

Country situation and role of agriculture

The Federative Republic of Brazil is the largest country in the Latin American region and the fifth largest country in the world in terms of both geographical area and population. In 2012, Brazil was the world's seventh largest economy, having a GDP per capita of US\$ 11 340, thus being classified as an upper-middle income country.¹

Brazil is a major player in global agricultural trade, accounting for 7.3 percent of global agricultural exports. It is the world's third-largest exporter of agricultural products, behind only the EU and the United States. Soybean products remain the largest export, followed by sugarcane products (sugar and ethanol), meat (especially poultry and beef), coffee and cereals.

The agricultural sector, being vital to Brazil's economic and social development, is supported by two separate ministries: the Ministry of Agriculture, Livestock and Food Supply (MAPA), focused primarily on agribusiness development and market integration; and the Ministry of Agrarian Development (MDA), created in 1999 to establish land reform, promote sustainable development and support family farming. According to the 2006 Agricultural Census, family farm establishments represent 84 percent of the country's farms and contribute 38 percent to the gross value of agricultural production.

The government has been pursuing an integrated strategy of growth with social inclusion, involving Ministries of Social Development, Education and Health among others. Significant improvements in the reduction of poverty and inequality have been achieved; inequality has fallen to 0.52 as measured by the Gini index, the lowest level in 50 years.² Furthermore, as of 2012, Brazil's Human Development Index (HDI) was 0.730, having increased by 40 percent from 1980.³

Selected indicators		2007	2009	2012	
SOCIO-ECONOMIC	GDP (current billion US\$) *	1 367	1 620	2 252	
	GDP per capita (US\$) *	7 194	8 373	11 340	
	Agricultural value added (% of GDP) *	6	6	5	
	Agricultural value added (annual % growth) *	(average 2007-2012)	2.65		
		(2012)	-2.3		
	Total population (thousand)	189 997	193 491	198 656	
	Rural population (% of total)	16.6	15.9	15.1	
Agricultural labour force (% of total labour force)	12.3	11.4	10.2		
Human Development Index **	(2012)	0.730 (ranking 85)			
AGRICULTURAL PRODUCTION & TRADE	Per capita cultivated land (ha)	0.39	NA	0.40	
	Area equipped for irrigation (ha)	5 400			
	Value of total agriculture production (current million US\$)	108 391	129 670	NA	
	Value of cereals production (current million US\$)	12 873	13 569	NA	
	Yield for cereals (hg/ha)	35 531	35 315	45 845	
	Cereal import dependency ratio (%)	(2007-2009)	14.25 - Net imp		
	Top 3 commodities	Production quantity	Sugar cane, Soybeans, Maize		
		Production value	Meat indigenous, Cattle, Sugar cane, Soybeans		
		Import quantity	Wheat, Malt, Flour of Wheat		
		Import value	Wheat, Rubber Nat Dry, Malt		
		Export quantity	Soybeans, Sugar Raq Centrifugal, Cake of Soybeans		
Export value		Soybeans, Sugar Raw Centrifugal, Coffee, Green			
Top 3 trade partners	Import value	Argentina, Indonesia, Uruguay			
	Export value	China, mainland, Netherlands			
FOOD SECURITY & NUTRITION	Top 3 commodities available for consumption	Sugar (Raw Equivalent), Wheat, Rice (Milled Equivalent)			
	Per capita food supply (kcal/capita/day)	3 110	3 173	NA	
	General (g) and Food (f) CPI (2000=100)	163.5 (g), 161.2 (f)	181.2 (g), 192.9 (f)	214 (g), 240.8 (f)	
	People undernourished (million)	(2008-2010)	14.4		
		(2011-2013)	13.6		
	Proportion of undernourished (%)	(2008-2010)	7.5		
		(2011-2013)	6.9		
	Prevalence of underweight children under 5 years of age (%)	2.2	NA	NA	
	Prevalence of stunting among children under 5 years of age (%)	7.1	NA	NA	
	Prevalence of wasting among children under 5 years of age (%)	1.6	NA	NA	
Global Hunger Index ^	(2013)	<5			
Access to improved water sources (% of population) *	96	97	NA		

Source: FAOSTAT; *Source: WB; **Source: UNDP; ^ Source: IFPRI (accessed on 20 March 2014)

1 Data available at: <http://databank.worldbank.org/data/>, accessed on 20 March 2014.

2 OECD 2013, Agricultural Policy Monitoring and Evaluation 2013, OECD Countries and Emerging Economies – Brazil, available at: http://www.oecd.org/tad/agricultural-policies/AgMon_2013_Brazil_ENG.pdf

3 The HDI measures national development through health, education and income levels. Data available at: <http://hdr.undp.org/en/countries/profiles/BRA>, accessed on 20 March 2014.



1. Government objectives in agriculture, food and nutrition security

Main strategies, policies and plans related to agriculture adopted by the government during the period 2007-2013 are the following:

- i. Multi-annual plan 2008-2011 of the Ministry of Agriculture, Livestock and Food Supply (MAPA).** The plan promotes sustainable development and competitiveness of agribusiness⁴ for the benefit of Brazilian society, with integrated programmes intended for small, medium and large-scale farmers. The aim is to develop agribusiness in an economically, socially and environmentally sustainable manner.
- ii. Family Farming Harvest Plan, 2002/2003 onwards.** Every year since 2002, the Ministry of Agrarian Development (MDA) implements its annual plan in support of the sector with the objective of increasing innovation and technology and of stimulating food production, together with income protection. To this end, the various plans have enhanced a set of public policies which put family farming as a pillar for national development (see producer-oriented policies below), together with continued technical assistance and extension.

Main strategies, policies and plans related to Food and Nutrition Security (FNS):

- i. Zero Hunger Strategy (*Fome Zero*), 2003.** This is the government's main policy for guaranteeing the right to food for the population. It aims at combating extreme poverty and inequality in Brazil through integrated measures of expanding access to food, income generation, productive inclusion, education and health programmes.
- ii. Brazil Without Misery Plan (BSM), 2011.** The objective of this plan is to eradicate extreme poverty in Brazil by 2014, through productive inclusion, income security and access to public services for the whole population.
- iii. National Policy for Food and Nutrition Security (PNSAN), 2006.** Food security and nutrition (FSN) are identified as a strategic objective to be pursued with permanent and intersectoral public actions and policies, guided by the principles of food sovereignty and the human right to adequate food.

2. Trends in key policy decisions (2007 to 2013)

2.1 Producer-oriented policy decisions

State support to production has been strong during the review period and accompanied all stages of the production cycle, with the primary aim of increasing farmers' productivity and ensuring food security. The government's priorities from 2007 to 2013 fall into three major categories: rural credit, marketing and risk management. Each of these programmes is complemented by a technical assistance component.

Rural credit programmes reinforced and expanded

During the review period, while rural credit disbursements under existing schemes continued to rise, new programmes were created. The National Programme for Strengthening Family Farming (Pronaf), created in 2006 for financing family farm investments, was expanded with new credit lines. For example, from 2008, *Programa Mais Alimentos* provided subsidized credit lines to rural farmers for investments in the modernization of infrastructure and machinery. From 2010, the Medium-Scale

Agricultural Producer Support Programme (PRONAMP) and the Low Carbon Agriculture Programme (see concluding remarks) financed rural activities of micro, small and medium farmers by subsidizing credit with the aim of increasing income and employment generation in agriculture. The main institution providing rural credit at subsidized rates or acting as a guarantor has been the National Development Bank (BNDES), the largest creditor in South America.⁵

Budget increase for articulated price support mechanisms

The Policy of Guaranteed Minimum Prices (PGPM), in place since 1966, continued to be a major pillar of Brazilian agricultural support policy, with the objective of protecting producers when market prices fall to levels which are considered too low. The National Food Supply Company (CONAB), established in 1990, continued to be the regulatory agency in charge of implementing this policy for agricultural products.⁶ This has been done primarily through commercialization instruments, namely by buying products directly from small and medium farmers,

4 "Agribusiness" is considered by the government as the sum of activities providing goods and services in agriculture, from agricultural production, processing and distribution of products to the end consumer, independently from the producers' size.

5 In 2012, public banks provided 57.5 percent of total rural credit, followed by private banks (32.5 percent), and cooperatives (10 percent). Brazil Central Bank online information: <http://www.bcb.gov.br/htms/CreditoRural/2012/rel51411.pdf>.

6 The programme applies for major national commodities, including maize, wheat, rice, beans, coffee, cotton and others.

most often through the Food Acquisition Programme⁷ (PAA), established in 2003. The products purchased at a minimum fixed price are then used by CONAB for replenishing its public food stocks, for emergency distributions or public food programmes. Disbursements reached their peak after the global financial crisis in 2009, yet continued to be a significant expenditure, costing an average of more than US\$ 650 million a year.⁸

Development of agricultural risk management systems

Brazil reinforced the already existing risk management systems for rural farmers, in order to increase their production and income. The Agricultural Activity Guarantee Programme (Proagro), in place since 1973, exempts those settlements hampered by natural disasters, pests and diseases that affect livestock and crops from financial obligations of rural credit. Additionally, the premium fee is very low since it is subsidized by the government. Since 2004, a new programme, *Proagro Mais*, has granted agricultural insurance to family farmers at even lower rates.

Since 2005, Brazil has operated the Programme of Support to Rural Insurance Premium (PSR), which covers up to 70 percent of the insurance policy value contracted by producers. Since its creation, the budget and beneficiaries have increased consistently; as of 2011, more than 40 000 farmers had benefited from the programme. Furthermore, in 2010 the government created the Fund for Rural Catastrophe, which provides supplemental coverage for insurance and reinsurance companies in case of climatic disasters.

Promotion of family farming

Like its MERCOSUR partners, Brazil has been focused on family farming⁹ since early 2000. In 2006, the government launched the National Programme for Strengthening Family Farming (Pronaf)¹⁰, providing targeted services such as preferential credit lines at record-low levels, rural extension, rural insurance and price guarantees. In June 2009, a federal law established that 30 percent of the budget of the National School Feeding Programme must be invested in the direct purchase of family farm products.¹¹ Moreover, from 2010, family farming is entitled to 20 percent of the PGPM's budget through the dedicated Price Guarantee Programme for Family Farming.



Sergipe State, Brazil - © FAO/Giuseppe Bizzanti

Technical assistance, extension and training accompany most rural development programmes in Brazil, providing feasible solutions for the sustainable development of Brazilian agribusiness.

2.2 Consumer-oriented policy decisions

In 2012, Brazil allocated around 25 percent of its GDP to social expenditure, thus being the country with the highest rates of social expenditure in Latin America and the Caribbean (LAC). A series of broad social programmes were implemented, focusing mainly on child health and education and in raising incomes of the poorest segment of the population.

Scaling-up world's largest Conditional Cash Transfer (CCT) programme

The largest and most widely recognized CCT programme, *Bolsa Família*, was launched in 2003¹² as a means of redistributing wealth through conditional monthly allowances to poor or extremely poor families. Since then, beneficiaries, sub-programmes and monetary contributions have been scaled-up, covering 13 million poor families in 2012 (from 6.6 million in 2005) thereby reaching a portion of society that had never benefited from public social programmes. *Bolsa Família* conditionalities relate to children's school attendance, child vaccination and medical care for pregnant women, aiming both at breaking intergenerational poverty transmission and enhancing human capital. Transfers are provided through a magnetic debit card generally entitled to female heads of households, in order to increase gender empowerment and to guarantee money is spent mainly on food.¹³ Since 2012, a new sub-programme of *Bolsa Família*, *Brasil Carinhoso*, provides additional monthly transfers to poor families for each child below the age of six.¹⁴

7 According to the Ministry of Social Development and Fight Against Hunger (MDS), the PAA purchased more than 3 million tons of products from small and medium farmers in 10 years, i.e. since its establishment.

8 Overall, during the period 2007 to 2012, the PGPM has been implemented so broadly that it accounted for more than half of total government transfers to farmers.

9 Family farmers are identified by the following criteria: they reside in rural establishments or nearby; they do not have a property that exceeds certain acreage (depending on the region); their activities are centred on family labour and are not exceeding a certain annual gross income.

10 See rural credit section.

11 Law no. 11 947. This measure aims at both supporting family farming and at providing fresher and healthier food to children.

12 Already at the end of the '90s, some Brazilian municipalities started implementing such programmes, thus making Brazil a pioneer in CT policies, together with Mexico and Bangladesh.

13 This characteristic is common to the majority of CT programmes in LAC.

14 Impact evaluations confirm *Bolsa Família*'s success in reaching the poor and improving their consumption, education and health, and this has sparked adaptations in almost 20 countries - including Chile, Mexico, Indonesia, South Africa, Turkey and Morocco. World Bank 2013, *Bolsa Família: changing lives of millions in Brazil*, available at: <http://go.worldbank.org/DOMFU4AY001>

Increase of food and nutrition based programmes

Brazil's National School Feeding Programme (PNAE), initiated back in 1955, is run by the Ministry of Social Development as part of the Zero Hunger Strategy. The programme ensures that all school children in public schools get a free meal that is nutritious and that reflects traditional food habits. In 2009, the programme was expanded to cover all public education students, including adults. In 2012, the budget reached US\$ 3.3 billion, benefiting 45 million basic education students and young adults. The PNAE is an example of strong synergy and coordination between several governmental agencies, together with an effective local purchase strategy, standing as a reference model worldwide.

Likewise, Brazil also reinforced other existing free or subsidized food programmes focused on the most vulnerable of the population under the so called "Network of public food and nutrition facilities" (comprising *Comedores Populares*, *Cocinas Comunitarias* and *Bancos de Alimentos*), created in 2003. The network operates with a nationwide presence, particularly in areas with low HDI.¹⁵

2.3 Trade and market-oriented policy decisions

The period under review was particularly dynamic for Brazil's foreign trade. The government adopted an export promotion policy which was successful in strengthening Brazil's position as a net exporter of agricultural products, particularly in new markets. Agricultural exports increased at an average rate of 12.3 percent per year over the period 2007 to 2012, reaching 35.6 percent of national exports in 2012.

3. Emerging issues

Food insecurity has decreased significantly in Brazil over the last decade, indicating that appropriate public policies and institutional arrangements were implemented. Impressive results such as 22 million people overcoming extreme poverty since the release of BSM attest to why these programs are now serving as a model for other developing countries. Brazil has established a public agenda for food security and nutrition, promoting an integrated multi-sectoral approach that articulates actions to guarantee access to healthy food and to strengthen family farming. Besides this, other issues have recently emerged:

Increased attention to indigenous peoples. In line with the regional trend, Brazil has increased its attention in recent

Continuation of open trade policy

Brazil continued throughout the reference period to implement an almost fully open trade policy. Import restrictions on agricultural products including quotas and non-tariff measures have been minimal. Between 2009 and 2011, a small number of phytosanitary and non-automatic license measures were adopted on certain agricultural products coming from Argentina and Uruguay in particular, countries which normally enjoy a free trade agreement with Brazil through MERCOSUR.¹⁶ Regarding exports, the only restrictions registered have been two temporary export bans on government-owned rice stocks in 2008 and 2011 in order to ensure domestic supply.

Export promotion policy and signing of new preferential trade agreements

Brazil continued to maintain an export promotion policy aimed at expanding its presence in world markets. The *BNDES* Exim, in place since 1990, is a special programme that provides export-oriented producers with credit and guarantee schemes at attractive interest rates, before, during and after shipping. Furthermore, in 2009, the Export Financing Programme (PROEX) was created to support micro, small and medium exporting enterprises. In the period under review, Brazil maintained free or preferential trade agreements with most LAC countries: free trade with MERCOSUR countries and preferential agreements with its associate members.¹⁷ Furthermore, two new MERCOSUR agreements entered into force, namely with India (2009) and Israel (2011), and three others were signed and are pending entry into force: with the Southern African Customs Union (SACU), Egypt and Palestine in 2008, 2010 and 2011 respectively.¹⁸

years towards indigenous peoples as well as afro-descendant communities. Land titling and distributions have been implemented among these communities, as well as targeted food distributions and cash allowances (see *Bolsa Verde* programme below). Furthermore, all the schools in the *quilombos* (settlements built by descendants of former slaves) and reserves of indigenous peoples are included in the national school feeding programme.

Growing concern for environmental issues. Environmental preservation and restoration has been identified as a strategic direction from the government. The Programme for the Modernization of Agriculture and the Conservation of Natural Resources (MODERAGRO), launched in July 2009, provides

¹⁵ More detailed information on the Network of public food and nutrition facilities on: <http://www.mds.gov.br/segurancaalimentar/equipamentos>

¹⁶ These measures caused some claims among the bloc partners, however they were settled through diplomatic negotiations and lately removed (FAPDA Global Report 2013).

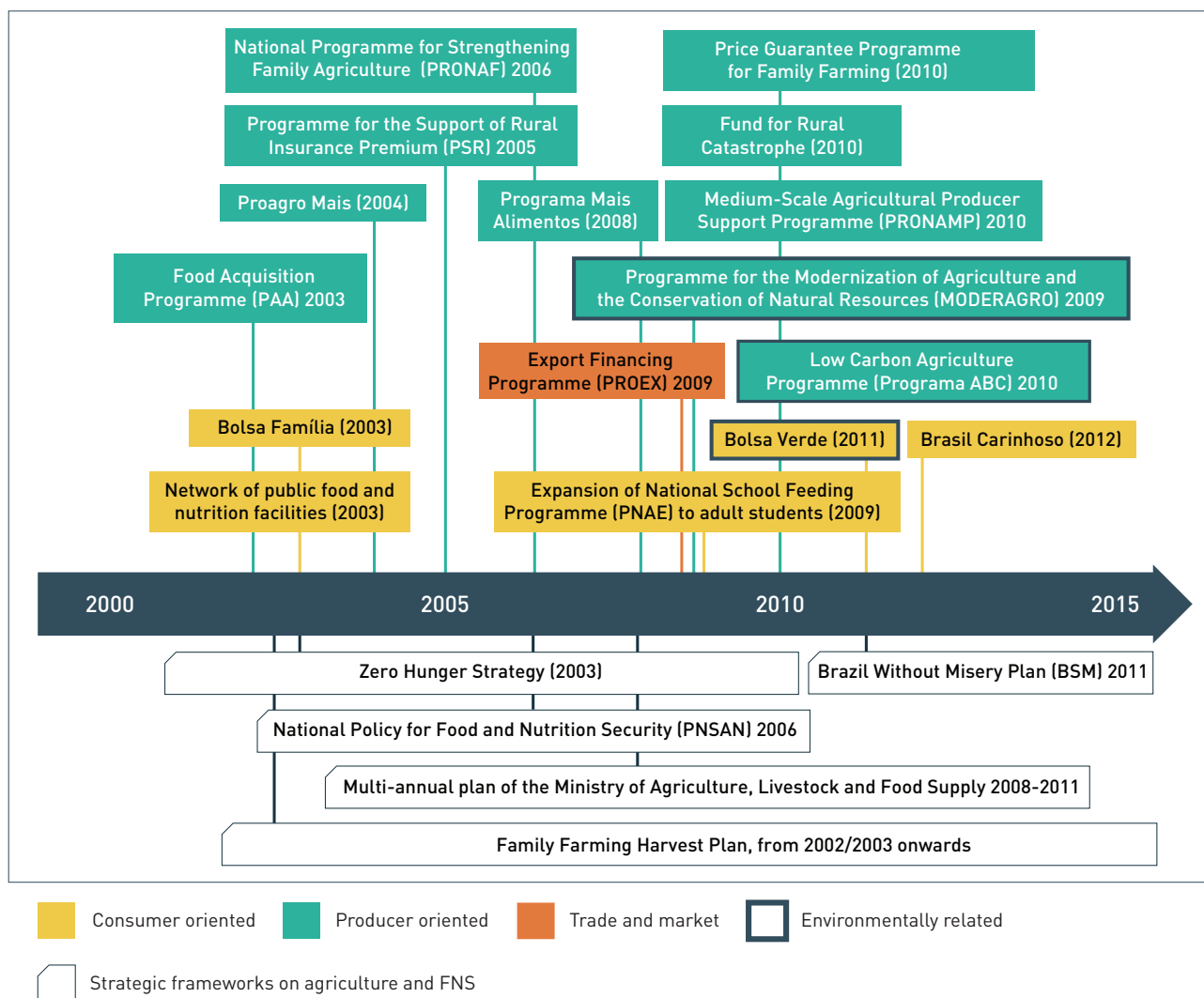
¹⁷ I.e. the Plurinational State of Bolivia, Chile, Colombia, Cuba, Ecuador, Mexico, Peru and the Bolivarian Republic of Venezuela.

¹⁸ WTO 2013, *World Trade Policy Review: Brazil*, available at: http://www.wto.org/english/tratop_e/tpr_e/s283_e.pdf

subsidized credits to improve production systems and revitalize soil and pastures for rural farmers and cooperatives. In June 2010, the *Programa ABC* (Low Carbon Agriculture Programme) was launched for financing rural projects aimed at reducing greenhouse gas emissions and preservation of natural resources from agricultural activities.¹⁹ Finally, a new sub-programme of

Bolsa Família, *Bolsa Verde* (Support to Environmental Conservation Programme), was established in 2011, providing cash transfers to families who participate in conservation activities in national forests as well as to indigenous peoples, afro-descendants and other traditional communities.

ANNEX I. MAIN STRATEGIES AND POLICIES RELATED TO FOOD SECURITY AND NUTRITION (SINCE 2000)



19 Like recovering degraded pastures; implementing organic agriculture; no-till farming; integrating crop, livestock and forestry activities; planting and managing commercial forests.



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