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Public policy for agricultural credit: The case of Brazilian Pronaf and its characteristics

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Abstract

This paper aims to conduct a general review of academic literature to analyze the National Program for the Strengthening of Family Farming (Programa Nacional de Fortalecimento da Agricultura Familiar - PRONAF), established in Brazil by Presidential Decree in 1996 to promote Family Farming through credits subsidized by the Brazilian State and, in this way, meeting the demands of the social agents involved in this branch of activity. For a better understanding of the theme, this paper is divided into four sections: An Introduction, which presents papers explaining the historical context of the creation and lines of credit with

financing conditions, evolution, and structure, which contains papers showing the changes that have occurred in the structure over the years. In the objectives and distribution of resources, works have been presented that point out possible problems, such as the lack of equity in the PRONAF range in each Brazilian state, and in the economic and social development, where the impacts of the program have been highlighted by some authors and the most recent data about this public policy that aims to leverage the agrarian sector, especially Family Farming, are presented.

Keywords: PRONAF, Rural Credit, Family Agriculture, Public Policy Credit

1. Introduction

The Ministry of Agrarian Development of the Brazilian federal government characterizes the National Program for Strengthening Family Agriculture (PRONAF) as a program that finances individual or collective projects, generating income for family farmers and agrarian reform settlers. The program has the lowest interest rates on rural financing, in addition to the lowest default rates among the country's credit systems.

As can be seen by the Presidential Decree, number 1946 of 28th June 1996, PRONAF was created by the President at the time Fernando Henrique Cardoso, to promote the sustainable development of the rural segment made up of family farmers, to increase production capacity, generate jobs and improve income. The Program was based on the strategic partnership between municipal, state and federal governments, the private sector and family farmers with their organizations.

The creation of PRONAF met an old demand from rural workers since the most important policies aimed at rural areas in the 1970s and 1980s were strictly for massive credit, where resources were allocated to encourage modernization. By maintaining support prices and inventories, the government sought to reduce the price risk for producers and consumers, in addition to protecting through main policies the fundamental items that were exported and imported. However, in such policies, strategies for the development of family farming, the largest and most fragile sector of agriculture, were not contained. According to data from DIEESE 2011, the program was present in 5.400 municipalities in 2009.

The work addresses three main themes. Thus, it is divided into (i) the Evolution and Structuring of the Program - containing articles related to the changes that occurred over the years in its structuring; (ii) Focusing and Distribution of Resources - reporting works that point out possible problems such as the lack of equity in the scope of PRONAF in each Brazilian state; (iii) in Economic and Social Development - where the impacts of the program that were highlighted by some authors are presented; and (iv) Conclusion - which takes up the most important points of the work.

2. Program Structure and Evolution

In the synthesis of the PRONAF trajectory elaborated by Schneider, Mattei and Cazella (2004) ^[22], it is stated that, to a large extent, the program was formulated as a response from the State to the pressures carried out since the late 1980s by the farmers' union movement. Thus, it was created to provide rural credit and institutional support to small rural producers who

were, until then, neglected by the public policies that were in force, and therefore found it very difficult to remain in the countryside. Due to the aforementioned manifestations, in 1994, Itamar Franco's government created the Small Rural Production Enhancement Program, also known as PROVAP, which used resources from the National Bank for Economic and Social Development (BNDES). Although PROVAP had little significant results about the resources made available, the main importance was to be a public policy that characterized small rural producers, who until then were called mini-producers and had to dispute resources with large landowners.

According to Pretto and Horn (2020) ^[15], Pronaf is the largest family farm financing program in the Southern Hemisphere, inspired by existing programs in the United States and the European Union. In the North American case, the system comes from the Triple-A - Agricultural Adjustment Administration, created in the context of the New Deal in 1933 and still in force today; in Europe, the funding system originates from the Common Agricultural Policy (CAP), created in 1962 and, likewise, still in force.

“The European and North American programs have the principle of food security as one of their basic premises. In the USA, Triple A was one of the measures adopted in reaction to the impoverishment and famine caused by the Great Depression that began in 1929, while in Europe the CAP initiative is explained by the experience of hunger experienced by its populations during the major wars of the 20th century. At the time of its creation, PRONAF's main objectives were considered to be: improve the productive insertion of a huge contingent of family farmers that had been excluded from access to rural credit, increase food production and guarantee food security in Brazil.”

Since 1995, under Fernando Henrique Cardoso's government, PROVAP was reformulated, both in concept and in its area of coverage, and these changes gave rise to PRONAF, which was institutionalized in July 1996 and since then established itself as the main public policy of the federal government directed to family farmers. Abramovay and Piketty (2005) ^[1] explain that PROVAP is an example of public policy directed to the promotion of capacity production of the poor and has the objective of improving the rural infrastructure, supporting the credit for family farms and the training of farmers. PRONAF gave thousands of family farmers access to credit, which was not the case. However, the increase in the program's social intent to the poorest strata leads banks to relax the criteria for obtaining credit, which may induce farmers to depend on state support.

Carneiro (2013), in his study, read PRONAF, reporting that the program's guidelines are based on European experiences, mainly from France, which elected family farming as a protagonist in agricultural evolution and post-war rural society, privileging the social function in the country's economic development with increasing notions of productivity and profitability, resulting in a contribution of the sector to the national economy and the improvement of the farmer's quality of life.

Silva and Bernardes (2014) ^[25] argue that PRONAF contributed to family farmers being included in the framework of public policies, and democratized access to

financial resources, especially by the poorest, which made it continue on the path of the policies of the 90s. It is pointed out that the legislation for the program is in line with the advances in the literature on economic development, which defended the participation of the population to increase social capital. PRONAF's proposals aim at sustainable rural development, and to pursue this purpose, it is a consensus to consider the formation of human and social capital in the countryside as crucial. It is encouraged by pro planners grass creating associations, councils, agricultural cooperatives and technical assistance services.

Ferraz *et al* (2008) ^[11] analyzed, in their study, the investment operations of PRONAF B that were carried out until the year 2006. PRONAF B was created in 2000 and is mainly aimed at the production and income generation of the neediest families in the rural environment. However, this line presents a high level of default, making it necessary to search for ways to strengthen social capital, with the collaboration of social actors in the elaboration of a sustainable rural development plan, aimed at improving the conditions of life of the entire society, which would influence the increase in the performance of PRONAF B's operations.

Wesz Júnior (2010) analyzed the rural credit policy directed to family agroindustries, the so-called PRONAF-Agroindustry. As of 2003, PRONAF-Agroindustry was linked to the Family Agriculture Agroindustrialization Program, acting mainly on investments, such as infrastructure and investments aimed at processing and production trade. Thus, this credit line is directed towards the implantation of small and medium agroindustries, isolated or in the form of a network, with managerial support and the expansion, modernization and recovery of the industries already installed. The main public of this PRONAF line is family farmers in groups A/C, B, C, D and E. In addition, PRONAF-Agroindustry was able to benefit large enterprises, since the resources offered to a single cooperative can finance around 780 family agroindustries.

Alves (2008) ^[2] aimed, with his work, to determine risks inherent to the use of PRONAF's resources in a way associated with an Income Guarantee Program in the supply, prices and income obtained by rice and beans producers for the years 1998 to 2005. The author concluded that the implementation of such an idea would promote significant income gains for family producers and an improvement in the level of well-being of consumers since there would be a reduction in prices in the market. In other words, its implementation would contribute to the generation of employment and income in rural and urban areas, in addition to stimulating family agricultural production. The survey results indicate that family farmers would obtain income gains, on average, of 40.58% on rice and 146.29% on beans, an average increase in prices received of 24.66% and 71.78% and an average increase in production of 9.19% and 27.28%, while consumers would get the benefit of the average price reduction of 36.25% and 80.22% over the rice and the beans, respectively. Regarding the costs of the Income Guarantee Program, for 2005, the total cost would be R\$ 4,61 million, while the social cost would be R\$ 57,35 million, about 11.2% of the total cost of the guarantee policy income.

Matarello and Roitman (2011) ^[16] carried out an analysis of the evolution of the sources of funds used in PRONAF and concluded that, over the first 15 years since its

implementation, new sources of funds have been added to the program, and such contributions have been quite variable according to the current macroeconomic and political context. The main transformation in the use of resources was the transfer of resources that were predominantly from the Fund for Support to Workers (FAT) to a situation where the use of sources was less concentrated, increasing the dependence on rural savings in 2009. However, this was an important source for the program, mainly for BNDES loans, which do not capture rural savings.

3. Focus and Resource Distribution

As for the focus and allocation of resources, the work of Silva (1999) describes that in the years from 1995 to 1998, there was a series of governmental measures which, due to success, culminated in the reduction of a 12% interest rate per year to a 5.75% rate per year. In 1998, the South region received 43.4% of the total resources invested. However, the concentration was declining, since in 1996 the Northeast region received only 6% of the total invested and in 1998 it received 37.3% of credit applications. The main reason for this reduction in the concentration of resources may have been the expansion in the type of credit for infrastructure, which is more present in the Northeast. PRONAF Infrastructure was more present - with 85% of its resources - in municipalities that had up to 25,000 inhabitants.

Aquino and Schneider (2010)^[3] explain that the resources offered by the program have not been distributed equitably among the different categories of PRONAF beneficiaries, as the program has had a concentrated tendency to favor the richest regions of the country and the categories of most capitalized farmers. The authors also showed in their study that the program has failed to influence the change in production structures and traditional economic activities carried out by agricultural establishments. Thus, in many aspects - such as the reduced diversification of financed activities - the democratization of PRONAF credit has not been sufficient to reduce the contractionary, sectorial and productivist bias of the pattern of agricultural development that has always been present in Brazil.

Souza, Ney and Ponciano (2011)^[31] sought to analyze the evolution of the distribution of PRONAF financing in the Brazilian states from 1999 to 2009. In the beginning, improvements in the distribution of resources were detected, which ended up reversing at the end of the period and most of the resources continued to be released to the three southern states and the state of Minas Gerais, which are the states with the largest share in the value produced by family farming. According to the 2006 Census of the Brazilian Institute of Geography and Statistics, family farming is responsible for about 38% of the total production of Brazilian agriculture and occupies 74% of the manpower of the entire agricultural sector.

Other researchers have also analyzed the trajectory of rural credit in Brazil and its direction toward family farming. Souza and Caume (2008)^[30] concluded that according to the Census of Agriculture from 1995 to 1996 there were 4,859,732 farms in Brazil, covering an area of 353.6 million hectares, responsible for generating R\$ 47.8 billion earned by Gross Value of Production. Of the total establishments, 85.2% were classified as family members, occupying 30.5% of the total area and producing the equivalent of 37.9% of the Gross Value of the total Production, even receiving only

25.3% of the loans destined for agriculture by the federal sphere. According to such data, it was also stated that family farming is the main source of occupation of rural labor in Brazil, comprising about 76.9% of the employed people, despite containing only 30% of the total occupied area. It is in the South region where the highest occupancy rate is, comprising 83% of the total, while in the Midwest this percentage is reduced to 54%. In the Northeast region, there is the highest concentration of employed people, accounting for 49%, while the Midwest has only 4% of all employed people in family farming.

In the study by Silva, Petrelli and Neder (2006), using the program data from 2000 to 2004, we sought to analyze the distribution of resources from PRONAF credit and infrastructure in the Northeast and South regions of Brazil. It is possible to observe that PRONAF Infrastructure for municipal services, in 1999, received 8.42% of the total resources released, but with its participation in decline, in 2004 there was a release of only 1.77% of the total released. On the other hand, for the same year, PRONAF credit was responsible for 97.52% of the loans made. The authors point out that banks aim at profitability in their operations and have costs to carry them out. As a result, the federal government's general budget provides banks, for their participation in the intermediation of PRONAF, to pay for their work. This forecasted value, in 2002, for the costing credit operations of groups C and D was 8.99% per year, in addition to the monthly management fee for each contract, and in the same year, the average cost for the bank was around 17.83% per year of the total borrowed. Regarding the geographic distribution of resources, for the data from the years 1999 to 2004, the southern region of Brazil commonly received between 46% and 55% of the total. The Northeast region, which in 1999 received around 24.62%, started to receive 16.9% in 2004; It lost its second place to the Southeast region, which in 2004 received 17.56% of the funds released. However, when analyzing the distribution of resources in more depth, it is necessary to specify that in the Northeast region, most of the financing in the most economically weak municipalities is made for farmers classified as C, D and E; This is possible because these farmers are more integrated and economical. In these cities, the poorest families continue to have difficulties accessing resources. As for locations with a higher Rural Development Index, it appears that there is a greater release of resources for farmers with more difficulties in integrating into the market; and municipalities that contributed most to the growth of releases to groups A and B. Among the results found by the study, the most worrying concerns are the fact that precisely in the Northeast, the localities with less Rural Development Index are those that have had less access to the resources of PRONAF Infrastructure.

Souza and Valente (2006)^[32] analyzed the release of PRONAF resources and reported that although the Northeast region concentrates around 50% of family establishments, the volume of resources received is much lower than that destined for the South region, even with the growth of investments in the Northeast, North and Southeast regions. The authors present data from the Family Agriculture Secretariat from 2001 to 2005, in which PRONAF totaled 4.6 million contracts and an amount of R\$ 14 billion in total credit, where the groups that received the greatest resources were D - with 41.5% - and C - with 27% - totaling 68.5% of the amount financed from 2001 to 2004. The data show that

there is a concentration of resources in groups with higher incomes. In the lower income groups, there was less concentration, as an example of group B, which received only 4.7% of the total. Group E - the group with the highest income - received 6.6% of the resources invested. It should be noted that in 2004 the amount financed increased by 150.4% compared to 2003.

Regarding the number of contracts signed, group C was responsible for 42.6%, receiving 27% of the total resources, group D made 27.1% of the contracts and received 41% of the volume of resources, group B obtained 18 % of contracts executed even though it was responsible for only 4.7% of resources and group E contracted 1.7% of operations and received 6.6% of resources. With these data, it is possible to see that the groups with the highest number of contracts received lower percentages in the total volume of resources, and as these groups comprise about 90% of family farmers, higher volumes should be allocated to them.

The authors also analyze the PRONAF results by region, which indicate that the South region received R \$ 6.9 billion in resources and had an average contract value of R\$ 3,311.35, the Southeast region, in second place, received R\$ 2.4 billion and presented an average value per contract of R\$ 3,752.66, the Northeast region appears in third place having received R\$ 2.3 billion in resources and had an average value per contract of R\$ 1,596.45, and, in the Midwest and North regions, even with 7% and 10%, respectively of the number of resources, presented an average value per contract of R\$ 6,000.00. Thus, the South, Southeast, Northeast, North and Midwest regions received percentages of total resources of, respectively, 49.4%, 16.9%, 16.6%, 9.7% and 7.4% and, according to information from Northeast of Brazil Bank, almost 90% of the contracts signed belonged to the PRONAF B line. Considering the number of resources, it was contemplated with almost 50% of the resources, PRONAF A with 27%, C with 12 % and D with 9% of total resources. The authors conclude by explaining that the differences between the profile of farmers in Brazilian regions are sufficient reasons to lead to a process that can reverse the present situation, thus reducing inequalities between regions.

In the paper that seeks to assess the profile of resource distribution through public policies, analyzing PRONAF releases in the Northeast and South regions, Silva, Corrêa and Neder (2007) ^[27], find that the results of the Rural Development Index (IDR) differ from the results the Human Development Index, with worse results than the Rural Development Index. Confirming what the authors already expected, the results for the Northeast region are lower than for the South region, even though the South region also presents precarious locations, showing the need for policies for these regions. The study showed that the majority of municipalities in both regions were covered by PRONAF resources. However, there was no high correlation between the number of resources and the level of IDR.

In addition, it was observed that in both regions 25% of the municipalities captured the majority of the resources, and such municipalities have IDR classified as medium, in addition, in the two regions the most resource-absorbing municipalities had a high Population Index, which converges with the presence of bank branches where there is a higher concentration of population. Another topic addressed is related to the analysis of the productive quantum, where the results show a low correlation between

production and the amount financed by PRONAF, which, according to the authors, does not indicate that the program has not shown important results. For policies that prioritize narrowing the differences between regions cannot have their impact measured by the economic quantum alone.

4. Economic and Social Development

In the article by Guilhoto *et al* (2007) ^[14] the authors seek to estimate the importance of family agribusiness in Brazil and its states. Its participation corresponds to 10% of the national GDP, varying between 5 and 27% regionally. Such differences in regional participation can be attributed to the performance of the small and large scale of production, the type of activity and product grown and the territorial distribution. Given its lower technological incorporation - and consequently lower productivity - family agribusiness has functions that are more social than purely economic, acting mainly in the absorption of jobs, and with this in reducing the rural exodus. It provides greater food production, exercising income-generating activity for families with lower income and contributing significantly to the generation of wealth in the country. For the period corresponding the years 1995 to 2005, agribusiness as a whole corresponds to about 30% of the country's GDP. However, while the accumulated Brazilian GDP grew by almost 24% in 2005, the growth of family agribusiness was only 15%.

According to the study by Silva and Alves Filho (2006), in that same year 2006, the program had already benefited around 6.000 municipalities. In the municipalities analyzed it was found that the program showed positive impacts on municipal macroeconomic variables, mainly in total GDP and GDP per capita. Guanziroli (2006) ^[13] presented results and perspectives for rural development after PRONAF completed ten years. According to the author, the program had a considerable impact on Brazilian agriculture from 1996 to 2005. During this period, one of the main results was to help farmers expand their planting areas.

One of PRONAF's critical points concerns the ability to pay loans, as it has been necessary to carry out constant renegotiations and reinsurance on account of payments that were overdue or were in default. Another fact mentioned refers to the possibility of extinguishing the discounts and large subsidies - where the credit of PRONAF A and B can have 40% of the value of the principal forgiven - which could lead to a de-education of the beneficiary, due to the possibility of it confusing credit with a donation, having difficulties when obtaining loans without the discounts. There would be an advantage, then, in renaming the programs, calling some direct transfers, grouping them with Bolsa Família, and maintaining the concept of credit when it came to that.

Melo, Marinho and Silva (2011) ^[18] analyzed the impact of rural credit on the Brazilian agricultural Gross Domestic Product (GDP) in the period 1995 to 2009. The results indicated to demonstrate the bi-directional causality between real agricultural GDP and the proportion of rural credit. Rural credit for marketing production and agriculture had a positive impact on real agricultural GDP. It showed a positive shock of 4.23% in credit for commercialization about what the real GDP of this sector tends to impact the real agricultural GDP in 1.89% while a shock of 1.90% in credit to agriculture concerning real GDP impacts the real agricultural GDP by 0.79%. The proportion of investment

credit showed a negative correlation with the real agricultural GDP. In turn, a 10.35% increase in the availability of total rural credit has an impact of only 0.54% on real agricultural GDP, while the other types of credit - which are aimed at investment, funding and marketing - have harmed real GDP in agriculture. Still, according to them, the agricultural GDP registered a growth rate of 3.6% per year between 1986 and 2004 while the Brazilian GDP grew by 2.1% per year.

In his study that makes a preliminary assessment of the impact of PRONAF on the productivity of family farming, Feijó (2003)^[10] seeks to analyze changes in the productivity of family farming that may be due to access to the program's credit lines. It concludes that productivity in the cultivation of the products most benefited by the program has been growing at annual rates practically equal to those of products excluded from PRONAF, which denotes the absence of productive impacts. The group of beneficiaries of the program has an annual productivity growth of 2.03%, while the group used as a control in the author's analysis - farmers not benefited by PRONAF - performed above 3.61% per year. However, as the exam used by the author also captures differences in productivity annually, there was a greater increase in the productivity of those benefited by the program about the production of the control group in the years 1997, 2000 and 2001, that is, the results of the program may be beginning to affect productivity.

In their work that aims to assess the regional impacts of PRONAF in the period of 2000 to 2010, Castro, Rezende and Pires (2014)^[8] noticed in the Northeast, Southeast and South regions positive impacts of the program on the growth rates of the Gross Domestic Product (GDP) per capita, and municipal agricultural GDP. At the same time, the North and Center-West regions did not have any impact from the program. It is worth mentioning that, for the analysis period from 2000 to 2010, the Northeast, Southeast and South regions concentrated around 84.4% of the resources and 90.4% of those benefited from PRONAF.

The importance that family farming has in generating income and jobs in rural areas and food production is highlighted. In 2006, there were about 4,367,902 million family farming establishments, which corresponds to approximately 84% of the total agricultural units and guarantees the occupation of about 74% of the rural labor force. It owns 20% of the land and produces 38% of the national production. The authors point out that in addition to the socioeconomic benefits generated by the diversification of cultivated products, family farming plays an important role in reducing the rural exodus by keeping part of the rural population occupied due to insertion in the market, which contains migration to large cities.

In their study that aims to analyze the performance of PRONAF in Brazil, Grisa, Wesz Júnior and Buchweitz (2014)^[12] discuss the public benefits of the program in the period 1994-2014, as well as the activities financed. According to them, PRONAF has been responsible for important advances in its almost 20 years, increasing financial flexibility, investing resources, expanding into new regions and increasing the number of beneficiaries. Looking at the data, it is also possible to identify the financing of a wide variety of crops in the different regions of the country and the amount and the total number of contracts in the Northeast and North regions has been increasing. Since the beginning of PRONAF, in 1996, the amount of applied

resources has been increasing, growing in the period from 1996 to 2012 more than twenty times. Even in the less favored regions such as the North and the Northeast - in the period from 2002 to 2012 - the number of contracts grew by 217% and 329%, respectively, while the South region had a modest growth of 14% and the Southeast and Central- West about 150%.

Zanil and Costa (2014)^[34] analyze PRONAF from new perspectives and present the results of its evaluation since its creation. These results indicate important advances in the implementation of the program in terms of reducing financial and operating costs. Bank agents can contribute to reducing informational failures and building a managerial structure that allows the situation of beneficiaries of the program to be dealt with more efficiently by solving activities.

The authors also point out some problems inherent to PRONAF. They argue that the obstacles that persist relate to the institutional deficit of the Ministry of Agrarian Development and the lack of technical assistance for the program. At that time, such problems limit the achievement of its objectives because they hinder its implementation capacity. The inefficiency of the technical support of farmers in applying for credit and in the preparation of projects can cause regional imbalances in the distribution of financing, lack of information in the process of the program and its policies, as well as the use of inadequate cultivation techniques by farmers.

In the paper by Schneider and Gazolla (2006)^[21], the program was analyzed in its credit line for funding and investment, demonstrating that it has not been able to change the pattern of agricultural development that is present in the region of Alto Uruguai, in the state from the Rio Grande do Sul, since 1970. The such pattern has become unfeasible for the regional economy, as well as for the family farmers present there due to the strong social and economic commodification. However, in a way, the program contributed to the strengthening of productivist development in Alto Uruguai, where farmers are present in the grain and agricultural commodities markets, and it also contributes by generating stimulus to productive activities alternative to the traditional one, which increases production for self-consumption by farmers. They also point out that the production for self-consumption being fortified becomes important for the family, while it generates food security, under the principles of permanent access to food, the generation of food in quantity and permanently.

Silva and Alves Filho (2009)^[29] carried out an analysis of the impacts of PRONAF in territorial scope, more precisely in the Middle Jequitinhonha in the state of Minas Gerais. It was observed that the program has had positive impacts on macroeconomic variables in its municipalities, that the impact of credit on the aggregate product positively affects the total GDP and causes intersectoral economic effects because even though it is an agricultural policy, it generates demands and supplies inputs for both the industrial and services sectors. Mattei (2006)^[17] notes that many problems addressed in several studies on PRONAF have been eliminated over the years, mainly due to the constant process of adjustments to which the program has been submitted. Such adjustments generate instabilities in the conduct of the policy; however, they generate a certain coalition between social, public and private actors around family farming.

Servo (2019) ^[23] points out that in Brazil, the supply of credit for farming and ranching activities has always relied on a high degree of state regulation, subsidized by rules for directing financial funds or through advantageous interest rates. Thus, the rural producer has always seen credit as the main alternative for financing his activity, whose level of leverage and dependence on credit is high. While the total balance of credit in the National Financial System (SFN) represented 34.7% of GDP in 2007 and 47.7% in 2018, the total balance of rural credit, in turn, reached 78.2% of agricultural and livestock GDP in 2007, jumping to 109.0% in 2018.

In his study, Servo (2019) ^[23] emphasizes:

"in the last eleven crop-years, from 2007-2008 to 2017-2018, the agricultural and livestock GDP grew by an average of 3.0% p.a., against 1.7% of the total GDP, with highlight to the crop-years 2012-2013 (8.4%), 2014-2015 (4.1%) and 2016-2017 (7.9%), in which the sector's performance was significantly higher than that of the economy as a whole. In this period, the balance of rural credit registered an average expansion of 5.7% p.a. in real terms.⁴ The only crop years in which there were real decreases in the balance, compared to the same previous period, were 2015-2016 (-4.9%) and 2017-2018 (-7.0%), years in which agricultural GDP registered a drop of 3.7% and a rise of 1.8%, respectively."

Recently, the Federal Government, through its Ministry of Agriculture and Cattle Raising (2022), published the data of the Harvest Plan 2022/2023, which states that for that year, the amount available for rural credit was around R\$ 340.8 billion reais, corresponding to an increase of 36% about the previous year's Plan, of which R\$ 53.61 billion were destined for financing by the National Program for Strengthening Family Agriculture (Pronaf), with interest rates of 5% per year (for the production of food and socio-biodiversity products) and 6% per year (for all other products).

For medium-sized producers, under the National Program of Support for Medium-sized Rural Producers (Pronamp), R\$ 43.75 billion have been made available, an increase of 28% about last year's harvest, with interest rates of 8% a year. The total made available for the other producers and cooperatives reaches R\$ 243.4 billion, with interest rates of 12% per year. Rural producers can also choose to contract investment financing at post-fixed interest rates.

5. Conclusion

This paper was based on the academic literature to report the trajectory in the first two decades of the National Program for Strengthening Family Agriculture, the Brazilian PRONAF. Thus, three main themes that seek to contemplate such literature were approached, being divided into: Evolution and Structuring of the Program, Focus and Distribution of Resources and, lastly, Economic and Social Development.

It was found that the program was created as a way for the State to respond to the pressures of rural social actors who demanded an economic policy that democratized credit so that small farmers (later called "Family Farmers") had access to the national financial system, what was not

possible before due to the better conditions and guarantees that big producers had when disputing the credit.

Some possible problems with the program have been reported which, despite efforts in recent years, remain current. Among them is the lack of equity in the distribution of resources among Brazilian states, where states in the Northeast region - even though they are responsible for the largest concentration of family farmers in the country - receive several resources considerably lower than in other regions, such as the South and Southeast. Another important fact to be highlighted concerns the categories of farmers who, even though they are more capitalized and more integrated into the markets, receive greater resources from PRONAF. This contradicts the consensus that farmers who are more economically fragile and less integrated into markets should receive greater attention.

Lastly, numerous positive impacts caused by the program were identified. In several regions, it is possible to notice the growth of the municipal agricultural Gross Domestic Product (GDP) and GDP per capita due to the implementation of PRONAF. Evidence of bidirectional causality between real agricultural GDP and the proportion of rural credit was also presented. Another point denotes the program's responsibility in promoting an increase in financial flexibility and its wide coverage in the national territory.

After the study was carried out, it is possible to verify that there is a shortage of studies that evaluate PRONAF using quantitative methods. Econometric tools could be used, mainly, to measure the impacts of the program.

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