



João Luiz Homem de Carvalho

Inauguration of a new PROVE facility in Ecuador

PROVE

-Small Agricultural Production Verticalisation Programme-

The **PROVE** – “Small Agricultural Production Verticalisation Programme”, is a programme designed to promote small agricultural production, processing and trade. It involves many urban and peri-urban agricultural systems, including vegetable-gardening, fruit-growing and livestock systems. Intervention is at the individual and/or collective level, especially aimed at the lower income groups. The PROVE started in 1995. In the 1995-1998 period, about 500 agro-industrial facilities were built in Brazil. In this period, the monthly per capita family income of those involved in the programme rose from 25 to 100 dollars. On average, each project generates jobs for six people, who are usually members of the same family. The funds disbursed by the public sector (US\$ 200) for each job the PROVE generates are strictly related to expenses for the existing capacity, i.e. wages, cars, fuel, etc., since all the remaining costs are borne by the producers themselves.

In the five years prior to 1995, over 400,000 small farms were closed down in Brazil, forcing about 2 million people to leave the rural areas. This rural exodus played a major role in increasing the unemployment rate, since jobs are not available in cities for so many people. However, at the same time, increasing urbanisation has led to an increase in the demand for processed products. The PROVE was designed to tackle both problems. It was developed to provide small farmers and their families with appropriate conditions for producing, processing, and trading their products and for jobs, income and proper living conditions.

OVERALL OBJECTIVE AND STRATEGIES

The overall objective of the PROVE was to show that agro-industrialisation of small production schemes is a positive social option to improve small farmers' income with sustainable development based on solidarity. Specific strategies have been developed such as:

- ❖ supporting farmers in the process of producing, networking,

and trading their agricultural products, enhancing their competitiveness on the formal market;

- ❖ ensuring bank credits and access to sophisticated points of sale;
- ❖ implementing actions to encourage and support them in the establishment of associations, cooperatives, etc., so as to ensure the sustainability of the programme; and
- ❖ setting the established capacity of the state at the service of these small farmers as a priority.

THE METHOD

The PROVE was designed to enable poor small farmers (target group) to overcome certain fundamental stages or hurdles in the production, processing, and trade of their products which in our opinion set them apart.

For illustrative purposes, we compared these stages to (eleven) rungs in a ladder (Carvalho 2001).

1) Motivating institutions The first step consists of an inventarisation and assessment of the stakeholders; how and for what purpose could the existing public

institutions be engaged in a programme such as the PROVE? We ensured that the technicians involved were provided with all the required information about the programme. Courses, presentations, and seminars on the need to work with socially marginalised rural producers were used for that purpose. The political determination of the government as a whole to carry out the programme was also clearly demonstrated to them. Priority was placed on dissemination of the programme.

2) Providing incentives In order to motivate a socially marginalised audience, the advantages of the programme were described. This meant explaining the added value to small rural production schemes and collective practices, without closing the doors to others who wish to take part in the programme individually. The producers were encouraged to create the Association of PROVE Producers. Furthermore the NGO APROVE (Association in Support of Small Agricultural Production Verticalisation) was established for the purpose of supporting and encouraging small farmers' initiatives.

João Luiz Homem de Carvalho
 APROVE – Association in Support of Small Agricultural Production Verticalisation Programmes, Peru
 ✉ jluizhc@uol.com.br

3) Ensuring credit lines Credit lines were provided, by both public and private finance agents, at market interest. A Guarantee Fund created by the public sector is used to guarantee loans of up to US\$ 7,000 for individual projects, and US\$ 25,000 for collective projects. For loans above these limits, the borrowers have to provide collateral. The grace period for repayment to each project varies according to the financial capacity of each borrower, but it typically ranges from 1 to 2 years for individual and 4 to 6 years for collective projects. The mobile agro-industrial scheme itself is the guarantee for the bank. The idea for this scheme arose from the need to consider people who, despite having their credit applications turned down, were competent enough to generate income and jobs. After all, like anyone else they need to work, raise children, and lead a meaningful life.

4) Specific sanitary legislation and laws

It was necessary to review and reformulate the Law of the Federal District for the Inspection of Animal and Vegetal Products, as it was a hurdle for many people to engage in such activities. The state government drafted a set of rules for the construction of small agro-industrial facilities (30-40 m²) and enacted them into law. This law has served as an example for other Brazilian states and cities.

5) Building small agro-industrial facilities

Once the law was passed, projects for small agro-industrial facilities began to be developed, such as slaughterhouses for small and medium-sized animals and facilities for producing sweets, pre-processed vegetables, preserves, dairy products, etc.

6) Training Training was provided to small producers for starting the production of raw materials. Visits were paid to supermarkets to provide theoretical and practical guidance to them on how to trade processed or semi-processed products. Courses were provided specifically designed for the target audience of the PROVE, on the Establishment of

Associations and Cooperatives; and Rural Management, Food Hygiene and Handling.

7) Inputs Various inputs are necessary for manufacturing different products, while in addition, the packaging of the processed products determines the success of the trade. Small producers do not have enough funds to buy all these inputs. For this reason, the Small Agro-Industry Counter was created as a means to enable small producers to buy small-sized machines and equipment.

8) Publicity and marketing The PROVE would like the State to stimulate and fund professionals in publicity and marketing on a full-time basis for designing and implementing a plan for the marketing of their products. One of the most important tasks was to create a trademark identifying the programme (PROVE means "taste it" in Portuguese) which covers all products. It also serves as a quality seal.

9) Trading the products The small agro-industrial facilities produce many products of excellent quality. Trade of the products constitutes the endpoint of the production process, which is the most difficult stage. The PROVE has shown that it is much easier to sell a good product with attractive packaging and a professional label, regardless of whether it was manufactured at a small scale and by low-income people. PROVE products began to be sold in supermarkets as a result of an agreement between states, supermarkets and producers (Pesquisa PROVE - Market Research 1998).

10) Inspection and control For end-consumers to be assured of the hygienic and sanitary conditions of PROVE products, they must know that they are inspected at the production site and are subject to strict quality control measures. For this purpose, chemical and microbiological analyses are carried out on the products which are periodically inspected.

11) Follow-up The information collected during the evaluation of the PROVE (Duarte et al. 1998), showed that the programme provides the necessary elements to ensure its success and main objective, namely, including small farmers from the federal district in the production system and restoring their citizenship rights. It is worthwhile mentioning that in addition to changing production practices, which is an unquestionable result of the programme, the PROVE also paved the way for a gradual change in the mentality and social awareness of the producers and beyond. In our understanding this is an irreversible change, once integrated into the daily lives of the producers. The fact that the small producers in the PROVE have developed the ability to manage their own businesses, understand the cost-benefit ratio of their activities, keep accounting records, and plan for the future, clearly indicates the changes that



Products sold in a local supermarket

took place in the lives of these people. They have absorbed both concrete and symbolic elements that were not part of their reality before the programme.

The excellent transferability of the programme can mainly be attributed to its massive dissemination through the national media and to the thousands of site visits paid by people coming from different parts of Brazil and abroad to the capital, Brasilia. These people confirmed that the programme is feasible, particularly because it can be implemented easily and at a low cost for public agencies, while also boosting the local economy.

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