

Ref.: Letter from the Forest & Finance Coalition and allies to International Financial Institutions on the Risks of Legal Setbacks in Environmental Protections in Brazil

August 19th, 2021

Dear CEO,

Under Bolsonaro's administration, Brazil is experiencing unprecedented assaults on Indigenous Peoples' rights and rollbacks on environmental protections. Throughout his term, we have witnessed a consistent dismantling of environmental governance and the stepping up of his government's anti-environmental policy, rolling back enforcement, harassing civil servants, cutting environmental agencies' budgets, halting the collection of environmental fines, despite rising levels of deforestation.

This has resulted in alarming rates of deforestation with figures in [2020 the highest for 12 years](#), and [growing unchecked in 2021](#). In June this year, Brazil's National Space Research Agency recorded the [most fires in the Amazon region and in the Cerrado for 14 years](#), raising concerns about devastating fires to come amidst intense drought and emboldened loggers using 'slash and burn' clearing. Scientists have warned that, due to deforestation, degradation and fires, the Amazon rainforest is at a dangerous tipping point as it has started to [emit more CO2](#) than it can absorb for the first time, which will invariably accelerate climate change and lead to increasing extreme events. This adds to an escalation [of violence against Indigenous communities](#) in the Amazon [resisting mining and extractive activities](#) on their lands, and against environmental defenders, already targeted by [intimidation attempts by the Federal government](#).

As your financial institution is a major investor in/financier of companies operating in Brazil, you must take action to ensure you are not complicit in the deforestation and degradation of the Amazon ecosystem – critical to global carbon sequestration - and the violation of Indigenous Peoples' rights.

We, members of the Forest & Finance coalition and allied organizations, would like to call your special attention to a set of legislative changes being currently pushed in the Brazilian Congress, with support of Bolsonaro's government and its allies, which will have irreversible consequences to environmental protection and Indigenous peoples' rights, and which represent serious risks to your operations in Brazil. This agenda, moved forward without proper public consultation, is strongly opposed by Brazilian civil society and [the national Indigenous movement](#). Indigenous leaders in Brasilia, peacefully protesting against these legislative proposals were [met with tear gas and rubber bullets by the police forces](#).

Among the bills being discussed in the Brazilian Congress which pose significant threats to social and environmental protections, we highlight:

- [Bill 490/2007](#), which would roll back constitutional protections on Indigenous lands. It is considered by the Association of Indigenous Peoples of Brazil (APIB) as a "genocide attempt";

- Bill 191/2020, which aims to allow industrial and artisanal mining, hydroelectric generation, oil and gas exploration, and large-scale agriculture on Indigenous territories, virtually removing their veto power from decisions that impact their lands;
- Bill 3729/2004 (now in the Senate as bill No. 2159/2021) that weakens the requirements for the licensing of infrastructure and extractive projects, exempts 13 types of impactful activities from licensing, and allows for “self licensing” for an array of projects;
- Legislative Decree 177/2021 that would allow Brazil's withdrawal from Convention 169 of the International Labor Organization (ILO) (the main instrument in international law for the protection of Indigenous rights);
- Bills 2633/2020 and 510 which [pardon the occupation of public land in Brazil](#) and would lead to a massive land grab of public lands, putting at risk some 620 thousand km² of forest that does not have any legal protection. [According to studies](#), grabbing of public lands in Brazil represents a third of all deforestation.

For a detailed description and assessment of these legislative threats, in addition to other violations committed against the environment and indigenous peoples by the Brazilian State or by representatives of private interests, please refer to the [International Complaints Dossier, produced by the Association of Indigenous Peoples of Brazil](#), launched on August 16th.

In addition to the various and serious problems contained in these bills, their approval, even if analyzed from the strict perspective of the more immediate interests of financial institutions, should be seen by the financial sector as a threat, reversing into an increase in social, legal, environmental and climate risks for the sector's institutions. For example, bill No. 2159/2021, which weakens environmental licensing, establishes that financial institutions have no supervisory duty in relation to the projects they fund, contrary to all the most recent discussions and guidelines on the subject. This will greatly expand not only social, environmental and climate risk factors, but will impose on financial institutions a more arduous and costly task of monitoring and managing exposures to such risks.

The weakening of social and environmental rules in Brazil also hampers compliance with current and proposed legal requirements related to due diligence in export markets such as the EU and the UK, with impacts in Brazil's ability to export deforestation-linked products to Europe. It violates the terms of the EU-Mercosur trade agreement, jeopardizing its negotiation. In the face of such risks, in May, a group of 40 international grocery, food supply, and investment companies wrote an [open letter](#) to the Brazilian Congress with threats to boycott all Brazilian agricultural products if “*measures that undermine these existing protections [of the Amazon] become law*”.

But this is not yet enough to create change. Given this escalating crisis, we believe that banks and investors like your institution have a responsibility to use their position and influence to take concrete action against these setbacks. Thus we strongly recommend your financial institution to **take a hard line, in public and private, against this regressive legislative agenda put forward by the Bolsonaro administration and its allies in the Brazilian Congress**. That includes **taking a public stance against all bills that weaken protections for forests and Indigenous peoples**, calling the attention of the political and economic actors behind them to your commitment to eliminating deforestation and protecting the rights of Indigenous peoples and

other forest-dependent communities; and to encourage your peers and companies that rely on your funding to do the same.

This call adds to [other standing recommendations by our coalition](#) and its allies to commit financial institutions to move away from investments that threaten forests and the rights of Indigenous peoples, and thus not contribute further to deforestation and human rights violations in Brazil.

We look forward to a rapid response from you on these matters.

Sincerely,

Forest & Finance Coalition

Rainforest Action Network, TuK Indonesia, Profundo, Amazon Watch, Repórter Brasil, BankTrack, Sahabat Alam Malaysia and Friends of the Earth US

With the endorsement of:

Association of Indigenous Peoples of Brazil - APIB
Ambiente, Desarrollo y Capacitación - ADC
Amigos da Terra - Amazônia Brasileira
Associação Taoca (Switzerland)
Articulação das Pastorais da Ecologia Integral do Brasil
Arayara
Biodiversity Conservation Center, Russia
Biofuelwatch (UK)
Blue Dalian (China)
BVRio
Centro de Inteligência Urbana - CIUPOA
Comissão Pastoral da Terra - CPT
Comitê Internacional pela Democracia no Brasil (Switzerland)
Comitê pelos direitos humanos na América Latina, CDHAL (Canada)
Centro de Trabalho Indigenista - CTI
Coletivo Por Um Brasil Democrático - Los Angeles (USA)
Comissão Pró Índio Acre - CPI Acre
Comitê Internacional pela Democracia no Brasil (Switzerland)
Comitê pelos Direitos Humanos na América Latina - CDHAL (Canada)
Conectas Direitos Humanos
Conselho Nacional das populações Extrativista - CNS
Ecological Center Front
FAOR - Fórum da Amazônia Oriental
Federação das Organizações Indígenas do Rio Negro - FOIRN
Fundação Brasileira para o Desenvolvimento Sustentável - FBDS
Green Longjiang (China)

Greenpeace Brasil
Grupo Ambientalista da Bahia - GAMBA
Instituto de Defesa do Consumidor – IDEC
Instituto de Pesquisas e Formação Indígena - IEPÉ
Instituto Sociedade, População e Natureza - ISPN
Instituto Socioambiental
Instituto de Pesquisas Ecológicas - IPÊ
Kentucky Environmental Foundation
KoBra – Kooperation Brasilien e.V. — Kooperation Brasilien e.V.
Mater Natura - Instituto de Estudos Ambientais
Movimento Marajó Vivo
Movimento Tapajós Vivo - MTV
Movimento Xingu Vivo para Sempre
Observatório do Clima
Operação Amazônia Nativa
Plataforma CIPÓ
Rede de Cooperação Amazônica - RCA
Scholar Tree Alliance (China)
Snow Alliance (China)
Socio-ecological Union International (Russia)
Sociedade de Pesquisa da Vida Selvagem e Educação Ambiental - SPVS
SOS Mata Atlântica
Swiss Indigenous Network
Uma gota no oceano
Zero - Associação Sistema Terrestre Sustentável (Portugal)
350.Org



[Forests & Finance](#) is an initiative by a coalition of campaign and research organisations including Rainforest Action Network, TuK Indonesia, Profundo, Amazon Watch, Repórter Brasil, BankTrack, Sahabat Alam Malaysia and Friends of the Earth US. Collectively we seek to prevent financial institutions from facilitating environmental and social abuses common in forest risk commodities. We seek to achieve this through improved financial sector transparency, policies, systems and regulations.
