



## HISTORY OF THE BRAZILIAN PAA

This paper presents the history of the Brazilian Food Acquisition Program (PAA), highlighting the steps taken for its implementation and consolidation.

The PAA was created by federal law in **2003** to promote family farming. Its initiatives center around the purchase of food from family farmers, agrarian reform settlers and traditional communities for distribution to people in food insecurity and to create strategic food stocks. These acquisitions are made without public bidding, at market prices, obeying the methodology defined by the PAA Steering Group (GGPAA)<sup>1</sup>, the body responsible for defining the guidelines for implementation of the program.

The PAA was created in coordination between the National Council for Food and Nutrition Security (CONSEA) and the Federal Government as a structuring and intersectoral initiative under the *Fome Zero* (“Zero Hunger”) Program strategies. The linkages and coordination between the PAA and other initiatives created as part of the country’s hunger eradication agenda (defined as a priority by the government) provided both the political support necessary to ensure funding for its implementation and the institutional support and legitimacy it needed to enlist the support of operators, increase its coverage and gain nationwide importance.

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The PAA was released together with the 1<sup>st</sup> *Family Farming Harvest Plan*, which made several improvements to credit policies for family farmers and created initiatives such as the Programa Garantia Safra (“Harvest Insurance Program”), a microinsurance system for poor farmers (defined here as those with family income below the minimum wage).

The *Fome Zero* was a strategy devised by the federal government that fostered access to food through the expansion of production and consumption of healthy food items. Through programs such as Bolsa Família and the PAA, income guarantee, immediate hunger relief and food security and nutrition policies have been at the center of *Fome Zero*.

The first food purchases made under the PAA were from the Itamaraty Farm, an agrarian reform settlement in the state of Mato Grosso do Sul. Operations were initially in the Direct Purchase, Advance Purchase<sup>2</sup> and PAA-Milk modalities. The Direct Purchase with Simultaneous Donation modality began operating later that year, managed by the National Company for Food Supply (Conab), and the first contracts for the then-called Local Direct Purchase modality<sup>3</sup> (the same as Purchases with Simultaneous Donation, but in this case operated by the states and municipalities) were signed shortly thereafter.

1 The GGPAA originally had representatives from the Ministries of Social Development (MDS), Finance (MF), Planning, Development and Budget (MPOG), Agriculture, Livestock and Food Supply (MAPA) and Agrarian Development (MDA), and was later expanded to also include representation from the Ministry of Education (MEC) as well.

2 For more information about the Advance Purchase modality, see Text Box 1.

3 At the time the PAA was first implemented, the modalities that involved the government purchasing and immediately distributing the food to the beneficiary audiences had different names according to the top-level operator: when it was the state or municipal government, the modality was called Local Direct Purchase; if the operator was Conab, the modality was called Purchase with Simultaneous Donation. Later, these terms were unified under Purchase with Simultaneous Donation, regardless of the operator.

In **2004**, the federal government extinguished the Office of the Special Minister for Food Security and Nutrition (MESA), which was initially responsible for the creation and operation of the PAA, and its attributions were transferred to the newly-created Ministry of Social Development (MDS). In that same year, Brazil held the 2nd National Conference on Food and Nutrition Security. Operations in the Advance Purchase modality have been suspended (Text Box 1).

#### **TEXT BOX 1: ANTICIPATED PURCHASE FROM THE FAMILY AGRICULTURE MODALITY**

The Advance Purchase modality was operationalized in the early years of the PAA, offering farmers advances for planting. The modality was targeted at family farmers who had benefited from production credit lines.

The proposal was that farmers could produce food with the advance funds and repay the amount received from the proceeds obtained at harvest time. The modality was targeted exactly at the poorest family farmers, who in many cases did not have title of the land they occupied.

The modality was suspended in 2004 because there was a high level of defaults on the contracts signed. We estimate that this rate of default may be related to some problems in the design of the operation, which provided for the possibility of establishing contracts with informal groups in which each participating farmer would be a joint debtor to the debt of others. In other words, if a farmer did not settle her/his dues, all others were considered delinquent.

There are also reports of operational problems, with funds only being made available to farmers after the ideal time for planting. Many of the farmers who planted lost their crops. It is believed that some did not even come as far as to plant, and ended up using the funds received to purchase food and cover other expenses of their families. The debts of these farmers were renegotiated, but the PAA Steering Group decided to suspend the signing of new contracts.

**2006** was an especially important year for family farming and food and nutrition security in Brazil, with the publication of two laws:

- » The “Family Farming Law” (Law 11,326/06), which defines the beneficiary audience of the PAA; and the
- » “Organic Law on Food and Nutrition Security (LOSAN)” (Law 11,346/06), establishing the National System for Food and Nutrition Security (SISAN), within which the PAA is inserted.

In that year, the budget of the Ministry of Agrarian Development (MDA) also included funds for operations in the Stock Formation and Direct Purchase modalities (managed by Conab).

In **2008**, a new modality was created aimed at the purchase of food for school meals. However, the modality ended up not being implemented due to changes in the legislation that regulates Brazil’s National School Meal Program in the following year (Law 11,947/2009), which determined that a minimum 30% of the food for school meals had to be purchased from family farmers.

In **2010**, the right to food was included as a fundamental right in the Brazilian Constitution. In that same year, a decree regulated the 2006 Organic Law, establishing the National Policy for

Food and Nutrition Security, which in turn set the parameters for the preparation of the National Plan for Food and Nutritional Security. There was also a conference with African countries to discuss the PAA-Africa program, whose implementation started in 2012.

The following year, **2011**, was marked by major changes in the PAA, with improvements in its form of operation, the definition of a system for accession and direct payments to suppliers. The program also became an important component of the strategy for rural productive inclusion defined under the Brazil without Extreme Poverty Plan.

In **2012**, the program's objectives were expanded and a few new modalities were designed, opening the possibility of seed purchases and the introduction (by decree) of changes to the PAA management process. In that same year, the first states and municipalities adhered to the program. The first operations were in the Purchase with Simultaneous Donation modality, agreed as part of the conclusion of Accession Agreements. The year 2012 also saw the creation of the Institutional Purchase modality.

Due to the prolonged drought in **2013**, a law was enacted providing for the possibility of purchasing products for animal feed and sales at a discount (lower prices) for family farmers under the PAA. The Ministry of Social Development also started paying farmers directly through its own bank card.

In 2013, the Brazilian Federal Police conducted an operation (called Agrofantasma, or "Agroghost"), which investigated alleged irregularities and deviations in Conab operations at certain locations. The operation impacted the implementation of the program in that year and led to a review of some of its operating procedures and control mechanisms.

In **2014**, a meeting was held to celebrate the 10th anniversary of the PAA. A new modality (Seed Purchase) was launched, and a few additional definitions were adopted for the Institutional Purchase modality aiming to expand its scope. A number of measures were taken in that same year in light of the irregularities identified: new requirements were defined for the allocation of the food purchased by the PAA, Conab revamped its Operations Manual to discipline various aspects of the Purchase with Simultaneous Donation modality, and rules were changed in the Stock Formation and Seed Acquisition modalities, with more stringent requirements for both.

In **2015**, a presidential decree made it mandatory that agencies of the federal government purchase at least 30% of foodstuffs directly from family farms, further expanding the potential of this target audience.

## Final considerations

The PAA has evolved considerably in recent years, inspiring other public purchase programs in Brazil and abroad. As this series sought to illustrate, the PAA has varied modalities, with different implementations, working in thousands of municipalities. Many perceptions and reports point to positive results of the PAA in strengthening family farming and contributing to food security. However, these results need to be more accurately sized for a better understanding of the actual effects of the program in the Brazilian reality.