



1. Project Data:		Date Posted : 12/20/2004	
PROJ ID: P044597		Appraisal	Actual
Project Name: GEF - Brazilian Biodiversity Fund - Funbio	Project Costs (US\$M)	34.5	27.7
Country: Brazil	Loan/Credit (US\$M)	0	0
Sector(s): Board: RDV - General agriculture fishing and forestry sector (80%), Central government administration (20%)	Cofinancing (US\$M)	20	20
L/C Number:			
	Board Approval (FY)		96
Partners involved : GEF	Closing Date	12/31/2000	02/28/2004

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2. Project Objectives and Components

a. Objectives

The main objective of the project was to provide long-term and sustainable support for conservation and sustainable use of biological diversity in Brazil. This goal would be pursued by supporting the establishment and development of a Brazilian Biodiversity Fund (FUNBIO) within the *Getulio Vargas Foundation* (FGV) that would administer a long-term grants program to promote conservation and sustainable use of biodiversity in Brazil.

b. Components

The project had two major components:

Strengthening and Operational Support of FUNBIO (appraisal US\$ 7.7 million; actual US\$ 4.74 million). This component included operational costs to establish a board, technical committees, and staff; develop a cost-recovery and fund-raising program; and conduct special studies that would strengthen FUNBIO (e.g. incentives to involve private sector in biodiversity protection).

Grants Program (appraisal US\$ 26.8 million; actual US\$ 23 million). This component would finance FUNBIO sub-projects consistent with regional and national conservation priorities and international commitments, such as the Convention on Biological Diversity and Agenda 21, selected on a competitive basis according to established criteria. The design established that projects would address: (i) biodiversity conservation; (ii) sustainable use of biodiversity; (iii) policy analysis; and (iv) applied research and technology development. Eligible entities include NGOs, state and municipal businesses and public agencies; private businesses (with certain restrictions); non-profit or research institutions; and consortia of the above. The detailed procedures to call, select, contract, and monitor the sub-projects are spelled out in FUNBIO's Operational Manual.

c. Comments on Project Cost, Financing and Dates

The project was to be financed from the GEF Trust Fund Grant (US\$20 million) and funds raised by FUNBIO (projected at US\$5 million), organized as a sinking fund with a 15-year horizon and managed by an internationally qualified asset manager. The GEF Trust Fund deposited an initial US\$10 million into the sinking fund account. Additional GEF Trust Fund deposits into the fund were triggered by donations to the fund raised by FUNBIO at a ratio of two (GEF Trust Fund) to one (non-GEF Trust Fund). The funds could be raised in tranches, US\$250,000 at a time, each tranche triggering a new release of funds from GEF Trust Fund until all GEF funding was committed. The sinking fund was expected to generate an approximate net investment of US\$9.5 million. Therefore, the total project cost at appraisal was estimated at US\$ 34.5 million. The actual total project cost is US\$ 27.7 million. The project closed on February 28, 2004, more than four years after the original closing date of December 12, 2000. The ICR does not discuss the reasons for the delay in project completion.

3. Achievement of Relevant Objectives:

The objective to provide long-term and sustainable support for conservation and sustainable use of biological diversity in Brazil was achieved. An effective institution FUNBIO was created, public-private partnerships were fostered and an adequate legal framework for biodiversity conservation was developed. FUNBIO is protected from attachment and taxation, and faces no legal barriers to effective operation. FUNBIO has exceeded the established benchmark for raising counterpart funds, having secured \$6.2 million in commitments from funding partners - the government, business, nonprofit, and philanthropic contributors. Investment guidelines were developed and implemented.

FUNBIO has supported about 68 sub-projects, focusing mainly on the themes of non-timber forest management (21%), agrobiodiversity (44%), management of fishery resources (14%) and conservation and environmental education (16%). An ecotourism program launched in 2000 focuses on identification and promotion of practices in tourism development and management that support rather than destroy the survival of ecosystems and habitats.

4. Significant Outcomes/Impacts:

- An effective and credible institution, FUNBIO, was created for supporting conservation of biodiversity in Brazil. FUNBIO is recognized as a national leader in promoting and supporting conservation of biodiversity (based on survey of opinion leaders (NGOs, donors, media)). FUNBIO is also recognized as one of the most successful of the GEF-financed trust funds, especially in terms of the professionalism of its staff, the efficiency of its procedures, and its innovative approach to developing program themes and creative financing methods. FUNBIO has consistently met its targets for administrative cost ceilings and has been audited annually without any adverse findings.
- Public-private partnership and engaging of NGOs and local communities for biodiversity conservation was carried out. Private partners and supporters of conservation projects include the National Steel Company, the Terra Institute, Klabin Parana forest products, Minas Gerais Power Company, and the Brazilian Tourism Institute. Representatives of NGO, academic, business, and government sectors have participated in technical committees and governing bodies, as well as project implementing organizations and consortia.
- Monitoring of some outcomes carried out by FUNBIO shows that FUNBIO subprojects have led to adoption of improved agricultural practices, management plans for local forest units, creation of forest corridors, and development of sustainable management plans for coastal resources. An assessment carried by FUNBIO shows increased involvement by communities in agro-extractive activities and increased income from sustainable production of natural resources as an alternative to predatory practices.

5. Significant Shortcomings (including non-compliance with safeguard policies):

- During the design phase, the project did not set a specific target for the extent of biodiversity to be conserved. Even today, Brazil's national environmental agencies continue to struggle to develop clear conservation objectives and monitorable benchmarks toward their achievement. FUNBIO's supported sub-projects have had, or promise to have, conservation outcomes consistent with the level of investment. FUNBIO's monitoring and evaluation program is limited to outcomes of specific projects. However, FUNBIO has not yet developed indicators that can be applied to its entire portfolio.
- The level of synergy and coordinated impacts from this project and the companion National Environment Project was less than what was foreseen at project design. This was largely due to: (a) disconnect between FUNBIO project cycles and Governmental cycles and schedule; (b) long length of time required at the national government level to develop national biodiversity priorities; and (c) the physical distance between FUNBIO, located in Rio de Janeiro and Ministry of the Environment, Water Resources and the Legal Amazon (MMA) in Brasilia.
- FUNBIO did not have adequate investment management expertise and advice in its early years, but over time has developed a more solid knowledge base and circle of advisers.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	High	High	
Sustainability:	Likely	Likely	
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	

Quality of ICR :

Satisfactory

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1. A lesson identified in GEF's global portfolio of trust funds was that trust funds can promote decreases in government funding of protected areas by substituting trust fund financing for regular appropriations. This was not found to be the case in the FUNBIO project, which focused its investments on conservation projects outside the realm of traditional government responsibilities. The GEF trust fund evaluation also recommended that GEF support should be structured to provide incentives to encourage raising additional capital and developing innovative capitalization approaches.
2. The project experience indicates the importance of facilitating biodiversity conservation activities by communities or groups of people who have a vital interest in conservation, either because their livelihoods depend directly on biological resources, or because their quality of life depends significantly on use and existence values of biodiversity.
3. Biodiversity conservation projects need to develop a clear definition of goals and targets and indicators to measure outcomes.

8. Assessment Recommended? Yes No

Why? This type of project requires a very strong monitoring and evaluation system to measure impacts on the ground. To validate project outcome and the institutional development impact, the project should be assessed with the National Biodiversity Project (expected closing date is December 12, 2005). The two projects were approved to support partnerships among government, NGOs, private sector to improve Brazil's conservation and sustainable use of biodiversity.

9. Comments on Quality of ICR:

The quality of the ICR is satisfactory. There is some discrepancy in the Project Cost and Financing Tables presented in Annex 20. It is difficult to discern the actual total project cost. Also, the ICR did not discuss the reason for the more than four year delay in project completion.