

Financing Green Livestock Farmings – Banco da Amazônia

Project *Finanças Brasileiras Sustentáveis* — FiBraS

Context

Extensive cattle ranching with low productivity is a major driver for deforestation and negative environmental impacts, affecting biodiversity, soils, the water cycle, and climate regulation. Husbandry average productivity in the Amazon region is 0.7 Animal Unit (AU) per hectare (ha), per year. Cattle ranchers who adopt good pasture management practices reaches an average of 2.0 AU/ha/year. Producers with an intensified livestock farming system can reach 2.5 or 3.0 AU/ha/year ([TNC, 2021](#)).

Agricultural technologies do not necessarily reduce pressure on forests, but are essential for local economic development without deforestation ([Poccard-Chapuis, 2020](#)). More efficient landscapes, that combine natural forest zones and livestock farming zones that produce fodder efficiently are key developments to address the region's environmental issues and economic needs.

Objective

The objective of the Green Livestock Farming credit product is to offer long-term credits for rural livestock farmers in the Amazon region to promote investments into practices and technologies for sustainable and hence more intensive and efficient use of land, thereby reducing pressures on the environment and climate, and contributing to sustainable livelihoods of small-scale local producers and nature-positive land-use practices.

Approach

The Project *Finanças Brasileiras Sustentáveis* (FiBraS), in conjunction with the French Development Agency (AFD), and the

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Commissioning party	German Federal Ministry for Economic Cooperation and Development (BMZ)
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Project term	October 2018 – October 2022

French Agricultural Research Centre for International Development (CIRAD) supported the regional development finance institution Banco da Amazônia in assessing the demand for the credit product and its environmental, economic, and technical viability.

As core elements, the cooperation supported the development of criteria, indicators, and methodologies for the selection and assessment of credit applications and for the monitoring, reporting, and verification (MRV) of socioenvironmental impacts of credit contracts.

The Institute of Forestry and Agricultural Management and Certification (Imaflora), the Brazilian Agricultural Research Corporation (Embrapa), and CIRAD supported the development with technical expertise.

Trainings were held to improve the capacities of the bank's loan department, rural technical from the National Service of Rural Learning (SENAR), and local producers.



Photo © R. Poccard-Chapuis.
With better practices, farmers can concentrate on areas of greater aptitude, enabling the forest to grow back. Headwaters of the Potiritá River in Pará.

Impacts

Green livestock farming contribute to the reduction of greenhouse gas emissions, the preservation of ecosystems and biodiversity, water cycle regulation and soil protection. Through its activities, the project seeks to contribute to a variety of SDGs:



Outlook

Banco da Amazônia launched the pilot phase of the Green Livestock Farming credit product in 2022. During the pilot phase, it seeks to improve the criteria for client selection (rural producers) and livestock producer monitoring capacity, and to reduce transactions costs and procedural bureaucracy.

The low-interest loan is intended to fund more efficient pasture management practices such as fencing for grazing management, pasture restoration without tillage, salt block holders, drinkers, grass seed, biological restoration of soil and pasture, sprinkler irrigation, pickets and corridors, genetic improvement and traceability of the cattle, machinery and equipment related with cattle productivity increase and technical assistance. Replacing practices such as using fires to eradicate weeds, that increases the soil acidity and cause devastating fires.

Rural producers that join this programme need to attend training and receive technical support. They will be monitored by technicians paid by the bank and through continuous satellite monitoring.

As the project scales up and aims at expanding its target group in the region, the initiative is expected to reach a credit portfolio volume US\$ 20 million by the fifth year of operation.

The conducted market studies revealed the high level of demands for this product and its opportunities to create a positive socio-environmental impact while being economically viable. However, this positive impact is highly dependent on a robust MRV system and the farmers' capacities, making adequate training an indispensable element. Further activities include the exploration of providing guarantees for farmers without land titles.

FiBraS Project

The project Green Financial Market Regulation and Green Bonds (Finanças Brasileiras Sustentáveis — FiBraS) is a Brazilian-German technical cooperation project implemented since 2018 by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in partnership with the Brazilian Ministry of the Economy and the Central Bank of Brazil. It is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ). The objective of the project is to support a stronger alignment of Brazil's financial sector with environmental and social sustainability.

The project has the objective of improving the framework conditions for the development of a green and sustainable financial market in Brazil. It is structured in three components: (1) Sustainability-oriented financial market policy and framework conditions; (2) Sustainability-oriented financial market regulation and supervision; (3) Promotion of sustainable finance approaches and instruments).

The "Green Livestock Farming" credit product of the Banco da Amazônia is one of five innovative green finance approaches that received support from the Technical Assistance Facility under Component 3 of the FiBraS project.

More information

Case Study (PT)

[Green Livestock Farming Credit Product – Banco da Amazônia](#)

Green Livestock promotional video (PT)

[Pecuária Verde é com o Basa! - YouTube](#)

GIZ Project website

[Green and Sustainable Finance \(FiBraS\) \(giz.de\)](#)

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