

CUIABÁ LETTER: PACT FOR THE VALUATION OF THE FOREST AND REDUCTION OF EMISSIONS FROM DEFORESTATION (REDD+) IN THE BRAZILIAN LEGAL AMAZON

The Legal Amazon Governors' Forum, undersigned, meeting on May 29, 2015 in the city of Cuiabá - MT, after discussing the valorization of forests and reducing emissions from deforestation (REDD+) in the Brazilian Legal Amazon, manifest the following considerations and recommendations to the Presidency of the Republic:

This letter presents concepts for a proposal to be implemented between the state governments of Mato Grosso, Acre, Amapá, Amazonas, Maranhão Pará, Rondônia, Roraima, Tocantins and the Brazilian Federal Government to boost fundraising for reducing emissions from deforestation and forest degradation (REDD+) and to promote sustainable development in the Brazilian Legal Amazon.

We recognize the Brazilian efforts to implement the National Policy for Climate Change and the achievement of national targets of greenhouse gas emission reductions, of around 36-38%, of which the reduction of deforestation in the Amazon, through the implementation of the Federal and State Plans for Prevention and Control of Deforestation - PPCD, has a key role. We also recognize the importance of the Amazon Fund in raising and distributing funds for executing activities leading to a reduction of deforestation.

In line with the Federal Decree 7.390/2010, between 2006 and 2013, a reduction in deforestation of 8.7 million hectares was verified, equivalent to 4.2 billion tons of carbon dioxide (tCO₂) that was not emitted into the atmosphere¹. This accomplishment surpasses the reductions of any country, developed or developing, with or without binding targets. Achieving these reductions is expensive and currently, these costs are being paid almost exclusively with public funds from local, state and federal governments, and with individual efforts from farmers, traditional communities and indigenous peoples from our Amazon region.

However, we have reached the maximum limit of our budget investment capacity, particularly considering the current status of the Brazilian economy. The logic for creating the Amazon Fund was to raise funds through the REDD+ mechanism, to compensate positive results for emission reductions by developing countries.

To date, the Fund has signed contracts to receive non-reimbursable funds based on REDD+ for a total of US\$ 1 billion. Investments are being made by the Government of Norway, the German Government and Petrobrás. The main donor is the Government of Norway, which has pledged US\$ 1 billion by 2015, and has already disbursed US\$ 882 million of this total

¹ Using data from the Federal Decree 7.390/2010, that regulates the National Policy on Climate Change (Law N° 12.187/2009), for the calculation of the figures presented.

amount. These contracts were negotiated at a value of US\$ 5.00, or about R\$15.00 per ton of carbon dioxide (tCO₂). Thus, the sum of all the contracts represents the payment/compensation for approximately 206 million tCO₂, equivalent to 4.9% of total REDD+ generated in the Amazon during this period.

Thus, we find that there is a huge potential for receiving funds based on results yet to be compensated for. That is, if we consider raising funds in similar conditions (R\$15/tCO₂) for the 95% left, we can estimate a potential to raise funds for close to R\$ 61 billion reais, only based on the REDD+ that has already been generated. If we can achieve the goal of reducing 80% of deforestation in the Amazon by 2020, we should generate a reduction of approximately another additional 5 billion tCO₂, summing around R\$135 billion by 2020.

We understand that fundraising to achieve this potential should come from a joint effort between States and the Federal Government, to maximize our chances for success and new partnerships and opportunities for receiving financial rewards for our efforts.

It is vital that the Federal Government recognizes the role of state governments in reducing deforestation and that this recognition includes the possibility for state governments to receive financial resources directly, based on verified reduction of deforestation. on conservation and for environmental regulations.

Under the United Nations Framework Convention on Climate Change (UNFCCC), the regulation of the Reducing Emissions from Deforestation and Forest Degradation (REDD+) mechanism is practically finished and the countries that are interested in accessing resources from the Green Climate Fund may do so, if they comply with all the requirements.

Among these, is the submission of the National REDD+ Strategy, which has been under preparation by the Federal Government since 2010. The desire for increased participation from the Brazilian Legal Amazon states in the development of this document is longstanding, in 2012 a document was delivered to the Ministry of Environment and the Civil House of the Presidency about it, signed by all the states of the Brazilian Legal Amazon, but so far, there isn't a formal position².

As presented in the proposal developed by the Brazilian States that are members of the Governor's Climate and Forests Task Force (GCF)³, the land use and forestry sector and, especially the actions aimed at reducing deforestation in the Amazon, are the main drivers

² This letter is available at the Annex of the Report "Contributions to the National REDD+ Strategy: an allocation proposal between States and Federal Government", available at [HTTP://idesam.org.br/publicacaocontribuicoespara-estrategia-nacionalredd](http://idesam.org.br/publicacaocontribuicoespara-estrategia-nacionalredd)

³ GCF – Governor's Climate and Forests Task Force – Proposal for Allocating Emission Reductions "U-REDD" in the Brazilian states members of the GCF. 2nd Edition – Reviewed and Updated / organized by Mariano C. Cenamo, Pedro G. Soares, and Junia Karst. - Manaus: IDESAM, 2014. Available at <http://www.idesam.org.br/publicacao/contribuicoes-para-estrategia-nacional-redd-2-edicao.pdf>

of emission reductions for the National Plan for Climate Change. The 80% reduction in deforestation by 2020 represents 55% of the national target for reducing greenhouse gas emissions. Still, it is possible to see that the only sector that aims to reduce emissions in absolute terms by 2020 is the land use and forestry sector. Which means that, reductions in the energy, agriculture, industrial processes and waste treatment sectors have been designed to account for an exponential growth of emissions and therefore, even by fulfilling their “projected goals for reduction”, they will still generate a significant increase in GHG emissions by 2020.

Brazil has reached important results, but the increase in deforestation in 2013 demonstrates that this progress is fragile and that it is necessary to advance in strategic areas, particularly in activities aimed at promoting sustainable activities.

For Amazon deforestation to continue at low levels, it is fundamental to have more financial support, so that the States that have been devoting their time and resources to protect the Amazon, acting as the main responsible agent for compliance with national targets, can be rewarded for their efforts

Several potential funders for these activities have shown interest in engaging in subnational initiatives. This year, between June 15th and 18th, the GCF Annual Meeting will be held in Barcelona, Catalonia and a number of potential donors and funders will be there to learn more about GCF state initiatives. The presence of Governors at this meeting will be an important demonstration of their commitment for deforestation reduction targets and sustainable development.

Considering the points raised above, we emphasize the importance of this Governors’ Forum to advance the negotiations with the Federal Government, with no prejudice to the liaison with the Legislative Branch, so that it moves to recognize the subnational efforts of reducing emissions from deforestation and conservation, so that states can receive funds based on the results of these reductions.

In this sense, Legal Amazon Governors’ Forum meeting in Cuiaba, capital of the Mato Grosso State on May 29, 2015, requests the Federal Government to:

1. Adopt the stock-flow methodology to allocate the reductions of avoided deforestation among the Amazon states and the federal government, proposed by the Forum of Environment Secretaries of the Brazilian Legal Amazon, in the context of the National REDD+ Strategy discussion, delivered to the Civil House of the Presidency and the Ministry of Environment at a meeting held at the Presidential Palace on 19/09/2012,
2. Define, urgently, the National REDD+ Strategy together with the Amazon States, as this process has been stalled since 2012;
3. Support the fundraising of external resources by the Amazon states to reduce deforestation and to protect the forest;

4. Promote the modification of art. 1 of the Decree 6.527/2008 authorizing the BNDES to operate the Amazon Fund, replacing the word Amazon Biome with “Legal Amazon”, since the mobilization of financial resources from the Amazon Fund is supported by the reduction of deforestation monitored by PRODES/INPE, which are produced in the Legal Amazon and not in the Amazon Biome;
5. Develop support programs and economic, fiscal and financial incentives for consolidation and maintenance of protected areas in the Amazon states;
6. Create mechanisms to compensate the Amazon States that have more than 50% of its territory under protected areas and indigenous lands.

In sum, the great challenge of the Amazon states is to build an integrated agenda for sustainable development, directed at a Green Economy, Environmental Sanitation, Credit, Infrastructure and incentives for industry, that address the distinct valuing of production and an inclusive and sustainable supply chain.

Cuiabá, May 29, 2015.

TiãO Viana – Governor of Acre

Waldez Goes – Governor of Amapá

José Melo de Oliveira – Governor of Amazonas

Pedro Taques – Governor of Mato Grosso

Carlos Brandão – Vice Governor of Maranhão

Daniel Pereira – Vice Governor of Rondônia

Suely Campos – Governor of Roraima

Marcelo Miranda – Governor of Tocantins

Zequinha Marinho – Vice Governor of Pará