

BNDES ABC Agri Credit

Critical transitions:



Innovation: Sustainability-linked debt

Geographic focus: Brazil

\$: BRL 17 billion (USD 4.6 billion)



In 2010, the Brazilian Government developed the ABC Plan, the Federal Governments Strategy for Low-Carbon Agriculture Plan, which aims to shift its land-use policy towards sustainable agriculture by using market-based incentives to drive the transition. The ABC Plan aims to restore 15 million hectares of degraded pastureland; develop 5 million hectares of integrated crops, forest, agroforestry and livestock; expand no-till agriculture by 8 million hectares; replace nitrogen fertiliser with Biological Nitrogen Fixation across 5.5 million hectares; reforest 3 million hectares; and implement biogas and compost infrastructure to handle 4.4 million m³ of animal waste.

BNDES, the Brazilian National Bank for Economic and Social Development, provides preferential credit rates for low-carbon agricultural investments in livestock, forestry and crops,¹⁵³ compared to market rates set by the Brazilian Central Bank.¹⁵⁴ The project aims to provide R\$1.1 billion in low-interest rate loans to producers who provide detailed plans for the implementation of at least one sustainable agricultural system. 73 percent of the credit is financed by BNDES, with the rest comes from other sources.¹⁵⁵ BNDES channels its resources through accredited banks (e.g. Rabobank and Banco do Brasil), effectively subsidising the below-the-market- interest rate, covering the difference to match market interest rates. The ABC programme is the first of its kind to incentivise low-carbon emission practices through attractive credit lines.

According to Brazil’s Ministry of Agriculture, Livestock and Food Supply, since 2010, the ABC Plan has invested more than R\$17 billion (\$4.6 billion) through the ABC Plan’s funding line.¹⁵⁶

Stakeholders:

BNDES

Status:

● Operational