

DRAFT LAW

The State of Amazonas Policy on Environmental Services and the Environmental Services Administration System are hereby established, complementing the dispositions on State Law n^o: 3.135/2007 and creates other dispositions.

Article 1. The State of Amazonas Policy on Environmental Services is hereby established with the purpose of implementing in the State territory, the Environmental Services Administration System aimed at the creation of incentives to provide and maintain Environmental Services.

Article 2. The State of Amazonas Policy on Environmental Services shall be implemented observing International Law principles, such as:

I – The precautionary principle is represented by proceedings which will allow foreseeing damage even in case of absence of a formal scientific certainty concerning the existence of a serious and irreversible damage, working as a warranty against the potential risks which cannot yet be identified due to the current state of knowledge.

II - The prevention principle consists in the adoption of preventive measures which contribute to avoid hazardous climate changes.

III – The Sustainable Development Principle consists in the adoption of measures which envision the stabilization of greenhouse gases concentration in the atmosphere and the conservation of the environment, associated to social, economic and ecological benefits which combat poverty and provide to future and present generations an improvement in life quality standards.

IV – The Civic participation Principle enables the creation of a social control mechanism as part of this policy, including among other instruments, the previous and informed consent as well as the active participation of the various social stakeholders in its implementation and maintenance.

V – The principles of transparency and information, ensures the adoption of registration, control and verification mechanisms during the implementation and execution of this policy.

VI - The principle of cooperation is reflected in the realization of bilateral and multilateral projects aimed at encouraging the provision and maintenance of environmental services and the creation or improvement of technical standards, methodologies and technologies to help achieve the objectives of this Policy;

VII – The principles of equality and reciprocity are to be taken into consideration during the construction of cooperation partnerships with the purpose of achieving the objectives of this Policy;

VIII - The principle of information exchange and mutual benefit provides for the exchange of experiences with other subnational units in Brazil and abroad and with other countries, as well as improving the internal information flow between the State Administration agencies, with the purpose of contributing to the optimization of environmental services in the State of Amazonas.

Article 3. This policy should comply with national legislation in force, where applicable:

I - Brazil's commitments under the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD);

II - Federal Law No: 12.187/2009 establishing the National Policy on Climate Change and Federal Decree: 7.390/2010 which regulates the National Policy on Climate Change, as well as all legislation related to the above mentioned legal instruments;

III - Federal Law No: 11.284/2006 which provides for the management of public forests for sustainable production and establishes the Brazilian Forest Service, as well as related legislation;

IV - The dispositions on Federal Law: 6.938/1981, referring to the National Environmental Policy and related legislation;

V - The dispositions on Federal Law: 9.433/1997, referring to the National Policy of Water Resources, and related legislation;

VI - Federal Law No: 12.305/2010, referring to the National Solid Waste Policy and related legislation;

SOLE PARAGRAPH. In accordance with Articles 23 and 225 of the Brazilian Constitution, as well as in accordance with the Public Forest Management Law (Federal Law No: 11.284/06) and the Forestry Code (Federal Law: 4.771/65), it is understood that the State is responsible for managing, planning, formulating, implementing, monitoring and evaluating actions that aim at protecting the environment and thereby the reduction of greenhouse gases emissions from deforestation and forest degradation, the maintenance of forest carbon stocks in the state and the provision and maintenance of other environmental services and products.

Article 4. The policy established by this Law shall be applied and interpreted in a systemic manner, taking into account other existing state bills related to the object of this Policy, in particular:

I – The Constitution of the State of Amazonas, particularly articles 229 to 241;

II – State Law nº 3.135/2007, (regarding Climate Changes, Environmental Conservation and the Sustainable Development of Amazonas.)

III - Complementary Law no: 53/2007 (State System for Protected Areas);

IV - State Decree nº 26.958/2007 (establishes the procedures for the Forestry Grant Program, "*Bolsa Floresta in portuguese*");

Paragraph 1 – During the implementation of this policy, the State of Amazonas must seek the appreciation of the environmental assets within its territory, such as the carbon retained in the forest, biodiversity, water resources, scenic beauty, among others, using public and private mechanisms for this purpose, utilizing methodologies based upon both the flow of these assets as well as their stock.

Paragraph 2 - The Policy established by this law will be integrated with the set of actions undertaken by the state to comply with the voluntary targets concerning the reduction of deforestation and / or reduction of greenhouse gases emissions, according to what is established in the reference scenarios and / or baseline, while respecting the quantum established in other national and international laws in force.

Article 5 - The State of Amazonas Policy on Environmental Services has the following objectives:

I – To discipline government actions, ensuring the maintenance of ecosystem integrity and ecosystem services as well as the well-being of the population of Amazonas, valorizing the stakeholders and the activities responsible for environmental conservation and environmental services;

II - the creation of economic-financial instruments that contribute to environmental conservation and to reduce greenhouse gases (GHGs) emissions;

III - the promotion and creation of management instruments that allow the execution of programs and projects for Reducing Emissions from Deforestation and Forest Degradation (REDD +) and encourage the maintenance and provision of environmental services;

IV - the establishment of an infrastructure and the adoption of collection, analysis, measurement, validation, verification and valuation systems and instruments for environmental services and products of the State of Amazonas;

V - The creation of governance structures that enable interoperability and mutual recognition, both nationally and internationally (including subnational units) of programs and projects developed in the State of Amazonas to encourage the maintenance and provision of environmental services;

VI - To help guarantee the land rights of indigenous peoples and traditional populations and their sustainable development through the consolidation of social and environmental safeguards and the promotion of environmental services and products;

VII - To establish a legal framework to facilitate the action of potential developers, investors and beneficiaries of environmental services and products in the State of Amazonas;

VIII - to encourage the maintenance and provision of environmental services and products in the State of Amazonas, contributing to sustainable development, to the creation of economic chains and the eradication of poverty.

Article 6 - The application of this Law shall observe the following guidelines:

I – The promotion and establishment of economic-financial instruments that contribute to Environmental Conservation and reduce greenhouse gases (GHGs) emissions;

II - the creation and expansion of the programs, subprograms and projects scope, aimed at Reducing Emissions from Deforestation and Forest Degradation (REDD +) and encouraging the maintenance and provision of environmental services;

III-To incentivize the maintenance and provision of environmental services and products in the State of Amazonas, contributing to sustainable development;

IV - To promote cooperation in technical-scientific, technological and socioeconomic research that involve traditional knowledge for better understanding about the dynamics, maintenance, measurement and valuation of environmental services;

V – Creation of sustainable models for economic chains which depend on environmental services and products;

VI - Help to change cultural habits and raise awareness of present and future generations about the importance of environmental services, natural resources and environmental and cultural heritage;

VII – To promote the implementation of mitigation and adaptation to climate change actions through forest conservation;

Article 7. For the purposes of this Act, the following definitions shall be applied:

I – ecosystems: spatially bounded units, characterized by the specificity of the interrelationships between biotic and abiotic factors.

II - environmental services: relevant ecological processes and functions generated by ecosystems in terms of maintenance, recovery or improvement of environmental conditions, to benefit the welfare of all human societies and the planet, in the following modalities:

a) Provision services: those that directly provide goods or environmental products used by humans for consumption or sale;

b) support services: those that promote nutrient cycling, decomposition of wastes, production, maintenance and renewal of soil fertility, pollination, seed dispersal, control of potential pests populations and potential vectors of human diseases, protection against ultraviolet solar radiation, the maintenance of biodiversity and genetic resources, among others which maintain the continuity of life on Earth;

c) regulating services: those that promote carbon sequestration, air purification, moderation of extreme weather events, the maintenance of the hydrological cycle balance, minimization of floods and droughts, and the control of critical processes of erosion and Landslides, among others that contribute to maintaining the stability of environmental services;

d) Cultural services: those that provide immaterial benefits, recreational, aesthetic, or other benefits associated to traditional knowledge.

III - carbon stock: a component of a given ecosystem, natural or modified by human activity, measured by the weight of the biomass and necromass converted to carbon in a given period;

IV - carbon sequestration, uptake and sequestration of greenhouse gases through the growth of forest vegetation and sustainable land use;

V - Soil conservation and improvement: maintaining the attributes in areas of land that are still intact, and in soils in the process of degradation or degraded, recovery and improvement of its attributes, with physical / chemical gains;

VI - scenic beauty: aesthetic, environmental and cultural value of a particular landscape;

VII - water services: maintenance of water quality by regulating the flow of water, controlling sedimentation, the amount of nutrients, the deposition of chemicals and the conservation of habitats and aquatic species;

VIII - Program: set of sub-programs aimed at developing, promoting, financing and implementing environmental services and products in the State of Amazonas;

IX - subprograms: sets of guidelines and actions related to some environmental services and products within each Program;

X – Projects: activities aimed at developing and implementing concrete actions within each subprogram, which will be submitted to the Regulation, Control and Registration Center;

XI - environmental products: products deriving from ecosystem processes and / or obtained from ecosystems such as water, carbon, food and fiber, timber, genetic resources, natural, medicinal, pharmaceutical, ornamentals extracts, among others;

XII - greenhouse gas (GHG): both natural and anthropogenic gases that constitute the atmosphere, absorbing and re-emitting infrared radiation, generating the greenhouse effect;

XIII - Pre-registration: prior registration of assets, recordable units and environmental credits predicted in a given subprogram or project, to be eventually registered and issued under this Act;

XIV - registration system: physical or electronic registration and accounting system for programs, subprograms and projects, as well as environmental services, environmental products recordable units and credits resulting therefrom, in order to create an environment of transparency, credibility, integrity, no duplication, interoperability and traceability;

XV - reference scenario: it is a scenario built on historical and / or projected rates related to the situation of supply and / or maintenance of environmental services, in accordance with the best available scientific knowledge, which represents the status of environmental services and products in the absence of a proposed project activity, such as GHG emissions;

XVIII – REDD+: Reducing greenhouse gases emissions by reducing deforestation and degradation and promoting conservation, sustainable forest management, maintenance and enhancement of measured forest carbon stocks;

XIX - scientific knowledge: knowledge produced by scientific research method, based on observable, empirical and measurable evidence collection;

XX - traditional knowledge: information or individual or collective practice of an indigenous or local community, with actual or potential value, associated to genetic heritage;

XXI - state of the art: the highest level of scientific knowledge developed at the time this Law is applied;

XXII - PPCD-AM: State of Amazonas Plan for Prevention and Control of Deforestation;

XXIII - Environmental Service Unit: metric unit used to measure quality and quantity on a particular environmental service;

XXIII – recordable carbon unit: equal to one tone of equivalent carbon dioxide (CO₂) sequestered or sank, calculated based on the concept of Global Warming Potential Damage.

XXIV - emissions: the release of greenhouse gases or their precursors into the atmosphere over a specified area and in a given period of time;

XXV - source: process or activity which releases into the atmosphere greenhouse gases, aerosol or a precursor of a greenhouse gas;

XXVI - mitigating climate change: technological changes and substitutions that reduce resource use and emissions per unit of production as well as the implementation of actions to reduce emissions of greenhouse gases and enhance sinks;

XXVII - climate changes: changes in the climate which is attributed directly or indirectly to human activity that alters the global atmosphere composition and that adds to those caused by natural climate variability observed over comparable time periods;

XXVIII - sink: a process, activity or mechanism which removes atmospheric greenhouse gases, aerosol or a precursor of a greenhouse gas;

XXIX - adaptation: the adaptation of society and ecosystems to the impacts of climate change and scarcity of natural resources;

XXX – permanence: longevity of a carbon sink and stability of its stocks;

XXXIII - baseline emissions: reference value for the emissions of greenhouse gases measured in tons of equivalent carbon dioxide (tCO₂-eq) defined at the international, national, state and local level or by sector, serving as a comparative basis for determining the reduction or increase of those emissions;

XXXIV - interoperability: definition of rules and methodologies for mutual recognition of environmental services units in different systems and jurisdictions;

XXXV - sociobiodiversity: set of conditions, laws, influences and physical, chemical and biological interactions between ecosystems and their components, and between them and human populations through culture, which allows and governs life in all its forms, protecting species, natural and artificial habitats and genetic resources, in addition to improving the quality of life.

State of Amazonas Environmental Services Administration System

Article 8. The State of Amazonas Environmental Services Administration System is hereby created with the objective of promoting the recognition of the economic value and social and cultural importance of environmental services in the State of Amazonas in its various forms:

- I. - scenic beauty;
- II. - carbon (sequestration and stock);
- III. - traditional knowledge;
- IV. - Conservation and land use
- V. - conservation and appreciation of biodiversity;
- VI. - climate regulation;
- VII. - water services;

Article 9. Environmental Services Agents:

I. Provider: Those who develop / promote activities that benefit the maintenance / integrity and / or recovery and improvement of functions and process that produce environmental services;

II. User: those that directly or indirectly utilize the environmental services as well as instruments, sub-programs and projects of this Law, at state, national or international level.

III. Provider Receiver: those defined under the dispositions established by this Law and its regulations to acquire the rights to receive and use the financial and nonfinancial benefits created under this Act;

IV. Regulator: Government institutions responsible for standardization, organization, control and supervision of environmental services;

V. Executor: Public and /or private institutions, responsible for implementing programs, subprograms and projects intended for appreciation and maintenance of environmental services in accordance with the dispositions established by this Act.

Paragraph 1. In order to be considered beneficiaries of the system, the Providers Receivers must be integrated into the programs, subprograms or

projects approved under this Act and comply with the requirements contained therein.

Paragraph 2. The right to qualify for benefits under the system is only acquired after the pre-registration and / or registration proposal has been approved, according to the regulation, and in compliance with the commitments related thereto as provided in this Law, in other regulations and legislation in force.

Article 10. These are instruments for administration system planning, among others:

- i. Programs
- ii. Subprograms, and
- iii. Projects.

Paragraph 1: The system can be implemented through programs, subprograms and projects specifically designed to address thematic areas, geographic areas, specific providers / receivers, specific public policies or sectors of the economy.

Paragraph 2: Programs and subprograms should be regulated by the State Executive Branch.

Paragraph 3: In order to implement the State policies established by this Law, the following programs are hereby created:

I. Carbon Program: linked to emissions reduction and sequestration of greenhouse gases from deforestation and degradation, sustainable forest management and conservation, maintenance and enhancement of carbon stocks.

a. Subprogram REDD+: aims to reduce greenhouse gases emissions from deforestation and degradation, as well as greenhouse gases sequestration, sustainable forest management, conservation, maintenance and enhancement of forest carbon stocks.

b. World Cup 2014 Subprogram: aims to offset GHG emissions from activities involved in staging the World Cup in Manaus as one of the host cities.

II. State Program for Conservation and Valorization of Biodiversity in Amazonas: aims to incentivize and pay for actions, initiatives and projects that

promote the maintenance, conservation and protection of biodiversity in the State of Amazonas, as well as other native vegetation, wildlife and natural environment in areas of high biological diversity or important to the creation of ecological corridors as well as to the creation of financial and nonfinancial mechanisms.

III. State of Amazonas Water Resources Conservation Program: aims to incentivize and pay for actions, initiatives and projects that promote the conservation of water assets in the State, the protection of forested areas that generate water sources, as well as the reduction of pollutants emissions in the State water resources, among others, through the optimization of fund raising mechanisms for this purpose.

IV. State Conservation Units Environmental Services Program: aims to incentivize and pay for actions, initiatives and projects that promote conservation, restoration or preservation of natural environments in Conservation Unit areas, as well as the sustainable development of people and in their respective buffer areas, and maintainers of private reserves, under the SEUC and SNUG dispositions.

V. Compensation Program PIM: aims to encourage and pay for actions, initiatives and projects that promote the interaction between the Manaus industrial hub activities and the environmental services which are the object of this Act, as well as promoting the use of measurement, quantification, validation and verification processes as well the certification of processes and / or products developed in the Manaus industrial hub, by means of a low carbon seal or other compensation mechanism in accordance with regulations and national and international legislation in force.

VI. Conservation and Land Use Program: aims to incentivize and pay for actions, initiatives and projects that promote the maintenance of attributes in areas of intact land, and, in degraded lands or lands undergoing degradation processes, the recovery and improvement of its attributes, with environmental and economic gains.

VII. Climate Regulation Program: aims at regulating and quantifying the benefits to the community arising from the management and conservation of natural ecosystems, which contribute to climate balance and thermal comfort.

VIII. Scenic Beauty Program: aims to incentivize and pay for actions, initiatives and projects that promote the conservation of natural scenic beauty, understood as the visual and audible result formed by the aesthetic, environmental and cultural values of a particular location or landscape.

IX. Traditional Knowledge Valorization Program: aims to encourage and pay for actions, initiatives and projects that promote the recognition of traditional culture and indigenous peoples, as well as the valorization of natural resources use and management techniques associated with the preservation, conservation,

maintenance and restoration of natural resources of those communities and peoples.

X. State of Amazonas "Call for Environmental Products and Services" Program: aims to encourage and promote the use of best practices within the Environmental Products and Services actions and projects framework, in the State of Amazonas.

Paragraph 1: The following programs are considered part of the State Environmental Services Management System created by Law nº 3.135/2007: Training Program for public and private institutions, Forest Grant Program, State Environmental Monitoring Program and State Environmentally Clean and responsible Technologies Exchange Program.

Paragraph 2: The State Forest Grant Program rules of operation will follow the dispositions present in the State Conservation Units System legislation, on Decree 26.958 of September 04th, 2007 as well as in Article 4, Item II of Law nº 3.135 of June 5th, 2007 and other legislation.

Carbon Program – REDD+ Subprogram

Article 11. For the purposes intended in this Act, the Subprogram REDD+ within the Carbon program is understood as a program linked to the reduction of greenhouse gases emissions from deforestation and degradation, sustainable forest management and conservation, maintenance and enhancement of forest carbon stocks, encompassing REDD+ actions as well as reforestation, recovery of degraded areas and agroforestry actions.

REDD+ Subprogram Objectives

Article 12. The REDD+ Subprogram aims at promoting the progressive, consistent and long-term reduction of greenhouse gases emissions in order to attain the state's voluntary target to reduce emissions from deforestation and forest degradation.

Paragraph 1: The voluntary target, associated to the baseline and the reference scenario shall be established by decree in accordance with the PPCD/AM and with the emissions reduction target contained in Federal Law No. 12.187/2009. The Scientific Committee and the Assessment and Monitoring Commission must be previously heard.

Paragraph 2: The criteria for baseline consolidation shall use the best scientific knowledge and best forecasting techniques available, and must observe the United Nations Framework Convention on Climate Change dispositions, which expressly gives the right to certified carbon emissions reduction, according to this Law and other regulations.

Article 13. REDD+ Subprogram specific objectives:

I. – To create and implement economic-financial and administration instruments which contribute to environmental conservation, to reduce greenhouse gases emissions from deforestation and forest degradation, sustainable forest management as well as the conservation, maintenance and enhancement of forest carbon stocks;

II. – To establish the infrastructure and instruments to measure, analyze and report on carbon dioxide from deforestation and forest degradation emissions reduction, as well as valorize the environmental services related to emissions reduction, sustainable forest management and conservation, maintenance and enhancement of forest carbon stocks;

III. - Strengthen cooperation among the various jurisdictional levels;

IV. – To promote benefit sharing among stakeholders who contribute to reduce deforestation and forest degradation, and conserve, preserve and recover forest assets;

V. – To promote the institutionalization of a REDD+ State Plan based on nationally and internationally recognized concepts which ensure the ability to measure, quantify and verify, with registration, transparency and monitoring the reduction of carbon emissions from deforestation and forest degradation, as well as risk reversal mechanisms, and

VI. – to promote a new local and regional low carbon sustainable development model.

REDD+ Subprogram accounting and compliance periods.

Article 14., The preliminary period and compliance periods for the State deforestation and forest degradation emissions reduction target will be established in the regulations under this Act within the REDD+ Subprogram as well as the methodologies and the approval of a reference scenario, registration

process and other necessary instruments. The Scientific Committee shall be previously heard as appropriate.

Preliminary credit registration and actions to reduce emissions at state level

Article 15. The emission reductions obtained during periods before the REDD+ Subprogram comes into force may be registered for sale purposes or for completion of targets set forth by the program, since they are duly certified upon submission to methodologies that ensure the measurement, quantification, verification, traceability and transparency criteria in accordance with this Law and legislation in force.

Institutional Instruments - Institutional Arrangement

Article 16. The Environmental Services Administration System regulation, control and management instruments are the following:

I - The Environmental Services Administration System Regulation, Control and Registration Center;

II - the State Assessment and Monitoring Commission;

III - the Scientific and Methodological Committee;

IV - Enforcement Agents.

Deliberative Bodies (Normative)

Article 17. The Environmental Services Program Regulation, Control and Registration Center is hereby created within the Management Unit for Climate Change and Protected Areas - UGMUC, empowered to:

I - establish regulatory standards for programs, subprograms and projects;

II - approve, after the Scientific Committee has manifested its opinion, where relevant, under the regulation, the programs, subprograms and projects methodologies submitted by the Validation and Monitoring Committee and / or by the institutions and accredited enforcement agents;

III - approve standards and/or methodologies for developing programs, sub-programs and projects;

IV - authorize and/or carry out the pre-registration and registration of programs, sub-programs and projects;

V - authorize and/or issue greenhouse gases reduced emissions certificates, as well as to regulate, authorize and / or carry out their pre-registration or registration;

VI – Carry out the control and monitoring of greenhouse gases emission reductions, as well as the compliance with the targets and objectives established in each program, subprogram or project;

VII - authorize and / or carry out the issuance, regulation and registration of other environmental services and products, under this Act;

VIII - validate the certification standards and / or registration and certification methodologies;

IX - accredit companies to validate, verify and operate projects under the programs and subprograms in accordance with the regulation, and;

X - others as defined by regulation.

Paragraph 1. The standards referred to in item I of the main section of this article shall be prepared and published by the Center following its approval by the State Evaluation and Monitoring Commission, observing, when relevant, the Scientific Committee recommendations, in accordance with the regulation.

Paragraph 2. The revenues destined for carrying out the Center's activities may come from donations and/or investments, among others, made by public, private or multilateral funds, as well as from fees charged for the control and registration activities of the State Environmental Services Administration System, as well as budgetary funds, among other sources established in the regulation.

Article 18. The State Evaluation and Monitoring Commission within the Amazonian Forum on Climate Change, Biodiversity, Environmental Services and Energy is hereby created, with mandate to evaluate and monitor the State of Amazonas Environmental Services Administration System.

Composition:

Paragraph 1. The Commission shall consist of at least eight members and a maximum of twelve members, ensuring equal composition between civil society and government, the civil society representatives will be nominated by the Amazonian Forum on Climate Change, Ecosystem Services, Biodiversity and Energy among its members, and by the State of Amazonas Environmental Council / CEMAAM among its members;

Paragraph 2. The nomination of the State Evaluation and Monitoring Commission members will be made by Decree, the government members will be freely chosen by the State Governor, the position of Director will be held by the UGEMUC Coordinator;

Paragraph 3. The State Evaluation and Monitoring Commission will be linked to the Amazonian Forum on Climate Change, Ecosystem Services, Biodiversity and Energy and shall have the following attributions:

I – to ensure the programs and subprograms transparency and social control;

II – To analyze and make recommendations concerning the proposed rules for the System, Programs and Subprograms submitted by the Regulation, Control and Registration Center, forwarding them for future publication.

III - to opine on reference terms for hiring independent external auditing for the State Environmental Services Administration System and recommend to the Regulation, Control and Registration Center, the minimum requirements for their approval;

IV – to analyze the results of independent audits and recommend the continuous improvement of the State Environmental Services Administration System;

V – to prepare and submit annual reports of activities to the Amazonian Forum on Environmental Services, Climate Change, Biodiversity and Energy;

VI – to request information and documents related to planning, management and implementation of programs and subprograms linked to the State Environmental Services Administration System, and

VII - other attributions defined by regulation.

Paragraph 4. The Commission internal organization and deliberation processes shall be established by internal rules;

Advisory Bodies (Scientific)

Scientific and Methodological Committee

Article 19. - The Scientific and Methodological Committee, an entity linked to the Regulation, Control and Registration Center is hereby created. It will be composed of persons of recognized merit and knowledge, to be invited by the Governor or by the Regulation, Control and Registration Center with the purpose of opining on technical, scientific, legal and methodological approaches for the Environmental Services Program.

Enforcement agents

Article 20. For the purposes contained in this Law, all legal public or private entities that are approved by the Regulation, Control and Registration Center are considered as execution instruments under this Act and its regulations.

Registration Instruments

Registration System

Article 21. - For the purposes contained in this Law, the registration and accounting systems, physical or electronic structures, shall be regarded as Registration instruments:

- a. Programs, subprograms and projects;
- b. Environmental services units;
- c. Credits deriving from environmental services;
- d. Actions developed under the System;

Paragraph 1. The registry will operate directly under the Regulation, Control and Registration Center guidelines or under a third delegated and/or contracted entity in accordance with this Law and other laws in force.

Paragraph 2. The registration should aim at creating an environment of transparency, credibility, efficiency, integrity, traceability and no duplicity.

Paragraph 3. The information contained in the registration should be public and serve for the purposes of accounting balance between the various levels of state action, as well as integration and cooperation with the corresponding municipal, national and international registrations.

Paragraph 4: The information contained in the state forest carbon and environmental services registration, respecting the legislation in force, may be forwarded to the relevant national and international institutions for accounting purposes and published in the worldwide web.

Paragraph 5. The Registration System will be regulated by Decree.

Economic and Financial Instruments

Article 22. For the purposes contained in this Act, the following are considered Economic and Financial Instruments, among others:

- I. Development funds - funds destined for programs that encourage conservation practices and the improvement of environmental services;

II. Pro-Tech Fund in the State of Amazonas Environmental Services (FPTSAM): composed of fees and participation in taxes, the Fund aims at funding technology innovation programs and developing tools for measurement and valuation of environmental services;

III. Investment Funds - funds from public / private institutions to be invested in conservation activities and payment for environmental services and products, intended for trading and offsetting greenhouse gases emissions and increasing the economic and social development of the state of Amazonas activities;

IV. Environmental Services Incentives Models - package of economic measures (tax incentives, benefits) created and implemented to encourage conservation efforts and improvements in environmental services, generating wealth and contributing to poverty eradication;

V. Marketing Models for Environmental Services Credits - creation and development of platforms for marketing credits originated from environmental services.

Paragraph 1: The resources originated from the economic instruments included in this article may come from the following, among others:

I. Economic, fiscal, administrative and crediting incentives granted to applicants and Receivers of environmental services under this Act;

II. National public funds, such as the National Fund on Climate Change and others;

III. Resources from adjustments, management contracts and agreements made with federal, state, municipal and District entities;

IV. Resources originated from bilateral or multilateral agreements on climate;

V. Donations made by national and international public or private entities;

VI. Budgetary funds;

VII. Funds originated from the sale of credits related to environmental services and products;

VIII. Private investments;

IX. National and International Financial Institutions Loans, and

X. Others established by regulation.

Paragraph 2: Studies concerning assessment and valuation methods and models for environmental services should be developed to provide technical and scientific support for implementing the economic and financial instruments described in this article.

Instruments and Social Benefit and/or Revenue Sharing to Providers/Receivers

Article 23. The instruments developed under the programs, subprograms and projects for promoting and developing socioeconomic income and/or benefits distribution models resulting from environmental goods and services, including the consolidation of safeguards, that involves the participation of the State, traditional communities, Indigenous Peoples, Agricultural, Livestock, fishery, industry and other sectors in its formulation are considered Social Benefit and/or income Sharing Instruments for Providers/Receivers intended for the purposes contained in this Act in accordance with its regulations.

Paragraph 1. The creation of Social and Benefit and/or Income sharing instruments should be proposed to the Monitoring and Evaluation Commission which, once validated, will be forwarded to the Regulation, Control and Registration Center for approval, publication and inclusion in their subprograms or projects.

Paragraph 2. The Social Benefit and / or income Sharing Instruments may also be proposed by civil society and by the Commission, independently and separately or jointly with sub-programs or projects.

Tax and Incentives Instruments

Article 24. Tax and Incentives instruments are:

- I. Taxes: fees raised on activities / products that promote the degradation of ecosystem services;
- II. Tax on compensation transactions for environmental services;

III. Distribution of ICMS (State tax) with differentiated participation for municipalities that adopt sustainable development policies;

IV. Provision of credits with differentiated interest rates for activities that promote the maintenance of environmental services integrity.

Municipal, National and International Technical and Scientific Cooperation Instruments.

Article 25. For the purpose of achieving the objectives, guidelines and implementation of this Act, the State of Amazonas may enter, with public and / or private institutions, into:

I. Technical and Scientific Cooperation Agreements

By means of establishing cooperation for developing research projects on quantification methods and sustainable use of natural resources as well as identifying new sustainable raw materials and other relevant projects to expand the information base required for the full achievement of the objectives of this Act;

II. Academic Economic Cooperation Agreements,

By means of establishing partnerships between economic, financial, legal, and other relevant research institutions for identifying and creating appropriate marketing strategies for marketing credits resulting from environmental services at national and international level;

III. Conventions and agreements, among others that are legally admissible to promote integration and interoperability between systems and jurisdictions

Promote cooperation and integration among various, municipal, state and federal jurisdictions, seeking integrated operational models for activities related to environmental services in areas of implementation, monitoring, validation, verification, registration, transfer and offsetting, within the legally allowable frames.

Inventory Administrative Instruments for Certification and Marketing of Assets.

Article 26. The Executive branch of the State of Amazonas is hereby authorized to alienate, by means of its direct or indirect administration, credits originated from environmental services and environmental products of which is a beneficiary or owner since duly recognized or certified, such as:

I - avoided carbon emissions in natural forests and reforestation of degraded areas or areas converted to alternative land use, linked to subprograms and projects within the Program, under the legislation in force;

II - projects or activities to reduce greenhouse gases emissions under the United Nations Framework Convention on Climate Change, and

III - other mechanisms and market credit regimes or other assets trading based on environmental services and environmental products, including the greenhouse gases emissions reduction markets.

Paragraph 1. The credits referred in the main section of this article may be sold on the Stock Exchange Market, as well as on the organized over-the-counter market, authorized to operate by the Securities and Exchange Commission - CVM, the Brazilian Emission Reduction Market (MBRE), directly with interested parties by means of an auction for the best price, or other national or international markets that meet the national and international legislation in force.

Seals

Article 27. Seals can be instituted with the aim of attracting institutions interested in voluntarily developing eco-efficient activities.

Sole paragraph: Such seals and their terms of use shall be regulated by Decree.

Environmental licensing

Article 28. The environmental permits related to the programs, subprograms and project activities, which may result in the creation, implementation and / or development of environmental services, will be assessed as a priority by the Amazonas Environmental Protection Institute/IPAAM and other relevant state entities.

Sole Paragraph. For the purpose of granting the priority referred on the main section of this article:

I - the criteria for recognizing project activities will be defined by IPAAM, and

II – a declaration ratifying the scope of the undertaking applying these provisions, as well as the scope of the projects activities that are undergoing the environmental licensing stage on the date of publication of this Law, shall be presented to the entity responsible for the environmental licensing

State Inventories and Environmental Services Information System

Article 29. To achieve the objectives intended in this Law, the Regulation, Control and Registration Center or delegated agency should request or hire third-party organized surveys, keep track of environmental services and products and organize them into an inventory in specific reports for each program, physically or electronically, according to national and international recognized methodologies, in an accessible and transparent manner, in accordance with this Act.

Final Dispositions

Universal Application of Instruments

Article 30. Unless otherwise provided by law, the management, control and registration instruments and the implementation, planning, economic, financial

and tax instruments as well as the tax incentives contained in this Law are applied to all programs, subprograms and Projects.

Paragraph 1: The reference scenario and the baseline applicable to the Programs contained in this Law shall be determined by a Governor's Decree, in accordance with national and international legislation in force which serves as the basis for measuring the performance of programs, subprograms and projects aimed at the provision and / or maintenance of environmental services.

Paragraph 2. The activities, actions, programs, subprograms and projects that are consistent with the purposes of this Act and that are already under development at the time of its publication, may request to the Center its integration with the State Environmental Services Administration System, contained in this Act and its regulations.

Article 31. The criteria and values of public prices, fees and charges for services provided by institutions associated with the program, especially for acts of pre-registration, registration and certified carbon dioxide emission reductions and other environmental services shall be established by regulation where appropriate.

Article 32. The State of Amazonas may:

I. implement actions for building technical and human capacity on topics related to the management of programs, services and environmental products linked to the Program as well as for incentivizing research and sector development, and

II. Enter into an agreement, arrangement or cooperation term with federal and state entities as well as national and international public or private agencies to implement the actions specified in this Law

Article 33. Until the effective implementation of the Regulation, Control and Registration Center and other entities referred in this Act, the SDS will take over their tasks.

Article 34. The SDS may issue regulatory standards aimed at the faithful fulfillment of this Law

Article 35. The Executive Branch shall regulate this Law by Decree, including with respect to the powers, structure and functioning of the institutions mentioned therein.

Sole paragraph. The structure, regulation and implementation of programs referred in Article 10 shall be defined by decree.

Article 36. Converging programs.

Article 37. Modified and / or revoked dispositions.

Article 38. This Law shall come into force upon its publication.