

# Institutions Responsible For Family Farming and Differential Public Policies In Mercosur. The REAF framework

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**Regional Coordination Unit  
IFAD Mercosur CLAEH Program**

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Since its creation in 1991, Mercosur<sup>1</sup> has turned into a complex structure of bodies with different kinds of linkages: vertical (hierarchical, for decision-making) and horizontal (for coordination or advisory, not for decision-making). Mercosur decision-making (executive) bodies make the decisions based on their own initiatives or on the recommendations of the non-decision-making (advisory) bodies.

At present Mercosur's decision-making bodies include:

- The Common Market Council (CMC), created in 1991 (Asuncion Treaty).
- The Common Market Group (CMG), created in 1992 (Asuncion Treaty).
- The Mercosur Trade Committee (MTC), created in 1994 (Ouro Preto Protocol).
- The Permanent Review Court (PRC), created in 2002 (Olivo Protocol).

In the organizational structure of Mercosur, the Specialized Meeting for Family Agriculture (REAF) is one of the block's formal non-decision-making bodies (advisor on issues under its scope: family farming related public policies). As such, it is a space for political dialog, an environment for participation and proposals. It is also a Common Market Group body, and provides advice on specific topics under their competency.

It was created through a CMG resolution passed on March 31 2004 (Mercosur/CMG/Res. # 04) and operates at a regional level in its *biannual plenary sessions*- Attending delegations include representatives of governments and civil society organizations of the member States (and some associate States that have been invited and participate voluntarily). At a national

level there are *national sections* implemented by the national bodies appointed by each party State and whose members are entities representative of the civil society organizations. Engagement of the civil society through leading family farming organizations (FFOs) in their creation is precisely one of the features characteristic of REAF.

Its foundational objectives include:

- Strengthen the sector-specific public policies, promote the trade of indigenous family farming (FF) products; and
- Facilitate the marketing of the family-based products indigenous of the region.

In pursuance of its objectives, REAF is organized in *national sections* (NS) and in *thematic groups* (TG).

The NS reproduce the multi-stakeholder model, encouraging and organizing the policy dialog between each country's government and civil society. Although it does not apply to all cases in practice, NSs should theoretically develop a country position for each topic in REAF's agenda, and represent it at the regional sessions (plenary meetings every six months). The NSs differ somewhat in terms of their internal organizations, their frequency and the way they operate and, certainly, they differ in term of their livelihood and dynamism. That reflects not only the degree of commitment of the government agencies that represent the country at REAF, but also, and very especially, the strength, representativeness and autonomy of the social organizations representative of family farming at a national level (FFOs).

Figure 1 reflects the way REAF operates with its various bodies, from the national sections in each participating country, at REAF plenary sessions and in the thematic groups. Activities are chaired by technical experts (government experts and international guests or experts from social organizations), as well as government and social leaders. They are expected to provide a technical in-depth approach of the issues discussed, before they are considered politically; their analyses contribute to more fluent negotiations and more successful agreements.

<sup>1</sup> The Common Southern Market (Mercosur) currently includes Argentina, Brazil, Paraguay, Uruguay and Venezuela as full members. Partner or associated states include Chile, Bolivia, Ecuador, Peru and Surinam. This report refers exclusively to the five countries that have maintained an active and regular participation in REAF since 2004, i.e., Argentina, Brazil, Paraguay and Uruguay (full members) and Chile (associate member). With a recent full accession, Venezuela does not have a regular participation in REAF, although the country is moving forward in that direction.

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The main themes discussed by REAF have been: i) Trade (very comprehensive themes, ranging from facilitation of trade, down to the implementation of a *family farming* seal for their products); ii) Farming insurance, Risk management and Farming Emergency; iii) Gender; iv) Youth; v) Funding; vi) Access to Land and Land Reform. Although there have been no specific TGs on technical co-operation, this has been on one of the activities with a greater impact on knowledge and mutual co-operation among the countries.

REAF holds sessions every six months, precisely at regional and plenary meetings; they usually convene the national sections, thematic groups, seminars and workshops jointly with the regional plenary meetings. The output of the papers are sent to the Common Market Group and the Mercosur Secretariat in the formal minutes that keep record of REAF's *institutional life*, and they reach the countries through the delegates of

the official institutions in each delegation. The main contents of those minutes are the *recommendations* (or the resolution drafts), which are submitted to the CMG as a decision-making body; hence the CMG may establish them as *resolutions*, or may eventually raise them to the Common Market Council to be translated into *decisions*. These two forms (CMG resolution or CMC decision) are the highest expressions of the agreements reached at the block level and indicate the pathways suggested to the members in due matters. It is important to highlight that as Mercosur is an inter-governmental and not a supra-national institution, the domestic implementation of the resolutions and decisions (i.e., their translation into legal norms or changes in the actions in each country) occurs at different paces. There are no enforcement deadlines, and countries may even fail to implement them in some cases, even after being passed as CMG resolutions or CMC decisions.

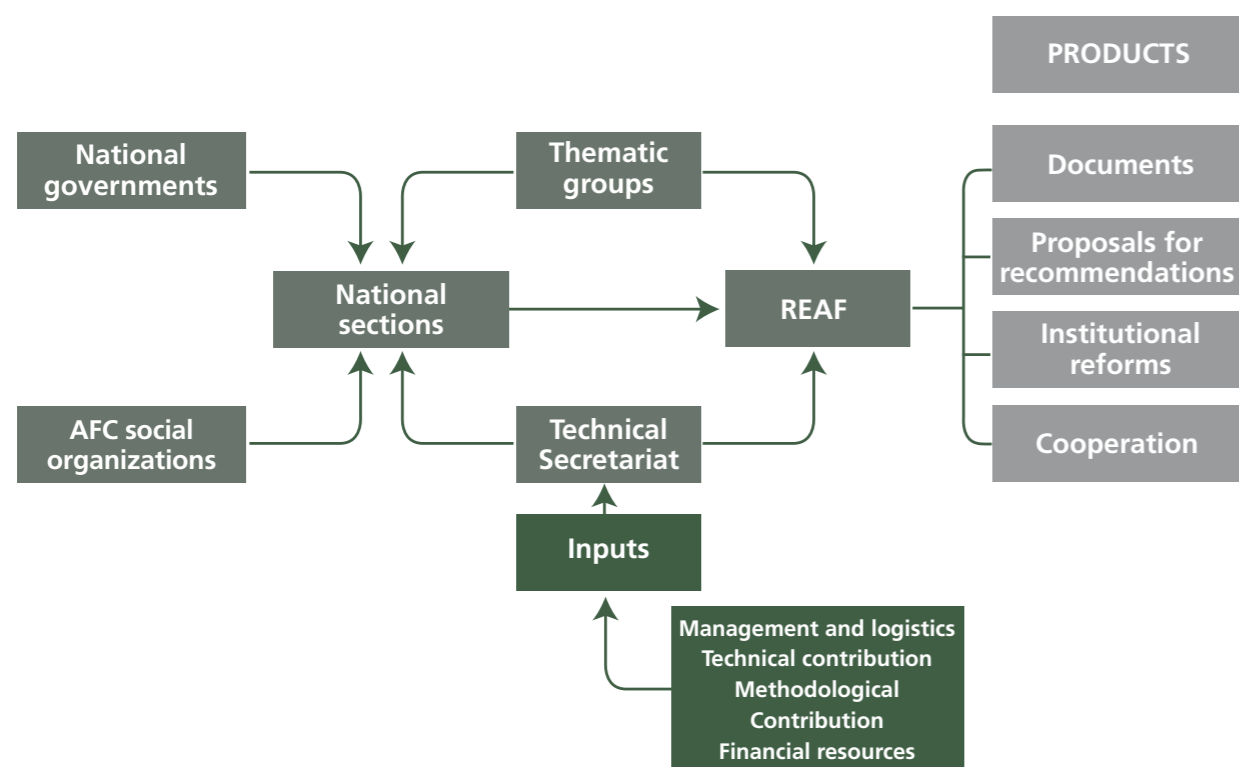


Figure 1. REAF: Structural and operative scheme

Below is a listing of the main outputs obtained by REAF in several areas:

1. The very existence of the agency and its validity as a space for political dialog on differential public policy for family farming and their instruments within and between the countries, through a high and balanced participation of the representative social organizations.
2. The recognition of family farming as a category that requires differential policies, installed in the language in the block and the countries engaged (including associate, not full Mercosur members).
3. Thanks to the paradigm shift that occurred in the region, family farming has ceased to be part of the problem for the balanced social and economic development of rural territories and has become part of the solution against the root causes of rural poverty. Consequently, compensatory policies to benefit family farmers have been replaced by active policies that promote competitiveness.
4. The consolidation of the national sections as spaces for dialogs and national policy-making to promote progress in the REAF countries has driven changes in country law and in the development of instruments for the support to the sector in line with REAF's definitions, the CMC and CMG.
5. REAF's legitimacy as Mercosur's Specialized Meeting is based on its operation and dynamics. Furthermore, its proposals and recommendations have been very often addressed and adopted by the CMG. In other cases (even without such result), authorities of the countries that have implemented institutional and operational changes have used them as a reference.
6. The implementation of family farming registries in the four founding countries (Argentina, Brazil, Paraguay and Uruguay) and in one of the partners in the block (Chile), based on common criteria and on the definition and characterization of family farming adopted by CMG (25/07), and the advances achieved in each country in the implementation of policies (resources) for registered family farmers, as a way of having a clear impact on the implementation of differential policies.
7. The establishment and dynamics attained in the improvement of the horizontal cooperation flow between member countries, their government institutions and their farmer organizations, enabling them to copy and/or adapt good practices, standards and even institutional adjustments.
8. The creation of the Regional Program for Gender in Family Farming in 2006 and its operation to date supported with AECID funding since 2009. In addition, governments provide the funding for the modules and training courses of their own Regional Programs for Rural Youth created in 2008.
9. The creation of the Mercosur Family Farming Fund (FFF), under the umbrella of REAF, assigning it their own funds for a five-year term starting in 2012 (through the contributions by member States). Thanks to this fund, countries no longer depend on the support provided by IFAD through the IFAD-Mercosur Program since its creation in 2004 until 2011.



## REAF recommendations that resulted in resolutions or decisions of the Mercosur decision-making bodies or that served as references for the implementation of measures to benefit family farming by the country authorities

Being REAF a policy forum and an advisory organ to the CMG, its primary output is to develop recommendations that will be laid out by this organ as resolutions. However, sometimes REAF goes a little further and develops draft resolutions that streamline the job of the CMG. In other cases REAF minutes just raises papers or proposals without using a recommendation format, as an evidence of the political agreements reached on some topic. In all cases, either when the minutes provide recommendations, draft resolutions, documents or proposals not drafted as recommendations, REAF expects its contents to be adopted by the CMG and translated into resolutions or presented by the CMG before the CMC, to finally end up as decisions. Those two types of norms — CMG resolutions and CMC decisions — are the norms recognized by the Mercosur member states' inter-governmental union as those to be embedded in each country's Statutory Law (each entering the appropriate tracks in each country). As those processes are completed, the legal framework of the block undergoes a gradual harmonization.

Whatever their drafting (as recommendations, draft resolutions, etc.) the contents of REAF's acts serve as working material for each country's national sections. As a result, countries very often make regulatory, institutional or managerial adaptations because their national authorities are open to the advice provided to the CMG by REAF, even before such advice reaches the degree of CMG resolution or CMC decision.

Below are the main recommendations, draft resolutions and other type of contents of REAF's twenty-two minutes that have an impact on *the institutional framework* and on the *differentiated policies* that have been more actively involved in this political dialog in its first ten years of life.

### Minute III

- Recommendation on insurance: «Bases for family farming insurance policy».
- Recommendation on funding: «Bases for a family farming funding policy».
- Recommendation on gender equality: «Bases for a gender policy in family farming».

### Minute IV

- Recommendation on commerce: «Bases to integrate and facilitate the trade of family farming products».

### Minute V

- Request the CCT (Mercosur technical cooperation body) to undertake the steps for the cooperation on insurance against climate risk with the European Union, in particular with Spain, a country with a recognized vast experience on the topic.
- Brief the CMG on the agreement achieved between the delegations, to formulate a pilot project on family farming insurance to be implemented in Paraguay. Funding will be requested from FOCEM (the Mercosur Structural Convergence Fund<sup>2</sup>, whose purpose is to support projects that enhance similarities in several matters in the countries).

### Minute VI

- Presentation of the project «Harvest Insurance Fund» by the MAG (Ministry of Livestock and Agriculture - Paraguay).

It is handled at two levels – at a national level it is applied with the resources available in 2007, and at a regional level, as part of the Project «Risk coverage to strengthen the family farmers' production capacity». The latter was presented to FOCEM (developed based on the horizontal technical capacity of some countries with experience in the matter: Brazil, Chile and Uruguay).

- Recommendation «Basis for the recognition and identification of family farming in Mercosur».
- Requesting the CCT to seek funding for the «Mercosur Regional Program for the Institutional Strengthening of Gender Policies in Family Farming».

### Minute VII

- The draft resolution «Guidelines for the recognition and identification of family farming in Mercosur» was developed upon request of the CMG; it was then transformed into resolution 25/07 by the CMG.
- Presentation of the Pilot Program for the Non Formal Education of Youth that the countries agreed to execute with their own budgetary resources in 2008.
- Briefing on the agreement reached with FAO to conduct studies on the concentration, land use and land ownership by foreigners in Mercosur, to provide the technical elements that may support the development of a recommendation to CMG, indicating measures that may help address the great changes observed in the matter.

- Mention was made that Paraguay will assign resources again in 2008 for the Safe Pilot Project even without the approval of the initiative submitted to FOCEM.

### Minute VIII

- Mention was made that the three countries that had no family farming registries as stated in resolution 25/07 (Argentina, Paraguay and Uruguay) defined the institutional level assigned to the topic; they reported that they had started to work in their implementation. Argentina put it under the Rural Development Commission, which gathers all the external debt projects. Paraguay did it under the National Census and Statistics Directorate under the Ministry of Agriculture and Livestock (MAG); that information may be then used for the allocation of budgetary resources and the projects with external funding. Finally, Uruguay put it under the General Directorate for Rural Development (DGDR, for its acronym in Spanish), an office created in 2008 under the Ministry of Agriculture, Livestock and Fishery. It was partially promoted by an IFAD country project, and partially by the impact of what REAF had done in the country through the national section, to be used as a reference in the application of any type of resources from the Ministry of Agriculture, Livestock and Fishery.
- Mention was made that the Southern Farming Council (CAS<sup>3</sup>) had invited REAF to participate in its XII Meeting, where the Ministers of Agriculture reaffirmed the importance of family farming, its differential public policies and the joint work in that direction.

<sup>2</sup> Fondo de Convergencia Estructural del Mercosur.

<sup>3</sup> Consejo Agropecuario del Sur.

## Minute IX

- Accounts on the advances made by Chile and Brazil in their respective programs for the labeling and sealing of family farming products, to differentiate their products in the market and support their access to markets, enabling farmers to capture a value differential. As a result, the TG on Trade introduce the theme «Identification of family farming products as a differential policy instrument to support the marketing of their products» in their agenda.
- Confirmation of the list of 50 young people that will participate in the Non Formal Education Program funded by the countries.
- Mention was made of the steps undertaken with AECID, the agency identified by the CCT as a potential funder of the Program on Gender Equality, as requested by REAF.

## Minute X

- Mention was made that in Argentina they created the Deputy Secretariat for Rural Development and Family Farming, which will start operations in 2009. That implies the creation of a new institutional framework specifically devoted to family farming; this secretariat will be responsible for the Family Farming Registry, and consequently, the use of the registry is broadened beyond he external funding projects, also to cover the budgetary resources assigned to the instruments of intervention that are exclusively under the national competence.
- The CMG received the proposal to create the Mercosur Family Farming Fund (FFF) so that in the medium term, the funds for REAF-re-

lated operations will come exclusively from national resources of the countries involved. So far, the operations have been to a great extent funded with IFAD donations through the IFAD-Mercosur Program.

- The recommendation on gender «Guidelines for gender equality in family farming public policies» was supported by the CMG and raised by the latter to the CMC.
- The CCT recommended the CMG to fund the Regional Program on Gender Equality with AECID resources offered to Mercosur, starting in March 2009.
- Recommendation on funding: «Guidelines for the development of differential public policies for the funding of family farming».

## Minute XI

- As requested by the CMG, a draft decision was raised to define the rules of procedures for FFF.
- Mention was made that through the DGDR the MAG is to administer the resources provided by AECID for the Gender Equality Program.
- Recommendation on insurance: «Guidelines for a risk management and family farming policy».

## Minute XII

- Decisions 45/08 and 06/09 created and regulated the operations of FFF.
- Mention was made that REAF would focus its efforts on the TG on Trade working on three instruments: partnerships, family farming seal and institutional markets (public procurement).

- Recommendation on land access and land reform: «Farm policy and land access».
- Report on the agreement reached by the delegations on the organizational structure of the Regional Program on Gender Equality and its operational plan for 2010-2011.  
  
Consolidation of the articulation with the Southern Cone Cooperative Program for the Agrofood and Agroindustrial Technological Development (PROCISUR<sup>4</sup>), which involves the research centers of the countries in the area. Research institutes may work in the national sections in each country to gather the demands on the matter from family farmers and respond to them.
- Mention was made of the participation of the president of Parlasur at a REAF meeting, stating the interest of Parlasur in strengthening inter-agency linkages.

## Minute XIII

- The CMG approved the recommendation on the guidelines for developing FF funding differential policies and raised it to the CMC.
- The CMG approved the recommendation on the guidelines on farm funding and land access policies and raised it to the CMC
- Mention was made that the countries are implementing actions to train youth based on the experience obtained with the implementation of the Regional Program.

## Minute XIV

- The CMC approved decision 05/10 on differential policies for family farming funding, but not the one related to the farm funding and land access.

- Mention was made that in Argentina they created the National Agrarian Youth Council, which stemmed from the activities developed by REAF TG on Youth and its impact at a national level.
- Mention was made that in Paraguay they have introduced a regulation (preference margin) to favor the placement of family farming products at an institutional level through brokers; they have started to work to enable FF organizations to start placing the products directly. This public procurement space build on other opportunities already available in Brazil.
- Announcement of the decision to publish the studies on concentration, foreign ownership and use of land used by REAF as source of information to draft recommendations that were finally not adopted.
- The CMG is reminded of the importance of including FF variables in future national farming censuses. The variables to be used are those that define family farming as per resolution 25/07 and which the countries are using in their family farming national registries. Hence, the two sets of statistical sources may complement each other as input for the policy-making processes.

## Minute XV

- Mention was made that a Regional Program on Public Procurement from Family Farming will be funded by Brazilian ABC.

## Minute XVI

- A recommendation on *rural education* was raised to the CMG.

4 Programa Cooperativo para el Desarrollo Tecnológico Agroalimentario y Agroindustrial del Cono Sur.

- Report on the progress made by Paraguay in matters related to zoning and insurance to family farmers.

#### Minute XVII

- Mention was made that Uruguay passed and regulated a Public Procurement Act specifically for family farming, and that they are going to develop a pilot plan on that matter. On the other hand, Paraguay passed decrees to expand the current modalities for public procurement of products from family farmers. Considering these announcements there are now three countries that show progress in public procurement to family farmers: Brazil, Paraguay and Uruguay.

#### Minute XVIII

- A recommendation was raised to the CMG on the «Mutual recognition of family farming registries», instituted as CMC decision 59/12.
- Report on the completion of the Second Training Course for Rural Youth and on the advances for the implementation of the third course, in coordination with UNILA.

#### Minute XIX

- Report on the completion of the Third Training Course for Rural Youth and on the advances in the planning of the fourth course.

#### Minute XX

- Ecuador and Venezuela started to work on the implementation of the family farming registry.
- Raising of the recommendation «International Year of Family Farming».

- Reports on the First CELAC Meeting on Family Farming.

#### Minute XXI

- Report on the completion of the Fourth Training Course for Rural Youth.
- Argentina, Brazil and Uruguay have conducted surveys on FFOs, differentiating those with a mixed constituency from women-only FFOs, to be addressed with specific intervention instruments.
- Report on some specific experiences on public procurement from family farming in Argentina, and on (major) advances on proximity purchasing and open street markets, which have streamlined the marketing of family farming products in some provinces.

#### Minute XXII

- A recommendation was raised concerning the «Adoption of the seal identifying family farming as an instrument to enhance the visibility of their products and services».
- Report on the ongoing adjustment processes family farming national registries with time, to identify women and youth as specific segments to be targeted through differential policy. It was noted that, with different levels of quality, the five countries most actively involved in REAF along its history (Argentina, Brazil, Chile, Paraguay and Uruguay), keep their own registries, enabling them to apply differential policy to the family farming sector as a whole, and to some segments in particular.

In the next chapter we discuss the current status of institutional issues and differential policy for family farming in the five countries already recognized for their dynamic participation at REAF all along its history.



## Institutions currently accountable for family farming and related differential public policy in each country

### 3.1. Argentina

#### 3.1.1. Institutional framework

The top-level institution responsible for family farming is the Ministry of Agriculture, Livestock and Fishery (MAGyP). The Ministry has a department and a unit whose administrative status is equivalent to a department specifically devoted to the drafting and implementation of differential policy for the sector – i.e., the Department for Rural Development and Family Farming and the Rural Change Unit.

Also under the minister is the National Institute for Agricultural Technology, (INTA<sup>5</sup>), quite an autonomous agency that hosts the Family Farming Research Center (CIPAF<sup>6</sup>) devoted to technology issues in each province, in an attempt to meet the different needs of local family farmers.

Other relevant agencies under the MAGyP include the Federal Agricultural Council (CFA<sup>7</sup>), an advisory body to the Executive Power and the provinces, and the National Family Farming Forum as a consultation body that provides advice to FFOs on issues related with family farming (FoNAF).

The current senior institution and its specific offices appeared after the commissioning of REAF. The existing department was promoted to ministry status, and within that Ministry, they created two new complementary offices to serve family farming. Although the changes that have taken place could not (and should not) be attributed solely to this fact, it is very clear that the need to create a national section devoted to family farming required an institutional framework that was not there. New developments may be owed to the actions of FFOs supported by a government that now approaches the sector through a new perspective. All that led to the creation of the FoNAF.

Finally, it is important to note that provincial governments<sup>8</sup> have Production Ministries, typically equipped with a Secretariat for Agriculture, Livestock and Food. In most cases there are also directorates or departments for Rural Development in charge of coordinating national instruments and public funds, external funding programs (IFAD, IADB or the World Bank). Moreover, in some provinces there are public agencies specifically oriented to rural development that play that role.

#### 3.1.2. Differential policy

1. The Social Single-Tax Regime for Family Farmers, agreed with the Ministry for Social Development, provides farmers access to health and social security services, and contributes to the formalization of farmers as they approach other markets.
2. They have implemented pilot farming insurance plans in three Provinces (Corrientes, Mendoza and Río Negro) through which the State pays primes to private insurance companies; experts conduct the field work needed to hire insurance and to estimate losses in case of damage (free of any charges to insurance companies).
3. Technical support and non-refundable resources for the articulation of the network and clustering of family farming partnerships, such as consortia, clusters, free open markets and agreements with agri-business, supermarket chains and cooperatives, and even with municipalities (in a way offering public procurement possibilities). Albeit not highly relevant at a country level, these experiences exist, so they have to be mentioned).

4. The Federal Program to Support Sustainable Rural Development (PROFEDER<sup>9</sup>) pools and coordinates the four INTA programs (Small farms - *Minifundio*, PROFAM, PRO-HUERTA, and Rural Change - *Cambio Rural*). Together they integrate the agency's expansion strategies: technology, training and organization, aimed at meeting the auto-consumption needs, market-related productions, alternative or diversification activities, and the agri-business processes, according to the specific characteristics of the beneficiaries, and free-of-charge delivery of the biological input needed to start a family or community production: seeds, seedlings, breeders.
5. The Sheep Act establishes a trust fund administered through credits and subsidies, to fund technical assistance and training, destined to sheep farmers that submit a working plan or an investment plan. They are available in the provinces that adhere and appoint their own implementation bodies.
6. The Goat Act allocates reimbursable and non-reimbursable funds, technical assistance and training for goat farmers, for the development of production projects.
7. Program for the Support of Small and Medium-Sized Farmers (PAPyMP<sup>10</sup>), under the Department for Rural Development and Family Farming, which provides financial aid for investment, in addition to technical assistance and training to family farmers of different levels, through local governments and farmer associations (FFOs).
8. Various projects and programs from several agencies, including but not limited to IFAD,

IADB, BIRF, to benefit family farming through a range of approaches (by territory, by lines of production, by community, etc.). Below is a list of some examples of experiences developed in this framework to be underscored either because of their coverage or because of their endurance:

- The Cattle Auction Project<sup>11</sup> serves as an alternative to trade the cattle of small cattle farmers. The project provides technical assistance in the grading of the animals sent to auctions and it covers the costs of presenting the animals in fairs or facilities usually employed by medium or large breeders. These are facilities not usually accessed by family farmers directly.
- Proyecto Proyectarte<sup>12</sup>. This production and commercial initiative is carried out at *wichi* and *qom* indigenous communities in the province Formosa. It was started in 2000 in Bermejo and Ramón Lista, pooling together a network of about 560 craftswomen devoted to the production of *chaguar* (a vegetal fiber) and sheep wool.
- The PROMER Project provides assistance for accessing markets, increasing the volume of horticultural production, diversifying supply and improving quality. The project proposes a pilot experience oriented to the development of small growers of fruit and vegetables and the construction of stable linkages with retailers at the Mercado de Concentración de Corrientes, through a trustee fund.
- The AQPEPROA Project deals with the Preservation of Production Resources

5 Instituto Nacional de Tecnología Agropecuaria.

6 Centro de Investigación para la Agricultura Familiar.

7 Consejo Federal Agropecuario.

8 Argentina has a federal Constitution. As such, government functions are organized to provide vast autonomy to provinces. Only some (albeit important) functions are left to the federal government – including, but not limited to foreign affairs, national defense and macroeconomic/ monetary management.

9 Programa Federal de Apoyo al Desarrollo Rural Sustentable.

10 Programa de Apoyo a Pequeños y Medianos Productores.

11 Proyecto Remate FERIA de Ganado.

12 The Project Yourself Project.

and Sustainable Production. The target is to increase the value of traditional products (charque) that bear a high ethnic, cultural and traditional worth. AQPEPROA is a 50-farmer association devoted to the production, processing, fractioning and marketing of meat products for the province market.

- The Production Transformation and Integration Project<sup>13</sup> promotes the shared purchase and usage of tools and inputs to reduce production costs and provide access to modern technology, replacing the existing obsolete equipment, complementing this with the pooling of production for collective marketing, and facilitation of access to credit lines and subsidies with collective collaterals.
- The Program for Integrating Small Winery Producers<sup>14</sup>, geared to strengthen the articulation between small wineries and concentrating and packing facilities, seeking to integrate these actors to ensure a sure destination for their production. This is specifically for smallholders that need to enhance their farms and willing to create partnerships with winemakers by agreeing on prices and vine renovation. It also targets wineries, concentrating plants and fresh packers willing to integrate their grape suppliers through contracts, ensuring their supply and the quality of the grapes they need, receiving technical and financial support to upgrade their farms. The program provides technical and financial support with non refundable resources.

13 Proyecto Transformación Productiva e Integración.

14 Programa Integración de Pequeños Productores Vitivinícolas.

## 3.2. Brazil

### 3.2.1. Institutional Framework

The overarching institution responsible for family farming policies is the Ministry for Agricultural Development (MDA). The ministry has four departments (SERFAL, SAF, SDT, SRA), with decentralized units that operate at a state level, and a related body. One of the departments, the Family Farming Department (SAF) clearly stands out because of its dedication to this sector. The decentralized units, known as the *federal delegations for farming development somehow* reproduce the national structure. Hence, their purposes include those of SAF within their territory.

Furthermore, it is important to mention the existence of Advisory Services for International Affairs and Trade Promotion, the Council for Rural Sustainable Development (CONDRAF) and the Nucleus for Farming Studies and Rural Development (NEAD).

The mission of the Advisory Office for International Affairs and Promotion of Trade is to provide advice to the minister on issues such as international policy, bilateral and multilateral trade negotiations, incidence of imports in the Brazilian market and international trade opportunities. It implements international cooperation policies and actions on matters under the umbrella of the MDA, in coordination with the Ministry of Foreign Affairs and the Brazilian Cooperation Agency (ABC). They join Brazil's official delegations before the WTO, ALADI and Mercosur, as well as all the international delegations. They also participate in the internal meetings where the Brazilian government's commercial negotiations position is defined and articulated. In all the cases they represent the sector and provide advice on family farming policies and market shares of their products. This is valid both for the domestic and the international

markets. Together with the Ministry of Foreign Affairs and SAF they are part of the official delegation before REAF.

The role of the Council for Rural Sustainable Development (CONDRAF) is to provide advice and propose directives and guidelines to the government for the design and implementation of active policies for rural development, family farming and land reform. This collegiate body is part of MDA's basic structure. The Council is a space for articulation and coordination between the various governmental levels and agencies and the civil society organizations that represent the rural communities, peasants, rural workers, rural women, youth and family farmers. Also invited are non-governmental organizations engaged in rural development policy.

The Nucleus for Farming Studies and Rural Development (NEAD) participates in the evaluation, monitoring and upgrade of the rural development policy. It promotes studies, applied research on issues such as Land Reform, Family Farming, Genetically Modified Organisms, Rural Youth and Women and other social, political and economic aspects related with sustainable rural development.

Its objective is to grade the work of different sectors, institutions and organizations that act and get involved in rural development, integrating knowledge and deepening in those areas where it is necessary to strengthen public policy and their enforcement.

The agency in charge is the National Institute for Colonization and Land Reform (INCRA<sup>15</sup>), an agency specifically devoted to the sub-sector of family farming traditionally known as *the landless* or the *rural squatters*.

As a whole, the current institutional framework already existed when REAF was implemented. To a

great extent, (together with the Chilean Institutions described further on) it was actually a source of inspiration at REAF's semi-annual plenary meetings and in the horizontal cooperation with Argentina, Paraguay and Uruguay. These latter countries were lagging behind in the creation of a public-sector organizational structure specialized in providing differential treatment to family farming versus the rest of the farming sector, and they learned from them when they had to adjust their own institutions.

### 3.2.2. Differential policy

Below is a description of the main programs for the support of family farming implemented by the SAF:

1. *Agri-business*, addition of value and integration of family farmers in the value chains, promotion of partnerships and cooperatives to enter the market, and addition of value to their production. This Program supports the inclusion of family farmers in the agro-industrialization and marketing of their products to help them add value, generate revenues and job opportunities in rural areas, ensuring better living conditions to the beneficiaries. It targets farmers, individuals and legal entities with a constituency of at least 90% farmers and working with at least 70% of raw material.
2. *Technical Assistance and Rural Outreach*<sup>16</sup> (ATER). The primary objective of these services is to improve the revenues and the quality of life of rural families through the improvement of the production systems, access to resources, inputs and production factors, appropriate equipment and technologies, and other production-related services, the organization of work, marketing and families. To that end, SAF's Department for Technical

15 Instituto Nacional de Colonización y Reforma Agraria.

16 Asistencia Técnica y Extensión Rural.



Assistance and Rural Outreach<sup>17</sup> (DATER) coordinates three areas: i) promotion; ii) training; and iii) management.

3. *Harvest Insurance* (SG<sup>18</sup>). This is part of the National Program for the Strengthening of Family Farming that benefits farmers and families in the northeastern region of Brazil. The region is mostly semi-arid and crop losses are not a rare event due to droughts or excessive rainfalls. The area defined by the program includes northern state Minas Gerais, Valle Mucuri and Valle Jequitinhonha, as well as the northern part of Espírito Santo. The program requires the coordination of the federal governments with the states, municipalities and farmers living in the areas of intervention. It also provides the compensations foreseen for the lost harvest directly from the federal government, up to six installments for farmers that register for the insurance in the municipalities when they present losses of at least 50% of their production. The worth of the collateral and the amount of crops to be covered by the SG is set annually at the meeting of the Harvest Insurance Steering Committee.
4. *National Program for the Strengthening of Family Farming* (PRONAF<sup>19</sup>). This is the most important program in all the MERCOSUR countries, and surely even in Latin America and the Caribbean in terms of the resources assigned to the promotion of family farming. PRONAF promotes individual and collective projects that increase the revenues of farmers and new farmers settled thanks to the land reform. The Program offers soft agricultural credits at low interest rates by the traditional national standards. It funds agricultural or agri-industrial activities including investment on machinery, equipment and infrastructure for agricultural and non-agricultural production and services.

- a. The Program *More food*<sup>20</sup> provides resources for the investment on infrastructure of rural property, and creates the conditions for an increase in production and productivity of family farming. It is a structuring action that enables family farmers to invest in several areas, including, but not limited to modernizing production, by purchasing machinery, new tools and equipment for the repair and recovery of soils, milk tanks, breeding, irrigation, orchards, greenhouses and storage facilities.
  - b. *Family Farming Insurance* (SEAF). This program provides harvest insurance to family farmers that participate in PRONAF, and addresses one of the farmers' historical claim to produce safely and with a certain reassurance about their income.
  - c. *Program for Ensuring Prices to Family Farmers* (PGPAF<sup>21</sup>). Family farmers with access to PRONAF investment are ensured through the implementation of a discount in the payment of their loans if the market prices end up being low. The discount is equal to the gap between the market price and the anticipated price ensured for a certain product.
5. *Program for Food Procurement* (PAA<sup>22</sup>). In 2003 the Brazilian federal government implemented this program to collaborate in the fight against hunger and poverty in Brazil, while strengthening family farming. In pursuance of that, the program uses marketing mechanisms that favor the procurement of product directly from family farmers and their organizations, encouraging addition of value. Beneficiaries include family farmers, land reform settlers, indigenous and traditional populations and rural communities or family businesses with PAD, PRONAF declaration of fitness.

The PAA is executed with funding provided by the Ministry for Farm Development (MDA<sup>23</sup>) and Social Development and Fight Against Hunger (MDS<sup>24</sup>), in collaboration with states, municipalities and the National Supply Company (CONAB<sup>25</sup>). Part of the food is procured by the government directly from farmers, land reform settlers, indigenous and traditional populations and communities, for the development of inventories and distribution to the most vulnerable people in this strategic society.

The products destined as donations are offered to entities in the social welfare network at soup kitchen, food banks and low-income community cafeterias, and even for staple food baskets distributed by the federal government. Other products are bought by the family farmer organizations themselves. This provides them with a favorable market, which enables them to add more value to their products. Purchases do not require bidding processes; each farmer is entitled to an annual cap and the prices should not exceed the local prices.

6. *Unified Health System* (SUASA<sup>26</sup>). Regulated in 2006, the SUASA is a single health inspection system coordinated by the Union (federal government), involving municipalities and states, through memberships. The commercialization of the products that are inspected by any system through SUASA are allowed across the national territory. It enables the legalization and commissioning of new agriculture-related industries, thus streamlining the marketing of the products manufactured within the formal market, throughout Brazil.
7. *Economic diversification*. The initiative promotes and calls for projects to diversify the value-added family farming production systems that improve the families' income.

It also promotes the projects geared to improve revenues and market differentiation, including, but not limited to agroindustry, tourism, craftsmanship, green products and medicinal plants.

8. *Thematic networks*. These networks seek to promote multiple stakeholder coordination, technical assistance organizations, rural outreach and farming research agencies. They create opportunities for the exchange and dissemination of experiences, facilitate the understanding of the public policy and the training of ATER agents, organizing and making the contents and technology proposals available to stakeholders and farmers. In addition, they provide management and ITC tools. Services provided include technical assistance and rural outreach, based on the cooperation between the federal government and non-governmental organizations, institutionalized in the Brazilian decentralized ATER. Thematic networks are guided by the lines of action developed by SAF: i) overcoming rural poverty; ii) promoting food security and sovereignty; iii) sustainable management and green practices in the production systems; iv) generation of revenues and value.
9. *School Feeding Program*<sup>27</sup>. This Program implements Law 11947/2009, which determines the use of at least 30% of the funds transferred for the feeding of schoolchildren in the procurement of products from family farming or their organizations, giving priority to land reform, traditional and indigenous communities.
10. *National Program for the Production and Use of Biodiesel* (PNPB<sup>28</sup>). SAF participates in the PNPB; in addition to stimulating the production of new fuels, it seeks to support the participation of family farmers in their supply chain. Some of the instruments used for this purpose are the Social Fuel Seal and

17 Departamento de Asistencia Técnica y Extensión Rural.

18 Garantía de Cosecha.

19 Programa Nacional de Fortalecimiento de la Agricultura Familiar.

20 Más Alimentos.

21 Programa de Garantía de Precios para la Agricultura Familiar.

22 Programa de Adquisición de Alimentos.

23 Ministerios de Desarrollo Agrario.

24 Desarrollo Social y Combate al Hambre.

25 Compañía Nacional de Abastecimiento.

26 Sistema de Salud Unificado.

27 Alimentación escolar.

28 Programa Nacional de Producción y Uso de Biodiesel.

strategies for the organisation of production based on the use of ATER mechanisms for promotion, credit, resources and public calls available to promote the strengthening of family farming in the production of biodiesel.

11. *Policy for the family farming dairy sector.* Several actions target the dairy chain, trying to translate sectoral policy into actions capable of responding to the specific needs of family farmers, by privileging the creation of instruments for the intra-production chain coordination, to increase the competitiveness of their products. This implies granting special treatment, the adoption of a supply chain as a space for mobilization, operation and dialog between the public and private sectors.
12. *Special projects.* SAF implements a number of special programs and projects devoted to strengthening the technical assistance and outreach initiatives to benefit specific publics, including ATER for indigenous populations, bird flu, the National Seeds Program and the National Program for the Diversification of Agricultural Production.
13. *The Family Farming Seal.* This is a mark to identify FF products to strengthen the social identity of family farming among consumers, inform and raise awareness about the significant presence of family farmers in products. It seeks to raise the visibility of family farming as food suppliers among consumers.
14. *Social biodiversity*<sup>29</sup>. This national plan seeks to integrate the actions aimed to strengthen the supply chains and to consolidate sustainable markets. The product chains promoted seek to add environmental value, generate revenues and food safety of peoples, traditional and peasant communities.

### 3.3. Chile

#### 3.3.1. Institutional Framework

The top-level institution responsible for family farming is the Ministry of Agriculture (MINAGRI), with an agency specifically devoted to family farming, i.e., the Institute for Agricultural Development (INDAP<sup>30</sup>); one of the competencies of this policy office is to complement the work carried out by the Institute in the design of policy: the Office for Agricultural Studies and Policy (ODEPA<sup>31</sup>). Furthermore, there are regional secretariats under the leadership of the Under Secretary of Agriculture as a way to implement the general issues of the farming sector (they do not quite differentiate family farming as a specific segment warranting special treatment).

In addition, the Foundation for Agricultural Communications, Training and Culture (FUCOA<sup>32</sup>), a private law foundation under the Ministry of Agriculture. Its mission is to collaborate in the modernization of the country's agriculture by delivering information on policies and through the actions by the Ministry of Agriculture and government, the creation of spaces for communication and participation between the rural stakeholders, as well as the enhancement of the value of their traditions and cultural activities. Moreover, it is worth remarking that Agroseguros, a service beyond the scope of the Ministry, was created to develop and promote the farm insurance and manage a subsidy for co-payment of primes to benefit family farmers, albeit not exclusively.

The current institutional framework as a whole already existed by the time REAF was implemented, and in fact, to a great extent (together with the above-described Brazilian Institutions) it was actually a source of inspiration at REAF's semi-annual plenary meetings and in the horizontal cooperation with Argentina, Paraguay and Uruguay. These three countries were lagging behind in the creation of a

public-sector organizational structure specialized in providing differential treatment to family farming versus the rest of the farming sector, and they learned from them when they had to adjust their own institutions.

#### 3.3.2. Differential policy

INDAP provides support to family farming through a platform with 22 instruments, essentially addressing three primary areas: i) capacity building; ii) working capital funding; and iii) funding for investment (capitalization).

From the point of view of the objectives, the instruments seek to support: i) the individual economic activities, primarily agricultural (by far the most relevant); ii) partnership economic activities; iii) market access; and iv) representation partnerships. From the point of view of the target population, advisory instruments were developed to cater for a *multiactive* population (PRODESAL, PDTI, PADIS, PRODEMU) and a *commercial* population (SAT Individual, Programa Gestión, SAT Consultoría, Alianzas Productivas). Finally, from the financial point of view, the platform is based on a (short and long-term) bonuses and credits system with a 60% and 40% deployment, respectively.

One of the characteristics of this platform - both from the perspective of the users served and the amounts invested - is that it is strongly centered on a personal rapport, and in this context, on the primary agricultural activity; this implies a strong emphasis on specific items in the production systems. The advantage of the latter is that it makes it possible to get more specialized in the service provided. This is very useful when the beneficiaries have already attained a certain technological and economic development. However, the disadvantage of this option is that by using a systemic and territorial approach, it gets blurred and hinders the recognition of new opportunities,

particularly in least developed settings with a lower farming potential. Furthermore, in the case of advisory services, it makes it difficult to use a comprehensive approach to encompass the different dimensions of economic development; the tendency is that work gets reduced to the articulation of other resources and competencies in response to individual undertakings or partnerships.

The relationship between the resources devoted to consultancies (capacity building) and those devoted to investment funding and working capital, including credit resources and bonuses, is one third and two thirds, respectively. With regard credits, most of them are short-term, and account for 70% of the total investment in this sector. The only instrument aimed to support economic partnership concentrated only 0.6% of the resources executed in the transfers item in 2013.

On the other hand, when analyzing the distribution of investment between the two large segments of users, it becomes apparent that for the most part they are concentrated in the *multi-active* segment (64%).

In the last four years, total investment on emerging sectors of production (rural tourism, handcraftship and peasant specialties) reached 0.7%, of the overall investment, including credits and bonuses. This figure is very low if one considers that this type of products are the ones with the highest potential for the development of business undertakings in the *multi-active* segment, i.e., most users in the institution.

A similar situation can be seen in the support to marketing, since only the Program for Productive Alliances explicitly considers the entity of the commercial manager. In other technical assistance programs, particularly PRODESAL and PDTI, this kind of interventions respond to the initiative of the institution's technical teams and not to the instrument format.

29 Sociobiodiversidad.

30 Instituto de Desarrollo Agropecuario.

31 Oficina de Estudios y Políticas Agrarias.

32 Fundación de Comunicaciones, Capacitación y Cultura del Agro.

## 3.4. Paraguay

### 3.4.1. Institutional Framework

The top-level institution responsible for family farming policies is the Ministry of Agriculture and Livestock (MAG). The Vice Ministry of Agriculture is almost solely in charge of family farming, since the production of most farmers is in the line of agriculture, with the exception of milk and pigs. The latter are under the competence of the Vice Ministry of Livestock). It acts primarily through the Agrarian Outreach Directorate (DEAG<sup>33</sup>). Apart from the two above-mentioned vice ministries, there are several directorates working with issues related with family farming (although none exclusively with that task). Those are the General Policy Directorate (DGP<sup>34</sup>), the National Directorate for the Management of Projects (DINCAP<sup>35</sup>) and the Farm Census and Statistics Directorate (DCEA<sup>36</sup>).

Furthermore, there is an Integrated System for the Management of the Rural and Agricultural Development (SIGEST<sup>37</sup>), which reports directly to the minister at the highest level and coordinates the activity of the different autocratic entities, including three with direct authority on family farming: the National Institute for Land and Rural Development (INDERT), the National Institute for Cooperativism (INCOOP<sup>38</sup>) and the Agricultural Enabling Credit (CAH<sup>39</sup>).

In addition, there are Local Grass Root Boards and the Family Farming Consultative Council, led by the MAG; the former summons the organizations working with the value chains, and the latter engages the social organizations that represent the sector. Both fora provide opportunities for discussion, and the output is used in the policy-making and the enforcement of differential policy for the sector.

The current institutional framework has implemented two remarkable changes to the framework at the time REAF started, i.e., SIGEST and DERAf, as well as two new discussion tables. In the case of SIGEST, it is very

clear that the need to create a national section devoted to family farming required the creation of an institutional framework. Advances in this area may be attributed to the work of FFOs with the support of a government that views this sector under a new perspective. This appears as a response to the need for a better articulation between the autocratic entities that assist family farming and the offices dealing with certain related themes. However, its functions go beyond these issues; as a result, its creation may be partially linked to the country's needs to have a good performance in REAF, both at the national section and the regional plenary.

The case of DERAf is different. As recommended by REAF, MAG has implemented the National Family Farming Registry (RENAF<sup>40</sup>), under the umbrella of DCEA. They created the Family Farming Registry Department (DERAF<sup>41</sup>), which acts as RENAF's enforcement authority and surveys the implementation of measures and actions to make the instrument operational. The Local Grass Root Boards act as communications fora; to a certain extent, they offer advice to the MAG as an input for their policy-making and for the implementation of policies that benefit the family farming sector.

### 3.4.2. Differential policy

Created in 2007, the National Program for Supporting Family Farming (PRONAF<sup>42</sup>) is the main instrument available for that purpose. It consists of the «implementation of financial incentives to promote the use and adoption of improved technologies adapted to the local conditions of the production systems. This should enable family farmers to improve the productivity of the economic activities undertaken on their farms, considering measures that may contribute to the improvement and preservation of natural resources and the quality of life of the family farmers».

The land reform introduced by law appears as another instrument potentially available to privilege

family farming. The strategic agenda defined in this legal institutional framework «Strategic guidelines for a comprehensive land reform and territorial rural development» proposed outcomes in three lines of action: i) access to land, legal regularization of irregular settlements and illegally occupied land; ii) development of differential policy for family farming, through a plan of action for the Program for the Promotion of Food Production for Family Farming; and iii) strengthening of INDI, in the context of appropriation and assumption of commitments related to an integrated land reform (RAI<sup>43</sup>).

As stipulated by the law that creates the RAI process, the Ministry of Finances must transfer 80% of the farming income tax (IMAGRO<sup>44</sup>) to the National Institute for Land and Rural Development (INDERT<sup>45</sup>). 30% is destined to buy land and 70% for the consolidation of the formalization of irregular settlements, i.e., roads, schools, health care centers and housing, to name just a few.

One of the strategies has been to pass norms to privilege family farmers in spatial proximity as suppliers in cases of public procurement. Valuable outcomes have been reported, primarily at the level of municipalities and local FF organizations that manage to close long-lasting supply deals.

Also to be noted is the existence of direct transfers; this instrument is applied by the MAG year after year in response to a range of issues that impair the revenues of family farmers: i) plummeting of prices, ii) climate disasters, iii) problems in the production of some line of production, such as those due to animal or plant health issues. Such transfers operate as an emergency fund.

Finally, it is worth highlighting the funding provided to family farming by CAH and other non-state agencies, which is increased thanks to the use of an instrument, the *guarantee fund*, developed in the framework of IFAD projects.

## 3.5. Uruguay

### 3.5.1. Institutional Framework

The top-level institution responsible for family farming policy is the Ministry of Livestock, Agriculture and Fishery (MGAP), with four units directly under the minister and eight general directorates. Two of the four units that provide direct advice to the minister take up family farming as a part-time responsibility: the Agricultural Policy and Programming Bureau (OPYPA<sup>46</sup>) and the Technical Cooperation and Projects Unit (UPCT<sup>47</sup>). Two of the eight directorates also work with family farming: The General Directorate for Small Farms does it partially, since much of the production of fruit, vegetables and vineyards are in the hands of farmers that meet the family farmer criteria, and the General Directorate for Rural Development (DGDR<sup>48</sup>), which in essence is in charge of advocating for the interests of the family farming sector. Essentially, DGDR operates through the Rural Development Boards. It was created after the implementation of REAF; it is specialized in this sector and manages the Family Farmers Registry.

Rural Development Boards were incorporated into the institutional framework through the Decentralization and Coordination of Farm Policy Act, which created the Farming Council. The latter agency is an advisory body to the Executive, subordinated to MGAP, whose mandate is to advise on rural policy and development. It comprises the following bodies: i) National Farming Council; ii) Departmental Farming Councils; and iii) Rural Development Boards.

Specifically, the Act determines that there must be a Rural Development Board in every department, consisting of the Departmental Farming Council, one representative from each of the

33 Dirección de Extensión Agraria.

34 Dirección General de Políticas.

35 Dirección Nacional de Administración de Proyectos.

36 Dirección de Censos y Estadísticas Agropecuarias.

37 Sistema Integrado de Gestión para el Desarrollo Agropecuario y Rural.

38 Instituto Nacional de Cooperativismo.

39 Crédito Agrícola de Habilitación.

40 Registro Nacional de la Agricultura Familiar.

41 Departamento de Registro de la Agricultura Familiar.

42 Programa Nacional de Apoyo a la Agricultura Familiar.

43 Reforma Agraria Integral.

44 Impuesto a la Renta Agropecuaria.

45 Instituto Nacional de Desarrollo Rural y de la Tierra.

46 Oficina de Políticas y Programación Agropecuaria.

47 Unidad de Proyectos y Cooperación Técnica.

48 Dirección General de Desarrollo Rural.

## 4 Synthesis and conclusions

farm cooperatives, one representative from each of the farm union organizations and one representative from the Farming Commission of the Departmental Council.

Rural Development Boards are i) spaces for the coordination of the public institutional framework; they operate in rural areas to increase their efficiency and effectiveness in the provision and delivery of public goods and services; ii) spaces for the definition of the demands of the rural population, transforming needs into demands, demands into proposals, and proposals into community-supported projects that require and receive public resources; iii) spaces for policy dialogue on differential public policies for family farming and rural development, where the stakeholders agree upon the terms and timing of the implementation of the instruments available, which should help close the gap between policy and beneficiaries, especially addressing the poorest and most vulnerable; and iv) spaces where a region's rural community can think together and work out strategic plans for the development of the region.

Furthermore, there is the National Institute of Colonization (INC), an agency that is independent from the Ministry. By engaging in the settlement of small and medium-sized landless producers on public land as tenants or prospective buyers, this agency also plays an important role in the family farming sector, a role that has grown since the inception of REAF and its participation in the Uruguayan delegation in the TG on Land Reform and Access to Land.

### 3.5.2. Differential policy

Below is a list of the main instruments of intervention in favor of family farming being implemented in the country:

1. The Emergency Agricultural Fund (FAE<sup>49</sup>), created by law to address the matters related to the production on the farms affected by farming emergencies. This fund seeks to support the most vulnerable farmers affected by adverse climate events in real time.
2. The Rural Development Fund created by law is a financial instrument used by the DGDR to fund rural development plans and projects, with funds left from different programs and projects executed by the MGAP.
3. A fifty per cent reduction of the cost of the contributions to the Social Security Bank (BPS), which facilitates the formalization of the farms under 200 hectares to operate in the various markets.
4. The partial subsidy of the insurance primes of relatively small farms for the development of certain lines of production.
5. Passing of an "Act for the public procurement from family farmers" and the implementation of a pilot program to enforce it.
6. Increasing the funds available to the National Colonization Institute to buy land and manage new forms of access under a collective leasing scheme for cattle finishing fields.
7. Various projects and programs from several agencies, including but not limited to IFAD, IADB, BIRF, to benefit family farming applying different approaches (by territory, by value chains, management of natural resources, etc.)

49 Fondo Agropecuario de Emergencia.

Ten years into operation, it can be noted that, directly or indirectly, REAF output has contributed significantly to building a better institutional framework and more favorable policies for the development of family farming in Mercosur and its incorporation in the market.

REAF was created in 2004 as an advisory body to the executive bodies of Mercosur – the Common Market Group (CMG) and the Common Market Council (CMC). Its goal is to propose differential public policies to benefit family farming and facilitate the marketing of small farmers' products.

According to the regulations of the regional bloc, its direct output must adopt the format of recommendations that are submitted to CMG and CMC for consideration. Those *recommendations* may be incorporated into resolutions and decisions by the executive bodies of Mercosur, thus adding to its regulatory framework, to be internalized by the full member countries.

Also, the recommendations themselves serve as a reference to governments in the region, since they result from agreements reached by the government authorities responsible for family farming policy and the leaders of industry organizations. This happens even in those cases where the lack of consensus within CMG or CMC thwarts their becoming bloc regulations.

One year after the creation of REAF the delegations of the participating countries - the four founding full members (Argentina, Brazil, Paraguay and Uruguay) and the two associate members at the time (Chile and Bolivia) - reached a consensus on a thematic working agenda to fulfill the agency's founding mandate.

In 2005 the issues prioritized by the delegations of the participating countries, comprising representatives from the governments and from family farming organizations, were access to land, financing, risk management, gender, youth, appropriate technology, associations, market integration and the monitoring of international trade negotiations.

In 2014 direct and indirect outcome has contributed to building an institutional framework and public policies that favor the development of family farming in Mercosur and its inclusion in the marketplace, as the following summary will show.

The first *recommendation* issued by REAF dealt with the basis for the recognition and identification of family farming in Mercosur, and became CMG resolution 25/07, which later resulted in the implementation of the national family farming registers. In 2008 the four founding full members completed the internalization of national registries through the appropriate regulations - laws, decrees and resolutions – and began to use them as a basis for the application of differential family farming policy. Later on, a REAF recommendation concerning the registries became a CMC decision 59/12, which established the mutual recognition of national family farming registries; namely that any producer listed in the registry of one country is recognized at bloc level as the subject of differential policy. Currently there are various kinds of differential public policies for family farming that are applied based on the registry. In turn, some are the result of the work of REAF, whose recommendations had an impact at bloc level (through the resolutions and decisions adopted) and at government level (through new instruments based on them). Noteworthy exam-



ples are the single tax (*monotributo*) in Argentina and access to social security in Uruguay. These instruments enable family farmers enrolled in the national registry to adhere to plans at a preferential tax rate, entitling them to health care and social security benefits, and allowing their full participation in the market.

A second *recommendation* concerned the financing of family farming and became CMG resolution 05/10. Its contents have influenced the design and implementation of new financial instruments in Argentina and Uruguay, initially with funds from IFAD projects, later complemented with local funding. In the case of Argentina they tested financial trusts; in Paraguay the use of certificates of deposit was expanded to facilitate access to the financial system, while Uruguay developed a mechanism for rural micro-credits in association with a non-banking financial institution.

A third *recommendation* concerning family farming risk and insurance management policies had an impact on the implementation of pilot tests to promote family farming insurance in some Argentinean provinces, the changes and expansion of a reclaimed bonus system with public funds for insurance contracts in Uruguay, and the creation of a crop insurance fund project in Paraguay that was submitted for funding to the Mercosur Structural Convergence Fund (FOCEM<sup>50</sup>).

A fourth *recommendation* made by REAF referred to rural education, and became CMG recommendation 02/11. This recommendation was directly linked to the Regional Training Program for Young Rural Leaders, which was implemented by the four Mercosur full member countries and Chile for four years and was the basis for similar national programs still underway in Argentina, Paraguay and Uruguay.

A fifth *recommendation* on land policy and land access was not accepted by the Mercosur highest executive authorities. It did not reach resolution or decision status, and did not lead to regional initiatives, as was the case of the above recommendation. Nonetheless, its contents, which were based on studies on the concentration of land ownership and the increase in foreign land ownership in the four full member countries, led to the enactment of new rules in Argentina, Brazil and Uruguay. Such rules modified the requirements for the purchase of land, established progressive taxation on the concentration of land ownership and increased the budget for the purchase of land by state institutions, to be made available for family farming under various forms of use, lease and sale.

A sixth *recommendation* was made on family farming gender equality policy guidelines. It is linked to the Regional Program for Gender Equality in Family Farming supported by Mercosur for over four years

with resources from AECID (Spain). This program contributed to improve the implementation of public policy instruments for positive discrimination in rural areas in the member countries.

A seventh *recommendation* resulted in CMC decisions 45/08 and 06/09, which were internalized by all full member countries by 2012 and led to the creation of the Family Farming Fund (FFF). This FFF allocated public budgets to fund the operation of REAF for five years; it became effective in 2012 through CMG resolution 42/12, which formalized the agreement between Mercosur and FAO for its administration. The FFF was created to ensure the operation of a technical secretariat in REAF, which had been run from its inception until 2011 by the IFAD Mercosur Program with IFAD grants, and to ensure the participation of representatives of family farming organizations in the semi-annual regional meetings and thematic groups.

CMC decisions concerning the FFF are an exception in the bloc, where many specialized meetings - such as REAF - do not have a collective budget to ensure a fair participation of government representatives and organizations from all countries. Instead, they are funded directly by each country, which allocate funds independently. This difference with the REAF speaks of the political priority that the bloc has assigned to the formulation of differential policies for family farming and of their recognition of the results achieved over the years, which justified the exception.

In addition to these recommendations that resulted in a new policy framework, other agreements have been made concerning this matter, two of which should be highlighted.

The first agreement, made in 2007 between REAF and PROCISUR (the area of joint work in the

Southern Cone for the IICA-supported research institutes) produced a working arrangement that is still in place. This arrangement has led to the development of a Manual of Good Practices for Family Farming in the Face of Climate Change, and to the development of an Exchange Program on Successful Experiences Concerning Policies for the Access and Development of Technology for Family Farming.

The second agreement was reached in 2010 by the ministers responsible for family planning in Mercosur, who signed a statement within the framework of REAF pledging to promote family farming access to public procurement as a distinct trade policy. At the same time, a Regional Program was signed for the Exchange of Experiences on Public Procurement, which was funded by ABC of Brazil and was implemented until 2013. A consequence of this process of horizontal cooperation was the Decree on Complementary Method of Public Procurement of Family Farming Produce issued by Paraguay, which enables the public procurement of food from the sector. Various standards and regulations were modified in Uruguay and the Ministry of Interior signed a purchasing agreement to buy pork, chicken, wheat flour and pasta from family farming organizations. In Brazil several public procurement instruments were upgraded as the basis for the exchange of experiences on public procurement carried out under the regional program. In Argentina some experiences on public procurement from family farming have been tested at provincial level inspired by this process.

This review illustrates primarily the work done by REAF in its natural role as an advisory body to Mercosur: i) Establishing an agenda agreed by its participants; ii) discussing the topics agreed upon; iii) drafting consensual proposals as agreed between the parties involved, which may be expressed in the form of recommendations; iv) CMG and CMC resolutions

or decisions stemming from REAF recommendations; v) country internalization of the standards adopted by the bloc, or implementation of new policies or adjustments to existing instruments in each country in light of recommendations that failed to be adopted by the highest bodies in Mercosur, the new set of policies specifically for family farming.

There are however other consequences of the work carried out by REAF that cannot be linked to it in such a direct way, but which are worth noting for their contribution to a more favorable environment for the sector. They have to do with institutional adaptation to meet the needs of family farming.

In Argentina there have been significant institutional changes such as the creation of the National Forum on Family Farming, the Secretariat for Rural Development and Family Farming and the Unit for Rural Change; something similar happened in Uruguay with the creation of the Directorate General for Rural Development.

In both cases the new institutional framework has been responsible for designing and implementing new policies related to the discussions and agreements reached at REAF. The allocation of increasing budgets for their implementation has been achieved, and care for the potential family farming universe has been extended through its main instruments. Likewise, and without any remarkable institutional changes, there has been an increase of the budgets and care for the potential universe of family farmers in Brazil and Paraguay.

Based on information from national records on family farming, as well as additional sources, it is estimated that by the year 2012 around 45% of the family farming universe of the four full member of the bloc had access to specific policy instruments, as described below:

- In Argentina 122,000 family farmers use public policy instruments, out of a total of 251,000 potential family farmers, according to data from the latest census.
- In Brazil, almost 1.9 million family farmers (of a total of 4.4 million) have access to special policy instruments.
- In Paraguay, approximately 83,000 of 270,000 farmers classified as family farmers in the last agricultural census benefit from specific policy instruments.
- In Uruguay, coverage reaches 12,000 of the potential 33,000 family farmers enrolled in the family farming census.
- In Chile, coverage reaches 163,000 of the 250,000 family farmers in the sector's census.





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