

Sustainable cattle ranching in Amazon paves way for new agribusiness models

Fundo Vale encourages transformation of businesses in farming value chain in Amazon by investing in environmental impact reduction programs



Fundo Vale was one of the first funders of projects involving cattle ranching models with lower environmental impacts in the Amazon Biome, understanding that this activity is one of the main vectors of illegal deforestation in the region. Over the last decade, initiatives supported by Fundo Vale have fostered the creation of programs based on sustainable cattle farming, which have evolved into high-impact business models.

“The subject of cattle ranching, in a way, was the first innovation challenge, a proof of concept, that Fundo Vale supported in the pursuit of solutions for a more sustainable business model”

Patrícia Daros
Fundo Vale’s director of operations

This is the case with the Green Cattle Ranching Project. The first movements arose as an action plan derived from the Green Municipalities Program in Paragominas, Pará ([Find out more here](#)). One of the program's strategic objectives was precisely to strengthen sustainable rural production and so Fundo Vale supported the Green Cattle Ranching Project, developed by the Association of Paragominas Farmers. A pilot scheme was tested in six ranches in the region, with technical advice from researchers at the Luiz de Queiroz Agricultural College (ESALQ) and São Paulo State University (UNESP). Fundo Vale also supported a study of the economic results of sustainable cattle farming, carried out by the Institute for the Amazon's People and Environment (Imazon).

The results of these two initiatives were so positive that the model was replicated elsewhere in the Amazon by other partners.

Amazon PEC

In the south of the state of Amazonas, the Amazon Conservation and Sustainable Development Institute (Idesam) added cattle ranching intensification principles to a project involving small farmers in the municipality of Apuí, called Amazon PEC. Around 85% of Apuí is occupied by pasture land and farmers there have a strong relationship with cattle ranching, as this is the main local economic activity. This project involving small farmers was created to curb pressure for deforestation, improve the management of pasture land and improve access to inputs.

"Fundo Vale was one of a handful of organizations that believed in the implementation of new models and approaches in the livestock farming value chain in the Apuí region," says Mariano Cenano, Idesam's founder and new business director. According to him, supported by the project, producers who implemented the first livestock intensification models increased their productivity by up to 400% in the space of six years, while creating around 500 jobs and conserving 50,000 hectares of native forest adjacent to deforested areas.

"The biggest transformation was showing that this was possible. When we demonstrated different approaches, farmers became interested. We will now expand the initiative through a credit mechanism whose efficiency has already been demonstrated," he adds.

From Integrated Low Carbon Livestock to the New Field Program



Novo Campo Program

Another example happened in the municipality of Alta Floresta, Mato Grosso. A group of farmers, organized by Center of Life Institute (ICV), visited the Green Cattle Ranching Project in Paragominas. This then led to the Integrated Low-Carbon Cattle Ranching Project in Mato Grosso, which tested a type of cattle farming that involves zero deforestation, the restoration of degraded pasture land, a reduction in carbon emissions, compliance with environmental regulations and protection of forests. This project was the embryo of the Novo Campo Program.

The program was aimed at reducing pressure on the Amazon Rainforest, improving productivity, enhancing the quality of products, boosting social and environmental sustainability and strengthening the local economy. Coordinated by ICV, the program built strategic partnerships with the support of Fundo Vale.

Novo Campo set out economic, social and environmental guidelines for participating farmers and the region as a whole, based on six pillars: mobilization of farmers for sustainable cattle ranching; specialized technical assistance; incentives for distinctive products; funding for the adoption of best practices; an information management platform; and integration with sustainable municipalities.

The program led to reductions in illegal deforestation, greenhouse gas emissions and average age of slaughter, as well as increases in stocking density, productivity and gross margins. These results encouraged more farmers to take part in the program, which took on a life of its own.

"PECSA has shown us that it is possible for a productive socio-environmental project migrate to a business model and continue to face the challenges of conservation, but on a large scale. This experience has inspired us to use this approach as a strategy for the execution of Vale's voluntary commitment that foresees the recovery and protection of 500 thousand hectares beyond its borders until 2030"

Gustavo Luz

Manager of Fundo Vale & Participações



For each \$1 Real invested, \$5 Real are generated in income in a sustainable livestock model.

PECSA – lessons learned turn into a business

To continue and expand the business model tested by ICV in Alta Floresta, the next step was to set up a company called Pecuaría Sustentável da Amazônia (“Sustainable Cattle Ranching in the Amazon”), abbreviated as PECSA. It was spun off from the New Fields Program in 2015. “We came to the conclusion that a company was needed, but not just any company. From the very beginning, we have wanted to transform the sector and we have social and environmental purposes,” says Laurent Micol, PECSA’s director of governance and investments.

Because of PECSA’s potential for positive environmental impacts, the company succeeded in raising R\$45 million from an international investment fund, allowing it to implement a sustainable intensification model on 10,000 hectares of degraded pasture land over the course of two years. PECSA’s founders and the New Fields Program set the target of expanding the area of pasture land to 100,000 hectares by 2020.

The company proposes partnerships to farmers, helping them turn their pasture lands into more intensive ranches, without any bank loans or financial risks. In this model, PECSA provides technical expertise, pays for the adaptation work, supplies labor and performs ranch management. The cattle may be supplied by the farmer and the two parties become partners for a period of six to 10 years. In order to participate, farmers need to be in compliance with the Forestry Code, which results in production chain engagement. “Besides generating R\$5 of income in the local economy for every R\$1 invested, we avoid deforestation, as we don’t clear any new areas. In fact, we reduce the area of land used for cattle ranching,” Micol explains.



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