

*Materials disclosed by Emergent are provided as is and solely for information purposes. Emergent disclaims any loss, liability, or responsibility resulting or arising in connection with the use or in reliance of such materials. Parties should retain their own legal, financial, tax and technical advisors to assist with the review of any such materials.*

# Mato Grosso State's Proposal to LEAF Coalition

July  
2021

## Foreword

We would like to thank Leaf Coalition for the important initiative afforded to sub-national jurisdictions so that we can cooperate effectively to tackle the great challenge of protecting the Earth's climate through the conservation of our forests and protection of the most vulnerable people and communities who directly depend on them. It is worth noting that the drafting of this proposal involved many parties, within the scope of the Mato Grosso Forum on Climate Change (FMMC) and, to some extent, it once again reflects the degree of maturity achieved by the State of Mato Grosso, over the past decade, as regards the participative shaping of the Climate and REDD+ Policy, ensured by its own governance structures, such as the Steering Committee of the REDD+ State System and the FMMC, which provides for the effective contribution of the most diverse segments of civil society. Accordingly, we would like to take this opportunity to express our appreciation to the Earth Innovation Institute (EII), the Amazon Environmental Research Institute [Instituto de Pesquisa Ambiental da Amazônia] (IPAM), the Governors' Climate and Forests Task Force (GCF Task Force), Instituto Centro de Vida (ICV), The Nature Conservancy (TNC), The Sustainable Trade Initiative (IDH), the Produce, Conserve and Include Institute (PCI), the State University of Mato Grosso (UNEMAT), the Mato Grosso Centre of Timber Producers and Exporters [Centro das Indústrias Produtoras e Exportadoras de Madeira do Estado de Mato Grosso] (CIPEM), the Mato Grosso Federation of Indigenous People [Federação dos Povos Indígenas do Estado de Mato Grosso] (FEPOIMT) and the SEMA-MT team [Mato Grosso State Secretariat for the Environment], whose collaboration was crucial to the development of this proposal.

Proposal submitted by the State of Mato Grosso, Brazil

Institution name: Secretaria de Estado de Meio Ambiente [Mato Grosso State Secretariat for the Environment]

Country: Brazil

Focal point's name, title: Mauren Lazzaretti, State Secretary for the Environment

Mailing Address: Palácio Paiaguás, Rua C, s/n, Secretaria de Estado de Meio Ambiente SEMA-MT, CEP 78.049-913

Email address: maurenlazzaretti@sema.mt.gov.br

Telephone: +55 (65) 3613-7326 Brief description of legal authority to represent country or jurisdiction:

As provided for in Art. 10 of LAW No. 9,878/2013, the State Secretariat for the Environment - SEMA/MT is the executing agency, responsible for the implementation of the State REDD+ System, being responsible for formulating proposals for standards, criteria and procedures regarding REDD+ Projects and Programs to be submitted to the Management Board; periodically carrying out the inventory and implementing and managing the accounting and registration of emission reductions and removal increases; conducting the construction of REDD+ Programs, ensuring the active participation of stakeholders and populations potentially involved or affected, including holding public consultations, jointly with the Mato Grosso Forum for Climate Change; implementing and updating the Register of REDD+ projects and actions; approving REDD+ projects, determining the allocation of REDD+ units, authorizing the registration of emission reductions, among other attributions.

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>1</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.

Date of submission: 28<sup>th</sup> July 2021

Name of authorized representative: Mauren Lazzaretti, State Secretary for the Environment of Mato Grosso

Signature: **MAUREN LAZZARETTI:86714104120**


 Assinado de forma digital por MAUREN LAZZARETTI:86714104120  
 Dados: 2021.07.29 17:39:06 -04'00'

<sup>1</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.

## **1 Forest Emission Reduction Targets**

Mato Grosso is an agro-industrial state to have achieved the largest subnational emission reductions (3.5Gt CO<sub>2</sub> by slowing deforestation) around the world, in spite of its increasing agricultural production<sup>2</sup>. Since 2009, the state has undertaken formal jurisdictional commitments to reduce deforestation and forest emissions<sup>3</sup>.

Mato Grosso was one of the founding states of the Governors' Climate and Forests Task Force and a signatory of the Rio Branco Declaration<sup>4</sup>, and had its state law REDD+ approved in 2013<sup>5</sup>.

Shortly before the Paris Agreement, the Government developed an ambitious jurisdictional sustainability strategy to support the transition to low emission rural development, coupled with environmental conservation and social equity. The Produce, Conserve and Include (PCI) strategy<sup>6</sup> reflects the unique context of Mato Grosso, with 21 goals based on the increase of sustainable agricultural and livestock production, while reducing deforestation in the Amazon and Cerrado by 90 and 95 percent, respectively (compared to the average 2001- 2010), in addition to reforesting 29,000 km<sup>2</sup> of environmental liabilities by 2030, eliminating illegal deforestation and promoting the socio-economic inclusion of family farmers<sup>7</sup>.

This strategy presents a state-wide zero net deforestation and zero net forest carbon emissions scenario by 2030, with a mitigation potential of ~6 GtCO<sub>2</sub>. Due to its focus on low carbon production, compliance with environmental legislation and productive inclusion, PCI Strategy is naturally linked to the Brazil's Nationally Determined Contribution (NDC)<sup>8</sup>.

Alongside these actions, the state is executing its Action Plan for the which aims to combat deforestation and forest degradation by means of an innovative monitoring system, among other actions aimed at enforcing environmental regularization.

<sup>2</sup> [http://earthinnovation.org/wp-content/uploads/2014/09/Profile\\_MATOGROSSO\\_2018\\_ENG.pdf](http://earthinnovation.org/wp-content/uploads/2014/09/Profile_MATOGROSSO_2018_ENG.pdf)

<sup>3</sup> [https://earthinnovation.org/wp-content/uploads/2018/09/Stickler\\_et\\_al\\_2018\\_StateJS\\_Synthesis\\_small.pdf](https://earthinnovation.org/wp-content/uploads/2018/09/Stickler_et_al_2018_StateJS_Synthesis_small.pdf)

<sup>4</sup> <https://www.gcftf.org/>

<sup>5</sup> <http://www.sema.mt.gov.br/site/index.php/unidades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/487-sistema-estadual-de-redd-de-mato-grosso>

<sup>6</sup> <https://pcimt.org/>

<sup>7</sup> <https://pcimt.org/index.php/pt/monitoramento>

<sup>8</sup> <https://www4.unfccc.int/sites/NDCStaging/Pages/Party.aspx?party=BRA>

The goals established for 2021-2024 are reducing deforestation rates in the Amazon by approximately 53% compared to the baseline (2016-2020), reaching 836km<sup>2</sup> in 2024. The goal for the Cerrado is not to exceed 516km<sup>2</sup> of deforested area at the end of the period. Furthermore, it seeks to contribute to the commitment of eliminating illegal deforestation in the state.

With a view to reinforcing its ambition to reduce global warming, Mato Grosso has joined the Under2 Coalition<sup>10</sup>, whose governments' goals are: limiting temperature increase below 2°C, reducing emissions by 80-95% below 1990 levels, and zeroing net emissions by 2050.

Given the achievements of deforestation reductions and its legal framework, in 2017 the State signed an international agreement with the German government to implement the REM (REDD+ Early Movers) Program<sup>11</sup>, based on payment by REDD+ results, whose performance trigger should keep the Amazon deforestation rate below 1788km<sup>2</sup> until 2021.

Mato Grosso has recently developed its Decarbonisation Pathway<sup>12</sup> and estimates point to zero net emissions in 2031, as a result of the implementation of jurisdictional package based on the control of deforestation, the intensification of agricultural and livestock production and the expansion of forest cover. By adopting new technologies and better managing natural resources, the state will reduce 95% of the net emissions from the last 10 years.

---

<sup>9</sup> <http://www.sema.mt.gov.br/site/index.php/component/phocadownload/category/336-planos-de-a%C3%A7%C3%A3o> – Please see Annex I for the goals of the 4th phase of the Plan.

<sup>10</sup> <https://www.theclimategroup.org/under2-coalition>

<sup>11</sup> <https://remmt.com.br/> Document in Annex IV.

<sup>12</sup> <http://www.sema.mt.gov.br/site/index.php/idades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/488-projetos> Ver Anexo VII.

## 2. Progress towards, or readiness to meet (non-safeguards elements of)

### ART/TREES requirements

Based on the ART TREES standard gap assessment conducted by experts at the request of Earth Innovation Institute<sup>13</sup> and UNDP<sup>14</sup>, Mato Grosso meets the eligibility criteria and has the information required to complete the Concept Note. As State, it is a jurisdiction, one level down the national one, whose REDD+ program<sup>15</sup> has state-wide coverage, which accounting area is comprised by 48.21 million hectares of forest<sup>16</sup>, above that required by the standard.

Regarding the national Letter of Authorization required for subnational jurisdictions, Brazil has already sanctioned a system for domestic allocation<sup>17</sup> of fundraising limits to federal and state governments for the purpose of payment by results and may issue a letter of authorization according to current regulations. This system was used previously for the Government of Mato Grosso and REM Programme Financial Cooperation Agreement (see Annex IV). The state established a Working Group, with technical advice from partners, to carry out technical and legal analyses of opportunities for the implementation of jurisdictional REDD+ in Brazil, as subsidies for the negotiations seeking to obtain the Letter of Authorization.

Overall, the state's compliance level is approximately 62% of the requirements set by the ART TREES standard and has gaps at different levels<sup>18</sup> for 38% of such requirements. The main challenges are technical, for incorporating forest degradation in the estimates and analysis of errors and uncertainties.

SEMA-MT is currently at the stage of exploring existing approaches and methodologies that could be integrated into the current degradation monitoring system in the State of Mato Grosso. The aim is to use remote sensing products that are already being developed at the state level, such as the mapping of forestry exploration that has been carried out since 2017, in a way combined with data from other sources of information, as Mapbiomas Fogo to integrate the data from the forest fires, in order to assist in the detection of pixel-level disturbances and mapping of forest degradation in the state.

It is noteworthy that, in July 2021, SEMA-MT created the Task Force to build the methodology for monitoring forest degradation in the State of Mato Grosso in partnership with the technical institutions IPAM, TNC, ICV, EII and IDH. This Task Force

will hold periodic meetings to support technical discussions to develop a robust methodology for the State of Mato Grosso to effectively monitor forest degradation and its GHG emissions/removals.

In the first quarter of 2022, a technical seminar will be carried out by Mato Grosso Forum on Climate Change (FMMC) with experts from INPE and partner institutions, as well as technicians from the Environmental State Secretariats of the Legal Amazon, aiming to evaluate and integrate available methodological tools and technologies, to fulfill the requirements of ARTTREES. Based on the results of this seminar, a methodological report with MRV guidelines for forest degradation will be set and, through technical assistance, a specialist will be hired to run the implementation of the forest degradation monitoring system and the quantification of forest emissions remaining in the State of Mato Grosso.

With regard to removals, the SEEG 8 collection incorporated the land use changes provided by the Mapbiomas database to calculate removals by secondary vegetation, removals in protected areas and removals by other land use changes. Therefore, the estimates generated by SEEG can be a potential basis to be used in calculating the crediting level of removals for ARTTREES. The removal factors used are from the LULUCF reference report of the Third National Inventory of Emissions and Removals (MCTI, 2015).

---

<sup>13</sup> Boston Consulting Group study: elements for a jurisdictional REDD+ approach for Mato Grosso, (Annex II).

<sup>14</sup> Analysis of jurisdictional eligibility for emerging forest market standards. Waycarbon Consulting commissioned by UNDP, 2020. Study presented in Annex III.

<sup>15</sup> State REDD+ System, Law No. 9.878/2013: <  
<http://www.sema.mt.gov.br/site/index.php/unidades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/487-sistema-estadual-de-redd-de-mato-grosso>>

<sup>16</sup> Area calculated based on FAO definition and improved by the Brazilian Forest Service (SFB) used by Brazil in its last national communication:  
<https://unfccc.int/sites/default/files/resource/4a%20Comunicacao%20Nacional.pdf>

<sup>17</sup> Brazilian National REDD+ Commission - CONAREDD+, Resolutions N° 6, 14 and 17:  
<http://redd.mma.gov.br/pt/resolucoes-da-conaredd>

<sup>18</sup> The level of compliance considering the effort/progress of the jurisdiction to meet the TREES requirements: full compliance, no effort, under development or effort exists but needs adjustment.



Aiming to generate greater REDD+ benefits, the state will submit its concept note by July 2022 and relies on a compliance plan (Annex II), with actions that must be developed to bridge the gaps and prepare the Programme Registration Document, to be submitted by December 2022.

To achieving compliance with the standard, the state relies on the technical support from the Governors' Climate and Forests Task Force - GCFTF and the network of partners that participate in the implementation of the Mato Grosso REDD+ System, through the Mato Grosso Climate Change Forum and the REDD+ Management Board<sup>19</sup>, to outline the proposal to be submitted, as well as to fill the gaps already identified. The proceeds from payment by results of the REDD+ for Early Movers (REM) Programme earmarked for institutional strengthening will support the implementation of part of the compliance plan.

### 3. Capacity building/technical assistance needs

Even though the state of Mato Grosso has its State REDD+ System established by Law no. 9.878/2013<sup>20</sup> being implemented since then, with payment by results from the REDD+ for Early Movers (REM) Programme being made, it still presents compliance gaps for 38% of the requirements (non-safeguards) demanded by ART TREES.

The biggest challenges to address the gaps are related to the quantification of emission reductions (ERs) because degradation data were not incorporated in the emission reduction estimates, as well as uncertainty analyses or double counting, which can affect their integrity, as summarized in the table below:

Topic	Gap	Pathway to Compliance: needs
-------	-----	------------------------------

<sup>19</sup> <http://www.sema.mt.gov.br/site/index.php/decisao-colegiada/conselho-gestor-do-sistema-estadual-do-redd>

<sup>20</sup> <http://www.sema.mt.gov.br/site/index.php/unidades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/487-sistema-estadual-de-redd-de-mato-grosso>

<p>Planning REDD+ actions</p>	<p>Although the REDD+ system is under implementation, the Plan for the Prevention and Control of Deforestation and Forest Fires (PPCDIF), main instrument to address deforestation and degradation, is still in process of being updated based on the current context of its drivers.</p>	<p>The studies to define the pathways for decarbonisation of economic activities. The PPCDIF will be updated by August 2021, addressing the current context of the drivers of deforestation and forest degradation.</p>
<p>Quantification of emission reduction</p>	<p>Emissions from remaining forests are not estimated; Forest degradation must be incorporated in the emission reduction estimates.</p>	<p>Consultancy to evaluate and indicate the methodology for quantifying emissions from remaining forests and to develop a robust and transparent methodology for monitoring degradation, Training of SEMA staff to incorporate degradation into the environmental monitoring routine.</p>
	<p>Minimum unit mapped according to forest definition: The state adopts official national deforestation data <sup>21</sup> and the minimum mapped unit is not compatible with the forest classification (6.25ha vs 1ha),</p>	<p>PRODES has the capacity to attend the requirement. Coordination between the States to request this information. Meanwhile, the state will adopt measures to secure the conservatism of estimates. As an alternative to official data, Brazil relies on MAPBIOMAS<sup>22</sup>, that produces land cover and land use data that meets the standard's requirements which can potentially be used.</p>
<p>Integrity of carbon credits</p>	<p>Uncertainties of both activity data and emission factors remain to be analysed.</p>	<p>Consultancy to evaluate the FAO Monte Carlo Simulation tool in the context of AFOLU, as well as training SEMA to incorporate uncertainty</p>

<sup>21</sup> PRODES performs satellite monitoring of clear-cut deforestation in the Legal Amazon: <http://www.obt.inpe.br/OBT/assuntos/programas/amazonia/prodes>

<sup>22</sup> <https://mapbiomas.org/produtos>

		analysis into its monitoring routines.
	Double count: Mato Grosso lacks measures to avoid double use or double claims	<p>The state will regulate the nesting requirements of private projects and will adopt measures to mitigate double claiming of ERs.</p> <p>Technical advice to design the accounting system for the uses of ERs. The State is willing to open an account in the ART TREES registry, but 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.</p>
<p>Gaps and needs for safeguards will be part of the section 13. The details of the Compliance Plan are shown in Annex II.</p>		
<p><b>4. High Forest Low/Deforestation (HFLD)</b></p> <p>Not applicable.</p>		
<p><b>5. Estimate of ART/TREES crediting level(non-binding)</b></p> <p>The estimates on the generation of credits for reducing emissions in the state of Mato Grosso upon application of the eligibility criteria of the ART TREES standard for the period established in the Leaf Coalition CFP, between 2022 and 2026, were based on the Programme for Monitoring Deforestation of the Brazilian Amazon Forest by Satellite (PRODES), which provides official deforestation data for the</p>		

Amazon and Cerrado biomes.

The mapping produced by PRODES covers a minimum area of 6.25 hectares and corresponds to the period from August to July of each year. Data is available in two forms: rate and increment. The increment values available up to 2020 were used for estimating the level of credit. It is assumed, therefore, that deforestation in 2021 was analogous to the increment obtained in 2020.

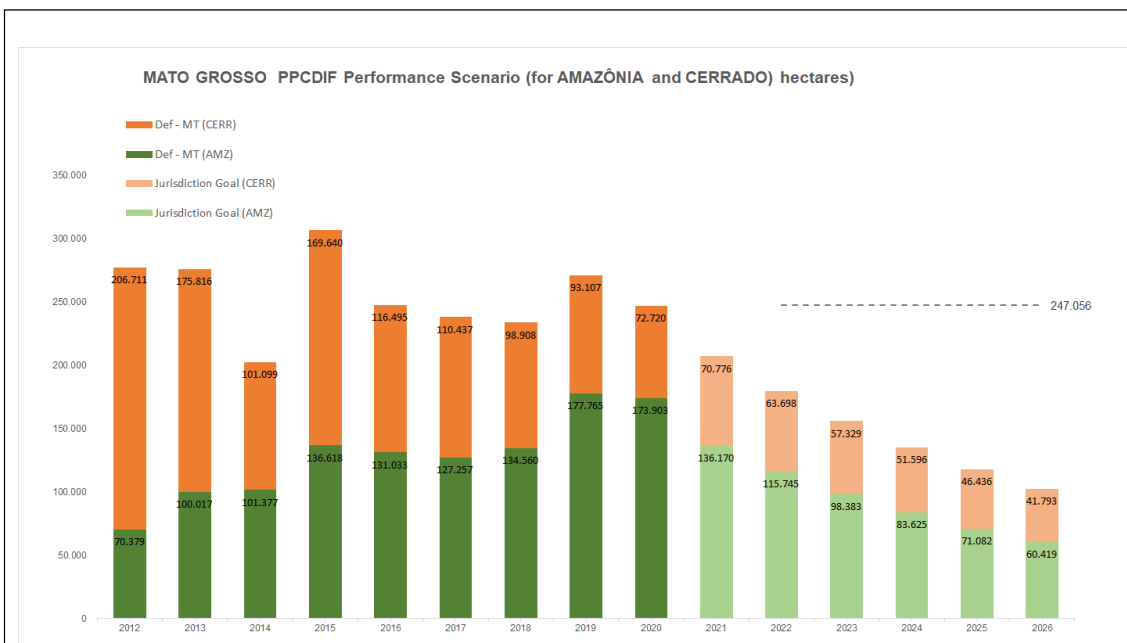
The reduction targets set in the 4th phase of the Action Plan for Prevention and Control of Deforestation and Forest Fires in Mato Grosso <sup>23</sup> (PPCDIF-MT), defined by biome (Amazon and Cerrado), were applied to calculate emissions between 2022 and 2026.

These reduction targets are based on the average deforestation recorded in the period ranging from 2016 to 2020, according to PRODES Amazon and PRODES Cerrado, so, for the Amazon biome, a 15% reduction per year was applied starting in 2021 and, for the Cerrado biome, 28% in 2021 and 10% per year in the following years. Thus, the expected deforestation between 2022-2026 represents the sum of the targets for both biomes.

The crediting level, represented by the average deforestation between 2017 and 2021, according to methodological criteria established by ART TREES, was calculated based on the sum of annual deforestation increments for the Amazon and Cerrado (247 thousand hectares), as shown in the graph below.

---

<sup>23</sup> Table of goals established for the 4th phase of PPCDIF (Annex I)

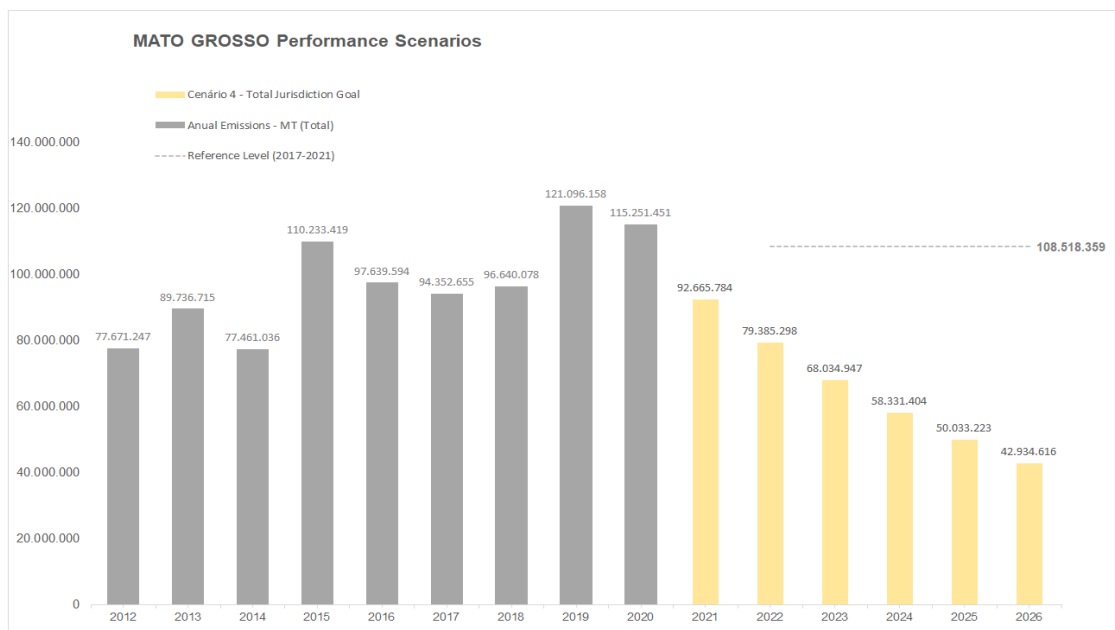


To convert annual deforestation into CO<sub>2</sub> emissions, the deforested area (activity data) was multiplied by the biome's average carbon stock (emission factor) and, finally, by the conversion factor of tons of carbon to equivalent CO<sub>2</sub>, defined on 44/12.

The average stocks found for the Amazonia and Cerrado were 160,77 and 47,73 tC/ha respectively and they were calculated using the weighted average by area of the phytophysionomies according to data made available by the Fourth National Communication in the reference report of the Land Use and Forest Sector.<sup>24</sup>

For estimation of the annual volumes of credits generated by avoided deforestation, it was used the deforestation rate targets per year converted to tons of CO<sub>2</sub>eq, subtracted from the crediting level converted into emissions (108.5 million tons of CO<sub>2</sub> equivalent), as shown in the graph below.

<sup>24</sup> [https://sirene.mctic.gov.br/portal/export/sites/sirene/backend/galeria/arquivos/2018/10/11/RR\\_LUL\\_UCF\\_II\\_CN.pdf](https://sirene.mctic.gov.br/portal/export/sites/sirene/backend/galeria/arquivos/2018/10/11/RR_LUL_UCF_II_CN.pdf)



Additionally, a simulation was carried out based on the data from Mapbiomas project<sup>25</sup> produced by the baseline of the Decarbonisation Pathway project<sup>26</sup> (as shown in detail in the “Mapbiomas\_simulation” file in the attachments folder), in order to verify what would be the state's performance according to such database, as well as to raise some methodological gaps that still remain to be studied and remark some important considerations in light of compliance with the requirements of the ART/TREES standard.

## 6. Annual target ERs (non-binding)

The annual emission reduction targets for the state of Mato Grosso are shown in the table below. Annual volumes totalled 243,872,305 million tons of CO2 equivalent at the end of the period. By deducting the percentages corresponding to leakage (20%) and buffer (15% in the case of MT, due to mitigation factors #1 and #3), we have a net crediting volume of 158.516.998 million tons of CO2.

It is worth mentioning that these estimates do not contemplate the 40% discount by the Federal Government, as defined by CONAREDD+ resolution no. 6.

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

<sup>26</sup> <http://www.sema.mt.gov.br/site/index.php/idades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/488-projetos> - Please, see study in Annex IV.

However, the State of Mato Grosso is committed to observing all legislation in for at the time of the transaction of potential REDD+ results, with a view to avoiding the risk of double counting and not to compromise the Brazilian NDC.

<b>Annual ER target (non-binding) - PRODES</b>		
<b>Delivery by the end of (year):</b>	<b>Amount (range, measured in tonCO2 eq)</b>	<b>Year of credit (August to July)</b>
2023	29.133.060	2022
2024	40.483.411	2023
2025	50.186.954	2024
2026	58.485.136	2025
2027	65.583.743	2026

## **7. Policies and Measures**

Mato Grosso has always been at the forefront when it comes to establishing public policies and implementing programmes and projects focused on the environment and forest protection. It was the first state to implement a state system of conservation units, Decree n. 1.795/1997<sup>27</sup>. In 1998, it enacted the State Environmental Code (Supplementary Law No. 38/1995<sup>28</sup>).

From a strategic point of view, the National Policy on Climate Change and the Forest Code provide the main guidelines for REDD+ actions in Brazil. In this sense, Mato Grosso was a pioneer in the establishment of environmental management systems in Brazil. In 2000, Mato Grosso created a rural property licensing system using remote sensing and a Geographic Information System - GIS, called the Rural Property Licensing System (SLAPR). It undertook state forest management even before the publication of the Law on Public Forests (Law No. 11.284/2006<sup>29</sup>), which assigned this task to the states.

<sup>27</sup> <https://www.iomat.mt.gov.br/ver-pdf/11921/#/p:1/e:11921>

<sup>28</sup> <http://app1.sefaz.mt.gov.br/sistema/legislacao/LeiComplEstadual.nsf/9733a1d3f5bb1ab384256710004d4754/589a53ac84391cc4042567c100689c20?OpenDocument>

<sup>29</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)

In 2005, it established the State Forestry Policy (Complementary Law no. 233/2005<sup>30</sup>). In 2008, it launched the Mato Grosso Programme for Rural Environmental Legalization (MT-Legal Program), with the purpose of promoting the regularization of rural properties and possessions and to include them in the Rural Environmental Registration System (SiCAR), by encouraging voluntary registration of properties (Supplementary Law No. 343/2008<sup>31</sup>). The Programme was the embryo of the national Rural Environmental Registry (CAR), the main instrument for environmental regularization provided in the Forest Code (Law nº 12.651/2012<sup>32</sup>; Law no. 592/2017<sup>33</sup>), since the first stage of the regularization process proposed by MT-Legal consists of the Rural Environmental Registry <sup>34</sup>(CAR).

At the tactical-operational level, Brazil has developed action plans to prevent and control deforestation in the Amazon and Cerrado biomes, which are, so far, the main instruments for integrating and articulating REDD+ initiatives, namely: Action Plan for Prevention and Control of Deforestation in the Legal Amazon (PPCDAM); and Action Plan for the Prevention and Control of Deforestation and Fires in the Cerrado – PPCerrado.

Similarly, in 2010, Mato Grosso implemented its Plan for Prevention and Control of Deforestation and Fires (PPCDQ<sup>35</sup>), which is now in its 4th phase (2021-2024) called PPCDIF, which aims to combat deforestation and forest degradation through an innovative monitoring system, among other actions aimed at effecting environmental regularization. The goals established for the 4th phase (2021-2024) are approximately 53% reduction in deforestation rates in the Amazon, compared to the baseline (2016-2020), reaching 836km<sup>2</sup> in 2024. The same is projected for the Cerrado, the goal being not to exceed 516km<sup>2</sup> of deforested area at the end of the plan's period of validity. Furthermore, it seeks to contribute to the commitment to eliminate illegal deforestation in the state. The State Decree 1.160, enacted on October 25<sup>th</sup> 2021, institutes the PPCDIF/MT targets for the period 2021-2024.

In 2013, it approved the creation of the State System for Reducing Emissions from Deforestation and Forest Degradation, Conservation, Sustainable Forest Management and Increase in Forest Carbon Stocks (REDD+), by means of Law no. 9,878<sup>36</sup>. In 2011, it established the Mato Grosso Climate Change Forum (FMCC)<sup>37</sup> which, by bringing together various sectors of society, holds several discussions and collective constructions, two of which resulted in important state laws: Ordinary Law no. 9.878/2013 of the State REDD+ system,



and Complementary Law no. 582/2017<sup>38</sup>, which institutes the State Policy on Climate Change, which institutes the state Climate Change Policy to advance its climate goals.

It carried out, from 2014 to 2017, the Sustainable Mato Grosso Project<sup>39</sup>, with funds from the Amazon Fund, focusing on state conservation units and 40

---

<sup>30</sup><http://app1.sefaz.mt.gov.br/sistema/legislacao/LeiComplEstadual.nsf/9733a1d3f5bb1ab384256710004d4754/4f42663cdf699582042570f2004f4aa2?OpenDocument>

<sup>31</sup><http://app1.sefaz.mt.gov.br/sistema/legislacao/LeiComplEstadual.nsf/9733a1d3f5bb1ab384256710004d4754/53c375c601f136810425753d00718339?OpenDocument>

<sup>32</sup> [http://www.planalto.gov.br/ccivil\\_03/ato2011-2014/2012/lei/l12651.htm](http://www.planalto.gov.br/ccivil_03/ato2011-2014/2012/lei/l12651.htm)

<sup>33</sup>[http://app1.sefaz.mt.gov.br/sistema/legislacao/LeiComplEstadual.nsf/9733a1d3f5bb1ab384256710004d4754/2934486634343a9c8425812f005b9c6e?OpenDocument#\\_59h2ki8239t6l0j259l2ksl21a8g4t9p06ksj4b108h2i0chm4124a](http://app1.sefaz.mt.gov.br/sistema/legislacao/LeiComplEstadual.nsf/9733a1d3f5bb1ab384256710004d4754/2934486634343a9c8425812f005b9c6e?OpenDocument#_59h2ki8239t6l0j259l2ksl21a8g4t9p06ksj4b108h2i0chm4124a)

<sup>34</sup> <https://www.car.gov.br/#/sobre>

<sup>35</sup> <http://www.sema.mt.gov.br/site/index.php/component/phocadownload/category/336-planos-de-a%C3%A7%C3%A3o>

<sup>36</sup> <https://www.al.mt.gov.br/legislacao/5834/visualizar>

<sup>37</sup> <http://www.sema.mt.gov.br/site/index.php/decisao-colegiada/forum-de-mudancas-climaticas>

<sup>38</sup> <https://www.al.mt.gov.br/legislacao/14796/visualizar>

<sup>39</sup> <http://www.sema.mt.gov.br/site/index.php/parceiros/118-fundo-amazonia-mato-grosso-sustent%C3%A1vel>

municipalities in the Legal Amazon.

In 2015, it launched the Produce, Conserve and Include (PCI) Strategy<sup>40</sup>, today PCI Institute<sup>41</sup>, which seeks to consolidate a robust, low-carbon state economy in its territory, combined with environmental conservation and social equality. For all its efforts to reduce deforestation, the State was granted, in 2017, the REDD Programme for pioneers, REM<sup>42</sup>, through which it has implemented relevant actions to combat deforestation.

It has recently built a Decarbonisation Path (see Annex VII), which sets emission reduction targets and priority actions for achieving them. It is currently completing the review of the 4th Phase of the PPCDIF<sup>43</sup>, which should guide actions to control and combat deforestation and forest fires by 2024.

## **8. Use of Proceeds**

REDD+ initiatives should involve all stakeholders in society that maintain standing forests, such as Indigenous Peoples, traditional communities, actors of the agricultural frontier and public and private institutions, which receive technical and financial support to promote the conservation of forests, so as to contribute to sustainable development, adaptation and mitigation of climate change.

There are three main approaches for the distribution of benefits related to REDD+ outcomes. The first one follows the flow criterion, in which REDD+ benefits are distributed according to the contribution to reducing deforestation. The second approach is the stock approach, whereby those who hold and protect the largest forest stocks are rewarded, and the third approach, stock-flow, combines these two criteria. At the federal level, CONAREDD+ uses the Stock-Flow approach to establish the limits for raising and distributing REDD+ proceeds to the States.

The State of Mato Grosso benefited from the REM Programme (REDD Early Movers)<sup>44</sup> at the end of 2017 and received €44 million from the Governments of

---

<sup>40</sup> <http://pci.mt.gov.br/?tipos=decretos>

<sup>41</sup> <https://www.pcimt.org/index.php/pt/institucional/o-instituto-pci>

<sup>42</sup> <https://remmt.com.br/>

<sup>43</sup> For a table of targets of the PPCDIF, please refer to Annex I

<sup>44</sup> <https://remmt.com.br/>

Germany and the United Kingdom, as Payment by Results for the reduction of more than 90% of deforestation from 2004 to 2014. In order to implement the REM MT Programme, it had to establish a benefit sharing strategy which would guide the planning of the Programme and its investments.

The state of Mato Grosso adopted the Stock-Flow approach for the REM Programme, with a view to better integrating it with the National REDD+ Strategy. With this approach, the contribution of different groups of beneficiaries to forest protection could be parameterised, both those who kept the forests intact and those who reduced their deforestation rates. This strategy was further established on the following principles:

- Benefits at the local level: Most of the resources should directly benefit local producers (farmers, traditional populations and indigenous peoples);
- Stock/Flow Balance: Benefit sharing should encourage actions to reduce deforestation on the agricultural frontier, and also reward actors who have traditionally protected forests;
- Commitment to reducing deforestation: Being governed by a commitment to eliminating illegal deforestation and reducing legal deforestation;
- Strengthening public policies and additionality: The resources have come to strengthen public programmes and policies, without replacing, displacing resources or even being the justification for reducing public budgets in the environmental area.

The preparation of the Benefit Sharing Strategy for the REM MT Programme<sup>45</sup> relied on a broad process, consistent with the principles established by the State's REDD+ policy, including socio-environmental safeguards for a fair and balanced allocation of benefits with greater legitimacy and transparency in the eyes of society. Likewise, it is expected to develop a similar process within the scope of LEAF/ARTTREES, seeking to promote greater capacity for future monitoring and strengthen the representation structures of society, such as the Climate Change Forum and the REDD+ Management Council, which exercise the role of control and debate on the distribution of benefits.

The WG - Benefit Sharing was created within the scope of the Mato Grosso Forum on Climate Change, and received important technical support from IPAM for

preparing the calculation methodology and weighting criteria, with contributions from over 80 local actors, chosen according to criteria of representativeness of the possible beneficiaries.

The methodology adopted estimated the annual contribution of the various beneficiaries of the carbon flow and stock by land tenure category. Using the participatory governance structure and consultation processes, these data supported the WG on benefit sharing, which established the following distribution for the sub-programmes:

- 40% of the resources allocated to the Institutional Strengthening Sub-programme to support environmental, social and economic development policies implementation, in addition to the command, control and inspection actions of public policies;
- 60% of the funds allocated to direct beneficiaries were divided into three Sub-Programmes, as follows: (1) Family Farming and Traditional Peoples and Communities; (2) Sustainable Production, Innovation and Markets; (3) Indigenous Territories. The Indigenous Territories Sub-programme was developed from a joint process with the beneficiaries, which included 43 indigenous peoples from Mato Grosso, 1,500 people involved in the process<sup>46</sup>.

With regard to the benefits which have already been monitored in the period of execution of the REM MT are: 8,440 families assisted in the Subprogram Family Agriculture and Traditional Peoples and Communities, 41 indigenous peoples benefited from the Emergency Plan and 1,102 properties assisted by the technical assistance (ATER) to increase the productivity of the beef cattle farming with a reduction in environmental liabilities and without the incorporation of new areas. Furthermore, the adopted low-carbon practices, the recovery of degraded areas and environmental liabilities, among other activities that demonstrate sustainable economic alternatives, are combined strategies to reverse the current deforestation rate and foster the perspective of an economic recovery combined with the environmental issue.

As to the current dynamics of land use change, according to PRODES data, in the period from 2015 to 2020, the State of Mato Grosso recorded a 926,000 hectares reduction in vegetation cover in the Amazon biome and 660,093 hectares in the Cerrado. Taking into account the period from August 2019 to July 2020, the deforestation rates were 176,700 hectares in the Amazon and 72,700 hectares in the Cerrado.

As a response, since 2019, Mato Grosso has been using the Planet Satellite Monitoring Platform, alongside coordinated actions between SEMA and other state agencies to halt deforestation in the countryside. These efforts have resulted in a record BRL 3.8 billion in fines and the task force to ensure that lawsuits do not expire, and fines are paid.

For the purposes of a transaction with collaborators of the LEAF Coalition, the State of Mato Grosso will rely on the benefit sharing strategy established for the REM-MT Programme while keeping the Stock-Flow approach, and considering a broad consultation process with the benefited actors and the integration with the National REDD+ Strategy. Besides these elements, it is expected to incorporate new weighting criteria to the methodology based on:

- Present and future climate vulnerability studies<sup>47</sup> of agricultural production for soybeans, corn, cotton and beef cattle, for the State of Mato Grosso, from 1985 to 2050. Prepared in 2020 by the team led by Professor Eduardo Assad, an Embrapa researcher;
- Decarbonisation pathway of the State of Mato Grosso<sup>48</sup>. Prepared in 2021 by the Mato Grosso State Secretariat for the Environment in partnership with The Climate Group, Winrock International, Centre for Climate Strategies and the Governors' Climate and Forest Task Force;
- Socio-economic vulnerability analysis, to be developed in the second half of 2021, aimed at a fair weighting in the distribution of benefits for more vulnerable populations.

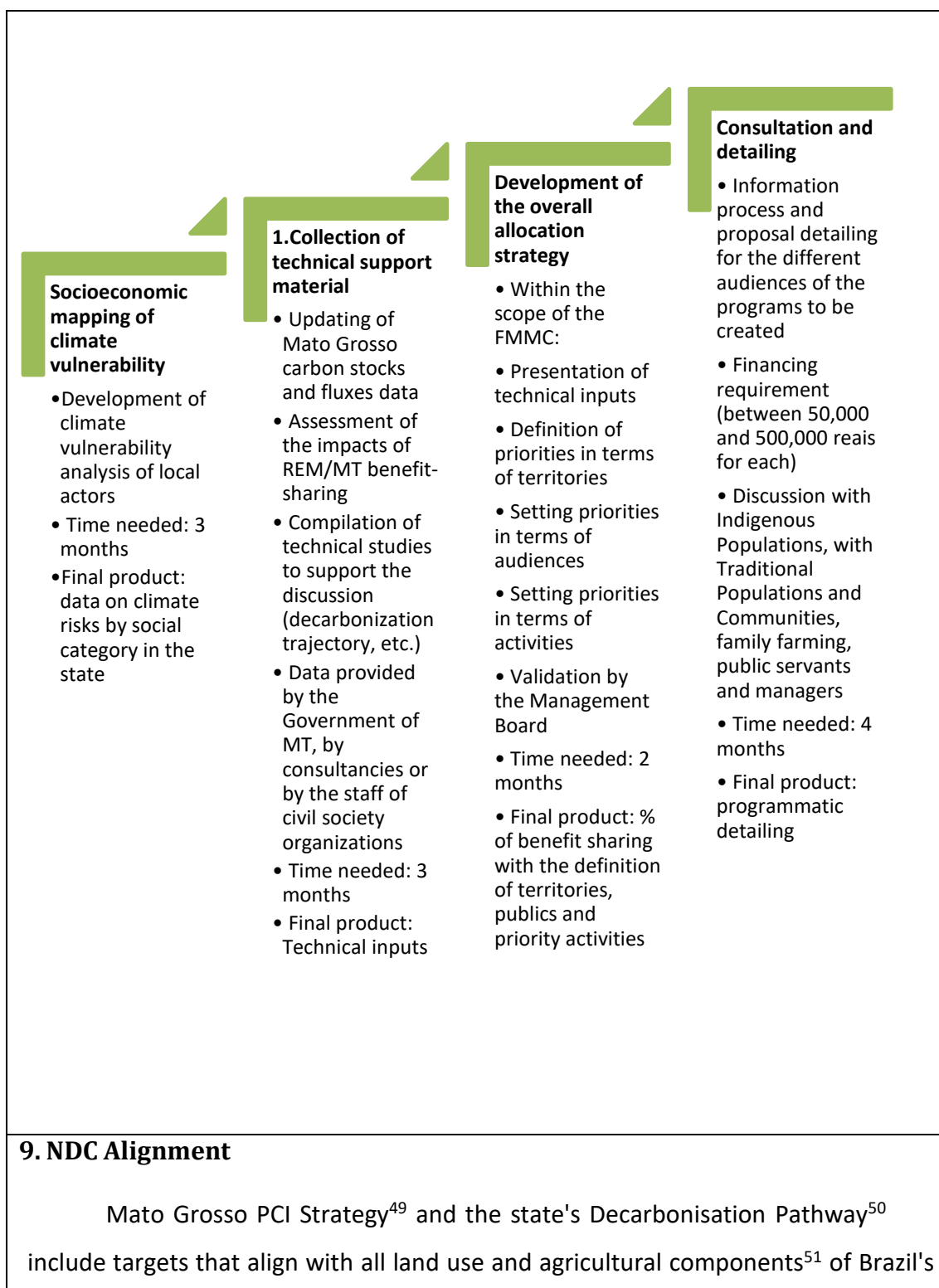
However, it is possible to indicate that LEAF resources will be used to enhance the actions already in place to implement the Forest Code (command and control, field inspection of environmental policies) and to move forward to achieve zero illegal deforestation. The LEAF resources also can complement the REM-MT Programme resources for the full implementation of the Indigenous Territories Sub-programme, currently partially attended.

A proposal to consult interested parties in the State of Mato Grosso can be seen below is. It is worth reminding that a transversal work of training the involved actors will be necessary so that they can contribute in a qualified way in the consultations.

---

<sup>45</sup> <http://www.mt.gov.br/-/10106925-reparticao-dos-beneficios-do-programa-rem-e-aprovada-por-conselho-estadual>. Benefit Sharing Document in Annex V.

<sup>46</sup> [https://www.icv.org.br/projeto\\_especial/rem-mt-subprograma-territorios-indigenas/](https://www.icv.org.br/projeto_especial/rem-mt-subprograma-territorios-indigenas/)



<sup>47</sup> <http://www.sema.mt.gov.br/site/index.php/sema/noticias/5220-f%C3%B3rum-apresenta-estudo-de-vulnerabilidade-na-agropecu%C3%A1ria-de-mato-grosso> - Please, see study in Annex no Anexo VI.

<sup>48</sup> <http://www.sema.mt.gov.br/site/index.php/idades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/488-projetos> - Please, see study in Annex IV.

<sup>49</sup> <https://pcimt.org/>

<sup>50</sup> <http://www.sema.mt.gov.br/site/index.php/idades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/488-projetos> Ver Anexo VIII.

<sup>51</sup> [https://www.forest-trends.org/wp-content/uploads/2017/09/doc\\_5617.pdf](https://www.forest-trends.org/wp-content/uploads/2017/09/doc_5617.pdf)

NDC<sup>52</sup>. Therefore, the State is committed and will contribute directly to the implementation of the established targets, dedicating its efforts and application of revenues, as shown in the table below:

Sectors	Brazilian NDC targets	State actions/targets
Land use sector	Strengthening compliance with the Forest Code at the federal, state and municipal levels.	Registration of 100% of rural properties and consolidation of analysis and validation processes of the Rural Environmental Registry (CAR); Fostering the regularization of environmental liabilities by monitoring the adherence on Environmental Regularization Programme (PRA) and approving the Restoration Degraded Areas projects (Pradas).
	Strengthening of policies and measures aiming at achieving, in the Brazilian Amazon, zero illegal deforestation by 2030 and the compensation of greenhouse gas emissions from legal vegetation suppression by 2030	Implementing the PPCDIF/MT <sup>53</sup> by employing command and control tools through constant monitoring and surveillance, remote inspection, accountability and criminalization of offenders; Strengthening Terra a Limpo Program <sup>54</sup> by promoting land tenure regularization of 70% of rural settlement by 2030; Expanding technical assistance and rural extension (ATER) for family agriculture by 100% by 2030; Expanding the participation of family agriculture products in the domestic market by 70% by 2030, improving logistics and outflow of production; Encouraging the adoption of

<sup>52</sup> <https://www4.unfccc.int/sites/NDCStaging/Pages/Party.aspx?party=BRA>

<sup>53</sup> <http://www.sema.mt.gov.br/site/index.php/component/phocadownload/category/336-planos-de-a%C3%A7%C3%A3o> – See table of targets for the 4th phase of the PPCDIF in Annex I.

<sup>54</sup> <http://www.intermat.mt.gov.br/terra-a-limpo>



		sectoral strategies and business commitments such as the Novo Campo Program <sup>55</sup> and instruments to monitor the traceability of the production chain.
	Restoration and reforestation of 12 million hectares of forests by 2030, for multiple uses	Development of a state payment for environmental services programme linked to the goals of restoring 1Mha of permanent preservation areas (APP) by 2030 and; Fostering the forest economy and the economic use of forests in order to reach the goal of regularising 5.8Mha (1.9Mha by restoring) of Legal Reserves by 2030.
	Expansion of the scale of sustainable management systems of native forests by using georeferencing and traceability systems for the management of native forests, with the aim of discouraging illegal and unsustainable practices	Expansion of the area under sustainable forest management to 6Mha by 2030, with a view to creating mechanisms for satellite monitoring and timber traceability, fostering production chains that work exclusively with legal timber and encouraging the adoption of forest certification and verification of origin systems.

<sup>55</sup> [https://www.icv.org.br/projeto\\_especial/programa-novo-campo/](https://www.icv.org.br/projeto_especial/programa-novo-campo/)

Agriculture and Livestock Sector	Strengthening the Low Carbon Emission Agriculture Plan (ABC Plan) <sup>56</sup> as the main strategy for sustainable development in agriculture, thereby contributing to the additional restoration of 15 million hectares of degraded pastures by 2030;	Expanding and increasing the efficiency of agricultural and livestock production through the recovery of 6Mha of degraded pastures by 2030 (2/5 of the national target), through the intensification of livestock in 2.5Mha, and conversion to agricultural areas in 3Mha and 0.5Mha for forest plantations.
	Increasing 5 million hectares of integrated crop-livestock-forest systems (iLPF) by 2030, through the following actions:	Extending the area of integrated systems by 2Mha by 2030 <sup>57</sup> , strengthening technical assistance and enabling technology transfer mechanisms and ensuring the offer of compatible economic instruments.

## 10. Nesting

In addition to installed capacity, the state makes use of the national instruments for calculating national and state emissions reductions (FREL) nationwide, which allows for the structuring and definition of a sound methodology and integration of national accounting. This system is used for the purposes of payment by results of the REM MT Programme.

Under the State REDD+ System, the Law<sup>58</sup> that established it, in Article. 12, defines among the instruments of the system:

<sup>56</sup> <https://www.gov.br/agricultura/pt-br/assuntos/sustentabilidade/plano-abc/plano-abc-agricultura-de-baixa-emissao-de-carbono>

<sup>57</sup> <http://www.sema.mt.gov.br/site/index.php/unidades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/488-projetos>

<sup>58</sup> State Law No. 9,878/2013, available at: <http://www.sema.mt.gov.br/site/index.php/unidades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/487-sistema-estadual-de-redd-de-mato-grosso>

- Registering REDD+ Projects and Actions;
- REDD+ State Accounting;
- REDD+ State Registry and;
- REDD+ State System Reserve;

With new demand opportunities on jurisdictional claims, to avoid double counting whether these are: i) Double Issuance, ii) Double Use and iii) Double Claims, mitigation measures will be designed in addition to the implementation of the SisREDD+ instruments mentioned above.

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

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

The accounting control of the payments by results is ensured at the state level by the instruments identified above and, at the national level, through InfoHub Brasil<sup>59</sup>, which records the emission reductions, at the national level, and integrates the subnational efforts based on the legislation and regulation established by the National Policy on Climate Change (Law 12.187/2009) and CONAREDD resolutions.

Through InfoHub Brasil one can follow the volume of emissions reductions for which Mato Grosso has already received payment from Germany and the UK through the REM Programme.

<sup>59</sup> <http://redd.mma.gov.br/en/infocenter>

The State is willing to use the ART TREES registry to ensure traceability to verified emission reduction units (VERs), while informing, in parallel, the federal government of the use of reductions for its corresponding reporting via InfoHub Brasil, keeping a mirror of the registry of all uses of emission reductions in both systems.

Mato Grosso's representatives understand that it is possible to conciliate the presence of carbon projects in the state, based on the "nested jurisdictional approach". Such projects will have autonomy to negotiate carbon credits in the voluntary carbon market through certifications that are different from ARTTREES, as long as their emission reductions may be deduced from the jurisdictional accounting.

To promote such nesting, it is necessary that the projects created use a State baseline, aiming at integration with the monitoring and accounting of emission reductions at the jurisdictional scale, in order to avoid double counting of credits. State Law 9,878/2018 provides for the nesting of projects in the state REDD+ system, as follows:

#### Section I Principles, Objectives and Guidelines

Art. 5 The guidelines of the State REDD+ System are: to ensure the compatibility and integration of REDD+ objectives, standards, methodologies and activities with relevant initiatives at the international, national, state, municipal and Project levels;

#### Subsection I On REDD+ Programs, Projects and Actions for Preparation and Support

Sole paragraph. REDD+ Programs and Projects must also respect the criteria and safeguards that are established by federal legislation, international treaties in which Brazil is the signatory and this law regulation.

Art. 16 In order for REDD+ Projects to be part of REDD+ State System and receive emissions reduction allocations or removals increase, they must be approved and monitored by SEMA, in the conditions to be defined on the regulation.

§ 1 REDD+ Project approval is the responsible process to validate its services according to the principles and criteria of REDD+ State System.

§ 2 On REDD+ Project's approval, there will be a forecast on the allocation of

emissions reductions and increase of the removals, taking in consideration the expected results of the Project and allocation forecast to the corresponding REDD+ Program.

§ 3 REDD+ Projects must implement periodical activities in measurement, communication and results verification, including criteria and safeguards, as stated in Article 15;

§ 4 The allocation and registry of a specific quantity of emissions reduction or increase in removals to the Projects will be done according with the results evaluated in the analysis.

§ 5 Projects not approved will not receive allocation on the emissions reductions or in the removals increase but their emissions reductions or removals increase, eventually certified in another registration system, must be communicated to SEMA for the insertion on the REDD+ State Accounting.

Regarding eligibility rules, the law provides:

"Art. 36th. REED+ Programs and Projects developed in the referred areas in the subparagraphs II, III and IV of Article 33 located in Mato Grosso territory for the purpose of its participation in REDD+ State System, shall attend the criteria foreseen in this law, in addition to the federal legislation in effect."

Furthermore, the State of Mato Grosso believes that indigenous populations can exercise their right to participate in another GHG reduction program in addition to ART TREES. In fact, the State of Mato Grosso is not the competent entity to make decisions about indigenous lands, since these populations are under the tutelage of the Federal Government (Civil Code, Art. 6o). Participating or not in the state program is a voluntary choice, subject to relevant regulations. But the State will ensure that the guidelines of the State System of REDD+ are followed, with regard to sustainable development, conservation of environmental heritage and appreciation of the traditional knowledge of local populations (indigenous and traditional), as explained in the principles of the State System of REDD+, Article 3, below:

"Art. 3rd. These are the principles of REED+ State System:

I – compatibility of REDD+ activities with the conservation of the natural environment and the biological diversity and with the use of sustainable forests,

ensuring that these activities do not result in the conversion of the native vegetation;

II – complementarity and consistency of REDD+ actions with existing policies in the state and federal levels and with instruments of international agreements, in which Brazil is the signatory on subjects of climatic change, prevention and deforestation control, on conservation and sustainable use of forests and biodiversity, territorial and environmental management and the guarantee of people’s rights and traditional and indigenous communities;

III – full participation in REDD+ activities and in the management and monitoring of REDD+ State System in different social groups, which plays a relevant role in the natural ecosystems conservation and that can be involved or affected by REDD+ Programs, Projects and Actions:

IV – fair and equitable division of benefits originating from activities;

V – appreciation and respect for the knowledge, rights and way of life of the traditional and indigenous communities and small farmers;

VI – free, prior and informed consent of the involved REDD+ communities;

VII – transparency and spread of information.”

In the case of the State of Mato Grosso, in compliance with ILO Convention 169, to which Brazil is a signatory and, therefore, binding on its subnational states, as well as the Cancun Safeguards, internalized in the National REDD+ Strategy (ENREDD), the participation of Indigenous Peoples and other traditional populations in the construction of the Jurisdictional System of REDD+ in the State of Mato Grosso is ensured by state law n. 9,878/2013, which institutes the State REDD+ System, as established in the guidelines contained in its Article 5, Section VI, and with respect to the safeguards in its Article 15, items IV, V, VI and VII:

"Art. 5th. REDD+ State System guidelines:

VI - promote regional socioeconomic development as well as improving the quality of life of local populations, including indigenous peoples and traditional communities;

Article 15 REDD+ Programs and Projects must respect the following criteria and safeguards:

IV - justice and equity in the sharing of economic and social benefits;

V - contribution to regional socioeconomic development and to improving the quality of life of local populations;

VI - full and effective participation, in its construction and management model, of the social actors involved or potentially affected;

VII - respect for the knowledge, rights and ways of life of indigenous populations and family farmers, when applicable.”

Regarding eligibility, according to State Law 9,878/2013:

"Art. 34. Legitimate REDD+ Project proponents under the State REDD+ System may be:

I - The public power and its direct and indirect administration bodies, within the scope of their respective territories and competences;

II - Owners or legitimate holders of rural areas, individually or collectively, within the limits of their properties and possessions, who carry out REDD+ activities;

III - Holders of use or usufruct rights in rural areas or forest resources, within the limits of the areas object of this right, who carry out REDD+ activities, provided that the legal instrument establishing these rights does not contain provisions to the contrary.”

Thus, even though there is no State governance over indigenous lands (the land being held by the Union), Mato Grosso recognizes the indigenous peoples' effort to conserve and reduce emissions and that, therefore, they should be benefited through voluntary programs/projects or in accordance with the state benefit-sharing scheme (programs linked to the jurisdictional system), in consonance with the National Indigenous Foundation (FUNAI), the federal agency coordinating and executing the indigenous policy in Brazil.

## 11. Transfer of Title

The State is open to options [#1], [#2], [#3] and [#4] made available by the CFP for the "Nature of Transactions" related to the transfer of title, provided that, under the legislation in force, they are legally feasible and admissible.

For options 1 and 2, with the creation of the National REDD+ Strategy (ENREDD+) and the National REDD+ Commission in 2015, the State is integrated into the national REDD+ policy. Federal Decree No. 10,144 of 2019<sup>60</sup>, Article 2, regulates the payment for REDD+ results in recognition of measured, reported and verified emission reductions from policies, programs, projects and actions undertaken at multiple scales. According to the aforementioned Decree, Article 3, CONAREDD+ defines guidelines, through resolutions on eligibility, allocation of emission reductions, raising and use of resources from payments for results.

Thus, according to the Sole Annex of Resolution nº6/CONAREDD+, Mato Grosso presents more than 1 billion tons of tCO<sub>2</sub>e and verified reductions, with 559,161,890.22 tCO<sub>2</sub>e of verified reductions referring to the period 2006 to 2010 (FREL A), and 475,074,392.24 tCO<sub>2</sub>e of verified reductions for the period 2011 to 2015 (FREL B). In December 2018, Resolution No. 14/CONAREDD+ was approved, which establishes the limits for capturing payments by results for the period 2016-2020 (FREL C) and, according to annexes I and II, Mato Grosso has 65 million tons of CO<sub>2</sub> related to the year 2016 and an additional 58,617,805.53 million tons of CO<sub>2</sub> in 2017 (FREL C). For the implementation of REM-MT Program, for example, all emission reductions allocated and respective payments received are reported at InfoHub Brasil's national platform.

Although such emission reductions have been generated in a period prior to that established for crediting at LEAF, following the ARTTREES requirements, it is understood that, in the same way, there will be a new distribution of future volumes to be generated in the coming years, applying the same calculation methodology, in line with the national reference level for forest emissions (FREL).

At the state level, State Law n. 9,878/2013<sup>61</sup> regulates REDD+ in the state and provides, in Article 25, Paragraph 3, that REDD+ units allocated to REDD+ Programmes and not allocated to REDD+ Projects may be used by the State to obtain financial resources from national or international sources, from donation, from payment for



performance mechanisms or, even, from carbon markets, aiming to finance these Programmes.

Partially regarding #3 ( in relation to the specific issue of transfer of title) and path #4 (transfer of title and use for the corresponding internal commitments of the buyer), although the State, through the REDD+ Law (State Law No. 9. 878 of 2013), contemplates REDD mitigation results transactions, the State awaits the proper authorizations from the federal government, through CONAREDD resolutions, to carry out transfer of title, so that it neither runs the risk of double counting nor compromises national accounting and the Brazilian NDC, as recommended in the NDC below:

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

The rights of carbon assets holders are determined in administrative regulations (standards/standards) and legal regulations (regulation issued by a jurisdiction). The administrative regulation is determined by the certification standard, through which a specific carbon asset will be issued (for example, UNFCCC rules within the scope of multilateral regulation or ARTTREES rules via the voluntary market, etc.), while the legal regulation will be issued by a competent public entity.

In Brazil, the constitutional and infra-constitutional regulations themselves determine what the assets of the federation's public entities (Union, States and Municipalities) are. Article 101 of the Brazilian Civil Code provides that public property assets are liable to be transacted, since the legal requirements for this are observed. "Article 101. Public property assets may be disposed of, subject to the requirements of the law". Therefore, such assets are alienable and available, this legal provision serving as a basis for validity so that the Federal Union, States or Municipalities can dispose of their public property assets at their convenience, respecting the legal requirements.

It is understood that, whenever the relevant national and international legislation in force and the scope of subnational competence, as a federated entity, so determines and allows, and once the legal and regulatory requirements applicable at national level have been met, paths #3 and #4 may be applied.

---

<sup>60</sup> [http://www.planalto.gov.br/ccivil\\_03/ Ato2019-2022/2019/Decreto/D10144.htm#art12](http://www.planalto.gov.br/ccivil_03/ Ato2019-2022/2019/Decreto/D10144.htm#art12)

<sup>61</sup> <http://www.sema.mt.gov.br/site/index.php/unidades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/487-sistema-estadual-de-redd-de-mato-grosso>

## **12. Corresponding Adjustments**

The State of Mato Grosso intends to act in full compliance with international and national legal and regulatory provisions regarding the application of the UNFCCC (Framework Convention) and Paris Agreement (Ratified by Legislative Decree No. 140 of 16 August 2016) standards and other pertinent national supplementary legislation - in particular its NDC.

In this regard and within the scope and limitations legally established, in relation to its powers as a federative entity (an integral part of the Brazilian Federative Republic) under the terms of articles 22, 23, 24 and 225 of the Federal Constitution, as well as the provisions of the law that established the National Climate Change Plan (Law 18.187/2009) and its corresponding regulating decree (Decree 9.578 / 2018), also as to the provisions of the National Forest Code (Law 12.651 /2012), in particular its article 3, item XXVII, the Law of the National System of Conservation Units (Law 9.985/2000) and the National Public Forest Law (Law 11.284 / 2006) and, finally, the REDD+ Decree (Decree 10.144, of 8 November 2019) that creates CONAREDD (National REDD+ Commission) and Ordinance 518/2020 (Forest+ and Carbon+ - Public and Private Voluntary Markets), intends to apply according to the best technique and science at the state level the corresponding legal provisions in what concerns the scope of future "corresponding adjustments" in order to achieve internationally recognized technical and scientific rigor, whenever and wherever the national legislation in force allows it.

The Federal Decree n. 10,144/2019, regulates the payment for REDD+ results in recognition of measured, reported and verified emission reductions from policies, programs, projects and actions carried out at multiple scales, which must be reconciled in the single national accounting and presented to the United Nations Framework Convention on Climate Change for the purpose of complying with the Warsaw Framework for REDD+ under the Paris Agreement. Also according to the same decree, CONAREDD+ (National Commission for REDD+) is the body responsible for defining guidelines on eligibility, allocation of emission reductions, and fundraising and application of payment for results in the Brazilian context.

Therefore, in accordance with Resolution 10/CONAREDD+, Mato Grosso became eligible for raising funds from payments of REDD+ results. For this reason, Mato Grosso is able to transact under modalities #1 and #2 in an integrated manner with the national REDD+ accounting within the limits that were distributed between the Federal Government and the Amazon States (Resolution n°6/CONAREDD+ ).

Regarding paths #1 and #2, and partially in regard to #3, Brazil has a system in place that has already been used as a basis for raising international funds through payments by results (notably, in the experience of the State of Mato Grosso itself, and also in Acre, within the scope of the REM Programme). Partially concerning to #3 (in relation to the specific issue of transfer of ownership) and path #4, by virtue of a formal and express declaration embedded in the NDC, they are subject to the prior and formal consent of the Federal Government for the purposes of transfer of units with respect to the actions to be carried out under the UNFCCC and Paris Agreement: NDC Excerpt - Page 2: "The Brazilian Government underlines that any transfers of units arising from the results of mitigation achieved in the Brazilian territory will be subject to the prior and formal consent of the Federal Government."

In this sense, the State of Mato Grosso understands that whenever the relevant national and international legislation in force and the scope of subnational competence that assists it as a federated entity so determine and allow, and once the legal and regulatory requirements applicable in the national scope are met, the technical and scientific rules that determine the "corresponding adjustments" may be applied in the future, in compliance with international, national and subnational criteria.

Although at the international level, with the formalization of the Paris Agreement, the transfer of mitigation results for the purpose of meeting the established unilateral goals has been expressly admitted, the position of the Brazilian government is that payments for REDD+ results do not imply in international transfer for the purpose of complying with international commitments and will not affect the national accounting for demonstrating compliance with the Nationally Determined Contributions of Brazil (Resolution n°6/CONAREDD+, Article 3).

Therefore, with respect to modalities #3 and #4, the State must await the necessary authorizations from the federal government, through CONAREDD+ resolutions, so that it can carry out the international transfer without the risk of double

counting or compromising the Brazilian NDC.

### **13.Environmental, Social and Governance Safeguards**

The assessment of the ART/TREES requirements for safeguards was conducted through a participatory process by a task force established under the Mato Grosso Forum on Climate Change (FMMC)<sup>62</sup>. Assessments previously carried out by experts at the request of the Earth Innovation Institute (EII) <sup>63</sup> and the The implementation of REDD+ safeguards is given in Mato Grosso under the Mato Grosso State REDD+ System (SISREDD/MT)<sup>65</sup>, and under the State Climate Change Policy<sup>66</sup>. According with the Law 9.878/2013, socio-environmental safeguards are detailed as principles, as guidelines and as criteria for approval of projects and programmes. They are operationalised and monitored by the Mato Grosso State Environment Secretariat (SEMA/MT) and the coordination of the Redd+ for Early Movers Programme (REM/MT). The participation instances, such as the REDD+ Steering Committee<sup>67</sup>, the Indigenous Governance of the REM/MT Programme and the FMMC, also oversee the compliance and monitoring of socio- environmental safeguards, always in line with the National REDD+ Strategy (ENREDD+) and the National REDD+ Commission (CONAREDD).

Following the first Cancun safeguard, this legal framework is aligned with the federal and international forest legal frameworks, given that it explicitly mentions the National Policy on Climate Change (PNMC), the Federal Plans for the Prevention and Control of Deforestation, the National Policy for Environmental Management on Indigenous Lands (PNGATI) and the international instruments and agreements to which Brazil is a signatory.

Mato Grosso state policies have also shown their coherence with national and international forest objectives and programmes with the State Forest Policy<sup>68</sup> and Environmental Code<sup>69</sup>, with instruments of the Forest Code, with subsequent versions of the Action Plan for Prevention and Control of Deforestation and Forest Fires in the State of Mato Grosso (PPCDIF/MT), with the REM/MT Programme, and international commitments such as the Produce, Conserve and Include (PCI) strategy, the Rio Branco Declaration and the Under2 Memorandum of Understanding.

<sup>62</sup> <http://www.sema.mt.gov.br/site/index.php/decisao-colegiada/forum-de-mudancas-climaticas/sobre/5506-f%C3%B3rum-mato-grossense-de-mudan%C3%A7as-clim%C3%A1ticas-2>

<sup>63</sup> Boston Consulting Group study: elements for a jurisdictional REDD+ approach for Mato Grosso. Annex II.

<sup>64</sup> Analysis of jurisdictional eligibility for emerging forest market standards. Waycarbon consultancy commissioned by UNDP. Annex III.

<sup>65</sup> Supplementary Law 9.878/2013: <http://www.sema.mt.gov.br/site/index.php/unidades-administrativas/mudan%C3%A7as-clim%C3%A1ticas/category/487-sistema-estadual-de-redd-de-mato-grosso>

<sup>66</sup> Supplementary Law 582/2017: <https://www.legisweb.com.br/legislacao/?id=335779>

<sup>67</sup> <http://www.sema.mt.gov.br/site/index.php/decisao-colegiada/conselho-gestor-do-sistema-estadual-do-redd>

<sup>68</sup> <https://www.legisweb.com.br/legislacao/?id=132392>

<sup>69</sup> <http://app1.sefaz.mt.gov.br/Sistema/Legislacao/legfinan.nsf/07fa81bed2760c6b84256710004d3940/1746903069ddd4ef042572e900754d9c?OpenDocument>

These state regulations and policies as well as the eligibility criteria of the REM/MT Program measure the consistency of the state REDD+ activities with national and subnational forest policies, as well as relevant international covenants and agreements.

Regarding the second safeguard, namely environmental information governance and transparency, Mato Grosso stands out as one of the states that best provides forest information<sup>70</sup> within the Brazilian Amazon, by ensuring access to its databases through a specific platform<sup>71</sup>, as well as responses to requests for information via the Ombudsman<sup>72</sup> and the Citizen Information System (SIC)<sup>73</sup> based on the Access to Information Law (LAI). Information regarding the State's REDD+ programme is available on the REM/MT website<sup>74</sup> and information related to compliance with safeguards is currently being collected by a consultancy under the coordination of SEMA/MT. This consultancy will also address the prevention of corruption and the respect of land tenure rights. Governance of SISREDD/MT is also noted for its structure and participatory history, which culminated in the participatory definition of benefit sharing for the REM/MT programme.

REM MT Program Operational Manual brings an Ombudsman Proposal in its ANNEX 12.4, with recommendations for improvements to the existing SEMA/MT ombudsman, which must have elements for the effectiveness and efficiency of the service to be provided within the Program. The following aspects were listed for the good functioning and achievement of the ombudsman's objectives for REDD+: Formal institutionality; Democratization instrument; Stimulus for better service to the citizen; Independence of the ombudsman; Ombudsman's Responsibilities; Dissemination, training and mobilization; Systematization of data, diagnosis and transparency; Promotion of dialogue with control bodies to expand the results of their operations.

The third and fourth safeguards, concerning the recognition of the rights and traditional knowledge of indigenous peoples and local communities, as well as their full and effective participation in decision-making bodies, are ensured by legislation and different participation mechanisms. The law acknowledges traditional territories and there are specific rules of action in these territories, as well as participation rules, such as the REDD+ Steering Committee and the State Climate

Change Forum. The actions implemented by the REM/MT Programme, by SEMA/MT, by the State Secretariat of Family Agriculture (SEAF/MT) and by their civil society partners have contributed to mapping out the traditional populations in the State with the establishment, for example, of socio-economic analyses of Traditional Peoples and Communities and Indigenous Peoples<sup>75</sup> and have established new participation mechanisms, such as the REM Indigenous Governance, established through a participative process which lasted more than a year with the 43 indigenous peoples in the State<sup>76</sup>

---

<sup>70</sup> <https://www.icv.org.br/website/wp-content/uploads/2021/05/icv-relatorio-f.pdf>

<sup>71</sup> <http://www.sema.mt.gov.br/transparencia>

<sup>72</sup> <https://ouvidoria.controladoria.mt.gov.br/falecidadao/>

<sup>73</sup> <https://ouvidoria.controladoria.mt.gov.br/falecidadao/servlet/cadastrardemanda?5>

<sup>74</sup> <https://remmt.com.br/>

<sup>75</sup> <https://remmt.com.br/>

<sup>76</sup> [https://www.icv.org.br/projeto\\_especial/rem-mt-subprograma-territorios-indigenas/](https://www.icv.org.br/projeto_especial/rem-mt-subprograma-territorios-indigenas/)



The fifth safeguard, namely the coherence of actions with conservation and biological diversity, is guaranteed by the state regulations and policies mentioned above and by recent progress made in terms of mapping out forest resources and inventories of carbon removals.

Finally, regarding the risks of reversal and displacement of emissions safeguards, the SISREDD/MT Law (Art. 5, IX), indicate the need to establish mechanisms that ensure the permanence and eliminate the risk of leakage of emissions resulting from REDD+ activities. To obey the law, the state established a reserve mechanism, as in the case of the reductions retired by the REM/MT programme, as well as by eligibility criteria for activities that guarantee the mitigation of reversal and displacement risks. Furthermore, the adoption of the Planet platform<sup>77</sup> for monitoring and inspecting deforestation stands out as a rapid response tool for these risks. The Legal Amazon Interstate Sustainable Development Consortium<sup>78</sup> as space of coordination, of which Mato Grosso is a member and recently launched the Plan for Green Recovery<sup>79</sup>, that aim combating illegal deforestation and CO<sub>2</sub> emission reductions, are also mechanisms for leakage and reversal risks mitigation.

The Mato Grosso state REDD+ system is under constant improvement and holds a plan to improve the implementation of REDD+ safeguards in the territory. The following are planned:

- The first REDD+ socio-environmental safeguards monitoring report through a specialized consultancy (2021);
- The implementation of a REM Programme-specific communication strategy to improve access to REDD+ information with active participation of beneficiaries in information dissemination (2021);
- The implementation of the Socio-environmental Risk Management System for REDD+ programmes (2022);

<sup>77</sup> <http://www.mt.gov.br/-/12410640-nova-ferramenta-da-sema-permite-a-deteccao-imediata-do-desmatamento-illegal>

<sup>78</sup> <https://consorcioamazonialegal.portal.ap.gov.br>

<sup>79</sup> <https://consorcioamazonialegal.portal.ap.gov.br/plano-de-recuperacao-verde/plano-de-recuperacao-verde>

- The structuring of a participation process for traditional populations and communities that can ensure better participation in governance instances (2022).

The state of Mato Grosso will have its first Safeguard Information Summary ready in the first half of 2022. The Summary will be one of the products delivered by a consultancy started in March 2021, which aims to support the Climate Change and REDD+ Coordination in the construction and implementation of the strategy for monitoring and reporting compliance with REDD+ social and environmental safeguards and ensuring that the actions implemented under the REM MT Program comply with the Safeguards of Cancún, as well as the principles established in article 3 of Law n. 9,878/2013, which creates the REDD+ State System for the state of Mato Grosso.

The consultancy Ludovino Lopes Advogados (LLA)/Flexus was hired by GOPA (International Consultancy for the REM-MT Program) with resources from REM Program. In addition to the Summary, the ongoing safeguards consultancy also provides for the following products:

- A report on the level of knowledge on REDD+ safeguards in MT;
- Safeguards compliance monitoring and reporting strategy the REM MT program;
- Capacity building Workshops on safeguards, initially with key actors, who will contribute to monitoring and reporting the compliance with safeguards and, later, with the program's target audience (beneficiaries, communities, etc.);
- construction of the operational manual, standardizing the procedures and documents to be used for monitoring and reporting safeguards.

In the context of the Jurisdictional REDD+ Program, the state of Mato Grosso intends to address gender equity and social inclusion through the promotion of technical training, encouragement of gender balance among beneficiaries, proposal for the development of specific sustainable economic projects for the women, and increased participation of women in training and dialogues, among other actions.

These actions should be internalized in the project cycle of the Jurisdictional

REDD+ Program, from its planning phase to the monitoring, evaluation and reporting phase, as illustrated in the diagram in table 3 below:

<p><i>1. Assessment of the target audience</i></p> <ul style="list-style-type: none"> <li>- Mapping and identifying specific groups of vulnerable women in the territory and assessing the causes of exclusion;</li> <li>- Understanding the role of women in land use, management of forests and biodiversity, and in accessing and decision-making on the use of natural resources.</li> </ul>	<p><i>2. Program Design</i></p> <ul style="list-style-type: none"> <li>- Preparation of responses that try to add barriers to their inclusion;</li> <li>- Development of guidelines to promote engagement of women in decision-making processes;</li> <li>- Definition of ways to influence women's participation in public policy</li> </ul>
<p><i>3. Program implementation</i></p> <ul style="list-style-type: none"> <li>- Capacity building, technical training on topics related to climate change and encouragement of effective participation to motivate women's engagement;</li> <li>- Promotion of self-knowledge to raise awareness about the role of women in society;</li> <li>- Leadership and participation courses.</li> </ul>	<p><i>4. Monitoring, evaluation and reporting</i></p> <ul style="list-style-type: none"> <li>- Monitoring and evaluation to verify if and how are reaching these women;</li> <li>- Measurement of transformational and behavioral changes, in order to monitor not only participation but also the increase in conscious and active participation.</li> </ul>

It is important to highlight that, since 2017, the state of Mato Grosso has a State Plan for Women's Policies, coordinated by the State Council for Women's Rights of Mato Grosso (CEDM), which is part of the structure of the State Department for Justice and Human Rights (SEJUDH). The objective of this Council is to promote, at the state level, policies aimed at eliminating discrimination against women, guaranteeing them conditions of freedom and equal rights, as well as their full participation in the political, economic and cultural activities of the State.

It is essential that the State of Mato Grosso follows the guidelines in this Plan to ensure the transversality of gender actions in policies linked to the Jurisdictional System of REDD+. Thus, the state intends to hire a specialized consultancy in gender to analyze aspects related to the internalization of REDD+ actions in state public policies, as well as to monitor specific indicators on the topic; to carry out training and participatory training processes and a diagnosis of gender relations in the state's

governmental instances.

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

Mato Grosso has a legal framework in place, with a high degree of institutional governance, with regard to conceptual definition, instrumental monitoring procedures and institutional arrangement for REDD+.

In order to carry out a transaction with the LEAF Coalition's employees, the possibilities for financial intermediation include:

(i) The State's own public structure through its Secretariats of Finance (SEFAZ) and Planning and Management (SEPLAG)

(ii) The resources can also be received by the State structure, but implemented in an agreement with a civil society organization associated with the State through a term of cooperation;

(iii) Resources may also be received and implemented by a civil society organization appointed by the state, the purpose of which must be in line with the activities that may be supported in accordance with the state REDD+ legislation.

The State of Mato Grosso, through Decree 46 of 27 February 2019, appoints the PCI Institute as the body responsible for raising and managing funding for programmes and projects related to sustainable production and conservation in its territory.

We point out that, since 2017, it has had a governance structure in place for the implementation of resources raised through payments for results from the REDD+ for Early Movers Programme (REM Mato Grosso Programme). For implementing the REM MT Programme, the state has relied on a Feasibility Study that pointed out the possible options of Financial Intermediary as a channel for the disbursement of funds, while considering aspects of governance and compliance with existing rules in the State. Thus, a comparative analysis was carried out among the alternatives, such as public and private funds, mixed economy companies, etc. Based on these analyses the State decided on a private fund as the financial manager of the REM MT programme resources, the Brazilian Fund for Biodiversity (FUNBIO), in a first phase.

Funbio operates under the coordination of the Programme, managed by the Mato Grosso State Environment Secretariat (SEMA MT), with the PCI Institute as deputy coordinator. Together they provide guidance and oversee the technical management of the benefit-sharing strategy. In a second phase, the REM agreement provides that the PCI Institute can also take over the financial management of the REM Programme resources.

From this arrangement established for the REM, the PCI Institute will then be structured to achieve the accreditation required by the LEAF Coalition, or in an initial phase, take over the management of the resources in partnership with an accredited organisation.

### **15. Contacts and Implementation Arrangements**

As provided for in Art. 10 of LAW No. 9,878/2013, the State Secretariat for the Environment - SEMA/MT is the executing agency, responsible for the implementation of the State REDD+ System, being responsible for formulating proposals for standards, criteria and procedures regarding REDD+ Projects and Programs to be submitted to the REDD+ Management Board; periodically carrying out the inventory and implementing and managing the accounting and registration of emission reductions and removal increases; conducting the construction of REDD+ Programs, ensuring the active participation of stakeholders and populations potentially involved or affected, including holding public consultations, jointly with the Mato Grosso Forum for Climate Change; implementing and updating the Register of REDD+ projects and actions; approving REDD+ projects, determining the allocation of REDD+ units, authorizing the registration of emission reductions, among other attributions. More recently, within the scope of the REM-MT/KFW Programme, an institutional arrangement was established in which the PCI Institute acts as deputy coordinator, with a view to integrating the goals of the PCI strategy (Produce, Conserve and Include) into the Programme. In this way, we will most likely replicate this governance arrangement to assist in the management of resources coming from the LEAF Coalition initiative. In this respect, the contacts of those responsible for managing the Mato Grosso State REDD+ System are listed below:

Mrs Mauren Lazzaretti

State Secretary for the Environment

e-mail: [maurenlazzaretti@sema.mt.gov.br](mailto:maurenlazzaretti@sema.mt.gov.br)

Mr Alex Sandro Marega

Executive Deputy State Secretary for the Environment - MT

e-mail: [alexmarega@sema.mt.gov.br](mailto:alexmarega@sema.mt.gov.br)

Mr Maurício Philipp

SEMA-MT Climate Change and REDD+ Coordinator

e-mail: [mmphilipp@sema.mt.gov.br](mailto:mmphilipp@sema.mt.gov.br)

Mr Fernando Sampaio

Director of the PCI Institute

e-mail: [diretor.pci@gmail.com](mailto:diretor.pci@gmail.com)