



water
biodiversity
climate

AMBIENTALPV
Soluções em Sustentabilidade

Brazil

Legal and Institutional Frameworks and their Impact on
Ecosystem Services Transactions

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Context of Brazil

- Megadiversity Country (1998 CI designation)
- Two Biodiversity Hotspots
 - 15-20% of the earth's biodiversity
- Freshwater supply
 - Amazon Basin is source of 20% all free-flowing fresh water on Earth.
- Tropical forest
 - 26% of world's remaining tropical forests
- 37 million people living on less than US\$2 a day



Outline

- Legislation
 - Turning point at national level: from absence to better definitions
 - State of Amazonas pioneering PES initiatives
- Case Studies
- Property Rights & Contract Issues
- Recommendations



Legislation

- National Law, called *Substitutivo*, is currently under review by Congress
 - National Policy on Environmental Services
 - Green Fund (Bolsa Verde)
- State Law in Amazonas
 - Climate Change and Environmental Conservation
 - State Conservation Units
 - Forest Conservation Grant (Bolsa Floresta)



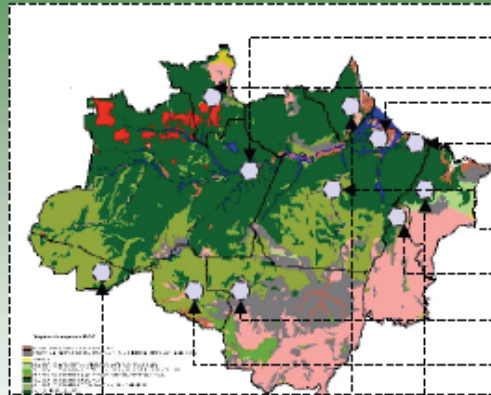
Case Studies

- 1 – Proambiente
- 2 – Bolsa Floresta
- 3 – SPVS-HSBC
- 4 – Monte Pascoal-Pau Brasil
- 5 – Bahia Forest Global
- 6 – Suruí Indigenous Project



Case Study 1: Proambiente

PÓLOS PIONEIROS



- AM – Manaus/R.P.Eva
- RR – Região do Apiaú
- PA – Ilhas / Marajó
- PA – Rio Capim
- PA – Transamazônica
- TO – Bico do Papagaio
- MT – Noroeste
- RO – Ouro Preto D'Oeste
- AC – Alto Acre
- MA – Baixada Maranhense
- AP – Laranjal do Jari



Case Study 1: Proambiente

- Strengths
 - Led to nation-wide discussion of PES
 - Resulted in proposed legislation
 - Defines Environmental Services



Case Study 1: Proambiente

- Lessons Learned
 - Lack of a legal framework that allows transfer of funds from government to beneficiaries
 - Lack of a stable and lasting source of funding
 - Scale
 - Size of Pioneer Centers
 - Size of region
 - Lack of monitoring procedure



Case Study 2: Bolsa Floresta

- Strengths
 - Has legal framework
 - Program instituted by state law
 - Ecosystem services defined by law
 - Has adequate funding
 - Fund created
 - US\$25 million – half from Bradesco Bank, half from Amazonas State
 - Institution created for administration





Case Study 2: Bolsa Floresta

- Weaknesses
 - Still not completely operational
 - Monitoring seems subjective



Case Study 2: Bolsa Floresta





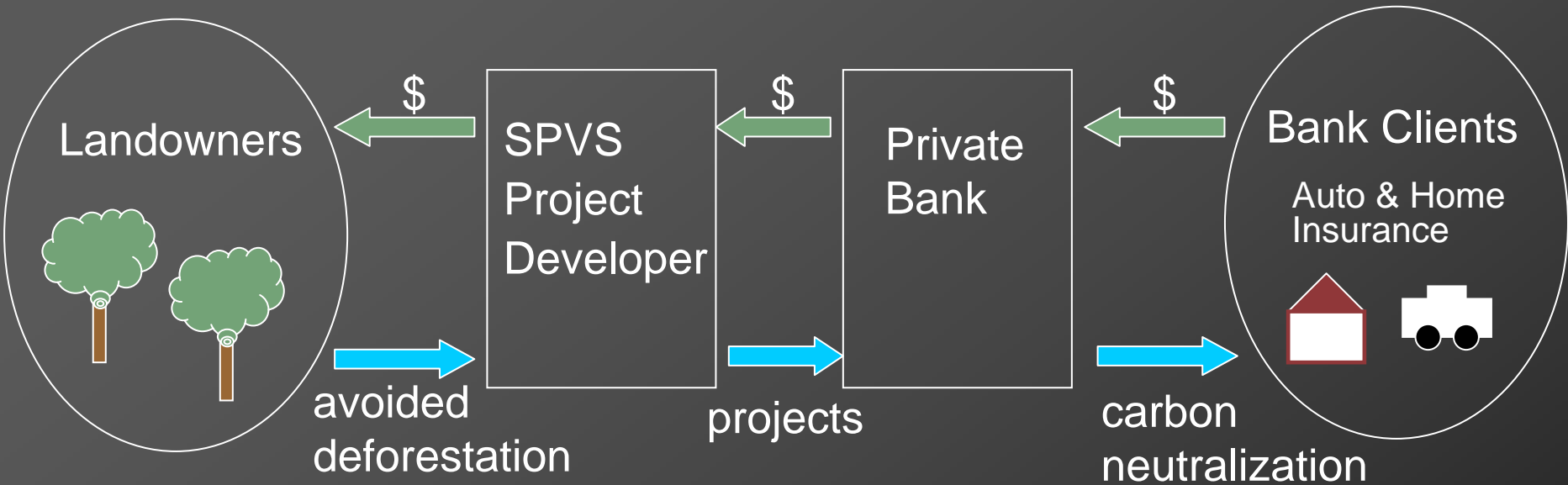
Case Study 3: SPVS-HSBC

- Araucaria tree





Case Study 3: SPVS-HSBC





Case Study 3: SPVS-HSBC

- Strengths
 - Working, payments are being made
 - Contracts have been signed
 - US\$3 million from HSBC
 - NGO 20 yrs of credibility, experience, relationship with landowners
 - Scalability
 - Conventional financial agent as key partner
 - Minimal risk related to property issues



Case Study 3: SPVS-HSBC

- Weaknesses
 - Approach to quantifying carbon emissions avoidance
 - Short contract duration (5 years)



Case Study 4: Monte Pascoal-Pau Brasil

- Strengths
 - Led by The Nature Conservancy
 - Technically sound – CERs to be generated
 - PDD in development
 - Project is using UNFCCC-approved baseline and monitoring methodologies
 - Uses CCB Standards, undergoing verification
 - Solid group of project participants
 - Committed buyer



Case Study 4: Monte Pascoal-Pau Brasil

- Weaknesses
 - No financial incentive
 - Complicated contract with many restrictions
 - Considered very long, contract duration is not culturally acceptable
 - Distrust of project developers, motives



Case Study 5: Bahia Forest Global

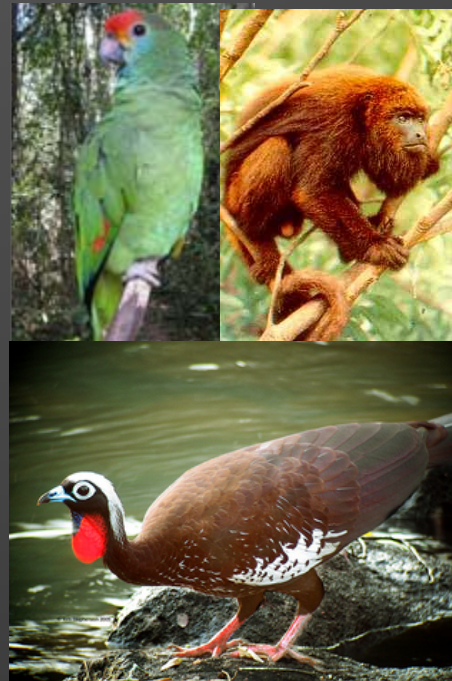
- State of Bahia initiative that creates an independent carbon market with its own carbon credits (called CCZ)
- Involves both voluntary and mandatory buyers, the seller is the State of Bahia which provides carbon sequestration through reforestation of protected areas



Case Study 6: Suruí



Children in the Suruí village



Fauna



Case Study 6: Suruí

- Strengths
 - Pioneering Project – First of its kind
 - Involves wide range of stakeholders
 - Very strong tribal leadership, Almir Suruí
 - Reforestation on a large scale (1500 ha)
 - Potential for expansion



Case Study 6: Suruí

- Weaknesses
 - No precedents
 - Remote



Recommendations for Brazil

1. Approve Proposed Bill *Substitutivo*.
2. States replicate Amazonas legislation.
3. Attention to property rights, land tenure
 - Involve only owners with clear titles.
 - Invest in land tenure groundwork.



Recommendations

4. Solid but simple contracts.

5. Lead role by indigenous communities.



Muchas Gracias!