



About this briefing

TFA has identified the need to build awareness of relevant policy developments in Brazil among stakeholders related to deforestation and the forest positive agenda. In service of this objective, TFA commissioned BMJ & Associates to develop regular regional policy briefings for Brazil, which will provide comprehensive and impartial information on the policy and geopolitical context related to deforestation and the forest-positive agenda to help stakeholders engage with policymakers.

This report covers the main aspects of the first steps of the third presidential term of Luiz Inácio Lula da Silva (PT), who defeated former president Jair Bolsonaro (PL) in the second round of the general elections held in October 2022 and was sworn into power on January 1st, 2023.

During his campaign, **Lula committed to placing the climate agenda in a prominent position within the government.** The president also declared that **environmental policy would be approached in a transversal way by all sectors of the government**, to guarantee integration across the government so as to accelerate implementation of environmental policies.

Regarding environmental policy, the **government defined as top priority the fight against illegal deforestation**, with the goal of slowing the rate of deforestation while still in the first year of the administration. In the international arena, the government has concentrated its efforts **in gathering new financiers to the Amazon Fund**, and in **raising support for the candidacy of the city of Belém/PA to host COP30**, which will take place in 2025.

Summary of insights

1. **The first actions of the Lula administration in the environmental area focused on the revocation of measures taken by the previous administration that weakened the management and control of environmental policies.**
2. **The president has positioned the environmental agenda as a priority within the government. The main goal in his first year is to reduce the rate of deforestation across the country, especially in the Amazon region.**
3. **The government has not yet consolidated a consistent majority for the approval of its agenda. Representatives of the National Congress frequently claim the government's lack of articulation.**
4. **The committees linked to the protection of the environment and sustainable development are chaired by politicians aligned with the government or independent. This facilitates the alignment between the Executive and Legislative branches in terms of negotiations on environmental matters.**

EXECUTIVE BRANCH

The first days of Luiz Inácio Lula da Silva's Workers' Party's (PT) third presidential term were marked by symbolism and opposition to the previous government. The return of public policies, particularly in social areas such as minimum income and housing, and the creation of ministries like those for Indigenous Peoples, Racial Equality, and Culture, demonstrate this effort.

On January 8th, the government faced a crisis due to the invasion of the headquarters of the Legislative, Executive and Judiciary Branches¹. The exposure of the palaces to protesters revealed security and communication flaws in the security structures of the Presidency of the Republic and the Federal District. To address the situation, the Executive Branch declared federal intervention in the capital's public security and gathered governors and leaders of other powers in defense of democracy.

On January 23rd, the second biggest crisis faced by the new government in its first month of administration became public: the state of calamity in which part of the Yanomami indigenous community in Roraima was living. This situation led to the engagement of several ministries, mainly those of Indigenous Peoples and Human Rights. In addition to humanitarian aid for the affected populations, there was a large mobilization to expel people involved in the illegal exploitation of minerals in the region. It was also announced that resources from the Amazon Fund could be prioritized to help indigenous populations in vulnerable situations.

On the environmental front, the choice of Marina Silva to lead the Ministry of Environment (MMA) was well received due to her long-standing commitment to the agenda. Silva was minister of environment between 2002 and 2008, during Lula's first two terms. At the time, Marina left the ministry after having disagreements with members of the government regarding the country's energy policy. In 2010, Marina Silva was a presidential candidate running against Dilma Rousseff (PT), who won the elections that year. During the campaign, Silva accused the PT of waging a dishonest campaign against her candidacy, which consolidated the distancing between Marina Silva and the Workers' Party.

Marina conditioned her support on having the environmental agenda positioned as a cross-cutting agenda across government. An example of the uptake of this condition is that there are now structures to debate environmental and sustainable development issues in several ministries of the new government, including the Ministry of Agriculture and Agrarian Development, of Mines and Energy, of Foreign Affairs, of Science and Technology, of Transportation and of Ports and Airports.

During Marina Silva's inauguration, she confirmed the creation of a Climate Change Council, which will be chaired by the President of the Republic, with the participation of all ministries, and representatives from states, municipalities and civil society. She also announced the National Authority for Climate Security, which will be responsible for regulating and monitoring the implementation of climate mitigation and adaptation actions. At first, it was communicated that the Authority would be a position directly subordinated to the Presidency, similar to the

¹ <https://www.theguardian.com/world/2023/jan/08/jair-bolsonaro-supporters-storm-brazils-presidential-palace-and-supreme-court>

position that the Special Presidential Envoy for Climate, John Kerry, currently holds in the United States. This position was reportedly defended by former Environment Minister Izabella Teixeira², who was a member of the Environment Transition Government Group and is currently a member of the Board of Directors of the National Bank for Economic and Social Development (BNDES). However, Marina's view that the structure had to be subordinated to the Ministry of the Environment prevailed, as she understands that the body should have a more technical than political character. Recently, during a commemorative event in allusion to the World Environment Day, Minister Marina Silva declared to be in dialogues with the Civil House Ministry for the institution of a Climate Security Council, inspired in the structure and objectives of the National Council of Food and Nutritional Security (Consea). The fact that the National Congress does not need to approve the creation of a council may have motivated the change in the structure of the new body.

Five decrees signed on January 1st stood out, revoking provisions that relaxed the application of environmental fines and mining in the Legal Amazon, resuming the Amazon Fund, increasing civil society participation in environmental councils, reviewing the conditions for imposing fines for environmental violations and reestablishing the PPCDAm. The Amazon Fund also stood out in the international agenda, with Brazil seeking support and financing from more countries. In this regard, representatives from the United States, France, and Spain have already expressed their countries' intention to collaborate with the Fund. US President Joe Biden announced that he intends to donate \$500 million to the Fund, and British Prime Minister Rishi Sunak announced that the UK intends to donate GBP 80 million.

The government also created the Permanent Inter-ministerial Committee for Prevention and Control of Deforestation, composed of 19 ministries, whose function is to coordinate implementation of the Action Plan for Prevention and Control of Deforestation in the Legal Amazon (PPCDAm), which was responsible for the historic 83% reduction in deforestation in the Amazon between 2004 and 2012. Halted in 2020 during the Bolsonaro administration, the PPCDAm was reinstated, placed on public consultation to get input from civil society and then launched on the World Environmental Day. Linked to Brazil's national objective of reaching greenhouse gas emission neutrality by 2050, the government has set a goal of zero illegal deforestation in the Amazon by 2030.

The government intends to adapt public policies already in place be more aligned with sustainable development, climate and biodiversity goals. For example, it was announced that the 2023/2024 Plano Safra, the main agribusiness financing program, will offer technical assistance and special conditions of adhesion to producers deploying low carbon agriculture techniques and other practices promoting environmental preservation.

In finance, the government's proposal to expand public spending faces opposition from the market, which is awaiting the approval of fiscal and tax reforms to support the proposal. Since taking office, Lula has frequently criticized the monetary policy carried out by the Brazilian Central Bank, which maintains the interest rate at 13.75%. On inflation and real interest rates, Brazil's inflation rate is 6.94%, the highest in the world, followed by Mexico at 6.05%, contrary to negative inflation rates maintained by many of the world's major economies.

It is worth noting that the Central Bank's autonomy was established in 2021, so that the current president of the autarchy, Roberto Campos Neto, will hold the position until the end of 2024. After the end of Campos Neto's mandate, Lula will appoint a new name to occupy the presidency of the Central Bank, which must be approved by the Federal Senate.

LEGISLATIVE BRANCH

The government confirmed the reelection of the two heads of the legislative houses that compose the National Congress (the Senate and House of Representatives). House Speaker Arthur Lira (PP/AL) was reelected with the largest vote in the history of the House and is considered one of the main leaders of the so-called *centrão*³. In the Federal Senate, there was a dispute between Senators Rodrigo Pacheco (PSD/MG) and Rogério Marinho

² <https://valor.globo.com/politica/noticia/2022/12/14/analise-debate-sobre-agencia-de-autoridade-climatica-racha-transicao-de-lula-na-area-de-meio-ambiente.ghtml>

³ The *centrão* is a multi-partisan group in existence since 1987 and is currently formed by about 300 of the 594 members of Congress (513 representatives and 81 senators). The political parties composing the group do not have a specific ideological orientation, although many share a conservative tendency. The group's main objective is to put pressure on the Executive Branch for the nomination of government positions and the liberation of budget amendments. Since the end of the military dictatorship, in 1985, all Brazilian Presidents needed to negotiate with the *centrão* to build a government coalition in Congress. It is worth noting that the majority of the rural caucus members are also part of the *centrão*.

(PL/RN), who ran a campaign supported by the Bolsonaroist wing of the Senate. Pacheco won the election by 49 votes to 32.

In the first months of government, there was little progress on the sustainability agenda in the Legislative Branch. The thematic committees, responsible for deliberating on bills related to their area of expertise, were only inaugurated on March 8th in the Federal Senate, and on March 15th in the House of Representatives.

In the Federal Senate, Senator Leila Barros (PDT/DF) was elected president of the Committee on the Environment, and Senator Fabiano Contarato (PT/ES) vice-president. The election of the chair was carried out by agreement among the parliamentarians, without the need for nominal voting.

Currently, there are three outstanding issues awaiting deliberation by the Committee on the Environment of the Federal Senate:

- **Bill 510/2021 (Land Regularization):** Proposed by the previous government. Relaxes the rules for land regularization in Brazil by recognizing invaders as the legal owners of the occupied public land. The matter is widely criticized by environmentalists, and the current rapporteur is Senator Fabiano Contarato (PT/ES), vice-president of the CMA. Contarato has already shown himself opposed to the proposed text, which will probably delay the proceeding of the matter.
- **Bill 412/2022 (Carbon Market):** Proposed by the previous government but supported by the current administration. Aims to regulate the Brazilian Emissions Reduction Market in Brazil (MBRE). Senator Leila Barros (PDT/DF) is the current rapporteur of the bill, however, it is expected that her report will only be published after Public Hearings are held in the CMA.
- **Bill 2159/2021 (Environmental Licensing):** Proposed by the previous government. Establishes general rules for the licensing of activities or undertakings that use environmental resources, are effectively or potentially polluting or capable of causing environmental degradation. Senator Confúcio Moura (MDB/RO) was appointed rapporteur for the matter, but no report has been published yet. It is expected that the text will undergo changes that would facilitate increased agreement between farmers and environmentalists.

In the House of Representatives, José Priante (MDB/PA) was elected chair of the Committee on the Environment and Sustainable Development (CMADS). The congressman is in his seventh term as a Federal Representative and chaired the Committee for Urban Development of the House of Representatives in the last legislature.

Priante's nomination to the chair of the Committee occurred after an agreement among the party leaders of the House. The Committee members showed little resistance on the election day, however, José Priante was criticized by environmentalists for alleged involvement with mining.

The expectation is that the president will try to put on the agenda matters of consensus among the members of the Committee, and it is expected that bills with many points of disagreement between parliamentarians will have their approval delayed.

In the Committee on the Amazon and Indigenous Peoples, Representative Célia Xakriabá (PSOL/MG) was elected chair. Her nomination to the position was expected and was also made after an agreement among the leaders of the parties in the House of Representatives. The election was attended by a large number of indigenous people and members of civil society.

This is the first time that an indigenous representative chairs a committee in the House of Representatives. The Committee, which was created this year, will work with the Ministry of Indigenous Peoples. In addition, the Committee may have a prominent role in projects related to the conservation of the Amazon.

It is worth noting that the current composition of the National Congress can make it difficult to pass environmental matters in the Legislative Branch.

THE NEXT BRIEFING

Our next brief will provide a complete mapping of the main stakeholders of the structures linked to the formulation and management of environmental or climate policies, gathering public actors from the executive, legislative and regulatory bodies. The identification of these decision-makers will be fundamental for the assessment of opportunities and the construction of strategies to promote engagement with government in order to develop solutions relevant to sustainable development.