

**Proposal Submission in response to Call for Proposals (CFP) issued by  
LEAF Coalition on April 22, 2021**

**Dated: August 2, 2021**

Your use and review of this proposal submission (Submission) is subject to the following conditions.

1. **Authorized party.** You represent and warrant that you are an authorized representative of the company that employs you and which is a participant in the LEAF Coalition (Company) and, in that capacity, can bind Company to the terms herein.
2. **Confidentiality.** Except as otherwise agreed by you and Emergent, you understand that the information contained herein is confidential (hereinafter "Information"). You will:
  - a. Use your best efforts to keep the Information confidential;
  - b. Not reveal such Information to parties other than those: (i) which are Emergent-named individuals that represent companies that are members of the LEAF Coalition; and (ii) employees, agents, partners, shareholders, officers, directors or other representatives of Company (collectively, "Representatives") who have an actual need for such Information to further Company discussions that may result in purchase of emission reduction credits ("Activities");
  - c. Advise in writing Representatives receiving the Information of its confidential nature;
  - d. Direct such Representatives to treat the Information confidentially, not to use it except in connection with the Activities, and not disclose it to any third person that is not authorized to receive such Confidential Information.
3. **Disclaimer.** This Submission is the 'raw' submission of a jurisdiction in repose to the CFP. Neither Emergent nor any party of the LEAF Coalition have conducted any verification of claims made in this Submission or made any edits. This disclaimer applies to all sections of the Submission, including claims made around projected emission reductions (ERs).

By accessing this Submission, to protect and further the interests of the LEAF Coalition, if you intend to negotiate an ER transaction contemplated by this Submission within the next twelve months, you agree to work in good faith to reach mutually agreeable terms to transact under the LEAF Coalition, and agree to be transparent about and seek to resolve any complicating issues with the LEAF Coalition. If complications cannot be resolved after good faith efforts, you agree for the next six months to provide prior written notice to Emergent and members of the LEAF Core Advisory Group before you initiate discussions directly or indirectly with the Host Jurisdiction responsible for this Submission with respect to a potential emission reduction transaction contemplated by this Submission outside of the LEAF Coalition.

If you are unwilling or unable to comply with this obligation, please destroy this document immediately and notify Emergent accordingly.



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**GOVERNADOR**

July, 30nd, 2021

## Call for Proposals

Public – Private Coalition based on Performances to Preserve and Conserve Tropical and Subtropical Forests

Proposal sent by The State of Acre

Coordinate by:

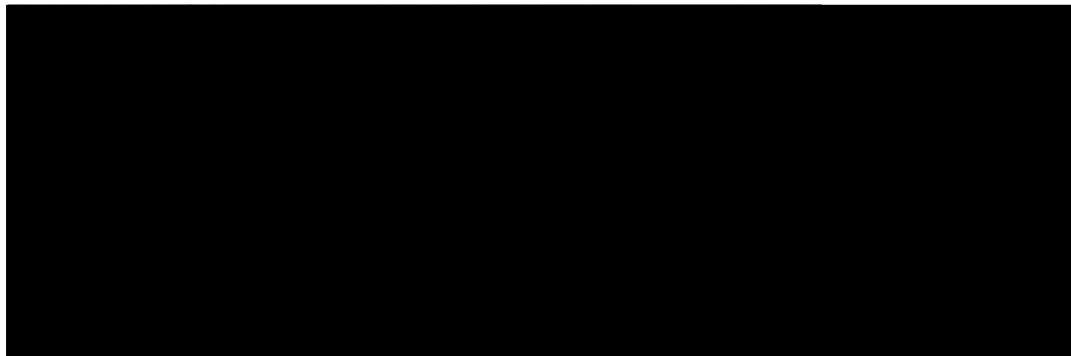
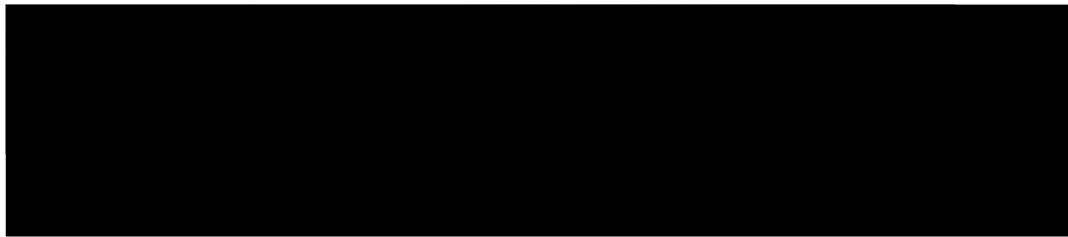
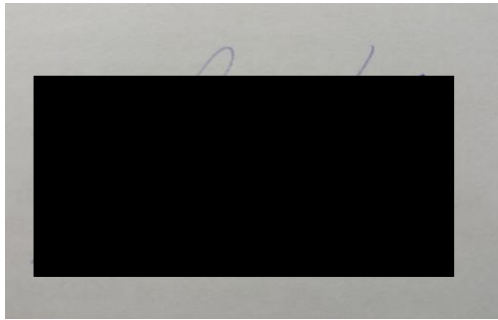




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Rio Branco – Acre – Brazil.

Date: 30/07/2021.





General:

1. Forest emissions reduction objectives (500 words, except links and attachments):

For two decades, the State of Acre has been implementing an environmentally sustainable and socially inclusive economic development policy to promote a definitive change from the traditional model of production to a new one, using REDD+ to obtain the resources needed for this change, by the Program of Incentives for Carbon-Environmental Services (ISACarbono)<sup>1</sup> of the State System of Incentive for Environmental Services (SISA)<sup>2</sup> - State Law 2.308/2010<sup>3</sup>.

In this endeavor, Acre has been a pioneer in the global REDD+ scenario, having received two results-based payments from the Global REDD+ Early Movers Program (REM)<sup>4</sup> from Germany and UK.

Otherwise, Acre has assumed targets voluntarily to reducing deforestation, such as its first State Plan for the Prevention and Control of Deforestation (PPCD/AC)<sup>5</sup> approved in 2010, which had a goal to reduce about 80% of illegal deforestation until 2020, according to the average deforestation rate from 1995 to 2005, which is equivalent to 165 million tons of CO<sub>2</sub> greenhouse gases. The first Plan was well succeeded, and the goal pretty much reached, because it was registered 146,917,109 tons of reduction in the Info Hub of greenhouse gas emissions, in 2017.

The PPCDQ/AC consolidates environmental, economic and social public policies that combat illegal deforestation and it have always been adapted to the local reality which is very dynamic. Therefore, in 2017, the PPCD/AC was updated and incorporated the issue about forest fires and renamed as The State Plan for Prevention and Control of Deforestation and Fires (PPCDQ/AC)<sup>6</sup>. The third review began in 2020 and keeps in progress.

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<sup>1</sup> <http://imc.ac.gov.br/isa-carbono/>

<sup>2</sup> <http://imc.ac.gov.br/projetos-2/>

<sup>3</sup> <http://www.al.ac.leg.br/leis/?p=8269>

<sup>4</sup> <http://imc.ac.gov.br/programa-para-pioneiros-em-redd-rem/>

<sup>5</sup> [http://imc.ac.gov.br/wp-content/uploads/2016/09/PPCD\\_ACRE-1.pdf](http://imc.ac.gov.br/wp-content/uploads/2016/09/PPCD_ACRE-1.pdf)

<sup>6</sup> [http://imc.ac.gov.br/wp-content/uploads/2021/07/PPCDQ-V2\\_FINAL\\_DIVULGA%C3%87%C3%83O.pdf](http://imc.ac.gov.br/wp-content/uploads/2021/07/PPCDQ-V2_FINAL_DIVULGA%C3%87%C3%83O.pdf)



Other voluntary commitments made by Acre (international commitments) like the Rio Branco Declaration<sup>7</sup>, the Under2MoU<sup>8</sup> and the New York Forest Declaration<sup>9</sup>. At the national level, the "Zero Illegal Deforestation Agreement" was an important agreement between the Ministry of Environment with the state of Acre and Mato Grosso. Regionally, it is important to mention the "Interstate Consortium for Sustainable Development of the Legal Amazon - CAL", which the State of Acre is part of and where all States signed a commitment to eliminate illegal deforestation and reduce deforestation for about 80% till 2030.

But it is important to observe that Acre has as its main goal the elimination of illegal deforestation until 2030. Therefore, the state got a range of public policies that need appropriate support and some adjustments to be able to achieve this goal, serving the REDD+ as a good instrument for this purpose.

Thus, Acre manifests its commitment by public policies that it has been developing for two decades, as well as a commitment with the future, through the Green Recovery Plan (a collective commitment of the Interstate Development Consortium for the Legal Amazon) that was developed to fight against inequalities in income, race, gender and access to basic infrastructure services, to motivate jobs in the forest, rural and urban areas, and to improve the "green" economy and to decrease illegal deforestation.

2. Progress or readiness to perform (no safeguard elements included) requirements of ART/TREES (500 words, except links and attachments):

Acre analyzed its structure for carrying out the proposal to the LEAF and concluded that it fits in all the eligibility criteria to join the ART TREES. Although it needs to improve some aspects to achieve full compliance with all the requirements demanded by the ART TREES.

Acre is a subnational State; therefore, it is one level below the national level and its jurisdictional REDD+ program has state coverage with an accounting area of forest cover of 13.95 million hectares, 85% of its total forest area.

<sup>7</sup> [https://www.gcftf.org/wp-content/uploads/2020/12/Rio\\_Branco\\_Declaration\\_ENG.pdf](https://www.gcftf.org/wp-content/uploads/2020/12/Rio_Branco_Declaration_ENG.pdf)

<sup>8</sup> <https://www.theclimategroup.org/sites/default/files/2020-10/Acre-appendix-English.pdf>

<sup>9</sup> <http://imc.ac.gov.br/wp-content/uploads/2021/07/New-York-Declaration-on-Forests-Declaration-2018-Portuguese.pdf>



According to the authorization letter from the National State, the subnational States have the right to allocate reduced emissions to receive payments for REDD+ results, that is why Acre has obtained authorization to receive payments for REDD+ results before - Resolutions 6/2016, 12/2018 and 14/2018 - with no obstacle to obtaining the authorization to join to the ART because the so-called LEAF has two equivalent modalities and one similar to the payment for REDD+ results. Even though, this letter does not authorize the transfer of title when there is a deduction of the Nationally Determined Contribution (NDC), which must be specific.

Acre has the subsidy to present its Concept Note to ART TREES until December 2021. So, considering that one of the main gaps in compliance with the standard is in a methodological order to incorporate and to qualify degradation of emission reductions and to evaluate about uncertainties, the ART TREES Registration Document will be presented till December 2022.

Finally, in order to achieve the ART TREES standard, Acre counts on the structure of public agencies around the State System for Incentives to Environmental Services and the support of the Governors' Climate and Forests Task Force – GCFTF and also a network of SISA partner institutions support. These institutions having their own financial resources and others raised by SISA, which may eventually contribute to the compliance plan implement (Annex I).

Acre uses PRODES<sup>10</sup> which methodology maps deforestation with a minimum mapping area of 6.25 hectares. Even so, the possibility of using other monitoring methodologies is considered, such as Mapbiomas, to attend the standard requirements.

The availability of official data bases about the emission of Greenhouse Gases (GHG) is done by the National Inventory of GHG Emissions and Removals, which provides a complete overview of the country's emissions, including the historical series of GHG emissions coming from human activities, which are inventoried in five sectors: Agriculture, Energy, Industrial Processes, Changes in the use of land and forests and Waste.

To ensure compliance with the goals and objectives established by SISA, Acre has its own deforestation monitoring system, through the Integrated Center for Geoprocessing and Environmental Monitoring, which uses the PRODES database and established in the State Policy of Climate Change the use of the Greenhouse Gas Emissions and Removal Estimates System (SEEG), which uses

<sup>10</sup> PRODES: Monitoring of Deforestation in the Brazilian Amazon Forest by Satellite:

<http://www.obt.inpe.br/OBT/assuntos/programas/amazonia/prodes>



the Mapbiomas database, to evaluate the achievement of its targets for reducing deforestation, contained in the PPCDQ.

3. Technical Assistance needs (500 words, excluding links and attachments):

Acre maintained a high performance in reducing deforestation for 12 consecutive years with economic development and social human rights, however, despite of the efforts of the State, its public policies have been gradually losing strength, which is why it needs support to proceed sustainable development and achieve compliance with the requirements of ART TREES, consequently.

In a first step analysis, the main capacity gaps and support needs identified for compliance in the State of Acre are described in the schedule below:

Theme	Gap	Needs
Additional	It is necessary to increase the efforts in public policy to reduce deforestation and forest degradation again, with economic development and social policies	Specialized consultancy to evaluate the impact of public policies;  Technical assistance for strategic, tactical and operational which analyse the results and impact of the policies, providing an integrated and effective action;  Assistance to improve processes and flows to reduce costs and increase the effectiveness of actions;  Increase material and human resources to cover policies and improve it.  Incorporate technology to improve the effectiveness of policies, especially those related to manage monitoring, commanding and controlling;  Training for leadership to



			get a satisfactory action execution result.
Quantity of emission reductions	It is indispensable to include the contribution of forest degradation in the estimation of greenhouse gas emissions.	Specialized consultancy for the development of a method for estimating forest degradation in the emission of greenhouse gases, and quantity of emission reductions due to degradation;  Training for the environmental monitoring team to apply the method correctly.	
	It is indispensable to compare the current methodology for estimating deforestation with the minimum mappable area and with the concept of forest adopted by LEAF.	Request PRODES to provide deforestation data basis referring to a minimum mappable area of 1 hectare;  Alternatively, development of a methodology for estimating deforestation according to the requirements of the standard by the state.	
	Identify the emission from remaining forests (they can be disregarded when they represent less than 10% of deforestation emissions).	Specialized consultancy for the development of a method to distinguish emissions from deforestation and forest degradation;  Qualify the Integrated Center team for Geoprocessing and Environmental Monitoring - CIGMA to apply the method.	





Integrity of carbon credits	It is necessary to calculate uncertainties around the estimative of emissions (to incorporate later).	Consultancy to evaluate FAO's Monte Carlo Simulation appliance in the context of AFOLU. Develop the uncertainty method of analyze, regarding the estimative of emissions according to the requirements of the standard;  Qualify the Integrated Center team for Geoprocessing and Environmental Monitoring - CIGMA to implement the method into their monitoring routine.
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The capacity gaps and needs for support related to safeguards will be detailed on 13<sup>th</sup>. section.

Finally, these and other capacity gaps and support needs are detailed in Compliance Plan (annex I).

4. Huge Forest/Low Deforestation (HFLD) - (if applicable; 500 words, except links and attachments):

Identify whether the Supplier expects to be qualified as HFLD according to requirements in the draft TREES 2.0 and whether the Supplier proposes to make emissions reductions available to LEAF under a future HFLD methodology approved by TREES. Watch out for the expression about expectative of execution is not binding.

NOT APPLICABLE

5. Estimated ART/TREES credit level (non-binding):

*Provide an estimate of the ART/TREES credit level, including annual estimates already used to develop the credit level and then link to other methodological descriptions of those estimates. We know that these estimates are based on assumptions and will not be definitive.*

*Please, indicate a temporary selection of base years, according to the ART-TREES*



*standard.*

*Please, indicate the assumptions done in the emission reduction volume calculations.*

*Please, provide a link to report all documents or a public report (for example, National Communications, REDD+ strategy/action plan).*

The estimates of credits generation to emissions reduce in Acre, based on the application of the eligibility regulation of the ART TREES standard in the period established in the Leaf Coalition's CFP (2022 to 2026), were carried out using the database of the Monitoring Deforestation Program in Brazilian Amazon Rainforest by Satellite (PRODES), which provides official deforestation period in Brazilian Amazon Forest.

The mapping carried out by PRODES identifies deforestation polygons with a minimum area of 6.25 hectares. The period are available in two forms: increment in which, for each image, the deforestation can be mapped it when it occurred in a period between the image date of one year and the image date of the subsequent year, then rated from the increments mapped in a year and so on (annual rate).

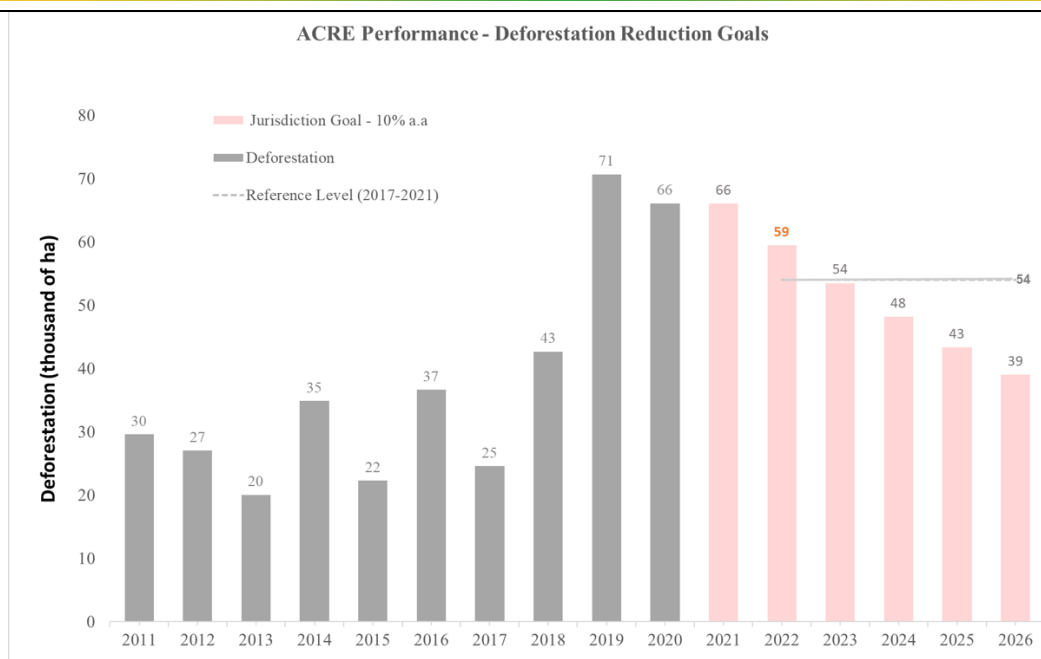
For the scope of the credit volume analyses, the increment values available till 2020 were used.

In 2021, deforestation volume was considered the same as 2020.

To calculate the emissions between the period 2022 to 2026, the reduction targets defined by the jurisdiction of Acre were used under the Plan for the Prevention and Control of Deforestation and Fires (PPCDQ) ([sema.acre.gov.br/wp-content/uploads/sites/20/2020/05/PPCD.pdf](http://sema.acre.gov.br/wp-content/uploads/sites/20/2020/05/PPCD.pdf)).

Such reduction targets were based on the 2021 deforestation (considered the same as 2020 period from PRODES) and a reduction of 10% per year was applied from 2022 onwards.

The reference level, represented by the average deforestation from 2017 to 2021, according to methodological regulation established by ART TREES, was calculated from the annual deforestation increment by PRODES, resulting in annual targets from 2022 to 2026 (Figure 1), plus the reference level obtained for the period in question (54 thousand hectares).

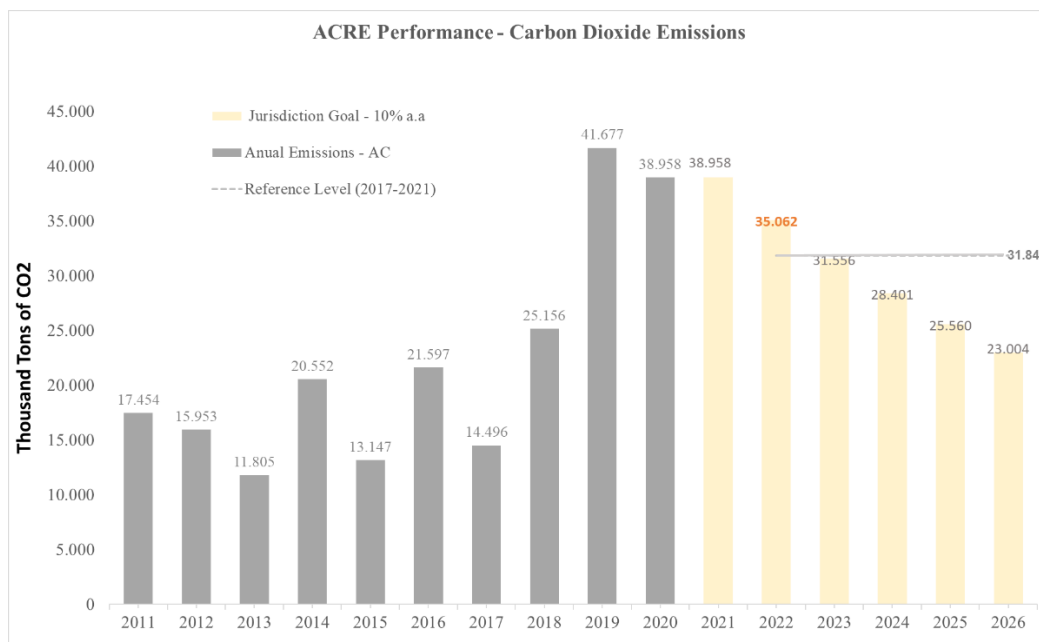


**Figure 1. Acre reduction targets**

The annual conversion of deforestation into CO<sub>2</sub> emissions was calculated by multiplying the deforested area versus the average carbon stock and versus the conversion factor from tons of carbon to equivalent CO<sub>2</sub>, defined in 44/12.

The average stocks found in Amazon Forest were 160.77 t/ha and it were calculated according to the Fourth National Communication database, using a weighted average (reference report from the Land Use and Forestry Sector ([https://sirene.mctic.gov.br/portal/export/sites/sirene/backend/galeria/arquivos/2018/10/11/RR\\_LULUCF\\_II\\_CN.pdf](https://sirene.mctic.gov.br/portal/export/sites/sirene/backend/galeria/arquivos/2018/10/11/RR_LULUCF_II_CN.pdf)))

To estimate the annual capacity/volume credits produced from avoided deforestation, the annual deforestation rate converted to tons of carbon was utilized and compared to the reference level, based on the average of 2017-2021 emissions (31.8 million tons of CO<sub>2</sub> equivalent) (Figure 2).



**Figure 2.** Reference level from 2017 to 2021 average emissions of Acre

**6. Annual emission reduction target (Emission Reductions, ERs)3 (non-binding)**

*Please, provide an estimate of the expected volumes of ART/TREES ERs that can be annually performed from 2022 to 2026. These estimates are based on assumptions and will not be definitive.*

The estimates volume of Acre’s emission reductions are shown in schedule 1, based on deforestation decrease. In future, forest regeneration may achieve the expected goal volumes, with the implementation of the ART 2.0 methodology.

The annual credits shown in the schedule below 18.874,415 million tons of CO2 equivalent. Apart from the deductions for leakage (20%) and buffer (15% in Acre’s case which apply mitigation factors #1 and #3), the net volume of crediting reach 93.329,564.

These net volume estimate do not include any discounts, according to CONAREDD Resolution 6, which possesses the limits for distribution payment capture to emission reduction results that happens between the Federal Government and the states of Amazon biome.

When negotiation process occurs, these emission reductions will be registered in the ART TREES Registration Document, aligned with the CONAREDD methodologies and definitions and integrated to the Determined National Targets (NDC) and become compatible to the Info hub ones.

**Schedule 1: Emission reduction volume estimates for the state of Acre**

6. Annual ER target (non-binding) - PRODES.		
To reach by the end of the year:	Amount (range, measured in tonCO2 eq.)	Credit year (August to July)
2023	190,356	2024
2024	2,241,505	2025
2025	4,087,539	2026
2026	5,748,970	2027

<sup>3</sup> Note that this is an early estimate. At this point, the participants of the LEAF Coalition do not expect this information to be accurate.

**7. Policies and Measures (500 words, excluding links and attachments):**

Acre is internationally recognized for its pioneering environmental policies, which resulted in the maintenance of 85% of its native forest, even if it is a developing state. For this pioneering spirit, Acre received payments related to REDD+ results from Germany's Global REDD+ Program for Early Movers (REM).

State has a broad normative framework to institutionalize and to implement relevant policies for sustainable development: the State Policy on the Environment<sup>11</sup>, the State System of Protected Areas and Forest Management<sup>12</sup>, the State Policy on Water Resources<sup>13</sup>, the Ecological-Economic Zoning (in its third update)<sup>14</sup>, the State System of Incentive to Environmental Services - SISA<sup>15</sup> (encourages REDD+ activities and environmental services), among others.

<sup>11</sup> Lei nº 1.117 de 26/01/1994: <https://www.legisweb.com.br/legislacao/?id=116194>

<sup>12</sup> Lei nº 1.426 de 27/12/2001: <https://www.legisweb.com.br/legislacao/?id=116287>

<sup>13</sup> Lei Nº 1500, de 15/07/2003: <http://www.al.ac.leg.br/leis/?p=5532>

<sup>14</sup> Lei nº 1.904 de 05/06/2007: <https://www.legisweb.com.br/legislacao/?id=116435>

It has an institutional arrangement for environmental and territorial management that embraces the State System for the Environment and Forests – SISMAF<sup>16</sup>, composed by the State Department for the Environment and Indigenous Policies<sup>17</sup>, the Acre Environment Institute - IMAC<sup>18, 19</sup> ; iii) State Council for the Environment and Forests<sup>6</sup> and iv) State Fund for Environmental Command and Control (the system's financial mechanism); The Integrated Center for Geoprocessing and Environmental Monitoring - CIGMA<sup>20</sup> and the Land Institute of Acre - ITERACRE (performs and promotes land regulation) which supports SISMAF.

In order to value environmental services, SISA's governance structure<sup>21</sup> is composed by: i) Institute for Climate Change and Regulation of Environmental Services<sup>22</sup> for regulation, control and registration of environmental services, including REDD+; ii) Environmental Services Development Company<sup>23</sup> produces and trades environmental assets including carbon credits; iii) SISA Validation and Monitoring Commission<sup>24</sup>, and its Thematic free spaces for Indigenous People and Women.

In terms of instruments: i) Plan for the Prevention and Control of Deforestation and Fires - PPCDQ (updated); ii) Ecological-Economic Zoning and Ethnic Zone<sup>25</sup>; iii) incentive for instruments such as rubber subsidy<sup>26</sup> and the Ecological ICMS<sup>27</sup>, iv) Territorial and Environmental Management Plans in Indigenous Lands that promotes policies for indigenous people<sup>28</sup>.

With this framework of policies and instruments, Acre achieved a fast and significant reduction in deforestation which was maintained for a couple of years.

<sup>15</sup> Lei nº 2.308 de 22/10/2010: <https://www.legisweb.com.br/legislacao/?id=116550>

<sup>16</sup> Lei 3.595 de 20/12/2019: <http://www.al.ac.leg.br/leis/wp-content/uploads/2020/01/Lei3595.pdf>

<sup>17</sup> Lei No 3.595, de 20/12/2019: <http://www.legis.ac.gov.br/detalhar/4694>

<sup>18</sup> Lei nº 851 de 23/10/1986: <http://www.al.ac.leg.br/leis/?p=2656>

<sup>19</sup> <http://pnla.mma.gov.br/images/2018/08/Procedimentos-de-Licencamento-Ambiental-ACRE-AC.pdf>

<sup>20</sup> Decreto nº 6.843 de 22/09/2020: <http://www.legis.ac.gov.br/detalhar/4105>

<sup>21</sup> <http://imc.ac.gov.br/governanca/>

<sup>22</sup> Decreto 8.110 de 25/02/2021 estabelece o Regimento Interno do IMC (Anexo II)

<sup>23</sup> Lei nº 2.850, de 14 de janeiro de 2014: <http://www.al.ac.leg.br/leis/?p=9851> Decreto nº 6.306 de 30/08/2013: <https://www.legisweb.com.br/legislacao/?id=258078>

<sup>24</sup> Decreto nº 8.653 de 21/03/2018 estabelece o Regimento Interno da CEVA (Anexo IV).

<sup>25</sup> <http://cggamgati.funai.gov.br/index.php/pngati/instrumentos/>

<sup>26</sup> Payment of subsidy to extractivists in the rubber production chain, as an incentive to the production of native rubber. Law nº 1.277/1999: <http://www.al.ac.leg.br/leis/?p=5643>

<sup>27</sup> Destina 2,5% do Imposto sobre Circulação de Mercadorias e Serviços aos municípios proporcionalmente ao Índice de Preservação Ambiental;

<sup>28</sup> <http://imc.ac.gov.br/politica-de-gestao-territorial-de-terras-indigenas-do-acre-e-destaque-nacional/>



Therefore, it will be crucial to emphasize command and control actions through the full implementation of the Forest Code to drastically reduce deforestation while positive incentive could promote the permanence of it.

Among the incentive policies, Acre is interested in continuing to promote the bioeconomy linked to socio-biodiversity and stimulating production and exploitation of biotechnology for added value, to stimulate its preservation.

Command and control actions, incentive policies and land regularization, among other relevant initiatives, embrace the 3 Environmental Axis programs of the 2020/2023 Pluriannual Plan, with a budget forecast of R\$ 283.7 million (7.5 % of total budget), so ever it needs greater scale and synergy to optimize the use of resources and obtain the best results and positive impacts.

#### 8. Use of funds (1000 words, except link and attachments):

Acre has experience in sharing the benefits of resources arising from payments for REDD+ results from the Global REDD+ Program for Early Movers (REM) – Phase I and Phase II, with contributions from Germany and the United Kingdom, acquired by its efforts to reduce deforestation and its advances in REDD+ readiness. The Phase II Benefit-Sharing Strategy Technical Note (Annex X) and the Phase One Results and Learning Report (English version) will serve as indicative benchmarks for the LEAF.

State Commission for Validation and Monitoring (CEVA), as SISA's social control body, must give its opinion and monitor the execution of the sharing of benefits, verifying legitimacy and transparency of all decisions about the allocation of resources, including those of LEAF.

In this experience, Acre adopted the principle of create greater local benefits, allocating most of the resources to the beneficiaries (potential providers of environmental services). As a rule, in the two phases of the REM Program, 30% was allocated to institutional strengthening for the environmental and territorial management and operationalization of SISA, and 70% was allocated to beneficiaries at the local zone. But in the 2nd Stage of Phase I, 10% was allocated to institutional strengthening and 90% to beneficiaries.

For resources destined to beneficiaries at the local zone, state adopts the programmatic stock-flow methodology to distribute resources to those who reduce deforestation (flow) and to those who historically conserve the forest (stock), using guidelines established by subprograms (indigenous, sustainable territories and diversified livestock), harnessing the structure of programs and policies that already exist in the State. At the federal level, CONAREDD+ uses the Stock-Flow



approach to establish the limits for capturing and distributing REDD+ results to states.

To use LEAF resources, State will operate with basis of the benefit-sharing strategy of the REM-Acre Program, maintaining the Stock-Flow approach, previously consulted and agreed with all team involved, but considering the lessons learned from its implementation to know what it may need to consider among the distribution options as:

- I. maximize the reduction of deforestation in areas of high deforestation and threats,
- II. maximizes the recognition of environmental services in areas with high forest cover;
- III. maximizes economic competitiveness in areas of private land with forest;
- IV. maximizes well-being in poorer areas.

Therefore, in the current situation (deforestation above the FREL) it is understood that 40% of LEAF resources should be allocated to institutional strengthening and 60% to beneficiaries at the local level.

The investment in institutional strengthening will have the purpose of increasing the actions and capacity to reach the command and control as well as the monitoring and implementation of the management instruments of the protected areas to promote the drastic reduction of deforestation.

For resources designed to local beneficiaries, the programmatic stock-flow approach provides balance and flexibility for the sharing of benefits, becoming possible to graduate it according to the availability of resources and the needs and priorities of each key group. Furthermore, it is socially inclusive, it benefits economically disadvantaged groups and it linked to socio-biodiversity production chains, with great potential for sustainable development.

The programmatic that complements the stock and flow approach will be based on the programs of the Environment, Economy and Agribusiness and Institutional Management Axes of the Pluriannual Plan (2021/2023), maintaining the 40%/60% ratio (Institutional Strengthening/ Local Beneficiaries) in relation to the total resources, in order to enhance the results and impacts of public resources already allocated, as shown in the following schedule:

Investment Matrix			
Axes	Program	Own resources	LEAF Resources (in %)





		Budget forecast	
Environment	Integrated Environmental Management	40.015.594,47	35,0%
	Forest Business	219.636.289,86	25,0%
	Land regularization	24.066.696,90	7,5%
Economy and Agribusiness	Strengthening Technical Assistance and Rural Extension	49.071.847,48	15,0%
	Generation and Dissemination of Knowledge, Science and Technology	57.466.106,03	7,5%
Institutional Management	Valuing Indigenous People	34.911.220,65	10,0%

These programs are main lines, which are divided into initiatives and actions, that needs to improve its regionalization, scale, and effectiveness. The following schedule shows some actions within each program, at the moment already identified as essential to promote the drastic reduction of deforestation and its permanence, in order to enhance the achievement of the state's goals and commitments (Section 1) and its contribution to the goals of National Determined Contribution (NDC) and economic development in Brazil.

Axis	Environment
Program	Actions
Integrated Environmental Management (combating illegal deforestation)	<ul style="list-style-type: none"> <li>Strengthening of Environmental Monitoring and Inspection;</li> <li>Modernize the environmental licensing system: integration of the Environmental Licensing databases with the registry of rural properties, and the forest cover monitoring;</li> <li>Improve the implementation of instruments for management, monitoring, governance, inspection of protected natural areas;</li> </ul>
Forest Business	<ul style="list-style-type: none"> <li>Promote bioeconomy and adding value;</li> <li>Consolidate the Rural Environmental Registry - CAR and Regulate Program- PRA for the management and recovery of forests;</li> <li>Strengthening and expanding public, business and community sustainable timber and non-timber forest management.</li> </ul>
Land regularization	<ul style="list-style-type: none"> <li>Regulate the occupation of public lands prioritizing forest protection and recovery;</li> <li>Land tenure regularization for conservation units and state forests.</li> </ul>
Axis	Economy and Agribusiness

Technical assistance and rural extension	<ul style="list-style-type: none"> <li>• Strengthening Indigenous Agroforestry Agents to support agroforestry production in indigenous lands;</li> <li>• Support for rural credit for sustainable production chains;</li> <li>• Expansion of technical assistance services to improve sustainable production mechanisms;</li> <li>• Strengthening of Forest Production;</li> <li>• Encouraging sustainable production systems which contribute to boosting environmental services</li> </ul>
Generation and dissemination of knowledge, science and technology	<ul style="list-style-type: none"> <li>• Implementation of model units for the technological production of sustainable products</li> <li>• Implementation of Agroforestry Systems - SAFs in unproductive rural properties</li> <li>• Science and technology for the development of low-emission agriculture and livestock.</li> <li>• Innovations Technology for non-timber forest products</li> </ul>
Axis	Institutional Management
Strengthen and enhance the culture of the indigenous people of Acre	<ul style="list-style-type: none"> <li>• Elaborate to implement Indigenous Land Management Plans (PGTIs) for all indigenous lands;</li> <li>• Special Indigenous Intercultural Training (climate, forest, associative, cooperative project management).</li> </ul>

The conclusion about the update of the Ecological-Economic Zoning (ZEE) and the Prevention and Control Plan for Deforestation and Fires (PPCDQ), as well as the dynamic analysis of land use and coverage, consultation and contributions by CEVA and its Thematic Chambers, may change this programmatic distribution of resources, as well as the detailing of actions.

#### 9. Alignment with NDCs (500 words, excluding links and attachments):

Acre is a subnational state and, consequently, any reduction in deforestation that promotes some help to comply with Brazil's<sup>29</sup> National Determined Contribution (NDC), in partnership with other forest states.

In this sense, the state environmental policy has historically been converging to reach the national NDC, as in the last 15 years, deforestation was only above the FREL in the last 3 years, and from 2006 to 2017, Acre contributed with 146.917,109 tons reduction of greenhouse gas emissions, as recorded in Info Hub Brazil<sup>30</sup>.

The contributions of state for the goal of strengthening policies that respect human rights, particularly those of indigenous populations and traditional communities were huge. State has made significant advances in the

<sup>29</sup> [www4.unfccc.int/sites/NDCStaging/Pages/Party.aspx?party=BRA](http://www4.unfccc.int/sites/NDCStaging/Pages/Party.aspx?party=BRA)

<sup>30</sup> <http://redd.mma.gov.br/en/infohub>



environmental and territorial management of indigenous territories and the valuation of traditional culture and knowledge, a priority expressed by having a Secretariat for the Environment and Indigenous Policies to effort for the last 20 years, to promote the non-woody forest productive chains for valuing socio-biodiversity<sup>31</sup> products.

Acre recognizes the necessity to increase the efficiency and scale of its actions in order to reinvigorate its commitment to reducing emissions from deforestation and forest degradation and to promoting sustainable development.

Acre have never stopped pursuing this goal, but it has lost strength to achieve.

Acre has a goal of achieving zero illegal deforestation till 2030, supporting the NDC's global reduction target of 37% below the 2005 level until 2025 and 43% below the 2005 level until 2030, and influencing the increased climate achieve of the country, however, Acre needs to count on the contribution of the necessary resources, especially from the LEAF, without any loss of other resources that may be added.

LEAF's resources can significantly contribute to achieve these goals, based on investment into institutional strengthening for the full implementation of the Forest Code and improvement and modernization of monitoring, command and control actions, which will possibly eradicate illegal deforestation.

Acre has around 85% of state covered forest area, therefore, it is essential to value a standing forest with resources to maintain it and value the products and services it offers either. Then, it is important to invest in actions to consolidate the bioeconomy productive chains or to promote and structure new chains of socio-biodiversity products with new technology and innovation to add value and competitiveness in the market, benefiting mainly indigenous people, traditional communities, but also rural producers.

These actions will allow forest restoration, conservation and the valuation of its biodiversity, while improving rural technical assistance services for low-carbon agriculture. It is expected that this strategy implemented with LEAF resources will allow the transition to a modern development model, which contributes to the goals of scaling up NDC's sustainable forest management, restoration and reforestation systems and to the development Brazil sustainable goals.

10. Nesting (500 words, excluding links and attachments):

<sup>31</sup> O Estado conta hoje com um Programa de Conservação da Socio biodiversidade no âmbito do SISA:  
<http://imc.ac.gov.br/sociobiodiversidade/>

To ensure the methodological and accounting integrity of the State System of Incentives to Environmental Services (SISA), Acre (as a subnational State) possesses the structure to avoid double accounting (Double issuance, Double use and Double claim). Therefore, it has two levels integrated accounting of carbon credits or emission reductions: a state level and a national level.

At state level, there is the Normative Instruction IMC 01/2015<sup>32</sup>, which establishes the procedure for nesting private projects to the SISA's Environmental Carbon Services Incentive Program (ISA Carbon) that authorizes the pre-registration of the project and the accounting segregation of the total potential credits, after approval of the methodology.

If performed, credits are assigned to the project and excluded from jurisdictional credits. The carbon credits attributed to the projects are sequentially numbered plus the letter "R", which allows for traceability and prevents double accounting.

If any private project does not require admission to the ISA Carbon Program, IMC excludes the project's geographic area from the territory for jurisdictional crediting purposes and thus prevents double accounting for non-nested projects.

At the national level, the National Commission for REDD+ (CONAREDD+) is responsible for allocating emission reductions to subnational states, pursuant to art. 3, IV, of Federal Decree 10.144/2019. This has been done through CONAREDD+ resolutions and subsequent registration in Info Hub Brazil<sup>33</sup>.

CONAREDD+ is also responsible for allocating reduced emissions to private initiative projects at the national level.

An example is Resolution CONAREDD+ 10/2017, which declared Acre eligible to receive payments for REDD+ results, within the limits of Resolution CONAREDD+ 06/2017 that sets the percentages of emission reduction allocation among federative entities and defines the Info Hub Brazil as the official repository of this allocation.

Therefore, Acre's accounting system has mechanisms for deducting the following potential uses from its total emission reduction volume (to ensure its integrity):

- goal fulfillment of national NDC;

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<sup>32</sup> Anexo V.

<sup>33</sup> <http://redd.mma.gov.br/en/infohub>



- results-based payments;
- jurisdictional compensation for the voluntary market;
- results of private REDD+ projects;
- amortization of any own contributions;
- contingency reserve for any claims of integration of private projects, data inconsistencies or leaks.

Therefore, Acre is internally and externally structured to carry out carbon credit transactions or emission reductions without any risk of double accounting, having its own rules and following the national rules which ensure the integrity of state carbon credits and the implementation of the strategy state REDD+.

#### 11. Transfer of Title (500 words, excluding links and attachments)

Acre intends to carry out transactions in the four modalities provided for in the LEAF Call for Proposals (#1, #2, #3 and #4), including those that involve the transfer of ownership of carbon credits, as there is no legal impediment for any of them.

In modalities #1, #2 and #3 there is no deduction of the Nationally Determined Contribution (NDC) of the supplier country. Although, in modality #3 there is a transfer of ownership and no deduction from the NDC of the supplier country, consisting of a kind of transfer of ownership, without the need for corresponding adjustment. In these three modalities, the Union's letter of authorization to submit the proposal to LEAF gives generic permission to carry out the transactions, as they payments (or equivalent payments) for REDD+ results.

In modality #4 there is a transfer of ownership and deduction of the NDC from the supplier country, with a corresponding adjustment. Thus, this type of transaction, in addition to the authorization letter, requires the specific consent of the Union for the transfer of ownership of the emission reduction. Furthermore, it is the Federal Government that makes the corresponding adjustment, if it authorizes the transfer of ownership, excluding the reduction of emissions from its NDC.

Please, noted that when the Brazilian NDC submitted, the Union made an international public statement that "The Brazilian Government emphasizes that any transfers of units arising from mitigation results achieved in Brazilian territory will be subject to the prior and formal consent of the Federal Government ", alluding to art. 6, nº 3, of the Paris Agreement, Acre, as a subnational State, cannot disrespect the decision and the national legislation of Brazil.



Once authorized, Acre may carry out the transactions directly or through its Environmental Services Development Company (CDSA), pursuant to arts. 15, VII, VIII and sole paragraph, 39 and 42 of State Law 2308/2010. In principle, modalities #1 and #2 are more affected to State, as they have a payment-by-result nature. While modalities #3 and #4 are more affected to CDSA, as they have a marketing nature, although in modality #3 there is no deduction of the Brazilian NDC.

Please note that before the existence of CONAREDD+, Acre had already registered and retired carbon credits in the Market Environmental Registry and so on, SISA also supports the registration and transfer of credits in the ART-TREES Standard. And then CDSA is capable to open an account in a private registry environment.

Finally, these conclusions are based on the systematic interpretation of Federal Law 12.187/2009 (National Policy on Climate Change), Federal Law 12.651/2012 (Forestry Code), Federal Decree 9.073/2017 (Paris Agreement), Decree Federal 10.144/2019 (National Commission for REDD+), CONAREDD+ Resolutions No. 05/2016 (General Principles for REDD+), No. 06/2017 (Allocation of Results of Emission Reductions) and No. 10/2017 (Eligibility to Capture Payments by REDD+ Results) and MMA Ordinances 288/2020 (Forest Program+) and 518/2020 (Forest + Carbon).

## 12. Corresponding Settings (500 words, except links and attachments)

Acre, as a subnational State, depends on the specific consent of the Union to transfer the emission reduction ownership when it requires a corresponding adjustment in Brazil's Nationally Determined Contribution (NDC).

The Union, when submitting the Brazilian NDC, made an international public statement that "The Brazilian Government emphasizes that any transfers of units arising from mitigation results achieved in Brazilian territory will be subject to the prior and formal consent of the Federal Government", alluding to art. 6, paragraph 3, of the Paris Agreement.

Thus, in modality #4, because there is a transfer of ownership and deduction of the NDC from the supplier country, in addition to the letter of authorization, the specific consent of the Federal Government is required, which is responsible for making the corresponding adjustment, if it authorizes the transfer of ownership, excluding the reduction of emissions from the national NDC.



In modalities #1, #2 and #3, there is no NDC deduction, and there is no corresponding adjustment. In modality #3, if required, Acre is willing to transfer ownership in the ART, with the exception that there will be no deduction of the Brazilian NDC.

Finally, if required, Acre is willing to carry out emission reduction retirements in Info Hub Brazil and to avoid receiving more than one payment for the same emission reduction, as occurs in the payment for REDD+ results.

13. Environmental, social and governance Safeguards (1000 words, except links and attachments)

Since the creation of SISA in 2010, Acre started to elaborate indicators for the implementation of the Cancun<sup>34</sup> safeguards, following the methodology of the REDD+ Social & Environmental Standards Initiative (REDD+ SES)

Published in 2013, the REDD+<sup>35</sup> Socio-environmental Safeguards Monitoring Manual of the State System of Incentive to Environmental Services (SISA) <sup>36</sup> has 7 principles, 22 criteria and 52 indicators. In 2015, SISA<sup>37</sup>, published the Self-Assessment Report on Compliance with Social and Environmental Safeguards which was recognized by the International REDD+ SES Initiative.

As ENREDD+<sup>38</sup> and CONAREDD+<sup>39</sup> in 2015, the Thematic Consultative Chamber on Safeguards<sup>40</sup> is established to support issues related to monitoring compliance with Cancun's safeguards in the implementation of REDD+ in Brazil.

For the purposes of payment for REDD+ results of the REM Program, the State of Acre sent a report on the implementation of safeguards to CONAREDD+,

<sup>34</sup> <http://imc.ac.gov.br/wp-content/uploads/2016/09/Inspiring-practices-Safeguards-Acre.pdf>

<sup>35</sup> <https://www.redd-standards.org>

<sup>36</sup> <http://imc.ac.gov.br/wp-content/uploads/2016/09/Manual-Monitoramento-Salvaguadas-SISA.pdf>

<sup>37</sup> [https://www.redd-standards.org/images/Relatorio de Autoavaliacao das Salvaguadas no Acre 2015.pdf](https://www.redd-standards.org/images/Relatorio_de_Autoavaliacao_das_Salvaguadas_no_Acre_2015.pdf)

<sup>38</sup> Estratégia Nacional de REDD+: <http://redd.mma.gov.br/pt/estrategia-nacional-para-redd>

<sup>39</sup> Comissão Nacional para REDD+, instituída pelo Decreto no 8.576, de 26 de novembro de 2015: <http://redd.mma.gov.br/pt/comissao-nacional-para-redd>

<sup>40</sup> <http://redd.mma.gov.br/pt/camaras-consultivas-tematicas/salvaguadas>



since it is an eligibility criterion for payment for results, according to Resolution No. 7 <sup>41</sup>, art. 2nd. Although the Union has not established its socio-environmental safeguards indicators yet, so Acre has followed its construction process, with full compatibility to state indicators.

Considering the requirements demanded by the standard with regard to safeguards, the level of compliance was analyzed and linked to the structure, process and result indicators for each safeguard theme, showing that the State has the structure and processes established for all topics, still needing to improve some instruments to provide greater transparency and fully meet the results indicators. <sup>42</sup>

Acre has a broad regulatory framework to promote sustainable development, highlighting the State Environmental Policy, the State System of Protected Areas and Forest Management, the State Policy on Water Resources, the Ecological-Economic Zoning (under revision), the SISA, the Rural Environmental Registry, the State Program for Environmental Regularization, the State Plan for the Prevention and Control of Deforestation and Fires (under review), which, among other norms, are the basis for the implementation of the state REDD+ strategy, through your ISA Carbon Program of SISA. <sup>43</sup>

This legal framework for REDD+ is consistent with the objectives of national forest programs: Federal Law 12187/2009 (National Policy on Climate Change), Federal Law 12651/2012 (Forest Code), Federal Decree 9073/2017 (Agreement of Paris), Federal Decree 10.144/2019 (National Commission for REDD+), Federal Decree 7747/2012 (National Policy for Territorial Management and Environment of Indigenous Lands), MMA Ordinance 288/2020 (Forest+ Program), and MMA Ordinance 518/2020 (Forest + Carbon), the CONAREDD+ Resolutions and with all relevant national legislation.

Therefore, social and environmental safeguards, state legislation and federal legislation were a triple layer of protection to reduce the potential social and environmental risks of implementing REDD+ in Acre. Allied to this, a governance structure for the monitoring of social and environmental safeguards was established, comprising the Institute for Climate Change and

<sup>41</sup><http://redd.mma.gov.br/images/central-de-midia/pdf/Documentos/conaredd-resolucao-no7-elegibilidade-20170719-final.pdf>

<sup>42</sup> As lacunas identificadas e as ações para conformidade encontram-se no Anexo I.

<sup>43</sup> <http://imc.ac.gov.br/isa-carbono/>





Regulation of Environmental Services (IMC), the State Commission for Validation and Monitoring (CEVA) and the SISA<sup>44</sup> Ombudsman.

The IMC, SISA's regulatory body, performs the technical monitoring of socio-environmental safeguards, within the jurisdiction and projects, verifying their compliance in technical, scientific and legal aspects. Therefore, it has a Scientific Committee composed of renowned Brazilian and foreign scientists in various fields of knowledge.

CEVA<sup>45</sup> performs internal social monitoring (as required by the system), giving legitimacy and transparency to compliance with social and environmental safeguards, ensuring the full participation of key groups freely indicated by the Collective of the State Councils for the Environment and Forest and for Sustainable Rural and Forest Development. Within CEVA there are also the Indigenous and Women's Thematic Chambers, which promote dialogue with indigenous people and gender. However, the continuous training of leaders from the various social segments is still necessary for the effective monitoring of the implementation of REDD+ in the State.

Regarding safeguards that protect sensitive rights, such as the right to land, the right to access justice and the right of indigenous peoples and traditional communities, Acre give special attention to their social vulnerability, promoting public policies through SISA that respect current legislation and strengthen these rights. There is a State Secretariat for the Environment and Indigenous Policies, an Inter-institutional Indigenous Working Group, and support for the implementation of Territorial and Environmental Management Plans for Indigenous Lands, among other public policies that promote these social and environmental safeguards.

The SISA Ombudsman's Office complements the governance structure for external social monitoring (as required by society and beneficiaries), with broad accessibility, functional independence, and power to request information, procedure expedients, authorization to mediate conflicts and issue recommendations.

The monitoring of results, benefit sharing and financial execution of the REDD+ Program for Early Movers<sup>46</sup>, is disclosed through the IMC website, ensuring access to information on REDD+ actions. Although, state let information on its

<sup>44</sup> <http://semapi.acre.gov.br/ouvidoria-do-sistema-estadual-de-incentivos-a-servicos-ambientais-sisa/>

<sup>45</sup> Decreto nº 8.653 de 21/03/2018 estabelece o Regimento Interno da CEVA (Anexo IV).

<sup>46</sup> <http://imc.ac.gov.br/programa-para-pioneiros-em-redd-rem/>



programs and policies available, but evolving to digital platforms that allow access to real-time information and verification of compliance with safeguards is needed.

At present, efforts are directed towards improving the Social and Environmental Risk and Safeguards Management System to identify, assess, measure, avoid and mitigate possible social and environmental risks arising from SISA programs, among other needs for transparency and access to information.

For mitigation of reversals and leakage the command and control policies, incentives and land regularization still need to gain integrity and scale, which can be leveraged through the Consortium's Green Recovery Program Interstate for the Development of the Legal Amazon, helping to mitigate possible leaks and reversals.

Finally, although Acre's socio-environmental safeguards indicators correspond to the structure, process and outcome indicators required by ART TREES, it is necessary to improve the instruments of the state safeguards framework for full compliance <sup>47</sup>, but Acre has theoretical knowledge, practical experience, legal framework and institutional framework for compliance with ART.

#### 14. Financial Intermediary (Financial Intermediary, FI)

Acre's State Environmental Services Incentive System (SISA) is quite versatile and includes different categories of financial intermediaries, some already experienced in compliance in payments for REDD+ results and great capacity for the financial management of resources.

For business modalities #1, #2 of the Call for Proposal, which are or are equivalent to payments for REDD+ results, it is possible that State Secretariat for Planning and Management (SEPLAG) will work as a financial intermediary, due to its experience with Phase II of the Global REDD+ Program for Early Movers (REM) of the KFW Bank of Germany, in partnership with the UK BEIS. Alternatively, the State Fund for the Environment and Forests (FEMAF) can act

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<sup>47</sup> Plano de conformidade dos requisitos exigidos pelo padrão para salvaguardas (Anex VI)

4 IFs can be selected from the list of institutions accredited by the Green Climate Fund (GCF) or the Global Environment Facility (GEF). The eligibility of other FIs can be assessed following a process posted on the Emergent website.



as a financial intermediary, due to its experience with Phase I of the REM Program. CDSA could also be used and cover the options #1 and #2 if the potential financing procedures consider the compliance of the company as more adequate and robust to interact with international financing/donors/buyers

"For modality #3 and #4 of the Call for Proposal, which has a marketing nature and requires conformity adjustment, it is possible that the Environmental Services Development Company (CDSA) acts as a financial intermediary, as its nature as a mixed capital company, with legal personality of private law, and its corporate purpose for the management and disposal of environmental assets (including carbon credits) of Acre has the advantage of free negotiation

Also, it is possible to opt for private non-profit entities with expertise in financial management to act as a financial intermediary in all business modalities (#1, #2, #3 and #4) of the LEAF Call for Proposals.

Finally, the Institute for Climate Change and Regulation of Environmental Services (IMC) is responsible for monitoring the physical execution and the financial intermediary is responsible for monitoring the financial execution,

which gives more legitimacy and transparency to the actions implemented with LEAF resources, any financial intervening party chosen from the options presented will be structured to adjust to the accreditation requirements.