

Brief analysis of the 2024/2025 *Plano Safra* and its alignment with sustainability attributes

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The 2024/2025 Commercial Agriculture *Plano Safra* and the Family Farming *Plano Safra* brought important news. In addition to making available a volume of financial resources above the historic mark of the past harvest (R\$ 476.7 billion for corporate and family agriculture, in addition to R\$ 108 billion via LCA), it brought mechanisms that aim to stimulate agricultural production aligned with sustainability and reinsert properties prevented from taking out credit through incentives for legalizing them.

Available Financial Resources

The financial resources made available will largely come from financial institutions' own funds directed to corporate agriculture, from BNDES for family farming, and from rural savings for medium-sized producers. It is worth mentioning that free financial resources (uncontrolled and with no equalization) increased their share in the total volume of funds made available especially for corporate agriculture, both for funding and for investments (63% of the total for this group of producers).

This dynamic favors the focus of equalized controlled financial resources on specific audiences and on purposes agreed upon as priorities, as is the case with Family Farming and labeled investment programs.

Of the volume announced by the corporate *Plano Safra* (medium and large rural producers), financial resources for investment operations total R\$ 107.3 billion, R\$ 48.8 billion of which with equalized financial resources, R\$ 27 billion with non-equalized controlled interest, and R\$ 31.5 billion with free interest.

For family farming, which is entirely operated with controlled funds, R\$ 76 billion were announced for the Family Farming Strengthening Program – Pronaf, R\$ 42.7 billion of which were equalized financial resources. In addition to the funds allocated to credit, R\$ 9.7 billion were announced for actions aimed at other agricultural policy instruments such as public acquisitions, technical assistance, and rural extension, Minimum Price Guarantee Policy for Socio-biodiversity Products (PGPM-Bio), Garantia-Safra, and Proagro Mais.

Finance Ministry Ordinance No. 1.138 of July 10, 2024, which deals with interest rate equalization, presents a set of 25 financial institutions with equalization limits on different credit lines and financing conditions. The volume of equalizable funds

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for the 2024/2025 harvest totals R\$ 133.88 billion, and is distributed according to Table 1.

Table 1: Equalizable limits by credit line and source of funds (2024/2025 harvest) – amounts in R\$ million

Credit Line	FAT or		Rural		Total
	BNDES	LCA	Savings	Own Resources	
Commercialization	0.0	0.0	0.0	1,000.0	1,000.0
Costing for large producers	1,600.0	56.0	54.9	10,289.1	12,000.0
Costing for large producers + Sustainability 1	100.0	3.5	3.4	643.1	750.0
Costing for large producers + Sustainability 2	300.0	10.5	10.3	1,929.2	2,250.0
Costing for Pronamp (mid-sized producers)	1,760.0	24.0	14,872.0	5,744.0	22,400.0
Costing for Pronamp + Sustainability 1	110.0	1.5	929.5	359.0	1,400.0
Costing for Pronamp + Sustainability 2	330.0	4.5	2,766.0	1,099.5	4,200.0
Inovagro	1,050.0	0.0	6.0	2,444.0	3,500.0
Costing for large producers	510.0	0.0	0.0	1,190.0	1,700.0
Investment Pronamp for mid-sized producers	1,740.0	0.0	2,838.0	1,222.0	5,800.0
Moderagro	900.0	0.0	5.0	2,081.1	2,986.1
Moderfrota	2,850.0	0.0	0.0	6,650.0	9,500.0
Moderfrota Pronamp	840.0	0.0	0.0	1,948.1	2,788.1
PCA - up to 6,000 tons	990.0	0.0	1,761.4	548.6	3,300.0
PCA - others	1,350.0	0.0	799.5	2,350.5	4,500.0
Procap-Agro	300.0	0.0	0.0	700.0	1,000.0
Prodecoop	851.5	0.0	0.0	948.5	1,800.0
Proirriga	780.0	0.0	0.0	1,820.0	2,600.0
Pronaf (family farmers) - Aquisition of matrices and breeders	2,036.7	0.0	1,353.9	2,409.5	5,800.0
Pronaf (family farmers) - Cargo trucks and motorcycles	71.1	0.0	113.6	27.3	212.0
Pronaf - Costing at range 1	2,150.0	0.0	886.0	2,938.5	5,974.5
Pronaf - Costing at range 2	3,900.0	0.0	3,762.5	3,737.5	11,400.0
Pronaf - Costing at range 3 - sociobiodiversity	7.0	0.0	101.0	24.0	132.0
Pronaf - Investment at range 1	1,158.8	0.0	1,383.0	358.2	2,900.0
Pronaf - Investment at range 2	2,937.0	0.0	3,850.5	2,205.5	8,993.0
Pronaf - Investment at range 3	301.8	0.0	429.0	142.2	873.0
Pronaf - Microcredit (Group B)	4.6	0.0	0.0	0.0	4.6
Pronaf - Tractors and harvesters	2,224.3	0.0	3,162.6	1,048.1	6,435.0
RenovAgro - Environmental	97.9	0.0	0.0	127.1	225.0
RenovAgro - Others	1,635.0	0.0	82.8	3,732.2	5,450.0
RenovAgro - Pasture recovery	600.0	0.0	9.6	1,390.4	2,000.0
Total	33,485.6	100.0	39,180.4	61,107.2	133,873.3

Source: DOU (Official Gazette of the Union), Finance Ministry. Prepared by Agroicone

Firstly, it is worth highlighting financial resource allocation according to their source. For family farming, 34.6% of the equalizable R\$ 42.7 billion will come from BNDES funds, 35.2% from rural savings, and 30.2% from financial institutions' own financial resources. For medium-size producers, via Pronamp, R\$ 33.8 billion were made available, equalizable, with 63.3% coming from rural savings, 24.9% from own funds, and 11.6% from the BNDES. For other producers, R\$ 57 billion can be equalized, 69.4% from own financial resources, 29.3% from rural savings, 25.7% from the BNDES, and 0.12% from LCA.

An increase can be seen in the BNDES' share in equalizable financial resources and the importance of this source for Pronaf. Compared to the 2023/2024 harvest, BNDES' equalizable financial resources leaped from R\$ 18.8 billion to R\$ 33.5 billion for the 2024/2025 harvest, in addition to representativeness being increased from 15% to 25% between the two crops.

BNDES has indirect rural credit operations, and several financial institutions that operate credit will be able to use this source of financial resources for operations of different sizes of producers, purposes, and credit lines.

In the article "[Agriculture and Livestock \(Plano Safra\) 2023/2024: Brief analysis of the requirements and incentives for sustainability in the agricultural sector](#)" published on July 8, 2024, we highlight the expansion of social, environmental, and climatic impediments, which are already in force. For the 2024/2025 Harvest, the main news aligned with the agricultural sustainability journey is not only the record volume of financial resources made available for RenovAgro and other investment lines with this alignment, but also the possibility of financing the required investments for recovering the native vegetation on properties with environmental embargoes that are preventing them from being able to contract rural credit for their main activity.

Finally, differentiating the funding interest rate for producers who prove sustainable attributes in their production underscores the interventions aimed at fostering rural credit aligned with sustainable production principles.

Financing authorization for properties with environmental embargoes

National Monetary Council (CMN) Resolution No. 5.149/2024 presented the possibility of legalizing rural properties with environmental embargoes, by including item 8-A in section 9 of chapter 2 of the Rural Credit Manual (MCR 2-9-8-A), which authorizes specific financing for recovering native vegetation via Pronaf Floresta, Pronaf Bioeconomia, or RenovAgro:

"8-A - The provisions of sub-item "a" of item 8 [non-granting rural credit to properties with embargoes arising from economic use of illegally deforested area] does not apply to financing in the *Pronaf Floresta* credit lines, which are covered by the MCR 10-7, in Pronaf Bioeconomia, covered by MCR 10-16, or in RenovAgro Ambiental, covered by MCR 11-7-1-"c"-VI, with the exclusive purpose of recovering native vegetation in the rural property's embargoed area, and as long as it qualifies as the implementation of the Environmental Regularization Program (PRA) or similar instrument that has been established and approved by the relevant body, with the effectiveness of an extrajudicial executive purpose, whose object is an obligation related to repairing environmental damage, if any".

In this possibility for granting legalization, it is worth highlighting the requirement for proving commitment to restoration through a legal instrument, which brings more security to credit granting, as well as assisting in its monitoring. This novelty highlights the connection between rural credit as an inducer for recovering illegally converted areas, emphasizing the role of implementing the Forest Code.

Another change in the wording of the Resolution is the clarity that suppressing native vegetation must be authorized by a relevant body, regarding the investment financing possibilities set forth in Section 3 (Investment Credit) of Chapter 3 (Operations) of the MCR.

Although this intervention is aimed at complying with the Forest Code (Native Vegetation Protection Law), it is worth pointing out that when aligning rural credit with socio-environmental and climate objectives, native vegetation suppression must be prevented by using financial mechanisms for conserving vegetation that are set forth in Article 41 of the Forest Code, such as the Environmental Reserve Quota – CRA, which even has incentives in the rural credit policy itself, such as increasing the credit limit and reducing the interest rate for funding, in addition to the possibility of financing the acquisition of CRA by producers with Legal Reserve liabilities through RenovAgro Ambiental .

Incentives for agricultural production aligned with the Sustainability journey

CMN Resolution No. 5,150/2024 changed the name of MCR's Chapter 11 (Programs with BNDES Financial Resources) to Agricultural Investment Programs – InvestAgro.

The same resolution changed some financing conditions for investment programs, such as payment and grace periods. Proirriga – the Financing Program for Irrigated Agriculture and Protected Cultivation reduced the repayment period by 2 years and the grace period by 1 year, the latter being also observed for the PCA – Program for Construction and Warehouses.

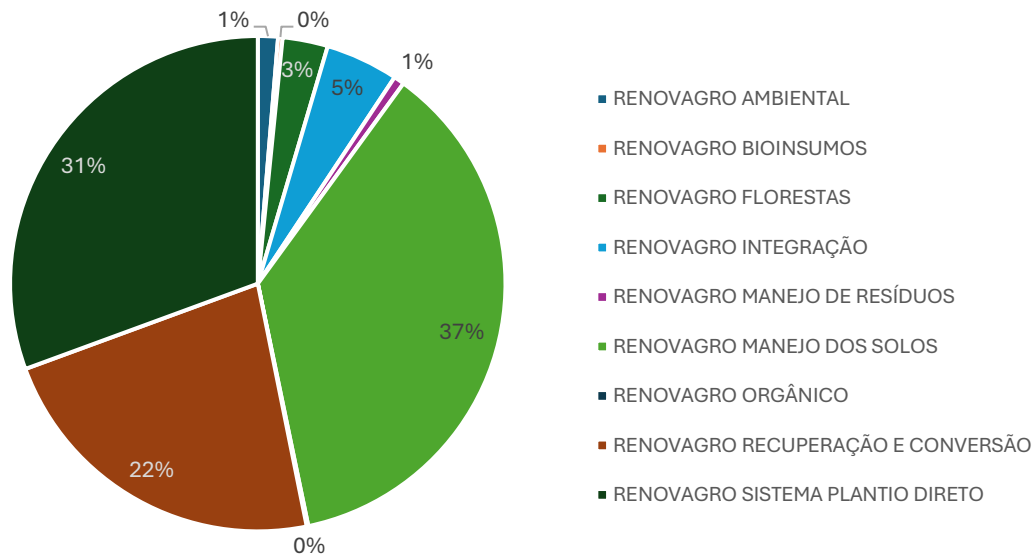
Furthermore, *RenovAgro* changed the Dendê subprogram to Palmáceas, with the purpose of financing “palmaceous forests for energy use, primarily in degraded productive areas”. Compared to the previous harvest, the reimbursement period was reduced by 2 years, maintaining the grace period of up to 2 years. The other *RenovAgro* subprograms had no changes regarding grace periods.

It is worth highlighting the volume of financial resources made available to RenovAgro. For RenovAgro Ambiental there are R\$ 225 million available for financing the native vegetation recovery for embargoed areas, in addition to the already financed purposes of rural property environmental compliance.

For RenovAgro – Recovery and Conversion, for recovering and converting degraded pastures, R\$ 2 billion are available. These two RenovAgro subprograms have the lowest interest rate on investments for corporate agriculture: up to 7.00% p.a. For the other RenovAgro subprograms, R\$ 5.45 billion are available at up to 8.50% p.a. All subprograms total R\$ 7.68 billion made available for the RenovAgro program, an 11% nominal increase in the volume of financial resources compared to the previous harvest.

In this context, it is important to show rural producers' appetite for contracting RenovAgro's investment line. In the 2023/2024 harvest, R\$ 6.93 billion were made available, and R\$ 5.7 billion were allocated to 3,953 contracts in 1.39 million hectares, based on Central Bank of Brazil data accessed on July 6, 2024 (which are expected to be further updated).

Figure 1: Allocation of RenovAgro financial resources by subprogram in the 2023/2024 harvest



*Translating the names of RenovAgro subprograms: Ambiental = Environmental; Bioinsumos = Bioinputs; Florestas = Forests; Integração = Integration; Manejo de Resíduos = Waste Management; Orgânico = Organic; Recuperação e Conversão = Recovery and Conversion; Sistema de Plantio Direto = No-Till System.

Source: Central Bank of Brazil, SICOR. Accessed on July 6, 2024. Prepared by Agroicone

Reduction in the funding interest rate for enterprises aligned with the agricultural sustainability journey

The announcement of the discount on the funding interest rate for projects aligned with sustainability occurred in the 2023/2024 *Plano Safra*, but the rules for these operations were disclosed in CMN Resolution no. 5.152/2024 and will be implemented from January 2, 2025.

In summary, financed enterprises that have certifications recognized by the Agriculture and Livestock Ministry and enterprises that obtained investment financing from the Sustainable Agricultural Production Systems Financing Program (RenovAgro) (previously called *Programa ABC/ABC+*) in the last 5 harvest years, will have a 0.5 (half) percentage point discount on the interest rate of the funding credit contracted with equalized financial resources or with mandatory financial resources in Pronamp or by other rural producers, as long as the activity financed for costing coincides with the area covered by the investment contract.

The financial institution is required to verify the certification and eligibility of the operation through the Agriculture Ministry's AgroBrasil Mais Sustentável platform (to be launched). If the discount on the funding interest rate is linked to the RenovAgro investment credit or *Programa ABC/ABC+*, rural credit beneficiaries will have to authorize sharing their data (rural credit operations) via open banking, or otherwise be published by the Central Bank of Brazil. The operations of RenovAgro, *Programa ABC* or *ABC+* that have economic subsidies are currently disclosed in SICOR.

This discount on the funding interest rate can be cumulative, reaching a 1 percentage point if we take into account this incentive aligned with sustainable practices and the reduction already included in the 2023/2024 harvest related to the analyzed Rural Environmental Registry - CAR and in compliance with the Forest Code, in the environmental compliance process, or subject to issuance of an Environmental Reserve Quota (CMN Resolution no. 5.102/2023, set forth in MCR 3-2).

The equalizable financial resources available for business funding with a reduction of up to 1 percentage point are R\$ 2 billion, and R\$ 5.6 billion for Pronamp funding,. These amounts represent 20% of the total equalization cost of these two groups of rural producers, an important advance for channeling the controlled financial resources of the rural credit policy aligned with agriculture's sustainability journey.

It is worth mentioning that the proposal for linking the discount in the funding interest rate to the investment contract in the rural credit policy's sustainable lines, which includes RenovAgro, was presented and debated with different actors and agricultural policymakers, and detailed in Technical Note 4 of the set of proposals for the 2024/2025 *Plano Safra* presented by Agroicone. The unprecedented methodology for classifying rural credit financial resources can be used for a number of purposes, including developing the Brazilian sustainable taxonomy for the agriculture and forestry industry.

A special look at the 2024/2025 Family Farming *Plano Safra*

The 2024/2025 Family Farming *Plano Safra* continued the incentives in the financing conditions for staple food basket and agroecological, organic, and socio-biodiversity products that were already implemented in the previous harvest, with emphasis also on strengthening financing for the family farming rice and milk chains.

It is worth highlighting the negative real interest rate in most of Pronaf's credit lines aligned with sustainability and the climate agenda. Pronaf Floresta, Semiárido, Agroecologia e Bioeconomia (except for forestry) will be operated with a 3% p.a. interest rate. R\$ 2.9 billion are available for investments in this interest rate range.

Standing out is the National Productive Forests Program (Decree no. 12.087 of July 3, 2024), which fosters degraded and altered area recovery for productive purposes, adapting and environmental compliance of family farming, producing healthy foods and farm products, and socio-biodiversity through agroforestry systems. The Program provides technical assistance and rural extension actions, credit and financing for agroforestry systems (through Pronaf Floresta), and structuring seed houses and networks, community nurseries, and other instruments that offer inputs for the degraded and altered areas recovery chain. This program is expected to foster the restoration chain, encouraging family farming in producing seeds and seedlings, in addition to legalizing the properties of family producers with agroforestry systems.

Furthermore, technical cooperation agreements and tenders were announced for strengthening sustainable family farming production and strategies for accessing credit were presented through the Operations Guarantee Fund (Bill), the Guarantee Fund for Investments via BNDES, and the Guarantee Fund for Micro and Small Companies. In addition to the announced funds, access and productive inclusion lines were strengthened, such as microcredit, Pronaf Mulher, and Pronaf Jovem.

Another important highlight for family farming refers to encouraging contracting technical assistance. It was published in CMN Resolution No. 5.151/2024, and, in addition to financing the technical project, there was a one point per year increase in the percentage financed for enterprises aligned with the family farming sustainability journey, compared to other enterprises financed with technical assistance:

MCR 10-1-43-“c”:

- for enterprises linked to investment related to technological innovation when mandatorily contracted with technical assistance, and as long as they are intended for automation in poultry, swine, and dairy cattle farming, and for building and maintaining protected crop production structures, including related equipment, irrigation systems, precision agriculture components, and renewable energy technologies such as using solar, biomass, and wind energy, or in agroforestry systems, agroecological production systems, or in transition to agroecology, upon presentation of a technical project, in the following format:

- I - up to 3% (three percent) of the budget value, receivable upon opening the credit line;
- II - up to 3% p.a. (three percent per year), payable on June 30, December 31, and upon expiration of the technical guidance provision contract, levied on the balances of the linked account after the first year of validity of the operation, plus own financial resources invested in the enterprise.

Furthermore, the published budget for technical assistance for public family farming is R\$ 307 million. Despite the increase, the amount is still far below what is necessary for strengthening technical assistance networks. Only 14% of family farming establishments in the country had any access to public or private technical assistance in 2017 (IBGE, 2017 Agriculture Census), which reflects the challenge of significantly expanding support for producers to adopt technologies and good production practices.

Finally, the 2024/2025 Family Farming *Plano Safra* indicated important directions for sustainable production, productive inclusion, access to credit, and technical cooperation for family farming. It is worth monitoring the use of these financial resources and in formalizing and operationalizing the announced guarantee funds.

Proposals presented by Agroicone

Agroicone presented a set of proposals for agricultural policymakers that are detailed in seven technical notes in the [“Proposals for the 2024/2025 Plano Safra”](#) document. The proposals aim to improve the management of socio-environmental and climate risks in the agricultural policy, foster the implementation of the Forest Code and the environmental compliance of rural properties, encourage and reward the adoption of sustainable and resilient practices and technologies in the countryside, improve SICOR and integrated risk management through credit and rural insurance.

We emphasize some points that are not yet implemented by agricultural policies that are related to the social, environmental, and climatic attributes of rural credit to be incorporated into SICOR and/or in the general conditions of rural credit:

- Observe the Agricultural Climate Risk Zoning – ZARC in rural credit operations (mandatory only in those that adhere to Proagro and in rural insurance contracts);
- Include Agricultural Climate Risk Zoning – Management Levels (ZARC NM) maps and data and information collection strategies;
- Observe deforestation (PRODES/INPE maps), in order to alert financial institutions of environmental risks;
- Include quality pasture maps, especially for observing pastures’ vigor in cattle acquisition operations;
- Use the water potential map by municipality that is made available by the National Water Agency, to comply with credit operations for irrigated agriculture (granting water for implementing irrigation projects is not required for granting rural credit).

To leverage the implementation of the Forest Code and the environmental compliance of rural properties, there is need for rural credit to make clear the possibility of financing nurseries for seedlings of native species. A change occurred in Pronaf Floresta, making it possible to finance the implementation of fruit tree species from the region's biome as part of the agroforestry system.

There is still demand from the restoration chain to improve financing conditions for restoration and environmental compliance purposes, recognize Legal Reserve areas as part of the collateral for rural credit operations, and implement instruments such as the Environmental Reserve Quota.

The main innovation presented by Agroicone was a methodology for classifying rural credit financial resources aligned with agriculture's sustainability journey, which supported several proposals for corporate and family agriculture related to differentiating financing conditions in different lines of credit.

The reduction in the funding interest rate of those enterprises that had contracts in the last five harvest years under the RenovAgro Program (or in its predecessors *Programa ABC/ABC+*) was implemented in the *Plano Safra* for corporate agriculture, recognizing the investments made for adopting good practices and technologies in the field. Additionally, financing conditions for sustainability-aligned investment programs continued to be better, when compared to other credit lines, as addressed above.

Furthermore, the developed methodology demonstrated the need for improvements in the SICOR database, for it to enable facilitating the identification of enterprises aligned with sustainability and climate resilience, as set forth in [Technical Note 6](#). Suggestions range from the conceptual delimitation of system variables to changing or creating SICOR variables and fields. These advances will corroborate analyzes of allocated rural credit financial resources, with characterizing financed enterprises, properties and producers, which are also essential for classification according to the sustainable taxonomy for the industry that is being developed.

Some implemented changes related to financing technical assistance for family farming programs were also presented in the proposals. It is worth emphasizing the importance of encouraging sustainable inclusion of family farming, for a fair agriculture transition, highlighting some presented proposals ([Technical Note 3](#)) that were not implemented, such as:

Differentiate financing conditions for producers who have already taken out credit in investment programs and subprograms aligned with the sustainability journey (Pronaf Floresta, Bioeconomia, Agroecologia, Semiárido, RenovAgro, Moderagro – Recuperação dos Solos, Proirriga – Agricultura Irrigada Sustentável) and want to expand their enterprises, as well as for those who have never taken out rural credit, in order to foster access to credit with sustainable inclusion.

Some advances in credit rules and limits still deserve to be implemented in operations using financial resources from the Constitutional Financing Funds. For some years now, Agroicone has presented evidence in the Technical Notes for the *Plano Safra* regarding the need for reviewing the rules and prioritizing the Funds' financial resources, in addition to harmonizing credit lines with the rest of the National Rural Credit System. It is imperative that allocating these financial resources meets the funds' main objective of fostering the reduction of regional inequalities and sustainable development.

Furthermore, it is essential to rethink agricultural risk management. The lack of financial resource predictability for the Rural Insurance Premium Subsidy Program – PSR, the need for improvements in Proagro, the available climate risk management instruments such as ZARC, and the need to incorporate socio-environmental and climate attributes from the Integrated risk management perspective requires revisiting current models and instruments. Using rural credit policy to boost rural insurance in Brazil was one of the suggestions detailed in Technical Note 7 of the document presented by Agroicone.

And finally, it is worth pointing out that several proposals presented by Agroicone, which were discussed and improved together with different actors, have been incorporated into the agricultural policy over time. Aligning agricultural policy with the climate agenda and other public policies is essential for ensuring perpetuity and longevity of Brazilian agriculture, whether small, medium, or large, consolidating Brazil as a major producer of healthy and sustainable food.