





A Strategy to Finance Protected Area Systems: the Experience of Rio de Janeiro State, Brazil



Cunhambebe State Park
Photo: Gustavo Pedro (Dibap/Inea)

- In the licensing process for activities that adversely impact the environment, the Brazilian legal framework requires companies to attempt **to avoid, minimize, mitigate and compensate** such impacts to receive a license from the government
- Examples of activities that cause significant impacts include **steel mills, roads, ports, airports, and other infrastructure works**

Environmental compensation



- In addition, **environmental compensation** is provided as a means of compensating for significant impacts that could not be avoided, minimized or mitigated
- This compensation takes place **after the licensing process** and is an **additional measure**
- By law all environmental compensation must be directed to support protected areas (PAs) within the **National System of Protected Areas (SNUC)**
- Priority is given to PAs of strict protection and to sustainable use PAs that are directly impacted by infrastructure projects undergoing licensing

The Atlantic Forest Fund of Rio de Janeiro – FMA



2008

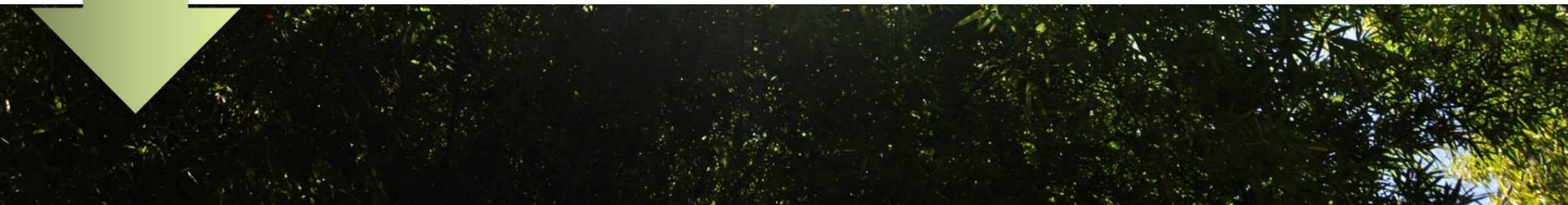
Funbio contracted by the Rio de Janeiro Environmental Secretariat (SEA-RJ) to develop a mechanism to implement environmental compensation resources

2009

The Atlantic Forest Fund of Rio de Janeiro – FMA created as a pilot with USD 1.6 million environmental compensation funds from Thyssenkrupp CSA and a USD 200,000 donation from KfW

2010

FMA fully operational, executing environmental compensation resources



Simplified structure of the Atlantic Forest Fund of Rio de Janeiro - FMA



Sources

Environmental
Compensations

Donations

Other
Compensations

Climate Change
Credits

Environmental
Services

Biodiversity Conservation Mechanism in the State of Rio de Janeiro – FMA
(Governance and implementation rules)

Destinations

Protected
Areas

Restoration
Areas

Sustainable
Use

Conservation
Areas

Others

Portfolio of projects and programs

Governance of the Atlantic Forest Fund of Rio de Janeiro – FMA



- The Rio de Janeiro Environmental Secretariat (SEA/RJ) is in charge of coordinating all FMA operations
- An Environmental Compensation Chamber (CCA/RJ), established within SEA/RJ, is responsible for approving and directing funds to protected areas and projects
- Funbio is currently responsible for managing FMA, including asset management and the execution of FMA projects and resources

CCA/RJ is a multi-stakeholder committee, allowing for private sector and civil society representatives to take part in the decision making process



Advantages of the Atlantic Forest Fund of Rio de Janeiro – FMA



For the public sector:

- Designed to allow short, medium and long term investments in PAs, providing **management effectiveness**
- Public governance and private execution allows **transparency and agility**
- The mechanism can be **reproduced** in other states and countries

For the private sector:

- It's **voluntary** - developers may **choose** to implement compensation actions or work through the FMA/RJ
- Easy solution for the compensation obligation through an efficient mechanism
- Low risk execution of compensation as the mechanism is already accredited by the government

Results up to August 2014



- **70 ventures** have chosen the mechanism
- Portfolio of **USD 102 million**
- Over **USD 86 million** already received
- Over **USD 34 million** already executed

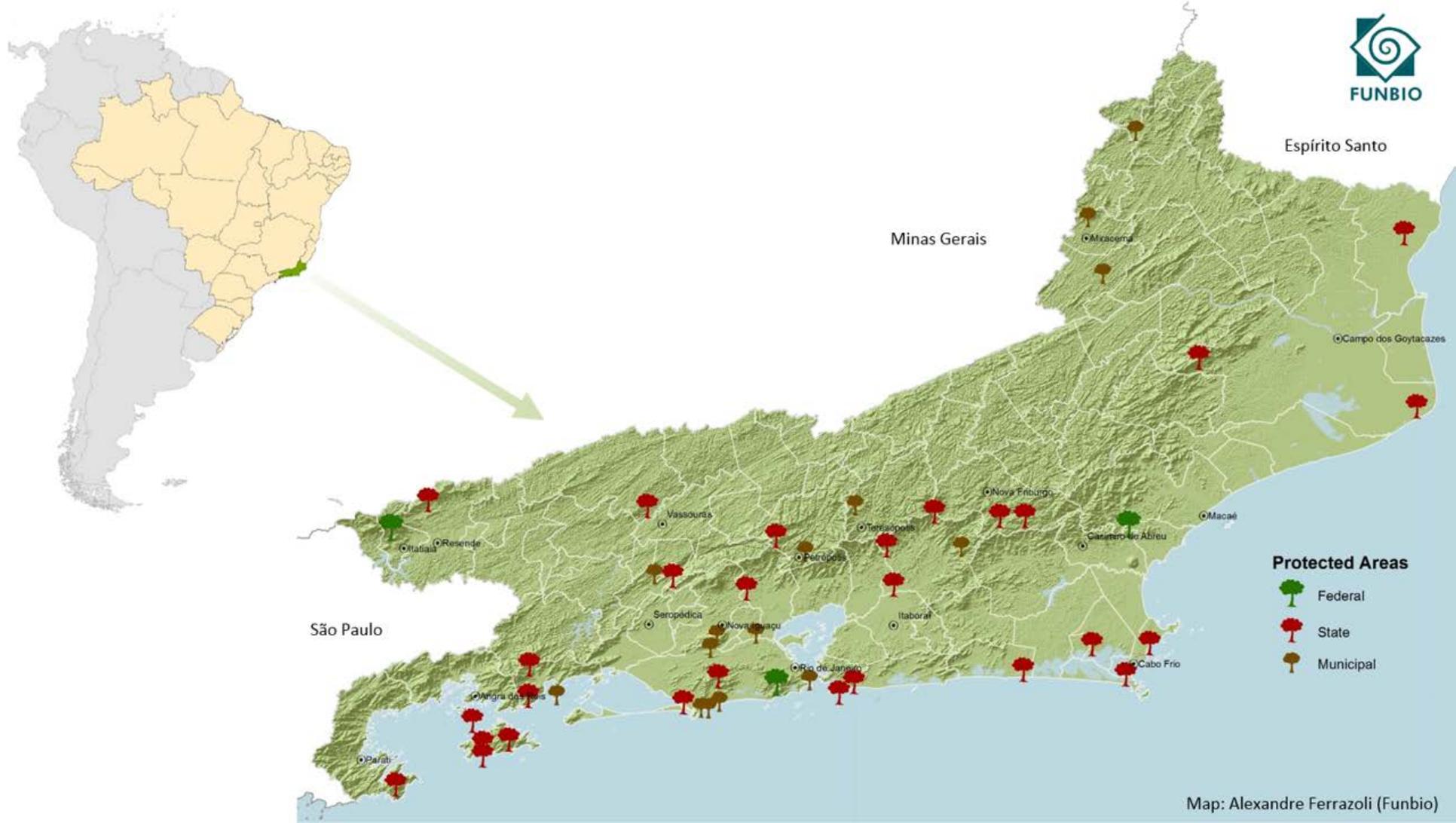


Results up to August 2014



- **Benefitted 79 projects in 45 PAs** in the state of Rio de Janeiro, managed by the State Environmental Institute (INEA/RJ), municipal environmental agencies and the Federal PA Management Agency (ICMBio)





Results up to August 2014



- An **endowment fund** of over **USD 11 million** was created in 2011
- Its investment income will cover recurring costs of state PAs in the long term



EEE Guaxindiba



PE do Desengano

Where we are and where we are going?



- Currently managing and implementing 1 compensation fund
- Finalizing the design of the mechanism for the states of Minas Gerais, Paraná, Pará and Rondônia
- Initiating the design of a mechanism for the states of Amapá and Amazonas



Map: Alexandre Ferrazoli (Funbio)

Thank you!

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