



## FICS LAB INCUBATOR

### Development Bank of Minas Gerais (BDMG) Regenerative Agriculture Risk Mitigation Fund

#### Background

The Development Bank of Minas Gerais (BDMG), in collaboration with technical and financial partners, is designing an innovative Regenerative Agriculture Risk Mitigation Fund to support farmers transitioning to regenerative agriculture (RA) practices. Farmers in Minas Gerais face barriers such as limited technical knowledge, lack of access to affordable credit, and high perceived risks to transition to RA. This blended instrument combines tailored concessional credit lines channeled via credit cooperatives, a credit guarantee fund, technical assistance, and an income support fund to reduce risk for farmers and credit cooperatives alike. The credit guarantee fund aims to support credit cooperatives in lending low-interest, long-term loans to farmers.

#### Project Stakeholders and Roles

- BDMG: Public development bank leading the initiative
- Sitawi: Financial modelling and structuring
- GAAS: Technical assistance design and delivery
- WayCarbon: Carbon monitoring and impact measurement
- CPI: Strategic support and project coordination

#### Instrument Overview

Through its risk mitigation fund, BDMG will offer a combination of:

- **Existing tailored credit lines:** BDMG currently offers two credit lines to rural farmers engaged in regenerative agriculture — SoloMais (projects promoting soil restoration) and Bioinsumos (projects that use bio inputs).
- **The credit guarantee fund:** will be supported by BDMG through non-reimbursable sources, to de-risk loans provided by credit cooperatives to farmers, while at the same time relieving rural producers from the requirement of presenting real collateral in order to access credit.
- **Technical assistance:** will be provided to producers as a key de-risking mechanism to support the adoption of RA practices.
- **Income support fund:** will serve as an income stabilization mechanism, offering financial support to producers facing potential income losses despite the TA support during their transition to RA.



### Opportunity for BDMG

BDMG has committed to addressing climate vulnerability and environmental degradation by supporting regenerative agriculture. Through its existing LabAgroMinas Program, the bank has trained over 1,500 producers and technical assistance professionals and disbursed over USD 1.5 million. The proposed agriculture risk mitigation fund aims to build on this foundation to unlock wider financing for the sector and scale RA practices and its resulting socio-economic and environmental benefits across key crops like coffee, soy, and cattle.

### Impact of the instrument

Through this instrument, BDMG aims to encourage collaboration among financial institutions, technical advisors, and cooperatives to provide farmers with seamless access to financial and technical resources. Specifically, the instrument intends to have the following impact:

- Expand access to credit for 1,000+ smallholder and medium farmers in the post piloting phase
- Improve soil health, biodiversity, and water retention
- Reduce GHG emissions through adoption of RA
- Promote inclusive finance with a gender-responsive design
- Build long-term economic resilience in rural areas
- Demonstrate the agronomic, environmental, and financial benefits of RA uptake in Mina Gerais, using field data and carbon monitoring.

BDMG will monitor these impacts via satellite and field data by tracking key indicators, including reductions in greenhouse gases, potential drawdown from enhanced rock weathering, biodiversity restoration, and increased economic resilience.