CLIMATE CHANGE

YEARBOOK OF THE BRAZILIAN STATES

2nd edition. Executive Summary.

CBC CENTRO BRASIL NO CLIMA

iCS instituto CLIMA e SOCIEDADE

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Dying tree on the Madre de Deus waterfront. Photo: Amorim - stock.adobe.com

EXECUTIVE SUMMARY

The 2026 Climate Change Yearbook of the Brazilian States is not only a report—it is an invitation to understanding, at unprecedented levels, how Brazil organizes itself and responds to the climate crisis we are facing. At a time when extreme events are no longer the exception and are beginning to reshape territories, economies and lives, understanding how the different federation units are addressing the climate crisis has become essential. This Yearbook brings together information that was scattered, sheds light on developments that need to be recognized, and uncovers weaknesses that can no longer be ignored. In the following pages, readers will find data and strategic evidence for better-informed public decisions, coordination among federation units, and a climate transition that is simultaneously ambitious, fair, and economically sustainable.

This Yearbook is, above all, a tool for public intelligence. It transforms technical data, regulatory instruments and state policies into an integrated snapshot of climate action across the 27 Brazilian federation units. By collecting information about plans, budgets, governance, and sectoral data — such as emissions related to land-use change and forestry, agriculture, energy, transportation, industry and waste — as well as data on risks, climate disasters and actions for resilience and adaptation, all within an integrated analytical framework, the document portrays Brazil as a system — not as isolated fragments.

Brazil is firmly entering its subnational climate governance era. The climate crisis is no longer an agenda restricted to international negotiations or federal commitments, and is now shaping concrete decisions in Brazilian states — budget planning, territorial management, energy infrastructure, agriculture, livestock and environmental protection. The 2026 Climate Change Yearbook of the Brazilian States emerges from this inflection point: organizing, systematizing and making tangible what was once dispersed.

The main goal is both simple and strategic: to strengthen evidence-based decision-making capacity. Governors, secretaries of state, technical experts, lawmakers, funders, researchers, communications professionals and civil society as a whole can now access an organized database, which allows them to compare, identify gaps, recognize best practices and scale up replicable solutions.

The Yearbook's second edition expands the project's scope, depth, and ambition. If the first edition mapped policies and instruments, this version consolidates detailed sectoral data, expands methodologies, integrates territorial dimensions, broadens the analysis of climate risks, and verifies results. Energy, agriculture and livestock, manufacturing, transportation, waste and sanitation are brought into dialogue with institutional and

fiscal indicators, revealing the states' actual capacity to implement their climate strategies.

The context in which this Yearbook is published is determinant. In 2024, Brazil had one of the harshest climate disasters in the past decade. Extreme droughts, historical floodings, forest fires and heat waves intensified economic losses, populations' displacement and social vulnerability. At the same time, 2025 marked the institutional strengthening of the climate agenda, driven by the Conference of the Parties (COP30) — which brings together 198 countries that are members of the United Nations Framework Convention on Climate Change (UNFCCC) — and new planning instruments put forward by the states, including climate budget.

The contrast between institutional progress and the intensification of disasters is the central axis of this edition. The country is reorganizing itself — but extreme events are accelerating. Policy implementation must outstrip climate impacts. This principle guides the analysis throughout the 2026 Yearbook.

States are the critical link between international commitments and the reality of their territories. At the federative level, the energy transition is translated from ambition into infrastructure; deforestation control evolves from commitments into operational action; pasture restoration shifts from a technical intervention to agricultural policy; public transport moves from planning documents into territorial planning; sanitation progresses from targets to service delivery; and civil defense is transformed from preparedness into disaster response.

Deforested area along the BR-230 Trans-Amazonian Highway in southern Amazonas. Photo: Carina Furlanetto - stock.adobe.com

River in the coastal city of Itanhem, São Paulo. Photo: bydronevideos - br.freepik.com

The federal government has recently concluded its Climate Plan, including strategies for adaptation and mitigation — and the agenda now aims to translate national guidelines into concrete territorial action. Transforming these plans into reality for states and cities represents the next great challenge for Brazil's climate policy. This implementation calls for a systemic, organized approach, with strong governance and a clear agreement between the federal government, states and cities. In this process, the Fórum Brasileiro de Mudanças Climáticas (FBMC) plays a significant role by promoting dialogue between the government, the productive sector, academia and civil society, broadening participation and public debate on the climate agenda. Federative coordination receives a boost from the governance structure created by the Interministerial Committee on Climate Change (CIM, in Portuguese), especially through its Consultative Chambers — including the Chambers of Social Participation (CPS), Scientific Advisory (CAC) and Interfederative Coordination (CAI) — which strengthen dialogue between different levels of government and make it possible to align national targets with territorial characteristics, thus accelerating the implementation of the climate transition across the country.

The Yearbook also highlights the deep asymmetries at subnational levels. Some federation units have integrated plans, a structured climate budget, updated inventories and robust monitoring tools. Others are still facing institutional fragility, budget constraints and the lack of an integrated

climate plan. This heterogeneity is not a statistical issue — it is a federative coordination challenge.

The consolidation of a technical and collaborative ecosystem is another distinguishing feature of this edition. Sector-specific analyses were developed by specialists in agriculture and livestock, energy, land use, governance, and manufacturing, each applying dedicated methodologies to their respective fields. This collaborative effort ensures analytical precision and cross sector comparability. The result is a database that not only describes, but also evaluates subnational climate action

The climate agenda is no longer plainly environmental: it is also economic, fiscal, and social. Inaction is already costlier than prevention. Billionaire losses caused by extreme events put state budgets under pressure, compromise investments and expand inequality. Climate planning is not an expense— it is macroeconomic and social risk management.

The climate budget emerges as one of the most important innovations of this period. States that have begun to identify and track expenditures associated with mitigation and adaptation are advancing the quality of public governance. The connection between budget planning and environmental targets signals institutional maturity and enhances the capacity to attract climate funding.

Land use remains the main emissions vector in Brazil, but it is not the only challenge. The reduction in deforestation has had a positive impact on net emissions. However, the expansion of wildfires (queimadas) across several biomes demonstrates that curbing deforestation does not necessarily ensure ecological stability. Climate policy must evolve from combating deforestation to the integrated management of landscapes and risks.

The agriculture and livestock sector presents a productive and climate paradox. The sector remains one of the main emitters, but demonstrates significant efficiency gains — particularly given that productivity growth is not accompanied by a proportional increase in emissions. The recovery of degraded pastures emerges as one of the greatest structural mitigation opportunities associated with rural development.

The energy sector presents both grounds for leadership and constraints. Brazil has a predominantly renewable energy matrix, and states that are taking the lead in solar power, wind power, biomass and low-emission hydrogen. However, dependence on road transportation and the existence of isolated systems still supported by fossil fuels point to persistent logistical and structural challenges.

Climate adaptation is, perhaps, the most urgent and least structured component of climate policy. The predominance of reactive responses to disasters shows that preventive planning still lags behind the mitigation agenda. Strengthening civil defense, consolidating contingency plans and implementing territorial strategies for resilience are decisive measures to reduce human and financial losses. Beyond the mere existence of a formal adaptation plan, its execution demands the correction of longstanding issues — such as unplanned urban growth in high-risk areas and deficits in infrastructure planning.

By organizing scattered information, the Yearbook strengthens social accountability and federative cooperation. Transparency improves conditions for monitoring climate policy, while comparability between states helps to identify progress, gaps and best practices. By offering a consistent database of technical evidence, the document seeks to enhance the decision-making process and support the improvement of public policies that address climate change.

This publication is also an invitation to coordination. Subnational governments, the federal government, the private sector, academia and civil society must dialogue.The climate crisis is systemic —.

Brazil is at a moment of strategic definition — and the right choice is clear. The climate agenda must move beyond emergency, fragmented responses to establish itself as a state policy, integrated into long-term economic, fiscal and social planning. Incorporating climate considerations into development strategies is not only an environmental imperative, but a condition for competitiveness, macroeconomic stability and reducing inequality.

The 2026 Climate Change Yearbook of the Brazilian States provides the technical and institutional elements to support this transition. The challenge is substantial, commensurate with the country's continental scale and the complexity of its federal system — but the instruments are already being developed, governance is moving forward and the direction is set. Turning this agenda into an irreversible course is the work of this decade — and it has already begun. In the following pages, we present the main findings and highlights of this edition.

Hands holding a seedling in dry soil. Photo: jcomp - br.freepik.com

MAIN FINDINGS AND HIGHLIGHTS

In 2025, Brazil's climate governance moved forward: more states created plans, inventories and climate laws, while COP30 in Belém expedited institutional mobilization. At the same time, 2024 was the harshest year for climate disasters in a decade. The country is advancing in institutional organization; however, the frequency and intensity of disasters continue to exceed its response capacity.

1. Climate governance progresses, but asymmetries remain.

Four states have Climate Action Plans (PLACs, in Portuguese) that jointly integrate mitigation and adaptation plans: **Minas Gerais, Paraná, Pernambuco and Piauí.** COP30 served as an incentive for five other states to begin developing their PLACs: Bahia, Alagoas, Rio Grande do Sul, Sergipe and Ceará. São Paulo and the Federal District have structured their plans across different sectoral documents. The challenge persists among the 21 federative units that still lack either mitigation or climate adaptation plans.

Only **four states have concluded specific adaptation plans: the Federal District, Rondônia, São Paulo and Rio de Janeiro** (the latter is updating its current version). Espírito Santo's adaptation plan is at an advanced consolidation stage, while Pernambuco, Ceará, Tocantins and Piauí are developing their plans. In addition, **six states have specific mitigation plans: the Federal District, Espírito Santo, Minas Gerais, Paraná, Pernambuco and São Paulo,** while Rio de Janeiro is drafting its plan as part of the Rio Clima project.

Regarding climate risks management, **eighteen federation units** — Acre, Alagoas, Amapá, Amazonas, Ceará, Espírito Santo, Goiás, Mato Grosso do Sul, Minas Gerais, Pará, Paraná, Pernambuco, Piauí, Rio de Janeiro, Roraima, São Paulo, Sergipe and Tocantins — **already have established contingency plans** to address extreme climate events, such as droughts and floods. Piauí, for instance, made strides toward institutionalizing its policies by enacting the Plano Estadual de Proteção e Defesa Civil (PEPDEC) via Decree No. 23.715/2025 (Piauí State Government/SEDEC, 2025).

> THE STATES THAT NEED CLIMATE PLANNING THE MOST ARE PRECISELY THOSE WITH THE LEAST INSTITUTIONAL AND BUDGETARY CAPACITY TO DEVELOP IT.

THE STATE OF CLIMATE ACTION PLANS AND CIVIL DEFENSE'S CONTINGENCY PLANS

	CLIMATE CHANGE STRATEGIES*	MITIGATION PLAN**	ADAPTATION PLAN**	CIVIL DEFENSE'S CONTINGENCY PLAN
AC	✓	◔	◔	✓
AL	✓	◔	◔	✓
AP	◔	◔	◔	✓
AM	✓	◔	◔	✓
BA	◔	◔	◔	✗
CE	◔	◔	◔	○
DF	✓	✓	✓	✗
ES	✓	✓	◔	○
GO	✓	◔	◔	✓
MA	◔	◔	✗	✗
MT	✓	◔	✗	✗
MS	✓	◔	✗	○
MG	✓	✓	✓	○
PA	✓	◔	◔	○
PB	◔	◔	◔	✗
PR	✓	○	✓	✓
PE	✓	✓	◔	✓
PI	○	○	◔	○
RJ	✓	◔	◁	○
RN	◔	◔	◔	◔
RS	✓	◔	◔	◔
RO	✓	✗	○	✗
RR	✗	✗	✗	✓
SC	◔	◔	◔	◔
SP	✓	✓	○	✓
SE	◔	◔	◔	✓
TO	✓	◔	◔	✓

*Climate Change Strategies involve action plans or a set of guidelines structured by governments to guide states' climate management, which often define deadlines and the parties responsible for their execution. These guidelines may be general or sector-specific, such as ISA Clima (PSA) and ISA Carbono (focused on REDD+) in Acre, or the Plano Estadual Amazônia Agora in Pará — a program for sustainable development and bioeconomy that organizes the state's climate policy, with a net-zero emissions target by 2050, or even Long-Term Decarbonization Plans within global campaigns such as Race to Zero.

**When a state has a Climate Action Plan (PLAC), mitigation and adaptation categories are tagged as "in place". However,when the state has a PLAC and is currently drafting a specific mitigation or adaptation plan, the status of the specific plan prevails.

Source: Author's own elaboration

✓ IN PLACE ○ UPDATED/ PUBLISHED IN 2025 ◁ UNDER REVIEW ◔ IN PREPARATION ◔ IN ADVANCED STATUS/EXPECTED ✗ NO PLAN IN PLACE

The expansion of sectoral planning reflects the strengthening of state climate governance. In 2025, we highlight the updating and drafting of Programs for the Prevention and Control of Deforestation and Wildfires (PPCD) in critical biomes, with progress in Amapá, Amazonas and Roraima (PPCDam), as well as Mato Grosso do Sul (PPPantanal). Simultaneously, water resource management has gained momentum with new plans in Pará, Rio Grande do Sul, and Amapá.

Brazil's Sectoral Plan for Climate Change Adaptation and Low Carbon Emissions in Agriculture (ABC+) continued to advance in 2025 across different stages of development. While Rio de Janeiro is just getting started, Amazonas and Roraima have officially adopted their plans. Regarding practical results, Mato Grosso stands out for technical implementation, reaching 83.5% of its target for bioinputs and 64.6% in no-till farming. Meanwhile, Bahia has been focusing on social outreach, surpassing its engagement target by providing 314,000 farmers with training and access to sustainable credit.

In sanitation, State Solid Waste Plans (PERS, in Portuguese) are being updated and drafted in states such as Amapá, Piauí, Rio de Janeiro, Rio Grande do Sul, and Santa Catarina.

Currently, fifteen (15) states already have GHG emissions inventories — an essential tool for identifying emissions sources — while five are in development and seven have not yet initiated the process. Although this progress strengthens institutional resilience in the face of extreme climate events, the framework's efficiency faces financial limitations, as nineteen (19) federation units lack climate funds, which compromises the execution of such policies in the long term.

Eight states are leading the creation of financial instruments specifically designed for mitigation and adaptation: **Finaclima-SP** focuses on electrifying transport and urban resilience; **Espírito Santo's Cities Adaptation Fund (Fundo Cidades-Adaptação)** uses blended finance and royalties to promote adaptation in cities; and the **Mato Grosso do Sul State Environment and Climate Change Fund (Fundo Estadual de Meio Ambiente e Mudanças Climáticas do Mato Grosso do Sul - PROCLIMA-MS)** prioritizes carbon neutrality via subsidized credit lines for sustainable agriculture and livestock. This landscape also includes the **Amazonas State Climate Change Fund (Fundo Estadual de Mudanças Climáticas do Amazonas - FEMUCS-AM)**, which seeks to establish partnerships with the Brazilian Development Bank (BNDES) and the Amazon Fund to channel funds through bioeconomy projects, despite its current funding challenges; the **Rondônia Climate Governance and Environmental Services Fund (Fundo de Governança Climática e Serviços Ambientais de Rondônia - FunClima-RO)** and the **Tocantins State Climate Change Fund (Fundo Estadual de Mudanças Climáticas do Tocantins - FunClima-TO)**, designed for the governance of environmental assets and carbon credits, are still under development, as is the **Santa Catarina State Climate Change Fund (Fundo Estadual de Mudanças Climáticas de Santa Catarina - FMUC-SC)**, focused on mitigation and adaptation in coastal areas; and the **Piauí Green Climate Fund (Fundo Clima Piauí Verde – FunClima-PI)**, which consolidates revenues from carbon credit transactions and channels them exclusively toward climate mitigation and adaptation, poverty alleviation, and socio-environmental education, under the oversight of the Piauí REDD+ Managing Board.

The Amazon River in all its splendor. Photo: prasiphoto - stock.adobe.com

STATUS OF CLIMATE GOVERNANCE, EMISSIONS INVENTORIES, SECTORAL PLANS, AND CLIMATE FUNDS ACROSS FEDERATIVE UNITS

STATE	STATE POLICY FOR CLIMATE CHANGE	FORUM OR STATE COUNCIL FOR CLIMATE CHANGE	PPCDAM/ PPCERRADO/ PPPANTANAL	PLAN ABC+	STATE SOLID WASTE PLANS (PERS)	WATER RESOURCES PLAN (PERH)	GHG EMISSIONS INVENTORY	FUND / CLIMATE FUNDING INSTRUMENT
AC	◔	✗	✓	⊞	✓	✓	✓	✗
AL	✓	✓	N/A	✓	✓	✓	✗	✗
AP	✓	✓	○	✗	⊞	○	✗	✗
AM	✓	—	○	○	✓	✓	✗	✓
BA	✓	✓	✗	✓	✓	✓	✓	✗
CE	✓	✓	N/A	✓	✓	✓	○	✗
DF	✓	✗	✗	✓	✓	✓	✓	✗
ES	✓	✓	N/A	○	✓	✓	✓	○
GO	◁	✓	○	⊞	✓	✓	✓	◔
MA	✓	✓	✓	✓	✓	✓	✗	✗
MT	✓	—	✓	✓	✓	✓	◔	✗
MS	✓	✓	○	✓	✓	✓	✓	✓
MG	◔	✗	✗	✓	◔	◁	✓	✗
PA	✓	✓	✓	⊞	✓	✓	✗	⊞
PB	✓	✗	N/A	✓	✓	✓	✗	✗
PR	✓	✓	N/A	✓	✓	✓	✓	✗
PE	✓	—	N/A	◔	✓	✓	✓	✗
PI	✓	✓	✓	⊞	⊞	✓	○	✓
RJ	✓	✓	N/A	◔	◁	✓	✓	✗
RN	◔	◔	N/A	✓	✓	✓	✓	✗
RS	✓	✓	N/A	✓	◁	⊞	○	✗
RO	✓	✓	✓	✓	✓	✓	✗	✓
RR	○	✗	○	○	✗	⊞	✗	✗
SC	✓	✓	N/A	✓	◁	✓	◔	✓
SP	✓	✓	✗	✓	✓	✓	✓	○
SE	✓	—	N/A	✓	✓	✓	◔	✗
TO	✓	✓	✓	✓	✓	✓	◔	✓

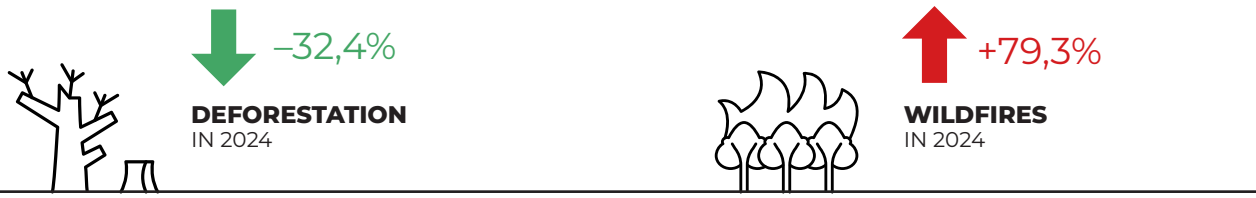
Obs: Forums that present no public record of activities or meetings for the past two and a half years were considered inactive.

Source: Authors' own elaboration.

✓ IN PLACE | ○ UPDATED/ PUBLISHED IN 2025 | ◁ UNDER REVIEW | ⊞ IN PREPARATION | ◔ IN ADVANCED STATUS/EXPECTED | — INACTIVE | ✗ NO PLAN IN PLACE | N/A: Not applicable

Strategic instruments are the compass of public management, as they translate scientific targets into practical action and real budgets, ensuring that the fight against climate change is no longer a wish, but an enduring and measurable state policy.

2. Between progress and challenges: fighting ongoing deforestation and managing fire in early stages.



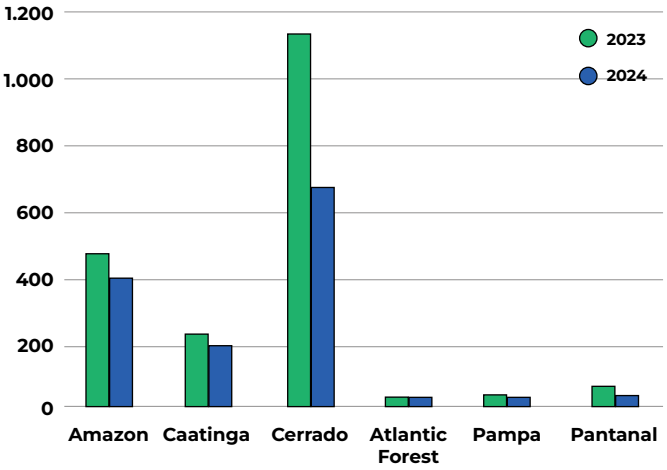
Deforestation has fallen — but wildfires have grown exponentially. Two different problems requiring different policies.

Deforestation fell by 32.4% in 2024, reaching 1.24 million hectares. Five out of six biomes registered a reduction in vegetation loss (the Atlantic Forest registered a 2% increase). But wildfires rose exponentially in the Cerrado (+92%), the Amazon (+68%), the Atlantic Forest (+492%), and the Pantanal (+176%). Pará and Mato Grosso concentrated 46% of the burnt area in the country, which exceeded 14.2 million hectares. **In the state of São Paulo, the burnt area rose by 1,349%**; in Paraná, 912%; in the Federal District, 374%. Only six states registered a reduction in wildfires: Amapá, Bahia, Ceará, Paraíba, Pernambuco, and Piauí.

Monitoring and regulation instruments to combat deforestation — such as the Programs for the Prevention and Control of Deforestation and Wildfires (PPCDs) — are more developed than plans to combat wildfires. Although advanced detection technologies for wildfires exist, consolidated prevention and permanent management are still lacking.

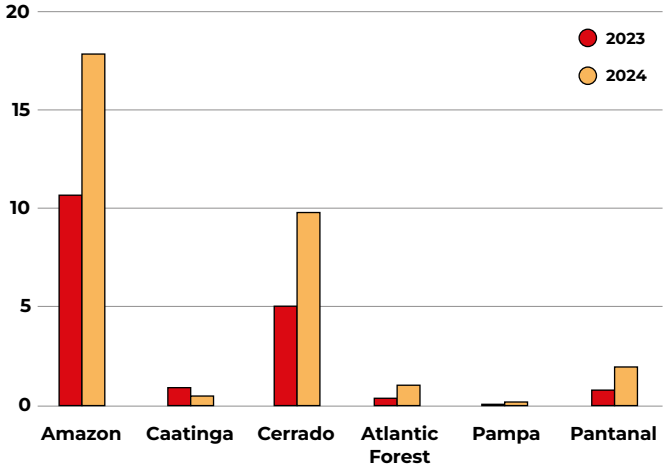
> THE CONTRAST BETWEEN THE REDUCTION IN DEFORESTATION AND THE EXPONENTIAL RISE IN WILDFIRES IS THE KEY FINDING OF 2024: **STOPPING VEGETATION LOSS DOES NOT ENSURE ECOSYSTEM PROTECTION.**

DEFORESTATION TRENDS (IN HECTARES) ACROSS BRAZILIAN BIOMES: 2023 AND 2024



Source: Elaborated based on MapBiomas Alerta (2025).

WILDFIRE TRENDS (IN HECTARES) ACROSS BRAZILIAN BIOMES: 2023 AND 2024

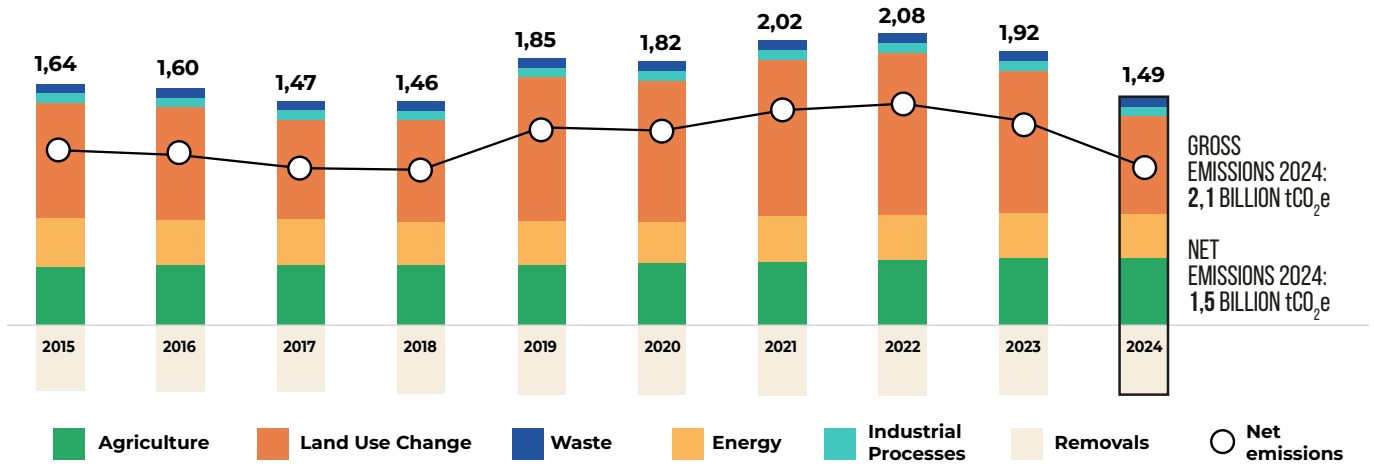


Source: Elaborated based on MapBiomas Monitor do Fogo (2025).

3. Emissions have fallen, as a result of forest protection.

Brazil's gross emissions reached 2.1 billion tCO_2e, while net emissions were 1.5 billion tCO_2e in 2024. Every region except the Southeast reduced its net emissions between 2023 and 2024, especially the North, thanks to a reduction in deforestation. The state of Amazonas became the largest net carbon sink in the country, removing approximately 162 $MtCO_2e$ from the atmosphere. Among sectors, agriculture and livestock ranked as the second largest emitter (626 $MtCO_2e$), due to enteric fermentation in cattle herds, while the energy sector emitted 423.7 $MtCO_2e$, mainly due to road transportation. The Plano ABC+ in states such as Paraná, and the Amazônia Agora state plan in Pará, have their own control mechanisms for land use management, environmental regularization, and sustainable socioeconomic development. The REDD+ Early Movers Program (REM MT) — whose results suggest a 90% reduction in illegal deforestation over 10 years — is an internationally recognized example of good climate governance.

BRAZIL'S GROSS AND NET EMISSIONS TRENDS: 2015–2024 ($MTCO_2E$)



Source: Elaborated following SEEG - Observatório do Clima data (2025).

4. Road transportation is the main source of emissions for the energy sector in almost every state.

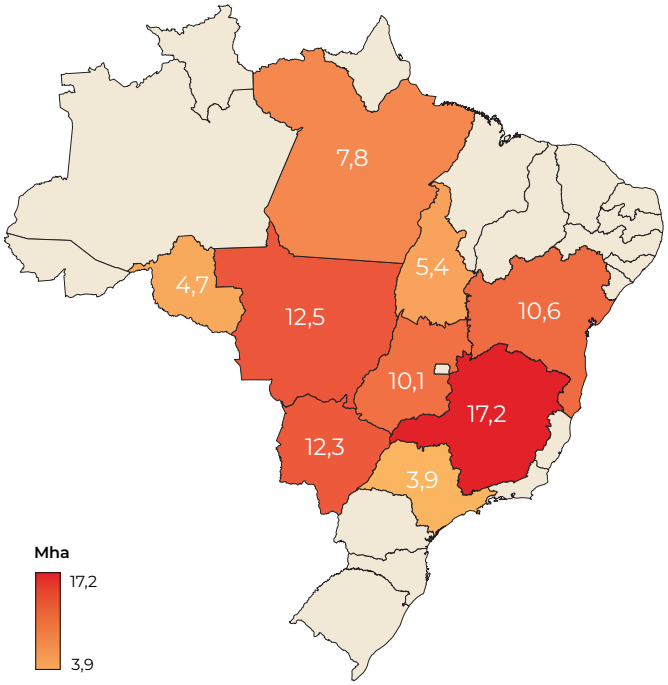
The transportation sector emitted 221 $MtCO_2e$ in 2024, with road transportation responsible for over 90% of the sector's emissions in most states. In the Federal District, individual transport represents 65% of sectoral emissions — almost twice the national average of 39%. São Paulo is leading the low-carbon transition in transportation, with 35% of vehicles using renewable fuels in its transport matrix and holding 88% of the national total of electric buses. At the other end, renewable fuels make up only 16% to 17% of the sector's matrix in states such as Maranhão, Pará, and Rondônia.

5. Brazil has 58 million hectares of degraded pastures ready for conversion.

Out of Brazil's 179 million hectares of pastures, 107.6 million (60%) are considered of low or medium vigor. 58.2 million hectares have concrete potential for conversion into sustainable systems, such as intensive livestock, forestry, crop farming, and agroforestry systems. The Center-West region concentrates 41.5% of this potential. The National Program for the Conversion of Degraded Pastures into Sustainable Agricultural and Forestry Production Systems (PNCPD) aims to convert 40 million hectares, turning an environmental liability into productive assets.

> HIGH VIGOR PASTURES REMOVED 122.6 $MTCO_2$ FROM THE ATMOSPHERE IN 2024. RECOVERING DEGRADED AREAS IS SIMULTANEOUSLY A CLIMATE, AGRICULTURAL, AND ECONOMIC POLICY.

DISTRIBUTION OF LOW- AND MEDIUM-VIGOR PASTURE AREAS, IN MILLION HECTARES (79% OF TOTAL AREA)

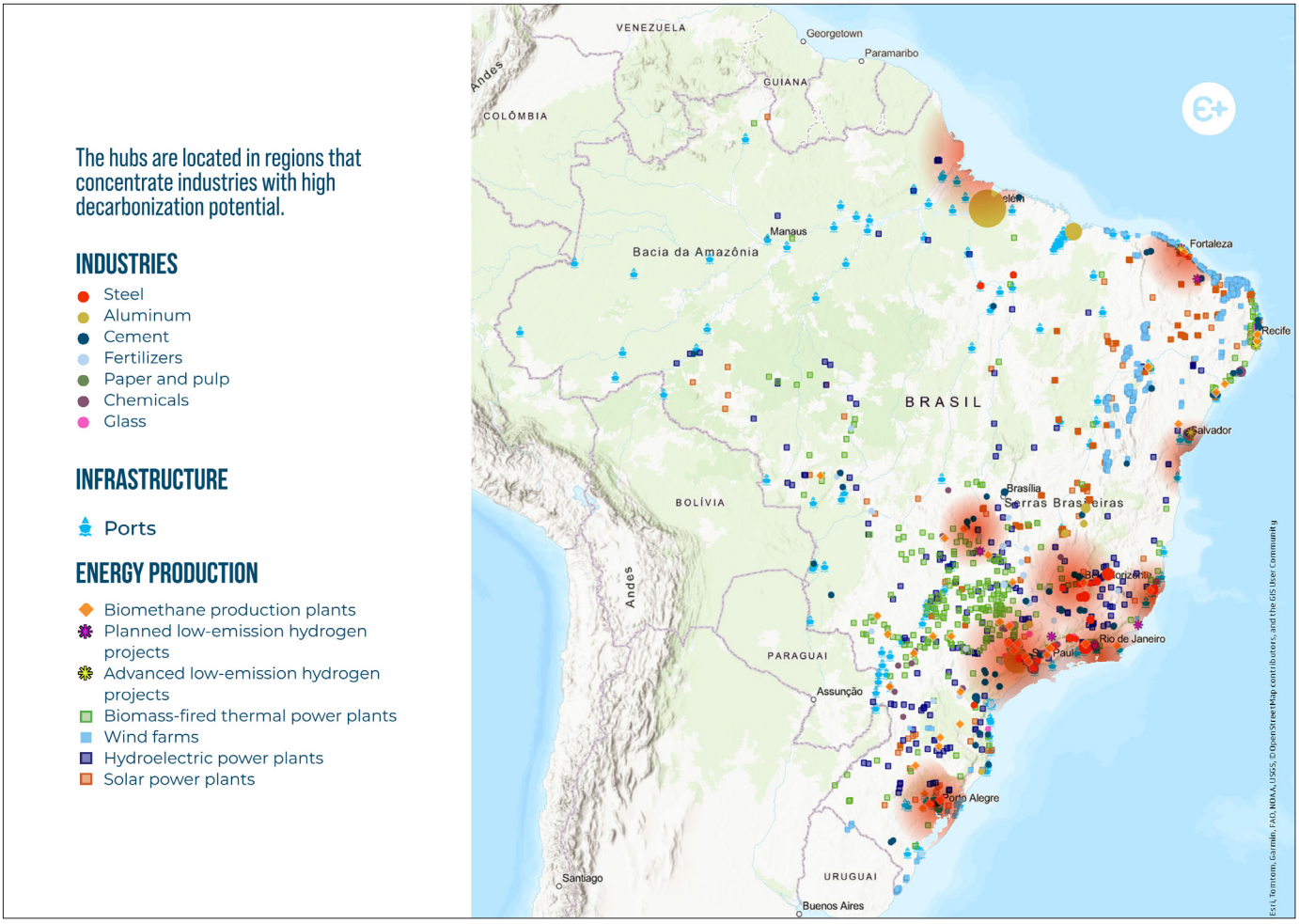


Source: Elaborated based on Lapig - Sensoriamento Remoto e Geoprocessamento (2024)

6. Manufacturing industry: strategic hubs are doing energy transition business and generate billions in new green investments.

Hubs like Pecém (CE) and Camaçari (BA) are structuring low-emission hydrogen projects with over **1 GW of capacity in early stages**, while São Paulo, which accounts for roughly **30% of national biofuel production**, leads the domestic expansion of Sustainable Aviation Fuel (SAF) and biomethane. In the South, the forestry industry supports production chains that predominantly utilize **biomass as an energy source across several sectors,** making them less carbon-intensive and boosting competitiveness for exports.

LOW-EMISSIONS INDUSTRY ECOSYSTEM IN BRAZIL



Source: Instituto E+ (2025b)

7. Waste and sanitation: emissions grow and regional inequality remains.

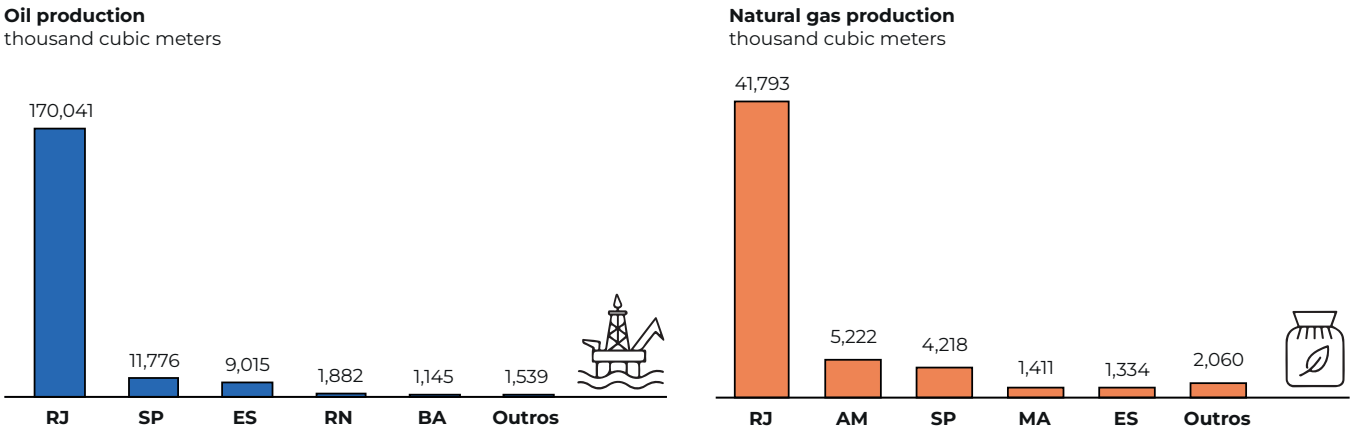
The share of waste in national emissions rose from 3.8% in 2015 to 4.5% in 2024, mostly because sewage treatment infrastructure could not keep up with growing cities, populations, and increased consumption. There is a steep inequality between regions: the South and Southeast lead in terms of proper waste disposal, sorting, and waste-to-energy processes, whereas the North has the worst indicators. **Only 8.1% of Amazonas' waste was properly disposed of in 2024, versus 96% in Rondônia and Alagoas, and 100% in the Federal District and Santa Catarina**. Regarding basic sanitation, Brazil is still far from reaching the universalization target of 2033, despite progress such as the establishment of committees, municipal plans, and initiatives for waste collection and recycling following the 2020 Sanitation Legal Framework.

8. Fossil fuels: energy transition moves forward, but structural dependence remains strong — and new frontiers deepen the strategic debate.

Although Brazil's energy matrix is mostly renewable and clean sources are growing across several sectors, fossil fuels remain essential to the national economy, especially for transportation and the production of oil and natural gas. The Southeast currently holds the largest share of oil and gas production, led by Rio de Janeiro, the country's leading producer. In 2025, Petrobras began exploring the Equatorial Margin (Brazil's northern continental margin, encompassing a set of offshore sedimentary basins with high oil and gas potential), which the company sees as one of the most promising frontiers in terms of potential volume. Should these expectations be confirmed, the production axis would gradually shift to states in the North and Northeast, such as Amapá, Pará, Maranhão, Piauí, Ceará, and Rio Grande do Norte. This would have significant impacts on revenues, investments, and regional economic dynamics.

At the same time, expanding exploration in a sensitive environmental area has ignited a debate that goes beyond the fiscal and energy dimensions. Brazil has an ambitious NDC with a deadline of 2035, reinforcing commitments to reduce emissions as a signal of international climate leadership. A significant portion of the oil eventually produced at the Equatorial Margin is likely to be exported — meaning its carbon emissions will not be counted in the Brazilian inventory. However, the carbon emitted will be released into the atmosphere, contributing to the warming process and, paradoxically, worsening the climate risks faced by the country — one of the most vulnerable in the world to extreme events. The strategic challenge lies in this tradeoff between fossil fuel expansion and climate coherence. The choices made today will shape the country's energy trajectory and its ability to balance economic development and climate responsibility in the years ahead.

TOP FIVE OIL AND NATURAL GAS PRODUCING STATES IN 2024



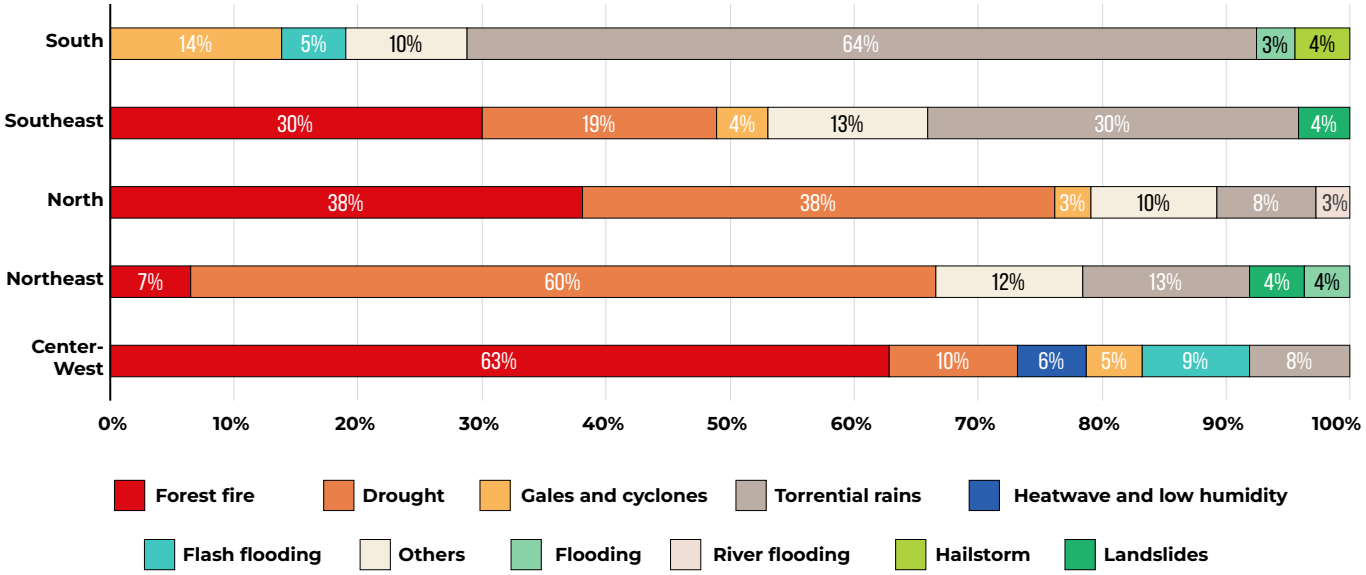
Source: elaborated based on data from the Brazilian Energy Balance - EPE (2025).

9. 2024 was one of the harshest for climate disasters in this decade.

In 2024, Brazil registered 4,699 climate disasters, mainly drought (27%), heavy rainfall (27%) and wildfires (24%), accounting for BRL 38 billion in losses (roughly USD 7.4 billion). Rio Grande do Sul was among the most severely affected regions, concentrating 61% of casualties (186), 71% of displaced populations (799,000) and 38% of the country's economic losses (BRL 14.4 billion, or USD 2.8 billion).

This scenario reflects the vulnerability of 50.4% of Brazilian cities (2,807 towns). Urban inequality worsens the situation: roughly 50% of the population that lives in favelas or subnormal agglomerations (8.2 million people) are in risky areas. The highest concentration of zones with a high risk for landslides are in Rio de Janeiro, Minas Gerais, Pernambuco and Santa Catarina..

MOST FREQUENT TYPES OF DISASTER BY REGION, 2024



Source: Elaborated based on Digital Atlas of Disasters in Brazil — MDIR (2025).

10. The climate budget is the new frontier of subnational public management.

States such as Acre, Espírito Santo, and Rio Grande do Norte have formalized this model, integrating environmental targets into the state's financial planning. States managing budget shortfalls or deficits, with resources concentrated in mandatory functions (such as education, healthcare, and pensions) — including Alagoas, Ceará, the Federal District, Mato Grosso, Mato Grosso do Sul, Pará, Piauí, and Rio de Janeiro — face extra hurdles to ensure the continuity of climate actions. In these circumstances, hybrid funding mechanisms are essential. Tools such as REDD+, carbon markets, bioeconomy development, and public-private partnerships (PPPs) serve as vectors for external capital and green investments, making forest protection and the transition to a low-carbon economy viable and alleviating the Treasury's limitations.

> INACTION IS MORE EXPENSIVE THAN ACTION: IN 2024 ALONE, LOSSES CAUSED BY DISASTERS EXCEED BRL **38 BILLION** (USD 7.4 BILLION) IN THE COUNTRY

Cloudy day in Alto Cedros, Santa Catarina. Photo: Raphael - stock.adobe.com

CONCLUSION

The 2026 Climate Change Yearbook of the Brazilian States reveals a Brazil that has begun to formulate responses but needs to accelerate to meet the challenge. Governance is advancing, budget tools are being developed, industrial hubs are repositioning themselves, and the reduction in deforestation is positively impacting emissions. Simultaneously, soaring wildfires, more frequent extreme weather events, and institutional inequality between states show that the transition is still incomplete and uneven. The next step is to integrate policies in a systemic, coordinated, and territorially targeted way, connecting mitigation, adaptation, productive development, and social justice within the same national strategy.

The 2030 timeframe is decisive for turning commitments into measurable results, while the new NDC submitted to the UNFCCC, with a 2035 target, puts Brazil on a medium-term trajectory that demands consistency and predictability. In the short term, the effective implementation of instruments such as the Brazilian Emissions Trading System (SBCE, in Portuguese), New Industry Brazil, the National Industrial Decarbonization Strategy (ENDI, in Portuguese), the Ecological Transformation Plan, and the capitalization of the Climate Fund will determine the country's capacity to cut emissions, mobilize funding, and enhance competitiveness. By 2035, the challenge is to consolidate a structural transformation of the economy, ensuring regulatory stability and integration between climate and industrial policy. In both cases, the decisive factor is coordination among these instruments and, above all, between the federal government, states, and municipalities, so that national targets can become coherent, systemic, and actionable territorial policies.

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Canoa navegando no Rio Amazonas. Foto: nathsegato - stock.adobe.com