

MODALITIES OF PUBLIC FOOD PROCUREMENT FROM SMALLHOLDER FARMERS IN BRAZIL

2

Food and Social Policies Series



**Centre of Excellence
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FOOD AND SOCIAL POLICIES SERIES

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MODALITIES OF PUBLIC FOOD PROCUREMENT FROM SMALLHOLDER FARMERS IN BRAZIL

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Presentation

The National School Feeding Programme (PNAE) and the Food Acquisition Programme (PAA) are two government programmes of public procurement of food produced by family farmers in Brazil. Procurement is done locally and has a positive effect on the farmers' income and development of family farming and the territories where it is implemented.

This study addresses the main characteristics of implementing these two programmes, with focus on the business processes. It discusses the legal and institutional structures, regulatory and operational aspects and the chain of responsibilities within the public bodies and other organisations involved in undertaking the different modalities of each programme.

The text documents the experience, legislation and business processes involved in both programmes, in order to enable other countries to be inspired and reflect on the possibilities of developing similar strategies, based on their own contexts.

The PNAE and PAA together represent the largest structured demand for family farming in Brazil. The expression "structured demand" refers to the efforts of connecting large foreseeable demands for food to family farmers,

which in Brazil mainly occurs through public procurement.

When making this connection, the government guarantees conditions for family farmers to invest in and enhance their production and increase their income. The effect of reducing poverty is maximised by the fact that the food procured by these programmes is allocated to populations vulnerable to food insecurity, namely, children, adolescents and people attended by the public education system and social welfare organisations.

These programmes, and other successful projects, have attracted the attention of a number of countries interested in learning how Brazil is overcoming hunger and extreme poverty. The Brazilian experience has been an inspiration for other developing countries endeavouring to set up their own policies and programmes. However, studies and analyses of the Brazilian experience are still few and far between.

This is why the World Food Programme's Centre of Excellence against Hunger has partnered with the Bill & Melinda Gates Foundation to conduct studies on the Brazilian experience of institutional food procurement, focusing on the

government programmes that purchase food from family farmers. The study's results will be disseminated to governments and other players interested in adopting similar strategies.

The product of the research is a series of five studies addressing the different aspects of institutional procurement in Brazil. The first volume offers an analysis of the background of institutional food procurement, with focus on the factors leading to the current scenario in which the country prioritises procurement from family farmers. This second volume analyses how the modalities of institutional procurement from family farming function. The third volume provides the scale of public food procurement in Brazil.

Two other studies complete the series. The fourth study will address in detail the costs of the institutional procurement of the National School Feeding Programme. The fifth study will address a cost-benefit analysis and the PNAE investment model, measuring the benefits on nutrition, health and education of the students who benefit from the school meals programme that procures part of its food from family farming.

The data presented on this research helps to clarify the context, operation and potential benefits of creating programmes and social policies linked to institutional procurement of family farming produce. They present the factors that can influence the implementation of such programmes and the scale they can achieve. Moreover, the studies explain the impacts of institutional procurement from family farming on food and nutrition security.

This series of studies is a meaningful contribution to the South-South cooperation efforts, by acting as a subsidy for dialogues between countries interested in enhancing or creating programmes and policies to overcome hunger and poverty.



DANIEL BALABAN
Director of WFP Centre of
Excellence against Hunger

Executive Summary

Brazil has some of the world's largest government procurement programmes for family farmers. As part of the Zero Hunger strategy, in 2003 the government began procuring produce from family farmers, and since then has been extending policies and programmes to facilitate access of those farmers to the market. The Brazilian government has been developing modalities, procedures and procurement processes for family farmers and including them in institutional procurement programmes. The purpose of the study is to analyse and document the different modalities of institutional food procurement and to share the results with countries interested in including similar strategies in their development and anti-hunger policies.

This study addresses two large-scale programmes focusing on family farmers: the National School Feeding Programme (PNAE) and the Food Acquisition Programme (PAA). The mechanics of the two programmes vary. In some cases, they act as social protection networks both for populations in situation of food insecurity and for family farmers. In others, they play a role in regulating

prices, guaranteeing a minimum price for the family farmers. For each procurement modality the basic business process, institutional and legal structures, regulatory and operational aspects, as well as the chain of responsibility within the government bodies and other organisations involved in the implementation, are demonstrated in detail in the full version of the study.

Results

In 2003, the federal government launched the Zero Hunger strategy and took actions to promote food and nutrition security to eradicate hunger in Brazil. One of these actions - institutional food procurement from family farmers - is a key component and common element to both PNAE and PAA. The business processes of public food procurement from family farmers in each programme are explained at length in the study.

Brazilian School Feeding Programme (PNAE)

PNAE is the world's largest universal school feeding

programme and third ranking in number of beneficiary pupils.

In 2003, it was included as a key Zero Hunger programme to ensure that around 45 million students have access to quality food. After some years of successful implementation of the PAA, the PNAE was reformulated in 2009 to facilitate the access of family farmers to the market, through approval of a law determining that 30% of federal funds for school meals is allocated to food procurement from accredited family farmers.

The PNAE is a decentralised programme. Each state and municipality must have a nutritionist responsible for preparing the school menus. School menus must adopt the national nutrition standards while, at the same time, include local food produce,

taking into account its seasonality and availability. School menus must be nutritionally balanced, offer cooked and fresh food, and avoid processed food with high levels of sodium, fat and sugar.

The state and municipal governments hold a Public Open Call, a simplified tender process created for family farmers to have easy access to the institutional food demand. The Public Open Call contains requirements, such as the list of food items requested, their quantities and specifications in relation to packaging and delivery timetable of the produce.

After publishing the Public Open Call, the family farmers submit an offer to sell, in which the farmer or farmers' organisation defines the

products, quantities and delivery date. After selecting the offer to sell, an agreement is signed between the executive agency (municipal and state education secretariats) and the farmer and/or organisation, describing the terms and obligations of the food delivery. In case of production problems, the farmers can ask for changes to the products and/or their quantities.

Prices are assessed and fixed based on market research in at least three local or regional markets, prioritising the local market. The purchase for school meals can include costs incurred by the family farmers and/or their organisations with packaging and transport of the produce to the delivery points or schools. The prices for certified organic produce could be up to 30% higher than the corresponding conventional food to be included in the menu.

Quality control is carried out in the school environment when the products – especially fresh produce – are delivered. A receipt is issued by the beneficiary body (school representative), which then signs the document jointly with the farmer. The receipt, together with the farmer's invoice, is then submitted to the executive agency for payment purposes.

This whole process is supervised by a social control agency called School Feeding Council, which supervises the implementation of the PNAE at a local level. It has seven members, mostly from civil society.

Food Acquisition Programme (PAA)

PAA was launched in 2003 and is one of the main elements in the Zero Hunger food security network. It is the food procurement programme that has helped pave the way for PNAE to purchase food from family farmers. It consists of six different modalities, each with specific objectives. PAA is constantly evolving: the existing modalities are revised and reformulated while new modalities are formulated and launched. The business processes of each modality are explained in depth during the study.

PURCHASE WITH SIMULTANEOUS DONATION (CDS)

In this modality the government buys food from family farmers to donate it to social welfare agencies, such as community restaurants, charities, hospitals and so on. The National Supply Company (CONAB) and the state and municipal governments put the modality into practice.

Under CONAB operation, the family farmers' organisations (cooperatives and associations) submit a Participation Tender through an online platform called PAANet, stating which products and quantities are to be delivered to the eligible beneficiary bodies. After sending the documents to CONAB, an agreement is issued and signed by the company and the farmers' organisation. Prices are set

by the beneficiary institution using market research in at least three regional wholesale markets over the last 12 months. Quality control is performed by the beneficiary body, which signs a receipt and acceptance together with the organisation representing the farmers. CONAB makes the payment after receiving the certificate of quality and the invoice from the farmer's organisation.

Under the state and municipal operation, an Offer to Participate is included by the local government in an online platform called SISPA, for approval by the Ministry of Social Development and Fight against Hunger. A Public Open Call is announced, indicating the products and quantities to be purchased. The beneficiary body controls the quality. Payment is made directly to the farmers' individual bank account.

STOCKPILING SUPPORT PROGRAMME (CPR-STOCK)

This modality supports the farmers' organisations in their market strategies and allows family farmers to benefit from more favourable prices – reduced during harvest-time, when there is more supply. Family farmers' organisations buy the production from their members at harvest time to permit their processing and stockpiling, and resell at a later date when prices are higher. The proposals are sent by the farmers' organisations to CONAB that determines the prices to be paid adopting its own methodology. Contracts are signed between CONAB and the bidding farmers' organisations. The funds are repaid by the farmers' organisations at an interest rate of 3% per year at the end of the contract.

DIRECT PROCUREMENT FROM FAMILY FARMING (CDAF)

The government has a policy to ensure a minimum purchase price for certain products and processed food produced by family farmers. Rice, cashew nuts, Brazilian nuts, cassava flour, beans, corn, sorghum, wheat, powdered milk, pasteurised milk, and wheat flour are covered by this modality. CONAB calculates prices each year. CONAB procures from regional purchase units, which were created specifically for such purpose. The products need to be clean and classified in accordance with official standards and costs to meet these requirements run under the farmers' expenses. The payment is made after CONAB receives the invoice.

MILK PRODUCTION AND CONSUMPTION INCENTIVE (PAA MILK)

In order to stimulate local milk production and promote food and nutrition security, cow and goat milk production is purchased from family farmers in the Northeast of Brazil - considered the poorest region in the country. State governments in the region operationalize this modality. The product purchased is donated to communities under food insecurity, with priority given to nursing mothers, children between the age of 2 and 7, and the elderly. Beneficiaries registered in the programme are entitled to receive a maximum of seven litres of milk a week. The price paid for a litre of milk is reviewed every six months in accordance with the prices found in the local/regional markets.

INSTITUTIONAL PROCUREMENT

To increase institutional purchasing from family farmers, this modality allows state and municipal governments and other federal public institutions to buy food from family farmers and their organisations. Without requiring extra federal funding, institutions with a regular demand for food, such as hospitals, universities and the Army, are able to supply new institutional markets for family farmers through their existing budgets by using the simplified procurement process of the PAA. The modality was launched in 2013. The process begins with an Open Public Call informing the types and quantities of food to be purchased, and terms of delivery. The public institution sets the prices by researching the prices in three local

markets or through the PNAE pricing (where available). The contract is signed between the institution and the farmers. Quality control and payment are made in accordance with each institution's regulations.

SEED PROCUREMENT

This modality, launched in 2014 to solve the problems arising from the scarcity of seeds after a prolonged drought, provides an institutional market for seeds and seedlings produced by family farmers that will be used by other family farmers. In addition to accessing a new market, this modality helps to ensure that seeds are donated to family farmers in a vulnerable situation. CONAB operates this modality and receives the purchase offer from representative institutions working with family farmers. The offer informs who the beneficiaries are, the amount of seeds, distribution strategy and procurement justification. The beneficiaries are poor rural families, women farmers, beneficiaries of land reform, indigenous peoples, quilombola communities and organic

farmers. No genetically modified seed can be purchased. Prices are obtained by researching in at least three local or regional markets with similar products, and can be supplemented by logistic costs that the organisations may incur to deliver to the beneficiaries. Payment is made through CONAB.



Introduction

In 2003 the federal government took a set of actions to promote food and nutrition security and to end hunger in Brazil. Such actions were included and united in the so-called Zero Hunger Strategy. It included policies that encouraged access to food, earned income, actions to develop family farming and to increase the supply of staple foods, in addition to instruments of coordination and social mobilisation and accountability. Some of these actions worth mentioning are the government purchases from family farming through the Food Acquisition Programme (PAA) and later the National School Feeding Programme (PNAE).

In the 1990s family farming was included in public policies on an exclusive and particular basis, with differentiated credit for family farmers provided by the National Programme for Strengthening Family Farming (PRONAF). During the 2000s, family farmers were defined according to Law Nº 11,326/2006 (Flexor & Grisa, 2014) consolidating a course of institutional recognition.

PNAE was implemented during the 1950s, undergoing major reformulation in 2009 with the provision that the National Fund for the Development of Education (FNDE) – an agency created in the 1960s to offer aid and take actions for education – allocates at least 30% of the funds transferred

to the executing agencies (education departments of states and municipalities, or of the Federal District, and federal schools) for the purchase of food for the provision of school meals from family farmers. Since then, the PNAE is acting as an important link between family farming and food and nutrition security for students included in the programme. It should be stressed that in some regions of Brazil school feeding provides the students with their most complete meal. By encouraging the consumption of food from the fresher and varied produce from family farmers, the

PNAE gave Brazilian students access to a more balanced and nutritious meal.

This change in the PNAE occurred after the experience of the PAA with institutional markets. PAA was created in 2003 to promote the link between family farming and public and private organisations dedicated to meeting consumer needs of groups facing food shortages or social vulnerability (Delgado, Conceição & Oliveira, 2005; Schmitt, 2005). In general, the State procures food from family farmers and supplies it to populations in situation of

ZERO HUNGER

The “Zero Hunger Programme - A Draft Policy on Food Security for Brazil” was developed in 2001 by the Instituto da Cidadania, one of its coordinators being Luiz Inácio da Silva, President of the Republic elected in 2002. The project is the synthesis of the work of NGO representatives, research institutes, trade unions, grassroots organisations and social movements, in addition to experts from all over Brazil involved in the question of food security.

FAMILY FARMING

The family farmer is defined as someone who uses predominantly the labour of family members in economic activities or enterprise, with at least 50% of the family income earned from such activities, and cultivates an area of up to four fiscal modules (Law 11.326/2006). A fiscal module means a farming area that is required for a family to subsist from farming activities. This measure varies from municipality to municipality throughout the country, mainly due to its agriculture vocation and climate, and is estimated by the National Institute for Rural Settlement and Land Reform (INCRA).

food insecurity, for supplying the social welfare network and food stockpiling focusing on social supply or sales.

It generally includes the supply of shelter to families and/or individuals with broken or weakened family ties, to ensure full protection by social welfare agencies and organisations registered in the Municipal Council for Social Welfare. In the case of food basket donations, the receiving unit should keep the list of beneficiaries containing at least the person's full name and mother's name, and where possible, the individual's taxpayer number

(CPF) and Social Identification Number (NIS).

Institutional markets are therefore an important mechanism for adopting public policies, for both producers and consumers alike. They are a market opportunity and access to income for family farmers and help to supply healthy food and better meals served in public institutions, such as schools, hospitals, and food banks.

These experiences have caused a major debate among intellectuals and national social organisations, capturing international attention.

Within the academic milieu, institutional markets have become a recurrent topic that has been analysed in a number of surveys, studies, theses, dissertations and scientific articles on PAA and PNAE. In the political and institutional arenas, such programmes have encouraged the creation of similar projects in some Brazilian states. Rio Grande do Sul, São Paulo and the Federal District already run family farming procurement programmes similar to the PAA through their representative organisations to meet the requirements of many public organisations. In Rio Grande

SOCIAL WELFARE NETWORK

The Single Social Welfare System (SUAS) is a public network responsible for organising decentralised social welfare projects and services for the socially vulnerable population (poor families, people in a risk situation that have had their rights violated by abandonment or abuse).

The following units are included in the social welfare network, namely:

- Social Welfare Reference Centres (CRAS) – they are the doorway to SUAS and offer social protection services in the areas of vulnerability and social risk;
- Reference Centre Specialized in Social Welfare (CREAS) – widespread and involving municipal, regional and state administration, they are designed to provide services to individuals and families facing personal or social risk situations because of violation of rights or contingency, requiring particular interventions for special social protection;
- Reference Centre Specialized in the Homeless (Centro POP) – provide specialised aid to the adult street population, encouraging group and social coexistence and taking actions of solidarity, affection and respect.

do Sul this programme is called Group Buying (Compras Coletivas); in São Paulo, the São Paulo Social Farming Programme (PPAIS); and in the Federal District, a Programme for Farm Produce Procurement (PAPA/DF).

Several countries around the world have shown interest in learning about the Brazilian experience of liaising between institutional markets for family farming, and the food supply for programmes against hunger – pilot projects are underway in some countries. Milhorance (2013) highlights the programme Purchase from Africans for Africa, more commonly known as PAA Africa, as an example of international diffusion of Brazilian public policies. According to Souza (2012), the PAA Africa was inspired on the model of institutional markets adopted in Brazil (PAA and PNAE) and took into consideration the local conjuncture, such as the institutional capacity, profile of farmers and production, designs and mechanisms for implementing food security programmes. In another initiative to encourage institutional markets, the Brazilian government, in partnership with the regional office for the UN Food and Agriculture Organization (FAO) in Latin America, introduced ideas on the possibility of

direct purchases from family farmers for school feeding in eight countries in Latin America: Bolivia, Colombia, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru. Hence the document *Alimentación Escolar y las posibilidades de compra directa de la Agricultura Familiar: Estudio de caso de ocho países* (School feeding and possibilities of direct purchase from family farming: Case study of eight countries) (FAO, 2013) was published, showing the possibilities for creating institutional markets in those countries.

The experience, legislation and regulations that govern both Brazilian programmes can be useful for other countries willing to take similar actions that take into account their own contexts, legal, institutional and financing characteristics. Clearly the conditions to implement programmes against hunger cannot be directly and automatically transferred from one country to another. Nevertheless, it is advisable to know the experience of other countries and learn from their potential, difficulties, limitations and challenges.

Accordingly, the purpose of this study is to describe the different types of

public food procurement from family farming with an emphasis on the legal (regulatory) procedures and operations within the chain of responsibilities, tasks, and actions of the stakeholders, and the process identified in implementing the different types of PAA and PNAE operations. Considering the international interest, it is important to describe in detail the steps taken by the agents involved in the programmes in Brazil, in order to better understand their organization and disseminate their experiences. Therefore, in addition to studying legislation, rules and regulations used in the modalities and programmes, interviews were carried out with involved professionals regarding operational details needed to implement the programmes, and visits to institutions and organisations responsible for implementing projects in their sphere of responsibilities. The interviews and field observations help understand how the construction of projects works in local practice. These instruments helped identify chains of governance, responsibilities, tasks, and actions required for the implementation of both programmes.



Procurement from Family Farming for the PNAE

PNAE is the world's largest and most comprehensive school meal programme, ranking third in number of benefitted pupils, after China and India. The programme provides students that attend public education institutions and is ongoing nationwide since its creation in the 1950s. Throughout its history, purchases were centralised by the federal government until 1994, when the coordination was delegated to states and municipalities, always undertaken by tender pursuant to Law Nº 8,666/1993 (Turpim, 2008; Belik & Chaim, 2009). Despite the various institutional changes made during this period, this format - centralisation (followed by decentralisation) and a tender - produced some distortions in its operational system,

such as the procurement of industrialised food dissociated from the food culture and local production, linked to companies in the agro-food business that were more competitive in the tender processes. The decentralisation in 1994 contributed to minimising the concentration of companies in the institutional school feeding market, enabling the inclusion of smaller companies included

in the regional context of the schools. This change, however, did not provide explicit support mechanisms for local agriculture, family farmers, and healthy feeding (Turpim, 2008).



LAW Nº 8,666 X PUBLIC OPEN CALL

Law Nº 8,666 dated 22nd June 1993, known as the Tender and Administrative Contracts Act, established the standards for public tenders and contracts. Although the objective is to discipline public contracting of goods and services, the criteria used in the process, such as supply price and scale, exclude many organisations from the tender processes. In general, it restricts the participation of most family farmers in the institutional market given the competition with business segments not unusually organised on higher production scales and lower production costs. Thus, the use of other mechanisms such as Public Open Calls, for example, gives the State the opportunity to procure products at prices compatible with the market, and also more clearly defines which organisations and stakeholders participate in this negotiation. Unlike the tender mechanism described in Law Nº 8,666, where usually the winner of the supply contract offers the goods at the lowest price, in the Public Open Calls to tender the price is already established. Therefore, before it is announced, it is necessary to research prices of the goods to be procured.

The public open calls focuses on the selection of the best tender for procurement of goods from supplier beneficiaries and organisations. This is a kind of “public invitation to bid” that includes a list of food requirements, and all relevant information regarding their classification. In the case of the PNAE, the executing agency is waived from answering a Public Open Call when any of the following conditions can be confirmed:

- When unable to issue the corresponding fiscal document
- Regular and constant supply of goods is unfeasible, as long as seasonality is respected
- Inadequate hygiene and health conditions

The food procurement mechanism from family farming, pursuant to Law Nº 11,947/2009, recommends the Public Open Call. Developed by the executing agency, it should include enough information so that all suppliers can properly prepare the Food Selling Projects from Family Farming. In a Public Open Call, it is important to include some information on: types of food required, quantities, quality classification, packaging, prices, delivery schedule (daily, weekly, monthly, and supply period), and point of delivery. If necessary, one kind of food may be substituted for another nutritionally equivalent product, always upon authorisation by the nutritionist responsible, named in the Public Open Call.

The executing agencies are allowed to perform more than one Public Open Call a year if, for reasons of convenience and opportunity, this facilitates the purchasing process regarding seasonal products and climate issues, or for any other reason. In this process, some executing agencies, such as municipalities, for example, can issue regionalised Public Open Calls for schools in a certain geographical area within the municipality, and even for individual schools. In this case, however, even if the municipality decentralises procurement, it remains the executing agency’s responsibility to render accounts to the FNDE. The executing agencies should publish the Public Open Calls for school feeding in the local press and on posters in public places as well as provide their address online, if applicable. If necessary, they can also be announced in the regional, state or national press, on local radios, and in the Rede Brasil Rural [Rural Brazil Network], a portal created by the Ministry of Agrarian Development (MDA) to connect family farmers through their associations and cooperatives to suppliers of inputs for production, facilitating market research and group buying at lower prices for inputs, machinery, items of equipment, and farming implements.

Another tool in the portal is the registration of the Public Open Calls for family farming that informs family farmers and their organisations about applicants for their food products. The call announcements should remain open to receive the sale projects for at least 20 days.

This scenario is still an embryonic form, which began to change with the creation of the PAA (Law Nº 10,696/2003). Under this programme, some of the food purchased was used in schools to supplement the food procured using specific PNAE funds. Therefore, there were modalities in PAA run by the National Supply Company (CONAB), state, and municipal governments with funds from the Ministry for Social Development and Fight against Hunger (MDS). But the Federal Decree Nº 6,447, dated 7th May 2008 stated that the FNDE would be responsible for defining the system and additional procedures concerning the products procured for school feeding using resources from that fund. Therefore, in 2009 Law Nº 11,947 provided that from the total funds provided by the FNDE to states and municipalities to manage the PNAE, at least 30% should be used to procure food from family farming or its organisations, prioritising land reform settlements, traditional indigenous and runaway slave communities (known in Brazil as quilombos) (Brazil, Presidency of the Republic, 2009).

The International Policy Centre for Inclusive Growth (IPC-IG, 2013) report in partnership with the UN World Food Programme (WFP) highlights the PNAE as one of the few social protection programmes that has the potential to offer multiple social benefits given its objectives:

- Meet nutritional needs with one meal a day
- Encourage healthy eating habits
- Provide nutritional education
- Improve learning capacity
- Prevent school dropouts and grade repetition

In addition to the impact on the lives of the child beneficiaries included in the programme that receive school meals, the report highlights the programmes high potential to increase the participation of family farmers when full compliance of legislation is achieved (IPC-IG, 2013).

The funds for the programme come from the FNDE and must only be used to procure food pursuant to article 5, Law Nº 11,497/2009. Moreover, states and municipalities must offer a counterpart for school feeding. However, the 30% minimum for purchases from family farmers refers only to the funds transferred from the FNDE to PNAE. The federal funds are transferred in ten instalments to the executing agencies, each instalment corresponding to 20 school days. Therefore, the total funds transferred annually correspond to 200 school days. The executing agencies are responsible for running PNAE operations. Purchase can be centralised, under the state education departments and local governments, or decentralised through the schools. Primary schools do not receive funds directly from the FNDE. Therefore, even when schools undertake procurement, the state and local education departments are responsible for rendering accounts to the FNDE. Although most Brazilian public schools consist of municipal and state units, federal schools exist, such as the Federal Institute for Education, Science and Technology or other federal schools. These receive funds from the PNAE, and each unit of these schools does the buying along the same lines of the municipalities and states. Federal schools can buy their own food because they have social accountability mechanisms to manage funds, namely the School Feeding Council (CAE), nutritionists and mechanisms to manage the funds and render accounts to the central government.

CONAB

Created in 1990, this state-owned company is linked to the Ministry of Agriculture, Livestock Farming and Supply (MAPA), in order to contribute to regular supplies and guaranteed income for farmers, taking part in drafting and implementing the agricultural and supply policies.¹

¹ Reference to study 3.

Together with Law N° 11,947 on the PNAE, dated 16th July 2009, FNDE Resolution N° 38 was published, addressing more specific actions relating to programme's execution. In relation to nutritional criteria, it states that beverages with low nutritional content such as soft drinks, artificial juices and similars are forbidden. Some food is restricted, such as canned and stuffed, sweets, compound foods (two or more foods packed separately to be eaten together), semi-ready (or ready-to-eat) dishes, or concentrated food (powdered or dehydrated for reconstitution). The funds for procurement of restricted food cannot exceed 30% of the funds transferred by the FNDE. This is one way how the law encourages procurement of fresh produce.

Other requirements include menus offering at least three portions of fruit and vegetables per week (200g per student/week) in the meals served. Adopting nutritional guidelines established by the FNDE, menus should include fresh produce such as greens, vegetables and fruit, and might include processed and industrialised food such as flour products, cakes, biscuits, sweets, and juices. In addition to these requirements, food to be purchased by the PNAE should comply with the provisions in the legislation set forth by ANVISA of the Ministry of Health, as well as the rules from the MAPA concerning the hygiene, sanitation, labelling and classification characteristics.

To identify the diversity and quantity of food

supplied by family farming that could be included in school meal menus, the education department and nutritionist in charge of the programme must meet with social accountability agencies, such as CAE, the agriculture secretariat and local technical assistance and rural extension authorities to request the mapping of local family farming produce. The PNAE can be more effective if the nutritionist forms a relationship of dialogue and partnership with the family farming organisations, with technical assistance and rural extension, and other mediating organisations involved in the process. In other words, it is important that nutritionists learn what local family farming can offer so that these products can be included in the school menu, since the procurement

mechanisms operate based on the approved menus. According to field surveys performed by Fornazier (2014), the lack of knowledge of nutritionists concerning products and the regional agricultural production calendar in some Brazilian municipalities was one of drawbacks for procurement. The farmers, their organisations and agricultural departments were solving this problem, by providing the nutritionists with a calendar of products available from family farming.

Currently, the amount provided by the central government (FNDE) to states and municipalities per school day for each pupil adopts guidelines as shown in Figure 01.

PNAE TECHNICAL ACCOUNTABILITY

The nutritionist is technically accountable to the PNAE. This professional shall be employed by the Secretariat of Education's School Feeding Sector of the executing agency and shall be registered in the PNAE Nutritionists Registry System. According to Peixinho (2013), in 2003 a nutritionist assumed the post of general coordinator of the programme within the federal management sphere. So the PNAE now reaffirmed that nutritionists were technical accountable for school feeding in the states, Federal District, and municipalities and also in federal schools. School meal menus must use staple foods, respect nutritional benchmarks, local diets and be based on sustainability, seasonality, and regional agricultural diversification, and also on healthy and appropriate food.

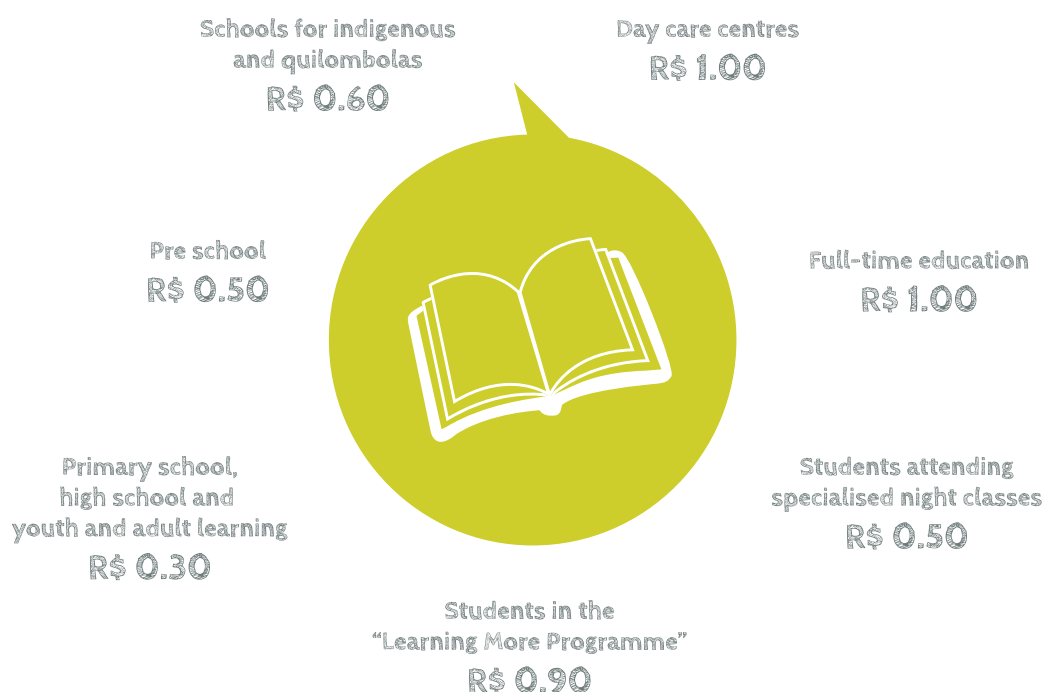
The nutritionist work assignments are:

- To diagnose and follow up the students' nutritional status
- To plan, prepare, follow up and assess the school feeding menu in accordance with local diet, the epidemiological profile of the beneficiary population, and regional farming vocation, accompanying the process from food procurement, preparation and distribution until the consumption of school meals by students
- To coordinate and take food and nutritional education actions in conjunction with the school principal and educational coordinators

REGULATION OF PRODUCTS AND BUSINESSES

The MAPA regulates animal products, beverages and fresh vegetables, registering companies and products. The Federal Enforcement Service (SIF), State Enforcement Service (SIE), Municipal Enforcement Service, or inspection services included in the Single System of Agriculture and Livestock Farming Safety might inspect animal products through the Brazilian System of Animal Product Inspection (SISBI/POA). For fruit pulp, juice, nectar, soft drinks, fruit drinks, tea, matte tea, coconut water and so on, both the company and drink must be registered in MAPA. The company must have a sanitation certificate or operating licence for products that are minimally processed of vegetable origin, and also for fruit sweets, flour, bread, cake, biscuits and crackers. The licences are issued by the state and municipal health departments through the health surveillance services responsible for registering businesses and their products in ANVISA, linked to the Ministry of Health.

FIGURE 01: Values provided by the FNDE per student and teaching modality



Source: FNDE (2015)

* The values presented in this document are calculated in BRL, Brazilian Real. In order to know the amount in US dollars, please check the daily conversion in the Brazilian Central Bank's website.

Adding together the various modalities, the total budget transferred by the FNDE to the PNAE in 2014 was nearly BRL 3 billion, a sum that benefits more than 40 million primary school students, young adults and adults. The 30% defined by law is around BRL 1 billion to be spent in the direct purchase of family farming products, a measure that encourages the economic and sustainable development of communities (FNDE, 2015).

When defining procurement prices of family farming produce, the executing agencies must consider all inputs listed in the Public Open Call, such as expenses with freight, packaging, charges and any other needed to supply the products. In cases where the invitation to tender includes food delivery to each school, these transport costs should also be included in the composition of the final price of the product. Such conditions must be clearly defined in the Public Open Call. If the executing agencies wish to help pay for the freight, but using their own resources, they could negotiate with the suppliers. It is important to highlight the fact that benchmark prices must be updated every six months, considering the climate and changes in the economic conjuncture.

In the past, to procure food produce from family farming, the executing agency would consider benchmark prices adopted by the PAA (further details in the next session). However, the recent FNDE Resolution N° 4 dated 2nd April 2015 determined specific criteria for defining prices of products procured through a

Public Open Call for the PNAE. The purchase price of foodstuffs must be determined by the executing agency, based on carrying out a market price survey. Accordingly:

- The purchase price will be the average price surveyed in at least three different local markets, priority given to the family farmer markets, whenever possible, plus expenses with freight, packaging, charges and any other necessary expenses for supplying the product to the address determined in the Public Open Call
- If it is impossible to perform a local survey, it should be performed or supplemented in territorial, state or national spheres, in that order

For products confirmed as organic or agro-ecological, prices could be up to 30% higher than the prices charged for conventional products. According to Resolution N° 12, dated 21st May 2004, the procurement of such products must be listed separately from the conventional products, for analysis and assessment of the Management Group (in the case of the PAA). The FNDE Resolution N° 26, dated 17th June 2013 states that this same mechanism shall be adopted for the PNAE.

Family farmers and rural family association – as explained above – holders of the PRONAF (individual DAP) eligibility certificate, and its formal organisations (corporate DAP), or informal groups may supply food to the PNAE. The trade limit with the programme per family unit will be BRL 20 thousand per DAP/year/executing agency. It is up to the formal family farming organisations to sign agreements with the executing agency, being responsible for the control of complying with the individual limit. Furthermore, the task of the executing agencies is to control compliance with the individual sales limit when trading with informal groups and individual farmers, and to control the total sales limit of the organisations, pursuant to FNDE Resolution N° 4, dated 2nd April 2015.

PRONAF AND DAP

The PRONAF Eligibility Statement (DAP) is a document created to identify the family farmer (individual DAP) and/or their associations (corporate DAP), granting them the right to benefit from public policies, such as the PRONAF and PAA, for example. The PRONAF (National Programme for Strengthening Family Farming) is a rural credit programme for family farmers only. Created in 1995, it was the first national public policy specially focusing on family farming, which enabled the creation of other actions for that farmers' category.

To obtain the DAP, the family farmer must apply to an MDA-accredited agency, providing data about the production facility (area, number of residents, composition of workforce, and income). The corporate DAP is granted to formal groups (associations and cooperatives) with at least 60% of their members holding an individual DAP (i.e., that meet the criteria of family farmer). Family farmers that hold individual DAPs and are organised in groups but without a corporate DAP are called informal groups.

To participate in a Public Open Call family farmers that are individual suppliers shall submit:

- Individual DAP
- CPF - Individual Taxpayer Number – database run by the Brazilian Federal Revenue Office (RFB), with registry of taxpayers and Brazilian citizens
- Sales Project of Food from Family Farming signed by the participating farmer
- Evidence of meeting the requirements under a specific law, if applicable
- Statement that the food products to be delivered come from their own production and listed in the sales project

The informal groups of family farmers shall submit:

- Individual DAP of each member
- CPF number
- Sales Project of Family Farming Food Produce signed by all participating farmers
- Evidence of meeting all requirements under a specific law, if applicable
- Statement that the food products to be delivered are produced by the farmer and listed in the sales project

In turn, the formal groups that hold corporate DAPs shall submit:

- Corporate DAP
- Corporate Taxpayer Number (CNPJ)
- Evidence of conformity with the Government Severance Indemnity Fund (FGTS), that companies deposit as a percentage of resources as a guarantee to protect the worker in case of dismissal

SALES PROJECT

The Sales Project of Family Farming Food Produce is the document that formalises the interest of family farmers in participating in the Public Open Call, and details their capacity as suppliers. In one of the appendices of the FNDE Resolution N° 26 dated 17th June 2013 it presents a model of a Sales Project of Family Farming Food Produce for School Feeding. Representatives of the formal or informal group or even the individual farmer sign the project. It should contain the same prices submitted during the Public Open Call, since these will be charged in all family farming food procurement contracts. In other words, the price is not a criterion for classifying the projects. The Sales Projects of Family Farming Food Produce must include the name, CPF number and individual DAP of each farmer supplier of the food listed in the project. Liaising agencies can help the family farmers with individual DAPs, as facilitators of the procurement process when preparing the tenders for this kind of project. However, they cannot receive remuneration, make the sale, sign as bidder, or be legally liable. Possible liaising agencies are the following:

- Agencies registered in the Decentralised Brazilian Technical Assistance and Rural Extension System (SIBRATER)
- Agencies accredited by MDA to issue the DAP
- Rural workers' unions or family farming workers' unions

- Copies of the bylaws and record of investiture of the agency's current board of directors registered in the relevant agency
- Sales Project of Family Farming Food Produce for School Feeding
- Statement that the foodstuffs to be delivered are produced by the members listed in the sales project
- Evidence of meeting the requirements provided in a specific law (e.g., certificate of inspection by the Health Surveillance) if applicable

The prices listed in the sales projects must be exactly those same prices listed in the Public Open Call. Should the organisations or farmers interested in taking part exceed the demand, the impasse shall be broken according to established criteria, in order to define sales priority. Therefore, according to Resolution N° 4 dated 2nd April 2015 the approved sales projects will be divided in descending order of priority: group of projects from local suppliers, group of projects from rural territory, group of projects from the state, and group of national tenders.

Selection priority in each group will be given to:

- Land reform settlements, traditional indigenous populations and quilombola communities
- Suppliers of food certified as organic or agro-ecological
- Formal groups (holders of corporate DAP)
- Informal groups (family farmers holding individual DAP, organised in groups)
- Individual suppliers (with individual DAPs)

According to the identification in the DAP(s), formal groups are considered productive organisations where more than half the members are land reform settlers, quilombo dwellers and/or indigenous communities; and informal groups are where more than half the suppliers are family farmers.

If the executing agency fails to obtain the necessary volumes of products from the local supplier project group, it must supplement them with projects of the other groups, according to the aforementioned selection and prioritisation criteria.



In event of a tie between formal groups of land reform settlers, or runaway slave and/or indigenous communities, priority will be given to the productive organisations with a higher percentage of settlers in their list of members.

In event of a tie between informal groups, priority will be given to those groups with a higher percentage of settled suppliers, in accordance with their identification in the DAP(s).

If there is a tie between formal groups, priority will be given to productive organisations with a higher percentage of family farmers and/or rural family enterprises in their membership, according to the corporate DAP.

Should the impasse persist, lots will be drawn. If consensus between the parties is reached, it may be decided to share the supply of products to be procured between the selected organisations. The projects shall be analysed at a public meeting recorded in minutes.

The executing agencies may provide in the Public Open Call for submission of samples from the supplier(s) temporarily classified in first place, to assess and select the product to be procured. This procedure is normally used when the product procured does not have a consolidated classification and labelling system. If requested, the samples should be submitted for the necessary analysis immediately after the approval phase.

SCHOOL FEEDING COUNCIL - CAE

During the management of the PNAE by executing agencies, a social accountability organisation is present, namely the School Feeding Council (CAE). The CAE is an ongoing advisory, consulting and enforcement collegiate body, instituted in the states, Federal District and municipalities, and plays a decisive role in the PNAE. It is a collegiate body because it consists of representatives from different social segments with shared management, that is, all members must always take decisions jointly. It is a supervision agency because among its main duties is the supervision of the correct use of the funds allocated to school meals and accountability. It is advisory because everything must be discussed and examined by the council before making decisions. And lastly, it is a consulting body because CAE's task is to provide consultancy to the executing agency, the FNDE, and other enforcement and control agencies, providing information about the performance of the PNAE, whenever consulted. A serious and effective council that fulfils its assignments and is aware of the importance of its role. It has many opportunities of providing its community and schools with quality school feeding, and also giving an example of healthy food habits to children, youth, and adults. Therefore, the first condition as counsellors is to consider their availability, intention and first and foremost the level of commitment to their role, since the mandate of a CAE counsellor is considered a relevant and non-remunerated public service. The CAE consists of:

- One representative appointed by the Executive Branch of the executive entity in question
- Two representatives of educational workers' and students' entities, nominated by their entity representatives, to be chosen at a specific meeting convened for that purpose, recorded in minutes
- Two representatives of parents of pupils enrolled in the education system to which the executing agency belongs, nominated by school councils parent and teacher associations or similar entities, chosen at a specific meeting convened for such a purpose, and recorded in the minutes
- Two representatives nominated by organised civil entities chosen at a specific meeting convened for such a purpose, and recorded in the minutes.

Other assignments of CAE is to monitor and inspect the investment of PNAE resources, and adopt its guidelines; to analyse the accounts rendered by the manager and issue a conclusive opinion on the programme's performance, informing the relevant control agencies of any irregularity encountered in the PNAE. In Brazil, there are agencies such as the CGU and TCU to control the use of federal public funds.

The products to be traded will be assessed based on three criteria, as follows:

1. If they comply with specifications in the Public Open Call
2. If they have a health certificate, when required
3. If they fulfil the sample test (if requested), being possible to qualify their sensorial characteristics

A food acceptance test is performed in order to prevent unnecessary public expenditure in procuring food rejected by the students. The technical team of PNAE nutritionists adopt the sample verification

MPF, CGU AND TCU

The MPF (Federal Prosecution Service) is an independent service separate from the three branches of government (Executive, Legislative and Judiciary). Its assignments and instruments are provided in the Federal Constitution and it acts in federal cases regulated by the Constitution and federal laws whenever the matter involves public interest, whether because of the involved parties or the subject matter. Another MPF responsibility is to enforce compliance of the laws passed in Brazil and those from international treaties signed by Brazil. It also acts as the guardian of democracy, ensuring respect for the principles and standards that guarantee the people's participation.

The CGU and the TCU are two bodies of federal administration in charge of protecting public assets and increasing management transparency. The CGU provides internal control of the federal Executive, with the task of monitoring administration, whereas the TCU is an auxiliary organisation for external control for the National Congress and includes auditing the accounts of public administrators responsible for management in the three powers.

procedures and acceptance tests. The executing agency will apply the acceptance test to the pupils whenever a new food or any other innovative change in preparation is made to the menu. According to Resolution Nº 26 dated 17th June 2013, the same will occur to assess the acceptance of the frequently adopted menus. Fruit and vegetables may be waived from acceptance tests, or dishes that include mostly fruit and/or vegetables.

After the sales project selection, the purchase agreement is set up to legally formalise the commitment assumed by the executing agency and suppliers that will deliver food from family farming for school meals. The agreements must clearly and accurately state the conditions for their performance, expressed in clauses that define the parties' rights, obligations and

responsibilities according to the terms of the Public Open Call and the tender to which they are bound, in addition, *inter alia*, to defining the food delivery schedule and date of payment to the family farmers. They must be signed by the executing agency and the formal or informal organisation, or the individual farmer.

The first delivery of the produce must comply as provided in the schedule in the Public Open Call and the agreement. Upon delivery, the executing agency and family farming organisations or the individual farmer must sign the receipt, a document that confirms delivery of the products conforms to the description agreed in the contract. This document describes the types of products delivered, quantities, characteristics of quality and standardisation, date and their

values. At least two copies of the receipt must be printed, one for each stakeholder. Together with the signature on the receipt, it is also mandatory to issue a fiscal document: rural producer's bill, a single bill or an official invoice (formal group). Thus, the representative of the executing agency, which is the person legally empowered to assess food quality, will certify if the products meet the standards listed in the Public Open Call. The representative will act as product quality control, rejecting whatever fails to meet the standards.

After collection of the receipt and its invoices, the next stage is to conduct procedures for instruction and settlement for payment through the banking system of the sum corresponding to the deliveries of the preceding month. No payment to the contractor will be made while settlement

is pending for any financial obligation as a result of a contractual penalty or default. The contracting party that fails to release funds to pay the contracted supplier shall pay a fine of 2% plus interest of 0.1% a day on the value of the overdue instalment.

The public contract defines obligations and rights of both parties, including the possibility of breach of contract. It provides mechanism, such as fines for non-compliance, judicial debt recovery or agreements. In the contracts, it is provided that the contracted supplier is solely liable for compensation for damages caused to the contracting party or third parties as a result of the former's blame or malicious fraud during the performance of the contract, not excluding or reducing this liability to the inspection team. The suppliers and contracting parties must keep all documents for five years, namely copies of official invoices and sales projects, and submit them to inspectors on request. Concerning problems such as shortage of any product, it is recommended to substitute it for another available, on approval of the contracting party and with due evidence of the benchmark prices. It is worth mentioning that because they receive federal funds from the PNAE, the executing agencies are obliged to provide school feeding for 200 school days a year. Therefore, should there be any problem or need for adjustment or substitution, it can be conducted as far as the price regulations and the use of funds are respected.

In 2010, under the Interministerial Administrative Rule Nº 450, dated 29th October, a management committee of Law Nº 11,947 was set up, composed by members of the FNDE, MDA, MDS, CONAB, Ministry of Fisheries and Aquaculture (MPA), and by the Consulting Group formed by the following 14 organisations of civil society, namely:

- National Council of Secretaries of Education (CONSED)
- National Farming Workers' Confederation (CONTAG)
- Federation of Family Farming Workers (FETRAF)
- Brazilian Forum of Sovereignty and Food and Nutrition Security (FBSSAN)
- Rural Women's Movement (MMC)
- National Agro-ecology Coordination (ANA)
- National Rubber Tappers' Council (CNS)
- National Council of Food and Nutrition Security (CONSEA)
- National Coordination of Quilombo Communities (CONAQ)
- Brazilian Confederation of Land Reform Cooperatives (CONCRAB)
- Federation of Agencies for Social and Educational Welfare (FASE)
- Smallholder Farmers' Movement (MPA)
- National Union of Municipal Directors of Education (UNDIME)
- National Union of Family Farming Cooperatives and Solidarity Economy (UNICAFES)

MAIN STEPS TO JOIN THE PROGRAMME



1. Budget: the value of the transfer by the federal government must be identified, based on the school census the previous year, and having defined the percentage that the executing agency will buy from family farming (30% minimum)



2. Liaising between social players to map family farming produce



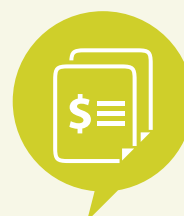
3. Nutritionist's preparation of a menu, according to guidelines provided by the programme, being submitted to CAE for its information



4. Price research by the executing agency according to regulations



5. Preparation and publication of the Public Open Call by the executing agency



6. Preparation of the Sales Project of Family Farming Produce for School Feeding from individual family farmers or their formal and informal organisations



7. Receipt and selection of sales projects by the executing agency, in accordance with set standards and priorities



8. Sampling for quality control under the responsibility of the executing agency (optional – only if samples are requested)



9. Procurement contract between the executing agencies and suppliers



10. Delivery of products, quality control by the executing agency representative, completion and signature of the Receipt for the products, and procedures for payment to family farmers



The PAA, its institutional organisation and modalities

The PAA, created in 2003, endeavours to strengthen family farming and to promote food and nutrition security, and involves a set of intersectoral actions. The programme needs to liaise between civil society and the different public management agencies at different levels – national, state, and municipal. The PAA developed with the creation of new modalities, in order to reinforce new social actors in family farming, and to meet the demand from new audiences that had not been included in earlier modalities.

The Programme receives funds from MDA, MDS, and direct or indirect administration agencies of the central government, states, and Federal District in the case of the Institutional Procurement modality. The states, municipalities, public administration agencies, and CONAB, a state-owned company linked to MAPA, implement the PAA.

The PAA Management Group (GGPAA), responsible for the regulatory instructions of the different modalities, monitors the public institutions involved in the PAA. This group provides the resolutions and determinations of how the modalities must be managed and implemented in municipal, state, and federal projects. The GGPAA consists of representatives from the MDS, MDA, MAPA, Ministry of Finance (MF), Ministry of Planning, Budget, and Management (MPOG) and Ministry of Education (MEC).

PROCEDURES OF THE PROGRAMME OPERATORS

1- States and municipalities

The MDS signs a Term of Accession with the states, municipalities, or public consortia. Law N° 11,107/2005 approved the creation of public consortia between federate entities, i.e., between municipalities, states, or with the federal government. Public consortia are legal institutional arrangements in which federate entities join together for a certain purpose, sharing rights and duties, as in the use of joint public fund transfers. The Terms of Accession have been substituting the prevailing agreements, as the latter terminate. With the contract, states, municipalities, or public consortia (executing units) draft an Offer to Participate with a list of supplier beneficiaries, receiving units, quantities of food, and prices of products to be procured. The executing units inform MDS which family farmers sell their products to the PAA, and the MDS pays the individual family farmer directly through the latter's own bank card for receiving the PAA funds. Therefore, funds are transferred directly to the family farmer rather than to the state or the municipality. It is important to highlight that family farming organisations (cooperatives and associations) cannot formalise the Term of Accession directly with MDS; in other words, the accession is only completed with the public entity. This mechanism is used in the modality of Purchase with Simultaneous Donation (CDS).

2- CONAB

Family farming cooperatives and associations interested in joining the PAA must submit a Participation Proposal that will be intermediated by CONAB, responsible for signing the Technical Cooperation Agreement with the MDS and MDA. The implementation procedures, beneficiaries, penalties, and other details are defined in the CONAB Operations Handbook (MOC) that regulates duties and rights, product standards, deadlines and payment for each instrument under CONAB responsibility. In the case of the PAA, each modality has a specific MOC.

3- States, municipalities, and federal agencies of direct and indirect administration

In the Institutional Procurement modality, the public administration procures food from family farming using its own financial resources, waiving the tender, to meet consumer demands of public bodies (hospitals, barracks, prisons, university restaurants, day care centre canteens, philanthropic schools, and so on). Although public administration has autonomy to buy without a tender, it must comply with limits per farmer. Therefore, for purchases that fail to meet the family farming criteria, the federal administration agencies still adopt tenders (Law N° 8,666/1993). It is worth mentioning the measure announced at the recent launch of the Family Farming Harvest Plan 2015/2016 (2015-2016), institutionalised by Decree N° 8,473 dated 22nd June 2015, that establishes that, of all the resources allocated in the financial year to the procurement of foodstuffs by federal public administration entities and agencies, at least 30% should be set aside for procurement of food from family farmers.

GGPAA ASSIGNMENTS

PAA Management Group (GGPAA) publishes resolutions about:

- How different modalities of PAA operate
- Methodology for defining benchmark prices for food procurement, considering the regional differences and reality of family farming
- Methodology for defining prices and sale conditions of the procured products
- Criteria for donating the purchased products
- Public stockpiling criteria
- Criteria for prioritising beneficiary suppliers
- Conditions for procurement and donation of seeds, seedlings, and other food crop propagative materials
- Formation of an advisory committee to provide consulting services and follow-up of the PAA activities, consisting of government and civil society representatives
- Other measures needed to run the PAA

The GGPAA can also request reports from partner agencies, cooperatives, participating agencies, and representatives of the PAA final beneficiaries and financial agents, when considered relevant and convenient; it can identify complementary sources of funds for the PAA; support other structural issues related to harvest procurement in order to strengthen family farming; and create thematic groups to help developing its activities.

Moreover, the management group of government and civil society representatives, by means of Resolution Nº 49 dated September 2012, created an advisory committee to provide consultancy and follow-up of PAA activities. With six-monthly ordinary meetings, the advisory committee intends to:

- Have an ongoing dialogue channel with social movements and civil society organisations regarding the PAA implementation
- Set up groups specialising in topics to provide details and subsidies for the management group decisions
- Suggest improvements in the programme performance

In addition to the GGPAA, there is a group of technical players that participate in the decision-making chains to implement the modalities, namely:

- Public administrators of the ministries involved
- CONAB technical staff
- Employees from the state and municipal Secretariats of Agriculture and Social Welfare
- Specialists from the states' technical assistance and rural extension companies (EMATER)
- NGO-related social mediators
- Directors of family farmer organisations participating in the projects
- Other public and private agents working in the chains of responsibilities and governance of complementary public policies for the PAA

PAA also relies on control and social participation in the Councils on Food and Nutrition Security (CONSEA – at national, state, and municipal levels) and in the aforementioned advisory committee. It should also be stressed that every programme operation is enforced by CONAB and by the MDS, and all modalities are audited by CGU and TCU. Public administrators, social mediators, associations, and organisations representing consumers and family farmers are committed to accountability of the public funds transferred and to facilitating the enforcement and audit process.

In operational terms, the PAA considers the following as a suitable public for food supply: family farmers, land reform settlers, forest dwellers, fish farmers, extractivists, traditional fishermen, the indigenous population and members of remaining quilombola communities and other traditional peoples and communities that meet the classification requirements for family farming under Law Nº 11,326/2006, and are DAP certificate holders.

It should be emphasised that the PAA offers several incentive mechanisms for the participation of women and the socially vulnerable. Women's participation must be considered a priority in the selection and implementation of tenders in every modality and by all programme operators. Also, at least 5% of the annual

budget of the PAA, from MDA and from MDS, will be allocated to those all-women organisations or mixed organisations with at least 70% women members. According to GGPAA Resolution Nº 44, the funds reserve is maintained until 30th September each fiscal year, and can be transferred to other demands from that date on.

In turn, individuals suffering food and nutritional insecurity and those attended by food and nutrition security promotion programmes are considered consumer beneficiaries, especially those included in the Public Food and Nutrition Facilities Network (REDESAN).

Donations shall be focused on supplementing meals offered to socially vulnerable people and families with an imminent risk of food and nutrition insecurity helped by the abovementioned agencies and programmes. The main purpose of food donations, followed by the other public initiatives to promote food and nutrition security, is the supply of public food and nutrition facilities (subsidised restaurants, community kitchens and food banks). In the Institutional Procurement modality, the consumer beneficiaries are the agents in the government's direct and indirect administration agencies of the central government, states and Federal District, such as hospitals, university restaurants and federal schools.

It is worth mentioning that, as in the PNAE, a major breakthrough in the PAA was to waive tenders for federal government procurement from family farming. As mentioned before, the Tenders and Administrative Contracts Act (Law N° 8,666, 21st June 1993) was a challenge and in many situations a barrier for family farming to participate in institutional markets. After this waiver, any procurement by the PAA was exempted from tenders, provided they cumulatively met all the following requirements:

- Prices compatible with those prevailing in the local or regional market, measured by GGPAA methodology
- Evidence of eligibility of beneficiaries and supplier organisations as family farmers
- Respecting the maximum yearly or half-yearly value for food procurement per household or supplying organisation
- Food procurement from the supplier beneficiaries' own production that meets the quality control requirements provided in the regulations in force

The following table lists the legal and operational procedures of the six PPA modalities: Purchase with Simultaneous Donation (CDS); Stockpiling Support Programme (CPR-Stock); Direct Procurement from Family Farming (CDAF); Milk Production and Consumption Incentive (PAA Milk), Institutional Procurement and Seed Procurement.

Every modality includes consolidated standards in the form of operational regulations of conduct. It should be emphasised that family farmers can access more than one of such modalities simultaneously, provided individual limits for each modality are respected.

THE REDESAN STRUCTURE

- Subsidised restaurants, community kitchens and food banks
- Social welfare entities preferably registered in the National Registry of Agencies in the Single Social Welfare System (CAD-SUAS)
- CRAS and CREAS
- Other public food consumer organisations

TABLE 01: Summary of the PAA performance modalities in 2014

Modality	Objectives	Executors & Funds	Limits
PURCHASE WITH SIMULTANEOUS DONATION (CDS)	Procurement of different food varieties for consumption, simultaneous donation to entities in the social welfare network, public food and nutrition facilities, or other purposes defined by GGPAA	Can be done by CONAB, states, or municipalities using MDS funds. The farmers can participate individually or through cooperatives or associations MDS funds	Limit per DAP/year for individuals: BRL 6,500 Limit per DAP/year for organisations: BRL 8 thousand Limit per organisation /year: BRL 2 million
STOCKPILING SUPPORT PROGRAMME (CPR-STOCK)	Financial support for food stockpiling by formal supplying organisations for later trade	Implemented by CONAB, with MDS and MDA funds	Limit per DAP/year: BRL 8 thousand Limit per organisation/year: BRL 1.5 million, the first participation in the modality being restricted to BRL 300 thousand
DIRECT PROCUREMENT FROM FAMILY FARMING (CDAF)	Purchase of products defined by GGPAA to sustain prices	Implemented by Conab, with MDS and MDA funds. Farmers need to be organised in formal or informal groups	Limit per DAP/year: BRL 8 thousand Limit per organisation/year: BRL 500 thousand
MILK PRODUCTION AND CONSUMPTION INCENTIVE (PAA MILK)	Buying milk from organised family farmers, which is donated to consumer beneficiaries after processing	Implemented by state governments in Northeast Brazil and North Minas Gerais, using MDS funds	Limit per DAP/half-year: BRL 4 thousand
INSTITUTIONAL PROCUREMENT	Purchase by the public administration from family farming (individual farmers or their organisations) through a Public Open Call to meet the administration's own food demand	States, municipalities and federal agencies from direct and indirect public administration. Funds from public administration	Limit per DAP/year/ individual/ buying agency: BRL 20 thousand Limit/year/organisation: BRL 6 million
SEED PROCUREMENT	Seed procurement from family farmer organisations for distribution to family farmers living in rural areas and in a vulnerable situation	Implemented by Conab, with MDS funds	Limit DAP/year: BRL16 thousand Limit/supplying organisation/ year: BRL 6 million Procurement directly from supplying organisations to the limit of BRL 500 thousand, or through a Public Open Call when the value exceeds BRL 500 thousand

Source: Compilation based on consolidated legislation from Decree N° 8,293/2014

Purchase with Simultaneous Donation (CDS)

This modality is designed to purchase a variety of foods that meet the quality control requirements provided in the prevailing standards, for simultaneous donation to entities in the social welfare network, public food and nutrition facilities, and under specific conditions defined by the GGPAA, for the public and philanthropic education network. It is intended to meet local demands for food supplements for people suffering food and nutrition insecurity. The modality is designed to have a committed production (quantity and quality) to deliver to a receiving unit, liaising the support to family farming and promoting food security via short market circuits.

This modality relies on MDS funds and is managed by CONAB or state and municipal governments, or by a municipal consortium. These two management formats involve different rules and procedures, requiring differentiated treatment as explained below. It should be stressed that the supplier beneficiary (an individual or a group ready to supply food to the PAA) shall choose to participate in one of these formats, that is, the supplier beneficiary that accesses the CDS via CONAB, whatever the value, cannot access the same modality via a Term of Accession with states and municipalities either through a cooperative or individually.

Purchase with Simultaneous Donation via CONAB

This modality, managed by CONAB, is designed to procure food from family farming to be donated to people in a food risk situation assisted by agencies in the governmental or non-governmental social protection network.

The main stakeholders in implementing this modality are food supplier organisations,

receiving units, social mediators linked to different public or private agencies, and CONAB managers (located at different scales of public administration).

The implementation through CONAB requires formal organisation of family farmers in cooperatives or associations, making this a key criterion of differentiating them from state and municipal operations of the same modality (Term of Accession with MDS). Like other PAA modalities, family farmers must hold a DAP and, likewise, the supplier organisation must hold a corporate DAP, that is, the organisation needs to prove that at least 60% of its members/participants are family farmers with individual DAPs. Moreover, the rules of the modality state that among the organisations apt to join the programme, priority will be given to women's participation of at least 40% in the total number of supplier farmers, respecting the other participation criteria.

As defined by the legislation and GGPAA resolutions, the receiving units are those formally constituted, considered in the executing agency's participation



proposals, and which receive food for supply to consumer beneficiaries. These consumer beneficiaries are individuals in a situation of food and nutrition insecurity assisted by the social welfare network, food and nutrition facilities and, in special conditions defined by the GGPAA, by the public and philanthropic school network in order to meet local demands for food supplementation. To join the PAA, the receiving unit must provide fiscal and legal information that will be included in the Participation Proposal. It shall also render accounts of donations received by completing a standard form provided by CONAB.

The family farmers' organisation is responsible for submitting a Participation Proposal to CONAB using the PAAnet Proposal tool, an application developed by CONAB and available on its website, to facilitate and decentralise completion of participation proposals after the mobilisation and liaison with other local stakeholders. This proposal must include accurate specifications about the applicant organisation, the supplier farmers (name, DAP and other registration data), the kinds of food to be

delivered, total volumes, product quality, packaging, the number of organisations and consumer beneficiaries, the quantities of food per beneficiary/consumer, partner organisations and other relevant information. The application must begin based on the dialogue between the family farmers' potential production, on one hand, and food shortages and consumer food habits, on the other. Consumer demands, farmer practices and the farming skills in local contexts must be elements taken into consideration when drafting the proposals. Each proposal must be organised for a period of at least six months. CONAB decentralises the operational, budgetary and financial management for the CONAB Regional Superintendence agency (SUREG). The federative states and the Federal District have one SUREG each. After completing the form online, it must be printed, dated and signed by the representatives of the supplying organisation and the receiving units, after approval of each SUREG.

According to this modality, fresh products from the prevailing harvest, ready for human consumption, can be sold; industrialised/processed products, as long as at least one product characterised as raw material comes from the supplier beneficiary's own production, attested by the supplier beneficiary's Term of Commitment;

SUPPORT SYSTEMS FOR PAA CDS

The PAANet proposal is an application developed by CONAB and offered online in order to facilitate and decentralise the completion of the participation proposals in the PAA CDS – CONAB. The application allows the participation proposals to be submitted to CONAB via Internet, or to be saved and forwarded by email to the SUREG that shall examine and approve (or request corrections to) the proposal.

The Food Acquisition Programme's System (SISPAA) is a system that registers in the Food and Nutrition Security Secretariat (SESAN) the Participation Proposal of those interested in its Operational Plan. Once this is approved, a Participation Proposal is registered and later analysed by the MDS team, at a step called Local Pact and Planning where the idea is to match the entities' demand for food with the food supply from local family farming. Next, the executing agencies are indicated and the information is completed about supplier beneficiaries and receiving units to be supplied with food products.

and organic/agro-ecological products certified by auditors, by a participative system or Social Control Organisation (OCS). Quantities are mutually agreed between the farmers' organisation and the receiving organisations, and binding in the Participation Proposal.

The quality (in addition to conforming to the quality standards set forth by the health surveillance authorities, with the appropriate submission of documents) is confirmed by the Receipt and Acceptance document and must include at least the following information:

- Date and delivery address
- Food specifications concerning quantity, quality and price
- Name of the person in charge of receiving the food
- Name of the supplier beneficiary or supplier organisation

The Receipt and Acceptance document is ratified by CONAB in a document attested by representatives of the receiving units and supplier organisation. This document lists the products delivered and complies with the Participation Proposal.

Alterations to product and quantities – requested in a Request for Alterations form available on the CONAB website – are accepted with the SUREG consent. Products not listed in the Participation Proposal may be substituted, as long as the receiving unit agrees and that the quantity of the new product to be delivered matches the price conversion between the substituted and substitute product. The quantity of products provided in the proposal may also be changed, on agreement by the supplier organisation and receiving unit. In addition to products and their quantities, changes to supplier beneficiaries and receiving units are acceptable, provided they are authorised by the SUREG.

According to GGPA regulations, benchmark prices of food procured are defined by the average of three price surveys carried out in the local or regional wholesale market, calculated over the past 12 months, duly documented and kept on file in CONAB for five years or more. Prices of products without a benchmark in the local or regional

wholesale market can adopt the prices paid to local market producers. The established prices will be valid for one year and remain available on the CONAB website, in the link Preços Praticados no PAA (Prices Paid in the PAA). However, if any product has a significant alteration in price, suppliers may ask CONAB to alter the prevailing values, with due justifications. The business system in this modality (like on the others in the PAA) includes pre-established prices, with no bargaining or negotiation, as generally occurs in non-institutional markets. In some states, the products sold via the PAA are exempt of the state VAT tax (ICMS). Organic/agro-ecological products may be supplied or demanded. These products can have an extra 30% or less compared to conventional produce, provided they are certified or attested in accordance with organic or agro-ecological standards.

Following this implementation format, the sale value per family unit/year, based on Decree Nº 8,293/2014, is BRL 8 thousand, and the supplier organisation may sell as a

QUALITY CONTROL BY HEALTH SURVEILLANCE SERVICES

To participate in the PAA, copies of registers need to be presented according to the kind of food traded.

For animal products, a registry in any of the following agencies must be presented: SIF; SIE; Municipal Enforcement System (SIM); or inspection services linked to the Single Agricultural and Animal Farming Health System, through SISBI/POA.

For beverages such as fruit pulp, juice, nectar, fruit drinks, fruit tea, tea, matte tea, coconut water, the producer and beverage must be registered in the MAPA.

For food of vegetable origin with minimum processing, and for products such as fruit sweets, flour, bread, cake, biscuit and crackers, the producer must have a Health Certificate or Operating Licence, and some of these products must also be registered in ANVISA linked to the Ministry of Health.

whole, for a maximum total value of BRL 2 million/year, respecting the limit per individual farmer member.

To submit the proposal for analysis and qualification, the supplier organisation must provide the following set of documents, delivered against receipt to the SUREG:

- Participation Proposal hardcopy completed in the PAANet Proposal, dated and signed by the representative of the supplier organisation
- Corporate DAP
- Individual DAP of participating family farmers
- Bylaws and minutes of the election and investiture of the current board of the supplier organisation (certified copy)
- Copy of the minutes or of report of the meeting, including the acknowledgement of the submitted proposal by the social control instance, in order of importance from CONSEA, Municipal Council for Food and Nutrition Security (COMSEA), State Council for Sustainable Rural Development (CEDRS), Municipal Council for Sustainable Rural Development (CMDRS), State Council for Social Welfare (CEAS), or Municipal Council for Social Welfare (CMAS), the form of which is provided on the CONAB website
- Bipartite form between the supplying organisation and the representative of the municipal of Federal District public authority, which records the agreement regarding the receiving units listed in the Participation Proposal, the model of which is to be found on the CONAB website
- Signed commitment from the receiving unit stating acknowledging the programme (its responsibilities and rights) and the sole use of food for attending its registered consumer beneficiaries (should any receiving unit include public schools), the model of which is to be found on the CONAB website
- Statement of investment of the FNDE funds in full regardless of the supplement from the PAA, signed by the relevant local authority for managing such funds
- Signed commitment by the supplier beneficiary, taking responsibility for and acknowledging its rights
- Evidence of registration and the registration status of the CNPJ
- Certified copy of the ID Card (RG) and taxpayer card (CPF) of the directors of the supplying organisation
- Documents relating to compliance with the health legislation
- Evidence of registered delivery of the documents
- National Organic Farmers Registry (only for bidders of organic/ agro-ecological produce)

To secure the contract in the modality, the following documents are required:

- Hardcopy Participation Proposal, duly dated and signed by the representatives of the supplying organisation and receiving units, after SUREG approval
- Clearance certificate from the National Social Security Institute (INSS), FGTS, overdue federal tax liability, Labour Liabilities and Federal Revenue Service
- Evidence from the National Registry of Ineligible and Suspended Companies (CEIS)

The trade project between the supplying organisation and CONAB is formalised by a Rural Production Letter (CPR). The CPR is signed by the president and treasurer of the supplying organisation and both will be duly and legally qualified in the notarised bylaws and minutes of the election of the organisation's directors. With the CPR, the delivery of the products is agreed and committed between the federal government (CONAB) and supplying organisation. The products' deliveries should start from the CPR signature date within the Participation Proposal and may not be extended beyond the closing term of the CPR.

The value of the CPR is the result of the calculation between the quantity of products to be procured by the federal government and the price assessed according to GGPA methodology, and according to the maximum limit per family unit and bidder organisation. The maturity date for the sale project is set in the CPR with a term of at least six (6) months, extendable by an amendment agreed with the SUREG for up to 24 months. Should a postponement be necessary, the supplier shall submit a formal request to CONAB for a new due date, including justification for such a request. This request must be made at least 30 days in advance before the due date of the document otherwise it will be rejected.

The funds for payment after the food delivery will be released after the CONAB authorisation, by a transfer from the blocked account to the supplying organisation's account in the financial

institution of its choice, and bearing a cooperation agreement with CONAB. The company will make the deposit according to the approved proposal, less the applicable federal taxes. The account will remain blocked until the quotas corresponding to the products are delivered to the receiving/consumer unit.

At each quota of product delivered, the supplying organisation must provide CONAB, via PAANet Entregas (PAANet Delivery), with copies of the sales invoices, document of Receipt and Acceptance of the products signed by the receiving units, the Delivery Report, and Payments Report that lists the sums actually paid to each of the supplier beneficiaries. The last two documents are provided by CONAB. The release of funds

from the bank account to the supplying organisation is linked to the submission of these documents that it shall put on file for a minimum ten-year period.

The supplying organisation is committed in the CPR to deliver the product(s) listed on the bond to the address(es) indicated in the Participation Proposal by the agreed date. Transport, conservation, packing, repacking, handling, storage expenses and other logistics costs incurred to the satisfaction of CPR will be to the account of the supplying organisation. Upon payment, these operational, transport, storage, or food processing costs of the supplying organisation may be deducted from the sums paid to the supplier beneficiaries, if the supplier's Term of Commitment

is previously agreed between the parties.

All documentation concerning this modality of the PAA shall adopt the standards established by CONAB and GGPAA. The company will open a process containing every document of the operation, which will undergo different instances of checking conformity with the standards of the modality, whether at the SUREG or federal headquarters. Once agreed, CONAB, at its convenience and necessity, may provide guidelines for the supplying organisations, receiving units, supplier beneficiaries, and other stakeholders in the Participation Proposal, and will enforce all procedures and documentation requested for sampling.

The supplying organisation agrees to meet the terms of the signed CPR, and all standards governing the PAA, making clear the fairness and conformity of the operation, including in relation to suppliers and receiving units. Failure to comply with the PAA rules within CONAB, and to identify any inconformity or irregularity will entail penalties of suspension or cancellation of the project and, at the discretion of CONAB, to forbid the supplying organisation from holding new projects with the company for up to two years, when there is evidence of malicious fraud or bad faith, without detriment to the other applicable administrative and legal sanctions.

Several social mediators may be found between supplying and consuming organisations,

such as Technical Assistance and Rural Extension Services (ATER), NGOs, public managers linked to different sectors (departments of agriculture, social welfare), organisations that support family farmers, local leaders and so on. These organisations can help in the process of disseminating the programme, mobilising the main stakeholders needed for its implementation, increasing the production that can be offered, organising and planning the production approved in the CONAB project, liaising with consumer organisations, supporting the programme's local logistics, building the administrative and managerial capacity of the key players involved, or enhancing social accountability.



MAIN STEPS TO JOIN THE MODALITY



1. Liaising between local stakeholders to participate in the CDS modality. This liaison should include family farmers, the officially registered supplying organisation, receiving units, social accountability agencies, city hall, and other social mediators in planning and organising the proposal. Thus, the purpose of this liaison phase is to further the dialogue between both, to compare the supply of family farmers and demand of the receiving entities



2. Drafting the Participation Proposal by the supplying organisation and forwarding it together with the other requested documents to the SUREG



3. Assessment of the proposal and the documents for SUREG qualification



4. Formalising the CPR between CONAB and the supplying organisation



5. Deliveries of products with a quality check upon delivery



6. Completion of the Term of Acceptance to be forwarded to CONAB



7. CONAB's acknowledgement of the proposal and actual delivery



8. Release of payment to the family farming organisation

Purchase with Simultaneous Donation through states and municipalities

This modality is implemented by the MDS in partnership with states, municipalities and public consortia, by means of the Term of Accession. By this mechanism, funds are directly transferred to family farmers, and it is up to the partners (federative bodies) to identify consumer beneficiaries, register farmers, organise and support product distribution logistics, and lastly, supply data on agencies that will receive the food. Executing agencies could receive financial support from the MDS, as a contribution toward putting in practice the agreed targets of their Annual Operating Plans for the PAA implementation. The possibility of being implemented by federative bodies closer to the supplier and consumer beneficiaries enables putting in place local proposals more efficiently. This, in turn, allows closer proximity between production and consumption within a municipality.

The modality is implemented based on a Term of Accession encompassing the parties' obligations and duties, and all what is needed for the PAA management. This Term only expresses the commitments, not yet involving the agreement of sums and

targets, and is published in the Federal Official Gazette – the federal government's official press. The Term of Accession shall contain at least the description of the object, commitments made by the parties, term of the contract (minimum 60 months, being automatically extended for the same period), social accountability authority in charge of management, appointment of the manager who will assume the obligations for implementing the modality and informing about any alteration, denunciation or rescission. This document shall mention that the funds for implementing the programme will be agreed through the Operating Plan.

The agreements between participating bodies can be celebrated between the federal government and:

- States (and Federal District), with direct implementation
- States, with the participation of the indirect administration agency
- Municipalities or public consortia, or
- Municipalities or public consortia, with State participation

Executing agencies are responsible and should endeavour to procure food solely from family farming (especially in a situation of extreme poverty, prioritising indigenous peoples, runaway

MDS FINANCIAL SUPPORT

The support is calculated according to the methodology defined by the MDS, taking into account the following criteria: number of supplier beneficiaries, their socioeconomic profile and geographical distribution; regional differences and environmental characteristics; allocation of procured foods; updating information in the programme databases; public transparency and social accountability mechanisms adopted; and processes related to supplier beneficiaries' qualifications and product quality. Funds provided as financial support could be used, for example, to support the infrastructure for receiving and distributing food, including:

- Equipment procurement
- Selection, capacity building or qualification of supplier beneficiaries and supplier organisations
- Identification of specific audiences in a situation of food insecurity
- Food processing support
- PAA follow-up and inspection

The executing agencies shall render accounts that must be endorsed by the PAA social accountability authority.

slave and traditional communities and land reform settlers); to register suppliers (individuals and corporate) and obtain the supplier's Term of Commitment; to achieve the quality of the products procured and distributed; to correctly register procurement in the Food Acquisition Programme's System (SISPAA); to store purchased food until it reaches its consumers; to properly issue and safeguard fiscal documents relating to food procurement; to ensure the limit of annual participation of supplier beneficiaries; not to compromise funds in excess of the sum agreed in the annual Operating Plan; to register entities eligible for receiving food from the Programme and to obtain the agency's Term of Commitment; to ensure actions of supplying food to attended entities; and to ensure proper logistics for food delivery, storage and distribution; to identify specific audiences in a state of food insecurity, especially those not attended by social welfare networks or food and nutrition facilities, including indigenous populations, quilombo dwellers, homeless, street populations and families with children under six years old; to certify

fiscal documentation and issue the Receipt and Acceptability document of the products delivered by supplier beneficiaries; to further the role of the social accountability authorities; and to inspect the programme's activities in their scope of implementation. Executing units that fail to meet their obligations will be subject to the penalty of suspending funds' transfer, cancellation of the Term of Accession and the mandatory reimbursement to the federal government of improperly used funds, in addition to other measures provided by law.

After joining the PAA, the MDS will propose to the district, municipal or state public administration bodies or entities, or to the public consortia, the funds to be provided by the federal government to pay supplier beneficiaries. Based on the demand presented by the public administration, the MDS will analyse it and agree to the implementation targets to be established in annual operating plans signed by the parties.

After signing these plans, executing agencies must draft a Participation Proposal, with the list of supplier

beneficiaries, receiving units, food quantities, price of products to be procured, and name of the social control authority to which the proposal was submitted. This proposal shall be registered in the SISPAA, and later analysed by the SESAN, responsible for planning, coordinating, implementing, supervising and following up the food and nutrition security projects and actions of the MDS, by examining the proposal's conformity to the targets and funds provided in the operating plans.

After approval of the proposal in the SISPAA and the issue of bankcards for the registered supplier farmers, implementing units can start to procure the products and allocate them to the registered organisations (consumer beneficiaries). The specific and individual magnetic bankcard used to receive the payments of food sales for the PAA, is intended to ensure faster transfer of funds to family farmers. With the card, which can also be used as debit instrument, the deposit is made directly into the family farmer's account and can be withdrawn at the Banco do Brasil ATMs. Only products can be procured that are registered in the Participation Proposal,

which must list all supplier beneficiaries. Food shall be delivered preferably to reception and distribution centres or a similar structure, or to mobile collection points. Supplier farmers may rely on executing agencies' logistics support (town hall, for example) to carry the food to the PAA Food Reception and Distribution Centre, if they do not have their own means of transporting their production.

On delivery, food must be assessed regarding quality and quantity. This delivery occurs in the presence of a public agent officially appointed by the executing agency. In the act of delivering the goods, a Receipt and Acceptance document, available in the SISPA, is signed. Food deliveries must be accompanied by a fiscal document, the information in which will be entered into the system. Based on the data of the invoices registered and certified by the system, the

MDS will arrange for direct payment to the supplier beneficiaries, by crediting the specific PAA bank card given to the programme's supplier beneficiary. Payment will be made within 10 days after the necessary documentation is received.

In this modality's execution format, the most important measures are the suppression of the *a quid pro quo* obligation by states and local governments (which used to exist in agreements between MDS and executing agencies); direct transfer of funds to family farmers using the bank card without needing to open a checking account; and the online follow-up of all the implementation of the programme (SISPA). After the products are procured, they are donated to the social welfare network, public food and nutrition facilities and public or philanthropic education networks, or directed by GGPAA to meeting other specific demands.

An interesting stage of this modality consists of the liaison between who executes and who receives the product. According to the Operations Handbook – Purchase with Simultaneous Donation Modality – an operation under a Term of Accession, available on the MDS website, the executing agency must publicise the selection process of those entities that might become receivers of food from the PAA, by means of a Public Open Call or other disclosure media. Priority is given to entities that regularly serve meals and cater for priority audiences in a food insecurity situation, such as:

FAMILY ALLOWANCE (BOLSA FAMÍLIA)

The Family Allowance is a direct income transfer programme benefiting poor and extremely poor Brazilian families. This programme is part of the Brazil without Extreme Poverty Plan focusing on millions of Brazilians with a per capita household income below BRL 77 a month. It is based on guaranteeing income, productive inclusion and access to public services.

- Socially vulnerable individuals and families
- Families that are beneficiaries of the Family Allowance Programme and families registered in the Single Registry for federal government Social Programs (CadÚnico)
- Pregnant/nursing women and children
- People with special needs
- Traditional peoples and communities (indigenous people, quilombo dwellers, river communities, etc.)
- People victims of violence (sexual abuse or exploitation, domestic violence)
- Users of psychoactive substances (chemical dependence)
- People and families affected by emergency situations or public disasters.

After the receiving agencies have been identified, their demands for food are assessed, identifying quantity, periodicity of receipt, storage capacity and the audience for food provisions, adapting the type of food to the demands of these communities. Moreover, the PAA must contribute to creating a healthy and varied menu.

Also, in order to make the most of the possibilities offered by the PAA, it is suggested that the government areas responsible for food and nutrition management be consulted in order to be able to benefit from the Programme.

As occurs in implementation of the CDS execution through CONAB, the procurement benchmark price is defined by the average of three price surveys in the local or regional wholesale market over the past 12 months. In the absence of a local or regional wholesale market, prices paid to the farmers in the local market can be used, with an increase of up to 30% for agro-ecological or organic produce. However, for a product to be considered organic, farmers must hold the certificate from an organic conformity assessment body (OAC) known as a certifying agency, or in the case of family farmers selling directly to consumers, they must be included in an OCS.

Documents required for CDS operations through states and local governments are:

- Term of Accession
- Operating Plan (agreement on value figures and targets)
- An approved Operating Plan (SESAN via the SISPAA), corporate DAP (for marketing through the organisation) or the individual DAP of member family farmers (for individual marketing)
- Bylaws and minutes of election and taking office of the current board of the supplier organisation (corporate DAP)
- Proposal submitted by the Social Accountability authority, in order of priority CONSEA, COMSEA, CEDRS, CMDRS, CEAS or CMAS
- Documentary evidence of discharge proof of federal, state and municipal tax debts (and of public consortia, such as a corporate or individual membership agreement)

MAIN STEPS TO JOIN THE MODALITY



1. Official letter from the federative agency (state or municipality) or public consortium to the MDS, formally expressing interest in accessing to the programme, in response to a published call for applications



2. Signing the Term of Accession between the MDS and executing unit



3. Agreement on monies and targets proposed by the MDS to the executing unit – Operating Plan



4. Liaison between local players, involving family farmers and receiving units to match the food supply and demand and define the prices to be charged. The Participation Proposal is drafted and registered in the SISPAA



5. Assessment and approval of the Participation Proposal by the MDS



6. Issuing bank cards for supplier beneficiaries and procurement start-up



7. Procurement and allocation of products and invoice registration in the SISPAA



8. Invoice approval and payment by the MDS directly to supplier farmers using bank cards

Stockpiling Support Programme (CPR-Stock)

Since farm produce prices vary throughout the year due to seasonal production, this modality offers financial support for family farming organisations to wait for the best time to place their produce on the market providing them with funds to pay their members and process the product for subsequent marketing during the inter-harvest period, on a regular basis and at better prices. This is an advance of funds (loan) to farmers so that they can keep their production without having to sell it during the harvest season. Funds are provided to family farming organisations and their

farmers to enable them to have working capital to carry out their activities, such as, for example, pay production costs. This modality's value creation process is represented by the price difference between the two marketing periods (harvest and inter-harvest), less storage costs and interest rate.

This modality is designed for cooperatives and other formally incorporated organisations such as private companies with a corporate DAP. Likewise, family farmers participating in this modality through a supplier organisation must have an individual DAP. Minimum participation of 30% of women in the total number of suppliers is required. The demand for participation in this modality originated from family farming organisations based on market conditions and harvest and inter-harvest prices, in order to support food for human consumption, seeds, seedlings and other food crop propagative materials that can be stocked or stored.

Fresh produce must come from the current harvest; industrialised, processed or

finished products must have a validity period compatible with the project's implementation period; agro-ecological or organic products must follow specific regulations and have agro-ecological or organic conformity certificates; and seeds, seedlings and other food crop propagative materials must comply with the certification or registration standards governing these purchases.

In this modality, the funds come from the MDA and MDS, and the loan can be granted for no more than one year. At the end of this period, the funds are reimbursed to the public administration by means of a cash settlement plus 3% p.a. interest, calculated from the date of the deposit in a blocked account to the date of the actual payment. Each family farming organisation can submit proposals to CONAB (the modality's executing agency) of up to BRL1.5 million per calendar year, abiding by the individual limits per family farmer of BRL 8 thousand per calendar year, and limited to BRL 300 thousand in the first transaction carried out by



farmers' organisation in the modality. Family farming organisations can file more than one proposal per calendar year (not simultaneously, however), provided that the total contract amounts do not exceed the limits established per organisation and family farmer.

To file a proposal, the family farming organisation shall submit to the SUREG the Participation Proposal consisting solely of associates or cooperative members of the supplier organisation, with information on the organisation, products object of the CPR, names and other data of the participating family farmers and registration of the organisation in the health and quality control bodies, in addition to the following documents:

- Corporate DAP
- Clearance certificates or their valid statements from the INSS, FGTS, labour liabilities, overdue federal tax liability and the Brazilian Revenue Service
- By-laws and minutes of election/taking office of the organisation's current Board and certified copies of personal ID documents (RG and CPF)
- Minutes of the meeting or assembly approving the organisation's proposal
- Statement of accountability for retaining documents on file for five (5) years, of the DAP statement obtained online until 30 days before formalising the CPR
- Statement that CPR raw material or product was procured from the listed farmers at a price not lower than the benchmark price in the Participation Proposal
- Documentary evidence that the organisation has some type of market for selling CPR products (institutional or private)

After the Participation Proposal is approved, loans are granted based on the CPR, named in this modality as CPR-Stock (Stockpiling Support Programme). This document must be signed and duly notarised by the organisation's president and treasurer. CPR value is calculated according to the quantity of products to be procured by the participants, multiplied by the price stated in

the Participation Proposal. Prices are defined according to CONAB regulations, duly consolidated in the Handbook on CONAB Operations (MOC) and available on Internet.

To be able to sign the CPR, guarantees are required from the proponent organisation in the form of a mortgage, pledge, collateral or promissory note. It will also be possible to replace the guarantee-product for a security representing its sale, to be paid 15 days before the CPR maturity.

Funds may be released in one or two instalments, by a transfer from the blocked account to the organisation's free transaction account. In both cases, the stockpiling schedule shall be maintained, as defined in the Participation Proposal, with a maximum term of 12 months or less. As already mentioned, the CPR bond will be settled for the sum received, plus 3% p.a. Since this modality uses cash, and not product settlement, it does not involve transport operating costs.

All documentation referring to this PAA modality shall adopt the regulations established by CONAB. Like other modalities, CONAB will start an administrative process containing all the operations' documents. This process will pass through different instances within the organisation to check CONAB's regulations, whether in its SUREG or nationwide. Furthermore, CONAB will supervise and inspect by sampling, procedures and documentary evidence of the operation. Since the inventories refer the storage unit level, quality controls are the responsibility of family farming organisations for later marketing. The public interest here is limited to the correction and fairness in the "loan" process and payment of the sum referring to the contract in this modality. The process is the most important piece for the inspection by the federal administration agencies, in relation to the use of central government funds, which may be audited by the TCU and CGU.

Failure to pay the CPR bond will imply, as penalty, inclusion of the issuer in the SIRCOI (Delinquency Registration and Control System) and in CADIN (Registry of Federal Public Sector Credits Paid), and taking the appropriate administrative and legal measures to ensure its fulfilment.

Failure to comply with the rules of the PAA and this modality, and the detection of any nonconformities or irregularities under the supervision or inspection of CONAB or external control bodies will involve penalties of suspending or cancelling the project, and may, at the sole discretion of CONAB, also mean preventing the supplier organisation from formalising new projects with the company, for at least one year, if there is evidence of malicious fraud or bad-faith, without detriment to other applicable administrative and legal sanctions.

DELINQUENCY CONTROL MECHANISMS (SIRCOI AND CADIN)

CONAB's SIRCOI system is a mechanism that registers the state of delinquency or debits in CONAB. It is a control mechanism to prevent defaulters with CONAB to continue operating with this agency.

CADIN, on the other hand, is a database containing names of individuals and companies that owe and do not meet monetary obligations toward direct and indirect federal government agencies and bodies; with individuals whose CPF taxpayer registration is cancelled and companies considered ineligible before the CNPJ registry. Individual and corporate debtors are included in the CADIN by the direct and indirect federal public administration bodies and agencies, according to their own standards and under their sole responsibility.

MAIN STEPS TO JOIN THIS MODALITY



- 1.** Coordination of the proposal between the proponent organisation and social mediators



- 2.** Drafting and filing the Participation Proposal for CONAB by the proponent / supplier organisation, with all the required supplementary documentation



- 3.** CONAB assessment and approval of the Participation Proposal



- 4.** CPR drafting and signing between CONAB and proponent organisation



- 5.** Stockpiling and management by proponent organisation



- 6.** On expiry of the CPR term, proceed to its cash settlement and finalise the process

Direct Procurement from Family Farming (CDAF)

This modality is designed for procurement from family farming in order to sustain prices and guarantee income for families. This modality is one of the ways the government intervening in the agricultural market when prices charged are below minimum prices for selected products fixed for family farming. Thus, it is an important mechanism of the PGPAF (Guaranteed Minimum Price Programme for Family Farming). Implemented by CONAB and its SUREGs, with funds from the MDA and MDS, the modality caters for family farmers, traditional peoples and communities, extractivists,

quilombo dwellers, dam-affected people, indigenous communities, rural workers and family farmers in special conditions, bearers of the DAP statement (duly authorised by CONAB). Participants shall be organised preferably in formal groups (cooperatives and associations), or informal ones.

Products considered by the CDAF are rice, cashew nuts, Brazil nuts, cassava flour, beans, corn, sorghum, wheat, powdered whole milk, whole UHT milk and wheat flour. CONAB, at its discretion, may procure other processed/finished products for human consumption. Fresh products shall be clean, dry, with controlled water content and complying with identity and quality standards set by the MAPA, confirmed by the Certificate of Classification (a mandatory document). Industrialised/processed products shall meet marketing standards, be properly packaged and meet the standards set by the relevant health surveillance agencies (MAPA and ANVISA). CONAB

may require specific laboratory analysis for quality control. After the organisations express their interest, an immediate measure by family farmers is to classify the products as stated by CONAB.

CONAB calculates the demand for the modality based on market prices and volumes produced in certain regions. When the market price of supported products is below benchmark prices, CONAB may widely disseminate in the region this procurement mechanism. The company will install a point of purchase (own or accredited storage units, depots or other sites recommended by CONAB) where interested family farmers shall go with their products, and the necessary documents for participation in this modality.

The following documents shall be submitted for participation in the modality:



PGPM AND PGPAF

The PGPAF (Guaranteed Minimum Price Programme for Family Farming) is a federal government programme guaranteeing family farmers financed by PRONAF a financial indexation at a guaranteed price set by CONAB equal to or near the production cost. This price is never lower than that set by the PGPM (Guaranteed Minimum Price Policy). CONAB calculates minimum prices using cost methodologies for market analysis. CONAB prepares the product price proposal and submits it to the MAPA, which in turn analyses it and coordinates a meeting with the Ministry of Finance (MF) and Ministry of Planning, Budget and Management (MPOG). After the technical approval, the MAPA prepares and sends it to the National Monetary Council (CMN). Later, prices are made official under MAPA administrative rules and included in the MOCs.

- Household DAP (individual)
- Statement (individually completed) by the family farmer that the product is his/her own production, being exonerated from pledges or other onus
- In the case of a formal group and their own fresh or processed/finished products for human consumption, a statement that the product was received/procured from farmers registered as participants, in cash, at a price not lower than the actual benchmark price at the time of the transaction, without deductions, being exonerated of any pledge or onus
- Sales invoice, as instructed by CONAB
- For companies: clearance certificates from INSS, FGTS, overdue federal tax liability and Federal Revenue, CADIN and labour liabilities (CNDT)
- For individuals: regular situation with the Brazilian Federal Revenue (RFB)
- For processed/finished products: statement that the basic raw material (fresh product) comes from family farming. On delivery of the products, documentary evidence of the origin of the product will be required (invoices of procurement from suppliers, receipt of remittance to agroindustry, agro-industrial service agreement or equivalent)

After fulfilling the criteria, documentary regularity and Certificate of Classification, CONAB may proceed to procure the product by issuing the purchase invoice. Procurement will be to the value of the family farmer's own production, and may not exceed the modality's ceiling of BRL 8 thousand per calendar year/per farmer, and the ceiling of BRL 500 thousand for the family farming organisation. Prices are set according to CONAB regulations and disclosed on its website, in its link "Family Farming Benchmark Prices" (Preços de Referência da Agricultura Familiar).

All expenses incurred until the product delivery at the points of purchase will be paid by the participating family farmers, including transport, loading/unloading and repacking costs, if necessary.

Product classification costs and collection to the INSS and ICMS will be borne by CONAB, in procurement from farmers in farmers' associations or cooperatives that do not issue invoices. When the organisation issues an invoice, these expenses are also to the account of CONAB with proof of payment.

CONAB will make the payment within 10 days, from the date of issuing the purchase invoice, after confirming the regularity of the documents and classification certificate. Accordingly, the participant must mention the banking institution, checking account number and bank branch for receipt of the sum referring to the sale of the product sale. Should there be no bank account, CONAB will make the payment through a payment order, and the participant shall go to the banking institution with his CPF card and other official ID documents. When a formal group (company) makes the purchase, CONAB will withhold at source the Income tax and social contribution, as provided in the laws and regulations in force.

While in the CPR-Stock modality the storage is the responsibility of the farm and/or family farming organisation, in the CDAF modality storage is the task of public authorities, with the actual food procurement. Public food inventories will be managed by the MAPA, in partnership with the MDA and MDS. Stockpiling using MDS funds will be donated, as a priority, and may be sold only in exceptional cases, on special authorisation. Priority will be given to selling the stocks formed by MDA funds, donations being admissible in the following situations: support food and nutrition security actions; evidence of a risk of losing quality of stocked foodstuffs; and the impossibility of stock removal, maintenance, or in case of

food sale, justified by logistics-related economic issues.

Likewise in other modalities under its operating management, CONAB will supervise and inspect procedures and documentary evidence of the operations. Any stage of the modality's implementation may be audited, and inspected and supervised by CONAB, TCU, MPF and other agencies overseeing expenditure of funds from the Brazilian Budget. The SUREGs will help plan and forward the documents required for the local project. All regulations of the modality come from GGPA resolutions and CONAB regulations.

VEGETABLE CLASSIFICATION CERTIFICATE

The Vegetable Classification Certificate determines the extrinsic and intrinsic characteristics of a product based on predetermined qualitative standards, permitting a diagnosis obtained by thoroughly analysing representative samples of the batch to be handled. Classification has become mandatory since 2000 in operations of stockpiling, maintenance and marketing of stocks belonging and/or linked to the federal government. Only a public or private accredited classifying agency must issue this certificate.

Decree N° 8,446, dated 6th May 2015, changes the classification standards of vegetable products, their by-products and crop residues of economic value, for procurement by public authorities, so that classification is made directly by the public agent of the contracting administration. Another change is the exemption from mandatory classification of small quantities of vegetables, their by-products and crop residues of economic value, also exempting from the bidding process small and medium-size rural producers. However, the indicative parameter of small quantity procurement has not yet been established.

MAIN STEPS TO JOIN THIS MODALITY



1. Monitoring commercial prices of products included in CONAB modality list and, when below the benchmark price, the company may set up purchase points



2. If there is interest in marketing, family farmers and their formal or informal organisations must provide the necessary documents for participation in this modality



3. After documents are approved and products classified by CONAB, procurement of the produce from the family farmers or their organisations can then proceed with the issue of the purchase invoice



4. Payment to farmers for the sale of products



5. Products procured will be allocated for the purposes defined by the GGPAA, namely public inventories for donations or sale relating to food and nutrition security

Milk Production and Consumption Incentive (PAA Milk)

The purpose of the PAA Milk is to contribute to the food supply to socially vulnerable families through free milk distribution, and also to encourage milk production by family farmers in order to strengthen the local productive sector. Concerning food security, milk is important mainly in feeding children.

Dairy farming mainly occurs on small farms. However, many family farmers find it difficult to access markets due to lack of production scale, of social organisation and problems in meeting hygiene, health and processing regulations, as well as packaging to help market their product. In this respect, PAA Milk intends to:

- Contribute to the food supply of socially vulnerable families and/or in a situation of food and nutrition insecurity through free milk distribution
- Strengthen the local productive sector and family farming, by guaranteeing milk procurement at fair prices from family farmers, prioritising those farmers grouped in supplier organisations and/or enrolled in CadÚnico
- Include milk in the other PAA supply circuits, by supplying to entities in the social welfare network, food and nutrition facilities and units in the public and philanthropic education network

This modality is only implemented in Northeast Brazil and Northern Minas Gerais state (Jequitinhonha and Mucuri river valleys), where 30.7% of the population living in rural areas is extremely poor, which, according to the federal Brazil without Extreme Poverty Plan means a monthly family income per capita of less than BRL 77. Considering establishments that receive up to BRL 127.50 per capita/month – equivalent of one quarter of the minimum wage in 2010 –, the poverty percentage in the Northeast is 52.1% (6.9 million people). Due to precarious feeding conditions of these families, the two aforementioned regions are targeted by special state and federal government programmes to mitigate the effects of extreme poverty in the countryside, namely the dire food conditions of the local populations.

State public administration bodies or agencies (direct or indirect) can implement the PAA Milk through an agreement with the MDS, responsible for up to 80% of the modality's funds, as agreed when signing the contracts. The remaining funds originate from the state public administration agency or body that signed the agreement with the MDS. Like the CDS modality, although restricted to a single product (cow's or goat's milk), this modality also links the milk production to consumption; in other words, it brings the family farmers' cow's or goat's milk production close to meeting the food security requirement of socially vulnerable consumers.

This modality's consumer beneficiaries are:

I. Families registered in CadÚnico that have, among their members, someone in one of the following conditions:

- Pregnant women after confirmation by a public healthcare centre and that perform prenatal tests
- Children aged 2-7 years old who have a birth certificate and updated vaccination controls
- Nursing mothers up to six months after giving birth and who nurse at least until the child is six months old
- People who are 60 years old or over
- Others, as long as it is justified and authorised by CONSEA and SESAN

II. People attended by receiving units, i.e., social welfare network



entities, public food and nutrition facilities, and a unit of the public and philanthropic teaching network, among other public entities that serve meals on a regular basis.

These consumer beneficiaries may receive up to seven (7) litres of milk a week. If the family has more than one member registered as a consumer beneficiary, they may receive a maximum of 14 litres a week. In order to enrol the beneficiaries, the holder shall be person who best fits the consumer beneficiary profile of this modality, and the mother's name and NIS number shall be included in the registration instrument. The NIS is a registration number given by the Brazilian Savings Bank (Caixa Econômica Federal) to people who will benefit from any social programme and are still not registered in the Social Integration Programme (PIS). Once they have this registration, the stakeholders can apply to the government's different social programmes. At least 30% of the milk procured through this modality will be allocated to the aforementioned receiving units, preferably those already attended by the PAA-CDS.

The PAA Milk supplier beneficiaries are dairy family farmers, with a DAP; they participate in actions promoted by the covenant parties (public administration entities that formalise the agreement with the MDS to operate the PAA, especially those related to technical assistance and rural extension services), and ensure vaccination for dairy cattle, pursuant to the relevant legislation. Their duties are:

- Collect the milk on the agreed days and times (when applicable)
- Continue vaccinating children and elderly (when applicable)
- Attend informative talks whenever requested
- Keep the registry always updated in the entity
- Not to miss milk delivery for more than three consecutive times without justification

Supplier family farmers must deliver their daily milk production to the contracted dairy closest to their farm, or leave the product in cooling tanks, from where it will be collected in suitable trucks for transport. The transport cost to the agreed delivery place (dairy or tank) is to the family farmers' account, and later by the contracted dairy (processing plant). Thus, price definition shall consider the price paid to the farmer for fresh milk delivered at a place defined in the proposal (e.g. cooling tank).

When registering supplier beneficiaries, the following shall be prioritised:

- Farmers' cooperatives and other organisations formally incorporated as private companies, with at least three years of existence, holders of a corporate DAP or other documents defined by the GGPA, which pasteurise the milk from their members or outsource milk processing services and sell the pasteurised product to the programme
- People enrolled in CadÚnico, women, organic or agro-ecological farmers, traditional peoples and communities, and beneficiary audience from the Brazil without Misery Plan. The minimum 30% of women in the total supplier beneficiaries shall be upheld

The covenant party will register supplier organisations eligible for selling pasteurised milk, preferably through a Public Open Call, and this procedure shall be proven to the SESAN by submitting opening documents and the final result.

In the municipalities where there are no family farming dairies, regular milk pasteurisation dairies could be contracted that operate in the areas covered by the programme, if authorised by the MDS. In other words, family farmers or their organisations can contract an organisation such as a dairy to process and package the product. This service provider must abide by the health surveillance and animal product inspection standards so that the products processed in this unit can be sold. In the states where there is more than one supplier organisation able to market pasteurised milk, a single organisation shall not process more than 50% of the available milk. The milk collection, processing and distribution must comply with the health surveillance standards. During the milk collection, the dairy or processing plant performs tests to check product quality, such as acidity, water content and so on. In case of nonconformity, the milk will not be collected and, therefore, there will be no payment. Each family unit may sell up to BRL 4 thousand every six months, considering January to June and July to December, with a sales limit of 100 litres a day per producer. In case the value for six months is not used in the set period, it cannot be compensated in the following six months. If the quota limit

is reached in the semester, the beneficiary shall be replaced by another who has not yet reached the quota.

For the ceiling control per family farmer for the fresh milk, prices of fresh milk paid to farmers on their farms or in the cooling tank must be considered. Prices paid to farmers are calculated and disseminated by CONAB by the average price paid to farmers over the last three months in each state where this modality is being implemented. In the states where there is no historic price series, the most recent price calculated by CONAB in the regional market shall be adopted to pay the farmers. Moreover, in the states where there is no complete historic price series, the price of the month when the last price research had been calculated by CONAB in the regional market shall be adopted to pay the farmers. The hiring parties, with MDS authorization, may raise prices paid to farmer-beneficiaries and/or dairies up to 10% above the benchmark price set by CONAB, but with funds from their counterpart.

The covenant party, once authorised by the MDS, may formalise a partnership with cooperatives of family farmers holding a corporate DAP, to facilitate the implementation of this modality. In such cases, farmers' cooperatives will register the farmers, manage and pay the milk processing plants. The milk processing plants shall be contracted in strict compliance with the provisions of the Public Tender Act (Law Nº 8,666/1993). When family farming supply organisations sell the pasteurised milk, the MDS will cover the cost of up to 100% of the price of one (1) litre of milk. However, when the covenant party contracts a processing plant for the pasteurisation service, the MDS will cover the cost of up to 100% of the price to be paid to the supplier beneficiary and up to 50% of the amount to be allocated to the processing plant, pursuant to Resolution Nº 61, dated 23rd October 2013.

State and municipal departments involved in development and social welfare, and accredited

organisations in the welfare network help distribute the milk by creating predefined points of delivery for consumer beneficiaries to collect the product. Supplier beneficiaries, supplier organisations, consumer beneficiaries and milk processing plants that do not comply with the standards provided in this modality may be excluded from the programme, as stated in the abovementioned Resolution Nº 61.

MAIN STEPS TO JOIN THIS MODALITY



1. Liaising with the players involved in the modality's execution: state government, supplier farmers, their organisations, processing plants, consumers and social mediators



2. Signing agreements between the MDS and executing agencies, the latter bodies being state public administration entities (direct or indirect)



3. The executing agencies contract family farming organisations that pasteurise the milk produced by their members and sell it already pasteurised, or organisations that contract milk processing services and sell the pasteurised product to the programme

a. They deliver the milk to formally incorporated farmers' organisation



4. Family farmers:



c. The products, in excellent conditions, must be delivered to the pre-established distributions points



b. The latter process the milk (pasteurisation and packaging) or contract dairy for this process



d. The milk is distributed to consumers (and consumed in the same place or taken home by consumers)



5. Payment made to organisations and supplier family farmers

Institutional Procurement

The purpose of this modality is to meet the food demand of the direct or indirect administration of the central government, states, Federal District and municipalities, procured with each agency's own funds. On the side of food supply, it is another marketing possibility for family farmers. Although it is a recent PAA modality, created by Resolution Nº 50, dated 26th September 2012, the potential importance of this mechanism had already been long known (Maluf, 1999), since the State at its different levels (federal, state and municipal) is a large food consumer. Some areas have specific programmes, namely the PNAE, but there

is also great food demand in other sectors, such as prisons, hospitals, universities or the Armed Forces, as well as in social welfare system (as a supplement). For family farmers, reaching these markets has always been a huge challenge, to the extent that in terms of public procurement, the country's institutional framework has always favoured major suppliers in the use of the Public Tender Act - Law Nº 8,666/1993 - in which the criterion that most often prevailed was the lowest price. For example, issues such as the formation of local and regional trading circuits (reducing the mileage travelled by foodstuffs), encouraging new production activities, inclusion of social players most excluded from the markets and so on, were not part of the public procurement tendering process. The change made by the PAA food procurement created this differential, since it waives the public tender process and uses the Public Open Call. This modality

can replace the supply of food procured by the public administration in large market networks or on the national or regional market in general, in favour of local markets and especially of family farming.

The measure announced in the recent launch of the Family Farming Harvest Plan for 2015/2016 is highlighted, which ensures that at least 30% of the procurement by the federal public administration is from family farming produce. Decree Nº 8,473, dated 22nd June 2015, states that of the total funds earmarked in the financial year for food procurement by federal public administration agencies and entities, at least 30% shall be allocated to food procurement from family farmers.

The executing agencies of this modality belong to the direct or indirect administration of federal government, states, Federal District and municipalities, whose expenses and funds are included in the



yearly budget allocation of agencies and entities involved in its implementation. They are agencies that demand food from family farming, generally upon agreement on which food products the family farming organisations can offer.

After consultation with their purchasing managers, chefs, nutritionists and other managers or technicians involved in the procurement process, those agencies list precisely all products, types and quantities they need, generally in accordance with the supply of family farming representative organisations. Frequently, the demand is for a variety of products, such as vegetables, fruit, root crops, cereals and grains, included very often in planned daily meals. The demand can be widespread and the ability to meet it primarily depends on the family farmers' degree of organisation.

DAP holder family farmers and supplier organisations defined as cooperatives, and

other formally incorporated organisations with a corporate DAP can participate in this modality. The marketing limit for family farmers is BRL 20 thousand a year per purchasing agency, and for family farming organisations the limit is BRL 6 million a year per purchasing agency, respecting the individual limit per DAP. Sales made by supplier organisations shall originate solely from family farmers with a DAP, respecting the limits per family unit. In states where there are family farmer cooperatives and associations with experience in supplying food to public agencies, this modality advanced to the point of becoming a large-scale food supply source. One example is the institutional food procurement carried out by the Federal University of Paraná, which has experience in operating this modality. Public universities in Brazil usually have university restaurants that require vast quantities of food, that is, a large market for family farmers.

Procurement in this modality will be exempted from the tender procedure, using instead the instrument of the Public Open Call. Thus, the modality has a different system from traditional public procurement regulated by Public Tenders Act (Law Nº 8,666 dated 21st June 1993), which defines general tendering standards, works-related administrative contracts, service and procurement of goods and services for federative entities. It is worth mentioning that the Public Tenders Act restricted most family farmers from participating in the institutional market, given the competition with business segments, usually organised around larger-scale production and lower production costs.

Public Open Call shall contain, at least, the product to be contracted, quantities and specifications, place of delivery, delivery periodicity, selection criteria of beneficiaries or supplier organisations, contract

conditions and the list of documents for qualification. Its invitation to tender may classify proposals according to prioritisation criteria of: family farmers from the municipality; traditional communities, quilombo dwellers or indigenous peoples; land reform settlements; groups of women; organic or agro-ecological production. Moreover, respecting the general rules of the modality, each executing agency may adapt the Public Open Call to its own requirements (term of contracts, delivery periodicity and places, and so on).

Call for Tenders shall be published in a place of easy access to family farmers, and could be in a local, regional, state or national newspaper, besides announcing on internet websites or notice boards in busy public venues, for at least 10 days.

After the requirements of the Public Open Call are known, models of which are provided on the MDA website, as well as the Sales Proposal and Contract models, family farmers and their organisations eligible for participating in the process may build a Sales Proposal in accordance with the institutions' procurement notices. Having received the proposals, the executing agencies will decide and assess them according to criteria (prioritisation) established in the Public Open Call. After selecting the proposals, the seller and buyer are qualified in accordance with the required documents and sign the contract stating the schedule and points of product delivery, payment dates, etc. All procured food must meet the quality

control requirements in the regulations.

Concerning the prices paid to family farmers, the executing agency shall conduct at least three duly documented price quotations in the local or regional market. If it is impossible to specifically research organic or agro-ecological products, their prices can be 30% more than the prices of conventional products. The agency responsible for procurement, at its discretion, can use the benchmark prices established in PNAE procurement. It is essential that the price definition is transparent and the amounts known and published in the Public Open Call. Transport, logistics and other costs are to the account of the family farmers and their organisations.

Payment is proportional to the delivery of products to the buying agencies, on submission of a sales invoice by the supply organisation. As defined in the regulations, whenever possible payment will be made directly to supplier beneficiaries who have the PAA payment card. The contract signed by both parties provides for penalties, and the supplier is solely liable for compensation for damages to the contracting party or third parties, due to blame or malicious fraud, not excluding or reducing this liability to inspection.

The federal Executive may provide the executing agencies of the programme with electronic tools to disseminate and purchase food using the Institutional Procurement modality. In this modality all control of

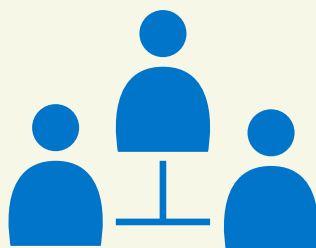
documentation, inspection and supervision of the transaction is the responsibility of the executing or procuring agencies (federal government, states, Federal District and municipalities), which shall outline in the Public Open Calls how the agency will check compliance of contractual performance procedures. Supplier beneficiaries and supplier organisations shall inform the federal Executive, via an electronic software provided for them, the value of annual sales and origin of the marketed production, at least once a year, with non-compliance leading to suspension of PAA participation.

As in the other modalities, Institutional Procurement may have the support of social mediators (local governments, secretariats of agriculture, EMATER, rural workers' unions or NGOs) to publicise this modality and its goals, to organise family farmers, chart regional products (product, quantities and harvest time), to organise and plan production.

MAIN STEPS TO JOIN THIS MODALITY

1. Stakeholder links:

- a.** To identify demand (possible help from public administrators involved in procurement)



- b.** To identify family farming supply (family farmers and their social organisations and other social mediators)



- c.** To check prices in local markets



- 2.** To draft and announce the Public Open Call, with all necessary specifications and requirements for procurement



- 3.** To draft the Sales Proposal and forward the documents requested for qualification by family farming organisations or individual farmers



- 4.** To assess and select Sales Proposals, with subsequent signing of the contract between the executing unit and farmers or their selected organisations

5. To start marketing:

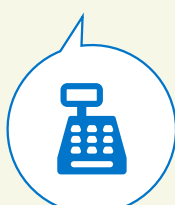
- a.** Deliveries as scheduled



- b.** Quality control and classification



- c.** Payments by invoicing



Seed Procurement

The purpose of this modality is seed procurement by the federal government. The seeds will be distributed to families of family farmers who hold a DAP, prioritizing those enrolled in CadÚnico, women, settlers, indigenous peoples, quilombo dwellers and other traditional peoples and communities. The modality is extremely important in preserving the diversity of genetic materials, some local species more resistant to family farmers' cropping conditions, such as climate, soil and other local specificities, in a global context of a seed market concentrated in a small number of companies and their association with technological packages, such as chemical fertilisers and pesticides.

Since the PAA inception, local traditional or native seeds were acquired from family farming organisations and from traditional peoples and communities, through some of the PAA modalities, such as, for example, the CDS and Stockpiling Support. The organisations of family farming and traditional peoples and communities with corporate DAPs could submit tenders to participate in the programme.

In 2014, a specific seed procurement modality was created in order to regulate this procurement. Through this mechanism, the idea is to increase the volume of seeds purchased and distributed and the number of families that benefit from it. Family farmer organisations throughout Brazil producing conventional, local, traditional or native seeds can sell their production to the federal government, through this new modality, but within a new system with regulations and extended funding limits. With it, seed procurement and distribution through the PAA now has its own financial limits and rules, as well as support in guiding the operation and procurement processes, based on the needs of the organisations receiving the seeds, and no longer only on the seed producers, as in the past.

CONAB operates the new modality, and has already published the rules and document models needed for those organisations that express interest and are accredited as seed suppliers or receivers.

With regard to seed supply for food crops, the audience participating in the Seeds Procurement consists of the following:

- Supplier organisations: farmers' cooperatives and other organisations officially incorporated as a private business with a corporate DAP
- Supplier beneficiary: family farmers eligible to supply to PAA. Supplier beneficiaries must be listed in the corporate DAP

In terms of demand, the public agencies that will receive the seeds to allocate them to family farmers are:

- The MDA, also through the Federal Land Development Bureaus
- INCRA, federal authority linked to the MDA, created in 1970 to promote and strive for promotion and enforcement of land reform and settlement, and also through CONAB's regional superintendence agencies
- National Foundation of Indigenous People (FUNAI), government agency responsible for protecting indigenous rights
- Palmares Cultural Foundation (FCP), independent authority linked to the Ministry of Culture, created to preserve, protect and disseminate the black culture, with special attention to quilombo dweller communities
- Chico Mendes Institute for Biodiversity Conservation (ICMBio), agency of the Ministry of the Environment, with a role to enforce the actions of the National System of Conservation Units, can suggest, implement, manage, protect, oversee and monitor conservation units established by the Federal government. This Institute is responsible for fostering and enforcing biodiversity research, protection, preservation and conservation programmes, and act as an environmental policing authority for the protection of conservation units at the federal level
- State governments, also through its state secretariats of agriculture or similar and its public technical assistance and rural extension agencies (EMATERS).



This demand for seeds can be originated from the public organisations' or from organisations, social movements or family farming bodies that take actions to reinforce consumer beneficiaries' food security. These organisations must officially request seeds to one of the public organisation that, if agreed, will put the applications together and send them to CONAB through the Distribution Plan; the form is provided by CONAB for the seed procurement proposal. Family farming associations and cooperatives (with corporate DAP) interested in marketing seeds shall also submit their applications to one of the participant agencies. Each may submit only one Distribution Plan per harvest, respecting the agricultural calendar, containing its complete demand.

The prices of procured seeds are defined on each procurement basis, in accordance with the average of three price quotations in the local or regional market of seeds with similar characteristics, considering, when applicable, logistics costs.

Family farmers served by the Plan will have priority if they comply with the following criteria:

- Families enrolled in CadÚnico
- Women
- Land Reform Settlers
- Indigenous peoples
- Quilombo dwellers and other traditional peoples and communities
- Beneficiary audience of the Brazil without Extreme Poverty Plan
- Audience covered by the National Policy for Agroecology and Organic Production (PLANAPO)

The Distribution Plan shall contain at least the beneficiary audience, quantity of procured seeds, form of distribution, institutions responsible for implementation and reasons for procurement.

The modality's participation limit per supplier organisation and per year, is BRL 6 million, and any transaction above BRL 500 thousand shall be undertaken through a Public Open Call. The annual limit per family farmer will be BRL 16 thousand.

LOCAL, TRADITIONAL OR NATIVE SEEDS

Local, traditional or native seeds are seeds selected by farmers from the best varieties, adapted to the climate and the conditions of the places of production.

SEED PROCUREMENT PROCEDURES

A CONAB employee or a MAPA-accredited sampler will collect the representative sample from each batch to be procured for later distribution. The following shall be presented for traditional seeds:

- Registration in the National Registry of Cultivars
- Seed producer registration in the National Registry of Seeds and Seedlings
- Term of conformity and evidence of the cultivar value and use (purity, germination and vigour test), obtained from an official seed analysis laboratory
- Result of transgenic testing, emphasising that in this modality it is forbidden to procure genetically modified seeds

Procurement transactions by CONAB above BRL 500 thousand will be by the Public Open Call procedure. Procurements below BRL 500 thousand, CONAB will require the following documents:

- Participation Proposal
- Corporate DAP
- Term of Commitment from the supplier beneficiary and supplier organisation, provided by CONAB, agreeing to their responsibilities and acknowledging their rights relating to the modality
- Supplier organisation Clearance Certificates from INSS, FGTS, overdue federal tax liability, Federal Revenue, CADIN and Ceis (National Registry of Ineligible and Suspended Companies)
- By-laws and minutes of the election and taking office of the current Board of the supplier organisation (certified copy)
- Certified copies of RG and CPF cards of the legal representatives that signed the proposal
- Documents attesting to the quality and certification of seeds mentioned above

The procurement is formalised by the Family Farming Seed Procurement Contract, provided by CONAB. The contractual sum will be deposited in a specific blocked bank account on behalf of the supplier organisation in the financial institution of its choice and has a cooperation agreement with CONAB. The deliveries will begin as stated in the contract. Operating costs are agreed in a specific document between the parties.

In relation to rendering accounts, the supplier organisation shall submit to the applicant agency, at the time of the seed delivery, a sales invoice to CONAB, documentary evidence of quality and seed certificates and the list of supplier beneficiaries provided by CONAB. Within 30 days after releasing the funds, the supplier shall send to the SUREG the Payment Settlement Statement, confirming payment to the supplier beneficiaries. The applicant agency will then, immediately upon receiving the seeds, send the documents of the supplier organisation, and within 90 days after receiving the seeds shall forward the receipt to CONAB. CONAB may follow up and supervise the different stages of the operation (from sample collection to product transport and delivery). Penalties in case of non-compliance, as described in the Term of Commitment of the supplier beneficiary and supplier organisation are: exclusion from the programme; sanctions of a civil, criminal and administrative nature, in addition to responding to other penalties according to the Law.

MAIN STEPS TO JOIN THIS MODALITY



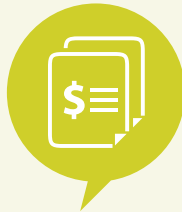
1. Coordination to operate the modality
(survey of family farmers interested in receiving seeds,
and demand by government agencies or social movements)



2. Survey of possible seed
supplier organisations



3. Drafting the Distribution
Plan by the applicant agency
and its dispatch to CONAB



4. After approving the
Distribution Plan, CONAB
procures the seeds on order



5. The supplier organisation
distributes to the applicant agency,
which will certify its invoice to CONAB



6. Applicant agency distributes seeds, as
stated in the Distribution Plan, and forwards
the delivery report and invoice certification to
CONAB



7. CONAB checks the documentation and pays
the supplier organisation



Lessons learned from the performance of institutional food markets in Brazil

Created in 2003, the PAA emerges as a first experience in using public institutions to procure family farmer produce. Based on the results and lessons learned from the PAA, in 2009 the idea was for school feeding to have closer ties with family farming.

When examining the rules and regulations in both programmes (PAA and PNAE), a set of institutional changes and learning occurring over the years is noticeable. After establishing the first rules – some of them ground-breaking –, the trajectory of both programmes required later adjustments, with the creation of new institutions. It is natural that, considering the difficulties faced, new mechanisms will have to be implemented to achieve the initial goals (North, 1990).

SPACE FOR CONSTRUCTION, MONITORING AND DISCUSSING THE PROGRAMMES' RULES

Some of the important elements in creating these new institutions, to bring them closer to the different social realities of Brazil and to solve operational problems, are worth highlighting, as follows:

- Existence of intersectoral management groups
- Follow-up of programmes by public participation arenas, involving representatives from civil society and government actors (e.g. the CONSEA)
- Creation of advisory groups
- Holding public events to assess government actions

In the case of the PAA, the main institutional body is the GGPAA, consisting of different government sectors (the MDS, MDA, MPOG, MAPA and MEC) and responsible for drafting the new regulations. Subsequently, given the need for greater participation of the civil society in the programme's decisions, the Advisory Group was created. With regard to the PNAE, the main institutional bodies are the Management Committee created by Law 11,947/2009, made up of government representatives (the FNDE, MDA, MDS, CONAB and MPA) and the Advisory Group (14 civil society organisations).

Moreover, both programmes have control jurisdictions and social participation, namely the CONSEA and CAE. These participative arenas (civil society and the State) not only supervise policy implementation but can also propose new actions and modalities and correct some stages with obstacles. This dialogue is fundamental in bringing closer and adapting public policies to local contexts, as well as for local stakeholders to feel subject to and co-responsible for managing and implementing public policies.

It is equally important to mention hosting national PAA seminars, bringing together hundreds of government and civil society representatives to discuss the programme's contributions, limitations and challenges.

INNOVATION OF THE CALL FOR TENDERS AND MARKET GUARANTEE

Although the institutional market for school feeding already existed, the procurement mechanism, under the Public Tenders Act (Law Nº 8,666/1993) restricted participation

of family farming and its organisations, given the difficulties of competing with the large companies in the agri-food sector. A mechanism therefore that favoured the inclusion of family farmers in institutional markets was the Public Open Call (Law nº 11,947), to permit differentiated treatment for family farmers. However, institutional innovations did not stop at this mechanism. To encourage the participation of family farming in the institutional market, Law 11,947 ensured a minimum share (30%) of the school feeding market for family farmers.

ENHANCING PARTICIPATION OF FAMILY FARMING DIVERSITY

After the creation of the PAA and enforcement of Law 11,947, both programmes needed to enhance processes, create new instruments (by establishing resolutions) and adopt new variables/criteria for procurement, considering the concern to include new social actors in the market. In terms of food supply, family farmers with specific products such as milk, seeds and agro-ecological products were

included, prioritising local procurement and seeking to include groups traditionally marginalised by the market, such as, for example, women, land reform settlers, quilombo dwellers and socially vulnerable farmers (inserted in the CadÚnico). To encourage participation of these groups, strategies such as ensuring their minimum participation percentages in marketing projects were used (for example, 40% mandatory participation of women in the CDS modality projects – Term of Accession) or adopting criteria to prioritise food supplier beneficiaries (the case of the PNAE).

PRODUCTIVE AND SUSTAINABLE CHANGES IN THE COUNTRYSIDE

Public demand for food in Brazil has been encouraging change in the quest for more sustainable farming, and for this reason some incentives were created, such as a 30% overprice for agro-ecological products and procurement of native seeds and products of socio-biodiversity. In the last case, the purpose of procurement was to encourage income generation for traditional

rural communities, for example, based on marketing extractivist products, adopting sustainable management practices.

Furthermore, even if it is not at the centre of discussion in Brazil, favouring short food marketing circuit also helps reduce emission of pollutants, minimising food displacement.

INCREASING THE CONSUMER AUDIENCE

With regard to food demand, new public facilities were included in the social welfare network, sectors such as education that has a specific public feeding programme (the PNAE), and other public organisations, such as hospitals and universities (Institutional Procurement modality), which already have been granted funds, but whose markets were not accessible to family farmers. Gradually, family farming came closer to new consumers through the mediation of institutional markets.

EMERGENCE OF NEW SUPPORT MECHANISMS FOR INSTITUTIONAL MARKETS

As operational difficulties emerged or unexpected results appeared, new rules or regulations were put in place. The extinction of modalities (Advance Family Farming Procurement), creation of new modalities (Stockpiling Support, Institutional Procurement and Seeds Procurement) and changes in the rules of already existing modalities are some examples. Several of these modifications were made based on lessons learned from agricultural marketing mechanisms already existing in the country (e.g. the PGPM and CPR) and on the performance of other instruments, such as rural credit. An example worth mentioning is the CPR-Stock, which originates from the former CPR (created in 1994). In this case, this mechanism was adapted to the new audience (family farmers), given the difficulty of many of them to access the policy within the original regulation. Another example is the extinction of the Advance Family Farming Procurement modality, the results of which were very similar to rural credit.

There were also changes regarding food classification, with the permission of procedures such as sampling collection for products that still have no defined classification, and the attempt to facilitate the procurement of small quantities of vegetable products, under Decree Nº 8,446 dated 6th May 2015. However, even with the creation of new procedures, priority is for these new mechanisms to meet the requirements of offering safe food for beneficiary consumers.

DEMOCRATISING ACCESS AND FURTHERING MARKET DIVERSIFICATION

Institutional markets have aroused great interest among Brazilian family farmers. Many social organisations were created based on this novelty and, not unusually, were restricted to this marketing channel. To prevent this dependence on institutional markets and concentration of these marketing channels in the hands of a few family farmers, since the start of the programmes, annual marketing limits have been set per family farming unit

(DAP limit/year), which have also been adjusted over the years, in accordance to the claims of family farming organisations.

As reported by Denning, Graff and Wooten (2010) when discussing the North American case, it is important that institutional markets boost activities considered to be “initial markets”. With the increase in production and social organisation and the lessons learned, family farmers can seek new markets to diversify their marketing. The cap per family farmer within each institutional market is a strategy to contribute in this sense.

Furthermore, market diversification helps the farmer have different sources of income and reduces to minimum dependence and vulnerability in marketing relations. Izumi, Wright and Hamm (2010) describe this situation in the United States where farmers selling to a school feeding programme (Farm-to-School) stress the importance of diversifying their market strategies since, as part of the production is allocated to school feeding, producers diminish the risks

of not having anyone to market their produce.

In Brazil, there are examples of organisations whose access to institutional markets enabled the expansion to new markets, such as Supply Centres (CEASAs) and supermarkets. Fornazier (2014) analyses the case of an organisation founded in Taquarivaí (a small predominantly agricultural town in the hinterlands of São Paulo State), which looked for new markets after their access to the PAA. According to the document, the Taquarivaí Association for Agro-livestock Farming Development was created in 2007 to supply food to the PAA, but due to limited local demand, the association set out to find new markets, such as marketing centres and institutional markets in other more populated towns. In this case, the institutional market acted as an “initial market” allowing for its insertion in other markets. Thus, even though at the beginning this market was not very attractive (it was small and attended only a few social actors), the social organisation and accumulated knowledge enabled the family farmers to reach

new markets. It is worth mentioning, in this case, the role of the local government in its help in infrastructure and the managerial support for the organisation, after seeing the need to bring farmers closer to the food demand of the institutional market.

INCREASE IN SOCIAL CAPITAL

In addition to the effect of a guaranteed market and increased income for family farmers, institutional markets are responsible for many changes in the Brazilian rural environment. Some worth mentioning are the social organisation and promotion of social capital. As observed, although some modalities permit farmers to market on their own, most of the time new organisational arrangements, such as associations and cooperatives, are required. Some difficulties referring to the demands for infrastructure and logistics can be minimised based on family farmer organisations. The organisation helps increase the scale of supply and product diversity, key factors for overcoming the challenges posed by greater

demand, as in the large urban centres – it is worth mentioning that public demand for the PNAE in the more populated municipalities is still being adapted, since not all have yet managed to achieve the minimum procurement percentage.

ENHANCING INFRASTRUCTURES AND LOGISTICS

Although the farmers are organised, the support of social mediators and public sectors concerning infrastructure and logistics is essential. Some local governments have created spaces to receive the food and perform cleaning and classification in batches that are later forwarded to public facilities, such as schools. In some countries in Europe and the USA, the need for structures to facilitate logistics and processing is under discussion. They are the so-called food hubs. Morley, Morgan and Morgan (2008) describe the importance of these hubs so that small farmers can collectively access intermediate facilities that help them negotiate with large clients such as supermarkets, service providers or public

contract consortia. Also backed by this support, cooperatives and associations can be encouraged to move forward to add value by other ways, for example, producing minimally processed products (washed, peeled and cut), which, in turn, makes it easier for those who receive them and do not have sufficient physical structure and personnel to perform these preparations.

NEED FOR ONGOING DIALOGUE BETWEEN PRODUCTION AND CONSUMPTION: THE IMPORTANCE OF SOCIAL MEDIATORS

The dialogue between production and consumption is important in the process of running programmes. This dialogue at times is absent, even in small towns, where those who know the demand (education and social welfare teams, for example) do not know about the local family farming supply. To reduce this problem, mediating or facilitating organisations, such as EMATERs, trade unions and municipal departments can help in the dialogue. Many of these organisations

already existed before the creation of institutional markets and have accrued knowledge of farming activities, which helps them become facilitators in launching strategies for bringing production and consumption closer together. This facilitating tactic can occur by creating spaces for discussion, such as forums and events, or using tools, such as a family farming produce supply calendar, disseminating the Public Open Calls (in public media such as radios), to facilitate the producer-consumer flow of information.

SHORTENING PRODUCTION CHAINS

The connection between production and consumption is very often regarded merely from the viewpoint of physical distance or kilometres travelled (EU, 2011). However, reducing the links in the production chain or the intermediaries should also be considered, so that farmers can achieve a better marketing margin and better incomes, which ensures better living conditions in the rural environment.



The way forward

Institutional markets in Brazil have undergone a continuous enhancement process. Dialogue with civil society and the results of the PAA and PNAE have led to a permanent process of reflection and operational adjustments. The presence of committees and management groups allows the programmes to look to adapt using new procurement mechanisms. This adaptation process tends to continue, with the creation of new modalities and instruments designed to reach new markets and better demarcate the consumer and supplier beneficiaries. In addition to adapting the programme, the prospects are to continue to find other changes with regard to classification, food labelling and inspection criteria. A characteristic example of this is the discussion of new parameters for classifying vegetable products and agro-industries that sell to institutional markets.

Moreover, this adaptation process of institutional markets must be directed to including mainly family farmers that find it harder to produce and market and, therefore, have greater difficulties in accessing the market. Accordingly, the support of mediating organisations is fundamental in finding and in coordinating the poorest population of the rural areas, as well as in supporting production planning, in order to offer opportunities to them. The modalities PAA Milk and Purchase with Simultaneous Donation were designed to include this more socially vulnerable population. It is important to move ahead, increasingly adapting to the specificities of these social groups.

To facilitate the inclusion of social actors in institutional markets, especially the most excluded, it is necessary to take complementary actions, for example:

- A greater follow-up through the EMATERS
- Building capacity in farm production and management courses and social organisations
- Logistics support, given the difficulties in investment and social organisation by family farmers

Moreover, strategies can be found to support special products (organics, fair trade) and to establish other markets for farmers and their organisations to have greater marketing opportunities. In this strategy of appreciating specific attributes, such as agro-ecological products, there is interest in using new mechanisms, such as the use of social control organisations (OCS) to help reduce impediments in the traditional certification processes.

Therefore, it is also important to raise awareness on the programmes for social mediators and the search for actions to reinforce their participation. Studies indicate that the PAA and PNAE have results closer to their objectives when there is a coalition of local stakeholders, consisting of government actors and mediating organisations (cooperatives, EMATER, NGOs) endeavouring to liaise between the parties in supporting production planning and food distribution.

In the direction toward socio-productive inclusion through institutional markets, it is fundamental not to lose sight of the role of these markets in influencing and structuring more general markets, for example by influencing the

recovery of regional prices and breaking subordinate relations with middlemen. Accordingly, it is of fundamental importance to strengthen the modalities of Stockpiling Support and Direct Procurement from Family Farming.

There is also a trend to adapt some mechanisms or modalities to make them more accessible for family farmers, as in the case of Institutional Procurement. The precedent set by this modality proves to be an important doorway for family farming in a previously inaccessible market. Some organisations, such as the Armed Forces, have been discussing the use of this mechanism, which would offer family farmers even greater opportunities. In this sense, it is worth mentioning the

measure announced in the launch of the Family Farming Harvest Plan 2015/2016, that guarantees that a minimum 30% of procurement by the federal public administration be based on family farming produce, according to Decree Nº 8,473 dated 22nd June 2015. The creation of this kind of regulation is one way of forcing public organisations to use the PAA – in this case, through the Institutional Procurement modality. At all times new mechanisms are being created to enhance the programmes.



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List of Acronyms

AGU	Advocacia-Geral da União	General Attorney's Office
ANA	Articulação Nacional de Agroecologia	National Agro-ecology Coordination
ANVISA	Agência Nacional de Vigilância Sanitária	National Agency of Health Surveillance
ATER	Assistência Técnica e Extensão Rural	Technical Assistance and Rural Extension
CAD-SUAS	Cadastro Nacional de Entidades do Sistema Único de Assistência Social	National Registry of Agencies in the Single Social Welfare System
CADIN	Cadastro Informativo dos Créditos Quitados do Setor Público Federal	Registry of Federal Public Sector Credits Paid
CadÚnico	Cadastro Único para Programas Sociais do Governo Federal	Single Registry for Federal Government Social Programmes
CAE	Conselho de Alimentação Escolar	School Feeding Council
CDAF	Compra Direta da Agricultura Familiar	Direct Procurement from Family Farming
CDS	Compra Com Doação Simultânea	Purchase with Simultaneous Donation
CEAS	Conselho Estadual de Assistência Social	State Council for Social Welfare
CEASA	Central de Abastecimento	Supply Centre
CEDRS	Conselho Estadual de Desenvolvimento Rural Sustentável	State Council for Sustainable Rural Development
CEIS	Cadastro Nacional de Empresas Inidôneas e Suspensas	National Registry of Ineligible and Suspended Companies
Centro Pop	Centro de Referência Especializado para População em Situação de Rua	Specialised Reference Centre on Street Population
CGU	Controladoria-Geral da União	Office of the Comptroller-General
CMAS	Conselho Municipal de Assistência Social	Municipal Council for Social Welfare
CMDRS	Conselho Municipal de Desenvolvimento Rural Sustentável	Municipal Council for Sustainable Rural Development
CMN	Conselho Monetário Nacional	National Monetary Council
CNAS	Conselho Nacional de Assistência Social	National Social Welfare Council
CNDT	Certidão Negativa de Débitos Trabalhistas	Labour Debts Clearance Certificate
CNPJ	Cadastro Nacional de Pessoa Jurídica	National Corporate Registry
CNS	Conselho Nacional de Seringueiros	National Council of Rubber Tappers
COMSEA	Conselho Municipal de Segurança Alimentar	Municipal Council for Food Security
CONAB	Companhia Nacional de Abastecimento	National Supply Company
CONAQ	Coordenação Nacional das Comunidades Negras Rurais Quilombolas	National Coordination of Black Quilombo Dweller Rural Communities
CONSEA	Conselho Nacional de Segurança Alimentar e Nutricional	National Council for Food and Nutrition Security
CONSED	Conselho Nacional de Secretários da Educação	National Council of Education Secretaries
CONTAG	Confederação Nacional dos Trabalhadores na Agricultura	National Farm Workers' Confederation
CPF	Cadastro de Pessoa Física	Individual Taxpayers' Roll
CPR	Cédula de Produto Rural	Rural Produce Bond
CPR-Stock	Programa de Apoio à Formação de Estoques da Agricultura Familiar	Stockpiling Support Programme
CRAS	Centro de Referência de Assistência Social	Social Welfare Reference Centre
CREAS	Centro de Referência Especializado em Assistência Social	Reference Centre Specialising in Social Welfare
DAP	Declaração de Aptidão ao Programa Nacional de Fortalecimento da Agricultura Familiar	Eligibility Declaration for the National Programme for Strengthening Family Farming
EMATER	Empresa de Assistência Técnica e de Extensão Rural	Technical Assistance and Rural Extension Company
FAO	Organização das Nações Unidas para Alimentação e Agricultura	UN Food and Agriculture Organisation
FASE	Federação de Órgãos para Assistência Social e Educacional	Federation of Agencies for Social Welfare and Education
FBSSAN	Fórum Brasileiro de Soberania e Segurança Alimentar e Nutricional	Brazilian Forum of Sovereignty and Food and Nutrition Security
FCP	Fundação Cultural Palmares	Palmares Cultural Foundation
FETRAF	Federação dos Trabalhadores e Trabalhadoras na Agricultura Familiar	Workers' Federation in Family Farming
FGTS	Fundo de Garantia por Tempo de Serviço	Government Severance Indemnity Fund for Employees
FNDE	Fundo Nacional de Desenvolvimento da Educação	National Fund for the Development of Education
FUNAI	Fundação Nacional do Índio	National Foundation of Indigenous People
GGPAA	Grupo Gestor do Programa de Aquisição de Alimentos	Management Group for the Food Procurement Programme
ICMBio	Instituto Chico Mendes	Chico Mendes Institute for Biodiversity Conservation

ICMS – Imposto sobre Circulação de Mercadorias e Serviços - Value-Added Tax on Sales and Services

INCRA – Instituto Nacional de Colonização e Reforma Agrária - National Institute for Rural Settlement and Land Reform

INSS – Instituto Nacional do Seguro Social - National Social Security Institute

IPC-IG – International Policy Centre for Inclusive Growth

MAPA – Ministério da Agricultura, Pecuária e Abastecimento - Ministry of Agriculture, Livestock and Supply

MDA – Ministério do Desenvolvimento Agrário - Ministry of Agrarian Development

MDS – Ministério do Desenvolvimento Social e Combate à Fome - Ministry of Social Development and Fight against Hunger

MEC – Ministério da Educação - Ministry of Education

MF – Ministério da Fazenda - Ministry of Finance

MMC – Movimento de Mulheres Camponesas - Rural Women's Movement

MOC – Manual de Operações da CONAB - Handbook on CONAB Operations

MPA – Ministério da Pesca e Aquicultura - Ministry of Fisheries and Aquaculture

MPA – Movimento dos Pequenos Agricultores - Small Farmers' Movement

MPF – Ministério Público Federal - Public Prosecution Service

MPOG – Ministério do Planejamento, Orçamento e Gestão - Ministry of Planning, Budget, and Management

MS – Ministério da Saúde - Ministry of Health

NIS – Número de Identificação Social - Social Identification Number

OAC – Organismo da Avaliação da Conformidade Orgânica - Agency for Assessment of Organic Compliance

ONU – Organização das Nações Unidas - United Nations Organization

PAA – Programa de Aquisição de Alimentos - Food Acquisition Programme

PAA Milk – Incentivo à Produção e Consumo do Milk – Milk Production and Consumption Incentive

PAA Sementes – Aquisição de Sementes - Seed Procurement

PAPA/DF – Programa de Aquisição da Produção da Agricultura, do Distrito Federal -Federal District Farm Produce Procurement Programme

PGPAF – Programa de Garantia de Preços Mínimos para a Agricultura Familiar - Guaranteed Minimum Price Programme for Family Farming

PGPM – Política de Garantia de Preços Mínimos - Guaranteed Minimum Price Policy

PIS – Programa de Integração Social - Employees' Profit Participation Programme

PLANAPO – Política Nacional de Agroecologia e Produção Orgânica - National Policy of Agroecology and Organic Production

PNAE – Programa Nacional de Alimentação Escolar - National School Feeding Programme

PPAIS – Programa Paulista da Agricultura de Interesse Social - São Paulo Social Farming Programme

PRONAF – Programa Nacional de Fortalecimento da Agricultura Familiar - National Programme for Strengthening Family Farming

REDESAN – Rede de Equipamentos Públicos de Alimentação e Nutrição - Public Food and Nutrition Facilities Network

RFB – Secretaria da Receita Federal do Brasil - Brazilian Federal Revenue Service

RG – Registro Geral - Individual ID registry

SDS – Secretaria de Desenvolvimento Social e Combate à Pobreza - Secretariat for Social Development and Fight against Poverty

SESAN – Secretaria Nacional de Segurança Alimentar e Nutricional - National Food and Nutrition Security Secretariat

SIBRATER – Sistema Brasileiro Descentralizado de Assistência Técnica e Extensão Rural - Decentralised Brazilian System of Technical Assistance and Rural Extension

SIE – Serviço de Inspeção Estadual - State Enforcement Service

SIF – Serviço de Inspeção Federal - Federal Enforcement Service

SIM – Serviço de Inspeção Municipal - Municipal Enforcement Service

SIRCOI – Sistema de Registro e Controle de Inadimplentes - Delinquency Registration and Control System

SISBI/POA – Sistema Brasileiro de Inspeção de Produtos de Origem Animal - Brazilian System for Inspection of Animal Products

SISPAA – Sistema do Programa de Aquisição de Alimentos - Food Procurement Programme System

SUAS – Sistema Único de Assistência Social - Single Social Welfare System

SUREG – Superintendência Regional da CONAB - CONAB Regional Superintendency

TCU – Tribunal de Contas da União - Federal Audit Court

UNDIME – União Nacional dos Dirigentes Municipais de Educação - National Union of Municipal Educational Directors

Unicafes – União Nacional de Cooperativas da Agricultura Familiar e Economia Solidária - National Union of Family Farming Cooperatives and Solidarity Economy

WFP – World Food Programme



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