



RECOMMENDATIONS
FOR
COP 26

**BRAZILIAN
COALITION**

ON CLIMATE
FORESTS AND
AGRICULTURE

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INTRODUCTION

COP 26 MUST DEMAND COUNTRIES' AMBITION, SECURE CLIMATE FINANCE AND ENSURE THE INTEGRITY OF THE PARIS AGREEMENT

The 26th UN Climate Change Conference (COP 26) lands in Glasgow, Scotland, a year late, after being postponed due to the COVID-19 pandemic. This year, the Conference reopens its plenary session under pressure from the warnings of the 6th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), released in August¹. The report has shown that the role of human activities in global warming is indisputable, and projected that, at today's rate, the planet's average temperature will rise from its current 1.1°C above pre-industrial levels to 1.5°C already in the next decade – 10 years earlier than predicted. According to United Nations Secretary-General António Guterres, the IPCC report is “a ‘code red’ for humanity”.

In Brazil, these changes might cause an increase in rainfall in the South and Southeast regions and a decrease in the Center-West, Northeast and in the Eastern Amazon. Without neutralization measures, the average temperatures of the northern states of the Southeast region are likely to rise between 3°C and 4°C by the end of the century². For agriculture, this phenomenon may compel, for instance, the displacement of main commodities to subtropical parts of the country, at a severe socio-economic cost³.

The world's fourth largest food producer and second largest grain exporter, Brazil owes the entire agribusiness chain for generating 26.6% of its GDP (2020)⁴. Likewise, the sector accounts for about 28% of greenhouse gas emissions (GHG), a percentage that rises to

1 “Sixth Assessment Report”. IPCC, 2021: www.ipcc.ch/assessment-report/ar6/

2 PIVETTA, Marcos. “IPCC confirma papel inequívoco do homem nas mudanças climáticas”. Pesquisa FAPESP, 2021: bit.ly/fap_ipcc


3 BUSTAMANTE, Mercedes. Webinar “O que diz a Ciência? O Papel do Brasil no Cenário Climático Internacional”. Valor Econômico / Coalizão Brasil Clima, Florestas e Agricultura, 2021: bit.ly/web_coaliz

4 “PIB do agronegócio brasileiro”. CEPEA-Esalq/USP: bit.ly/pib-abrobr

73% when changes in land use, energy and waste treatment related to agriculture and cattle raising are considered⁵. Thus, sustainable land use, with its potential to reduce emissions and capture carbon from the atmosphere, must be a central theme for the country's development and its actions towards climate neutralization.

To turn this game around, Brazil needs to reconsider its current land use management, consolidating itself as an international leader of a new forest economy and drawing on its long history of contributions to environmental conservation. After the inclusion of the environment chapter in the 1988 Constitution and the foundation of the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama) in 1989, Brazil hosted the United Nations Conference on Environment and Development (Rio-92), where the United Nations Framework Convention on Climate Change was approved; implemented the model that would later become the Clean Development Mechanism of the Kyoto Protocol in 1997; and reduced deforestation to historic levels between 2004 and 2012. In 2009, it was the first developing country to take on emission reduction targets and in 2015 played a major role in the design and approval of the Paris Agreement.

In succeeding COPs, Brazilian delegation mediated climate disputes between global powers, acted as a reference for developing countries and was a key player in reaching unanimity in votes⁶. Nowadays, with high rates of deforestation, Brazil attends Glasgow without the protagonism it once had and with the challenge of presenting concrete plans to reach its NDC (Nationally Determined Contribution).


Despite the high expectations surrounding COP 26 - both because of the postponed decisions on the regulation of the Paris Agreement and the warnings from the IPCC - there is considerable risk that the Conference will not succeed in its purpose. The reasons for this range from the difficulty of inclusive and fair participation, 

⁵ “Análise das emissões brasileiras de Gases de Efeito Estufa e suas implicações para as metas de clima no Brasil - 1970-2019”. SEEG / Observatório do Clima, 2020: bit.ly/seeg-8
⁶ GUIMARÃES, André (Instituto de Pesquisa Ambiental da Amazônia - IPAM). Individual interview for this COP 26 recommendations report (2021; not previously published).

caused mainly by the COVID-19 pandemic, to the challenge of reaching consensus on the most intrinsic discussions, such as the regulation of carbon markets.

The 190+ signatories to the Paris Agreement are expected to ensure the integrity of the commitments set out in the document, which should guide the neutrality of carbon emissions by 2050 and, best of all, their halving by 2030, which would considerably increase the chances of limiting global temperature increase by up to 1.5°C. Other important discussions pinpointed by COP 26 President Alok Sharma are climate financing from rich countries to developing nations and resilience actions to deal with loss and damage caused by climate change. Sharma also stated that Glasgow needs to be the “COP that relegates coal to history, that sets a ending date for polluting vehicles, and that calls for an end to deforestation.”⁷

The present report, conceived by the Brazilian Coalition on Climate, Forests and Agriculture⁸, provides recommendations to Brazilian negotiators to advocate for proposals at COP 26 that ensure compliance with the goals of the Paris Agreement, enabling low-carbon economic development and global climate justice. It stands not only for the positions of the Coalition on the issues that will be addressed at the Conference, but also as a contribution to promote and spread the discussion on climate change throughout Brazilian society.

The report, developed between the months of August and September 2021 after consultations, interviews, meetings and debates with Coalition members and representatives from various sectors of society, reflects the quest for intersectoral convergences that are so characteristic of the movement. In this sense, it lends 

7 SHARMA, Alok. “COP-26 é a última chance de mantermos o 1,5°C vivo”. Folha de S.Paulo, 2021: bit.ly/alok_fsp

8 coalizaobr.com.br/en

itself to be a common ground between multiple sectors that seek economic development based on harmonious, inclusive, and sustainable land use in Brazil.

The Brazilian Coalition on Climate, Forests and Agriculture is a multi-sectoral movement formed by more than 300 organizations, among agribusiness entities, companies and business associations, civil society organizations, financial sector and the academia, which unites different voices in favor of Brazil's leadership in a new competitive, responsible and inclusive low carbon economy.



EXECUTIVE SUMMARY

Held from October 31 to November 12, 2021, in Glasgow, Scotland, the 26th UN Climate Change Conference (COP 26) will address pending and urgent issues on the global climate agenda, such as the regulation of carbon markets, financial assistance for projects aiming at adaptation and mitigation in developing nations, and the commitment of countries that signed the Paris Agreement both to zero emissions by 2050 and to extend their targets from 2030 onwards.

The world's largest beef exporter, second largest grain exporter and fourth largest food producer⁹, Brazil is also the world's fifth largest greenhouse gas emitter¹⁰. Out of the total Brazilian emissions, 28% are released into the atmosphere by the agricultural and cattle raising activities, and another 44%, by land use changes, especially deforestation.

“As an environmental and agricultural powerhouse, Brazil has an important role in fighting climate changes and a huge opportunity to benefit from the financial flows that are expected to be generated.”¹¹, stated the president of COP 26, Alok Sharma, in reference to the gains that the country can have by reducing deforestation, trading mitigation credits, developing low carbon agriculture, and fostering ecosystem enhancement projects.

The following summary contains the main topics of the report developed by the Brazilian Coalition on Climate, Forests and Agriculture to support the Brazilian delegation in the defense for proposals aligned with the Paris Agreement, the low carbon economy and global climate justice. These topics represent the effort to find convergence among representatives of agribusiness, companies, business associations, NGOs, the financial sector, and the academia that are members of the Coalition, as well as guests from different sectors of society.

THE RECOMMENDATIONS HAVE ONE OR BOTH OF THE FOLLOWING GOALS, AS INDICATED:

- 1)** Support the Brazilian delegation in drafting positions to be upheld at COP 26 (indicated as “Recommendations to the international community”);
- 2)** Suggest solutions for national shortfalls, so that Brazil can make a solid contribution towards the proposed goals (indicated as “Recommendations to the Brazilian government”)

⁹ “O agro no Brasil e no Mundo: uma síntese do período de 2000 a 2020”. Secretaria de Inteligência e Relações Estratégicas (Sire), Embrapa, 2021: bit.ly/agro-embrapa

¹⁰ See footnote no. 5.

¹¹ See footnote no. 7.

1. CLIMATE AMBITION



1.1. Expand the ambition of the national targets for 2025, 2030 and 2050, and present clear and convincing policies and plans on how Brazil should meet its NDC, with allocation of resources for this purpose

RECOMMENDATIONS TO THE BRAZILIAN GOVERNMENT

- Brazil's NDC presented in 2020 needs to detail actions and policies to be implemented in order to reach the climate targets, in a process that needs to take place soon after the conclusion of COP 26, with full engagement of the private sector and civil society.
- Among the strategic projects are the loss reduction of native vegetation, the allocation of public funds towards the climate agenda, and the implementation

of the Forest Code, among other policies aimed at sustainable land use.

1.2. Promote the conservation of native Brazilian vegetation cover across the different biomes and foster the restoration of areas classified as priority for biodiversity conservation, water security, climate mitigation, food security and promotion of the bioeconomy

RECOMMENDATIONS TO THE BRAZILIAN GOVERNMENT

- Urgent actions must be taken for a prompt and permanent drop in deforestation, such as:
 1. Enhance surveillance and penalize illicit acts in an exemplary manner, including the remote embargo of illegally deforested areas;



2. Complete implementation of the Rural Environmental Registry (CAR, in the Portuguese acronym), suspend registrations in public forests and hold violators accountable for illegal deforestation;
3. Allocate 10 million hectares for protection and sustainable use;
4. Grant financing under stricter socio-environmental criteria;
5. Seek full transparency and strictness in vegetation clearance authorizations; and
6. Suspend the land tenure regularization processes for properties with deforestation after July 2008.

● Reduction of deforestation and forest degradation emissions must consider social, economic, political, and environmental causes and, therefore, be accompanied by financial incentives,

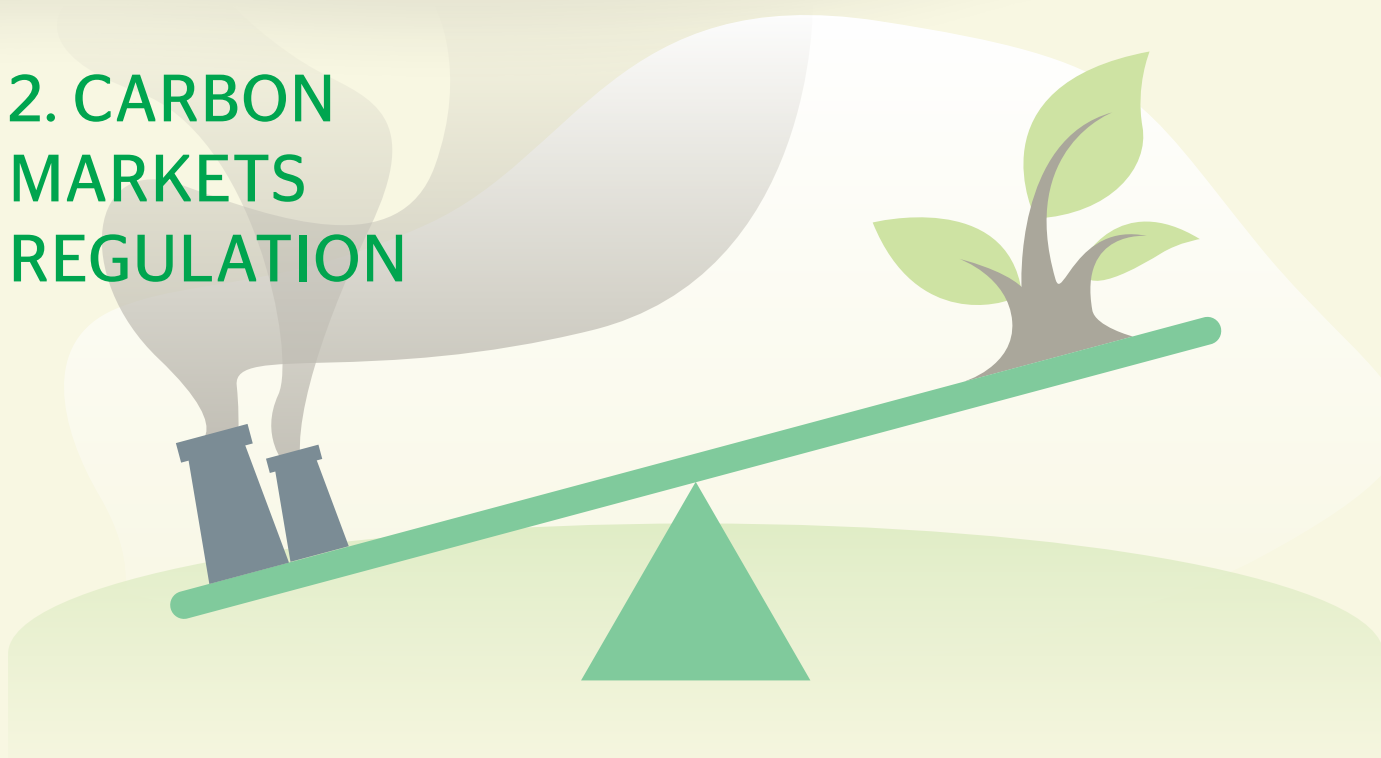
land management technology, training, provision of alternative sources of income, and market mechanisms that strengthen sustainable production chains.

1.3. Brazil must define action plans and strategic policies to promote a transition towards an economy based on neutrality of emissions or negative emissions (removals greater than emissions)

RECOMMENDATION TO THE BRAZILIAN GOVERNMENT

- Submit a convincing plan for the decarbonization of the economy, aiming at the possibility of adding BRL 2.8 trillion to the Gross Domestic Product (GDP) and creating 2 million jobs by 2030.

2. CARBON MARKETS REGULATION



2.1. Completion of the Rulebook for approval of Article 6 of the Paris Agreement should be a priority of the Conference to be pursued by the Brazilian delegation

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY

- Countries must adopt public policies and additional solutions to carbon markets that lead the decarbonization of their economies without backsliding.
- National emissions reduction programs must rely on monitoring, reporting, and verification systems, avoiding credit double counting and making respective adjustments.

- Offer and demand for reductions and removals must be in balance, so as not to affect the price relationship of other mitigation options.

- Carbon market regulated by the Paris Agreement must incorporate agriculture and forests

RECOMMENDATION TO THE BRAZILIAN GOVERNMENT

- Brazil must establish a regulatory framework for its emissions reduction market, demonstrating political commitment to climate change mitigation and the implementation of carbon markets.

3. ECOSYSTEM VALUATION



3.1. Increase investments in Nature-based Solutions (NbS), such as reducing deforestation, low-carbon agriculture, restoration and sustainable silviculture, especially with native species

RECOMMENDATION TO THE INTERNATIONAL COMMUNITY AND THE BRAZILIAN GOVERNMENT

- Joint efforts must be made to convince governments to reorient their grants, investments, and policies towards NbS, to encourage private investors to fund NbS projects, to identify funding opportunities, and to echo successful models that can be appropriated by sponsoring countries, development agencies, philanthropic actors, and private institutions.

3.2. Ensure mechanisms to protect and reward those who contribute to the maintenance and recovery of ecosystem services, with emphasis on indigenous peoples and traditional communities, farmers and rural settlements

RECOMMENDATION TO THE INTERNATIONAL COMMUNITY AND THE BRAZILIAN GOVERNMENT

- To ensure the protection of territories and lifestyles of original peoples and traditional communities is to guarantee a basic right and benefits, in addition to the populations themselves who live in and protect the forest, the development of agriculture, the maintenance of ecosystem services and international market relations. ▼

- Mechanisms of reward and compensation for those who contribute to the maintenance and recovery of ecosystem services must be guaranteed and improved by the countries as a way to value natural ecosystems, crucial for coping with the climate crisis.
- In Brazil, it is recommended the creation of an inclusive, comprehensive

and simplifying National Policy on Bioeconomy that stimulates innovation and seeks synergy with similar initiatives under discussion in the country. The bioeconomy must be supported by the creation of a governance mechanism that allows, among other measures, access to credit lines and financing aimed at decarbonizing the economy.

4. CLIMATE FINANCE



4.1. International support with funding for part of the decarbonization of developing countries needs to be complied and expanded

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY

- Countries must set dates and deadlines for the transfer of resources to developing nations, starting with the

most vulnerable, to carry out climate change adaptation and mitigation policies.

- Governments can also explore other forms of funding, such as the voluntary carbon market, and create programs to redirect grants to renewable energy sources, as well as develop technologies to reuse solid waste.

5. CLIMATE JUSTICE



5.1. Finance adaptation to climate change for the most vulnerable communities in developing countries, including original peoples and traditional communities, and foster means for their effective engagement in debates and decisions

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY

- Securing resources and technologies for developing nations' transition to a low-carbon economy.
- Recognize the link between climate and social programs, ensuring care for the most vulnerable populations, such as black people, quilombola populations, traditional communities and indigenous peoples, in addition to the actual engagement of these populations in the debates and decisions about the global climate agenda.

RECOMMENDATION DETAILS



1. CLIMATE AMBITION

1.1. Expand the ambition of the national targets for 2025, 2030 and 2050, and present clear and convincing policies and plans on how Brazil should meet its NDC, with allocation of resources for this purpose

RECOMMENDATION TO THE BRAZILIAN GOVERNMENT

Brazil's contribution to the world by reducing greenhouse gas emissions from deforestation in the Amazon between 2004 and 2012 was one of the largest ever made by a country to mitigate global climate change. As result of this reduction in deforestation, about 7 Gt CO₂ were not released into the atmosphere in the period from 2006 to 2018, which could have meant the capture of more than US\$ 35 billion to promote activities related to sustainable rural production and conservation of native

vegetation, if we consider the reference value of US\$ 5/t CO₂ adopted by the Amazon Fund¹².

Recently, however, the country presented a revision of its climate commitments, losing protagonism at the negotiation table. Brazilian NDC presented in December 2020¹³ kept the rates of the previous NDC, ratified in 2016: reduce greenhouse gas emissions up to 37% by 2025 and 43% by 2030 compared to 2005 levels. Nevertheless, it says that the data from the 3rd National Inventory of Emissions will be used to define the level of emissions for 2005.

Between the release of the first NDC, in 2016, and that of 2020, the Third and Fourth National Inventories (NI) were published, with successive improvements in the methodology for calculating emissions in 2005, the base year for calculating the reduction. According to the new measurements, the 2.1 billion tons of carbon dioxide equivalent emitted in 2005 (according to the 2nd NI) were adjusted to 2.8 billion in the 3rd NI and 2.4 billion in the 4th NI. In practice, by maintaining the percentages forecast in 2016, and setting the reference line at the 3rd IN, the 2020

¹² "Estratégia operacional REDD+ Rondônia". IDESAM, 2020: bit.ly/idesam-redd

¹³ "Brazil First NDC (Updated submission)". UNFCCC, December 2020: bit.ly/ndcstaging



NDC allows Brazil to emit 400 million more tons of greenhouse gases.

This warning becomes even more worrying after the release of the IPCC report in August 2021, in which all members of the Paris Agreement are recommended to achieve at least a 50% emissions reduction target by 2030, aiming for carbon neutrality by 2050, which would considerably increase the chances of limiting the advance of global temperature by 1.5°C. Brazilian government's proposed reduction of 43% by 2030, until then only indicative, was confirmed by the NDC revision. However, the mention of the absolute reduction target (in gigatons of carbon), which differentiated the country among emerging nations, has been removed.

Furthermore, the NDC presented by the Brazilian government in 2020 does not mention the actions and policies that must be implemented in order to achieve the climate targets, generating uncertainty and legal insecurity. The previous document listed essential achievements for 2030, such as the end of illegal deforestation in the Amazon, the restoration and reforestation of 12 million hectares of forests, and the increase of 28% to 33% in the share of non-hydroelectric renewable energy in the national matrix.

For the commitments made in the Paris Agreement and in the National Policy on Climate Change (NPCC) to be fulfilled, it is imperative to establish an effective climate governance that fosters appropriate means of implementation, with clear and

convincing policies and plans. Halting the loss of native vegetation, allocating public funds - at national and subnational levels - to the climate agenda, implementing the Forest Code and other strategic policies for harmonious, inclusive and sustainable land use are actions that should be prioritized in this planning. Land use plays a crucial role in the climate agenda not only because of the challenges related to deforestation, but also because of the vast potential for carbon removals, whether through restoration activities or agricultural and forest production.

Climate ambition and decarbonization plans must guide global efforts to keep the increase in the planet's average temperature to a maximum of 1.5°C by the end of this century, the goal of the Paris Agreement. With a long-term plan aimed at balancing emissions and removals by 2050, together with a coordinated and consistent work that considers the engagement of the various sectors of society, Brazil can fulfill its role in global climate security, while attracting investments that are central to its development.

The establishment of a more ambitious NDC, however, should not be an exclusively Brazilian prerogative. An analysis released in September by the UN shows that, considering the national targets presented so far, the global temperature will increase by 2.7°C by the end of the century, almost twice the rate considered tolerable¹⁴. All countries,

14 "NDC Synthesis Report". UNFCCC, 2021: bit.ly/full-ndc



therefore, need to commit to the expansion or adoption of new decarbonization policies.

1.2. Promote the conservation of native Brazilian vegetation cover in the different biomes and foster the restoration of areas classified as priority for biodiversity conservation, water security, climate mitigation, food security and promotion of the bioeconomy

RECOMMENDATION TO THE BRAZILIAN GOVERNMENT

Brazil is essential for the planet's climate balance and the conservation of the Amazon may be key to achieving the global goals of the Paris Agreement. The land use sector is where the country, the fifth largest emitter of greenhouse gases on the planet, can make major contributions to the climate. Brazil accounts for more than two thirds of national emissions from this source, with emphasis on deforestation, which is responsible for about 44% of Brazilian emissions.

Land use is a sector with great potential for carbon removals and also for generating jobs and income, which are urgent in the face of the economic crisis we are experiencing. Therefore, halting deforestation and illegal logging in Brazil and promoting the elimination of net loss of forest cover and the maintenance of primary forests is crucial for the country

to meet its emission reduction targets and contribute to global climate security.

However, since 2013 the pace of deforestation has increased again in the national biomes and, according to the latest Annual Report on Deforestation in Brazil, published in June 2021 by MapBiomas¹⁵, the rate of “probable illegality” of deforestation in the Amazon in 2020 was 99.4%, and was above 95% in all other Brazilian biomes (Cerrado, Pantanal, Pampa, Atlantic Forest and Caatinga). According to data from the DETER system, of the National Institute for Space Research (INPE), the accumulated deforestation alerts in the Amazon between August 2020 and July 2021 was 8,712 km², 5% less than in the same period of 2019/20, but the second worst result in five years, with almost double the deforestation found in 2016/17 and 2017/18¹⁶.

A third of the deforestation registered in the Amazon in the first quarter of 2021 occurred in the so-called undesignated public forests (FPND, in Portuguese acronym), which occupy an area of 57.5 million hectares and should be designated for conservation or sustainable use. In the last two years, the occupation and illegal use of these areas

15 “Relatório Anual do Desmatamento do Brasil - 2020”. MapBiomas, 2021: bit.ly/mapbiomas-rad2020
16 GARCIA, Mariana. “Alertas de desmate somam 1.416 km² de área em julho e fazem Amazônia ter 2ª pior temporada em cinco anos”. G1 Natureza, 2021: bit.ly/g1_nat



has increased. Data from the Amazon Environmental Research Institute (Ipam) show that, by the end of 2020, 18.6 million hectares of these forests (32% of their total area) were illegally declared as private property in the National System of Rural Environmental Cadastre (SICAR), a 232% increase over 2016. In 2020, 72% of deforestation in FPND occurred in areas registered in the Rural Environmental Registry (CAR); in the first quarter of 2021, the rate increased to 79%¹⁷.

Brazil carried out world reference work between 2004 and 2012, with the success of the Plans for Prevention and Control of Deforestation in the Legal Amazon and Cerrado (PPCDAm and PPCerrado, respectively). To return to a significant and rapid reduction in deforestation before 2030, creating value for low carbon agriculture and launching the country to the economy of the 21st century, it is urgent the adoption of a set of actions with immediate and permanent effects. In September 2020, the Brazilian Coalition on Climate, Forests and Agriculture published and handed over to the authorities a document with six actions for a prompt deforestation halt¹⁸. These are:

- **ACTION #1:** Resume and enhance surveillance with prompt and exemplary penalization for the identified environmental illicit acts.
- **ACTION #2:** Complete implementation of the Rural Environmental Registry (CAR), suspend registrations in public forests and hold violators accountable for illegal deforestation.

- **ACTION #3:** Allocate 10 million hectares for protection and sustainable use.
- **ACTION #4:** Grant financing under stricter socio-environmental criteria.
- **ACTION #5:** Seek full transparency and strictness in vegetation clearance authorizations.
- **ACTION #6:** Suspend the land tenure regularization processes for properties with deforestation after July 2008.

The six actions above must be taken urgently for Brazil to develop in a sustainable way and contribute to climate mitigation and adaptation at the necessary levels.

Although it accounts for a smaller share of GHG emissions when compared to illegal deforestation, legal deforestation can also have a major climate impact and therefore justifies the creation of compensation mechanisms for farmers who give up this right.

In the Legal Amazon, the extension of land susceptible to legal deforestation in rural properties totals 11 million hectares, according to Ipam, which, in partnership with the Environmental Defense Fund and the Woodwell Climate Research Center, launched Conserv, a private compensation mechanism for the “surplus of legal reserve”, i.e., the area of vegetation that

17 ALENCAR, Ane et al. “Amazônia em Chamas - Desmatamento e fogo nas florestas públicas não destinadas”. IPAM Amazônia, 2021: bit.ly/ipam_pdf1
 18 “Ações para a Queda Rápida do Desmatamento”. Coalizão Brasil Clima, Florestas e Agricultura, 2020: bit.ly/coaliz_pdf1

the rural owner preserves beyond what is mandatory. The compensation considers, among other factors, the volume of carbon stock in the preserved area, the importance for biodiversity and the conservation of water resources¹⁹. It is a model that can generate a lot of learning and, once perfected, be replicated by other public and private initiatives, national and international, in the several regions with native vegetation.

Almost as harmful as deforestation, forest degradation caused by slash-and-burn, selective logging, and edge effects has been overlooked in discussions about environmental policies. The biggest drivers of social impoverishment in the Amazon, these actions have already degraded more forests than deforestation and, between 2003 and 2015, emitted almost the same volume of CO₂ (88%), according to an Ipam study published in September 2021 in the Nature magazine²⁰. An aggravating factor in this scenario is that, in degraded forests, CO₂ emissions are not all immediate, that is, they continue emitting more than they absorb for many years, becoming significant sources of carbon.

Reducing emissions from deforestation and degradation will only be effective if it addresses its social, economic, political, and environmental causes. To this end, it must be accompanied not only by continuous soil monitoring and accountability for illegal environmental activities, but also by financial incentives, land management technology, training,

provision of alternative sources of income and market mechanisms that strengthen sustainable production chains. Furthermore, the solutions must contemplate a territorial planning that reconciles production and conservation, with incentives for the restoration of priority areas for conservation of biodiversity and water resources, climate mitigation, food security and promotion of the bioeconomy.

1.3. Brazil must define action plans and strategic policies to promote a transition towards an economy based on neutrality of emissions or negative emissions (removals greater than emissions)

RECOMMENDATION TO THE BRAZILIAN GOVERNMENT

The ultimatum was given by the UN's Intergovernmental Panel on Climate Change (IPCC) in its 6th Assessment Report (AR6), released in August 2021: the world is not on track to limit the average temperature increase to 1.5°C above pre-industrial levels. Even if, after exceeding this level in a first moment, the average retrocedes, the effects on the most fragile ecosystems may be irreversible, causing, for instance, the extinction of species. In all scenarios analyzed by the IPCC, the

19 VERDÉLIO, Andreia. "Produtores rurais vão receber por florestas conservadas na Amazônia". Agência Brasil, 2020: bit.ly/ag_br

20 SILVA JUNIOR, Celso H. L. et al. "Amazonian forest degradation must be incorporated into the COP26 agenda". Nature, 2021: bit.ly/nat_ipam



solution for climate stability lies in the reduction of greenhouse gas emissions and the removal and storage of carbon.

As an alert especially for Brazil, the delay in acting decisively in relation to the climate crisis can lead to land use based solutions becoming less efficient, since the warming of the planet reduces water security and induces the degradation of ecosystems and the loss of agricultural productivity. In a sort of vicious circle, degraded soils and forests aggravate climate change, which in turn causes negative impacts on forest and soil health²¹. For Brazil, this is particularly relevant, since, in 2019, 44% of the country's emissions originated from land use changes (mainly deforestation), and 28% from agriculture, as indicated by the Greenhouse Gas Emission and Removal Estimating System (Seeg).

If the world acts intensively and persistently from now on, it can limit the temperature increase from the current 1.1°C to 1.6°C by mid-century, and back to 1.4°C by 2100²². If the targets are extended to reach climate neutrality by 2040, the chance of limiting warming to 1.5°C increases considerably. On the other hand, if the choice is to follow the path of high carbon emission, the average temperature could rise 2.4°C by mid-century and 4.4°C by 2100. This means that in addition to tackling illegal deforestation and forest degradation, as

well as promoting compensations for the maintenance of native vegetation, Brazil and the remaining parties to the Climate Convention must encourage the presentation and implementation of decarbonizing plans for their economies.

The IPCC report emphasizes that the world has the scientific knowledge and the technological and financial capacity to address climate change. The other positive news is that ambitious climate action can lead to substantial economic and development benefits. According to a study published in 2020²³ by WRI Brazil, in partnership with the New Climate Economy, low-carbon measures would result in a cumulative increase of BRL 2.8 trillion in Brazil's Gross Domestic Product (GDP) by 2030 and create 2 million more jobs than the current development model. For a country that is well placed to achieve a cleaner, fairer and more resilient economy, not raising the ambition or presenting convincing plans to decarbonize the economy implies limiting our growth potential for the upcoming decades.

21 CABRAL, Kempson. "IPCC divulga relatório sobre mudança climática e terra". CEBDS, 2019: bit.ly/cebds100

22 ANGELO, Claudio; MARENGO, José Antonio. "IPCC AR6, WG1: Resumo Comentado". Observatório do Clima, 2021: bit.ly/obsclipdf1

23 GENIN, Carolina; ROMEIRO, Viviane. "Nova economia para o Brasil: retomada verde pode aumentar o PIB e criar empregos". WRI Brasil, 2020: bit.ly/wri201



2. CARBON MARKET REGULATION

2.1. Completion of the Rulebook for approval of Article 6 of the Paris Agreement should be a priority of the Conference to be pursued by the Brazilian delegation

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY

Efforts to reduce greenhouse gas emissions may account for US\$ 13.5 trillion in investments between 2015 and 2030, estimates the International Energy Agency (IEA), linked to the Organization for Economic Cooperation and Development (OECD). Brazil is one of the countries with the greatest potential to excel in a low-carbon economy and attract international investments for emission mitigations. A recent study by the International Chamber of Commerce (ICC Brazil), in partnership

with WayCarbon, suggests a potential for generating carbon credits in three key sectors in the country - agriculture, forests and energy - estimated to generate at least 107 Mt CO₂ by 2030, generating at least US\$ 493 million in revenues in the timeframe²⁴.

However, the negotiations of Article 6 of the Paris Agreement, which deals with the regulation of carbon markets, have proven to be complex. There are conflicting arguments from countries regarding the method of implementing the market mechanism, counting and ownership of emission reductions, and the validity and transposition of credits, Clean Development Mechanism (CDM) projects and methodologies established by the Kyoto Protocol. The major challenge will be to converge the different interests towards a market mechanism that ensures environmental integrity, increased ambition, and avoids double counting of emissions reductions.

Two aspects within the Article 6 negotiations deserve, however, special attention. The transposition of CDM credits cannot be done indiscriminately, as Brazil has argued, under penalty of compromising the environmental integrity of the Agreement, as these credits were generated under different conditions.

²⁴ “Oportunidades para o Brasil em Mercados de Carbono”. ICC; Way Carbon, 2021: bit.ly/icc-brasil



Thus, an automatic transposition of these credits should not be permitted. Moreover, the corresponding adjustments, which avoid double counting, need to be fully adopted. This implies that they should not only be implemented from the first credit negotiation - in contrast to the Brazilian position, which advocates a non-implementation at the first sale - but that they should also be considered in the mechanisms of Articles 6.2 and 6.4.

Carbon markets and payment by results systems should be regarded as strategic means of implementation for a wide range of mitigation efforts. The Brazilian Coalition on Climate, Forests and Agriculture, in line with its white paper published in August 2019²⁵, advocates the structuring of carbon markets based on four pillars, aimed at ensuring the environmental integrity of the global climate system, as well as fostering additional emission reduction efforts in countries and jurisdictions.

In addition to the four pillars advocated by the Coalition since 2019 (1- Additionality; 2- Monitoring, Reporting, and Verification; 3- Market Balance; and 4- Reinvestment in Sustainability), it is worth noting that these results should be directed to the promoting of a fair transition that enables sustainable alternatives for more vulnerable populations, which would be guaranteed through the approval of socio-environmental safeguards. In other words, these pillars, in addition to the social aspect, should be translated into our future legislation on the matter.

RECOMMENDATIONS TO THE BRAZILIAN GOVERNMENT

Brazil must signal to the world that it is in line with the discussions on carbon pricing by approving a regulatory framework for its carbon markets. In September 2021, entities such as the National Confederation of Industry (CNI) and the Brazilian Business Council for Sustainable Development (CEBDS) articulated with the House of Representatives substitute proposals to Bill 528/2021²⁶, which regulates the Brazilian Market for Emissions Reduction (MBRE), based on the World Bank's Partnership for Market Preparation (PMR Brazil) project, which took four years to complete, between 2016 and 2020.

By establishing a regulatory framework, Brazil demonstrates political commitment to the mitigation of GHG emissions and the implementation of the carbon market. Currently, there are more than 60 carbon pricing mechanisms in place around the world. Some models have been in effect in Europe for more than 15 years, and China debuted its own in July 2021. The imminent taxation of imported products by the European Union and, in the foreseeable future, by countries such as the United States, is an important economic warning for Brazil to join this group once and for all²⁷.

25 "White Paper: Potencial dos Mercados de Carbono e pagamentos por resultados para o período pós-2020". Coalizão Brasil Clima, Florestas e Agricultura, 2019: bit.ly/coaliz101

26 "PL 528/2021". Câmara dos Deputados, 2021: bit.ly/pl-528
27 VIRI, Natalia. "Marco regulatório de carbono pode avançar na Câmara; entenda". Reset, 2021: bit.ly/reset200



3. ECOSYSTEM VALUATION

3.1. Increase investments in Nature-based Solutions (NbS), such as reducing deforestation, low-carbon agriculture, restoration and sustainable silviculture, especially with native species

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY AND TO THE BRAZILIAN GOVERNMENT

Brazil has approximately two thirds of the Amazon forest in its territory, which is home to 10% of the world's biodiversity. It also has 50 million hectares in a severe state of degradation, which could benefit from restorative actions²⁸. As such, the country should position itself as an international leader in the incorporation of Nature-based Solutions (NbS) in climate change mitigation and adaptation plans. The outlining of strategies to explore this potential, including through foreign investments, will also cause a positive repercussion on other important

national development agendas, such as water, energy and food security.

Nature-based solutions are actions that conserve, restore, or enhance the use or management of ecosystems while maintaining their ability to absorb and store carbon from the atmosphere. According to Conservation International, nature could provide us with at least 30 percent of the path to solving the climate crisis, while providing several additional benefits - fresh water, providing breathable air - that other approaches to climate change do not²⁹. If we do not protect and restore nature, we will not be able to avoid catastrophic climate collapse. The organization endorses the views of scientists who identify the global need to avoid emitting 5 gigatons of carbon dioxide (CO₂) per year by 2030 by preventing the destruction of high-carbon ecosystems, and to remove an additional 5 gigatons of CO₂ per year through the restoring and sustainable management of landscapes that serve as the Earth's natural "carbon sinks".

A study released in March 2021 by the World Resources Institute (WRI) highlights that NbS-related strategies received between \$3.8 billion and \$8.7 billion globally in 2018, amounting to only 0.6% to 1.4% of total resources allocated to climate

²⁸ BASTIN, Jean-François et al. "The global tree restoration potential". *Science*, 2019: bit.ly/bastin-restoration

²⁹ "Conservar a natureza pelo clima". *Conservação Internacional*: bit.ly/ci-brasil



funding³⁰. This is, therefore, a promising scope to be explored.

There is no greater potential in the world than that of Brazil to draw international resources associated with the reduction of emissions associated with deforestation, including through Articles 5 and 6 of the Paris Agreement. If we consider the results of the decrease and control of deforestation between 2004 and 2014, the country could have leveraged more than US\$ 30 billion for a new forest-based economy in the Amazon³¹.

Brazil has built a solid legal framework that allows for the contribution of NbS projects, such as forest compensation obligation mechanisms and environmental licensing proceedings, which are drivers of the restoration agenda.

There are, however, urgent demands to render them feasible, such as the implementation of the Forest Code, the regulation of the Rural Environmental Registry and the tackling of deforestation, which takes place through various means. One of them is through national and state command and control policies against activities such as land grabbing, illegal mining and land speculation.

Deforestation is also discouraged through promoting sustainable rural production. The government can offer incentives for various parties to seek to regularize their environmental liabilities, i.e., to adapt to the law. Among the possible programs are the promotion of qualified technical assistance

and the availability of advantageous credit lines aimed at the recovery of native vegetation.

Article 5 of the Paris Agreement encourages countries to implement and support activities related to Reducing Emissions from Deforestation and Forest Degradation, the conservation of forest carbon stocks, the enhancement of these stocks and the sustainable management of forests (REDD+), including through payments by results. In Brazil, REDD+ is a tool already foreseen in public policies, as well as the possibility of Payments for Environmental Services (PES), which had its National Policy promulgated in Law no. 14.119/202³² and is currently undergoing regulation. The country, however, is still in a crawling stage in the development of tools that channel funding to these programs, which are essential for attributing value to the maintenance of standing forests.

Brazil is a historical frontrunner in land use Monitoring, Reporting and Verification (MRV) technologies and is, thus, able to disclose results in a high-quality, transparent and environmentally sound way. It has undertaken a broad process of consultation and participatory construction of public registry systems, which urgently need to be reinstated.

30 “Public International Funding of Nature-based Solutions for Adaptation: A Landscape Assessment”. World Resources Institute and Climate Finance Advisors, 2021: bit.ly/wri-nbs

31 “Estratégia operacional REDD+ Rondônia”. IDESAM, 2020: bit.ly/idesam-redd

32 “LEI Nº 14.119, DE 13 DE JANEIRO DE 2021”. Brasil, 2021: bit.ly/lei-14119



The connection with international funding also implies the establishment of a carbon market, in addition to the engagement in the discussion of the rules of Article 6 of the Paris Agreement, which aims to establish international parameters for such transactions.

It is up to the international community and national governments, including the Brazilian government, to increase investments in NbS, acknowledging it as another tool for mitigation and adaptation to climate change, as well as the consolidation of the carbon market.

3.2. Ensure mechanisms to protect and reward those who contribute to the maintenance and recovery of ecosystem services, with emphasis on indigenous peoples and traditional communities, farmers and rural settlements

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY AND TO THE BRAZILIAN GOVERNMENT

Historically, indigenous lands are highly significant areas for carbon stock conservation. A survey signed by WRI Brasil concluded, based on data from 2000 to 2012, that deforestation rates in indigenous territories in the country were 2.5 times lower than outside of these areas³³. The role of forest peoples in the conservation of ecosystems and the consequent mitigation of climate change are undeniable and, for the first time at the COP, there will be a civil

society advisory committee in which these groups will be represented.

Protected areas, which include conservation units and territories of traditional occupation (indigenous lands and quilombola communities), are recognized, through research published in several scientific articles, as essential for environmental conservation, maintenance of biodiversity and prevention of greenhouse gas emissions. The Brazilian NDC 2015/2016 also states that it considers the role of these territories in estimating greenhouse gas removals.

In addition to protecting the environment, which also benefits agricultural production, the original peoples and traditional communities also warrant protection and represent an enormous socio-cultural wealth and diversity. Thus, ensuring the defense of the territories and ways of life of these populations and their traditional knowledge is ensuring a fundamental right, besides being of strategic importance for Brazil and for the global climate. To guarantee the protection of indigenous peoples and traditional communities is to assure the promotion and respect for human rights, for the environment, and for agriculture, which is dependent on the services provided by the ecosystems that are largely sustained by these communities. It is a commitment that benefits the people,

33 BIDERMAN, Rachel; BOEHM, Sophie; DING, Helen. "Propostas de mudanças na lei flexibilizam licença ambiental, fragilizam direitos indígenas à terra e ignoram benefícios econômicos com preservação". WRI Brasil, 2017: bit.ly/wri207



the forests, the agriculture and domestic business, as well as the country's image and its position in international markets.

Compensation and remuneration mechanisms for those who contribute to the maintenance and recovery of ecosystem services should be ensured and improved by countries to enhance the value of natural ecosystems, crucial to tackling the climate crisis. An example of this is Brazil, which passed a law establishing the National Policy for Payments for Environmental Services (PES) in 2021³⁴. Now, it must be implemented in order to ensure, through governance and transparency measures, that producers and rural settlements, traditional communities, indigenous peoples, and family farmers are duly compensated for the services they provide in the preservation and rehabilitation of vegetation.

The Brazilian government still needs to build a state strategy for the bioeconomy. In September, the Brazilian Coalition on Climate, Forests and Agriculture proposed the creation of a National Policy on

Bioeconomy, which stimulates innovation and tax incentives for decarbonization programs³⁵.

The governance mechanism created thereafter should undertake, among other functions, data integration and dissemination of information on bioeconomy derived from Brazilian biodiversity. In this manner, it would be possible to map value addition bottlenecks, stimulate the implementation of regional centers of excellence, support the structuring of regional training centers, and ensure the commitment of the business sector to the principles of ESG (environmental, social and governance).

Local and regional economies, once based on sociobiodiversity, allow social inclusion and poverty mitigation within the country, especially reaching indigenous peoples, traditional communities and family farmers.

34 Ver nota de rodapé nº 32

35 "Coalizão Brasil defende criação de uma política nacional de Bioeconomia". Coalizão Brasil Clima, Florestas e Agricultura, 2021: bit.ly/posic-bioeconomia



4. CLIMATE FINANCE

4.1. International support with funding for part of the decarbonization of developing countries needs to be complied with and expanded

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY

COP 26 must establish dates and deadlines for the transfer of resources to developing nations, starting with the most vulnerable, in order to develop adaptation and mitigation policies for climate change.

The funding of US\$ 100 billion per year, which has been agreed upon since the COP in Copenhagen (2009), must be complied with and expanded to meet the pressing needs identified by the latest IPCC report, which predicts that the increase in the Earth's temperature may exceed 1.5°C in the next decade. This milestone may be critical for the survival of island states, threatened by the rise in sea level, which may make

agriculture unviable and inhibit tourism, their primary economic activities.

The priority of investments should therefore encompass the degree of exposure to the climate crisis, combined with the efficiency of governance to draft and develop projects dedicated to coping with extreme events.

Developing nations, more reliant on agriculture, are likely to suffer greater losses from droughts, floods, and other extreme events, with global humanitarian and economic repercussions. According to a report by the Australian Institute for Economics and Peace (IEP), at least 31 countries are not sufficiently resilient to withstand ecological threats such as water and food shortages and increased exposure to natural disasters. Among these nations, 60% are among the least peaceful in the world, which contributes to an intensification of migratory movements³⁶.

Additional funding possibilities should be considered. Brazil can be benefited by the exponential growth of the international voluntary carbon markets, as long as it is effective in combating deforestation, which has increased again in recent years and is the greatest source of emissions in the country. According to projections from the Taskforce for the Voluntary Carbon Markets (TSVCM), the voluntary carbon

36 PÉCHY, Amanda. "Crise climática forçará deslocamento de 1,2 bilhão de pessoas até 2050". *Veja*, 2020: bit.ly/veja_101



market should grow from the current 100 Mt CO₂ per year to 2 Gt CO₂ by 2030³⁷, which should account for the largest mobilization of international private capital for actions to reduce deforestation and restore ecosystems.

The LEAF Coalition (Lowering Emissions by Accelerating Forest Finance), a program to reduce emissions through forest funding financed by major multinationals and the governments of the United States, the United Kingdom, and Norway, is another significant recent initiative. With US\$ 1 billion foreseen to remunerate countries or subnational governments committed to reducing deforestation, Leaf Coalition follows the logic of the Amazon Fund - resources are tied to the presentation of results³⁸.

The Amazon Fund, which has received BRL 3.4 billion since 2008 from the governments of Germany and Norway, has been waiting for 40 projects to be

analyzed for two years and awaits positive numbers on deforestation in order to start receiving international contributions again³⁹. The resumption of donations also depends on a common agreement between the donor nations and the federal government on the agenda of actions of the steering committee, the structure that establishes the guidelines for raising and allocating resources to the fund.

The redirection of fossil fuel subsidies to renewable energy sources can also attract international funding, as can the research and development of technologies for solid waste reuse. Projects that aim to expand access to a low-carbon economy have high potential for attracting investment.

37 "Taskforce on scaling voluntary carbon markets - Final report". TSVCM, 2021: bit.ly/iif-report

38 "Países lançam coalizão bilionária contra o desmatamento". ClimaInfo, 2021: bit.ly/clinfo100

39 DE SOUZA, Oswaldo Braga. "Dinheiro paralisado por governo Bolsonaro no Fundo Amazônia chega a quase R\$ 3 bilhões". Instituto Socioambiental, 2020: bit.ly/socamb100



5. CLIMATE JUSTICE

5.1 Finance adaptation to climate change for the most vulnerable communities in developing countries, including original peoples and traditional communities, and foster means for their effective engagement in debates and decisions

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY

Climate justice is a concept still loosely held by the majority of the population and is dedicated to seeking equitable solutions for communities and individuals impacted by climate change, especially advocating for the rights of the most vulnerable and marginalized groups.

Restricted access to new production technologies has accentuated social inequality within countries and within the international community. A significant portion of the population, who live in precarious economic conditions, are responsible for a minority of greenhouse

gas emissions, but are more vulnerable to extreme weather events.

Developed nations are responsible for financing the transition of developing nations to a low-carbon economy, in addition to supporting mitigation and adaptation policies against climate change. Within the context of each country, it is necessary to ensure that public policies aimed at protection against extreme events also contemplate the less favored social classes, which suffer from housing deficit and lack of basic services, such as health and basic sanitation.

Thus, climate policy has become intertwined with social and economic issues. In Brazil, for example, residents of the semi-arid region are among the most affected by climate change, given the risk of desertification of parts of the Northeast of the country, as pointed out in the latest IPCC report. Food production in the region is mostly geared towards subsistence or to supply local markets; if prolonged droughts make this activity unviable, there will be increased migratory flows towards urban centers, which will culminate in increased strain on already crumbling infrastructure programs. The situation of vulnerability is also flagrant among indigenous peoples and quilombola communities.

The United Nations Environment Programme's (UNEP) Adaptation Gap Report 2020 shows that climate adaptation funding for developing countries remains far below required



levels, and most ongoing initiatives have not yet succeeded in mitigating the risks they set out to reduce⁴⁰. Some solutions are being pursued by UNEP itself, which in 2020 supported more than 50 countries in developing national adaptation plans and early warning systems on climate change⁴¹.

The Amazon's traditional communities have one of the lowest human development indexes (HDI) in the country. Mechanisms must be created to foster the development of the region in a fair and sustainable manner, while assuring representativeness so that the needs

of traditional communities are met. The economic activities of this population are connected to the usage of natural local resources and, therefore, are crucial for the transition to a low carbon economy.

It is up to the Brazilian delegation to provide targeted and satisfactory funding to enable a just transition, as well as mechanisms to include these populations in the decision-making process..

40 "Relatório sobre a Lacuna de Adaptação 2020". PNUMA, 2021: bit.ly/unep-relatorio
41 "Carta da Diretora Executiva - PNUMA em 2020". PNUMA, 2020: bit.ly/pnuma100

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