Memorandum of Understanding

between

the Ministry of the Environment of the Federative Republic of Brazil– MMA, the Chico Mendes Institute for Biodiversity Conservation – ICMBio, the Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany – BMZ, the Global Environment Facility – GEF, the Inter-American Development Bank – IDB, the Brazilian Biodiversity Fund – FUNBIO, WWF - Brazil and World Wildlife Fund, Inc., and the Gordon and Betty Moore Foundation – GBMF

on financial and technical cooperation in the ARPA Program.

The Ministry of the Environment of the Federative Republic of Brazil– MMA, the Chico Mendes Institute for Biodiversity Conservation –ICMBio, the Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany – BMZ, the Global Environment Facility– GEF, the Inter-American Development Bank – IADB, the Brazilian Biodiversity Fund– FUNBIO, WWF – Brazil, World Wildlife Fund, Inc. and the Gordon and Betty Moore Foundation – GBMF, hereinafter the "Participants"

- Recognize the interests to work together to implement and continuously improve the strategy for ecological, social, political, institutional and financial sustainability in the Amazon Region Protected Areas -ARPA Program;

- Reaffirm the objectives that led to the creation of the ARPA Program launched in 2002 in Johannesburg at the Earth Summit on Sustainable Development - Rio +10, instituting the largest rainforests conservation program in the world and the largest program supporting Conservation Units, according to definition from art. 2, I, Federal Law nº 9.985, in Brazil;

- Have in mind the important role played by the MMA in the coordination of ARPA, of FUNBIO in the management of its financial resources, the GEF, the German Government through KfW Bank Group, the GBMF and other private funding through World Wildlife Fund, Inc., WWF - Brazil and the Amazon Fund through BNDES, all responsible for the initial resource allocation in the ARPA Program;

- Recognize the benefits and effectiveness of coordinating resource allocation for ARPA Program and of doing so jointly with the participants endorsing this Memorandum of Understanding;
• Reaffirm the Memorandum of Understanding of June 18th, 2012 signed by the GBMF, the Linden Trust for Conservation, FUNBIO, WWF - Brazil and the MMA during the United Nations Conference on Sustainable Development - Rio +20 committing to mobilize resources to support ARPA Program in the long-term;

• Reaffirm the intention to allocate resources into a private Transition Fund which will enable the long-term sustainability of ARPA Program.

have come to the following understanding:

1. Object

The Participants have declared their willingness to work together to develop and implement a strategy for ARPA Program that aims to (i) consolidate at least 60 million hectares of protected areas in the Brazilian Amazon region; (ii) ensure the conservation of biodiversity in the region; and (iii) contribute to its sustainable development under decentralized and participatory principles via a private Transition Fund, to be constituted through funding agreements between donor participants and the Transition Fund Manager, subject to disbursement conditions. Such sums will decline progressively to zero, as the Brazilian government develops mechanisms to guarantee budgetary increases to cover all of ARPA’s Program needs over an estimated 25 years.

2. The assignments of the Participants

I - In order to successfully develop a strategy to consolidate the protected areas under the ARPA Program, MMA and ICMBio will:

• Work towards the creation of six (6) million hectares of new protected areas;

• Promote the consolidation of Federal Conservation Units under ICMBio’s Consolidation Plan of Protected Areas and support the states which comprise the Legal Amazon in their consolidation plans in order to achieve the goal of consolidating sixty (60) million hectares of protected areas under the ARPA Program, ensuring the conservation of biodiversity in the region and contributing to its sustainable development under decentralized and participatory principles;

• Develop and implement mechanisms to ensure a planned gradual increase of resources to meet the needs of implementation of ARPA’s Federal Protected
Areas, such that these mechanisms and resources fully bear the costs at the end of the estimated 25-year period of the Transition Fund;

- Undertake the necessary efforts to produce regulation stating the agreed goals of the ARPA Program, including the 60 million hectares to be covered by the Program and the financial mechanisms to meet the budgetary needs of the Program over the next 25 years, in accordance with the two items immediately above;
- Implement the necessary measures to ensure adequate staff provision in the protected areas under ARPA Program;

- Commit to pursue potential future donations from Germany for this project, as described in the final documentation of ARPA’s Program negotiations on and to the Brazil - Germany Intergovernmental Negotiation, dated December 10th, 2013;

- Commit to pursue everything in its powers and procedures to submit a full-size project or projects to GEF totaling US$30 million to support the ARPA Program Transition Fund;

- Provide full and active support to secure a donation of R$80 million from the Amazon Fund governed by BNDES to FUNBIO for the Transition Fund.

II - BMZ, GEF, IADB, FUNBIO, WWF - Brazil, World Wildlife Fund, Inc., and GBMF intend to carry out activities described below in connection with ARPA Program, subject to any applicable law or regulations and the respective internal objectives, functions, policies and procedures of the Participants:

- BMZ committed to provide 7 million euros in 2013, according to the final documentation of ARPA’s negotiations on the Brazil - Germany Intergovernmental Negotiation on Cooperation for Sustainable Development, held in Berlin in December 2013; and agreed to direct additional residual funds totaling 9,704,839.77 euros originally reprogrammed to the Protected Areas Fund – FAP instead to the Transition Fund; agreed to use the financial contribution, originally made to FAP, in the amount of 20 million euros and the accumulated interest of that money for the capitalization of the transition fund and declares its intention to evaluate the possibility to commit funds to the Transition Fund in the future, considering the fulfillment of the agreed criteria and the progress of the project, as well as the preliminary budget 2014 (probably until July);

- Integral to its strategy to provide support for sustainable development of Amazon Basin countries, at the request of the Brazilian Government, the GEF declares its intention to evaluate the possibility to commit funds up to US$30M
to the ARPA Transition Fund in its next funding cycle (GEF-6) through a qualified accredited GEF agency, subject to all rules and procedures of the GEF instrument, including eligibility criteria, internal reviews and clearance of the proposal for funding, and final approval by the GEF Council and implementing agency boards;

- The IADB intends to commit four million five hundred thousand dollars of the United States of America (US$4,500,000.00) as stated in IADB projects BR-T1287 and BR-T1293. The IADB’s fulfillment of the intentions detailed in this Memorandum of Understanding is subject to the IADB’s compliance with its policies and procedures for the commitment of resources, including all necessary internal approvals and the fulfillment of all conditions for implementation. Subject to such processes, if realized, the arrangements finally authorized and to be implemented may reflect understandings that are distinct from those specified in this Memorandum of Understanding;

- World Wildlife Fund, Inc., and WWF-Brazil will commit, subject to certain conditions being met, funds with an estimated value of US$55 million from U.S. and Brazilian private donors, including US$15 million from GBMF;

- GBMF will commit, subject to certain conditions being met, US$15 million, as part of World Wildlife Fund, Inc., estimated US$55 million donation;

- FUNBIO commits to seek R$80 million from BNDES/Amazon Fund for the Transition Fund;

- FUNBIO commits to seek contributions from Brazilian and foreign companies;

- FUNBIO, authorized by original donors, and subject to certain conditions being met, commits to transfer to the Transition Fund the entire balance of the Fundo de Areas Protegidas – FAP ( Protected Areas Fund), with an estimated value of approximately US$60 million;

- FUNBIO commits to manage the Transition Fund following the conditions and rules established in ARPA’s Program Operational Manual, drafted and approved by donors, MMA and FUNBIO, and according to the terms and conditions of each donor or grant agreement governing transfers to the Transition Fund.

III. Other activities may arise and can be developed if the Participants notify and jointly decide upon them.
3. Liability and Status of this Memorandum of Understanding

The Participants hereby intend to perform their best effort to implement their attributions listed above and understand that the success of the ARPA Program is contingent thereupon.

This Memorandum of Understanding does not create any legal obligations on the Participants or third parties. It is not meant to constitute an international treaty or to create any rights or obligations under international law. All Participants understand that each one is responsible for its actions and / or omissions and those of its agents in the execution of the object of this Memorandum of Understanding.

Human resources made available to carry out the provisions of this Memorandum of Understanding will not undergo any change in their institutional affiliation or employment status for performing activities related to compliance with this Memorandum of Understanding.

All participants are requested to consider the applicable law in implementing this Memorandum of Understanding.

Nothing in this Memorandum of Understanding is intended to be, or should be construed as a waiver of the privileges and immunities of any participants its officers and employees.

4. Period of Collaboration

This Memorandum of Understanding will come into effect on the date of its signature and should be applied for an initial period of five years. The objective of this Memorandum of Understanding may be continued for up to 25 years.

5. Termination

Any participant may terminate its participation under this Memorandum of Understanding upon at least sixty (60) days advance written notice.

This Memorandum of Understanding may be amended by written consent of the participants hereto.
This Memorandum of Understanding was signed in two originals, one in Portuguese and one in English, both texts being equally valid.

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