

Chapter 1

Article 11 Incentive measures

156. What is the relative priority afforded to implementation of this Article and the associated decisions by your country?					
a) High		b) Medium	X	c) Low	
157. To what extent are the resources available adequate for meeting the obligations and recommendations made?					
a) Good		b) Adequate		c) Limiting	X
d) Severely limiting					
Further comments on relative priority and on availability of resources					
<p>Questions 156 and 157.</p> <p>Brazil is in a transition phase in the sense that command and control instruments still prevail, but there are some initiatives for the implementation of economic instruments, and there is clear evidence of a tendency for their broad acceptance. The following documents can be accessed at www.mma.gov.br/port/sds/instrec/corpo.html.</p> <ul style="list-style-type: none"> • <i>Aplicación de instrumentos económicos en la gestión ambiental en América Latina y el Caribe: desafíos y factores condicionantes</i> [Application of economic instruments in Environmental Management and Administration in South America and the Caribbean: Challenges and Conditional factors]; • <i>ICMS Ecológico: Experiências nos Estados do Paraná, São Paulo, Minas Gerais e Alternativas na Amazônia</i> [Ecological ICMS: Experiences in the States of Paraná, São Paulo, Minas Gerais, and Alternatives in the Amazon]; • <i>Instrumentos Econômicos de Gestão das Águas - Aplicações no Brasil</i> [Economic Tools for the Administration and Management of Waters - Application in Brazil]; • <i>Instrumentos Econômicos para a Gestão Ambiental no Brasil</i> [Economic Tools for Environmental Administration and Management in Brazil]; • <i>Gestão de Resíduos Sólidos na América Latina e no Caribe: Instrumentos Econômicos para Políticas Públicas</i> [Administration and Management of Solid Residues in Latin America and the Caribbean: Economic Tools for Public Policies]. 					
158. Are programmes in place to identify and ensure the adoption of economically and socially sound measures that act as incentives for the conservation and sustainable use of components of biological diversity?					
a) no					
b) early stages of development	X				
c) advanced stages of development					
d) programmes in place					
e) review of implementation available					
159. Do these incentives, and the programmes to identify them and ensure their adoption, cover the full range of sectoral activities?					
a) no					
b) some sectors	X				
c) all major sectors					
d) all sectors					

Decision III/18. Incentive measures

160. Has your country reviewed legislation and economic policies to identify and promote incentives for the conservation and sustainable use of components of biological diversity?	
a) no	
b) reviews in progress	
c) some reviews complete	X
d) as far as practically possible	
161. Has your country ensured the development of mechanisms or approaches to ensure adequate incorporation of both market and non-market values of biological diversity into plans, policies and programmes and other relevant areas, <i>inter alia</i>, national accounting systems and investment strategies?	
a) no	
b) early stages of identifying mechanisms	
c) advanced stages of identifying mechanisms	
d) mechanisms in place	X
e) review of impact of mechanisms available	X
162. Has your country developed training and capacity building programmes to implement incentive measures and promote private-sector initiatives?	
a) no	
b) planned	
c) some	X
d) many	
163. Has your country incorporated biological diversity considerations into impact assessments as a step in the design and implementation of incentive measures?	
a) no	
b) yes	X
164. Has your country shared experience on incentive measures with other Contracting Parties, including making relevant case-studies available to the Secretariat?	
a) no	
b) yes - previous national report	
c) yes – case-studies	
d) yes - other means (please give details below)	X

Decision IV/10. Measures for implementing the Convention [part]

165. Is your country actively designing and implementing incentive measures?	
a) no	
b) early stages of development	
c) advanced stages of development	
d) measures in place	X
e) review of implementation available	

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166. Has your country identified threats to biological diversity and underlying causes of biodiversity loss, including the relevant actors, as a stage in designing incentive measures?	
a) no	
b) partially reviewed	X
c) thoroughly reviewed	
d) measures designed based on the reviews	
e) review of implementation available	
167. Do the existing incentive measures take account of economic, social, cultural and ethical valuation of biological diversity?	
a) no	
b) yes – limited extent	X
c) yes – significant extent	
168. Has your country developed legal and policy frameworks for the design and implementation of incentive measures?	
a) no	
b) early stages of development	X
c) advanced stages of development	
d) frameworks in place	
e) review of implementation available	
169. Does your country carry out consultative processes to define clear target-oriented incentive measures to address the underlying causes of biodiversity loss?	
a) no	X
b) processes being identified	
c) processes identified but not implemented	
d) processes in place	
170. Has your country identified and considered neutralizing perverse incentives?	
a) no	
b) identification programme under way	
c) identified but not all neutralized	X
d) identified and neutralized	

Decision V/15. Incentive measures

171. Has your country reviewed the incentive measures promoted through the Kyoto Protocol to the UN Framework Convention on Climate Change?	
a) no	
b) yes	X
172. Has your country explored possible ways and means by which these incentive measures can support the objectives of the Convention on Biological Diversity in your country?	
a) no	
b) under consideration	
c) early stages of development	
d) advanced stages of development	
e) further information available	X

Further comments on implementation of this Article

Question 158.

ICMS Ecológico [Ecological ICMS]. The ICMS is the principal state tax: the *Imposto Sobre Circulação de Mercadorias e Sobre Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação* [Tax on the Circulation of Commercial Goods and Transport Services Among States and Municipalities and on Communications]. Once levied, a portion is returned to the municipal governments, and is their main source of income. In 1999, the country's ICMS Revenue was approximately R\$62 billion. As established by Article 158, subsection 4, of the Federal Constitution, 75% of the ICMS levied remains with the state, and 25% is distributed among the municipalities. The criteria as to how it is apportioned among them vary from state to state. In some, the criteria include compensation for (and stimulation for, as a result) the conservation and sustainable use of environmental resources. The states of Paraná, São Paulo and Minas Gerais include environmental criteria in the distribution of ICMS funds:

- Paraná: Law No.9491/90 and Complementary Law 59/91.
- São Paulo: Law No.8510/93
- Minas Gerais: Law No.12040/95.

Ecological ICMS in the state of Mato Grosso do Sul. The Programme was begun in 2001 and took force in 2002. It consists of: 1) the creation of protected areas and demarcation of indigenous territories; 2) the evaluation of environmental quality and the objectives of the protected area for the *Cadastro Estadual de Unidades de Conservação* [Register of State Protected Areas]; 3) monitor and evaluate programmes in the municipalities which improve environmental quality; and 4) elaboration an environmental index for apportioning the Ecological ICMS. The programme requires juridical changes which are expected to be finalized in 2004, with a gradual adjustment of the percentage ascribed: 2% in 2002, 3.5% in 2003 and 5% in 2004.

A number of states besides Paraná, São Paulo and Minas Gerais have already begun to incorporate environmental criteria in the distribution of the ICMS. Rondônia and Rio Grande do Sul (currently being regulated) have already adopted the scheme, and Mato Grosso, Santa Catarina, Ceará, Bahia and Goiás are beginning to do so. Ecological ICMS systems in operation in Paraná, São Paulo and Minas Gerais work to stimulate two basic measures for improving environmental resources or services: Protected areas and the restoration of degraded areas. Ecological ICMS experiences in the states of Paraná, São Paulo and Minas Gerais indicate that for many municipalities in regions where protected areas, with their associated constraints on economic activities, predominate, the funds are a significant part of the municipal revenue. Rather than being just compensatory, the application of the Ecological ICMS has been a strong stimulus for conservation and the sustainable use of environmental resources and deserves further study and refinement. By aggregating economic value to environmental protection measures, the Ecological ICMS has been contributing to an increase and a broadening of municipal initiatives in the conservation of natural areas and in environmental recuperation, as well as stimulating the articulation and development of the environmental administration of the states and municipalities involved. Experience has shown that the Ecological ICMS, be it through protected areas or through environmental restoration, is resulting in the solid integration of the administration and management of environmental resources and services in the agenda of mayors, town councillors and municipal government, in terms of budget, management structure and the training of human resources.

The Private Natural Heritage Reserve (RPPN) Initiative. The *Sistema Nacional de Unidades de Conservação – SNUC* [National System of Protected Areas - SNUC], Law 9985/02, consolidated the RPPN as a protected area category. RPPNs are areas of private land which, through the initiative of the owner, receive official protection in recognition of their significance in terms of biodiversity or landscape features, or environmental characteristics which justify measures for their restoration and protection. Once registered, the area of the RPPN is exempt from Rural Real State Tax - IPTR [*Imposto sobre a Propriedade Territorial Rural – IPTR*]. The RPPN determines protection in perpetuity.

Seguro para Pescadores no Período de Defeso [Insurance for Fishermen During the Off-season]. Law No.8287, 1991, provides for unemployment benefits for fishermen during periods when fishing is prohibited. Article 1 of the Law determines the following: "*O pescador profissional que exerça sua atividade de forma artesanal, individualmente ou em regime de economia familiar, sem contratação de terceiros, fará*

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jus ao benefício de seguro-desemprego, no valor de um salário-mínimo mensal, durante o período de proibição de atividade pesqueira para a preservação da espécie. ["The professional fisher that fishes in a way which is artisanal, individually or as a component of family income, without any third party contract, will be eligible for the unemployment assistance benefit of a monthly minimum wage during the prohibition period of fishing for the species' conservation".]

Question 160.

Some revisions on specific legislation have been done creating economic incentives (e.g. hydrological resource legislation, forestry legislation, Ecological ICMS in several states, scientific and technological legislation, constitution regional funds, access to genetic resources and sharing of benefits).

Question 162.

There have been advances in training human resources in appreciating and ascribing value to biodiversity. The Ministry of Environment has promoted a number of training courses based on a publication, "*Manual de Valoração Econômica da Diversidade Biológica*" ["Manual for Evaluating the Economic Benefits of Biological Diversity"], produced in 1998 by the economist Ronaldo Serôa da Motta with the collaboration (case studies) of José Ricardo Brun Fausto (Research Assistant of the *Coordenação de Meio Ambiente - CEMA* of Instituto de Pesquisa Econômica Aplicada - IPEA), Carolina Defrauds Schmidt Dubeux (Master's student at the *Instituto Alberto Luiz Coimbra de Pós-Graduação e Pesquisa de Engenharia - COPPE/UFRJ*), Gustavo Márcio Gontijo Albergaria (CNPq Grantee) and Andrea Coutinho Pontual (CNPq Grantee). Available at: www.mma.gov.br/port/sbf/chm/relpub.html#manual.

Question 163.

Environmental licensing and Environmental Impact Assessments / Environmental Impact Reports (EIA or RIMA) for major development projects require that biodiversity loss be considered. See comments on Question 82.

Question 164.

There are publications dealing with economic tools for environmental administration and management. See: www.mma.gov.br/port/sds/instrec/corpo.html.

Question 166.

Avaliação e Identificação de Áreas e Ações Prioritárias para Conservação, Utilização Sustentável e Repartição de Benefícios da Biodiversidade Brasileira [Assessment and Identification of Areas and Priority Actions for Conservation, Sustainable Utilization and Benefits Partition of the Brazilian biodiversity]. See Chapter 3.

Monitoramento de Queimadas [Monitoring of Forest and Savannah Fires]. This programme, developed by the *Instituto Nacional de Pesquisas Espaciais - INPE* [National Institute for Space Research - INPE], provides daily information on fire hotspots and areas affected by fires throughout the country. See: www.cptec.inpe.br/products/queimadas/.

Question 168.

Brazil has yet to develop a legal structure/framework to create and implement incentive measures specifically for the conservation and sustainable use of biodiversity. There are initiatives of localized mechanisms like the ecological ICMS (see comments on question 158).

Question 171.

Brazil has prepared the following documents on the Clean Development Mechanism of the Kyoto Protocol (see www.mct.gov.br/clima/quioto/mdldoc.htm):

- *O CDM e o Mecanismo de Flexibilidade Implementação Conjunta (JI)/Atividades Implementadas Conjuntamente (AIJ)* [The CDM and the Joint Flexibility Implementation Mechanism of (JI)/Activities Implemented Jointly (AIJ)] – José Goldemberg (University of São Paulo) and José Domingos Gonzalez Miguez (General Coordinator for Research on Global Changes, Ministry of Science and Technology), January, 2000.
- *Ponto de vista do Brasil sobre o Mecanismo de Desenvolvimento Limpo* [Brazil's Perspective on the Clean Development Mechanism] – General Coordination for Global Changes, Ministry of Science and Technology (MCT), presented by Haroldo Machado Filho at the "Workshop on Flexible Mechanisms" in Dakar, 6th May, 1999.
- *Um Fast Track para a implementação do Mecanismo de Desenvolvimento Limpo CDM no Brasil* [A Fast Track for the Implementation of the Clean Development Mechanism (CDM) in Brazil]- José Goldemberg (University of São Paulo), March 1999.