



## The LEAF Coalition

Lowering Emissions by Accelerating Forest finance

Jurisdictions are invited to provide a cover letter template in their proposal submission.

Please note that in signing this form, you recognize that at a future stage, we will negotiate in good faith with a view to mutually fair and acceptable terms of a transaction through an Emissions Reduction Purchase Agreement (ERPA) with the LEAF Coalition participants via Emergent, acting as coordinator of Coalition.

Please note that the terms of the LEAF Call for Proposals (CFP) does not include removals due to the fact that ART/TREES 2.0 has not been finalized yet. Once the final version is published, all provisions therein will apply, and thus removals are expected to be eligible, and corresponding information will be requested of interested jurisdictions.

At this stage, jurisdictions are encouraged to provide succinct and clear responses with relevant links to this template. The LEAF Coalition participants recognize that the timeline for submission is short and as such does not expect complete and thorough explanations. Rather, we seek indication of willingness and ability to provide emission reductions to LEAF Coalition contributors according to the terms specified in the CFP. Please note that these answers are considered preliminary. If selected, Emergent will follow-up with further questions on a case-by- case basis.

<b>Proposal submission by the State of Tocantins, Brazil</b>
<b>Institution Name:</b> Secretariat of the Environment and Water Resources –SEMARH
<b>Country:</b> Brazil
<b>Name and title of the focal point:</b> [REDACTED]
<b>Address:</b> [REDACTED]
<b>Email address:</b> [REDACTED]
<b>Telephone:</b> [REDACTED]
<b>Brief description of the legal authority representing the Jurisdiction:</b> The Proponent of the Jurisdictional Carbon Emission Reduction Pro-Climate Sustainable Development Program of the state of Tocantins, Brazil is the State Secretariat for the Environment and Water Resources – SEMARH.



Under the Tocantins State Government, SEMARH (created through Provisional Measure No. 1, of January 1, 2011, converted into Law No. 2.425/2011<sup>1</sup>), is responsible for planning, coordinating and monitoring state policies on water resources, environment, clean energy production, preservation, conservation and sustainable use of ecosystems, biodiversity and forests in the State of Tocantins. In addition, according to Law No. 3,421<sup>2</sup>, of March 8, 2019, SEMARH's duties are to promote coordination with national, international and foreign bodies and entities, with a view to preserving the environment and natural resources.

According to the current regulatory framework (State Decree No. 5.919/2019<sup>3</sup>), SEMARH's competences in the User Services Charter are, among others:

- Coordinate the review process of the state environmental and water resources policy and its instruments,
- Encourage and strengthen municipal environmental management,
- Evaluate and value the environmental assets of the State of Tocantins,
- Formulate, monitor and propose state policies, strategies, plans, programs and projects aimed at mitigating and/or adapting to climate change, implementing environmental services, as well as diversifying the energy matrix of Tocantins with an emphasis on solar energy;
- Investing in public policies focused on prevention, environmental education and the reduction of deforestation rates, with planning, promotion and incentives, and command and control actions,
- Implement management and maintenance system for Conservation Units with financial return,
- Prospect and secure financial resources,
- Train, encourage and strengthen Civil Society Environmental Organizations, such as Committees, Councils and Consortia.
- Promote coordination with national and international bodies and entities, with a view to preserving the environment, natural resources and the production of clean energy,

Within the scope of the Jurisdictional Carbon Emission Reduction Pro-Climate Sustainable Development Program, the SEMARH assumes the role of leader on behalf of the proponent which is the State of Tocantins itself. The Secretariat is responsible for the preparation, execution, operation and maintenance of the program and the assets generated by it and for the equitable distribution of the benefits generated between the providers of environmental services and beneficiaries of the system. Among other duties, it will provide information and issue the requested reports regarding the implementation of the Program related to assets owned by the State. Under the supervision of SEMARH, the activities will subattend and involve the collaboration of other entities.

<sup>1</sup> [https://www.al.to.leg.br/arquivos/lei\\_2425-2011\\_48527.PDF](https://www.al.to.leg.br/arquivos/lei_2425-2011_48527.PDF)

<sup>2</sup> <http://dtri.sefaz.to.gov.br/legislacao/ntributaria/Leis/Lei3.421.19->

[Estrutura.htm#:~:text=LEI%20N%C2%BA%203.421%2C%20de%208,Estadual%2C%20e%20adota%20outras%20provid%C3%AAsncias](#)

<sup>3</sup> <http://servicos.casacivil.to.gov.br/decretos/decreto/5919>



**Please check applicable category that best defines your institution:**

**National government**

**Sub-national government(s)** (please specify applicable administrative level of government. If more than one subnational jurisdiction, please specify)

Please confirm that:

The boundaries of a subnational accounting area correspond with the entire area of one or several administrative jurisdictions no more than one level down from national level and one or several recognized indigenous territories;

Total forest area of at least 2.5 million hectares;

The national government will provide the participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.

**Recognized indigenous communities (TBC – depending on inclusion under the finalized ART TREES 2.0)<sup>4</sup>**

Please confirm that:

The boundaries of a subnational accounting area correspond with the entire area of the territory/ territories;

Participating territories must be comprised of a total area (forest and non- forest) of at least 2.5 million hectares;

The national government will provide the participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.

### **Expression of Consent**

The Supplier, by checking the box, agrees to negotiate in good faith towards entering into an Emission Reductions Purchasing Agreement (ERPA) with interested LEAF Coalition participants if the proposal is assessed as eligible.

Please note: if a proposal overlaps geographically with another proposal, the LEAF Coalition will require a plan for how the two potential Suppliers will distribute benefits amongst themselves as well as the Supplier Country's authorization in the form of a letter, in accordance with ART/TREES.

<sup>4</sup> Under the proposed draft of TREES 2.0, "Participants shall be national governments (i.e., the highest level of government that exists in the country), subnational governments no more than one level down from national level, or recognized indigenous communities provided the requirements in section 3.1.1 are met." The ultimate eligibility of Indigenous communities' jurisdictions will depend on the definition of jurisdiction under the finalized ART TREES 2 .0.



Palmas, July 27<sup>th</sup>, 2021

[Redacted]

[Redacted]

Conteúdo preliminar - a ser atualizado até 31/12/2021



## General:

### 1. Forest Emission Reduction Targets (500 words excluding links and appendices)

*Please provide a narrative and applicable links, outlining Supplier's forest goals related to emission reductions from REDD+<sup>5</sup>, for example, 2030 zero deforestation goals.*

Tocantins State is located in the Brazilian Legal Amazon. Its territory is distributed in two biomes: Amazon (13%) and Cerrado (87%). Its economy is based on trade, agriculture, and livestock. The state is in the MATOPIBA<sup>6</sup> region, the new agricultural frontier in the Cerrado.

Tocantins has consistently reduced its annual deforestation area over the past twenty years. The analysis of deforestation<sup>7</sup> in the Cerrado (87% of the state's area), shows peaks of forest loss for 2013 and 2015, with 2,816.82 km<sup>2</sup> and 3,063.38 km<sup>2</sup> respectively. In 2020, the deforestation was below 1,565.73 km<sup>2</sup>. For the Amazon biome (13% of the state territory), the deforestation rates have been below 30 km<sup>2</sup> since 2009, and in 2020, deforestation was at 9.8 km<sup>2</sup>. The deforestation in the state is 19.5% below the baseline average for the Cerrado in the last 12 years and 47.6% below the baseline average for the same period for the Amazon biome.

Tocantins has a large potential for increased production and sustainable growth. It assumed international commitments including the Under2 MoU<sup>8</sup> (with commitments to reduce emissions from deforestation and the energy sector as stated in the Tocantins Annex to the MoU<sup>9</sup>) and the Rio Branco Declaration<sup>10</sup> (with targets to reduce emissions from deforestation and forest degradation).

At the state level, Tocantins has a Plan to Prevent and Control Deforestation and Forest Fires (PPCDIF 2021-2025<sup>11</sup>), approved by the State Environmental Council (COEMA/TO) in July of 2021. The PPCDIF incorporates actions to prevent, control, combat and monitor deforestation and fires. The PPCDIF aims to reduce 100% of illegal deforestation by the year 2025. It is estimated that 75% of the deforested area comes from deforestation not permitted by the Authorization for Forestry Exploitation (AEF), and

<sup>5</sup> reducing emissions from deforestation and forest degradation in developing countries, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries

<sup>6</sup> <https://www.embrapa.br/en/tema-matopiba/perguntas-e-respostas>

<sup>7</sup> [http://terrabrasilis.dpi.inpe.br/app/dashboard/deforestation/biomes/legal\\_amazon/rates](http://terrabrasilis.dpi.inpe.br/app/dashboard/deforestation/biomes/legal_amazon/rates)

<sup>8</sup> <https://www.theclimategroup.org/our-work/states-and-regions-under2-coalition;>  
<https://www.theclimategroup.org/sites/default/files/2020-09/under2-mou-with-addendum-portuguese.pdf>

<sup>9</sup> <https://www.theclimategroup.org/sites/default/files/2020-10/Tocantins-appendix.pdf>

<sup>10</sup> [https://gcftf.org/wp-content/uploads/2020/12/Rio\\_Branco\\_Declaration\\_PT.pdf](https://gcftf.org/wp-content/uploads/2020/12/Rio_Branco_Declaration_PT.pdf)

<sup>11</sup> <https://central.to.gov.br/download/253173>



therefore is illegal. Considering an average of the past five years (2017-2021), estimated at 1,530 ha; the State's annual reduction target is 1,147.50 ha, between 2022 and 2026 this represents 212.85 ha or 15% per year.

The State Plan for Low Carbon Agriculture (ABC/Tocantins Plan) completed 10 years in 2020, and it seeks to encourage rural producers to adopt sustainable agricultural practices to achieve emissions reduction. Tocantins is also indirectly part of national commitments, such as the Brazilian NDC and the Bonn Challenge.

More specifically, Tocantins assumed the following goals<sup>12</sup>:

1. Reduce deforestation 80% below baseline.
2. Avoid 8.5-10.5 million tons of CO<sub>2</sub> emissions from agricultural activities.
3. Limit emissions 80-95% below 1990 levels [reduce annual deforestation in the Cerrado by 40% below the 1999-2008 average by 2020, zero illegal deforestation by 2050].
4. Reduce GHG emissions 37% below 2005 level.
5. Contribute to the national goal: restore 12 million hectares of deforested land.

In 2019, the government of Tocantins drafted a Letter of Intent (LoI) reaffirming the commitments previously made and a low emissions development strategy for the period of 2020 to 2040 called Competitive and Sustainable Tocantins<sup>13</sup>. The LoI is under consultation of various sectors for approval and will establish goals and outcome indicators.

## **2. Progress towards, or readiness to meet (non-safeguards elements of) ART/TREES requirements (500 words excluding links and appendices)**

*Please provide a summary of the Supplier's progress towards preparing/submitting a concept note, and/or registration document for ART, including expected timelines for submission (e.g. estimated date by which a registration document might be submitted). Please include links to any relevant documentation that has already been submitted to the ART secretariat, if applicable.*

*Please provide an overview of the steps taken to align with non-safeguards requirements of ART/TREES, and Supplier's ability to meet such requirements. If this proposal is selected by the Coalition participants, this*

<sup>12</sup> <https://www.to.gov.br/seagro/plano-abc-to/5gnxp5sy5b0e>

<sup>13</sup> <https://www.to.gov.br/semarh/tocantins-competitivo-e-sustentavel/3xdcjibxp6yv>



*information will be accepted as indication of commitment towards meeting ART/TREES requirements.*

Tocantins was one of the first three Brazilian states to submit its TREES Concept Note<sup>14</sup> in December of 2020. The submission was based on its performance in reducing emissions since 2016, for which a prior analysis of the level of compliance with the ART/TREES requirements was performed in partnership with the Earth Innovation Institute. An additional assessment was carried out by WayCarbon experts at the request of UNDP to identify gaps and potential generation of carbon credits with the ART/TREES standard. Both analyses agree that, in the current context, the State meets 58% of the requirements of the standard (Annex I).

In terms of eligibility, Tocantins meets these criteria, being a second order Brazilian jurisdiction (one level below the national level), created by Art. 13 of the Transitional Constitutional Provisions Act of the 1988<sup>15</sup> Constitution. Its jurisdictional REDD+ program has state coverage with an accounting area of forest cover of the Amazon and Cerrado biomes of 18 million hectares<sup>16</sup>.

Brazil has made advancements in terms of safeguards. Considering that Tocantins is a subnational entity in Brazil, the definitions of the national interpretation of safeguards and the two safeguard summaries<sup>17</sup> to the UNFCCC are valid for the state. A Thematic Consultative Chamber on Safeguards was also established within the scope of the National REDD+ Commission (CONAREDD+)<sup>18</sup> and the National Safeguards Information System (SISREDD+<sup>19</sup>) is being designed.

Obtaining the Federal Government's Letter of Authorization is politically challenging, but Brazil has already regulated the payment for results by Decree No. 10.144/2019, establishing funding limits for the federal and state governments in a system of domestic allocation under CONAREDD+ Resolutions n. 6, 12, and 14<sup>20</sup> of CONAREDD+.

<sup>14</sup><https://art.apx.com/mymodule/reg/TabDocuments.asp?r=111&ad=Prpt&act=update&type=PRO&aProj=pub&tablename=doc&id1=103>

<sup>15</sup>[https://www.senado.leg.br/atividade/const/con1988/ADC1988\\_08.09.2016/art\\_13\\_.asp](https://www.senado.leg.br/atividade/const/con1988/ADC1988_08.09.2016/art_13_.asp)

<sup>16</sup> The forest in the accounting area is calculated based on the area classified as forest under Brazil's official national definition in its official submission of its FREL to the UNFCCC: <https://unfccc.int/documents/267657>

<sup>17</sup> <http://redd.mma.gov.br/pt/salvaguadas/sumario-sobre-salvaguadas>

<sup>18</sup> <http://redd.mma.gov.br/pt/camaras-consultivas-tematicas/salvaguadas>

<sup>19</sup> <http://redd.mma.gov.br/pt/salvaguadas>

<sup>20</sup> <http://redd.mma.gov.br/pt/resolucoes-da-conaredd>



At the state level, Tocantins has technical support from the German Technical Cooperation (GIZ)<sup>21</sup> to structure the state's REDD+ program and overcome compliance challenges, for which the following results are expected: i) achieving the review and approval of the regulatory framework to create the Tocantins Jurisdictional REDD+ Program; ii) building the state safeguard system in accordance with the national structure and ready to meet the ART/TREES requirements; iii) improve the state environmental monitoring system, incorporating actions to overcome gaps in monitoring activities and uncertainties; iv) structure and operationalize the governance spaces; v) define the benefit-sharing strategy; and other elements to maximize the generation of emission reductions from deforestation and forest degradation. These elements are expected to be developed by the first quarter of 2022 to enable the submission of the Program Registration Document and the First Monitoring Report still in 2022.

<sup>21</sup> <https://central.to.gov.br/download/253128>





### 3. Capacity building/technical assistance needs (500 words excluding links and appendices)

*If applicable, please summarize the capacity gaps and needs for support identified as necessary to meet ART/TREES requirements, and plans to address these gaps before submitting validation/ verification documents to ART. This information will be critical for planning purposes.*

As mentioned in Section 2, the assessments by Earth Innovation Institute and Waycarbon show that Tocantins has a 44% compliance gap of the ART/TREES requirements.

The main challenge identified is related to the quantification of Emission Reductions (ERs) and the integrity of these estimates. This is due to the lack of degradation data to be considered in the emission reduction estimates, as well as the uncertainty and double counting analysis, and mitigation measures, as summarized in the following table:

<i>Theme</i>	<i>Gap</i>	<i>Pathway to Compliance and needs</i>
Planning REDD+ actions	<i>The State still does not have a state REDD+ program created by law, which links the PPCDIF<sup>22</sup> as an action plan for REDD+</i>	<i>Tocantins has legal advice to review its REDD+ Program draft law and establish targets until 2040 for the Competitive and Sustainable Tocantins Strategy for low GHG emissions<sup>23</sup>. Currently, the main planning instrument is the PPCIF, already updated for the five-year period of 2021-2025. Still, Tocantins needs technical advice to develop a monitoring plan and impact analyses for continued improvement and effectiveness of the PPCDIF.</i>

<sup>22</sup> <https://www.to.gov.br/semarh/plano-de-prevencao-e-combate-aos-desmatamentos-e-incendios-florestais-do-estado-do-tocantins-pccdif/3bop2axwcj3f>

<sup>23</sup> Part of the Action plan of the Cooperation Agreement between GIZ and the State Secretary of Environment and Water Resources.



Emission reductions quantification	<i>Lack of alignment with the IPCC guidelines to calculate GHG reductions based on the 100-year Global Warming Potentials (GWPs)</i>	<i>Official methods and data for the establishment of the national FREL, endorsed by the UNFCCC will be used. Need consultancy to develop the state inventory according to IPCC guidelines.</i>
	<i>Forest degradation must be incorporated in the emission reduction estimates.</i>	<i>Need technical advice to develop a robust and transparent definition and the methodology for monitoring forest degradation; and training the SEMARH staff to incorporate degradation into the environmental monitoring routine.</i>
	<i>Tocantins adopts official national data on deforestation<sup>24</sup> with minimum mapped unit not compatible with forest classification (6.25ha x 1ha)</i>	<i>PRODES has the capacity to attend this requirement. States can coordinate the request of such information. Meanwhile, the state will adopt measures to secure conservative estimates. As an alternative to official data, MAPBIOMAS<sup>25</sup> platform produces land cover and land use data according to the requirements and can potentially be used<sup>26</sup>.</i>
Integrity of carbon credits	<i>Uncertainties of both, activity data and emission factors, remain to be analyzed.</i>	<i>Consultancy to evaluate the FAO Monte Carlo Simulation tool in the context of AFOLU, as well as training SEMARH to incorporate uncertainty analysis into its monitoring routines.</i>

<sup>24</sup> <http://www.obt.inpe.br/OBT/assuntos/programas/amazonia/prodes>

<sup>25</sup> <https://mapbiomas.org/produtos>

<sup>26</sup> <https://mapbiomas.org/metodo-desmatamento>



	<p><i>Tocantins doesn't have measures to avoid double accounting or double claiming.</i></p>	<p><i>Tocantins has the support of GIZ to design the accounting system considering the emission reduction uses, either by private projects or by the government.</i></p> <p><i>The state is willing to open an account in the ART TREES registry; the associated cost will be assessed to identify needs for financial support; The state will adopt transaction models allowed by current regulations and will report to CONAREDD+ the uses of jurisdictional credits.</i></p>	
<p>Gaps and needs for safeguards will be addressed in section 13. The details of the Compliance Plan are shown in Annex II.</p>			

**4. High Forest Low/Deforestation (HFLD) (if applicable, 500 words excluding links and appendices)**

*Please indicate whether the Supplier expects to qualify as HFLD according to the criteria in the draft TREES 2.0 and whether the Supplier proposes to make available emission reductions under LEAF according to a future, approved HFLD -methodology in TREES. Please note that expressing expectation to do so is not binding.*

Not applicable.

**5. Estimate of ART/TREES crediting level (non-binding)**

*Please provide an estimate of the ART/TREES crediting level, including annual estimates used to develop the crediting level, and links to further methodological descriptions of these estimates. We understand that these estimates are based on assumptions and will not be final.*

*Please indicate a tentative selection of baseline years, consistent with the ART-TREES standard. Please indicate the assumptions made in the emission reduction volume calculations.*

*Please provide a link to relevant public documentation or reporting (e.g. National Communications, REDD+ strategy/action plan).*

The PPCDIF recently approved by COEMA-TO has the goal of reducing 100% of illegal deforestation by 2025. According to the same document, it is estimated that 75% of the deforested area in Tocantins



comes from deforestation not permitted under the Forest Exploitation Authorization (AEF - in portuguese), therefore, considered illegal deforestation. Thus, for an average of the previous five years (2017-2021), estimated at 1,530 ha, the State's annual reduction target is 1,147.50 ha, between 2022 and 2026, that is, 212.85 ha per year, which represents 15% (Annex III).

For this calculation, the Excel tool provided by the United Nations Development Program (UNDP) called 'Paris Agreement LULUCF Assessment and NDC Tool' (PLANT) was used. The necessary calculations were performed to estimate the volume of ERs, consistent with the ART/TREES standard.

The approach used for the calculations replicates, on a jurisdictional scale, the national FREL methodology to ensure consistency in monitoring and ERs quantification according to the methodology found in Info Hub Brasil<sup>27</sup>.

This approach is based on the combination of 'Activity data', which represents deforestation data, and 'Emission factors', which represent the carbon values, resulting in carbon emissions in the state. Deforestation data were obtained from the PRODES AMAZONIA (INPE, 2019) and PRODES CERRADO (INPE, 2020) programs. The deforestation increment adjusted for cloud cover was corrected on deforestation data, according to criteria established for FREL calculations. In this approach, the deforestation polygons identified by PRODES that were under cloud in the previous year, the methodology divides the deforested area by the years in which cloud cover is identified.

The emission factors were obtained from the carbon maps of the Second National Communication, for the Amazon Biome, and the Third National Communication, for the Cerrado Biome. Such data represent the spatial variability of carbon stocks in vegetation, according to different phytophysionomies.

The deforestation and carbon maps were analyzed using geoprocessing tools, in which each deforestation polygon was intersected by carbon polygons, spatially juxtaposed, resulting in the estimation of Tocantins emissions. In the map obtained, each geometry has an area and shape of a deforestation polygon (PRODES), associated with information on the value of the carbon stock. Finally, only polygons corresponding to 'forest' type phytophysionomies were selected for the calculation of

<sup>27</sup> <http://redd.mma.gov.br/en/infohub>



emissions, following the definition of forest adopted by Brazil under the UNFCCC. This effort resulted in the construction of a database with historical emissions from deforestation aligned with the state's borders.

These official data from the PRODES program result from monitoring by orbital sensors of medium spatial resolution (minimum mapped area around 6.25 ha), which are currently: LANDSAT 8/OLI, CBERS 4 and IRS-2. It is noteworthy that the vector elements of PRODES Amazônia used as a baseline were until the year 2019, and that the year 2020 was considered the same as 2019. The PRODES Cerrado, however, presents such information on deforestation, and consequently on emissions, until the year 2020. The reduction estimate derives from this mentioned year (2020). As a reference level for verification of credits, the average of emissions between the years between 2017 and 2021 was established. The value obtained by the average for the period was 22,271,375 tCO<sub>2</sub>.

To estimate the annual reductions in projected emissions according to Tocantins' target, an adjustment was made in the calculations for a scenario of reduction of 15% of the area deforested per year. The results of annual ERs obtained are shown in Section 6.

Here we present another estimate of credits considering the 5th collection of the Annual Land Use and Coverage Mapping Project in Brazil (MAPBIOMAS), which has a spatial resolution of 30 meters (1 arcsecond). The same jurisdictional scenario of emission reduction was adopted, 15% per year, however a reduction was chosen from the year 2021. The premise that deforestation in this same year was the same as in 2020 was also adopted. The reference level in this valuation was defined between the years 2017 to 2021, and is around 18,981,450.160 tCO<sub>2</sub>. Once the reductions were measured, it was noted that this initiative overestimates future credits, and given its geographic precision it can be taken into account (Annex IV).



## 6. Annual target ERs<sup>3</sup> (non-binding)

Please provide an estimate of the ART/TREES expected volumes of ERs that may be delivered annually in the 2022-2026 period. We understand that these estimates are based on assumptions, and will not be final.

The calculation below was based on the goal of 15% reduction in deforestation per year, as provided for in the PPCDIF approved by Coema in July 2021.

Delivery by the end of (year)	Quantity (range, in metric tonnes CO2 equivalent)	Crediting year (please specify in brackets if emissions from forests are accounted for according to timelines that deviate from calendar years (e.g. Aug 1 <sup>st</sup> – July 31 <sup>st</sup> ) <sup>28</sup>
2022	3,545,970	2022
2023	5,138,822	2023
2024	6,492,746	2024
2025	7,643,581	2025
2026	11,738,611	2026

## 7. Policies and Measures (500 words excluding links and appendices)

Please provide a summary of existing policy measures, regulations, enforcement and public finance instruments (taxes, transfers, subsidies) the Supplier determines are adequate to achieve the ERs, and a reference to where this information is publicly provided. If applicable, please describe other interventions (beyond policies and measures) Supplier has taken, or will take, to reduce deforestation and forest degradation, and enhance sequestration in order to provide ERs under LEAF (e.g. forest fire prevention). If the interventions are not yet operational, please provide a timeline with milestones.

Tocantins is a "pioneer" state in Brazil for it established a Policy on *Climate Change, Environmental Conservation and Sustainable Development* in 2008<sup>29</sup> and REDD initiatives were included as one the objectives. The state legal framework is aligned with the Federal legislation, including the Forest Code

<sup>28</sup> Please note that this is an initial estimate. LEAF Coalition participants do not expect this to be accurate at this stage.

<sup>29</sup> State Law 1,915, April 17, 2008: <https://www.legisweb.com.br/legislacao/?id=171295>



(Federal Law N. 12.651/2012<sup>30</sup>), and recently adopted federal regulations, such as Resolution N.3 of the CONAREDD+ (2020), which recognizes voluntary markets, 2020.

In 2013 Tocantins reaffirmed its commitments to mitigate climate change by reducing emissions from deforestation and forest degradation when it joined the Governors Climate and Forests Task Force (GCF Task Force<sup>31</sup>), and further reinforced them by signing the Rio Branco Declaration<sup>32</sup> and the Under2MoU<sup>33</sup>, which include a state action plan<sup>34</sup>. These commitments are materialized in the actions, including:

- **Public environmental policies:**

- Tocantins' state Environmental Policy<sup>35</sup>, - establish principles and set objectives and norms for protecting the environment and improving the population's quality of life.
- State Forest Policy<sup>36</sup> - aim to ensure the conservation of the main phytogeographic formations, to regulate and control the exploitation of native vegetation, their conservation and inspection, use and consumption of forest products and by-products.
- State Policy on Climate Change<sup>37</sup>, – under an updating process and further regulation (with GIZ support)<sup>38</sup>, aims to establish the state policy on climate change and environmental services, including the REDD+ jurisdictional program.

- **Implementing incentives for sustainable development:**

- Tocantins is the leader in the northern region regarding the implementation of the Low Carbon Agriculture Plan (ABC/TO Plan<sup>39</sup>) to mitigate climate change in agriculture, with the highest number of contracts in the region, with a total of BRL 125,388,864 for the 2018 harvest/2019, and BRL 130,021,301 in the 2019/2020 harvest.
- To incentivize municipalities to protect the environment, Tocantins Ecological ICMS<sup>40,41</sup>

<sup>30</sup> <https://legislacao.presidencia.gov.br/atos/?tipo=LEI&numero=12651&ano=2012&ato=a48QTVU1kMVPWT59b>

<sup>31</sup> <https://www.gcftf.org>

<sup>32</sup> [https://gcftf.org/wp-content/uploads/2020/12/Rio\\_Branco\\_Declaration\\_PT.pdf](https://gcftf.org/wp-content/uploads/2020/12/Rio_Branco_Declaration_PT.pdf)

<sup>33</sup> <https://www.theclimategroup.org/our-work/states-and-regions-under2-coalition>

<sup>34</sup> <https://www.theclimategroup.org/sites/default/files/2020-10/Tocantins-appendix.pdf>

<sup>35</sup> Law N. 261/1991: <https://www.legisweb.com.br/legislacao/?id=170904>

<sup>36</sup> Law N. 771/1995: <https://www.al.to.leg.br/arquivos/10725.pdf>

<sup>37</sup> Law No. 1917/2008: <https://www.legisweb.com.br/legislacao/?id=171295>

<sup>38</sup> <https://central.to.gov.br/download/253128>

<sup>39</sup> <https://www.to.gov.br/seagro/plano-abc-to/5gnxp5sy5b0e>

<sup>40</sup> Law No. 1.323/2002: <https://www.legisweb.com.br/legislacao/?id=170968>

<sup>41</sup> Law No. 2.959/2015:



implemented for decades, is a tax mechanism that allows municipalities access to larger portions of revenues than they are originally entitled to, distributing 13% of the collection to environmental issues, the highest distribution percentage in Brazil. In 2019 the benefits reached 136 of the 139 municipalities of the state<sup>42</sup>

- To improve environmental and territorial management: the Ecological-Economic Zoning (ZEE<sup>43</sup>) on a scale of 1:100,000 is in the final stages of its design and will serve as the main instrument to drive development in Tocantins.
- CAR implementation: with support from the Amazon Fund, Tocantins has registered more than 80% of the target of properties to be registered under CAR<sup>44</sup>, and the state has a validation system already developed.
- The PPCDIF 2021-2025<sup>45</sup> main instrument to achieve the emission reductions proposed by Tocantins.

On governance, the state has several spaces for stakeholder's dialogue on public policies. Among them, the State Forum on Climate Change<sup>46</sup> and COEMA<sup>47</sup>.

## 8. Use of Proceeds (1000 words excluding links and appendices)

*Please acknowledge the eligible uses of proceeds as established in the CFP, and provide initial thinking on the focus of a high-level investment framework describing the plans or arrangements in place for investing the proceeds of a transaction with LEAF Coalition contributors. This plan should be consistent with achieving the Supplier Country's NDC and sustainable economic development with a priority for forest protection and forest restoration, including its REDD+ strategy/action plan. The plan must also explain how benefits from such a transaction will be distributed to stakeholders. This plan should demonstrate equity, inclusivity, and transparency, and it should reach local communities and support wider climate goals. Suppliers may indicate whether future payments will be used to leverage up-front investments, if applicable. In other words, proceeds may be used to repay bonds or loans that were used specifically to finance activities that are consistent with the*

<http://dtri.sefaz.to.gov.br/legislacao/ntributaria/Leis/Lei2.959.15.htm#:~:text=Lei%20n%C2%BA%202.959.15&text=LEI%20No%202.959%2C%20de,ICMS%2C%20e%20adota%20outras%20provid%C3%AAs.&text=%C2%A71o%20O%20c%C3%A1culo,ao%20regramento%20defini%20no%20art>

<sup>42</sup> <https://conexaoto.com.br/2021/02/26/meio-ambiente-apresenta-sistema-informatizado-do-icms-ecologico-para-os-gestores-municipais>

<sup>43</sup> <https://www.to.gov.br/seplan/zoneamento-ecologico-economico-do-estado-do-tocantins/5n96nvzropdp>

<sup>44</sup> <https://www.to.gov.br/semarh/car/25wyp2vw2tsd>

<sup>45</sup> <https://www.to.gov.br/semarh/plano-de-prevencao-e-combate-aos-desmatamentos-e-incendios-florestais-do-estado-do-tocantins-ppcdif/3bop2axwcj3f>

<sup>46</sup> <https://www.to.gov.br/semarh/femc-forum-estadual-de-mudancas-climaticas/1hkmh3xhsuqh>

<sup>47</sup> <https://www.to.gov.br/semarh/coema-conselho-estadual-de-meio-ambiente/10cmw2uzgstr>





*guidance on use of proceeds.*

Tocantins is deeply committed to ensure that REDD+ resources promote and support its transition towards a low-emission sustainable development. This shall contribute to climate change mitigation, but also in the long term generate competitiveness gains from economic activities by positioning the state at a differentiated level as a recognized supplier of quality and sustainable products and services, which are increasing requirements by markets.

The biggest challenge towards this pathway is knowing that REDD+ resources are insufficient and finite. Thus, they must be invested to achieve the transformations needed to make the future vision of a Competitive and Sustainable Tocantins a reality. Benefit distribution must be effective (transforming reality with what has been done), efficient (at a low cost), and effective (achieving transformation towards sustainability), equitable (not only for those who reduce emissions, but also for those who conserve) and it must still be considered fair (for those who provide the environmental service) and legitimate (who decide), to ensure an adequate benefit sharing strategy.<sup>48</sup>

At the same time, the distribution of forest cover, deforestation and degradation by land title category (private areas, non-designated areas, indigenous lands, quilombola lands and conservation units) must be considered to balance the different distribution options to:

- i) Maximize the reduction of deforestation and forest degradation in areas with high deforestation and threats (flow);
- ii) Maximize the recognition of environmental services in areas with high forest cover (stock);
- iii) Maximize economic competitiveness in private areas with forest (stock) and;
- iv) Maximize well-being in areas of greatest poverty (stock).

The Stock-Flow (EF) approach is performed by calculating the forest's carbon stock and the reduction of carbon emissions (flow). This approach combines these options, which can be calibrated to achieve a distribution with the attributes needed to promote lasting transformations. Additionally, for an equitable and legitimate distribution, it is essential to guarantee the effective participation of the beneficiaries in decisions about benefit sharing, and to ensure their qualified participation may require training efforts. This approach can allow the jurisdiction to achieve ERs results while generating co-benefits.

<sup>48</sup> Angelsen et al. 2013 and Wong et al. 2017.



The EF approach is widely used in several initiatives in Brazil, such as the distribution of SISREDD in Mato Grosso; the Acre's SISA and the establishment of limits for the result-based payments and distribution of REDD+ results to the states under the National REDD+ Strategy (ENREDD). In some cases, such as in Acre, the EF approach was established based on pre-existing state programs to implement the actions.<sup>49</sup>

In addition, other analysis must be considered to define investment plans. There is a need for institutional strengthening for command and control, as well as the creation of positive incentives to convince producers to maintain forests that could be legally deforested or to reshape the business environment for actors to invest in sustainable forest uses. This can determine the percentage allocated to government institutional strengthening for command and control and directly to the diversity of beneficiaries.

The State has ZEE studies that map the state's entire vegetation cover and its socioeconomic characteristics, being an important input for benefit sharing. The PPCDIF (2021 - 2025) was prepared based on a situational diagnosis of deforestation and fires and possible trends.

The PPCDIF shows that deforestation is linked to new agricultural frontiers, especially in the Cerrado, because in the Amazon, with few remaining forests, deforestation has reached minimal levels. The state monitoring system identified illegal deforestation in excess of 70%, and the main influencing factor was the lack of CAR validation, making evident the need for institutional strengthening for command and control and full implementation of the Forest Code, already incorporated under PPCDIF actions. The PPCDIF will be the guideline for the plan of investment of REDD+ resources until the participatory construction of the benefit-sharing strategy is completed.

Tocantins has a wealth and diversity of traditional population, including *quilombola* communities, *babaçu*-coconut breakers, artisanal fishermen, riverside dwellers, *sertanejos* and indigenous peoples, who need to receive benefits if the State is successful in its submission to the LEAF Coalition.

To include these populations in the benefit sharing strategy, such that all parties feel contemplated and fairly compensated for their efforts to reduce emissions and conserve forests, the State will develop

<sup>49</sup> Moutinho et al. 2017



models to estimate each group's contribution to forest conservation and to reducing emissions and organize an extensive consultation process with all potential beneficiaries.

In addition to benefits sharing, it is essential to agree on the allocation and use of resources to ensure that they generate the transformations needed to permanently reduce emissions. LEAF's resources can support the most vulnerable populations with the structuring of bioeconomy value chains and access to marketing circuits with the offer of quality sustainable products, in addition to fostering cooperatives. It is expected, with this, the valuation of the products and services of the forest to assure the permanence of the reduction of deforestation and forest degradation.

Indigenous populations are developing a State Indigenous Program which will guide the use of LEAF resources for Tocantins' nine indigenous ethnic groups. The program will be under indigenous leadership, in partnership with the State Government. This initiative is supported in its design by the exchange of experiences with existing initiatives in Acre and Mato Grosso, through the Regional Committee of Indigenous Peoples and Traditional Communities<sup>50</sup> of the Task Force of the GCF Task Force.

The agricultural sector must also be contemplated in the allocation of program resources. This sector represents the highest source of emissions from deforestation in the state but has control of the largest forest carbon stock in the state, as well. The sector is highly capitalized and would not be appropriate as a main target for REDD+ resources. Nevertheless, it is important that the REDD+ resources leverage and strengthen positive incentive systems to maintain the engagement of this sector in reducing emissions, as Tocantins' reductions to date largely result from technical advances in agricultural production processes, promoted mainly through the implementation of the ABC/TO Plan.

#### **9. NDC Alignment** (500 words excluding links and appendices)

*Please explain how payments received under LEAF would contribute to achieving the targets established in the Supplier Country's NDC.*

*Please also indicate how it is envisioned that the payments will contribute to raising the level of NDC ambition over time. Please note that it is not expected that potential Supplier Countries will be able to commit to increasing ambitions by the July 30<sup>th</sup> deadline. Rather, a simple narrative about how this is envisioned is welcomed.*

<sup>50</sup> <https://www.gcftf.org/what-we-do/indigenous-peoples-and-local-communities/>



The State of Tocantins has contributed to Brazilian NDC implementation through its own efforts to reduce deforestation. In the period from 2006 to 2019<sup>51</sup>, 162 million tons of CO<sub>2</sub> emissions were avoided in the Amazon and Cerrado biomes; deforestation has declined consistently since 2016, despite Tocantins' position in the MATOPIBA<sup>52</sup> agricultural expansion region.

These results were achieved mainly with public resources, without having accessed resources from the Amazon Fund, received by the reduction of deforestation achieved by Brazil or other payment for results programs. For example, Tocantins has employed the Low Carbon Agriculture Plan<sup>53</sup> to achieve some of these goals. In the course of 10 years of active implementation in the State, Tocantins has become the State in the Brazil's Northern Region with the largest number of contracts and the fourth nationwide in rural credit distribution for the 2018/2019 harvest, surpassing 1 billion BRL in resources for activities that contribute to the reduction of greenhouse gases<sup>54</sup>.

LEAF resources may further enhance Tocantins' contributions to the goals and commitments of the Brazilian NDC, supporting the maintenance of current efforts, applying revenues, among others, to the implementation of the Plan to Prevent and Combat Deforestation and Forest Fires (PPCDIF 2021-2025, in Portuguese), which aims to eliminate illegal deforestation and reduce forest fires by 15%, as well as to expand State actions to implement the Competitive and Sustainable Tocantins Strategy, which sets out a low emissions development plan for the state over the next 20 years, until 2040.

With LEAF resources, it will be possible to expand the state programs' scope such as Restaura-Tocantins to comply with demand to be generated by the Forest Code implementation through the Environmental Regularization Program for forest restoration, as well as developing and implementing the State Bioeconomy Plan, as a means of promoting forest and climate friendly production chains, valuing the standing forest and contributing to consistent and lasting reductions in deforestation and forest degradation.

Within the long-term actions scope, the resources will be equally applied to programs and projects that can contribute to achieving the Brazilian reduction target of 37% below the 2005 level in 2025 and

<sup>51</sup> [https://greenjurisdictions.org/jurisdictional\\_profile?region=3217.states](https://greenjurisdictions.org/jurisdictional_profile?region=3217.states)

<sup>52</sup> <https://www.inputbrasil.org/regioes/matopiba/>

<sup>53</sup> [http://www.planalto.gov.br/ccivil\\_03/ato2007-2010/2010/decreto/d7390.htm](http://www.planalto.gov.br/ccivil_03/ato2007-2010/2010/decreto/d7390.htm); [http://www.planalto.gov.br/ccivil\\_03/Ato2015-2018/2018/Decreto/D9578.htm#art25](http://www.planalto.gov.br/ccivil_03/Ato2015-2018/2018/Decreto/D9578.htm#art25)

<sup>54</sup> <https://central3.to.gov.br/arquivo/520406/>



43% below the 2005 level in 2030, as well as to the carbon neutrality target to be achieved by 2060.

It is important to note that, in compliance with Law No. 12.651/2012<sup>55</sup> and Normative Instruction No. 02/MMA/2014<sup>56</sup>, Tocantins State has implemented the Information System for the Rural Environmental Registry Management (SIGCAR in Portuguese). SIGCAR is an essential public management instrument to combat deforestation, including a spatially explicit database of all rural properties to monitor compliance with the Forest Code. Tocantins has more than 80,000 properties registered in the CAR, representing almost 85% of the registrable area in the state territory.

#### 10. Nesting (500 words excluding links and appendices)

*If applicable, please describe Supplier's initial approach for how double counting from relevant activities with overlapping geographical scope will be avoided. This should include Supplier's approach to accounting for incorporation of activities either crediting, or seeking results-based payments for emission reductions from forests in the same geographical area (e.g. emission reduction or sequestration projects).*

The Tocantins State, within the scope of environmental and territorial management, has developed policies and instruments on the following topics relevant to REDD+:

- Development of an Ecological-Economic Zoning plan with the state territory mapped completely and forest cover identified and classified.
- Implementation of the Rural Environmental Registry (CAR in Portuguese), relies on the SIGCAR<sup>57</sup> system, which enables the monitoring of various environmental variables at the property level via a spatially explicit database.
- Conservation Units (UCs in Portuguese) Management System (GESTO<sup>58</sup> in Portuguese) with an online platform to support implementation of management and monitoring instruments for UCs.
- Studies of forest<sup>59</sup> and/or biomass inventories, generating the Forest Map that has contributed to identification of the State's vegetation cover.
- Plan to Prevent and Combat Deforestation and Forest Fires (PPCDIF 2021-2025).

<sup>55</sup> <https://legislacao.presidencia.gov.br/atos/?tipo=LEI&numero=12651&ano=2012&ato=a48QTVU1kMVpWT59b>

<sup>56</sup> [https://www.car.gov.br/leis/IN\\_CAR.pdf](https://www.car.gov.br/leis/IN_CAR.pdf)

<sup>57</sup> <http://sigcar.semarh.to.gov.br/>

<sup>58</sup> <http://www.gesto.to.gov.br/>

<sup>59</sup> <https://www.to.gov.br/seplan/mapeamento-das-regioes-fitoecologicas-e-inventario-florestal-do-tocantins/3kn9vakke6pp>



- Creation of the Geospatial Environmental Intelligence Center (CIGMA<sup>60</sup> in Portuguese) to generate spatial information based on geotechnologies to support environmental monitoring.
- Use of national instruments for calculating emission reductions (FREL)<sup>61</sup> to calculate national and state emission reductions that allow for the structuring and definition of a robust and integrated methodology at the national and subnational levels.

In addition, in its role as manager of the REDD+ Jurisdictional Program, the State Secretariat for the Environment and Water Resources (SEMARH) will also be responsible for identifying and avoiding double counting, including from: (i) e i) Double emissions; ii) Dual use; and iii) Double claim, for which adequate mitigation measures will be designed. SEMARH, with the technical cooperation of GIZ and the Earth Innovation Institute, will design a subnational accounting system for the REDD+ jurisdictional program, to be made available online, to annually catalog all emission reduction units obtained and their respective uses.

The accounting system will consider the following uses for the appropriate deductions in calculating the total volume of emission reductions to be issued:

- by the state government to meet NDC targets;
- by the state government for results-based payments;
- by the state government or for jurisdictional compensation for the voluntary market through a public-private company (Tocantins Partnerships);
- by private REDD+ projects;
- as a buffer to cover potential own contributions;
- as a buffer to cover potential integration of private projects and any data inconsistencies or leaks.

The accounting control of payments for results is ensured at the state level by the instruments identified above and at the national level through the use of the INFOHUB tool, which accounts at the national level and integrates the efforts of all entities based on the legislation and regulation established by the National Change Climate Policy (PNMC -law 12.187/2009)<sup>62</sup> and by the Resolutions of CONAREDD.

<sup>60</sup> <https://www.to.gov.br/semarh/cigma/26wyn23kyevj>

<sup>61</sup> <https://central3.to.gov.br/arquivo/524047/>

<sup>62</sup> [https://www.camara.leg.br/proposicoesWeb/prop\\_mostrarintegra?codteor=841507&filename=LegislacaoCitada+-](https://www.camara.leg.br/proposicoesWeb/prop_mostrarintegra?codteor=841507&filename=LegislacaoCitada+-)



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

*Some buyers will seek transfer of title of ERs on the ART registry, while others will allow the Supplier to retire ERs on the ART registry. Please indicate the Supplier's preference and expectations regarding transfer of title. Please refer to CFP document term "nature of transactions" for a detailed explanation of options under CFP related to transfer of title. Note that jurisdictions may choose to pursue multiple options.*

The State is open to the options [#1], [#2], [#3] and [#4] made available by the CFP for "Nature of transactions" related to the transfer of ownership, as long as they are, under the terms of current legislation, legally viable and admissible.

For options 1 and 2, with the creation of the National REDD+ Strategy (ENREDD+) and the National REDD+ Commission, in 2015, the Federal Decree No. 10,144 of 2019, Art. 2<sup>63</sup>, regulates the payment for REDD+ results in recognition of the measured, reported and verified reduced emissions from policies, programs, projects and actions carried out at multiple scales. According to the aforementioned Decree, Art. 3, CONAREDD+<sup>64</sup> defines guidelines, through resolutions on eligibility, reduced emissions allocation, collection and use of funds from payments for results.

With respect partially to #3, in relation to the specific issue of transfer of title, and to the path #4 of transfer of title and use to the corresponding internal commitments of the buyer, although the State, by its State Policy on Climate Change, Environmental Conservation and Sustainable Development of Tocantins (State Law No. 1,917 of 2008<sup>65</sup>), is authorized to alienate emission reductions and carbon credits, of which it is a beneficiary or holder, provided that they are duly recognized or certified, the actions to be carried out under the UNFCCC and Paris Agreement by virtue of a formal and expressly inserted declaration in the NDC, these will be subject (in principle) to the prior and formal consent of the Federal Government regarding the transfer of units:

*"The Brazilian Government emphasizes that any transfers of units arising from mitigation results achieved in the Brazilian territory will be subject to the prior and formal consent of the Federal Government." NDC Extract - Page 2.*

<sup>63</sup> [http://www.planalto.gov.br/ccivil\\_03/ato2019-2022/2019/decreto/D10144.htm#:~:text=DECRETA%3A,Art.&text=2%C2%BA%20Para%20os%20fins%20previstos,Par%C3%A1grafo%20C3%BAnico](http://www.planalto.gov.br/ccivil_03/ato2019-2022/2019/decreto/D10144.htm#:~:text=DECRETA%3A,Art.&text=2%C2%BA%20Para%20os%20fins%20previstos,Par%C3%A1grafo%20C3%BAnico)

<sup>64</sup> <https://www.in.gov.br/web/dou/-/portaria-n-544-de-26-de-outubro-de-2020-285005520>

<sup>65</sup> <https://www.legisweb.com.br/legislacao/?id=171295#:~:text=Institui%20a%20Pol%C3%ADtica%20Estadual%20sobre,Tocantins%2C%20e%20adota%20outras%20provid%C3%A2ncias>



In this sense, Tocantins State understands that as long as the current relevant national and international legislation and the scope of subnational competence that supports it, as a federated entity, so determine and allow, and also once the applicable legal and regulatory requirements are complied with at the national level, paths #3 and #4 may be applied.

## 12. Corresponding Adjustments (500 words excluding links and appendices)

*Please indicate Supplier's willingness to consider ERs with corresponding adjustments, per pathway #4 outlined in the terms of the CFP.*

*If applicable, please indicate the portion of total ERs (if any) for which the Supplier proposes to make a corresponding adjustment to the national account.*

*Please refer to CFP document term "nature of transactions" for detailed explanation of options under CFP related to corresponding adjustments.*

The State of Tocantins intends to act with the maximum degree of compliance with international and national legal and regulatory provisions regarding the application of the rules of the UNFCCC (Framework Convention) and the Paris Agreement, ratified by Legislative Decree No. 140, of 16th August 2016<sup>66</sup> and relevant national complementary legislation – in particular its NDC.

In this sense, with the legally established limitations regarding its competences, as a federative entity that is part of the Federative Republic of Brazil, pursuant to articles 22, 23, 24 and 225 of the Federal Constitution<sup>67</sup>, as well as the provisions of: i) Law 12,187/2009<sup>68</sup> which established the National Climate Change Plan and its respective regulatory decree - Decree 9,578/2018<sup>69</sup>; ii) in the National Forest Code - Law 12.651/2012<sup>70</sup>, in particular in its article 3, item XXVII; iii) in the Law on the National System of Protected Areas – Law 9,985/2000<sup>71</sup>; iv) in the Law of National Public Forests - Law 11.284/2006<sup>72</sup> and v) on REDD+ in Decree 10,144 of November 8, 2019<sup>73</sup> that creates the National

<sup>66</sup> <https://www2.camara.leg.br/legin/fed/decleg/2016/decretolegislativo-140-16-agosto-2016-783505-publicacaooriginal-150960-pl.html>

<sup>67</sup> [http://www.planalto.gov.br/ccivil\\_03/constituicao/constituicao.htm](http://www.planalto.gov.br/ccivil_03/constituicao/constituicao.htm)

<sup>68</sup> [https://www.camara.leg.br/proposicoesWeb/prop\\_mostrarintegra?codteor=841507&filename=LegislacaoCitada+-](https://www.camara.leg.br/proposicoesWeb/prop_mostrarintegra?codteor=841507&filename=LegislacaoCitada+-)

<sup>69</sup> <http://legis.senado.leg.br/norma/30711541/publicacao/30713057>

<sup>70</sup> <http://legis.senado.leg.br/norma/589574/publicacao/15721758>

<sup>71</sup> [http://www.planalto.gov.br/ccivil\\_03/leis/l9985.htm](http://www.planalto.gov.br/ccivil_03/leis/l9985.htm)

<sup>72</sup> [http://www.planalto.gov.br/ccivil\\_03/ato2004-2006/2006/lei/l11284.htm](http://www.planalto.gov.br/ccivil_03/ato2004-2006/2006/lei/l11284.htm)

<sup>73</sup> [http://www.planalto.gov.br/ccivil\\_03/ato2019-2022/2019/decreto/D10144.htm](http://www.planalto.gov.br/ccivil_03/ato2019-2022/2019/decreto/D10144.htm)





REDD+ Commission (CONAREDD) and Ordinance 518/2020<sup>74</sup> on the Forest+ and Carbon+ Program, Voluntary Markets , Public and Private; intends to apply, in accordance with the best technique and science at the state level, the corresponding legal provisions in which it competes in the scope of future "corresponding adjustments" in order to achieve internationally recognized technical and scientific rigor, as long as current national legislation allow it, for which the Thematic Committee on REDD+ was established within the scope of the State Forum on Climate Change.

With regard to paths #1 and #2 and partially in relation to #3, Brazil has a system for allocating emission reductions<sup>75</sup> among the federal level and states, which has already served as a basis for raising international funds through "payments for results", with which the states of Acre and Mato Grosso already have experience.

With regard partially to path #3, in relation to the specific issue of ownership transfer and path #4, of their execution, by virtue of a formal and expressly inserted declaration in the NDC, these are subject to the prior and formal consent of the Federal Government for the purpose of transferring units with regard to actions to be carried out under the UNFCCC and Paris Agreement:

*"The Brazilian Government emphasizes that any transfers of units arising from mitigation results achieved in the Brazilian territory will be subject to the prior and formal consent of the Federal Government". NDC Extract - Page 2.*

In this sense, Tocantins State understands that as long as the current relevant national and international legislation and the scope of subnational authority that supports it, as a federated entity, so determine and allow, and also once the applicable legal and regulatory requirements are complied with at the national level, the technical and scientific rules that determine the "corresponding adjustments" in accordance with international, national and subnational criteria may be applied in the future.

<sup>74</sup> <https://portal.in.gov.br/en/web/dou/-/portaria-n-518-de-29-de-setembro-de-2020-280524591>

<sup>75</sup> <http://redd.mma.gov.br/pt/resolucoes-da-conaredd>



### **13.Environmental, Social and Governance Safeguards (1000 words excluding links and appendices)**

*Please provide a brief description of the steps taken to assess safeguards requirements of ART/ TREES and Supplier 's ability to meet such requirements. The Supplier should outline how all the TREES safeguards (Section 12 of the standard) will be addressed and respected, and how a national system for providing information on safeguards, or subnational equivalent, will inform TREES safeguards conformity.*

*Your response should include an outline of key current gaps in TREES safeguards conformance and plans for gap-filling actions. Subnational Suppliers should outline how safeguards tracking and/or monitoring tools are consistent with national tracking or tools, in particular with the national system for providing information on safeguards.*

*Please provide links to relevant publicly available information (e.g. summaries of information on safeguards as submitted to the UNFCCC and/or provide a link to, or describe, the either digital or analog system for providing information on safeguards).*

The jurisdictional gap assessment on safeguards compliance was conducted using the approach proposed by the ART/TREES standard. For a concept note submission, the jurisdiction must meet (i) the 14 Structural Indicators, which attest that the governance arrangements for the implementation of REDD+ are in place and in line with the safeguards, and (ii) the 16 Process Indicators, which demonstrate institutional capacity and the existence of adequate mechanisms and procedures to implement and comply with the provisions of the governance structure.

Additionally, the ART/TREES standard requires the evaluation of 14 Outcome Indicators that provide evidence that the results of the implemented process are being monitored and that safeguards are being observed. Compliance with the Results Indicators is not mandatory for a submission, but these indicators must be met at the end of the crediting period. Thus, it is also important to ensure monitoring capacity at the outset of the program.

The assessment shows that the State of Tocantins is in good alignment with the safeguard's assessment criteria proposed by the ART/TREES standard, with gaps in two Structural Indicators and four Process Indicators. In general, the national legal and institutional framework, and its implementation at the state level in regard to REDD+ requirements, applies to most of the jurisdictional compliance with the Structural Indicators of safeguards, given that the State is subordinate to the national regulatory structure, in addition to having established institutions with a mandate and capacity for jurisdictional



REDD+ implementation.

Regarding safeguard A, although the State has consistent legislation related to the environment<sup>76</sup>, forests<sup>77</sup> and climate change<sup>78</sup>, and a Plan to Prevent and Control Deforestation and Forest Fires (PPCDIF)<sup>79</sup> updated and approved by COEMA for the five-year period 2021-2025, the main operational instrument for REDD+ actions does not yet have a specific Jurisdictional Program for REDD+ that can demonstrate the integration of these policies and instruments as jurisdictional REDD+ actions. Despite not being possible to demonstrate directly how it observes and recognizes the conventions and agreements on REDD+, Brazil has ratified all relevant international agreements and conventions, such as ILO Convention 169, the Safeguards of Cancun, the Warsaw Framework for REDD+ and the Paris Agreement, which apply to Tocantins as a subnational jurisdiction.

According to existing climate change legislation, Tocantins may establish procedures that allow the integration of REDD+ actions, leveraging existing institutional structures, granting specific competencies for the implementation of jurisdictional REDD+ actions.

Regarding Safeguard B on respect for, protection and fulfillment of the land rights of possession, the State has the entire national and state legal framework that will be supported by the State's Ecological-Economic Zoning, which recognizes indigenous territories and traditional communities, in addition to implementation of CAR<sup>80</sup> validation designed to avoid overlapping land designations with indigenous territories. With regard to the safeguard items related to combating corruption and access to justice, Tocantins relies on effective control bodies such as the State's General Administrative Office and the State's Court of Accounts, in addition to an active ombudsman system. An Environmental Dispute Resolution Chamber was created, with a trained mediator, under the Agreement between SEMARH, NATURATINS, and the Public Ministry and the Court of Justice in 2020. The State is also subject to all

<sup>76</sup> Law N° 261, of February 20, 1991. Provides for the Environmental Policy of the Tocantins State:

<https://www.al.to.leg.br/arquivos/22040.pdf>;

Law N° 1.789, of May 15, 2007. Provides for the State Council for the Environment Tocantins Environment - COEMA / TO;

<https://central3.to.gov.br/arquivo/225868/>

Law N° 1.560, of April 5, 2005. Establishes the State System of Health Units Nature Conservation – SEUC:

<https://central3.to.gov.br/arquivo/225866/>

<sup>77</sup> Law N° 771, of July 7, 1995. Provides for the Forest Policy of the State of Tocantins:

<https://www.al.to.leg.br/arquivos/10725.pdf#:~:text=Disp%C3%B5e%20sobre%20a%20Pol%C3%ADtica%20Florestal,17463>

<sup>78</sup> Law N° 1.917, of April 17, 2008. Institutes the State Policy on Changes: <https://www.al.to.leg.br/arquivos/9165.pdf>

Decree 4.550 of May 12, 2012. Provides for the State Forum on Climate Change: <https://doe.to.gov.br/diario/1991/download>

<sup>79</sup> <https://central.to.gov.br/download/253173>

<sup>80</sup> <https://www.to.gov.br/semarh/car/25wyp2vw2tsd>



national legislation on Transparency and Access to Information and has a transparency portal through which citizens can monitor financial transactions, and other information of interest on the Executive Branch of the State of Tocantins, accessible via the website of the State Secretariat for the Environment of Tocantins<sup>81</sup>.

Despite important advances in terms of structure and processes to ensure participation in decision-making on relevant public policies, including development of the State Forum on Climate Change (FEMC) and its consultative REDD+ Thematic Commission, and the State Environmental Council that are bodies active in the formulation of public policies in a participatory manner, the REDD+ program's governance structure still needs to be designed and consultation processes completed.

The proposal for compliance with safeguards is based on the development of a specific legal framework for the Jurisdictional REDD+ Program in accordance with the goals that the State proposes to achieve, including: (a) a framework and plan for monitoring socio-environmental safeguards; (b) a governance structure and scientific committee necessary for its execution and to guarantee the full and effective involvement of interested parties (including indigenous peoples and traditional communities) in the design and implementation of actions; (c) monitoring and reporting criteria, (d) transparency, conflict resolution (e) emissions accounting and registration systems, (e) financing and benefit distribution; (f) definition and evidence of consistency of REDD+ actions with national and state forest policies and programs; (e) procedures and instruments to recognize and promote relevant international conventions and agreements such as the Paris Agreement, Cancun Safeguards, Warsaw Framework for REDD+ and CBD. The state has the support of the German Technical Cooperation (GIZ) to design these Jurisdictional REDD+ program elements.

Safeguards related to reversal (F) and leakage (G) create specific challenges that are being addressed. The risk of reversal is addressed by the State's maturity in the management of its territory, its high institutional capacity and the strength of its deforestation control plan. In turn, the risk of leakage has been addressed through a coordinated and integrated effort between the states of the Legal Amazon<sup>82</sup> to ensure convergence of efforts and monitoring of forest cover, mitigating the risk of displacement of deforestation activities between jurisdictions that shape the Green Recovery Plan<sup>83</sup>.

In addition, it is important to recognize the medium-term challenge of addressing the Results

<sup>81</sup> <https://www.to.gov.br/semarh>

<sup>82</sup> <https://consorcioamazonialegal.portal.ap.gov.br>

<sup>83</sup> <https://consorcioamazonialegal.portal.ap.gov.br/docs/Plano%20de%20Recuperacao%20Verde.pdf>



indicators. In this sense, the identified gap is related to the ability to monitor compliance with safeguards and providing evidence of results, to comply with the audit requirements of the ART/TREES standard. In this context, the proposal for meeting the Results indicators includes the operationalization and improvement of the results monitoring instruments and the social and environmental safeguards adopted for the state REDD+ efforts with support from GIZ, aligned with the efforts of CONAREDD to structure the national safeguard monitoring system for the National Strategy for REDD+ (ENREDD+).

#### 14. Financial Intermediary (FI)

*Before an ERPA can be finalized, an accredited FI must be identified as a channel for disbursement of funds. FIs will ensure that robust monitoring and reporting procedures on the use of proceeds are in place<sup>84</sup>. If available, please provide the name of the proposed institution(s). Please note there may be multiple candidate institutions.*

The State of Tocantins is in the process of structuring its REDD+ state program with support from the German Technical Cooperation, for the development of a specific regulatory framework for REDD+ and environmental services, which includes, among other provisions, a proposal for a governance structure that defines regulatory bodies for implementing and monitoring the program, such as the State Secretariat for the Environment and Water Resources, responsible for the Climate Change Policy, the State Forum on Climate Change and its Thematic Committee on REDD+ as spaces for multisectorial participation in decision-making REDD+, and an enforcement instrument capable of trading carbon credits in voluntary or regulated markets.

Therefore, the State of Tocantins identifies the following bodies and institutions, which may individually or collectively receive and disburse the funds, for the purposes of serving as a "Financial Intermediary":

**I- Public-Private Company:** The State of Tocantins relies on the State of Tocantins Holdings, Investments and Partnerships Company (Tocantins Partnerships), a privately-held mixed-economy company subject to the State's shareholding control with a high degree of institutional governance.

<sup>84</sup> FI's may be selected from the list of institutions accredited by the Green Climate Fund (GCF) or the Global Environment Facility (GEF). Additional FIs may be assessed for eligibility following a process published on the Emergent website.



Regarding the conceptual definition, instrumental procedures to execute within a financial market suggests the possibility of creating a **Specific Purpose Society** (SPE - acronym in portuguese) with the objective of managing the resources arising from carbon credits, whose legal nature is of a society business with restricted activity to isolate financial risk and reduce tax costs.

It should be noted that Tocantins has established a Provisional Measure, which is already in the Civil House, pending signature and official publication only, which authorizes Tocantins Partnerships to trade environmental assets and carbon credits resulting from environmental and ecosystem services, products related to sustainable forest management and the conservation, maintenance and enhancement of forest carbon stocks in the State.

**II- Public Fund:** The other possibility is the imminent creation of a special fund for the negotiations and execution of actions arising from carbon credits.

The creation of this fund would occur concurrently with the certification phase of the REDD+ Policy already underway in the State of Tocantins, with regard to the conceptual definition, instrumental monitoring procedures and institutional arrangements. The creation of the Special Fund would be carried out within the Tocantins State Secretariat for the Environment and Water Resources, pursuant to Law No. 4,320, of March 17<sup>th</sup>, 1964<sup>85</sup>.

The resources from the sale of carbon credits will be allocated to a specific account; this fund will be considered as a fundraising unit. Funds raised must be applied exclusively to actions, programs, projects and activities to manage carbon credits under the guidance and supervision of a Council through a plan for the application of forest carbon resources.

It is important to note relevant characteristics of the proposed Special Fund, observing the guidelines of Title VII, articles 71 to 74 of Law No. 4,320 of 03/17/1964<sup>86</sup>:

- I. legal security, since it can only be established by law and is exclusively intended to apply to the policy that contemplates carbon credits;
- II. absence of legal personality, so it will be administratively linked to the Secretariat for the Environment and Water Resources;

<sup>85</sup> <http://www2.cml.pr.gov.br/cons/lef/LF4320.htm>

<sup>86</sup> <http://www2.cml.pr.gov.br/cons/lef/LF4320.htm>



- III. despite lacking legal personality, the fund will be registered in the National Register of Legal Entities (CNPJ - acronym in portuguese) and have a dedicated bank account; and
- IV. its Council, within its political-administrative sphere, is the exclusive instance of deliberation on the application of resources.

It should be noted that other possibilities can be considered for the purposes of a transaction with employees of the LEAF Coalition, among the Financial Intermediary possibilities are:

- I. The public structure of the State through its Secretariats of Finance (SEFAZ) and Planning (SEPLAN), which currently administer resources from the World Bank and, therefore, follow all the required international protocols;
- II. The state public structure, but in agreement with a civil society organization in partnership with the State through a cooperation agreement for the execution of resources; A civil society organization appointed by the State, to receive and execute the resources, whose objective is consistent with the activities that can be supported in accordance with the state legislation on REDD+;
- III. Options that can be defined under the scrutiny of the bidder, within the scope of its legal competence, according to its convenience and opportunity.

Considering the experiences of the states of Acre and Mato Grosso in terms of payment for results with different financial intermediaries (one public and the other private from civil society), and considering aspects of governance and compliance with the existing rules, the State of Tocantins understands that the best option for the disbursement of funds would be the public-private company, Tocantins Partnerships, allied with the State Climate Fund in order to gain efficiency in financial execution and reduce potential risks of diversion of purpose.

Tocantins Partnerships will be structured to achieve the accreditation required by the LEAF Coalition, or in an initial phase, assume the management of resources in partnership with an accredited organization. Any of the possibilities mentioned will be duly accredited as required by this CFP.



## 15. Contacts and Implementation Arrangements

*Please describe the key jurisdictional contacts and government entities managing the jurisdictional program and indicate preferences for how subsequent correspondence with your jurisdictions should be handled.*

Contacts of those responsible for the Tocantins Jurisdictional REDD+ Program, preferably contact contacts 2 and 3.

Institution	Focal point	E-mail	phone
1- Governor's Office	[REDACTED]	[REDACTED]	[REDACTED]
2- SEMARH's Office			
3- SEMARH's Board of Directors			

Conteúdo preliminar - a ser atualizado