



# AMAZON FUND

**Activity Report 2016**

## MESSAGE FROM THE MINISTER OF THE ENVIRONMENT

Brazil is a privileged country for its natural characteristics. Within our territory, among other lush landscapes, is the world's largest rain forest. This gives us a huge responsibility to ensure the maintenance and sustainable use of its resources, as well as of all the populations that depend on it to survive. This responsibility falls on our country but its consequences affect the entire planet.

We assumed this commitment and, since 2004, with the implementation of the Prevention and Control Plan for Deforestation in the Legal Amazon (PPCDAm), it has been possible to reduce deforestation rates by more than 70%. However, it is still a big challenge. Economic, social and institutional factors that lead to deforestation are not yet controlled. It is necessary to ensure compliance with the Brazilian Forest Code and with the new National Policy for Native Vegetation Recovery (Proveg), to promote the creation and the consolidation of the protected areas, to regulate the allocation and the occupation of public lands, to promote the development of more sustainable economic activities and the transition to a low-carbon economy, taking advantage of the full potential of development of new technologies that the Amazon offers.

Thanks to the good results and to the commitment that Brazil has shown in recent years, it has been possible to constitute one of the world's largest funds for forest management: the Amazon Fund. Since the beginning of its operation, in 2008, the Amazon Fund has been one of the most important instruments to ensure and enhance the commitment of our country with the conservation and sustainable use of forests. We consider of utmost importance the expansion of the Fund's support, in all its thematic areas, for the territory covered by the Legal Amazon, measure approved in 2016. This means that besides the Amazon biome, about half of the Pantanal and a third of the Cerrado are benefiting from this. It is noteworthy that the latter is considered a world hotspot, i.e., one of the biologically richest regions in the world, and it requires special attention due to degradation processes.

In 2016, fundamental and large-scale projects of the Federal Government were supported by the Fund, such as the Amazon Integrated Project of the Brazilian Agricultural Research Corporation (EMBRAPA), which will disseminate knowledge and technology focusing on recovery, conservation and sustainable use of the Amazon biome, in the amount of approximately R\$ 34 million, and the project Strengthening of Environmental Monitoring and Control for fighting illegal deforestation in the Amazon of the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), in the amount of R\$ 56 million, which has been essential to support initiatives for monitoring and control of deforestation, strengthening the field actions of the institution. In addition, the Amazon Fund has been an important tool to strengthen the environmental management capacities of states, supporting, for example, the implementation of the Rural Environmental Record (CAR). More than R\$ 200 million has been allocated to nine states.

The success of the Amazon Fund so far should be celebrated, but it is important to recognize that the challenges we have ahead of us will be even bigger, thus requiring improvements and new initiatives. Brazil assumed ambitious commitments in its Nationally Determined Contributions (NDC) presented to the Paris Agreement, including from the elimination of illegal deforestation to the recovery of forests and pastures. Fulfilling these commitments will show that it is possible to reconcile economic development and environmental conservation. To this end, a composition of efforts is called with the involvement of different spheres and areas of government, of the private sector, civil society, and of the legislative and judicial powers.

With this challenging but also optimistic scenario, the Ministry of Environment reinforces its commitment with the Amazon Fund. This instrument will continue to fulfill its role of supporting the consolidation and improvement of public policies, focusing on preventing, monitoring and combating deforestation, and also promoting conservation and sustainable use of tropical forests in Brazil and other parts of the world.

May 2017

José Sarney Filho

MINISTER OF THE ENVIRONMENT



## MESSAGE FROM THE PRESIDENT OF BNDES

It is a matter of great satisfaction to the Brazilian Development Bank (BNDES) that a pioneering initiative such as the Amazon Fund, completing eight years of activities, maintains its consolidation journey, with the recognition of society, the government, and also its donors.

In Brazil, the economic crisis that took over the country in 2015 and 2016 challenges the Brazilian society to use one of its main assets, the creativity to advance in structural changes relevant to the development of the country. The Amazon has been a propitious territory for the development of innovative solutions that combine sustainable development, production and improvement of the quality of life of the population.

We believe that the pillars of the Amazon Fund are transparency, participatory governance, and alignment with public policies, especially with the Prevention and Control Plan for Deforestation in the Legal Amazon (PPCDAm). It is by this framework that dialogue and strategic direction can articulate, seeking an allocation of funds that is increasingly effective in fighting deforestation and in the distribution of benefits for the traditional populations that much contribute to the environmental conservation of the region.

Continuity of the Fund is what allows consistent results over time, and this report presents the activities of the Amazon Fund during 2016. Throughout the year we have tried to establish a work agenda of continuous improvements, with the participation of civil society, academia, the government and local actors. The extension of the cooperation with the Norwegian government until 2030 and the consolidation of the partnership with the German government through the confirmation of new funding by KfW were negotiated.

In the pages that follow, readers will be able to verify detailed information about the projects completed and approved in addition to the donations received by the Fund as well as the detailed portfolio of projects and other activities inherent to its operation. A highlight is the chapter on monitoring and evaluation of results, theme of particular relevance to the BNDES team responsible for managing the Fund.

At this time the rate of deforestation of the Amazon is resurging, and it is crucial that we do not miss a broader time perspective which considers the results already achieved and the goals set by the country. We believe that the recent increase in the Amazon deforestation does not compromise the achievement, in a medium-term perspective, of the goals presented by Brazil to the United Nations Framework Convention on Climate (UNFCCC). Nevertheless, it is necessary to maintain the sense of urgency that the subject requires, since the fight against Amazon deforestation is strategic for the country and for the world under several aspects, from ensuring rain, which benefits crops and the generation of energy in other regions of the country, to the protection of the vast richness within the socio-biodiversity of the region, in addition to, of course, reducing emissions of greenhouse gases that contribute to the mitigation of global climate change.

BNDES reaffirms its commitment to the continued success of the Amazon Fund and that, as its manager, will continue to engage the best efforts for this to be one of the most effective instruments for the sustainable development of the Brazilian Amazon.

May 2017

Maria Silvia Bastos Marques

PRESIDENT OF BNDES

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# Introduction

## Context

The Amazon Fund is a pioneering initiative for financing actions to Reduce Emissions from Deforestation and Forest Degradation (REDD+). Its concept was presented by Brazil at the Conference of the Parties (COP 13) held in Bali in 2007, during the United Nations Framework Convention on Climate Change (UNFCCC) and its creation was authorized by Decree 6,527, August 1, 2008, of the Presidency of the Federative Republic of Brazil.

It operates through funds raised from voluntary donations for non-refundable applications in preventing, monitoring and combating deforestation and in promoting actions for conservation and sustainable use of the forest in the Brazilian Amazon area. Moreover, up to 20% of the fund's resources may be allocated to support development of systems for monitoring and controlling deforestation in other Brazilian biomes and in other countries with tropical forests.

The Amazon Fund has solid, participatory governance system, in which the Amazon Fund Guidance Committee (COFA) is paramount. It is responsible for setting its guidelines and following up on the results achieved. It is a tripartite committee, chaired by the Brazilian Ministry of Environment, with 23 representatives from three groups: The Federal Government, State governments, and the civil society. The Amazon Fund also has the Amazon Fund Technical Committee (CTFA), composed of renowned experts who are responsible for attesting to the amount of carbon emissions caused by deforestation estimated by the Brazilian Ministry of Environment.

The Amazon Fund became eligible to receive payments for REDD+ results achieved by Brazil and recognized by the UNFCCC, according to the National Strategy for Reducing Emissions from Deforestation and Forest Degradation, Conservation of Forest Carbon Stocks, Sustainable Management of Forests and Enhancement of Forest Carbon Stocks (ENREDD+) and the establishment of the National REDD+ Committee (CONAREDD+).<sup>1</sup>

BNDES was assigned the management of the Amazon Fund, which is responsible for raising funds and allocating resources; monitoring and supervising actions and supported projects; accountability; and reporting results obtained in a continuous and transparent manner; in addition to exercising the role of COFA executive secretariat.

Until the end of 2016, the Amazon Fund had received R\$ 2.8 billion in donations, of which 97.4% was from the government of Norway, 2.1% from the government of Germany through the KfW Entwicklungsbank, and 0.5% from Petróleo Brasileiro S.A. (Petrobras).

By the end of the year, the Amazon Fund supported a portfolio of 86 projects, 12 of them have been completed. Financial resources allocated to projects add up to R\$ 1.4 billion. Out of this amount, 47% has been disbursed.

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<sup>1</sup> The rules and criteria for collecting and using of REDD+ funds, which are result-based payments shall be defined by CONAREDD+, which shall be responsible for coordinating, monitoring and supervising ENREDD+ implementation. Decree 8,576/2015 that established the CONAREDD+ can be found at: <[http://www.planalto.gov.br/ccivil\\_03/\\_Ato2015-2018/2015/Decreto/D8576.htm#art5](http://www.planalto.gov.br/ccivil_03/_Ato2015-2018/2015/Decreto/D8576.htm#art5)>.

## Amazon Fund objectives

In order to achieve its objectives, the Amazon Fund may support projects for preventing, monitoring and combating deforestation, as well as, promoting conservation and sustainable use of the Brazilian Amazon area in the following areas specified in Decree 6,527/08:

- I. management of public forests and protected areas;
- II. environmental control, monitoring and inspection;
- III. sustainable forest management;
- IV. economic activities developed by using vegetation in a sustainable manner;
- V. Ecologic-economic zoning (ZEE), spatial organization and land-title regularization;
- VI. conservation and sustainable use of biodiversity; and
- VII. recovery of deforested areas.

The decree also determines the use of up to 20% of the fund's resources to support development of systems for monitoring and controlling deforestation in other Brazilian biomes and in tropical forests of other countries.

Initiatives that are eligible for support from the Amazon Fund must comply with the Action Plan for the Prevention and Control of Deforestation in the Brazilian Amazon (PPCDAm), National Strategy for Reducing Emissions from Deforestation and Forest Degradation, and the role of Conservation of Forest Carbon Stocks, Sustainable Management of Forests and Enhancement of Forest Carbon Stocks (ENREDD+), state plans for preventing and combating deforestation, COFA guidelines and criteria, as well as with BNDES operational policies.

## The Amazon Fund at BNDES

BNDES, the Brazilian Development Bank, was founded in 1952. It is the main instrument for long-term financing for investments in all segments of the Brazilian economy, with operations that encourage innovation as well as regional and socio-environmental development.

Its mission is to promote sustainable and competitive development of the Brazilian economy by creating jobs and reducing social and regional inequalities. The bank creates conditions and, through instruments for financial support, meets the challenges of development. Throughout its history,

BNDES has had a legacy of significant results for the economic and social development of Brazil, having introduced innovative practices in management and socio-environmental responsibility.

Exercising its various activities requires continual staff training; such staff is hired by means of a nationwide public exam. BNDES decisions are taken in a collective and transparent manner, based on technical parameters. Later, they are submitted to audit and control by external bodies, including accountability mechanisms.

For BNDES, social and environmental responsibility means to value and ensure the integration of social and environmental dimensions into its strategies, policies, practices, and procedures. To foster sustainable development, BNDES has mechanisms to analyze the social and environmental impacts of projects in order to finance investments that generate direct benefits for environmental quality, and to reduce the social and regional inequalities in Brazil.

The BNDES Social and Environmental Responsibility Policy outlines comprehensive principles and guidelines that permeate all its activities and guide its relationship with various stakeholders. The Social and Environmental Policy values sustainability upon granting financial assistance by establishing social and environmental criteria to analyze financing for companies and projects, especially in sectors of great impact, such as cattle farming and electric power.

#### TO LEARN MORE ABOUT THESE ISSUES:

1. Social and Environmental Responsibility Policy: [BNDES Portal > Menu > About Us > Social and Environmental Responsibility](#)
2. Social and Environmental Policy: [BNDES Portal > Menu > About Us > Social and Environmental Responsibility > What guides us > Policies > Social and Environmental Policy](#)

## Recent developments

In the beginning of 2016, the Paris Agreement was approved by 195 signatory countries of the Climate Convention, which represented significant progress in climate agreements conducted by the United Nations since the Earth Summit was held in Rio de Janeiro, in June 1992. Domestically, the year saw the launch of ENREDD+ by the Brazilian Ministry of Environment, in April 2016, CONAREDD+ operations began.

The Amazon Fund is part of this context. It is the first eligible mechanism for access to payments for REDD+ results achieved by Brazil and recognized by UNFCCC. Since the Amazon Fund was set up in 2008, Brazil has been able to connect global and local dimensions, coordinating international cooperation, good governance, transparency, and public policies to provide benefits for the population in the region, forests, and its biodiversity.

In 2016, eight projects were approved by the Amazon Fund for a total support of US\$ 65.6 million. Currently, the Fund's portfolio has 86 funded projects (of which, 12 are completed), for a total financial collaboration of US\$ 466 million. Considering this total amount, US\$ 218 million was disbursed.

Regarding public calls for projects to support Territorial and Environmental Management Plans (PGTA) in Indigenous Lands, three other projects were approved, namely: Indigenous Territorial Management in the South of the Amazon (R\$ 11.4 million), of the International Institute of Education in

Brazil (IEB); Consolidating Territorial and Environmental Management on Indigenous Lands (US\$ 3.96 million), of the Indigenist Work Center (CTI); and Management and Governance of Indigenous Lands in the Rio Negro and Xingu Rivers Basins – PGTA (US\$ 3.9 million), of the Socio-Environmental Institute (ISA). Taking that into account, six projects have already been approved in this public call, amounting to US\$ 21.1 million.

In the support line for implementing the Forest Code, another two projects were approved for developing the Rural Environmental Record (CAR). To be executed by environmental agencies of the states of Paraná (US\$ 8.2 million) and Ceará (US\$ 4.7 million), these projects are related to Amazon Fund's support in other Brazilian biomes to develop deforestation monitoring and control systems.

In an initiative to directly tackle deforestation, US\$ 18.7 million was allocated to the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA). Such amount was approved to develop environmental monitoring and surveillance activities in the Amazon.

An evaluation of the PPCDAm second phase concluded that the decrease in deforestation that started in 2004 was mainly due to actions related to environmental monitoring and control, among which one may highlight environmental inspection actions carried out by IBAMA.

In order to promote productive arrangements and sustainable businesses regarding timber and non-timber forest management, aquaculture and fishery arrangements, and implementation of agroecological and agroforestry systems, the project proposed by Vale Fund was approved, accounting for a total amount of US\$ 11.6 million from the Amazon Fund resources, with US\$ 10 million from Vale Fund as a counterpart.

Finally, actions of the Programa Bolsa Floresta (PBF – Forest Assistance Program) from Fundação Amazonas Sustentável (FAS) was approved in 16 protected areas (PA) in the state of Amazonas. The amount of US\$ 10.5 million shall be allocated to develop small enterprises and sustainable forestry productive arrangements, in addition to strengthening local associations for managing social and environmental projects and disseminating methodologies and lessons learned. A new practice shall be public calls for small projects in the surrounding area of the PAs supported by PBF.

As for completed projects, another two projects were totally executed in 2016. The first one to fight forest fires and unauthorized burning, by the Fire Department of the state of Acre, while the other focuses on researching social, economic, and environmental impacts arising from the Amazon's economic frontier expansion, led by the Center for Advanced Amazonian Studies (NAEA/UFPFA). Considering that, 12 projects supported by the Amazon Fund have already been completed.

In addition to the Amazon Fund preparing an assessment of each completed project – describing activities, institutional and administrative aspects, output and impact indicators, lessons learned, and sustainability of results –, in 2016, *ex post* effectiveness evaluations of four projects were initiated, namely: Amazon



Olhos d'Água, in the municipality of Alta Floresta (MT); Socio-Environmental Management in Municipalities of Pará, from The Institute of Man and the Environment of the Amazon (IMAZON); Portal Seeds, from Ouro Verde Institute (IOV), and Going Green, from The Nature Conservancy (TNC) of Brazil. *Ex post* effectiveness evaluations were conducted by the technical cooperation with the German agency GIZ. It was carried out by independent experts and may have involved several methodologies and activities, such as interviews, rounds of consultations, visits, and others. Two of these evaluations were completed and are available on the Amazon Fund website.

Still, with regard to monitoring and evaluation, the Amazon Fund received several visits from donors during the year. The highlight is the German *ex post* evaluation mission in May. It was conducted by the KfW director of evaluation. Five aspects of the Fund's operations were analyzed: relevance, effectiveness, impact, efficiency, and sustainability of results. According to this assessment, the Amazon Fund performed well, fully achieving expectations.

Another highlight in the year was the 1st Workshop for Exchange to Experiences between Projects of Sustainable Productive Activities, during which the Amazon Fund gathered more than 100 people, including technicians and project managers and their beneficiaries, mainly indigenous people, extractive workers, and small farmers. During the event, participants attended lectures and were also divided into groups to identify good practices to be adopted. Transparency, governance, greater participation of women and indigenous people, financial management, innovation, empowerment of indigenous organizations, monitoring and evaluation of the projects and formalization of partnerships were some of the issues addressed. The participants' evaluation was very positive and showed that the Amazon Fund must continue to promote initiatives that contribute to proper implementation of projects.

In 2016, there were some changes on the governance and on operations in the Amazon Fund set forth by Decree 8,773, enacted on May 11th, 2016. Some of the changes were related to exchanging of one of the Federal Government's representations in COFA. Since the former Strategic Affairs Secretariat (SAS/PR) no longer belongs in the group, it is important to highlight that it was replaced by the Ministry of Justice, through the National Indigenous Peoples Foundation (FUNAI). This change shall enrich committee's discussions on the topics affecting indigenous peoples. Another significant change is expanding the Fund's area of operation, from the Amazon biome to the Brazilian Amazon, benefiting the Cerrado and Pantanal biomes with the Fund's resources. This change was indicated by the commission inaugurated by COFA, to support projects in the Cerrado, and will allow for strengthening the fight against deforestation in the Amazon by supporting projects in its transition area and in a wider buffer zone.

Finally, in October, the Amazon Fund, for the first time, held its annual meeting of donors outside Brazil, in Oslo, the capital of Norway, the Fund's main donor. Taking advantage of the opportunity, the lecture The Amazon Fund: Combining Conservation and Development in the Brazilian Rainforest,

was delivered with the participation of experts and beneficiaries of the Amazon Fund: representatives of indigenous peoples, NGOs, the Federal Government, and state governments of the region. This event presented achieved outcomes to the Norwegian society and outlined the challenges faced by the Amazon Fund.

## Challenges and perspectives

Despite significant results observed for reducing deforestation in the Amazon since the beginning of the PPCDAm actions in 2004, the annual deforestation rates in the Amazon estimated by the National Institute for Space Research (INPE), showed serious increase over the past two years. These are concerning data, however Brazil is still able to achieve the goal set by the National Policy on Climate Change for the Amazon.

PPCDAm fourth stage, for the period of 2016-2020, was launched at the end of 2016. It is based on an evaluation of the results obtained in the third stage of the plan, when the four lowest deforestation rates were registered (from 2012 to 2015). A new strategy was prepared based on deforestation dynamics by land category (indigenous lands, protected areas, land reform settlements, and non-allocated federal public land plots) and by municipality. A new action axis was also created to promote development of regulatory and economic instruments associated to the fight against deforestation. The Amazon Fund is still one of the instruments for implementing PPCDAm with all its actions in compliance with the action plan.

One of the strategic guidelines in the fourth stage of PPCDAm is to promote CAR as an instrument for managing landscape and improving forest management, of which the Amazon Fund's support is an essential part. Full implementation of the economic and environmental control devices prescribed in the Forest Code shall contribute to a development model for the region, in which the countryside and the forest are no longer seen as separate worlds, but rather increasingly sustainably integrated, generating and sharing environmental, social, and economic benefits.

After registering rural properties, which is widely supported by the Amazon Fund within and outside the region, the next step is to verify and validate recorded information that will enable adherence to the Environmental Regularization Programs (PRA) of the states to complete properties' environmental regularization cycle. Full operation of CAR will also enable the use of surplus area of legal reserve in rural properties, which is required by the law as a forest asset, to be negotiated under the terms set forth in the Forest Code, conciliating environmental conservation with generation of revenue. The National System for Rural Environmental Record (SICAR) is a useful tool because it enables input for the processes of land-title regularization and territorial planning.

To conclude this overview, we must turn our attention to climate negotiations. Brazil continues to meet the UNFCCC requirements to

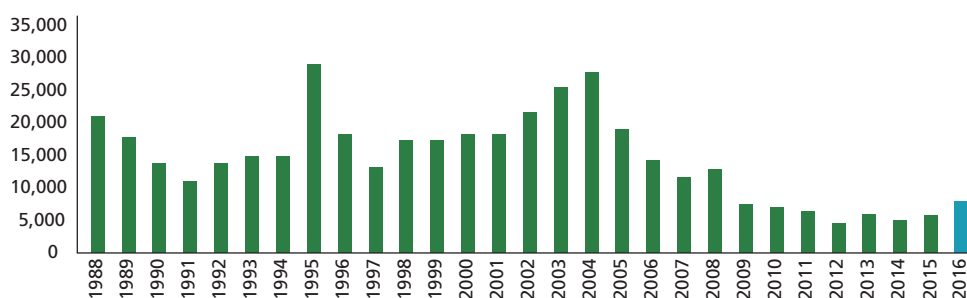
receive REDD+ results-based payments. The National REDD+ Committee (CONAREDD+), established in November 2015, has already held its first meetings in 2016 and is setting the foundations for full implementation of the National Strategy for REDD+ that will provide resources from REDD+ results-based payments to eligible entities. The Amazon Fund is already eligible, as established by the Decree that created CONAREDD+, and it will also benefit from full operation of REDD+ in Brazil, whether in attracting new resources or coordinating policies and actions on the subject.

Thus, the Amazon Fund continues to work in such a way that the recent increases in the Amazon's deforestation rates will not occur again, it serves as a warning sign for governments, businesses, and the Brazilian society to keep close attention and to continue using their energy and creativity for new solutions to complement the significant advances that have been observed since 2004.

## Data on deforestation in Brazilian Amazon

Preliminary data from INPE indicate that deforestation in the Amazon during the period from August 1, 2015 to July 31, 2016 (forest year 2016) was 7,989 km<sup>2</sup>. As shown in Chart 1, from 2004 on, when the Federal Government instituted PPCDAm, annual deforestation rates in the region have plummeted. Over the last two years, however, the rates have sharply increased, although they still remain below the average for the 2004-2016 period.

CHART 1: ANNUAL DEFORESTATION IN BRAZILIAN AMAZON, BY SHALLOW CUT (KM<sup>2</sup>)



Source: PRODES/INPE.  
Note: 2016 – preliminary data.



Table 1 presents deforestation rates for 2016 in the states belonging to Brazilian Amazon, compared with deforestation rates in the previous year.

TABLE 1: DEFORESTATION BY STATE

States	Deforestation 2015 (km <sup>2</sup> )	Deforestation 2016 (km <sup>2</sup> )	Deforestation variation 2015-2016 (%)
Acre	264	389	47
Amapá	25	24	(4)
Amazonas	712	1,099	54
Maranhão	209	261	25
Mato Grosso	1,601	1,508	(6)
Pará	2,153	3,025	41
Rondônia	1,030	1,394	35
Roraima	156	209	34
Tocantins	57	53	40
<b>Brazilian Amazon</b>	<b>6,207</b>	<b>7,989</b>	<b>29</b>

Source: PRODES/INPE.

There was an increase of 1,782 km<sup>2</sup> (29%) in the Amazon's deforested area in the 2016 (temporary data) compared with 2015 rates. Three states (Amazonas, Pará, and Rondônia) presented significant increase in deforestation rates and increased total deforested area. Mato Grosso had a reduction in deforestation, although with significant deforested area.

Deforestation in the Amazon grew for two years in a row. These are, undoubtedly, concerning data.

Currently, Brazil is facing a difficult fiscal situation at the federal and state levels, which certainly is an important factor contributing to this negative result. For this reason, COFA, in its 20th meeting held on April 29, 2016, approved new support focus for the Amazon Fund, making the minimum condition of additionality of resources flexible, in exceptional and temporary character, to tackle the shortage of funds against deforestation.

Despite recent difficulties, the Brazilian Amazon's deforested area has been reduced by 71% since 2004. The rates registered in 2016 (7,989 km<sup>2</sup>) is 24% lower than the average for the 2004-2016 period.

Recent increase in deforestation is a problem the Brazilian government and society need to face with determination in order to strengthen the policies that led to significant rate reduction over the last 12 years, according to PPCDAm.

The Amazon Fund is of even greater importance in this scenario.

# Governance, fundraising and communication



## Governance of the Amazon Fund

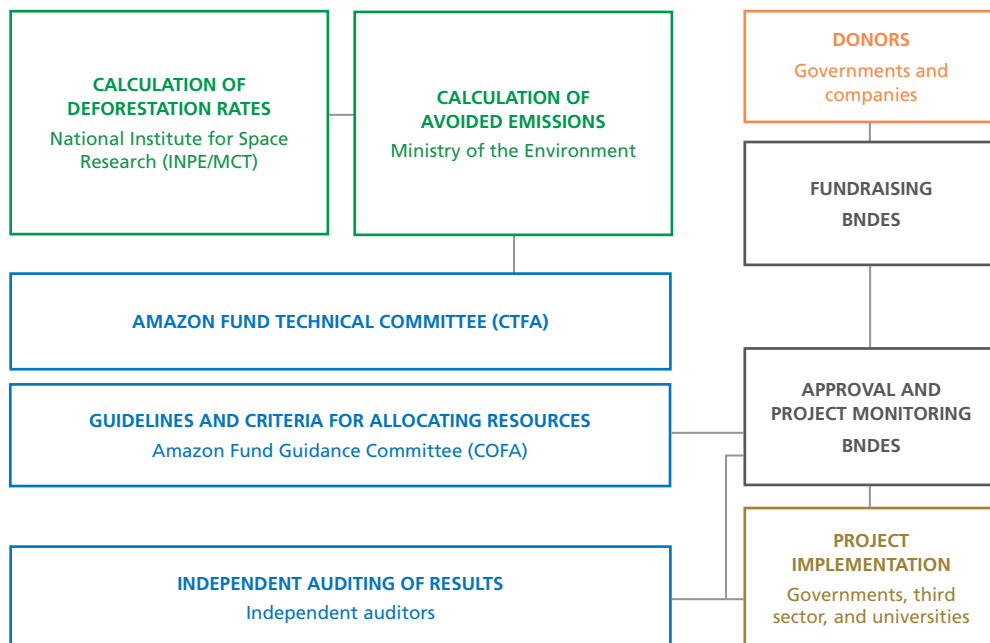
The Amazon Fund’s governance model was established to stimulate the participation of the several actors involved in the initiative, in order to achieve its purpose.

The Amazon Fund has a governance structure that comprises of two committees, which gather representatives from the Federal Government, state governments in the Brazilian Amazon, civil society (NGOs, social movements, indigenous peoples, and corporate sector), and the scientific community. Moreover, there are well defined processes, with independent audit firms, responsible for verifying proper application of donated funds, as shown by Figure 1.

Since the National REDD+ Committee (CONAREDD+), which is responsible for implementing the National Strategy for Reduction of Greenhouse Gas Emissions caused by Deforestation and Forest Degradation, preserving forest carbon stocks, fostering sustainable management of forests, and enhancing forest carbon stocks (ENREDD+), was established, a new form of governance has been created. The Amazon Fund has already been considered eligible to access REDD+ result-based payments achieved by Brazil and recognized by the United Nations Framework Convention on Climate Change.

The standards and criteria for fundraising and use of resources from payments by REDD+ results will be defined by CONAREDD+, which is responsible for coordinating, monitoring and supervising ENREDD+ implementation.

FIGURE 1: GOVERNANCE OF THE AMAZON FUND



## Amazon Fund Technical Committee

Created by MMA Order no. 345, issued on October 22th, 2008, the Amazon Fund Technical Committee (CTFA) is in charge of verifying the carbon emissions caused by deforestation, which are calculated by the Ministry of Environment. For this purpose, it evaluates the methodology of calculating deforested area and total amount of carbon per hectare used in each calculation of emissions.

CTFA members meet regularly, once a year – they are renowned technical-scientific experts, appointed by the Ministry of Environment after consulting the Brazilian Forum on Climate Change. The members' term in office is three years, renewable once for the same period.

Participation in CTFA is considered of public interest and it entails no compensation.

### 9th Meeting of the Amazon Fund Technical Committee

The ninth CTFA meeting was held on November 8th, 2016, when it established the estimated value of reduced emissions related to 2015 forest year, corresponding to 500.8 million tons of CO<sub>2</sub>, and the Amazon Fund's fundraising limit established for this period was US\$ 2.5 billion.

Since the Amazon Fund was created, CTFA has verified values for reduced emissions, as shown in Table 2.

TABLE 2: ANNUAL MEETINGS OF THE AMAZON FUND TECHNICAL COMMITTEE

Meeting	Date	Year of the reduction	Estimated total of reduced emissions (in millions of tons of CO <sub>2</sub> )
1st	11.10.2008	2006	200.0
		2007	303.0
2nd	12.1.2009	2008	245.7
3rd	12.13.2010	2009	445.9
4th	10.20.2011	2010	462.9
5th	11.14.2012	2011	490.2
6th	11.26.2013	2012	580.2
7th	9.10.2014	2013	516.1
8th	11.5.2015	2014	558.8
9th	11.8.2016	2015	500.8

Source: BNDES.

## Amazon Fund Guidance Committee

The Amazon Fund Guidance Committee (COFA) establishes guidelines and criteria for allocating funds and approves information on the allocation and the Amazon Fund Activity Report.

COFA is a tripartite committee comprised of three benches of representatives, as follows: the first has eight representatives from the Federal Government; the second has nine representatives from states in Brazilian Amazon; and the last has six representatives from the civil society.<sup>2</sup> In 2016, COFA held two ordinary sessions.

The meetings are registered in Records of Technical Referrals (RET) that, after approved by the representatives, are published on the Amazon Fund website. In addition to the topics suggested by the representatives from the committee, in every meeting, BNDES presented an analysis of the Fund's projects portfolio.

### 20th meeting of the Amazon Fund Guidance Committee

The first meeting of the year and the 20th COFA meeting was held on April 29th, at Manhattan Plaza Hotel, in Brasília, Brazil. It was chaired by the Executive Secretary of the Ministry of Environment, Mr. Carlos Klink, and by the Director of BNDES' Environment Division, Henrique Paim.

The main outcome of this meeting was approving the new focus of support for the 2015-2016 period, which dismisses, on an exceptional basis, the additionality factor of funds for projects aiming to continue or improve environmental supervision and deforestation control, presented by agencies or federal/state financial institutions with legal power to supervise areas in the scope of the National Environment System (SISNAMA). That and other issues and modalities of support in the Amazon Fund are later highlighted in this report.

During the meeting, the 2015 Activity Report of the Amazon Fund was approved. Moreover, the 2015 deforestation data presentation delivered by the Ministry of the Environment was also in the agenda in order to analyze deforestation tendencies in the Brazilian Amazon states and its distribution by land category in the 2012-2015 period.

### 21st meeting of the Amazon Fund Guidance Committee

The second 2016 meeting was held at BNDES headquarters, in Rio de Janeiro, on December 2nd, and was chaired by the Secretary for Climate Change and Environmental Quality of the Ministry of Environment, Everton Lucero, and by the Director for BNDES' Public and Socio-environmental Management Division, Marilene Ramos.

The main purpose of the meeting was to inform COFA's members of the change in the Amazon Fund's scope of operations – from the Amazon biome to the Brazilian Amazon – in the document *Guidelines and criteria for applying resources from the Amazon Fund and target efforts during the 2015-2016*

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<sup>2</sup> COFA 2016 full list of representatives is available in Annex 4.



*period*, in accordance with terms set forth in the Decree 6,527, enacted on August 1st, 2008, according to the Decree 8,773, enacted on May 11th, 2016. During the meeting, the fourth phase of the Prevention and Control Plan of Deforestation in the Brazilian Amazon (PPCDAm) was also presented, and COFA guidelines for the 2017-2018 period were discussed.

The meeting also dealt with reports on the 22nd Conference of the Parts in the United Nations Framework Convention on Climate Change (COP22) and the conclusion of the first year of the Brazil's National Strategy for REDD+ (ENREDD+). Moreover, the Institute for Environmental Research in the Amazon (IPAM) presented the INDICAR platform, which aims at monitoring the impact of priority policies from the Plans for Prevention and Control of Deforestation in the states of Acre, Amazonas, Mato Grosso, and Pará.

## Main focus for the Amazon Fund support in the 2015-2016 period

At the 17th COFA meeting, on June 25, 2015, the main focus and modalities of support for the 2015-2016 period were defined. At the 20th meeting, held on April, 29, 2016, as mentioned above, the new focus of support for the Amazon Fund was set, such focus dismisses, on an exceptional basis, the additionality factor of funds for projects aiming to continue or improve environmental inspection and deforestation control, presented by agencies or federal/state financial institutions with legal power to supervise areas in the scope of the National Environment System (SISNAMA).

At the 21st meeting, held on December 2nd, 2016, COFA acknowledged the change in the Amazon Fund's scope of operations, which has been turned from Amazon biome into Brazilian Amazon, in the document *Guidelines and criteria for applying resources from the Amazon Fund and target efforts during the 2015-2016 period*.

This document presents standards established by COFA concerning guidelines, minimum requirement for projects, modalities, restrictions, equality criteria, and limits when allocating resources (refer to Annex 3).

The focus for the current period has the same axes structure of the previous document – (i) fostering sustainable production activities; (ii) environmental monitoring and control; and (iii) land-title regularization and land-use planning, as well as the cross-sectional component focused on scientific and technological development. Support for the second phase of the projects, which was previously approved by the Amazon Fund, was excluded. It may be used in future phases if it is aligned with the focus activities of future phases.

CHART 2: FOCUS AND MODALITIES OF SUPPORT FOR THE 2015-2016 PERIOD

General guidelines	
ADDITIONALITY OF RESOURCES IN BRAZILIAN AMAZON	Projects that aim to continue or enhance environmental surveillance and the deforestation control, presented by agencies or federal or state public institutions with legal mandate to carry out supervisory actions, within the framework of the National Environmental System (SISNAMA) may, exceptionally, be exempted from the minimum condition of additionality of resources. To this end, it will require a technical justification formally presented by the Ministry of the Environment, as well as a declaration of the applicant institution/ agency stating the non-existence of available source of resources for the requested financial aid. The technical justification and the aforementioned declaration are compulsory and joint documents to the proposal formally filed at BNDES.
Brazilian Amazon – Monitoring and control axis	
RURAL ENVIRONMENTAL REGISTRATION (CAR) AND ENVIRONMENTAL REGULARIZATION OF RURAL PROPERTIES	<p>Promotion of environmental regularization process through: (i) support for small properties or bailments to enrollment in the Rural Environmental Registration (CAR) (up to 4 government-established fiscal modules); (ii) support for integrating state CAR systems into the Rural Environmental Registration System (SICAR) and adapting complementary modules of analysis and monitoring of environmental regularization management reserve programs (PRA) of the states and environmental reserve quotas (CRA); (iii) development and implementation of PRA; (iv) support for activities aimed at validating CAR enrollments; (v) development of Recovery of Degraded and Changed Areas (PRADA) in small properties or temporarily-owned bailments; (vi) support for activities aimed at validating PRADA; and (vii) institutional support and environmental regularization monitoring of rural properties.</p> <p>Support for implementing CAR and for environmental regularization of rural properties will be prioritized through operations with states, which can sign partnerships/contracts to make the necessary efforts, while respecting the applicable legislation. However, it will be possible to provide support, through other partners, to CAR projects in areas, which have not yet been considered, as regards projects hired by the states.</p>
FOREST FIRES	Support to prevent and fight forest degradation caused by fires that burn native vegetation, presented by environmental NGOs with activities within the Brazilian Amazon or by NGOs working in partnerships with government agencies, primarily in settlements, protected areas, and in indigenous lands.
MONITORING	Support for monitoring deforestation, forest degradation, and burn-offs in the Brazilian Amazon.
Brazilian Amazon – Fostering sustainable production activities axis	
ECONOMIC ACTIVITIES FOR THE SUSTAINABLE USE OF THE FOREST AND BIODIVERSITY	Structuring, strengthening and consolidating socio-biodiversity production sectors and sustainable family farming, including adding value to the extraction economy, timber and non-timber forestry, aquaculture and fishing arrangements, agro-ecological and agro-forestry systems, as well as community-based tourism, including technical assistance for sustainable production activities.
GREEN SETTLEMENT PROGRAMS	Implementation of the “Green Settlement Program” (Program for Preventing, Fighting and Developing Alternatives to Unauthorized Deforestation in Amazonian Settlements).
RECOVERY OF DEGRADED AND CHANGED AREAS	Support for recovering degraded and changed areas in small properties or rural family temporarily-owned land (up to four government-established fiscal modules), focusing on PRADA implementation.

(To be continued)

(Continued)

**Brazilian Amazon – Land-title regularization and land-use planning axis**

**LAND-TITLE REGULARIZATION** Support for land-title regularization of state-owned land, focusing on critical areas threatened by deforestation, and also making efforts to register land-titles and paperwork in computer-based systems, as well as gathering or consolidating state land-title maps, in addition to installing computer systems at deed offices and state land agencies. This does not include support to pay indemnification for expropriation.

**INDIGENOUS LAND** Support for designing and implementing environmental and territorial management plan on indigenous lands, in accordance with the National Policy for Territorial and Environmental Management of Indigenous Land (PNGATI).

**PROTECTED AREAS** Support for creating and consolidating protected areas.

**Brazilian Amazon – Scientific and technological development axis**

**NEW SOCIO-BIODIVERSITY PRODUCTS** Support for scientific and technological research focusing on socio-biodiversity production chains, including developing new products using the Amazonian biodiversity as raw materials – pharmaceuticals, phytopharmaceuticals, medicines, cosmetics and others products the chemical and food industries wish to develop.

**SUSTAINABLE PRODUCTION ACTIVITIES** Support for scientific and technological research focusing on timber and non-timber forest management, recovering degraded areas, farming-cattle-raising-forestry-integration (ILPF), water resources and soil conservation and sustainable fishing and aquaculture.

**SYSTEMS TO MONITOR AND CONTROL DEFORESTATION, FOREST DEGRADATION AND FIRES** Support for developing, implementing and improving systems to monitor the use and coverage of land and control deforestation, forest degradation and fires, in order to quantify deforestation as a means of assistance to public policies for preventing and fighting deforestation.

**RESEARCH INFRASTRUCTURE** Amazon Fund support for scientific and technological development includes support for needed research infrastructure.

**Brazilian Amazon – Operational modalities**

Objectives set shall be supported through direct presentation of structuring projects or through projects selected via public calls-for-bid held directly by the Amazon Fund (BNDES) or through partner institutions.

**STRUCTURING PROJECTS** A structuring project should meet all the following criteria: (i) help implement a public policy; (ii) solve a troublesome situation; and (iii) have large scale scope across the Brazilian territory (provided that the project is developed in territorial scope).

Structuring projects may be presented by: (i) Federal Government agencies; (ii) state government agencies; and (iii) nonprofit organizations. As regards scientific and technological development projects, structuring projects can be presented by technological and scientific institutions and support foundations; civil society organizations whose bylaws establish this purpose; and agencies from the Federal Government and from state governments.

The criterion “large scale across the Brazilian territory” shall be deemed met when, for example, project efforts fully cover a group of municipalities, settlements or protected areas, planning for regions in a state, areas with construction work under the Growth Acceleration Program (PAC) etc. Territorial scale should be measured in accordance with the characteristics of the project and relevant public policies.

(To be continued)

(Continued)

**PUBLIC CALL-TO-SUBMISSION** Other than calls-for-bid of projects held directly by the Amazon Fund (BNDES), support can be provided to partner institutions so they can promote calls for submission of projects. Partner institutions should prove experience, know-how and operational capacity to guarantee high quality and large-scale calls for submission; in this context, partner institutions are regarded as third sector institutions and federal/state government agencies.

The Amazon Fund shall be permanently open to receive request for financial support from partner institutions that need help to promote calls-for-bid for projects, focusing on priority efforts for the 2015-2016 period.

Calls-for-bid held directly by the Amazon Fund or receiving indirect support through partner institutions should be made public, with announcements on the Amazon Fund website or those of other institutions, according to each case.

**The Amazon Fund support in Brazil outside the Brazilian Amazon**

**RURAL ENVIRONMENTAL REGISTRATION (CAR) AND RURAL PROPERTIES ENVIRONMENT REGULARIZATION** Promotion of the environmental regularization process through: (i) support for enrollment of small properties or temporarily-owned rural properties in the Rural Environmental Registration (CAR) (up to 4 government-established tax modules); (ii) support for integrating state CAR systems into the National System for Rural Environmental Registration (SICAR) and to adapt complementary modules of analysis and monitoring; and (iii) support for activities aimed at validating CAR enrollments.

Beneficiaries of projects offering CAR support for other biomes should necessarily provide a financial counter-investment. In projects covering states in biomes, such as the Cerrado, Caatinga and Pantanal, that cumulatively represent more than 40% of the biomes territory, should offer financial counter-investments of at least 10% of the amount of the project. In other cases outside the Amazon biome, financial counter-investments should be at least 20% of the total amount of the project.

Support for implementing CAR shall be given priority through state-run operations, which can sign partnerships or contracts to carry out the required efforts, in compliance with applicable legislation.

**SYSTEMS FOR MONITORING DEFORESTATION IN OTHER BRAZILIAN BIOMES** Support for projects to create or improve systems for monitoring forest coverage in other Brazilian biomes, in accordance with valid guidelines and criteria.

**The Amazon Fund support in other tropical countries**

**SYSTEMS FOR MONITORING DEFORESTATION IN OTHER TROPICAL COUNTRIES** Support for projects to create or improve systems for monitoring forest coverage in other tropical countries, in accordance with guidelines and current criteria.



## Fundraising

### Fundraising rules

Raising funds for the Amazon Fund is an effort to curb carbon emissions from deforestation, that is, Brazil must prove that deforestation in the Amazon has been reduced in order to receive further resources.

To calculate Amazon Fund's annual fundraising limit, a simple and conservative method was adopted to guarantee that reduced emissions measures are not over-estimated. In short, calculating reduced deforestation emissions is the difference between the average historical deforestation and the area effectively verified in the year of evaluation, then multiplied by the amount of carbon in the biomass, measured in tons of carbon per hectare:

$$ED = (TDM - TD) * tC/ha$$

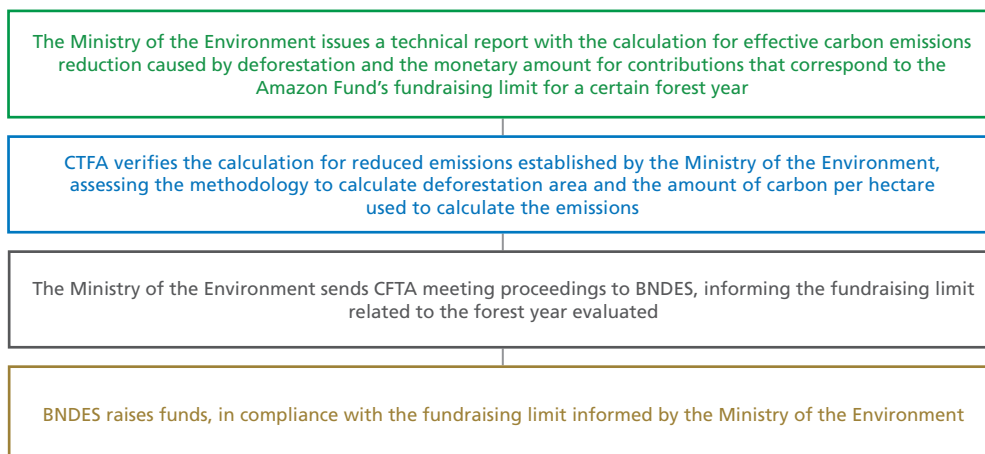
ED = reduced carbon emissions from deforestation, in tons of carbon  
 (tC) TDM = average rate of deforestation (in hectares)  
 TD = annual rate of deforestation for the period (in hectares)  
 tC/ha = tons of carbon per hectare of forest

The deforestation rate in the Brazilian Amazon is verified by the National Institute for Space Research (INPE),<sup>3</sup> a public agency linked to the Ministry of Science, Technology and Innovation. The total of carbon per hectare in the forest biomass is calculated using the methodology defined by the Ministry of the Environment, and it is assigned to CTFA specialists to verify effective reduction of carbon deforestation emissions in a certain period, evaluating the methodology of calculating deforested area and the total amount of carbon per hectare used when calculating emissions.

Based on reduced emissions data, certified by CTFA, BNDES is authorized to fundraise and issue diplomas of acknowledgment to the donators' contribution for the Fund. In Figure 2, the fundraising flow for the Amazon Fund is shown schematically.

<sup>3</sup> INPE's objective is to produce science and technology in spatial and terrestrial environments.

FIGURE 2: FUNDRAISING FLOW FOR THE AMAZON FUND



## Formalized donations

Based on annual fundraising limits verified by CTFA, the Amazon Fund has already received donations from foreign governments and companies. Until the end of 2016, commitments were signed so that formal high amount donations to the Amazon Fund are made in three currencies: Norwegian kroner (kr\$ or NOK) for Norwegian donation, euros (or EUR) for German (KfW's) donations, and Brazilian reais (R\$ or BRL) for Petrobras' donations, as detailed herein. Of this total amount, R\$ 2,85 billion (US\$ 1,1 billion) has already been deposited in the Amazon Fund<sup>4</sup> account.

The Norwegian government was the first and, until now, the largest donor to the Amazon Fund, having effectively donated a total of kr\$ 7.3 billion, equivalent to US\$ 1.1 billion, or R\$ 2.8 billion. During COP 21, a new donation commitment of approximately kr\$ 5 billion, close to US\$ 600 million, was announced. Such donation is to be made until 2020.

Moreover, since 2010, the Amazon Fund has received support from the German government, through KfW Entwicklungsbank, which made a formal commitment of € 21 million, equivalent to R\$ 60 million, or US\$ 28 million. Such amount has already been fully donated to the Amazon Fund. In August 2015, during German chancellor, Ms. Angela Merkel's visit to Brazil, a new donation commitment of € 100 million was announced.

In 2011, a third donor started to provide support to the Amazon Fund; it was Petróleo Brasileiro S.A. (Petrobras), Brazil's first company to contribute to the fund. Until the end of 2016, Petrobras committed R\$ 14 million worth of resources, equivalent to US\$ 6 million.

As established in Decree 6,527/2008, BNDES, in its accounting records, must allocate 3% of the donated resources to cover operational costs and other expenses related to the Amazon Fund, including hiring auditors.

<sup>4</sup> Conversion of donation values into USD and/or BRL in this chapter were based on the respective dates of effective receipt of funds by BNDES, according information on donation diplomas.

## The Norwegian government

BNDES signed a donation agreement on March 25th, 2009, with the Norwegian Ministry of Foreign Affairs, making a donation to the Amazon Fund up to kr\$ 700 million (US\$ 119 million).

As established in the agreement, donated amounts that may be requested in the following years were specified in additional terms suggested by the donor. Five additional terms to the donation agreement were signed, in which the Norwegian government commits to making additional donations of up to kr\$ 2.8 billion (US\$ 475 million).

From 2009 to 2012, the Amazon Fund has received six donations from the Norwegian Government, amounting to US\$ 130 million (R\$ 243 million).

### Additional amendments and consolidation

On September 17th, 2013, BNDES and the Norwegian government signed an amended and restated donation agreement aimed at consolidating Norway's previous donations to the Amazon Fund and expanding the valid scope of this cooperation. The new contract establishes that donations could be used in Amazon Fund projects until the end of 2020. The document allows for the possibility to fully transfer resources already donated by Norway, which will enable donations the Amazon Fund to be exempt of tax collection in Brazil, such as PIS-PASEP and COFINS, as stated in Act no. 12,810, on May 15th, 2013, which changed Act no. 11,828, issued on November 20th, 2008. Thus, resources that have already been negotiated, but not yet disbursed to the Amazon Fund, amounting to US\$ 465 million (R\$ 1,025 million), were transferred on October 4th, 2013.

### Additional amendments to consolidated donation agreements

On December 10th, 2013, the first additional term to the consolidated donation agreement was signed. The Norwegian government committed to an additional donation of kr\$ 1 billion (US\$ 164 million), transferred on December 23rd 2013.

### Second additional amendment to consolidated donation agreements

On December 4th, 2014, the second additional amendment to the consolidated donation agreement was signed. The Norwegian government committed to an additional donation of kr\$ 900 million. The donation was paid in two installments: kr\$ 780 million (US\$ 108 million or R\$ 289 million) on December 15th, 2014, and another kr\$ 120 million (US\$ 15 million or R\$ 46 million) on March 12th, 2015.

### Third additional amendment to consolidated donation agreements

On November 24th, 2015, the third additional amendment to the consolidated donation agreement was signed. The Norwegian government committed to an additional donation equivalent to, in Norwegian kroner, US\$ 120 million (R\$ 455 million), transferred on December 4th 2015.

#### Fourth additional amendment to the consolidated donation agreement

On Friday, November 11th, 2016, the fourth additional amendment to the consolidated donation agreement was signed. The Norwegian government committed to an additional donation equivalent to, in Norwegian kroner, US\$ 90 million (R\$ 330 million), transferred on December 16th, 2016.

Moreover, the amendment for application of funds was extended from 2020 to 2030, and the main Amazon Fund's area of operation was expanded (it has been turned from the Amazon biome to Brazilian Amazon).

#### German government

On December 7th, 2010, German and Brazilian governments, within the scope of official financial cooperation and through KfW Entwicklungsbank and BNDES, signed an agreement for financial contribution to the Amazon Fund. The total amount of the agreement is € 21 million (US\$ 28 million or R\$ 60 million). The donation was fully received by the Amazon Fund. In December 2013, the Embassy of the Federal Republic of Germany informed through a verbal note that the German government is willing to increase resources for the Amazon Fund and will donate € 24 million to be invested in projects to be implemented by KfW.

#### Petróleo Brasileiro S.A.

BNDES signed six donation agreements with Petrobras for contributions to the Amazon Fund up to 2012, total amount of almost R\$ 8 million (US\$ 4.5 million). In 2013, another three donation agreements were signed, amounting to R\$ 1 million (US\$ 495 thousand). In 2014, seven donation agreements were signed, amounting to R\$ 1.5 million (US\$ 601,357.20), and, in 2015, another six donation agreements, amounting to R\$ 2.8 million (US\$ 880,310.00). In 2016, another two donation agreements were signed, amounting to R\$ 978,953.04 (US\$ 276,642.00). Taking all donations into account, Petrobras donated R\$ 14 million (US\$ 6 million) to the Amazon Fund. The company's donation is in compliance with the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) requirements that Petrobras implement projects to neutralize carbon emissions related to greenhouse gas emissions caused by its activities. Emissions are caused by extraordinary gas burning, stemming from oil and natural gas production and transportation performed by the company.

Donated resources are exclusively for financing projects within the scope of the Amazon Fund in accordance with its norms, conditions, guidelines and criteria. BNDES is in charge of analyzing, approving and awarding projects, as well as, monitoring, inspecting and rendering accounts.

As stated in by BNDES Board of Directors (Board Decision no. 832/2012-BNDES), donations to the Amazon Fund raised from governmental sources controlled by the Federal Government are to be maintained in a separate fund so that accounting records make sure that such resources are not used in projects carried out by the Federal Government.



## Diplomas: acknowledging donators' contributions

After raising funds for the Amazon Fund, BNDES shall issue diplomas stating the amount of each financial contribution and its corresponding quantity in tons of carbon. These diplomas are nominal, non-transferable, and give no rights or credits of any nature. Thus, donors and the amount they contributed to reduce carbon gas are registered in the diplomas. Table 3 presents data on funds already raised.

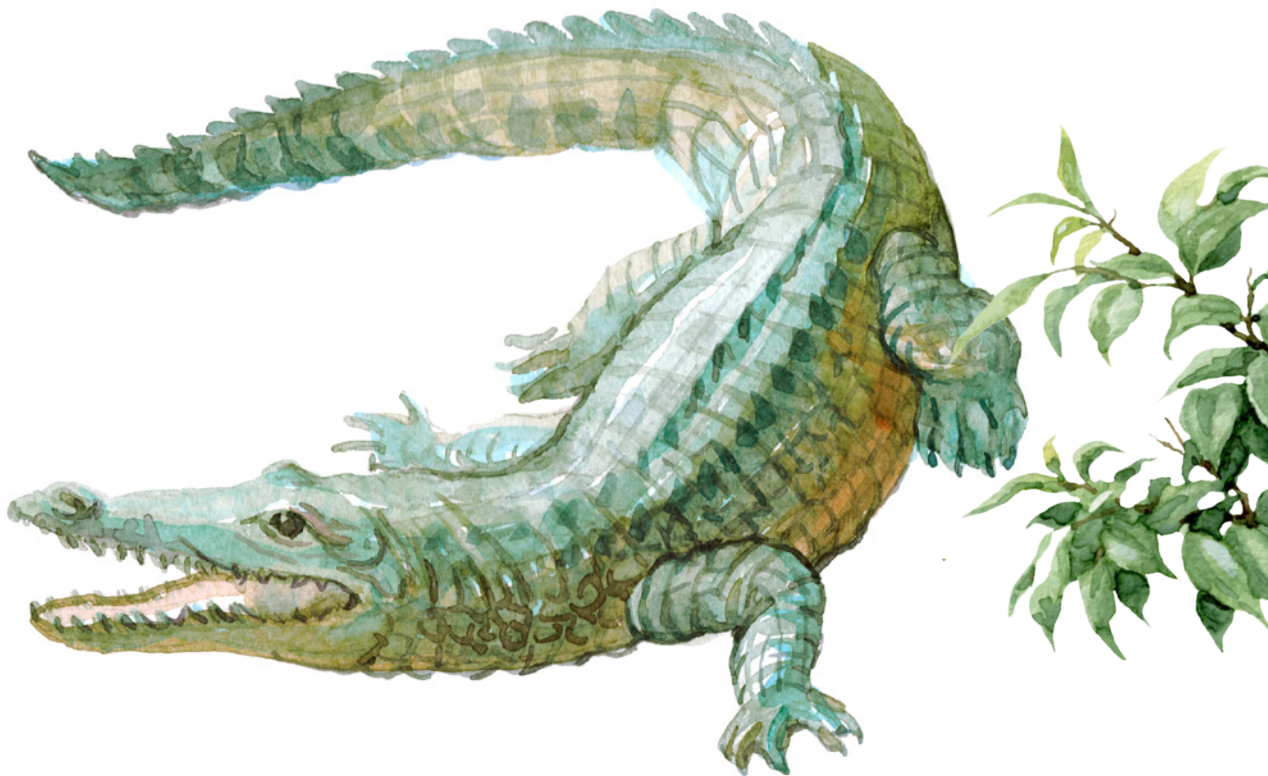


TABLE 3: FUNDS RAISED

Donor	Installment	Resource Input (date)	Original donation amount	Amount in R\$	Amount in US\$ (USD)*	Tons of carbon dioxide (TCO <sub>2</sub> )	Tons of carbon (TCO)	Year of reduction
Norway	1st	10.9.2009	NOK 123,437,000.00	36,448,350.22	20,960,578.70	4,192,115.7	1,142,265.9	2006
Norway	2nd	8.9.2010	NOK 169,262,000.00	49,600,536.48	28,283,364.59	5,656,672.9	1,541,327.8	2006
Norway	3rd	3.23.2012	NOK 261,273,000.00	82,144,231.20	45,149,077.28	9,029,815.0	2,462,677.0	2006
Norway	4th	10.2.2012	NOK 101,774,000.00	36,109,415.20	17,817,731.77	3,563,546.0	971,876.0	2006
Norway	5th	6.26.2013	NOK 44,254,000.00	16,139,433.80	7,344,452.24	1,468,890.0	400,606.0	2006
Norway	6th	6.26.2013	NOK 64,465,000.00	23,510,385.50	10,698,696.47	2,139,739.0	583,565.0	2009
	7th	4.10.2013	NOK 2,785,535,000.00	1,024,642,336.54	464,669,325.96	26,207,821.0	7,147,588.0	2009
Norway						33,363,022.0	9,099,006.0	2010
						33,363,022.0	9,099,006.0	2011
Norway	8th	12.23.2013	NOK 1,000,000,000.00	385,350,245.49	163,666,121.11	32,733,224.0	8,927,243.0	2012
Norway	9th	12.15.2014	NOK 780,000,000.00	288,991,278.87	108,839,740.46	21,767,948.1	5,936,713.1	2013
Norway	10th	3.12.2015	NOK 120,000,000.00	46,416,780.45	14,893,881.10	2,978,776.2	812,393.5	2013
Norway	11th	12.4.2015	NOK 1,010,496,000.00	455,568,000.00	120,000,000.00	24,000,000.0	6,545,454.6	2014
Norway	12th	12.16.2016	NOK 850,000,000.00	330,161,565.42	97,953,351.16	19,590,670.2	5,342,910.1	2015
Germany KfW	1st	12.29.2010	EUR 3,000,000.00	6,644,100.00	3,952,500.00	790,500.0	215,395.0	2009
Germany KfW	2nd	1.8.2013	EUR 6,000,000.00	15,954,600.00	7,864,832.89	1,572,967.0	428,991.0	2009
	3rd	1.6.2014	EUR 8,000,000.00	26,180,800.00	11,120,181.53	825,407.0	225,111.0	2009
Germany KfW						1,398,630.0	381,444.0	2010
Germany KfW	4th	7.22.2014	EUR 4,000,000.00	11,918,000.00	5,385,692.98	1,077,139.0	293,765.0	2010
Petrobras	1st	10.14.2011	BRL 1,765,983.70	1,765,983.70	1,016,335.00	203,267.0	55,436.0	2006
Petrobras	2nd	10.14.2011	BRL 4,114,671.55	4,114,671.55	2,368,020.00	473,604.0	129,164.0	2006
Petrobras	3rd	10.17.2011	BRL 1,435,257.60	1,435,257.60	826,000.00	165,200.0	45,054.0	2006

(To be continued)

(Continued)

Donor	Installment	Resource Input (date)	Original donation amount	Amount in R\$ (BLR)*	Amount in US\$ (USD)*	Tons of carbon dioxide (TCO <sub>2</sub> )	Tons of carbon (TCO)	Year of reduction
Petrobras	4th	1.23.2012	BRL 156,626.00	156,626.00	88,750.00	17,750.0	4,841.0	2006
Petrobras	5th	4.26.2012	BRL 282,584.58	282,584.58	150,255.00	30,051.0	8,196.0	2006
Petrobras	6th	7.13.2012	BRL 174,320.80	174,320.80	85,155.00	17,031.0	4,645.0	2006
Petrobras	7th	2.20.2013	BRL 327,834.78	327,834.78	167,288.25	33,457.7	9,124.8	2006
Petrobras	8th	3.25.2013	BRL 357,002.13	357,002.13	177,383.55	35,477.0	9,675.0	2006
Petrobras	9th	9.25.2013	BRL 331,912.11	331,912.11	150,656.85	30,131.0	8,218.0	2006
Petrobras	10th	1.23.2014	BRL 222,324.37	222,324.37	94,201.25	18,840.3	5,138.3	2006
Petrobras	11th	2.25.2014	BRL 73,323.19	73,323.19	31,378.95	6,275.8	1,711.6	2006
Petrobras	12th	5.6.2014	BRL 89,806.99	89,806.99	40,232.50	8,046.5	2,194.5	2006
Petrobras	13th	5.8.2014	BRL 177,561.21	177,561.21	80,319.00	16,063.8	4,381.0	2006
Petrobras	14th	10.2.2014	BRL 206,057.53	206,057.53	83,138.00	16,627.6	4,534.8	2006
Petrobras	15th	10.10.2014	BRL 239,613.95	239,613.95	99,412.50	19,882.5	5,422.5	2006
Petrobras	16th	12.26.2014	BRL 458,054.97	458,054.97	172,675.00	34,535.0	9,418.6	2006
Petrobras	17th	1.19.2015	BRL 20,941.30	20,941.30	7,995.00	1,599.0	436.1	2006
Petrobras	18th	3.13.2015	BRL 471,492.55	471,492.55	151,260.00	30,252.0	8,250.6	2006
Petrobras	19th	3.27.2015	BRL 1,119,131.39	1,119,131.39	350,660.00	70,132.0	19,126.9	2006
Petrobras	20th	7.3.2015	BRL 270,114.06	270,114.06	86,600.00	17,320.0	4,723.6	2006
Petrobras	21th	7.30.2015	BRL 660,392.86	660,392.86	197,610.00	39,522.0	10,778.7	2006
Petrobras	22th	7.30.2015	BRL 288,021.65	288,021.65	86,185.00	17,237.0	4,701.0	2006
Petrobras	23th	5.10.2016	BRL 429,923.03	429,923.03	121,491.80	24,298.4	6,626.8	2006
Petrobras	24th	5.10.2016	BRL 549,030.01	549,030.01	155,150.20	31,030.0	8,462.7	2006
<b>Total</b>				<b>2,850,002,041.48</b>	<b>1,135,387,681.09</b>			

Source: BNDES.

\* Historical amounts in Brazilian reais and dollars, as stated on the diplomas issued by the Amazon Fund.



## Institutional coordination and technical cooperation

As manager of the Amazon Fund, BNDES maintains constant dialogue with various stakeholders in order to be transparent in its activities and to acquire technical inputs as well as fostering new partnerships.

Among these efforts, stands out the technical cooperation agreement between the Amazon Fund and GIZ – a German agency for international cooperation –, which since 2015 started to be co-financed by the Government of Norway, and to receive financial support from the German Government. In 2016, several activities were carried out with this technical cooperation, being the following the most important:

- support to the 1st Workshop of Experience Exchange between Projects of Sustainable Production Activities, in which representatives and beneficiaries of projects supported by the Amazon Fund shared knowledge and experiences focused on sustainable production activities;
- development of a plan for training organizations supported by the Amazon Fund, which comprises several aspects;
- workshop for monitoring the impacts of the Amazonian Military Firefighters' (CBM) projects, for leveling, discussion and qualification of the representatives from the CBM projects supported by the Amazon Fund;
- development of the Guide for monitoring impacts of the military firefighters' projects;
- effectiveness evaluation of the two first projects completed with the Amazon Fund support;
- support for the Amazon Fund participation in the Global Landscapes Forum in Marrakech, a parallel event to COP 22, and for the production of promotional materials for the first meeting of the Amazon Funding donors held outside Brazil in Oslo;
- development of georeferenced maps about the projects supported by the Amazon Fund;
- to arrange lectures with experts from priority areas for the Fund; and
- systematic support to the Amazon Fund's staff regarding monitoring and evaluation of results.

## Communication

Among transparency instruments and dialogues, must be emphasized:

### The Amazon Fund's website: [www.fundoamazonia.gov.br](http://www.fundoamazonia.gov.br)

BNDES runs a website for the Amazon Fund, which also has sections in English. Since its release, in 2010, the website has been greatly improved.

In 2016, the monthly hit average was 3,699 hits, 0.67% below than the previous year. Approximately 77% of hits come from Brazil, mainly from Amazon Region states, and Rio de Janeiro, Brasília, São Paulo, Minas Gerais, and Bahia. International hits come from a hundred countries, the highlights are the United States of America, Norway, the United Kingdom, Germany, Colombia, and France.

### Contents of the website

The Amazon Fund's website has several types of information available on the internet, such as the process for project approval and required documents for each phase of the project. Public support is conducted through the "Contact Us" section (e-mail), over the telephone or reading the "frequently asked questions."

Its complete portfolio of projects is available and supported projects are featured with detailed information, such as: name of the project and responsible entity, territorial scope, beneficiaries, objectives, total cost of the project, the amount of the Amazon Fund support, date of completion, date of approval and date of resource input. Completed disbursements are always disclosed, as well as the activities performed by each project and how it contributes for the four operation axes of the Amazon Fund organized by the Logic Framework.

### Annual reports

To increase activity transparency, the Amazon Fund publishes its annual reports online. In addition to rendering accounts, the reports record and disclose the Amazon Fund efforts and results to the world.

### Newsletters

Since 2010, in order to render accounts concerning its activities to COFA and donators, and to improve the dialogue with the public, the Amazon Fund started to publish a newsletter with main events on completed activities. Overall, until December 2016 roughly 58 newsletters that share information on seminars, Amazon Fund presentations in Brazil and abroad, workshops, project approval, among other events have been published.

The newsletters are published on the Amazon Fund website and sent via direct mail to registered e-mail addresses. Nowadays, the newsletters are published every quarter.

## Events in 2016

BNDES staff also attends several kinds of events to raise awareness on the Amazon Fund efforts and render accounts to donators and the society. In 2016, the following events were the most important the Amazon Fund has joined:

### Release of Origens do Brasil seal – March 22nd – São Paulo, Brazil

The event, organized by Imaflora and Socio-Environmental Institute, launched the Origens do Brasil seal, which aims at valuing socio-biodiversity products as well as giving transparency to the productive chain, enabling customers to track the history of products and producers. Origens do Brasil provides a management tool for communities, companies, and support institutions allowing access to consolidated information on products, producers, product territory origin, and product productive chains.

### 1st Regional Seminar on Unauthorized Deforestation of the Amazon Cooperation Treaty Organization (ACTO) Member Countries – April 13th to 15th – Brasília, Brazil

On behalf of BNDES, Ludmila Silva, a member of the Amazon Fund's staff, attended the I Regional Seminar on Unauthorized Deforestation of the Amazon Cooperation Treaty Organization (ACTO) Member Countries, held in the scope of monitoring forest coverage in the Amazon, and hired by ACTO through the Amazon Fund. With presentations and discussions on the experience of each ACTO member country, the event enabled knowledge sharing and promotion of regional cooperation opportunities in the countries as regards initiatives for monitoring and fighting unauthorized deforestation in the Amazon.

### Seminar on Community Forest Management – April 28th – Belém, Brazil

On behalf of BNDES, the manager André Ferro and Juliana Alvim, both from the fund's staff, attended the Seminar on Community Forest Management, held by the Tropical Forest Institute (IFT), which gathered several forest sector actors to discuss strategies and perspectives on forest management performed by traditional populations. Around 110 people have joined the event, such as community people, governmental and NGO's representatives, in addition to the organized civil society, forest sector companies, as well as educational, research and extension institutions.



## 1st Workshop on Exchanging Experience between Projects of Sustainable Production Activities – June 8th to 9th – Rio de Janeiro, Brazil

Projects executors and beneficiaries supported by the Amazon fund have shared knowledge and experiences in a workshop on the exchange between projects of sustainable production activities. During the event, the participants attended lectures and were divided into groups to identify good practices to be reproduced. Issues, such as transparency, governance, greater participation of women and indigenous people, financial management, innovation, empowerment of indigenous organizations, monitoring and evaluating effectiveness projects, establishing partnerships, strengthening less structured institutions were dealt with.

The challenges for successfully implementing projects were also discussed, as well as long-term management planning, strengthening community organizations, focus on management, and strengthening inspection and deforestation control. At the end of the seminar, several recommendations were discussed in order to, for instance, optimize project resources, respect local cultures, and bring beneficiaries closer to the project.

## Workshop: Amazon Fund: evolution, challenges and perspectives – October 7th – Rio de Janeiro, Brazil

The event, held at BNDES headquarters, gathered scholars, third sector representatives, private sector representatives, the Ministry of Environment and the Norwegian and German embassies in Brazil, in order to discuss the main challenges to be faced by the Amazon Fund regarding its effectiveness in reducing deforestation in the region.

The participants had the opportunity to briefly present how they see Amazon nowadays and their perspective about the region, as well as which are the main challenges for the Amazon Fund.

The roundtable participants were: Rômulo José Fernandes Mello (ICMBio), Roberto Jaguaribe Gomes de Mattos (APEX-Brasil), Justiniano Netto (Municípios Verdes – PA), Daniel César Azeredo Avelino (Ministério Público Federal – MPF), Haakon Lorentzen (Lorinvest Gestão de Recursos), Israel Klabin (Fundação Brasileira para o Desenvolvimento Sustentável – FBDS), Fábio Feldmann (FBDS), André Guimarães (IPAM), Beto Veríssimo (IMAZON) and Adriana Ramos (ISA).

## 18th Annual Conference of the Latin America and the Caribbean Network of Environmental Funds (RedLac) – November 1st to 4th – Brasília, Brazil

Four members of the Amazon Fund's staff joined the RedLac annual conference, which featured environmental representatives from Latin America and the Caribbean, enabling rich exchange of experiences. Among several issues addressed during the seminar, we would like to highlight: financing perspectives for

environmental funds; communication as a transformation tool; biodiversity and private sector; and climate change and the role of environmental funds. The head of the Amazon Fund, Juliana Santiago, was one of the lecturers.

## 22nd Conference of the Parts in the United Nations Framework Convention on Climate Change – November 30th to December 11th – Marrakech, Morocco

BNDES staff presented Amazon Fund results regarding the fight against deforestation in order to foster sustainable development in the Amazon during COP 22, which gathered representatives from more than 190 countries. In an area dedicated to Brazil, the Bank promoted the event The Amazon Fund as a Financial Instrument for REDD+: Fostering Sustainable Development in Tropical Forests, with the participation of the Head of the Amazon Fund, Juliana Santiago.

The fund was also discussed at the Global Landscape Forum, one of the most important COP events, for discussing issues related to use of the land, in which there was participation of international organizations, such as the World Bank, the United Nations Environment Program (UNEP), the United Nations Development Program (UNDP), the World Resources Institute (WRI), and the Center for International Forestry Research (CIFOR).

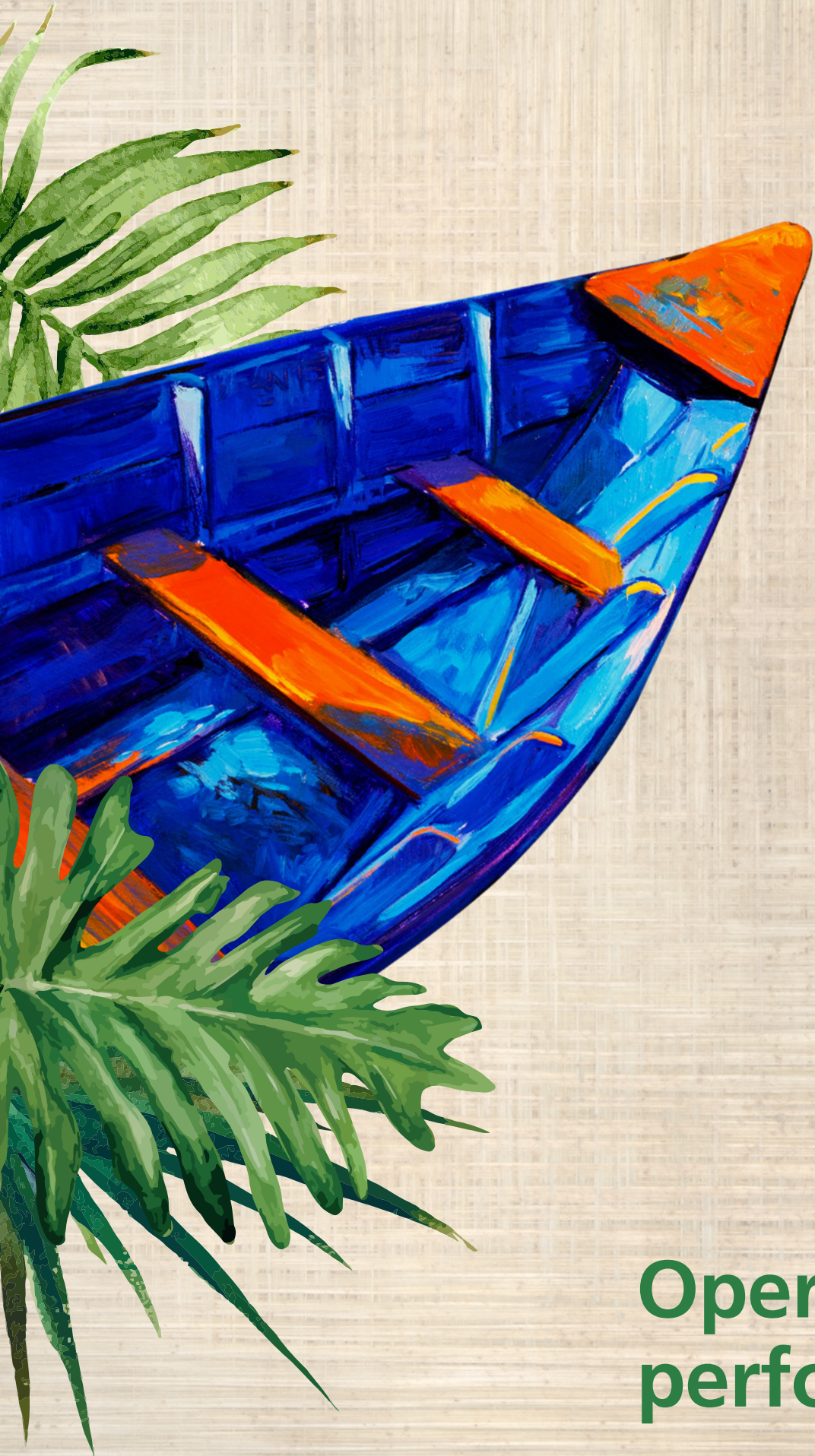
### “Contact us” service

To provide more transparency and security for exchanging information, BNDES created the e-mail <funodoamazonia-faleconosco@bndes.gov.br> to answer questions sent by the public via the website.

All messages are registered and answered. This number does not include consultancy requests sent directly to BNDES technical staff nor those sent through other BNDES official communication channels.

During 2016, 97 consultancy requests were received and answered – the questions came from Brazilian Amazon states, other Brazilian states and from abroad. The main topics covered in the e-mails were requests for information on how to present projects, the progress of Public Calls for Submitting Support for Environmental and Territorial Management of Indigenous Land, operational areas, as well as, requests to clarify the profile of a fund beneficiary.





**Operational  
performance**

## Portfolio of projects

From June 2009 to December 2016, the Amazon Fund approved financial support to 86 projects, in the amount of R\$ 1,396,920,499.52. The number of projects supported in this period and the total amount of resources disbursed per year are presented in Table 4.

TABLE 4: PROJECTS SUPPORTED AND DISBURSEMENTS – 2009 TO 2016\*

Year	No. of projects supported	Total amount of support (R\$)	Total amount of support (US\$)	Amount disbursed to projects (R\$)	Amount disbursed to projects (US\$)
2009	5	70,249,658.67	38,003,479.25	-	-
2010	8	119,776,793.65	66,518,904.13	11,105,966.90	6,108,472.74
2011	8	67,567,575.77	38,069,744.95	59,740,091.61	33,002,945.47
2012	13	179,466,341.93	97,773,232.40	71,205,781.90	38,921,797.03
2013	13	311,967,810.00	140,001,947.90	80,903,376.47	42,833,435.63
2014	20	255,778,173.00	107,607,012.40	167,954,502.78	78,507,813.52
2015	11	195,510,972.31	60,919,816.61	127,509,195.78	57,680,038.88
2016	8	196,603,174.19	57,430,281.86	134,145,446.07	55,098,169.46
<b>Total</b>	<b>86</b>	<b>1,396,920,499.52</b>	<b>606,324,419.56</b>	<b>652,564,361.51</b>	<b>312,152,672.73</b>

Source: BNDES.

\* Possible differences between the number of projects and the amount of support of this report and the amounts referred to previous years are due to cancellation or reduction of projects (refer to Annex 7).

Disbursements to projects are made in installments as they are implemented, and follow the deadlines established in a physical and financial schedule, which normally vary from one to six years.

Table 4 shows that the amount disbursed to projects totaled R\$ 652,564,361.51.<sup>6</sup> Approximately 21% of this amount (R\$ 134,145,446.07) has been disbursed in 2016, representing a 5% increase in disbursements in comparison with 2015. Over half of the resources disbursed in 2016 (56%) has been earmarked to projects with the third sector, and 42% has been earmarked to the public sector (states and Federal Government), although this sector is responsible for the greatest portion of the total amount of resources supported (62%).

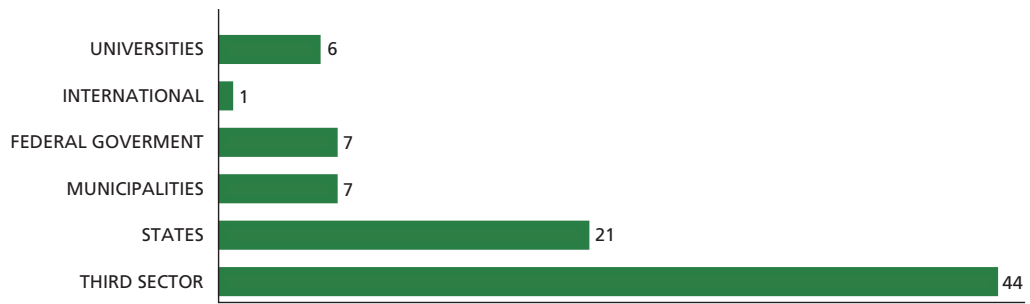
In addition to presenting projects that cater to different actions and are at different implementation stages, the fund's portfolio is also characterized by the diversity of projects as regards their legal nature, as shown in charts 3 and 4.

Charts 5 and 6 represent the territorial scope of the projects supported and the percentage amount of support by state. As shown, all Brazilian Amazon states maintain projects with support from the Amazon Fund. The four states with the largest participation in the funding total (Acre, Amazonas, Mato Grosso and Pará), together, account for more than 77% of the Brazilian Amazon total area.<sup>7</sup>

<sup>6</sup> The list of projects that have already received resources is presented in the Explanatory Note 5 of the Amazon Fund's financial statements, in Annex 1.

<sup>7</sup> Information available from <<http://www.ibge.gov.br>>.

CHART 3: NUMBER OF SUPPORTED PROJECTS, PER LEGAL NATURE OF THE PROJECT MANAGERS



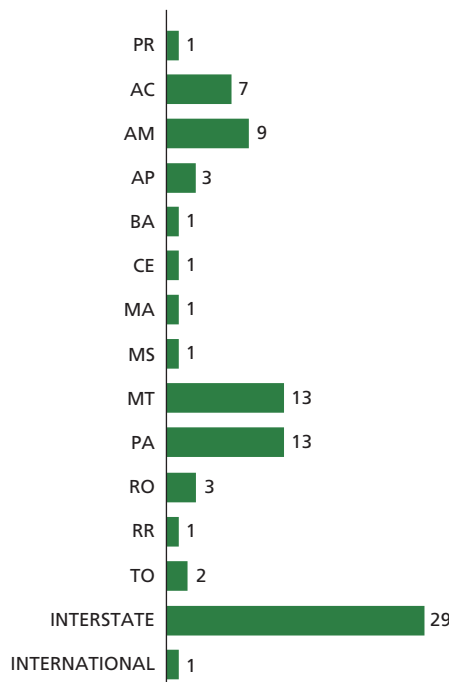
Source: BNDES.

CHART 4: PERCENTAGE OF THE TOTAL SUPPORT, PER LEGAL NATURE OF THE PROJECT MANAGERS



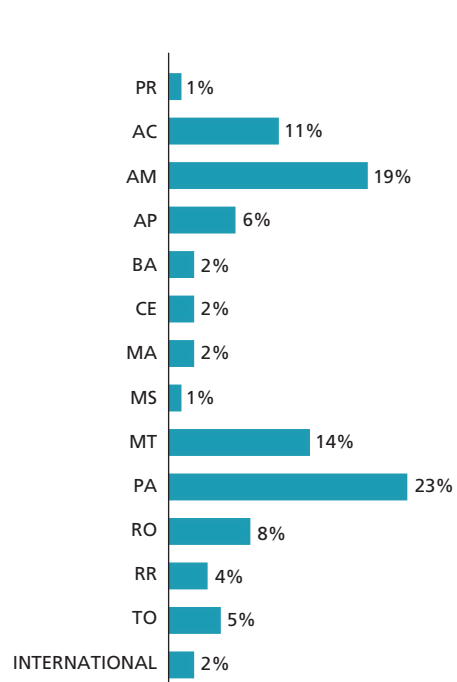
Source: BNDES.

CHART 5: NUMBER OF SUPPORTED PROJECTS, PER STATE



Source: BNDES.

CHART 6: PERCENTAGE OF THE TOTAL SUPPORT, PER STATE

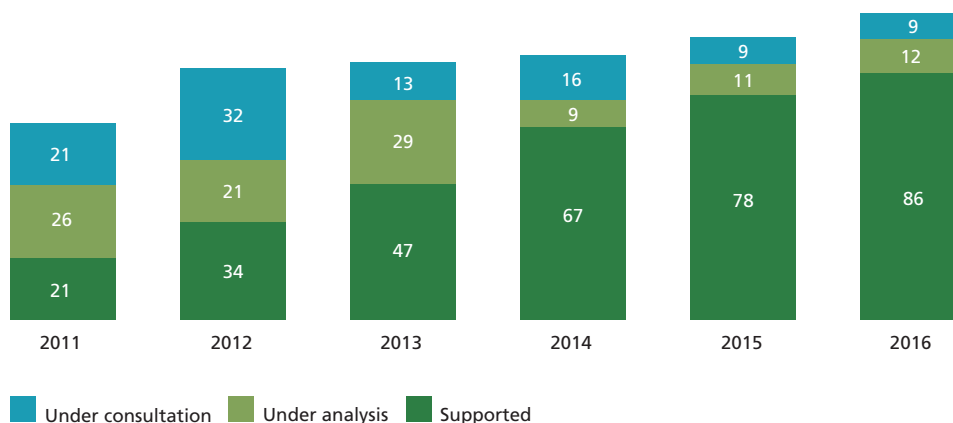


Source: BNDES.

The annual progress of the Amazon Fund's portfolio (projects under consultation, analysis and those receiving support) is shown in charts 6 and 7.

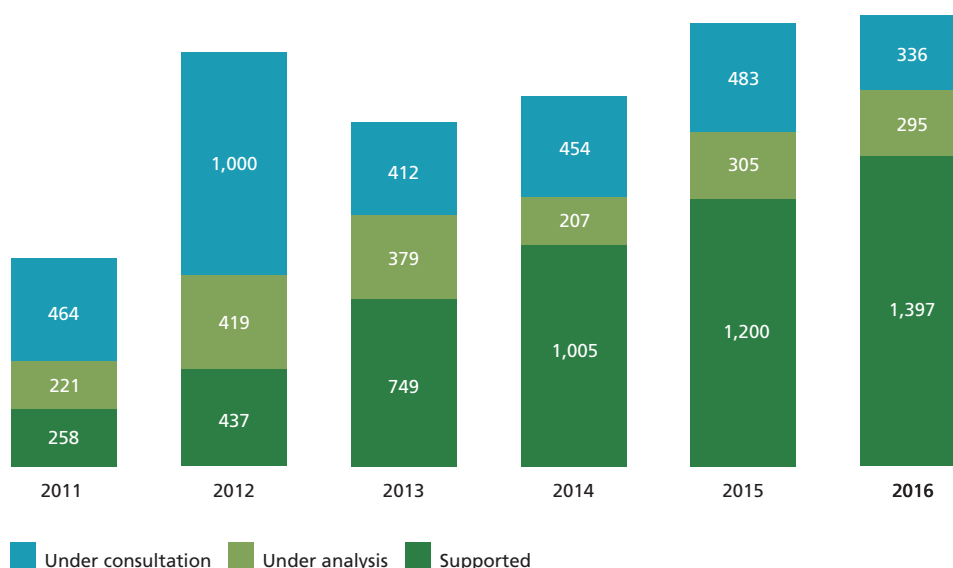
As shown in charts 7 and 8, in 2016, the number of supported projects has increased 10% in comparison with 2015 projects (from 78 to 86 projects), while the total amount of financial support to projects has increased 16% (from R\$ 1,200,317,325.33 to R\$ 1,396,920,499.52).<sup>8</sup>

CHART 7: PROGRESS IN THE NUMBER OF PROJECTS PER STAGE, IN BNDES' PORTFOLIO



Source: BNDES.  
 Note: The number of supported projects refers to the accumulated result of the year under analysis in comparison with previous years.

CHART 8: PROGRESS OF THE TOTAL NUMBER OF PROJECTS (R\$ MILLION) PER STAGE IN BNDES' PORTFOLIO



Source: BNDES.  
 Note: The number of supported projects refers to the accumulated result of the year under analysis in comparison with previous years.

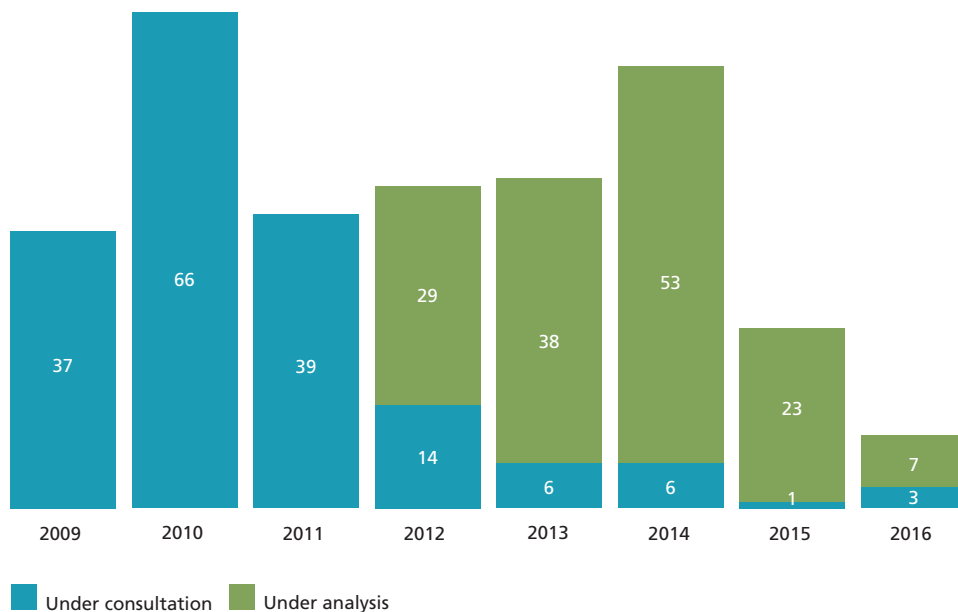
<sup>8</sup> Differences identified between current amounts and amounts related to portfolio ranking in previous periods are due to cancellation of projects or reduction of supported amounts allocated to projects (refer to Annex 5).

Considering the total amount of available resources for the projects of R\$ 3,531 million, R\$ 2,389 million (68%) has already been allocated to the Amazon Fund’s projects portfolio, distributed as follows:

- R\$ 336 million for projects with proposals formally filled with BNDES and are under preliminary analysis of the applicant’s institutional capacity and whether the project is in accordance with the Amazon Fund’s guidelines and criteria;
- R\$ 295 million for projects in accordance with the Amazon Fund’s guidelines and criteria and under more detailed analysis as regards their merit and feasibility;
- R\$ 1.397 million allocated to projects supported by the Amazon Fund;
- R\$ 361 million allocated to foster new projects or projects that are already supported, but are still on planning stage and are not formally registered at BNDES.

Chart 9 shows the number of requests for financial support that were denied in the preliminary analysis stage because they failed to meet the Amazon Fund’s eligibility requirements and/or because the applicants have not submitted the required documents.

CHART 9: NUMBER OF REQUESTS FOR FINANCIAL SUPPORT PRESENTED BUT NOT SUPPORTED



Source: BNDES.

Since 2014, a significant decrease has been observed regarding the number of denied financial collaboration requests. Such fact is mainly due to the changes in guidelines and criteria for allocating the Amazon Fund’s resources. COFA has established that in addition to introducing new biannual performance focuses, the Amazon Fund support has now two modalities: “structuring” projects and projects selected through public calls-to-bid by the Amazon Fund or through partner institutions (refer to Annex 3).

## Accounting and financial aspects

Accounting and financial transactions related to the Amazon Fund are recorded and reported according to the current legislation as well as the principles and rules stated in the Federal Accounting Council (CFC), an independent agency that, among its privative attributions, regulates the accounting and independent audit procedures that should be adopted in Brazil. Through its collective bodies and work groups, CFC seeks to adapt the practices adopted in Brazil to the standards defined by international rules.

Tables 5 and 6 summarize the information presented in the audited financial statements and their explanatory notes related to 2016. Complete statements and the opinion of independent auditors are presented in Annex 1.

TABLE 5: BALANCE SHEET FOR THE AMAZON FUND ON DECEMBER 31, 2016 (R\$ THOUSAND)

ASSETS		Liability	
Current		Current	
Cash and cash equivalents	2,877,949	Resources for projects	2,877,949
Prepaid expenses	75,772	Funding resources	75,772
		Net equity	
		Accumulated surplus	-
<b>Total assets</b>	<b>2,953,722</b>	<b>Total liability</b>	<b>2,953,722</b>

Source: BNDES.

Of the total amount of current assets, some R\$ 2,877,949 thousands is available cash, on December 31st, 2016, for disbursements to the projects supported. This amount is invested in Gaia and Gaia II funds, managed by Banco do Brasil. These funds are conservative (fixed-rate investments – Brazilian public bonds) and have been contracted to update its value and remunerate available balance to fund projects (refer to “Financial revenue” in Table 6).

Donated amounts are registered as Amazon Fund’s financial assets and assessment depends on the type of project support. The assessment is registered, thus, in liabilities, under “Resources for projects” entry. Therefore, received donations received do not imply a patrimonial advantage for the fund.

TABLE 6: FINANCIAL STATEMENT FOR 2016 (R\$ THOUSAND)

<b>REVENUE</b>	<b>461,845</b>
Donation revenue for investments	134,145
Donation revenue for costs	2,557
Financial revenue	325,142
<b>(-) EXPENSE</b>	<b>(461,845)</b>
Expenses with donation for investments	(134,145)
Administrative expenses	(2,557)
Expenses with project resource remuneration	(325,142)
<b>Year Surplus/Deficit</b>	<b>0</b>

Source: BNDES.

Whilst the balance sheet shows an accumulated balance, the financial statement considers only what has happened in a specific year. The total amount of R\$ 134,145 thousand presented in the “Donation revenue for investments” and “Expenses with donation for investment” entries refer to the amounts effectively disbursed to projects supported by the Amazon Fund in 2016.

The amount of R\$ 2,557 thousand informed in Table 6 refers to BNDES’ appropriation of costs and expenses related to the Amazon Fund in 2016.

Profits from Gaia and Gaia II funds, which amount to R\$ 325,142 thousand, are considered revenue and an expense as they correspond to the remuneration of resources available for disbursements to projects, recorded in the balance sheet as balance of the entries “Cash and cash equivalents” and “Resources for projects”.

In accordance with the understanding of the Brazilian Federal Revenue Office of the 7th Region, donations to the Amazon Fund on their entry date should not be included for calculating Income Tax (IR) and the Social Contribution on Net Profit (CSLL). To calculate such taxes, whenever there is a disbursement to a supported project, one revenue entry and one expense entry should be recognized on the same date and in the exact same amount disbursed. Thus, the basis for calculation of IR and CSLL related to the fund’s donations will always equal zero, without tax collection to the public coffers.

## Audits

Every year, the Amazon Fund undergoes the following auditing processes:

- Financial audit to evaluate the reliability of balances recorded in its financial statements, as well as appropriate allocation of these balances in BNDES’ financial statements.
- Compliance audit to assess whether the supported projects, as regards their objectives, products, services, and expected efforts, are in accordance with terms set forth in Decree 6,527/08 and the guidelines and criteria defined by COFA, Sustainable Amazon Plan (PAS) and the Action Plan to Prevent and Combat Deforestation in the Brazilian Amazon (PPCDAm).

Accounting audit procedures related to 2016 were carried out by KPMG Auditores Independentes. The auditor concluded that financial statements presented by BNDES were appropriate. The compliance audit was carried out by BDO RCS Auditores Independentes, which also concluded that the projects supported by the Amazon Fund in 2016 were in compliance with requirements.

The independent auditors’ opinion and the compliance audit’s report are available in annexes 1 and 2, respectively.



# Monitoring and evaluation of results



## Context

The Amazon Fund supports actions to prevent, monitor and fight deforestation, and promote sustainable use of natural resources in the Brazilian Amazon. Its main reference is the Action Plan to Prevent and Combat Deforestation in the Brazilian Amazon (PPCDAm).

PPCDAm is based on periodic diagnosis about the extension, dynamics and vectors of deforestation. The Amazon Fund's Logical Framework – tool for planning, management, monitoring, and evaluation of results and impacts – was created mainly considering the diagnoses from this plan, which point out as the main causes of deforestation in the Amazon:

- agricultural and cattle raising expansion driven by the growing demand for commodities in the globalized market;
- impunity of unlawful environmental acts because of the low capacity of government agencies to inspect and punish such acts in a large territory;
- non-allocated public lands and low legal safety regarding real estate property titles in the region, which leads to illegal occupation of public lands, land conflicts, and discouraging of private investment;
- low economic attractiveness to keep the forest, due to lack of both adequate economic infrastructure and incentives to promote sustainable productive chains.

Strong demand for investment in innovation and scientific production was also identified for monitoring and controlling deforestation, territorial planning and sustainable use of the Brazilian Amazon.

Upon setting up the Amazon Fund's Logical Framework, the seven areas defined by Decree 6,527/2008, which regulates the fund's operation, were also taken into account:

1. management of public forests and protected areas;
2. environmental control, monitoring, and inspection;
3. sustainable forest management;
4. economic activities developed based on sustainable use of vegetation;
5. ecologic/economic zoning, territorial planning, and land-title regularization;
6. conservation and sustainable use of biodiversity; and
7. recovery of deforested areas.

The decree that authorized the creation of the Amazon Fund established that up to 20% of the fund's resources can be used for developing systems to monitor and control deforestation in other Brazilian biomes and in other tropical countries.

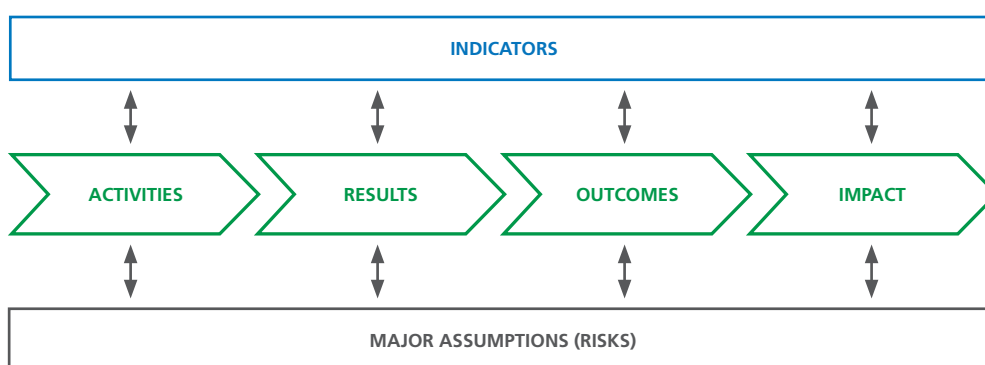
Considering this context, the Amazon Fund's general objective (strategic goal) was defined, and it converged to a condensed proposition that focused on this region, without meaning that the fund would be unauthorized to support the development of systems to monitor and control deforestation in other Brazilian biomes and other tropical countries. Thus, the Amazon Fund's overall objective was set forth in its logical framework as follows: "Reduction of deforestation with sustainable development in Brazilian Amazon."

## Amazon Fund's Logical Framework

The Amazon Fund's Logical Framework was created in 2009 and consolidated in 2010. It is a model with strategic guidelines for allocating resources, outlining the general objective, outcomes, results and activities, as well as indicators of execution and effectiveness, to measure results and impacts achieved, in addition to identifying external risks that are outside the governance of the fund.

Considering the logical sequence of cause and effect from the activities of supported projects to the fund's general objective, and including interactions with the indicators that were defined and the risks identified, the Amazon Fund presents the following intervention logic:

FIGURE 3: INTERVENTION LOGIC SEQUENCE



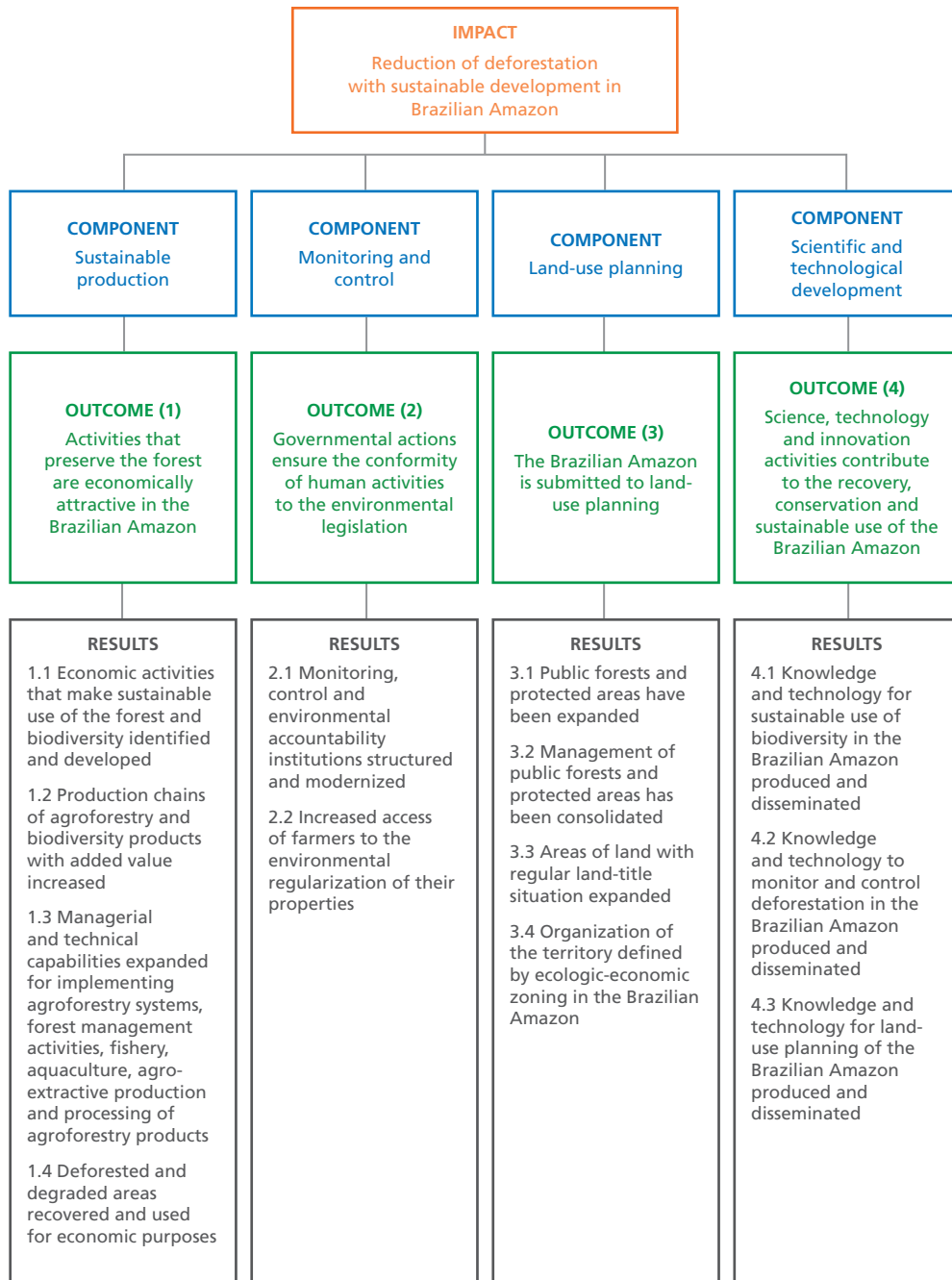
Source: BNDES.

The Amazon Fund's Logical Framework, considering the problem to be addressed and the conditions established for its operation, is aligned with the PPCDAm three axes<sup>9</sup> – (i) promotion of sustainable productive activities; (ii) environmental monitoring and control; and (iii) land-use and territorial planning – it also incorporates a fourth component of cross-sectional character that focuses in scientific and technological development.

Figure 4 presents the intervention logic of the Amazon Fund's Logical Framework. The numbers next to the objectives and results in this figure enables one to identify – in the description of the projects approved in 2016 and completed in 2017 (refer to specific sections) – to which objectives and results of the Amazon Fund these projects contribute to, based on an analysis of their products and impact indicators.

<sup>9</sup> In December 2016, the PPCDAm 2016-2020 Operating Plan (4th phase) was approved, which grouped the actions into four axes, three from previous PPCDAm phases and a new axis called "Regulatory and Economic Instruments." In 2017, the Amazon Fund's Logical Framework will undergo a review in order to reflect this change.

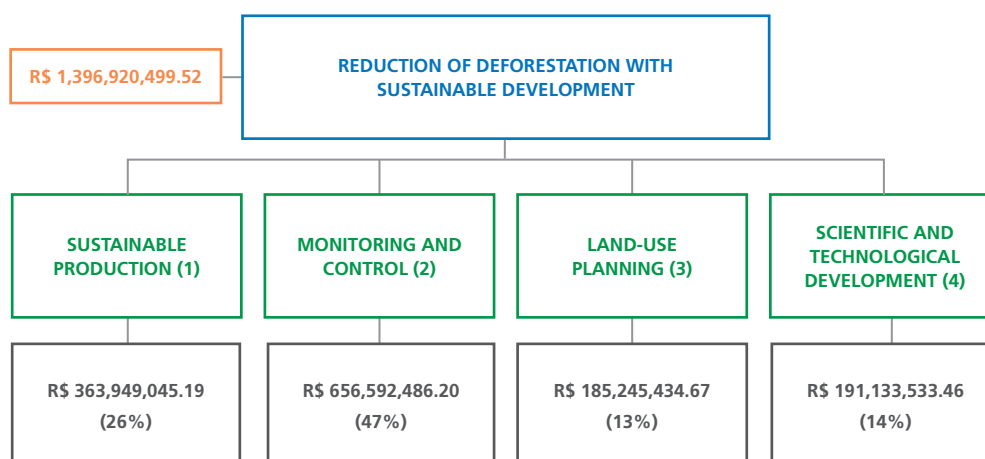
FIGURE 4: AMAZON FUND'S LOGICAL FRAMEWORK



## Distribution of resources according to the components of the logical framework

The Amazon Fund supported a total of 86 projects until 2016. The actions and resources for the projects are distributed in the four components of the logical framework as follows:

FIGURE 5: DISTRIBUTION OF RESOURCES ACROSS THE AMAZON FUND'S SUPPORT COMPONENTS



A part of the supported projects has initiatives outside the Brazilian Amazon and in other countries with tropical forests, amounting to R\$ 121 million. This amount is distributed in the Amazon Fund's Logical Framework components as follows: R\$ 17 million from the "monitoring and control" component refer to actions in other countries, and R\$ 97 million refer to actions in other Brazilian regions. R\$ 7 million from the "scientific and technological development" component are destined to initiatives in other countries, to produce and disseminate knowledge and technology to monitor the changes in land use and forest exploitation in the member countries of the Amazon Cooperation Treaty Organization (ACTO).

## Regional indicators monitoring

The Amazon Fund identified some regional or systemic indicators related to public policies in its logical framework, to which it intends to contribute with the projects it supports.

Monitoring these public policies enables one to understand the progress made in reducing deforestation with sustainable development in the Amazon. In this monitoring, the Amazon Fund's indicators are analyzed at the outcome and impact levels of its logical framework. The ground zero (baseline) of each indicator is the year 2009, when the first Amazon Fund operations were approved, without, however, these projects having been granted funds.

The current evaluation year is 2016. Whenever possible, this year will be used for comparison. In cases in which this information is not available, the latest data will be used.

The Amazon Fund's contribution to the behavior of the indicators, although identifiable and significant – as shown by the evaluation of completed projects supported by the fund – is not exclusive, considering the initiatives and actions of several private and public actors in the Amazon's vast territory.

## General objective: reduction of deforestation with sustainable development in Brazilian Amazon

### Indicator: (1) Annual deforestation in Brazilian Amazon

One of the indicators selected to measure the evolution of the general objective was the "Annual Deforestation in Brazilian Amazon," as measured by the National Institute for Space Research (INPE).

Preliminary data from INPE indicate that deforestation in the Brazilian Amazon in 2016 was 7,989 km<sup>2</sup>. In comparison to 2004, the deforestation rate in the Amazon was reduced by 71%. When comparing the deforestation rates between 2016 and 2009 (baseline), there was an increase of 7% in the deforestation rate. However, when comparing the average of annual deforestation in the 2010-2016 period with the Amazon Fund baseline (2009), there was a decrease of 18% in deforested area.

TABLE 7: EVOLUTION OF DEFORESTATION IN BRAZILIAN AMAZON – 2004–2016 AND 2009–2016

Brazilian Amazon deforestation				
2004	2009	2016	Variation 2004/2016	Variation 2009/2016
27,772	7,464	7,989	(71)	7

Source: BNDES, based on data from INPE.

TABLE 8: EVOLUTION OF DEFORESTATION IN BRAZILIAN AMAZON – 2009/2010–2016

Brazilian Amazon deforestation		
2009 (A) Baseline	Mean deforestation from 2010 to 2016 (B)	Variation (B)/(A)
7,464	6,155	(18)

Source: BNDES, based on INPE data.

Despite the decrease in the average of deforestation from 2010 to 2016 when compared with 2009, there has been a sharp increase in deforestation in the past two years (2015 and 2016) – and this is a very critical situation. In the introduction to this report it was mentioned that the difficult financial situation in Brazil, at the federal and state levels, is a determining factor for the negative result.

The Brazilian National Policy on Climate Change established a target of 80% reduction until 2020 in the average annual deforestation rate registered between 1996 and 2005. That is, Brazil's goal is to achieve by 2020 the maximum amount of 3,925 km<sup>2</sup> of annual deforestation in Brazilian Amazon.

A preliminary analysis by the Ministry of Environment on the deforestation dynamics by land use in the Amazon for 2016 identified that it occurred mainly in: private/other areas (32%), agrarian reform settlements (30%), and non-allocated public land plots (25%). Such results point out which public policies should be developed and which actions should be priority. Protected areas (PA) accounted for 12% of the deforested area, and indigenous lands (IL) for 1%.

The federal and state governments must establish specific policies and programs to combat deforestation. Within the scope of the Amazon Fund, its guidance committee (COFA) – composed of 23 members from the federal and state government agencies, and civil society – is responsible for establishing and reviewing the support guidelines and criteria.

One of the main actors in the fight against deforestation is the Brazilian public sector, through its various administrative structures, both in the federal and in the state and municipal spheres. Moreover, civil society contributions are also significant – which not only reports environmental violations but also promotes innovative initiatives, which are often incorporated into governmental policies.

Despite complementing federal and state government policies, the Amazon Fund has been strategic for reducing deforestation, by supporting the maintenance and expansion of several initiatives against deforestation, and by supporting change-driving initiatives. In the current context, with the increase in the deforestation rate, the Amazon Fund's role becomes even more important, by fostering the fight against deforestation and promoting sustainable use of the biodiversity in the Amazon.

According to the analysis of the indicator "Annual Deforestation in Brazilian Amazon," the Amazon Fund's general objective (reduction of deforestation with sustainable development in the Brazilian Amazon) has been achieved in terms of deforestation reduction when comparing the average annual deforestation in 2010-2016 period with the 2009 deforestation rate (a reduction of 18%).

However, when comparing the rate measured in 2016 with the rate recorded in 2009, there was a 7% increase, which makes the goal of reducing the annual deforestation rate in Brazilian Amazon to 3,925 km<sup>2</sup> until 2020 even more challenging.

### Indicator: (2) Participation of Brazilian Amazon states' GDP in comparison to Brazil's GDP (%)

The second indicator selected to measure the evolution of Amazon Fund's general objective is the participation of Brazilian Amazon states' gross domestic product (GDP) in comparison to Brazil's GDP. That is, the GDP of the nine states in the Brazilian Amazon is added, and the subtotal is compared to the national GDP.

GDP is a basic indicator of the behavior of the economy and reveals the economic development of a certain region. However, it is not the best indicator for measuring sustainable development, because it does not include, for example, information on environmental liabilities. Therefore, this indicator needs to be analyzed considering the deforestation reduction indicator.

Current information made available by the Brazilian Institute of Geography and Statistics (IBGE) on the evolution of each state's GDP refers to 2013. Table 9 shows that the participation of the Brazilian Amazon's GDP is increasing in comparison to the Brazilian GDP – from 2009 to 2013, there was an increase from 8.04% to 8.45% in the participation of the Brazilian Amazon states in the national GDP.

TABLE 9: EVOLUTION OF THE PARTICIPATION OF BRAZILIAN AMAZON STATES' GDP IN COMPARISON TO BRAZIL'S GDP (%)

2009	2010	2011	2012	2013*
8.04	7.98	8.29	8.30	8.45

Source: BNDES, based on data from IBGE in partnership with state statistical agencies, state departments of government and Superintendence of the Manaus Free Trade Area (SUFRAMA).

\* Data subject to review.

In the same period, the Brazilian GDP saw an accumulated growth of 17.3%.<sup>10</sup> The growth of the Brazilian Amazon GDP's participation in relation to Brazil's GDP, combined with a decrease of 21% in deforestation registered in the 2010-2013 period, indicates progress in the reduction of deforestation coupled with economic growth in the Amazon region.

Despite those pieces of good news, it is estimated that in the 2015–2016 period Brazil's GDP decreased by over 7%.<sup>11</sup> However, data are not available on how the contraction in the Brazilian economy occurred by state in this period, and, therefore, how it affected the Amazonian region.

## Specific objective: (1) Activities that preserve the forest are economically attractive in Brazilian Amazon ("sustainable production" component)

### Indicator: Production of plant extractivism and forestry

To monitor this component, the plant extractivism and forestry production indicator in the Brazilian Amazon states was selected – data is based on IBGE annual publications.

Plant extractivism production data is collected by IBGE through public and private entities, producers, technicians and agencies directly or indirectly linked to production sectors, commercialization, industrialization, and inspection of native vegetable resources.

<sup>10</sup> 2010 – 7.5%; 2011 – 4.0%; 2012 – 1.9% and 2013 – 3.0% (Source: IBGE).

<sup>11</sup> According to IBGE, Brazil's 2015 GDP decreased 3.8% in comparison to the previous year, and upon completion of this report the official figures for 2016 GDP still had not been issued. However, *Focus – Market Readout*, published on December 30th, 2016 (issued by the Brazilian Central Bank – an overview of market expectations about some Brazilian economic indicators), estimated a reduction of 3.5% in GDP.

Plant extractivism includes the process of using native vegetable resources through collecting products. The Amazon is an important source of açai berry, Brazil-nuts, rubber, almonds, and other oleaginous products and diverse fibers. These products have economic importance and are sold in the region and throughout Brazil.

Evolution of production and product revenue for these products is monitored by the Amazon Fund due to their economic relevance in the region. There is still no monitoring of extractivism evolution of timber due to the lack of systematized information that allows a clear distinction between legally and illegally extracted timber.

In the group of oleaginous products, the extractive production of tonka seed (cumaru), pequi nuts and copaiba oil, among other products, has been monitored. From this report on the evolution of the babassu production chain will also be monitored, whose almonds are used especially in the food industry. Since babassu has a large participation in the regional extractive economy, it was chosen to accompany it separately from the other oleaginous products. In the group of fibers piaçava and buriti, among other fibers, are being monitored.

Table 10 shows the production evolution (in tons) of these products for years 2009 and 2015.

TABLE 10: PLANT EXTRACTIVISM IN THE BRAZILIAN AMAZON STATES (TONS)

Products	2009 (ton)	2015 (ton)	Variation (%)
Açaí berry	115,767	216,071	87
Brazil-nut	37,468	40,642	8
Rubber (liquid and coagulated latex)	3,459	1,499	(57)
Oilseeds	1,240	1,990	60
Babassu	103,359	73,893	(29)
Fibers	2,848	2,404	(16)
<b>Historical total</b>	<b>264,141</b>	<b>336,499</b>	<b>27</b>

Source: BNDES, based on data from IBGE.





Table 11 presents the evolution of the same products from the perspective generated revenue.

TABLE 11: PLANT EXTRACTIVISM IN BRAZILIAN AMAZON STATES (R\$ THOUSAND)

Products	2009 (R\$ thousand)	2009 (R\$ thousand)*	2015 (R\$ thousand)	Variation (%)
Açaí berry	160,312	238,700	480,637	101
Brazil-nut	52,261	77,815	107,444	38
Rubber (liquid and coagulated latex)	7,597	11,312	5,244	(54)
Oilseeds	6,570	9,783	10,725	10
Babassu	114,847	171,004	99,968	(42)
Fibers	4,495	6,693	6,021	(10)
Historical total	346,082	515,305	710,039	38

Source: BNDES, based on data from IBGE.

\* Updated values in R\$ according to Brazil's Extended National Consumer Price Index (IPCA) for 2010, 2011, 2012, 2013, 2014 and 2015.

The production of açaí berry, a fruit that is increasingly used in food and beverages, grew by 87% in Brazilian Amazon in the 2009-2015 period, and the revenue, in updated values, doubled during the same period, reaching R\$ 481 million in 2015. When comparing açaí berry production between 2015 and 2014 (in tons), there was an increase of 9%.

Brazil-nut, also known as Pará-nut, is another important regional extractive product, harvested from the fruit of the chestnut tree, which is one of the tallest trees in the Amazon rainforest. After a decline in recent decades,<sup>12</sup> Brazil-nut production started to recover, with an increase of 8% in the volume produced in the 2009-2015 period. The revenue has also increased faster than the volume produced in the same period (38%), reaching R\$ 107 million in 2015.

One of the Amazon Fund's priorities is to organize socio-biodiversity productive chains. In fact, this means financial support is to be made available for several projects to expand and improve extractivism and processing of native vegetable products by indigenous populations and traditional communities.

Supported actions include activities, such as building sheds for storage; purchasing trucks, tractors, and boats for collecting and distributing products; building or expansion and modernization of units for processing the products and training indigenous people and extractive workers in the projects.

Oilseeds production grew more than the revenue. While production increased by 60%, revenue increased only by 10%, reaching R\$ 11 million in 2015.

Fibers had a drop in production (16%) in the 2009-2015 period, with a slight drop of 10% in revenue, amounting to R\$ 6 million in 2015. Rubbers, which comprise liquid and coagulated latex, saw considerable decrease in production (57% less in the 2009-2015 period), with a 54% decrease in revenue, amounting to R\$ 5 million in 2015.

<sup>12</sup> Source: *Panorama nacional da cadeia de valor da castanha-do-brasil*, published by the Institute of Agriculture and Forest Management and Certification (Imaflora).

As previously mentioned, from this annual report onward, babassu chain evolution will be monitored. Babassu is a palm tree with oilseeds, from which oil is extracted to be used in food and medicines. Its main area of occurrence in Brazil is the state of Maranhão. Some other states in Brazilian Amazon also produce babassu (Tocantins, Pará, Amazonas and Mato Grosso), however, in 2015, those states altogether accounted for less than 0.4% of production.

The decision to start monitoring the babassu extractive production is related to the expansion, in 2016, of the territorial operation area of the Amazon Fund, from the Amazon biome to Brazilian (or Legal) Amazon.<sup>13</sup> This expansion meant that a larger area of the state of Maranhão now has sustainable production projects eligible for the Amazon Fund's support.

Since 2014, the Amazon Fund supports a project for the conservation and sustainable management of babassu in three municipalities of the Amazon biome, in the state of Maranhão.<sup>14</sup> With the expansion of the operation area, it is expected that the fund will support a larger number of projects of this productive chain, contributing to preserving forests with babassu and creating jobs and income for the population living in the region.

An analysis of the behavior of these Amazon rainforest native products shows that, over the 2009-2015 period, there was a growth of 38% in revenue generated by these products, corresponding to a growth of 27% in the volume produced. Excluding babassu from this analysis, there was revenue growth of 77% in this period, while volume produced grew by 63%. Therefore, the evolution of these indicators shows that the specific objective "activities that preserve the forest are economically attractive in Brazilian Amazon" is in the process of being achieved.

## Specific objective: (2) Governmental actions ensure the conformity of human activities to the environmental legislation ("monitoring and control" component)

Indicator: (i) Number of regional units of state environmental agencies

Indicator: (ii) Number of municipalities able to license activities with local environmental impact

Indicator: (iii) Number of environmental permits or authorizations granted annually by state environmental agencies

To monitor this component, indicators were created for measuring the capacity of the Brazilian Amazon environmental agencies to implement the current environmental legislation.

<sup>13</sup> The Decree 8,773, enacted on May 11th, 2016, authorized the expansion of the Amazon Fund's territorial operation area from Amazon biome to Legal Amazon ("Brazilian Amazon").

<sup>14</sup> The Association of Settlement Areas in the state of Maranhão (ASSEMA) is responsible for running the APL Babassu project.

Two of the indicators measure, respectively, deconcentration and decentralization levels identified in environmental management: “number of regional units of state environmental agencies” and “number of municipalities able to license activities with local environmental impact.”

Deconcentration of environmental management by deploying regional units of state environmental agencies brings these agencies closer to inhabitants and economic actors from distant regions, which makes environmental management more efficient.

Municipalities are responsible for licensing environmental projects and activities that cause or may cause local environmental impact. Such licensing is performed according to criteria defined by respective state environmental councils, considering the size, polluting potential, and nature of activity.<sup>15</sup> The indicator that measures the number of municipalities able to license activities with local environmental impact is intended to determine municipalities degree of participation in implementing environmental legislation.

A third indicator monitors the “number of environmental permits or authorizations granted annually by state environmental agencies.” Licensing is an important instrument of the Brazilian National Environmental Policy, and the increase in granting licenses and other authorizations shows that state environmental agencies have greater level of control over human activities affecting environmental conditions.

Considering the absence of public information to monitor these indicators, Table 12 presents data obtained from state environmental agencies in Brazilian Amazon.

TABLE 12: REGIONAL INDICATORS OF THE “MONITORING AND CONTROL” COMPONENT

State	Number of state environmental agencies (cumulative)*		Number of municipalities able to license activities with local environmental impact (cumulative)**		Number of authorizations or environmental licenses granted (annual)***	
	2009	2016	2009	2016	2009	2016
Pará	4	4	10	107	3,259	1,358
Acre	5	5	1	1	2,239	1,322
Amazonas	0	1	2	1	2,723	3,986
Roraima	1	0	13	14	183	2,799
Tocantins	20	15	0	3	3,360	3,276
Mato Grosso	11	9	5	37	5,430	8,489
Rondônia	14	18	1	18	2,480	3,083
<b>Total</b>	<b>55</b>	<b>52</b>	<b>32</b>	<b>181</b>	<b>19,674</b>	<b>24,313</b>
Comparison 2016-2009 (%)	-5%		466%		24%	

Source: BNDES, based on data provided by state environmental agencies.

\* Consolidated number (cumulative): set of all regional units in the state environmental agency.

\*\* Consolidated number (cumulative): set of all municipalities in the state able to license activities with local environmental impact.

\*\*\* Number of licenses: prior, installation, operation, of rural property; acts of renewal, correction, declaratory, prior consent, and authorizations: environmental authorization for deforestation, authorization for using raw materials, authorization for forest management, authorization for transporting and selling fish, and authorization for transporting dangerous goods.

<sup>15</sup> Complementary law 140, December 8th, 2011.

An overall analysis of monitored indicators shows evolution in two of the three areas, highlighting significant growth (466%) in the number of municipalities able to license activities with local environmental impact. The number of authorizations issued by state environmental agencies also increased in the seven-year period of analysis (24%). Finally, there was a slight decrease (-5%) in the number of regional units of state environmental agencies.

The growth in the number of municipalities able to license activities with local environmental impact indicates increased capacity of these entities to take on responsibilities related to environmental management and licensing, and shows a tendency of the municipalities becoming an increasingly important locus of environmental management.

The Amazon Fund has contributed to this evolution by supporting projects to strengthen state and municipal environmental agencies; improving the environmental licensing process; training staff; decentralizing environmental management by strengthening regional units; and decentralizing and strengthening municipal environmental management.

### **Specific objective: (3) The Brazilian Amazon is submitted to land-use planning (“territorial planning” component)**

**Indicator: (i) Area of indigenous lands (IL) and federal protected areas (PA) in Brazilian Amazon with territorial management instruments**

**Indicator: (ii) Deforestation in protected areas in Brazilian Amazon**

To monitor this component, two indicators were created.<sup>16</sup> The first monitors the extent of federal protected areas (including indigenous lands) with territorial management instruments and the second monitors the deforestation rate in protected areas (federal, state PAs and ILs in Brazilian Amazon).

The indicator “area of indigenous lands (IL) and federal protected areas in Brazilian Amazon with territorial management instruments” monitors the evolution of territorial plans for territorial and environmental management (PGTA) of IL and management plans for PA. The use of those instruments in protected areas has significantly reduced deforestation in these areas.

A protected area management plan is a document that, based on general objectives, establishes its zoning and the rules to regulate the use of the area and the management of natural resources, including deployment of physical structures needed for unit management. IL PGTA is a tool to implement the National Policy for Territorial and Environmental Management of Indigenous Land (PNGATI), and can be defined as an instrument to highlight material and immaterial indigenous heritage,

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<sup>16</sup> The indicator “Area of states with Amazon biome with ecologic-economic zoning in the scale 1:250,000 (or larger) completed” was excluded as there was no area added over three consecutive years.

for the recovery, conservation and sustainable use of natural resources, ensuring improvement of quality of life and favorable conditions for physical and cultural preservation of current and future indigenous generations. Those plans express the leadership, autonomy and self-determination of indigenous peoples in negotiating and establishing internal agreements that strengthen territorial protection and control, and help implementing public policies for indigenous peoples.<sup>17</sup>

TABLE 13: AREA OF FEDERAL PA AND IL WITH TERRITORIAL MANAGEMENT INSTRUMENT (MANAGEMENT PLANS OR PGTA)

Protected areas (PA)	Number of federal PA and IL with territorial management instruments		Variation 2009/2016 (%)	Area (km <sup>2</sup> ) of federal PA and IL with territorial management instrument		Area variation (%) 2009/2016
	2009	2016		2009	2016	
Federal PAs	28	64	129	160,741	388,130	141
ILs	41	67	63	186,037	271,154	46
<b>Total</b>	<b>69</b>	<b>131</b>	<b>90</b>	<b>346,778</b>	<b>659,284</b>	<b>90</b>

Source: BNDES, based on data from ICMBio and FUNAI.

Based on analysis of data in Table 13 about protected areas with the territorial management instrument in the 2009-2016 period, we conclude that there was a considerable growth of protected areas in the Amazon that benefit from the existence of these instruments.

The Amazon Fund has supported several projects to strengthen and consolidate protected areas in the Amazon. In 2015, the first projects were approved to support the formulation and implementation of PGTAs, selected in the public call-to-submission promoted by the Amazon Fund to support territorial and environmental management in indigenous lands. In 2016, three new projects were approved, which shall benefit 22 indigenous lands in the Amazon, through the implementation of actions established in the PGTA plans of IL that already have this management instrument and the formulation of PGTA for ILs that still do not have this planning and management tool.

Table 14 shows deforestation rate variation in indigenous lands, federal and state protected areas in Brazilian Amazon.

TABLE 14: DEFORESTATION IN PROTECTED AREAS IN BRAZILIAN AMAZON

Protected areas (PA)	Number of protected areas	Deforestation rate in 2009 (km <sup>2</sup> )	Deforestation rate in 2015 (km <sup>2</sup> )	Variation (%)
Federal PAs	174	287.35	175.63	-39
State PAs	178	320.09	442.87	38
ILs	379	246.51	85.03	-66
<b>Total</b>	<b>731</b>	<b>853.95</b>	<b>703.53</b>	<b>-18</b>

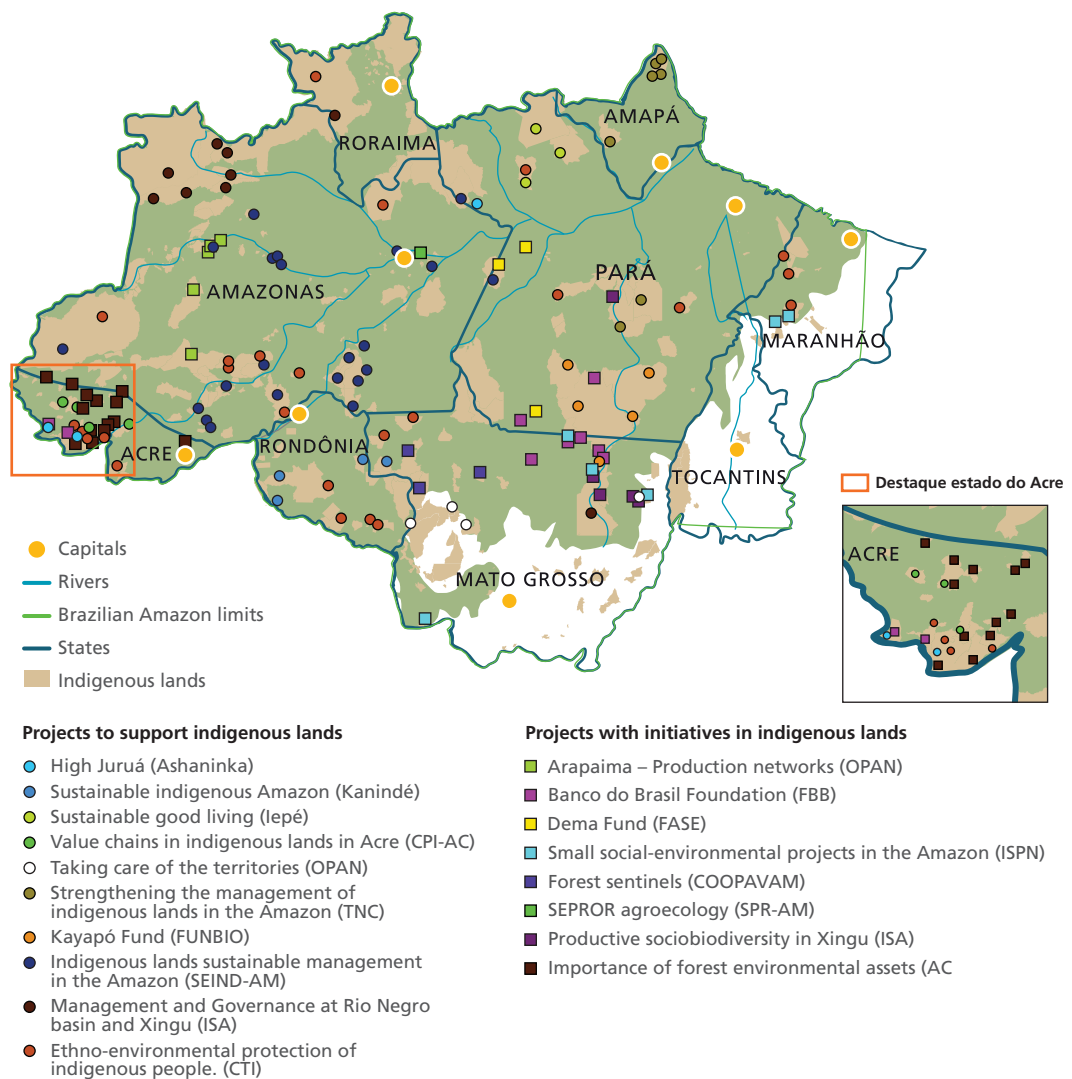
Source: BNDES, based on data from INPE/PRODES.

<sup>17</sup> PGTA definition is based on the document "Guidelines for Plans for Territorial and Environmental Management of Indigenous Lands," of the National Indigenous Foundation (FUNAI), of 2013.

Table 14 shows the deforestation rate decrease (-18%) in 731 federal and state protected areas (including indigenous lands) in Brazilian Amazon, considering the 2009-2015 period. The main highlight is the deforestation reduction in IL (-66%).

Considering the existing project portfolio to support indigenous peoples and new projects under analysis, one could state that the Amazon Fund has become an important partner in implementing Brazilian policies for indigenous peoples.

FIGURE 6: PROJECTS SUPPORTED BY THE AMAZON FUND IN INDIGENOUS LANDS



Source: BNDES, based on data from INPE/PRODES.

## Specific objective: (4) Science, technology and innovation activities contribute to the recovery, conservation and sustainable use of Brazilian Amazon (“scientific and technological development” component)

### Indicator: Number of requested or filed patents

To monitor the scientific and technological development component, the “number of requested or filed patents” indicator was selected. It allows a first assessment on the degree of strengthening of the regional innovation system.

TABLE 15: PATENT REQUESTS FILED BY RESIDENTS AT THE NATIONAL INSTITUTE OF INDUSTRIAL PROPERTY

Brazil	2009	2016	Variation (%)
	7,709	8,082	4.8
Amazon states	2009	2016	Variation (%)
Acre	3	4	33.3
Amazonas	63	38	-39.7
Amapá	3	2	-33.3
Maranhão	24	59	145.8
Mato Grosso	29	54	86.2
Pará	25	49	96.0
Rondônia	13	28	115.4
Roraima	1	0	-100.0
Tocantins	8	15	87.5
<b>Total</b>	<b>169</b>	<b>249</b>	<b>47.3</b>

Source: BNDES, based on data from INPI.

Between 2009 and 2016, there was 47.3% growth in the number of patent applications filed at the National Industrial Property Institute (INPI) by residents of Brazilian Amazon states. For the whole of Brazil, considering the same period, there was a 4.8% growth.

Despite significant growth in the number of patent applications in the past seven years, the number of patent applications filed in the region, in absolute numbers, is low (3.08% of total requests in Brazil).

The results prove the need to strengthen such important aspect for sustainable exploitation of resources in the region, improve deforestation monitoring, and also develop and enhance ways and methods for territorial planning.

The reasons leading to this scenario are complex and historically rooted. They range from differences in the levels of investment in higher education and research to factors such as the level of development of the industrial sectors of each of these states or regions.

Science and technology projects supported by the Amazon Fund aim to deal with this challenge through actions, such as building, renovating, or structuring centers of advanced studies for research in biotechnology; conducting surveys and processing geo-referenced biological and socioeconomic data; and developing models to estimate biomass and carbon sequestration in ecosystems.

### Summary of the monitoring of regional indicators related to the scope of the Amazon Fund

- 7% increase in the deforestation rate in Brazilian Amazon between 2009 and 2016. However, when comparing the average annual deforestation between 2010 and 2016 with the deforestation in 2009 (Amazon Fund's baseline), there was an 18% decrease in deforested areas.
- increased share of Brazilian Amazon in Brazil's GDP (2009-2013).
- 27% increase in volume and 38% increase in revenue of the extractive products monitored (2009-2015).
- increased decentralization of environmental management to municipalities (466%), increase in the number of authorizations issued by state environmental agencies (24%), and decrease in the number of state environmental agencies (-5%) in the 2009-2016 period.
- 90% growth of the extension (area) of federal protected areas and indigenous lands with territorial management instruments between 2009 and 2016; and an 18% reduction of deforested areas in state and federal protected areas (including indigenous lands) in Brazilian Amazon between 2009 and 2015.
- 47% growth in the number of patents filed at INPI by residents of the Brazilian Amazon states between 2009 and 2016.

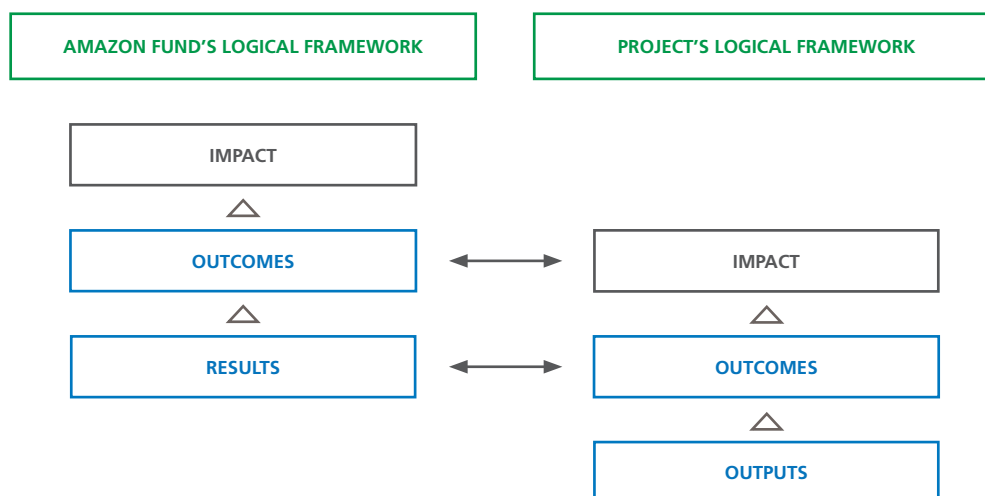
### Projects logical framework

For each project, a specific logical framework is built in dialogue with its beneficiaries and in a way that it integrates with the objectives defined in the Amazon Fund's Logical Framework.

Figure 7 presents how the projects' results and effects at the project level must contribute to the development of the four components and, thus, to achieve the Amazon Fund's general objective (impact).



FIGURE 7: SITUATION OF PROJECTS IN THE AMAZON FUND'S LOGICAL FRAMEWORK



## Monitoring and supervision of results of Amazon Fund projects

Several procedures are conducted for monitoring the projects supported by the Amazon Fund, in addition to monitoring the indicators of each project's logical framework, to prevent or solve situations that may jeopardize their implementation.

Each project's supervision period covers from signing the contract until the conclusion of commitments therein agreed to. To support supervision, the person in charge of executing the project funded by the Amazon Fund submits performance reports with the following information, among others: (i) summary of main activities carried out in the period; (ii) charts with uses and sources of the project, indicating total financial amount for the period and accumulation; and (iii) proof that the entity is compliant with its tax and labor obligations.

BNDES supervision also comprises verifying projects' physical and financial implementation, that is, confirming completion of planned activities and their corresponding record keeping, including visits to project facilities, whenever required, analysis of beneficiary financial data and verification that the terms stated in the contract are met. Each release of funds depends on the verification of compliance with the relevant norms and contract clauses.

Upon completion of the project, the beneficiary presents an evaluation report of its results. The main objective of this report is to consolidate information regarding the execution of supported project and its results and impacts. The document must also contain information on the progress of the project, monitoring of the indicators of its logical framework, future sustainability of results, problems that emerged during its implementation, and generated knowledge, and lessons learned.

## Results of projects supported by the Amazon Fund

The projects supported by the Amazon Fund are monitored individually. The activities carried out by projects in the execution phase are reported on the Amazon Fund website,<sup>18</sup> with a specific section for each supported project containing, among others, the following information: name of the organization responsible for implementing the project; territorial scope of the project and its beneficiaries; project value and value of the Amazon Fund's financial contribution; expected execution time; amounts already disbursed and dates of disbursements; context in which the project is situated and concise information about it; its objectives (intervention logic), and summary of activities already carried out.

To monitor the results of supported projects, an array of common indicators was developed that allow their consolidation providing a comprehensive view of outputs delivered and the corresponding impacts. In some cases, results are of qualitative nature, requiring individual analysis.

In addition to supervising projects during execution, the Amazon Fund publishes an assessment of results and impacts of each completed project. In the "Completed projects" chapter of this report, the reader finds information on two projects completed in 2016, including an assessment of their results and impacts. Thus, out of a portfolio of 86 supported projects, 12 were completed and their assessment was published in the Amazon Fund's annual reports. Whenever possible, there is an analysis of the impacts of the completed projects on the deforestation rate in their areas of influence. This report included new indicators that address the issue of gender equity in projects supported by the Amazon Fund.

Bellow are tables with the consolidation of outputs and impacts measured based on selected indicators from the logical framework of the projects supported by the Amazon Fund. In these tables, a color code was adopted to help identifying indicators according to their nature (output or impact).

### "Promotion of sustainable productive activities" component

By the end of 2016, support for sustainable productive activities accounted for 26% of Amazon Fund's projects portfolio. One of the objectives of PPCDAm is to promote a sustainable forestry economy through the fostering of products (timber and non-timber) and environmental services from the forest to create an economic alternative to preserve native vegetation.

The set of projects supported in this axis comprises, for example, extractive activities, processing (industrialization) of extractive and family agriculture products, production of food for own consumption, handicrafts and community-based tourism. The main products supported are rubber, seeds, handicrafts, cassava flour, cocoa, tourism, timber, honey, resin, soaps, oils, babassu and açai berry.

<sup>18</sup> Available from: <<http://www.fundoamazonia.gov.br>>.

TABLE 16: INDICATORS OF THE "PROMOTION OF SUSTAINABLE PRODUCTIVE ACTIVITIES COMPONENT (1)" – CUMULATIVE VALUES

Sustainable production indicators (component 1)	Until 2015 (cumulative)	Until 2016 (cumulative)	Variation 2016/2015 (%)
Workshops and training courses	569	700	23
Individuals trained in sustainable economic activities (total)	13,651	18,883	38
Individuals trained in sustainable economic activities (women)	*	887	-
Individuals trained in sustainable economic activities (indigenous individuals)	*	891	-
Strengthened community organizations	130	354	172
Small projects (R\$ 100,000) supported by coalescing entities**	2,609	2,626	1
Medium or large projects supported by coalescing entities	51	57	12
Rural properties with sustainable production projects	3,759	3,985	6
Rural properties benefiting from technical assistance	4,922	5,951	21
Processing units for products from family agriculture and extractive activity implemented	41	88	115
Individuals directly benefiting from activities supported (total)	86,158	105,650	23
Individuals directly benefiting from activities supported (women)	8,029	8,884	11
Forest area directly managed because of the projects supported (hectare)	9,246,417	9,523,015	3
Reforested area – hectare (regeneration in progress)	6,923	9,259	34
Recovered area used for economic purposes (hectare)	7,201	7,248	1
Individuals trained to implement sustainable economic activities effectively using acquired knowledge (total)	4,644	6,093	31
Revenue from unprocessed products (R\$ thousand)	50,016	64,196	28
Revenue from processed products market (R\$ thousand)	12,015	29,601	146

Source: BNDES.

\* New indicator without historical series.

\*\* The project concept in this case comprises, for example, the simple purchase of equipment for productive activities that have been collectively planned.

COLORS/LEGEND CODE	Output indicator	Impact indicator
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Data presented in Table 16 is cumulative, that is, the results measured in 2016 are added to data measured in previous years. It is observed, by comparing results between 2016 and 2015, that: (i) there was significant growth in the number of individuals trained to practice sustainable productive activities

(38%); (ii) the number of units for processing products from family agriculture and extractive activities more than doubled, implemented with Amazon Fund resources, from a total of 41 units until 2015 to a total of 88 units by the end of 2016; and (iii) there was significant growth in the number of community organizations strengthened, from 130 to 354 in a year.

Other important data to mention is the 34% growth in reforested area (regeneration in progress), and growth in the revenue obtained by communities with unprocessed products (28%), and of processed products (146%).<sup>19</sup> Revenue increase of sustainable productive activities shows that there is effective generation of income from economic activities that value the “standing forest” in projects supported by the Amazon Fund.

About 105,000 people have benefited directly from the activities supported by the Amazon Fund in this component, which represents a 23% increase in relation to 2015.

### “Monitoring and control” component

By the end of 2016, support for monitoring and control actions represented 47% of the value of the Amazon Fund’s projects portfolio. The “monitoring and control” axis has been recognized, in independent evaluations of the PPCDAm as the one that improved the most and, consequently, with the highest share in the reduction of deforestation in the Amazon since 2004.

Among the Amazon Fund’s supported actions, the following are highlighted: (i) expanding and strengthening the Rural Environmental Registration (CAR) as an instrument for rural environmental management and for deforestation monitoring in rural properties; (ii) expanding and enhancing satellite environmental monitoring conducted by INPE and deployment of a system to detect deforestation in the Amazon with orbital radar images conducted by the Operations and Management Center of the Amazonian Protection System (CENSIPAM) of the Ministry of Defense; and (iii) control of deforestation in Brazilian Amazon through inspections conducted by the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA).



<sup>19</sup> The revenue accounted for these two indicators does not include: (i) revenue received after completion of supported projects (revenue generated by projects are monitored from the baseline – ground zero – to completion); (ii) the value of produced and processed food by supported projects that is consumed by the respective communities, contributing to food security; and (iii) income of individuals trained in sustainable production techniques in cases of supported projects that did not include direct investment in productive activities.

TABLE 17: INDICATORS OF THE “MONITORING AND CONTROL (2)” COMPONENT – CUMULATIVE VALUES

Monitoring and control indicators (component 2)	Until 2015 (cumulative)	Until 2016 (cumulative)	Variation 2016/2015 (%)
Environmental agencies strengthened (federal, state and municipal agencies)	98	114	16
Civil servants trained (total)	2,660	4,422	66
Civil servants trained (women)	*	285	
Amount disbursed for projects to combat forest fires and illegal fires (R\$ thousand)	57,742	60,243	4
Individuals trained in monitoring technologies	312	312	0
Civil servants effectively trained using acquired knowledge (total)	*	1,707	
Rural properties registered in CAR (protocol)	207,564	281,031	35
Area of rural properties registered in CAR – protocol (ha)	57,042,458	68,317,504	20

Source: BNDES.

\* New indicator without historical series.

COLORS/LEGEND CODE	Output indicator	Impact indicator
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CAR implementation was defined by COFA as one of the priority actions to be supported by the Amazon Fund. Registration on CAR is an important step in the process of environmental regularization of rural properties – it fosters production systems to be more adapted to the Amazon and environmentally sustainable.

Furthermore, rural properties environmental assets and liabilities are identified through CAR, enabling management of these assets<sup>20</sup> and planning and implementation of actions to recover deforested areas that, according to the law, have to be reforested.

An important function of the CAR is that, in the case of land occupied by settlers with no legal titles, through this register these settlers are formally identified, making it possible to make them responsible for environmental crimes in these rural establishments.

Regarding the set of indicators that monitor the evolution of the monitoring and control component, the growth in the number of civil servants trained for various activities concerning environmental management must be highlighted – total number of 4,422 in 2016, a 66% growth when compared with the number of civil servants trained until 2015.

As concerns effectiveness, the number of properties registered in the CAR grew by 35% in a year, with 281,000 registered properties with the Amazon

<sup>20</sup> The owner or possessor of property with legal reserve conserved and registered with CAR, whose area exceeds the minimum required by the Brazilian legislation may, for example, use the surplus area to constitute environmental reserve quotas, and such quotas may be negotiated to meet legal reserve requirements of another property.

Fund support, corresponding to an area of approximately 683 thousand km<sup>2</sup>. By way of comparison, this area corresponds approximately to the sum of the territories of the Amazon Fund's main donors, that is, Norway and Germany.

The Amazon Fund also supports actions for preventing and fighting forest fires and illegal fires. Find below, a preliminary assessment of some impacts already identified in five projects implemented by the Amazon Military Fire Departments (CBM) in the following states: Acre, Mato Grosso, Pará, Rondônia, and Tocantins. All these projects are at an advanced stage of implementation, and the Acre CBM project was completed in 2016 (refer to assessment of this project in chapter "Completed projects").

The total amount committed by the Amazon Fund to these projects is R\$ 62,776,480.00, out of which about R\$ 60 million have already been disbursed. The aim is to support actions to monitor, prevent, and fight deforestation caused by forest fires and unauthorized burnings in these states through an integrated set of actions, such as physical and operational structuring of CBM units and training.

In 2016, the Amazon Fund held a workshop with executors of these projects concerning the subject of monitoring and evaluation of impacts of projects to prevent and fight forest fires. This workshop also had participation of the Ministry of Environment and INPE representatives, along with German technical cooperation staff that organized the workshop (GIZ).<sup>21</sup> GIZ and the Amazon fund's staff prepared a manual to help the military fire departments to monitor the impacts of the supported projects.<sup>22</sup>

Table 18 shows some of the indicators monitored in these projects. The heat spots in the area covered by the projects are highlighted, as well as the heat spots checked by the firefighters and fires and burning controlled by CBMs. It is important to mention that CBM's checking activity is to determine whether the heat spots identified by satellites or other remote monitoring actually represent forest fires or unauthorized burnings.

Heat spots are influenced by seasonal factors, varying greatly from year to year due to periods of high rainfall or drought. To mitigate this fact, the baselines of this indicator adopted the average of ten years prior to initial implementation of each project. Therefore, the growth or reduction of hot spots is not exclusively related to CBM performance.

It is worth mentioning that there is still no official information available on the size of burned areas, although it is expected that INPE will provide such information in the future.

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<sup>21</sup> Further information about the Amazon Fund's technical cooperation with the GIZ can be found in the chapter "Governance and fundraising" of this report.

<sup>22</sup> This guide is available on the Amazon Fund website: <<http://www.fundoamazonia.gov.br>>

TABLE 18: CONSOLIDATION OF IMPACT INDICATORS OF THE PROJECTS BY THE MILITARY FIREFIGHTERS CORPS SUPPORTED BY THE AMAZON FUND

Monitoring project indicators of CBMs supported by the Amazon Fund				
Indicator	State (baseline year) (Territorial scope)	Baseline	2015	Variation (%)
Number of heat spots in the area of scope of the project	ACRE (2011) (state)	4,131	5,512	33%
	MATO GROSSO (2012) (15 municipalities)	5,020	3,694	-26%
	PARÁ (2013) (state)	30,925	45,202	46%
	RONDÔNIA (2012) (14 municipalities)	5,738	8,298	45%
	TOCANTINS (2012) (31 municipalities)	899	1,095	22%
<b>TOTAL</b>		<b>46,713</b>	<b>63,801</b>	<b>37%</b>
Number of heat spots checked by CBM	ACRE	562	2,052	265%
	MATO GROSSO	0	3,473	
	PARÁ	4,105	8,787	114%
	RONDÔNIA	452	663	47%
	TOCANTINS	710	1,003	41%
<b>TOTAL</b>		<b>5,829</b>	<b>15,978</b>	<b>174%</b>
Number of forest fires or unauthorized burnings directly fought by CBM	ACRE	281	1,026	265%
	MATO GROSSO	0	323	
	PARÁ	596	2,835	376%
	RONDÔNIA	409	596	46%
	TOCANTINS	710	1,003	41%
<b>TOTAL</b>		<b>1,996</b>	<b>5,783</b>	<b>190%</b>

Source: BNDES, based on data from INPE (BDQueimadas) and on monitoring plans for CBM's projects supported by the Amazon Fund.

As an aggregate result, there was a 37% increase in heat spots in the areas covered by the projects in the five states. At the same time, CBM ability to check these heat spots increased by 174%, which means an increased ability to identify forest fires and unauthorized burnings. At the same time the number of forest fires and unauthorized burnings directly fought by CBM registered an increase of 190%, representing a regional improvement on fire fighting.

In the CBM project coverage area in the state of Mato Grosso, there was 26% decrease in the number of heat spots. The indicator "number of heat spots checked" was not monitored before project implementation – since there were few activities of heat spots checking in the past. Thus, it is interesting to highlight that, with the Amazon Fund's support, the Mato Grosso CBM capacity to fight forest fires and unauthorized burnings was structured. In 2015, 94% of heat spots identified by satellite were checked and 323 fires were controlled in that year.

In the other states there was an increase of heat spots. In Acre, the ability to check and fight fires saw a four-fold increase, while the number of heat spots increased by 33%. In Pará, the number of heat spots has doubled and the amount of forest fire fighting missions has quadrupled, considering that heat spots increased by 46%. The efficiency of forest fire checking and fighting actions increased in Pará, not only due to new equipment for CBM but also because rapid response operations (RRO) were set up in the state and a new group of firefighters was established in the municipality of Itaituba.

In Rondônia, checking and fighting forest fires increased by 47% in comparison to the baseline, whereas heat spots increased by 45%. In Tocantins, the ability to check and fight forest fires has risen by 41% in comparison to the initial situation scenario. Thus, it means that 91% of the heat spots were checked and controlled in the 31 municipalities covered by the project.

Although there is no indicator for burned forest areas, based on the analysis of the aforementioned indicators, one can conclude that the ability to check heat spots and fight forest fires and unauthorized burnings has significantly increased in the five states supported by the Amazon Fund. Based on monitored data, we observed that at the beginning (baseline) of these projects, within a year, CBM fought 1,996 forest fires in the territories covered by the projects. This number increased to 5,783 controlled fires in 2015. Such information implies that the fund's support contributed to an additional control 3,787 forest fires (or unauthorized burnings) in 2015, compared with the number of fires controlled at the beginning of the five supported projects (baseline).

However, there is still a lot of work to be done to expand the actions of forest firefighting to other territories (from a group of states and municipalities to the whole Brazilian Amazon). Furthermore, more efforts are necessary to increase responses in absolute terms, considering the large number of heat spots and the limited ability to check and fight fires in the states supported by the project, despite the significant progress already achieved by the five projects supported by the Amazon Fund.

Finally, it is important to highlight that the Amazon Fund's support to the public sector does not include the payment of salaries for civil servants or military firefighters.

### “Land-use planning” component

By the end of 2016, the support for land-title regularization and land-use planning represented 13% of the Amazon Fund's projects portfolio. Forest occupation is intrinsic to the process of development in the region and needs to be planned. Among available instruments, we highlight the Amazon Fund's support to consolidate management of protected areas (PA) and to implement the National Policy for Indigenous Environmental and Territorial Management (PNGATI).



TABLE 19: "LAND-USE PLANNING (3)" INDICATORS – CUMULATIVE VALUES

Land-use planning indicators (component 3)	Until 2015 (cumulative)	Until 2016 (cumulative)	Variation 2016/2015 (%)
Protected areas supported	94	106	12
Indigenous lands supported	*	86	
Indigenous people directly benefited from Amazon Fund's support	22,352	27,244	22
People trained for management of public forests and protected areas (total)	362	683	89
People trained for management of public forests and protected areas (indigenous people)	0	152	100
People trained for management of public forests and protected areas who are effectively implementing the knowledge acquired	*	339	
Protected areas created (km <sup>2</sup> )	7,083	7,083	0
Extension of protected areas with environmental management or control of protected territory strengthened (km <sup>2</sup> )	199,417	397,417	99

Source: BNDES.

\* New indicator without historical series.

COLORS/LEGEND CODE	Output indicator	Impact indicator
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The importance of federal and state PA and the relevant contribution of IL for conservation of forests and natural resources are shown upon comparing the Brazilian Amazon deforested areas (about 19% of the original forest cover – or 15% of the Brazilian Amazon total area)<sup>23</sup> with the deforested area of these PA and IL (approximately 2.5% of their total area). That is, the existence of protected areas works as an important inhibitor of deforestation activities, and these areas (PA and IL) correspond to 47% of the Brazilian Amazon's total area.

The Amazon Fund has increased support for projects that benefit indigenous peoples, which can be observed in the evolution of the indicator that measures the number of indigenous people who directly benefit from supported projects, such number rose by 22% in 2016, amounting to over 27 thousand indigenous people. As aforementioned in this report, in 2016 three new projects were approved and shall benefit 22 ILs in the Amazon. It must be pointed out that investments in sustainable productive activities in ILs and PAs (of sustainable use) are monitored in the "sustainable production (1)" component of the Amazon Fund's Logical Framework.

There has also been improvement in the indicator that monitors the number of people trained in activities related to managing public forests and protected areas, which increased by 89% in 2016, amounting to 683 individuals, out of which 152 are indigenous people.

The indicator that monitors the extent of protected areas with environmental management or strengthened control of their territory practically doubled in

<sup>23</sup> Source: INPE/PRODES: <<http://www.dpi.inpe.br/prodesdigital/prodesmunicipal.php>>.

cumulative values from 2015 to 2016. Now there are about 400 thousand km<sup>2</sup> of protected areas (PAs and ILs) that benefit from actions of the Amazon Fund for consolidating management or territory control, comprising investments (already made or in the process of execution) such as:

- I. deployment of monitoring structures and carrying out inspection expeditions;
- II. new small food processing units (flour houses and sugar cane mills);
- III. construction of structures for storing extractive production;
- IV. installation of equipment for photovoltaic power generation in indigenous communities;
- V. construction of houses to host tourists;
- VI. structuring of sociobiodiversity products chains (açai berry, Brazil-nut, cocoa, timber, oilseeds, pirarucu fish, handicraft etc.) that generate income for communities living in the forest; and
- VII. food production to ensure food security of these communities through agroforestry systems, turtles and fish management, exploitation of meliponiculture etc.

## “Scientific and technological development” component

By the end of 2016, the support for scientific and technological development actions represented 14% of the Amazon Fund’s projects portfolio. Support for this axis has strategic and cross-sectional character, and it benefits the other components.

TABLE 20: INDICATORS OF “SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT (4)” COMPONENT – CUMULATIVE VALUES

Indicators of scientific and technological development (component 4)	Until 2015 (cumulative)	Until 2016 (cumulative)	Variation 2016/2015 (%)
Total amount disbursed for scientific and technological research (R\$ million)	34.0	55.8	64
Number of researchers and technicians involved in scientific and technological research activities living in the Amazon during project execution	260	274	5
Number of scientific, pedagogical, or informational publications produced	92	111	21

Source: BNDES

COLORS/LEGEND CODE	Output indicator	Impact indicator
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Analysis of Table 20 shows that, in 2016, disbursements for scientific and technological development projects rose significantly (64%) over cumulative total disbursements for this component until 2015.

Main projects under execution are: National Forest Inventory – Amazon, under the responsibility of the Brazilian Forest Service (SFB); Amazon Integrated Project, implemented by the Brazilian Company for Agriculture and Cattle-Raising Research (EMBRAPA); Monitoring Forest Coverage in the Amazon Region, under the responsibility of ACTO; and Environmental Monitoring by Satellite in the Amazon Biome, of INPE.

The projects by ACTO and INPE also contribute with actions to the Amazon Fund's "monitoring and control" component. However, the values registered in the "total value disbursed for scientific and technological research" indicator in Table 18 refer exclusively to investments related to the "scientific and technological development" component.

The chapter "Completed projects" presents the results of the project Amazon Public Policies Incubator, developed under the Center for Advanced Amazonian Studies (NAEA), a center for graduate studies linked to the Federal University of Pará (UFPA). This project promoted interdisciplinary research on socioeconomic and environmental impacts from the expansion of the Amazon's economic frontier.

The first stage of research was conducted in all Brazilian Amazon states based on data from secondary sources and generated indicators and information that pointed to the mesoregions, in each of those states, with the highest socioenvironmental vulnerability.

In the second stage of research, action-research activities were conducted with representatives of social, economic, educational institutions and local policies for the characterization of the ecological, economic and social system; evaluation of socioeconomic dynamics; evaluation of recent experiences of natural resources management in each mesoregion, and priority actions were proposed to overcome the problems identified.

The set of these results was consolidated in four books organized as a collection called Regional Formation of the Amazon. The knowledge generated by this research is available for those interested in the Amazon region development, having already supported the work developed by the Amazon Fund itself in its process of analysis and granting of financial support to projects.

## Amazon Fund safeguards

Decision 1/CP.16 of the United Nations Framework Convention on Climate Change (UNFCCC) defined the safeguards for Reduce Emissions from Deforestation and Forest Degradation (REDD+). The safeguards form a set of seven guidelines to enhance positive socioenvironmental impacts and reduce negative impacts related to REDD+ activities. REDD+ safeguards are also known as Cancun safeguards because the Mexican city hosted the 16th Conference of the Parties (COP 16) in 2010.

These safeguards should ensure that REDD+ initiatives address appropriately sensitive issues, such as the rights of indigenous peoples and traditional communities, social participation, preservation of natural ecosystems, the

permanence of REDD+ results achieved, and the risk of displacing the pressure for deforestation and forest degradation to other areas.

REDD+ initiatives should promote and support:

- I. actions complementary or consistent with the objectives of national forest programmes and relevant international conventions and agreements;
- II. transparent and effective national forest governance structures, taking into account national legislation and sovereignty;
- III. respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples;
- IV. full and effective participation of stakeholders, in particular indigenous peoples and local communities;
- V. actions consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of Decision 1/CP.16 are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits;
- VI. actions to address the risks of reversals of REDD+ results; and
- VII. actions to reduce the displacement of carbon emissions to other areas.<sup>24</sup>

The Amazon Fund was set up before approval of the Cancun safeguards, but since its creation, its guidance committee (COFA) established a set of guidelines and criteria that – associated with BNDES' operational policies – have worked as its safeguards.

The Amazon Fund is adjusting its processes to verify compliance with Cancun safeguards in project analysis, as well as during project monitoring activities and project effectiveness evaluations. It should be noted that the Cancun safeguards are presently being systematized by the National Commission for REDD+ (CONAREDD+).

Brazil started, in 2015, developing its National REDD+ Safeguards Information System (SISREDD+), and the Ministry of Environment is responsible for its coordination. The Thematic Advisory Board on Safeguards – created in the CONAREDD+ scope – is composed of experts and representatives of civil society and of public and private entities. Its mission is to develop SISREDD+. When operations are initiated, the SISREDD+ shall make information available to society as a whole.

Brazil already submitted the 1st Safeguards Summary<sup>25</sup> to the UNFCCC with information about how Cancun safeguards were addressed and complied with in Brazil during the implementation of actions to reduce emissions from

<sup>24</sup> Previous Text on safeguards extracted from the Ministry of Environment website: <<http://redd.mma.gov.br/pt/salvaguadas>>.

<sup>25</sup> "Summary of information on how the Cancun safeguards were addressed and respected by Brazil throughout the implementation of actions to reduce emissions from deforestation in the Amazon biome between 2006 and 2010": <[http://redd.unfccc.int/files/brazil\\_safeguards\\_summary\\_final20150508.pdf](http://redd.unfccc.int/files/brazil_safeguards_summary_final20150508.pdf)>

deforestation in the Amazon biome between 2006 and 2010. This summary shall be updated by the aforementioned Thematic Advisory Board on Safeguards also considering actions supported by the Amazon Fund.

Annually, the Amazon Fund undergoes a compliance audit, designed to ensure compliance, among others, with the guidelines and criteria established by COFA for the approval of projects. Additionally, from 2016 on, evaluations of completed project effectiveness have been conducted, in which independent evaluators state their opinion on the compliance of the projects supported by the Amazon Fund with the Cancun safeguards.<sup>26</sup>

## Evaluation of effectiveness

The Amazon Fund's portfolio has 86 projects, of which 12 have been completed. Results and impacts of the completed projects were evaluated by the staff responsible for their execution. Information on these projects and their impacts are published in the Amazon Fund annual reports and also on the Fund's website.

In 2016, with technical support of GIZ, a conceptual framework to evaluate the effectiveness of projects implemented with resources from the Amazon Fund was prepared and published.<sup>27</sup> Also, during that year, two of the first projects completed with support from the Fund were evaluated: (i) Amazon Olhos d'Água project, implemented by the Municipality of Alta Floresta, in the state of Mato Grosso; and (ii) Portal Seeds project, conducted by the Ouro Verde Institute, in seven cities in the far north of the state of Mato Grosso.

Evaluations of these two projects are part of the strategy of ex post evaluations of completed projects (about two or three years after completion); however, future evaluation of projects may also be conducted in groups, due to an interest in analyzing the effectiveness of the fund's support to sectors or territories, or according to other specific criteria. The two independent evaluations conducted in 2016 may also be found on the Amazon Fund's website.<sup>28</sup>

Conducting evaluations of effectiveness under the Amazon Fund has the following main purposes:

- I. help the Amazon fund in reporting to its donors the types of supported projects and their impacts;
- II. enable institutional learning for the fund itself, contributing to improving the quality of projects and prioritize investments, thus aiding the decision-making process;
- III. check compliance by the supported projects with the Cancun safeguards; and
- IV. check projects' adherence to PPCDAm and with state plans for prevention and control of deforestation.

<sup>26</sup> These evaluations can be found on the Amazon Fund website: <<http://www.fundoamazonia.gov.br>>

<sup>27</sup> Available from: <<http://www.fundoamazonia.gov.br>>

<sup>28</sup> Available from: <<http://www.fundoamazonia.gov.br>>

In 2016, KfW – the German Development Bank that donated EUR 21 million to the fund – carried out an ex-post evaluation of the Amazon Fund. The KfW noted that it was not a definitive evaluation, since the Amazon Fund continues to operate and has a portfolio of projects that, in most cases, are in the execution phase.

The objective was to evaluate the viability of the Amazon Fund's concept, its award mechanism and the strategic direction of the project portfolio. It was concluded that the fund has become one of the pillars supporting the national plan to combat deforestation in the Amazon biome (PPCDAm), that its projects portfolio implements the elements of a REDD+ strategy effectively and that it has the potential to follow on from Brazil's accomplishments in fighting deforestation and complement them with forest protection and sustainable production measures.

In this evaluation five aspects of the fund's operation were observed and classified: relevance, effectiveness, efficiency, impact and sustainability of results. The overall rating of these aspects assigned grade 2 in the general classification of the fund's operation, that is, the second highest grade in a scale of 1 to 6. That means, according to KfW evaluation, that the Amazon Fund's performance is good, fully in line with expectations and without significant shortcomings.<sup>29</sup>

## Amazon Fund risk management

Risk management is an integral part of the Amazon Fund's management and of the projects that it supports. External factors that can affect execution of projects or permanence of achieved results are considered risks.


For the Amazon Fund risk management, the following guidelines were set:



- presentation of the risks identified based on the logical framework, relying on the intervention logic represented by the Amazon Fund's impact and outcomes;
- evaluation regarding the probability of occurrence of each risk identified; and
- definition of measures to mitigate risks, whenever possible, by the Amazon Fund or other actors.

Risk management is carried out through periodic review of risks behavior and effects of mitigation measures. In the review of risks held in 2016, a new risk was introduced ("new strategies and technologies are incorporated by offenders to deforest illegally"), concerning the growth of environmental crime through the use of technological resources by criminals to deforest areas with lower risk of detection of environmental crimes. Additionally, the risk of insufficient actions for inspection and fight against deforestation was reassessed from medium to high, due to a 29% hike in deforestation rate in the Amazon in 2016.

<sup>29</sup> Available at: <[https://www.kfw-entwicklungsbank.de/PDF/Evaluierung/Ergebnisse-und-Publikationen/PDF-Dokumente-A-D\\_EN/Brasilien\\_Amazonienfonds\\_2016\\_E.pdf](https://www.kfw-entwicklungsbank.de/PDF/Evaluierung/Ergebnisse-und-Publikationen/PDF-Dokumente-A-D_EN/Brasilien_Amazonienfonds_2016_E.pdf)>

GENERAL OBJECTIVE (IMPACT)			
Intervention logic	Identified risks	Probability	Response/risk mitigation
Reduction of deforestation with sustainable development in Brazilian Amazon	Migration flows in the Amazon affect the environment		<p>There is a pioneering front that advances deforesting forests in Western and Southern Pará and Southern Amazonas, the so-called "arch of deforestation," with the expansion of farming and cattle-raising activities.</p>
			<p>Another point of pressure on the forest are major infrastructure projects in the Amazon, such as dams and paving of roads, which have caused migration of workers and eased access to the region.</p> <p>The Amazon Fund supports projects to address these pressures on all their fronts. In 2016, projects to monitor and repress illegal deforestation were approved, and projects that support the consolidation of IL management that are located in the area of great infrastructure projects. The Amazon Fund continues to assess the risk as medium level.</p>
Reduction of deforestation with sustainable development in Brazilian Amazon	New strategies and technologies are incorporated by offenders to deforest illegally		<p>Those responsible for deforestation have enhanced their capacity with new strategies and incorporation of new technologies to deforest illegally, using territorial information and geographic information systems (GIS). Based on these preliminary activities, they search, for example, for unoccupied areas to deforest for multiple purposes (logging, farming, and cattle-raising activities).</p>
			<p>It is necessary to accelerate the process of allocation of public land plots (where 25% of deforestation in the Amazon in 2016 occurred), and implement on a larger scale environmental control instruments, such as CAR (32% of deforestation in the Amazon in 2016 occurred in private areas).</p> <p>The Amazon Fund has supported systematically the improvement of deforestation monitoring tools with the use of satellite images, so deforestation can be detected in areas where it was not previously visible and in increasingly smaller polygons, in addition to the priority support it has provided to CAR. The Amazon Fund assesses the risk as medium level.</p>
Reduction of deforestation with sustainable development in Brazilian Amazon	Changes in the Brazilian environmental legislation reduce forest protection		<p>The new Forest Code (Law 12,651/12) may enable recognition of environmental surpluses, which allows for legalized deforestation in the Amazon. Furthermore, this regulation introduced rural environmental registry (CAR), the environmental regularization programs (PRA) and the environmental reserve quotas (CRA). Together, these new instruments should reduce deforestation, promote recovery of altered areas and create opportunities for financial compensation for the owners with surplus environmental assets.</p>
			<p>The Amazon Fund supports the registration with CAR, electronic registry that has inhibitory effect on deforestation by integrating environmental information concerning rural establishments. It also supports validation of the enrollment in CAR by environmental agencies, an important step in the process of rural producers' regularization, which shows its use as an instrument for environmental management and monitoring.</p> <p>Many of the new environmental management instruments introduced in 2012 are in the implementation phase, and it is early to assess the impact of the new legislation regarding protection of forests. Therefore, the Amazon Fund continues to assess the risk as medium level.</p>
Reduction of deforestation with sustainable development in Brazilian Amazon	Climate changes cause prolonged periods of drought and forest fires		<p>The latest projections on climate change in Brazil carried out by the Brazilian Panel on Climate Change (PBMC) estimate a decrease in rainfall in the Amazon biome that will lead to an increase in the intensity of the dry season and in the frequency of fire, both accidental and man-made. There were two severe droughts one in 2005 and another in 2010.</p>
			<p>To mitigate this risk, the Amazon Fund, in addition to supporting actions for forest conservation and repression of deforestation, also supports military firefighter's corps projects in the Amazon, to strengthen the capacity of preventing and combating forest fires and unauthorized burnings, and a project for operational strengthening of Brazil's National Center for Wild Fire Prevention and Combat (PREVFOGO). The Amazon Fund continues to assess the risk as high level.</p>

COMPONENT 1			
Intervention logic	Identified risks	Probability	Response/risk mitigation
Activities that preserve the forest are economically attractive in Brazilian Amazon	Economic problems affect the development of a sustainable forest-based economy		<p>In 2015 and 2016 Brazil experienced economic recession. Production in the manufacturing industry, trade sales, and construction were reduced, and that caused unemployment to rise. However, economic activities in the North of Brazil, where the Amazon is located, started to show signs of gradual upturn in the last quarters of 2016.</p> <p>Despite the economic crisis, there was revenue increase in the forest-based production chains supported by the fund. The chains of açai berry and Brazil-nut had, together, an annual revenue growth (adjusted by inflation) of 6% between 2014 and 2015.</p> <p>The Amazon Fund has supported organization and expansion of forest-based production chains and environmental sustainability of agricultural activities of small rural producers, in addition to contributing – by supporting actions to monitor and structure environmental agencies – to environmental sustainability of regional agribusiness activities. Considering this situation, the Amazon Fund assesses the risk as medium level.</p>

COMPONENT 2			
Intervention logic	Identified risks	Probability	Response/risk mitigation
Governmental actions ensure the conformity of human activities to the environmental legislation	Implementation of agrarian reform policies inconsistent with environmental policies		<p>In a preliminary analysis of deforestation by land use category, it was observed that, in 2016, agrarian reform settlements accounted for 29.9% of the total deforested area in the Brazilian Amazon, higher participation than the annual mean for the 2004–2015 period (24.5%), which shows that settlements are increasingly responsible for increased deforestation in the Amazon.</p> <p>The current agrarian reform policy seeks to contribute to reducing deforestation in settlements and is consistent with the main environmental policies for preservation and sustainable use of forests in the Amazon, especially with advancing actions in the scope of the Green Settlements Program promoted by the National Institute for Colonization and Agrarian Reform (INCRA).</p> <p>The Amazon Fund has contributed to mitigate this risk through projects supporting implementation of CAR in areas of agrarian reform settlements and of projects that support sustainable production in that land category. Such support should be expanded in short term. The Amazon Fund continues to assess the risk as medium level.</p>
Governmental actions ensure the conformity of human activities to the environmental legislation	Insufficient actions for inspecting and curbing deforestation to ensure competitiveness of sustainable forest-based economy		<p>Curbing illegal logging, which has lower costs when compared to legal activities, is one of the main components for developing a legal and competitive timber economy.</p> <p>For such curbing to be effective, it is necessary to not only continue but to also expand the scope of the fight against illegality, implementing new surveillance practices and enhancing technologies being used. It is also necessary to increase the level of coordination of the actors involved in command and control activities.</p> <p>The Amazon Fund has supported, through various projects, actions for monitoring, surveillance and curbing of environmental crimes. In 2016, it approved a new project to support IBAMA's environmental surveillance and deforestation control activities in the Brazilian Amazon.</p> <p>Given the large territorial scale of the Amazon, the impact of deforestation which grew by 29% in 2016, and, especially, fiscal restrictions imposed on governments as a result of the economic recession, the Amazon Fund has reassessed this risk as high level.</p>



COMPONENT 3			
Intervention logic	Identified risks	Probability	Response/risk mitigation
Brazilian Amazon is submitted to land-use planning	Increased land demand for planting and cattle-raising	<p>○</p> <p>●</p> <p>○</p>	<p>Between 2009 and 2015, the area allocated to soybean plantations in municipalities of Brazilian Amazon grew by 66% (from 6.7 million to 11.2 million hectare) and the number of bovine cattle has increased by 12% (from 74 million to 84 million heads). During the same period, annual deforestation rates in Brazilian Amazon have dropped by approximately 17%, to 6,207 km<sup>2</sup> (620,000 hectare) in 2015.</p> <p>The Amazon Fund has supported actions for monitoring and control of deforestation, development of sustainable forest-based productive activities, and environmental regularization of rural properties in the Amazon, and actions that contribute to improve agricultural productivity, such as the implementation of units to demonstrate good practices in cattle-raising and improving pasture management practices. The Amazon Fund continues to assess the risk as medium level.</p>

COMPONENT 4			
Intervention logic	Identified risks	Probability	Response/risk mitigation
Science, technology and innovation activities contribute to the recovery, conservation and sustainable use of Brazilian Amazon	Qualified technical staff and researchers leave the region	<p>○</p> <p>●</p> <p>○</p>	<p>The number of PhDs per thousand inhabitants in Brazilian Amazon is significantly lower than in the rest of the country. The number of research groups is also the lowest compared with other regions of Brazil. Brazilian Amazon still lacks investment in scientific and technological activities.</p> <p>In 2016, the Amazon Fund continued to support scientific and technological development and to create conditions for researchers to stay in the region by means of financing in order to promote the production and dissemination of knowledge and technology for recovery, conservation and sustainable use of the biodiversity of the Brazilian Amazon; to produce information about forest resources, carbon stocks, and the use of territory by the population in the region; and to produce and disseminate technologies for processing radar images and developing other knowledge and technologies to monitor the Amazon.</p> <p>The process of strengthening research and science infrastructure, technology and innovation in the Brazilian Amazon is slow. Therefore, there is still significant risk of qualified technical staff and researchers leaving the region. The Amazon Fund assesses that the risk is still medium level.</p>





**Projects  
completed**

# Projects completed in 2016

## Acre: Zero Forest Fires

### RESPONSIBLE FOR THE PROJECT

State of Acre/Military Fire Brigade of the State of Acre (CBMAC)<sup>31</sup>

### TERRITORIAL SCOPE

State of Acre

### BENEFICIARIES

Acre population

### OBJECTIVE

Support actions to monitor, prevent and combat deforestation from forest fires and unauthorized burnings in the state of Acre

### TOTAL COST OF THE PROJECT

US\$ 6,922,202.62

R\$ 13,337,700.00

### AMAZON FUND SUPPORT

US\$ 6,892,624.83

R\$ 13,280,700.00

### IMPLEMENTATION PERIOD

3rd quarter 2012 to 4th quarter 2016

### PROGRESS OF THE PROJECT

#### DATE OF APPROVAL

5.8.2012

#### DATE OF CONTRACT

7.5.2012

#### TOTAL AMOUNT DISBURSED

US\$ 6,892,624.83

R\$ 13,280,700.00

#### TOTAL DISBURSED IN RELATION TO THE AMAZON FUND SUPPORT

100%



<sup>31</sup> <[www.bombeiros.ac.gov.br](http://www.bombeiros.ac.gov.br)>

## Context

In 2005, thousands of forest fires occurred in the state of Acre, driven by the severe drought that hit the territory. It is estimated that this year an area of over 337,000 hectares of forest was affected by fires in the eastern region of the state. In 2010, the state declared an environmental alert due to the high incidence of forest fires and uncontrolled burning in the territory.<sup>32</sup>

It is believed that these occurrences are related to global warming and its impact on the frequency and intensity of rainfall. Scientists at the National Institute for Space Research (INPE) concluded from the analysis of a historical series of rainfall data about the Amazon basin region – with measurements since 1902 – that the 2010 drought was the most drastic ever recorded, being more critical than that of 2005, until that time considered the biggest of the century in the Amazon.<sup>33</sup>

Considering this, in 2011 the state government released the Integrated Plan for the Preventing, Controlling and Fighting against Burning and Forest Fires in the state of Acre, to integrate federal, state, municipal, and private sector institutions, as well as society in general, for the development of actions of prevention, control, and combat against burning and forest fires in the state of Acre.

This plan provides for a wide range of measures for the prevention and combat of uncontrolled burning and forest fires, including educational actions for the rural population regarding the use of alternative burning techniques for agricultural practices, support for the formation of civilian fire brigades, and firefighting actions for the Military Fire Brigade of the State of Acre (CBMAC).

## The project

The project contributed to structure Education, Protection, and Combat of Forest Fires of the CBMAC headquarters, located in five regions of the state, through the acquisition of special vehicles, tanks, kits for combating forest fires as well as other equipment.

CBMAC officers were also trained in forensics, auditing and environmental management in graduate university courses. Civilian volunteers were also trained in techniques of prevention and fighting of burning and forest fires.

## Intervention logic

The project is part of the monitoring and control component (2) of the Amazon Fund's Logical Framework. Its specific objective, which defined the immediate impacts of the project, was defined as: Military Fire Brigade of the State of Acre (CBMAC) better structured for monitoring and combating deforestation caused by forest fires and unauthorized burning.

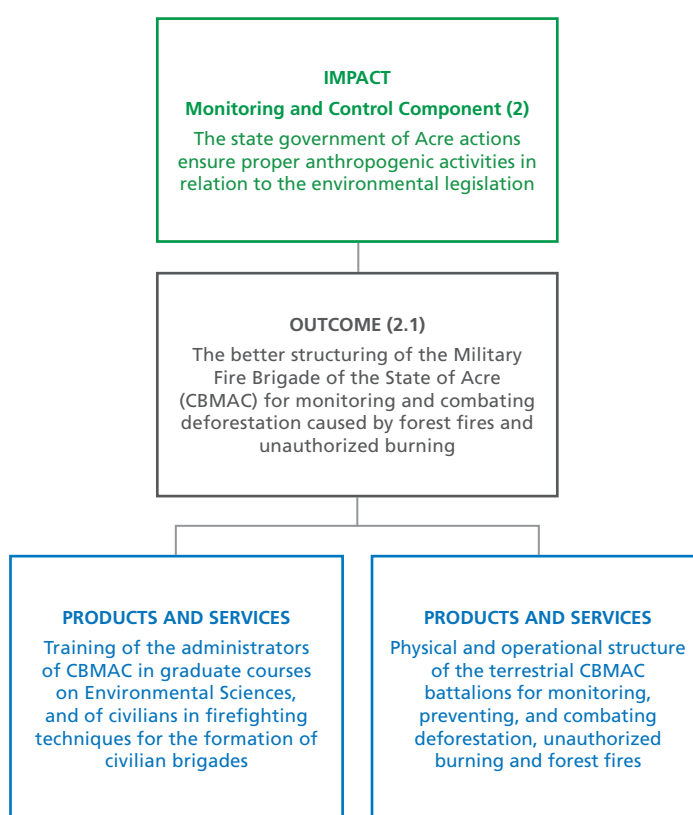
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<sup>32</sup> Source: Integrated Plan for Preventing, Controlling and Fighting Burning and Forest Fires in the State of Acre.

<sup>33</sup> Refer to <[http://www.inpe.br/noticias/noticia.php?Cod\\_Noticia=2639](http://www.inpe.br/noticias/noticia.php?Cod_Noticia=2639)>.

The severity and frequency of forest fires and burning are related to the occurrence of prolonged periods of drought, the use of fire in productive activities and also to being one of the stages of unauthorized deforestation for land grabbing,<sup>34</sup> when, after the removal of larger (and more valuable) trees, fire is used for the opening of new areas for livestock breeding and agriculture purposes.

The CBMAC structuring to improve and expand the monitoring and combating of forest fires, as well as training civil volunteers in techniques to prevent and fight against forest fires, contribute directly to reduce vegetation cover loss resulting from forest fires and burning. This, in its turn, contributes to the general objective of the Amazon Fund: reduction of deforestation with sustainable development in the Amazon region.



<sup>34</sup> Land grabbing in Brazil is the illegal practice of taking possession of public or third-party lands, often including the falsification of documents.

## Activities

To the structuring of Education, Protection, and Combat of Forest Fires of the CBMAC battalions, eleven heavy trucks were purchased with resources from the project, to transport water and combatants; as well as 20 pickup trucks; 20 motorcycles; 21 trailer tanks with capacity for 1,200 liters of water; and seven trailers for transporting the material. Twenty-one mobile firefighting kits, with a capacity of 600 liters of water as well as 500 individual and collective kits and 500 individual protection equipment kits, as well as a special bus for troop transportation were also acquired.

Five CBMAC managers were trained as a counterpart from the state of Acre, and have completed the graduate course in Forensics, Auditing and Environmental Management at União Educacional do Norte (UNINORTE).

CBMAC also put into practice actions of mobilization and training of rural producers in techniques for preventing and fighting fires, to create civilian brigades. Emergency equipment was also given to the volunteers (hoes, rakes, dampers and water pumps) to combat forest fires.

## Institutional and administrative aspects

Preventing and combating burning and forest fires depend on the integrated action of public bodies from the several Government levels and on civil society mobilization. In 2013, the state of Acre created the Monitoring of the Hydro-meteorological Events Situation Unit, that is, an operational center with the objective of identifying possible occurrences of critical events by daily monitoring of weather, climate, river levels, and hot spots throughout the Acre territory. The information and data received by the platforms are processed, analyzed, and sent by the Situation Unit to CBMAC and to the State Department of Environment for the decision-making process.

The following institutions participated in the management of this situation unit: Pará State Secretariat of the Environment (SEMA), the Technology Foundation of the State of Acre (FUNTAC), through the Central Geoprocessing and Remote Sensing Unit), Climate Change Institute (BMI), CBMAC, State Civil Defense Coordination (CEDEC), Environment Institute of Acre (IMAC), and having the institutions members of the State Environmental Risk Management Commission (CEGdRA) as collaborators. It must be emphasized that the structuring of the Situation Unit had financial support from the Amazon Fund, through the Valorização do Ativo Ambiental Florestal project (Importance of Forest Environmental Asset), which is in an advanced phase in Acre.



## Result and impact indicators

Project activities contributed to the component monitoring and control results (2) of the Amazon Fund's Logical Framework.

### Monitoring and Control Component (2)

Specific objective 2.1: Military Fire Brigade of the State of Acre (CBMAC) better structured for monitoring and combating deforestation caused by forest fires and unauthorized burning.

The main indicators established for monitoring this objective were:

- **Number of trained civilian volunteers (output indicator)**  
1,815 individuals were trained in techniques to prevent and combat burning and forest fires to create civilian brigades, surpassing the intended goal of 1,000.
- **The number of forest fires or unauthorized burning controlled by partners without the CBMAC presence (impact indicator)**  
In the 2012-2015 period, 1,219 forest fires or unauthorized burning were identified and controlled by trained civilian volunteers and/or equipped by CBMAC. This indicator suggests that partnerships with municipalities for the creation of local fire brigades, as well as the efforts of other participating institutions of the Integrated Plan for Preventing, Controlling and Fighting against Burning and Forest Fires in the State of Acre had positive effects.
- **The number of trained officers effectively using the acquired knowledge (impact indicator)**  
Five CBMAC officers were trained in forensics, auditing, and environmental management in graduate university courses, and all are using the knowledge acquired in their activities in their work.
- **Number of hot spots (impact indicator)**  
In 2015, 5,512 hot spots were recorded in the state of Acre, based on the points identified by the reference satellite (AQUA) of the Burning Database from INPE/CPTEC. As a baseline of this indicator, we had 4,131 hot spots recorded, considering the average of hot spots in the state of Acre in the ten years before 2012 – the first year of the project implementation. Therefore, it was found that during the period of the project implementation there was a 33% increase in the number of hot spots in Acre.  
  
The growth or reduction in the number of hot spots in Acre is not mainly related to the CBMAC performance, which is an indicator influenced especially by climate issues, with great variation from one year to another due to high rainfall or drought periods. However, the project also participated in the dissemination of techniques for preventing forest fires and burning, which contributes to the reduction of hot spots. In this context, the indicator is not sufficient for measuring the effectiveness of the project supported by the Amazon Fund, being, however, a reference to the other project indicators.
- **Number of hot spots recorded by CBMAC (impact indicator)**  
In 2015, 2,052 hot spots were registered and verified in loco by CBMAC in

Acre. This verification conducted by CBMAC was necessary to establish whether the hot spots identified by remote monitoring were in fact forest fires or unauthorized burning. Considering that in 2011 562 hot spots were verified, it can be noted that with the project implementation a significant improvement in the verification capacity of the firefighters occurred (over three times higher in the period).

- Number of forest fires or unauthorized burning controlled directly by CBMAC (impact indicator)

In 2015, 1,026 forest fires or unauthorized burning were registered and controlled by CBMAC, with 281 combat actions in 2011 (ground zero). This development proves that the ability to combat forest fires and burning more than tripled during the project implementation period. In absolute terms, in 2015 alone 745 burning or forest fires were controlled, more than in 2011, one year before the beginning of the project supported by the Amazon Fund.

Official information to evaluate the size of the areas burned annually in the Amazon are not yet available. However, it is expected that INPE will provide this information.

Analyzing the actions supported by the project and the monitored results, it is possible to verify that CBMAC is better equipped with operational resources and better articulated with other government agencies to prevent and fight burning and forest fires.

This fact is evidenced especially by the improvement in its ability to verify the nature of the hot spots and expansion of its activity of combating forest fires and burning.

The greater involvement of civil society, through the creation of civil volunteers, was also an important result, which resulted in 411 forest fires or burning controlled by civilian brigades in 2015 alone. This set of indicators suggests that the project was successful by contributing significantly to prevent and combat forest fires and burning, which, in its turn, contributed to reduce vegetation cover loss by fire.

## Lessons learned

The good results of the project required the articulation of CBMAC with other institutions involved in combating deforestation as a result of forest fires and burning, such as the National Center for Prevention and Combating Forest Fires (PREVFOGO), by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), the municipal departments of Environment and Environmental institutions in the state of Acre etc., which, working together, were able to develop more effective actions for preventing and combating fires.

Concerning the project impacts, it was identified that some variables may distort the measurement of the achieved results, such as drought periods, which may vary cyclically and cannot be controlled by firefighters. This scenario affects the dynamics of some indicators and thus they should not be analyzed separately.



And the training of volunteers for the creation of fire brigades in rural areas directly reduced deforestation and enhanced environmental awareness about the bad consequences of the indiscriminate burning of forest areas. These additional actions are essential for preventing forest fires and burning, and require the coordination of municipal departments to develop actions of dissemination and to involve local populations.

## Sustainability of results

The sustainability of results that will be achieved in the long term with the Amazon Fund support depends on the budgetary conditions of state of Acre, the state responsible for the maintenance of the main equipment purchased by the project. Moreover, Acre must provide the resources to maintain CBMAC.

A large part of the investments of the project focused on the acquisition of special vehicles, tow-water tanks etc., which require maintenance and, in the future, fleet renewal. In times of fiscal crisis, as experienced at the time by most of the Brazilian states, due to the severe downturn of the national economy, there are some restrictions on the investment capacity of government agencies. This situation may undermine the results achieved by the project. However, this is not the most likely scenario, given the gradual improvement of the economic agents' expectations at the beginning of 2017.

The support of local population in rural municipalities, trained to prevent and combat forest fires in their initial stage, is an element that will contribute to reduce burned areas and must continue even after the project completion, since it does not depend on new public funds.

Finally, despite the significant progress already achieved with the Amazon Fund support, it is still possible to further expand the CBMAC responsiveness capacity so it can be structured to identify the origin of hot spots revealed by monitoring systems and it can be adequately equipped with human and material resources to combat all forest fires and unauthorized burning.



## Amazon Public Policies Incubator

### RESPONSIBLE FOR THE PROJECT

Federal University of Pará (UFPA) and Research Support and Development Foundation (FADESP)<sup>35</sup>

### TERRITORIAL SCOPE

All states within the Amazon biome

### BENEFICIARIES

UFPA, the scientific community, and the Brazilian Amazon population

### OBJECTIVE

To develop an interdisciplinary research project on the socioeconomic and environmental impacts from the expansion of the economic border of the Amazon, in the framework of the Amazon Public Policies Incubator, linked to the Forum for Research and Graduate Studies on the Sustainable Development of the Amazon

### TOTAL COST OF THE PROJECT

US\$ 1,738,849.52  
R\$ 2,704,084.90

### AMAZON FUND SUPPORT

US\$ 1,738,849.52  
R\$ 2,704,084.90

### IMPLEMENTATION PERIOD

2nd quarter 2012 to 2nd quarter 2016

### PROGRESS OF THE PROJECT

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO AMAZON FUND SUPPORT 100%
8.2.2011	12.9.2011	US\$ 1,738,849.52 R\$ 2,704,084.90	100%



<sup>35</sup> <[www.naea.ufpa.br](http://www.naea.ufpa.br)> e <[www.amazonia.ufpa.br/ipa/menu/149](http://www.amazonia.ufpa.br/ipa/menu/149)>

## Context

The Amazon High Studies Nucleus (NAEA) is a graduate center linked to the UFPA, whose main lines of research are: Society, Regional Development and Public Policies; Regional Economy and Sustainable Development; and Environmental Management and Ecosystem Management.

Additionally, NAEA is responsible for the executive secretariat of the Sustainable Amazon Forum for Research and Graduate Studies on the Sustainable Development of the Amazon, which gathers graduate programs of the nine states in the Amazon to develop topics concerning public policies and regional sustainable development.

Linked to this forum is the Amazon Public Policies Incubator, whose mission is to contribute to design, formulate, monitor, and assess public policies for sustainable development in the region, based on scientific and traditional knowledge and on the qualified participation of regional actors.

The Amazon Public Policies Incubator project was coordinated by NAEA and implemented within the framework of this incubator, involving public universities of the nine states in the Brazilian Amazon.

## The project

The project carried out interdisciplinary research on the socioeconomic and environmental impacts from the expansion of the Amazon's economic frontier.

The first stage of the research was conducted in all states of the Brazilian Amazon from secondary sources data and generated indicators and information that pointed to the mesoregions in each of those states with the highest socio-environmental vulnerability. The idea of socio-environmental vulnerability incorporates several economic, social, political, institutional and environmental aspects that determine the ability of the mesoregion to prevent deforestation and articulate its sustainable development.

In the second stage of research, an action-research<sup>36</sup> was conducted with representatives of social, economic, educational and political local institutions, in order to analyze the ecological, economic and social system; the socioeconomic dynamics; recent experiences of natural resources management in each mesoregion; and to propose priority actions to overcome the problems identified.

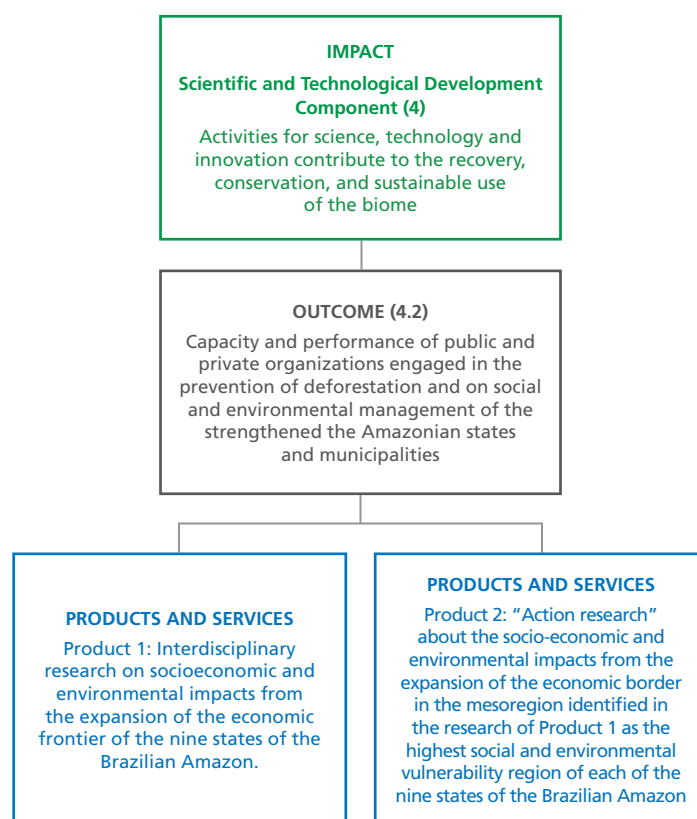
## Intervention logic

The supported project was inserted in the component scientific and technological development (4) of the Amazon Fund's Logical Framework. The outcome, which defined the immediate impacts that the project sought to identify, was defined as follows: capacity and performance of public and private organizations engaged in the prevention of deforestation and on social and environmental management of the strengthened Amazonian states and municipalities (4.2).

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<sup>36</sup> Research methodologies for the development of diagnostics and solutions to problems in a collaborative and participatory way, involving researchers and individuals interested in solving the problems that emerge in a given context.

While investigating the impacts of the economic border expansion in the nine states of Brazilian Amazon and applying the methodology named action research in the mesoregions with higher social and environmental vulnerability, the project produced information and identified priority actions to reduce the vulnerability of these places, as well as stimulated collective processes that help preventing and reducing deforestation in the Amazon, which is the general objective of the Amazon Fund.



## Activities

The project conducted a research that, in an integrated way, included the socioeconomic and environmental impacts from the expansion of the economic frontier of the nine states of Brazilian Amazon. The research results were consolidated in reports organized in a compilation named the Amazon Regional Formation, consisting of four volumes: 1. *Institutional formation of the Amazon*; 2. *Amazon socioeconomic Formation*; 3. *Amazon socio-environmental formation*; and 4. *Amazon municipalities sustainability*.

The research was composed by activities of identification, characterization and analysis of the capacity and performance of the institutions responsible for social-environmental management in the Brazilian Amazon states, by institutional mapping in the period from 1960 to 2010. The results were consolidated in the first book of the mentioned collection.

An assessment of the relationship between institutional development, economic development, quality of life, and deforestation in the Amazon was

developed by the analysis of socioeconomic dynamics and environmental impacts from the expansion process of the Brazilian economic border in the nine states of Brazilian Amazon, in the period from 1960 to 2010. To this end, ten studies were carried out, one for the Brazilian Amazon and nine for each one of the Brazilian Amazonian states. These studies were consolidated in the second book of the aforementioned compilation.

Ten studies to identify, describe and analyze the legally protected areas (including indigenous lands) and public and private initiatives of preservation and management of natural resources were also carried out – one for the Amazon and nine for each one of its states. These studies are in the third volume of the compilation.

Still within the framework of the first stage of the research, the Sustainability Index of the Municipalities of the Amazon (ISMA) was structured and calculated for the Amazon municipalities. This index, which points out the degree of socio-environmental vulnerability of the municipalities, was calculated using the weight of a number of indicators, divided into four dimensions: economic, environmental, political and institutional, and sociocultural.

The 2010 ISMA methodology, dimensions and indicators, as well as the calculation for the Brazilian Amazon municipalities are listed in the fourth volume.

After defining ISMA and comparing it with the other research analyses, the most critical mesoregions in each state of the Brazilian Amazon were identified, i.e., the mesoregions more vulnerable to deforestation and environmental degradation. A baseline municipality was also selected, where the second phase of the research was carried out.

The most critical state mesoregions and the municipalities selected were: Acre (Vale do Juruá – municipality of Cruzeiro do Sul); Amapá (Amapá North region – municipality of Oiapoque); Amazonas (South Amazon – Lábrea); Mato Grosso (Mato Grosso North region – Alta Floresta); Maranhão (Center Region – Grajaú); Pará (Marajó – Breves); Rondônia (Madeira-Guaporé – Guajará Mirim); Roraima (South – Mucajaí); Tocantins (West – Tocantinópolis).

In the second stage of the research (action research), local management committees of the Amazon Public Policies Incubator were formed through the mobilization of the social actors of each mesoregion. These committees had the participation of researchers and various regional actors, including academic representatives from the most vulnerable mesoregions; the municipalities' city halls; the legislative power of these municipalities; state and Federal Government organizations operating in those mesoregions; indigenous peoples and quilombola communities; productive associations; rural producers' labor unions; and other civil society organizations from these mesoregions.

In this collaborative process, the main problems of the political and institutional, economical, sociocultural, and environmental dimensions of the nine mesoregions were identified. Priority actions to overcome their problems were also proposed. In the economical dimension, for example, the main products and economic chains of these mesoregions with high potential for economic expansion were identified. For this purpose, the demand by

the consumer market for products and services of these mesoregions, the environmental viability of large-scale exploitation and the social capital for its development and other aspects were evaluated.

It should be highlighted that the action-research methodology approximated researchers and the population. The events had the participation of local communities and their representative organizations, thus giving the opportunity to these communities to discuss their problems in a collective way. This enabled a better understanding of the problems, as well as an assessment of its magnitude considering how many times it was mentioned by the public.

The action-research results on the municipalities' sustainability and the nine mesoregions vulnerability are in the fourth volume of the Amazon Regional Formation collection, where the reader can also find information on ISMA and the data for 711 municipalities in the Brazilian Amazon (2010).

## Institutional and administrative aspects

The project led to formal technical cooperation between NAEA, from the Federal University of Pará, and other twenty graduate programs that focus on sustainable regional development from 11 universities in Brazilian Amazon:

Federal University of Pará; Federal University of Amazonas; Federal University of Mato Grosso; Federal University of Amapá; Federal University of Rondônia; Federal University of Tocantins; Federal University of Acre; Federal University of Roraima; State University of Mato Grosso; State University of Maranhão; and University of Amazônia. This cooperation enabled the institutionalization of the Amazon Public Policies Incubator in a public ceremony that took place at the Federal University of Pará in 2011.

In addition to the formalization of this network between the universities, a management committee of the project was formed with one general coordinator and nine coordinators from the regional centers of the Amazon Public Policies Incubator, among others.

## Result and impact indicators

The project activities contributed to the results of the component Scientific and Technological Development (4) of the Amazon Fund's Logical Framework.

### Scientific and Technological Development – Component (4)

Outcome 4.2: Capacity and performance of public and private organizations engaged in the deforestation prevention and in social and environmental management of the strengthened Amazon states and municipalities.

The main output indicators established for monitoring this objective were:

- Number of Brazilian Amazon states identified, characterized and analyzed regarding the capacity and performance of institutions that manage socio-environmental aspects.

- Number of Brazilian Amazon states that had an evaluation about the relationship between institutional development, economic development, quality of life and deforestation.
- Number of Brazilian Amazon states with identification, characterization and preliminary analysis of the legally protected areas and public and private initiatives of management of natural resources and sustainable production.
- Number of Brazilian Amazon mesoregions with characterization of the ecological, economic and social system.
- Number of Brazilian Amazon mesoregions with assessment of its socioeconomic dynamics.
- Number of Brazilian Amazon mesoregions with assessment of recent management and natural resources management.
- Number of socio-environmental indicators developed with baseline values.  
The research development was identified in all its dimensions in the nine states of Brazilian Amazon, according to the goals set by the project. The Sustainability Index of the Municipalities of the Amazon (ISMA) was also developed and calculated. The set of these results was consolidated into four books organized as a compilation called The Amazon Regional Formation.
- Number of representatives from social, economic, educational and political institutions responsible for the sustainable development of the region involved in the action research activities (output indicator).  
285 representatives from regional institutions responsible for the sustainable development of the region participated in the action research.

The main impact indicators established for monitoring this objective were:

- Number of regional committees of the incubator deployed in the Amazon mesoregions.  
Nine regional committees of the Amazon Public Policies Incubator were established.
- Number of researchers and technicians involved in research, development and innovation (RD&I) activities established in the region.  
Fifty researchers and technicians were chosen during the research to work in all nine states of the Brazilian Amazon.
- Number of educational or informational publications.  
Four books organized as a collection called The Amazon Regional Formation were published.
- Number of integrative events (seminars and forums) exclusively dedicated to the disclosure of the research results.  
Two integrating events exclusively dedicated to disseminate the research results were carried out: (i) II Amazon Congress of Sustainable Development, Palmas (TO), October 24-26, 2012, at the Federal University of Tocantins; and (ii) III Amazon Congress of Sustainable Development, Cuiabá (MT), November 19-22, 2014, at the Federal University of Mato Grosso.

This set of indicators shows that the Amazon Public Policies Incubator project, coordinated by NAEA and implemented within the scope of this incubator, managed to achieve its objectives, producing quality research that was documented in a collection of books available for the academia, public administrators and the general public. In addition, through integrating events, the results achieved were broadly disseminated, including a sustainability indicators system of the Amazon municipalities, which was developed as part of the research.

Finally, the supported project enabled the deployment of nine regional committees of the Amazon Public Policies Incubator, promoting greater integration of universities and research centers with local populations. This expanded the regional ability of designing, formulating, monitoring and evaluating the public policies for the Amazon sustainable development.

Moreover, the knowledge generated by this research is available for those interested in the Amazon region development, having already supported the work developed by the Amazon Fund itself in the analysis and grant of financial support to projects.

## Lessons learned

It is possible to promote an approximation between regional universities and local populations in the Amazon through systematic and permanent articulation with the three Government levels working in the region, the productive sector, and civil society. The research and institutionalization of the Amazon Public Policies Incubator started the integration and knowledge sharing from the academia with these populations.

## Sustainability of results

The project contributed to expand and consolidate the Amazon Public Policies Incubator by promoting the strengthening of its activities in the nine states of the Brazilian Amazon. It also promoted democratic governance in the most environmentally vulnerable mesoregions by articulating the public of these regions. This organization and regional articulation of the project is also one of its legacies and is likely to generate new positive results even after the completion of the Amazon Fund support.





## Projects completed by the end of 2015

In addition to the projects completed in 2016, there are ten other projects supported by the Amazon Fund up to 2015, which are listed below. Detailed information about these projects as well as their results and impacts can be found in the 2013, 2014, and 2015 Amazon Fund reports, and also on the website <funodoamazonia.gov.br>.

Projects/ Responsible	Territorial scope	Objective	Date of approval	Amazon Fund support
<b>Belém Islands</b> Universidade Federal University of Pará (UFPA) and Research Support and Development Foundation (FADESP)	State of Pará	Introduce methodology to support the formulation of economic and environmental zoning in a local scale of the islands situated in the surroundings of the city of Belém and expand the infrastructure of research of the Graduate Program in Aquatic Ecology and Fishing of UFPA.	1.17.2012	US\$ 638,082.48 R\$ 1,138,083.93
<b>Preserving Porto dos Gaúchos</b> Municipality of Porto dos Gaúchos, state of Mato Grosso	Municipality of Porto dos Gaúchos, state of Mato Grosso	Strengthen the municipal environmental management through the physical and operational structuring of the Municipal Secretary of the Environment and Tourism.	3.22.2011	US\$ 72,456.76 R\$ 120,655.00
<b>New Social Cartography in the Amazon</b> Federal University of Pará (UFPA) and Research Support and Development Foundation (FADESP)	All states of the Amazon biome	Develop an interdisciplinary research project on the socioeconomic and environmental impacts arising from the expansion of the economic border Amazon Public Policies Incubator of the Amazon, linked to the Research and Graduation in Sustainable Development of the Amazon Forum	11.30.2010	US\$ 2,646,585.79 R\$ 4,614,587.03
<b>Dissemination and Improvement of Sustainable Forest Management Techniques</b> Floresta Tropical Institute	States of Pará, Amazonas, and Rondônia	Support the expansion of the practice of sustainable forest management through technical training, awareness-raising of the key actors and workers, and research applying.	11.23.2010	US\$ 4,164,244.15 R\$ 7,449,000.00
<b>Amazon Olhos d'Água</b> Municipality of Alta Floresta, state of Mato Grosso	Municipality of Alta Floresta, state of Mato Grosso	Support the strengthening of environmental management, by carrying out environmental diagnosis and the registration process for small rural properties in the Rural Environmental Registration (CAR), as well as promoting support actions to the recovery of degraded areas of permanent preservation close to springs located in the small properties.	8.17.2010	US\$ 1,554,863.79 R\$ 2,781,340.40

(To be continued)

(Continued)

Projects/ Responsible	Territorial scope	Objective	Date of approval	Amazon Fund Support
<b>Protected Areas in the Amazon (Arpa) – Phase 2</b> Brazilian Biodiversity Fund (FUNBIO)	All states of the Amazon biome	Support the creation and consolidation of PA in the Amazon biome, in order to ensure the biodiversity conservation and the maintenance of ecological processes and services in the region.	12.8.2009	US\$ 10,478,547.59 R\$ 19,949,058.91
<b>Portal Seeds</b> Ouro Verde Institute	Seven municipalities that comprise the region known as Amazon Portal, in the North of Mato Grosso: Apicás, Alta Floresta, Carlinda, Nova Guarita, Nova Canaã do Norte, Terra Nova do Norte, and Matupá	Promote the environmental recovery of the 1,200 hectares of degraded areas (recomposition of permanent protection areas and legal reserves) and the re-appreciation of family agriculture in six municipalities in the Territory of the Amazon Portal, through the dissemination of agroforestry systems that combine the sustainable use of the forest with income generation. Additionally, the Terena indigenous community was also trained to collect the seeds that shall be used in the agroforestry systems.	12.8.2009	US\$ 3,119,742.73 R\$ 5,397,778.87
<b>Socio-Environmental Management in Municipalities of Pará</b> Amazon Institute for Man and the Environment (IMAZON)	Eleven municipalities of the State of Pará: Abel Figueiredo, Bom Jesus do Tocantins, Moju, Dom Eliseu, Goianésia do Pará, Itupiranga, Jacundá, Paragominas, Rondon do Pará, Tailândia, and Ulianópolis	Mobilize state and municipal governments, farmers, labor unions, and associations aiming to accelerate the adherence to the Rural Environmental Registration (CAR); monitor deforestation through satellite images; and assist in the planning of the landscape and restoration of degraded areas in the Uraim River basin in Paragominas.	12.1.2009	US\$ 5,173,746.21 R\$ 9,736,473.00
<b>Going Green</b> The Nature Conservancy do Brasil (TNC Brazil)	Seven municipalities of the state of Mato Grosso: Cotriguaçu, Juruena, Sapezal, Campos de Júlio, Nova Mutum, Tapurah, and Nova Ubiratã; and five municipalities of the state of Pará: Bannach, Cumarú do Norte, Ourilândia do Norte, São Félix do Xingu and Tucumã	Contribute to the mobilization of local actors in 12 municipalities of Mato Grosso and Pará, aiming at joining CAR (Rural Environmental Registration) and monitor deforestation in the region through satellite images.	12.1.2009	US\$ 8,117,294.91 R\$ 16,000,000.00
<b>Forest Assistance Program Sustainable Amazon Foundation (FAS)</b>	Twenty protected areas (PA) in the state of Amazonas, covering about 10 million hectares	Combat deforestation and improve the quality of life of traditional peoples living in the PAs of the state of Amazonas.	11.24.2009	US\$ 11,114,147.81 R\$ 19,166,347.89



**Projects approved  
in 2016**

# Third sector

## Forest Income

**RESPONSIBLE FOR THE PROJECT**

Vale Association for Sustainable Development – Vale Fund<sup>37</sup>

**TERRITORIAL SCOPE**

Brazilian Amazon

**BENEFICIARIES**

Extractive communities, small rural producers and family farming, fish farming, artisanal fisheries, agrarian reform settlers, silviculturists, rural quilombolas communities, and indigenous peoples

**OBJECTIVE**

Strengthening and consolidation of sustainable community businesses related to forest-based productive chains in the Brazilian Amazon

**TOTAL COST OF THE PROJECT**

US\$ 18,920,649.43  
R\$ 65,000,000.00

**AMAZON FUND SUPPORT**

US\$ 10,188,042.00  
R\$ 35,000,000.00

**ESTIMATED COMPLETION DATE**

36 months  
(from the date the contract was signed)

**PROGRESS OF THE PROJECT**

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO THE AMAZON FUND SUPPORT
12.7.2016	-	-	0%



<sup>37</sup> Project manager website is under construction.

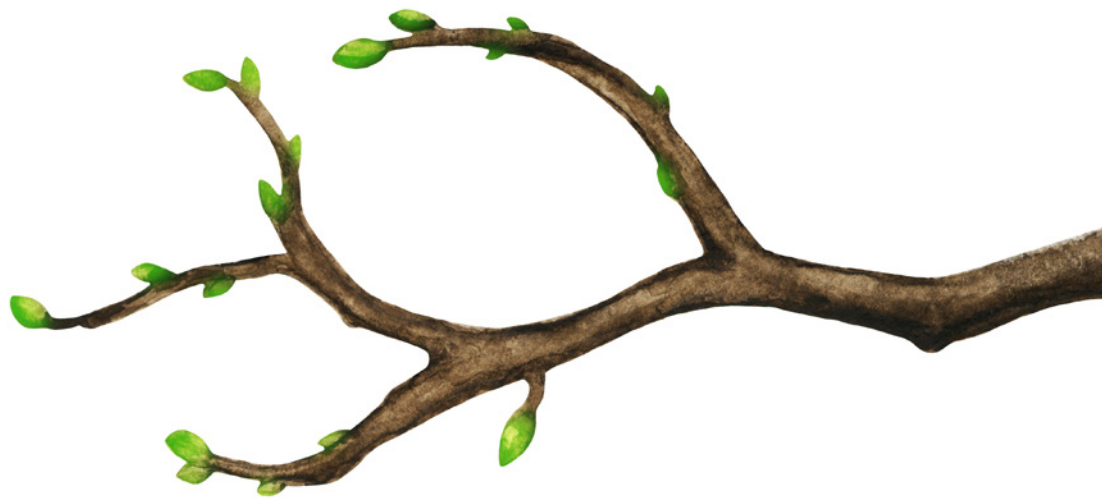
## Context

Support for sustainable productive activities is an essential axis in the scope of the Prevention and Control Plan for Deforestation in Brazilian Amazon (PPCDAM) to combat new deforestation dynamics and transform the occupation pattern in the Amazon. Developing these activities in a structured way, with productivity gains, incorporation of new technologies and access to markets is strategic to maintain the reduction of deforestation rates in the Amazon.

The great economic potential of natural resources and biodiversity in the Amazon region to generate jobs and income, and to integrate farming with livestock and forests is recognized and evaluated positively by several public bodies, civil society organizations, and academic researchers. However, most projects face several challenges that compromise their course towards keeping financial sustainability with growth perspectives.

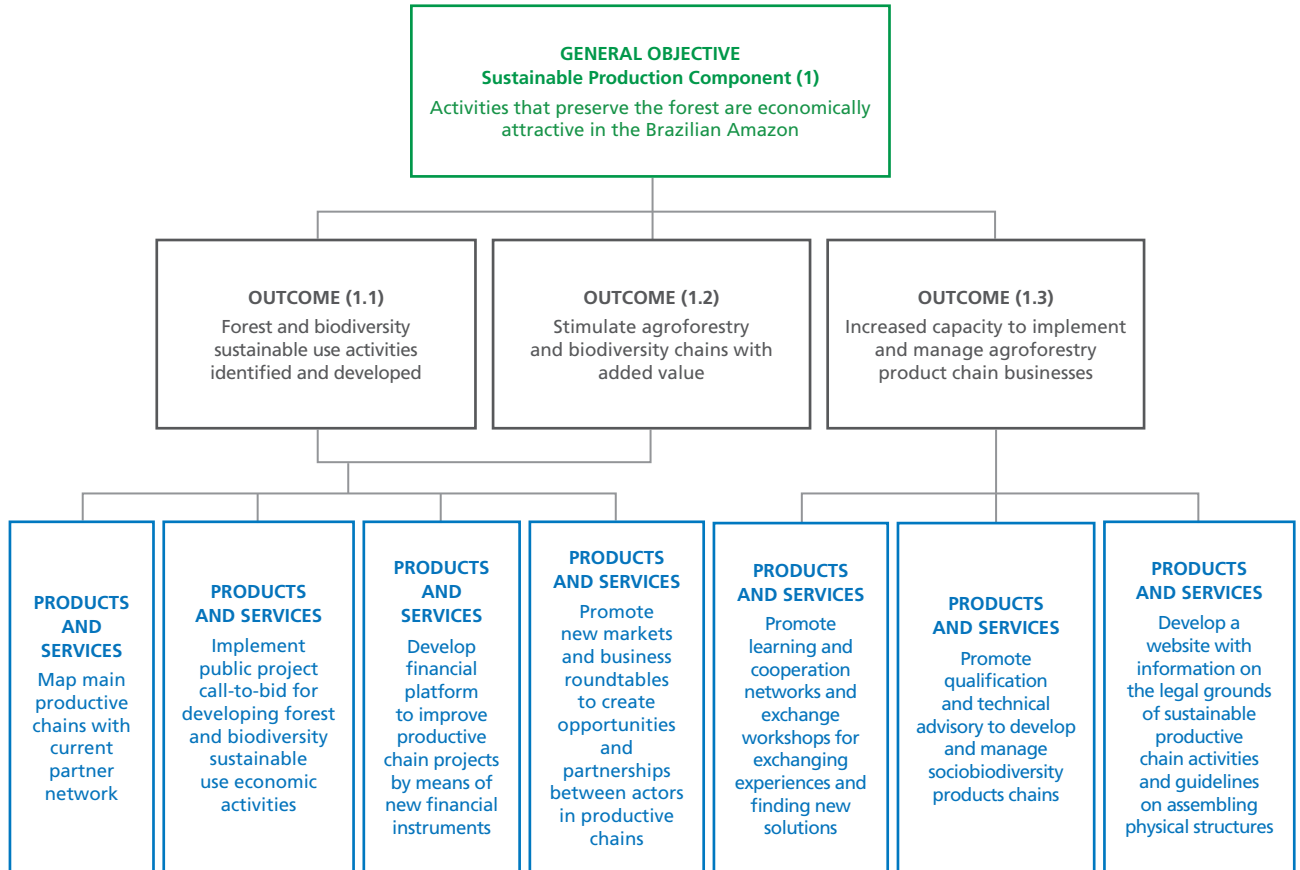
## The project

The project aims to strengthen all aspects of the sustainable productive chains to overcome constraints in logistic investments, access to markets, use of new financial instruments and technical and managerial development to obtain productivity increase, quality improvement and value-added products.



## Intervention logic

The project falls under the “sustainable production” component in the Amazon Fund’s Logical Framework.



## Forest Assistance+ Program

### RESPONSIBLE FOR THE PROJECT

Sustainable Amazon Foundation (FAS) <sup>38</sup>

### TERRITORIAL SCOPE

16 protected areas (PA) in the Amazon with around 10.9 million hectares

### BENEFICIARIES

PA population covered by the project, mainly riverside dwellers living under poverty or extreme poverty conditions

### OBJECTIVE

Keep and expand actions of the Forest Assistance Program in Amazonas state PAs through: (i) support for developing small projects and sustainable productive forest arrangements; (ii) qualification of leaders and strengthening local residents associations for managing environmental, social and income generation projects; (iii) systematization and dissemination of contents, methodologies, lessons learned and innovative solutions; and (iv) development and implementation of public call-to-bid of small and medium projects that generate income in PA surrounding areas

### TOTAL COST OF THE PROJECT

US\$ 8,096,403.00  
R\$ 31,518,490.00

### AMAZON FUND SUPPORT

US\$ 8,096,403.00  
R\$ 31,518,490.00

### ESTIMATED COMPLETION DATE

42 months (from the date the contract was signed)

### PROGRESS OF THE PROJECT

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO THE AMAZON FUND SUPPORT
4.5.2016	5.25.2016	US\$ 2,629,263.00 R\$ 10,235,460.00	32%



<sup>38</sup> <<http://fas-amazonas.org/>>

## Context

Amazonas state has the largest territory with protected areas in Brazil, equivalent to 54.8% of its territory legally protected. Of this total, 19 million hectares are protected areas (PA). Nevertheless, setting up a PA for sustainable use does not assure environmental preservation, several other management initiatives are needed, as well as inspection and, mainly, appreciation of forest assets to maintain its attractiveness.

The lack of jobs and income generation turns forest clearing into one livelihood option in the region, making it necessary to implement programs and projects that offer sustainable economic alternatives to its residents, in order to reduce deforestation pressures. Thus, an efficient strategy is to develop an economy based on products that stem from sustainable forest management.

The Forest Assistance Program (PBF), run by the Sustainable Amazon Foundation (FAS) since 2007, contributes to making this strategy feasible, by means of payment to traditional communities for environmental services and products, such as sustainable management of natural resources, environmental preservation and protection.

FAS is a non-governmental organization (NGO) located in the Amazonas state. In 2010, it had its first project approved in the Amazon Fund scope, and its objective has been to support the implementation of PBF actions in income and association modalities, through sustainable economic activities for income generation and improvement of quality of life of traditional population living in the forest; strengthening resident associations leadership and qualifying for planning and management of collective projects.

## The project

The Forest Assistance+ Program acts in 16 PA for sustainable purposes in Amazonas state, and aims at:

- I. maintaining actions following the “forest assistance program income” component, upon counseling for sustainable management and direct investment (equipment, work, and plants) for increasing production scale of small community projects. There is also support for actions that contribute to better product and service placement of 16 sustainable productive arrangements in the region, such as: businesses plans elaboration, development of products and certifications, in addition to technical assistance;
- II. strengthening PA representative associations in the scope of “forest assistance program association,” via financial support for both structuring efforts (headquarter repair, purchasing equipment) and organizing gatherings, meetings and other necessary expenses to enable successful decision-making processes and management of investment;
- III. managing the knowledge accumulated by FAS and communities on implementing solutions for the sustainable development of the Amazon region. These efforts aim at systematizing and disseminating good

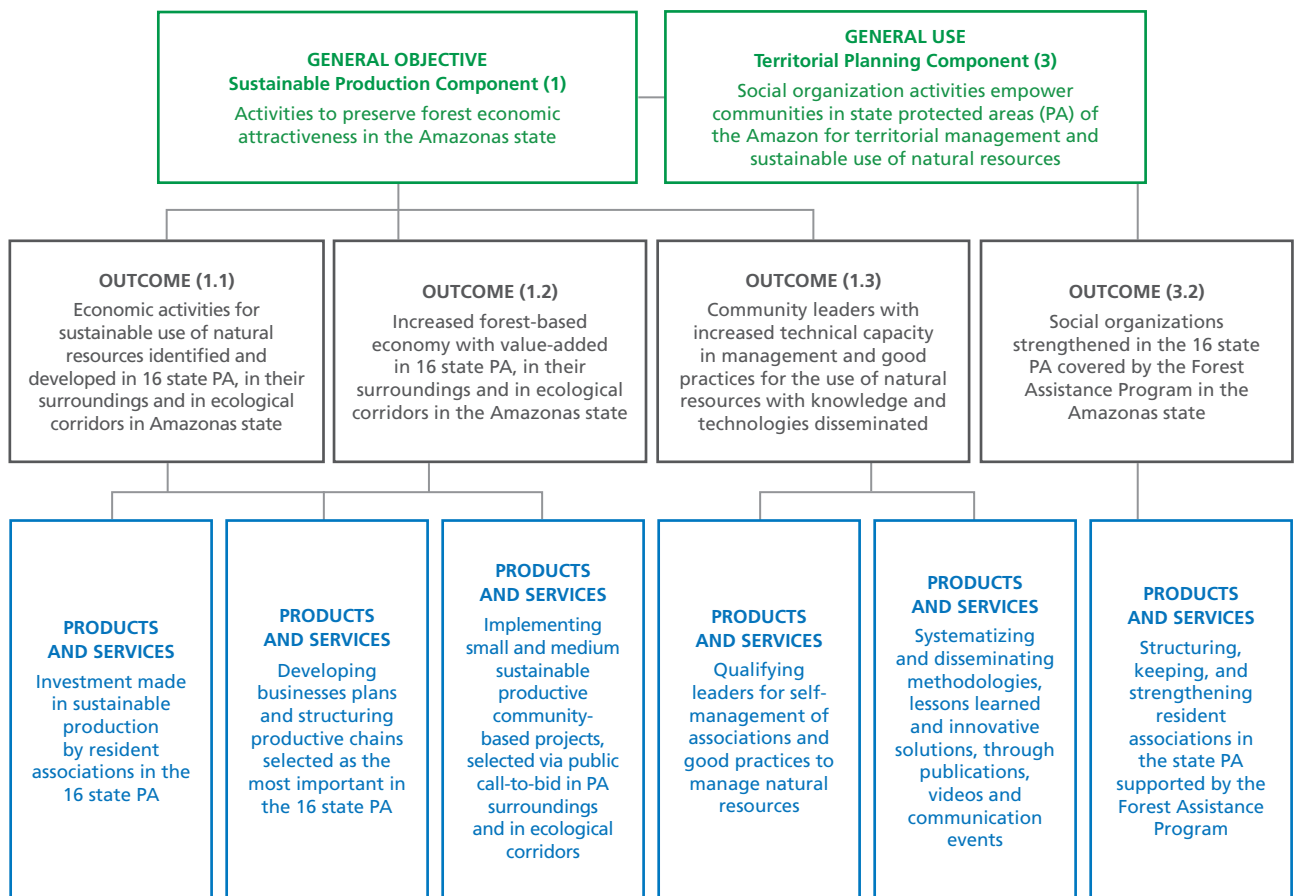


practices and lessons learned to whoever is interested in the subject, so that it is possible to make such knowledge public and make similar efforts in other regions. There is also support for: technical-scientific publications on foremost sustainable productive arrangements, evaluation on the social and economic impacts of investment on income generation and seminars on the subject, enabling such knowledge to be internalized by the academic community, government, and third sector, also addressing dissemination of knowledge to residents of the region covered by the project, through actions of advertisement, radio spots, workshops, community forums. and roundtable debates; and

- IV. sponsoring public calls-to-bid with the purpose of supporting small and medium community-based sustainable productive projects, in PA surrounding areas, to decrease deforestation pressure around the protected areas.

### Intervention logic

The project falls under “sustainable production” and “territorial planning” components in the Amazon Fund’s Logical Framework.



## Indigenous Territorial Management in the South of the Amazon

### RESPONSIBLE FOR THE PROJECT

International Institute of Education in Brazil (IEB)<sup>39</sup>

### TERRITORIAL SCOPE

Eight indigenous lands (IL) in the South of Amazonas state, covering 1,095,169 hectares: Boca do Acre, Apurinã Km 124 BR-317, Água Preta/Inari, Caititu, Jiahui, Nove de Janeiro, Ipixuna and Tenharim do Igarapé Preto IL

### BENEFICIARIES

2,179 natives from the eight indigenous territories covered by the project

### OBJECTIVE

Support: (i) implementation of Territorial and Environmental Management of Indigenous Lands (PGTA) in the South of Amazonas state, in the Purus river basin (Boca do Acre, Apurinã Km 124 BR- 317, Água Preta/Inari and Caititu IL) and in the Madeira river basin (Jiahui, Nove de Janeiro and Ipixuna IL); and (ii) development of PGTA of Tenharim do Igarapé Preto IL in the Madeira river basin

### TOTAL COST OF THE PROJECT

US\$ 4,003,117.80  
R\$ 12,734,317.80

### AMAZON FUND SUPPORT

US\$ 3,598,913.90  
R\$ 11,448,505.00

### ESTIMATED COMPLETION DATE

42 months (upon signing contract)

### PROGRESS OF THE PROJECT

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO AMAZON FUND SUPPORT
11.1.2016	12.26.2016	-	0%



<sup>39</sup> <[www.iieb.org.br](http://www.iieb.org.br)>. Project selected in the scope of public call-for-bid of Support for Territorial and Environmental Management in Indigenous Lands.

## Context

The Territorial and Environmental Management Plan (PGTA) is a dynamic instrument of the National Policy on Territorial and Environmental Management of Indigenous Lands (PNGATI) – established by Decree 7,746, of June 5, 2012 – created to express the leadership role, autonomy and self-determination of indigenous peoples.

PGTA fulfills the planning, agreed to by the whole indigenous community involved, regarding the use of their territory for cultural, environmental and economic purposes. In general, it has been developed based on three main theme axes – territorial protection, sustainable management and use of natural resources and qualification – but reveals the particularities of each context and the local management strategies for indigenous territories.

The International Institute of Education in Brazil (IEB) is a civil socio-environmentalist association founded in 1988 with the mission to qualify, generate and disseminate knowledge and strengthen the articulation of social actors to build a sustainable society.

The South Amazonas region, where the IL beneficiaries of the project are, is one of the regions with the worst social, economic, institutional and environmental rates. The region, which borders Acre, Rondônia, and Mato Grosso, is characterized by intense deforestation, land conflicts, violence, illegal land occupation and territorial expropriation of traditional and indigenous populations.

## The project

The project supports implementation of the PGTA in the IL of Purus river basin (Boca do Acre, Apurinã km 124 BR-317, Água Preta/Inari and Caititu ILs) and of the Madeira river basin (Jiahui, Nove de Janeiro and Ipixuna ILs), developing the following actions:

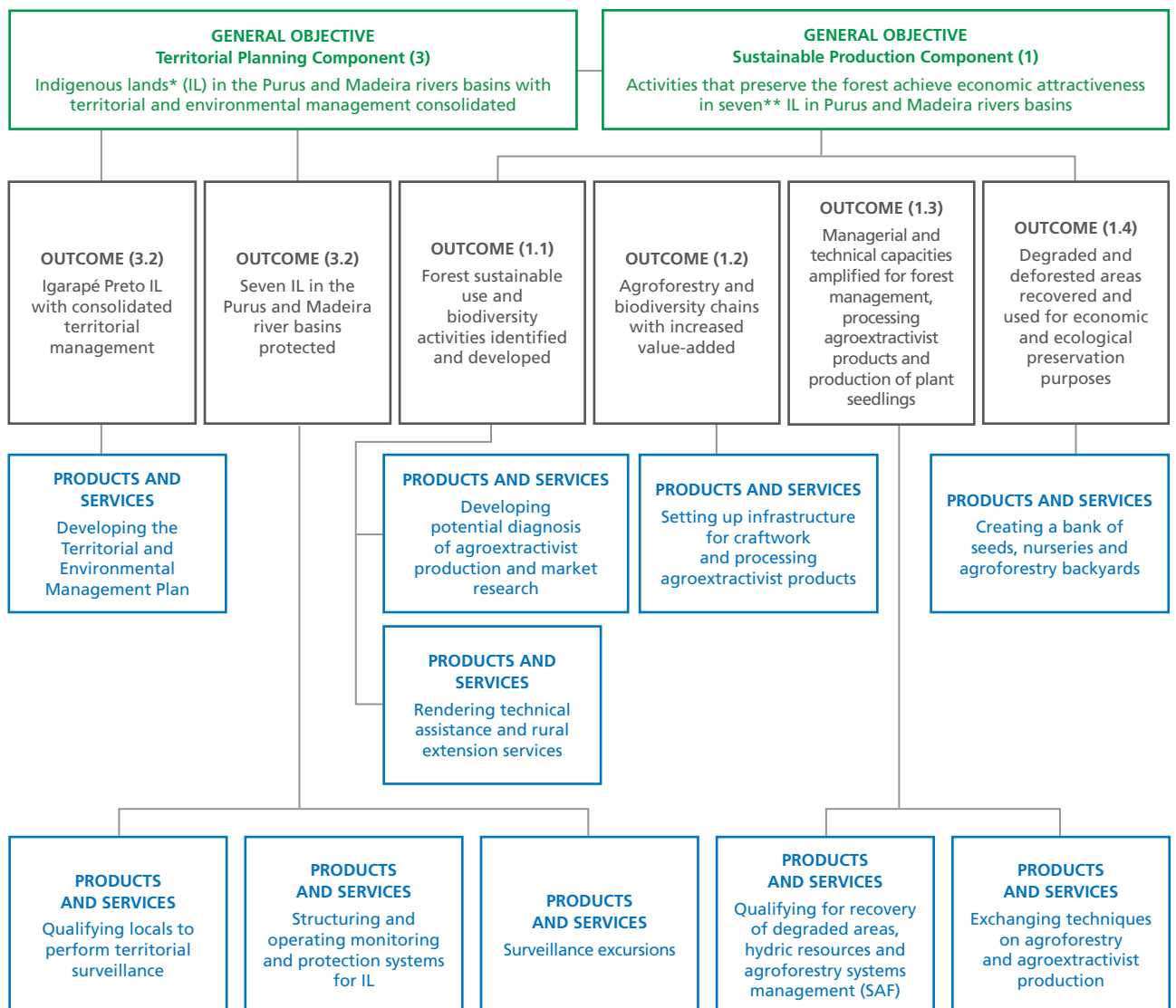
- I. strengthening indigenous associations, with qualification programs for leaderships, and improving communication and transportation infrastructures of these associations;
- II. territorial control and protection, through qualification of indigenous agents on territorial protection and inspection excursions within the IL;
- III. environmental management, recovery of degraded areas and hydric resources, contemplating the qualification of environmental agents, introducing maintenance of forest nurseries and agroforestry joint efforts;
- IV. sustainable management and use of natural resources, with diagnosis of potential for the agroextractivist production and performance of market research for this production, as well as technical assistance and specialized rural extension (ATER) and infrastructure assembly for indigenous products management;

- V. monitoring of deforestation increase in these seven IL, from the installation of geographic information systems at indigenous associations involved in the project and qualification of indigenous individuals to operate them.

In Tenharim do Igarapé Preto IL, the project supports actions for developing its PGTA, such as awareness and mobilization, surveys and field research and discussion, development, agreements, and delivery of the PGTA.

### Intervention logic

The project falls under the “sustainable production” and “territorial planning” components of the Amazon Fund’s Logical Framework.



\* IL in the Purus River: Apurinã Km 124 BR 317, Boca do Acre, Água Preta/Inari, Caititu; IL in the Madeira River: Ipixuna, Jiahui, Nove de Janeiro and Igarapé Preto.  
 \*\*All IL mentioned above except Igarapé Preto IL.

## Consolidating Territorial and Environmental Management on Indigenous Lands

### RESPONSIBLE FOR THE PROJECT

Indigenist Work Center (CTI) <sup>40</sup>

### TERRITORIAL SCOPE

Five indigenous lands (IL) in the states of the Amazon, Maranhão and Pará, covering 9,375,076 hectares: Vale do Javari (AM), Krikati (MA), Governador (MA), Andirá-Marau (PA and AM) and Nova Jacundá (PA) IL

### BENEFICIARIES

19,531 individuals from the five indigenous territories covered by the project

### OBJECTIVE

Support: (i) implementing the Territorial and Environmental Management Plan (PGTA) of Vale do Javari IL (AM) and Krikati and Governador IL (MA); and (ii) developing PGTA for Andirá-Marau IL (PA and AM), and Nova Jacundá (PA) IL, in the scope of the National Policy on Environmental and Territorial Management Plans on Indigenous Lands (PNGATI)

### TOTAL COST OF THE PROJECT

US\$ 3,688,281.11  
R\$ 11,934,540.00

### SUPPORT AMOUNT FROM THE AMAZON FUND

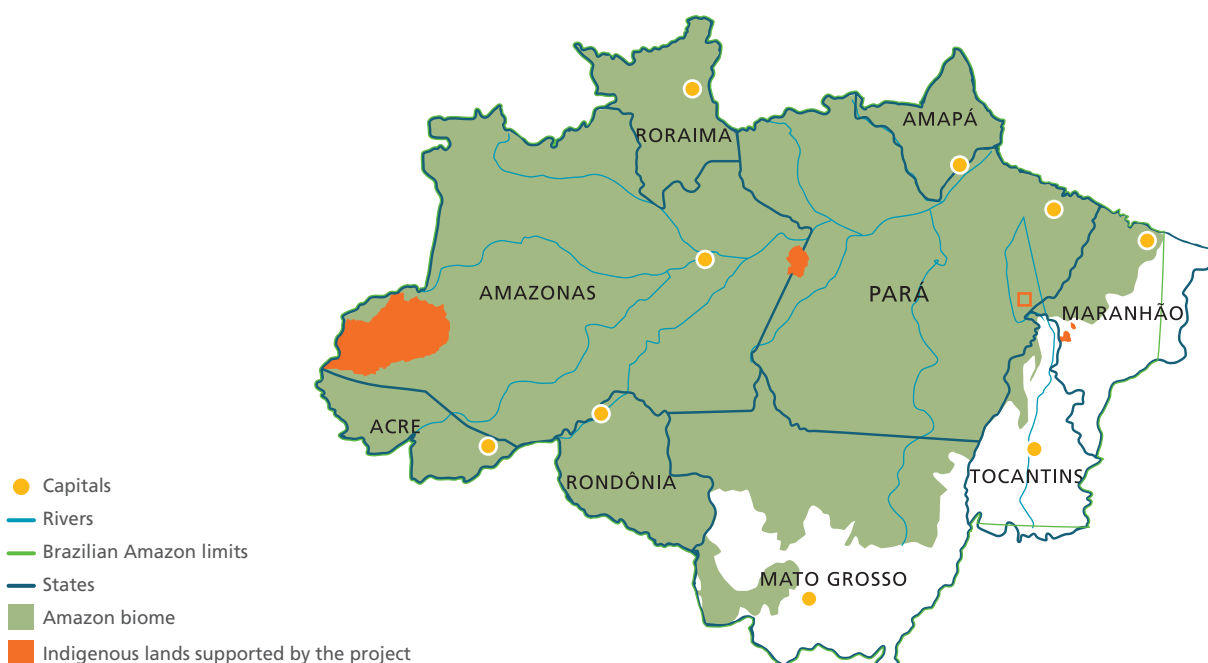
US\$ 3,688,281.11  
R\$ 11,934,540.00

### ESTIMATED COMPLETION DATE

36 months (upon signing contract)

### PROGRESS OF THE PROJECT

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO AMAZON FUND SUPPORT
9.28.2016	-	-	0%



<sup>40</sup> <[www.trabalhoindigenista.org.br](http://www.trabalhoindigenista.org.br)>. Project selected in the scope of public call-to-bid of Support for Territorial and Environmental Management on Indigenous Lands.

## Context

PGTA is a dynamic instrument of the National Policy on Territorial and Environmental Management of Indigenous Land (PNGATI) – established by Decree 7,746, of June 5, 2012 – created to express leadership role, autonomy and self-determination of indigenous peoples.

PGTA fulfills the planning, agreed to by the whole indigenous community involved, to using their territory for cultural, environmental and economic purposes. Overall, it has developed activities concerning three main theme axes – territorial protection, sustainable management and use of natural resources and qualification – but reveals particularities of each context and local management strategies of indigenous territories.

CTI is a civil society institution, founded in 1988, which works in indigenous lands in the Amazon, Cerrado and Mata Atlântica biomes. Its purpose is to develop indigenist action works, aiming to self-determination and well-being of indigenous populations living in national territory.

## The project

The project presented by the CTI comprises activities for developing PGTA at two IL and implementing PGTA in another three, involving significant territorial extension (9,375,076 hectares) and great ethnic diversity (19,531 natives from seven ethnic groups) in the states of Amazonas, Maranhão and Pará.

The project supports PGTA implementation at Vale do Javari IL (AM), Krikati (MA) and Governador (MA) IL, developing actions related to:

- I. territorial control and monitoring, with qualification of environmental indigenous managers, surveillance expeditions and workshops for systematizing georeferenced information on database;
- II. preservation and management of rural resources, with enrichment of rural fields for food safety, recovery and planting food and traditional medicinal varieties, recovery of degraded areas, management of palms and chelonians, studies on fish life cycle in the region, studies on fishing resources productive chains, and agroextractivist potential, technical assistance and rural extension;
- III. strengthening knowledge sharing actions and traditional technologies sharing actions; and
- IV. education for socioenvironmental management, establishment of the Timbira Center of Penxwyj Hempejxà Teaching and Research.

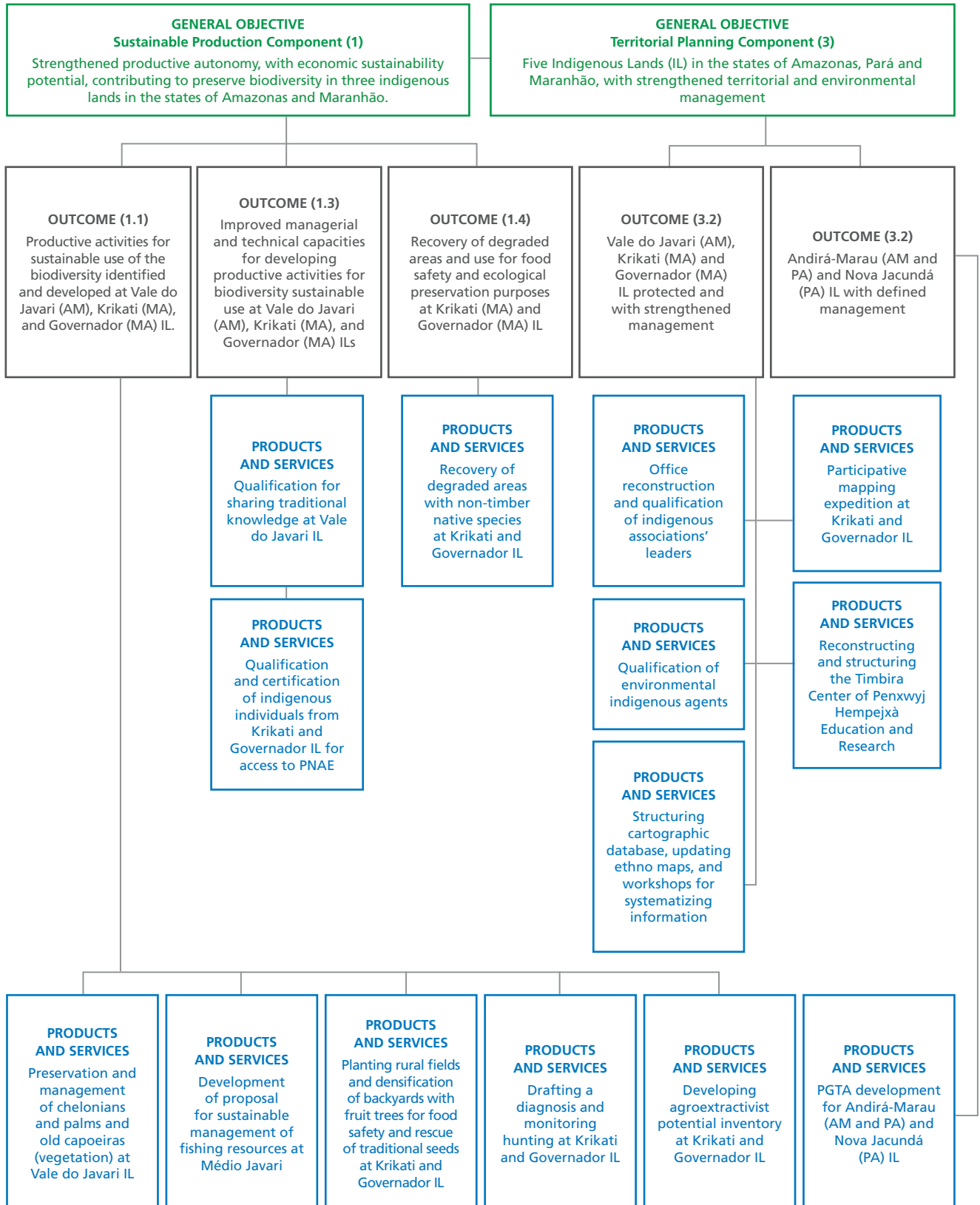
At the Andirá-Marau (PA e AM) and Nova Jacundá (PA) IL, project support actions for the their PGTA development, as agreed on work plans, qualification of indigenous agents, ethno mapping expeditions, collective building workshops and meetings for PGTA validation.

There are also support actions for governance and organizational and physical structuralization of eight indigenous associations at Vale do Javari, Krikati, and Governador ILs.



## Intervention logic

The project falls under the “sustainable production” and “territorial planning” components of the Amazon Fund’s Logical Framework.





## Management and Governance of Indigenous Lands in the Rio Negro and Xingu Rivers Basins – PGTA

### RESPONSIBLE FOR THE PROJECT

Socioenvironmental Institute (ISA)<sup>41</sup>

### TERRITORIAL SCOPE

Nine Indigenous Lands (IL) in the Amazon Biome, in an area larger than 24 million hectares

### BENEFICIARIES

Population from the IL assisted by the project, representing almost 60,000 individuals

### OBJECTIVE

Supporting the implementation of the Territorial and Environmental Management Plan (PGTA) of the Xingu Indigenous Park and the PGTA development for Yanomami IL and others in the Alto Rio Negro region, by systematizing knowledge and strengthening local government structures and indigenous organizations

### TOTAL COST OF THE PROJECT

US\$ 3,647,104.11  
R\$ 12,317,000.00

### AMAZON FUND SUPPORT

US\$ 3,467,961.63  
R\$ 11,712,000.00

### ESTIMATED COMPLETION DATE

42 months (from the date the contract was signed)

### PROGRESS OF THE PROJECT

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO AMAZON FUND SUPPORT
6.27.2016	8.19.2016	US\$ 498,320.97 R\$ 1.682.929,57	14%



<sup>41</sup> <[www.socioambiental.org](http://www.socioambiental.org)>. Project selected in the scope of the public call-to-bid for the support to the Territorial Management of Indigenous Lands.

## Context

The project is in accordance with the scope of the National Policy for Territorial and Environmental Management of Indigenous Lands (PNGATI), created by Decree 7,747 of June 5, 2012, which set forth the development and implementation of PGTA on indigenous lands (IL). PGTA presents a new type of consolidation of indigenous aspirations and defense of their rights as in relation to the different segments of the Brazilian society. They enable negotiations of internal agreements, between villages, and external ones, with society, building communication channels with the State and the civil society, creating institutional articulations and arrangements that contribute to the process of ethno development and sustainability of indigenous peoples and lands.

The projects aim to implementing this policy on indigenous multiethnic lands of expressive geographic extension and on strategic locations – national borders with Colombia and Venezuela, on Rio Negro basin, and with Venezuela, at the Yanomami IL, and geopolitical border in the deforestation arc, in the case of the Xingu Park.

## The project

The project is divided into two components: the first is a set of actions for implementing the Management Plan of the Xingu Indigenous Park (PIX) and the second is basically the PGTA development in Alto Rio Negro region and in Yanomami IL.

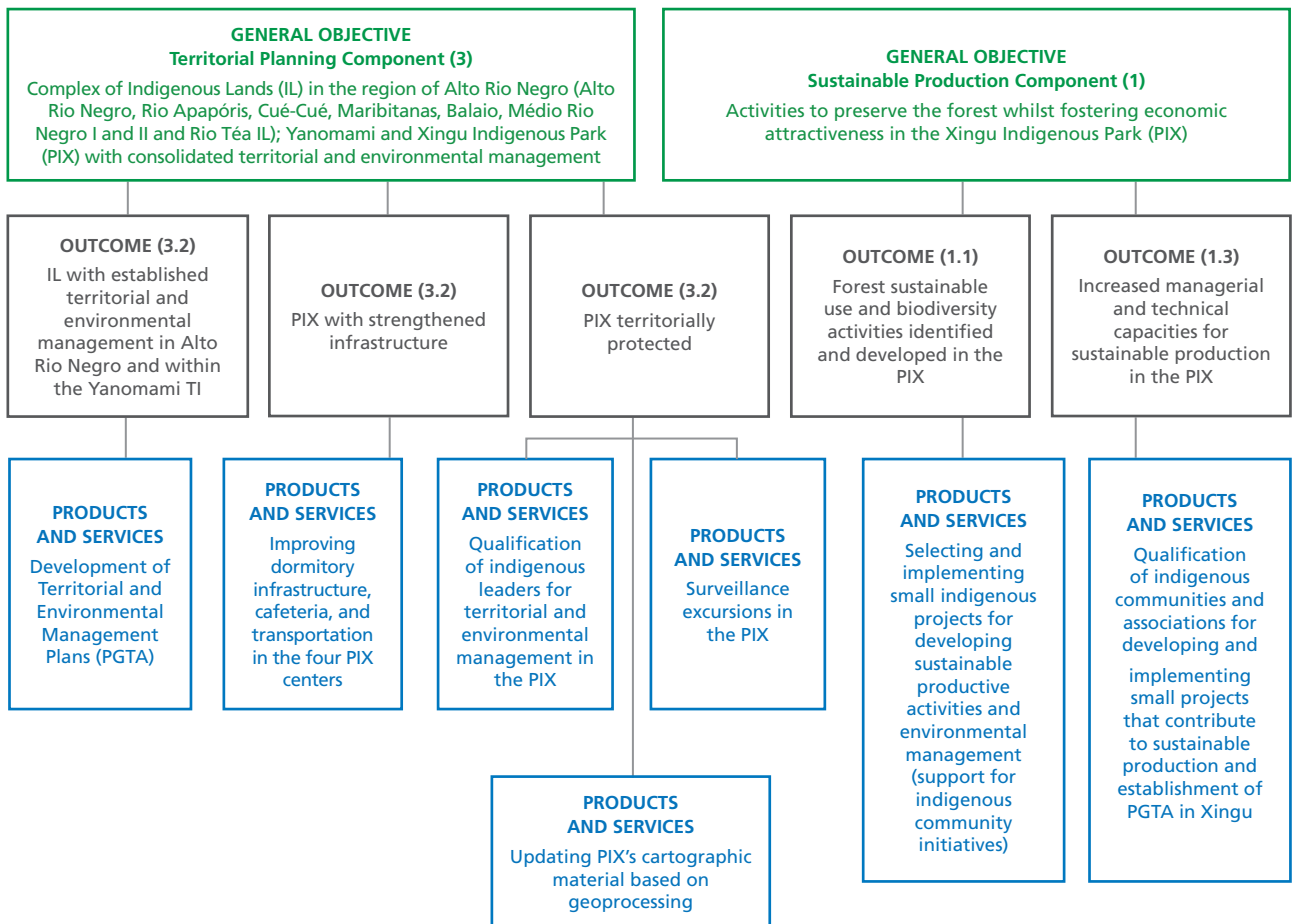
The first component is to be unfolded into two different actions: agreement of opportunities and outlining themes of the Management Plan of the Xingu Indigenous Park (PIX), in which governance shall be reinforced and the main themes shall be prioritized and reaffirmed, with debates at all levels; support for community initiatives, in which communities will be able to present projects of their own interest; qualification of indigenous leaders, seeking to qualify individuals, including at project development and implementation; territorial inspection and monitoring; strengthening the four centers in strategic regions and that need further investment; and publication and dissemination of PGTA results and evolution.

The second component covers the development of: (i) Life Plan and Integrated Socioenvironmental Management in the Alto Rio Negro region. This plan – more comprehensive and with macro regional perspective – shall cover seven contiguous IL in the region of Alto Rio Negro: Alto Rio Negro, Rio Apapóris, Cué-Cué-Marabitanas, Balaio, Médio Rio Negro I, Médio Rio Negro II and Rio Téa; (ii) PGTA of Alto Rio Negro IL, which shall include diagnosis, recommendations for access and integration of public policies, guidelines for partners, internal agreements for the use of resources and methodological proposal for monitoring the governance plan; and (iii) PGTA of Rio Apapóris, Cué Marabitanas Balaio, Médio Rio Negro I, Médio Rio Negro II and Rio Téa with diagnosis, management guidelines and recommendations for public policies in those IL that cover small geographical extension, which shall have their PGTAs with smaller scope and shall be reference points to take those peoples to a more detailed level of discussion in the future.

PGTA of the Yanomami IL shall still be prepared in the scope of the second component. With 9.6 million hectares, the Yanomami IL is the largest supported by this project. PGTA of the whole IL will be developed, with general guidelines and orientations, for future drafting of regional PGTAs. The plan shall be developed based on debates that took place in a forum with representatives from the five indigenous organizations from the Yanomami IL.

### Intervention logic

The project falls under the “sustainable production” and “territorial planning” components of the Amazon Fund’s Logical Framework.



## Federal Government

### Strengthening of Control and Environmental Monitoring for Combat Against Illegal Deforestation in the Amazon

**PROJECT MANAGEMENT**

Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) <sup>42</sup>

**TERRITORIAL SCOPE**

Brazilian Amazon

**BENEFICIARIES**

Brazilian Amazon population

**OBJECTIVE**

Support IBAMA's environmental inspection activities and deforestation control in the Amazon

**TOTAL COST OF THE PROJECT**

US\$ 17,662,033.20  
R\$ 56,295,964.63

**AMAZON FUND SUPPORT**

Up to US\$ 17,662,033.20  
Up to R\$ 56,295,964.63

**ESTIMATED COMPLETION DATE**

15 meses (a partir da data da contratação)

**PROGRESS OF THE PROJECT**

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO AMAZON FUND SUPPORT
10.19.2016	11.3.2016	US\$ 2,863,309.58 R\$ 9,126,512.95	16%



<sup>42</sup> <[www.ibama.gov.br](http://www.ibama.gov.br)>

## Context

Since PPCDAm was created, Brazil was able to reduce deforestation rates in the Amazon. Its development, in 2004, counted on collaboration from various ministries, in addition to representatives from the civil society and Amazon states, and its implementation has been coordinated by the Ministry of Environment.

According to evaluation of the PPCDAm second phase, it was concluded that deforestation reduction was mainly due to actions performed in the axis "monitoring and environmental control", and, among them, actions of environmental inspections performed by IBAMA are highlighted.

To perform those actions, one needs proper means of transportation to this kind of operation in the Amazon region, such as: 4x4 trucks for terrestrial inspection and helicopters for aerial inspection.

Historically, IBAMA has had those means and performed its inspection actions with considerable success. However, this federal agency's budget has been decreasing, whether for contingency of the Federal Government due to deterioration of the Country's public accounts or for inflation rate increase.

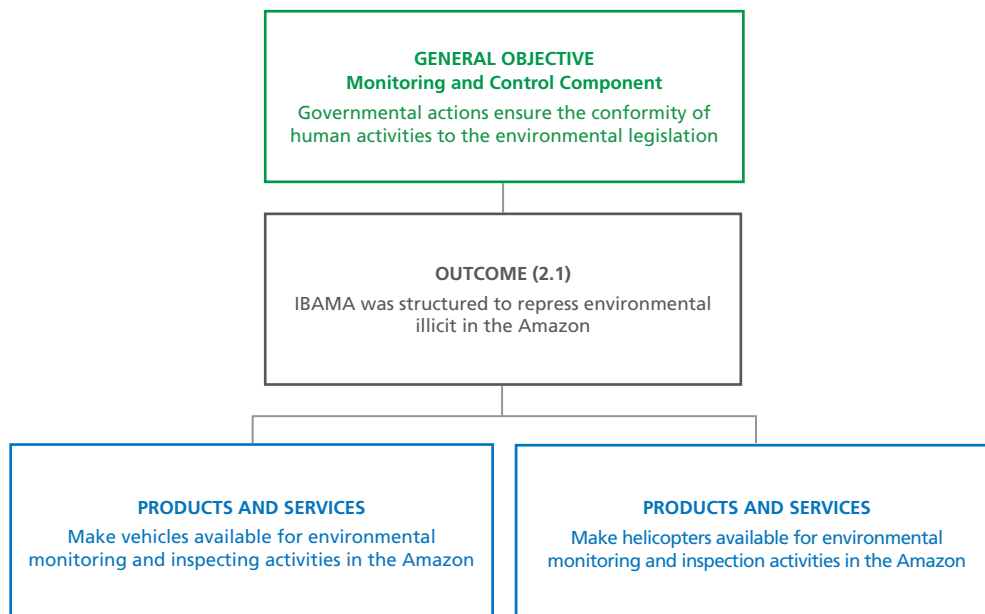
## The project

The project aims to ensure IBAMA inspection actions for a 15-month term. Project resources shall be used to pay the rent of trucks and helicopters for field inspection. The activities will be focused on the regions that suffer greater deforestation pressure, according to alerts issued by the DETER system, among others.

It is worth highlighting that the project is part of the exceptionality established by the COFA (according to the document Focus for support from Amazon Fund in the 2015-2016 period) as regards the additionality conditional of resources for "projects that aim to continue or improve environmental supervision and deforestation control, presented by agencies or federal/state financial institutions with legal power to perform supervision acts."

## Intervention logic

The project falls under the “monitoring and control” component in the Amazon Fund’s Logical Framework.



# States

## CAR Ceará

### RESPONSIBLE FOR THE PROJECT

State Superintendence of Environment of the State of Ceará (SEMACE)<sup>43</sup>

### TERRITORIAL SCOPE

109 municipalities in Ceará, through registration actions and, indirectly, the whole state, through actions of communication and improvement of infrastructure for enforcing the Rural Environmental Registration (CAR)

### BENEFICIARIES

Owners or leaseholders of properties with up to 4 government-established fiscal modules in the 109 Ceará municipalities that develop agrosilvopastoral activities, in addition to SEMACE and other owners or leaseholders of rural properties in Ceará, through communications and improvement actions for improved infrastructure support to CAR

### OBJECTIVE

Support the CAR implementation in the Ceará state

### TOTAL COST OF THE PROJECT

Up to US\$ 6,894,571.15  
Up to R\$ 27,314,911.89

### AMAZON FUND SUPPORT

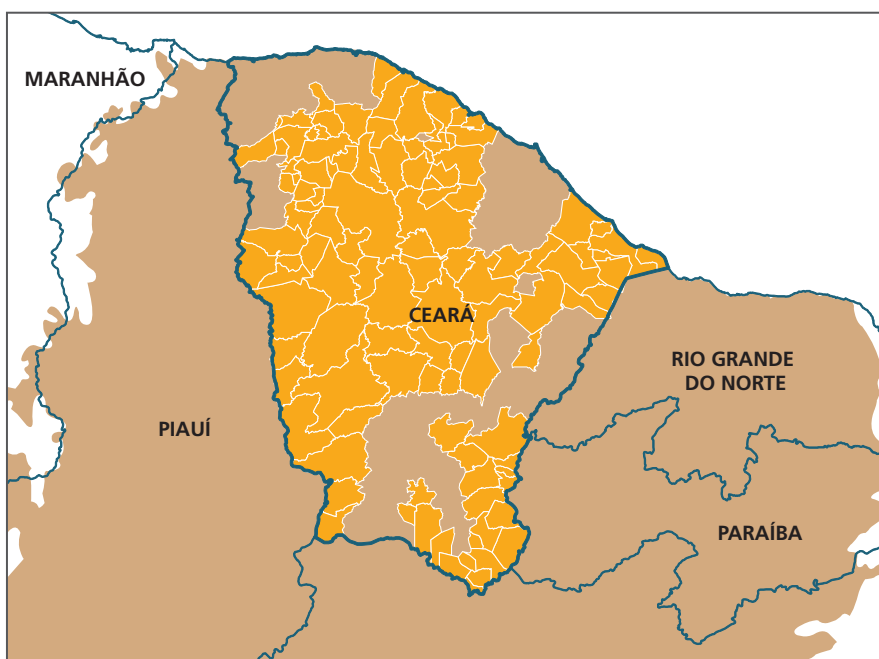
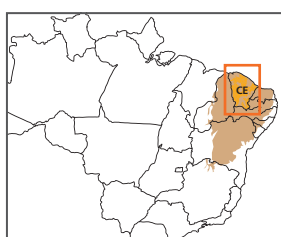
Up to US\$ 6,205,114.01  
Up to R\$ 24,583,420.70

### ESTIMATED COMPLETION DATE

30 months (from the date the contract was signed)

### PROGRESS OF THE PROJECT

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO AMAZON FUND SUPPORT
2.23.2016	5.31.2016	US\$ 1,742,332.44 R\$ 6,902,772.66	28%



- States
- Caatinga Biome
- Municipalities affected by the project

<sup>43</sup> <[www.semace.ce.gov.br](http://www.semace.ce.gov.br)>

## Context

Upon enacting the new Forest Code (Law 12,651/2012), CAR was established as an electronic public record of national scope, mandatory for all rural properties, with the purpose of integrating environmental information of rural properties and possessions, drafting database for controlling, monitoring, environmental and economic planning and fighting deforestation.

The Ceará State has been developing land-title regularization actions in its whole territory, having concluded data survey of rural properties located in the 109 municipalities covered by the project.

CAR implementation to be supported by the project shall be performed from this database, which shall provide high level of reliability regarding setting delimitation of properties for registration. CAR must be an instrument through which all acts that depend on authorization from the environmental agency are requested and approved.

## The project

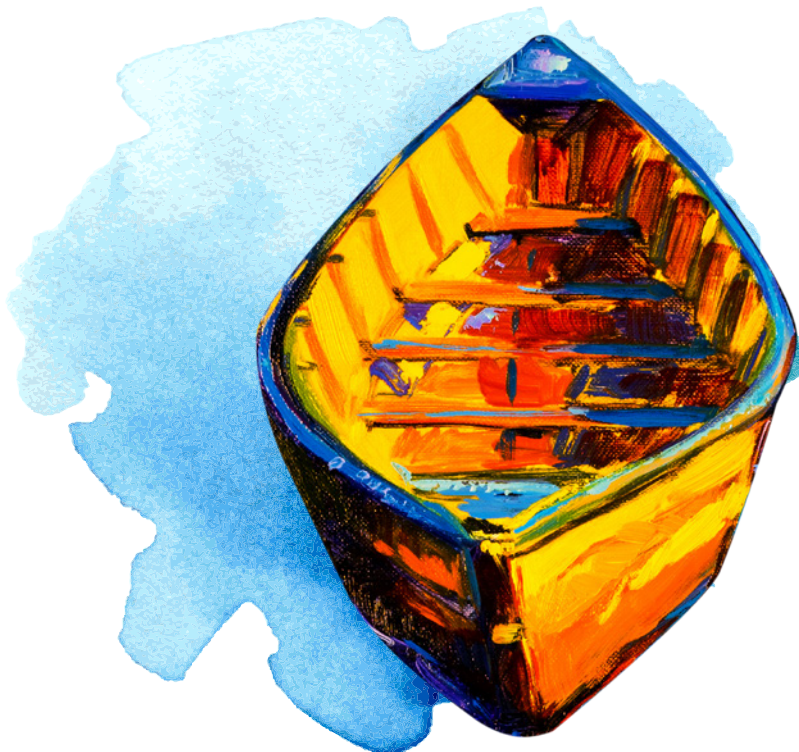
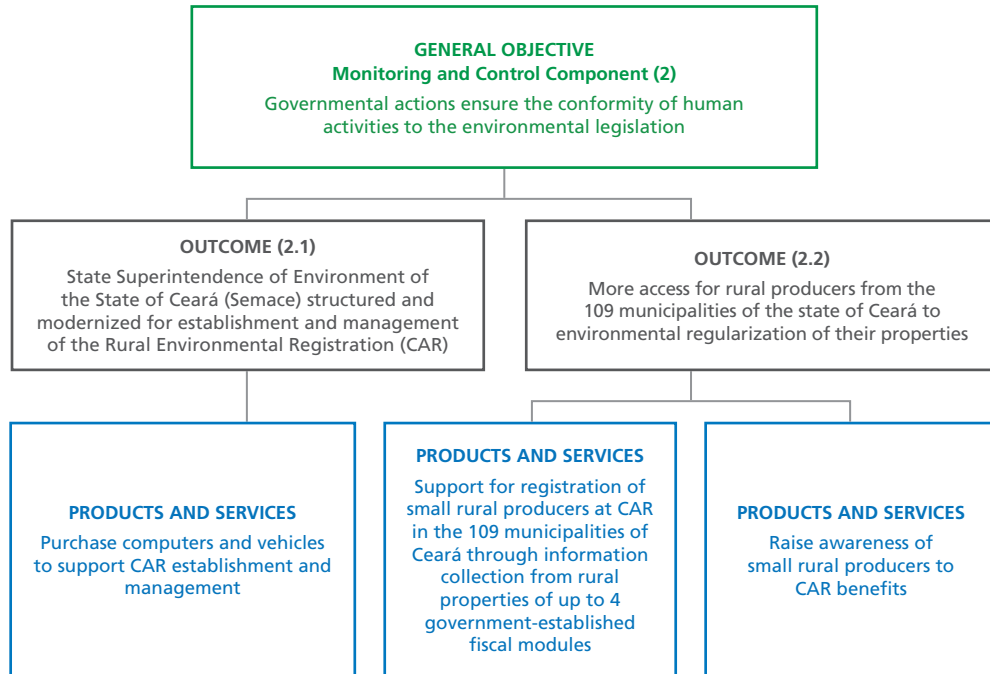
The project is part of the state strategy for implementing CAR, since it aims to support the registration of 166,000 rural properties of up to 4 government-established fiscal modules, as well as improving infrastructure and communication related to registration over the whole state. It is structured into three components: (i) support for registration at the CAR; (ii) institutional levelling, mobilization and communication; and (iii) infrastructure for CAR implementation.

The support for the first component shall cover hiring third party services to perform the intended registration. The second component will be the strategy of spreading CAR importance and mobilization of rural owners and leaseholders. The third component shall deal with purchasing equipment to improve Semace infrastructure, as well as ensuring the safety of stored information related to CAR.



## Intervention logic

The project falls under the “monitoring and control” component in the Amazon Fund’s Logical Framework



## CAR Paraná

### PROJECT MANAGEMENT

Environmental Institute of Paraná (IAP) <sup>44</sup>

### TERRITORIAL SCOPE

All municipalities in the state of Paraná

### BENEFICIARIES

State of Paraná, through support for validating the CAR; traditional peoples and communities will be also directly benefited by the CAR actions

### OBJECTIVE

Support CAR implementation in the state of Paraná

### TOTAL COST OF THE PROJECT

Up to US\$ 5,654,415.09  
Up to R\$ 17,637,817.32

### AMAZON FUND SUPPORT

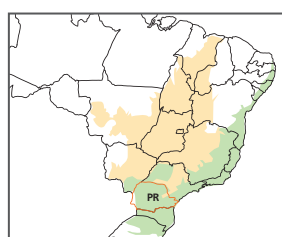
Up to US\$ 4,523,532.16  
Up to R\$ 14,110,253.86

### ETIMATED COMPLETION DATE

30 months (upon signing contract)

### PROGRESS OF THE PROJECT

DATE OF APPROVAL	DATE OF CONTRACT	TOTAL AMOUNT DISBURSED	TOTAL AMOUNT DISBURSED IN RELATION TO AMAZON FUND SUPPORT
10.26.2016	-	-	0%



- States
- Action area
- Cerrado Biome
- Mata Atlântica Biome

<sup>44</sup> <[www.iap.pr.gov.br](http://www.iap.pr.gov.br)>

## Context

Upon enacting the new Forest Code (Law 12,651/2012), CAR was established as an electronic public record of national scope, mandatory for all rural properties, with the purpose of integrating environmental information of rural properties and possessions, composing database control, monitoring, environmental and economic planning and fight deforestation.

As provided for by Decree 7,830/2012 the competent environmental agency shall perform analysis and validation of registrations, and should, in case of pending or inconsistent information and documents presented, notify the applicant to complement, rectify or adequate the information provided.

The state of Paraná has been developing advertising campaigns and registration of small rural farmers in partnership with several institutions. One of the greatest benefits from establishing CAR is to integrate state CAR systems into the Rural Environmental Registration System (SICAR); state CAR information shall support the development and implementation of environmental policies in the state.

## The project

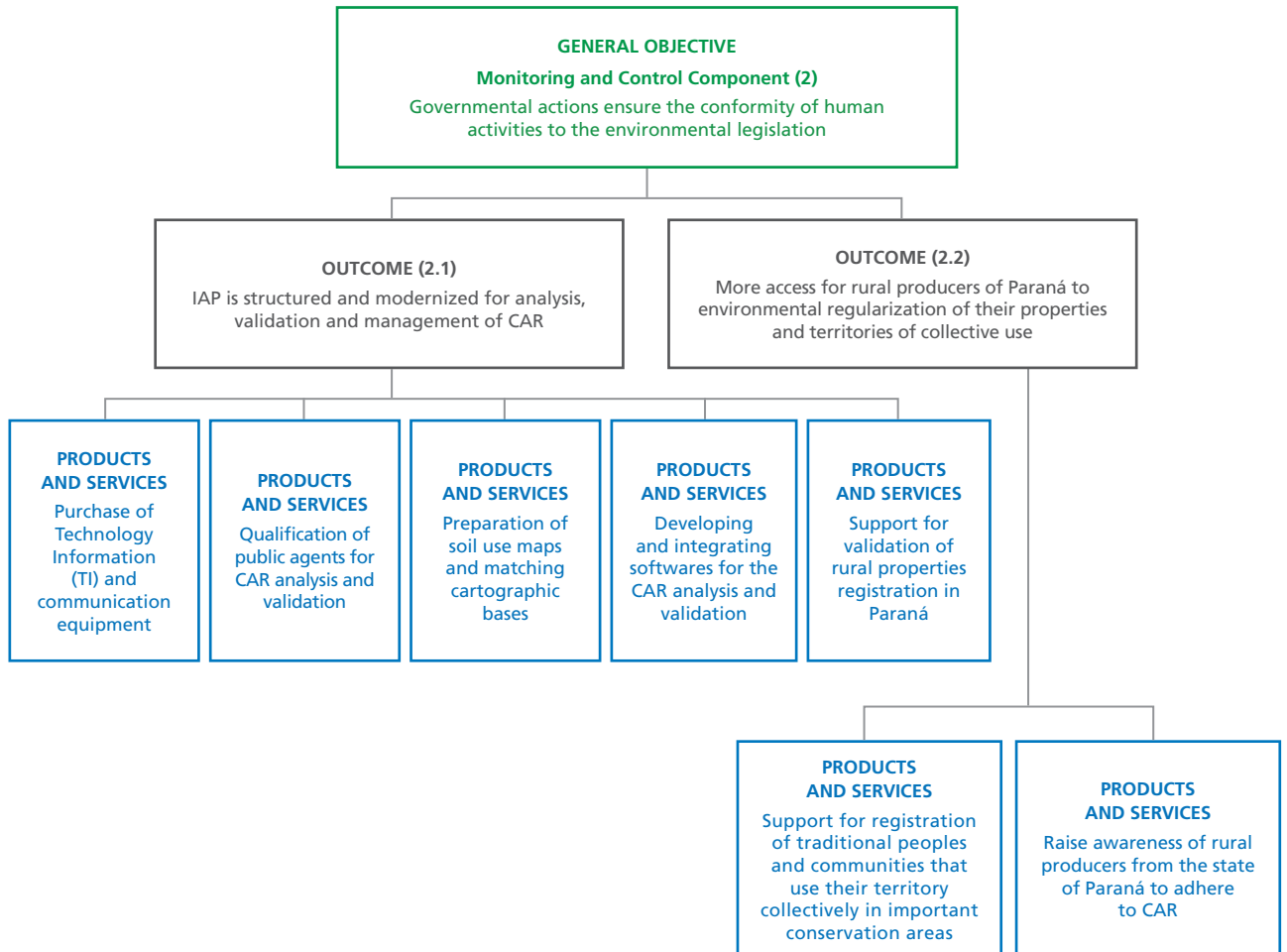
The project is under the state strategy for CAR implementation, since it aims to validate 67,788 environmental rural registrations and support the registration of 3,950 properties in territories of state traditional peoples and communities at CAR. It is structured into three components: (i) support for analysis and validation of CAR; (ii) promotion and support for registration at CAR; and (iii) infrastructure for CAR analysis and validation.

The first component covers hiring support services to analyze registrations. The second component shall cover actions to perform the registration of traditional peoples and communities, as well as spreading the word and stimulating rural owners and leaseholders. The third component shall comprise of infrastructure improvement to the Environmental Institute of Paraná (IAP) and qualification of public agents.

The project stands out for covering the phase of CAR analysis and validation, continuing the establishment of this registration in the state of Paraná.

## Intervention logic

The project falls under the “monitoring and control” component in the Amazon Fund’s Logical Framework .





**Projects in  
progress**

PROJECTS WITH THE THIRD SECTOR					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Strengthening Environmental Management in the Amazon</b> Amazon Institute of People and the Environment (IMAZON)	Several municipalities in the states of Amazonas, Mato Grosso, Pará and Rondônia	To support (i) the strengthening of environmental management in priority municipalities for the implementation of policies for preventing and controlling deforestation in the Amazon Biome; (ii) studies for land-title diagnosis in the states of Amazonas, Mato Grosso, Pará and Rondônia, and to improve the dissemination of information on the progress of land-title regularization activities underway in Pará; and (iii) to improve protected areas management in the Calha Norte region in the state of Pará	11.6.2015	US\$ 3,194,485.79 R\$ 12,104,865.00	US\$ 1,209,117.65 R\$ 4,581,709.50/ 37.85%
<b>High Juruá</b> Ashaninka Association from the Amônia River – (Apiwtxa)	Alto Juruá region, in the state of Acre	To promote the agroforestry management and production in traditional and indigenous communities for a sustainable economic alternative to deforestation; to support initiatives of territorial monitoring and control; and to strengthen the local community organization	2.24.2015	US\$ 2,289,952.10 R\$ 6,597,581.00	US\$ 1,928,460.33 R\$ 5,556,087.06/ 84.21%
<b>Ethno-environmental Protection of Isolated Indigenous Peoples and those Recently Contacted in the Amazon</b> Center for Indigenous Work (CTI)	The whole Brazilian Amazon	To protect isolated indigenous peoples and those recently contacted to assure physical boundaries and natural resources of areas where they live, as well as reducing the Amazonian deforestation	10.28.2014	US\$ 7,514,829.72 R\$ 19,043,330.00	US\$ 4,303,052.29 R\$ 10,904,364.80/ 57.26%
<b>Training to Conserve</b> Amazon Conservation Team (ECAM)	Protected areas in the state of Amapá	To train environmental agents and managers to strengthen the protected areas in the state of Amapá	9.23.2014	US\$ 608,294.93 R\$ 1,452,000.00	US\$ 388,377.69 R\$ 927,057.54/ 63.85%
<b>Banco do Brasil Foundation (Phase 2) – Amazon Fund</b> Banco do Brasil Foundation (FBB)	Brazilian Amazon	To support projects to develop productive activities, which are in line with the preservation and sustainable use of the Amazon Biome	10.7.2014	US\$ 4,979,666.36 R\$ 12,000,000.00	US\$ 0.00 R\$ 0,00/ 0.00%
<b>Strengthening the Territorial and Environmental Management of Indigenous Lands in the Amazon</b> Environmental Conservation Institute – The Nature Conservancy (TNC Brazil)	Six indigenous lands (IL) partially located in three municipalities of the state of Amapá and five municipalities in the state of Pará	To promote territorial and environmental management in six ILs in Amapá and Pará to reduce deforestation in those areas	9.16.2014	US\$ 6,730,655.10 R\$ 15,750,406.00	US\$ 1,964,589.42 R\$ 4,597,335.71/ 29.19%
<b>Sustainable Fishing</b> WWF Brasil	Municipalities of Manuel Urbano, Feijó and Tarauacá, in the state of Acre	Management measures and fishing agreements to reduce degradation of aquatic ecosystems and to create a sustainable economic alternative to deforestation in Acre	12.30.2013	US\$ 1,362,028.63 R\$ 3,205,943.00	US\$ 1,362,028.63 R\$ 3,205,943.00/ 100.00%

(To be continued)

(Continued)

PROJECTS WITH THE THIRD SECTOR					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Portal Seeds – Phase II</b> Ouro Verde Institute	Eight municipalities of the region known as Amazon Portal, in the extreme North of Mato Grosso: Apiacás, Alta Floresta, Carlinda, Colider, Nova Canaã do Norte, Nova Guarita, Nova Santa Helena and Terra Nova do Norte	To recover degraded areas and to strengthen family farming in the Amazon Portal region, in the state of Mato Grosso, by implementing and consolidating agroforestry systems (SAF), with agroforestry enrichment planting; structuring of products and seeds commercialization channels; and research support	10.1.2013	US\$ 7,213,452.91 R\$ 16,086,000.00	US\$ 5,150,143.45 R\$ 11,484,819.89/ 71.40%
<b>Amazon Backyards</b> Cultural and Environmental Study Center of the Amazon region (Rioterra)	Municipalities of Machadinho do Oeste, Cujubim and Itapuã do Oeste, in Rondônia	To support family farming and Agrarian Reform settlers in Rondônia, residents living in Itapuã do Oeste, Cujubim and Machadinho d'Oeste for: (i) Rural Environment Registration (CAR) of their rural properties; and (ii) planting and research support for agroforestry systems to recover changed or degraded areas in legal forest reserves and permanent forest preservation areas	7.30.2013	US\$ 4,032,464.95 R\$ 9,117,000.00	US\$ 3,057,051.21 R\$ 6,911,687.09/ 75.81%
<b>Mamirauá</b> Mamirauá Sustainable Development Institute (IDSM)	Municipality of Tefé (AM); Mamirauá Sustainable Development Reserve (municipalities of Uarini, Fonte Boa and Maraã – AM); Amanã Sustainable Development Reserve (municipalities of Maraã, Barcelos e Coari – AM)	To support handling and participatory management initiatives in Mamirauá and Amanã Sustainable Development Reserves, by conducting research, developing and disseminating knowledge in the following topics: sustainable farming, sustainable forest timber management, sustainable forest non-timber management, environmental education, environmental protection and monitoring	12.18.2012	US\$ 4,068,834.82 R\$ 8,504,678.54	US\$ 2,698,518.60 R\$ 5,640,443.58/ 66.32%
<b>Environmental Management Qualification Program</b> Brazilian Institute of Municipal Administration (IBAM)	Municipalities in the Amazon Biome	Strengthening environmental management in the Amazon Biome by offering qualification and technical assistance; disseminating knowledge and information via networks; stimulating innovation and articulation with other government levels and society in general, according to the environmental public policies scope	12.18.2012	US\$ 9,019,941.79 R\$ 18,853,482.32	US\$ 6,673,862.61 R\$ 13,949,707.63/ 73.99%
<b>Small Ecosocial Projects in the Amazon</b> Institute for Society, Population and Nature (ISPN)	States of Mato Grosso, Tocantins and Maranhão, limited to the Amazon Biome	Four calls-to-bid to select and foster low-cost socio-environmental projects focused on family farming, traditional peoples and communities in the Amazon Biome in the states of Mato Grosso, Tocantins and Maranhão	7.3.2012	US\$ 6,456,480.19 R\$ 12,843,876.04	US\$ 5,199,555.62 R\$ 10,343,476.00/ 80.53%
<b>Banco do Brasil Foundation – Amazon Fund</b> Banco do Brasil Foundation (FBB)	Amazon Biome	To support projects to develop productive activities in compliance with the preservation and sustainable use of the Amazon Biome	5.15.2012	US\$ 7,550,588.95 R\$ 15,000,000.00	US\$ 7,306,715.18 R\$ 14,515,520.38/ 96.77%

(To be continued)

(Continued)

PROJECTS WITH THE THIRD SECTOR					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Sustainable Settlements in the Amazon</b> Amazon Environmental Research Institute (IPAM)	Western region of Pará, covering the municipalities of Anapu, Pacajá, Senador José Porfírio, Mojuí dos Campos and Aveiros	To develop a representative project at INCRA settlements in Pará western region focused on sustainable production, as well as paying for environmental services provided by families working to reduce deforestation	11.29.2011	US\$ 13,411,056.34 R\$ 24,939,200.37	US\$ 12,598,674.53 R\$ 23,428,495.16/ 93.94%
<b>Kayapó Fund for Preservation in Indigenous Lands</b> Brazilian Biodiversity Fund (FUNBIO)	Kayapó, Menkragnoti, Baú and Badjonkôre indigenous lands (IL), in Pará South region; and Capoto-Jarina TI, in Mato Grosso North region	Supporting Kayapó organizations' projects on sustainable production activities, institutional strengthening, preventing deforestation, conserving biodiversity and territorial protection by a long-term financial and operational mechanism, known as Kayapó Fund	6.21.2011	US\$ 9,168,339.39 R\$ 16,900,000.00	US\$ 3,987,737.94 R\$ 7,350,597.34/ 43.49%
<b>Knowing to Preserve</b> Amazon Museum (MUSA)	Manaus in the state of Amazonas	To create the Amazon Museum (MUSA) and a Training Center at the Água Branca Settlement, in Manaus, for disseminating knowledge to the appreciation and preservation of the Amazon's natural resources, as well as its cultural heritage, through an innovative model for visiting the forest	11.30.2010	US\$ 4,935,493.31 R\$ 9,984,629.00	US\$ 4,834,390.27 R\$ 9,604,420.94/ 96.19%
<b>Dema Fund</b> Federation of Organs for Social and Educational Assistance (FASE)	Traditional communities in Pará, and the areas affected by the Transamazon and BR-163 highways and in the Lower Amazon	To support low-cost socio-environmental projects, through eighth calls-to-bid to be launched over three years	3.15.2011	US\$ 4,579,312.13 R\$ 7,615,854.00	US\$ 4,147,352.08 R\$ 6,897,461.41/ 90.57%

**PUBLIC CALL TO SUBMISSION OF TERRITORIAL AND ENVIRONMENTAL MANAGEMENT PROJECTS IN INDIGENOUS LANDS**

Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Irehi – Taking Care of the Territories</b> Native Amazon Operation (OPAN)	Menkü, Manoki, Pirineus de Souza and Maräiwatsédé Indigenous lands (IL) in Mato Grosso	To complete and implement the Territorial and Environmental Management Plan (PGTA) for the Maräiwatsédé IL; and to implement PGTA in the Manoki, Menkü and Pirineus de Souza ILs	12.18.2015	US\$ 2,096,159.68 R\$ 8,160,140.00	US\$ 728,138.52 R\$ 2,834,570.45/ 34.74%
<b>Sustainable Indigenous Amazon Project</b> Association in Defense of Ethno-environmental Kanindé	Igarapé Lourdes (RO), Zoró (MT), Rio Guaporé (RO) and Rio Negro Ocaia (RO) ILs	To implement the Territorial and Environmental Management Plan (PGTA) in the Igarapé s and Zoró ILs, and to design PGTA for the Rio Guaporé and Rio Negro Ocaia ILs	12.4.2015	US\$ 2,156,669.07 R\$ 8,188,872.44	US\$ 706,197.63 R\$ 2,681,432.40/ 32.74%
<b>Sustainable Good Living</b> Institute of Research and Indigenous Education (IEPÉ)	Parque do Tumucumaque (PA and AP), Paru D'Este (PA) and Zo'é (PA) ILs	To implement the Territorial and Environmental Management Plan (PGTA) in Parque do Tumucumaque (Amapá and Pará) and Rio Paru d'Este (Pará) ILs; and to develop PGTA for the Zo'é TI (Pará) IL	8.11.2015	US\$ 3,127,236.59 R\$ 11,858,793.87	US\$ 899,595.94 R\$ 3,411,357.75/ 28.77%



PUBLIC CALL TO SUBMISSION OF SUSTAINABLE PRODUCTION PROJECTS					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Values Chains in Indigenous Lands in Acre</b> Acre Pro- Indigenous People Commission	Kaxinawá do Rio Humaitá and Rio Gregório ILS (Tarauacá/AC), Alto Rio Purus IL (Santa Rosa do Purus and Manuel Urbano/AC) and Arara do Igarapé Humaitá ILS (Porto Walter/AC)	To strengthen the sustainable production, culture and the way of life in the following ILS: Kaxinawá do Rio Humaitá, Arara do Igarapé Humaitá, Rio Gregório and Alto Rio Purus in Acre, by organizing and promoting agroforestry product chains and indigenous technical assistance	8.11.2015	US\$ 889,760.23 R\$ 3,106,064.00	US\$ 461,420.50 R\$ 1,610,772.83/ 51.86%
<b>Fruits from the Forest</b> Brazilian Union of Education and Teaching (UBEE)	Pará North region and Baixo Tocantins region	Strengthening biodiversity products chains in Pará by: (i) recovering degraded and/or changed forest areas located on small properties or rural family lands, through agroforestry systems; (ii) improving production and logistics for storing and transporting fruit; (iii) improving fruit processing; (iv) diversifying and adding value to products; (v) improving commercialization strategies for products; and (vi) training members of cooperatives and local associations	4.14.2015	US\$ 1,307,192.29 R\$ 4,053,734.00	US\$ 154,485.90 R\$ 479,076.26/ 11.82%
<b>Value Chains of Non-timber Forest Products</b> SOS Amazon Association	Six municipalities of the state of Acre: Cruzeiro do Sul, Mâncio Lima, Rodrigues Alves, Porto Walter, Tarauacá and Feijó; and four municipalities of the state of Amazonas: Pauini, Boca do Acre, Lábrea and Silves	To disseminate and support entrepreneurial initiatives in nine agglutinated institutions to generate jobs and income, through the sustainable development of the productive chains of vegetal oils, wild cocoa and rubber	1.27.2015	US\$ 3,848,494.18 R\$ 9,993,000.00	US\$ 1,361,276.28 R\$ 3,534,690.00/ 35.37%
<b>Arapaima: Production Networks</b> Native Amazon Operations (OPAN)	Rio Biá, Espírito Santo, Acapuri de Cima, Estação, Macarrão and Deni ILs, in the Uacari and Cujubim Sustainable Development Reserves and in the Médio Juruá Extraction Reserve, located at the Juruá and Solimões mid- basins in Amazonas	To support in the Juruá and Solimões mid-basins, in the state of Amazonas: (i) fishing and non- timber forest resources management in IL and protected areas; and (ii) the strengthening of indigenous associations and extraction producers associations	10.28.2014	US\$ 2,511,633.32 R\$ 6,364,730.00	US\$ 1,937,640.33 R\$ 4,910,174.37/ 77.15%
<b>Materialize</b> Association of Small Agro-farmers in the RECA Project	Ponta do Abunã River region - municipalities of Porto Velho, in Rondonia, and Acrelândia, in the state of Acre	To strengthen the cupuaçu and açai berry production sector by implementing agroforestry systems; to increase and modernize the productive capacity of pulp processing unities in Ponta do Abunã's traditional communities to create a sustainable economic alternative to deforestation	10.14.2014	US\$ 2,411,118.40 R\$ 6,422,748.00	US\$ 2,370,362.63 R\$ 6,325,247.99/ 98.48%

(To be continued)

(Continued)

PUBLIC CALL TO SUBMISSION OF SUSTAINABLE PRODUCTION PROJECTS					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Strengthening the Sustainable Forest-based Economy</b> Extraction Commercialization Central Cooperative for the State of Acre (COOPERACRE)	14 municipalities of the administrative regions of Alto Acre, Baixo Acre and Purus	To strengthen Brazil-nut and fruit pulp production in the state of Acre by: (i) recovering degraded/changed areas located in small properties or family owned rural properties; (ii) optimizing Brazil-nut storage logistics and fruit transportation; (iii) improving Brazil nut processing; (iv) diversifying and adding value to products; (v) improving product commercialization strategy; and (vi) qualifying the affiliated network	9.23.2014	US\$ 2,128,932.97 R\$ 5,081,763.00	US\$ 1,300,171.34 R\$ 3,103,509.00/ 61.07%
<b>APL Babassu</b> Association of Settlement Areas in the state of Maranhão (ASSEMA)	Municipalities of Lago do Junco, Lago da Pedra and Bacabal, in the state of Maranhão	To support preservation and sustainable management of babassu palm tree and to recover degraded areas through agroforestry systems in three municipalities in the Amazon Biome, in the state of Maranhão	9.2.2014	US\$ 2,363,754.25 R\$ 5,286,300.00	US\$ 804,911.50 R\$ 1,800,104.08/ 34.05%
<b>Planting Sustainable Amazon</b> Alternative Technology Center Association (CTA)	Amazon Portal, mid-northern and southeastern Mato Grosso regions	To support the strengthening of family farming in municipalities in the Amazon Biome, in the southeast region of Mato Grosso, by implementing and consolidating agroforestry systems (SAF), supporting production structures and commercialization channels created by SAF	9.2.2014	US\$ 1,447,876.95 R\$ 3,238,032.00	US\$ 876,098.36 R\$ 1,959,306.37/ 60.51%
<b>Sustainable Calha Norte</b> Institute of Agriculture and Forest Management and Certification (Imaflora)	Municipalities of Oriximiná and Alenquer, in the state of Pará	To strengthen extraction activities and family farming as development vectors of Pará Calha Norte, by implementing food processing units, nurseries for agroforestry systems and community carpentry, in quilombola communities and settlements	8.26.2014	US\$ 1,452,506.58 R\$ 3,312,877.00	US\$ 637,656.53 R\$ 1,454,367.01/ 43.90%
<b>Agroforestry Businesses</b> Jari Foundation	Municipalities of Vitória do Jari and Laranjal do Jari, in the state of Amapá	To combat illegal deforestation and poverty in the rural areas by (i) implementing agroforestry systems with emphasis on acai berry and other species, such as manioc, cupuaçu and Brazil-nut; (ii) improving the infrastructure and qualification of manpower for local furniture-making cooperatives; and (iii) qualifying technical assistants in agroextraction activities	7.29.2014	US\$ 1,272,777.78 R\$ 2,838,549.00	US\$ 0.00 R\$ 0,00/ 0.00%
<b>Amazon Nectar</b> Peabiru Institute	Traditional communities in the municipalities of Curuçá, Almeirim and Monte Alegre, in the state of Pará, and in Macapá and Oiapoque, in the state of Amapá	To strengthen the production sector for the honey produced by native bees in traditional communities in the municipalities of Curuçá, Almeirim and Monte Alegre, in the state of Pará, and in Macapá and Oiapoque, in the state of Amapá, in order to provide a sustainable economic alternative to deforestation	5.13.2014	US\$ 915,899.66 R\$ 2,030,000.00	US\$ 652,335.03 R\$ 1,445,835.37/ 71.22%

(To be continued)

(Continued)

PUBLIC CALL TO SUBMISSION OF SUSTAINABLE PRODUCTION PROJECTS					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Forest Sentinels</b> Cooperative of the Farmers in the Vale do Amanhecer (COOPAVAM)	Eight municipalities in the northwestern region of the state of Mato Grosso (Aripuanã, Brasnorte, Castanheira, Colniza, Cotriguaçu, Juara, Juína and Juruena)	To strengthen the Brazil nut industry throughout the production and commercialization process, increasing the income of extraction communities living off forest products in the region	2.4.2014	US\$ 2,195,440.85 R\$ 5,288,817.00	US\$ 2,174,391.86 R\$ 5,238,109.98/ 99.04%
<b>Productive Socio- biodiversity in Xingu</b> Socio-environmental Institute (ISA)	Xingu River Basin, covering 11 municipalities in the state of Mato Grosso and two municipalities in the state of Pará	To structure and strengthen socio- biodiversity value chains in the Xingu River Basin, including forest seeds and seedlings, rubber, nuts, pequi fruit nuts, and fruits, with indigenous populations, extraction and family farmers, in order to improve these populations' quality of life and to foster sustainable extractive agroforestry production	12.3.2013	US\$ 3,421,832.91 R\$ 8,023,856.00	US\$ 3,421,832.91 R\$ 8,023,856.00/ 100.00%

PROJECTS WITH FEDERAL GOVERNMENT					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Amazon Integrated Project</b> Brazilian Agricultural Research Corporation (EMBRAPA)	Amazon biome	To stimulate the production and dissemination of knowledge and technologies to recover, conserve and use the Amazon biome in a sustainable way, i.e., implementing projects designed by EMBRAPA decentralized units and selected via an internal call-to-bid	12.29.2015	US\$ 8,597,810.44 R\$ 33,691,380.00	US\$ 449,376.95 R\$ 1,523,298.00/ 4.52%
<b>Amazon SAR</b> Defense Ministry – Operations and Management Center of the Amazonian Protection System (CENSIPAM)	The goal is monitoring around 950,000 km <sup>2</sup> per year (23% of the Amazon Biome), divided as follows: 764,000 km <sup>2</sup> located in areas under the greatest deforestation pressure; 144,000 km <sup>2</sup> of the state of Amapá; and an additional 5% of isolated spots in the Amazon biome due to specific demand	To implement a deforestation detection system in the Amazon by using orbital imaging radar	6.23.2015	US\$ 20,783,439.87 R\$ 63,923,626.00	US\$ 1,884,566.47 R\$ 5,796,361.10/ 9.07%
<b>Environmental Operations Company</b> Ministry of Justice – National Public Security Force	Amazon biome. Occasionally, the Environmental Operations Company may be requested to assist missions in other biomes	To support physical and operational structuring of the Environmental Operations Company of the National Public Security Force to perform environmental operations in the Amazon biome	1.27.2015	US\$ 11,796,765.00 R\$ 30,631,480.00	US\$ 329,416.18 R\$ 855,362.06/ 2.79%

(To be continued)

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PROJECTS WITH FEDERAL GOVERNMENT					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Environmental Monitoring by satellite in the Amazon Biome</b> National Institute of Space Research (INPE)	Amazon biome	To support the development of studies on uses and land coverage in the Amazon biome, in addition to expanding and improving satellite environmental monitoring by INPE	10.7.2014	US\$ 27,783,399.45 R\$ 66,952,436.00	US\$ 16,136,781.48 R\$ 38,886,416.00/ 58.08%
<b>Prevfogo</b> Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA)	Mainly the Amazon biome, but enhancing the logistics center at the National Center to Prevent and Combat Forest Fires (Prevfogo) in Brasília	To support the physical and operational structure of PREVFOGO, environmental education for raising awareness and training of residents to monitor, prevent and combat forest fires and unauthorized burnings in the Amazon biome	12.30.2013	US\$ 6,252,557.57 R\$ 14,717,270.00	US\$ 843,951.83 R\$ 1,986,493.81/ 13.50%
<b>National Forest Inventory Amazon</b> Brazilian Forest Service (SFB)	Amazon biome	To implement the Forest Inventory in the Amazon biome to produce information on forest resources, carbon stocks and territory management by populations in the region	7.31.2012	US\$ 40,549,316.98 R\$ 65,000,555.12	US\$ 8,699,751.20 R\$ 13,945,701.18/ 21.45%

PROJECTS WITH STATES					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>CAR Roraima</b> Roraima State Foundation for the Environment and Water Resources (FEMARH)	State of Roraima	To implement the CAR in the state of Roraima	11.4.2014	US\$ 4,356,254.28 R\$ 10,820,500.00	US\$0.00 R\$ 0,00/ 0.00%
<b>CAR Mato Grosso do Sul</b> Mato Grosso do Sul State Environmental Institute (IMASUL)	69 municipalities of the state of Mato Grosso do Sul	To implement the CAR in the state of Mato Grosso do Sul	9.23.2014	US\$ 3,927,524.58 R\$ 8,789,800.00	US\$ 632,730.12 R\$ 1,416,050.00/ 16.11%
<b>CAR Bahia</b> Institute of Environment and Hydric Resources in the State of Bahia (INEMA)	161 municipalities of the state of Bahia	To implement the CAR in the state of Bahia	3.25.2014	US\$ 13,623,107.36 R\$ 31,671,000.00	US\$ 2,958,448.04 R\$ 6,877,800.00/ 21.72%
<b>Integrated Environmental Socio-economic Development Project</b> State of Rondônia	State of Rondônia	To support environmental management, including efforts to state protected areas, consolidating CAR and strengthening municipal environmental management; to combat deforestation and forest degradation in the state of Rondônia	1.21.2014	US\$ 13,995,972.57 R\$ 32,659,602.00	US\$ 4,560,531.39 R\$ 10,642,000.00/ 32.58%

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PROJECTS WITH STATES					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Sustainable Environmental Management of Indigenous Lands in the state of Amazonas</b> State of Amazonas	28 indigenous lands (IL) distributed over 15 municipalities in the state of Amazonas	To improve environmental management and develop sustainable production activities for indigenous peoples in the state of Amazonas to create jobs, income and contribute to social inclusion	1.7.2014	US\$ 6,921,266.13 R\$ 16,465,000.00	US\$ 1,240,270.15 R\$ 2,950,478.67/ 17.92%
<b>Sustainable Mato Grosso</b> State of Mato Grosso	State protected areas (PA) in 40 municipalities of the state of Mato Grosso	To provide support to: (i) consolidate PA in the Amazon biome; (ii) strengthen inspections and state environmental licensing; and (iii) deconcentrate and decentralize state environmental management	12.17.2013	US\$ 14,932,820.16 R\$ 35,015,970.00	US\$ 3,431,748.44 R\$ 8,047,106.92/ 22.98%
<b>Green Municipalities Program</b> State of Pará	100 municipalities in the state of Pará	To consolidate the CAR of rural properties and strengthen municipal environmental management and thus contributing to combat deforestation and forest degradation in Pará	12.10.2013	US\$ 35,469,778.26 R\$ 82,378,560.00	US\$ 17,735,346.39 R\$ 41,190,342.00/ 50.00%
<b>Forest Management Boosting Socio-biodiversity Production Chains in Amapá</b> State of Amapá	State of Amapá	To provide support to: (i) expand knowledge, increase technical assistance and infrastructure related to the açai berry, timber and Brazil-nut production sectors for the extraction population; (ii) improve instruments for territorial planning; (iii) improve operational conditions and enhance professional qualification in entities and state autarchies to strengthen initiatives for environmental, territorial and forest management in the state; and (iv) develop instruments to implement projects for Reducing Emissions from Deforestation and Degradation (REDD)	9.24.2013	US\$ 18,292,651.93 R\$ 40,304,200.00	US\$ 0.00 R\$ 0,00/ 0.00%
<b>SEPROR Agroecology</b> State of Amazonas	41 municipalities in the state of Amazonas	To provide support to revitalize the natural rubber sector; to add value to the Brazil-nut sector; and to stimulate sustainable production activities in indigenous lands (IL)	8.28.2013	US\$ 6,208,850.74 R\$ 14,900,000.00	US\$ 2,458,724.98 R\$ 5,900,448.20/ 39.60%
<b>CAR Acre</b> State of Acre	State of Acre	To implement the CAR and the adherence to the Environmental Regularization Program (PRA) in the state of Acre	10.29.2013	US\$ 7,707,589.49 R\$ 16,838,000.00	US\$ 5,125,881.17 R\$ 11,198,000.00/ 66.50%
<b>CAR: Legal Tocantins</b> State of Tocantins	State of Tocantins	To provide support to: (i) implement the CAR in 96 municipalities in the state; (ii) improve the monitoring and control system for deforestation; (iii) implement a program to decentralize environmental management in the municipalities in the Amazon biome; and (iv) develop a sustainable forestry spot in center the Amazon biome within the state	5.21.2013	US\$ 19,920,523.29 R\$ 40,504,400.00	US\$ 9,658,864.90 R\$ 19,639,370.00/ 48.49%

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PROJECTS WITH STATES					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
SDS Amazonas State of Amazonas	Municipalities of Boca do Acre, Lábrea, Apuí and Novo Aripuanã in Amazonas	To support environmental management in areas under intense deforestation pressure in Amazonas by: designing legal frameworks for registration (CAR); encouraging environmental and land-title regularization; improving mechanisms for licensing and environmental monitoring; and recovering deforested areas by reforestation with economic and ecologic purposes	8.17.2010	US\$ 11,180,679.79 R\$ 20,000,000.00	US\$ 10,881,756.56 R\$ 19,465,286.19/ 97.33%
Adding value to Forest Environmental Assets State of Acre	State of Acre	To foster sustainable practices to reduce deforestation, with payments for environmental services, adding value appreciating environmental and forest assets to consolidate clean, fair and competitive economies, based on ecological-economic zoning (EEZ)	10.26.2010	US\$ 33,220,751.90 R\$ 60,000,000.00	US\$ 25,131,399.58 R\$ 45,389,820.82/ 75.65%
SEMAs Pará State of Pará	State of Pará	To strengthen environmental management in the state of Pará by improving the CAR issuance process, decentralization and deconcentration of the State Secretariat of the Environment and Sustainability, as well as improving the legal process of environmental licensing	7.9.2010	US\$ 8,901,626.79 R\$ 15,923,230.00	US\$ 8,901,626.79 R\$ 15,923,230.00/ 100.00%

PROJECTS WITH MILITARY FIREFIGHTERS					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
Pará Combating Forest Fires and Unauthorized Burnings State of Pará	State of Pará	To support monitoring, prevention and combat against forest fires and unauthorized burnings in the state of Pará by improving physical and operational structures of the Military Firefighters units in 10 municipalities	11.27.2012	US\$ 8,096,541.11 R\$ 16,830,280.00	US\$ 8,096,541.11 R\$ 16,830,280.00/ 100.00%
Greener Rondônia State of Rondônia	14 municipalities in the state of Rondônia	To support monitoring, prevention and combat against deforestation resulting from forest fires and unauthorized burnings in the state of Rondônia by qualifying and acquiring materials and equipment for the operationalization of: (i) the Military Firefighters Aerial and Land Operations Base to be built by the state in the capital Porto Velho; and (ii) four operational stations, located in other state municipalities	9.11.2012	US\$ 7,430,709.95 R\$ 15,040,500.00	US\$ 5,252,088.29 R\$ 10,630,751.90/ 70.68%

(To be continued)

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PROJECTS WITH MILITARY FIREFIGHTERS					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Forest Protection in the state of Tocantins</b> State of Tocantins	31 municipalities in the state of Tocantins	To support efforts to monitor, prevent, and combat deforestation caused by forest fires and unauthorized burnings in Tocantins, especially in the central-north region, by training, structuring mechanisms for integrated management, and purchasing materials and equipment to prepare the Environmental Protection Platoon located in Araguaína	3.27.2012	US\$ 2,755,883.81 R\$ 5,000,000.00	US\$ 2,733,235.94 R\$ 4,958,910.00/ 99.18%
<b>Forest Firefighters in Mato Grosso</b> State of Mato Grosso	15 municipalities in Mato Grosso	To support efforts to monitor, prevent and combat deforestation caused by forest fires and unauthorized burnings in Mato Grosso by training and purchasing aircraft, vehicles and by providing support equipment for the Aerial and Land Operations Base that is part of the state's Military Firefighters, located in Sinop	9.13.2011	US\$ 7,470,856.26 R\$ 12,625,000.00	US\$ 7,407,729.88 R\$12,518,322.72/ 99.16%



PROJECTS WITH MUNICIPALITIES					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Planting New Directions in</b> Municipality of Cotriguaçu	Municipality of Cotriguaçu, state of Mato Grosso	To strengthen environmental management in Cotriguaçu by: (i) structuring the Environment Municipal Secretariat; (ii) recovering degraded permanent preservation areas (APPD) in rural properties of up to four government-established fiscal modules and those in the surroundings of water bodies in public areas; and (iii) implementing representative units to recover and manage pastures	7.22.2014	US\$ 891,047.31 R\$ 1,981,511.00	US\$ 481,975.63 R\$ 1,071,817.41/ 54.09%
<b>Amazon Olhos d'Água – Phase II</b> Municipality of Alta Floresta	Municipality of Alta Floresta, state of Mato Grosso	To recover degraded areas and develop sustainable production activities for implementing environmental regularization of family farming rural properties in Alta Floresta	6.11.2013	US\$ 3,339,984.19 R\$ 7,182,970.00	US\$ 3,323,055.68 R\$ 7,146,563.54/ 99.49%
<b>Jacundá, Green Municipality Economy</b> Municipality of Jacundá	Municipality of Jacundá, state of Pará	To strengthen municipal environmental management by: (i) structuring the Municipal Secretariat of the Environment and Tourism; (ii) expanding the capacity and production of the municipal nursery; and (iii) designing a study to describe the municipal territory	11.29.2011	US\$ 426,005.59 R\$ 792,200.00	US\$ 107,201.57 R\$ 199,352.05/ 25.16%
<b>Buriti Springs</b> Municipality of Carlinda	Municipality of Carlinda, state of Mato Grosso	To strengthen municipal environment management, by structuring the Municipal Secretariat of the Environment and Tourism, and efforts to recover 1,722 hectares of permanent preservation areas (APP) surrounding the springs	8.2.2011	US\$ 1,202,868.95 R\$ 1,870,581.50	US\$ 1,066,148.38 R\$ 1,657,967.40/ 88.63%
<b>Recovering Marcelândia</b> Municipality of Marcelândia	Municipality of Marcelândia, state of Mato Grosso	To provide support to strengthen the municipal environmental management and recovery of degraded areas surrounding 50 springs in the sub-basin of the Manissauá-Missu River nearby the municipal urban area	11.23.2010	US\$ 321,563.81 R\$ 554,215.22	US\$ 321,563.81 R\$ 554,215.22/ 100.00%





PROJECTS WITH UNIVERSITIES					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Biodiversity</b> Federal University of Pará (UFPA)	State of Pará	To expand UFPA's research infrastructure for biodiversity studies: (i) building and structuring the Center for Advanced Studies on Biodiversity (CEABIO); and (ii) reforming the Pharmaceutical Planning Laboratory and the Cellular and Molecular Neuro-Chemical Laboratory, as well as purchasing and installing laboratory equipment for biotechnology research	4.24.2012	US\$ 2,459,556.29 R\$ 4,639,706.98	US\$ 2,459,556.29 R\$ 4,639,706.98/ 100.00%
<b>Amazonian Bioactive Composts</b> Federal University of Pará (UFPA)	State of Pará	(i) To implement a pilot study in the UFPA's food laboratory to produce and characterize extracts rich in bioactive compounds; and (ii) to develop new products and technological applications by using bioactive composts extracted from plants and fruits that are typical in the Amazon's Eastern region.	1.3.2012	US\$ 723,832.36 R\$ 1,352,336.00	US\$ 723,832.36 R\$ 1,352,336.00/ 100.00%
<b>Mangrove Forests</b> Federal University of Pará (UFPA)	State of Pará	(i) To research and develop knowledge and techniques related to recovering degraded mangrove areas in the North region of the country; (ii) to develop models to estimate biomass, carbon sequestration, and to evaluate carbon stocks in mangrove forests; and (iii) to expand infrastructure in the UFPA Mangrove Ecology Laboratory, by constructing a building and purchasing laboratory equipment	1.24.2012	US\$ 1,130,843.79 R\$ 1,982,143.00	US\$ 1,130,843.79 R\$ 1,982,143.00/ 100.00%

INTERNATIONAL PROJECTS					
Project/ Project management	Territorial scope	Objective	Date approved	Amazon Fund support	Amount/ Percentage disbursed
<b>Monitoring Forest Coverage in the Amazon Region</b> Amazon Cooperation Treaty Organization (ACTO)	Amazon region	To improve monitoring of deforestation, changes in land and forest use of the ACTO's member countries	5.3.2013	US\$ 11,847,412.87 R\$ 23,693,641.00	US\$ 9,247,154.23 R\$ 18,493,383.74/ 78.05%



# Annexes

# ANNEX 1 – Independent auditors’ report and the financial statements

Fundo Amazônia  
(Administered by Banco Nacional de  
Desenvolvimento Econômico e Social -  
BNDES)

**Financial statements  
December 31, 2016 and 2015**

KPDS 186554

*Fundo Amazônia*  
*Financial statements*  
*December 31, 2016 and 2015*

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## Independent auditors' report on the financial statements

To the Administrator of  
 Fundo Amazônia  
 Brasília - DF

### Opinion

We have audited the financial statements of Fundo Amazônia (the "Fund"), which comprise the balance sheet as at December 31, 2016 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2016, and its financial performance for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to nonprofit entities (ITG 2000 R1).

### Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the following section, titled "Auditor's Responsibilities for the Auditing of Financial Statements". We are independent of the Fund in accordance with the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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

The Fund's Administrator is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, applicable to nonprofit entities (ITG 2000 R1) and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, regardless of whether caused by fraud or error.

#### **Auditors' Responsibilities for the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, regardless of whether caused by fraud or error, and to issue an auditors' that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material when, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, regardless of whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain audit evidence that is appropriate and sufficient to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, once the fraud may involve the act of dodging the internal controls, collusion, falsification, omission or false intentional representations.
- Obtain an understanding of the internal controls relevant to the audit to design auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and the related disclosures made by the Administrator.
- Conclude on the appropriateness of Administrator's basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Administrator regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Rio de Janeiro, April 25, 2017

KPMG Auditores Independentes  
CRC SP-014428/O-6 F-RJ

*(Original report in Portuguese signed by)*  
Bruno Vergasta de Oliveira  
Accountant CRC 1RJ093416/O-0 T-SP

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

**BALANCE SHEETS**  
December 31, 2016 and 2015  
(In thousands of reais)

	Note	12/31/2016	12/31/2015
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	2,877,950	2,365,746
Prepaid expenses	5	75,772	68,395
<b>Total assets</b>		<b>2,953,722</b>	<b>2,434,141</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Available project funds	6	2,877,950	2,365,746
Support funds	7	75,772	68,395
<b>SHAREHOLDER'S EQUITY</b>			
Accumulated surplus/(deficit)		-	-
<b>Total liabilities and shareholder's equity</b>		<b>2,953,722</b>	<b>2,434,141</b>

See the accompanying notes to the financial statements.



**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

**STATEMENTS OF INCOME**  
Years ended December 31, 2016 and 2015  
(In thousands of reais)

	Note	2016	2015
<b>INCOME</b>			
Income from donations to investments	6	134,146	127,509
Income from donations to support	3.3	2,557	1,163
Financial income	4	325,142	234,986
<b>EXPENSES</b>			
Expenses with donations to investments	6	(134,146)	(127,509)
Expenses with remuneration of available project funds	6	(325,142)	(234,986)
Administrative expenses	8	(2,557)	(1,163)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		-	-

See the accompanying notes to the financial statements.

**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
December 31, 2016 and 2015  
(In thousands of reais)

	Accumulated surplus/(deficit)
Balance at January 1 <sup>st</sup> , 2015	-
Year 2015	-
Balance at December 31, 2015	-
Year 2016	-
Balance at December 31, 2016	-

See the accompanying notes to the financial statements.

**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2016 and 2015  
(In thousands of reais)

	Note	12/31/2016	12/31/2015
<b>Cash flow from operating activities</b>			
<b>Funds received</b>			
Funds received - Donations	6	331,142	504,815
Funds received - Retained (3%)	6	(9,934)	(15,145)
Funds invested in projects	6	(134,146)	(127,509)
Financial income	4	325,142	234,986
		512,204	597,147
<b>(=) Net cash generated by operating activities</b>		512,204	597,147
Cash and cash equivalents at the beginning of the year		2,365,746	1,768,599
Cash and cash equivalents at the end of the year	4	2,877,950	2,365,746

See the accompanying notes to the financial statements.

**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

Notes to the financial statements  
December 31, 2016 and 2015  
(In thousands of reais)

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## 1. CONTEXT OF ACTIVITIES

Fundo Amazônia was created by BNDES Resolution 1,640, of September 3, 2008, and commenced its activities on October 9, 2009, engaged in raising donations to non-reimbursable investments in actions for prevention, monitoring and combating deforestation, and for encouraging conservation and sustainable use of the forests in the Amazon biome, in terms of Decree 6,527/2008, amended by Decrees 6,565/2008 and 8,773/2016.

Fundo Amazônia supports projects in the following areas:

- Management of public forests and protected areas;
- Environmental control, monitoring and surveillance;
- Sustainable forest management;
- Economic activities developed on the basis of sustainable use of vegetation;
- Ecologic and economic zoning, land use planning and land tenure;
- Conservation and sustainable use of biodiversity; and
- Recovery of deforested areas.

The management of Fundo Amazônia is responsibility of Banco Nacional de Desenvolvimento Econômico e Social - BNDES, where amongst others it is responsible for fundraising, contracting and monitoring projects and supported actions, as well as a legal representative.

Fundo Amazônia has a Steering Committee - COFA, which is responsible for determining its guidelines and monitoring the obtained results. The members of this committee are not paid for their duties, since their attributions are considered of public interest.

Fundo Amazônia has no legal personality, and its transactions are written up in specific accounts of the accounting of BNDES.

## 2. BASIS OF PREPARATION

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil for nonprofit entities, according to Interpretation ITG 2002 (R1), approved by Resolution 1,409, of September 21, 2012, issued by the Federal Accounting Council.

**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

Notes to the financial statements  
December 31, 2016 and 2015  
(In thousands of reais)

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**a) Measuring basis**

The financial statements have been prepared on the historical cost basis, except for investments, recorded as "cash and cash equivalents" and measured at fair value through profit or loss.

**b) Functional currency**

The Administrator concluded that the Real is the functional currency of the Fund.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies described in detail below have been consistently applied to all the years presented in these financial statements.

**3.1 Cash and cash equivalents**

Cash and cash equivalents include high liquidity investments in two investment funds administered by BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A. - BB DTVM, which have conservative investment portfolio with low risk of variation in the market value of investments. Income from investments in BB DTVM is linked to the variation of the quota of invested funds, as described in note 4.

**3.2 Available project funds**

It refers to the balance of donations received and not yet allocated, including income from the investment of these resources.

According to Decree 6,527/2008 and further amendments, 97% of the resources received are destined to projects. The amounts are recorded as liabilities, less the expenses incurred by each project, so that they do not result in increase or reduction of the shareholders' equity of the Fund, considering that the Fund is only the collecting and forwarding agent for execution of the projects.

**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

Notes to the financial statements  
December 31, 2016 and 2015  
(In thousands of reais)

### 3.3 Donations for support

Pursuant to §3 of article 1 of Decree 6,527/08 and further amendments, the BNDES should segregate the amount equivalent to 3% of the value of donations to cover its operating costs and the expenses related to Fundo Amazônia. Income from donation to support related to 3% of the donations is accounted as "Support funds", and recognized according to the use of resources by the BNDES. The transfer of the 3% made by BNDES is presented as "Prepaid expenses" and recorded as "Administrative expenses" according to the use by the BNDES.

### 3.4 Statement of cash flows

The Fund opted for the direct method in the presentation of this statement. The funds received from projects were treated as operating activities, considering that the Fund operates as collecting and forwarding agent for these funds.

## 4. CASH AND CASH EQUIVALENTS

Composed as follows:

	12/31/2016	12/31/2015
Financial investment with the Administrator (*)	2,877,950	2,365,746
<b>TOTAL</b>	<b>2,877,950</b>	<b>2,365,746</b>

(\*) The Administrator maintains the Fund's resources in the investment fund BB Gaia Fundo de Investimento Renda Fixa (BB Gaia FIRF), whose portfolio is concentrated on Brazilian government securities, and in BB Gaia II Fundo de Investimento em Cotas de Fundo de Investimento Renda Fixa (BB Gaia II FIC FIRF), which concentrates at least 95% of its equity in quotas of BB Gaia FIRF. Both funds have daily liquidity clause.

Pursuant to Decree 6,527/08 and further amendments, the percentage of 97% of the donations received is destined to projects. The Fund segregates these resources in specific investment account. The resources, while not allocated to projects, are invested by the BNDES in the aforementioned exclusive funds, administered and managed by BB DTVM, and remunerated based on the yield rate of each of them.

Additionally, the exclusive fund BB Gaia II FIC FIRF was created in response to Board Decision 832/2012, which established the accounting segregation of values obtained from Brazilian government sources, which cannot be destined to projects carried out by the Federal Government.

**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
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Notes to the financial statements  
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(In thousands of reais)

Changes in cash and cash equivalents are as follow:

12/31/2016				
	Total	Funds for projects (BB Gaia FIRF)	Funds for projects (BB Gaia II FIC FIRF)	Funds for support
<b>Balance at January 1<sup>st</sup>, 2016</b>	2,365,746	2,354,170	11,576	-
Income	325,142	323,475	1,667	-
Funds retained by BNDES (3%)	(9,934)	-	-	(9,934)
Transfer of funds	-	20	(20)	-
Funds released	(134,146)	(134,146)	-	-
Donations received	331,142	320,258	950	9,934
Norwegian Ministry of Foreign Affairs	330,163	320,258	-	9,905
Petrobras	979	-	950	29
<b>Balance at December 31, 2016</b>	<b>2,877,950</b>	<b>2,863,777</b>	<b>14,173</b>	<b>-</b>

12/31/2015				
	Total	Funds for projects (BB Gaia FIRF)	Funds for projects (BB Gaia II FIC FIRF)	Funds for support
<b>Balance at January 1<sup>st</sup>, 2015</b>	1,768,599	1,761,004	7,595	-
Income	234,986	233,770	1,216	-
Funds retained by BNDES (3%)	(15,145)	-	-	(15,145)
Transfer of funds	-	(20)	20	-
Funds released	(127,509)	(127,509)	-	-
Donations received	504,815	486,925	2,745	15,145
Norwegian Ministry of Foreign Affairs	501,985	486,925	-	15,060
Petrobras	2,830	-	2,745	85
<b>Balance at December 31, 2015</b>	<b>2,365,746</b>	<b>2,354,170</b>	<b>11,576</b>	<b>-</b>

**FUNDO AMAZÔNIA**  
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Notes to the financial statements  
December 31, 2016 and 2015  
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## 5. PREPAID EXPENSES

The balance of prepaid expenses is composed of the equivalent to 3% of the amount of donations, retained by BNDES to cover operating costs of Fundo Amazônia, net of amounts recognized as "Administrative expenses" at Fundo Amazônia according to the use by BNDES.

## 6. AVAILABLE PROJECTS FUNDS

The balance of projects funds was received from the following donors: (i) Norwegian Ministry of Foreign Affairs, (ii) KFW and (iii) Petrobras, and are destined to specific projects and associated to the purpose of Fundo Amazônia.

Changes in the available projects funds are as follows:

	12/31/2016	12/31/2015
<b>Balance at the beginning of the year</b>	<b>2,365,746</b>	<b>1,768,599</b>
Income	325,142	234,986
Funds released	(134,146)	(127,509)
Donations received (*)	321,208	489,670
<b>Balance at the end of the year</b>	<b>2,877,950</b>	<b>2,365,746</b>

(\*) Net amount of the portion of 3% destined to cover costs.

The amount of R\$ 134,146 (2015: R\$ 127,509) is recorded in the statement of income as "Income from donations to investments" and "Expenses with donations to investments", annulling each other because Fundo Amazônia is a nonprofit entity.



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Notes to the financial statements  
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Since the beginning of its activities to December 31, 2016, Fundo da Amazônia received funds from the following donors:

Up to 12/31/2016			
Donor	Support funds 3%	Project funds 97%	Total 100%
Norwegian Ministry of Foreign Affairs	83,252	2,691,831	2,775,083
KFW	1,821	58,876	60,697
Petrobras	426	13,796	14,222
<b>Total</b>	<b>85,499</b>	<b>2,764,503</b>	<b>2,850,002</b>

Up to 12/31/2015			
Donor	Support funds 3%	Project funds 97%	Total 100%
Norwegian Ministry of Foreign Affairs	73,347	2,371,573	2,444,920
KFW	1,821	58,876	60,697
Petrobras	397	12,846	13,243
<b>Total</b>	<b>75,565</b>	<b>2,443,295</b>	<b>2,518,860</b>

**FUNDO AMAZÔNIA**  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

Notes to the financial statements  
December 31, 2016 and 2015  
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The amounts released to projects are presented below:

Project No.	Abbreviated name of the Project	Signed contracts	Total released up to 2015	Released 2016 (*)	Total canceled up to 2016 (**)	Total released up to 2016	Balance to be released
2286072	ACRE, ESTADO	60,000	45,390	-	-	45,390	14,610
3887535	ACT BRASIL	1,452	330	597	-	927	525
4478467	ALTA FLORESTA II	7,183	6,422	725	-	7,147	36
2357958	ALTA FLORESTA/MT	2,782	2,782	-	-	2,782	-
5656683	AMAZONAS SUSTENTAVEL	31,518	-	10,235	-	10,235	21,283
2477028	AMAZONAS, ESTADO	20,000	17,516	1,949	-	19,465	535
4660705	APL BABACU CP1	5,286	-	1,800	-	1,800	3,486
4663721	ARAPAIMA CP1	6,365	1,610	3,300	-	4,910	1,455
3632605	BOMBEIROS AC I	13,281	13,281	-	-	13,281	-
3250735	BOMBEIROS MT-III	12,625	11,724	794	-	12,518	107
4144809	BOMBEIROS PA	16,830	16,830	-	-	16,830	-
3539828	BOMBEIROS RO I	15,041	10,631	-	-	10,631	4,410
3371355	BOMBEIROS TO II	5,000	4,623	336	-	4,959	41
4663801	CADEIAS DE VALOR CP1	3,106	-	1,611	-	1,611	1,495
5120194	CAR AC	16,838	5,581	5,617	-	11,198	5,640
5184916	CAR BA	31,671	6,878	-	-	6,878	24,793
5452380	CAR CE	24,583	-	6,903	-	6,903	17,680
5126085	CAR MS	8,790	1,416	-	-	1,416	7,374
5429845	CAR RR	10,820	-	-	-	-	10,820
2833684	CARLINDA/MT	1,871	1,658	-	-	1,658	213
5570755	CENSIPAM	63,923	-	5,796	-	5,796	58,127
4662360	COOPAVAM-SENTINELAS (CP1)	5,289	4,064	1,174	-	5,238	51
4393965	COTRIGUACU/MT	1,982	442	630	-	1,072	910
4663831	CTA CP1	3,238	1,034	926	-	1,960	1,278
5106877	CTI INDIOS ISOLADOS	19,043	10,904	-	-	10,904	8,139
5452280	EMBRAPA	33,691	-	1,523	-	1,523	32,168
3889434	ESTADO DE MATO GROSSO	35,016	3,154	4,893	-	8,047	26,969
4488847	EST-AMAPA/FUNDO AMAZONIA	40,304	-	-	-	-	40,304
4853474	EST-PA/FUNDO AMAZONIA	82,379	24,058	17,132	-	41,190	41,189
4662356	EXTRATIV SUSTENTAVEL CP1	5,082	2,618	485	-	3,103	1,979
2119668	FAS /2009-2013	19,169	19,166	(59)	3	19,107	59
2603101	PHASE	7,616	5,820	1,078	-	6,898	718
5200045	FBB FUNDO AMAZONIA 2013	12,000	-	-	-	-	12,000
3825567	FBB-FUNDO AMAZONIA ANO 1	15,000	14,516	-	-	14,516	484

**FUNDO AMAZÔNIA**  
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Project No.	Abbreviated name of the Project	Signed contracts	Total released up to 2015	Released 2016 (*)	Total canceled up to 2016 (**)	Total released up to 2016	Balance to be released
5297419	FORÇA NACIONAL	30,631	-	855	-	855	29,776
4663722	FRUTOS DA FLORESTA CP1	4,054	-	479	-	479	3,575
2258088	FUNBIO/ARPA - FASE II	20,000	19,949	-	51	19,949	-
2229703	FUNBIO/KAYAPO	16,900	7,351	-	-	7,351	9,549
4662284	FUNDAÇÃO JARI CP1	2,839	-	-	-	-	2,839
4067384	IBAM	18,853	6,930	7,020	-	13,950	4,903
3465328	IBAMA PREVFOGO	14,717	727	1,260	-	1,987	12,730
5799715	IEB PNGATI	11,449	-	-	-	-	11,449
5667927	IEPE PNGATI	11,859	-	3,411	-	3,411	8,448
2419791	IFT	7,449	7,449	-	-	7,449	-
4662287	IMAFLOTA CP1	3,313	352	1,102	-	1,454	1,859
2194637	IMAZON	9,736	9,736	-	-	9,736	-
5439336	IMAZON II	12,105	-	4,582	-	4,582	7,523
3908361	INPE 1 AMAZONIA	66,952	38,886	-	-	38,886	28,066
4663727	INST SOCIOAMBIENTAL CP1	8,024	5,288	2,736	-	8,024	-
2305301	IOV SEMENTES DO PORTAL	5,423	5,397	-	26	5,397	-
2195002	IPAM	24,939	18,737	4,692	-	23,429	1,510
5667960	ISA PNGATI	11,712	-	1,683	-	1,683	10,029
2684355	ISPN	12,844	6,829	3,515	-	10,344	2,500
2822027	JACUNDA/PA	792	199	-	-	199	593
5667931	KANINDE PNGATI	8,189	-	2,682	-	2,682	5,507
3458307	MAMIRAUÁ	8,505	3,954	1,687	-	5,641	2,864
3548476	MARANHAO, ESTADO	20,036	5,752	(5,752)	20,036	-	-
2449510	MARCELANDIA/MT - REC. APP	669	554	-	115	554	-
2235487	MUSA	9,985	8,454	1,150	-	9,604	381
4662289	NECTAR DA AMAZONIA CP1	2,030	518	928	-	1,446	584
5667957	OPAN PNGATI	8,160	-	2,835	-	2,835	5,325
4319576	OTCA AMAZONIA REGIONAL	23,694	18,493	-	-	18,493	5,201
4215040	PDSEAI RO	32,660	10,642	-	-	10,642	22,018
2314586	PORTO DOS GAUCHOS/MT	134	121	-	13	121	-
5838880	PROFISC1	56,296	-	9,127	-	9,127	47,169
5240921	PROJETO ALTO JURUA	6,598	1,505	4,051	-	5,556	1,042
4663726	PROJETO RECA CP1	6,423	4,888	1,437	-	6,325	98
3698757	RIOTERRA	9,117	4,817	2,095	-	6,912	2,205
4001056	SEC MEIO	40,504	19,639	-	-	19,639	20,865

**FUNDO AMAZÔNIA**  
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Project No.	Abbreviated name of the Project	Signed contracts	Total released up to 2015	Released 2016 (*)	Total canceled up to 2016 (**)	Total released up to 2016	Balance to be released
AMBIENTE PALMAS							
2186241	SECR. MEIO AMBIENTE, PARA	15,923	14,540	1,383	-	15,923	-
3904720	SEIND-AM	16,465	2,950	-	-	2,950	13,515
4753456	SEMENTES DO PORTAL FASE II	16,086	6,355	5,130	-	11,485	4,601
3721778	SEPROR-AM	14,900	5,900	-	-	5,900	9,000
3391224	SFB - IFN	65,001	8,783	5,163	-	13,946	51,055
4663830	SOS AMAZONIA CP1	9,993	1,642	1,893	-	3,535	6,458
2182528	TNC BRASIL	16,000	16,000	-	-	16,000	-
4839312	TNC GATI	15,750	4,597	-	-	4,597	11,153
2350729	UEA CARTOGRAFIA SOCIAL	4,615	4,615	-	-	4,615	-
2318697	UFPA BIODIVERSIDADE	4,640	4,640	-	-	4,640	-
2318770	UFPA COMPOSTOS BIOATIVOS	1,352	1,074	278	-	1,352	-
2318784	UFPA FLORESTAS DE MANGUE	1,982	1,982	-	-	1,982	-
2318780	UFPA ILHAS DE BELEM	1,138	1,138	-	-	1,138	-
2445146	UFPA/NAEA FORUM AMAZONIA	2,704	2,704	(44)	-	2,660	44
3469386	WWF - PESCA SUSTENTAVEL	3,206	1,883	1,323	-	3,206	-
<b>Total</b>		<b>1,356,120</b>	<b>518,418</b>	<b>134,146</b>	<b>20,244</b>	<b>652,564</b>	<b>683,312</b>

(\*) Return of unused principal, amounting R\$ 5,855 in 2016 (R\$ 1,454 in 2015), being returned to Fundo Amazônia to be used in investment fund, as described in note 4.

(\*\*) Cancellation, including operations only contracted.

On December 31, 2016, the following operations were approved by the Board of the Directors of BNDES but not yet contracted.

Project No.	Project acronym	Amount approved
5514535	CAR PR	14,110
5667923	CTI PNGATI	11,935
5774032	VALE SUSTENTAVEL	35,000
<b>Total</b>		<b>61,045</b>

**FUNDO AMAZÔNIA**  
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## 7. SUPPORT FUNDS

The balance of support funds refers to the portion of the donation (3%) retained by BNDES not yet recognized as "Income from donation". The recognition of the donation income occurs according to the use of resources by BNDES.

## 8. ADMINISTRATIVE EXPENSES

In the year ended December 31, 2016, the amount of R\$ 2,557 (2015: R\$ 1,163) was recognized as administrative expenses, where the most relevant ones are: publicity, travels and lodging, lecturers and events and audit services.

## 9. TAXES

Any tax obligations that perchance exist on account of transactions in the scope of Fundo Amazônia are the responsibility of BNDES, as the Fund does not have its own legal personality, and its transactions are written up in specific bookkeeping accounts of BNDES.

### Pis and Cofins

According to article 1 of Law 11,828, of November 20, 2008, amend by Law 12,810, of May 15, 2013, donations in cash received by public financial institutions controlled by the Federal Government and intended for actions to prevent, monitor and combat deforestation, including compensation programs for environmental services, and promoting conservation and sustainable use of Brazilian biomes are exempted from PIS-PASEP and from the Contribution for the Financing Social Security (COFINS).

### Income and social contribution taxes

There is no income to be presented for taxation of income tax (IRPJ) and social contribution on net income (CSLL). The income from a donation is recognized at the same time as the recognition of operating expenses with projects intended within the scope of Fundo Amazônia (as approved by inquiry 59 SRRF07/Disit of 06/08/2009, performed by BNDES to the Federal Revenue Department). The same occurred in relation to the financial income derived from investments in investment funds.

FUNDO AMAZÔNIA  
(Administered by Banco Nacional de Desenvolvimento  
Econômico e Social - BNDES)

Notes to the financial statements  
December 31, 2016 and 2015  
(In thousands of reais)

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## 10. RELATED PARTY TRANSACTIONS

Fundo Amazônia has a relationship with BNDES, which is authorized to distribute the value of donations received in cash, for realizing non-reimbursable investments in actions for preventing, monitoring, and combating deforestation and promoting conservation and sustainable use of the Amazon biome. The relationship mentioned refers to values corresponding to "cash and cash equivalents" (as mentioned in Note 4), which are held in bank accounts held by BNDES.

Additionally, BNDES retains an amount equivalent to 3% of the value of donations to cover its operating costs and expenses related to Fundo Amazônia, see further explanations in note 5 "prepaid expenses".

## 11. SHAREHOLDERS' EQUITY

The shareholders' equity of Fundo Amazônia is composed of surplus/(deficit) for the years ended.

## 12. RISK MANAGEMENT

On December 31, 2016 and 2015, the Fund does not present material credit, liquidity, market and operational risks, as it has very limited operations. The Fund has concentration of credit risk with its Administrator (invested funds) as shown in Note 4. The carrying amount represents the amount of the credit risk of the Fund.

**FUNDO AMAZÔNIA**  
 (Administered by Banco Nacional de Desenvolvimento  
 Econômico e Social - BNDES)

Notes to the financial statements  
 December 31, 2016 and 2015  
 (In thousands of reais)

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**EXECUTIVE BOARD:**

Maria Sílvia Bastos Marques - President

Cláudia Pimentel Trindade Prates

Claudio Coutinho Mendes

Eliane Aleixo Lustosa de Andrade

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Alexandre Cordeiro de Andrade

Accountant - CRC-RJ 080694/O-0

# ANNEX 2 – Compliance audit report

BANCO NACIONAL DE DESENVOLVIMENTO  
ECONÔMICO E SOCIAL (BNDES)

Independent auditors' limited assurance  
report



**NATIONAL BANK FOR ECONOMIC AND SOCIAL DEVELOPMENT (BNDES)**

**Independent auditors' limited assurance report**

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**Introduction**

**Procedures applied**

**Scope and limitations**

**Projects supported**

**Environmental aspects of the analyzed projects related to the Amazon Fund**

**Conclusions**

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## INDEPENDENT AUDITORS' REPORT

To the  
 Management of  
**National Bank For Economic And Social Development (BNDES)**  
 Rio de Janeiro - RJ

### 1. Introduction

We were engaged for the purpose of applying limited assurance procedures intended to check the compliance of projects supported by Amazon Fund in 2016 with standards and guidelines applicable to them.

Our responsibility is to issue a limited assurance report on the compliance of the projects supported by the Amazon Fund.

### 2. Procedures applied

The limited assurance procedures were followed according to the Standard NBC TO 3000 - Assurance Engagement Different from Audit and Review, issued by the Federal Association of Accountants (CFC) and approved by CFC Resolution 1.160/2009, and to the ISAE 3000 - International Standard on Assurance Engagements, issued by International Auditing and Assurance Standards Board (IAASB), both for assurance engagements different from audit or review of historic financial information.

The limited assurance procedures comprise:

- a) Planning of the work, considering the relevance, coherence, and volume of quantitative and qualitative information;
- b) Understanding the methodology of analysis of the projects by means of interviews with the managers responsible for the information;
- c) Examining analysis reports, BNDES' management decisions and contracts, checking their compliance with Decree No. 6.527, of August 1, 2008, which addresses the creation of the Amazon Fund by the Brazilian Development Bank (BNDES), particularly the compliance with the provisions of Article 1, and with the standards and guidelines issued by the Amazon Fund Guidance Committee (COFA);



- d) Evaluation of the purpose compliance (products and services), expected results and objectives of the projects analyzed by the technical teams of BNDES, approved by its management, engaged or to be engaged, to verify their compliance, when applicable, with the strategic guidelines included in the Sustainable Amazon Plan (PAS) and with the tactical and operational guidelines of the Action Plan for Prevention and Control of the Legal Amazon Deforestation (PPCDAM);
- e) Crosschecking the quantitative and qualitative information of the analysis reports and their conclusions against management decisions and the contracts entered into between BNDES and the executors of the projects.

### 3. Scope and limitations

The purpose of our work was the application of limited assurance procedures on the compliance by BNDES with the provisions of Decree No. 6.527/2008 in regard to supportable actions, with the guidelines and criteria issued by COFA and, when applicable, with the strategic guidelines included in PAS, and with the tactical and operational guidelines of PPCDAM, not including an evaluation of the compliance by the beneficiaries of the projects with the obligations agreed with BNDES.

The procedures followed and pertinent analyses made were restricted to the documents made available by BNDES, and their authenticity was not subject to validation.

The procedures applied do not represent an exam of financial statements according to Brazilian and international audit standards.

Our report does not provide limited assurance on targets met, results and expectations, and on information involving subjective evaluation.

Additionally, procedures to identify frauds and the expert exam of documents were not performed.

### 4. Projects supported

During the performance of the limited assurance work, we analyzed the approvals and contracts of non-reimbursable financial support to projects during 2016, comprising the following executors and their current status:



a) **Projects approved in 2015 and contracted in 2016:**

Operation	Project
Operation # 2235487 (*)	Musa
Operation # 5429845 (*)	Car RR
Operation # 5452280 (*)	Embrapa
Operation # 5667927 (*)	Iepe PNGATI
Operation # 5667931 (*)	Kaninde PNGATI
Operation # 5667957 (*)	Opan PNGATI

b) **Projects approved and contracted in 2016:**

Operation	Project
Operation # 5452380 (*)	Car CE
Operation # 5656683 (*)	Fundação Amazonas Sustentável (FAS)
Operation # 5667960 (*)	Isa PNGATI
Operation # 5838880 (*)	Profisc1
Operation # 5799715 (*)	Ieb PNGATI

c) **Projects approved in 2016 and to be contracted/contracted in 2017:**

Operation	Project
Operation # 5514535 (*)	Car PR
Operation # 5667923 (*)	Cti PNGATI
Operation # 5774032 (*)	Vale Sustentável

(\*) BNDES internal numbering

5. **Environmental aspects of the analyzed projects related to the Amazon Fund**

By the end of present work, we were provided with elements that contributed to a better understanding of the matter, both in regard to its current stage and future prospects, in order to assist the decision-making process. There is a great opportunity to promote environmental, social, and economic development and forest conservation in the areas covered by the Fund, with an actual prospect of containment of deforestation in Legal Amazon, and to enable alternatives for protection and sustainable use of the forest, based on the mechanisms and processes included in PPCDAM, PAS, and legal provisions of Decree No. 6.527/2008 and Law No. 12.187/2009.

The analysis of the proposed projects and of the procedures and criteria used in the release of funds from the Amazon Fund has made apparent the axes that guide the scope of these projects and the release of the funds: Land use; control and monitoring; promotion of sustainable production activities; technological and scientific development.



## 6. Conclusions

- a) We crosschecked the clauses of the contracts for financial support to the projects listed in item 4, sub-item “a” (projects approved in 2015 and contracted in 2016) against the wording of BNDES’ management decisions, which approved the financial support.

We found that the purpose established in BNDES’ management decisions, that approved the financial support to the projects was maintained in the contracts. We also found that the contracts did not include any amendments that could affect the compliance of the projects with Decree No. 6.527/2008, and with the criteria and guidelines of COFA and, when applicable, of PAS, and PPCDAM.

The analysis reports and management decisions referring to these projects were the object of our assurance analysis, for the year 2015. The audit report issued on April 11, 2016 concluded on the compliance of the projects with Decree No. 6.527/2008, and with the criteria and guidelines of COFA and, when applicable, of PAS, and PPCDAM.

- b) We have crosschecked the information included in the analysis reports of the projects listed in item 4, sub-items “b” and “c” (projects approved and contracted in 2016 and projects approved in 2016 to be contracted/contracted in 2017) against the requirements of Decree n° 6.527/2008, the criteria and guidelines established by COFA and, when applicable, with the strategic orientations of PAS and with the tactic-operational guidelines of PPCDAM.

We did not find any non-conformances.

- c) We crosschecked the wording of BNDES’ management decisions which approved the financial support to the projects listed in item 4, sub-items “b” and “c” (projects approved and contracted in 2016, and projects approved in 2016 and to be contracted/contracted in 2017) against the information included in the analysis reports.

We found that the purpose of the projects, object of the analysis reports issued by BNDES’ technical teams, was maintained upon the approval of BNDES’ management. We also found that the management decisions did not include any amendments that could affect the compliance of the projects with Decree No. 6.527/2008, and with the criteria and guidelines of COFA and, when applicable, of PAS, and PPCDAM.

- d) We crosschecked the clauses of the contracts for financial support to the projects listed in item 4, sub-item “b” (projects approved and contracted in 2016) against the wording of BNDES’ management decisions.



We found that the purpose established in BNDES' management decisions, that approved the financial support to the projects was maintained in the contracts. We also found that the contracts did not include any amendments that could affect the compliance of the projects with Decree No. 6.527/2008, and with the criteria and guidelines of COFA and, when applicable, of PAS, and PPCDAM.

Rio de Janeiro, January 24, 2017.



BDO RCS Auditores Independentes SS  
CRC 2 SP 013846/F



Julian Clemente

Contador CRC 1 SP 197232/0-6-S-RJ



Cristiano Mendes de Oliveira  
Contador CRC 1 RJ 078157/0-2

## ANNEX 3 – Guidelines and criteria to apply Amazon Fund’s resources and focus efforts for 2015-2016 period

Projects in Brazilian Amazon		Projects in Brazil outside Brazilian Amazon		Projects in other tropical countries	
A	Guidance criteria	G1-G4	Guidance criteria	H1-H3	Guidance criteria
B	Minimum requirements for projects	G5-G14	Minimum requirements for projects	H4-H12	Minimum requirements for projects
C	Resource application modalities	G15-G16	Resource application modalities	H13-H14	Resource application modalities
D	Restrictions for the use of resources	G17-G19	Restrictions for the use of resources	H15-H17	Restrictions for the use of resources
E	Equality criteria in resource application	G20	Equality criteria in resource application	H18	Equality criteria in resource application
F	Resource application limitations				

### Focuses for the Amazon Fund’s support in the 2015-2016 period

I1-I2	General guidelines
I3-I5	Brazilian Amazon – Monitoring and Control component
I6-I8	Brazilian Amazon – Fostering Sustainable Production Activities component
I9-I11	Brazilian Amazon – Land-title regularization and land-use planning component
I12-I15	Brazilian Amazon – Scientific and Technological Development
I16-I18	Operational modalities
I19-I20	Amazon Fund support outside Brazilian Amazon
I21	Amazon Fund support in other tropical countries

CONSOLIDADO EM: 02.12.2016



## Guidelines and criteria to apply the Amazon Fund's resources in Brazilian Amazon

Application area	Application limit of the total resources available in the year	Tables
Projects in Brazilian Amazon	No limitations	A-F

### A. Guidance criteria

Code	Criteria
A1	Geography
A2	Topics
A3	Diversity of agents involved and shared governance
A4	Target audience
A5	Relevance
A6	BNDES application lines

### B. Minimum requirements for projects

Code	Conditions
B1	Result indicators
B2	Applicants / Executors
B3	Social participation
B4	Consistency with the Amazon Fund topics
B5	Consistency with the Federal Plan and State Plans to Prevent and Combat Deforestation
B6	Consistency with PAS
B7	Contribution to REDD
B8	Additionality of resources
B9	Counter-application
B10	Territorial base
B11	Publicity and transparency
B12	Project sustainability
B13	Decentralization of resources
B14	Benefits of collective use
B15	Non-replacement of other financing sources

### C. Resource application modalities

Code	Modalities
C1	Direct application – Investment
C2	Direct application – Current spending
C3	Payment for environmental services
C4	Long-term continued services
C5	Indirect application

### D. Restrictions for the use of resources

Code	Restrictions
D1	Out-of-pocket expense payments
D2	Payment to individuals
D3	Taxes

### E. Equality criteria in resource application

Code	Criteria
E1	Equality in the resource application per state
E2	Equality per type of applicant

### F. Resource application limitations

Code	Limitations
F1	Projects with economic purposes
F2	Projects with economic purposes to support socially disadvantaged groups
F3	Projects with economic purposes for Local Production Arrangements (APL) for collective use
F4	Projects with economic purposes for F4 scientific and technological research developed in cooperation with Technology Institutions (IT) and companies with economic purposes



## GUIDANCE CRITERIA

### A1 – Geography

- Projects carried out in priority municipalities for preventing, monitoring and combating deforestation (these municipalities are defined according to Article 2, Decree 6,321/2007);
- Projects carried out in municipalities within the scope of PAC's large-scale works; and
- Projects carried out in the municipalities/regions with the main forest coverage.

### A2 – Topics

#### Efforts to enhance the standing forest (conservation and sustainable use)

- a. Promote and increase the scale of production of timber and non-timber forest products from sustainable forest management, including management plans, research, innovation, and scientific and technology dissemination, market development, training and qualification;
- b. Implement payment systems for environmental services associated with the maintenance of and/or increase in forest coverage, and/or forest and agroforestry systems;
- c. Develop and implement recovery models for APP and Legal Reserve, with emphasis on economic use; the economic use of APP will only be supported in accordance with the legislation in force.
- d. Consolidate protected areas, especially the protected areas for sustainable use and indigenous lands;

#### Efforts to promote land-title regularization and land-use planning

- e. Define a destination for Public Forests that still have not a destination, with priority on community forests;
- f. Combat illegal appropriation of land, land-title regularization and land-use planning, mainly in areas with a higher concentration of wealth and/or conflicts; land-title regularization includes regularization processes and society's follow up on these processes;

#### Efforts to structure and integrate the control systems, environmental monitoring and surveillance in the Amazon

- g. Support to structure state agencies responsible for environmental management;
- h. Support to the implementation of municipal systems to monitor and supervise the environment;
- i. Structure and integrate control systems for forest management, environmental licensing of rural properties and tracking as well as custody chains for agricultural and forestry products;
- j. Expand and improve systems that monitor deforestation and forest degradation.

### A3 – Diversity of agents involved and shared governance

Projects involving contact between diverse agents from the public and private sector, third sector or local communities with a shared governance structure.

### A4 – Target audience

Projects involving direct benefits for traditional communities, settlements and family farmers.

### A5 – Relevance

Projects with the highest potential for multiplication;  
Projects with the highest potential impact (e.g., R\$ / sustainably managed or protected hectare of forest).

### A6 – BNDES application lines

Prioritize projects including the following lines: (a) sustainable production activities; and (d) scientific and technological development. The BNDES should concentrate efforts to apply resources in priority areas, including induction instruments of demand.

## MINIMUM REQUIREMENTS FOR PROJECTS

### B1 – Results' indicators

Project must include measurable indicators for results that are directly related to the Amazon Fund's goals.

### B2 – Applicants / Executors

Projects must include agreement of all partners and co-executors.

### B3 – Social participation

Projects involving traditional communities and indigenous people must present documents certifying previous consent of these communities or their representative institutions. Projects related to the responsibility of public agencies, or the establishment of public policies do not need the consent of beneficiaries.

### B4 – Consistency with the Amazon Fund topics

Projects must be compatible with at least one topic, as stated in Decree N°. 6,527/2008.

### B5 – Consistency with the Federal Plan and State Plans to Prevent and Fight Deforestation

Projects must present clear evidence that they agree with efforts established in the PPCDAM and in State Plans to Prevent and Combat Deforestation. In the absence of the State Plan to Prevent and Fight Deforestation, the criteria are not applied.

### B6 – Consistency with PAS

Projects must present clear evidence that they follow PAS guidelines.

### B7 – Contribution to REDD

Projects must directly or indirectly contribute towards REDD.

### B8 – Additionality of resources

Projects must represent additionality to public budgets allocated to the Amazon Fund's application areas. The following aspects will be considered when applying this criterion:

- average budget executed in the two years before the public budget invested in the proposed effort;
- degree of resource control in the public budget to implement the effort; and
- forecasts from current government multi-annual plans (PPA).

### B9 – Counter-application

Projects must present counter-application and/or non-financial contributions, showing additionalities to resources taken from the Amazon Fund and produce a multiplying effect for fund investments. Counter-applications can be in the form of financial resources directly invested in the project or by providing infrastructure, personnel and other indirect forms.

### B10 – Territorial base

Projects must clarify their territorial base (state and, where applicable, municipality).

### B11 – Publicity and transparency

Projects must present a publicity mechanism for its implementation through the Internet. BNDES will provide a standardized tool for integrating and disseminating updated information regarding the implementation of all projects.

### B12 – Project sustainability

Submit support strategies for the project's results after its implementation.

### B13 – Decentralization of resources

In the Fund's efforts, there must be an effort to balance support in all its topic areas, according to the priorities that are established.

**B14 – Benefits of collective use**

The results of projects with economic purposes must be of collective or for public use and related to:

- production infrastructure for collective use;
- studies and surveys and results are to be made available to the community;
- training and qualification open to the community;
- technological development with results; open to the community, whenever feasible;
- replicable innovations and practical allocation; and
- other collective benefits identified in the assessment process.

**B15 – Not replacing other sources of financing**

The Amazon Fund resources cannot replace other available sources of financing.

**RESOURCE APPLICATION MODALITIES****C1 – Direct application – Investment**

Allocations made directly by project executors, even through third-party contracts. This includes investments in buildings, equipment, training and qualification to establish initiatives. Projects may use more than one modality.

**C2 – Direct application – Current spending**

Applications made directly by project executors, even through third-party contracts. This includes travel expenses/field missions, individual or company consulting, field materials, communication, among others. Projects may use more than one modality.

**C3 – Payment for environmental services**

Payments made to providers of environmental services. Projects may use more than one modality.

**C4 – Long-term continued services**

Services that should be carried out in the long term to obtain long-term results, such as monitoring deforestation or forest degradation, forest inventory, among others. Continued service projects may be up to 10 years and must have a continuous tracking mechanism for implementing and publicly disclosing the results. Projects may use more than one modality.

**C5 – Indirect application**

Indirect applications by aggregating small projects, including funds and other organizations that implement projects.

**RESTRICTIONS FOR THE USE OF RESOURCES****D1 – Out-of-pocket expense payments**

No out-of-pocket expense payments will be made to public agents such as civil servants, public employees or any person in a public post. This restriction does not apply in the case of financing for research activities.

**D2 – Payment to individuals**

No payment of wages or any kind of remuneration will be made to full-time civil servants at any of the three levels of government (this restriction does not apply to scholarships or research specifically related to the project).

**D3 – Taxes**

Resources cannot be applied to pay taxes that are not inherent or an integral part of current spending or investments made by the project (restriction does not apply to taxes related to project activities, such as ICMS (valued-added tax on sales and services) included in the price of products; INSS (National Institute of Social Security) on the payment for the services of individuals etc.).

## EQUALITY CRITERIA IN RESOURCE APPLICATION

### E1 – Equality in resource allocation per state

Avoid concentration of project resources in one state only.

### E2 – Equality per type of applicant

Avoid concentration of resources among applicants: government agencies, research institutions and civil society organizations. Within the context of the Amazon Fund, civil society includes non-governmental organizations, unions/guilds (representations for categories), firms and other institutions governed by private law.

## RESOURCE APPLICATION LIMITATIONS

### F1 – Projects with economic purposes

The Amazon Fund maximum participation:

90% for projects that involve small and micro businesses, producer cooperatives or associations with annual gross operating revenues less than or equal to R\$ 10.5 million;

70% for projects that involve medium-sized businesses, producer cooperatives or associations with annual gross operating revenue above R\$ 10.5 million and less than or equal to R\$ 60 million;

50% for projects that involve large companies, producer cooperatives or associations with annual gross operating revenue above R\$ 60 million.

Note: in the event of early activities on the calendar year, above limits will be proportional to the number of months in which the company has been operating, not considering fractions of months. In the case of companies under implementation, the annual sales projection will be considered, taking into account the total installed capacity. When the company is controlled by another company, or belongs to a business group, the size classification will consider the consolidated gross operating revenue.

### F2 – Projects with economic purposes to support socially-disadvantaged groups

Maximum share of the Amazon Fund, in duly justified cases: 100%. Economic results brought about by projects to support socially-disadvantaged groups should be distributed to the members, regardless of who the applicant is.

### F3 – Projects with economic purposes for Local Production Arrangements (APL) for collective use

Maximum share of the Amazon Fund: 90%.

### F4 – Projects with economic purposes for scientific and technological research developed in cooperation with Technology Institutions (IT) and companies with economic purposes

Maximum share of the Amazon Fund:

90% for projects involving small and micro businesses, producer cooperatives or associations with annual gross operating revenues less than or equal to R\$ 10.5 million;

80% for projects involving medium-sized businesses, producer cooperatives or associations with annual gross operating revenue greater than R\$ 10.5 million and less than or equal to R\$ 60 million;

70% for projects involving large companies, producer cooperatives or associations with annual gross operating revenue above R\$ 60 million (see note in item F1).

- Beneficiaries of the financial resources from the Amazon Fund will be Technological Institutions (IT) and/or Support Institutions (IA).
- Technological Institution (IT): companies governed by internal public law or an entity directly or indirectly controlled by it or a nonprofit company governed by private law, whose institutional mission, among others, is to carry out basic or applied research activities of a scientific or technological character, as well as technological development.
- Supporting Institutions (IA): nonprofit institutions created to support research, teaching, and extension and institutional, scientific and technological development of interest to higher education institutions and scientific and technological research institutions and those institutions created under the terms of law No. 8,958, of December 20, 1994, which have the same purpose.
- Companies and/or other entities with economic purposes with strategic interest in research will not be direct beneficiaries of resources. They intermediate financing operations and will provide financial contribution to supplement the Amazon Fund's resources.
- Support is offered to investments made to benefit the Technological Institutions (IT), with a special purpose to meet project goals.
- Participation in the intellectual property and economic results from project creations will adhere to provisions in the Innovation Law (Law No. 10,973, of December 2, 2004). Thus, the parties, in an agreement, will establish the ownership of intellectual property and profit sharing. Provided they are established in the agreement, these will be proportionately secured at a rate equivalent to the aggregate value of existing knowledge at the beginning of the partnership and of human, financial and material resources allocated by the Contracting Parties in the project.
- During analysis, BNDES will check related aspects of intellectual property rights resulting from the research, development and innovation project so as to avoid, when appropriate, practices that restrict use and assignment of these rights. In addition to the matters referred to, BNDES, in the analysis stage, will also verify the criteria for divvying up the project's financial results.

## Guidelines and criteria to apply the Amazon Fund's resources in projects to develop systems to monitor and control deforestation in other Brazilian biomes

Application area	Application limit of the total resources available in the year	Tables
Projects in Brazil outside the Brazilian Amazon and in other tropical countries	20%	G and H

### GUIDANCE CRITERIA

#### G1 – Diversity of agents involved and shared governance

Projects involving contact between diverse agents from the public and private sector, third sector or local communities with a shared governance structure.

#### G2 – Relevance

Projects that develop and implement long-term monitoring methodology for REDD.

#### G3 – Priority

Within the scope of support out of Brazilian Amazon, priority will be given to permanent monitoring system projects per biome, which contribute to nationwide system for monitoring and controlling deforestation, burn-offs and forest fires, in accordance with the prevention and control plans.

#### G4 – Scope

Rural environmental Registration projects (CAR) are considered part of the environmental control systems.

### MINIMUM REQUIREMENTS FOR PROJECTS

#### G5 – Result indicators

Projects must include measurable result indicators that are directly related to implementing systems so as to monitor deforestation or forest degradation.

#### G6 – Applicants / Executors

Projects must include agreement of all partners and co-executors.

#### G7 – Social participation

Projects must have a monitoring phase, necessarily featuring governmental entities and civil society. Projects involving the development of monitoring systems should have a monitoring phase that necessarily includes the participation of governmental entities and civil society. Communities involved should be explained in the project. Projects related to the tasks to be carried out by public agencies, or to the formation of public policies do not necessarily require the beneficiaries' consent.

#### G8 – Contribution to REDD

Projects must contribute directly or indirectly towards REDD.

#### G9 – Additionality of resources

Projects must represent public budgets additionalities to public budgets earmarked for Amazon Fund application. While applying this criterion, the following aspects may be considered: average budget used in the 2 previous years in the public budget invested in the proposed effort; degree of control on the public budget to implement the effort; and the forecasts from the current government multi-annual plans (PPAs).

#### G10 – Counter-application

Projects must present counter-applications and/or non-financial contributions, demonstrating the additionalities to resources taken from the Amazon Fund and producing a multiplying effect for the Fund's investments. Contributions can be in the form of financial resources directly invested in the project or by providing infrastructure, personnel and other indirect forms.

#### G11 – Territorial base

Projects must necessarily address the monitoring of forests of at least one entire biome

**G12 – Publicity and transparency**

Monitoring systems supported by the Amazon Fund will be based on platforms that enable broad dissemination, transparency and access to data produced, via the internet. BNDES will provide a standardized tool for integrating and disseminating updated information regarding the implementation of all projects.

**G13 – Project sustainability**

Demonstration of the capacity to economically sustain the project after it is implemented.

**G14 – Decentralization of resources**

In the Fund's efforts, there must be an effort to balance support in all its topic areas, in accordance with the priorities that are established.

**RESOURCE APPLICATION MODALITIES****G15 – Direct application – Investment**

Allocations made directly by project executors, even through third-party contracts. This includes investments in buildings, equipment, training and qualification to establish initiatives. Projects may use more than one modality.

**G16 – Direct application – Current spending**

Allocations made directly by project executors, even through third-party contracts. This includes travel expenses/field missions, individual or company consulting, field materials, communication, among others. Projects may use more than one modality.

**RESTRICTION FOR THE USE OF RESOURCES****G17 – Out-of-pocket expense payments**

No out-of-pocket expense payments will be made to public agents, such as civil servants, public employees or any person in a public post. This restriction does not apply in the case of financing for research activities.

**G18 – Payment to individuals**

No payment of wages or any kind of remuneration will be made to full-time civil servants at any of the three levels of government (this restriction does not apply to scholarships or research specifically related to the project).

**G19 – Taxes**

Resources cannot be applied to pay taxes that are not inherent or an integral part of current spending or investments made by the project (restriction does not apply to taxes related to project activities, such as ICMS (valued-added tax on sales and services) included in the price of products; INSS (National Institute of Social Security) on the payment for the services of individuals etc.

**EQUALITY CRITERIA IN RESOURCE APPLICATION****G20 – Equality in resource application per state**

Avoid concentration of project resources in one state only.

## Guidelines and criteria to apply the Amazon Fund's resources in projects to develop systems to monitor deforestation in other tropical countries

Application area	Application limit of the total resources available in the year	Tables
Projects in Brazil outside the Brazilian Amazon and in other tropical countries	20%	G and H

### GUIDANCE CRITERIA

#### H1 – Diversity of agents involved and shared governance

Projects involving contact between diverse agents from the public and private sector, third sector or local communities with a shared governance structure. Projects involving regional articulation.

#### H2 – Relevance

Countries with large-scale forest coverage.

#### H3 – Scope

In other tropical countries, the Amazon Fund support will be limited to projects that contribute to creating or improving systems to monitor forest coverage.

Forest coverage monitoring systems is understood as applying techniques that involve processing (e.g., Georeferencing, enhancements and rating) images of the Earth's surface (aerial or satellite) to map out vegetation by using information produced (e.g., preparation of maps, spatial and statistics analysis) to improve forest management.

### MINIMUM REQUIREMENTS FOR PROJECTS

#### H4 – Result indicators

Projects must include measurable result indicators that are directly related to implementing systems so as to monitor deforestation or forest degradation.

#### H5 – Applicants / Executors

Projects must be presented by the central government of the beneficiary country, multilateral institutions or by Brazilian governmental institutions, and, in the two latter cases, must have the formal consent of the central government of the country that will benefit from the efforts in the project.

#### H6 – Social participation

Projects must have a monitoring phase, necessarily featuring governmental entities and civil society. Projects related to the tasks to be carried out by public agencies, or to the formation of public policies do not necessarily require the beneficiaries' consent.

#### H7 – Contribution to REDD

Projects must contribute directly or indirectly towards REDD.

#### H8 – Counter-application

Projects must present counter-applications and/or non-financial contributions, demonstrating the additionalities to resources taken from the Amazon Fund and producing a multiplying effect for the Fund's investments. The following aspects may be considered: average budget executed in the two previous years in the public budget invested in the proposed effort; degree of control of the public budget to implement the effort; and the forecast for current government multi-annual plans. Contributions can be in the form of financial resources directly invested in the project or by the provision of infrastructure, personnel and other indirect forms.

#### H9 – Publicity and transparency

Monitoring systems supported by the Amazon Fund will be based on platforms that enable broad dissemination, transparency and access to data produced, via the internet.

#### H10 – Project sustainability

Demonstration of the capacity to economically sustain the project after it is implemented. BNDES will provide a standardized tool for integrating and disseminating updated information to implement all projects.

**H11 – Decentralization of resources**

In the Fund's efforts, there must be an effort to balance support in all its topic areas, according to the priorities that are established.

**H12 – Previous phase**

As a stage to consider international projects, BNDES, before project's eligibility, will request a formal assessment from the Ministry of Foreign Affairs (MRE) on the priority and the impacts of the project regarding Brazil's foreign relations.

**RESOURCE APPLICATION MODALITIES****H13 – Direct application – Investment**

Allocations made directly by project executors, even through third-party contracts. This includes investments in buildings, equipment, training and qualification to establish initiatives. Projects may use more than one modality.

**H14 – Direct application – Current spending**

Allocations made directly by project executors, even through third-party contracts. This includes travel expenses/field missions, individual or company consulting, field materials, communication, among others. Projects may use more than one modality.

**RESTRICTION FOR THE USE OF RESOURCES****H15 – Out-of-pocket expense payments**

No out-of-pocket expense payments will be made to public agents, such as civil servants, public employees or any person in a public post. This restriction does not apply in the case of financing for research activities.

**H16 – Payment to individuals**

No payment of wages or any kind of remuneration will be made to full-time civil servants at any of the three levels of government (this restriction does not apply to scholarships or research specifically related to the project).

**H17 – Taxes**

Resources cannot be applied to pay taxes that are not inherent or an integral part of current spendings or investments made by the project.

**EQUALITY CRITERIA IN RESOURCE APPLICATION****H18 – Equality in resource application per country**

Avoid project concentration in the same country.





## Amazon Fund's focuses for support in 2015 and 2016

### GENERAL GUIDELINES

#### I1 – Focuses for 2015 and 2016

The following items define the Amazon Fund's focus for 2015 and 2016 and establish guidelines and additional criteria.

#### I2 – Conditions required when supporting states

Support for new projects presented by state governments will require implementing the CAR in the territory, using either their own resources, those from the Amazon Fund, or from other sources.

Contracts between the Amazon Fund and the states within Brazilian Amazon must include a contractual obligation for state to revise their plans to prevent and combat deforestation (PPCD) if they are outdated, and another obligation to produce and publicize an annual monitoring report on their PPCDs.

#### I3 – Exception to the condition of additionality of resources in the Brazilian Amazon

Projects that aim to continue or enhance environmental surveillance and the deforestation control, presented by agencies or federal or state public institutions with legal mandate to carry out supervisory actions, within the framework of the National Environmental System (SISNAMA) may, exceptionally, be exempted from the minimum condition of additionality of resources, cited in item B8. To this end, it will require a technical justification formally presented by the Ministry of the Environment, as well as a declaration of the applicant institution/agency stating the non-existence of available source of resources for the requested financial aid. The technical justification and the aforementioned declaration are compulsory and joint documents to the proposal formally filed at BNDES.

### BRAZILIAN AMAZON – MONITORING AND CONTROL

#### I4 – Rural Environmental Registration (CAR) and environmental regularization of rural properties

Fostering environmental regularization through: (i) support for small properties or temporarily-owned rural family properties (up to four government-established modules) to enroll on the Rural Environmental Registration (CAR); (ii) support to integrate state-run CAR systems into the Rural Environmental Register System (SICAR) and to adapt not only complementary modules for Analysis and Monitoring, but also management for state-run Environmental Regularization Programs (PRAs) and Environmental Reserve Quotas (CRAs); (iii) support to develop and implement the PRAs; (iv) support for activities to validate enrollment on the CAR; (v) support to develop projects to recover degraded and changed areas (PRADA) on small properties or temporarily-owned rural family properties; (vi) support for activities to validate PRADAs; and (vii) support to structure and operationalize monitoring for environmental compliance of rural properties.

Support to implement the CAR and environmental regularization for rural properties will be carried out primarily through operations with the states, which may establish partnerships / contracts to carry out the necessary actions, while respecting applicable legislation. However, other CAR projects in areas that were not included in state-run projects may receive support from other partners.

#### I5 – Forest fires

Support for efforts to prevent and fight forest degradation caused by fires in native vegetation, which were presented by government environmental agencies operating in Brazilian Amazon and by NGOs in partnership with government agencies, primarily on settlements, in protected areas and on indigenous land.

#### I6 – Monitoring

Support to monitor deforestation, forest degradation and forest fires in Brazilian Amazon.

### BRAZILIAN AMAZON – FOSTERING SUSTAINABLE PRODUCTION ACTIVITIES

#### I7 – Economic activities that make sustainable use of the forest and biodiversity

Structuring, strengthening and consolidating socio-biodiversity production sectors and sustainable family farming, including adding value to the extraction economy, timber and non-timber forestry, aquaculture and fishing arrangements, agro-ecological and agro-forestry systems, as well as community-based tourism, including technical assistance for sustainable production activities.

#### I8 – Green Settlements Program

Implementing the "Green Settlements Program" (Program for Prevention, Combat and Alternatives to Unauthorized Deforestation in Amazon Settlements).

#### I9 – Recovering degraded and changed areas

Support to recover degraded and changed areas on small properties or temporarily-owned rural family properties (up to four government-established modules), prioritizing the implementation of PRADAs.

## BRAZILIAN AMAZON – LAND-TITLE AND TERRITORIAL PLANNING

### I10 – Land-title regularization

Support to implement land-title regularization for public land, prioritizing critical areas with intense deforestation; priority is also given to digitalizing land titles as well as building or consolidating state land-title mapping as well as computerizing property registration and records at state land agencies. No support will be made available to pay for expropriation.

### I11 – Indigenous land

Support to prepare and implement territorial and environmental management plans for indigenous land, in compliance with the National Policy on Territorial and Environmental Management of Indigenous Land (PNGATI).

### I12 – Protected areas

Support to create and consolidate protected areas.

## BRAZILIAN AMAZON – SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT

### I13 – New products from socio-biodiversity sectors

Support for scientific and technological research focused on biodiversity product sectors, including developing new products using the Amazon's biodiversity – pharmaceuticals, plant health care, medicine, cosmetics and other products of interest to chemical and food industries.

### I14 – Sustainable production activities

Support for scientific and technological research aimed at timber and non-timber forest management, recovering degraded areas, integrating farming and cattle-raising-forestry (ILPF) as well as sustainable fishing and aquaculture, water resources and soil conservation.

### I15 – Systems to monitor and control deforestation, forest degradation and forest fires

Support to develop, implement and improve systems to monitor land use and coverage, as well as to control deforestation, forest degradation and forest fires aimed at quantifying deforestation, so as to help public policies to prevent and combat deforestation.

### I16 – Research infrastructure

Support from the Amazon Fund for scientific and technological development will include support for the necessary research infrastructure.

## BRAZILIAN AMAZON – OPERATIONAL MODALITIES

### I17 – Guidance

The focus defined in items I4 to I16 will receive support exclusively by directly presented structuring projects or projects selected through calls-for-submission run directly by the Amazon Fund (BNDES) or through partner institutions.

### I18 – Structuring projects

A structuring project cumulatively meets the following criteria:

- a. It contributes to implementing a public policy.
- b. It is responsive to the problem-situation.
- c. It has sufficient scale in the territory (whenever the project develops its efforts in the territory).

Structuring projects can be proposed by (a) federal government agencies; (b) state or government agencies or (c) private nonprofit organizations.

For scientific and technological development projects, structuring projects can be proposed by scientific and technological institutions, and/or their supporting foundations and/or civil society organizations, whose purpose is duly defined in its articles of incorporation or bylaws, or proposed by the federal or state government agencies

The criterion “have sufficient scale in the territory” will be deemed met when, for example, the project's efforts cover an entire set of municipalities, settlements or protected areas, a state planning region, the surrounding areas of PAC works etc. Defining territorial scale must be done according to the project's characteristics and its respective public policies.

### 119 – Call-to-submission

In addition to the calls for submission directly run by the Amazon Fund (BNDES), support for partner institutions will be admissible to promote calls-to-submission of projects. Partner institutions must prove experience, knowledge and operational capacity to offer quality and scale in calls for submission. Partner institutions are understood as third-sector entities and those from federal and state governments.

The Amazon Fund, at any time, will receive requests presented by partner institutions for financial collaboration, which seek support to run calls for submission of projects, focusing on priority efforts in 2015 and 2016, as established in items I4 to I16.

The calls for submission directly run by the Amazon Fund or those receiving indirect support through partner institutions will be advertised on the Amazon Fund's website or that of partner institutions, as may be the case.

## AMAZON FUND SUPPORT IN BRAZIL OUTSIDE BRAZILIAN AMAZON

### I20 – Rural Environmental Registration (CAR) and environmental regularization of rural properties

Fostering environmental regularization through: (i) support for small properties or temporarily-owned rural family properties (up to four government-established modules) to enroll on the Rural Environmental Registration (CAR); support to integrate state CAR systems into the Rural Environmental Registration System (SICAR) and to adapt complementary modules for Analysis and Monitoring; and (iii) support for activities to validate enrollments on the CAR.

Beneficiaries of projects supporting the CAR in other biomes will necessarily make financial contributions. Projects which scope covers states where Cerrado, Caatinga and Pantanal biomes represent cumulatively more than 40% of its territory must receive financial contributions of at least 10% of the total amount of the project. In other cases outside the Amazon biome, financial contributions must represent at least 20% of the total amount of the project.

Support to implement the CAR will be carried out primarily through operations with the states, which may establish partnerships / contracts to carry out the necessary actions, and respecting applicable legislation.

### I21 – Systems to monitor deforestation

Support for projects that help create or improve monitoring systems for forest coverage outside Brazilian Amazon, according to current guidelines and criteria (see items G1 to G20).

## AMAZON FUND SUPPORT IN OTHER TROPICAL COUNTRIES

### I22 – Deforestation monitoring systems in other tropical countries

Support for projects that help create or improve monitoring systems for forest coverage in other tropical countries, according to current guidelines and criteria (see items H1 to H18).



# ANNEX 4 – COFA members and deputies in 2016

## Federal Government

### Ministry of the Environment

Marcelo Cruz  
Everton Frask Lucero

### Ministry of Industry, Foreign Trade and Services

Gustavo Saboia Fontenele e Silva  
Demétrio Florentino de Toledo Filho

### Ministry of Foreign Affairs

José Antônio Marcondes de Carvalho  
Reinaldo José de Almeida Salgado

### Ministry of Agriculture, Cattle-raising and Food Supply

José Rodrigues Pinheiro Dória  
Pedro Alves Corrêa Neto

### Ministry of Justice and Citizenship – National Indian Foundation (FUNAI)

Juan Felipe Negret Scalia  
Máximo Oliveira de Souza

### Ministry of Science, Technology and Innovation

Jailson Bittencourt de Andrade  
Andrea Ferreira Portela Nunes

### Chief of Staff of the Presidency of the Republic

Fabiana Cardoso Martins de Souza  
Milena Souto Maior de Medeiros

### The Brazilian Development Bank (BNDES)

Marilene de Oliveira Ramos Múrias dos Santos  
Gabriel Rangel Visconti

## States in the Amazon

### Acre

Carlos Edegard de Deus  
Magaly da Fonseca e Silva Tavares de Medeiros

### Amapá

Marcelo Ivan Pantoja Creão  
Robério Aleixo Anselmo Nobre

### Amazonas

Antonio Ademir Stroski  
Luís Henrique Piva

### Maranhão

Marcelo de Araújo Costa Coelho  
Adelmo de Andrade Soares

### Mato Grosso

André Luis Torres Baby  
Rita de Cássia Volpato de Castilho

### Pará

Luiz Fernandes Rocha  
Justiniano de Queiroz Netto

### Rondônia

Vilson de Salles Machado  
Francisco de Sales Oliveira dos Santos

### Roraima

Rogério Martins Campos  
Paulinho Felippin

### Tocantins

Luzimeire Ribeiro de Moura Carreira  
Rubens Pereira Brito

## Civil society

### National Confederation of Industry (CNI)

Mário Augusto de Campos Cardoso  
Adelaide de Fátima Gonçalves de Oliveira

### Coordination of the Indigenous Organization of the Brazilian Amazon (COIAB)

Kleber Luis Santos dos Santos  
Mario Nicacio

### National Confederation of Agricultural Workers (CONTAG)

Antoninho Rovaris  
Alessandra da Costa Lunas

### Brazilian Forum of NGOs and Social Movements for the Environment and Development (FBOMS)

João Bosco Campos dos Santos  
Adriana de Carvalho Barbosa Ramos Barretto

### National Forum for Forest-based Activities (FNABF)

Geraldo Bento  
Valdinei Bento dos Santos

### Brazilian Society for the Progresso of Science (SBPC)

Adalberto Luis Val  
Maria Olívia de Albuquerque Ribeiro Simão

## Throughout 2015, the following members were involved:

### Federal Government

#### Ministry of the Environment

Francisco Gaetani  
Responsible up to 10.22.2016  
Carlos Augusto Klink  
Deputy up to 10.22.2016

#### Ministry of Development, Industry and Foreign Trade – Current Ministry of Industry, Foreign Trade and Services

Beatriz Martins Carneiro  
Responsible up to 10.22.2016

### Ministry of Foreign Affairs

José Raphael Lopes Mendes de Azeredo

Responsible up to 10.22.2016

Felipe Ferreira

Deputy up to 10.22.2016

Everton Frask Lucero

Deputy up to 2.16.2016

### Ministry of Agriculture, Cattle-raising and Food Supply

Caio Tibério Dornelles da Rocha

Responsible up to 10.22.2016

Arno Jerke Junior

Deputy up to 10.22.2016

### Ministry of Agricultural Development – Extinguished

João Luiz Guadagnin

Responsible up to 10.22.2016

Carlos Eduardo Portela Sturm

Deputy up to 10.22.2016

### Ministry of Science, Technology and Innovation

Oswaldo Luiz de Moraes

Responsible up to 10.22.2016

### The Brazilian Development Bank (BNDES)

José Henrique Paim Fernandes

Responsible up to 10.22.2016

## States in the Amazon

### Maranhão

Ricardo Garcia Cappelli

Deputy up to 10.22.2016

### Mato Grosso

Ana Luiza Ávila Peterlini de Souza

Responsible up to 10.22.2016

### Rondônia

Mauro Pereira dos Santos

Deputy up to 10.22.2016

## Roraima

Alessandro Felipe Vieira Sarmento  
Deputy up to 10.22.2016

## Civil society

### National Confederation of Industry (CNI)

Deryck Pantoja Martins  
Deputy up to 10.22.2016

### Coordination of the Indigenous Organization of the Brazilian Amazon (COIAB)

João Paulo Lima Barreto  
Deputy up to 10.22.2016

### National Forum for Forest-based Activities (FNABF)

Valdinei Bento dos Santos  
Responsible up to 10.22.2016

Geraldo Bento  
Deputy up to 10.22.2016

### Brazilian Society for the Progresso of Science (SBPC)

Niro Higuchi  
Responsible up to 10.22.2016

Marcio de Castro Silva Filho  
Deputy up to 10.22.2016





## Annex 5 – Cancellations and supplementations

CANCELED PROJECTS			
Name of the project	Project management	Value of the support (R\$)	Year of cancellation
S.O.S Cumaru do Norte	Cumaru do Norte Municipality (PA)	755,299.70	2012
Sustainable Porto do Moz	Porto do Moz Municipality (PA)	337,206.46	2014
Anapu Towards the Green Seal	Anapu Municipality (PA)	431,940.00	2014
Sustainable Maranhão	Maranhão State	20,036,000.00	2016
Roraima's Fire Fighters	Roraima State	12,800,000.00	2016
<b>TOTAL</b>		<b>34,360,446.16</b>	

PROJECTS WITH REDUCED VALUES				
Name of the project	Project management	Value of the support (R\$)	Original value of the support (R\$)	Value of the reduction (R\$)
Forest Assistance Program	Sustainable Amazon Foundation (FAS)	19,166,347.89	19,169,087.00	2,739.11
Protected Areas in the Amazon (ARPA)	Brazilian Biodiversity Fund (FUNBIO)	19,949,058.91	20,000,000.00	50,941.09
Portal Seeds	Ouro Verde Institute (IOV)	5,397,778.87	20,000,000.00	50,941.09
Preserving Porto dos Gaúchos	Porto dos Gaúchos Municipality (MT)	120,655.00	5,423,450.00	25,671.13
Recovering Marcelândia	Marcelândia Municipality (MT)	554,215.22	133,890.00	13,235.00
Dema Fund	Federation of Organs for Social and Educational Assistance (FASE)	7,615,854.00	669,126.00	114,910.78
<b>TOTAL</b>		<b>52,803,909.89</b>	<b>54,742,937.00</b>	<b>1,939,027.11</b>

PROJECTS WITH SUPPLEMENTATION					
Name of the project	Project management	Value of the support (R\$)	Original value of the support (R\$)	Value of the supplementation (R\$)	Year of approval of supplementation
Knowing to Preserve	The Amazon Museum (MUSA)	9,984,629.00	8,454,421.00	1,530,208.00	2015
Materialize	Association of Small Agro-farmers in the RECA Project	6,422,748.00	4,751,520.00	1,671,228.00	2015
<b>TOTAL</b>		<b>16,407,377.00</b>	<b>13,205,941.00</b>	<b>3,201,436.00</b>	

## Credits

(composition of positions in December 2016)

### **PRESIDENT OF THE REPUBLIC**

Michel Temer

### **MINISTER OF THE ENVIRONMENT**

José Sarney Filho

### **MINISTRY OF PLANNING, DEVELOPMENT AND MANAGEMENT**

Dyogo Oliveira

### **BNDES**

#### **PRESIDENT**

Maria Silvia Bastos Marques

#### **DIRECTOR OF THE PUBLIC AND SOCIOENVIRONMENTAL MANAGEMENT DIVISION**

Marilene de Oliveira Ramos Múrias dos Santos

#### **SUPERINTENDENT OF THE PUBLIC AND SOCIOENVIRONMENTAL MANAGEMENT DIVISION**

Gabriel Rangel Visconti

#### **HEAD OF THE AMAZON FUND'S MANAGEMENT DEPARTMENT**

Juliana de Mello Queiroz Santiago

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The world supports it.  
Everyone wins.

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