
FUNDO BRASILEIRO PARA
A BIODIVERSIDADE
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About Funbio

Funbio is an Environmental Fund that mobilizes resources and offers services towards biodiversity conservation, such as:

- design and management of financial mechanisms
- selection and management of projects
- procurement and hiring for environmental projects
- territorial analysis to define agendas and investments
- coordination of national and international network projects

Our Mission

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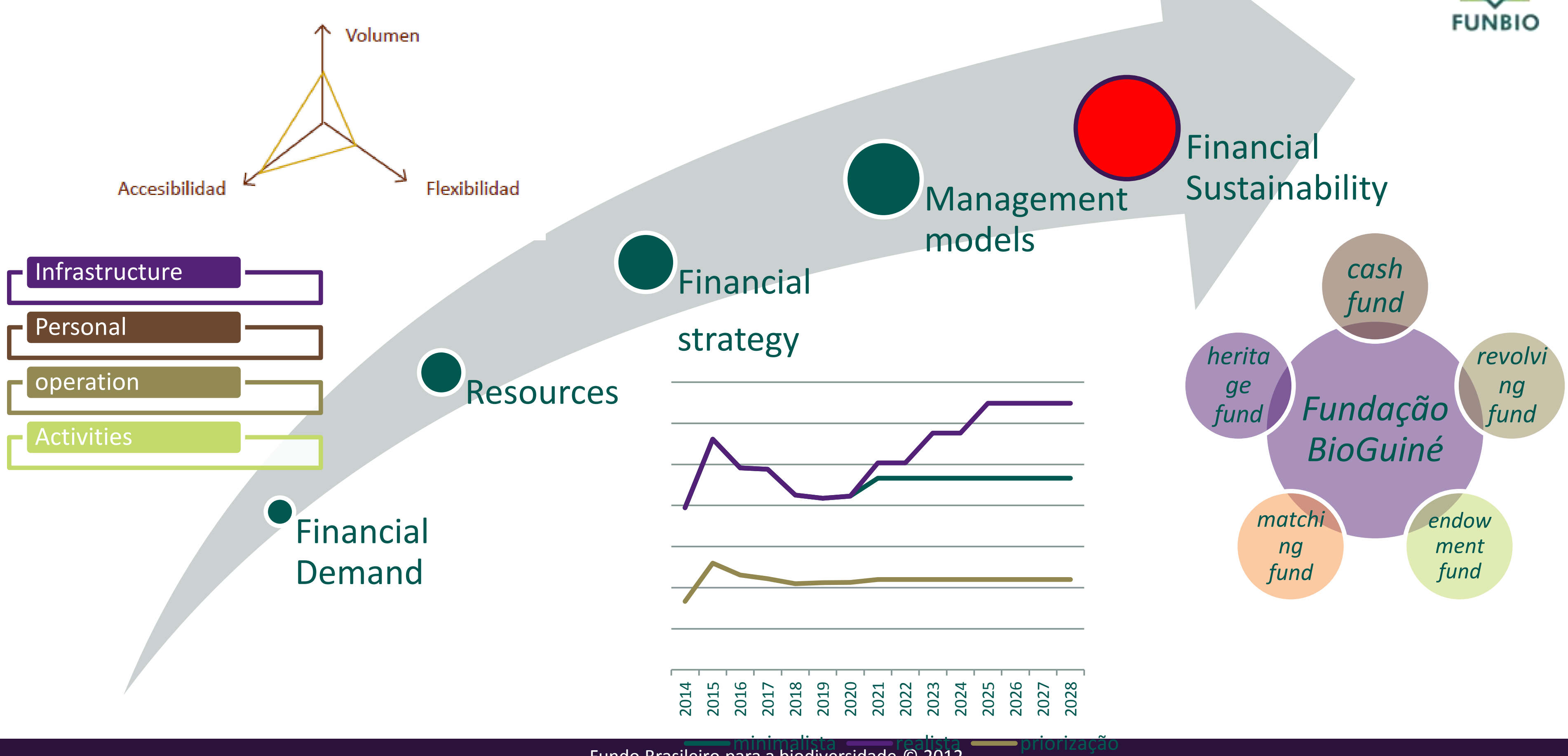
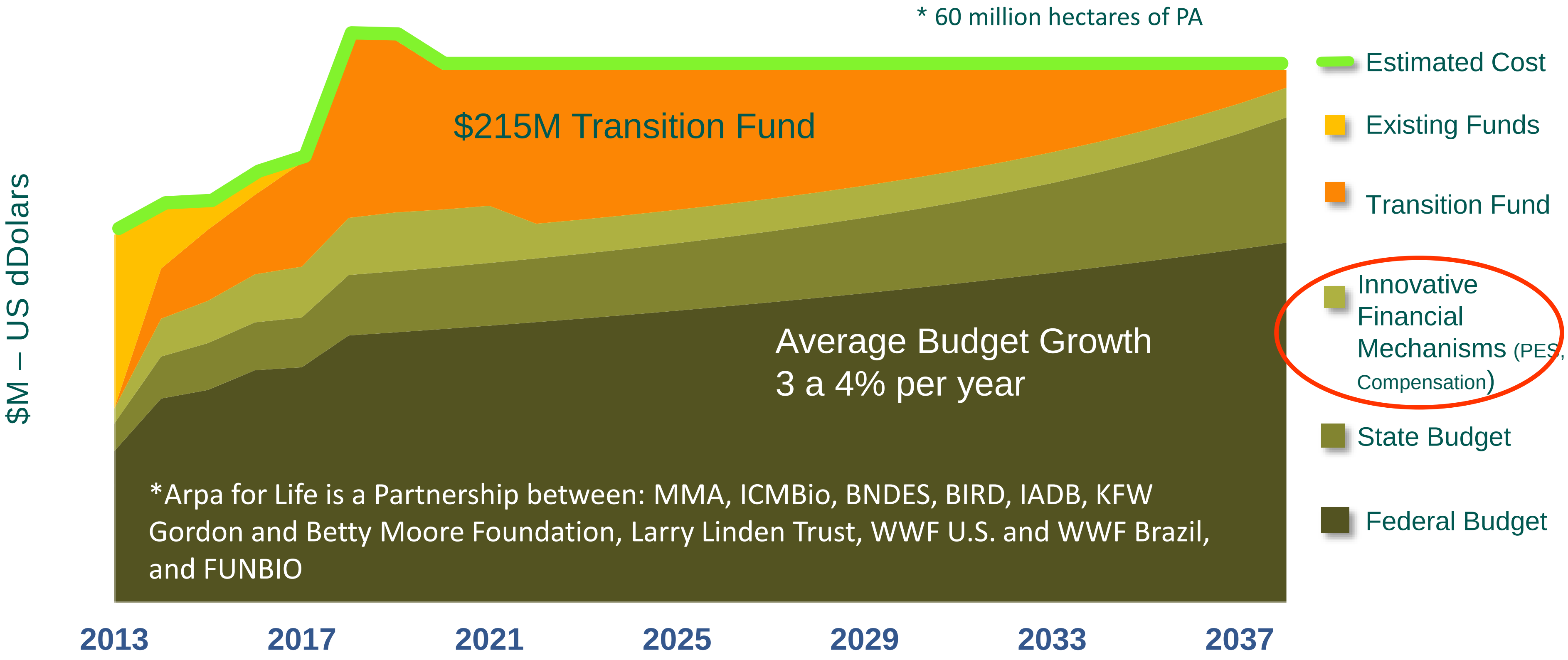
Provide strategic resources for biodiversity conservation

Resource mobilization is a process!



ARPA* Program – Developing a transition Fund

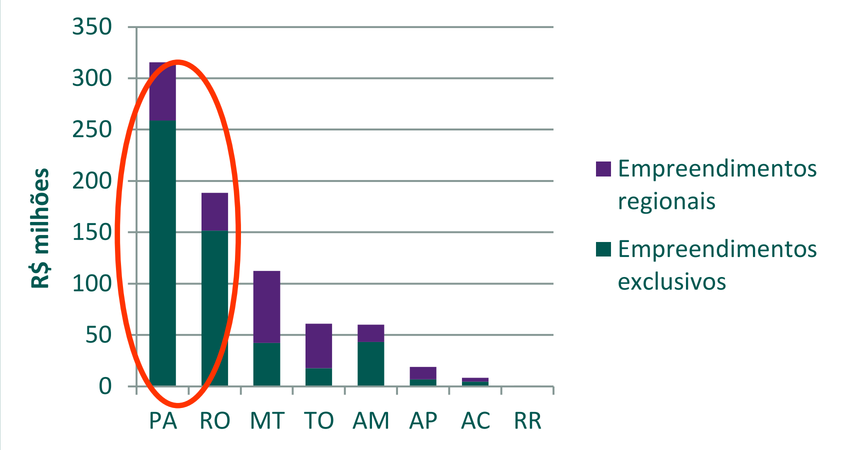


Compensations

- Different types of compensation were established by the Brazilian legal framework:
  - Forest suppression;
  - Mining;
  - Operation licensing;
  - Environmental;
  - others.
- In most cases they are not implemented.
- The “compensation +” of SNUC is the greatest opportunity for the short run.

SNUC = National Protected Areas System

Compensation´s funding potential in Amazon States for the next 4 years



The compensation + of SNUC (National Protected Areas System)

- In the licensing process the Companies are required to identify, prevent, mitigate and compensate impacts of their enterprises to receive a license from the government
- Even if the Companies compensate and mitigate the impacts, when a significant impact is defined, an **additional Compensation** is calculated as a percentage of the total amount invested in the enterprise.
- By law, priority is given to PAs of strict protection. In case of direct impact it can support sustainable use PAs

FMA/ RJ
Atlantic Forest Fund of Rio de Janeiro

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Original model: developers were responsible for executing compensation resources or in some cases make deposits in public accounts

FMA/RJ model: developers may <u>choose</u> the original model or work through the FMA/RJ.

The FMA/RJ was developed by Funbio in partnership with the State Environmental Secretariat (SEA-RJ), to direct resources to environmental conservation.

Advantages of FMA/ RJ

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Public perspective:

- Designed to allow short, medium and long term investments to PAs, providing **effectiveness of management**
- **economies of scale.**
- Public governance and private execution allows **transparent, agile** and preserve the public role of decisions
- cheapest than others tested models. Funbio's **executing costs are lower than interests.**
- **Flexible** mechanism.
- The mechanism can be **reproduced** in other states and countries

Private perspective:

- It´s **voluntary**;
- Easy solution for the compensation obligation through an efficient mechanism
- Low risk execution of compensation resources.
- **No additional execution costs**

The mechanism timeline

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2000: Federal Government publish the SNUC law

2007: Design phase – US$550.000,00
2008: Pilot phase – compensation of Thyssenkrupp in a total of USD 1.6 million and a donation from KfW of USD 200 thousand
2009: Executing phase – Rio de Janeiro's Environmental Secretariat (SEA-RJ) and Funbio sign agreement for operation, maintenance and control of FMA/RJ
2013: Current Status - Over **USD 114 million** in resources from environmental compensation;
The **State Government of Rio de Janeiro publish a specific law** (Law nº 6572- oct/2013)

Results up to 2012

- Portfolio of **USD 114 million**
- Over **USD 30 million** already executed
- Average **execution rate** of about **one million per month** in 2012
- **50 enterprises** have chosen the mechanism for compensating, 95% of total.

- **Benefitted** 40 **projects in 29 PAs** in Rio de Janeiro managed by RJ State Institute (INEA/RJ), municipal environmental agencies and the Federal Agency (ICMBio)

- Endowment fund of over **USD 10 million** was created and after one year of investment it will be directed to cover recurring costs of state PAs in the long term.

Next Steps

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- Currently executing 1 compensation fund
- Concluding 3 state compensation funds in Pará, Rondônia and Paraná.
- Starting the design of 2 funds in Amapá and Amazonas.
- Negotiating the design of 4 other funds in Bahia, Espírito Santo, Pernanbuco and Rio Grande do Norte.
- Designing funds for others types of compensation

Environmental Funds
Scaling up conservation finance

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RedLAC and CAFÉ

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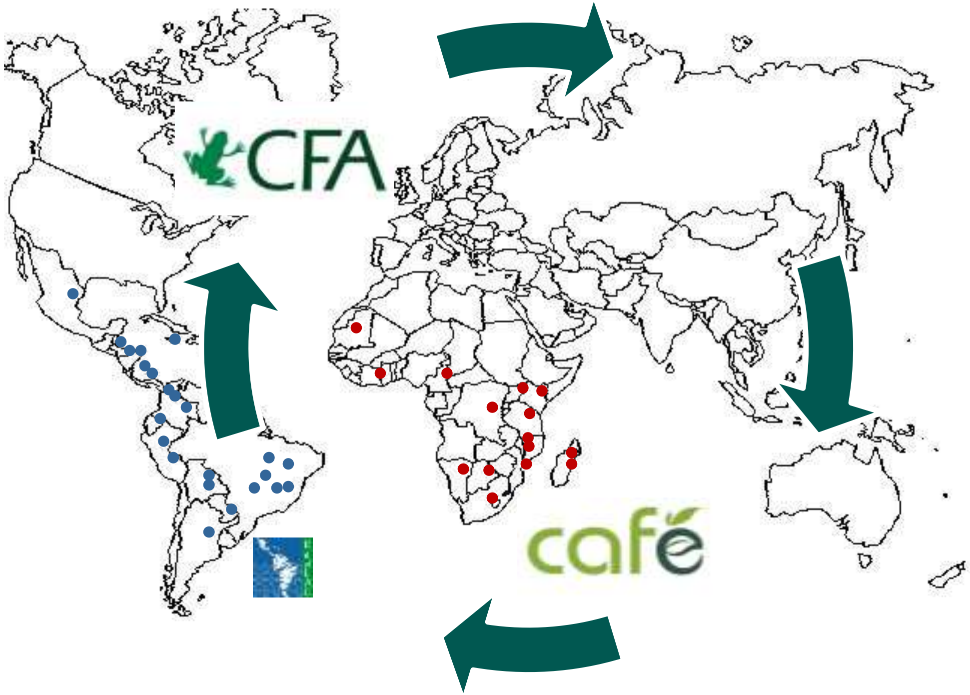
- The Latin American and Caribbean Network of Environmental Funds (RedLAC) was formally established in 1999.
- Its mission is to boost its community of **knowledge, learning, strengthening, training and cooperation of Environmental Funds**.
- To date 2012 RedLAC has 22 members from 16 countries.
- www.redlac.org
- Consortium of African Funds for the Environment created in 2010 by the African EFs, inspired in RedLAC.
- www.consortiumcafe.org

EFs and the networks are sharing Knowledge

Objectives

- Strengthen the capacity of EFs to develop new market based resource streams for biodiversity conservation.
- Facilitate the implementation of new financial mechanisms demonstrating greater resource flow to biodiversity conservation.
- Document and share best practices of EFs in their day to day operation, enhancing learning, collaboration and exchange among practitioners.
- 46 Funds from 30 countries participated in 8 thematic workshops
- Handbooks are available in English, Spanish and French at RedLAC and Funbio websites.



Knowledge sharing

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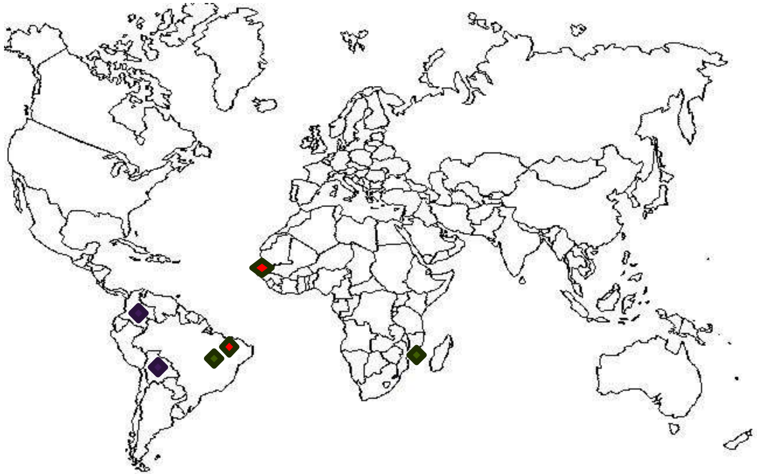
• EF to EF mentoring

- Mentees and mentors registration forms
- Matching pairs
- Define mentee demand and how the mentor plans to supply it: expectations, outcomes, timeline, methodology, commitment (staff involved and time dedicated), Budget, baseline, learning objectives and indicators
- Sign MoU
- Implementation: share documents, experiences, support in documents development and new contacts
- Define future
- Evaluation survey and testimonies



Two simultaneous experiences:

- Fondo Accion (Colombia) – Fundesnap (Bolivia)
- Funbio (Brazil) – Biofund (Mozambique)

one experience supported by World Bank Project:
Funbio (Brazil) – BioGuiné fundation (Guiné Bissau)

CBD – negotiations in COPs about EFs

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- **COP8 (Curitiba, Brazil)** – RedLAC (Peruvian delegation) proposed a paragraph to be included in the Strategy for Resources Mobilization (SRM) saying *parties should support national environmental funds as effective financial mechanisms for the Convention implementation*. This paragraph stayed in brackets.
- **COP9 (Bonn, Germany)** – paragraph was approved in the draft text.
- **COP10 (Nagoya, Japan)** – the final SRM text was approved without the paragraph mentioning EFs and with new paragraphs stating that innovative financial mechanisms should be tried and their risks assessed.
- **COP11 (Hyderabad, India)** – RedLAC presented a paragraph on the SRM review, mentioning EFs. This paragraph was presented by Peru in the GRULAC, which endorsed it, but was not incorporated in the broader plenary. The paragraph was:
- *GRULAC also considers that national environmental trust funds have developed a strong expertise in managing and funding biodiversity programmes and projects along the last two decades. Those funds must be profited by the CBD as financial tools to complement the financial provisions and mechanism of the Convention, in order to channel the international resources assuming the role of national implementing agencies.*

Manoel Serrão

manoel.serrao@funbio.org.br

Camila Monteiro

camila.monteiro@funbio.org.br

Rosa Lemos

CEO

rosa.lemos@funbio.org.br

FUNBIO

www.funbio.org.br