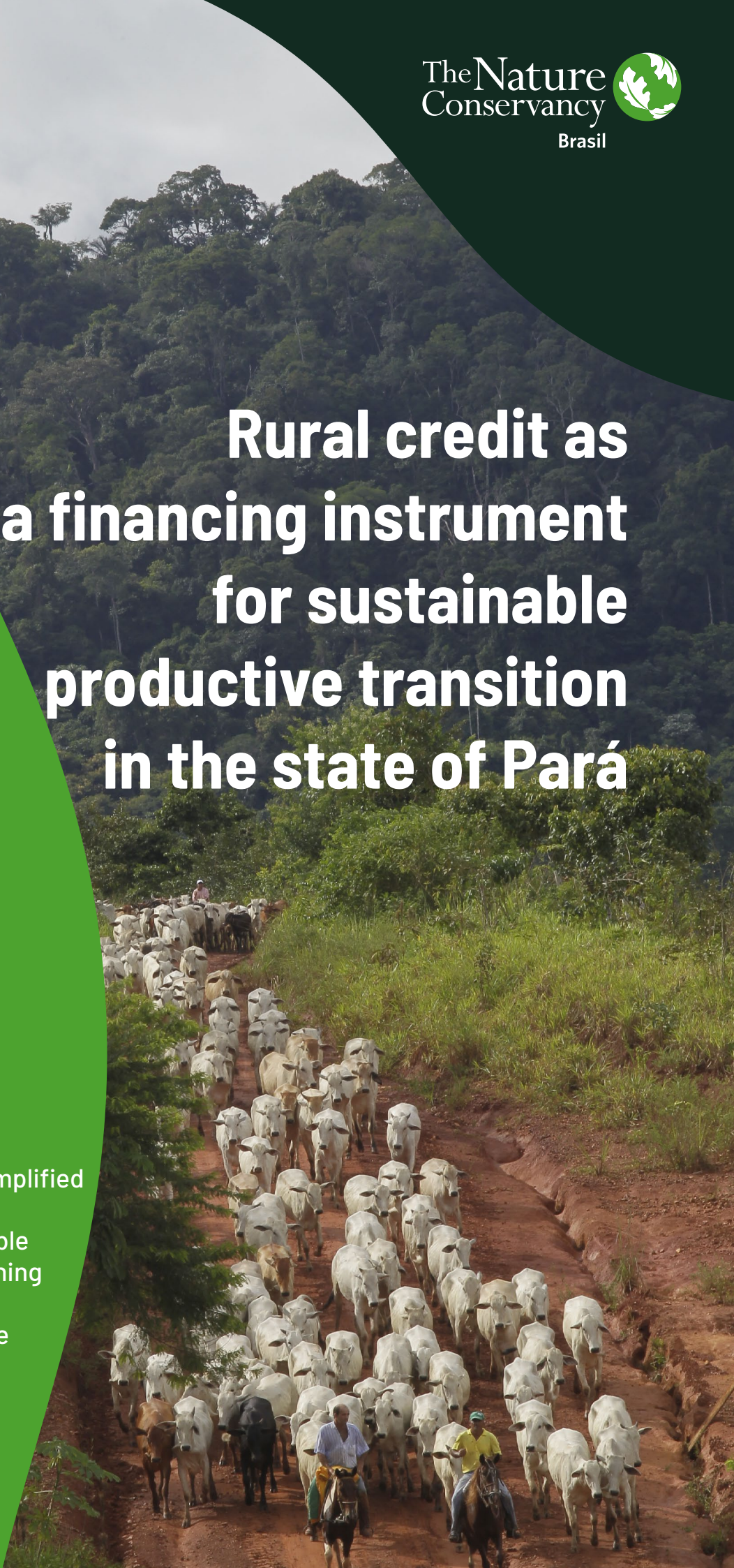


Rural credit as a financing instrument for sustainable productive transition in the state of Pará

This is a reduced and simplified version of the study on rural credit for sustainable transition in cattle ranching in Pará, currently being developed by The Nature Conservancy.



EXECUTIVE SUMMARY

Rural credit is the main financing instrument for the land-use sector in Brazil, including Pará, and a critical tool for promoting the sector’s sustainable transition. Despite its importance, the state faces significant barriers to accessing financing, especially for small-scale family farmers and land reform settlers.

Credit lines aimed at sustainable production, such as Pronaf Bioeconomy, Pronaf Forest, and RenovAgro/ABC+, have advanced but still represent a small share of the total disbursed volume. There are structural bottlenecks, such as low levels of mechanization, barriers to accessing technical assistance, and bureaucratic processes. There is room for innovation through complementary mechanisms that combine hybrid financing structures capable of offering sufficiently attractive financial conditions, process simplification to accelerate and facilitate beneficiary engagement, and the integration of technical assistance to enable the desired transition.

Pará has the second-largest cattle herd in the country, with about 26 million head, and cattle ranching is the main activity associated with forest conversion in the Amazon biome within the state. The recent establishment of the Pará Sustainable Cattle Ranching Program, through Decree No. 3,533/2023, together with the regulation and implementation of the Forest Code, creates a regulatory environment favorable to traceability, environmental compliance, and value addition, opening new opportunities to expand access to rural credit and attract private capital.

Public policies, combined with institutional partnerships and innovative financial initiatives, are essential to democratize rural credit, advance approaches that enable territorial transformation, and accelerate the transition to sustainable agricultural practices in Pará. The combination of a systemic vision with an integrated landscape approach allows the productive transition to go beyond the sector’s supply chains, amplifying its impact and scale.

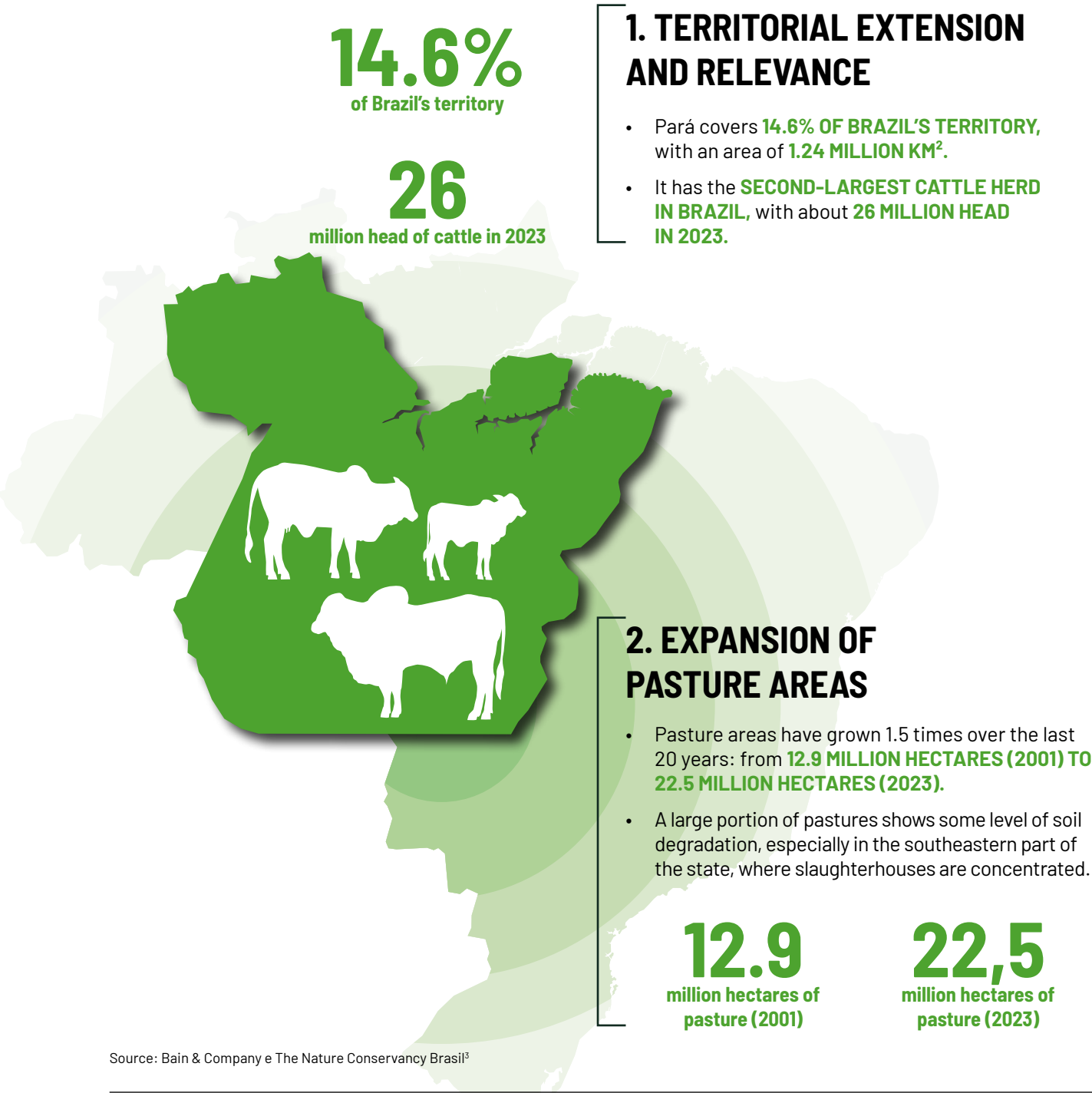


©João Ramid

BACKGROUND

LAND USE IN PARÁ

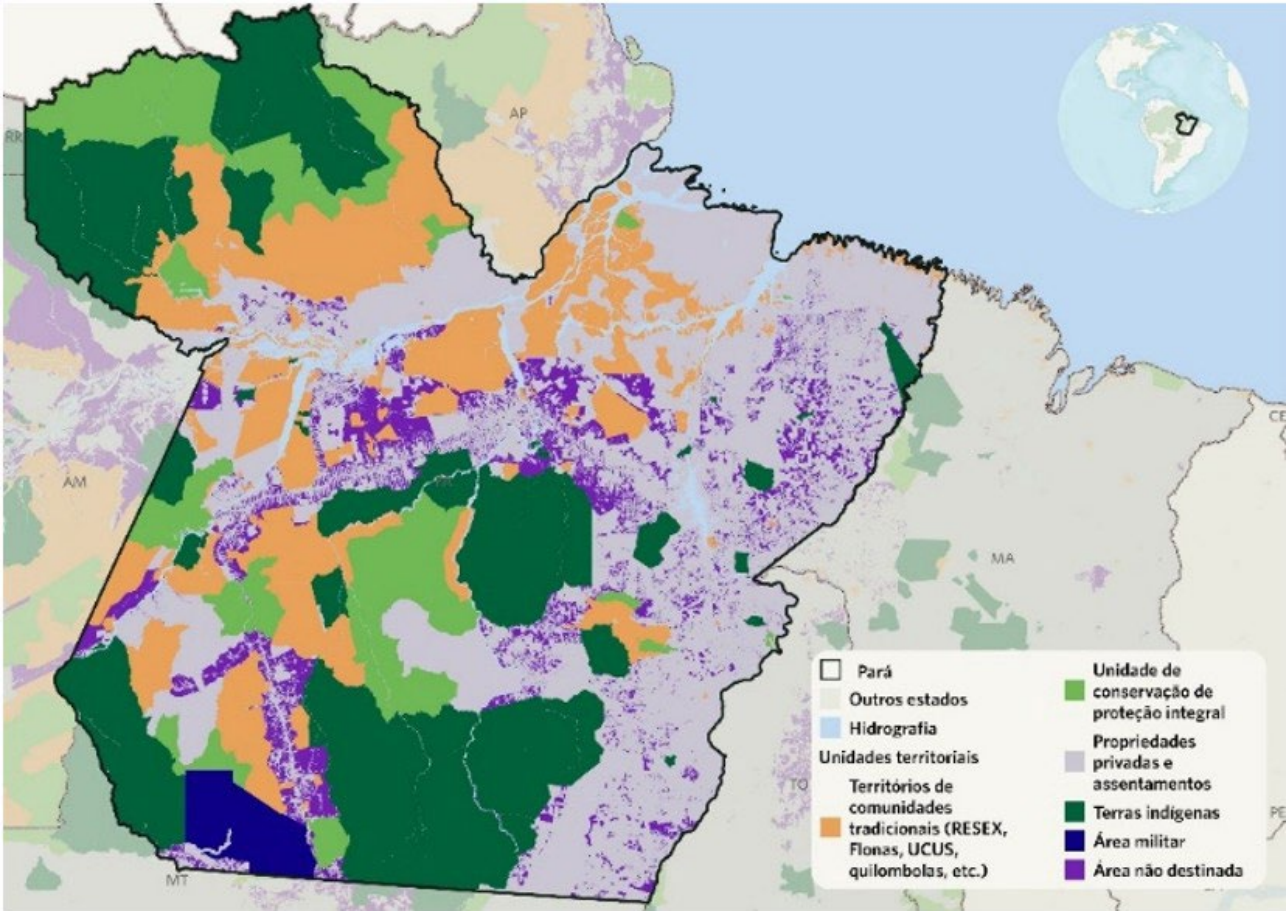
Between 2002 and 2024, Pará lost nearly 9 million hectares of forest. This conversion occurred in the same proportion as the increase in areas allocated to cattle ranching and farming: an addition of 9.2 million hectares. About 90% of the deforested area in the Amazon was converted into pasture¹, and today Pará hosts the second-largest cattle herd in Brazil, with approximately 25 million head².



1. Source: Imazon (Instituto do Homem e Meio Ambiente da Amazônia - Institute of Man and Environment of the Amazon - free translation)
2. IBGE (Instituto Brasileiro de Geografia e Estatística - Brazilian Institute of Geography and Statistics)
3. Bain & Company: The Nature Conservancy Brasil. Unlocking Transparency and Growth: Incentives for Productive Change in Pará's Cattle Ranching Industry. São Paulo, 2024.

It is estimated that about 73% of Pará's territory (90.7 million hectares) has land tenure designation, excluding overlaps of Indigenous Lands, Conservation Units, Settlement Projects, Public Forests, and private properties. The categories of land use in the state are shown in Figure 1.

Figure 1: Land-use categories in the state of Pará



Source: TNC, MapBiomias – 2025.

The State of Pará has already taken an important step by establishing, through Decree No. 3,533/2023, the Sustainable Cattle Ranching Program and the Official Individual Bovine Traceability System (SRBIPA). Structured around three pillars, traceability, integrity, and value addition, the program lays the foundation for a more transparent, productive cattle ranching sector aligned with the demands of sustainable markets. Mandatory traceability by 2026 is a milestone that not only strengthens supply chain governance but also **creates concrete opportunities to expand access to financial resources, attract investments, and enable green financing mechanisms in the state.**

MAIN CHALLENGES FOR THE TRANSITION TO SUSTAINABLE LIVESTOCK IN PARÁ



1. LOW PRODUCTIVITY AND SOIL DEGRADATION

- The average stocking rate is only **1 animal unit per hectare**, far below the potential of up to 4 AU/ha with sustainable management.
- A large portion of pastures is degraded, especially in the southeastern part of the state, where slaughterhouses are concentrated.

2. HIGH CONCENTRATION OF ENVIRONMENTAL IRREGULARITIES

- About **50% of the cattle herd is on properties with environmental issues**, mainly illegal deforestation.
- More than **100,000 properties** with CAR⁴ (Rural Environmental Registry) show irregularities, **88% of which belong to small producers and settlements**, totaling nearly **6 million head of cattle**.

Absence of land titles limits access to rural credit

3. LACK OF LAND TENURE REGULARIZATION

- The absence of land titles limits access to rural credit and productive investments.
- The regularization process is slow and costly, especially for family farmers.

Barriers to Accessing Credit and Financing

4. BARRIERS TO ACCESSING CREDIT AND FINANCING

- **Over 90% of rural properties with cattle ranching belong to small producers** (up to 4 fiscal modules)⁵ or settlements, totaling more than **260,000 properties**.
- Small producers face difficulties accessing traditional rural credit.
- The lack of guarantees and documentation prevents the capitalization needed to invest in sustainable practices.

Source: Bain & Company and The Nature Conservancy Brazil

4. CAR (Rural Environmental Registry) is the mandatory national electronic public registry for all rural properties, forming the database for environmental and economic control, monitoring, and planning. It is a self-declaratory document that operationalizes the implementation of Brazil's Forest Code and needs to be analyzed and validated by state environmental agencies.

5. Fiscal module is a unit of measurement in hectares for rural properties, the value of which is set by INCRA for each municipality, considering the type of exploitation in the municipality, the income obtained from the exploitation, and the concept of family property. The size of a fiscal module in the municipalities of Pará varies from 5 hectares, as in the capital Belém, to 75 hectares.



FINANCING CONTEXT IN BRAZIL'S AGRICULTURAL SECTOR

Rural credit is Brazil's main policy for the agricultural sector, implemented through the Brazilian Agriculture Financing Plan (Plano Safra, providing annual credit lines, incentives, and resources to support farming and livestock production across the country).

In the announcement of the 2024/2025 Plano Safra (Brazil's Agricultural Plan), US\$ 74,3 billion were allocated to finance commercial agriculture, including credit lines for both investment and working capital targeting medium and large-scale producers (defined, respectively, as those with properties between 4 and 15 fiscal modules, and those with more than 15 fiscal modules)⁶. The Family Farming Plan (Plano Safra da Agricultura Familiar) for the same period received US\$ 14,1 billion in rural credit through the National Program for Strengthening Family Farming (Pronaf), offering tailored conditions to support smallholders⁷.

The mobilization of these resources requires significant public effort, whether through direct contributions from the National Treasury or through regulatory mechanisms and tax incentives that channel private capital into the sector.

In addition to Plano Safra incentives, US\$ 20,0 billion in private resources were announced, raised through Agribusiness Credit Bills (LCAs) and Rural Product Bills (CPRs)—financial instruments backed by agricultural credit operations and product delivery commitments. These funds complement the US\$ 74,3 billion in traditional credit, totaling US\$ 94,4 billion allocated to commercial agriculture in the 2024/2025 cycle⁸.

At the same time, according to Climate Policy

Initiative, rural credit is the main instrument, in terms of monetary volume, for financing activities aligned with **climate objectives** for land use in Brazil. However, climate credit accounted for only 15.5% of total rural credit operations in the country between 2021 and 2023⁹.

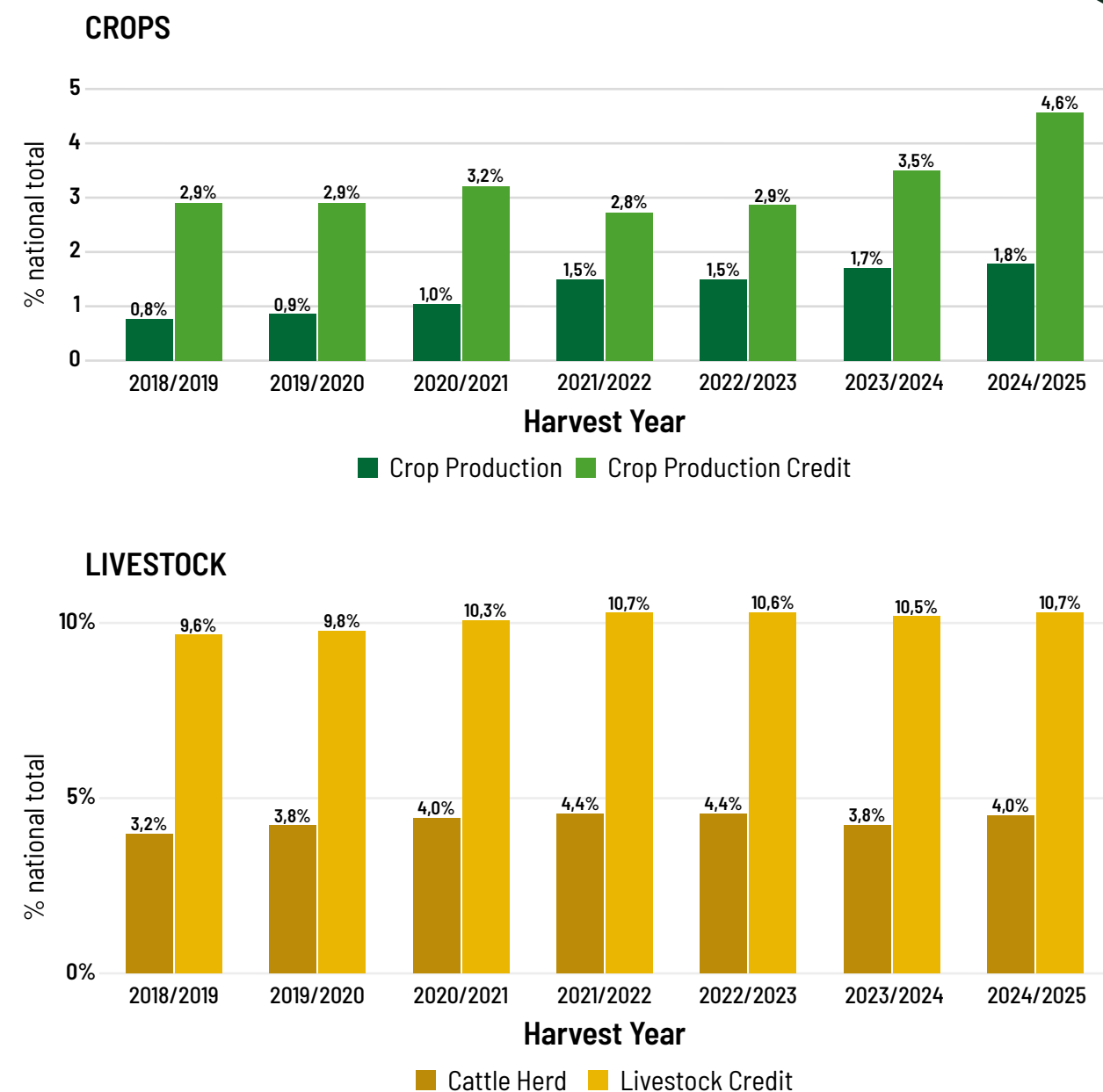
RURAL CREDIT IN PARÁ

Under the 2024/2025 Plano Safra, Pará accounted for US\$ 1,8 billion (approximately 2.5% of the national total) distributed across about 34,000 operations. The average ticket size of operations in the state was US\$ 52,1 thousand, almost twice the national average (US\$ 31,4 thousand), indicating greater challenges for smaller-value transactions, especially for small producers⁹.

Although Pará's agriculture and livestock sector generates US\$7,3 billion per year in gross production value⁹ and the state holds the second-largest cattle herd in the country, it receives only 1.8% of financing for crops and 4% for livestock⁸ (cattle ranching stands out as the main livestock activity in Pará, accounting for 91.3% of the sector's production¹⁰). This mismatch between the state's productive relevance and the volume of available resources indicates that limited access to financial services is a bottleneck for sector development in Pará (Figure 2).

There is a significant disparity in the rural credit system across Brazilian regions, with a higher concentration of income and financial institutions in the South and Southeast. This is corroborated by the lower presence of bank branches and credit cooperatives in the North and Northeast regions¹¹.

Figure 2 – Pará's share in agriculture and rural credit in Brazil, years 2018/2019 to 2024/2025.



Source: Central Bank of Brasil (2025), Municipal Agricultural Survey (PAM), Municipal Livestock Survey (PPM)

6. Source: Ministry of Agriculture and Livestock.

7. Source: Ministry of Agrarian Development and Family Farming

8. Source: CPI. The definition of rural credit used in this source relates to the contribution that financed activities make toward climate change goals—mitigation, adaptation, or both. Mitigation: Activities that help reduce or avoid greenhouse gas (GHG) emissions. Adaptation: Activities aimed at reducing the vulnerability of human or natural systems to the impacts of climate change and climate-related risks. Loss and damage: Expenditures made after adverse climate events occur, to reduce their economic and non-economic effects.

9. Analyses based on data from SICOR – Rural Credit Operations System and the Proagro of the Central Bank of Brazil

10. Source SEDAP-PA (Secretaria de Estado de Desenvolvimento Agropecuária e da Pesca do Pará – State Secretariat for Agricultural and Fisheries Development of Pará)

11. Source: World Bank.

CREDIT POLICIES FOR AGRICULTURE WITH SUSTAINABLE IMPACT

In recent years, Brazil has made progress in integrating rural credit and sustainability through public policies and regulations aimed at aligning agricultural production with climate and socio-environmental goals. CMN Resolution No. 3,545/2008 marked an initial milestone by conditioning access to rural credit on compliance with environmental legislation in the Legal Amazon. This movement was deepened by regulations such as BCB Resolution No. 140/2021, which introduced Section 9 on social, environmental, and climate restrictions in the Rural Credit Manual, and CMN Resolution No. 5,081/2023, which adjusted criteria for granting credit based on socio-environmental risks. More recently, CMN Resolution No. 5,193/2024 expanded environmental compliance requirements as a condition for financing, strengthening the regulatory framework aimed at protecting, conserving, and restoring biodiversity.

The proposal of Bill No. 205/2025, which amends historical legal frameworks such as Law No. 4,829/1965 and Law No. 11,952/2009, also signals a modernization of agricultural policy, aligning it with environmental commitments. It is worth noting that Law No. 8,171/1991 had already established, among the objectives of rural credit, the promotion of soil conservation and environmental preservation.

Beyond regulations, instruments such as the Brazilian Agriculture Financing Plan (Plano Safra -

Brazil's main agricultural financing policy, providing annual credit lines, incentives, and resources to support farming and livestock production across the country) have incorporated financial incentives for sustainable practices, with emphasis on programs like RenovAgro/ABC+. Innovative initiatives such as Eco Invest Brasil, aimed at attracting private capital for green projects, with three auctions already held, and the National Program for the Conversion of Degraded Pastures (Caminho Verde), which seeks to restore millions of hectares, reinforce the transition toward a low-carbon rural economy.

In November 2025, on the eve of COP30, the Brazilian government officially launched the Brazilian Sustainable Taxonomy (BST) through Decree No. 12,705. The BST establishes technical and scientific criteria for classifying economic activities, assets, and projects as sustainable, focusing on climate, environmental, and social objectives. It serves as an important guideline for public policies, rural credit, and public or private financing. Together, these measures redirect the allocation of public and private resources toward sustainable production practices while establishing governance mechanisms capable of connecting the financial system to national and international climate and conservation targets.

Despite the progress, these policies face significant challenges in achieving scale and effectiveness.

There are limitations in technical assistance and rural extension capacity, which are essential for implementing sustainable practices, especially among small producers, and which restrict access to financing for farms. Another obstacle is low economic attractiveness: programs such as RenovAgro/ABC+ (a rural credit modality created to finance sustainable, low-carbon agricultural practices) still represent only a minimal fraction of rural credit, and financial incentives do not always offset the initial costs of transitioning to more sustainable systems. There is inequality in access to financing: large producers find it easier to meet requirements or access diversified resources, while family farmers face documentary barriers, high risk, and lack of guarantees. In addition, rigid rules and excessive standardization may occur: uniform criteria from policies and financial institutions overlook regional realities, hindering innovation and adaptation to local conditions.

PRONAF (National Program for Strengthening Family Farming) is a Brazilian public policy created to support family farmers, aiming to strengthen sustainable production, generate income, and improve the quality of life for rural families. Among PRONAF's subprograms focused on sustainable

production transition, PRONAF Bioeconomy stands out as the most relevant in terms of volume for the 2024/2025 Brazilian Agricultural Financing Program. In Pará, this line shares prominence with PRONAF Floresta, each accounting for around R\$50 million in financing in the last harvest.

RenovAgro/ABC+ (Sustainable Agricultural Production Systems Financing Program) is the most significant sustainable credit line in terms of volume nationwide, serving as the main driver of "green" credit growth. This line has been gaining traction in the Amazon, reflecting the increasing adoption of low-carbon technologies. In Pará, approximately R\$270 million were disbursed through the 2024/2025 Brazilian Agricultural Financing Program. However, the disbursement volumes of RenovAgro and PRONAF for sustainable practices are significantly smaller compared to the total rural credit disbursements under the Program (both accounted for less than 4% in Pará in the last harvest).

The disbursement volumes of RenovAgro and PRONAF for sustainable practices, however, are significantly smaller when compared to the total rural credit disbursements under the Plano Safra (both accounted for less than 4% in Pará in the last Plano Safra).



OPPORTUNITIES FOR INNOVATION IN SUSTAINABLE RURAL CREDIT MECHANISMS

Recent years have seen innovative mechanisms emerge at different stages of rural credit disbursement, aiming to direct resources to specific purposes and strategic regions, as well as to meet goals not achieved solely by the Brazilian Agricultural Financing Program.

- These mechanisms have the potential to:
- **Serve groups facing barriers to traditional credit systems**, such as family farmers.
 - **Strengthen value chains**, by supporting associations and cooperatives.
 - **Focus financing on sustainable agricultural practices**, land restoration, and productivity gains.
 - Expand the allocation of private capital to sustainable activities by bringing together stakeholders with different mandates for financial return and impact.
- TNC analyzed several financial mechanisms and identified different structures that bring innovation. Below are three common features among these mechanisms:

1. TECHNICAL ASSISTANCE AND RURAL EXTENSION AS A CRITICAL FACTOR FOR SUSTAINABLE RURAL CREDIT

Models such as CNA Fiagro, CRA Tabôa, Amazônia Viva (CRA Natura Cosméticos), and initiatives by Rabobank and Agri3 (e.g., Renova Pasto) incorporate technical assistance as a core element. This approach aims to:

- **Train farmers** to adopt new production technologies, strengthen management and decision-making, ensuring returns in production and productivity, with continuous monitoring and financial education.
- **Enable credit access** for groups facing barriers in the traditional system but representing a significant share of regional and national agricultural production.
- **Reduce investor risk**, lowering default rates and allowing lower costs for producers.

2. PROCESS SIMPLIFICATION FOR AGILITY, SCALE, AND SOCIAL INCLUSION

Simplifying access and operation of credit for sustainable production transition goes beyond convenience: it is critical for democratizing financing and accelerating socio-environmental results.

By reducing bureaucracy, costs, and timelines, these mechanisms make credit more accessible to

family farmers and traditional communities, who often face barriers such as lack of collateral and low education levels.

Simplified processes also increase agility in achieving zero-deforestation, regeneration, and social inclusion goals, enabling investors and companies to achieve rapid, measurable impact. Another benefit is scalability: less complex models are easier to replicate across regions and value chains, expanding solution reach.

Table 1: Examples of process simplification in financial mechanisms for production transition.

Financial Mechanism	Description	How processes were simplified
CNA Fiagro	Investment fund focused on microcredit for small and medium rural producers, integrated with Senar's Technical and Managerial Assistance (ATeG), aiming at financial inclusion and productivity gains.	Digitalization of the process through the "Conecta Produtor" app, reducing paperwork and in-person steps. Combined the role of credit designer with technical assistance (ATER), reducing intermediaries and analysis time. Created specific training for technicians and producers, ensuring agility in data collection.
CRA Tabôa I	Sustainable security (Agribusiness Receivables Certificate) structured for family farming, with hybrid capital and strong social and environmental impact, initially applied to the agroforestry cocoa chain.	Developed simplified processes for credit access, with individualized investment plans and joint liability (groups of 3 to 10 farmers co-responsible), eliminating traditional collateral requirements and integrating free technical assistance.
Kawá Fund	Fiagro (Investment Fund in Agroindustrial Production Chains) structured to provide credit to small cocoa producers.	It uses and develops a technological platform for monitoring farmers' data, ensuring not only operational efficiency but also the scalability of the initiative.

Source: Capital Reset, Valor, Arapyau



©Ami Vitale

3. RESOURCE DIVERSIFICATION THROUGH HYBRID FINANCING

Diversifying the funding sources of these mechanisms is essential to ensure scale and sustainability, especially when combined with a landscape planning approach. The hybrid financing strategy combines catalytic capital (non-repayable resources, usually public or philanthropic, but which can also be private) with commercial capital (repayable private capital with an expectation of financial return) in financial structures or landscape approaches, creating conditions to enable operations that, on their own, would be considered high-risk. This structure enables:

- **Risk mitigation in operations and enabling conditions:** Catalytic resources can cover costs

related to technical assistance, governance, and traceability, reducing barriers for private investors. They strengthen local capacities and infrastructure, laying the groundwork for larger operations.

- **Risk mitigation in the financial structure:** Catalytic resources can also play a role in the financial structure, acting as first-loss funds or guarantees, a model known as blended finance.
- **Scale and transformation:** Private capital increases the volume of resources allocated to these activities, enabling support for well-established value chains in both domestic and international markets, and accelerating the transition to more sustainable models.

Some examples of hybrid financing structures can be found in Table 2.

Table 2: Examples of hybrid financing for financial mechanisms supporting productive transition

Financial Mechanism	Description	How hybrid financing was used
Amazônia Viva (CRA Natura)	Hybrid mechanism that integrates sustainable CRA with a philanthropic fund to strengthen sociobiodiversity value chains.	Combines CRA (private capital) with the Enabling Conditions Facility (philanthropic capital fund) to cover technical assistance and management, with risk mitigation by the off-taker (Natura), reducing requirements for agro-extractive cooperatives.
CRA Tabôa	Sustainable security aimed at family farming, with strong social and environmental impact.	Structure combines CRA (private investors) + philanthropic resources for free technical assistance, ensuring inclusion and risk reduction.
Renova Pasto (Renova Pasture Program)	Rabobank program with AGRI3 and IDH for the restoration of degraded pastures.	AGRI3 fund acts as a blended finance vehicle, combining private capital (Rabobank) with catalytic guarantees and subsidies, along with technical assistance from IDH and Produzindo Certo or Imaflora.
FIDC Agro Paraná	Receivables Investment Fund structured by the Government of Paraná to finance strategic projects in agribusiness. It is the first state-level fund of its kind in Brazil, with a goal of leveraging up to R\$ 2 billion.	It combines public resources (initial contribution from the State via Fomento Paraná in senior shares) with private capital (investors in mezzanine and subordinated shares, including cooperatives and Fiagros). The public contribution acts as a risk mitigator and catalyst, attracting private investors and ensuring lower rates and longer terms, in addition to focusing on cooperatives and integrator companies.

Source: Rabobank, Capital Reset, DATAGRO, Fomento Paraná

INNOVATION IN FINANCING WITH A LANDSCAPE-BASED APPROACH

Traditionally, land-use financing has been structured through sectoral approaches, focused on specific value chains such as livestock, soy, or planted forests. This model prioritizes the productive logic of a single sector, with credit lines and incentives aimed at increasing efficiency or expanding a given activity. However, this fragmented view does not account for the ecological and social interdependencies within the territory.

The **landscape-based approach** emerges as an innovation, proposing the integration of multiple land uses, agriculture, livestock, conservation, restoration, and ecosystem services, within the same geographic space, aligning economic, environmental, and social objectives. This perspective is relatively new in the design of financial mechanisms, as it requires coordination among diverse stakeholders, more complex impact metrics, and instruments

that reconcile profitability with environmental regeneration.

Financing based on landscape approaches is strategic for expanding access to capital for rural producers, especially in complex contexts such as Pará. By considering the territory as an integrated unit, these approaches allow for the structuring of more robust financial instruments, with lower socio-environmental risk and greater attractiveness for investors. This approach supports multi-sector investment portfolios and multiple projects, fostering synergies among investments to generate large-scale impacts across various landscape objectives.

The aggregation of multiple actors and assets within the same landscape enables economies of scale, facilitates impact measurement, and creates enabling conditions for access to financing, as presented below:

Table 3: Comparison between different financing approaches

Approach characteristic	Sectoral	Value Chain	Landscape-Based Approach
Main Focus	Specific economic sector	Components of a single commodity value chain	Geographic area as the starting point
Coordination	Led by the public sector	Led by the private sector	Integrated governance among public, private, and civil society
Collaboration Among Actors	Within the same sector	Among links in the value chain	Across sectors, value chains, and local actors
Thematic Scope	Limited to the specific sector	Little attention to broader social and environmental impacts	Spatial integration of sectors and value chains; holistic approach to landscape objectives

Source: Analysis based on Landscape Finance Lab, CDP Latin America



©Henrique Manreza

FINAL CONSIDERATIONS

With the Sustainable Cattle Ranching Program of Pará already in place, the State demonstrates leadership and commitment to sustainable and responsible cattle ranching. This favorable regulatory environment is the starting point for unlocking access to resources and consolidating new financing mechanisms for producers in the state. When combined with sectoral incentive policies such as rural credit, it creates a potentially fertile ground for promoting productive transformation across the landscape.

Strengthening Pará's agribusiness calls for initiatives that expand access to rural credit, with special attention to sustainable practices. Public policies are essential because they channel resources to strategic regions and reduce risks for producers, creating conditions for long-term investments in landscape approaches, especially when combined with sectoral financing instruments such as PRONAF and RenovAgro/ABC+ under the Brazilian Agriculture Financing Plan. Furthermore, collaboration among public policies, private initiatives, and civil society establishes incentives and regulations that guide the market toward low-carbon practices.

It is necessary to innovate and build partnerships to develop complementary financial mechanisms that start from the realities of the territories and are capable of meeting the state's specific demands while including historically excluded groups. Models that combine hybrid financing, technical assistance, and process simplification are essential to democratize access to capital, attract investments, and accelerate the sustainable productive transition. Only through this integration will it be possible to achieve scale, competitiveness, and socio-environmental impact in Pará.

These mechanisms only become viable through **institutional partnerships** that bring together the strengths of private organizations, financial institutions, government, and the third sector to overcome systemic challenges and offer solutions adapted to local realities. In Pará, the combination of catalytic capital with public and private investments is crucial to address bottlenecks such as low technical assistance and high transaction costs, especially in socio-biodiversity and sustainable cattle ranching chains.

The transition of cattle ranching to a sustainable model in Pará requires structured financial mechanisms, continuous technical support, and integrated public policies—and the path to new accessible financing options in Pará lies in innovation, collaboration, and commitment to results. **Shall we work together to turn this opportunity into real impact?**

For more information, questions, or opportunities, contact:

Marina Aragão
Economy and Finance Lead for the Brazilian Amazon
marina.aragao@TNC.ORG

Fernanda Cordeiro
Cattle Program Manager - Provide Food and Water
fernanda.cordeiro@TNC.ORG

José Otávio Passos
Senior Director of the Brazilian Amazon
jose.passos@TNC.ORG

This document was prepared by The Nature Conservancy Brazil
General Coordination: Francelle Maria Maciel
Review: Marina Aragão, Fernanda Cordeiro, José Otávio Passos
Technical Support: Bianca Casella, Tomas Kovensky, Giovanni Mallmann

