BRAZIL
Financial Solutions for Nature

460 million hectares of forests → 312 million hectares are public → 157 million hectares for community uses → 37 million hectares for forest production → NDC GOAL: 12 million hectares for restoration and reforestation

Bridging environmental and fiscal controls

Coordination of environmental, fiscal and tributary sectors.
- DOF/Sinaflor is the main tracking system regarding forest products. The Forest Origin Document (DOF) is a governmental tool that contains timber's origin, species, type of product, quantity and value of the cargo, transportation route. It allows legal transportation and storage of native forest products as wood and coal.
- Tax on the Circulation of Goods and Services (ICMS). Tax on goods and services, similar to the value-added taxes in other countries.

Align practices and procedures, and harmonize normative framework, concepts, procedures and methods between federal and state level authorities involved.

Share of information and communication flows between the sectoral systems and involved authorities at state and federal level.

Assess and promote the integration of systems (e.g. ICMS revenues for the forest sector; volumes in DOF system; electronic invoices data).

Contribution to prevention and control of deforestation, by avoiding illegal logging, promoting the sustainable management of forests, and reduce environmental, labor and fiscal illegality. It also enforces the control of certified timber product, its reputation, market access, and fiscal revenues. The action contributes to the Action Plan for the Prevention and Control of Legal Amazon Deforestation and the National Policy on Climate Change.

Ecological ICMS

Since early 1990’s, more than 50% of states adopted the Ecological ICMS, an ecological fiscal transfer mechanism established by States to take environmental indicators into account when sharing ICMS revenue with local governments. Basically, local governments are compensated for land-use restrictions associated with conservation and the provision of ecosystem services by providing them with financial incentives for conservation.

Systematize information regarding the Ecological ICMS in the Amazon, evaluate its alignment with policies against deforestation, and coordinate with states and municipalities to further development of ICMS-E revenues.

Evaluate experiences implemented, focusing on legal framework; environmental criteria for revenues allocation; alignment with forest sector sustainable management and policies against deforestation; investment of revenues in environmental sector.