Brazilian rural development cannot be understood as merely consisting of the actions and interventions of the state and international organizations in poor and backward regions. It is true that from 1970-1990 the state had an almost exclusive role in rural development. At that time, state-run rural development programmes, such as the “Integrated Rural Development Policies” programme (PDRI), were seen as the only mechanisms capable of creating and providing feasible solutions to poverty and the underdevelopment of social groups and regions that were incapable of engaging in the modernization process (Ellis, Biggs, 2001). This approach, based on modernization theory, promoted compensatory mechanisms intended to provide alternatives for those farmers and/or rural regions that struggled to modernize their agriculture or faced difficulty in developing other economic activities, such as industry, commerce and services.

Since then, there has been an important change in both the focus and the understanding of rural development. There are several reasons for this, some of which will be highlighted here. The first is that rural development is no longer seen as being solely about social assistance or pro-poor policies and marginalized regions. Secondly, rural development initiatives now seek to give local rural actors an active role in the design, planning, implementation and evaluation of policies. The mandate for sustainable development provides a third incentive. Since the environmental critiques of agricultural modernization gained strength in the 1980s, many social organizations and even state-run initiatives started to promote an “alternative agriculture” (Schmitt, 2009), which later translated into organic farming and the agro-ecology movement. The latter has now become the strategic driver in challenging dependency on industrial inputs in family-scale
farming. The agro-ecological movement is now recognized by the Ministry of Agrarian Development (MDA) and plays a central role in providing extension services and developing policy. Moreover, a new discussion is emerging, introduced by PROAMBIENTE, about the potential for rewarding rural production for providing environmental services. Together these factors have contributed to rural development in Brazil becoming a multi-actor, multi-level and multi-dimensional process that covers the whole nation (i.e. it is not limited solely to poor areas), and which increasingly provides rural actors with the space to shape their own livelihoods.

However the term rural development is still far from being well articulated or focused. The different spheres of the state, especially the Ministries of Agriculture, Agrarian Development, Social Development and the Environment have programmes and policies that do not always connect with each other. Although policy coordination is a shared goal, different ministries and federal institutions sometimes pull in different directions and do not always co-ordinate their work. Furthermore, under the Federal Constitution the national planning system operates at different levels (States and municipalities), which further complicates any attempts at coordination (Shiki, 2007). More specifically, Brazil has two ministries with a remit to promote rural development, whose functions are only loosely delineated. One ministry (for Agrarian Development) deals with the family farming sector and another (for Agriculture) with the agribusiness sector. As these two sectors consist of different social groups, movements and interests, coordination is a difficult and often highly contested task. This sometimes gives rise to contradictory, incoherent or duplicated actions that suggest a lack of coordination. Until recently there was also direct conflict between the aims of the Ministries of the Environment and Agriculture: with the former seeking to conserve natural resources and the environment, and the latter being responsible for destroying forests and other resources to encourage production. The promotion of sustainable agricultural production was merely a theoretical concept that had no political traction. This is now beginning to change, through the emergence of discourses about, and practices in, sustainable rural development, although there is still a lack of specific instruments to coordinate divergent and sometimes conflicting policy objectives and agricultural practices.

The new wave of rural development policies has only been running for a short time, so the results and effectiveness have yet to be properly evaluated. There is a critical shortage of empirical studies about the role of stakeholders in the development and management of policies, new forms of ownership of resources (such as water, land and forests) and the newly emerging relations of power and domination.
This article seeks to make some initial exploratory steps in this direction by describing and analysing the new and still largely unknown realities that are emerging from the current rural development process. To this end it is important to note that the last twenty years or so have seen a number of changes that have structurally altered the characteristics of Brazilian rural areas. Since the late 1980s there has been an ongoing political process of democratization, which has been accompanied by significant reductions in social inequalities. A framework of economic growth with income distribution was established at the end of the 1990s. This began to foster new pathways for interactions between rural and urban areas, creating new market opportunities for social groups that had been historically marginalized, such as small-scale family farmers. The first part of this article will explore some of these policies and social processes and show how they contributed to a reduction in income inequalities, a decline in child mortality and improvements in access to assets such as land and credit for production. One can argue that these positive results are due both to state intervention and to social actors who have played a fundamental role in constructing new mechanisms for accessing existing markets and creating new ones.

1 - THE CONTEXT

A new definition and perception of rural development started to germinate in Brazil in the late 1980s. It was closely related to the country’s return to democracy. The economic crisis of the early 1980s had left deep scars that triggered awareness that macro-economic stabilization, re-democratization and opening up to the outside world were the key challenges facing the country. Special attention was given to the problem of inflation. Stabilization was only achieved in 1994, when the government of the newly elected President, Itamar Franco, pushed through a macro-economic stabilization plan, known as the Plano Real (Real Plan – 1994) which followed a distinctly radical neo-liberal approach. At that time, the sociologist and senator Fernando Henrique Cardoso (FHC) was nominated Minister of Economy; this position gave him the political support needed to win the subsequent presidential elections in 1994 (with a crushing victory over his opponent Luiz In-

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1 This plan proposed the introduction of a new currency called the Real (substituting the old cruzeiro) and set its value as equal to one US dollar. Before the ‘Plan Real’ former governments had tried unsuccessfully to curb inflation by controlling prices. During the 1980s prices continued to rise sharply despite a very strict monetary policy. In 2003, inflation in Brazil reached 2,400%. 

ácio Lula da Silva of the Workers’ Party) and a second term in 1998. During his first term of office he established rigorous monetary controls and opened up the economy, initiated privatizations and made changes in the regulatory framework. This contractionary fiscal policy, combined with the liberalization of the market, reduced investments both in production and in the social sector (health, education), resulting in a protracted period of economic stagnation.

Economic stabilization created room for debate on the country’s future development prospects. Many innovative proposals emerged, many providing new perspectives on rural development. At the same time the New Federal Constitution of 1988 created new legal frameworks. One law decentralized the political-fiscal system, with municipalities becoming “federate entities” and assuming responsibility for implementing many areas of public policy (including health, education and social security). Other laws implemented a range of social rights set out in the new Constitution, including rural retirement (at 55 years for women and 60 years for men), the demarcation of indigenous lands and territories for *quilombolas* (the descendants of former slaves), the regulation of extractive activities on public land and measures against child labour.

These transformations were accompanied by broader changes in Brazilian civil society as a whole (Melo, 2001; Dagnino, 2002; Avritzer, 2009). In the 1980s, the social movements and civil society organizations that had been repressed during the military dictatorship returned to the political scene. In the 1990s these actors changed their focus, from concentrating on protest to having a more proactive character. They began to be active in several areas of social life, assuming roles that were left uncovered by the state (including education, health, social and welfare services) and started to respond to the practical needs of the population, by searching for resources to meet these needs. In addition, these new collective actors also gained a role as watchdogs, with some degree of control over the actions of the state, and began to effectively and legitimately participate in the management and governance of public policy.

Another important change was the incorporation of the notions of sustainability and environment within Brazilian political discourse. The United Nations Conference on Environment and Development, in Rio de Janeiro (1992), had the effect of mobilizing institutions, the state and especially intellectuals, which had profound and long-lasting repercussions. Although these events did not lead to as many concrete changes as might have been hoped for (the implementation of Agenda 21 is one
possible notable exception) from the 1990s onwards the Brazilian State began to create different mechanisms and devices to deal with environmental issues. Many of these involved public regulations and control systems related to economic activities (e.g. new rules and laws about land, water and seeds). At the same time the discourses about sustainable development, mostly originating from outside the country, started to impact upon Brazil’s political and intellectual agendas.

At the structural level, some key policies were put in place at this time. The first was to reactivate the Brazilian economy, which was suffering from almost uncontrollable inflation and low economic growth. The new policy aimed to reinvigorate the economy through getting the poor more actively involved in the economy, and specifically increasing their access to the food market. The main tool used for this was to increase the official minimum wage. According to the Brazilian Bureau of Economic Statistics, 28 million employees were in receipt of the minimum wage but, more than this, the wage rate of most Brazilian workers is based on the minimum wage. The same is true of pensions and other social benefits. In eight years the government doubled the minimum wage (a 53% increase in real terms) and increased pensions by a similar amount. Because of the growth that this induced in the economy, it had a minimal effect on inflation (see Fig. 1).

**Fig. 1 - Changes in the official minimum wage 1997-2008 (Real value 1995 = 100)**

![Graph showing changes in the official minimum wage 1997-2008](image)

*Source: Brazilian Central Bank.*

Many other policies to improve the economy were put in place, particularly in remote areas which were the locus of most underdevelopment and deprivation. These policies included improving housing
and providing electricity and personal microfinance. In rural areas, attempts were made to develop small-scale agriculture by preferential government food purchasing, through the Government Food Procurement Programme (PAA - Programa de Aquisição de Alimentos). The government also sought to accelerate agrarian reform to reduce the huge concentration of land ownership within Brazil.

**FIG. 2 - Brazil - Evolution of income, poverty and inequality in rural areas. 1995-2005**

As a result, Brazil experienced a general improvement in GDP growth per capita (from U$6,000 to $7,300) and an unprecedented reduction in rural poverty and of inequality, especially in rural areas (Helfand and Del Grossi, 2009; Hoffman, 2006; 2003). Figure 2 shows that between 1995 and 2005 there was a 16% reduction in rural poverty in Brazil (from 62% to 42%) and a decrease of 5.1% on the Gini Index.

The increase in GDP per capita was related to growth in formal agricultural employment and increases in the minimum wage. However, the reduction of inequality can only be explained by the growth of income among the poorest. According to Helfand, Rocha, Vinhais (2009) the component of labour income (wages and employment) contributed about 60% to the fall of the Gini index between 1998 and 2005, while income transfers contributed the remaining 40%. More importantly it should be highlighted that the reduction of rural poverty is occurring *pari passu* with the devolution process and the improvement in income distribution. That means that while the income of the rural poor is increasing the gap between them and the rich is decreasing, illustrating
the joint processes of reduced inequalities, balanced development and social justice (Abramovay, Morello, 2010).

2 - THREE GENERATIONS OF RURAL DEVELOPMENT POLICIES

The State’s renewed capacity for investment and intervention was undoubtedly an essential element for the emergence and implementation of policies for rural development in Brazil. Such policies emerged in response to the demands and protests of organized civil society actors, especially social movements, trade unions and rural NGOs. This represents a fundamental distinction between current rural development policies and those of the 1970s. In a way, many of the current wave of rural development policies (particularly land reform and credit for small-scale family farms) only became possible through the active role of social actors. Schneider (2007) argued that academics and other stakeholders have also made a decisive contribution by providing advice and acting as advocates. They influenced many social actors and contributed decisively to the development of new public policies, especially towards family agriculture and regional development.

Between 1990 and 2010 Brazil has witnessed three generations of rural development policies. Their evolution shows that rural development is a complex and contested process that evolves over time – sometimes slowly and sometimes through abrupt changes. This distinction into three generations of policies is largely heuristic but aims to differentiate the patterns of state intervention and how these have developed. This does not mean that there is necessarily a logical and chronological sequence of improving and upgrading policies. Rather they move forward as a result of a changing balance of power that, in turn, is decisive for ongoing unfolding of the rural development agenda.

The first generation of rural development policies was outlined in the period 1993-1998 and was characterized by a strong focus on agrarian issues. Land reform was a critical issue due to the lobbying and direct actions of the Brazilian Landless Movement (MST) and the pressure from other social groups lobbying for changes in unequal land distribution. Progressive elements of the Catholic Church, linked to the Land Pastoral Commission (CPT), played an influential role in this (Navarro, 2009; Wolford, 2003; Veltmeyer, Petras, 2002). Since the 1950s the debate on land reform in Brazil was polarized between the landlords (supported by the military) and social movements. During the 20 years of military government (1964-1984) agrarian policy consisted of
little more than the opening up of the Amazon region and settling new farmers on public lands.

The period following the first free presidential election saw the “agrarian problem” gain more prominence and a “first generation” of rural development policies was launched. This included the National Programme for Family Farming Enhancement (PRONAF), which was the first agricultural policy to recognize the specific characteristics of family farming as a social form of work and production. Until then, credit policies, technical assistance and other related policies did not take into account the significant differences in scale between small-scale and large-scale producers and were highly biased towards the latter. This first generation of rural development policies saw the formulation and implementation of new policies for agrarian settlements, land reform and credit for small-scale farming (Guanziroli, 2007) which, together with the rural retirement scheme and pension increases, opened a new pathway for rural development in Brazil. The new Constitution provided rural workers and peasants access to retirement benefits, which they had been promised since 1963, when the Rural Workers’ Statute was created by the military government. Although the rural retirement scheme cannot be considered as an agrarian or agricultural policy, scholars report that it has been one of most effective public policy measures, having significant and positive economic and social redistributive effects (Delgado, Theodoro, 2005).

The second generation of rural development policies was introduced between 1998 and 2005 and was characterized by the creation and implementation of social and compensatory policies that continue to operate in Brazilian rural areas. From 2000 onwards, the state has increased its concern for agrarian land reform and credit for small-scale family farms and provides a much wider range of welfare measures.

Attempts to improve food security through public procurement deserve specific attention. Food security returned to the political agenda at the beginning of the 1990s, initially due to campaigns against hunger and poverty, led by the sociologist Herbert de Souza, known as “Betinho”. 1993 saw the creation of the National Council for Food Security (Conselho Nacional de Segurança Alimentar) and the Institute of Applied Economics Research (IPEA) produced a Hunger Map. Both events helped make food security a central plank of Comunidade Solidária, the main social programme of the FHC government. In more recent years, during President Luiz Inácio Lula da Silva’s (“Lula”) administration, the need for redistributive social policies has become much more widely accepted. The government has developed new measures.
for transferring income to poorer social groups, such as the Bolsa Escola (school grant) programme and direct subsidies (e.g. the Milk Distribution Programme and Vale Gás – the “cooking gas coupon”). With the creation of the Extraordinary Ministry of Food Security and the Fight against Hunger (MESA) in 2003, these programmes were unified in the “Bolsa Familia” (family scholarship) programme, which is now the main instrument of social policy in Brazil, making a significant contribution to welfare in the poorest rural areas (Hall, 2006; IPEA, 2007; Kageyama, Hoffmann, 2007).

One of the most important initiatives of the second generation of rural development policies, was the establishment of the Government Food Procurement Programme (PAA) for small-scale family farms. Created in 2004 as a financial and market tool to provide links between food production and public consumption, this programme facilitates and improves access to institutional markets, such as schools and hospitals, by purchasing products and foodstuffs directly from family farmers and land reform settlements. This was one of the first new nested markets created in the context of rural development; and has been a significant driver of rural development.

The third generation of rural development policies is still ongoing. It partly involves the fine tuning and improvement of existing programmes and initiatives but also includes completely new (or redefined) policies, with new designs, goals and institutional frameworks. A key element here is the attempt to integrate different levels of government ministries and other public agencies, both horizontally and vertically (i.e. at the local, regional and national scales).

One of the most important features of the third generation policies is the emergence of policies to support the processing of (and adding value to) farm products, including programmes for the development of small- and medium-scale rural enterprises, known in Brazil as agroindústrias familiares (Schneider, 2010). In this sense, we can also include the biofuels programme that put emphasis on sourcing raw materials from family farms (Wilkinson, Herrera, 2010). Another promising initiative attempts to integrate the new food procurement policies, such as the PAA, with existing ones, such as the Brazilian School Meal Programme (PNAE). This represents a clear and co-ordinated effort to support the construction of new markets for farmers, whilst simultaneously fighting poverty and social inequalities, particularly in urban areas.

The central point of the third generation of public policies for rural development is that they clearly show a comprehensive understanding that the fight against poverty, hunger and social inequality must target
both sides of the problem: supply and demand; farmers and consumers. This awareness is clearly reflected in the programmes discussed above. They aim to actively create new markets that are embedded in new frameworks that reflect the socio-political needs of Brazilian society at large.

The School Meal Programme is one of the longest standing government social interventions. In recent years it has gone through some important changes. The most important is related to decentralization, the handing over of the management of the programme to local institutions (municipalities). This has been accompanied by a new requirement that they purchase at least 30% of the total supply of foodstuffs from small-scale family farms (Triches, Schneider, 2010). These changes are stimulating a discussion on the programme’s potential for meeting goals other than its main one of improving schoolchildren’s dietary intake. The programme is also being used as a way to combat hunger and food insecurity. The programme, which has large financial resources at its disposal, is now seeking ways to build closer relationships with local producers, especially small-scale farmers and those assisted by the agrarian land reform. Thus, the programme is also supporting local family farming. Without this new institutional framework, public procurement would simply have enlarged the market for large retailers and probably also have increased food imports.

Last, but not least, some actions and programmes are currently being established that seek to address the interface between the environment and rural development. Here again there has been an evolution in policy strategy. While some such initiatives emerged at the end of the 1980s, particularly in response to the 1992 United Nations Summit in Rio and associated protests, they have only now started to gain a practical sense and effectiveness. In this regard there are many initiatives and actions to support agroecology, which aims to reduce the use of agrochemicals and off-farm resources in food production. Agroecology is being supported by the government, research institutions and development agencies in Brazil. This, in a way, also represents the construction of a new market: one in which agro-chemicals are being replaced by new, agroecological knowledge and networks.

One of the important early schemes for building links between environment and rural development is the Payments for Environment Serv-

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2 During 2008 the programme reached 34.6 million students, almost 20% of the country’s population (estimated at 186 million inhabitants) and had a budget of 1.5 billion real, about 750 million dollars, provided to the states and municipalities by the federal government. In 2010 this programme enlarged its coverage, providing free school meals to another six million adolescents under 17 years old who were previously outside the scheme.
ices made by PROAMBIENTE (Pilot Project for the Social and Environmental Development of Rural Family Production) (Shiki, 2008; Oliveira, 2008). More recently the National Programme for the Production and Use of Biofuels (PNPB) was established (Novo, Welch, Gançalves, 2010; Fernandes et al., 2010). This programme aims to reduce consumption of fossil fuels and to diversify energy sources by encouraging farmers to produce raw materials that can generate biofuels, such as castor, sunflower, sugar cane, etc. Law 11.097, passed on January 13, 2005, should have the effect of increasing demand for biofuels in Brazil. It establishes the requirement to add a minimum percentage of biodiesel to diesel oil sold in the country. From 2008 onwards the percentage of biofuels rose to 3% and in 2010 it is supposed to reach 5%. As a further incentive, the state grants a ‘Social Fuel’ certificate to companies who purchase biodiesel from family farmers (Wilkinson, Herrera, 2010).

A common feature of these third generation rural development policies is that they are initiatives in which the state is actively involved in constructing new mechanisms for market access and/or delineating new markets. In many cases, long-standing institutional markets are being made accessible to small farmers. In other cases, where quality products and markets have emerged due to technological innovations (such as biofuels), entirely new and untried pathways are being built and social movements are playing an important role in this process.

3 - FROM AGRARIAN POLICIES TO RURAL DEVELOPMENT

During the first half of the 1990s there was heated academic debate in Brazil about family farming, which was later assimilated by policy makers. The debate conferred an extraordinary legitimacy on family farming and became a powerful countervailing notion against the existing bias towards agribusiness. The image of family farming as a force for ‘the social good’ is strongly related to the strength of a wide range of social movements and NGOs.

In recent years the trade unions, NGOs and other social organizations became major forces for social mobilization and political pressure, campaigning for agrarian land reform, food security, credit for small-scale farmers, and other changes. They had campaigned on these issues since the early 1960s but the governments of Itamar Franco (1991-93) and FHC (1994-2002), recognized the legitimacy of their claims and began to take measures to support the advancement of rural areas. The measures included the passing of the new Agrarian Act, in 1993, fol-
ollowed by the establishment of the Special Secretariat for Agrarian Issues, which later became the Ministry of Agrarian Development (MDA). The SDR-MAPA (Secretariat for Rural Development) was also created around this time and put under the control of the MDA. Thirdly, PRONAF (National Programme for the Enhancement of Family Farming) was established in 1996, and became the main public policy for supporting small-scale farmers in Brazil (Schneider, 2010; Favaretto, 2006).

### Table 1 - Number of families settled through land reform policy in Brazil, 1900-2008

<table>
<thead>
<tr>
<th>Period/year project creation</th>
<th>Number of projects</th>
<th>Area (ha)</th>
<th>Settler Families</th>
<th>Average Area per Plot (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900 to 1994</td>
<td>936</td>
<td>16,453,204,61</td>
<td>161,573</td>
<td>64,01</td>
</tr>
<tr>
<td>1995</td>
<td>392</td>
<td>2,621,537,98</td>
<td>52,892</td>
<td>43,93</td>
</tr>
<tr>
<td>1996</td>
<td>467</td>
<td>2,573,420,07</td>
<td>56,695</td>
<td>41,17</td>
</tr>
<tr>
<td>1997</td>
<td>714</td>
<td>4,238,175,18</td>
<td>82,680</td>
<td>44,18</td>
</tr>
<tr>
<td>1998</td>
<td>755</td>
<td>3,002,052,86</td>
<td>71,669</td>
<td>37,47</td>
</tr>
<tr>
<td>1999</td>
<td>670</td>
<td>2,282,104,84</td>
<td>51,059</td>
<td>40,60</td>
</tr>
<tr>
<td>2000</td>
<td>422</td>
<td>2,153,736,90</td>
<td>33,928</td>
<td>55,11</td>
</tr>
<tr>
<td>2001</td>
<td>477</td>
<td>1,898,903,71</td>
<td>33,542</td>
<td>50,44</td>
</tr>
<tr>
<td>2002</td>
<td>382</td>
<td>2,400,928,16</td>
<td>25,281</td>
<td>85,41</td>
</tr>
<tr>
<td>2003</td>
<td>322</td>
<td>4,600,033,85</td>
<td>29,367</td>
<td>148,34</td>
</tr>
<tr>
<td>2004</td>
<td>456</td>
<td>4,677,217,45</td>
<td>36,229</td>
<td>114,58</td>
</tr>
<tr>
<td>2005</td>
<td>873</td>
<td>13,911,971,27</td>
<td>101,141</td>
<td>124,48</td>
</tr>
<tr>
<td>2006</td>
<td>704</td>
<td>9,311,088,32</td>
<td>87,496</td>
<td>88,36</td>
</tr>
<tr>
<td>2007</td>
<td>394</td>
<td>6,399,765,81</td>
<td>29,119</td>
<td>177,62</td>
</tr>
<tr>
<td>2008</td>
<td>326</td>
<td>4,121,812,45</td>
<td>21,452</td>
<td>70,91</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,290</strong></td>
<td><strong>80,645,953,46</strong></td>
<td><strong>874,123</strong></td>
<td><strong>73,35</strong></td>
</tr>
</tbody>
</table>

*Source: MDA/Incra/Information System for Land Reform Projects (Sipra)/General Coordination of monitoring and control (SDM). Report 0227, March 04, 2009.*

3 The Ministry of Agrarian Development emerged out of the context of social conflicts in the rural world and particularly the strengthening of the struggle for land in Brazil. On the one hand, there was pressure from small-scale family farmers connected with CONTAG (the National Federation of Trade Unions of Rural Workers) who argued for specific support policies for the “green anchor” that had helped the FHC government achieve its goals of price stability. On the other hand, the MST (Rural Landless Movement) widened its social foundations and became a nationwide movement. Decisive political events during this period include the massacres of landless farmers at Corumbiara, Rondônia (August 1995) and Eldorado de Carajás, Pará (April 1996), which were followed by a march to Brasilia (April 1997) that culminated in a rally with an estimated 100,000 people. In the wake of national and international repercussions, the government created the Special Secretariat for Agrarian Issues, which later became the MDA (Carvalho, 2001).
Land reform and agrarian interventions were the most important and prominent aspects of the first generation of rural development policies. Table 1 indicates that from 1990 to 2008, Brazil settled 874,123 families on an area of 80.6 million hectares, providing an average plot of 73.35 hectares per family. In 1996 and 1997 there was a sudden increase in the number of families settled, which was clearly related to the growth of political pressure from social movements (especially the MST) and the creation of the MDA, in 1996. The policies of land reform and agrarian settlements continue today, although 2005 and 2006 saw the highest number of families settled. Since then the multiplication of the number of settlements has been criticized, and from 2007 onwards there has been a decline in numbers and a turn towards a more qualitative focus.

The flagship policy for rural development at the beginning of the 1990s was the National Programme for the Enhancement of Family Farming (PRONAF). Established in 1994 and substantially expanded from 1996 onwards, PRONAF evolved from a programme dedicated to small-scale farming into a broader programme for credit and support for family farming in Brazil (Sabourin, 2007; Schneider, Cazella and Mattei, 2004). This sets it apart from the previous programme for small-scale farming. In international circles it is widely regarded as a success story. PRONAF is the cornerstone for shaping the trajectory of family farming and the broad set of new rural development policies and initiatives in Brazil. The strengthening of family farming is intimately related to the growth of political pressure from rural workers’ unions during the 1990s. Disputes over credit, prices, different forms of commercialization, rural social welfare, protection and the fight against deregulation and indiscriminate trade liberalization (promoted by Mercosul, a regional trade agreement) encouraged the established unions to join other, emerging, movements in national protests. This resulted in forms of mobilization and struggles which had a significant political impact. These included the Jornadas Nacionais de Luta (one-day marches), which became the “Shout of the Brazilian Land” (Grito da Terra Brasil), an annual event that continues today.

Since it was established in 1996, PRONAF has been consolidating itself year after year. Table 2 shows that both the number of beneficiaries and the size of its financial resources increased steadily between 1996 and 2008. Over this period more than 14.5 million loans have been provided. The amount of money borrowed for working capital and investment has surpassed R$55 billion (around U$31 billion). Thus, even though family farming still occupies a secondary position in na-
tional agricultural policy, there has been an evident growth in the sup-
port provided to it by the Brazilian government.

<table>
<thead>
<tr>
<th>Year</th>
<th>CONTRACTS</th>
<th>AMOUNT OF MONEY (R$ 1,00)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>311,406</td>
<td>556,867,943,17</td>
</tr>
<tr>
<td>1997</td>
<td>486,462</td>
<td>1,407,660,438,18</td>
</tr>
<tr>
<td>1998</td>
<td>646,244</td>
<td>1,357,455,540,94</td>
</tr>
<tr>
<td>1999</td>
<td>802,849</td>
<td>1,829,731,597,98</td>
</tr>
<tr>
<td>2000</td>
<td>969,727</td>
<td>2,188,635,003,31</td>
</tr>
<tr>
<td>2001</td>
<td>910,466</td>
<td>2,153,351,258,79</td>
</tr>
<tr>
<td>2002</td>
<td>953,247</td>
<td>2,404,850,769,99</td>
</tr>
<tr>
<td>2003</td>
<td>1,138,112</td>
<td>3,806,899,245,48</td>
</tr>
<tr>
<td>2004</td>
<td>1,611,463</td>
<td>5,761,475,996,11</td>
</tr>
<tr>
<td>2005</td>
<td>1,671,183</td>
<td>6,404,190,129,32</td>
</tr>
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<td>2006</td>
<td>1,858,048</td>
<td>8,101,543,699,88</td>
</tr>
<tr>
<td>2007</td>
<td>1,719,160</td>
<td>9,295,775,217,96</td>
</tr>
<tr>
<td>2008</td>
<td>1,459,721</td>
<td>9,759,838,901,83</td>
</tr>
<tr>
<td>TOTAL</td>
<td>14,538,088</td>
<td>55,028,275,742,94</td>
</tr>
</tbody>
</table>


In a country as large and diverse as Brazil, the changes occurring in rural areas and the effects of these policies are heterogeneous. Their impact differs across country and between social groups (Abramovay, Morello, 2010). However, overall in the past fifteen years there have been considerable improvements in terms of reducing social inequality and improving the living conditions of lower social strata. This group includes the many millions of small-scale family farmers who, since the early 1990s, have experienced significant improvements in access to land and credit.

Yet despite these changes, huge inequalities remain as shown by the last Agricultural Census, whose data were collected in 2006 and released in 2009. This census, conducted by the Brazilian Institute of Geography and Statistics (IBGE), showed that Brazil had a total of 5,175,489 agricultural establishments of which 4,367,902 (84%) were classified as family farmers (following the criteria of Act No. 11,326). Despite their numerical significance, these units occupy an area a little over 80 million hectares; equivalent to 24% of all agricultural land. Despite representing only 16% of all farms, the non-family farms (i.e. entrepre-
neurial and commercial farms), occupy 76% of the area. This indicates a huge concentration of land ownership.

Despite this concentration there have been some notable changes. Table 3 shows the evolution of family farms between the last two Agricultural Censuses, 1995/96 and 2006. Comparing the two datasets one can observe an increase of about 10% in the number of family farms units as well as in the gross value of production, although the area of land that they farm has only increased slightly (by around 3%). The 2006 Agricultural Census data show that family farming is responsible for about 38% of the gross value of production, employs 74% of the labour force and generates a revenue of around R$ 41.3 billion, (around Us $ 23 billion). The data also shows that family farms are strongly geared towards meeting domestic needs: supplying about 87% of cassava production, 70% of beans, 59% of meat, 50% of chicken and 58% of milk (Del Grossi, Marques, forthcoming; França, Del Grossi, Marques, 2009).

**TAB. 3 - Growth in family farming (1995/95-2006)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Family farms (thousand)</th>
<th>Family farms: Total (%)</th>
<th>Area family farms: Total (%)</th>
<th>GVP family farms: Total (%)</th>
<th>Average area (ha): per family farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>North-east</td>
<td>2,055</td>
<td>2,187</td>
<td>88,3</td>
<td>93</td>
<td>43,5</td>
</tr>
<tr>
<td>Centre-west</td>
<td>162,0</td>
<td>217,5</td>
<td>66,8</td>
<td>75</td>
<td>12,6</td>
</tr>
<tr>
<td>North</td>
<td>380,8</td>
<td>413,1</td>
<td>85,4</td>
<td>90</td>
<td>37,5</td>
</tr>
<tr>
<td>South-west</td>
<td>633,6</td>
<td>699,9</td>
<td>75,3</td>
<td>77</td>
<td>29,2</td>
</tr>
<tr>
<td>South</td>
<td>907,6</td>
<td>849,9</td>
<td>90,5</td>
<td>89</td>
<td>43,8</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>4,139</td>
<td>4,367</td>
<td>85,2</td>
<td>88</td>
<td>30,5</td>
</tr>
</tbody>
</table>


4 - FOOD SECURITY AND RURAL DEVELOPMENT

For a number of years food security has been a priority of Brazilian public policy. The Zero Hunger Programme, launched in 2003, is a cross-cutting policy that integrates different areas, such as health, nutrition, social assistance, education and agriculture, with the aim of guaranteeing food security for all. The programme was initiated after al-
most two years of discussion by a team consisting of many voluntary specialists who were active in the presidential campaign of 2002. Three public hearings were held to elicit contributions from the social sectors. Finally, the project was presented to the Brazilian Congress as a technical blueprint for overcoming hunger in the country.

Brazil has a long tradition in this field. In the 1930s, the doctor and geographer Josué de Castro author of *The Geography of Hunger* and *The Geopolitics of Hunger*, was the driving force who led the Brazilian government to initiate an at-the-time original programme to subsidize key staple foodstuffs. He also created the first People’s Restaurant and an urban school meals programme. Josué de Castro’s work was internationally recognised when he became the first President of the UN Food and Agriculture Organization (FAO) Council in 1952.

Such approaches fell out of favour after the military seized power in Brazil in the mid 1960s (where they remained for more than 20 years). Despite economic growth this period saw increases in disparities in incomes, unemployment and social problems. The post-junta period at the end of the 1980s saw more political openness and a popular mobilization against hunger and the high cost of living. In the early 1990s the sociologist and activist Herbert de Souza started to establish committees against hunger in every single neighbourhood of the main cities. In 1994, the newly elected government called a national conference on food security. More than two thousand participants, representing many social organizations, attended. This provided the catalyst for the Institute for Citizenship (the think tank of the Workers’ Party) to develop the Zero Hunger Project, which was implemented into public policy after Lula’s election.

One key and controversial issue at the time was the definition of hunger, and thus the size of the problem in Brazil. Different assessments put the percentage of the population that was hungry at between 8% to 35%. Most of these differences are derived from the level of the poverty line adopted. If we take the global poverty line of one US dollar per person per day and make the necessary statistical adjustments it can be estimated that, in 2001, Brazil had 46 million people, or 10 million households, (around 24% of whole population) without secure access to adequate food. Yet if we take the UN FAO’s criteria of daily calorific intake per capita, Brazil had 16 million undernourished people in 2001 (9% of the population). At this time, the greatest increase in the number of poor people was among the urban population. Rural poverty and food insecurity were a minor part of the problem, since only a small proportion of Brazilians live in rural areas and since 1988
they had enjoyed some financial security through having access to pensions.

Graziano da Silva, Belik, Takagi (2001) point out that food insecurity in Brazil is not caused by a lack of food. On the contrary, Brazil is a major producer and exporter of agricultural commodities. The main problem in Brazil is that poor people do not have (enough) access to food. Basically it is a problem of purchasing power and income distribution – and this is related to other challenges such as health, education and social assistance. They argued that only an integrated programme that sought to improve the social conditions of poor families could overcome poverty.

The new Brazilian Food Security Policy (Zero Hunger) is based on a few strong principles. The first is the Right to Food. During Lula’s administration, the CONSEA – Food Security Council of Representatives – successfully lobbied to establish the duty of government to integrate all food programmes across the three Brazilian governmental levels. In 2009 the Congress also approved an amendment to the Brazilian Constitution recognizing the Right to Food as a fundamental human right.

The second principle is that the hungry need immediate assistance. In that sense the Zero Hunger’s strategy was a hybrid that operates simultaneously on two fronts: tackling the underlying causes of hunger and alleviating the immediate problem of malnutrition among the neediest. This helps to create the necessary conditions for families to guarantee their own food security after the crisis has passed. This is in line with the ‘twin-track approach’ recommended by FAO at the 1996 World Food Summit.

The third important principle is that food must be not just nutritious but also provided in appropriate conditions and in ways that respect cultural habits. Meals in People’s Restaurants or schools, for instance, must be served on a table in a clean room, with plates and cutlery. The Zero Hunger Programme also seeks to use its own activities as a tool or lever for further economic development. It has been shown that the actions of Zero Hunger have activated a range of new activities and trade.

Building on these three principles, Zero Hunger was drawn up as a set of 25 policies in the fields of health, nutrition, education, income distribution and rural development. More than 40 programmes have been established, aimed at different beneficiaries. This strategy has gathered pace and come to involve different ministries, secretariats and government-owned companies, who have initiated a wide range of activities.
The policy operates in three different levels of intervention. The first is the structural level, where attempts are made to change the economic and infrastructural conditions of the population in need. That means the expansion of the human capabilities (as defined by Amartya Sen) and quality of life (for all Brazilians). This is pursued at the national level, with central government adopting and coordinating policies to address the primary causes of hunger and poverty and includes employment and income generation policies, the promotion of family farms, and agrarian reform.

The second level focuses on specific food policies, targeting the neediest segment of the population. This is referred to as the urgency track in the Zero Hunger Programme. It provides a set of specific food security policies to enable all people to access the food they need for a healthy life.

Finally, some specific policies were built to respond to local characteristics. Brazil has almost six thousand municipalities and the Federal Constitution gives municipalities autonomy over how they use their budget for social issues. In addition, Brazil is a huge country with many differences and idiosyncrasies, especially in terms of food consumption. Local-level policies have been implemented through municipalities or civil society organizations many of which had a clear focus on reducing the distance between producers and consumers.

The aim of food security policy is to ensure that poor people have sufficient access to food. On the supply side, the recent agrarian reforms began by providing people with parcels of land on which to live and be at least partly self-sufficient. It was never expected that these new farmers would immediately be able to participate in the capitalist food markets. However, government procurement policy (preceded by credit and technical assistance) now provides this group of producers with new markets, supplying governmental institutions (public schools, the army, hospitals, etc) and also allowed them to start participating in local markets, serving new local consumers. They were also provided with training to give them the necessary skills to develop their enterprises and begin to move out of poverty.

This process has been driven by two important initiatives which represent major innovations: the Bolsa Familia (Family Scholarship) and the school meals policy. The Bolsa Familia was originally planned as a food stamp for the poor, akin to the US Food Stamp Programme. However the initial plan to distribute stamps to poor people that they could redeem against foodstuffs was abandoned because of logistical prob-
lems. At this point the Brazilian government recognized the potential of using the country’s banking network to make cash transfers to women, who were provided with personal banking cards, with the recommendation that the beneficiaries only use this money to buy food. Every single municipality in the country has at least one branch of the Bank of Brazil and at least one Post Office, all connected by the Internet. These conditions make the transfers much easier and provide a safeguard against corruption. Yet it was impossible to guarantee that the transfers would be used for food consumption. Three conditions were imposed on beneficiaries: that their children attend school, that young mothers and pregnant women go for health check ups and that unemployed adults enrol on professional training programmes.

This strategy has provided impressive results. By 2009 the **Bolsa Família** Programme had achieved almost universal coverage of deprived families, with 12 million families (or 48 million people) receiving, on average, US$60 per month. Research on the expenditure of these families reveals that they spend 76% of the money on food. The challenge is now to move these families towards healthier options in their food baskets. Figures for school attendance were also positive: more than 97% of children in these families between the ages of 7 and 14 are regularly attending school. The challenge now is to keep the adolescents studying and to reach this objective, the **Bolsa Família** is paying extra money to eligible families.

The second important programme is the School Meals Programme. This federal programme started fifty years ago and was decentralized in 1994. Every Brazilian municipality receives a *per diem* subsidy for each student enrolled for 200 days a year. This money is meant exclusively for buying food. Each municipality had to pay the infrastructure costs, such as the kitchens and the staff. Under the Zero Hunger Programme, this policy changed radically. First, it was extended to pre-school students and adolescents up to 17 years old. Second, the amount of resources for each student, which had been fixed since 1994, was expanded (from US$...
0.07 to US$ 0.17 in January 2010) a figure which has to be match funded by the municipality. Third, it was established that 70% of the municipalities’ procurements should be staple, non-processed, foods. Recently a requirement was added that 30% of food purchased must be from local family farms (see below). These rules are enforced by local councils of elected parents and representatives of civil society organizations.

It is important to stress the extent of the school meals programme. Schools in Brazil serve meals to more than 41 million children and young students, 200 days a year. The programme is universal and a guaranteed right for every child from pre-school to secondary school. In 2009, central government transferred US$900 million to municipalities in order to feed 37 million children and adolescents. This amount is complemented by provincial and local governments. In 2010, central government is planning to spend US$1.2 billion, covering a further four million students as secondary schools are incorporated into the programme. Previously PAA was responsible for buying some produce from small farmers and donating this to eligible municipalities. From 2010 on, the municipalities purchase their own food and are obliged to spend 30% of their budget with local family farms.

Some research shows that these new guidelines for food acquisitions may not be realized because Brazilian municipalities may not able to make such a big shift in such a short period of time (Belik, Chaim, 2009). However, in the coming years it is likely that family farms will benefit from this huge nested market.

Lastly, since there are significant differences between the problems faced by the poor living in rural, urban or metropolitan areas, the Zero Hunger Programme operates in different ways according to specific local needs. In rural areas, Zero Hunger provides micro-credits and seeks to improve production and the distribution system for local markets. Official banks are involved in this by supporting people who are not used to dealing with formal institutions. One interesting project, supported by Zero Hunger, involves the construction of water cisterns in drought zones which store rainwater for use during the dry season. They provide a guarantee of potable drinking water and a supply of water for smallholder food production. To date 300,000 cisterns have been built and there are plans to increase this to one million. Each cistern costs only US$600 to build, uses local artisans and the local management is done in partnership with municipalities and institutional donors.

Another important initiative has been to create markets for small family farmers. This has been achieved through government procurement for school meals and other institutions (hospitals, charity institu-
The rural credit scheme (part of PRONAF) for family farmers also improved and increased small-scale farmers’ participation in the rural credit system. This has helped many underdeveloped localities to flourish and begin to realise their productive potential. It has helped small-scale producers to be able to sell directly to institutional clients and to the new consumers created by Bolsa Família. They have developed new capabilities in terms of standards and understanding markets. These family farms are now much more able to share and manage infrastructure investments provided by government.

The Government Food Procurement Programme (PAA) is perhaps the program that best represents the experience of market construction through the interface between the public procurement policies of the State and the social actors. The PAA was designed to attend the demand of small farmers, who in the beginning of the decade realize that market access was important in order to sell their products. Moreover, through the discussions that took place in the National Council for Food Security (Conselho Nacional de Segurança Alimentar) and some successful experiences of local governments (municipalities), the demand of institutional markets was extend to schools, hospitals and popular public restaurants to absorb the cheap food production of the small scale farms.

Experiences of buying direct food from farmers had already been tried in the 1970 and 1980 in Brazil. However, none were successful in getting the PAA structure of supply and demand from interaction and governance between the public plate and the social actors like unions, cooperatives and associations of small farmers. The PAA makes the acquisition of products from family farmers who are registered by the National Supply Company (CONAB), which makes the selection and the payment to the suppliers. The acquisitions are driven to a variety of destinations as e.g. public stocks, schools, hospitals or charitable institutions (Guareschi, 2010). To avoid distortions and privileges that benefit only a small group of sellers, there has been created a threshold value for each supplier, which is R$ 4,500.00 (around US $ 2,000.00) per year (2010), if sale is direct to CONAB, and up to R$ 9,000.00 (US $ 2,000.00) in sales for school meals (Act 6.959 of September 15, 2009). In order to control the transaction costs, PAA only buy food stuffs from groups or associations of farmers, who are responsible for organizing the supply in the quantity and quality required and requested.

The PAA is still a small program in Brazil. In the year 2009 was provided a budget equivalent to R$ 600 million of reais (Us $ 340 million dollars). With the approval of Act 11.947/2009, which requires municipalities to buy at least 30% of food used for school meals from...
family farmers, it is estimated that another R$ 600 million of reais will be injected in the sector in 2010. Thus, it creates a circuit of purchase and revenue generation that will benefit over 300,000 poor small scale family farmers (almost 10% of the whole universe of family farms). Even more important, however, is the fact that the social construction of nested market brings out an educational effect, which is to show that small farmers can organize the collective provision of goods and access to markets, and also a market effect, since the prices practices by public purchases end up functioning as a reference price that is higher than local market prices, which ultimately affects the formation of agricultural prices in general.

In urban (non metropolitan) areas the aim was to develop some structures in order to improve the food system for emergencies. This resulted in the establishment of some collective initiatives, such as People’s Restaurants, communal kitchens, urban agriculture, food banks and building links between local food producers and retailers. All these initiatives were built, wherever possible, on existing initiatives and in consultation with local actors represented on local councils.

The metropolitan areas present perhaps the most difficult challenges. The issues here include how to relieve hunger without creating dependency and how to develop new programmes that could emancipate poor people. A combination of responses has emerged, including large-scale People’s Restaurants, community centres, urban agriculture and, most importantly, providing cheap alternatives for buying food. This has meant restructuring and modernizing the public wholesale markets to create a food supply system that can meet the needs of street markets and small shops. This does not imply eliminating private retailers, but working together with them for the common good.

Brazil has a network of almost 100 public wholesale markets, which were an important tool for linking small food producers to retailers in the 1970s and 1980s (Belik, 2007). However due to a lack of investment they became unable to meet market demands and maintain standards for food products. At the same time, the retail chains were aggressively procuring produce from farmers and investing heavily in platforms and logistics. The result is that nowadays around 80% of food in Brazil is sold in supermarkets and hypermarkets6. The Zero Hunger strategy involved upgrading the wholesale facilities serving small traders

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6 According to Nielsen, a private research company, which distinguished between “self-service retail” (supermarkets, hypermarkets, convenience stores, etc) and traditional retail outlets (where one is served).
to acceptable modern standards and also encouraging supermarkets to purchase supplies from small-scale food producers (Cunha, 2010).

The entire Food Security Policy cost the Central Government US$10.8 billion in 2009 and involved budgetary contributions from seven ministries. This may not reflect the full cost as some programmes are implemented in partnership with other levels of government, NGOs, donors and international agencies. On the other hand, several strands of the programme were already in place before Zero Hunger was established such as PRONAF and some forms of cash transfer, etc. Some of the outcomes of Zero Hunger 9 (and preceding initiatives) are shown in Figures 4 and 5.

FIG. 4 - Brazil: infant mortality rate (*)

![Graph showing infant mortality rate from 1997 to 2007.](image)

Source: Health Ministry/Svs.  
(*) Per 1,000

As we can note in Figure 4, infant mortality in Brazil is showing a clear downward tendency. Between 1997 and 2007, there has been a reduction of almost 40% in the figures. Since the introduction of Zero Hunger (in 2003) health promotion strategies have been coordinated with income distribution and investments in infrastructure (such as the water cistern construction and rural electricity). There are considerable grounds for believing that the rate will continue to fall, below the 19.3 per 1000 infant mortality level observed in 2007.

Figure 5 shows the long-term downward trend in the percentage of the population living below US$2 per day. Between 1992 and 2003 the figure fell from around 36% to around 26%. Since the introduction of Zero Hunger in 2003 the figure has fallen to just over 15%. This is jointly the result of income distribution and equitable economic
growth which, by providing more jobs and more wages, has also created new consumers to drive up demand. It is notable that these figures continued to decline during the world economic crisis in 2008 and despite the Real being pegged to the US dollar.

**FIG. 5 - Some results of social programmes under Zero Hunger**

![Graph showing population income/person/month below US$ 2/day](image)

*Source: IBGE-PNAD.*

5 - RURAL DEVELOPMENT AND ENVIRONMENTAL POLICIES

This section provides an overview of how environmental policies are being related to rural development processes and the emergence of new markets. We start by briefly discussing the main drivers of environmental policies to date. These drivers coincide with two conflicting views on rural development: the modernization of agriculture (symbolized by the Green Revolution) and sustainable farming, which in Brazil is generally identified as agroecology (Caporal, 2009). The emergence of new markets in Brazil is strongly related to the growing “naturality” of consumption patterns, a reflection of the growing awareness of consumers around the world of environmental and health issues.

Brazil has some of the world’s largest and most important areas of tropical rainforest (the Amazon) and wet savannah ecosystems (the Cerrado). Both are globally important as biodiversity hotspots and the former also because of the multitude of indigenous forest-dwelling peoples. Brazil’s environmental policy seeks to preserve both, and in many...
instances it has received support from the international community\(^7\). Yet at the same time these resources have been under enormous pressure from a frontier mentality which sees these wilderness areas as ripe for development and exploitation.

This has given rise to many paradoxes. In some ways one can interpret Brazil’s environmental policies as “defensive” and unable to contain the waves of agricultural frontier expansion which, since the 1960s, has headed northwards. They have been no match for the colonization of these areas through private land grabbing (large farmers) and land squatting (by displaced peasants). These activities have been tacitly (and sometimes overtly) supported by the state and international agencies who have made substantial investments in the infrastructure that has enabled migration into these regions. The results have been massive deforestation, land degradation and a loss of the traditional ways of life of indigenous and traditional communities (e.g. rubber tappers)\(^8\). Cattle ranching is to blame for most of the deforestation – directly and indirectly in that demand for feed also has effects in the major grain producing states, such as Mato Grosso (Pacheco, 2009). There is no doubt that these processes have been supported by public policy, particularly during the times of the Junta. Such policies have enabled Brazil to develop highly modernized grain and livestock producing systems that could out-compete powerful exporters such as the USA, Australia and Argentina (Shiki, 2000).

This has been despite a quite progressive environmental policy. For example Código Florestal (the Forestry Code) which dates back to 1934, and was most recently updated in 2001 obliges all rural properties (public and private) to maintain biodiversity reserve areas of between 20% and 80% of their total area, depending on the biotope. It stipulates that river banks must be lined with forest cover, (to protect surface water) as well as the tops of hills and hillsides (to prevent erosion). More recently, another legal instrument was passed, establishing norms for

\(^7\) Sometimes one of the major tasks of the Ministry of the Environment has been to channel international donations for sustainable development to the appropriate communities and projects. The effectiveness of such programmes has not been without its critics. For example PPG7 (the Pilot Programme to Conserve the Brazilian Rainforest) had a first phase budget of US $428 million, only US $40 million of which was spent – which led to the abandonment of subsequent phases – even though it is claimed that more than 100,000 inhabitants of the Amazon and the Mata Atlântica biosystems benefited from the first phase.

\(^8\) More recently (in 2009) Congress sought to strengthen defence of these zones by voting to support a policy for climate change mitigation and adaptation, including more consistent measures to curb deforestation in the Amazon and the Cerrado (Brazilian savannah) biotopes as a voluntary commitment to reduce global greenhouse gas emissions.
the creation of a system of conservation units (SNUC - Sistema Nacional de Unidades de Conservação). This has led to the establishment of 148.6 million hectares of protected land. Together with the already existing protecting land this means that Brazil now has over 170 million hectares of protected land, more than three times the size of France.

Such conservation policies are highly contested. The Forestry Code is currently coming under strong attack from the agribusiness sector, because it means that most farmers (large fazendas as well as tiny smallholders) are formally illegal. The Ministry of Agriculture and Livestock has identified that more than three million farmers currently contravene the present Forestry Code, and have no likelihood of complying with it in the short term. This led to the launch in 2009 of a movement, led by agribusiness, but supported by some small-scale family farmers, that aims for a change in the Forestry Code law, or its substitution with a less strict Environmental Code. The argument is that the present code is inoperable and unrealistic, and outlaws millions of farmers, who have no hope of meeting its terms, even in the long run. This is the latest tension to emerge in the long-standing dispute between the Ministries of Agriculture and the Environment and is likely to continue to generate controversy in the coming years.

The use of water resources is another area of contention. A specific policy for water conservation was set out in 1997, to deal with this valuable resource, which provides an input for energy generation, irrigated agricultural production, industrial production and, of course, for household consumption. Water provision for metropolitan areas, such as São Paulo, has become a critical problem, electrical energy sources in Brazil rely mostly on water resources and modernized agriculture increasingly relies on water for irrigation. Together these competing claims create an increasing number of conflicts over water.

In recent years there has been an encouraging convergence between policies towards the environment and rural development. This convergence is beginning to make the link between environmental conservation and the RD policies (agroecology and new markets) discussed earlier in this paper. These approaches draw on the experience of PROAMBIENTE, in working with small scale family farmers and seeking to extend them to traditional forest community dwellers. It is partly financed by the Ministry of the Environment – whose financial contribution can be seen as Payment for Environmental Services (PES) rendered by these

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9 Payment for Environmental Services (PES) is a key concept that has been nationally debated in anticipation of a federal law being approved by the National Congress. PES is de-
communities, who by pursuing traditional livelihood patterns also contribute to maintaining the forests, biodiversity and the integrity of one of the world’s largest watersheds (Hall, 2008).

This initiative has led a range of regional community organizations\textsuperscript{10} to come together to discuss ways to establish a just and sustainable nature-economy trade-off. Their deliberations have led them to propose institutional arrangements for a set of activities within specific territories that link rural production needs with environmental conservation.

These recognize the importance of the traditional activities of family farmers, artisanal extractors, fishermen and indigenous peoples, who instinctively practice conservationist activities, producing for their own needs and for the market without causing deforestation or other forms of land degradation. However they also recognize that changes in some traditional methods such as ‘slash and burn’, the use of chemical pesticides and overgrazing are required and this can be achieved through the PES mechanism.

This has led to a set of pilot projects managed by PROAMBIENTE to encourage local traditional communities to change their production and consumption practices. The programmes include technical environmental assistance, investment and credit, direct payment for environmental services and market access for products. All these services are locally or territorially provided, and involve community participation. Environmental extension services are provided by local leaders from the community itself, environmental certification is based on participatory assessment and the project management committee is locally organized, with farmers’ participation (Ferreira Neto, 2008). Table 4 indicates the sites, number of families and amount of money that was involved in this preliminary experience and the environmental services provided to family farms in the Amazon region.

\textsuperscript{10} Including the Federation of Agricultural Workers, the National Council of Rubber Tappers, The Coalition of Indigenous Organizations in the Amazon, the National Movement of Fishermen, the Amazonian Working Group and two social NGOs: the Federation of Social and Educational Organizations and the Institute of Environmental Research for the Amazon.
TAB. 4 - Payment for Environmental Services. Number of families supported and amount received, 2003-2007.

<table>
<thead>
<tr>
<th>Pioneer pole</th>
<th>Families agreements</th>
<th>Payment in R$*</th>
<th>Payment per Family (R$)</th>
<th>Source of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alto Acre - AC</td>
<td>400</td>
<td>393,400,19</td>
<td>983,50</td>
<td>MDS**</td>
</tr>
<tr>
<td>Bico do Papagaio - TO</td>
<td>350</td>
<td>358,232,00</td>
<td>1,023,52</td>
<td>MDS</td>
</tr>
<tr>
<td>Transamazônica - PA</td>
<td>340</td>
<td>389,733,31</td>
<td>1,146,27</td>
<td>MDS</td>
</tr>
<tr>
<td>Noroeste do MT - MT</td>
<td>300</td>
<td>316,615,00</td>
<td>1,055,38</td>
<td>KFW***</td>
</tr>
<tr>
<td>Ouro Preto d’Oeste- RO</td>
<td>378</td>
<td>367,682,09</td>
<td>972,70</td>
<td>KFW</td>
</tr>
<tr>
<td>Rio Capim - PA</td>
<td>416</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rio Preto da Eva - AM</td>
<td>470</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vale do Apiaú - Rr</td>
<td>380</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ilha do Marajó - PA</td>
<td>500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Laranjal do Jarí - AP</td>
<td>500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Baixada Maranhense - MA</td>
<td>180</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,214</td>
<td>116</td>
<td>1,825,662,59</td>
<td>1,032,61</td>
</tr>
<tr>
<td><strong>Source</strong></td>
<td></td>
<td></td>
<td></td>
<td>MDS/KFW</td>
</tr>
</tbody>
</table>

* R$ = US$ 0.5454
** Ministry of Social Development and Combatting Hunger
*** Dutch Financial Cooperation

The protocol for implementing projects begins with a social and environmental assessment of the selected territory. This is followed by the voluntary enrolment of participants, collective or individual participatory planning of environmental and production practices, and the organization of community management groups. These are set up by the local project management committee, which bears the costs of organizing the project and puts the required services in place, beginning with technical environmental assistance. The assistance group in each pole is responsible for enrolling farmers, for facilitating the participatory planning, selecting a community agent and assisting with each technical plan.

Each plan sets out targets for reaching an agro-ecological production system, and all activities for a period of time (five to ten years) are considered as activities necessary to make the transition towards establishing an agro-ecosystem. These can include forest regeneration in reserve areas, implementation of agro-forestry system, substitution of chemical fertilizers and pesticides, substitution of burning practices for mechanical methods and enriching grazing land with
leguminous trees. Through building up these environmental services the agro-ecosystem can be improved if not fully recover. This increases natural capital, providing higher levels of primary and secondary productivity.

The transition towards agro-ecological and organic production is another step that can be easily made; although making this step depends on the cost of certification and access to markets. Access to markets involves assistance in commercializing agro-ecological and organic products. These can include novelty foods (such as açaí, cupuaçu, bacuri, palm nuts and hearts), woods for industrial and non-industrial uses and non-timber forest products (such as oils and other ingredients for pharmaceutical, cosmetic, energy and hygiene industries). The environmental and social impact of agricultural products, such as manioc, haricot beans, rice, cocoa, is also improved. The Federal government is currently planning for a tenfold increase in the production of what it calls agro-socio-biodiversity goods, which include most of PROAMBIENTE’s output.

At the local level the PAA programme is already an important outlet for PROAMBIENTE’s diverse and environmentally-enriched quality products. Local school meals in some municipalities are serving local natural foods from the forest, in preference to industrially processed foods imported from southern Brazil. These characteristics of goods and services are inspiring those involved to consider establishing an environmental and social quality label, especially for export purposes. This might also bear an Amazonian geographical label. These are the new kind of markets that projects like PROAMBIENTE are seeking to foster.

These, to date, localized results have a high potential for scaling up to a broader scale and to the policy level. They could provide experience for launching an integrated policy of payments for environmental services. Doing so will involve increasing and improving the financial instruments available to PRONAF. Such payments are needed to increase access to such opportunities for farmers and forest dwellers. They need to include a financial mechanism that makes direct payment for environmental services. It will require substantial investment in ecological infrastructure to make a long term transition to agroecology possible.

Community participation and raising environmental awareness is important part of all this, but not enough to change practices on the ground. Table 4 shows that the financial costs may not be so high and that the combined economic, environmental and social benefits of these investments are very cost effective.
In this paper we have argued that, over the last two decades, three important processes have contributed to the emergence of a new way of understanding rural development in Brazil. These processes are: 1) political democratization, 2) policies designed to control inflation and macro-economic instability, which contributed to a resumption of consistent economic development and 3) a recognition that rural development involves a redistribution of wealth and income, a correction of spatial inequalities and a strengthening of environmental sustainability. These are the political, economic and ideological drivers through which Brazil reconstituted its rural development policies and practices.

The paper highlights the relationship between public policy and general economic dynamics over the past 20 years. It also discusses the effects and impacts of these phenomena on rural areas, particularly in relation to the most impoverished people and to small scale family farmers. In this sense, it is clear that the significant poverty reduction that has been achieved in rural areas, is due to the successful marriage of the economic dynamism of the private sector (which generated employment and increased the share of labour in total bulk of earnings) and public policies designed to support and strengthen the social groups that had previously been ignored by the State. Taken together, these economic and political processes have made a significant difference and allowed the country to start, and then sustain, a coherent process of growth that has considerably improved rural livelihoods.

The paper identifies three generations of public policies for rural Brazil which have been pursued since the early 1990s. The first generation was agrarian based. It basically aimed at improving the availability of credit for working capital and investment, rural resettlement and land reform. The second generation of policies was a response to hunger and food insecurity, issues that had been highlighted by intellectuals and non-governmental organizations since the end of military dictatorship in the 1980s. Various State programmes and initiatives were established in an attempt to address this problem and reduce pressure from social movements. The third generation of policies has only recently been started and it is still too early to evaluate its results. However, it appears to be developing new mechanisms for controlling and regulating markets and for constructing new ones. The National Food Acquisition Programme (PAA) and PROAMBIENTE (the Pilot Project for the Social and Environmental Development of Rural Family Production), have both shown that State support for farmers and rural dwellers can produce positive re-
sults and contribute to scaling up and overcoming the limitations of localized niches and small-scale experimentation.

We conclude with four general observations that can be drawn from our analysis.

1. Since 1995 Brazil has developed an increasingly consistent, but internally differentiated, policy towards family farms. Initially governmental support was restricted to providing subsidized credit to farmers. Gradually this policy was enlarged to cover a wider range of situations encountered by different types of producers involved in different activities. Thus, credit was provided, not only to grow food, but also for commercialization, investment in property, the settlement of farmers, nature conservation, processing, etc. This policy is far more comprehensive than the traditional approaches to rural development. It addresses the real and specific needs of different borrowers rather than treating them as undifferentiated clients. Fifteen years of PRONAF has led to small-scale farmers being better organized and to a governmental approach that is more supportive of rural diversity. The official policy is no longer exclusively productivist, but incorporates many more dimensions of rural life.

2. PRONAF is one of the many tools being used to counter poverty and the lack of opportunities in rural Brazil. Different social indicators show rural Brazil contains a hard core of poverty, which needs to be tackled as a priority. Social reform programmes have been used to invigorate the local economy and to create new jobs and businesses. New approaches towards environmental conservation, based on the concept of co-evolution of nature and society, have the potential to greatly stimulate new investments that are beneficial to environment and society. Such approaches are particularly relevant to rural producers, such as forest-dwellers, who are heavily dependent on natural resources.

3. After more than a decade of practice, the bottom-up system of planning social programmes is now well established. In the past, decision-making lay with federal authorities who distributed resources (money or food baskets) to municipalities through “clientelistic” schemes. However, since the mid-1990s all municipal programmes have a local committee to ensure the participation of civil society. These committees decide who the beneficiaries should be and ensure accountability. Individual or family cash transfers are made directly by bank transfer which can be withdrawn with a personal bank card. The list of eligible beneficiaries is public domain information.

4. All these programmes are contributing to the creation of new markets. Most of the incomes of poor families are spent locally. Some
research among beneficiaries shows that more than 70% of their income is used to buy food. As this group cannot afford to buy processed food they mostly purchase fresh and locally produced food. Institutional procurement policy gives preference to buying food from registered local producers. In this way public policy is creating, developing and expanding nested markets. The local markets being created by governmental programmes are based on staple food (rather than luxury items). Further research will be required to assess any cultural changes that may occur as a result of higher incomes.

In summary, rural development processes in Brazil provide an interesting example of an integrated approach that supports the family farming sector, promotes environmental protection and fosters markets for locally produced goods and services. Rural development is high on the policy agenda and is also becoming an area of growing interest for academic research. Yet there are conflicts and disputes between the actors that support rural development and others who favour the hegemonic agro-industrial sector, and these differences are fuelling an interesting and heated debate. Future research may well benefit from examining the role and influence of different actors on the processes of social change in rural areas.

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Riassunto

Sviluppo rurale in Brasile: il superamento delle ineguaglianze e la costruzione di nuovi mercati

L’articoio presenta e discute le principali specificità dei processi di sviluppo rurale e delle relative politiche in Brasile. Esso descrive in che modo lo sviluppo rurale si è evoluto attraverso tre fasi nelle ultime due decadi, centrate sulla riforma agraria la prima, sulla povertà rurale e sulla sicurezza alimentare la seconda e, più recentemente, sul supporto alla trasformazione e alla creazione di valore aggiunto per i prodotti aziendali. I movimenti rurali più forti sono stati influenti durante questa transizione, assicurando che il rafforzamento delle aziende familiari (in contrasto con le grandi imprese esportatrici) rimanesse un obiettivo politico costante.

Accanto all’introduzione di nuovi schemi di governance per i mercati esistenti, la creazione di nuovi mercati ha giocato un ruolo strategico. Particolare attenzione è data alla costruzione di nuove connessioni tra programmi per i pasti scolastici e piccole aziende familiari che agiscono come fonti di offerta locali.

L’articolo mostra che lo sviluppo rurale in Brasile ha avuto come fattori essenziali: a) la democratizzazione politica; b) le politiche per controllare l’inflazione e assicurare la stabilità macroeconomica; c) il riconoscimento che lo sviluppo rurale implica una ridistribuzione della ricchezza e il rafforzamento della sostenibilità ambientale.