sent	Resources Used	Resources Received	Yield on Applications	Exchange Variation	Others (*)	31/12/2011	Footnote
ARPA FAP	52.419	-	-	-	48.662	886	6.262	(175)	108.054	6.1
Alcoa – Fundo Juruti Sustentável	1.930	-	-	-	-	125	-	(218)	1.837	6.2
ARPA BNDES - 2ª Fase	3.960	(270)	3.696	(3.426)	-	173	-	(341)	366	6.1
FMA - Convênio SEA	43.492	642	20.274	(20.916)	32.696	4.391	-	(895)	58.768	6.3
Carteira Fauna - Sísmica	929	49	511	(560)	-	51	-	(99)	321	6.4
Carteira Fauna - Sirênios	-	(221)	799	(578)	1.918	36	-	(123)	1.253	6.4
Carteira Fauna - Fundo Fauna	107	(47)	-	47	26	11	-	(52)	139	6.4
Capacitação RedLac	973	(100)	554	(454)	744	-	72	(238)	1.097	6.5
ARPA KFW - 1ª Fase	707	(1)	651	(650)	-	23	-	-	80	6.1
Probio II	119	(6)	113	(107)	357	9	-	(384)	(6)	6.6
AFCOF I	62	(2)	11	(9)	12	5	-	(20)	50	6.7
AFCOF II	1.589	113	4.817	(4.930)	4.779	55	(46)	(475)	972	6.7
RedLAC	5	13	120	(133)	236	1	-	(109)	-	6.8
GEF Cerrado	1.231	5	137	(142)	-	102	-	(236)	955	6.9
15GEF Polinizadores	41	(30)	771	(741)	1.542	10	-	(282)	570	6.10
Diálogos Pórticus	110	(2)	51	(49)	-	5	-	(44)	22	6.11
Bolsa Pórticus	40	-	31	(31)	-	-	-	-	9	6.11
Ecofunds/BCID	213	(5)	45	(40)	94	18	(2)	(112)	171	6.12
CFA	32	-	35	(35)	204	6	(2)	(66)	139	6.13
Adoção dos Parques	-	2	5	(7)	4.049	16	-	(529)	3.529	6.14
TFCA	-	(1)	73	(72)	14.067	654	-	(122)	14.527	6.15
Carbono Suruí	-	60	35	(95)	268	8	(4)	(52)	125	6.17
REDD+ Acre ITTO Marubeni	-	-	149	(149)	235	3	-	(35)	54	6.16
Other projects	108	-	-	-	-	-	-	-	108	6.18
<b>Total</b>	<b>108.067</b>	<b>199</b>	<b>32.878</b>	<b>(33.077)</b>	<b>109.889</b>	<b>6.588</b>	<b>6.280</b>	<b>(4.607)</b>	<b>193.140</b>	

(\*) Referring to disbursements to projects, financial expenses and reimbursements to FUNBIO.

## **6.1 Arpa - Áreas Protegidas da Amazônia - Fase II**

The Arpa program is the biggest initiative of tropical forests protection in the world. Its goal is the conservation and sustainable use of 60 million hectares – 12% of the Amazon region – up to 2018. Funbio is the manager of financial resources, performing the acquisitions and hiring activities for the Conservation Units (UCs) and manages the assets of the Protected Areas Fund (FAP). In its second phase (2010 to 2015), Arpa intends to support the creation of more 13.5 million hectares and consolidate around 32 million hectares, other than capitalize FAP in US\$ 70 million.

In 2001, the Operational Manual for phase II (MOP phase II) and FAP Operational Manual (MOP FAP) were approved by donors and committee, and the negotiation of new contracts with Germany's Development and Economic Cooperation Ministry (BMZ) was finalized through KfW Entwicklungsbank (German Development Bank) and the World Bank, amounting to 20 million Euros and 15.9 million dollars, respectively, for the execution of the Program's phase II.

Up to December 2011, the first installment of the contract signed in 2010 with Amazonia Fund/BNDES was settled, amounting to 5 million Reais. The remaining installments, which add up to 15 million Reais, will be paid over 2012.

## **6.2 Programa Juruti Sustentável – Funjus and Conjus**

Fundo Juruti Sustentável – Funjus (Sustainable Juriti Fund) is an innovative experience of financial support for the implementation of social-environmental projects in the city of Juriti, state of Pará. Developed by Funbio, it integrates the Juriti Sustainable development strategy, which also comprises the advisory forum named Conselho Juriti Sustentável – Conjus (Sustainable Juriti Board) and the Development Indicators, with a systems base line made by Fundação Getúlio Vargas (GV-CES) in a methodology of construction with the community.

In 2011, 21 projects supported by the first Funjus notice were finalized. R\$ 519 thousand Reais were invested in the projects which were, mostly, focused in alternatives for income generation (economic capital).

At the end of the year, Funbio, Alcoa, Juriti City Hall and local civil organizations, signed the document for the fund's set up, which will guarantee the investments in sustainability projects to the city for the next ten years. The direct focus of the project will be to strengthen the city's production capacity, supporting local institutions and following a long-term development plan. In the same year, Funbio took over the Conjus management, aiming at preparing this development plan with the board.

In 2012, Funjus issued a new financial support notice for the preparation of projects to be presented to other sponsors, public or private, in a way to gather the resources invested in the city. The notice includes the following areas: education, culture and tourism; infrastructure and sanitation; rural and urban development; health; safety and citizenship; and environment. For this notice a total of 500 thousand Reais will become available to support the preparation of the selected projects and minimum counter-entries.

### **6.3 “FMA/RJ - Fundo da Mata Atlântica do Rio de Janeiro” (Rio de Janeiro Atlantic Forest Fund)**

The State of Rio de Janeiro’s Biodiversity Conservation Operational and Financial Mechanism, also known as Mata Atlântica Fund (FMA/RJ) was developed by Funbio to boost environmental investments in the State of Rio de Janeiro and to offer new support options for the protected areas, with greater agility, efficiency and transparency. By means of a partnership with Rio’s Environment Secretariat (SEA-RJ), Funbio manages FMA’s resources, which, up till now, arose from compensations on environmental impacts of productive enterprises, whose payment is regulated by SNUC – National System of Nature’s Conservation Units.

In 2011, FMA kept on mobilizing significant resources of environmental compensations. More than 40 enterprises in the state are committed to allocate resources to meet their FMA’s compensations, amounting to more than 200 million Reais.

23 Conservation Units (UCs) – 17 state, 01 federal and 5 municipal – received FMA support specially to purchase several equipments, to do construction work and to remodel the infrastructure, purchase vehicles, handling programs, signaling and demarcation.

FMA supports by means of projects, for example, of support to INEA (Environment State Institute), funds provisioning for regularization, municipal UCs’ delimitation and strengthening of public use management in order to boost parks visitation.

### **6.4 Carteira Fauna Brasil**

The Carteira de Conservação da Fauna e dos Recursos Pesqueiros Brasileiros – Carteira Fauna Brasil, is a financial mechanism which receives resources arising from criminal sanctions, administrative fines, donations, sponsorships and other sources. Fruit from a partnership with Ibama, ICMBio and the Public Prosecutor’s Office, its goal is to finance the Brazilian fauna’s conservation programs and projects.

In 2011, a contract between Petrobras and Funbio was signed for the performance of the Monitoring of Manatees Project in the Bacia Potiguar. In order to meet the requirements of environmental licenses for the drilling of wells in the region, around 3.8 million reais will be allocated to boost scientific knowledge on the manatees population, the most extinction endangered aquatic mammal of the country.

Up to December 2011, 20 projects were chosen to be displayed which are waiting for resources. These projects have as their main goal the conservation of fauna species which are endangered in the different Brazilian regions.

The first displayed project to be financed was the conservation of the red-tailed parrot project, in the Coast of Paraná, finalized in 2011. A second proposal was recently selected, which was the ecological Sustainability of timber harvesting project, in Flona do Jamari, in Rondônia, which will also receive a support of 50 thousand Reais.

In 2011, Funbio worked with ICMBio in order to include in Carteira Fauna, the National Actions Plan for the preservation of endangered species of the Brazilian Initiative for the Wildlife. These plans will be able to be sponsored through the mechanism already established by the Carteira.

### **6.5 RedLAC's Training Project for Environmental Funds**

The Program's goal is to strengthen funds in its operation and in the use of innovative financial mechanisms which reduce the dependence of donors and diversify resources sources. The project counts on a finance of the French Fund for the World Environment and Gordon and Betty Moore Foundation, amounting to US\$ 1.9 million.

In 2011, the Training Project made four themed workshops focusing on the environmental funds operations: Strategic Planning, which took place in Kenya; REDD+, in Brazil; Resources Gathering Strategies, in Tanzania and Opportunities in Compensation and Offset Schemes, in Suriname. These workshops trained 62 representatives of 45 Funds. The material produced is available in three languages in the RedLac website.

The Project also issued a new call for the selection of pilot projects of innovative financial mechanisms, which will be supported in up to US\$ 100 thousand/project and should count on counter-entries of at least 50% of the required amount. 14 concept grades were received by RedLac members, among which, seven were developed as pilot projects and among these, four were selected by an experts committee to receive financing.

In 2012, the Project will select two more pilot projects of innovative financial mechanisms and will perform two other workshops, covering the themes of Communication and Marketing and Impact Indicators for environmental funds.

### **6.6 Probio II – National project of Integrated Public-Private Actions for Biodiversity**

The initiative's goal is to mobilize important productive sectors to adopt conservation principles and practices and sustainable use of biodiversity in its business. Funbio promotes engagement actions in the private sector, aiming at boosting the transformation of models of production, consumption and national occupation territory, starting with the agriculture, science, fishing, forests and health sectors. The project counts with resources from GEF through the World Bank, which dedicated a total of 22 million dollars for the initiative partners.

In 2011, the project had two sub-products approved. The first one focuses on the fostering of good conservation practices and sustainable use of the fields of the Pampa. The work plan started to be developed, amounting to 1.8 million dollars of GEF resources and 6 million dollars as counter-entry. This is the first territory where Probio II will test its strategy, covering seven cities of the southeast region of Rio Grande do Sul.

The World Bank also approved a second sub-project in the Amazon region, in a partnership with Alcoa, focusing on fostering sustainable territorial development in Juriti, Pará and surrounding areas. This territory will receive a total of 5.3 million dollars, 4 million from the company and 1.3 million from GEF.

Another effort supported by Probio II is the preparation of the action plan to implement the goals of CDB (Biological Diversity Convention) in Brazil, known as Aichi Goals. The consolidation of the result of the workshops was initiated of the Biodiversity Dialogues and the gathering of information on actions foreseen and in progress (PPA and governmental initiatives).

## **6.7 AFCoF II - Atlantic Forest Conservation Fund**

Coordinated the Environment Ministry, the Protection of Mata Atlântica II marks the second phase of the Atlantic Forest Conservation Fund (AFCoF), with expected duration of three years (2010-2013), which aims at contributing for the protection, sustainable handling and recovery of the Mata Atlântica.

Among the foreseen activities are: support to actions of identification and creation of Conservation Units (UCs) and Natural Heritage Private Reserves (RPPNs); boosting of Payments for Environmental Services (PSA) projects; other than the creation of a monitoring system for the region.

The project is inserted in the IKI (Climate Protection International Initiative) of the Environment, Nature Protection and Nuclear Safety Ministry (BMU) of Germany, which financially supports through KfW Entwicklungsbank (German Development Bank), and Funbio a contract amounting to R\$ 16.5 million (6.5 million Euros at the contract's effective date).

In 2011, the proposals approved in BDS 05/2010 were contracted, totaling 4.3 million Reais. From this amount, within the component of Broadening and Consolidation of Natures' Conservation Units National System (SNUC), around 1 million Reais were allocated to ten projects in state and municipal UCs; 994 thousand Reais to seven study funds for federal UCs creation; and around 700 thousand Reais for the creation and management of RPPNs.

In the PSA component, 14 projects are in progress, totaling to 5.1 million Reais, including amounts of previous years' projects. In this component, the contract of Community Learning Project in PSA was signed, which has as goal the development of capacities and support for disclosing of PSA mechanisms.

## **6.8 RedLAC Executive Secretariat**

The mission of the Rede de Fundos Ambientais de América Latina e Caribe – RedLAC (Latin America and Caribbean Environmental Funds Network) is to promote inter-relations and the strengthening of Environmental Funds in a continuous learning system for the conservation of natural heritage and the region's sustainable development.

The RedLAC's 13<sup>th</sup> General Assembly occurred on 2011, in Suriname, for the meeting of Environmental Funds network members and its international partners. With over 90 participants, the meeting presented the development of the network projects, innovative initiatives in conservation and a financial overview for the next year.

This year also marked the end of Funbio's term as secretary and presidency of the network. After 4 years in RedLAC's leadership, Funbio transferred RedLAC's management to its Colombian partner, the Fondo para la Acción Ambiental y la Niñez. Funbio is still coordinating the two main RedLAC's projects: Ecofunds and Environmental Funds Capacitation Project.

## **6.9 “Iniciativa Cerrado Sustentável” (Sustainable Cerrado Initiative)**

“Iniciativa Cerrado Sustentável” (Sustainable Cerrado Initiative) is a project funded by the “Fundo para o Meio Ambiente Mundial (GEF)” through the World Bank, aiming to contribute to the enhancement of the “Cerrado” by means of conservation activities, restoration, rehabilitation and sustainable management. The donation agreement was signed in 2010 with US\$13 million being allocated to four sub-projects intended for preservation of the biome. The Fund is the financial manager of the subproject “Políticas e Monitoramento do Bioma Cerrado” (Policies and Monitoring of the Cerrado Biome), implemented by the MMA, which will receive an investment of U.S. \$ 4 million for the four years of project duration.

Over 2011, the Sustainable Serrado Initiative Committee was implemented and justifications for the creation of Refúgio de Vida Silvestre Médio Tocantins (Wildlife Refuge of Tocantins) were presented to the Civil Office. Physical, biotic, socioeconomic and land studies were conducted in order to subsidize the creation of Conservation Units in Biodiversity Priority Areas (APA Província Serrana/Nascentes do Rio Paraguai (MT), Natividade (TO), Aurora do Tocantins (TO), Uruçuí (PI), Jerumenha (PI).

The sub-project performed four workshops in order to update the Priority Areas to Conservation, Sustainable Use and Brazilian Biodiversity Benefits Sharing in the regions of the Cerrado and Pantanal. The document with biodiversity guidelines was prepared to subsidize the executive project for Macro Zoneamento Ecológico-Econômico (ZEE) of Cerrado and the monitoring of the region's vegetal coverage was updated.

Funbio has been looking for synergies among the many initiatives in progress for the Cerrado, in order to broaden the impact of the actions it participates in.

#### **6.10 Programa GEF Polinizadores** (Project of conservation and handling of pollinators for a sustainable agriculture through an ecosystemic approach)

A FAO initiative funded by GEF, this project is designed to consolidate a basis of integrated knowledge on pollination services; promote actual conservation and sustainable use of pollinators for agriculture; expand farmers' and landowners capacity to protect and use pollinators; and develop public policies and generate public awareness. In Brazil, the technical coordination is in charge of the Ministry of Environment (MMA).

Funbio is responsible for the financial management and technical follow-up of the project which is worth 3.5 million dollars and duration of 5 years. In 2011, the project supported the preparation of handling plans in selected cultures, implementing 24 research scholarships and buying equipment. The Evaluation of Deficit Protocol was adjusted and implemented in all the seven experimental project sites.

The Project has developed a data bank and a portal about its results and had events to disclose the initiative. Established partnerships with universities to promote research related to the theme and to advance in the establishment of the pollinators taxonomy net.

#### **6.11 Sustainable Dialogues**

The program aims at broadening the involvement of the private sector in the conservation of biodiversity as of theme encounters between leaders of the business, environment, academic and govern areas, around a dialogue on the conceptual and practical aspects of sustainability.

In 2011, the 8<sup>th</sup> edition of Sustainable Dialogues occurred, whose theme was 'Green Economy: TEEB study and the insertion of biodiversity in the development plans if the country'. This edition marked Funbio's 15<sup>th</sup> anniversary and the Advisory Board Annual Meeting.

The main guest speaker, Pavan Sukhdev, head-economist responsible for the study "The Economy of Ecosystems and Biodiversity", known as TEEB, analyzed globally the economic impact generated by biodiversity losses. The event also had the participation of three members of the Funbio's Deliberative Committee (CD); Sergio Besserman, president of Rio de Janeiro's City Technique of Sustainable Development Chamber and professor of the Economy department of PUC-RJ; Luiz Gabriel Azevedo, director of Sustainability of Odebrecht Energia; and Pedro Leitão, Executive Secretary Instituto Arapyaú and president of Funbio's CD.

In order to facilitate the program, Funbio search for partners and companies that acknowledge the importance of conservation and sustainable use of biodiversity for the profitability of your business, and help develop the Brazilian environment agenda. For 2012, three encounters on Green Economy are foreseen, one of the main themes of Rio+20, in a partnership with Arapyau.

## 6.12 Ecofunds

Investments systematization in conservation project in the andino-amazonic region, aiming at promoting a more strategic distribution of financial resources directed to conservation. The project is developed by the Rede de Fundos Ambientais da América Latina e Caribe (RedLAC), under Funbio's management. By its means, a collaborative internet portal to storage information on organizations, programs, projects and investments in conservation.

Ecofunds received support from Gordon and Betty Moore, Avina and Skoll and counts on the participation of 10 RedLAC funds in its implementation. In 2011, the online database was reviewed in meetings with strategic public in the seven countries of the andian-amazonian region where the project has main points: Brazil, Bolivia, Colombia, Ecuador, Peru, Suriname and Venezuela. More than 50 organizations attended the meetings and changes and new functions to improve the system, which is in implementation process, were identified.

The 2.0 version of Ecofunds will allow relating programs to its projects and visualizing the resources concentration in the map, other than allowing the expansion of the system to other regions.

## 6.13 CFA – Conservation Finance Alliance

CFA contributes for the interchange of knowledge and best practices in conservation finances, promoting meetings, debates, research and publications.

In 2011, members of CFA renewed Funbio's term as secretary of the network for the years of 2011 and 2012. MAVA Foundation signed a sponsorship contract for this period with Funbio, aiming at keeping the network secretariat.

Programmatically, CFA issued the Toolkit for Environmental Funds (<http://toolkit.conservationfinance.org>), an online base with real documents given by Environmental Funds, in its original languages, aiming at promoting the best practices and supporting the creation of new funds.

CFA also promoted the 4<sup>th</sup> edition of the Conservation Trust Fund Investment Survey (CTIS) with financial information of 31 Funds in Africa, Asia, Latin America and Caribbean. The study is available on the network's website.



In 2011, another distinguished fact, which counted on CFA support, was the realization of the 1<sup>st</sup> Consortium of African Funds for the Environment (CAFE) Assembly, which took place in Dar es Salaam, in Tanzania. In this occasion, 16 African Funds which were present signed a statement of creation of the network and commitment with its view and mission.

In 2012, CFA will present two studies on Environmental Funds and participate of conservation international events.

#### 6.14 Park Adoptions

This modality looks for private voluntary investments to structure and promote maintenance of the national, state or municipal Conservation Units (UCs) aiming at the conservation of biodiversity. As a counter-entry to the resources input, the companies have their sponsorship recognized and gain visibility in communication actions.

In 2011, OGX and MPX signed a contract with Funbio in order to adopt, up to 2018, the National Parks of Fernando de Noronha (PE) and Lençóis Maranhenses (MA), respectively, with investments of 4.3 and 3.5 million Reais.

At the end of the same years, BP Brasil signed a contract of 300 thousand Reais to support the management and environmental management of Refúgio da Vida Silvestre Estadual dos Rios Tijuco e da Prata, in Minas Gerais, for one year.

Funbio manages these resources which, as of 2012, will be invested in infrastructure construction work, signaling, purchase of assets and hiring of services in order to support the management of these parks physically, logistically and financially.

For the federal UCs, an agreement was signed of technical cooperation with ICMBio in order to support the protected areas, which establishes several financing sources, such as criminal sanctions, environmental administrative fines, donations, sponsorship and other sources.

<b>UC</b>	<b>Area (thousand hectares)</b>	<b>Amount</b>	<b>Donor</b>
<i>Parque Nacional Marinho de Fernando de Noronha</i>	<i>11.2</i>	<i>R\$ 4,7 million</i>	<i>OGX</i>
<i>Parque Nacional dos Lençóis Maranhenses</i>	<i>155</i>	<i>R\$ 4,2 million</i>	<i>MPX</i>
<i>Refúgio da Vida Silvestre Estadual dos Rios Tijuco e da Prata</i>	<i>9.7</i>	<i>R\$ 300 thousand</i>	<i>BP Brasil</i>

### **6.15 TFCA - Tropical Forest Conservation Act**

Funbio is the executive secretary of the TCA account, which receives resources of the bilateral agreement called Tropical Forest Conservation Act (TFCA), between Brazil and the United States through investments of resources in conservation and sustainable use of forests, in remaining areas of the regions of Mata Atlântica, Cerrado or Caatinga. The amount of the debts exchange was 20.8 million dollars.

In 2011, the first BDS for project selection was made, in five different themes, to be implemented by not-for-profit organizations. 101 proposals were received, of which 47 were approved, amounting to 20 million Reais of available resources by the TFCA account. In terms of financial resources, this was the biggest issued by Funbio since the start of its operations.

Another 11 projects were considered apt, but were over the financial capacity of TFCA to support in this first moment. These projects are in a waiting list in case of withdrawal or problems in hiring the ones approved. In this case, 11 projects will be reassessed by the committee and could be benefited. This reassessment, if it occurs, will be on the first quarter of 2012.

### **6.16 REDD+ feasibility study**

The goal of this study is to ensure a greater understanding of regulatory, political and social-environmental questions related to the REDD+ concept in the State of Acre.

The REDD+ Feasibility Study in Acre started in August/2011, ordered by the Japanese company Marubeni, in partnership with ITTO (International Tropical Timber Organization). The study analyzed general features of Amazonia and particular features from Acre in order to create a base line of the potential deforestation of the project area in the next 30 years. Located next to the capital of Acre, the area has approximately 1.55 million hectares, around 9.5% of the whole state.

The carbon credit generation estimates are still in progress and shall be concluded in the beginning of 2012, with the expectation to go on with the study with PDD (Project Development Document). This study counts on the participation of renowned researchers, such as Professor Luiz Gylvan Meira Filho (USP) and Professor Niro Higuchi (forestry engineer member of the IPCC team awarded with the Nobel Peace Prize, in 2007).

### **6.17 Suruí Fund**

The Suruí Fund is a financial mechanism to implant the Management Plan of Terra Indígena Sete de Setembro, by means of good governance and transparency principles, in which the Indian representatives actively participate in the decision making process. The financial resources obtained the sale of carbon credits and the resources from other sources will be part of the Suruí Fund, which has Funbio as responsible for its design and financial managing.

In 2011, the design and flows of Suruí Fund were finalized and validated with the Indian leaders. For 2012, the conclusion of the Fund's operational manual and the sale of its first carbon harvest (350 tons of credits) are foreseen.

The Fund was established in the United Nations Conference of Climate Changes COP 16, in Mexico, and disclosed in COP 17, in South Africa, in an official event. The main activities to be financed by the financial mechanism are: protection, supervision, sustainable production and local capacity improvement, aiming at environmental conservation and cultural growth.

The Suruí project was idealized by the Indian Association Metareilá, supported by Funbio, Forest Trends, Amazon Conservation Team (ACT Brasil), Kanindé ethnical-environmental Defense Association and Amazon Conservation and Sustainable Development Institute (Idesam).

MISSION – generate benefits to the Indigenous Territory by organizing, centralizing and making transparent the gathering, management and use of resources, with the Paiter Surui governance, for the implementation of the management plan. (Translation to Paiter language: **SOEMAGAWESAME – Soeh maor lad gārah kabi, ebo guya soemapind, sota alade ewe same maga, guya Paiter Surui esade ewwitxa ewemi, ebo soekane alade ewe same man.**)

## 6.18 Other Projects

### GEF Mar Program

Funbio initiative with the federal government, its objective is to develop a Support Program to Representative and Effective Systems of Protected Coast and Marine Areas (ACMPs). These systems are part of different UCs categories and different management strategies. It is a broad action plan, in which many agendas can be integrated for the marine and coast conservation.

In November/2011, the GEF approved the proposal presented by the Brazilian government, in a partnership with Funbio, for the GEF Mar program, to establish systems which are representative and effective of protected areas in, at least, 5% of the marine Brazilian territory.

### BACP - Biodiversity and Agricultural Commodities Program

Global project of biodiversity internalization of agricultural commodities production. In Brazil, the project supports sub-projects focusing specially soy and potentially dendê (palm), by means of BDSs which follow the theme lines defined in the Market Transformation Strategy, prepared for each commodity.

BACP is supporting five projects in Brazil, focusing on soy. Funbio has the role of main point of the project and, in 2011, participated in the review of proposals of new projects and followed-up the execution of those in progress, as well as followed up the meetings and discussions the round Table Responsible Soy (RTRS), prospecting new potential sub-projects and clearing doubts regarding BACP.

### **Kayapó Fund**

Endowment fund created to support Kayapó organizations in the long term and increase the capacity of Kayapó indigenous lands and to keep their physical integrity. This is the first fund of this type, supported by BNDES (National Bank for Economic and Social Development), by means of the Amazon Fund in a partnership with International Conservation (CI)

In 2011, the negotiations with Amazonia Fund and CI were successfully concluded and the contract was signed. The first disbursements and assets management of the fund will begin in 2012 with resources amounting to 14 million Reais. The project will allow a long-term work of Funbio with the Indigenous people, which should generate knowledge for future actions with other ethnics.

In the conservation field, this fund will operate in a region South to the UCs in Terra do Meio, in the Amazon, which, with other projects to be managed by Funbio in this region (one financed by the European Union and Arpa itself), will consist of 19.5 million hectares of protected tropical forest.

### **REDD+ Risks Project**

The REDD+ Risks Project, developed in a partnership between Funbio and researchers of Law and Environment Program of the Faculdade de Direito da Fundação Getúlio Vargas (PDMA/FGV DIREITO RIO), establishes the identification and classification of risks related to Reduction of Emissions for Forest Deforestation and Degradation which can guarantee forest conservation, sustainable forest handling and increase of carbon stocks.

Other than the identification and classification of risks, strategies for mitigation or prevention of these risks and the impact they might cause to REDD+ activities are under analysis, among other aspects.

The main goal of the Project is the creation of tools to support the decision making process of those involved in REDD+ initiatives, facilitate the development of projects and boost the development of public policies related to the theme, contributing to the conservation and sustainable use of biodiversity and social and economic development of several Brazilian regions.

In the first stage of the project, which occurred in 2011, there was the selection and analysis of a sample of projects; identification and classification of risks in categories (environmental, social, economic, legal, institutional, governance and carbon projects) and types; the preparation of the research to assess the perception of different actors (beneficiaries, proponents, donors, etc.) as to REDD+ project risks.

The prepared research will be issued in the first semester of 2012 and, in this period, the preparation of a risks matrix and the project's final report and the disclosure of the study's results will also be made.

### **Natura Amazon Program**

The Project contributes to the development of an institutional strategy of the company Natura at the Amazon for the next 10 years. The detailed study of the region, prepared by Funbio, aims at guiding the company in the feasibility of a favorable environment for sociobiodiversity businesses, focusing in the sustainable growth of the region and in the implementation of the Amazon Program.

In 2011, Funbio supported the construction of the Amazon Program institutional strengthening front, developing the following stages for the strategy development: definition of theme agendas, territorial diagnosis and definition of priority areas in the amazon region; analysis of the financing environment; identification of partners and synergy initiatives.

In the second phase, predicted to 2012, Funbio will support the design and implementation of financial mechanisms which will allow the gathering of other resources for investment in priority territories development.

### **Public-Private Partnerships in Conservation Units**

Along with Instituto Semeia, the Project aims at stimulating the management of the Conservation Units (UCs) by means of partnerships with the Private Sector in the states of Minas Gerais, São Paulo and Rio de Janeiro, aiming at, through development of UCs' public use, broadening the environmental, social and economic benefits offered to the society.

Regarding Funbio, this project allowed the consolidation of the partnership with Instituto Semeia and the formalization of work relationship with LCA/E2 and with Abeta (Associação Brasileira das Empresas de Ecoturismo e Turismo de Aventura). The project also allowed Funbio to deepen its operations in alternative management models, which can be used in other states.

In 2011, the project mapped the UCs in the three pre-selected states and assessed the political environment according to the receptiveness of implementation of the private management. From a model of prioritization of Parks with greater market, social and environmental attractiveness to the development of public use activities, were selected those to be submitted to an economic and financial feasibility study. Still in 2011, this study was applied to the UCs at Rota Lundi, in the state of Minas Gerais.

In the first quarter of 2012, the project's goal is to apply the feasibility study in 4 other UCs (Três Picos and Serra da Tiririca, in Rio de Janeiro, Ilha Bela, in São Paulo and another one to be defined in Minas Gerais).

### **AFCP - Amazon Forest Carbon Partnership**

The main goal of AFCP is to guarantee the adequate conditions to the development of preservation projects of the Amazon which generate carbon credits for avoided deforestation. These credits must be verified and will be based on the REDD+ (Deforestation and Degradation Emission Reduction) concepts. Five environmental funds of Bolivia, Brazil, Colombia, Ecuador and Peru with the Center for Environment, Economy, and Society (CEES), from Columbia University, are partners in this initiative, which intends, through the carbon market, to bring social and economic benefits for the forest's traditional communities, other than cooperate in the biodiversity preservation.

In 2011, studies on the business opportunities in REDD+ were made, with emphasis on the Latin America and proposed a business plan for the implementation of a managing institution of the Rainforest Standard, created by this group.

The final version of the Standard was open for consultation to project developers and the conception process of the brand Rainforest Standard was initiated, for a future communication and actions plan.

## **7. FUNDO DE RECURSOS FUNBIO - FRF**

Funbio's Resources Fund – FRF, aims at complementing the cash needs of the institution when necessary. CD's strategic guidance as of the second quarter of 2010 was to diminish the institution dependence on FRF. In 2011, there was a reduction of 50% in the withdrawals volume. The quest for financial sustainability of the organization is still with the increase of projects and rationalization of use of generated resources.

	<b>2011</b>	<b>2010</b>
<b>At January 1</b>	15.118	9.523
Adjustment to the accrual basis of accounting	-	11.520
Earnings in the year	1.241	1.533
Gestão Pragma	(5)	(13)
Provision for income tax	26	(99)
Redemptions during the year <b>(a)</b>	(3.700)	(7.346)
<b>At December 31</b>	<b>12.680</b>	<b>15.118</b>

(a) Below, the redemptions made in 2011, totaling to R\$ 3,700 thousand:

Redemptions 2011		Redemptions 2010	
Dates	In thousands of Reais	Dates	In thousands of Reais
30/03/2011	300	29/01/2010	500
25/04/2011	350	26/02/2010	500
30/05/2011	250	31/03/2010	495
16/06/2011	350	27/04/2010	551
30/06/2011	400	30/04/2010	500
31/08/2011	300	31/05/2010	500
16/09/2011	350	25/06/2010	500
03/10/2011	350	08/07/2010	500
31/10/2011	500	26/07/2010	500
29/11/2011	550	25/08/2010	700
		30/09/2010	500
		26/11/2010	700
		17/12/2010	900
<b>Total</b>	<b>3.700</b>		<b>7.346</b>

## 8. PROJECT REIMBURSEMENTS

Projects	2011	2010
ARPA WWF-BR	-	979
RedLac	91	126
Ecofunds/BCID	108	308
BACP	30	59
Focus Visão Brasil	39	200
AFCP	45	205
Carteira Fauna	98	196
GEF Nutrição	6	28
CFA	65	125
FMA - CSA II	888	133
GEF Cerrado	234	106
ARPA BNDES	322	782
GEF Polinizadores	148	78
Probio II	381	474
Diálogos Pórticus	44	-
Capacitação RedLac	235	-
TFCA	101	-
Carbono Suruí	51	-
Suruí Itto Marubeni	34	-
Other	5	-
<b>Total</b>	<b>2.925</b>	<b>3.799</b>

## 9. MANAGEMENT'S FEE

Amounts calculated and received based on the variable percentage of completion of projects

Projects	2011	2010
ARPA BMU - KfW	-	192
Fundo Carteira Fauna	1	2
AFCOF I	20	268
AFCP	3	7
GEF Polinizadores	126	15
AFCOF II	456	169
RedLac	16	12
Carteira Fauna - Sirênios	122	-
Parks Adoption	528	-
<b>Total</b>	<b>1.272</b>	<b>665</b>

## 10. SERVICES RENDERED

Amounts received from services rendered to other companies or institutions.

Projects	2011	2010
Fundo Juruti - Alcoa	720	160
SEA FECAM	-	312
Natura Cosméticos	372	163
Instituto Semeia	53	-
<b>Total</b>	<b>1.145</b>	<b>635</b>

Rosa Maria Lemos de Sá  
General Secretary

Aylton Coelho Neto  
Planning and Management Superintendent

Daniele Soares dos Santos  
Accountant CRC-RJ – 095.266/0-0