

NOVOBRASIL



ECOLOGICAL TRANSFORMATION PLAN

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**A NEW
ECONOMY.
A NEW
FUTURE.**



Sustainable growth

Objectives of the NEW BRAZIL

01 Technology and Quality Jobs

Expand and modernize national production in activities with higher added value, technological complexity and neo-industrialization. Increase economic productivity, creating better-paid jobs. Ensure public and private investments in research and development of new cutting-edge technologies.

02 Environmental Sustainability

Generate wealth for the country while simultaneously reducing the environmental impact of economic activities. Reduce greenhouse gas emissions and the environmental footprint of economic development. Use natural resources sustainably and protect ecosystems.

03 Income Distribution and Fair Transition

Distribute the gains from transformation more equitably among the population, reducing regional and income inequalities. Decrease the impacts of climate change on people's lives, especially the poorest and most vulnerable.

A new economy. A new future.

New Brazil is the Ecological Transformation Plan with public policies and strategic actions distributed across six thematic pillars. This plan builds tools for our industry, agriculture, energy, finance, and society as a whole to be propelled to a new level of sustainable and technological development, generating prosperity, with better jobs and fairer income distribution for the population.

The Federal Government, through the Ministry of Finance, presents the New Brazil, which is already building sustainable and productive foundations for a developed Brazilian society of today and tomorrow.

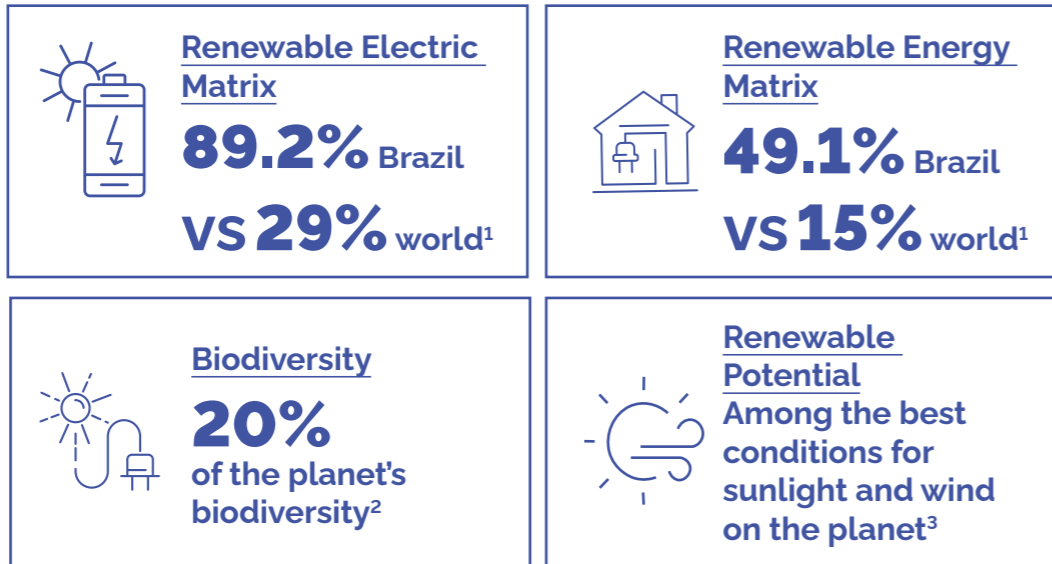
The plan aims to stimulate sectors in which Brazil has outstanding competitive potential. Additionally, it seeks to foster the production of higher added value and technological complexity, with incentives for neo-industrialization and national development. We create **high-quality jobs with better wages, increase productivity and economic competitiveness**, achieving global leadership in cutting-edge areas of the emerging low-carbon economy.

To implement this broad set of public policies, detailed below, the Ministry of Finance cooperates with other ministries, such as Civil House, Ministry of Environment and Climate Change, Ministry of Development, Industry, Trade and Services, Ministry of Mines and Energy, Ministry of Agriculture, Ministry of Agrarian Development and Smallholder Farming, Ministry of Science, Technology and Innovation, Ministry of Management and Innovation in Public Services, Ministry of Integration and Regional Development, among others. It also counts on the Legislative and Judiciary Branches, federal public banks, scientific and technological development agencies, regulatory agencies, and broad participation from the productive sector and civil society. It is a plan made in Brazil for a New Brazil.

To become a developed country, ensuring the well-being of all, we need to produce and export goods with more technology and added value. Past experiences such as Embraer, Embrapa, and Petrobras - which integrated the public sector, private sector, and higher education, generating quality jobs with higher income - prove that we have the conditions to replicate this formula that has already worked here and in other countries.



Brazil: Environmental Power



Sources:

- ¹ Energy Research Company
- ² Ministry of Environment and Climate Change
- ³ Global Wind Atlas, Global Solar Atlas



Ecological Transformation is not a cost, it's an opportunity.



We used to think climate change would put future generations at risk. Now, we know that it's already a reality.

We cannot remain idle waiting for the drastic consequences that will increasingly affect people and the entire economy. To respond to this enormous challenge, the Federal Government is already working on the transition to a more prosperous, sustainable, and fair economic model.

The best conditions to attract investments and generate opportunities as an environmental power.

There is no longer any doubt about the direction of the global economy. The world's largest economies have launched government programs to foster a greener economy with financial incentives that amount trillions of dollars. For the first time, the volume of global investment in wind and solar energy surpassed that of oil and gas in 2023.

However, those who believe that the transition to a low-carbon economy is only a cost to be paid are mistaken. There are also immense opportunities in this context, and Brazil has the potential to become a leader in strategic areas of this new low-carbon economy. We are already an environmental power. Now, the opportunity arises for us to develop economically and socially, with respect for the environment, prosperity for the country, and income for all.

THE TIME HAS COME TO TRANSFORM OPPORTUNITY INTO DREAM, DREAM INTO PROJECT, AND PROJECT INTO ACTION.





It is good **for the planet.**

GOOD FOR THE ECONOMY

Opportunities for new businesses, increased productivity and innovation.

Promotion of neo-industrialization, agribusiness, bioeconomy, biotechnology, circular economy, renewable energy, among others.

More public and private investment in the productive sector and in research and development.

GOOD FOR PEOPLE

Increased income for families and workers, especially for the poorest population.

Opportunities for students and workers in new qualified professions and better-paid jobs.

Better quality of life and adaptation to climate change.

GOOD FOR NATURE

Regeneration and preservation of Brazilian ecosystems.

Reduction of greenhouse gas emissions.

Attention and improvement in climate adaptability.

GOOD FOR BRAZIL

Global leadership in sustainability.

New cycle of investments and economic growth.

Country prepared to prevent and combat climate events.

It is good **for Brazil.**



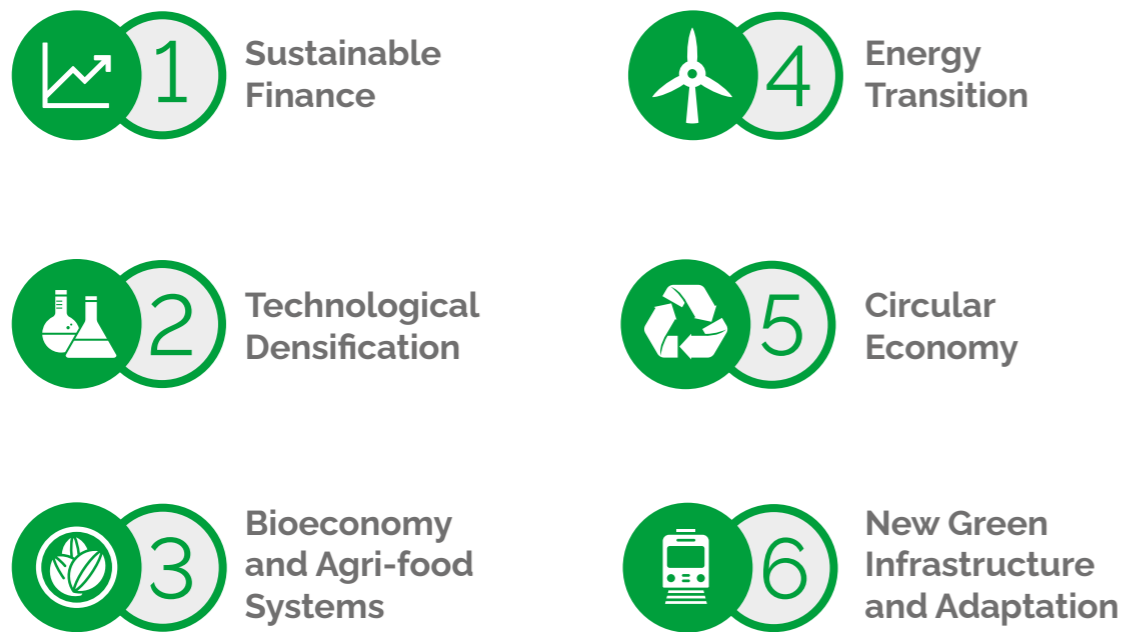
It is good **for everyone.**

Structure of the Plan

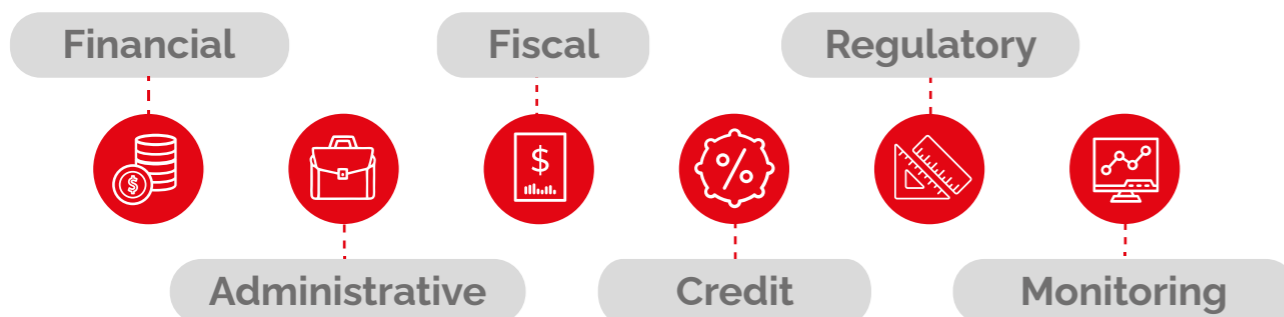
OBJECTIVES



PILLARS



INSTRUMENTS





The 6 pillars of the program

THE NEW BRAZIL has already begun: these are public policies that impact the entire national territory.



Use of public funds and financing from regional banks for the development of the new low carbon economy.



More sustainable production and consumption with the new tax system, favoring less polluting activities.



01 Sustainable Finance

A new era for the productive sector with sustainable finance.

Directing public and private resources, domestic and foreign, towards **sustainable activities, technological development, ecological transformation, biome regeneration, and adaptation to climate change.** Innovative instruments include: **Climate Fund, Carbon Market, Sustainable Taxonomy, Sustainable Sovereign Bonds, Tropical Forests Fund, Eco Invest Brasil** – in addition to specific fiscal, tax, financial, and regulatory incentives.

Resumption of the role of **Brazilian Development Bank (BNDES)** and the **Financing Company for Studies and Projects (FINEP)** with credit lines for energy transition, reforestation, research and development (R&D) of low carbon technologies and climate adaptation.



02 Technological Densification

More added value in national production.

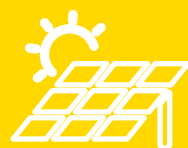
Greater productivity and technological innovation fostering the **key sectors of the transition** and adding more value also to national products and processes.

Use of Sectoral Funds and R&D, technological orders and government purchases for the development of more complex **technology and national production.**

Incentive for national processing of minerals and agricultural production leading to higher value added exports.

Sustainable and Innovative Federal Institutes and Universities to ensure workers are provided with the necessary skills in strategic sectors, and in synergy with the local productive sector.





03 Bioeconomy and Agrifood Systems

Sustainability in the use of natural resources, food production, and biotechnologies.

Support for **technological development and the diffusion of innovations along with the Harvest Plan [Plano Safra]**, increasingly incorporating sustainable parameters, technical assistance, and differentiated rates for best practices, with **higher productivity and lower environmental impact**. Promotion of **agribusiness and mechanization of processes**.

Promotion of the transformation of degraded pastures into **Agroforestry Systems** and productive forests with the **Restoration Arc of the Amazon Fund (BNDES)**.

Payments for **environmental services**, investment in **R&D for sustainable exploration of biomes, forest concession of conservation units**, and program for **exporting non-timber forest products**.

Creation of the **Tropical Forest Fund** to remunerate countries that conserve their forests.



04 Energy Transition

Expansion of renewable energy at competitive cost and development of value chains.

Promotion of cutting-edge national technologies through incentives for **biofuels**, including **green diesel, new generations of ethanol**, and low-carbon **hydrogen** for industry, transport, and export.

Combination of **wind and solar energy expansion in the Northeast** through the **development of associated value chains**. Replacement of oil generation in isolated systems with the **Amazon Energy Program**, ensuring access to electric energy in isolated areas.

Urban Bus Electrification Program with local content rules and emission reduction targets for light-duty vehicles, in addition to tax incentives for less polluting vehicles, such as the **Green Mobility Program**.

In aviation, targets for emission reduction and incentives for **sustainable aviation fuels (SAF)** and **biobunker for maritime transport**. All technologies with high potential for export.



05 Circular Economy

New production model that generates less waste and demands fewer natural resources.

Rational use, recovery, recycling, and reuse of materials and waste, aiming at less extraction of natural resources, less waste disposal, reverse logistics, and reduction of environmental footprint.

Fiscal and regulatory incentives for municipalities to expand **selective collection, the use of biodigesters, and the end of open-air landfills.** And technical and financial support to waste picker cooperatives.

In sanitation, financing for **expanding of water and sewage coverage and technological innovation for wastewater treatment.**



06 New Green Infrastructure and Adaptation

Safety, prevention, and adaptation to climate crises and changes.

In cities, the **Growth Acceleration Program (Novo PAC)** fosters infrastructure works for resilience, reducing the impact of climate changes and risks of natural disasters – such as landslides and flooding. It is also gradually increasing parameters of **socio-environmental sustainability** in all its projects.

In extreme situations, programs are in place for **resource transfers and environmental emergency decrees** to reduce impacts in vulnerable municipalities, along with immediate response efforts and funding for the reconstruction of public infrastructure.

Support for more vulnerable municipalities and communities in **disaster prevention strategies**, in addition to partnership with civil defense in **mapping risk areas.**

Strategy for safety and resilience in agriculture, energy, and sanitation.





THE PLAN IN NUMBERS

Scenarios for the Brazilian economy with the adoption of the Ecological Transformation Plan.

INCREASE IN INCOME

Growth of 10% in GDP per capita by 2026 and 100% by 2050.⁴

REDUCTION OF ENVIRONMENTAL IMPACTS

Decrease of 48% in greenhouse gas emissions by 2025 and more robust gradual targets aimed at achieving net zero emissions by 2050.⁵

REDUCTION OF INEQUALITIES

Reduction of the Gini coefficient to at least 0.50 by 2025, and below 0.40 by 2050.⁶

⁴ Scenarios developed from internal projections of the Ministry of Finance, using 2022 as the base year.

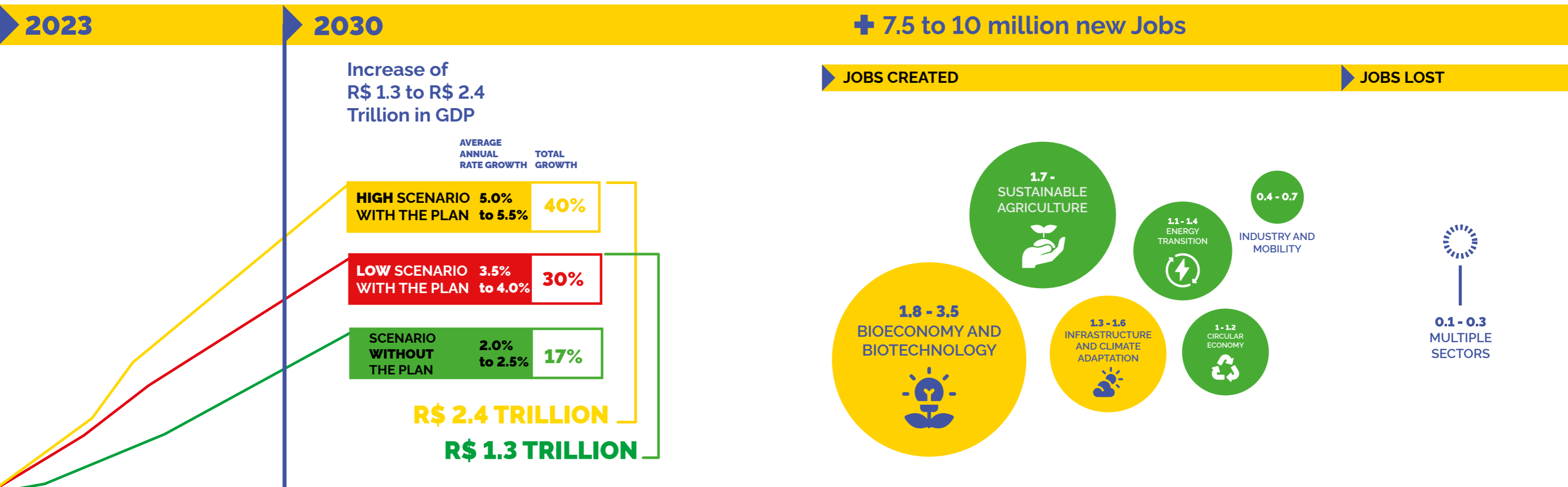
⁵ Fulfillment of the Brazilian NDC established in the Paris Agreement, with a 48% reduction in greenhouse gas emissions by 2025, compared to 2005, and net zero emissions by 2050.

⁶ The Gini coefficient is a statistical measure of income distribution across a country's population, commonly used to measure the degree of income concentration. Numerically, it varies from zero to one. The lower the index, the lower the inequality level.



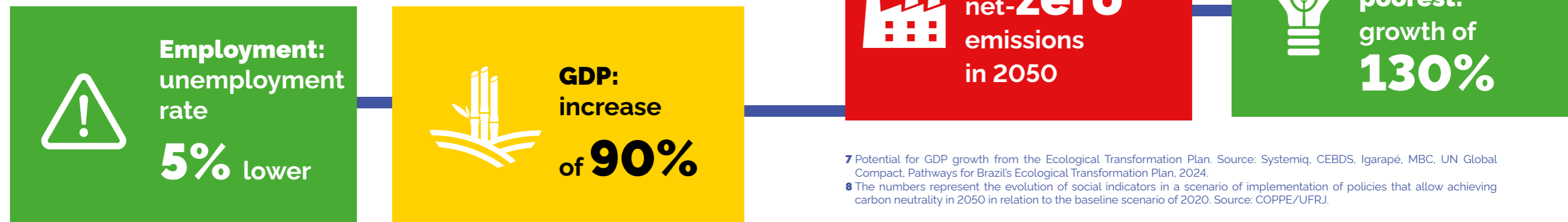
GDP, EMPLOYMENT AND INCOME GROWTH

Pathways for Brazil's Ecological Transformation Plan Report
(Systemiq, CEBDS, Igarapé, MBC, UN Global Compact, 2024)⁷



GDP, EMPLOYMENT AND INCOME GROWTH WITH CARBON NEUTRALITY

Scenario for 2050 with Carbon Neutrality
- COPPE/UFRJ⁸



⁷ Potential for GDP growth from the Ecological Transformation Plan. Source: Systemiq, CEBDS, Igarapé, MBC, UN Global Compact, Pathways for Brazil's Ecological Transformation Plan, 2024.

⁸ The numbers represent the evolution of social indicators in a scenario of implementation of policies that allow achieving carbon neutrality in 2050 in relation to the baseline scenario of 2020. Source: COPPE/UFRJ.



Regional Development

Focus on those who need it most, fair transition for all regions.

Each region has its own vocations and advantages due to its socio-environmental characteristics. The plan explores these possibilities to ensure opportunity and income – with high value-added activities and local jobs – throughout the national territory.



Constitutional and Development Funds

Focus on financing for technological densification, increased productivity and local content requirements, combined with sustainability parameters and combating inequalities.



In the Brazilian Northeast, the potential for renewable energy generation will drive the attraction of investments for sustainable industrial production, generating jobs and local development. The plan will also promote the bioeconomy, agroindustry and smallholder farming, as well as adaptation to climate changes in drier regions.



In the Legal Amazon, products of sociobiodiversity and research and development in biotechnology and biopharmaceuticals have enormous potential for innovative businesses and income generation with standing forests.





The transformation has already begun!

Measures that are already underway.



Sustainable Sovereign Bonds and Climate Fund



In the last two years, approximately R\$ 20 billion has been raised abroad, with plans for new fundraising soon. The resources were allocated to the Climate Fund (MMA/BNDES) and are being used to finance the ecological transformation in numerous sectors.



SECTORS SUPPORTED BY THE CLIMATE FUND

Resilient and sustainable urban development; green industry; transport logistics, clean public transport and green mobility; energy transition; native forests and water resources; green services and innovations.



Eco Invest Brasil

The Eco Invest Brasil program creates mechanisms to attract foreign capital and increase long-term investment in the Brazilian economy, such as infrastructure and other and long-maturation projects.



Ecoinvest credit lines

Blended Finance – Reduction of capital cost through the combination of governmental catalytic capital and national and international private capital.

Long-Term Exchange Liquidity Facility – Protection against exchange rate devaluation for companies with foreign currency obligations, ensuring effective cash management and credit improvement.

Exchange Derivatives – Reduction of the cost of exchange coverage in Brazil and attraction of Foreign Direct Investments for long-term green projects.

Project Structuring – Stimulus for the development of large sustainable initiatives in Brazil, filling the gap in the country's green project scenario.



Tax Reform and Incentive for Sustainability



The Tax Reform approved in 2023 is a historic milestone for the Brazilian economy. It will enable transitioning from a tax system considered one of the most complex in the world to a modern, digitized, and automated one.

In addition to enormous simplification, the new tax system fully exempts exports and investments. It also encourages value aggregation in Brazil by adopting a systematic approach to added value, avoiding undue accumulation of taxes.

In this context, it creates tax modalities to discourage polluting products, directing production and consumption towards the Ecological Transformation.

Green Mobility Program

In the road transportation sector, this innovative program offers tax incentives to modernize and decarbonize the vehicle fleet, based on the following eligibility criteria:

Lower carbon footprint

Greater material recyclability

Higher energy efficiency

Higher technological density

Better structural performance and assistive driving technologies



Carbon Market

The Brazilian Emissions Trading System is central to the Ecological Transformation Plan. Based on successful experiences in other countries, it establishes an emissions cap for some sectors. Companies emitting less than their established quotas can trade their surplus allowances with those exceeding their targets – or with agents that capture carbon from the atmosphere, through reforestation activity, for example.

The overall emissions cap will gradually decrease, prompting companies to invest in improved production processes and innovation to meet their targets.





Tropical Forest Fund

The Tropical Forest Fund (TFFF) is an initiative to finance the conservation and preservation of tropical forests worldwide, providing compensation to countries that maintain their standing forests.

By offering payments for the conservation of tropical forests and recognizing the value of the ecosystem services they provide, the TFFF helps reduce poverty and promote economic development in forested countries.

The fund is expected to be officially announced at the COP in Belém, in 2025, and is already under development, through collaboration between multiple countries and international institutions.



Brazilian Sustainable Taxonomy

It is a system that defines which economic activities are considered sustainable. The Taxonomy helps to identify businesses and ventures that truly contribute to the ecological transformation and to reducing social inequalities.

This tool is important because it guides investors and companies to make investment choices that benefit the planet and society, reducing the risks of so-called "greenwashing" - in which companies claim to adopt sustainable measures but do not comply correctly. It also helps Brazil meet its international commitments to a more sustainable future and aligns with the taxonomies of other countries, facilitating investment flows.

The Taxonomy is under development and will be released for public consultation by the end of the year.

Extreme Events and Emergency Situations: the example of Rio Grande do Sul

Tragedies like the one in Rio Grande do Sul reveal the immense costs that climate change can impose, including the loss of lives and resources accumulated over decades by families, businesses, and public assets.

The Federal Government allocated substantial resources for emergency funding and advances to support the region's reconstruction, alongside logistical assistance from multiple ministries and agencies. **This shows how prevention is more advantageous in every way than repair.** Thus, the New Brazil focuses on disaster prevention and adapting existing infrastructures to climate change.



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MINISTÉRIO DA
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UNITING AND REBUILDING



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