

Food Purchase Program (PAA)

Thematic areas: Food and nutrition security; rural productive inclusion.

1. EXECUTIVE SUMMARY

The Food Purchase Program - PAA has two basic purposes: to promote people's access to food and to encourage family farming.

To achieve these two objectives, the program purchases foodstuffs from family farms with no need for tendering procedures, and delivers them to people in a situation of food and nutrition insecurity, as well as those served by the official social assistance network, the government's food and nutrition security bodies, and the public and charity schools network.

The PAA contributes to the building of Government food stocks and to the stockpiling of foodstuffs by family farming organizations. In addition, the program promotes the actual purchasing of foodstuffs by Government, bolsters regional and local marketing networks, fosters biodiversity and organic and agroecological food production, supports cooperatives and associations, and encourages healthy eating habits.

Implementing the PAA involves six different food purchasing and support schemes: Purchase with Simultaneous Donation; Direct Purchase; Support for Stockpiling; Promotion of Milk Production and Consumption; Institutional Procurement, and Seeds Purchasing

2. OBJECTIVES

- » To encourage family farmers by fostering their economic and social inclusion, to boost sustainable food production, processing and industrialization, and to generate higher incomes for family farmers;
- » To value the food produced by family farmers and promote its consumption;
- » To promote regular access to good quality food in the quantities needed by people in situations of food and nutrition insecurity, by acknowledging that access to plentiful and healthy food is a human right;
- » To promote government food purchases in order to provide school meals in federal, state, municipal, and district schools, and in schools in the areas covered by government consortia;
- » To build up stocks of food produced by family farmers;
- » To support stockpiling by cooperatives and other formal family farming organizations;
- » To strengthen regional and local food marketing networks;
- » To promote and enhance biodiversity and organic and agroecological food production, and to encourage healthy eating habits at the regional and local levels; and
- » To support cooperatives and associations.

3. BACKGROUND

The Food Purchase Program emerged from the Federal Government's National Food and Nutrition Security Council (CONSEA) as an important initiative within the context of the Zero Hunger Program run by the Ministry of Food Security and Nutrition (MESA).

Established by Law No. 10,696 / 2003, the program made the first food purchases in 2003 from farmers that had been resettled under the Government's agrarian reform program. During the PAA's first year, the schemes used were: Purchase with Simultaneous Donation; Direct Purchase; Promotion of Milk Production and Consumption; and Advance Purchase (discontinued from 2004).

Since 2006, the Annual Budget Law (LOA), in addition to providing an increase in the budget of the MDS to enable it to implement the PAA, also allocated new funds to the Ministry of Agrarian Development (MDA).

The program also played an important role in the Brazil without Poverty Plan (BSM) as part of the BSM's rural productive inclusion strategy.

With the enactment of Law No. 12,512 / 2011, a number of key elements were incorporated into the management of the program, such as: recognition of the Food and Nutrition Security Councils as agencies of social control and participation; the opportunity given to the States, the Federal District, municipalities and public consortia to operate the program without the need for separate agreements once they had committed themselves to the program; and the possibility of payments to the relevant family farmers being made directly to them by the Federal Government through official financial institutions. Decree No. 7,775 / 2012 and its amendments carried details of the *modus operandi* of the innovations prescribed in the Law, and established a new program implementation scheme: Institutional Procurement.

In 2012, the Federative Entities commenced the process of accession to the program, and the first supplier payment cards were issued.

In 2014, the updated regulation of the program established yet another implementation scheme: Seeds Purchasing

4. STAKEHOLDERS AND PRACTITIONERS

Given the large number and diversity of implementation schemes and partners, the program has involved multiple stakeholders. Since the program's inception, the Management Group (GGPAA) has been responsible for guiding and monitoring its deployment. This Group is currently composed of representatives of the Ministries of Social Development and Fight against Hunger (MDS), Agrarian Development (MDA), Agriculture, Livestock and Supply (MAPA), Planning and Budget (MOP), Finance (MF), and Education (MEC). The Group is assisted by an Advisory Committee consisting of government and civil society representatives.

The Management Units of the program are the Ministry of Social Development and Fight against Hunger and the Ministry of Agrarian Development, while the Executing Units are the direct or indirect State, Federal District or municipal agencies and entities, as well as public consortia that have concluded Accession Terms or Agreements with the Management Units. The latter also include the National Supply Company (CONAB) and other Federal Government agencies or entities that choose to enter into cooperation agreements with the Management Units.

Social control is exercised by the Food Security and Nutrition Councils (CONSEA) at the national, state, district and municipal levels. In the event of a Council not existing at the program implementation level, an alternative social control body has to be selected for this task, preferably one of the Sustainable Rural Development or Social Assistance Councils.

Other stakeholders and relevant institutions that play a key role in implementing the program include the family farming organizations. These play an essential role in organizing food production, as well as maintaining links with the Government, the food and nutrition security bodies, the social assistance network, and the public and charity school networks – all of which contribute to promoting access to food for people in a situation of food and nutrition insecurity.

5. MANAGEMENT AND IMPLEMENTATION

The program is managed by the Ministry of Social Development and Fight against Hunger and the Agricultural Development Ministry, both following guidelines established by the abovementioned Management Group.

Program execution is conducted using six different types of schemes: Purchase with Simultaneous Donation; Direct Purchase; Support for Stockpiling; Promotion of Milk Production and Consumption; Institutional Procurement; and Seeds Purchasing.

a) Purchase with Simultaneous Donation:

The Purchase with Simultaneous Donation scheme makes an invaluable contribution to the food supply chain by providing family farming-sourced food to the social assistance network, the government-run food security bodies, and to those engaged in supplying food to the public and charity schools network. It involves purchasing raw or processed food with a view to enriching the nutritional value of the food eaten by the program beneficiaries. This type of organic food costs more. It is possible, for example, to pay up to 30% more for organic products than for the equivalent amount of conventional food.

The scheme employs MDS funds based on framework partnerships with federal agencies or public consortia. The partnerships involve the signing of compliance and cooperation agreements with CONAB.

Statement of Adherence: Implementation by States, Federal District, Municipalities and Public Consortia that subscribe to the program

The adherence process begins with a public notice issued by the MDS on its website (www.mds.gov.br) and by formal indications of interest in joining the program by the federative entities or consortia. Subscription to the program is only confirmed after the entities or consortia have entered the appropriate background data in the program's management system (SIS-PAA).

The entities, once registered in the system, acquire the status of Executing Units and proceed to sign Operational Plans with the MDS which contain a set of goals and provide an indication of the funds that are allocated annually for executing the programs. A complete record of program implementation is retained in the SIS-PAA.

In the Statement of Adhesion, the food purchasing and distribution operations are undertaken by the Executing Units, with payment made by the MDS directly to the family farmer through an individual bank card entitling him to receive the monies due to him from the PAA.

The Executing Unit is also responsible, among other functions set forth in the Adhesion and Operational Agreements, for selecting suppliers and the recipients of the food, for deciding on the food products to be purchased and their prices (pricing is based on the methodology defined by the Management Group), as well as for safekeeping the documents that record both the donation and the price of the food bought.

The limit of participation per family unit / year is R\$ 6,500.00 (six thousand five hundred reais) for individual farmers (via the Compliance Agreement).

By March 2015, 744 municipalities and 24 states had joined the program.

The [Compliance Agreement Operational Manual](#) and the [list of documents](#) required for membership are available on the MDS website.

Acesso à modalidade por meio da CONAB

To participate in the Purchase with Simultaneous Donation scheme via CONAB, family farmers must belong to cooperatives or associations. The latter are required to submit Participation Proposals to CONAB.

The Proposals, to be submitted to the entity charged with social control, must indicate the relationship between the various farmers, the products to be supplied, the respective quantities and intended recipients.

Once the Participation Proposal has been ratified by CONAB, the family farmer organization issues a Rural Product License (CPR-Donation) and can proceed to deliver food directly to the target beneficiaries. After confirming delivery of the products, CONAB proceeds to release the agreed funds to the organization's account, which subsequently distributes the money to the farmers involved. The funds used in this operation originate from the MDS.

The limit per family unit / year is R\$ 8,000.00 (eight thousand reais) for farmers who participate in the scheme as members of small farmer organizations (via CONAB).

The details of the CONAB scheme can be found in Chapter 30 - Purchase with Simultaneous Donation in the [CONAB Operations Manual](#).

b) Direct Purchase

The Direct Purchase scheme involves the purchasing of specific food products for building public stocks to support government-run food schemes involving donations or sale for social assistance purposes, to regulate food prices, monitor harvests and food stock variations and to promote food and nutrition security.

The Direct Purchase scheme is executed with MDA and MDS funds, with CONAB responsible for its day-to-day operation. The scheme involves the procurement of products such as rice, beans, corn, wheat, sorghum, cassava flour, wheat flour, whole milk powder, cashew and Brazil nuts at the reference prices set by the Program's Management Group, up to an annual limit of R\$ 8,000.00 (eight thousand reais) per family unit.

The government stocks of food acquired with MDS funds are primarily earmarked for donation, and have been used especially for providing the food parcels distributed to specific population groups¹ in a situation of vulnerability and / or food and nutrition insecurity. When the parcels consist of food purchased with MDA funds, the main priority is to sell the food parcels when there is a risk of the stored food deteriorating, or being impossible to shift, maintain or sell at an economic price, or to fulfill the need for undertaking actions to promote food and nutrition security.

This method is detailed in Chapter 27 – Family Farming Direct Purchase – in the [CONAB Operations Manual](#).

c) Support for food stockpiling

This scheme was developed to ensure that family farmers have the correct tools to help them to market their products, maintain prices and add value. Support consists of Government financial assistance to enable family farmers' organizations to build up food stocks for subsequent sale, after which the public funds are returned to the Government. CONAB is responsible for running this scheme based on a cooperation agreement signed with the MDS and MDA.

Once the opportunities for building up a stock of certain agricultural products have been ascertained, the farmers' organization submits a Participation Proposal to the CONAB Regional Superintendence. This Proposal must contain a number of details: specification of the product or products, quantity, proposed price, the time required for stockpiling to be completed, and the identity of the farmers likely to benefit from the scheme. Once the proposal is approved, the farmers' organization can issue the Rural Product License (CPR-stock) and CONAB proceeds to release the appropriate funds.

The farmers' organization then purchases the various food products from the farmers listed in the abovementioned proposal, sorts and packages them and retains them in stock until the time is right for them to be sold on the open market. The financial limit per family unit participating in this scheme is R\$ 8,000.00 (eight thousand reais) annually. The total value of the Participation Proposal cannot exceed R\$ 1.5 million per organization / year, with the proviso that the first operation is restricted to R\$ 300,000.00 (three hundred thousand reais).

The CPR-stock license has a deadline of 12 months and the organization must settle the outstanding amount within that period. The entire operation is conducted on a proper financial basis: the family farmers' organization has to sell the food on the open market and ensure that the original CONAB funds are reimbursed to the Government, plus interest charges of 3% per year.

For more information about this scheme, see Chapter 33 – Family Agriculture Stockpiling - CPR-Stock, in the [CONAB Operations Manual](#).

d) Promotion of Milk Production and Consumption

The objective of this scheme is to contribute to feeding families in socially vulnerable situations via the free distribution of milk. The scheme also aims to boost local milk production

1 Families in camps awaiting access to the National Agrarian Reform Plan; indigenous peoples; former maroon communities; terreiro communities; families affected by dam construction; families of non-commercial (artesanal) fishermen; populations of towns and cities suffering emergency and / or disaster conditions recognized as such by the National Civil Defense Secretariat of the Ministry of National Integration.

by family farmers, to strengthen the local agricultural and family farming sector overall, and eventually to integrate milk into the other PAA supply chains.

The PAA purchases cow's or goat's milk at a price that is preset by the Management Group. The milk must be produced solely by family farmers and meet regulatory quality standards.

The scheme operates in the Northeastern states and in northern Minas Gerais, based on a series of agreements signed with the relevant State Governments. There are no plans for expanding the scheme to other states.

The states that have a partnership agreement with the MDS for executing the PAA Milk scheme contract family farming organizations and / or organizations specifically engaged in milk production that receive, collect, pasteurize, process and transport the milk to distribution points in pre-defined locations and / or directly to the receiving dairies. In the case of the schemes organized through organizations, these are entitled to pasteurize the milk produced by their members directly or through agreements made with specific dairies.

Under the scheme, milk can be distributed directly to selected families registered in the Unified Registry (CadÚnico) that contain family members with any of the following conditions: pregnant women who have had their pregnancy confirmed by the Primary Health Units and are doing prenatal tests; children between two and seven years of age with birth certificates, and with their vaccine records up to date; nursing mothers breastfeeding their babies for at least six months from the date of birth; and people over sixty years old.

The scheme is also useful for meeting the requirements of the social assistance network, public food and nutrition bodies, and public and charity schools that, together with other public bodies, regularly serve meals.

The milk producer can sell up to a hundred liters a day and receive up to R\$ 4,000.00 (four thousand reais) per family unit / semester

e) Seeds Purchasing

This scheme enables CONAB to purchase seeds to meet the demands of preselected organizations² for distribution to beneficiary consumers.³

Purchasing is done by family farming organizations that possess a PRONAF Readiness Declaration (DAP) in the name of a legal entity, up to an annual limit of R\$ 6,000,000.00 (six million reais). Procurements of over R\$ 500,000.00 (five hundred thousand reais) are organized by Public Tender.

The organization or body requesting the seeds has to prepare a standard Distribution Plan provided by CONAB and, after the seeds have been distributed, the organization or body must present a statement of account proving distribution according to the abovementioned Plan.

Seeds are allocated on a priority basis to the families of family farmers enrolled in the CadÚnico, as well as women, agrarian reform settlers, indigenous peoples, maroon communities and other traditional peoples and communities.

2 Ministry of Agrarian Development (MDA); National Institute of Colonization and Agrarian Reform (INCRA); National Indian Foundation (FUNAI); Palmares Cultural Foundation (FCP); Instituto Chico Mendes (ICMBIO); and States.

3 According to art. 3 of Law 11.326 of July 24, 2006

The seeds purchased by the PAA must comply with the applicable certified standards:

- » Seeds for local, traditional or Creole agriculture must carry proof of registration of the plant variety and supplier organization in the National Register of Creole Plant Varieties (MDA Ordinance No. 51 of 03/10/07), as well as proof that the seeds have been subjected to purity, germination, growth potential and transgenic tests.
- » Conventional seeds must carry proof of registration of plant variety in the National Register of Plant Varieties (Law No. 10.711 / 2003, art. 11), enrollment of the producer in the National Register of Seeds and Seedlings - RENASEM (Law No. 10.711 / 2003, art. 8), and must have been submitted to purity, germination, growth potential and transgenic tests.

The purchase of genetically modified seeds is prohibited.

For more information about the scheme's operation, see GGPA Resolution No. 68/2014 and the [CONAB Operation Manual](#) - Chapter 86 - Seeds Purchasing.

f) Institutional Purchase

This scheme, set up in 2012, enables the different government agencies and entities at the various levels (Federal, State, Municipal and Federal District), to use their own budgets for purchasing family farming products without the need for tender.

While this scheme requires no agreement or arrangement to be concluded with the MDS or MDA, interested parties are required to follow the guidelines established by the Program Management Group, described in the Group's relevant resolutions.

Purchases must be made after publication of a public notice outlining: the product to be purchased; the quantity and specifications of the product or products; the place of delivery; the criteria for selecting beneficiaries or supplier organizations; the contractual terms; and the list of documents required to prove compliance. The upper limit of Family Unit participation in the scheme is R\$ 20,000.00 (twenty thousand reais) per year per purchasing agency.

Note: Decree No. 8,473 / 2015, establishes that at least 30% of the funds earmarked for purchasing foodstuffs by federal agencies must involve acquiring food from family farmers' and family farmers organizations, rural family entrepreneurs and other beneficiaries, in accordance with the provisions of Law No. 11,326, 2006, and from those with a PRONAF DAP Readiness Declaration. The agencies and entities of the Federal Public Administration can employ the PAA Institutional Purchase scheme to procure these products.

6. TARGET AUDIENCE AND SELECTION CRITERIA

Two different groups are considered to be the target audiences: the food consumers and the suppliers of the food products.

Beneficiary consumers are those individuals in a situation of food and nutrition insecurity and those served by the social assistance network, the food and nutrition bodies, other Government-funded food and nutrition initiatives and, under specific conditions, the public and charity schools.

Summary Table of the Schemes

Scheme	Purpose	Funding Source	Executing Units	Participation	Limit per farmer	Limit per organization (cooperatives and associations)
Purchase with Simultaneous Donation	Purchase of various foodstuffs and simultaneous donation to entities	MDS	Federative entities that have joined the program	Individual	R \$ 6,500.00 per year	Not applicable
			CONAB	Association or Cooperative	R \$ 8,000.00 per year	R \$ 2,000,000.00 per year
Direct Purchase	Purchase of products defined by GGPAAs in order to maintain prices	MDA or MDS	CONAB	Association or Cooperative	R \$ 8,000.00 per year	R \$ 500,000.00 per year
Stockpiling Support	Financial support for stockpiling foodstuffs by supplier organizations	MDA or MDS	CONAB	Association or Cooperative	R \$ 8,000.00 per year	R \$ 1,500,000.00 a year, with the first operation limited to R\$ 300,000.00
Promotion of milk production and consumption	Purchase of cow's or goat's milk to be supplied directly to beneficiaries or entities	MDS	State Governments in the Northeast and Minas Gerais	Individual	R \$ 4,000.00 per semester	Not applicable
Seeds Purchasing	Purchase of food crop seeds	MDS	CONAB	Association or Cooperative	R \$ 16,000 per year	R \$ 6,000,000.00 per year
Institutional Purchasing	Purchasing of foodstuffs by different government agencies by public tender	Purchasing agency's own funds	Purchasing agency	Individual or cooperative	R \$ 20,000.00 per year per purchasing agency	R \$ 6,000,000.00 per year per purchasing agency

Beneficiary suppliers are family farmers, agrarian reform settlers, foresters, fish farmers, extractivists, non-commercial fishermen, indigenous peoples and members of the remaining maroon communities, and other traditional peoples and communities that meet the requirements under the law establishing guidelines for the National Family Agriculture Policy⁴. According to Decree No. 7.775 / 2012, priority must be given to organizations constituted by women. With regard to the Simultaneous Donation Purchasing Scheme, priority goes especially to supplier beneficiaries enrolled in the Federal Government Unified Registry for Social Programs, the CadÚnico, Bolsa Família beneficiaries, women, producers of organic or agroecological foods, agrarian reform settlers, indigenous peoples, maroon communities, and other traditional peoples and communities, as well as people benefiting from the Brazil without Poverty Plan. It must be noted that of the total number of supplier beneficiaries, a minimum of forty percent must be women (GGPAA Resolution No. 44 of 16/08/2011 and No. 59 of 07.10.2013).

The proof of the suitability of supplier beneficiaries involves the presentation of the PRONAF⁵ DAP (Readiness Declaration), or other documents required by the Ministry of Agrarian Development, in coordination with other federal public agencies in their respective areas of expertise

Organizations wishing to participate in certain schemes of the program are required to possess the abovementioned PRONAF document.

7. COVERAGE

The schemes included under the PAA apply nationally, except for the Promotion of Milk Production and Consumption incentive scheme, which is restricted to the area covered by SUDENE (i.e. the Northeastern states and the northern part of the state of Minas Gerais).

8. FUNDING SOURCES

The Food Purchase Program is financed through budgetary allocations provided by the Ministry of Social Development and Fight against Hunger and the Ministry of Agrarian Development.

Since the enactment of Decree No. 7775 in 2012 and the creation of the “Institutional Purchase” scheme, the direct and indirect Government agencies, entities or institutions of the Union, the States, the Federal District and the municipalities, are allowed to use their own budgets for purchasing food products. Institutional purchasing has thus become an important source of funding for the program.

9. LEGISLATION

The Food Purchase Program was created by art. 19 of Law No. 10,696, of July 2, 2003, as detailed in Chapter III of Law No. 12.512, of October 14, 2011, and regulated by Decree No. 7775 of July 4, 2012.

The Program is also governed by a set of resolutions defined by the Management Group, and in certain situations, by Ministerial Ordinances.

⁴ According to art. 3 of Law 11.326 of July 24, 2006

⁵ National Program for Strengthening Family Agriculture

10. SUPPLEMENTARY INFORMATION

a) Publications of interest



PAA 10 Years of Food Purchase

This publication describes the steps taken over the last decade for consolidating the Food Purchase Program (PAA) as a tool for assisting people to gain access to food, and for supporting family farming. The publication includes articles by researchers, policy makers and leaders who played a key role in the history of the PAA.



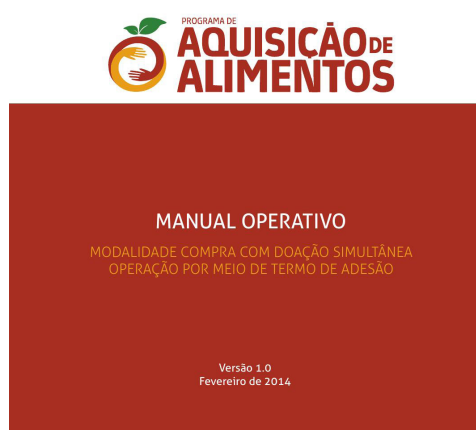
Food Purchase Program – PAA

This publication was produced to support the discussions of the 3rd National PAA Workshop in November 2010. It includes budget and execution data for the years 2003 – 2010. It also includes: a summary of the role of the PAA in fostering food sovereignty and the human right to food, the structure of local supply networks and the decentralized systems of the SAN; articles on strengthening the organization of family farming, addressing different target audiences, promoting food variety and providing flexible assistance for people in emergency or calamity situations. The publication also highlights the main challenges faced by the Program.



PAA Operating Manual

This Manual provides general guidance on how the states and municipalities can access the Program.



b) List of GGPA resolutions in force and related topics

Resolutions in force

RESOLUTION	CONTENT	VALIDITY
Number 20, of 2 August 2006.	Sets forth the procedures for Family Agriculture Food Stockpiling Scheme.	Current.
Number 21 of September 27, 2006.	Provides for the enhancement of the rice marketing unit.	Current.
Number 23 of 09 February 2007.	Provides for the addition of Rural Product Licenses - CPR, applicable between 2003 and 2004.	Current.
Number 27 of January 18, 2008.	Provides for the donation of public food stocks.	Current.
Number 30 of 07 August 2008.	Establishes the Scheme for Food Purchase for School Meals.	Current.
Number 40 of 20 August 2010.	Provides for the granting of rebates on the outstanding balance of the Advance Purchase Family Farming operations - CAAF, via the use of Rural Product Licenses - CPR.	Current.
Number 42 of January 12, 2010.	Establishes the Comprehensive Information System - IBS.	Current.
Number 43, of 27 January 2011.	Amends Resolution No. 27 of January 18, 2008, which provides for Government stocks to be donated	Current.
Number 44 of 16 August 2011.	Promotes the access of women to the Food Purchase Program.	Current.

Number 45 of 13 April 2012.	Sets forth the Terms of Accession to the Food Purchase Program concluded between the Union and, directly or indirectly, the entities or agencies of the governments of the States, the Federal District, municipalities, and public consortia.	Current.
Number 49 of September 25, 2012.	Establishes the Advisory Committee.	Current.
Number 50, of September 26, 2012.	Provides for the establishment of the Institutional Procurement scheme.	Current.
Number 51 of October 24, 2012.	Authorizes non-commercial fishermen to exploit river fishing in the state of Amazonas	Current.
Number 52 of November 20, 2012.	Provides the reference price for purchasing sheep and goats from family farms in the region covered by SUDENE.	Current.
Number 53, of December 19, 2012.	Alters the reference price for milk powder produced by family farmers.	Current.
Number 56 of 14 February 2013.	Adds section VI to art. 2 of GGPAA Resolution No. 50.	Current.
Number 59, of July 10, 2013.	Establishes rules for the Purchase with Simultaneous Donation Scheme.	Current.
Number 61 of October 23, 2013.	Establishes the rules governing the PAA Promotion of Milk Production and Consumption Scheme.	Current.
Number 62 of October 24, 2013.	Deals with allocation of food purchased with PAA funds.	Current.
Number 63 of November 19, 2013.	Approves the GGPAA Internal Regulation.	Current
Number 64 of November 20 2013.	Amends GGPAA Resolution No. 50.	Current.
Number 65 of November 26, 2013.	Provides for the reference prices for the milk purchasing operations.	Current.
Number 66, of June 27, 2014.	Amends Resolution No. 61 of 23 October 2013 establishing rules for the PAA Promotion of Milk Production and Consumption Scheme.	Current.
Number 67, of June 27, 2014.	Amends Resolution No. 51 of 24 October 2012 concerning authorization to carry out special river fishing exploitation by non-commercial fishermen in the state of Amazonas, under the aegis of the PAA, and sets forth other provisions.	Current.

Number 68 of September 2, 2014.	Regulates the Seed Purchasing Scheme under the PAA, and establishes the relevant norms.	Current.
Number 69 of September 18, 2014.	Amends arts. 2 and 3 of Resolution No. 62 of 24 October 2013 of the PAA Management Group	Current.
Number 70 of February 27, 2015.	Establishes the final price for the purchase of UHT whole milk in the states of Rio Grande do Sul and Santa Catarina, Family Agriculture PAA.	Current.

More details can be found at: <http://www.mds.gov.br/segurancaalimentar/aquisicao-e-comercializacao-da-agricultura-familiar>.