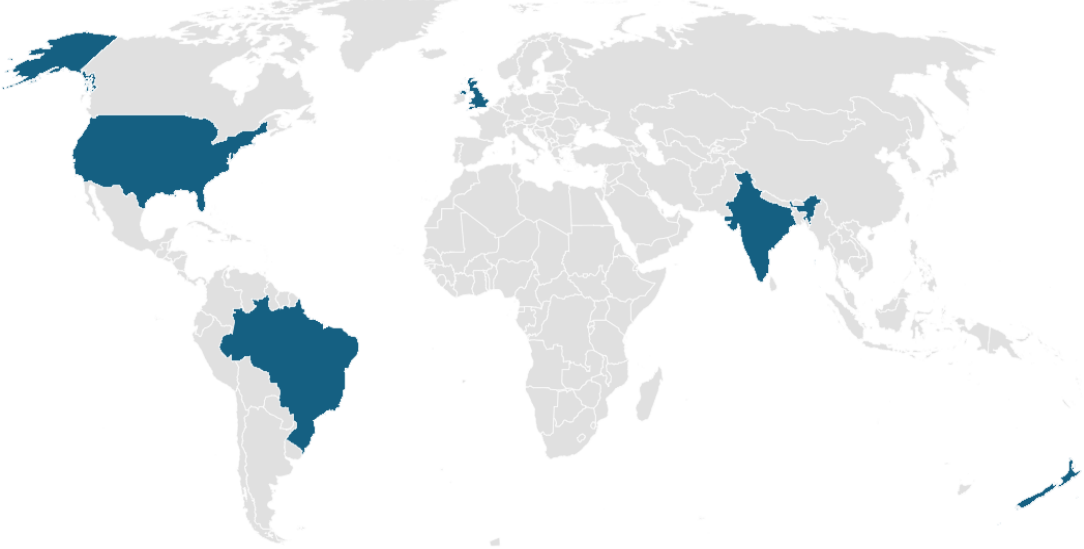


# Regen10 – Landscape Transition Pathways – Project overview

- Regen10 has developed **landscape-level transition pathways** across five significant agricultural regions to model the economic outcomes of shifting to **regenerative practices**.
- The combination between countries and agricultural products was made based on **impact, feasibility, representation and applicability** of results. The choice of landscapes was primarily driven by their **national-level importance** in the production and export of the specific products.
- A key element of this process is understanding the **economics of transitioning** from conventional agricultural practices to regenerative ones, as well as the **potential environmental and social outcomes** of such transitions at landscape level.
- A **transition pathway** represents a switch from conventional practices common in the landscape to those that help **restore and rebuild natural systems**.

## Selected Landscapes



Country	Landscape	Focus Ag Product
Brazil	Querência city	Soy & Beef
India	Punjab State	Rice
United States	North Dakota	Wheat & Maize
United Kingdom	East of England	Potato
New Zealand	Waikato Region	Dairy



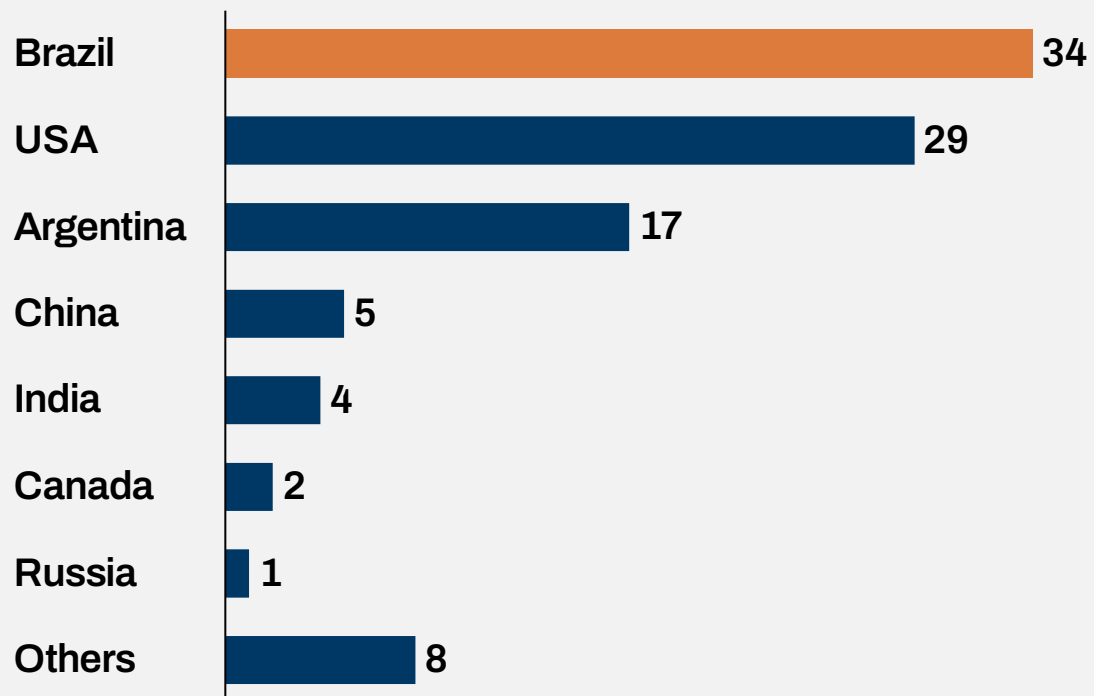
# Querência – Brazil – Soy & Beef



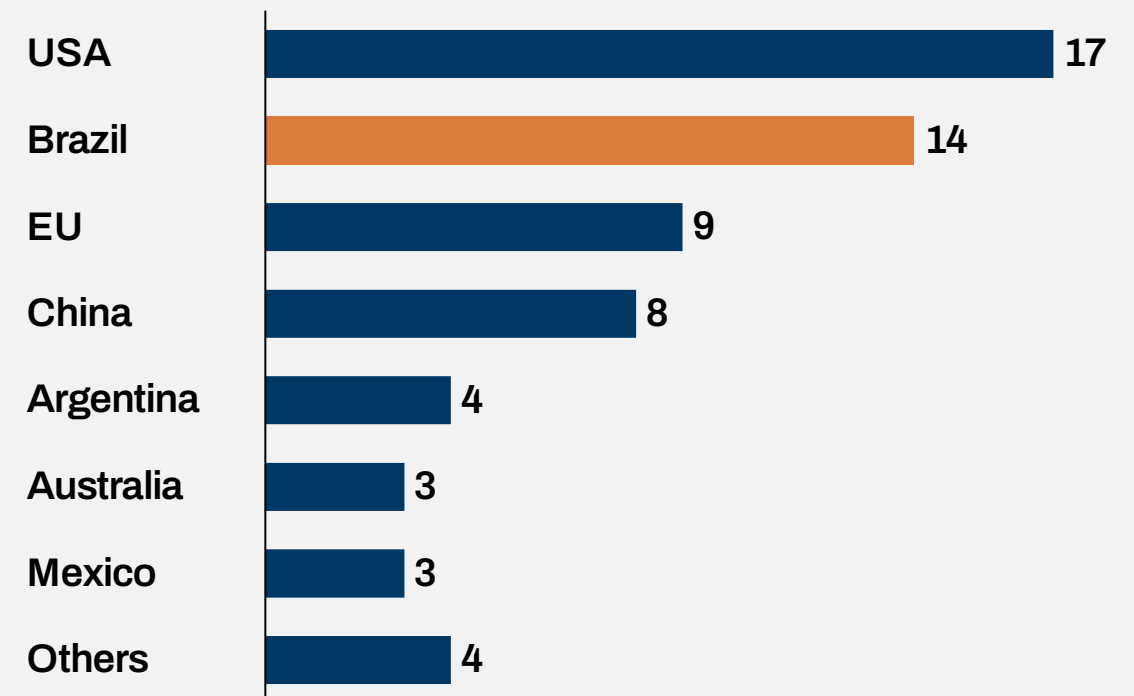
# Brazil together with the US dominates the soy and beef industries

- Brazil contributes 34% of global soybean production and 14% of global beef production.
- The country's significant role as a global soybean producer and exporter has bolstered economic growth and job creation.

## Soybeans Production (%)



## Beef cattle Production (%)



# In Querência City, large soy and beef farms meet indigenous territories at the Amazon frontier

Querência produces 1.2 million tons of soybeans annually, even though 40% of the city area falls within the Xingu and Wawi indigenous territories



## Landscape information

- Geographical Area: 1.8M ha
- Agricultural Area: 0.52M ha
- Population: 0,026M (54% rural)
- Land holdings: 678
- Average farm size: 1230 ha
- Indigenous Territories: 0.7M ha (Wawi and Xingu)

## Current Challenges

### Environmental:

- Monocrop dominance of soybeans and cattle systems
- Degraded pastureland from multiple years of low-tech extensive cattle ranching
- Significant legal forest reserve deficits in rural settlements and ongoing deforestation

### Economic:

- Stricter regulations from importing countries
- Revenues highly concentrated in three main products
- Limited profitability resilience in existing cattle management model

### Social:

- Tensions over Indigenous land rights and agricultural expansion
- Rapid populational growth driven by expanding agricultural production

## Extensive beef cattle ranching



Figure: Everton Queiroz. Extracted from Acrimat (2023)  
<https://acrimat.org.br/portal/com-novo-recorde-mt-se-mantem-na-lideranca-com-o-maior-rebanho-bovino-do-pais/>

## Large soybean cultivation fields



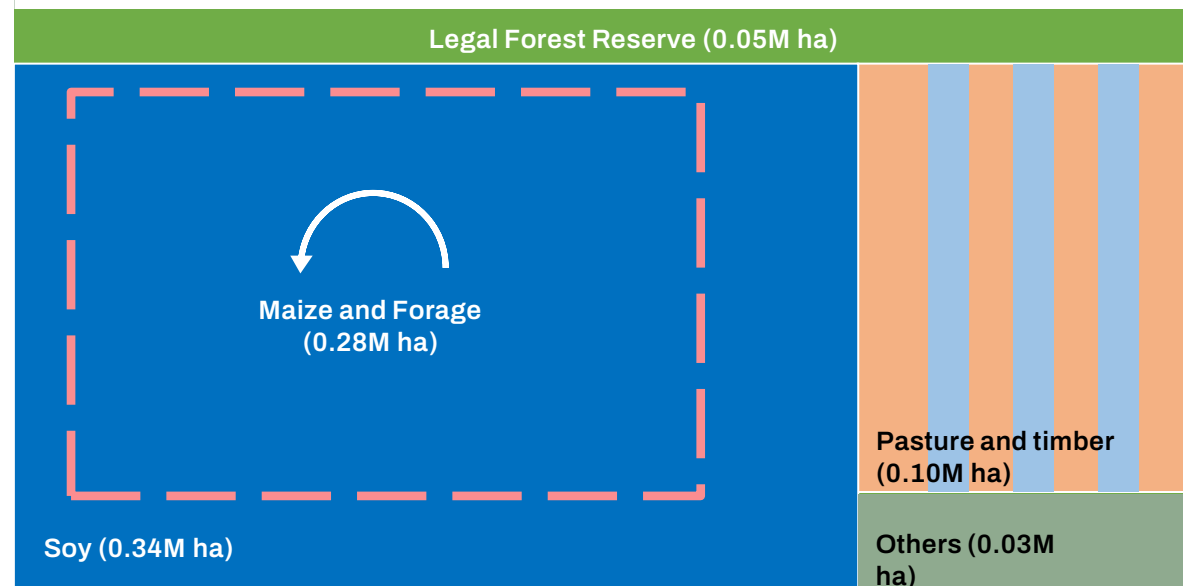
Figure: Kamikia Kisêdjê. Extracted from Mongabay (2021)  
<https://news.mongabay.com/2021/07/as-soy-frenzy-grips-brazil-deforestation-closes-in-on-indigenous-lands/>

# An alternative approach in Querência includes crop, livestock and forestry integration systems

## Current land-use at agricultural landscape level



## Alternative land-use at agricultural landscape level



## Transition pathway hypothesis

- Implementation of integrated livestock and forestry systems, along with enhanced pasture management, aims to increase cattle productivity<sup>1</sup> and animal welfare<sup>2</sup>, diversify incomes with timber, and reduce pressure for new agricultural land for pasture.
- Adoption of integrated crop and livestock systems in the soy area using maize sequencing in association with forage, permitting animal weight gains during the dry season, lower synthetic input use, and healthier soils with better soy yields.
- Restoration of legal forest reserves as 'ecological corridors' to connect reforested and native areas, supporting biodiversity conservation and Forest Code compliance.

## Set of changes used

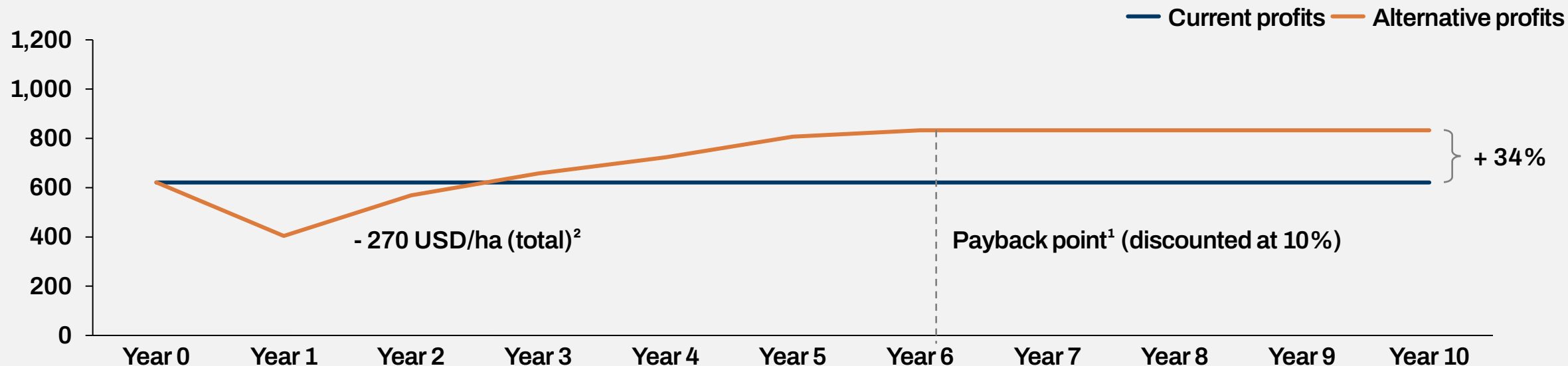
- Forestry/trees: silvo-pasture systems and native forest restoration
- Livestock/grazing: integration into crop sequencing, intensification and better pasture management
- Cover crops: forage for animal feed in consortium with maize
- Crop diversification: amplification of maize sequencing post-soy

Notes: <sup>1</sup> Higher stocking rate (up to 2.5 heads/ha in summer) and weight gains per animal from better pasture management systems. <sup>2</sup> From tree shading, shelter and enhanced grazing options during dry season.

Sources: MapBiomas, IBGE, Embrapa, Systemiq analysis, Expert interviews

# By year 3 of the transition farmers are expected to achieve levels of profitability similar to the current state

Comparison between yearly net income: current vs alternative state, undiscounted cash (USD/ha)

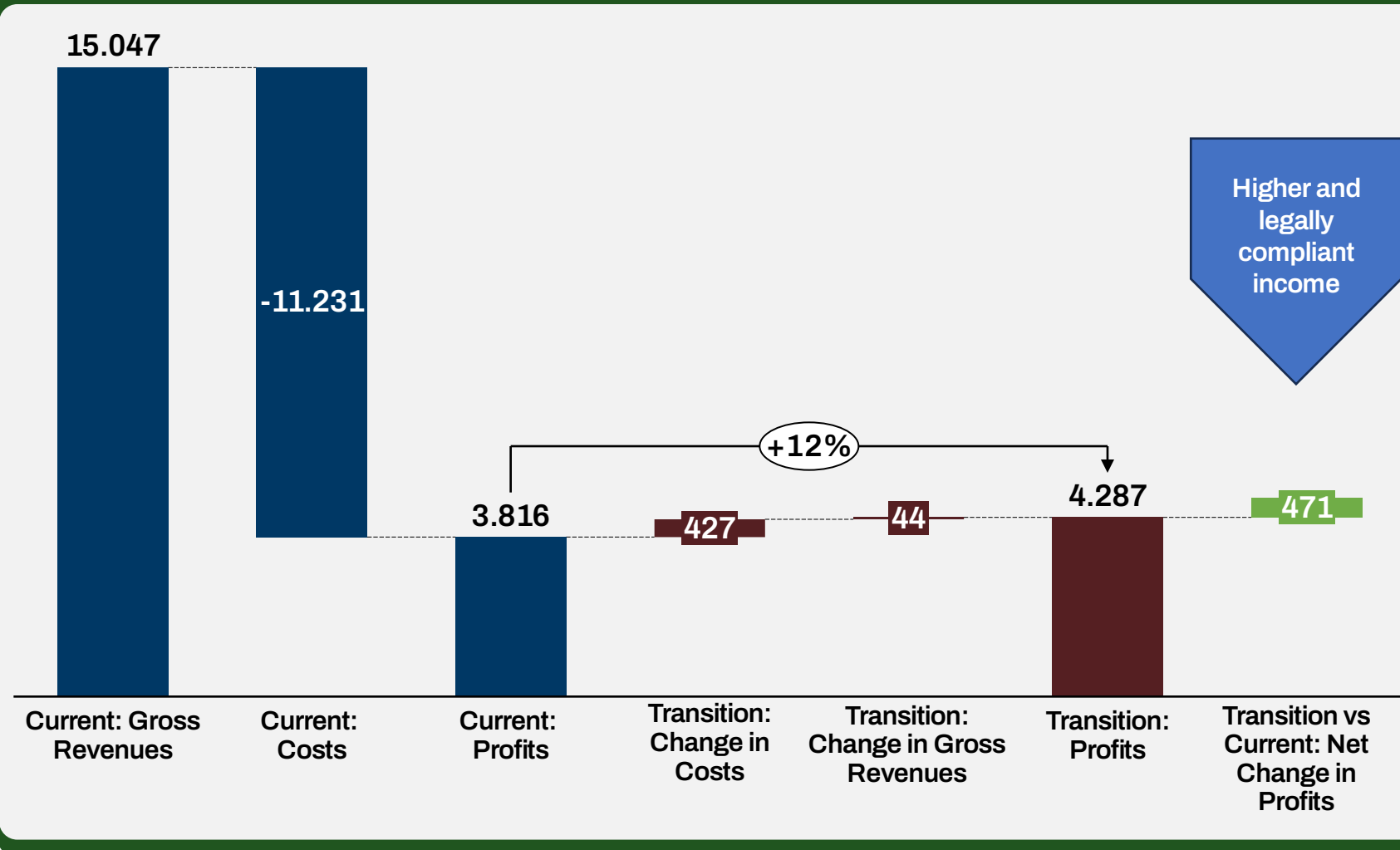


- Farmers' profitability decreases during an interim transition period and reaches a point of equilibrium 34% higher in the alternative state after year 6.
- The initial drop in profitability is mostly due to reforestation costs, introduction of timber trees and investments in enhanced pasture management.
- The revenue decline from converting agricultural land back to natural areas is balanced by increased livestock and soy productivity through crop and forestry integration, along with additional timber gains starting from year 6.
- Farmers would forgo 270 USD/ha in cumulative profits before profitability returns to current state levels (undiscounted cash).
- For an average 1230 ha farm, a short-term cost of ~\$300k (profit lost in years 1-3) is offset by expected additional profits of ~\$1.4M in years 4-10, resulting in a net gain of ~\$1.1M over the 10-year period (undiscounted cash).<sup>3</sup>

Note: <sup>1</sup>When accumulated profits from alternative state surpasses those from current state. <sup>2</sup>Model focuses on the agricultural landscape (aggregation of farms) and does not contemplate costs for new landscape level infrastructure or market channels. Conservatively assumes no carbon revenues, green premiums, or increase in land value, and a cyclic approach for earlier timber harvesting. Landscape transition happens all at once. <sup>3</sup>Costs and returns will vary significantly based on the farm's portfolio with animal growers experimenting higher costs on average. Source: Systemiq analysis

# A positive net change in profitability indicates an economically attractive transition for Querência in 10 years

10-year CUMULATIVE income and expenditures – NPV<sup>1</sup> discounted with 10% rate (USD/ ha)



- Implementing integrated crop-livestock and silvopasture systems is a profitable transition with 471 USD/ha or ~250 Million USD for the landscape in Net Present Value.
- Post-transition cumulative profitability is 12% higher in NPV terms, more diversified and legally compliant with the Brazilian Forest Code.
- Lower Opex<sup>2</sup> from a smaller agricultural area (due to forest restoration) and cost savings on soy synthetic inputs are the main contributors to the reduction in overall costs.
- The positive change in gross revenues from transition is smoothed in NPV terms by the delayed revenues from silvopasture.

Notes: <sup>1</sup>Net Present Value <sup>2</sup>Operating Expenses  
Source: Systemiq analysis

# Regenerative systems also offer improved environmental and social outcomes for the landscape



Regen10 Framework landscape-level outcomes <sup>1</sup>	Indicative impact from transition
<span style="color: #4F81BD;">■</span> Economic <span style="color: #76C776;">■</span> Environmental <span style="color: #F0A070;">■</span> Social	Negative      Neutral      Positive
Increase economic diversification and resilience	
Increase landscape value creation	
Optimize landscape biodiversity & habitat functionality	
Minimize water, soil and air pollution	
Improve water availability	
Minimize GHG emissions	
Optimize carbon sequestration and storage	
Enhance inclusivity and empowerment of local communities	
Enhance well-being of local communities	
Increase employment, knowledge and education	
Optimize access to safe and nutritious food	

### Key implications and recommendations

Integrating crops, livestock and forestry systems can increase farmers income by 34% after the transition (nominal terms).

Farmers can diversify income through forestry and reduce vulnerability to market shifts, as timber acts as a stabler financial asset.

Transition is viable even with legal forest reserve restoration, easing compliance burdens and improving environmental outcomes.

For the transition to be possible, we need:

- Rural credit and financing options that permit initial investments in the transition with repayment terms that match delayed revenues.
- Farmers, particularly in the city's rural settlements, to be assisted with affordable technical aid and land tenure regularization.
- To overcome cultural resistance to change.

Notes: <sup>1</sup>Regen10 Outcome Framework Indicators for Landscapes from zero-draft version. Qualitative base analysis.  
Source: Systemiq analysis



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# Integrating crops, livestock and forestry systems can increase farmers income in Querência while restoring forest reserves

Transitioning to a regenerative approach represents a net gain opportunity of 250M USD in additional profits for Querência farmers over 10 years.<sup>12</sup>

## Current state of agricultural landscape

### Agronomic & Environmental

- Dominance of monoculture soybeans and extensive cattle ranching, degraded pasturelands and legal forest reserve deficits.

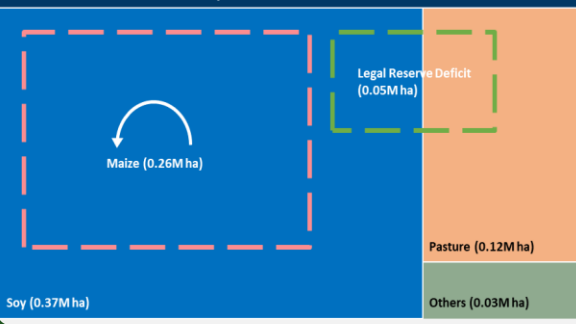
### Economic

- Stricter deforestation exporting regulations, concentrated revenues on three products, and limited cattle profitability.

### Social

- Tensions over Indigenous land rights, rapid population growth driven by agricultural expansion.

### Current land-use at landscape level



## Transition pathway hypothesis

### Integrated livestock and forestry systems

- Implement silvopasture systems to increase cattle productivity, diversify income and reduce pressure for new agricultural land.

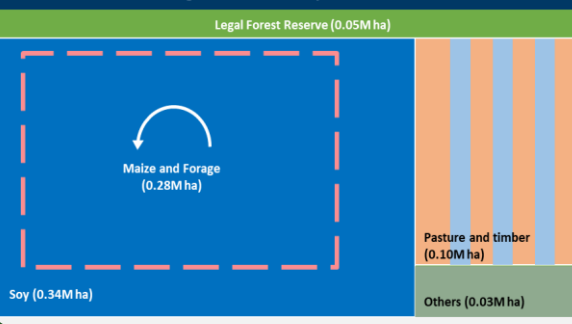
### Integrated crop and livestock systems

- Sequence soy with maize in association with forage, permitting animal weight gains during the dry season and lower synthetic input use.

### Natural forests

- Zero legal reserve forest deficits for compliance and environmental gains

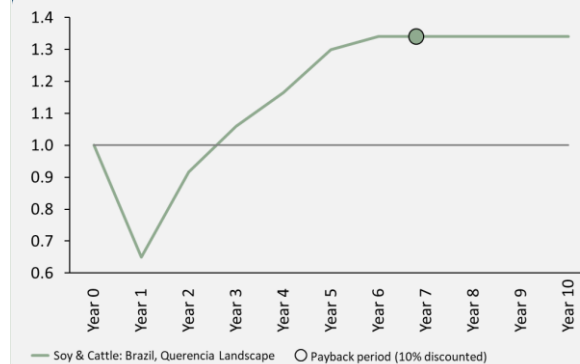
### Alternative land-use at agricultural landscape level



## Results of economic modeling

- Over 10 years, the cumulative effect of a transition to regenerative agriculture is positive with an average added value of 471 USD/ha and a payback<sup>3</sup> by the mid of year 6 (10% discounted).
- Profitability lowers during an interim period and reaches a point of equilibrium 34% higher after year 6.
- New revenue stream from timber, cost savings on synthetic inputs and higher cattle productivity are the main contributors to the positive net change.

Change in net profitability over a 10 years period for proposed transition pathway (alternative state/current state) Indicated in relative terms



## Implications and recommendations

Integrating crops, livestock and forestry systems can increase farmers income by 34% after transition (nominal terms).

Farmers can diversify income through forestry and reduce vulnerability to market shifts, as timber acts as a stabler financial asset.

Transition is viable even with legal forest reserve restoration, easing compliance burden and improving environmental outcomes.

For transition to be possible, we need:

- Rural credit and financing options that permit initial investments in the transition with repayment terms that match delayed revenues.
- Farmers, particularly in the city rural settlements, to be assisted with affordable technical aid and land tenure regularization.
- Overcoming cultural resistance to change.