

## ENVIRONMENTAL LICENSING: PROPOSALS FOR ITS MODERNIZATION

- *Environmental licensing is important for the environment's conservation and for the efficient use of natural resources. The challenge lies in adapting it to best practices to ensure improved application of the instrument, with positive impacts on the effectiveness of environmental management.*
- *Shortcomings in licensing procedures create unnecessary obstacles to the full functioning of the economy.*
- *In Brazil, the environmental licensing process is characterized by the sluggishness of environmental agencies in providing the service; excessive red tape; high costs; low effectiveness in environmental management; and legal uncertainty for those involved in the process.*
- *The licensing process needs to be optimized, thus reducing legal uncertainties, improving environmental management, and contributing to sustainable economic growth.*

**A sound environmental licensing system is essential to the development of economic activity.** The challenge lies in adapting it to best practices to eliminate shortcomings that undermine the quality of the environment and create unnecessary obstacles to the full functioning of the economy.

**Environmental licensing problems in Brazil include:**

- **excessive red tape** and overlapping competencies;
- **lack of clear procedures** and of a clear definition of the discretionary powers of the competent agents; and
- **legal uncertainty**, even after an Environmental License has been granted.

**The combination of these problems leads to higher costs, uncertainties and delays in project completion, thus hampering the competitiveness** and productivity of companies and of the public sector.

Modernizing the environmental licensing system is imperative for ensuring that this instrument actually promotes environmental conservation and favorable conditions for socioeconomic development, as contemplated in the National Environmental Policy.

## Main recommendations

**1 Bill 3,729/2004 should be passed and converted into a General Licensing Law as soon as possible.**

**2 Relevant regulatory standards should be issued.**

**3 The process for improving the environmental licensing system should be conducted in integration with other instruments applied to the environment,** water resources and forests, as well as with sectoral instruments of other related public policies, so as to simplify its stages and the required documentation for obtaining an environmental license, among others aspects.

- Environmental licensing should be regulated on a new basis, by **simplifying processes and streamlining demand without compromising environmental quality.**
- **Territorial management should be reinforced** by implementing territorially-based planning instruments and strengthening public policy and regulatory instruments.
- **Instruments of cooperation between the Union, States/Federal District and Municipalities should be improved.**
- The competent environmental agency should be ensured autonomy in the process with the aim of **preserving the non-binding nature of the authorities involved in the licensing process.**
- **Methodologies should be developed to connect socioeconomic diagnosis with compensatory or mitigation measures,** thus guaranteeing the segregation of duties between the State and entrepreneurs.
- **Administrative procedures for obtaining an Environmental License should be integrated, including biodiversity and water resources management instruments,** the authorization to suppress vegetation and other authorizations designed to protect fauna and flora, among others.
- **Differentiated environmental control mechanisms applied to small entrepreneurs and low-impact projects should be improved.**
- **Procedures and understandings in the licensing institution should be standardized with the aim of reducing subjective interpretations by technical staff involved in the environmental licensing process.**

The full version of the document can be accessed through the QR code on the side or at: <http://www.cni.com.br/eleicoes2018/downloads/> This summary is part of the series Proposals of Industry for the 2018 Elections comprising 43 documents. The series, which is based on the *2018-2022 Strategy Map for Industry* is a CNI contribution to the new federal administration and presents analyses and proposals of priorities to increase Brazil's competitiveness. Any part of this publication may be copied, provided that the source is acknowledged. Brasília-DF, July 2018.

