MONITORING REPORT
EXECUTIVE SUMMARY

SELF-EVALUATION REPORT OF COMPLIANCE WITH THE SOCIAL AND ENVIRONMENTAL SAFEGUARDS IN THE SISA AND ISA CARBON PROGRAM OF THE STATE OF ACRE

Document prepared by the Institute for Climate Change and Regulation of Environmental Services of the State of Acre

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1 INTRODUCTION

The State of Acre Sustainable Development policy clearly considers an integrated landscape management: forest and deforested areas. In this policy, the forest is a provider of environmental products and services and it is integrated to the various uses of areas already converted. This integration is based on a structured knowledge about the territory that enables the development of sound strategies for its use at the local, municipal, regional and state level.

Based on this, the State of Acre has developed, since 1999, a set of public policies, enforcement measures and institutional enhancement, whose results began to be reflected in the consistent reduction of deforestation rates from 2006. The State further built on its experience and created the State System of Incentives for Environmental Services - SISA by State Law Nº 2.308 of 2010.

This law aims at establishing, through valorization of environmental services, the necessary conditions for their preservation, recovery and enhancement. This goal considers the participation of all sectors in the implementation of actions and shared and participatory management of this system.

Considering the international and national initiatives to establish environmental safeguards for social policies and programs focused on reducing emissions from deforestation and forest degradation, the Government of Acre establish the necessary partnerships to adopt such safeguards, which are applied not only to the ISA Carbon Program for emissions reduction, but also to all the programs that compose the SISA.

Thus the Institute for Climate Change and Regulation of Environmental Services (Institute de Mudanças Climáticas e Regulação de Serviços Ambientais – IMC) and the Commission for Validation and Monitoring of SISA (e a Comissão de Validação e Acompanhamento do SISA – CEVA), in partnership with CARE Brazil, worked on a process to adapt the social and environmental standards of the international REDD+ initiative (REDD+ SES) to the State of Acre. The product is a set of indicators that facilitate monitoring the environmental and social safeguards established by public policies under SISA and its programs, including the ISA Carbon Program (Incentivos a Serviços Ambientais do Carbono Florestal).

The safeguards are reputable tools to monitor programs or jurisdictional policies, that is, on the scale of state or country. This is the first self-evaluation report that seeks to verify the existence of instruments, regulatory frameworks and mechanisms already established in the State that can be used to ensure compliance of the System of Incentives for Environmental Services (SISA) with social and environmental safeguards.

This report is based on the implementation of the monitoring plan, prepared by the IMC and CEVA in partnership with the Institute of Forest and Agricultural Management and

Certification (Instituto de Manejo e Certificação Florestal e Agrícola – IMAFLORA), incorporating the contributions of the Advisory Boards and the Interagency Indigenous Working Group (GT Indígena). This monitoring plan contains information from a check-list methodology survey to identify gaps and other evidence of weaknesses in the safeguards for each of the indicators.

The focus of the report was to identify whether the current tools available in the State of Acre are sufficient to meet the proposed safeguard indicators. This is therefore a self-assessment of performance of the State regarding the development of tools for environmental and land management as well as regulatory and institutional frameworks that define a favorable scenario for the implementation of SISA and its programs and for compliance with the social and environmental safeguards.

One should note that, at the national and state levels, there are institutions and instruments designed to monitor the impact of public policies with proper indicators and serve as a source of information, as well as surveys of Interagency Coordination Secretariat (Secretaria de Articulação Interinstitucional - SAI), responsible for the integrated system for management and monitoring (sistema integrado de gestão e de monitoramento - SIG), allowing a 'Harvest of Results'

This report is not the final step in this process since it needs to feed an Action Plan for continuous improvement of SISA and its programs, as well as public policies that support the achievement of their goals. At the same time the practice of monitoring should facilitate the improved of the monitoring tool itself.

2 DESCRIPTION OF THE SISA AND ISA CARBON PROGRAM

2.1 Descriptive Summary

The SISA seeks to increase the value of standing forest and to consolidate the productivity of deforested areas, increasing the value of local communities, in a clear strategy of adaptation to adverse situations and mitigation of the effects of climate change.

The Law that established the SISA regulates programs for each environmental service, among them the Program of Incentives for Environmental Services from Forest Carbon (Programa de Incentivos a Serviços Ambientais do Carbono Florestal). It constitutes the legal framework of a sub-national jurisdictional program for reducing emissions from deforestation and forest degradation, as well as sustainable forest management and recovery and increase carbon stocks through sequestration activities by reforestation - REDD+.

In this regulatory framework, the Certified Emissions Reduction (Reduções Certificadas de Emissões - RCEs) constitute jurisdictional environmental assets that will be used by the State of Acre, as established in State Law Nº 2.308 of 2010 (Law of the State System of Incentives for Environmental Services), on behalf of sustainable development actions.

The main incentives related to this program include: promoting the transition from traditional livestock and agricultural production systems to more productive ones,

reducing the need to expand the original production area and thus avoiding further deforestation; increasing the economic value of standing forests, to improve the quality of life of people who dependent on it and increase conservation of forests; and, finally, the distribution of benefits from environmental services, based on the commercialization of carbon credits from avoided deforestation and from carbon sequestration through forest regeneration and restoration.

In order for reduced emissions to actually mitigate the effects of climate change, without any detrimental impact to the quality of life of populations, it has to be connected with the establishment of a new economic model based on efficient use of land and natural resources, thereby promoting reconciliation between economic development and environmental conservation.

Under the SISA, and following the recommendations of the consultation, the ISA Carbon Program was created to further provide co-benefits to all those who promote actions for the conservation, preservation and restoration of forests and their services. Environmental standards are then necessary to ensure achievement of this goal.

These standards were created from the need to reduce existing risks and maximize existing opportunities, safeguarding social and environmental aspects in REDD+ and, in the case of Acre, for other activities of incentives for environmental services under SISA.

2.2 Program Proponents

Under SISA, the State Government through the State Secretariat for the Development of Forestry, Industry, Commerce and Sustainable Services (Secretaria de Estado de Desenvolvimento Florestal, da Indústria, do Comércio e dos Serviços Sustentáveis - SEDENS) assumes the role of Program proposer, responsible for the preparation, implementation, operation and maintenance of the program and the assets generated by it, and for the equitable distribution of the benefits among the providers of environmental services and beneficiaries of the system.

The Environmental Services Development Company (Companhia de Desenvolvimento de Serviços Ambientais - CDSA), created with the mandate to generate and dispose of assets claims resulting from ecosystem services and products originated from programs, sub-programs, plans and projects under the SISA, are the authorized representative of SEDENS to request registration of assets generated under this program. According to Law Nº 2.728 of August 21, 2013, the Executive Branch is authorized to transfer certified carbon emission reductions to the CDSA, so when the assets are owned by the CDSA, it will have the same responsibilities of the Program Proponent.

The Institute for Climate Change – IMC, as government regulatory authority of SISA, is responsible for monitoring the emission reductions of the program and to ensure and monitor compliance with social and environmental safeguards governing the SISA.

2.3 Program Start up Date

The beginning of the program stems from the actions and policies for deforestation prevention and control with investments over a considerable period of time - until the results can be seen as a reduction in deforestation rates from 2006. Therefore, the

program inception date will be the year 2006, with the development of the second phase of the Ecological-Economic Zoning and when the significant and consistent reduction of deforestation in fact starts. The projection horizon for the reductions and the achievement of goals is 2020.

2.4 Program Location

Because it is an initiative at the jurisdictional scale, the geographic delimitation corresponds to the territory of the State of Acre, located in the extreme Southwest of the Brazilian Amazon, between latitudes 07°07'S and 11°08'S and longitudes 66°30'W and 74°00'WGr (Figure 1). According to the Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística - IBGE), its official land area is 164,221 km2 (16,422,136 ha) corresponding to 4% of the Brazilian Amazon area and 1.9% of the national territory. Its length is 445 km in north-south direction and 809 km across its east-west axis. The State has international borders with Peru and Bolivia, and with the national states of Amazonas and Rondônia.

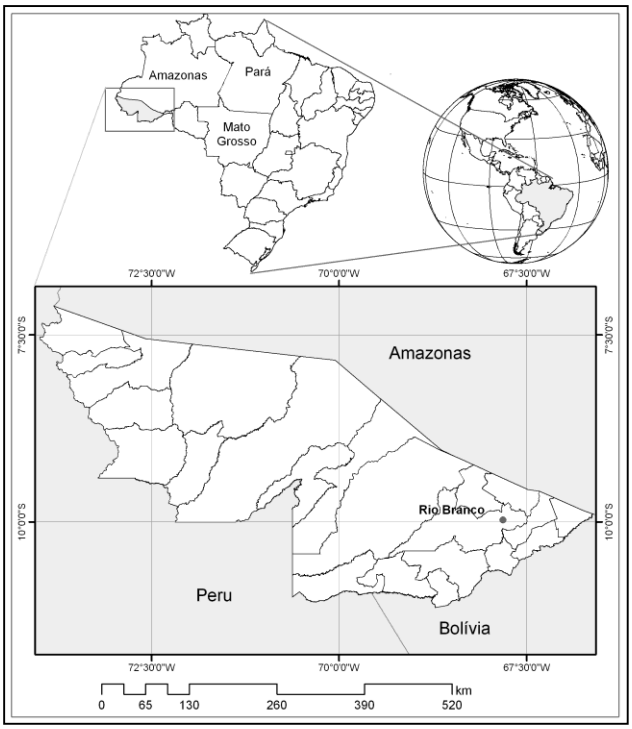


Figure 1. Location of the program area (State of Acre) in relation to Brazil and the world.

3 STATUS OF IMPLEMENTATION

The implementation of the SISA happens through an array of institutions established by Law Nº 2.308 of 2010, comprising the Institute for Climate Change and Regulation of Environmental Services (Instituto de Mudanças Climáticas e Regulação dos Serviços Ambientais - IMC), the State Commission for Validation and Monitoring (Comissão

Estadual de Validação e Acompanhamento – CEVA), the Scientific Committee and the Environmental Services Development Company (Companhia de Desenvolvimento de Serviços Ambientais). The Ombudsman arm of the SISA still needs to be implemented.

Of all programs created by this Law, the ISA Carbon Program is the first to be put into practice, taking into considering all the legal, institutional, technical frameworks and public policies that allow for the reduction of emissions from deforestation and forest degradation in the long-term. These actions are also contained in the State Plan for Deforestation Prevention and Control in Acre (Plano Estadual de Prevenção e Controle do Desmatamento do Acre – PPCD / AC), and are organized along the following lines:

- Land Planning and Tenure Regularization. Actions are aimed at implementing the Ecological – Economic Zoning in Acre (Zoneamento Ecológico – Econômico no Acre - ZEE / AC) and its work in the scales of 1:100,000 for Local Territorial Planning (Ordenamento Territorial Local – OTL) and Special Development Zones (Zonas Especiais de Desenvolvimento - ZED); of 1:50.000 for ethno-zoning of Indigenous Lands; and of 1:10,000 for communities in the Priority Service Zones (Zonas de Atendimento Prioritário – ZAPs). Efforts will also be focused on the consolidation of the State System of Protected Areas (Sistema Estadual de Áreas Protegidas – SEANP); identification and allotment of untitled public lands (terras devolutas); and land tenure regularization.
- Sustainable Supply Chains and Practices. Actions under this line are implemented according to the ZEE and aim at enhancing and diversifying the productive chains of already deforested areas to reduce the deforestation pressure on new areas of forest to convert them to other uses. Among the main production chains supported are: extractive supply Chains (Brazil nut, rubber, timber), sustainable agriculture and livestock (small animals, dairy and fish farming), communal and entrepreneurial forest management, reforestation to meet the demand of timber, rubber and fruit; recovery of degraded areas, implementation of sustainable vegetable gardens, training on agroforestry and on agro-ecological alternatives mostly for the indigenous peoples, among others.
- Monitoring and Enforcement. The difficult access to areas with illegal acts of deforestation and logging constitute an ever present challenge to the planning of Monitoring and Enforcement. Actions are planned to have a short, medium and long-term effective and permanent presence of the State in the Acre territory.
- Cross-cutting Actions. A set of actions that create the right conditions for full implementation of the proposed strategy will also be integrated. Such actions include scientific research and technological development; continuing training and capacity building for government representatives and civil society; environmental education; institutional capacity building; and consolidation of the legal framework for Forest Management.

Of the various actions of the State Government to achieve significant results in reducing deforestation under line Sustainable Supply Chains and Practices, the Plan for Valuation of Forest Assets (Plano de Valorização dos Ativos Florestais) plays a central, strategic role.

Certification of Sustainable Family Production allows integration with other programs and projects. This synergy is the ability to include hundreds of families on a voluntary basis, in activities that require reduction or elimination of deforestation and slash-and-burn as production technique or technology. By joining the program, the families have priority to receive economic subsidies for sustainable production activities from different financial sources, expanding the volunteer effort of family farmers to avoid deforestation and the use of fire, contributing to the reduction of these destructive practices in general.

To recover degraded areas, the Planted Forest Program (Programa de Florestas Plantadas) is another strategy that allows for both the recovery of forest assets and extractive productive activities to increase family income. For this purpose, actions to support family farmers for reforestation with Rubber and Açai have been implemented, including mechanization of participating areas.

This strategy also includes financial incentives, such as subsidies for rubber, established by State Law Nº 1,277 of 1999, which under implementation to this day. This is complemented by the expansion of market and value added for this product with the implementation of the Natex factory for production of male condoms from rubber from native forests.

As a result of this emissions reduction strategy, the State Government made the first transaction of pay for results in reduced emissions from REDD Program for Early Movers from the German Development Bank, KfW. This represents a commitment of EUR 16 million in four years (2012 - 2016) to financial cooperation, for a total of 4 million tons of emission reductions achieved. Additional funds in the amount of € 9 million, for performance in reducing emissions for the year 2013 have recently been transferred as well. This transaction has no commercial purpose of offsetting emissions.

Funds raised will be used to strengthen and consolidate the extractive and indigenous communities' activities to clearly value their contribution to the conservation of Acre forests, as well as to also support the restructuring of small farmers' productive practices and the establishment of a sustainable livestock. The objective is to value those who strive to adopt more sustainable production practices.

4 SOCIAL AND ENVIRONMENTAL SAFEGUARDS

The social and environmental safeguards are a set of mechanisms for control and monitoring of risks and rights compliance. Measures are taken as a matter of precaution to ensure that REDD+ programs and projects do not cause negative impacts on forest biodiversity conservation purposes, and do not cause unwanted impacts to local communities, indigenous peoples and traditional populations.

At the international level, discussions on social and environmental safeguards for REDD+ started in 2009 during the Conference of Parties on Climate Change - COP 15 in Copenhagen, on December 2009, when the importance of involving multiple stakeholders of civil society in discussions regarding REDD+ was highlighted. Later at the COP 16 in Cancun in 2010, social and environmental safeguards for REDD+ were recommended, noting that this issue should not be restricted only to international discussions, but it needs to be taken to a national or sub-national level, involving governments, the private sector, civil society and in particular indigenous peoples and traditional communities.

In seeking to meet these recommendations, international initiatives aim at promoting the use of social and environmental safeguards for REDD+, including: the Social and Environmental Standards for REDD+ (REDD+ SES) initiative at the international level and in Brazil, and the national initiative for Socialenvironmental Principles in REDD+ in the Amazon led by the Amazonia Working Group (Grupo de Trabalho Amazônico – GTA).

Both initiatives have used participatory processes with multiple stakeholders (governments, NGOs and civil society). The international initiative included civil society representatives from several countries, including Brazil. While the initiative of Brazil is based on recommendations, the REDD+ SES international initiative established procedures for monitoring safeguards and a guide to good practices for the application and use of social and environmental safeguards in order to be a participatory, inclusive and transparent process.

Since 2010, in partnership with CARE Brazil, the guides and procedures of the REDD+ SES initiative are being used for the SISA and their programs, adapting the indicators to the reality of the State of Acre, as well as the exercise of the steps of the good practice guide. The ten steps include actions to raise awareness through meetings with multiple stakeholders to establish good governance and to adapt the international indicators to the reality of Acre, public consultations for their validation, preparation of the monitoring plan, developing a report on the program performance, validation by stakeholders. Finally, this report will be published, an activity recommended in the evaluation stage.

The joint work of IMC and CEVA for using the safeguards included two more steps aimed at continuous improvement of SISA and their programs and their monitoring instruments; these are: i) Planning and implementation of enhancement of SISA and its programs, and ii) Learning from the implementation of REDD+ SES.

4.1 Principles, Criteria and Monitoring Indicators

The principles adopted by the ISA Carbon Program are based on those defined under the REDD+ SES Social and Environmental Principles of REDD+ in the Amazon. Altogether there are 7 principles, 22 criteria and 52 indicators.

4.2 Indicators Monitored

Indicators help measure progress in meeting the criteria to achieve the principles, which describe the lasting goals for the SISA and its programs, including the ISA Carbon Program, which is already under implementation.

Thus, the indicators that make up the Safeguards Information System (SIS) have been designed considering the following aspects:

1. Legal Framework. There is a broad legal framework, both at federal and state level that defines which safeguards are applied in the State to:
    - Provide legal recognition of safeguards, and;
    - Provide the legal basis and regulatory instruments by which safeguards will be guaranteed;

2. Institutional Framework. There is an institutional arrangement defined by SISA Act and other agencies at the federal and state level in charge to supervise and implement the safeguards established by the legal framework.

3. Compliance Framework. Defines aspects of monitoring and reporting, which mechanisms for resolving disputes and conflicts, as well as which aspects of non-compliance with safeguards.

The principles, criteria and indicators refer to the "rights holders". The Law of SISA introduced the concept of "environmental services providers" who are all those who promote legitimate actions for preservation, restoration or enhancement of environmental services and sustainable use of natural resources. The Law of SISA allows its programs to acknowledge the value of those who have adapted their production practices and of those who have historically preserved the forest, both of which may be beneficiaries of the SISA. Therefore, for the purposes of this indicators evaluation, providers of environmental services are considered to be the rights holders.

Secondary information was raised from different sources: State departments, federal agencies, monitoring portals and websites, as well as state monitoring tools such as GIS and SIPLAGE. At this stage, the existing gaps will be identified, as well as the mechanisms that currently meet the indicators.

The following chart summarizes the principles, criteria and indicators.

Principles	Criteria	Indicators
1. The rights to lands, territories and resources are recognized and respected by the SISA and its programs.	4 criteria on the following criteria: - Identification of the effective rights; - Recognition and respect for these rights; - Free, Prior and Informed Consent (FPIC) for activities affecting these rights; - Legal and customary rights of private initiatives.	7 indicators that aim to assess: - If there was participatory mapping; - If the existing instruments respect the rights; - If FPIC was applied, with adequate representation and in advance; - Let there be no activities that could influence disputes; - Clear and transparent procedures on rights.
2. The benefits of SISA and its programs are shared equitably among all relevant rights holders and stakeholders.	2 criteria on the following: - Analysis and monitoring of transparent and participatory benefit sharing; - Participatory, transparent and efficient mechanisms for distribution.	5 indicators that aim to assess: - If there are participatory and transparent procedures on funding and distribution of benefits; - If reports and opinions were shared appropriately with all groups; - If there is communication on costs and benefits
3. The SISA and its	2 criteria on the following:	5 indicators that aim to assess:

programs improve long-term livelihood security and well-being of Indigenous Peoples and local communities with special attention to women and the most vulnerable people.	- Positive impacts on the insured livelihoods; -Participatory impact assessment.	- If recipients recognize the benefits; - If additional resources have been generated to improve livelihoods; - If there are measures to ensure livelihoods security over time - If there is participatory impact assessment; - Measures to mitigate negative impacts and enhance positive impacts.
4. The SISA and its programs contribute to good governance, to broader sustainable development and social justice.	3 criteria on the following aspects: - Existence of transparent governance structures; - Coherence of SISA and their programs with existing policies; - Adequate public information.	6 indicators that aim to assess: - The contribution to governance; - If participation, transparency and accountability are assured; - The availability and access to information of the activities supported by the government; - The availability and accessibility of financial information, with periodic reports.
5. The SISA and its programs maintain and enhance biodiversity and ecosystem services.	3 criteria on the following aspects: - Identification and prioritization of biodiversity and ecosystem services; - Enhancement of for biodiversity and ecosystem services priorities; - Do not cause negative environmental impacts in other areas.	7 indicators that aim to assess, for biodiversity and ecosystem services: - The identification, prioritization and mapping; - Measures to conserve and enhance priorities; - The generation of additional resources to identify, prioritize, map and conserve; - Monitoring shows no conversion of prioritized areas; - Identification of negative environmental impacts and maximize the positive impacts; - Monitoring results are used to mitigate impacts; - Reconciliation and use of scientific and traditional knowledge for indicators and monitoring.
6. All relevant rights holders and	6 criteria on the following: - Identification of rights	18 indicators that aim to assess whether:

stakeholders participate fully and effectively in the SISA and its programs.	holders and interest groups; - Stakeholders involved in monitoring and evaluation; - Respect for traditional knowledge and sustainable livelihoods; - Process for conflict resolution - Availability of information. - Information shared between representatives and their constituents.	- There are processes that identify the groups, their composition, distribution, activities, cultural aspects and make it easier for providers to be considered beneficiaries, with representation of vulnerable actors and appropriate consultation; - There is inclusive participation with effective and efficient representation, with rules on gender and resources to ensure participation, - identification and respect of traditional knowledge and sustainable livelihoods, management and use of knowledge, with application of FPIC; - means of conflict resolution with legal advice available; - dissemination of relevant information; - There is information transfer between representatives and their constituents.
7. The SISA and its programs comply with relevant local and national laws and international treaties, conventions and other instruments.	2 criteria on the following: - compliance with local, national and international regulatory frameworks - Review process when regulatory frameworks are not consistent with the standards.	4 indicators aim to assess whether: - Treaties and conventions and state and national regulatory frameworks are considered, - contributes to respect for human rights, - Providers and beneficiaries have the capacity to understand, implement and monitor legal requirements; - review procedures for inconsistencies between the standards, and the local, national and international regulatory frameworks.

Although the SISA and its programs were created by law in 2010, public policies that integrate the SISA and its programs have been in place since 1999. Therefore, the informational survey included policies and instruments adopted before 2010, as well as the other instruments developed and implemented after this date.

5 SAFEGUARDS MONITORING RESULTS

We succinctly present below what the evaluation matrix showed about each indicator, criterion and principle.

Principle 1: Rights to lands, territories and resources are recognized and respected by the SISA and its programs.

This principle aims at identifying the mechanisms used by the SISA to recognize all providers of environmental services and their rights, in order to prevent public policies from violating any rights.

1.1	The SISA and its programs effectively identify the different rights holders (statutory and customary) and their rights to lands, territories and resources relevant to the program.	
1.1.1	Inventory and mapping of the actual legal and traditional rights of land property, access, and land use and management, relevant to the Program, including any superposed or conflictive rights, are realized through a participatory process	Fulfilled
1.2	The SISA and its programs respect both statutory and customary rights to lands, territories and resources which Indigenous Peoples or local communities have traditionally owned, occupied or otherwise used or acquired.	
1.2.1	The land use planning and zoning instruments in areas included in the SISA and its programs identify, acknowledge, and respect the legal and traditional rights of all legal owners of relevant rights and territorial limits	Fulfilled
1.3	The SISA and its programs require the free, prior and informed consent of Indigenous Peoples and local communities for any activities affecting their rights to lands, territories and resources.	
1.3.1	The Program maintains and disseminates the principle of Free, Previous, and Informed Consent, in accordance with the instruction 169 of the International Work Organization and the UN Declaration for Indigenous Peoples, in regard to activities that affect their rights on land, territories, and resources, with guaranty of power for decision of these groups	Partially fulfilled (with gaps)
1.3.2	The owners of collective rights, women and men represented equally, define a verifiable and transparent process to authorize institutions to emit the consent on their behalf	Not fulfilled
1.3.3	Where any reallocation or dislocation might happen, the free, previous, and informed consent on provision of alternative land or fair compensation has been established	Not currently applicable
1.4	Where the SISA and its program enables private ownership of carbon rights, these rights are based on the statutory and customary	

	rights to the lands, territories and resources that generated the greenhouse gas emissions reductions and removals.	
1.4.1	The SISA and its programs will not conduct any activity that could influence the result of a pending dispute on rights on land, territory, and their resources related to the Program	Fulfilled
1.4.2	A transparent process for the definition of rights on carbon is developed and put in practice by the SISA and its programs based on legal and traditional rights on land, territories, and resources which generate reduction or removal of green house gas emissions	Fulfilled

The basic instrument to identify and respect the various rights of all existing groups in Acre is the Ecological - Economic Zoning (Zoneamento Ecológico – Econômico, ZEE). The ZEE attempts to answer the following questions: Who are we? How are we distributed? What activities do we conduct? On which natural resources and environment can we rely? What are the vulnerable areas? and What is our cultural and political landscape?. This is support for the design and implementation of public policies for sustainable development. The instruments of creation ensure its participatory implementation and governance through actins of the State Commission of the ZEE (Comissão Estadual do ZEE, CEZEE).

The Land Management Map was designed in a participatory manner enabling the protection of individual and collective rights. Altogether 700 people, including government, civil society, members of CEZEE and councils, participated in the Phase II of the ZEE. The document and land management map were available for 90 days for comments, which were incorporated in plenary sessions of the councils and the CEZEE.

There are other tools for environmental and land management in smaller scale resulting from the ZEE: i) Local Territory Planning (Ordenamento Territorial Local - OTLs) at the municipal level, ii) Community Development Plans and iii) Management Plans for Indigenous Lands at the community and territory level; as well as iv) Rural Environmental Registry (Cadastro Ambiental Rural – CAR) at the property level. These, together with the Program for Land Regularization, contribute to the identification of the rights of all groups in different scales.

Among the measures for implementation of the ZEE is the creation of the State System of Protected Areas (Sistema Estadual de Áreas Protegidas – SEANP), which aims at recognizing and respecting the customary rights of forest peoples, indigenous and non-indigenous. The creation of settlement projects is intended to secure the rights of small farmers. The land regularization programs aimed at ensuring the rights of all groups and the CAR supports the recognition and respect for the legal rights of landowners.

Possible conflicts that could be found in the regularization process will be addressed by Land Institute of Acre (Instituto de Terras do Acre – ITERACRE) and the National Institute for Settlement and Agrarian Reform (Instituto Nacional de Colonização e

Reforma Agrária – INCRA). Recently this process is being expedited through the Program for Land Regularization (Decree 5578 of 2013) and a commission composed of governmental and non-governmental bodies and chaired by ITERACRE.

There was no relocation of populations, indigenous or non-indigenous, that would require the Prior, Fee and Informed Consent (PFIC). On the other hand, considering that indigenous peoples may decide to implement their own projects to reduce emissions or environmental services under the SISA, training workshops are being conducted to improve the processes and effectiveness of participation. This includes compliance with human rights, territorial rights and respect for the cultural diversity of indigenous peoples, traditional communities, riparian communities, gatherers and subsistence farmers. This is a way to disseminate the Declaration 169 of the International Labor Organization and the United Nations on the subject.

The SISA, specifically ISA Carbon Program, does not constitute a set of REDD+ projects or activities only for conservation. It will achieve emissions reductions by implementing actions to value the forest by the proper management of its products, as well as the proper use of already deforested areas, aiming at improving productivity and family income. Therefore the SISA also consists of assistance and funding policies forming a model that does not require the use of PFIC. Thus, assessing the existence of verifiable and transparent procedures for authorizing institutions to grant consent on their behalf, occurs at the level of individual projects.

The procedures for the integration of individual projects have already been established. These need to provide documents that clearly demonstrate the legal land situation and the relationship between all participants (proponent, owner or owners, environmental service providers, and investors or developers).

In addition to the mechanisms for prevention and mediation of conflicts already in place (District Attorneys' Office, Public Defenders' Office, ombudsman, the Federal Constitution of 1988, Law Nº 10406 of the Civil Code of 2002, Act 2308 of 2010 and other laws regarding territorial and land rights), the SISA includes a specific ombudsman to channel complaints and coordinate entities that may be involved in resolving the conflict. In this sense, it contributes to the performance of the State Commission for Validation and Monitoring (Comissão Estadual de Validação e Acompanhamento – CEVA) and the Climate Change Institute (Institute de Mudanças Climáticas – IMC).

A verifiable and transparent procedure does not yet exist to ensure equal participation of women in decision-making about activities affecting their rights to lands, territories and natural resources. However, the State of Acre has a Special Secretariat for Women Policies and a State Plan for Women's Policies with a Steering Committee established by Decree 6418 of 2013 to strengthen the equality of women in the participation and decision-making processes.

Lastly, to help the SISA and its programs respect the rights of all, a transparent process to define carbon rights was developed based on the legal and customary rights to land, territories and natural resources. The consultation process occurred between 2009 and 2010, and the basis for drafting Law Nº 2.308 of 2010. One of the recommendations was the recognition and appreciation of all stakeholders for the conservation, restoration and enhancement of all ecosystem services, not just carbon. With this process, the concept of

environmental service provider and beneficiary could be established by Law, as well as tools for participation and transparency, such as Advisory Boards, CEVA and the Indigenous Working Group to ensure compliance with this indicator.

This is being used as a basis for resource allocation of pay for performance in reducing emissions from the German Bank KfW.

Gaps:

- Still lacking a formal procedure to be adopted by the SISA for the implementation of free, prior and informed consent.
- There is still no information from the Special Secretariat for Women's policies (Secretaria Especial de Políticas para Mulheres – SEPMulheres) that helps identify formal procedures to ensure the equal participation of women in decision making. Therefore, better coordination of the SISA with these policies is needed
- There is still the need for regularization of Indigenous Lands recognized by the ZEE, ensuring that the rights of indigenous peoples are indeed respected.
- There is still the need to regulate the procedures adopted by the IMC for integration of private projects in order to prevent projects in areas of dispute over land tenure and rights from getting started.

Principle 2: The benefits of the SISA and its programs are shared equitably among all relevant rights holders and stakeholders.

The objective of this principle is to ensure that the distribution of benefits considers the contributions from the different providers of environmental services to the conservation, recovery and enhancement of environmental services.

2.1	There is transparent and participatory assessment of predicted and actual benefits, costs, and risks of the SISA and its programs for relevant rights holder and stakeholder groups at all levels, with special attention to women and marginalized and/or vulnerable people.	
2.1.1	Existence of a participatory evaluation procedure for the monitoring and communication of the projected costs, the revenues, the planned and real impacts, related to the implementation of initiatives within the SISA and its programs, positive and negative, on social, cultural, human rights, environmental and economic aspects for the beneficiaries of the SISA and its programs	Fulfilled

2.1.2	Realization of a workshop with adequate method and language for the sharing of the analyses of reports and studies about costs, revenues, benefits, and risks associated to every group of environmental service providers of the Program	Not applicable at this stage in implementation
2.2	Transparent, participatory, effective and efficient mechanisms are established for equitable sharing of benefits of the SISA and its programs among and within relevant rights holder and stakeholder groups taking into account socially differentiated benefits, costs and risks.	
2.2.1	The SISA and its programs ensure an inclusive and transparent participation of the beneficiaries of the Program and of institutions interested in this topic, the decision making process (directives, policies, and norms) and mechanisms (programs, sub programs, projects, and plans) for the equitable benefit sharing and the respective monitoring, which determines the sharing mode	Fulfilled
2.2.2	Existence of transparent and efficient administration procedures to turn the management of the funds and benefit sharing operational in an opportune time span, and demonstrating an adequate relationship between costs and benefits	Partially fulfilled
2.2.3	Existence of a transparent and accessible procedure to review the options, the equity, the efficiency, and efficacy of the Program in regard to the design of the mechanism of benefit sharing	Not fulfilled

Law Nº 2308 established the criteria governing the sharing of benefits arising from the SISA and therefore from the ISA Carbon Program. Article 23, sections IX and X, for example, refer to "Justice and equity in the distribution of economic and social benefits originating from products and services linked to the programs under this law; and transparency, efficiency and effectiveness in the administration, management, monitoring, evaluation and review of the system and its programs."

Considering that said Law, in Section III, Article 4, characterizes the beneficiaries of the SISA as all those who promote legitimate actions of preservation, conservation, restoration and sustainable use of natural resources, relevant to and converging with the guidelines of this law, with Ecological and Economic Zoning in Acre (ZEE / AC), with the State Policy on Environmental Valuation of Forest Assets and the Plan for Fire Prevention and Slash-and-Burn Deforestation Control of Acre (Plano de Prevenção e Controle do Desmatamento e Queimadas do Acre – PPCD / AC), the model of benefit

sharing is based on the stock-flow approach that considers not only reduction of the flow of emissions, but also the maintenance of forest stock (Moutinho et al. 2011).

To meet the principle of balanced and judicious distribution of benefits, the system will consider two important questions: (1) the distribution of land tenure in the state and (2) industries (extractive, agricultural, forestry and livestock) that should receive attention and at what time. The combination of these two points results in the valorization of the forest and in lowering pressure for further deforestation.

Thus, these benefits (incentives) can come in different forms, through the state public policies for the continuous reduction of emissions and conservation of stocks, what we call a programmatic approach. This implies in sharing the benefits via programs that meet the needs of each subprogram of the SISA (subsistence agriculture, livestock, indigenous lands, etc.) in order to make the transition to land uses that do not depend on deforestation (Nepstad et al. 2009).

Through this approach, the benefits are achieved by reducing emissions flow (reducing deforestation and forest degradation) in the area of jurisdictional and are apportioned considering all stakeholders who contribute to reducing emissions flow and maintaining carbon stocks in forests. This will allow a balanced distribution of benefits obtained at the jurisdictional level that result in increased quality of life and income of rural populations in Acre.

Through the proposed institutional arrangements, the funds raised by the ISA Carbon Program will be received through the State Forest Fund in case of donations, or received and managed directly by the Company for Environmental Services Development (Companhia de Desenvolvimento de Serviços Ambientais - CDSA). The fund and CDSA are effective administrative instruments for the administration of funds given the speed of execution of resources aimed to different environmental services providers.

To maintain transparency and involvement of stakeholders in the distribution of benefits, the definition of investment funds that would be raised goes through the approval of the State Commission for Validation and Monitoring of the SISA – CEVA, whose composition of both civil society and government is described in section 2.2. With this approval, the investment planning is transferred to the State Board of Forestry (Conselho Estadual de Florestas - CEF) responsible for the governance of the Forest Fund and for approving the annual budget of the resources that enter the Fund against the annual implementation reports.

In the case of investments in Indigenous Territories, investment planning involves joint assessment and planning under the Indigenous Working Group, established by CEVA as an advisory body on matters of environmental services in Indigenous Lands.

The State Forest Fund can transfer the proceeds to the bodies executing the public policies, such as state secretariats and other authorities, or it can establish partnerships with non-governmental organizations to carry out activities such policies. The CDSA, on the other hand, can receive the proceeds directly or via the State Forest Fund for implementation of the state public policies activities.

The distribution of the benefits originated form the German Development Bank KfW payment for results in reducing deforestation followed these procedures. The transfers are made annually and the amount depends on the amount of emissions reduction. Two transfers have already occurred and investment proposals for each were approved by

CEVA. Both investment proposals were made considering both the stakeholders that conserve forest as those sectors that need to change their land use to more sustainable practices. The proposals, once approved by CEVA, were submitted to the State Board of Forestry responsible for management of the Forest Fund. The use of resources for indigenous populations was determined by the Indigenous Working Group.

There is, in CEVA, an instrument for review of options, equity, efficiency and efficacy of the programme in the design of a benefit sharing mechanism. It is necessary to create procedures and capacity for transparency and disponibility of information.

Considering that the largest amount of resources is yet to be invested in 2014, we cannot evaluate the processes of accountability and the impact of these investments.

Gaps

- Laws and policies lack a clear link with gender policies to ensure equitable distribution to enforce gender equity.
- It still lacks transparent and accessible procedures to review options, equity, effectiveness and efficiency of the SISA in the design of mechanisms for the distribution of benefits.
- Need to improve communication between the spheres of governance and adopt procedures for the publication of information that allows increased transparency and access to information for civil society.

Principle 3: The SISA and its programs improve long-term livelihood security and well-being of Indigenous Peoples and local communities with special attention to women and the most vulnerable people.

The objective of this principle is to ensure that prevent environmental services, such as emission reductions, from being prioritized over quality of life of all providers of environmental services potential beneficiaries of the SISA.

3.1	The SISA and its programs generate additional, positive impacts on the long-term livelihood security and well-being of Indigenous Peoples and local communities, with special attention to women and the most marginalized and/or vulnerable people.	
3.1.1	The beneficiaries of the program acknowledge to have received benefits, and additional positive impacts related to long term security of the living means and well being improvement through the participation in initiatives implemented within the programs of the of the SISA	Partially fulfilled
3.1.2	The initiatives within the programs of the SISA generate additional	Fulfilled

	resources to improve the long term security of the living means and well being of the beneficiaries	
3.1.3	Measures are taken to guarantee that the long term security of the living means and the well being of the beneficiaries of the SISA are sustainable and adequate to the local expectations, and included in the design of the SISA and its programs	Fulfilled
3.2	The SISA and its programs are adapted based on assessment of predicted and actual impacts in order to mitigate negative, and enhance positive, impacts on Indigenous Peoples and local communities with special attention to women and the most marginalized and/or vulnerable people.	
3.2.1	Existence of procedures for participatory evaluation of the monitoring and communication of the planned and real impacts, positive and negative, from the implementation within the SISA and its programs, on social, cultural, human rights, environmental, and economic aspects of this Program for its beneficiaries	Partially fulfilled
3.2.2	Measures to mitigate and effectively adequate the negative potential and the real impacts and to reinforce the positive impacts, are included in the Program design	Fulfilled

Law Nº 2.308 of 2010 establishes principles for the implementation of the SISA and its programs, including the "strengthening of identity and respect for cultural diversity, such as recognizing the role of extractive and traditional populations, indigenous peoples and farmers in the conservation, preservation, sustainable use and recovery of natural resources, especially the forest". Therefore, the SISA programs are supported through the implementation of state policies, defined in the Multi-Year Plans (Planos Plurianuais - PPA). The PPAs for the periods 2004-2007, 2008-2011 and 2012-2015 consider sustainable economy as a vector to generate employment and income, promote social equity, strengthen their own culture and identity, and conservation of the natural environment.

The implementation of actions stated in the PPAs is monitored by each secretariat, who forwards the results to the Secretariat for inter-Institutional Coordination responsible for Monitoring and Evaluation System of government actions. Decree Nº 6401 of 25 September 2013 establishes the Integrated System of Strategic Planning and Management (Sistema Integrado de Planejamento e Gestão Estratégicos – SIPLAGE), which provides the right conditions to meet the indicator, since it establishes the processes of planning, monitoring and evaluation of policies, strategic programs and projects of the state.

The SIPLAGE incorporates a component of **In Person Monitoring** there that measures the satisfaction of the community with the benefits produced. Whenever there are deviations from the planned targets and / or critical barriers that spoil the agreed outcomes, the **Correction Plan** shall be prepared. The **Evaluation** consists of a process to verify impact, which measures technical indicators of effectiveness and efficiency, resulting in the technical performance indicator and sociopolitical indicators. This is, therefore, a source to verify if the different groups recognize the scope of the various public policies relevant to the SISA.

All actions defined in the last 3 PPAs relevant to the evaluation period of this report were strategic actions to ensure the long term security of livelihoods and to improve the well-being of all groups of environmental service providers, beneficiaries of the SISA.

The benefits (incentives) can come in different forms, through the state public policies to meet the needs of each sector, such as subsistence agriculture, livestock, indigenous lands, etc., thus making the transition to land uses that do not depend on deforestation.

The programs and plans of the Policy for Valuation of the Environmental Forest Assets (Política de Valorização do Ativo Ambiental Florestal) all through the actions to strengthen value chains with the industrialization process of sustainable forest products under the program line of Low Carbon Economy PPA for 2012 - 2015 are part of the means adopted to ensure long-term livelihoods and well-being of the population.

Law Nº 1.277 of 13 January 1999, named Chico Mendes Law, "provides for the granting of a subsidy to producers of crude natural rubber in the state of Acre and other provisions", which was maintained and applied in subsequent years, serving 14 of the 22 municipalities. From programs and plans of the State Policy on Environmental Valuation of Forest Assets up to actions to strengthen value chains of the sustainable forest products industrialization process under the Low Carbon Economy Axis of the PPA for 2012 - 2015 are part of the means adopted to ensure long-term livelihoods and well-being of the population.

The Policy on Environmental Valuation of Forest Assets is based on two programs: the Program for on Environmental Valuation of Forest Assets and Program for Recovery of Altered Areas. This program aims at promoting consolidation of already deforested areas (with inclusion of more sustainable practices such as agroforestry systems, agroforestry and pasture systems), recovery of degraded areas (mechanization, use of lime), consolidation of forest plantations, the regularization of forestry as environmental liabilities in rural properties, as well as the consolidation of a certified array of sustainable rural family production units.

The Interagency Commission responsible for preparing proposal for valuation of indigenous agroforestry agents was recently created. The objective is to continue professional capacity building and to define a way to pay professionals for their services while promoting indigenous sustainable production practices.

Encouraging small business is also an integral part of this sustainable economy policy. Implemented in partnership with the institutions of the System S (a set of nine relevant institutions of various professional categories), this policy has created and supported in

2012, 2,000 small businesses across the State, primarily serving the most vulnerable segments of society.

The process of industrialization of the state is also strengthening forest-based economy therefore aims at working with all links of the sustainable supply chains. The state invests in supporting the pillar industries in a public private partnership and community schemes, enabling modernization and diversification of family income. Over the past 12 years, there have been efforts to regulate the logging industry in order to prevent illegal activity and promote its sustainable management. About 95% of the wood consumed by the various sectors is from Sustainable Forest Management Plan implemented in private, communal and public area. At the same time, the reforestation of already deforested areas is supported to help establish a supply base for the wood industry in a sustainable manner.

In the case of the production chain of rubber, the condom factory Natex was established to restore and reinforce a traditional extractive practice developed by tappers, but strengthening all the segments of the chain, including associations, cooperatives, intermediaries, processing plants and industry. Regarding the Brazil nut, the State has encouraged the production through a program of prescheduled purchases, support to the implementation and structuring of processing plants, construction of storage facilities, support to product transport and delivery, as well as encouraging organic certification of Brazil nuts.

The Fisheries industrial complex complemented the strategy for securing livelihoods in the long term, involving 16,000 families from the nursery to the industry.

The funds raised by the reduction of emissions from deforestation from the German Development Bank KfW's financial cooperation will be used as additional resources to expand the scope of these policies, having a goal of providing 8,000 beneficiaries in 4 years, supporting the following lines:

- Strengthening the extractive rubber chain by paying rubber subsidies,
- Strengthening family agriculture in the Certification Program,
- Support for the implementation of Indigenous Subprogram and Indigenous Agroforestry agents,
- Support for sustainable extractive territories focusing on the consolidation of conservation units,
- Support for Sustainable Farming.

All these public policies, programs and projects have a participatory nature in all its phases (design, implementation and evaluation), established by guidelines and through levels of governance. The closest governance levels are state councils, like the Science, Environment and Technology (Ciência, Meio Ambiente e Tecnologia - CEMACT), Rural and Forest Sustainable Development (Desenvolvimento Rural e Florestal e Sustentável - CDRFS), State Forest Council (Conselho Estadual de Floresta - CEF), Stewardship and Management Plan for Protected Areas (de Manejo e Plano de Gestão de Unidades de Conservação), as well as municipal councils, such as Environment Defense (Defesa do Meio Ambiente (COMDEMA), commissions, such as the State Commission for Validation and Monitoring (Comissão Estadual de Validação e Acompanhamento - CEVA), working groups, such as the Inter-institutional Indigenous Working Group (Grupo de Trabalho

Interinstitucional Indígena - GTI). Plans that seek to identify and meet the desires and needs of the local population are also developed. When possible and necessary, public hearings and consultations are held with representatives and leaders from different sectors of State of Acre society.

The resources channeled through the State Forest Fund, for example, are evaluated and approved by the State Forestry Board. Annually this board approves the proposed investment for coming year and the implementation report. CEVA, in turn, evaluates the activities of the SISA in annual meetings, thereby demonstrating the use of participatory assessment procedures.

Regarding measures to effectively mitigate and adapt potential and actual negative impacts and enhance positive impacts, the SISA may be supported by the **Develop and Serve Plan** (Plano Desenvolver e Servir) (Multiyear Plan - PPA 2012-2015), **Law Nº 2,524 of 20 December 2011**. The **PPA** aims at maximizing opportunities and solving problems with the differentiated strategic keeping in mind the governmental challenges expressed in axes, programs, indicators, targets and initiatives that are considered critical for the Sustainable Development of Acre in the next four years. **Article 7, the evaluation of the PPA from 2012-2015** consists of the analysis of public policies and Programs, **supplying subsidies for possible adjustments in their formulation and implementation.**

The creation of the System of Strategic Planning and Management (**SIPLAGE**), established **by Decree Nº 6.401 of 25 September 2013**, aims at consolidating the processes of planning, monitoring (technical and in person) and evaluation (opinion survey and impact assessment) of policies, programs and strategic projects of the state referenced in public management by results, according to Article 2 of the **Joint Guideline SEPLAN / SAI Nº 001 of 2013.**

These can be supplemented by the Plan of Action for Improving the SISA developed from the identification of gaps in this Safeguards Monitoring Report.

Gaps:

The main gaps identified to meet the indicators of this principle were:

- Although the dynamics of the committees will vary over time it will take to review this report, we still needs a formal procedure from State Councils for monitoring and evaluation of public policies using as input the reports produced by SIPLAGE.
- A Communication Plan for the SISA and its programs with set period to update the information is still missing, as well as the format of the information to be made available.
- A flow is established to review the reports produced by SIPLAGE through participation instruments established by law has not been established.

Principle 4: The SISA and its programs contribute to broader sustainable development and social justice.

This principle aims at ensuring that any initiative to reduce emissions from deforestation and forest degradation and valuation of other environmental services will be integrated into broader strategies of governance, sustainable development grounded in social justice.

4.1	The governance structures of the SISA and its programs are clearly defined, transparent, effective and accountable.	
4.1.1	The SISA and its programs contribute to the aims and the governance of policies, programs, and plans (including their reinforcement) related to (the environmental, economic, human rights, cultural issues of) the federal, state and municipal spheres considering aspects related to the equity, effectivity, efficiency, and efficacy through mechanisms that assure the effective participation of the (female and male) beneficiaries in the decisions	Partially fulfilled
4.1.2	The governance structure ensures the access, the popular participation, the transparency, responsibility, justice, and sustainability	Fulfilled
4.2	The SISA and its programs are coherent with relevant policies, strategies and plans at all relevant levels. Also there is effective coordination between agencies/organizations responsible for the design, implementation and evaluation of the System, its programs and other relevant agencies/organizations.	
4.2.1	Adequate information about the SISA and its programs is available to the public	Partially fulfilled
4.2.2	The government policies support the access to information about the SISA and its programs	Fulfilled
4.3	Adequate information about the SISA and its programs is publicly available to promote awareness-raising and good governance	
4.3.1	The information about the financial management of the SISA and its programs is available to the public	Partially fulfilled
4.3.2	Financial reports of the SISA and its programs are published regularly	Partially fulfilled

In regards to governance, Law Nº 2.308 of 2010 establishes a governance arrangement for the management of the SISA. Considering:

1) The role of the Government through the Institute of Climate Change and Regulation of Environmental Services – IMC, the body responsible for the registration and enforcement of the SISA;

2) The role of civil society in social control over the design and implementation of the system through the formal establishment of the Advisory Boards, of the State Commission for Validation and Monitoring - CEVA which in turn created the Indigenous Working Group. This way it contributes to meeting the objectives of governance, where there is participation, equally civil society and government (municipal, state and federal); and

3) The role of the private sector through the establishment of the Company for Development of Environmental Services (Companhia de Desenvolvimento de Serviços Ambientais), through which providers of environmental services, investors, donors, etc., can relate to the design and implementation of initiatives that will lead to the continued provision of environmental services.

All entities mentioned above have already been established with their flows and internal rules of operation

However, instruments that facilitate the coordination of state, local and federal policies already exist. For example, at the general level, the Tripartite Commission involving all these bodies has the role of coordinating efforts between different levels of power for the execution of actions and programs related to PPCD; and more specifically the cooperation between Acre's Institute for the Environment (Instituto do Meio Ambiente do Acre – IMAC) and the Brazilian Institute for the Environment (Instituto Brasileiro do Meio Ambiente e Recursos Naturais Renováveis - IBAMA) for inspection and enforcement actions.

This governance structure ensures access, popular participation, transparency, accountability, rule of law, predictability, fairness and sustainability. CEVA has assumed this role specifically in the SISA, meeting almost once a month since its inception to monitor the implementation actions of the SISA and contributing to the development of its processes. At the moment that CEVA realized the need to have direct advisory from indigenous peoples regarding their interests, the Indigenous Working Group was formally created to advise CEVA on this specific subject. This type of arrangement allows CEVA to establish working groups that are necessary to facilitate the participation of different groups.

All meeting minutes from CEVA and the GTs are forwarded to its members as well as being available on the IMC website. Sites where the meeting minutes from Councils (Boards) are available were not found.

The homepages, portals and observatories are channels of communication with the other Administration bodies, virtual spaces that host different levels of information and participation and monitoring tools with a focus on the development and implementation of public policies: Government of Acre Portal, IMC Portal, REDD Observatory Portal.

Considering that the SISA is implemented through various public policies executed by various secretariats, it should use the Social Resources Management System (Sistema

de Gerenciamento de Recursos da Sociedade – SAGRES). SAGRES is an application to support the implementation of External Control conducted by the Internal Revenue Court of the State of Acre that aims at collecting, analyzing and making available to society all digital data on the budgetary and financial execution of management units.

In addition, **Law Nº 12,527 of 18 November 2011** establishes as a fundamental principle the rule of access to public information, and secrecy only as an exception. The homepages, portals and sites are virtual spaces that provide data on the resources transferred from the federal government to states, Federal District and municipalities, aiming at providing greater transparency. They can be defined as channels that facilitate and amplify the social control exercised by the people, allowing them to monitor the financial execution of government programs through the world wide web, the **Transparency Portal of the Federal Government, Transparency Portal of the Government of Acre, and the Acre Government Portal.**

Gaps:

- The period for updating information, as well as the format of the information to be made available on the Transparency Portal is not yet established.
- We still need to establish a mechanism to disseminate the reports on implementation of the SISA and their programs.
- Aspects related to equity, effectiveness, efficiency and effectiveness in a complementary fashion to the safeguards monitoring are not included in the SIPLAGE process of monitoring and evaluation.
- The period for updating information, as well as the format of the information to be made available is not yet established.

Principle 5: The SISA and its programs maintain and enhance biodiversity and ecosystem services.

This principle aims at preventing the implementation of any action to reduce emissions or valuation of other environmental services that might have negative impacts on the environment by displacement of economic activities in important places for biodiversity conservation and ecosystem services

5.1	Biodiversity and ecosystem services potentially affected by THE SISA and its programs are identified, prioritized and mapped.	
5.1.1	Existence of a procedure to identify, prioritize, and map the biodiversity and the ecosystem services within the SISA and its programs	Partially fulfilled

5.1.2	The SISA and its programs include measures which, once implemented, maintain and improve the identified priorities for the biodiversity and the ecosystem services	Fulfilled
5.1.3	The SISA and its programs generate additional resources to identify, prioritize, map, maintain, and improve the biodiversity and the ecosystem services	Fulfilled
5.2	The SISA and its programs maintain and enhance the identified biodiversity and ecosystem service priorities.	
5.2.1	The monitoring of impacts of the SISA and its programs in natural forests and other important areas demonstrates that there is no conversion within the project area, ensured the means of food security and cultural preservation of the traditional populations	Fulfilled
5.3	The SISA and its programs do not lead to the conversion or degradation of natural forests or other areas that are important for maintaining and enhancing the identified biodiversity and ecosystem service priorities.	
5.3.1	The SISA and its programs include measures to identify and monitor, and proposes actions to mitigate the negative and potentiate the positive impacts to the biodiversity and the ecosystem service	Not fulfilled
5.3.2	The feedback of the monitoring is used to develop measures to mitigate even more the potential negative environmental impacts and to strengthen the positive ones	Not fulfilled
5.3.3	The monitoring plan includes indicators to survey the biodiversity and the ecosystem service affected by the ISA Carbon Program, identified through the traditional knowledge and scientific research	Not fulfilled

Since its beginning, the SISA has relied on the Ecological-Economic Zoning as the first tool used to map and to identify biodiversity and ecosystem services in the state of Acre. The ZEE identifies not only zones of consolidation of sustainable production, conservation zones and urban development zones, but also the priority areas for land use planning highlighting the areas that need further studies to define their destination.

This tool is further supported by other actions that map and prioritize biodiversity at the national level. The first was the Program for the Conservation and Sustainable Use of Brazilian Biological Diversity (Programa de Conservação e Utilização Sustentável da Diversidade Biológica Brasileira – PROBIO) developed between 1997 and 2000, with a consultation to define priority areas for conservation in the Amazon and other Brazilian biomes and a priority map updated in 2006 by the National Commission for Biodiversity (Comissão Nacional de Biodiversidade - CONABIO).

Some steps were taken in Brazil and Acre to help the SISA and its programs maintain and improve indentified priorities for biodiversity and ecosystem services. The National System of Natural Protected Areas (Sistema Nacional de Unidades de Conservação da Natureza – SNUC) was established by Law Nº 9985 of 18 July 2000 establishing criteria and standards for the creation, implementation and management of protected areas

As a result of these steps, Law Nº 1,426, of December 27, 2001 provides for the preservation and conservation of State forests, establishes the State System of Natural Protected Areas (Sistema Estadual de Áreas Naturais Protegidas – SEANP), creates the State Forestry Board and the State Forest Fund. This law regulates the use of native or cultivated forests and other forms of native vegetation in the Acre territory as part of the adopted measures to maintain and enhance the biodiversity priorities identified. Between 2000 and 2009, 13 new protected areas were created. Currently the SEANP is responsible for protecting 47% of the state territory, including state protected areas and indigenous lands.

In 2007, while the Chico Mendes Institute for Biodiversity Conservation (Instituto Chico Mendes de Conservação da Biodiversidade - ICMBio) was created at the federal level, currently managing 304 protected areas in the country, the State Secretariat for the Environment (Secretaria de Estado do Meio Ambiente - SEMA) was created at the state level by Complementary Law. SEMA is an organ under direct administration of the government and it is responsible for developing and monitoring public policies for the environment, environmental support and valuation and conservation of biodiversity for the common good.

It is also necessary to consider that Brazil has a Forestry Code, whose Chapter IV of the latest version of 2012, refers to areas of Legal Reserve, including the delimitation of the Legal Reserve area, specifically in the Amazon, to 80% of the property located in the forest. The Code also provides for native forests, establishing criteria and standards for the use of its resources. It is thus an additional measure contributing to the maintenance of biodiversity.

The contribution of the SISA and its programs to the maintenance of biodiversity and ecosystem services can be further enhanced by similar initiatives from the civil society. We need to identify and map these activities to seek synergies and integration of actions.

The SISA is composed of a series of programs that are aimed at conservation and recovery of all environmental services and are designed to generate social and environmental co-benefits. Therefore, the design of the Biodiversity Program should consider all existing instruments and lessons learned to continuously update the biodiversity priorities and develop strategies that lead to their protection. However this program is in its early stages of design and strategy definition.

On the other hand, the ISA Carbon Program, which already had its first payment for reducing emissions, has budgeted resources received from the German Development Bank - KfW to consolidate sustainable extractive territories to ensure their adequate managed. This will help strengthen extractive industries and role of these territories have in maintaining biodiversity. This plan was approved at the annual meeting of the State Forestry Council, which manages the State Forest Fund, through which these funds are implemented.

Protected Areas are divided into strictly protected areas, areas of sustainable use and indigenous lands. In the last two types, within their guidelines of use, the ways of life of the resident population are protected in a manner to not impact the conservation of biodiversity and ecosystem services.

The State has a Central GIS and Remote Sensing Unit (Unidade Central de Geoprocessamento e Sensoriamento Remoto - UCEGEO) that monitors forest conversion annually, in an inventory of annual gross deforestation since 1988 at the state level, using high resolution images. This tool helps check the progression of deforestation in Acre, highlighting the real impact of public policies on curbing deforestation and on biodiversity conservation in Protected Areas, as well as in the priority areas.

Monitoring of deforestation at the local scale and monitoring of SIPLAGE actions can be used to identify, evaluate and propose actions to mitigate the negative impacts and maximize the positive impacts.

Gaps
The main gaps found were:

- Low effective implementation of the legal instruments for the protection of biodiversity in protected areas.
- A process for institutional coordination is still lacking, as well as a survey of the initiatives that contribute to the maintenance and enhancement of biodiversity, which could be amplified by the SISA.
- Still missing is the synergy between the SISA and SIPLAGE to incorporate the analysis of positive and negative impacts of the SISA management of conservation and maintenance of biodiversity.

Principle 6: All relevant rights holders and stakeholders participate fully and effectively in the SISA and its programs.

6.1	The SISA and its programs identify all rights holder and stakeholder groups and characterize their rights and interests and their relevance to the SISA and its programs.	
6.1.1	The SISA and its programs identify the environmental service providers and potential beneficiaries of the system (including their	Fulfilled

	traditional knowledge, management systems) and the institution interested in this topic addressing to especially vulnerable groups (indigenous peoples, local communities, women and young people) characterizing their rights and interests	
6.1.2	The SISA and its programs include procedures for any interested party to present itself as owner of rights (environmental service provider, beneficiary of the SISA) or relevant stakeholder (institution interested in this topic)	Fulfilled
6.2	All relevant rights holder and stakeholder groups that want to be involved in the SISA and its programs design, implementation, monitoring and evaluation are fully involved through culturally appropriate, gender sensitive and effective participation.	
6.2.1	A process and an institutional structure are established and implemented to allow an efficient and equitable representation of marginalized and/or vulnerable groups, including women in the participation of all relevant right owner and stakeholder groups during the design, implementation, and evaluation of the program	Fulfilled
6.2.2	The program applies public consultancy processes (adapted to the local context, using socially and culturally adequate methods), approved by the environmental service providers beneficiaries of the program and by the institutions interested in this topic	Fulfilled
6.2.3	The different spheres – federal, state, municipal – effectively participate in the Program	Fulfilled
6.2.4	The design and implementation of the Program is adapted as a response to the participation of the right owners and stakeholders	Fulfilled
6.2.5	Existence of a specific complementary norm to guarantee the effective participation of women and the gender equity	Not fulfilled
6.2.6	The program's projects and plans must dispose of resources for the participation of the communities' representatives and stakeholders involved in the process, who need logistical support for the participation	Fulfilled
6.3	The SISA and its programs build on, respects, supports and protects rights holders' and stakeholders' traditional and other knowledge, skills, and management systems including those of Indigenous Peoples	

	and local communities	
6.3.1	The processes and structure for decision making of indigenous peoples and local communities are acknowledged, respected, supported, and protected	Fulfilled
6.3.2	Traditional knowledge, abilities, and management systems relevant to the ISA Carbon Program are identified	Partially fulfilled
6.3.3	The SISA and its programs consolidate, respect, and support the relevant traditional knowledge, abilities, and management systems	Partially fulfilled
6.3.4	The free, previous, and informed consent is obtained for the use of any knowledge, innovation and traditional practice of indigenous peoples and local communities	Not currently applicable
6.4	The SISA and its programs identify and use processes for effective resolution of grievances and disputes relating to the design, implementation and evaluation of the SISA and its programs, including disputes over rights to lands, territories and resources relating to the program.	
6.4.1	The SISA and its programs identify and establish processes to resolve requirements and controversies related to the design, implementation, use of resources, and evaluation of its plans and projects	Fulfilled
6.4.2	Right owners and stakeholders are informed about the mechanisms for requirements and have access to them	Not fulfilled
6.4.3	No activity that could prejudice the result of a dispute related to the program is conducted by the SISA and its programs	Fulfilled
6.4.4	The existence of the legal advisory service is available and accessible for the environmental service providers beneficiaries of the SISA and its programs and for the institutions interested in this topic	Partially fulfilled
6.5	The SISA and its programs ensure that rights holders and stakeholders have the information that they need about the SISA and its programs, provided in a culturally appropriate, gender sensitive and timely way, and the capacity to participate fully and effectively in program design, implementation and evaluation.	

6.5.1	Existence of a process of dissemination of information, sensitiveness, and capacity building of community leaders, support of the providers of environmental services beneficiaries of the program and the relevant stakeholders to allow their participation in the decision making previously informed and responsibly and transmit the information to their bases	Fulfilled
6.6	Rights holder and stakeholder representatives collect and disseminate all relevant information about the SISA and its programs from and to the people they represent in an appropriate and timely way, respecting the time needed for inclusive decision making	
6.6.1	The representatives of right owners and stakeholders disseminate all relevant information to the persons they represent	Not applicable

The process of developing the SISA was based on state public policies for environmental and territorial management already existing in Acre, where all groups of stakeholders that make up the population of Acre were identified (EEZ OTL, PDC, PGTI, and CAR). This is the basis for the definition of investment strategies that promote environmental services.

In the design process of the SISA, consultations with different stakeholders enabled to define the concept of environmental services provider as all those who act to promote conservation, restoration or enhancement of environmental services. These providers may constitute beneficiaries of the SISA through the relevant government programs for the SISA ensuring the participation of all sectors through subprograms. In the case of private projects, procedures are established for their integration in the SISA taking into consideration compliance with the requirements of clear proof, early in the process, the ownership status of the project area, as well as the relationship between all participants (providers - holders of land or squatters, proponents, developers, investors). Subsequently, once it is shown that there are no disputes of any kind the proponent will need to demonstrate the alignment of the project's basic principles with that of the state and with the system of accounting for the environmental service .

These actions aim at supporting all groups, at jurisdictional level, encouraging them to conserve ecosystem services by supporting the consolidation of sustainable supply chains. Furthermore, the procedures adopted for private projects are designed to avoid fueling or aggravating disputes or conflicts over the land and its natural resources.

The resolution of any conflict are supported by a larger State structure for conflict resolution that consists of a judicial system, Federal and State Prosecutor and Public Defender (with legal advice), and the bodies responsible for land tenure regularization can be accessed through the SISA's Ombudsman.

The governance structure of the SISA, which includes CEVA and the Advisory Boards, has equal representation between government (federal, state and municipal) and civil

society, including all sectors. CEVA ensures the representation of all stakeholders through the formation of working groups, the first to be established was the Indigenous WG, which includes indigenous and governmental bodies and non governmental institutions directly related. All these bodies are meant to ensure that their interests and forms of decision making are respected.

Since the conception of the SISA, through the early years of its implementation and to the development of this instrument for monitoring safeguards, consultation processes were adopted and participation was adapted to the reality of each type of stakeholder, provider of environmental services, together with prior knowledge and leveling information to qualify them to participate. All contributions of all consultation processes enabled the conceptual development and implementation of the SISA and its programs. All these processes have guaranteed resources to enable the participation of different stakeholders.

Gaps:

- There is still the need to develop the Ombudsman structure, so potential disputes related to the SISA and its programs can be effectively directed by it.
- There is still the need for a formal process to employ the PFIC for the use of traditional knowledge, especially among indigenous peoples.
- There is still the need for a procedure to investigate whether representatives pass on information to their constituents, at the state level, as required for the SISA.

Principle 7: The SISA and its programs comply with local and national laws, treaties, conventions and other relevant international instruments.

7.1	The SISA and its programs comply with applicable local law, national law and international treaties, conventions and other instruments ratified or adopted by the country.	
7.1.1	The SISA and its programs consider the principles of the international agreements, conventions, and other instruments, respecting the national laws	Fulfilled
7.1.2	The SISA and its programs specify how its policies and measures will contribute to improve the respect, protection, and accomplishment of the human rights of the indigenous peoples and local communities	Fulfilled
7.1.3	The environmental service providers and beneficiaries of the Program and institutions interested in this topic have the capacity to understand, implement, and monitor the legal requirements of the system	Fulfilled

7.2	Where local or national law is not consistent with the SISA, its programs, relevant international treaties, conventions or other instruments, a process is undertaken to reconcile the inconsistencies	
7.2.1	The SISA and its programs establish a review procedure to address to inconsistencies between standards, international agreements, conventions or instruments, the local or national legal framework and the Program	Not fulfilled

According to Law Nº 2.308 of 2010, the SISA and its programs shall be in accordance with state and national legal frameworks. The law addresses this requirement in Section I, Article 2 establishing that the SISA "must comply with national and international principles." This article highlights the SISA must respect the knowledge and rights of indigenous peoples and traditional populations and human rights in general, and follow federal laws on climate change and environmental services.

At the national level, the Federal Constitution of 1988, in its Article 225, notes that the Government and the community as a whole have a duty to defend and preserve the environment for the benefit of present and future generations. The program seeks to help the State of Acre in this duty through the promotion of forest-based economy with additional resources to increase the scope of its policies.

State and federal regulatory frameworks constitute the tools for the implementation of the SISA and its programs and for the achievement of its objectives and principles.

Regulatory frameworks have been established to protect human rights in general and the rights of Indigenous Peoples in particular, such as Indian Statute, Law Nº 6.001/1973. This instrument has established that the government should ensure the protection of indigenous communities and their rights. This law is tied to instruments such as Decree Nº 7.747 of 2012, which created the National Policy for Territory and Environmental Management of Indigenous Lands (Política Nacional de Gestão Territorial e Ambiental de Terras Indígenas - PNGATI). The Law of Public Forest Management (Federal Law Nº 11.284 of 2006) assigns responsibility to the States to manage and conserve the State public forests and their associated environments services, with rules established in the New Brazilian Forest Code (Law Nº 12.651 of 2012).

The whole conceptual basis of the SISA, the instruments of monitoring and participation control, planning tools, implementation and financing, as well as its principles and strategies for achieving conservation, restoration and enhancement of environmental services, provide compliance with all federal, state laws and treaties and international agreements to which Brazil is a signatory.

The SISA's ability to understand, implement and monitor legal requirements by the providers can only be ensured at the state level. This happens through the bodies for social participation and control, such as CEVA and Advisory Boards, since, in the case of ISA Carbon Program this does not constitute a set of individual projects but more comprehensive policies.

Despite the existing efforts to create these capacities, the members of the councils do not feel comfortable with SISA related issues given its complexity and interconnection with other policies. For this reason, the members of the council decided to reelect the same representatives in CEVA for a second mandte, taking into account the knowledge adquired by these.

There are efforts to disseminate information to indigeous leaders taking into account the sensitivity of the theme and of public policies dedicated to IP. We cannot say that the beneficiairies of SISA aquired the capacities to understand, implement and monitor the legal requirements of SISA.

Gaps:

- We still need further information on how the SISA and its programs will explicitly contribute to improve the respect, protection and fulfillment of human rights, in accordance with these laws and treaties. It is worth mentioning that these activities will require resources not yet provided.
- We still do not have a specific procedure to identify inconsistencies with international, national and state legal frameworks.

6. Recommendations

In consultation meetings held in April 2014 with groups of relevant actors, the first recommendations for the monitoring of social and environmental safeguards SISA and its programs were collected. More consultations are necessary for system robustness, and feasibility of monitoring compliance.

There are general recommendations suggesting to contextualize and analyze clearly the principles, criteria and indicators for the greatest possible objectivity, stating the sources of verification and survey methodologies. It is suggested to further explain the structure of this report in relation to models of international and Brazilian initiative safeguards and the process of adapting to the reality of the indicators of Acre.

Other recommendations are specifically focused on the seven principles.

For the first principle, related to land rights, it is recommended to monitor and promote the advancement of the state program of regularization ITERACRE .

For the second principle, related to the sharing of benefits generated by SISA and its programs, it is recommended to ensure the transparency of information, especially on the financial management of the system.

For the third principle, related to the contribution to livelihoods and well-being of communities involved, it is recommended to monitor the investments made and planned for the recovery and rehabilitation of degraded areas in the local economy, infrastructure access and flow of production (including in connection with federal programs PAA , EPE) for all conditions, contributing favorable to production (structural programs like Light for education, information), the quality of implementation of public policies, such as PRONAF

and other programs, noting that excessive bureaucracy can undermine local development.

It is also recommended for principle 3, to monitor the use of financial instruments for activities that reduce pressure on wild fauna and flora, incentives to search for new productive alternatives (management of fauna and flora) and maintaining economic safeguards, such as the guarranteed price of latex (established by Law No. 1277/1999) .

Finally, in relation to the same principle 3, it was recommended to promote diversification of production in view of resilience in crisis, overcoming the limitations in the field for the production, sharing and using knowledge, including practical knowledge of access to technological support and mechanization.

For the fourth principle, related to the governance of the SISA and its programs, it is recommended to monitor and improve the mechanisms of social participation at the local level through COMDEMAs. It is also recommended to monitor and democratize the election of the president. The system of governance must provide policies for public relations. It should establish a regular dialogue between civil society and government bodies. It should ensure the availability and enhancement for appropriate the land use knowledge. It is suggested to consider, before the appointment or election of representatives, their readiness for participation, beyond representation and how they can help to promote implementation of new programs.

For principle five related to the maintenance of biodiversity and ecosystem services, it is recommended to clarify how monitoring of biodiversity and ecosystem services in SISA and its programs will be quantified, and consolidation of SEANP. It is recommended to also consider the federal policies and programs on biodiversity; compare and connect the monitoring activities in the different UC, as RESEX Cazumba, Chandless PE, and existing initiatives in the border region with Peru.

For principle 6 related to the effectiveness of participation, it is recommended to improve the transparency and timeliness of e-government portal. It is also recommended to evaluate and strengthen the participation of directors in the preparation and monitoring of SISA and their pograms as part of PPA's actions. It is recommended to monitor the dialogue on SISA and its programs with communities / beneficiaries and several public training programs on SISA and its programs. For this principle is considered desirable to rely on an assessment of the needs for effective participation and use of modern media for transparency, and knowledge transfer.

For principle 7 related to compliance with laws and conventions, it is recommended to monitor the accuracy of inspection and compliance with the legal framework in relation to recovery of Permanent Preservation Areas (APP, Riparian Forest) and demonstrate how environmental regulation favors the production experiments.

7. FINAL CONSIDERATIONS

In conclusion, compliance with the principles can be summed up as follows:

Corresponding to Principle 1, identification and respect for the rights to land and resources are being met in the implementation of integrated land management policies and participation. Compliance also covers the incompatibility with disputes and transparent procedures related to the rights to the carbon. Free, prior and informed consent (FPIC) and its international declarations are being discussed among stakeholders. The FPIC is implicit in the design and implementation of public policies, but has not been experienced in the practice of private initiatives. Nor has it been applied no case of housing relocation yet.

Treating the division benefits generated by environmental services, the principle was 2 fulfilled in the transparent and participatory analysis of the design. The provision of procedures for implementation has so far only been partially fulfilled.

Principle 3 is intended to safeguard the affected communities welfare. It was met considering the generation of resources, security and the mitigation of impacts. The principle was partially fulfilled with respect to beneficiary evaluation and participatory monitoring of impacts.

The principle of governance, number 4, was met for the structure and existing policies. It was only partially fulfilled in transparent and participatory procedures, and information flows, including on financial resources.

Principle 5, which corresponds to the maintenance of biodiversity and ecosystem services was met with a focus on mitigation measures and resources generated. The principle was partially fulfilled for the identification and unfulfilled in providing evidence to monitor and mitigate negative impacts.

Principle 6 regarding participation was fulfilled with respect to identification, characterization, appropriate involvement of rights holders and stakeholders, provision of processes to resolve and avoid conflicts of rightholders and disseminate the information necessary for their participation. Identifying and respecting legal advice and available traditional knowledge are assessed as partially met. The existence of a complementary specific standard on gender and information and access regarding mechanisms for grievances have not been met. The sharing of information from representatives to their bases does not apply at the time and there is a difficulty to monitor this in the state scale.

For principle 7, the SISA and its programs comply with laws and conventions, but there is still no procedure institutionally established to identify inconsistencies.

This report is a consolidation phase, ie a learning process and systematization of recommendations, considerations and / or suggestions from relevant stakeholder groups of Acre during the public consultation period of the report. This consultation, which aims to collect and incorporate recommendations, corresponds to step 9 of the REDD + SES initiative process. The last stage, 10 corresponds to the publication of the report containing the corporate contributions.

Considering the contributions of CEVA and advice in the preparation of the monitoring plan in Acre, in the future two additional steps are planned:

a) Preparation an action plan to address the weaknesses identified in the gap analysis and

b) Feedback of the adopted monitoring instruments and learning to support the REDD + SES process.

Already this first experience of applying these instruments has already identified lessons learned and possible improvements in information gathering. So thanks to all for their generous contributions for the proper implementation of SISA and its programs.

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