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## Public Policies for Rural Areas and the Fight against Rural Poverty in the North and Northeast Regions of Brazil: a Look at the Fish, the Fishing Rod and the River

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Studies and research have shown that the development strategies put in place in recent years have led to a decrease in poverty in Brazil (Nunes et al. 2014). However, the country's poverty profile remains unaltered, with the highest rates of poverty and extreme poverty found in the North and Northeast regions of the country. The number of poor individuals in the Northeast is still disproportionately high relative to the overall population distribution: in 1995 the region was home to around 45 per cent of the poor people in the country—and remained so between 2004 and 2013—while the region accounts for about 30 per cent of Brazil's total population.

This situation is also observed in rural and agricultural settings, where the incidence of poverty is higher than in urban areas, highlighting the challenges involved in overcoming poverty: one must look beyond economic growth and income transfers and overcome the voices that advocate, for these contexts, a model similar to the South-Central region of Brazil. Data and studies on the Northeast and North regions have highlighted the need to ensure and understand instruments such as land ownership, credit, market access and others, so that economic dynamism may be effectively expanded for the purposes of development, based on specific local characteristics.

The objective of this summary is to synthesise the report's analyses, information, conclusions and recommendations on key public policies at the federal level which target rural areas, as well as their rate of success in combating poverty.

Past federal administrations chose a path that sought to increase the income of the poorest households without going further and addressing the mechanisms responsible for the reproduction of the poverty in these populations; this becomes clear when we analyse the set of rural development policies that focus on family farming.

Among the policies enacted to ensure access to land and reduce inequality, agrarian reform stands out as one of the most relevant. Analyses conducted over the last 15 years show that the specificities of Brazil's land distribution structure have remained largely unaltered for the past 100 years. Despite the efforts that have allowed the State to settle over 1 million families in about 9,000 projects carried out mostly over the last 30 years, Brazil remains perhaps the only country in the world with a land reform programme which—after 50 years—has not yet come to a conclusion (Ipea 2014, 2013). The extreme concentration of land that characterises Brazil's land structure and lies at the root of much of the country's inequalities remains overlooked—as if it were possible to promote inclusive and sustainable rural development without first tackling this issue.

Complementary policies to agrarian reform, such as the National Land Credit Programme (PNCF) and Land Regulation, were designed and implemented based on the belief that it would be possible to address the challenge of balancing Brazil's agrarian structure through market mechanisms intermediated by the State. However, default-related data from the PNCF show that the poorest beneficiaries are the most affected. This shows that the policy incorrectly assumed that poor rural households would be able to afford land costs and ascend socially and economically with the aid of the programme alone.

Also of note is the fact that settlement projects have focused on the Northeast and North regions, especially in areas such as the Legal Amazon, to the benefit of their historical occupants. As such, this strategy is indispensable in legitimising land ownership, especially for traditional populations (extractive and riverside communities), but is insufficient as a primary strategy in the government's land reform policy for Brazil.

It appears that Brazilian agrarian reform is losing what little space it was able to gain on the government's agenda. The concentration of land ownership is taken as the main cause of rural poverty, as it plays a decisive role in the proliferation of unsustainable, micro farms due to the proliferation of large-scale monoculture—which, in addition to degrading the environment, fails to promote food security. As a counterpoint to family farming, which encompasses most of the rural Economically Active Population (EAP) in rural areas,

highly concentrated land ownership leads to the loss of labour, rural flight and conflicts (potentially even fatal ones) in rural areas.

The instrument *par excellence* of agrarian reform that actually confronts the issue of large estates (*latifúndios*) and allows for better and greater access to land is expropriation. Inexpensive ways of obtaining land, in turn, resemble a colonisation process without much effect on combating large estates. It is worth underscoring the current risk inherent to settlement projects under this profile and the idea that the 'emancipation of settlements'—by granting them private land ownership—is the way forward when, in fact, it may mean the transfer of public land to the low-cost land market, playing into the hands of large estate owners.

Progress in land reform was in fact the result of social activism—with over 1 million families settled—but since expropriation played a secondary role in the amount of land obtained, there was no support and infrastructure provided at the right time, and technical assistance was lacking; therefore, the expected structural effects were not achieved. Forming settlements in formerly public lands ultimately favours expropriations through the public land market.

The concentration of land ownership remains virtually unchanged, as the constitutional concept of the social role of land is losing practical space in public land reform policies. Even more troubling is the fact that the agrarian reform agenda and its distributive conflicts are still largely neglected by the State—which leads, on the one hand, to the escalation of violence in rural areas and, on the other hand, to the marginalisation of social movements.

In addition to agrarian reform and land credit programmes, there is a set of policies in place to support the production and sale of family farming products. The National Programme for the Strengthening of Family Farming (PRONAF), *Garantia Safra* and programmes to ensure access to water for production purposes are all policies that support productive stimulation processes; while the Food Acquisition Programme (PAA) and the National School Feeding Programme (PNAE) support farmers through structured demand. These policies should function in a coordinated and integrated fashion, since stimulating production and organising demand are two sides of the same coin. Many innovations have been developed by different government administrations over the past two decades; nearly all of them are the result of intense negotiations involving government and civil society organisations representing family farmers.

Among such innovations, PRONAF is undoubtedly a public policy breakthrough—it has become the primary source of credit for many farmers spanning a vast variety of regions and different economic and social contexts; its format allows, to some extent, for citizen participation in managerial activities. As such, the increased allocation of funds by successive administrations has significantly expanded the number of contracts and the reach of the policy, now represented in nearly all Brazilian municipalities. Many ambiguities still lie at its core, however, and they manifest in different ways: the historic concentration of resources in the country's Southern region; the low level of access to resources by poor farmers, located mainly in the Northeast; the predominant use of such resources in the production of commodities; and a production model

highly dependent on chemical inputs with adverse effects on the environment and the health of both producers and consumers. This is juxtaposed with the premise of the current crop plan, 'Family farming: healthy food items for Brazil'.

Still, in the context of municipalities which are economically dependent on agricultural production, PRONAF funds may promote greater circulation of currency, an increased Gross Domestic Product (GDP) and even larger municipal revenues. If we take the progress of the programme over the past two decades and the ambiguities in its implementation as a starting point, we arrive at a scenario facing the following challenges: creating mechanisms to include poor family farmers in the credit policy; adopting measures to promote a more equitable distribution of PRONAF funds to different regional and farmer profiles; ensuring technical assistance to family farmers by investing in the qualification of rural credit; promoting a debate about the amount vs. quality of rural credit, given that rural credit has not helped reproduce an agricultural model less dependent on chemical inputs by adopting newer, cleaner technologies etc.; and using credit to strengthen agro-ecological productive initiatives, thus supporting the premise of healthy food production for the country.

The results of the evaluation/estimation of the determinants of territorial distribution by PRONAF clearly show that the distribution of contracts is more strongly influenced by economic performance indicators than by socio-demographic ones. In other words, the size of the family farming sector and agricultural GDP positively influence the number of contracts issued by municipalities, while participation in PRONAF's Group B (for more vulnerable households), the degree of rurality and the number of agricultural establishments have a negative influence. Therefore, it is clear that the territorial distribution of PRONAF contracts—most notably, costing contracts—is not democratic (i.e. not directed at areas with more farmers and greater rurality) but plutocratic (directed at areas where agricultural GDP is higher and with more economically consolidated family farmers).

On the other hand, poor farmers, who account for the majority of family farmers and most of the labour in rural areas, are relatively well covered by the investment modality. Estimates about the distribution of the investment modality indicate that the good coverage of the poorest households results more from the programme's regional bias than from the importance it attributes to Group B farmers. They also highlight the fact that PRONAF loans for investment—notably, the so-called microcredit—show a different distribution, favouring the less poor among poor households.

In addition to production stimulation policies that act on the food supply, in recent decades structured demand policies—also known as targeted policies to foster institutional markets—have been designed and implemented with significant success. The best examples are the PAA and the PNAE, used to implement state-level policies on public purchases, as in the case of the Federal District.

In almost 10 years since its inception, the PAA has reached nearly 200,000 farmers, representing 2 per cent of the 4 million family farmers and one third of PRONAF costing loans to farmers.

Between 2003 and 2011, over 3.5 million tonnes of food were purchased for consumption by 20 million people. On the other hand, the programme is still trying to find ways to expand its coverage (and, therefore, its budgetary importance), in keeping with its objective to ensure market participation to family farmers.

Regarding the PNAE, the potential market is quite important, as school feeding in Brazilian public schools is largely responsible for the nutrition of about 45 million students during each of the approximately 200 school days in the school year. With an annual budget of approximately BRL3.5 billion (USD1.75 billion), the PNAE has sufficient funds to expand market opportunities and significantly increase the income of farmers. In this context, structured demand for family farming funded by the two major programmes under the Federal Government amounts to more than BRL2 billion a year.

There is still much to do to achieve the goal of using at least 30 per cent of the programme's funds to purchase products from family farmers. Especially in the North and Northeast regions, one of the reasons most often cited by programme managers is the impossibility of ensuring a regular supply of family farming products to meet schools' needs. Overcoming this obstacle requires that both sides—demand (executing agencies) and supply (family farmers)—engage in dialogue and identify solutions for these and other bottlenecks that hinder the programme's progress.

Among the main challenges in consolidating the PAA is the development of an efficient and timely payment and logistics mechanism to enable products do be delivered at lower costs and under better conditions.

While production stimulus policies that operate through credit lines based on banking, such as PRONAF, ultimately lead to higher concentrations in regions where farmers have more capital and traditional supply chains are better structured, other policies are negotiated based on the demands of representative civil society organisations specifically for other regions—such as *Garantia Safra*, the National Programme for 1 Million Cisterns (P1MC) and *Bolsa Verde*.

Despite the problems faced by these policies, it is clear that they constitute important advances in focusing actions on the semi-arid region. While *Garantia Safra* has a limited effect on its own, given that the problems of drought and crop frustration are cyclical and require more than one-off actions, its combination with other measures to improve coexistence with the semi-arid climate—such as the P1MC—has given rise to a set of strategies aimed at ensuring access to water for human consumption as a basic right and has made progress (albeit less intensely) in ensuring access to water for production purposes. Such measures encourage a process of productive reconversion, the adoption of technologies and crops suitable for the region and agro-ecological guidance; this, however, is only possible with quality technical assistance, strong social organisations at the local level and, ultimately, the democratisation of land.

Overall, these policies are relevant in strengthening a development strategy based on family farming. However, depending on their concentration and/or budget allocations, such policies may fail to produce the necessary synergies to

bring about sustainable change to the economic dynamics of areas containing mostly family farms.

In addition to addressing the structural limitations of each of these policies, other strategic policies should be improved to ensure the expansion of families' access to benefits, as well as to enhance the quality of its management with a view to integrate them—the National Policy for Technical Assistance and Rural Extension (PNATER). This policy should be structured as an advisory service to farmers and their organisations, aimed at strengthening their social capital and facilitating access to other policies, guided by a territorial development vision as a strategy for planning and implementing actions. Over 10 years since its inception and in light of its enormous importance and cross-cutting nature, PNATER is faced with a dispute between two technological models found in the fields and within the government, thus limiting the programme's performance on rural development and poverty reduction.

In a hypothetical comparison of the effectiveness of the aforementioned policies regarding access to land and production stimulation, out of the social policies that reach the Brazilian countryside, the latter would rank significantly higher in terms of the impacts on the lives of families. Obviously, any development strategy that fails to advance productive inclusion, strengthen autonomy and overcome inequalities in accessing means of production will not be sustainable in the long term. Most social policies targeting rural areas in Brazil are based on direct cash transfers to households—such as *Bolsa Família*, Rural Social Security and *Bolsa Verde*. *Garantia Safra* is similar to direct cash transfer programmes, in that it grants benefits to farmers who have lost their crops.

Between 1991 and 2013, the amount of Rural Social Security benefits rose from 4.1 million to 8.9 million, with an increase in the amount spent due to the minimum wage appreciation policy. This significant increase reiterated the ability of social security to promote social inclusion, by increasing the income of family farmers and expanding production investment possibilities. However, although inequality indicators have improved partly due to social security transfers, such transfers play a limited role in rural development. The betterment of the human condition does not occur with the same ease in the productive capacity of labour. The 2006 Agricultural Census shows considerable inequality in the distribution of production and a very high proportion of subsistence farmers marginalised from more dynamic markets and from specific public policies geared towards economic development.

As for the *Bolsa Família* programme (PBF), two events marked the public debate on poverty in 2014. In late April the government announced adjustments to benefit amounts and lines of access, thus strengthening the role of cash transfers in combating poverty. Data from the 2013 National Household Sample Survey (PNAD) were published a few months thereafter, showing a slight increase in poverty in the country, measured in terms of income. In addition to the possible negative effects of the economic downturn on the labour income of the poorest households, one should also consider the lack of indexation of the PBF benefit as an important element in understanding the recent movements in the rates of extreme poverty. As such, the future scenario of extreme poverty in Brazil is cause for concern,

considering the fiscal adjustment scenario and the negative forecasts for the country's economy and labour market.

*Bolsa Verde* (BV) beneficiaries receive the equivalent of USD300 per quarter. Two years after its implementation, BV had reached 44,388 families across 24 states and 730 municipalities, transferring just over BRL69 million in grants. Beneficiaries in the state of Pará received 62.9 per cent of total BV transfers, followed by those in the states of Amazonas, Bahia, Minas Gerais and Acre. Not including 306 families that were excluded, the programme had reached 60.4 per cent of its target of 73,000 families by the end of 2014. The state

of Pará was home to 83.4 per cent of the beneficiary families when the programme started, but its share decreased over time, to 54.0 per cent by September 2013. In May 2012, BV started expanding to other regions and states—in particular to the Northeast (Bahia) and Southeast (Minas Gerais).

In closing, an analysis of public policies for rural areas and for combating rural poverty in the Northeast concludes that, in recent years, more fish has been distributed, and the supply of certain types of fishing rods and fishing supplies has increased, but access to the river remains under the control of a select few. ■

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