Climate Change Policies in Brazil

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OUTLINE

Presentation Outline

• Current regulatory frameworks

• Current Brazil NAMAs – targets and governance

• Future Brazil NAMAs

• Pending policy issues
Climate Change Regulatory Framework in Brazil

Brazil has made great advancements in climate change policies

National Plan on Climate Change (PLNMC), Decree 6.263, 21st Dec 2007
- Describe the existing and potential mitigation and adaptation actions without clear target and time horizon except for land use
- Targets for deforestation resulted from the observing deforestation successful policies based on biodiversity and social benefits
- Currently under revision (“window of opportunity”)

National Fund for Climate Change (FNMC), Law 12114, 09th December 2009
- To finance mitigation and adaptation action
- Main source from oil royalties
- Financial agency at the Development Bank (BNDES)

National Policy on Climate Change (PONMC), Law 12187, 29th Dec 2009
- To regulate and promote adaptation and mitigation actions based on NAMAs and PLNMC
- Tax and credit incentives
- Market creation mechanisms
- Governance structure
- Emission goals: deviation of 36.1-38.9 % from 2020 tendency
## Brazil Voluntary Actions

<table>
<thead>
<tr>
<th>NAMAs</th>
<th>BAU (Mt CO$_2$e)</th>
<th>Reductions (Mt CO$_2$e)</th>
<th>Reductions (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land Use (Deforestation Reduction)</strong></td>
<td>1084</td>
<td>669</td>
<td>24,8%</td>
</tr>
<tr>
<td>Amazonia (80%)</td>
<td>564</td>
<td>564</td>
<td>20,9%</td>
</tr>
<tr>
<td>Cerrado (40%)</td>
<td>104</td>
<td>104</td>
<td>3,8%</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>627</td>
<td>133</td>
<td>4,9%</td>
</tr>
<tr>
<td>Pasture recovery</td>
<td>83</td>
<td>104</td>
<td>3,1%</td>
</tr>
<tr>
<td>Crop &amp; Livestock integration</td>
<td>18</td>
<td>22</td>
<td>0,7%</td>
</tr>
<tr>
<td>Zero tillage</td>
<td>16</td>
<td>20</td>
<td>0,6%</td>
</tr>
<tr>
<td>Biological Nitrogen Fixation</td>
<td>16</td>
<td>20</td>
<td>0,6%</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>901</td>
<td>166</td>
<td>6,1%</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>12</td>
<td>15</td>
<td>0,4%</td>
</tr>
<tr>
<td>Biofuels use increase</td>
<td>48</td>
<td>60</td>
<td>1,8%</td>
</tr>
<tr>
<td>Hydropower increase</td>
<td>79</td>
<td>99</td>
<td>2,9%</td>
</tr>
<tr>
<td>Other renewable sources (SHP, bioelectricity, wind power,etc)</td>
<td>26</td>
<td>33</td>
<td>1,0%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>92</td>
<td>8</td>
<td>0,3%</td>
</tr>
<tr>
<td>Steel–replacement of charcoal from deforestation for sustainable charcoal</td>
<td>8</td>
<td>10</td>
<td>0,3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2703</td>
<td>975</td>
<td>36,1%</td>
</tr>
</tbody>
</table>
Brazil NAMAs

Great reliance on deforestation control motivated by biodiversity and social co-benefits

Total MAMAs target of 38.9%:
• Land Use: 24.7%
• Energy: 7.7%
• Agriculture: 6.1%
• Others (steel&charcoal): 0.4%

☑ The inclusion of other sectors will be gradual and based on Sectoral Plans (SP)

☑ REDD implementation needs a national REDD framework (apart from the existing Fundo Amazonia) to set up guidelines for monitoring and verification procedures, risk mitigation mechanisms and benefit sharing principles but its creation has lost momentum as deforestation rate is declining and UNFCC - REDD is still unclear
NAMAs - Governance

There are several PONMC institutions but they have not been able to deliver so far

- Comitê Interministerial sobre Mudança do Clima - CIM (policy making locus and responsible for the implementation of NAMAs, inter ministerial board coordinated by the Civil Cabinet of the President);
- Comissão Interministerial de Mudança Global do Clima (UNFCCC focal point, including CDM authority, within the Ministry of Science and Technology)
- Fórum Brasileiro de Mudança do Clima; (civil society organization responsible to mediate stakeholders views)
- Rede Brasileira de Pesquisas sobre Mudanças Climáticas Globais - Rede Clima; (academic network responsible to carry on CC research)
- Comissão de Coordenação das Atividades de Meteorologia, Climatologia e Hidrologia (scientific board to assist on climate technical issues)
NAMAs – Governance (2)

- Ministry of Foreign Affairs still leading UNFCCC issues
- CIM policy making still depending on UNFCCC related decisions, meeting up no more than 02 times a year and, as Committee, with very weak implementation performance
- Setoral Plans have been discussed in the last two through several public consultations within the Forum but with no final outcome yet
- The Ministry of Finance has entered in the policy debate concerned about the pricing mechanisms (tax versus market)

There is a consensus on the need of an Executive CC Agency to coordinate and speed up policy implementation but its creation has been delayed due, manly, to opposition of some existing institutions
Additional Regulation and Co-Benefits

Apart from land use options, additional regulation lacks also any co-benefit approach

- **Sectoral Plans**
  - Currently only mining, transportation and industry have been discussed.
  - SP proposes “agreed” targets and instruments as a result of participative and public consultation among stakeholders and government agencies.
  - Proposals of SP are led by sectoral ministries suggesting modest and subsidized actions with no economic or sustainability reasoning *(no mention on co-benefits at all)* and almost no integrated approach with other sectors

- **Sub-National Policies**
  - For example, São Paulo State and Rio de Janeiro City, set ambitious targets but also with no economic or sustainability reasoning *(no mention on co-benefits at all)*
  - It is expected that those sub-national initiatives will fall short in their targets that may trigger revisions and then co-benefits may be considered this time

- **Revision of the PNMC**
  - The revision of the is already underway
  - Revision criteria will be defined based on consultation with stakeholders, so co-benefit approach may come up
2011 GHG Emissions in Brazil

From 2020 on Brazil NAMAs will need to go beyond land use actions so co-benefit issues will be even more relevant


<table>
<thead>
<tr>
<th>Setor</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mudaças de Uso do Solo</td>
<td>1570</td>
<td>1218</td>
<td>1072</td>
<td>1139</td>
<td>652</td>
<td>599</td>
<td>570</td>
</tr>
<tr>
<td>Energia</td>
<td>329</td>
<td>347</td>
<td>361</td>
<td>380</td>
<td>365</td>
<td>410</td>
<td>436</td>
</tr>
<tr>
<td>Agricultura</td>
<td>416</td>
<td>416</td>
<td>413</td>
<td>415</td>
<td>421</td>
<td>432</td>
<td>444</td>
</tr>
<tr>
<td>Processos industriais</td>
<td>77</td>
<td>77</td>
<td>81</td>
<td>83</td>
<td>75</td>
<td>86</td>
<td>90</td>
</tr>
<tr>
<td>Resíduos</td>
<td>39</td>
<td>41</td>
<td>41</td>
<td>42</td>
<td>43</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total Emissões Brutas</strong></td>
<td>2.430</td>
<td>2.100</td>
<td>1.969</td>
<td>2.059</td>
<td>1.556</td>
<td>1.570</td>
<td>1.584</td>
</tr>
<tr>
<td><strong>Total Emissões Líquidas</strong></td>
<td>2.190</td>
<td>1.783</td>
<td>1.651</td>
<td>1.742</td>
<td>1.239</td>
<td>1.253</td>
<td>1.267</td>
</tr>
</tbody>
</table>

- 33% Mudança de Uso da Terra
- 7% Energia
- 16% Agricultura
- 14% Processos Industriais
- -64% Resíduos
Summary

- The process of setting up future sectoral plans is participative but lacks sustainability reasoning (environmental and social).

- Integration of economic instruments to target accomplishment is also vague and heavily based on subsidies.

- NAMAs implementation lacks coordination among several governmental agencies.

- Important policy bottlenecks still exist from growth versus environmental issues and appropriate governance for applying approved regulation (example: clean energy promotion versus the recent deep sea oil discoveries and current reduction on energy prices).

- Future Brazil NAMAS will move away from land use so co-benefits can play a major role, particularly ones addressing social issues.

- Co-benefit harvesting could guide priorities in the current revision of the National Plan on Climate Change.