



CDM in Brazil

OECD Global Forum on Sustainable Development:
Emissions Trading Concerted Action on Tradeable
Emissions Permits (CATEP) Country Forum

Paris, 18 March 2003


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Awareness of CDM issues in Brazil

- ❖ Previous experiences in 60s (reforestation, FASET) and in 70s alcohol (Proálcool program)
- ❖ Brazilian proposal in 1997
- ❖ Brazilian signature of the Kyoto Protocol in April, and COP4 Buenos Aires in December, 1998
- ❖ Establishment of the Interministerial Commission on Global Climate Change in 1999
- ❖ Establishment of the Brazilian Forum on Global Climate Change in 2000
- ❖ Brazil elected to represent Latin America in Executive Board in Marrakech, in 2001
- ❖ Ratification of the Kyoto Protocol by Brazil in June 20, 2002
- ❖ Designation of the Interministerial Commission as the DNA in September, 2002



Interministerial Commission on Global Climate Change

- ❖ Decree of July,7 1999
 - ❖ Composed of Ministries responsible for sectoral policies that involve greenhouse gas emissions originating from human activities
 - ❖ Minister of State for Science and Technology and Environment are, respectively, the President and Vice-President of the Commission
 - ❖ The Ministry of Science and Technology hold the position of Executive Secretariat of the Commission
 - ❖ The Commission shall request the collaboration of other public or private bodies and representative entities of the civil society in the fulfillment of its attributions
 - ❖ Private sector to design, develop and implement CDM project activities



Composition of the Commission

- ❖ Ministry of External Relations;
- ❖ Ministry of Agriculture and Supply;
- ❖ Ministry of Transports;
- ❖ Ministry of Mines and Energy;
- ❖ Ministry of Planning, Budget and Management;
- ❖ Ministry of Environment;
- ❖ Ministry of Science and Technology;
- ❖ Ministry of Development, Industry and Trade;
- ❖ Civil Office of the Presidency of the Republic;




Attributions of the Commission

- ❖ Provide a statement, whenever requested, on **proposals** for sectoral policies, legal instruments and norms that contain a relevant component for the **mitigation of global climate change** and the Country's adaptation to its impacts;
- ❖ Provide inputs on the Government's **positions in the negotiations** under the United Nations Framework Convention on Climate Change and subsidiary instruments of which Brazil takes part;
- ❖ Establish agreements with **representative entities of the civil society**, in order to promote actions by the governmental and private bodies with a view of **meeting the commitments** accepted by Brazil under the United Nations Framework Convention on Climate Change and subsidiary instruments of which Brazil is part;



Attributions of the Commission (ctnd)

- ❖ **Define eligibility criteria additional** to those considered by the Bodies of the Convention in charge of the Clean Development Mechanism (CDM), as provided for in Article 12 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, pursuant to national sustainable development strategies;
- ❖ **Analyze statements on projects that result in emission reduction** and that are considered eligible to the Clean Development Mechanism (CDM), as referred to in the previous item, and approve them, when appropriate;
- ❖ **Designated National Authority;**



Climate Change Program in the Fiscal Budget (Multi-year plan 2000-2003)

- ❖ Action 1 – Development of studies about vulnerability and adaptation to the impacts of climate changes;
- ❖ Action 2 – Development of Predictive Models to keep abreast of climate changes;
- ❖ Action 3 – Development of a National Plan for Mitigation of Climate Changes Resulting from the Greenhouse Effect;
- ❖ Action 4 – Development of the National Inventory of Anthropogenic Emissions of Greenhouse Gases;
- ❖ Action 5 – Supporting the development of technologies, practices and processes to reduce emissions of greenhouse gases;
- ❖ Action 6 – Implementation of a monitoring system for emissions of greenhouse gases;
- ❖ Action 7 – **Operationalization of the Clean Development Mechanism**;
- ❖ Action 8 – Information system for the greenhouse effect.



Pilot Projects

- ❖ Bilateral and Multilateral
 - ❖ Plantar Project (Pig iron from charcoal) – PCF;
 - ❖ Catanduva Mill (Cogeneration using sugar cane bagasse) and Tremembé (Methane recover from landfills) – CERUPT;
 - ❖ V&M (Pig iron from charcoal) – IFC;
- ❖ Requests for “Letter of Approval” / “Non-objection Letter”;
 - ❖ Before entry into force of the Kyoto Protocol (“CDM” Project?);
 - ❖ Before national LOA standard is requested from EB;
 - ❖ Before national regulation is in place;
- ❖ Misinformation for the grass roots.




Legal Framework Barriers

- ❖ International
 - ❖ Looking forward Russian Federation Ratification, when?
 - ❖ Modalities and definitions for Afforestation and Reforestation in CDM COP 9, December 2003
- ❖ National
 - ❖ Promulgation of Kyoto Protocol by Presidential Decree, only after entry into force
 - ❖ National regulation, only after promulgation



Resolution n° 1/2002 of the Interministerial Commission

- ❖ Internalization of Annex to Decision -/CMP.1 (Article 12);
- ❖ Internalization of CDM-PDD as DCP-MDL;
- ❖ Attribution of Interministerial Commission as DNA;
- ❖ Procedures
 - ❖ Submission of CDM-PDD and DCP-MDL;
 - ❖ Submission of Validation Report;
 - ❖ Term of commitment to submit the distribution agreement of CER issued at each verification;
 - ❖ Documents attesting the conformity with the Brazilian environmental legislation in effect, as appropriate;




Resolution n° 1/2002 of the Interministerial Commission (ctnd)

- ❖ Validation and certification of projects by accredited DOE and located in Brazil;
- ❖ Final decision no later than 60 days after the first ordinary meeting of the Commission subsequent to receipt of documents or of the entry into force of the Kyoto Protocol whichever comes later;
- ❖ Executive secretary shall develop and maintain a publicly accessible database of all projects;
- ❖ Protected information;
- ❖ No administrative appeal shall apply, except in the case of a request to provide clarifications or additional information;




Role of DNA and scope of attributions

- ❖ In accordance with Decision 17/CP.7
 - ❖ Approval Voluntary Participation and Contribution to Sustainable Development
 - ❖ In accordance with Brazilian environmental legislation, as appropriate
- ❖ Approval
 - ❖ Before or after the validation report? Evaluation of the quality of the project
 - ❖ Evaluation of the validation report received from the DOE
 - ❖ Adequacy of the contribution to SD – Need of a QA & QC of approval
- ❖ Legal framework
 - ❖ Taxation of CERs (service, commodity?)
 - ❖ Foreign investment (role of Central Bank)
 - ❖ Role of CVM (Brazilian SEC)



Role of DNA and scope of attributions (ctnd)

- ❖ CDM Registry
 - ❖ Legal entities authorization/cancellation
 - ❖ Control of CERs issue from Brazilian projects
 - ❖ Control of projects approved/rejected by the Commission/EB
 - ❖ Appeals/Reviews by the Commission/EB
- ❖ Public Disclosure of Information
 - ❖ CDM Guide to Entrepreneurs (MCT/BNDES/UNCTAD)
- ❖ Projects Database



Conditionality of Institutional Framework with entering into force of the Kyoto Protocol

- ❖ Date of entry into force
- ❖ Number of candidate projects
 - ❖ Administrative costs;
- ❖ Complexity and creativity of the projects;
 - ❖ Staff required;
 - ❖ Sectoral expertise needed;
- ❖ Projects that are just ideas submitted to the commission
- ❖ Projects that could not be validated submitted to the Commission



Institutional Framework

- ❖ Interministerial Commission has only a very limited executive power;
- ❖ Executive Secretary
 - ❖ Coordination on Global Climate Change of MCT that deals with:
 - ❖ Convention (National Communication, Brazilian Proposal in SBSTA);
 - ❖ Kyoto Protocol (LULUCF in CDM);
 - ❖ IPCC (GPG on LULUCF);
 - ❖ Climate Change Program (Fiscal Budget);
 - ❖ 10 staff members (of which only 5 technical experts)



Need for an Agency on CC?

If you stay paralyzed, the wild beast will eat you

If you run, the wild beast will catch you

http://www.mct.gov.br/clima

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