

Innovation in nature protection

Interview with Fabio Leite, Head of Programs Management at the Brazilian Biodiversity Fund (Funbio)

The Protected Areas Fund (FAP), launched on May 22 and for the first time available to protected areas, is a permanent capitalization instrument and only the fund revenues will be invested. Funds total R\$ 116 million and the revenues total R\$ 16,753 million, which can be invested in the maintenance of the PAs. The Brazilian Biodiversity Fund (Funbio) is in charge of the financial implementation of FAP Fund. The money investment is made by expert professionals in the financial market. Read further below about some aspects of how those funds are managed:

How is decision made on the investment of FAP funds?

The investments are made by an expert company in the financial market, and it is supervised by Funbio's Deliberative Council, through its Assets Management Committee. Just to have an idea of the experience of such professionals, the committee chairman is the vice president of Funbio, Álvaro de Souza, who is a former president of Citibank in Latin America.

What are the projections on FAP revenues and expenditures for the coming years?

Considering that we invest the financial resources since 2004, there are over 16 million in revenues, using the present currency exchange (there are funds in banks in Germany and in Brazil). We have enough to support several PAs in the coming years. At least five years of security, making use of only the revenues from what we already have.

Yet, what is the projection for the next five years?

We will have to carry out a study with the Ministry of the Environment in order to check on the consolidation pace of the protected areas (only consolidated PAs are able to access FAP funds). According to our estimates, however, we shall have around 15 PAs with FAP support; each one of them will have R\$ 250,000 a year. This is a historical value, an estimate since the beginning of Arpa in order to calculate how much each PA needs to maintain consolidation.

Will each PA always get R\$ 250,000 a year?

No, this is an average amount; it will depend on the planning made by the PAs. They will have to present a matching fund in the same amount they are requesting, and they must implement it all. They get a linked account and must do the accounting. If not the entire amount is used, the (unused) money goes back to FAP Fund, to be invested in the following year. Theoretically, the entire amount may be spent in the first month. Each PA will spend as much money as they need to and in their own pace.

Will the PA live on this money alone?

I find it difficult for a PA in the Amazon region to depend on this money alone. They will have other sources of public and private funds, yet they can stay in FAP forever. It is important to have not just

one source of funds. In 30 years from now there can be a problem, maybe a crisis like the one in 2008 (a global crisis). They happen once in a hundred years, but...the more sources the better – sources of environmental compensation and off sets, various budget sources, and other funds. This is not a requisite, it is an advice. The more sources the PA has, the more insurance it will have for the maintenance of its activities and its physical integrity. For many PAs, in the beginning FAP will be the most important financial resource. Nevertheless, they must also contribute with a match fund, with resources from other projects and from other existing budgets.

What is the growth perspective of FAP reserves?

A project, when it begins to operate right, is easier to raise funds for. We did well in fund raising for FAP in the Arpa 1st Phase and just now we received 20 million Euros from KfW. Now it is time to show FAP results. And this will facilitate our new fund raising activities. The strategy is to look for new large donors for Arpa. It is time to test some novelties, such as crowd funding, and use some non-voluntary financial resources, such as from fines issued on PAs. We must raise funds not just for FAP, but also for the protected areas system.