



COMISSÃO DE MEIO AMBIENTE
(COMMITTEE ON THE ENVIRONMENT)

Assessment of National Climate Change Policy



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ASSESSMENT OF NATIONAL CLIMATE CHANGE POLICY

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The Federal Senate Committee on the Environment decided to pick the National Policy on Climate Change (PNMC in the Portuguese acronym) for evaluation in 2019. This selection occurs in an international context of growing perception of urgency for immediate action to reverse what has been considered one of the most serious global challenges of humanity. A few weeks ago, in early November, more than 11,000 scientists from 153 countries signed an article, published in *Bioscience*, an official journal of the American Institute of Biological Sciences, presenting evidence that the planet is in crisis. They declare, clearly and unequivocally, that the Earth is facing a climate emergency. The Secretary-General of the United Nations joined these scientists and referred to the climate crisis as “the defining issue of our time”.

Not by chance, the Oxford Dictionary has chosen the entry **climate emergency** as the word/expression of the year 2019, defined as “*a situation in which urgent action is needed to reduce or halt climate change and avoid potentially irreversible environmental damage resulting from it*”.

On the national scene, the assessment of the PNMC ten years after its establishment in 2009 is laden with symbolism. This is a breakup point for the Brazilian climate policy, given the extinction of key departments in the Ministry of the Environment and the Ministry of Foreign Affairs; the paralysis of the entire governance structure on climate change; the discontinuation in the implementation of policy instruments, including important financial mechanisms, such as the Climate Fund and the Amazon Fund; and the country’s refusal to host the 25th Conference of Parties (COP-25) within the United Nations Framework Convention on Climate Change (UNFCCC). Added to these are the dubious messages from the Brazilian authorities regarding the importance and priority of the issue for the country and the significant increase in deforestation rates in the Amazon, one of the most important Brazilian vectors of greenhouse gas emissions.

At the scientific level, the average global temperature of the last 5 years (2015 to 2019) is the highest ever recorded, according to the World Meteorological Organization (WMO). The Organization estimates that we are 1.1 °C above the pre-industrial era (1850-1900). If we do nothing, global temperatures may rise 3 to 5 °C by the end of the century. Average temperature increases of this magnitude will produce catastrophic consequences, such as increased frequency of droughts, floods, hurricanes, landslides; water scarcity; rising sea

levels; biodiversity loss; ecosystem imbalance; and damage to the agriculture. Let us not deceive ourselves; Brazil is not immune to these risks.

In this context, the Brazilian policy on climate change should not be driven only by the achievement of national and international goals: the incentive should come from the collective awareness that the development model, represented in current patterns of production and consumption, has now been exhausted and will make life on the planet unsustainable. Promoting the transition into a more sustainable and less carbon-intensive economy is urgent, as this standard will define what position Brazil will have in the new global economic context.

In this paper, we examine the ten years of implementation of the PNMC under two distinct periods: 2009-2018 and 2019. The first period shows an expressive evolution of the institutional and legal framework on climate change in Brazil. This is no longer an issue on the environmental and international agendas alone but part of the country's development agenda, involving productive sectors, civil society and all tiers of government.

The second period witnesses strong attacks on the governance structures of climate policy, discontinuation of plans and programs, extinction of competencies and government departments for climate change, especially in the Ministry of the Environment (MMA), and the weakness of Brazil's presence in international negotiations on the subject. Brazil's historical leadership in recent years is under threat. Even the PNMC's target of reducing deforestation rates in the Amazon by 80% by 2020, which seemed easily achievable after a period of extraordinary success, will no longer be achieved.

Brazil built its leadership over the years. It had politically and institutionally important milestones before the creation of the PNMC, such as the institution of the Brazilian Forum on Climate Change in 2000 and the creation of a specific secretariat to deal with climate change in the MMA in 2007. This process culminated with the applauded presence of Brazil at COP-15 in Copenhagen in 2009, when the country submitted voluntary targets to reduce emissions in various sectors of the economy, at a time when developed nations were negotiating much less ambitious targets. This contributed to the fact that Brazil, not obliged by the Kyoto Protocol to establish compulsory emission reduction targets, took on a position of leadership in global negotiations on climate change. It provided

the necessary political impetus for the approval of the law that enacted the National Policy on Climate Change (PNMC) a few days after COP-15.

The PNMC incorporated the voluntary commitments presented in Copenhagen and established bold and innovative principles for the time, such as the provision that the *principles, objectives, guidelines and instruments of public policies and government programs should be compatible with the principles, objectives, guidelines and instruments of this National Policy on Climate Change*. The Law, in all of its provisions, shows that it is not an environmental policy, but a development policy. With this approach, it has managed to engage, over time, various areas of government, in addition to the environmental sector, civil society organizations and productive sectors.

The possibility of the PNMC management by the Inter-Ministerial Committee on Climate Change (CIM), under the responsibility of the President's Chief of Staff, was the correct and necessary sign that this policy should be treated, in the heart of government, as a development policy, not as an environmental policy. In practice, however, the MMA was, along the years of the PNMC implementation, its sole promoter, as it was not included into the central agenda of the government and did not influence the main development projects of the country, nor did it significantly affect government policies.

The difficulties to implement the PNMC were predictable. The adoption of national policies on climate change is a relatively recent trend all over the world. Therefore, despite the importance of the issue, there is still a learning curve as to the best strategies. In the case of a country as large as Brazil, we need to reconcile legitimate social and economic demands and needs with the conservation of our natural assets and with our imperative participation in the global effort to address the problem.

In several sections of the Brazilian government, the development of action plans to prevent and control biome deforestation and the sectorial plans for mitigation and adaptation to climate change have allowed the issue to be handled by departments where it was not relevant or priority. In the private sector, awareness of the importance of timely actions to ensure competitiveness in a globalized economic scenario has grown. Civil society and the academia, in turn, have built significant knowledge that has been fun-

damental for the choices the country needs to make towards a less carbon-intensive economy.

The PNMC evaluation proved to be more complex due to two important issues. The first, which proved to be quite evident throughout the process, was a lack of surveillance. Despite some attempts, the Brazilian government did not choose appropriate methodologies or mechanisms to measure the impact of implementing the PNMC instruments on its objectives. This compromised the evaluation process to identify obstacles and difficulties, correct the direction and increase the effectiveness of the instruments.

The second issue that hindered the evaluation carried out by CMA was the absolute absence of cooperation from the federal government, responsible for implementing the PNMC. Several analyses made by this Committee would have benefited from government information, data, results and studies. However, agencies of the Executive summarily ignored all of our formal requests.

Our efforts included five public hearings and five meetings, organized by major themes: estimates and commitments; financial instruments; sectorial plans; Low Carbon Agriculture Plan - ABC Plan; and juridical aspects. We also invited experts to be our panelists. In this process, we have identified problems, solutions and recommendations, and we will forward them to the Legislative and the Executive. We have also drafted pertinent legislative proposals. In addition, we have examined the Action Plan for the Prevention and Control of Deforestation in the Amazon (PPCDAm) and the National Adaptation Plan (PNA). Because of this effort, legislative proposals and indications of plans, programs and actions that catalyze the transition to a low-carbon Brazilian economy emerged.

With regard to **estimates and commitments**, Brazil has reliable instruments - although not agile - to carry out its national inventories and communications to the UNFCCC. Civil society organizations follow this work with more agility, and have had the important role of anticipating the disclosure of official data and proposing timely corrections of directions. However, we need to improve the debate on national estimates of emissions, particularly in the context of the goals that the country has undertaken, since there is still no systematized process for this discussion by the various actors of society. There was little transparency and participation in the goals of the PNMC and

in the goals of the Nationally Determined Contribution (NDC), submitted in the context of the Paris Agreement.

Data shows that there was a significant decrease in Brazilian emissions, especially as of 2004, due to the extraordinary reduction in deforestation rates in the Amazon. This effort has positively affected the international perception of Brazil with respect to global efforts to fight climate change. However, there were no significant reductions in Brazilian emissions in 2009-2015, after the PNMC implementation.

In a prospective analysis, the country is on track to meet the voluntary national commitment established by the PNMC for 2020. Several specialists have pondered that meeting this commitment was due to estimates of a GDP growth of up to 5% per year, which did not materialize. However, it will not achieve specific goals such as an 80% reduction of deforestation rates in the Amazon.

In relation to the post-2020 targets, the discontinuation of the climate policy, the weakening of policies to prevent and fight deforestation and the expansion of electricity generation from non-renewable sources may drive Brazilian emissions to fail meeting the commitments of our NDC.

With regard to **financial instruments**, the allocation of resources for climate change mitigation and adaptation was erratic and did not signal the expected priority for the PNMC. The National Fund on Climate Change (FNMC, or Climate Fund), created in 2009, should be one of the main instruments to enable the achievement of Brazilian goals. It was, however, severely affected by a reduction of funding from oil royalties, as of 2013, and by the fiscal crisis underway in Brazil. As of 2019, operations were paralyzed by the new federal administration, which did not even appoint a management committee.

Another important source of resources, the Amazon Fund, a conquest of the Brazilian State in the context of international negotiations on climate change, was also paralyzed as of 2019, and its governance structure extinguished. As a result, its main donors, Norway and Germany, suspended new contributions to the Fund. Despite the high volume of resources already allocated to the Fund, the federal government insists on disqualifying it. These resources have no allocation and could be used to support federal, state and municipal

governments in their strategies to reduce deforestation. The government ignores the possibility that this instrument could further expand the support it already offers to national agencies to fight and prevent deforestation.

There are also sources of international resources to support developing countries with adaptation and mitigation of climate change, to the tune of US\$100 billion per year. Although Brazil has always defended, in international forums, that developed countries should provide new, additional and predictable resources for developing countries to meet their climate change goals, our country does not have a strategy to access these resources. The dismantling of public administration structures in the Ministries of the Environment and Foreign Affairs hinders an organized and systemic perspective of how the country could benefit from these resources.

As for **sectorial plans for mitigation and adaptation to climate change**, their preparation reveals an unprecedented effort by several government sectors. Until the establishment of the PNMC, climate change was not a relevant national concern. Plans were designed, but there is great disparity in their contents and implementation strategies, in addition to a lack of monitoring, evaluation and review. Besides, they were developed almost autonomously by the respective sectorial agencies, without any content validation to assure that, effectively, they were in consonance with the objectives of the PNMC. The National Plan on Climate Change itself, which governs sectorial plans, was never revised over the course of ten years, even though its creation decree determines a biannual review.

We addressed the Low Carbon Agriculture Plan (**ABC Plan**) separately in this paper. There is a positive assessment of the consistency of the ABC Plan and its high potential impact on Brazilian agriculture. It is, however, far from being achieved. The profile of greenhouse gas emissions in Brazil includes great participation of agriculture. Because of this, it is important to scale up the ABC Plan, increase its resources, facilitate its access and promote more studies to evaluate the effectiveness of its actions. The ABC Plan is currently used as an example of national commitment to sustainable agriculture. In budgetary terms, however, it corresponds to a minimum portion of expenditures on the Crop Plan (about 1%) and on the National Program for Family Agriculture. This shows little commitment on public policies for agriculture with low emission and high carbon sequestration. Brazil has the possibility of using the ABC Plan as a paradigm for

its agriculture, far beyond what has been done. It is an initiative without scale, which affects, albeit positively, a tiny portion of the national production.

With the necessary adjustments, especially in scale, the ABC Plan can become the basis for the sustainability - economic, social and environmental - of Brazilian agriculture and contribute to a positive image of Brazil. In addition, the initiatives supported by the ABC Plan have enormous potential to improve productivity and profitability, increase climate resilience (adaptation) and reduce the environmental impacts (mitigation of climate change) of the Brazilian agricultural production.

In terms of the **juridical aspects**, the entire governance structure on climate change was pointed out as one of the major limitations to the effective implementation of the PNMC, since it did not provide for its proper discussion in the appropriate government bodies. An environmental leadership that did not translate into power to convene and capacity to induce, in other sectorial bodies, the expected level of priority and ambition with which the theme should be addressed characterized the process. Within the governance model conceived for the PNMC, it was hoped that the President's Chief of Staff would be able to conduct this process, at the highest level, so that it could be treated as a central government policy. Our suggestions, therefore, include a legislative proposal that presents new guidelines for the governance structure of the PNMC, so that it can effectively become the central policy of the Brazilian state.

The **PPCDAm**, launched in 2004, is the plan contained in the PNMC that has achieved the greatest success in terms of reducing emissions. Its main virtue was to change the previous approach to deforestation by the government. One part of the government, by the very nature of its competencies, somehow “induced” deforestation, while another part of the government was responsible for fighting it. Its robust governance, guided by the central government, contributed to its being a priority agenda for the following administrations. In 2013, the coordination of the PPCDAm was transferred to the Ministry of the Environment (MMA), which affected its results in the next few years. The Plan has recently lost political momentum, but has never been paralyzed. As of 2019, its implementation was suspended, in the context of several federal government initiatives, which helps to explain an almost 30% increase in the deforestation rate relative to 2019.

This study did not shy away from evaluating the **climate change adaptation** component of the PNMC. Although national discussions on public policies for climate change still focus on reducing emissions (mitigation), there are many reasons why Brazil should treat adaptation measures to climate change as a higher priority. Studies point to significant climate change in different regions of the country and estimate its impacts and adverse effects, such as greater occurrence of droughts, floods, inundations, landslides and consequent displacement of populations in the affected regions. Brazil advanced with the launch of the National Adaptation Plan (NAP), initiated in 2016, but its implementation has not yet received due priority from the government.

The assessment by the Senate Committee on the Environment signals concerns not only about the growth trend in national emissions of greenhouse gases, which inevitably calls into question Brazil's ability to meet its commitments under the Paris Agreement. What is really a cause for concern is that the National Policy on Climate Change has become marginal within the government as of 2019.

What seems to be getting lost in the country is the perception that addressing the challenges imposed by climate change is not just an international commitment. It is not simply a matter of meeting a goal in the future (especially because the goals submitted by Brazil are quite feasible). Here, the path is just as or more important than the goal. What we expect of a National Policy on Climate Change is that it enables the transition to a less carbon-intensive economy. It is also less dependent on fossil fuels, which is the basis of a development model that is economically, socially and environmentally sustainable. This is not an environmental goal. It is a condition for Brazil to maintain its leading role in the world economy, for a more socially just society and for the conservation of our natural assets.

In this scenario, our role was to suggest ways and measures for the various actors of Brazilian society involved with climate change and propose new goals, plans and guidelines to be mandatorily observed by the federal government, especially in the new commitment period post-2020. In this way, we hope that the proposals in this study can provide an incentive for the Executive Branch to continue the Brazilian climate policy with the necessary sense of importance and urgency. May the strengthening of the constitutional and legal framework of climate change contribute to transforming it into an irreversible state policy, free from the moods and ideologies of each new administration.

RECOMMENDATIONS

In the wake of evaluating the implementation of the PNMC under seven different aspects, the Committee on the Environment offers its contribution through legislative proposals and recommendations to the Executive and Legislative Branches. The legislative proposals included a Bill (PL), a Proposed Amendment to the Constitution (PEC), a Proposal for Oversight and Control (PFC), and a Legislative Recommendation.

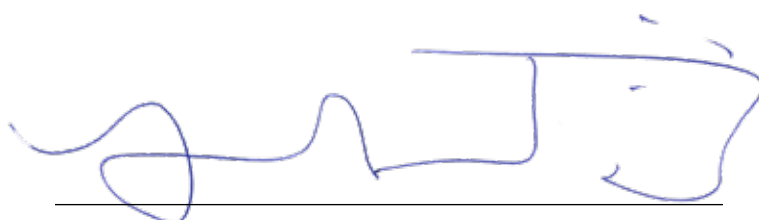
The main purpose of the Bill is to update Law No. 12,187 of December 29, 2009 (PNMC) in the context of the Paris Agreement and the new challenges related to climate change. The main alterations are: i) update of the provisions for the new reality of the Paris Agreement and the NDC; ii) inclusion of the National Long-Term Strategy as an instrument to neutralize Brazilian emissions by 2050; iii) addition of the Brazilian Panel on Climate Change to the governance structure; iv) definition of the Inter-Ministerial Committee on Climate Change (CIM) as the highest coordination instance; v) insertion of the principle of climate responsibility: the design of public policies and the preparation of budgets must observe the guidelines, purposes and goals of the PNMC; vi) definition of minimal validity and content for sectorial plans and deforestation control; vii) establishment of guidelines for climate governance, with a clear definition of roles, transparency and a broad participation of subnational entities and civil society; viii) the establishment of duties for the government in conducting climate policy, in particular the obligation and periodicity to oversee, evaluate and review the National Plan on Climate Change, deforestation control and sectorial plans; and ix) incorporation of NDC targets for the post-2020 period and the neutralization of carbon emissions by 2050.

The constitutional amendment constitutionalizes the concern with climate change. It includes “maintenance of climate stability” into the principles of the economic order. For the government, it adds the obligation to “take actions to mitigate climate change and to adapt to its adverse effects” in the chapter of the Federal Constitution on the environment. In the Proposal for Oversight and Control, we suggest audits by the Federal Audit Court on programs, actions, projects and official actions that affect the implementation of the PNMC as of January 2019. The audits would also determine causes, consequences and those

responsible for the increase in deforestation in the Amazon and its association with the discontinuation of policies for preventing and fighting deforestation.

In the recommendations to the Legislative, we advise members of parliament to be aware of compliance to the PNMC and the budget plan passed in Congress, in addition to more resources to the Climate Fund and the ABC Plan. We also recommend that members of parliament do not to support a legislative agenda that may negatively impact the climate agenda, materialized in proposals to: i) simplify or accelerate the environmental licensing of large infrastructure works that significantly impacts on GHG emissions, without due environmental assessment and measures to avoid, mitigate or offset the impacts; ii) extinguish or reduce the protection of native vegetation, simplify regulation for areas of illegal deforestation. Finally, in the context of the current discussions on tax reform, we recommend that it may include mechanisms that contribute to the decarbonization of the economy, reducing perverse incentives.

The recommendations for the Executive are in the Legislative Recommendation, which advises the following actions: i) restructure the climate change department in the MMA; ii) reopen the governance structures on climate change; iii) guarantee human, technical and financial resources for the proper functioning of the Brazilian Forum on Climate Change (FBMC in the Portuguese acronym); iv) strengthen technically and politically the Brazilian Institute of Environment and Renewable Natural Resources (Ibama); v) reactivate the Amazon Fund; vi) expand the ABC Plan; and vii) resume the implementation of PNA.



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