

SOY

**FINANCIAL MODELS TO
EXPANSION REDUCTION
CERRADO | MATOPIBA**

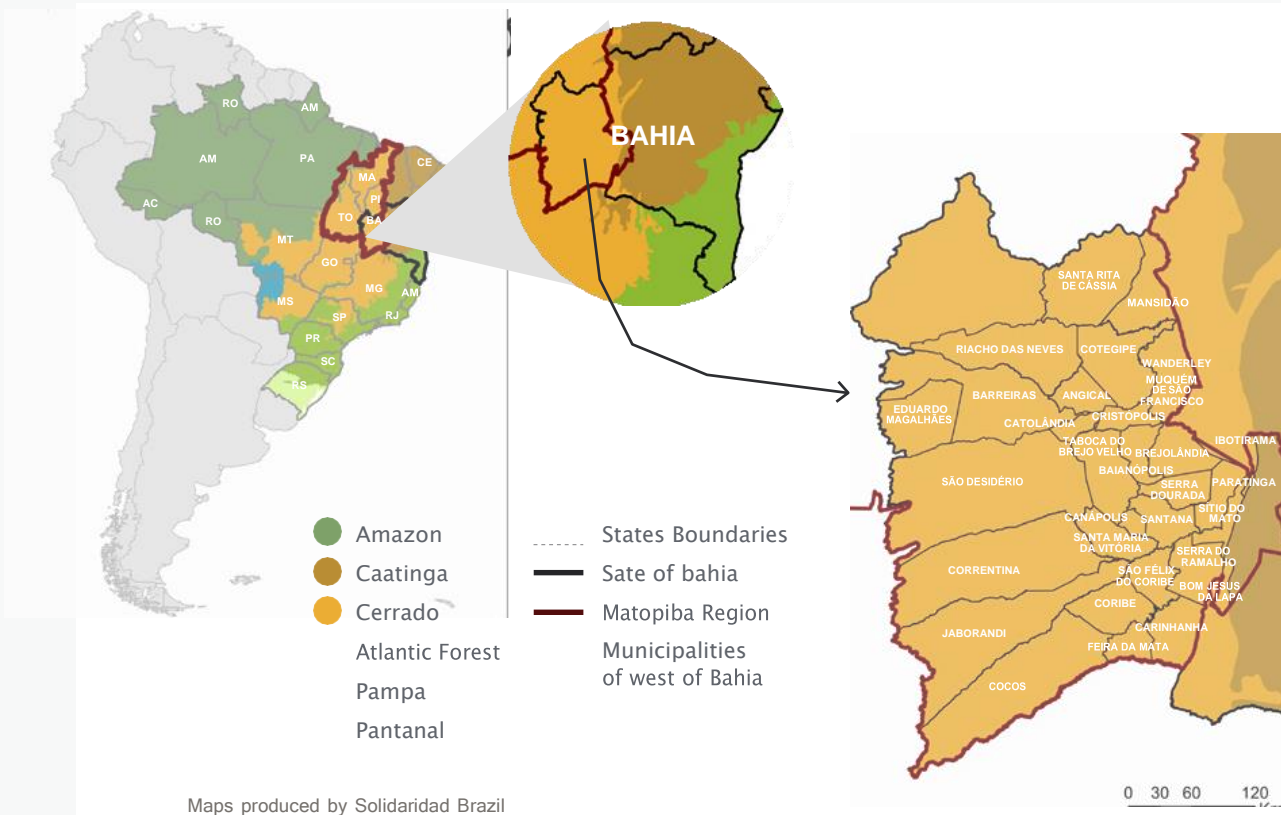
WHO WE ARE

Solidaridad is an international civil society organization with more than 50 years of history and operates in more than 40 countries.

It works for the development of socially inclusive, environmentally responsible, and economically profitable value chains in agriculture and artisanal mining.



WESTERN BAHIA



TOTAL AREA 14.446.536 ha → PRODUCTION AREA 2,5 Million ha → IRRIGATED AREA 213,6 thousand ha

SOYBEAN 21/22

PLANTED AREA 1,782 MILLION ha PRODUCTIVITY 66 BAGS/ha

N°	Property Size (ha)
26	> 20.000
58	> 10.000
161	> 5.000
1575	1.000 – 5.000
8500	< 1.000

BRAZILIAN FOREST

LAW

(Law 12.727/2012)

Legal Reserve Area

80 % on properties located in Legal Amazon region

35 % on properties located in a cerrado biome region

20 % on properties located in other biome region



Solidaridad Zero deforestation commitments (HOW ???)

It is important to understand their perspective: Needs assessment

FINAL SAMPLE GROUP



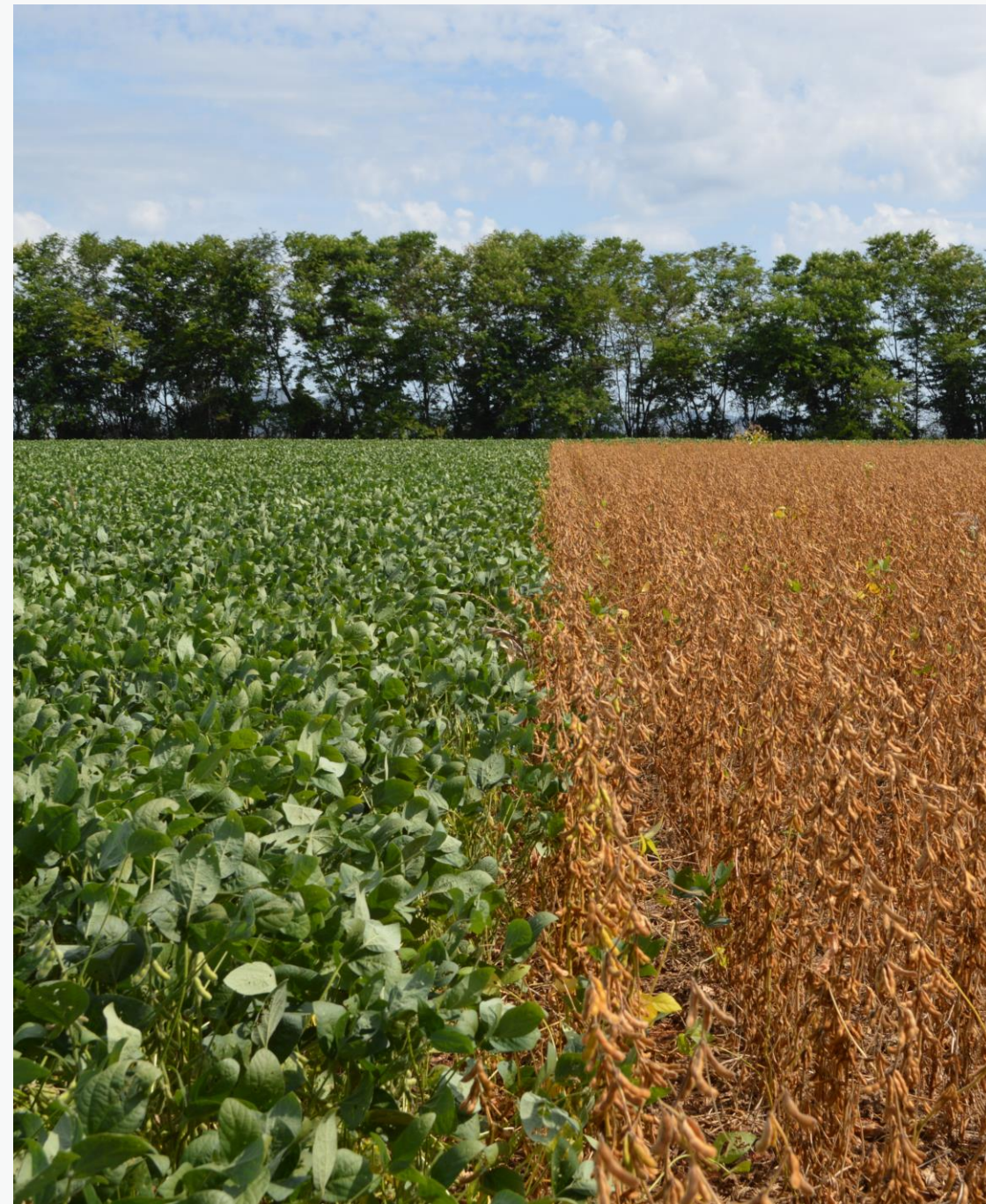
All assessed farmers grow soy using 74,3% of the area

21% also raise cattle.

39% have more than one farm, from 466 hectares to 21,000 hectares.

More than 70% own their land and have grown soy for the past 29 years

Western Bahia :Formosa do Rio Preto, Correntina, Jaborandi and São Desidério.



Main findings

Farmer profile | Land use

Large soy farmers (rotating with corn or cotton)

21% also produces cattle

Majority own the land and farm for more than 20 years

Only 5 farms have surplus of legal reserve on their farm

Production systems

Systematic crop rotation

Significant gaps in adoption of no-till production systems (38%)

Drought and other adverse climate conditions biggest challenge to protect soil and expand to available cleared areas

Business model | Land use

59% plan to expand soy production in the future (DREAM)

54% see expansion by conversion as the most financially sustainable option

66.7% stated that financial incentives and subsidies for soil management is the main factor for expanding into available cleared areas

Crop and investment financing

From the credit options (fertilizers, seeds and other inputs)

78% uses credit lines from banks

72% uses own capital

44% supplier companies

33% traders

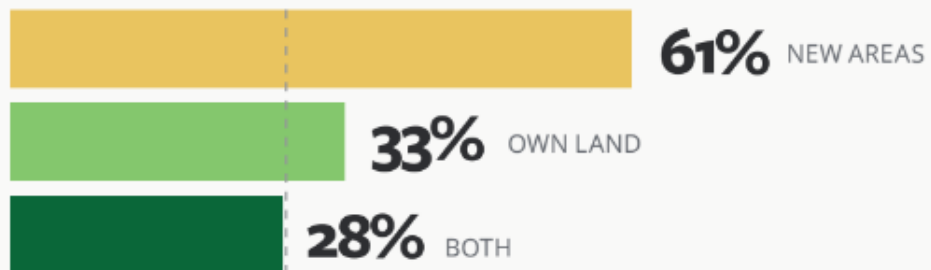
Note that most farmers use a mix of sources for their credit needs.

61% of the farmers consider the available credit sufficient.



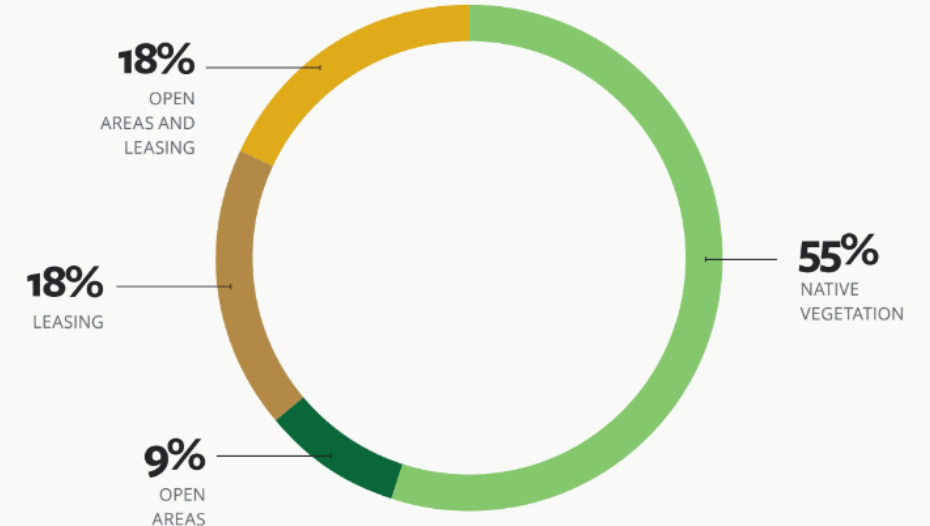
Which factors do farmers take into consideration to expand soy?

59% of farmers aspire to expand their soy operations (Slide 6). They plan to use:



Farmers' response regarding the soy area expansion planning questions in two cases: in the property's areas and in new areas.

EXPANSION INTO NEW AREAS



*Cleared land

Evaluation of business models for soy expansion in Bahia

Considering only the productive activity (without the appreciation of the land and access to credit) the scenario with the highest financial return is when areas are leased,

In all scenarios, the profit from soy production enables its expansion ,with or without land appreciation,

Access to credit enables greater financial gains. When comparing the expansion scenarios on native vegetation, the scenario soy + Brachiaria shows better results than soy alone.



Requirements for the responsible expansion of soy in the regional clusters in Bahia

- Reduction of interest rates
- Reduction of barter's interest rate
- Increase in the financing grace period
- Non-refundable loans
- Availability of technical assistance
- PES (Payment for Environmental Services)



Challenges

Working with highly technified and capitalized farmers

They finance themselves and a little with the bank

They are in expansion areas and are interested in expanding their assets-the cerrado land is cheaper than cleared areas

MATOPIBA is a rather dry region. Without irrigation it is not possible to harvest more than one crop a year.



Solidaridad



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