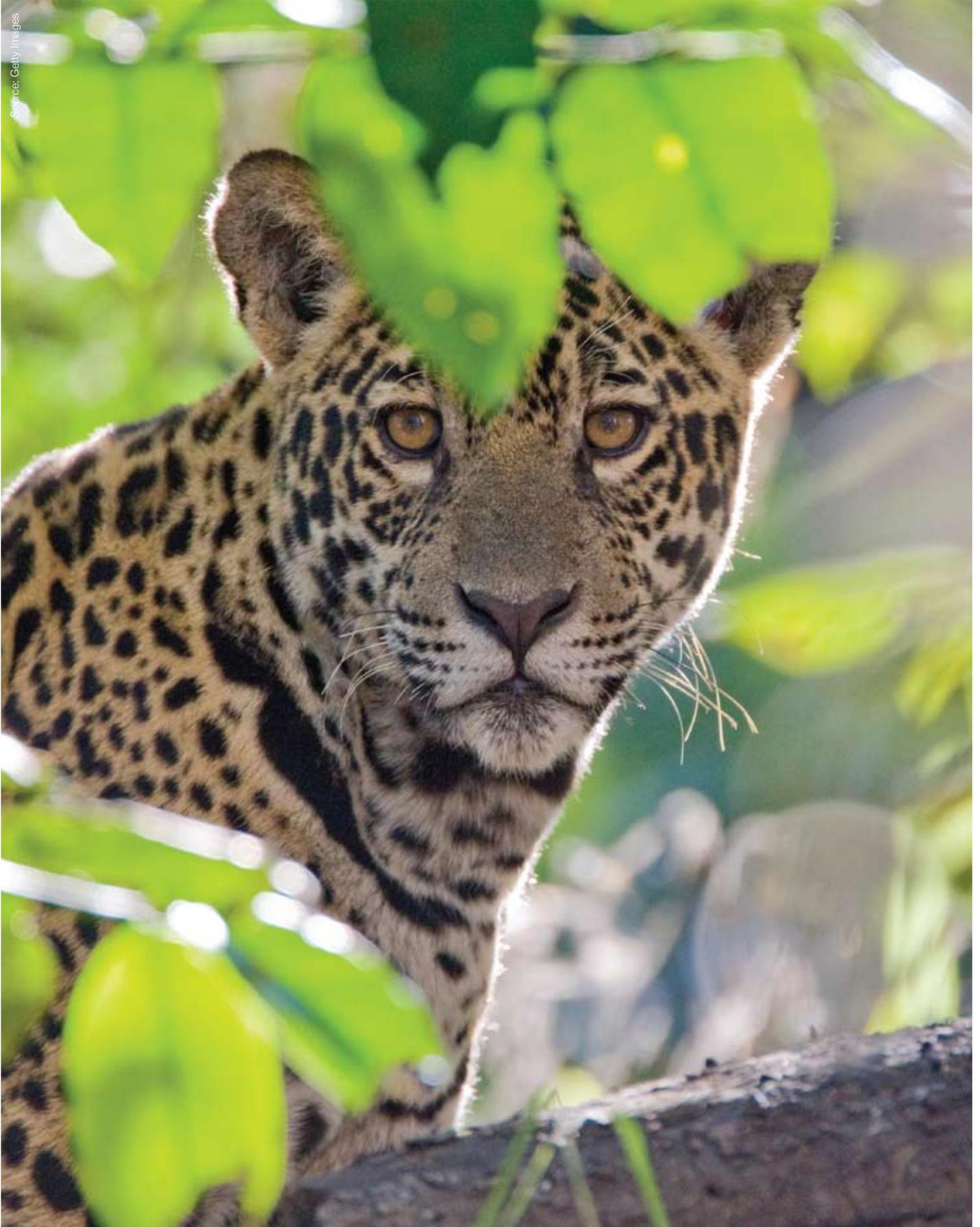


Source: Getty Images



The Brazilian state of Amapá recently signed an agreement with Markit to create the first sub-national environmental registry\* in Latin America. **Bala Rocha**, Congressman for the state, tells **The Markit Magazine** how this initiative fits into the country's environmental agenda and how further progress is likely to be achieved

# A lesson from Brazil



Bala Rocha, Congressman for the state of Amapá

**Q To begin, could you explain your role as Congressman for the state of Amapá and the environmental agenda in Amapá and the rest of Brazil?**

**A** I have always tried, alongside other representatives of my state, to introduce legislative initiatives, like allocating financial resources to public policies. I have chosen four broad issues to focus on in the National Congress: education, health (including sanitation), employment and income generation, and environment. Amapá has 16 municipalities, and most do

not have sufficient income to meet government obligations on basic health and schooling. In Brazil, the tax revenue is centralised by the federal government and nearly 10 per cent of this revenue goes back to the municipalities. So, the representatives have to help the states and municipalities to tackle the continuous challenge of meeting their obligations in spite of their limited capacity for self revenue.

I have pushed several legislative initiatives to federal government approval, such as assistance for victims of industrial injury. These victims are mainly women of the Amazon region who are injured when they are operating the motors of little boats and other engines used, for instance, in ceramic tile manufacturing. Now these women have had their demands recognised

#### Bala Rocha – Résumé

2007 - 2011	Congressman
2003 - 2004	Health secretary of the state of Amapá
1995 - 2003	Senator
1991 - 1994	State representative

\*Markit Environmental Registry provides the infrastructure required to help increase efficiency and manage risk in transacting environmental assets. An essential role of the Registry is to ensure the singularity and provenance of carbon and other ecosystem credits throughout their lifecycle from issuance, through transacting, to final retirement. The Registry integrates with primary services such as exchanges and settlement to provide registry participants with a seamless straight through process.

by both federal and state authorities, and public policies have been designed specifically to address their social, economic, health and psychological needs. These women have had their dignity and their place in society restored.

The main challenge for environmental management in Amapá is to reconcile conservation and income generation. Amapá has a high rate of population growth, but, at the same time, its capacity to attract new investment is low, because it does not have a secure source of power for industrial activities. Amapá is isolated from the national energy system, and has to combine output from thermal power stations with that from a hydroelectric power station. The result is that there is insufficient energy to meet domestic and industrial demands.

**Q How have Brazil's carbon markets developed over the past few years? In particular, how do you feel forestry has developed and what are the main achievements?**

**A** As Brazil is a developing country and is not subject to the United Nations (UN) framework convention on climate change, its participation and competitiveness depends increasingly on its ability to reduce the emissions caused by the deforestation in the Amazon region. Therefore, it has to improve its environmental management. The country has signed up to the Clean Development

Mechanism (CDM) under the Kyoto Protocol, and there are also several initiatives from both the public and private sectors to support carbon projects. Amazonas state, for example, has combined public and private initiatives to stimulate best practice for forestry stewardship. This has resulted in the creation of the Amazonas Sustainable Foundation. In the last few months, the federal government has sent a bill to the National Congress to regulate environmental services payments.

**Q How does the environmental policy for Amapá fit within the national environmental policy framework?**

**A** Amapá is the first state that has conducted an inventory of carbon stock and adopted measures before the launch of national initiatives. Now it has to make these efforts pay off.

**Q The policies you are working on aim to bring foreign investment in to deal with environmental issues. To what extent will they also help attract domestic capital? What international exposure do you hope to gain and how will you do this?**

**A** The state of Amapá, with the support of the federal government, is investing heavily in economic and social infrastructure such as roads, airports, ports and energy distribution network, to attract both domestic and international capital.

Being exposed to the international community will help Amapá promote itself and the opportunities that it offers.

**Q Brazil has an agenda to comply with the Nationally Appropriate Mitigation Actions (Nama). How will the creation of a national registry help to achieve this?**

**A** We are in the middle of a general election in Brazil, for president, state governors and representatives (deputies and senators) at both state and federal levels. So this should be the best time to discuss ideas, build and present policies and programmes. Therefore, I think that this is the right time to give more visibility to the best initiatives, such as the creation of a state platform registry. I am sure that this can help decision making at the national level.

**Q How important do you think the measuring, reporting and verification of carbon credits locally and internationally are in establishing your environmental policies to support Nama?**

**A** I think this is essential. The international experience has largely demonstrated that it is hard or impossible to establish, enforce and implement environmental policies solely by using "command-and-control" tools. This option is very expensive and some firms and sectors are opposed to it. The result is non-collaboration, a gap in the reporting process, lack of data, insecure information and, consequently, poor environmental management.

In contrast, the success of the design and implementation of a market-based instruments programme depends on creating a confident, transparent and secure environment. Therefore, it is crucial to provide the appropriate information platform that allows both sellers and buyers to follow live carbon

"Amapá has a high rate of population growth, but, at the same, its capacity to attract new investments is low, because it does not have a secure source of power for industrial activities."

credit trading. Credible information builds the trading market and allows each actor to play its role.

**Q In December 2009, a decree was passed in Brazil that requires companies within the country to report on and record carbon emissions. What recent developments have there been in terms of implementing that decree and how much more needs to be done?**

**A** A federal act passed on December 29 2009 established The National Policy on Climate Change (PNMC – *Política Nacional sobre Mudança do Clima*). The federal government is already formulating the programmes, actions and legal instruments needed to enforce this law. The National Congress is now analysing the bill that intends to regulate the payments for avoided deforestation (Redd Bill). So, the whole idea behind the enforcement of this act is to create economic instruments that stimulate the private sector to participate.

**Q How valuable do you think an effective trading mechanism would be to the economic development of Amapá and of Brazil?**

**A** Amapá's contribution to the gross national product is low: just 0.2 per cent in 2008, and only 4.5 per cent of the Amazon regional economy, according to IBGE (the Brazilian Institute for Geography and Statistics). Agriculture accounted for 4.3 per cent of that; industry, 9.9 per cent and services were 85.8 per cent, mainly the public sector, which is the main employer. Therefore, the effective trading mechanism is very important to the economic and social development of Amapá.

**Q Amapá has signed for the first sub-national reducing emissions from deforestation and forest**

“I think that Brazil's efforts at both state and national levels have already had some success in reducing deforestation, especially in the Amazon region.”

**degradation (Redd) registry worldwide. Do you see this as a major step in supporting the state's environmental policies? How will this contribute at a national level?**

**A** Amapá once again has made a groundbreaking initiative to encourage and support the private sector to contribute to the effectiveness of the PNMC. The visibility that a registry platform provides to environmental projects is an essential step to create international transparency in the global conservation and sustainable management of natural resources. I also believe this brave step will encourage other states in Brazil to adopt similar initiatives and, consequently, will help the federal government tackle the national challenge to foster the Brazilian Market Reducing Emissions (MBRE).

**Q There are mixed views on the contribution of the Redd-plus framework in the fight to stop deforestation. How important do you feel this is? How could this affect Brazil and Amapá?**

**A** I think that Brazil's efforts at both state and national levels have already had some success in reducing deforestation, especially in the Amazon region. But, it is still a great challenge to limit deforestation.

You have to combine the use of “*command-and-control*” instruments with economic instruments. Therefore, Redd could be a great contribution towards protecting our biodiversity and promoting sustainable development, which are two keys goals for both Brazil and Amapá.

**Q Finally, what plans do you have to continue fostering the development of a more efficient environmental market in Brazil?**

**A** The European Parliament has made a legislative initiative that will help Brazil's efforts to foster the sustainable management of forestry. From 2012, it will only be possible to import timber and timber products sourced from certified origins. I intend to carry on with efforts, alongside other representatives and the state and federal authorities as well as private institutions, to encourage and foster the development of a more efficient market in Brazil. This will involve identifying demands and helping to meet more appropriate solutions, all in the legal framework. We have a long way to go, but we also know a little more about the path we need to take and its challenges, risks and opportunities. Most important of all, we have learned to identify and choose our partners who will help us have a successful journey. ■