



**abc**  
observatório  
Agricultura de Baixo Carbono

# Analysis of the ABC Program Resources

**Focus on the Legal Amazon - Potential to Reduce GHG Emissions  
and Case Study about the ABC Program in Paragominas**

---



## Introduction

This is the final report on expenditures of the ABC Program. It is part, among other things, of the activities performed in the second year of the ABC Plan Observatory operation. Its main purpose is to analyze, in a quantitative and qualitative manner, the performance – contract – of the main credit line for financing low-carbon emission agriculture in Brazil, the ABC Program. The report shows updates concerning part of the 2014/15 crop year (from July 2014 to February 2015), also presenting an analysis focused on the resources contracted through BNDES (the Brazilian National Bank of Social and Economic Development) and on their investment purposes. Additionally, we also present a case study from Para State, and discuss the potential to meet emission reduction targets in the Legal Amazon region.

The ABC Observatory Plan aims at engaging different sectors of the Brazilian society in the transition towards a low-carbon emission agriculture, monitoring actions of the ABC Plan and Program, and conducting technical studies to support and facilitate the dialogue with stakeholders. The ABC Plan, on its turn, aims at developing the agricultural sector based on low carbon emissions to the atmosphere, showing a number of productive and technological alternatives to Brazilian rural producers. It represents one out of the nine sector plans with guidelines for Brazil to meet the voluntary commitment to mitigate its greenhouse gas emissions. The ABC Program, which is the subject matter analyzed in this report, is the credit line associated with the ABC Plan, offering privileged conditions to producers who are willing to incorporate production technologies with lower carbon emissions to their properties.

Data used for regional analyses came from the Brazilian Central Bank (BACEN), with whom the ABC Observatory established a partnership to share the database of the Rural Credit Operation System and Proagro (SICOR), which gathers rural credit operations in Brazil. It is worth noting SICOR data is not static. Financial institutions have autonomy to change or remove credit operations at a given date, as described in the [Rural Credit Manual](#). Thus, the sum of data monthly reported by the Central Bank is slightly different from the total accrued value informed. Data in this report is the result of monthly sums, which allows for more in-depth analyses.

However, for information about investment purposes of the operations (represented by subentries in the ABC Program, such as pastureland recovery, for instance), data came from spreadsheets provided directly by BNDES to the ABC Observatory, since SICOR does not report this type of information in its database. The ABC Observatory kindly thanks BACEN and BNDES for having provided the information, which allows for a more in-depth analysis of the ABC Program and contributes for more transparency and greater governance of the initiative.

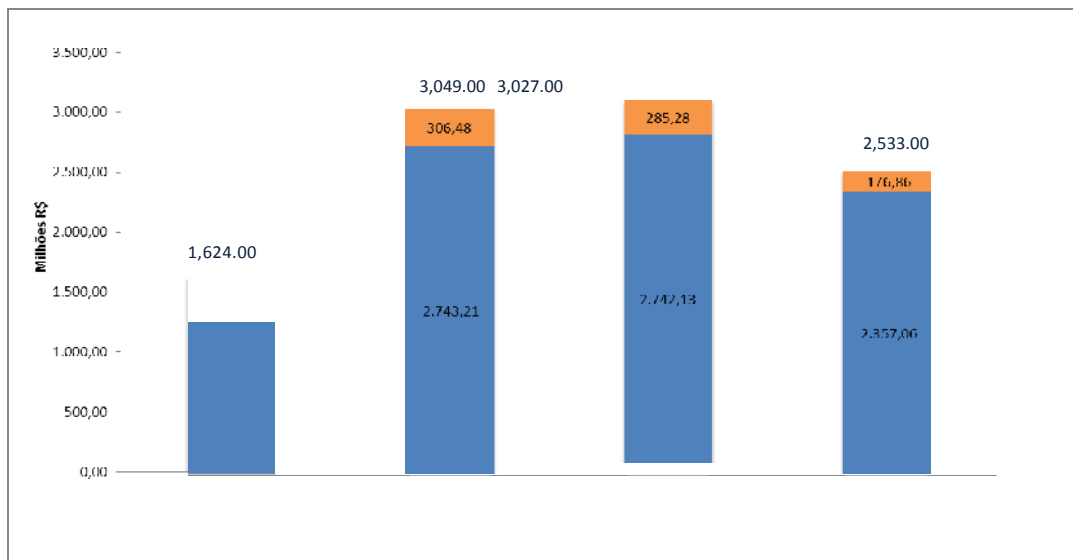
Parte I of this report presents the main results from 2011/12, 2012/13, and 2013/14 crop years, and an update of the first eight months in 2014/15 (from July to February 2015). Then, Part II discusses the strategic role the Legal Amazon plays to reduce GHG emissions in the Brazilian agriculture. Part II describes a case study conducted in Para State, with detailed coverage in a municipality called Paragominas. Finally, we present our final remarks on the current results of the ABC Program.

## Part I

### Evolution of the ABC Program and data update for the first half of the 2014/2015 crop year

For the 2014/15 crop year, the Agricultural Plan (PAP 2014/15) was expected to use BRL 4.5 billion in low-carbon emission production techniques in the field, leveraging the ABC Program investment credit line. Credit for this crop year has been granted at 5% per year for rural producers with annual gross income higher than BRL 1.6 million, and at 4.5% per year for rural producers with annual gross income up to BRL 1.6 million, and the reimbursement time frame is up to 15 years, according to the purpose of the investment contracted.

Total operations contracted for the first eight months in 2014/15 were BRL 2.53 billion, out of which BRL 2.35 billion were disbursed by Banco do Brasil (BB), and BRL 176.86 million via BNDES (Figure 1). Similar to what happened to previous crop years, the trend for 2014/15 is that Banco do Brasil will keep being the major player in contracting resources for the Program.



**Figure 1. Total value contracted for the ABC Program from the 2011/12 crop year to the 2014/15 crop year (until February)**

Sources: BB, BNDES, and SICOR

The number of contracts approved during the first half of the 2014/15 crop year was 9,929, totalling an average value per contract of BRL 255,200 (Figure 2). Compared to the previous crop year, 2013/2014, in which the average value was BRL 250,100, one can come to the conclusion that the average value of the current crop year is slightly higher, which suggests an intensification in the amount of resources allocated to rural properties in Brazil.