



**FINANCIAL STATEMENTS**

**FUNDO BRASILEIRO PARA A BIODIVERSIDADE – FUNBIO  
(BRAZILIAN BIODIVERSITY FUND – FUNBIO)**

**DECEMBER 31, 2013**

**AND REPORT OF INDEPENDENT AUDITORS  
(A free translation of the original, in Portuguese)**



**Contents**

Independent auditors' report on the financial statements..... 3  
Balance sheet ..... 4  
Statement of income ..... 5  
Statement of comprehensive income..... 6  
Statement of changes in equity..... 7  
Statement of cash flows ..... 8  
Notes to the Financial Statements ..... 9

## Independent auditors' report on the financial statements

To the Management and Councilors  
Fundo Brasileiro para a Biodiversidade - FUNBIO (Brazilian Biodiversity Fund - FUNBIO)  
Rio de Janeiro - RJ

We have audited the financial statements of the Fundo Brasileiro para a Biodiversidade – FUNBIO (Brazilian Biodiversity Fund – FUNBIO), which comprises the balance sheet as of December 31, 2013 and the statements of deficit of the year, comprehensive income, changes in equity and cash flows for the year ended that date, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

The Management of the Entity is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for internal control as management determines is necessary to enable the preparation of financial statements that are free from relevant misstatement, whether due to fraud or error.

### Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and International Standards on Auditing. These standards require the compliance with ethical requirements by auditors, the audit being planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing selected procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including an assessment of the 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 fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements taken as a whole.

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

### Opinion

In our opinion, the financial statements referred above fairly present, in all relevant respects, the financial position of the Brazilian Biodiversity Fund - FUNBIO on December 31, 2013, the results of its operations and its cash flows for the year ended by then in accordance with accounting practices adopted in Brazil.

Rio de Janeiro, March 28, 2014

Mazars Auditores Independentes  
CRC 2SP023701/0-8



Dominique Nezan  
Accountant CRC 1SP220825/0-0

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Balance sheet on December 31

In thousand real

<b>Assets</b>	<b>2013</b>	<b>2012</b>	<b>Liabilities and social assets</b>	<b>2013</b>	<b>2012</b>
Current			Current		
Cash and cash equivalents (Note 8)	368,911	325,705	Suppliers (Note 10)	19	1,644
Other accounts receivables	508	268	Payroll and labor liabilities (Note 11)	1,377	1,253
	<u>369,419</u>	<u>325,973</u>	Taxes and fees	125	153
Non-current			Third parties resources linked to projects (Note 12)	177,981	149,890
Fixed assets (Note 6)	546	682	Other accounts payable	162	61
Intangible	9	24		<u>179,664</u>	<u>153,001</u>
	<u>554</u>	<u>706</u>	Non-current		
			FUNBIO resources fund (Note 13)	14,573	14,164
			Third parties resources linked to projects - Funds (Note 12)	175,383	159,089
				<u>189,956</u>	<u>173,250</u>
			Equity		
			Accrued surplus	428	501
			Deficit for the year	(75)	(73)
				<u>353</u>	<u>428</u>
<b>Total assets</b>	<b><u>369,973</u></b>	<b><u>326,679</u></b>	<b>Total of liabilities and equity</b>	<b><u>369,973</u></b>	<b><u>326,679</u></b>

The explanatory notes of the Administration are part of the financial statements.

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Statements of deficit of the year fiscal year ended on December 31 In thousand real

	<u>2013</u>	<u>2012</u>
<b>Operating revenues</b>		
Reimbursement of projects (Note 14)	8,312	6,729
Administration fee (Note 15)	1,927	1,849
Services supplied (Note 16)	736	694
<b>Total revenue</b>	<u>10,974</u>	<u>9,272</u>
<b>Operational expenses</b>		
<b>Administrative</b>		
Payroll and charges	(8,299)	(7,176)
Third party services	(1,266)	(749)
Rental and maintenance	(547)	(446)
General expenses	(820)	(787)
Travel expenses	(197)	(295)
<b>Total Expenses</b>	<u>(11,131)</u>	<u>(9,453)</u>
Financial Expenses	(58)	(42)
Financial Income	139	150
<b>Financial results, net (Note 17)</b>	<u>81</u>	<u>108</u>
<b>Operating results</b>	<u>(75)</u>	<u>(73)</u>
<b>Projects</b>		
Rendering of audited accounts (Note 12)	58,304	49,488
Disbursement to partners (Note 12)	(19,450)	(22,204)
Resources executed (Note 12)	(38,902)	(28,871)
Rendering of accounts in progress (Note 12)	48	1,587
<b>Results of projects</b>	<u>-</u>	<u>-</u>
<b>Application of funds (Note 10)</b>	<u>-</u>	<u>-</u>
<b>Deficit for the year</b>	<u><u>(75)</u></u>	<u><u>(73)</u></u>

The explanatory notes of the Administration are part of the financial statements.

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

Statement of comprehensive income  
fiscal year ended on december 31  
In Thousand of real

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	<u>2013</u>	<u>2012</u>
Deficit for the year	(75)	(73)
Other comprehensive results	<u>-</u>	<u>-</u>
Comprehensive result for the year	<u>(75)</u>	<u>(73)</u>

The explanatory notes of the Administration are part of the financial statements.

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Statement of changes in equity In thousand real

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	<u>Surplus accumulated</u>	<u>Deficit of The year</u>	<u>Total</u>
<b>Balances at January 1, 2012</b>	501		501
Deficit for the year		(73)	(73)
Transfer to accumulated surplus	<u>(73)</u>	<u>73</u>	<u>-</u>
<b>Balances at December 31, 2012</b>	428	-	428
Deficit for the year		(75)	(75)
Transfer to accumulated surplus	<u>(75)</u>	<u>75</u>	<u>-</u>
<b>Balances at December 31, 2013</b>	<u>353</u>	<u>-</u>	<u>353</u>

The explanatory notes of the Administration are part of the financial statements.

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Statement of cash flows fiscal year ended on december 31 In thousand real

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>		
<b>Deficit for the year</b>	(75)	(73)
<b>Adjustments</b>		
Residual value of retired fixed asset	3	23
Depreciation and amortization	257	275
	185	225
<b>Changes in assets and liabilities</b>		
Other accounts receivables	239	352
Suppliers	(1,538)	688
Payroll and labor legislation liabilities	138	322
Taxes and fees	(28)	54
Advances to projects	-	(769)
Other accounts payable	1	24
<b>Net cash flow (used) in operating activities</b>	(1,188)	896
<b>Cash flows from investing activities</b>		
Additions to fixed assets and intangible assets	(121)	(124)
<b>Net cash flow used in investing activities</b>	(121)	(124)
<b>Cash flows from financing activities</b>		
Receipt of funds related to projects	82,951	143,210
Income on funds related to projects	15,482	14,657
Exchange rate changes on resources related to projects	13,391	10,493
Financial management of funds related to projects	(745)	(573)
Costs related to projects	(66,688)	(51,951)
Increase/reduction of resource funds	409	1,484
<b>Net cash flow generated from financing activities</b>	44,800	117,320
<b>Net increase in cash and cash equivalents</b>	<u>43,206</u>	<u>118,092</u>
<b>Change in cash and cash equivalents</b>		
At end of year	368,911	325,705
At beginning of year	325,705	207,613
<b>Net increase in cash and cash equivalents</b>	<u>43,206</u>	<u>118,092</u>

The explanatory notes of the Administration are part of the financial statements.



# Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

## Notes of the Administration to the Financial Statements

on December 31, 2013

In thousand real

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### 1 Operational context

"The mission of FUNBIO is to provide strategic resources for biodiversity conservation".

FUNBIO - Brazilian Biodiversity Fund is a nonprofit civil association, with the title of Organização da Sociedade Civil de Interesse Público (Civil Society Organization of Public Interest) - OSCIP. FUNBIO has its origin in international agreements resulting from Rio 92, the Convention on Biological Diversity (CBD). In almost 18 years since its founding, FUNBIO established itself as the leading institution promoting partnerships between the public and private sectors in order to meet the objectives of the CBD.

Consisting initially from a donation of US\$ 20 million from the GEF - Global Environment Facility, FUNBIO since the beginning of its operation leveraged contracts totaling the amount of approximately US\$ 410 million invested in 181 projects and 195 protected supported areas.

Currently, FUNBIO performs the management of assets in the amount of R\$ 353 million (2012: R\$ 323 million), of which R\$ 175 million (2012: R\$ 159 million) in long-term funds of "endowment" type and R\$ 178 million (2012: R\$ 150 million) in funds for the ongoing projects with partners and beneficiaries. The Entity also has a fund of own resources on the current value of R\$ 14.5 million (2012: R\$ 14.1 million), which aims to ensure its financial sustainability.

In 2013, FUNBIO expanded its initiatives, as well as the number of contracts under management. The result was an 18% increase in the value of projects executed, reaching the figure of R\$ 58.3 million. Of these, R\$ 38.9 million were run directly and R\$ 19.4 million FUNBIO run through disbursements to other organizations.

In the same period, the institution operating expense rose 18%, reaching the figure of R\$ 11.1 million, an increase of investment with control over the budget approved by the Deliberative Council and working ability of a team whose characteristic is the commitment with the goals and mission of the organization. This result of FUNBIO team we share with our donors and partners, which have ensured the support we need.

Due the ability to develop projects and manage assets, FUNBIO is increasingly sought by the private sector for the development of conservation strategies. Its activities are in line with the strategic vision of cutting edge companies and institutions that seek to preserve the environment without loss of financial profitability with conservation processes in many different production companies scenarios.

The governance of FUNBIO is captained by the Deliberative Council (CD), composed of representatives of business, environmental, governmental and academic sectors, a total of 16 councilors, 4 of each segment. The CD is responsible for the establishment of a general policy and setting goals and priorities for the Fund, which are converted into actions by its Executive Secretariat. This group approves the annual operating plans, policies and investment projects developed. The councilors participate voluntarily contributing their experiences and knowledge. The Deliberative Council is organized into committees that deal with specific issues such as the Executive, Technical Projects, Finance and Audit and Asset Management Committees. Former councilors and invited leaders integrate the Advisory Board of the Fund, which operates in the technical advice of the institution, meeting once a year and the possibility of integrating technical committees with operations throughout the year.

# **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

## **Notes of the Administration to the Financial Statements**

**on December 31, 2013**

**In thousand real**

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Finally, FUNBIO is guided by core values: Transparency, Ethics, Effectiveness, Responsiveness, Innovation and Intellectual Independence in all levels of expertise.

### **2 Basis of preparation of financial statements**

#### **Declaration of conformity**

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, which include corporate law, the Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee (CPC), approved by the Conselho Federal de Contabilidade (Federal Accounting Council) - CFC.

The issuance of these financial statements was authorized by the Management on March 28, 2014.

#### **Basis of measurement**

The financial statements have been prepared on the historical cost basis, except for financial applications presented at fair value through results.

### **3 Functional currency and presentation currency**

These financial statements are presented in Brazilian Real, which is the functional currency of the entity. All financial information presented in Real was rounded to the nearest dollar, unless otherwise indicated.

### **4 Use of estimates and judgments**

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires Management Entity uses its judgment in determining and recording accounting estimates. Assets and liabilities subject to these estimates and assumptions include the residual value of fixed assets and intangible assets. The settlement of transactions involving these estimates may result in amounts different from those estimated due to the inaccuracies inherent in the process of their determination. The Entity reviews its estimates and assumptions at least annually.

### **5 Fair value measurement**

When measuring the fair value of an asset or a liability, the entity uses observable market data as much as possible. The fair values are classified into different levels in a hierarchy based on the information (inputs) used in valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements**

**on December 31, 2013**

**In thousand real**

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The Entity recognizes transfers between levels of the fair value hierarchy at the end of the period of the financial statements in which the changes occurred. On December 31, 2013 was adopted CPC 46/IFRS 13 which unifies the definition of fair value as the price that would be received to sell an asset or would be paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements included in other CPCs/IFRS, including the CPC 40 (R1)/IFRS 7.

In accordance with the transitional provisions of CPC 46, the Entity applied the new measures for measuring fair value prospectively and showed no comparative information for the new disclosures. Regardless, the change had no significant impact on the measurement of assets and liabilities of the entity.

#### **6 Main Accounting Policies**

##### **6.1 Conversion of foreign currency**

The transactions in foreign currencies are converted into the functional currency using the exchange rates prevailing on the transaction dates. The foreign exchange gains and losses resulting from the closing of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies at the exchange rates at year-end are recognized in the result statement.

##### **6.2 Cash and cash equivalents**

Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments with original maturities of three months or less and with insignificant risk of change in value; for purposes of the cash flow statement, includes cash balances in secured account when used.

Financial investments are stated at cost plus accrued interest and exchange rate changes to the balance sheet date and adjusted to market value, when lower.

##### **6.3 Fixed Assets**

Fixed assets are measured at historical cost less accumulated depreciation and losses to the accumulated recoverable value (impairment), where applicable. The historical cost includes expenses that are directly attributable to the acquisition of items including financing costs related to the acquisition of qualifying assets.

Subsequent costs are included in the asset's book value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item and the cost of the item can be measured reliably. The book value of the replaced part is written down. All other repairs and maintenance are posted charged to the result statement when incurred.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements**

**on December 31, 2013**

**In thousand real**

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Depreciation of fixed assets is recorded during his lifetime, during the period below:

	<u>Years</u>
Improvements to rented property	3 to 25
Computer Equipment	5
Furniture and Fixtures	10
Machines and Equipment	10

The residual asset's values and useful lives are reviewed, and adjusted if appropriate, at the end of each period.

The book value of an asset is written down immediately to its recoverable amount if the asset's accounting amount is greater than its estimated recoverable amount.

The lifetime is based on Management's estimates regarding the period in which the assets will generate revenue, which are periodically reviewed for continuing suitability. Changes in estimates could result in significant changes in the book value and the values are apportioned to the result if the year, according to new estimates.

#### **6.4 Intangible**

The software licenses are capitalized on the basis of costs incurred to acquire and prepare the software for use. These costs are amortized over their estimated useful lives, not exceeding five years.

Costs associated with maintaining computer software are recognized as an expense as incurred.

#### **6.5 Downsizing of assets recoverable amount**

Assets are reviewed for verification of "downsizing" whenever events or changes in circumstances indicate that the book value may not be fully recoverable. The book value of an asset is reduced immediately to its recoverable amount if the asset's book value is greater than its estimated recoverable amount. The latter is the higher of the fair value of an asset less costs to sell and value in use.

#### **6.6 Suppliers**

Accounts payable to suppliers are obligations to pay for goods or services that have been acquired in the ordinary course of business activities and project management, and classified as current liabilities if payment is due within a period of one year (or on normal operating cycle of business, if longer). Otherwise, the accounts payable are presented as non-current liabilities.

Initially, they are recognized at fair value and subsequently measured at amortized cost using the method of effective interest rate cost. In practice, they are usually recognized as the value of the related invoice.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements**

**on December 31, 2013**

**In thousand real**

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#### **6.7 Provisions**

The provisions are recognized when the Entity has a present legal or non-formalized obligation as a result of past events, and it is probable that an outflow of resources will be required to close the obligation; and the amount can be reliably estimated.

The Entity is a party to labor and civil litigation in progress, and is discussing these matters at the administrative and judicial levels, which, when applicable, are supported by judicial deposits. Provisions for losses on these processes are estimated and updated by management, based on the support of external legal advisers.

#### **6.8 Third party resources related to projects**

Deposits received on accounts of FUNBIO for the execution of projects and grounded in contractual instruments are recognized as a liability of the entity to donors and/or partners. During the implementation of the projects, these obligations are recognized in contrast to the "Provision of audited accounts" in the year's result of the year.

#### **6.9 Realizable values and chargeability**

Other assets and liabilities are stated, respectively, at realizable values and chargeability, and include where applicable, monetary or exchange variations, as well as income earned and charges incurred through the balance sheet date recognized on a pro rata basis. When applicable, are made provisions for asset reduction at market value or probable sales.

The receivables and payables balances due within 12 months from the balance sheet date are classified as current assets and liabilities, respectively.

#### **6.10 Recognition of revenue**

The revenue comprises the fair value of the consideration received or receivable for the provision of consultancy services, project and administrative reimbursement rate in the normal course of business of the Entity.

Revenue from services rendered is recognized when it can be estimated reliably associated with the transaction by reference and the stage of completion of its services at the end of the reference period.

The revenue reimbursement of projects is recognized when FUNBIO is reimbursed for the management and execution of projects. These revenues are provided for in the budgets of the projects that are part of contractual agreements.

The revenue management fee is calculated based on a variable percentage according to project execution, and these fees are provided for in contractual instruments and the revenue is recognized in result at the time of accountability of the projects.

#### **(a) Internalization of resources**

Recorded as revenue upon the transfer of financial resources invested by the manager in the exercise

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements on December 31, 2013 In thousand real**

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for a financial institution in Brazil to the account "FUNBIO funds of resources - FRF" in long-term liabilities.

#### **(b) Financial Revenue**

The financial revenue is recognized using the method of effective interest rate.

#### **6.11 Recognition of project expenses**

Expenses incurred on the projects are recognized in the result of the year in the "disbursement to partners" accounts, "run resources" and "accountability in progress" to the extent that they are incurred.

#### **6.12 Income tax and social contribution**

Being a non-profit Entity, the Entity is exempt from payment of income tax and social contribution, as provided in Article 15 of Law 9.532/97, since it meets the requirements established in items "a" to "e" of §2 of Article 12 of the said Act, namely:

- Do not pay in any way its officers for services rendered;
- Present annually the year income statement in accordance with the provisions of the act of the Federal Revenue;
- Do not submit their accounts in surplus or, if present in a given year, put aside this result fully to maintenance and development of its social objectives;
- Do not contribute to acts constituting violations of the provisions of corporate law;
- Failure observing the legal requirements in Article 32 of Law No. 9.430/96.

The contribution for the Programa de Integração Social (Social Integration Program) - PIS and for Contribuição para o Financiamento da Seguridade Social (Contribution to Social Security Financing) - COFINS: According to article 13 of Provisional Measure (MP) 2158-35 of 2001, the nonprofits that have employees, as defined by Labor legislation, contribute to the PIS with a fixed quota of 1% on the monthly payroll. Such entities are exempt from PIS on revenues under §1 of Article 14 of MP No. 2158-35/01, provided they meet the requirements of Article 12 of Law No. 9532/97.

With regard to COFINS, item X, the Article 14 of the MP 2158-35 of 2001 determines no incidence on revenues of nonprofits institutions. Again, the exemption depends on meeting the requirements of Article 12 of Law No. 9532/97.

The entity is complying with the requirements of Law No. 9532/97 for the enjoyment of the exemptions mentioned.

#### **6.13 New pronouncements, amendments and interpretations of IFRS not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for fiscal years beginning after January 1, 2013, and were not adopted in preparing these financial statements. Those

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements**

**on December 31, 2013**

**In thousand real**

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that may be relevant to the entity are listed below; however, no significant effects are expected in the financial statements of the Entity. The Entity does not plan to adopt these standards in advance.

**(a) IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)**

IFRS 9 (2009) introduces a new requirement for classification and measurement of financial assets. Under IFRS 9 (2009) Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional requirements in relation to financial liabilities. The IASB currently has an active project to undertake limited changes to classification and measurement requirements of IFRS 9 measurement and add new requirements to address the loss by reduction to recovery value of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) is effective for annual periods beginning on or after January 1, 2015. Adoption of IFRS 9 (2010) should not cause a significant impact on financial assets and liabilities of the Company.

The Accounting Pronouncements Committee has not yet issued accounting pronouncement or changes in existing pronouncements, corresponding to this standard.

**7 Financial risk management**

The Entity has exposure to the following risks from its use of financial instruments mentioned in footnote 6:13:

- Market risk; and
- Liquidity risk.

The information below shows summary of the exposure of the Entity to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk and capital management. Additional quantitative disclosures are included throughout these financial statements.

**(a) Market risks**

Market risk is the risk that changes in market prices, such as interest rates of financial investments of the Entity, have earned gains in terms of its portfolio or the value of its participations of financial instruments.

The Entity manages market risk through investments in funds low market risk and low financial leverage, always in 1st line financial institutions. In this sense, there is the foreign exchange risk as the main market risk arising from projects whose financiers are foreign entities.

**(i) Foreign exchange risk**

This risk arises from the possibility that the entity may incur losses due to fluctuations in exchange rates, which reduce nominal amounts earned or increase funds raised in the market.

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements

on December 31, 2013

In thousand real

The projects are budgeted and executed in real and balances control to internalize the benefits of this project accounts are updated by the current exchange rate. Regular reconciliations of the parcels are made to internalize against the goals set for the project, and in case of significant variations is made a redesign of the project.

#### (b) Liquidity risks

It is the risk in that the Entity does not have sufficient resources to meet its financial commitments, due to the mismatch of terms or volume between receipts and payments proceeds.

To manage the liquidity, assumptions for future disbursements and receipts are made, which are monitored daily by the treasury department are established. Such control is exercised to manage the accounts of the Entity and each of its projects.

#### 8 Cash and cash equivalents

	<u>2013</u>	<u>2012</u>
<b>Own resources</b>		
Cash	292	255
Banks in the country	1	41
Banks abroad (a)	175	456
Financial investments in the country (b)	<u>15,509</u>	<u>14,761</u>
	<u>15,977</u>	<u>15,513</u>
<b>Third party resources</b>		
Cash	-	-
Banks in the country	1,145	2,098
Banks abroad (a)	8,598	11,451
Financial investments in the country (b)	272,374	187,434
Financial investments abroad (c)	<u>70,817</u>	<u>109,209</u>
	<u>352,934</u>	<u>310,192</u>
	<u><u>368,911</u></u>	<u><u>325,705</u></u>

The amounts shown as cash, banks in the country, overseas banks and financial investments represent themselves balances the Entity are intended for operational and administrative maintenance, these being readily convertible into cash and subject to insignificant risk of change in value. The investments consist of funds and CDB and are recorded at cost plus income earned through the balance sheet date, where fair value does not exceed the market value.

The linked availabilities to projects represent amounts transferred by several sponsors to the Entity.



## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements

on December 31, 2013

In thousand real

which are kept in individual accounts of each project and investments in investment funds and bank certificates of deposit - CDB, which have less than 90 days liquidity insignificant risk of value reduction. Such applications are composed of CDB's paid with the CDI and other investments in investment funds, maintained at a financial institution of 1st line. This application is recorded for the amount invested, plus income earned through the balance sheet date, where fair value does not exceed the market value.

(a) Breakdown of bank account balances on December 31:

	<u>2013</u>	<u>2012</u>
Banco do Brasil NY FUNBIO	175	456
Itaú LUX FAP	-	7,392
Banco do Brasil Frankfurt - AFCOF II	-	2,129
Banco do Brasil NY - GEF CERRADO	2	1,122
Banco do Brasil NY - Capacity building RedLac	463	462
J. P. MORGAN - NY	246	229
Banco do Brasil Frankfurt - FFEM	42	117
Banco do Brasil NY - ARPA KFW	1,557	-
Itaú MIAMI - FAP	6,274	-
Itaú MIAMI - FAP KFW	13	-
	<u>8,773</u>	<u>11,907</u>

(b) The financial investments in the country are well represented on the date of December 31:

<b>Atlantic Forest Project Fund (FMA)</b>	<u>2013</u>	<u>2012</u>
<b>Trust Fund</b>		
Itaú Pragma - FMA Trust Fund	16,932	20,173
Itaú Private EFFICAX - FMA Trust Fund	1,993	734
Itaú Private ACTIVE FIX - FMA Trust Fund	2,104	-
	<u>21,028</u>	<u>20,907</u>

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements

on December 31, 2013

In thousand real

Automatic application	2013	2012
Banco do Brasil - FMA Comperj	25,421	19,003
Banco do Brasil - FMA Açú Shipbuilding	17,064	15,397
Banco do Brasil - FMA Comperj Impl, Infr. and Urbanization	12,205	11,426
Banco do Brasil - FMA GASDUC III	4,241	7,722
Banco do Brasil - FMA Construction Tecab	1,881	6,516
Banco do Brasil - FMA Baixada Fluminense	2,307	3,808
Banco do Brasil - FMA CSA II	2,155	2,030
Banco do Brasil - FMA Grota Funda	955	1,541
Banco do Brasil - FMA Metrô	-	1,488
Banco do Brasil - FMA Airport	990	1,237
Banco do Brasil - FMA GASJAP	767	1,058
Banco do Brasil - FMA Lighter	743	693
Banco do Brasil - FMA Metrô CRB II	2,718	663
Banco do Brasil - FMA Guaíba Island Maritime Terminal	582	545
Banco do Brasil - FMA Comperj UHOS	604	431
Banco do Brasil - FMA Quitumba	402	377
Banco do Brasil - FMA TA AR Transpetro	656	309
Banco do Brasil - FMA Volta Redonda	-	251
Banco do Brasil - FMA Ponta da Areia	296	198
Banco do Brasil - FMA LIBRA TERMINAL	466	195
Banco do Brasil - FMA UTE Porto do Açú	398	193
Banco do Brasil - FMA CTR Itaboraí	141	133
Banco do Brasil - FMA LT EN Elétrica	-	-
Banco do Brasil - FMA Perú Area 4	5	-
Banco do Brasil - FMA Perú Viário	34	-
Banco do Brasil - FMA Perú Area 33	6	-
Banco do Brasil - FMA Perú Area 19/22	13	-
Banco do Brasil - FMA Perú Area 30/22	25	-
Banco do Brasil - FMA Dutov Comperj	1,205	-
Banco do Brasil - FMA TER Sub Emissary	648	-
Banco do Brasil - Petrobras FMA Transmission Line	55	-
Banco do Brasil - FMA Transsol Pmrj	2,719	-
Banco do Brasil - FMA CCR Dutra	274	-
Banco do Brasil - FMA Multi Rio	330	-
Banco do Brasil - FMA Multi Car	342	-
Banco do Brasil - FMA Guapimirim pipeline	106	-
Banco do Brasil - FMA UPGN Comperj	906	-
Banco do Brasil - FMA Marina Imperial	64	-
Banco do Brasil - FMA CTR CAMPOS	39	37
Banco do Brasil - FMA APLICAÇÃO CTL	65	61
Banco do Brasil - FMA RIO JV PARTN	115	33
Banco do Brasil - FMA BRASFELS	70	66
Banco do Brasil - FMA LOT IND PRIMUS	90	29
Banco do Brasil - FMA VILAREJO MARA	109	102
Banco do Brasil - FMA LIBRA TERMINAL	195	49
Banco do Brasil - FMA BARRA MANSA	-	66
Banco do Brasil - FMA CV	-	336
	82,406	75,993

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

Notes of the Administration to the Financial Statements  
on December 31, 2013  
In thousand real

<b>Application of Deposit Certificate - CBD</b>	<b>2013</b>	<b>2012</b>
Banco do Brasil CDB - FMA LLX AÇÚ	9,070	12,402
Banco do Brasil CDB - FMA CSA II	1,722	3,690
Banco do Brasil CDB - FMA Via Principal	648	1,234
Banco do Brasil CDB - FMA Metrô	462	432
Banco do Brasil CDB - FMA CTR Alcântara	48	45
Banco do Brasil CDB - FMA TERM SUL LLX	709	-
Banco do Brasil CDB - FMA OF CSN	7,874	-
Banco do Brasil CDB - FMA Pres, Vargas	460	-
Banco do Brasil CDB - FMA JV PART CDB	99	-
Banco do Brasil CDB - FMA Loteum Incor.	39	-
Banco do Brasil CDB - FMA Lotf Area 30/32	37	-
Banco do Brasil CDB - FMA Pero Area 19/22	50	-
Banco do Brasil CDB - FMA Però Viario	51	-
Banco do Brasil CDB - FMA CV	293	-
Banco do Brasil CDB - FMA Gasjap	83	-
Banco do Brasil CDB - FMA Reseva Pero Ar. 33	12	-
Banco do Brasil CDB - FMA Reseva Pero Ar. 14	9	-
Banco do Brasil CDB - FMA Braz Interm.	267	-
	<u>21,930</u>	<u>17,803</u>
<b>Application Fixed Income</b>	<b>2013</b>	<b>2012</b>
Banco do Brasil RF - FMA Comperj	5,153	2,380
Banco do Brasil RF - FMA Construção Naval do Açu Shipbuilding	10,928	1,047
Banco do Brasil RF - FMA Baixada Fluminense	787	739
Banco do Brasil CDB - FMA LLX AÇÚ	2,076	697
Banco do Brasil RF - FMA SERB	579	544
Banco do Brasil RF - FMA Metrô CRB II	1,155	438
Banco do Brasil RF - FMA Comperj UHOS	903	284
Banco do Brasil RF - FMA ITAGUAI	3,456	-
Banco do Brasil RF - FMA P, VARGAS	477	-
Banco do Brasil RF - FMA Metro CRB	1,575	-
Banco do Brasil RF - FMA Loteum Incorp	23	-
Banco do Brasil RF - FMA Volta Redonda	266	-
Banco do Brasil RF - FMA PRIMUS	50	8
Banco do Brasil RF - FMA GASDUC	206	44
Banco do Brasil RF - FMA UTE AÇU	203	64
Banco do Brasil RF - PTA AREIRA	208	39
Banco do Brasil RF - BARRA MANSA	70	-
	<u>28,117</u>	<u>6,284</u>
<b>Sub total</b>	<u><u>153,481</u></u>	<u><u>120,987</u></u>

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements

on December 31, 2013

In thousand real

#### Other projects

Other applications	2013	2012
Banco do Brasil - GEF BM Arpa II	1,799	4,733
Banco do Brasil - PROBIO Opportunity Fund	2,667	2,501
Banco do Brasil - Terra do Meio	310	1,923
Banco do Brasil - Adoption of Parks (OGX FN)	1,279	1,910
Banco do Brasil - Fauna Portfolio (Blue Ararinha)	1,480	1,841
Banco do Brasil - Adoption of Parks (MPX FN)	924	1,359
Banco do Brasil - GIZ Anavilhanas	1,237	1,301
Banco do Brasil - KfW ARPA 2ª Fase	3,315	731
Banco do Brasil CP - BNDES	-	641
Banco do Brasil - Novas Fontes Arpa	787	523
Banco do Brasil - RVS Rio da Prata	340	318
Banco do Brasil - GEF Nutrição	369	285
Banco do Brasil - Fauna portfolio (Sirênios)	25	242
Banco do Brasil - GEF Cerrado	-	170
Banco do Brasil - FIP	75	105
Banco do Brasil - FUNJUS	101	95
Banco do Brasil - Suruí	-	73
Banco do Brasil - Ecofunds/BCID	-	37
Banco do Brasil - Fauna portfolio (Sirênios)	27	28
Banco do Brasil - CFA	-	23
Banco do Brasil - Kayapo	743	-
Banco do Brasil - FUNBIO CITIES	412	-
Banco do Brasil - RESEX RIO CAUTARIO	3	-
Banco do Brasil - CARBON PAITER SURUI	941	-
Banco do Brasil - AFCOF I	-	51
Banco do Brasil - Arribada Alvo 1	-	1
Banco do Brasil - Sustainable Dialogues	-	114
Banco do Brasil - Cap & Trade	-	83
Banco do Brasil - Resex Est Rio Cautário	-	8
Banco do Brasil - BNDES	-	1
Itaú - Administrative (ii)	19	31
Itaú Private - FRF (ii)	1,234	705
Itaú - ACTIVE FIX - FRF (ii)	1,457	-
Itaú Private - FAP	521	298
Itaú - ACTIVE FIX - FAP	616	-
Itaú Committed DI - FAP KFW	7,275	-
Itaú - Fauna (Fauna portfolio)	2	1
Itaú Private - Fauna (Fauna Portfolio)	155	141
Itaú Committed DI - Fauna (Fauna Portfolio)	132	93
Itaú CDB DI - Fauna (Fauna Portfolio)	17	3
Itaú Private - Kayapó Fund	1,592	1,639
	29,855	22,008

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements

on December 31, 2013

In thousand real

Application of Deposit Certificate - CBD	2013	2012
Banco do Brasil CDB - TFCA	14,025	17,332
Banco do Brasil CDB - FUNJUS	3,639	3,398
Banco do Brasil CDB - AFCOF II	370	585
Banco do Brasil CDB - Administrative	917	566
Banco do Brasil CDB - GEF Pollinator	268	-
Banco do Brasil CDB - PROBIO II	98	-
Banco do Brasil CDB - CFA	30	-
Banco do Brasil CDB - GEF CERRADO	1,128	-
Banco do Brasil CDB - GEF ECOFUNDS	12	-
Banco do Brasil CDB - BNDES	1,347	-
	21,834	21,881
Application Fixed Income	2013	2012
Banco do Brasil RF LP - BNDES	-	3,228
Banco do Brasil RF LP - CFA	99	111
Banco do Brasil RF LP - Novas Fontes Arpa	-	106
Banco do Brasil RF LP - PROBIO II	-	85
Banco do Brasil RF LP - GEF BM	382	-
Banco do Brasil RF LP - MPX	16	-
Banco do Brasil RF LP - FIP	73	-
Banco do Brasil RF LP - TFCA	3,260	915
	3,830	4,445
Other projects (Cont.)	2013	2012
Pragma Asset Manager	2013	2012
Itaú Pragma - Kayapó Fund	13,603	13,721
Itaú Pragma - FUNBIO Resources Fund - FRF (ii)	11,881	13,459
Itaú Pragma - FAP (i)	5,027	5,691
Itaú Pragma - FAP KFW (i)	48,373	-
	78,884	32,871
Sub total	2013	2012
	134,403	81,208
	287,883	202,195
(c) <b>Composition of investments abroad at December 31:</b>		
	2013	2012
Itaú LUX FAP	-	51,969
Banco do Brasil Frankfurt - KfW FAP	-	54,531
J. P. MORGAN - NY FAP	2,257	2,709
Itaú Miami - FAP (i)	63,803	-
Itaú Miami - FAP KFW (i)	4,757	-
	70,817	109,209

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

Notes of the Administration to the Financial Statements  
on December 31, 2013  
In thousand real

### 9 Fixed assets

#### (a) Composition

	Furniture and Fixtures	Computer Equipment	Machines and equipment	Improvements to rented properties	Improvements to rented properties	Total
<b>Annual depreciation rates - %</b>	10	20	10	4 a 33		
Total cost	294	198	545	111	428	1,576
Accumulated depreciation	(219)	(98)	(388)	(35)	-	(740)
<b>Balances on December 31, 2011</b>	<b>75</b>	<b>100</b>	<b>157</b>	<b>76</b>	<b>428</b>	<b>836</b>
<b>Financial Activities of 2012</b>						
Procurements	5	9	104	6	-	124
Write-offs	(4)	(16)	(3)	-	-	(23)
Depreciation (i)	(19)	(17)	(70)	(149)	-	(255)
Transfers	-	-	-	428	(428)	-
Total cost	295	191	646	545	-	1,677
Accumulated depreciation	(238)	(115)	(458)	(184)	-	(995)
<b>Balances on December 31, 2012</b>	<b>57</b>	<b>76</b>	<b>188</b>	<b>361</b>	<b>-</b>	<b>682</b>
<b>Financial Activities of 2013</b>						
Procurements	2	98	3	18	-	121
Write-offs	-	(3)	-	-	-	(3)
Depreciation (i)	(14)	(77)	(14)	(149)	-	(254)
Transfers	-	-	-	-	-	-
Total cost	297	286	649	563	-	1,795
Accumulated depreciation	(252)	(192)	(472)	(333)	-	(1,249)
<b>Residual value on December 31, 2013</b>	<b>45</b>	<b>94</b>	<b>177</b>	<b>230</b>	<b>-</b>	<b>546</b>

(i) Net of the effects of reversal of depreciation occurred on disposals.

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements

on December 31, 2013

In thousand real

#### (b) Other information

Depreciation of equipment is calculated using the straight line method at the rates that take into account the estimated useful economic lives.

The period depreciation allocated expense as was R\$ 254 (2012: R\$ 255).

The gross carrying amount of fully depreciated fixed assets that are still in use is R\$ 650 (2012: R\$ 651).

#### (c) Reduction of recoverable amount of assets

During the year ended on December 31, 2013, Management has not identified any indication that certain assets have accounted for amounts above their recoverable value, in addition to the amounts recognized in the provision for losses.

#### 10 Suppliers

	<u>2013</u>	<u>2012</u>
Digirax Representação Com. Serv.	13	-
Globo Manutenções e Reformas Ltda.	3	-
Cael Serviços e Construções Ltda.	3	-
Equiparge Produções Ltda.	-	591
Rariplan Construtora Ltda	-	362
RPC Importação e Comerc. de Máq. e Equipamentos Ltda	-	264
Fast Eletronic Comercio de Eletro- eletrônico e Acess. Ltda-EPP	-	188
Emebevê Indústria e Comércio de Móveis de Aço Ltda.	-	34
Other	-	205
	<u>19</u>	<u>1,644</u>

#### 11 Payroll and labor legislation liabilities

	<u>2013</u>	<u>2012</u>
Provision for vacation and charges	722	689
Salaries	299	263
Withholding tax payable	161	144
Withholding INSS	133	99
Withholding FGTS	48	42
Withholding PIS	6	9
Other	8	7
	<u>1,377</u>	<u>1,253</u>

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements on

December 31, 2013

In thousand real

## 12 Third party resources related to projects

### Moves in the balances of projects

	12/31/2012	Prestação de contas em andamento	Prestação de contas enviadas	Recursos utilizados	Recursos recebidos	Rendimentos sobre aplicações	Variação cambial	Outros (*)	12/31/2013	Nota
		I	II	III = I + II						
ARPA FAP	122,819	-	-	-	-	3,790	13,232	(680)	139,161	9.1
ARPA 2ª Fase – BNDES	4,314	(1)	(5,149)	(5,150)	2,500	95	-	(456)	1,303	9.1
ARPA 2ª Fase O GEF BM	4,928	-	(3,228)	(3,228)	2,172	262	-	(700)	3,434	9.1
ARPA 2ª Fase – KfW	731	(30)	(2,746)	(2,776)	8,646	67	84	(2,369)	4,383	9.1
FMA O Convênio SEA (a)	99,661	(1)	(25,355)	(25,356)	43,512	7,776	-	(664)	124,929	9.2
FMA O Fundo Fiduciário	20,907	-	-	-	109	524	-	(512)	21,028	9.2
FMA O Outras Fontes	-	-	-	-	7,726	148	-	-	7,874	9.2
TFCA	18,426	10	(10,327)	(10,317)	9,224	1,175	-	(1,212)	17,296	9.3
Fundo Kayapó	15,360	-	-	-	-	562	-	(730)	15,192	9.4
Kayapó	-	-	(157)	(157)	872	29	-	-	744	9.4
Adoção de Parques	3,596	-	(1,559)	(1,559)	340	201	-	(49)	2,529	9.5
Alcoa – Fundo Juruti Sustentável	3,494	-	-	-	-	246	-	-	3,740	9.6
Probio O Fundo de Oportunidade	2,501	-	-	-	-	166	-	-	2,667	9.7
Probio II	89	(4)	(212)	(216)	501	6	-	(287)	93	9.7
AFCOF II	2,702	-	(2,507)	(2,507)	314	94	(31)	(207)	365	9.8
AFCOF I	51	-	-	-	-	-	-	(51)	-	9.8
GEF Cerrado	1,286	(18)	(1,269)	(1,287)	1,250	35	27	(202)	1,109	9.9
GEF Polinizadores	(136)	-	(893)	(893)	1,595	20	-	(287)	299	9.10
Terra do Meio	1,924	(1)	(1,029)	(1,030)	-	81	-	(599)	376	9.11
Carteira Fauna O Ararinha Azul	1,840	-	(1,408)	(1,408)	1,071	84	-	(106)	1,481	9.12
Carteira Fauna – Sirênios	373	(2)	(586)	(588)	621	14	-	(208)	212	9.12
Carteira Fauna (Sísmica e Fundo Fauna)	264	-	(3)	(3)	51	18	-	(2)	328	9.12
GIZ Anavilhanas	1,302	-	(3)	(3)	-	78	-	(136)	1,241	9.13
<b>Sub total</b>	<b>306,432</b>	<b>(47)</b>	<b>(56,431)</b>	<b>(56,478)</b>	<b>80,504</b>	<b>15,471</b>	<b>13,312</b>	<b>(9,457)</b>	<b>349,784</b>	



## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

Notes of the Administration to the Financial Statements on  
December 31, 2013  
In thousand real

### Moves in the balances of projects (Cont.)

Novas Fontes Arpa	631	-	(197)	(197)	884	13	-	(544)	787	9.14
RedLac Capacitação	589	-	(730)	(730)	775	-	74	(116)	592	9.15
CLUA O Estudo de Finanças REDD	309	-	(153)	(153)	-	-	-	(97)	59	9.16
GEF Nutrição	285	(1)	(140)	(141)	243	16	-	(35)	368	9.17
Diálogos Sustentáveis	207	-	-	-	-	5	-	(212)	-	9.18
CFA	144	-	(145)	(145)	251	8	-	(138)	120	9.19
CAP & TRADE	128	-	(1)	(1)	-	2	-	(129)	-	9.20
FIP	105	-	(162)	(162)	222	6	-	(15)	156	9.21
RRB O Redd + Readness in Brasil	50	-	(25)	(25)	256	1	-	(276)	6	9.22
Ecofunds/BCID	42	-	(54)	(54)	27	1	-	-	16	9.23
Carbono Suruí	14	-	(1)	(1)	-	5	-	(17)	1	9.24
Fundo Carbono Paiter Suruí	-	-	(265)	(265)	1,200	15	-	(8)	942	9.25
FUNBIO Cidades	-	-	-	-	553	2	-	(56)	499	9.26
Outros projetos	43	-	-	-	-	-	-	(9)	34	
<b>Sub total</b>	<b>2,547</b>	<b>(1)</b>	<b>(1,873)</b>	<b>(1,874)</b>	<b>4,411</b>	<b>74</b>	<b>74</b>	<b>(1,652)</b>	<b>3,580</b>	
	<b>308,979</b>	<b>(48)</b>	<b>(58,304)</b>	<b>(58,352)</b>	<b>84,915</b>	<b>15,545</b>	<b>13,386</b>	<b>(11,109)</b>	<b>353,364</b>	
<b>Passivo circulante</b>	<b>149,890</b>								<b>177,981</b>	
<b>Passivo não circulante</b>	<b>159,089</b>								<b>175,383</b>	

(\*) Refers mainly to reimburse for FUNBIO, disbursements for projects and financial expenses.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements**

**on December 31, 2012**

**In thousand real**

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#### **12.1 Arpa - Amazon Region Protected Areas - Phase II**

The ARPA is the largest initiative to protect the world's rainforests. Its goal is the conservation and sustainable use of 60 million hectares - 12% of the Amazon region - till 2018. FUNBIO is the manager of financial resources, performs the activities of procurement and contracting for the Conservation Units (CUs) and makes the asset management of the Protected Areas Fund (FAP). In its second phase (2010-2015), the ARPA support to the creation of over 13.5 million hectares and consolidate about 32 million hectares, and capitalize on the FAP at 70 million dollars. On account of the actions that have been developing, ARPA Program received an award from the United States Government/Department of Treasury through the World Bank, as an especially outstanding and high impact project.

In 2013, the FAP - Protected Areas Fund totaled R\$ 139 million, an increase of 13.31% over the balance of 2012 due to accrued interest and exchange rate update your assets. Under capitalization, FAP showed no expenditures and deposits during 2013.

Until December 2013, were executed about the first 3 parcels of the contract signed in 2010 with the Amazon/BNDES Fund in the amount of R\$ 5 million each. The fourth parcel, received partially - R\$ 2.5 million - still in 2013, is partially shown in project balance at end of year, there still remains estimated to be received from the other half of the fourth and last parcel of the contract along, 2014. The contract value with BNDES/Amazon Fund is R\$ 20 million.

Also in 2013, FUNBIO continued the implementation of new contracts started in 2012 on the second phase of the program:

- with the Ministry for Economic Cooperation and Development of Germany (BMZ) through KfW Entwicklungsbank (German Development Bank) in the amount of EUR 20 million, which in 2013 internalize the equivalent of R\$ 8.6 million and R\$ 2 perform 7 million, and;
- with the World Bank, in the amount of US\$ 15.9 million, which in 2013 internalize the equivalent of 2.2 million and executed R\$ 3.2 million.

#### **12.2 FMA - Mata Atlântica of Rio de Janeiro Fund - Covenant SEA**

Operating and Financial Mechanism for Biodiversity Conservation of the State of Rio de Janeiro, also known as the Atlantic Forest Fund (FMA/RJ), was designed to enhance the environmental investments in the state of Rio de Janeiro and offer new options for support of protected areas, with agility, efficiency and transparency. Through a partnership with the Secretary of State for the Environment of Rio de Janeiro (RJ - SEA), FUNBIO manages the resources of the FMA, which so far are from compensation on the environmental impacts of productive enterprises, which payment is regulated by SNUC - Sistema Nacional de Unidades de Conservação da Natureza (National System of Conservation Units).

By the end of 2013, the FMA has mobilized significant resources for environmental compensation. 76 enterprises in the state pledged to allocate funds for the fulfillment of their compensation to the FMA, adding commitments of over R\$ 275 million in Terms of Engagement of Environmental Compensation. The financial instrument of environmental compensation FMA presents a balance of R\$ 124.9 million at year end, having run in 2013 funds of approximately R\$ 25.3 million and received an amount of R\$ 43.5 million.

Altogether, 40 Conservation Units are supported in the State of Rio de Janeiro, with 8 in the category of Sustainable Use and Protection Integral 32 in the category, with a total area of 430,894.92 hectares of protected areas supported by the mechanism.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements**

**on December 31, 2012**

**In thousand real**

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The support of the FMA takes place in the purchase of equipment, construction and renovation of infrastructure, development of business infrastructure projects, purchase of vehicles, hiring of management plans, signage and demarcation among other activities.

The FMA also provides support through projects, such as supporting the core of the State Environmental Institute (INEA), provisioning of funds for the regularization of delimitation of municipal protected areas and strengthening the management of public use for increase visitation to the parks.

In 2012, it was financially established the Trust Fund - FMA. This instrument, provided for under the Agreement SEA aims to provide long-term financial sustainability of the protected areas that are under the management of the State of Rio de Janeiro, by covering their maintenance costs such as purchase of goods and services necessary for the implementation, management, monitoring and protection of the unit. The total amount of funds received for this portfolio was R\$ 109.000 in 2013 (R\$ 19.2 million over 2012), making a balance of R\$ 21 million at year end 2013.

In 2013, FUNBIO received the first contributions to the Operating Financial Instrument and Other Sources in the amount of R\$ 7.7 million, and at year end a balance of R\$ 7.8 million, with no projects running on this instrument.

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

FUNBIO is the executive secretary of the TFCA Account, which receives funds from the bilateral agreement between Brazil and the United States to areas with remnants of the Atlantic Forest, Cerrado and Caatinga biome. This agreement is governed by the Tropical Forest Conservation Act (TFCA), which aims the exchange of debts of countries from the United States of America for investment in conservation and sustainable use of forests. The total debt exchange was US\$ 20.8 million.

In early 2012, has begun the implementation of 46 projects approved in the first call (01/2011). About 80 representatives participated in a training workshop for leveling of information and training of operational rules and tools of TFCA, held in Brasilia in April 2012.

During 2012, we released four calls for projects, two in April and two in August. The Call 02/2012, launched in April and re-launched later in August, comprising R\$ 5.5 million, has selected 7 projects totaling R\$ 2.5 million, aimed at strengthening NGO networks in the three biomes in order to strengthen civil society, synergies and exchanges of information among environmentalists entities there existing.

The call 03/2012, launched in April with the initial value of R\$ 3.3 million, selected other 7 projects totaling R\$ 2.7 million, meant for training organizations to mobilize financial resources.

The call 04/2012, which included the same priority themes of the first call, was released in August. Initially providing R\$ 7 million, has selected 18 projects, totaling R\$ 7.5 million.

In summary, during 2013 to TFCA Account received parcels of R\$ 9.2 million and executed disbursements of R\$ 10.3 million, with an available balance at the end of the period in the amount of R\$ 17.3 million. The main activities to be deployed under the program were: the hiring of 18 projects of call 04/2012 and the initial release of funds, the continuity of monitoring activities in all of the

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements on December 31, 2012 In thousand real**

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selected calls, evaluation of technical and financial reporting projects as well as validation of the benefits of accounts and release of funds for disbursement of parcels to institutions.

#### **12.4 Kayapó Fund**

Equity fund of the "endowment" type created to support the Kayapo organizations in the long term and increase the capacity of Kayapó Indigenous Lands to maintain their physical integrity. This is the first of such fund supported by the Banco Nacional de Desenvolvimento Econômico e Social (National Bank for Economic and Social Development) - BNDES, through the Amazon Fund in partnership with Conservation International (CI).

The project began in 2012, after signing the contract with the Amazon/BNDES fund and annuity of the fund, whereupon FUNBIO started to manage the assets. In June 2012, during the Rio+20, the Kayapó Fund was officially launched in Rio de Janeiro, alongside representatives of the Kayapo, the BNDES and Conservation International (CI).

In 2013 was completed the first cycle of investment and presented the results of the diagnostic quality of life of the Kayapó people and the physical integrity of their lands, to support the assessment of the fund's performance. With this engagement, the project will have a baseline that will serve for comparison of the same aspects, five years from now. There was also the release of the first Call for Projects with the approval of two projects worth approximately R\$ 220 billion with estimated disbursement in early 2014.

FUNBIO manages the Kayapó Fund and is the implementer of the operating expenditures of the fund that aims to finance projects aimed at monitoring the Kayapo lands and help cope with the increased pressure of migration of new residents during the construction of Belo Monte hydroelectric. The project will benefit about seven thousand people, threatened by the advance of the agricultural frontier and illegal activities such as logging and mining.

At the end of 2013, the Kayapó Fund has a balance of R\$ 15.2 million and operating account related to expenses on a balance of R\$ 0.7 million.

#### **12.5 Adoption of Parks**

This type of support seeks voluntary private investment to structure and promote the maintenance of national, state or local Conservation Units (CUs) for conservation of biodiversity. In contrast to the allocation of resources, companies have recognized sponsor and gain visibility in communication actions.

The year of 2012 marked the beginning of the implementation of the funds contributed by OGX and MPX to the National Parks of Fernando de Noronha (PE) and Maranhenses (MA), respectively. In 2013 was given sequence to the original planning. FUNBIO manage the resources for the parks, which were invested in structure works, purchase of goods and contracting services to support physical, logistical and financial the management.

For both federal CUs, was signed a technical cooperation agreement with ICMBio to support protected areas providing various sources of funding, such as criminal penalties, administrative environmental fines, donations, sponsorships and other sources.

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements on December 31, 2012 In thousand real

<b>CU</b>	<b>Area (thousands hectares)</b>	<b>Amount (R\$)</b>	<b>Financier</b>
Marine National Park of Fernando de Noronha	11.2	4,7 million	OGX
Lençóis Maranhenses National Park	155	4,2 million	MPX

The donor companies rescheduled the release of funds for projects entailing re-planning of activities in the Parks. MPX was renamed themselves Eneva.

In 2012, the Adoption of Parks Program featured a contribution of R\$ 300,000, made by BP Brazil to support the administration and environmental management of Protected Areas.

At the end of the year, the Adoption of Parks program provides a balance of R\$ 2.5 million, having received R\$ 340,000 and R\$ 1.5 million executed in 2013.

#### 12.6 Juruti Sustainable Program - FUNJUS and Conjus

The Sustainable Juruti Fund (FUNJUS) is an innovative experience of financial support to the implementation of environmental projects in the Municipality of Juruti, State of Pará. Developed by FUNBIO, integrates the strategy of Juruti Sustainable development, which also covers the consultative forum called Sustainable Juruti Council (Conjus) and Development Indicators, with a base line systematized by Getulio Vargas Foundation (GV-CES) methodology in a joint construction with the community.

The year of 2013 marked the beginning of a transition from FUNJUS. FUNBIO, which performs the management of the fund since its inception 04 years ago, starts an operational transition which will give to Conjus the selection and implementation of the next calls. To fulfill this transition plan, is foreseen a 3 months training for local staff of Conjus and monitoring a total period of 18 months from January, 2014.

FUNBIO still will be as depository of resources of FUNJUS making custody and investment management, making disbursements for Conjus, according the demand. At the end of the year 2013, the balance of FUNJUS amounts to R\$ 3.7 million.

#### 12.7 Probio II - National Project for Public-Private Integrated Actions for Biodiversity

The initiative aims to mobilize significant productive sectors to adopt principles and practices for conservation and sustainable use of biodiversity in their business sectors. FUNBIO promotes actions to engage the private sector to boost the transformation of models of production, consumption and occupation of the country, starting with the sectors of agriculture, fisheries, forestry and health. The project has resources from Global Environment Facility (GEF) funds through the World Bank, who dedicated a total of US\$ 22 million to the partners of the initiative.

In 2013, we continued the negotiations for the implementation of three regional subprojects spread in the biomes: Pampa, with livestock in Rio Grande do Sul; and Atlantic Forest, with agro in Mato Grosso do Sul and Florestal economy in Bahia. Their legal instruments were discussed and detailed, and the World Bank approved the Operational Manual of the Opportunities Fund.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements**

**on December 31, 2012**

**In thousand real**

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Counterpart funds of R\$ 8.5 million were secured and R\$ 2.5 million of GEF resources have been internalized to the Opportunities Fund, feature presented in separate line box with a balance of R\$ 2.6 million, including financial income. The resources relating to Probio II available in specific project account in FUNBIO amount to R\$ 93,000 at end of the year

The range of partners in Probio II includes: World Bank; GEF; Caixa; Embrapa; FIOCRUZ; ICMBio; Jardim Botânico - Rio de Janeiro; Ministry of Agriculture, Livestock and Food Supply; Ministry of Science and Technology; and Ministry of Health

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

The Atlantic Forest Conservation Fund II is managed by a financial mechanism managed by FUNBIO to support the Atlantic Forest Protection Project II, which aims to contribute to the protection, sustainable management and restoration of the Atlantic Forest. The resources of the mechanism are from Entwicklungsbank KfW (German Development Bank). The Atlantic Forest Protection Project II is inserted in the International Climate Protection Initiative (IKI) of the Ministry of Environment, Nature Conservation and Nuclear Safety of Germany (BMU), which also provides technical support from the German Agency for Technical Cooperation (GTZ).

During 2013, FUNBIO performed the amount of R\$ 2.5 million used: in the finalization of the support projects for PES (Payment for Ecosystem Services) and support for environmental compliance; in organizing events during the "Week of the Atlantic Forest" and the launch of several publications financed by the project. Additionally, ongoing projects have been finalized and is in preparation for final publication which will include lessons learned and the planning and execution of the final project resources, which at year-end 2013 amounted to R\$ 365,000.

#### **12.9 Sustainable Cerrado Initiative**

The Initiative is a project funded by the Global Environment Facility (GEF) through the World Bank, with the aim of contributing to the enhancement of the Cerrado through conservation, restoration, recovery and sustainable management activities. US\$ 13 million will be used for the preservation of the biome, run through four subprojects. FUNBIO is the finance manager of the subproject "Policies and monitoring of the Cerrado biome", implemented by the Ministry of Environment, who will receive an investment of US\$ 4 million during the four years of project.

The project supported the creation of conservation units in the different priority areas for biodiversity conservation; they are: Mato Grosso (Headwaters of Juruena Papagaio (Parrot) River, Teles Pires River and APA Serrana Province/Headwaters of the Paraguai River), in the Tocantins (Natividade,

Aurora do Tocantins and Wildlife Refuge of Midle Tocantins) and in Piauí (Uruçuí and Jerumenha), with total area of 1,657,112 hectares. And the project was responsible for the expansion of the Serra das Confusões National Park with 270,000 hectares in the Cerrado area (Decree of December 30, 2010). At the end of the year, there was a public consultation aimed at creating the Extractive Reserve of the Valley of Guara in northern Minas Gerais, with a total area of 30,000 hectares.

Regarding the promotion of sustainable production practices, two centers of the irradiation Management of Agrobiodiversity (CIMAs) were implemented, aimed at promoting the various community systems of conservation, management and sustainable use of biodiversity, community seed banks and networks of native seeds. Additionally, there was the implementation of two Centres for Excellence in Rehabilitation of Degraded Areas (CRADs) in Janaúba/MG and in Barreiras/BA.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements**

**on December 31, 2012**

**In thousand real**

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In public policies, the project prepared and published the Action Plan for Prevention and Control of Deforestation and Burning in the Cerrado - PP Cerrado; held a meeting to define priority areas for conservation, sustainable use and benefit sharing of biodiversity of the Cerrado biome and the map generated from this study will form the basis for Cerrado Ecological Economic Macro zoning.

In 2013, occurred the hiring of individuals to use Earth Class methodology for mapping land use in the Cerrado, including data remaining on native vegetation and deforestation. Hiring consultants to (i) diagnosis and geo-processing for territorial development based on conservation and recognition of mosaic of Veadeiros; (ii) implementation of web architecture with information about biodiversity in MMA; and (iii) evaluating the effectiveness and appropriateness of the National Strategic Plan for Protected Areas in the Cerrado biome, in the context of commitments to the CBD and Aichi Targets.

The project had its term extended until December 2014. In 2013, accumulated a balance of availability in the operating account R\$ 1.1 million, have been received and executed R\$ 1.2 million during the year.

#### **12.10 GEF Pollinator Program**

The Project for the Conservation and Management of Pollinators for Sustainable Agriculture through an Ecosystem Approach is an initiative of the United Nations Food and Agriculture Organization (FAO), with funding from the Global Environment Fund (GEF).

The project aims to build a base of integrated knowledge on pollination services; promote effective conservation and sustainable use of pollinators in agriculture; expand the capacity of farmers and small landowners to conserve and use sustainably pollination services; and promote public policies and actions of public awareness. In Brazil, the technical coordination is the responsibility of the Ministry of Environment (MMA).

FUNBIO is responsible for the financial implementation and technical supervision of the project which has a total value of US\$ 3.5 million and expected to last five years.

In 2013 we continued the following activities: completion of the monitoring study with standardized method; monitoring the implementation of subprojects in the field; update the Brazilian Bibliography of pollinators and pollination; update of the "Portal of Pollinators in Brazil" and the Data Management tool (Biodiversity Data Digitizer - BDD); arrangements for enabling public policies related to the conservation of pollinators; support to booklets, books, videos and other media materials in training courses.

A total of R\$ 1.6 million was received in the project operating account in 2013, and R\$ 893,000 were executed.

#### **12.11 Terra do Meio Project**

The Terra do Meio Project's mission is to contribute to reducing deforestation and biodiversity conservation in the Amazon region, from the support of the consolidation of eleven protected areas in the region called the Terra do Meio (Middle Land). Located in the central portion of the southern state of Pará, the region suffers from three major fronts of anthropogenic pressure: the road Itaituba-Altamira (a section of the Trans-Amazon road) to the north, the Cuiabá-Santarém (BR-163) west and more exposed agricultural frontier in the Amazon biome, southeast. The mosaic is part of a vast territory of contiguous protected areas, covering 28 million hectares, and that makes the region the 2nd largest biodiversity corridor in Brazil.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements on December 31, 2012 In thousand real**

---

The implementation of the project began in July 2012 with the formation of the institutional arrangement, the preparation of its conservation strategy and investment; and training of managers of CUs covered in their instruments of implementation.

The operational plan was designed in 2013 and the focus was on maintaining the regularity of the meetings of the Project Committee, speed up the execution on the end with the acquisition of goods, contracting of services and consulting. In the year just over R\$ 1 million were executed and the balance of the project operating account at year end amounted to R\$ 377,000. The Terra do Meio Project is an initiative of the European Union and the contract sum of EUR 6.84 million.

#### **12.12 Fauna Brazil Portfolio**

The Portfolio of Wildlife Conservation and Fisheries Resources Brazilians - Brazil Fauna Portfolio is a financial mechanism that receives funds from criminal sanctions, administrative fines, donations, sponsorships and other sources. Result of a partnership with IBAMA, ICMBio and Federal Prosecutors, intended to finance programs and projects for the conservation of Brazilian fauna.

In 2012, started the implementation of conservation of Blue Ararinha project called Ararinha in Nature, in partnership with ICMBio and SAVE Brazil, and Vale resources. From a donation of R\$ 5.9 million, the partners will contribute with actions of National Action Plan for the Recovery of the Ararinha-Azul. Among the actions of the Plan are: the implementation of public policies aimed at conservation of the ararinhas (macaw), support to proper management of captive populations targeting future reintroductions, increased scientific knowledge, protection of habitats and dissemination and environmental education campaigns. In 2013, R\$ 1.4 million were executed in activities related to the project.

The Monitoring Project on Sirênios Potiguar Basin, result of a contract signed with Petrobras and CMA/ICMBio, for compliance with environmental license conditions, continued the activities planned as: deployment of an advanced base in Icapui/CE; conducting awareness campaigns for local communities; conducting aerial census between coastlines of Beberibe (CE) and Touros (RN) and satellite monitoring of native individuals. In the Sirênios Project were received funds amounting to R\$ 621,000 and R\$ 586,000 executed during the year 2013.

Continued follow-up actions of ongoing projects with remaining funds of the Earthquake Project, further analysis of pre-projects for the Showcase Wildlife Project, actions on fundraising of donation from the private sector, communication actions to Portfolio of the Federal and State Public Attorneys and support for more projects entered in Bank of Projects with funds from the Wildlife program ranked as Free Resources.

#### **12.13 GIZ Anavilhanas**

The Project supported by financial assistance from the German Embassy in Brazil, through the GIZ Agency, has as its goal the acquisition of property and equipment support to visitors of Conservation Units/Parks in preparation for the 2014 World Cup, especially benefiting ICMBio and partners of the "Lower Rio Negro" Mosaic in the state of Amazonas. The contract for the initiative provides for an initial payment of EUR 436,000 for implementation in the first 6 months of implementation of the Project. The balance of project funds in the operating account in 2013 is R\$ 1.2 million.

#### **12.14 Commitment to Amazon - Arpa for Life (ARPA New Fonts)**

The Project seeks new sources of financing for protected areas in the Amazon. It also included the design and development of state compensation fund for Amazonas and Rondônia aiming at financing units of ARPA and other State and Federal CUs.



## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements on December 31, 2012 In thousand real**

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The main objectives of the initiative are: a) Develop financial mechanisms for environmental compensation (and other sources) for the states of RO and AM; b) Estimate the revenue of federal compensation for the next 30 years; c) Refine the costs of long-term of the Arpa (with WWF); and d) Develop a fundraising strategy focused on the national public (private sector and individuals) and project the potential of this initiative.

#### **12.15 RedLAC Capacity Project for Environmental Funds**

The project aims to strengthen the funds in its operation and use of innovative financial mechanisms that reduce dependence on donations and diversify funding sources. The project is funded by the French Fund for Global Environment (FFEM) and the Gordon and Betty Moore Foundation, totaling an investment of US\$ 1.9 million from donors, and about US\$ 1 million from participants' funds.

In 2013, he pursued the signature of an agreement for training between two funds - EF to EF mentoring; completion of the test of the impact of monitoring and data collection by the eight funds of the group, with teams of the tested areas; extension of time limits and systematization of pilot projects; renewal of RedLAC website; definition of joint RedLAC-CAFÉ proposal for second phase of training and sharing with partners and donors of the Work Plan for 2014. In the year of 2013, were received funds of approximately R\$ 775,000 and executed R\$ 730,000, the project account with an available balance of R\$ 591,000 at the end of the year.

#### **12.16 Analysis of Incentives and Financing for Control of Deforestation in Brazil - CLUA**

The project aims to analyze the political and financial dimensions of several Brazilian states across the combat deforestation. Despite the Amazonian focus, southeastern and Midwest states were exploited for their existing policies and under implementation. The goal is to identify complementary and replicable policies practices outside their original contexts, which create incentives for deforestation control.

In 2012, the preliminary report that mapped various state policies and their local and regional impacts was completed. This analysis served as the basis for seeking financial options to encourage large-scale investment in Amazonia.

Dozens of experts from environmental and financial sector were interviewed, and two roundtables with experts were held in São Paulo and Rio de Janeiro to discuss the draft report. The final document includes analysis and proposals for the creation of new economic mechanisms that can encourage deforestation control. In 2013, the focus of the consultations was to experts, was to discuss implementation of these proposed mechanisms and their political and financial viability and publish and disseminate the final results according the Communication Plan developed.

#### **12.17 Conservation and Sustainable Use of Biodiversity for Improved Nutrition and Human Well-being (GEF Nutrition)**

The Project aims at promoting native species with high nutritional value, but unknown or little used for cultural reasons in the Brazilian daily diet. Besides promoting scientific knowledge on these species, the project will focus on the dissemination of information and public policies for purchasing food, minimum price and socio-biodiversity products.

In 2013, we see advances in research on nutritional values, liaison with government agencies and programs related to the purchase of food and school lunches, beyond the selection of fellowships. R\$ 243,000 were received on the project operating account in 2013 and R\$ 140 billion executed. The balance at the end of the same year amounted to R\$ 369,000.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements on December 31, 2012 In thousand real**

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This is a program of the GEF via UNEP, FAO and Biodiversity International.

#### **12.18 Sustainable Dialogues**

The program aims to increase the engagement of the private sector in biodiversity conservation from thematic meetings between business, environmental, academic and government leaders, around a dialogue on the conceptual and practical aspects of sustainability.

In 2014, the Sustainable Dialogues program should be continued from new partnerships that will be sought to develop new and relevant themes to the performance of FUNBIO and private sector engagement in sustainability initiatives.

#### **12.19 CFA - Conservation Finance Alliance**

CFA contributes to the exchange of knowledge and best practices in finance conservation, conducting meetings, debates, research and publications. FUNBIO was reelected to his third term as Executive Secretary of the CFA until the end of 2014, and keeps the management of activities and network tools.

In 2013, we expanded the communication strategy of the CTIS, with new web platform on the CFA website, launched the second phase of the study of comparative advantages for financing Protected Areas, promote the release of Standards Quality for Environmental Funds. Finally, we kept operational support to the working groups and organized the monthly thematic meetings. The balance of funds for CFA initiative at year end 2013 amounted to R\$ 120,000.

#### **12.20 Feasibility Study for a scheme of "Cap & trade" in Guanabara Bay**

The project evaluates the feasibility and proposes a system of Cap & Trade for the commercialization of reduction credits of liquid industrial pollutants in the bay. This market mechanism is proposed to control the emission of effluents and improve the condition of the Bay.

During the year 2012, several evaluations were performed, including: the projects of Cap & Trade in other countries; of related industrial liquid pollution legislation in Guanabara Bay; major polluters of the Guanabara Bay, the pre-conditions for a Cap & Trade Bay system. The identification of socio-economic and institutional context and map the environmental condition of Guanabara Bay was also performed.

The results pointed to a series of obstacles to the implementation of the tool in the short term, including: pollution is mainly a result of poor sanitation and not the industries that participate in the market; legislation, which is based on emission concentration and not by volume; and low enforcement capacity of the state.

The project was developed in partnership with BVRio, targeting a potential future implementation and possible application of the system in another location. This project is one of five innovative pilot mechanisms co-funded by RedLAC Capacity Project for Environmental Funds.

#### **12.21 FIP - Forest Investment Programme (FIP) of the Climate Investment Funds**

The Forest Investment Program (FIP) program of the Climate Investment Funds (CIF) supports efforts to reduce deforestation and degradation and promote sustainable forest management to reduce emissions and enhance forest carbon stocks. In Brazil, FIP supports the Investment Plan of Brazil, which seeks to promote sustainable land use and improve forest management in the Cerrado biome, through coordinated actions.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements on December 31, 2012 In thousand real**

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This project, in the amount of US\$ 250,000, aimed to the preparation of the Brazilian proposal to the World Bank, the search for approximately US\$ 70 million, split between grants and loans.

Coordination meetings were held in Brasilia, with the participation of various ministries and civil society representatives. The four lines of action of FIP in Brazil were discussed: The ABC plan - Low Carbon Agriculture; the Rural Environmental Registry (CAR); an early warning system for fires; and forest inventory of the biome. In May 2012, the proposal was presented to the World Bank and was approved.

The remaining resources of this project are being directed to the preparation of the Rural Environmental Registry, by the Ministry of Environment.

In December 2012, in Palmas, State of Tocantins, two meetings were contracted to train small farmers unions about the functioning of CAR. Consultants were also hired to prepare the different analyzes (social, economic, and environmental). The MMA has requested an extension of time for the project because of difficulties in the completion of studies. The World Bank accepted the proposal and the deadline was extended to June, 2014.

#### **12.22 RRB Preparing Brazil for REDD+**

The project objectives are to promote the strengthening of state and local governments to reduce emissions of greenhouse effect gases from land use, with the adoption of best management practices of private land, to support the transition to an economy of low carbon in the states of Mato Grosso and Pará.

The initiative, funded by USAID, is implemented by a consortium integrated by FUNBIO, TNC - The Nature Conservancy, ISA - Environmental Institute at EDF - Environmental Defense Fund and the ICV - Center of Life Institute.

It up to FUNBIO to develop an economic stimulus tool to better farming practices. The city of São Félix do Xingu, one of the three municipalities with largest herds in the country and high deforestation rate, was chosen by the project team as a case study. For this, data were surveyed and studied social, economic and environmental aspects of major supply chains of this municipality.

The studies proved the inefficiency of the mode of production based on extensive livestock that is unable to ensure effective generation and distribution of wealth. According it was observed, the main focus of activities aimed at reducing deforestation should be with the large and medium farmers with forest liability.

For this, economic instruments are being designed to induce the sustainable production, such as incentives for good practices in the supply chain of certified agribusiness, diffusion of technological innovations of low cost and low complexity, and diversification of economic activities. Similar actions are being considered for small producers who, although they have less weight in deforestation, can have a major demonstration effect to convince other producers of the economic benefits of managed creation for high productivity and low environmental impact.

From this project derived the "Green Economy in the Amazon Region" project, developed by FUNBIO in partnership with TNC, through funding from the British Embassy, which aims to contribute to the implementation of the Covenant Agenda for the End of Illegal Deforestation in São Félix do Xingu, supporting the transformation of the development model adopted in this city today.

## **Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

### **Notes of the Administration to the Financial Statements on December 31, 2012 In thousand real**

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#### **12.23 Ecofunds**

The Ecofunds Database design is a collaborative data base of RedLAC - Network of Environmental Funds in Latin America and the Caribbean, to map investments and organizations related to environmental conservation projects, focusing on investments brokered by environmental funds. It allows organizations promote their initiatives, increases the transparency of investments and supports the evaluation of the context of environmental funding in specific regions or topics.

The Ecofunds is the first project administered jointly by members of RedLAC. It is coordinated by FUNBIO, with the support of nine other funds of the network, working in the Andes Amazon region, initial geographic focus of the project. Was also defined as the official tool for data clustering of network members.

The first version of the tool was redesigned to meet the demands of the network and to add new functionality. The Ecofunds 2.0 will be simpler to use, will be available for all regions and can show the concentration of resources on the map. This second version was released in 2013.

#### **12.24 Paiter Surui Fund**

The Paiter Surui Fund is a financial mechanism aimed to deploy the Management Plan of Sete de Setembro Indigenous Land, through principles of good governance and transparency, where indigenous representative councils actively participate in decisions. The funds from the sale of carbon credits and resources from other sources will be integral parties of the Paiter Surui Fund, which has FUNBIO as responsible for its design and for its financial management.

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

In 2013, occurred the first sale of 120,000 VCU (Verified Carbon Unities) to encourage GEE Natura voluntary compensation in the amount of R\$ 1.2 million and R\$ 265,000 were performed as forecast in the work plan that provides financing of protection, monitoring, sustainable production and improved local capacity activities.

#### **12.25 Sustainable Cities Fund**

The project is an initiative of the Climate Initiative for Latin America (Brazil LARCI), group comprised by FUNBIO and Climate Works, with the aim of evaluating the feasibility, design and implementation of a financial mechanism for funding the environmental agenda and climate in Brazilian urban spaces.

This project will make an initial survey of current resources available for industry, design a proposal for a mechanism (financial and legal) and test the appetite of potential donors for the mechanism to be experienced at an early stage, incubated by the Brazilian Biodiversity Fund - FUNBIO.

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

### Notes of the Administration to the Financial Statements on December 31, 2012 In thousand real

#### 13 FUNBIO Resources Fund

The FUNBIO Resources Fund - FRF intends to complement the cash needs of the institution when necessary. The strategic direction of the Board is to decrease the dependence of the institution on the FRF.

In 2013, as occurred in fiscal year 2012, FUNBIO achieved a balance between expenses and income, and need not resort to the FRF.

The quest for financial sustainability of the organization continues to increase the number of projects and rationalization of the resources generated. The FRF is the guarantee business continuity in times of FUNBIO requiring the investment of their own resources. The management of the FRF assets is monitored by the FUNBIO Commission Asset Management and managed by Pragma Wealth Management.

	<u>2013</u>	<u>2012</u>
<b>Balance at January 1st</b>	14,164	12,680
Income in the year	375	1,531
Pragma management	(4)	(9)
Adjust the provision for income taxes	37	(38)
Redemptions during the year	-	-
<b>Balances at December 31</b>	<u>14,573</u>	<u>14,164</u>

#### 14 Reimbursement of projects

	<u>2013</u>	<u>2012</u>
<b>Projects</b>		
BNDES - Arpa 2nd Phase	439	1,374
FMA - Covenant SEA	1,363	1,028
KFW - Arpa 2nd Phase	2,340	975
GEF BM - Arpa 2nd Phase	680	671
Probio II	716	430
Terra do Meio	500	423
GEF Cerrado	191	344
GEF Polinizadores	121	252
RedLac Capacitação	147	221
TNC USAID	76	145
Arpa new sources	539	145
TNC UK	199	105
Sustainable Dialogues	158	95
Carbon Surui	78	88
Suruí Itto Marubeni	-	78
CFA	109	75
Cap Trade	82	60
CLUA - REDD Finance Studies	97	44
FIP	15	37
Ecofunds/BCID	-	10
AFCP	-	6

## Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)

Notes of the Administration to the Financial Statements  
on December 31, 2012  
In thousand real

	<u>2013</u>	<u>2012</u>
BACP	-	1
Kayapó Fund	12	-
FUNBIO Cities Project	54	-
GIZ Anavilhanas	136	-
GEF Nutrition	34	-
TFCA	30	-
Klabin territory	57	-
Fauna portfolio - Sirênios	75	-
Other	67	122
<b>Total</b>	<u>8,312</u>	<u>6,729</u>
<b>15 Administration Fee</b>		
	<u>2013</u>	<u>2012</u>
<b>Projects</b>		
TFCA	1,181	948
AFCOF II	197	581
Fauna portfolio - Sirênios	132	123
Fauna portfolio - Ararinha Azul (Blue Ararinha)	106	91
GEF Polinizadores	160	75
RedLac	-	13
Terra do Meio	94	11
Fauna Portfolio Fund	1	4
CFA	0	3
Adoption of Parks	48	-
Surui Carbon Fund	8	-
	<u>1,927</u>	<u>1,849</u>
<b>16 Services provided</b>		
	<u>2013</u>	<u>2012</u>
<b>Projects</b>		
Juruti Fund - Alcoa	214	286
Natura Cosméticos	-	181
SEMA - PR	297	111
Klabin Celulose	158	93
Instituto Semeia	30	23
WWF Brasil	36	-
	<u>736</u>	<u>694</u>

**Fundo Brasileiro para a Biodiversidade - Funbio (Brazilian Biodiversity Fund - Funbio)**

**Notes of the Administration to the Financial Statements  
on December 31, 2012  
In thousand real**

**17 Net financial results**

	<u>2013</u>	<u>2012</u>
Discounts and rebates obtained	-	77
Foreign exchange gains	111	47
Income from financial investments	<u>28</u>	<u>26</u>
<b>Financial Revenue</b>	<u>139</u>	<u>150</u>
Foreign exchange losses	49	31
Banking fees	7	8
IOF	2	3
Interest on liabilities	<u>-</u>	<u>-</u>
<b>Financial expense</b>	<u>58</u>	<u>42</u>
	<u>81</u>	<u>108</u>

**18 Insurance coverage**

The Entity has a policy of taking out insurance coverage for assets subject to risks at amounts considered sufficient to cover possible losses, considering the nature of their activity. The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements, and therefore were not analyzed by our independent auditors.

On December 31, 2013, the Entity had the following main insurance policies to third parties:

<u>Modality</u>	<u>Insured amount</u>
Fire on fixed assets	1,000

\* \* \* \*

Rosa Maria Lemos de Sá  
Secretary General

Aylton Coelho Neto  
Superintendent of Planning and Management

**Technical Officer**

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