

# POTENTIALS AND LIMITS OF A LOCAL DEVELOPMENT POLICY: PRONAF IN LIGHT OF LEADER

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*“Uma coisa é pôr idéias arranjadas, outra é lidar com  
país de pessoas, carne e sangue, de mil-e-tantas misérias.”*  
J. Guimarães Rosa, *Grande Sertão: Veredas*

## Abstract

Based on the hypothesis that strengthening local agricultural production forms can generate employment and income while helping to reinvigorate society, we intend to evaluate Brazil's National Family Agriculture Strengthening Program's (PRONAF) Infrastructure and Services section, focusing on its credit line. After our introduction, we review the debate centered on family agriculture and local development. We then present the LEADER Program, implemented in the European Union to rebuild depressed regions, and PRONAF's Infrastructure and Services section: two programs intended to assist rural development. Lastly, we evaluate PRONAF's Infrastructure and Services section, identify the potential and limits of its credit line as a local development measure, and compare this Brazilian program with the European experience.

**Key words:** PRONAF, familiar agriculture and local development.

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## 1. Introduction

The technological development process in Brazilian agriculture was quite partial, ignoring some farming segments, especially the family agriculture segment. However, despite their limited incorporation of the Green Revolution's technological innovations, many of these family farmers have been able to remain producers because the strong linkages between family farm production and local markets in several Brazilian regions have been little affected by modernization. But, as cited by Graziano da Silva (2000), this linkage is weakening as local markets become more and more penetrated by the valorization processes, even those markets on the fringe of production circuits.<sup>3</sup>

The impacts of globalization – found to some degree in each Brazilian region and municipality - have increasingly excluded family producers from economic benefit; however, there are mechanisms and trends that provide perceptible hope for the family farm's survival:

- familiar farmer credit cooperatives, which create a “solidarity” linkage between resource collection and loans;
- producers' associations, organizing raw material purchases and/or products sales;
- improved negotiation between farmers, local public powers, and banks, to create guarantee funds and improve access to financing;
- the continuing search for greater product diversification to better exploit niche markets;
- increased hours of family employment in non-agricultural activities, either in rural or urban areas.

Whether individual or collective, these mechanisms are examples

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<sup>3</sup> According to Graziano da Silva (2000), commercial opening makes difficult the regular small familiar agriculture practice of using the “ fringes” of the local market to sell their surplus production. In the Northeast case it is evident; “ the corn that is consumed by this region comes from Argentina, which has permitted the development of a modern poultry industry, but worsened the conditions of the ‘Agreste’ producer, who used to sell his surplus corn production and the flour in the outdoors fairs” (2000:11). Similar process occurs with the small milk producers. Moved by import competition, the dairy industries have selected their suppliers, excluding the marginal producers who can not offer milk in a quantity, quality and regularity requested by the buyers.

that “insistence” in surviving – historically viewed as the search for market insertion alternatives – has assumed new forms that can guarantee not only the survival of this social segment but also its position as a strategic sector in many small municipalities whose essential character is rural. Unfortunately, they are not, *per se*, the solution to the problem of social exclusion and the resultant branding of non-agricultural rural activities as low income and transitory.<sup>4</sup>

We also have to recognize that these mechanisms efficacy depends on the context in which they are inserted. It is quite evident that some rural families are unable to take advantage of opportunities in market niches, tourism, non-agricultural work in industrial sub-employment (household or not), or industrial employment. The likelihood that an individual can take advantage of these income possibilities depends on a set of subjective and objective factors: managerial skill and initiative, the availability of financial resources, the location of the productive plant, and the natural resources available to entice tourists. What is important to note is that family agriculture can survive, not only through new mechanisms, but because – and this is fundamentally important – many of the farmer families can build their own alternatives. One can only ask what public policies have the capacity to expand and give direction to local economic development while maintaining the essential nature of rural society.

Rural development policy may need to involve more agents and indicate new directions. This type of thinking is exemplified by PRONAF’s Infrastructure and Services section. This Program proposes to resolve the family producer’s social and economic difficulties, moving the family farmer into a strategic position for dynamic local development:

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<sup>4</sup> The results of “Rurbano” Project, coordinated by Professor Graziano da Silva of Economics Institute, Campinas State University and that gathers researchers of 11 Brazilian states, show a new face of the Brazilian rural sector, with a growing importance of activities that can not be characterized as agricultural or traditional livestock. This face, marked by heterogeneity, appears not only in new non-agricultural and not traditional rural activities – inserted in market niches as farmer hotels, horse race tracks, fish and pay, boar livestock, escargot, etc, that depend of the specific conditions of settlement and market - but also in the occupation of the rural population in non-agricultural activities, characterized by low qualification and income, such as bricklayer servants, street vendors, maids, etc.

a difficult task; over the last two decades, Brazil's family agriculture has been kept apart from society by a conservative modernization policy.

We intend to determine to what extent PRONAF – especially in its Infrastructure and Services section – contains the conditions to become an effective local/rural development agent, transforming family agriculture into a strategic sector.

In the next section, we review the general discussion about local development. Our intention is to support the theory that the strengthening local forms of production – through a mixture of interests grounded in the region – can guarantee social rescue and generate employment and income. From this perspective, we examine the possibilities for development in areas with a strong predominance of family agriculture weakly inserted into product markets.

We then summarize the European LEADER Program in its successive phases and compare it with PRONAF's Infrastructure and Services section.<sup>5</sup> Since 1991, LEADER has sought to strengthen rural Europe, integrating it with the entire European economy and promoting local initiative to develop local resources. LEADER is a relevant and well-known local rural development policy and may be understood as the inspiration for PRONAF's Infrastructure and Services section, despite the distinctly different contexts.

In the third section, we evaluate the first years of PRONAF, giving special attention to the Infrastructure and Service section's credit line. Our objective in this section is to identify the main potentials and limits of PRONAF. The identification is based on a preliminary evaluation of the qualification courses offered by PRONAF to members of Brazilian Municipal Rural Development Councils (CMDR) in municipalities in

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<sup>5</sup> N. T.: Links among the Rural Economic Development Actions.

the states of Goiás and Minas Gerais in 2000. We also analyze documents from the National Secretary of Family Agriculture, Municipal Plans for Rural Development (PMDRs), and other studies related to our subject. The fourth and final section contains our main conclusions.

## 2. The Local Development Debate

A great part of the discussion about local development is a response to the following question: Why do the same public policies addressed to apparently similar communities bring different results? The answers, as a rule, repeat the argument that the results of public development policies depend on the communities in which they are implemented. This implies that the results depend on social capital defined as a set of the local social powers that are able to establish rules and social networks that impact the development of positive-for-the-community collective actions (Moyano, 1999).

This concept of social capital has greatly impacted politicians, especially in development-promoting international institutions such as the World Bank, altering their orientation. Now, the feeling is that these institutions' resource transference mechanisms should be constructed in a way so as to respect small community autonomy, creating local responsibility and increasing social capital. As a result, many public development policies have become oriented to reinforce local societal bases so they may promote agreement among the different pro-development actors in the locale.

Based on the research of different experts on this subject, Navarro Yañes (1998) points out three main lines of argument to show the importance of local participation in the creation of the new development opportunities. The first acknowledges the social basis for development, as "*restructuring processes do not have a strictly economic character but depend, largely, on the local knowledge*

*and skills, as well as on local cultural and social capital.*” His second argument deals with the importance of a local entity’s discovery of what Abramovay (1999) calls the “guide idea.” The community’s territorial pact must arise around this “guide idea” to make possible a collective development identity within the community. Finally, the third argument deals with State actions to decentralize public policy by transforming *low politics* (social policies) into true national *high politics* that address the necessary linkage between democratization and an awareness of both local and worldwide dynamics. This implies that the nearer citizens are to the decision-making processes, the more effective local models of development are (Navarro Yañes, 1998:69).<sup>6</sup>

From this perspective, locally controlled development leads to a community culture focused on the belief that development is possible, development driven not only by the use of local skills and resources but also by the mobilization of local attitudes, intellects, and values.

The focus on local skills and resources leads to and arises from the importance of the rural environment, population, and activities in the determination of the local dynamic. As far as we know, the subject of rural development has become highly charged, with the center of this debate being family farm agricultural employment and income generation, especially the flexibility and sustainability of the family farm. Flexibility and sustainability are often expressed by the family farmers’ capacity for developing survival strategies to support their entrance into agricultural products’ markets (as far as they are available), other services’ and products’ markets (agro-industrial products, services, and handcrafts), and into the agricultural and non-agricultural labor market.

The theoretical mark of local and rural development, which are clearly convergent, allows the dilemma of the future of family agriculture

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<sup>6</sup> ...”the current debate on ‘local democracy’ is centered in the role played by the local government, either in the national democratization processes or in the possibilities of stimulating the processes of citizens participation in the municipality.” Navarro Yañes (1998).

to be addressed as follows.<sup>7</sup>

The global productive processes, with its distributive rigidity and the enlargement/re-structuring of the spaces and channels of capitalistic valorization – the more evident side of which is the stimulation of unemployment, income concentration, and social exclusion – have not overcome local dynamics in which the “rural” assumes an important role. Looking beyond, many systematized experiences, especially in the European sphere, show that it is possible for rural localities to respond positively to the processes of economic, social, and cultural alteration, valorizing their territorial identity and guaranteeing their beneficial insertion into the product, service, and labor markets. In other words, local economies, when exposed to corrosive social and economic processes, can find new ways of mutual relationship, creating broad, strong ties and opening alternative paths to local development.

According to Peres-Yruela and Giménez Guerrero (1999), this vision of local development may lead to

*“ ... A reaction that intends to abandon the passivity or the resignation (...), starting an effort to utilize, when they exist, the available resources... to create employment and wealth outside the hegemonic circuits of the Fordist model or supported by them.”*

Evidently, this reaction – as something that appears spontaneously and on large scale – is only a remote possibility, though a possibility that reemphasizes the importance of public policies that lead toward local development. From Peres-Yruela’s and Giménez Guerrero’s point of view, public policies should assume the role of strengthener and creator of a pro-active culture with a local basis. One

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<sup>7</sup> The debate about the familiar agriculture liability has become highly centered in the idea that the Fordist pattern of agriculture modernization punishes the producers not inserted in the efficiency pattern, when imposes the productivity raising and, consequently, the reduction of prices. Thus, even when the debate moves toward a critical vision such as “inevitable end of familiar agriculture”, it states, between the lines, that efficiency, at economical terms, is not its own attribute.

way for public policies to assist in the creation of this strong pro-active local culture would be by supporting training courses for local agents to provide them with the skills needed to manage public actions in tune with the their own community.

*“The practice of social intervention must facilitates individual or group entrepreneurs, as well as to make easier the coordination or interaction among them, to promote forms of organization, association or integration [that could make the yet started development actions more efficient] and to suggest new initiatives to support the existent ones.” (Perez-Yruela and Giménez Guerrero, 1994).*

The innovative focus of this type of public policy is that development, as a way to improve social and economic welfare, must assume an endogenous, self-centered yet egalitarian character. Consequently, development must start from a territorial pact mediated and impelled by the key local actors, such as cooperatives, producer institutions, entrepreneur associations, unions, public powers, churches, and banks. Abramovay (1998) concludes that.

*“The territory is more than a simple physical base for relations between people and institutions. It is a social net, a complex organization made out of linkages that go far beyond the natural attributes and communication and transportation costs. A territory represents a network of relations with historical roots, political configurations, and identities that play a poorly known role in economic development.”*

The central question is how should public policies be addressed to build this complex organization. That is, how should policy help elevate the community’s social capital?<sup>8</sup>

<sup>8</sup> Sckopol (1995) also recognizes that the State can contribute to create social capital, providing the citizens with the need organizing instruments to take decisions. This is the case of the municipalities beneficiary of PRONAF, that are obliged to constitute their Municipal Rural Development Councils in order to cash in the resources, as we will debate later on.

Firstly, innovative public policies must cover all regions, incorporating large population segments into local development strategies. According to Cocco (1999:28-29), these policies should have the capacity to involve different public or private actors (such as, municipal and state governments, institutions that provide technical support, public institutions, private organizations, and local producers) to improve the social, physical, economic, and technological infrastructures that foster a proper entrepreneurial environment and, consequently, are vital to the dynamic of employment generation and income distribution. Authors have pointed out that this type of public policy should be created with reference to the realities of a particular locale. In other words, the innovative character must have a more radical political propose that fits with distinct local realities. Cocco (1999:29) agrees, writing,

*“Wherever the place is (...) it is necessary to identify, locally, the tacit and institutional arrangements that permit the creation of “environmental” conditions that promote entrepreneur’s actions made out of their horizontal ties with other workers.”*

There are some particular difficulties in the specific case of local policies addressed to rural areas. Paradoxically, the defense of the family farmer – relative to the development works of local communities and institutions – cannot focus exclusively on agricultural activities. But fortunately, a new economic paradigm is evolving, and new ways are opening to improve the rural population’s lives:

*“Development of many rural areas can stay no longer only in agrarian activity. The doors are opened to initiatives that tend to stimulate the creation of either complementary or different activities.”* (Perez-Yruela and Giménez Guerrero: 1994)

In other words, independent of the type of relation established between the rural and the urban, rural development is established on the basis of this relation and cannot be limited to agricultural activities. So, in the context of new demands on the rural environment, which provoke a clear functional enlargement of rural space's definition, public policies addressed to local development should contribute to insert the population into new product and labor markets.<sup>9</sup>

We do not intend to describe the considerable debate surrounding the local/rural development question or the role and outline of public policies addressed to promote this development. Our effort intends to show, as Moyano (1999) does, that the idea that resource transfers oriented to respect the autonomy of small communities create local responsibilities and foster the growth of social capital has taken root in many countries, including Brazil. Policies such as PRONAF in Brazil and LEADER in Europe acknowledge this concept in their design of programs to promote local rural development. It is therefore essential that policy analysts and policy makers responsible for rural development programs understand and evaluate the results of policies such as PRONAF, especially its Infrastructure and Services section.

In our paper, we evaluate PRONAF focusing on its Infrastructure and Services section; however, our discussion begins with the European rural development policy experience: the LEADER Program. The LEADER Program is relevant to PRONAF, both where the two converge and where they diverge. The similarities and differences between the two programs are not only expressed by the differences between the European and the Brazilian contexts but also by the characteristics of LEADER itself, characteristics that are quite important to understanding the potentials and limits of PRONAF.

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<sup>9</sup> The rural family's insertion in these markets depends not only on capitalization or credit access and special local conditions – that Marsden (1987) calls “entrepreneur feeling” - but also on flexibility and family work ability. On this basis, if there is a speedier movement of creating new modes of use and transforming them into values of exchange (what Marsden calls “commoditization”), it does not mean that the rural population can attend to the new demands. The main challenges for local development are to contribute to this perception and to create conditions for its feasibility.

### 3. European Rural Development Strategies: Lessons PRONAF Learned from LEADER

The debate about local and rural development has gained ground in Europe, now in the middle of a crisis in agriculture driven by overproduction, income reduction, the Green Revolution's environmental impacts, and the exclusion of regions and producers from the modernization process. It is important to remember that the entrance of new E.U. members, especially the Mediterranean countries, brought the debate to the forefront: Should depressed areas reach the same development level as the most developed countries, will there be an increase in environmental contamination, credit costs, and the rural exodus?<sup>10</sup>

As the European Community attempts to generate economic activity, employment, and territorial strength, rural development has become an alternative agrarian policy. This new policy is expressed by the search for employment and income distanced from intensive agricultural production.

The European Union's LEADER I Program, in effect from 1991 thru 1994, was restricted to those areas designated as depressed: Portugal, Spain, and Greece. Depressed areas were those in which there was a concentration of producers who had not altered their production to the current hegemonic technological pattern. The LEADER Program fostered rural development based on new patterns shaped according to local realities and potentials; it was not bound to the promotion of traditional agricultural activities. The Program's objectives were to:

*“Allow the agents and rural territories to increase the values of their own potentialities and contribute to their social, economic*

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<sup>10</sup> In Brazil, some critics question the possibility of success of alternative development experiences based on territorial pacts, since they erroneously picture a homogeneous Europe agriculture.

*and cultural development, to raise a cooperative feeling among the municipalities, the suppliers and the places, so as to strengthen solidarity to reinforce the regions' development, to sensitize the population about the wealthy region patrimony, so that they can become responsible for their own preservation and valorization, and to create networks among the local population, encouraging a new contact between residents and visitors.” ([www.rural-europe.aeidl.be/](http://www.rural-europe.aeidl.be/)).*

This strategy – clearly congruent with the theoretical debate about local/rural development and the role of public policy – reflects an effort begun in the 1980s to support the rural population's move out of the “modern pattern” through incentives that encouraged small cattle ranchers in the mountains to change their occupation and become “nature gardeners” [conservators]. According to Carneiro (1999), this provoked a strong reaction from these producers, who refused to become “government employees.” Rural development problems arose from the local context and the territorial dynamic.

Thus, the LEADER Program was created to address rural development from a new perspective, an assumption that the answers needed to simulate rural development may come from the local environment. This Program is now in its third phase. In its second phase - LEADER II (1996-1999) - the Program emphasized the stimulation of innovative projects. Its current phase - LEADER + (2000-2006) - is directed to the expansion of its benefits to all rural territories while concentrating its resources on projects that may promote a multiplier effect. Based on local development, the Program now intends to encourage the participation of the local population and economic agents in the design and management of innovative projects to generate rural employment and alternative rural economic activities. The projects are framed and implemented by Local Action Groups (GALs), similar to PRONAF's Municipal Rural Development Councils (CMDRs) but with different juridical forms.

The GALs are composed of local, provincial, regional, and national public and private institutions, in a manner designed to reflect the territory's different social-economic segments. In terms of decision-making, public administrators and elected proxies can not make up more than half of the Group's local partners. Though public powers control their articulation and implementation, projects assisted through the Local Action Groups, especially after LEADER II, depend on significant local population involvement.

According to an evaluation of LEADER II initiatives in Andalusia (IESA-CSIC: 1999), the GAL project's first phase was essentially the work of the political class. However, after LEADER II, the projects were designed by a more representative group of individuals and associations that included commercial and entrepreneurial organizations, agrarian cooperatives, the young, the aged, and women's associations among others.

Another remarkable characteristic of the GAL approved projects is their alternative character, emphasizing tourism initiatives, the promotion of local products and crafts, and the value of local natural and cultural resources. As stated in LEADER Program documents, the main specificity of the rural world is diversity - the heritage of a long, rich, and diverse history. This specificity is what tends to be transformed into a commodity, benefiting the local population and territory because the population itself manages it, rather than enormous production and distribution networks. Exchange between and within the territories assumes a central role in the LEADER Program as it creates a network of local development agents, overcoming the rural-urban dichotomy.

#### **4. PRONAF and the Possibilities of Local Development in Brazilian Context**

Created in 1996, PRONAF is intended to *“create conditions to increase productive capacity, generate employment, and improve*

*incomes.*” A Brazilian Government program for rural development, PRONAF is based on an explicit acknowledgement that if family agriculture is able to absorb excess labor, rural workers will stay in agricultural areas, thus avoiding the possible increase of urban tensions resulting from rural exodus. We have to recognize that this program is also a reflex to the impact of social movements linked with the rural segment, a segment that has been demanding – after decades of ineffective, discriminatory credit policies – a policy adapted to their needs.

Whether PRONAF was created as a reflex or not, it clearly fits within the debate over rural development and agrees with the World Bank’s view that new public policies must be oriented to increase already existing local potential. According to Vilela (1997), the concept of rural development – a corollary of the World Bank’s orientation – is a “mix of public and private activities” differentiated from the modern agricultural segment that searches for competitiveness according to market rules. Vilela determines that this conception is in perfect harmony with Minimum State, neo-liberal principals that advocate private initiative and the deregulation of commercial activities.

Although it does not fall upon us to discuss the limits of this development concept, we recognize that macro-economic determinants, which strongly reflect a neo-liberal orientation, and the insertion of Brazil into the international economic context delimit local development possibilities. Our purpose, however, is restricted to a discussion of the potentials and limits of PRONAF as it has been constructed.

PRONAF acts in many different areas, three of which are delineated below

PRONAF Credit makes resources available to the family farmer with loans at below market interest rates: up to R\$5,000 for the family farmer’s production costs and up to R\$15,000 for the family farmer’s investments. The selection of recipients is based on the following criteria:

- The use of a labor force made up of family members with no more

than two hired employees.

- The use of a minimum of 80% of the family income provided by agriculture, fishing, and extraction activities.<sup>11</sup>
- The families must live either on the property or in a nearby town.
- The families can have the maximum of four fiscal modules of land.

The credit is granted according to these criteria, and the producers must acquire a certificate from either a rural union or a governmental rural extension entity to affirm that they are going to cultivate the land with their own and their family's labor.

The second and more important PRONAF section is Infrastructure and Service. This section has two goals: One is to provide the rural families with the infrastructure to increase their income and create external savings; the other is to reinforce the organizational capacity of agents either directly or indirectly linked with family agriculture through participation in Municipal Rural Development Councils (CMDRs).

The Infrastructure and Service section's priorities are rural and micro-urban municipalities with a 1997 population of under 25,000. Specific municipalities are selected according to the following criteria:

- The proportion of the number of properties with less than 200 inhabitants to the total number of properties must be smaller than the state average.
- The proportion of the rural population relative to the total population must be larger than the state average.
- The agricultural production value per occupied person must be below the same relation within the state.

A third PRONAF section is Qualification, which seeks to provide the producers and their families with

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<sup>11</sup> This criteria has been reduced over recent years. Now the Government attends the producers' demands through the leaderships, specially the National Confederation of Agriculture Workers (CONTAG) leadership and through the recent researches that points out the importance of the employment and income generation in rural non-agricultural activities.

- the knowledge to elaborate Municipal Rural Development Plans,
- the knowledge, skills, and technology necessary to produce, industrialize, process, and commercialize their products, and
- innovative experiences in education, professional training, and technology coherent with the necessities of family agricultural activities (IPEA 1996:10).

Credit, Infrastructure and Service, and Qualification are the three PRONAF segments through which it tries to guarantee better conditions for the insertion of family producers into the economic market. However, within the logic of its operation, especially the operation of PRONAF Infrastructure and Service, there is an implicit understanding that this insertion necessarily deals with the strengthening of the producer's capacity to organize. The strengthening of family agriculture is defended by PRONAF documents as a way of guaranteeing the dynamics not only of rural areas but also of the whole micro-urban universe.

One thousand and eighteen municipalities have been selected for PRONAF assistance. The selected municipalities must create their own Municipal Rural Development Councils (CMDR). The CMDR then must develop an analysis of the municipality and its local family agriculture segment, which is used to elaborate a Municipal Rural Development Plan (PMDR) setting out the direction and strategies for local rural development. It also falls to CMDR to design Work Plans (PTs), which delineate proposed activities and annual resource disbursements for approval by the PRONAF Executive Secretaries.

The CMDR, regulated by municipal laws or mayoral decrees, receives their general orientation from PRONAF. This orientation contains rules that mandate that family producers must make up a minimum of 50% of the Council (suggesting 10 counselors) and that the remaining counselors must be chosen by agents from other government boards (Health, Education, etc) or be proxies representing municipal public power, financial institutions, rural extension services,

or other agents with activities connected with family agriculture.<sup>12</sup>

According to this scheme, CMDR's counselors together with the local society must act as agents to define and build programs that lead toward community and local development. These actions must go farther than the simple use of the annual PRONAF resources.

The criteria used to select municipalities for PRONAF assistance results in the prioritization of rural and micro-urban municipalities where approximately one third of the Brazilian population now lives (IBGE data). It is important to remark that the exclusionary characteristic of agricultural modernization policies - that especially benefit producers integrated with agro-industrial chains - contributed to the urban development of great number of small municipalities that previously had previously placed a strong emphasis on family agriculture. These communities have now been painted with a superficial coat of agriculture modernization.

In municipalities where agricultural modernization took place more intensively, the urbanization process, oriented to the new rural needs, is more perceptible. According to Santos (1992), the economy of these cities – as locus for transformation in the field – has grown and diversified. As these cities' urban infrastructure has improved, their resident population's values and consumption patterns have been modified while strong ties to agricultural endeavor have been maintained. However, the condition of small municipalities at the fringe of the modernization process, those whose basis is family agriculture, is quite different. The majority of the PRONAF selected municipalities, these fringe municipalities, face huge structural difficulties that are the result of weak urbanization.

According to Veiga (1998:163), the World Bank assumes that one of the obstacles to the emergence of rural development is “*an incipient political presence of the rural poor and the precariousness*

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<sup>12</sup> According to IPARDES (2001) research, 80% of the Paraná Councils were instituted by some Municipal Law, while 20% were created by some prefecture decree.

*of transportation and communication infrastructure.” In this context, “it is quite frequent that these populations face huge obstacles in terms of political dynamics when they want to express their preferences.”*

Although it is important to recognize that the most general PRONAF proposals, (which deal with the stimulation of a pro-active culture of rural development outside the strictly local base) are positive, it is also important to evaluate the capacity of PRONAF to create a “cultural society” to achieve local development in the context of precarious material, social, and organizational conditions. Our point of view is that a united rural society will guarantee the sustainability of agreed upon long-run development strategies. The main challenge to PRONAF’s Infrastructure and Services section is to develop its own and the local population’s capacities and abilities and to define strategies that go beyond the simple use of annual PRONAF resources.

Improvement of PRONAF assisted municipalities and their agricultural segments cannot be understood as a mere result of this program. If so, we would have a false evaluation. We believe that these municipalities’ success or non-success, expressed in the advance of or impediments to family agriculture, must be perceived within the general context in which family agriculture is inserted.

A study being carried out in eight municipalities in the state of Paraná, Brazil — that are characterized by distinct development patterns (seven of them targeted by PRONAF Infrastructure and Service) — presents important conclusions that explain the local development pattern (IPARDES, 2001). According to the authors, the micro-regional (the boundary) framework regulates and even determines local development possibilities. From this context, the main factors determining development are the conditions and means of transportation, emphasizing that community settlement at important road intersections facilitates communication, transportation, marketing, health assistance, and access to education. Besides these site specific characteristics, the municipality’s

own characteristics – such as the presence of industries, a balanced agrarian structure, degree of urbanization, initial capitalization, cultural level, and social cohesiveness – contribute to explain its development.

IPARDES' work surveyed the socio-economic condition of rural family agriculture showing that technical assistance, access to electricity and credit, and a favorable natural environment are factors that promote greater development of both family farm production and the local municipality. The study also found that development is affected by the presence of larger, market oriented agricultural producers, active economic organizations, and agro-industrial facilities.

IPARDES' study shows that the efforts of PRONAF Infrastructure and Services section would be better rewarded in municipalities that already have basic infrastructure and a somewhat dynamic rural and urban environment. This implies that evaluation of the Program's success cannot be determined by an examination of the short-term results of its actions, as increasing dynamism and improving infrastructure are not short-term projects. A productive and effective evaluation must permit the identification of the Program's critical points and be able to assess their appropriateness to its general objective: the strengthening of the agents' organizational ability and their capacity to take positive action whether directly or indirectly linked with family agriculture, especially in those municipalities where the constraints on family agriculture — expressed by low dynamism — are greater.

## **5. Components for a Preliminary Evaluation of the PRONAF Infrastructure and Service Section**

In the second semester of 2000, the authors participated as part of the staff of instructors offering qualifying courses in the states of Goiás and Minas Gerais to Municipal Rural Development Council (CMDR) members from municipalities receiving PRONAF

Infrastructure and Service support.<sup>13</sup> As part of the instructional staff we had access to the Municipal Rural Development Plans of the municipalities to which we offered CMDR training courses.

Although it is not yet possible to evaluate the Program on a large scale, we can put into evidence some concerns raised by PRONAF counselors and technicians, State secretaries, and leaders of the State Federations of Agriculture Workers from throughout the country.<sup>14</sup> We also make use of the instructional staff evaluations of a qualifying course offered to CMDR council persons in the state of Paraná, as summarized in a document published by IPARDES (sponsored by EMATER-Paraná/DESER).

Finally, our work was benefited by two Qualification Course Evaluation Workshops we attended in July of 2001. Organized by the Brazilian Secretary of Family Agriculture, the workshops assembled Qualification Course instructors, CMDR counselors, and representatives from PRONAF's State Executive Secretaries and the Agriculture Workers Federation.<sup>15</sup> One workshop took place in Florianópolis, and included representatives from the states of Rio Grande do Sul, Paraná, Santa Catarina, Sao Paulo, Minas Gerais, Goiás, Mato Grosso do Sul, Distrito Federal, Rio de Janeiro and Espírito Santo; the other took place in Fortaleza, and included representatives from the remaining Brazilian states in which the Qualification Course is offered.

It is important to note that the Qualifying Courses focus on the need to stimulate a wide ranging discussion in each CMDR. This discussion is to focus on rural development and the role of agriculture in the development process. The Course instructors stress the CMDR's importance as a channel for articulation of the municipality's needs while

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<sup>13</sup> The courses in these two states were oriented by Professor Doctor Antonio César Ortega, at the Economics Institute of the Federal University of Uberlândia. Six others professors constituted the staff. This staff was part of a bigger group at Fundação Lyndolpho Silva, that coordinated the qualification courses in several states (United Nations Program for Development – PNUD – BRA Project/98/012). In Goiás, the FLS remained with all the lots put in public tender (21 municipalities), while Minas had six lots (16 municipalities).

<sup>14</sup> It is not redundant to register that the opinions stated in this work are of exclusive responsibility of the authors.

<sup>15</sup> 826 municipalities of 1,026 of PRONAF Infrastructure and Service participated of this qualification phase. The remaining must participate in a second phase.

strengthening its social capital.

We next present the five points we distinguished as most important to the evaluation of PRONAF's Infrastructure and Services section.

**a) Are the CMDRs and the PMDRs of a merely formal nature?**

According to a study by the Brazilian Agrarian Development Ministry – that tried to contextualize PRONAF's targeted municipalities even before the qualification courses had taken place in 2000 – the great majority of targeted municipalities had already conducted qualification courses in “CMDR Competence” and “Municipal Rural Development Plan (PMDR) Elaboration.” We verified that these courses had not been able to provoke significant changes in the graduates' capacity to elaborate or manage development plans. The counsel persons who had received training still not have clear notion of what was required in a development plan. We observed that the debate over the role of the CMDR, consultative or deliberative, showed a lack of knowledge of the Program's legal requirements. Beyond that, even when the answer was that the CMDR is a deliberative body, we observe that a restriction related to the subjects addressed to PRONAF diminished the Councils effectiveness.

When dealing with PRONAF resources, the Council role is restricted to questions concerning the decisions that need to be formally forwarded by the CMDR to PRONAF higher authorities for approval; the CMDR does not have the autonomy to promote a development process using PRONAF resources without prior approval from these higher authorities. Based on the assumed CMDR role as a government force for development, its actions must go farther than those of a purely consultative body. It was foreseen as an organization that promotes discussion and agreement between local actors to guide community development toward positive actions; however, this is not yet the reality in the great majority of CMDRs. A revealing statement by one of the

counselors interviewed by an IPARDES/DESER Researcher (2000) concludes with the statement that, “The CMDR is deliberative when the subject is PRONAF and consultative when it presents its needs to the mayor and city council.”

Nonetheless, we verified that the CMDRs remain a necessary institution as they control the final dispersion of many resources directed toward obligatory infrastructure development.

Several aspects of the local reality and CMDR operation explain the difficulty experienced when trying to transform these councils into a space for the determination and expression of common interests, that is, as a *locus* of a “territorial pact” that can define and implement local development actions. The main cause of this difficulty is the counselors’ lack of experience managing democratic councils. In council meetings, it was found that the various institutional technicians and technical assistance workers intimidated the other participants, especially the family farmers.

These aspects become more visible when we analyze the PMDRs, which were usually written by those technicians.<sup>16</sup> The Plans are full of generalities, much more a bureaucratic document than a guide to development; and in most cases they minimized both community and CMDR member participation. Even when these constituents are able to more fully participate in discussion, this participation it is not reflected in the completed Plan. The development plans are standardized, not reflecting the local situation or defining an individualized path for development. It is also interesting to observe that the counselors seldom declare that they had to constrain debate within the community to leave them time to draft their PMDR. As a rule, not only the PMDR but also the CMDR are mere formalities.

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<sup>16</sup> At the time we offered the courses, in the activities that included the PMDR, we observed the counselors lack of familiarity with the document and with the contents itself. The same observation was made by the qualifiers working with the Paraná CMDRs (IPARDES, 2000).

## **b) The Freedom to Approve a “Guide Idea”**

There are differences between CMDRs. In municipalities that have experience with united action, where associations represent family producers – a more homogeneous group than found in rural unions<sup>17</sup> – the CMDR members appear to have a better perception of their community’s problems and the capacity to debate them from a broader perspective. They understand the importance of a debate that thoroughly addresses local development issues and, in some cases, goes beyond the municipalities’ border to find solutions. But this perception, even clearly identified, rarely results in more or more relevant action by the CMDR. In other words, heightened awareness does not lead to a greater capacity to solve community development problems and efficiently utilize resources available from PRONAF infrastructure improvement programs.

A great number of PRONAF assisted municipalities have found themselves at the margin of public policies implemented through the Brazilian Agriculture Conservation and Modernization Program. This marginalization has brought about a perverse equation of exclusion, precariousness, and lack of alternatives, leaving the locals alienated and increasing organizational difficulties. From this context, one asks if PRONAF via the CMDRs is capable of uniting their constituents into the “knot of solidarity” needed to arrive at coordinated, pro-development actions?

Prevaricating, it is possible to make some preliminarily remarks based on our experiences and our analysis of data compiled by the Brazilian Secretariat of National Family Agriculture. The Evaluation Workshop from Florianópolis helped in our evaluation of training courses and development programs created by counsel persons, State Executive Secretaries, and technicians from Program partners, such as CONTAG

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<sup>17</sup>In Brazil, the rural union laws incorporate family producers and for wage workers in the same Union.

and PNUD, for implementation in the states of Central Brazil.

We first observed that development actions are exclusively addressed to the provision of basic infrastructure to rural municipalities but that the local economy was not favored when making project expenditures, thus, ignoring these expenditures multiplier effect on local employment and income generation. For instance, a Plan will generally not specify that metal smiths in the local community be given the contract to provide cattle-guards to improve road safety in an adjacent rural area. Were this conditioned in the contract, employment and income in the neighboring community would be certain to increase, which would then be positively reflected in increased demand for other local products and services.

The projects implemented by LEADER, for example, as they do not contain an implicit rural-urban division, are discussed by the locale's broad spectrum of actors prior to implementation, incorporating alternatives suggested by both the rural and urban residents. The projects considered "innovative," such as the promotion of rural tourism or agro-industrialization, come from proposals intended to generate both rural and urban employment and income, especially among young people. Unfortunately, the Brazilian CMDRs seem reluctant to expand the discussion of local development, resulting in the creation of a next to useless PMDRs.

According to Abramovay (1999), it is important to mobilize the actors around a "guide idea" that involves the whole community, from project definition to elaboration and execution. This mobilization must represent the unification (even through often conflictive) of both urban and rural interests. The CMDR should become a space of agreement and focus, to create a territorial pact that goes beyond the established exigencies of PRONAF rules mandating the allocation of resources to rural regions exclusively. Evidently, there is another policy decision to be debated: is there a need to transform a public policy addressed exclusively to rural regions into a more territorial development policy?

### c) The Role of Official Technical Assistance

When analyzing the role of official technical assistance agencies in the CMDRs, we noticed that their participating technicians emphasize the need for family farmers to incorporate the hegemonic technological production pattern, that is, techniques of the “Green Revolution.” Their efforts also seek to transform these family producers into rural entrepreneurs motivated to improve their skills and professionalism.

It is very common that although the counselors develop a relationship with the technicians, often expressing their gratitude for the assistance the technicians give and the work they have done, the technicians’ message concerning the need for more efficient agricultural production and the benefits of agro-industrialization do not seem to be effectively incorporated by the family producers. Evidently, the recommendations of official technical assistance providers are based on their individual skills and their agencies’ orientation rather than their clients’ capabilities or interests. It is important to note that the technicians we observed demonstrated an agrarian bias toward rural development linked with the “Green Revolution.”

We found that when the technician tries to disseminate alternative proposals for rural development, they do not arouse local interest. This fact gives rise to two concerns. The first, related not only to rural policies<sup>18</sup> but also to technicians and producers, deals with the strong “agrarian bias” that tilts discussion away from non-agricultural development activities or even non-traditional agricultural activities, branding them undesirable alternatives.<sup>19</sup> The second concern relates to the gap between the technicians’ vision and the agricultural workers reality. It was found that although the rural population recognizes that

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<sup>18</sup> Through the pressure of reality, PRONAF Credit incorporates non-agricultural activities addressed to tourism and leisure among the activities to which its financing may be offered.

<sup>19</sup> It is interesting to observe that this defense of agriculture *per se* was also defended by entities representing European agriculture workers when the LEADER Program and Common Agrarian Policy Reform (PAC) were launched (Baptista, 1993 and 1997).

technical assistance is valuable, it doesn't appear relevant. This divide often leads to the creation of development projects that bear no relationship to the rural area's real needs and potential or the implementation of the wrong solution based on inappropriate priorities. For instance, the CMDRs in Goiás' decided to build 26 small agro-industrial plants to process flour and fruit, but only three are operating. The remaining plants were closed due to a lack of raw material. In this case, the construction of the plants to process a product that no one was interested in producing was a waste of resources.

It is important to remark that the current economic situation of the majority of state technical assistance and rural extension agencies – whose operating resources are scarce – has led to their strong dependence on municipal resources. Based on mutual need, a close relationship has been built between municipal powers and these state agencies, often resulting in the common use of public buildings, vehicles, fuel, and even workers. But, as this relationship has grown, it has further separated rural family farmers from agency technicians. The technicians are often seen as only an additional city hall proxy within the CMDR, making it harder and harder to fulfill their role as unbiased advisers assisting the councils to arrive at rational development alternatives.

#### **d) PRONAF and its Capacity to Reduce the Democracy Deficit**

According to Abramovay (1999), the CMDRs are confronted with several political problems, among which we may cite their difficult relationship with local public authority, especially local mayors. The feeling is that the CMDR represents a threat to the local authority's power; thus, the local authorities strive to keep the Council under their control.

Research by IPARDES (2001) reinforces this argument by pointing out that though municipal government representatives make

up about 16.85% of the CMDR, in half of the researched cases the CMDRs' president was selected by the Municipal Secretary of Agriculture and was indirectly determined by the municipality's mayor. According to the same research, 75% of the council's executive secretaries are EMATER technicians who maintain a close relationship with local government. The councilors themselves are intimidated by the realization that their mandate depends on local government, as the designation as CMDR Councilor is determined through local government decree.

In rural communities, the decision making processes is controlled more by the local bureaucracy than by the local constituency. We conclude that the CMDR experience has not yet contributed to significantly change this and increase democratic participation within these small municipalities. However, we found that the qualification courses, offered as they are throughout the country, have positive political repercussions.

The courses promote the exchange of ideas and improve the participants' problem-solving ability. By defining the functions, responsibilities, and authority of CMDR members, the qualification courses themselves made clear that the CMDRs are autonomous bodies, independent of local authority.

Obviously, in developing countries, especially Brazil, it is important to mention that there are critics who maintain that involving the poorer population in local activities is difficult at best and a waste of time at worst. According to Graziano da Silva (2001:56),

*“The fact is that everything looks solved when State resources are applied and the regulatory power is delegated to civil society locally organized. The euphoria is such that we forget to ask who exactly are the recipients of such powers in this local and supposedly organized society, as well as, what interests are effectively represented in it and how they really organize themselves.*

*If we take this into account, the process would be less than stimulating. Unfortunately, in non-developing countries only the old oligarchic interests are well represented at local levels.”*

Precisely because power in rural areas is concentrated, the role of the State to strengthen family agriculture continues to be of fundamental importance. The State can regulate local community participation in representative spaces, stimulate the organization of local democratic institutions, and determine resource allocation in support of rural, non-agricultural, non-traditional activities.

*“...It is necessary to recognize that administrative and economic policies are not sufficient to strengthen the power of the now emerging new social actors. It is also necessary to create new mechanisms to facilitate the local populations’ participation beyond the formal creation of ‘development councils’ in which the actors may only express their opinion about the destiny of funds transferred by local government.” Graziano da Silva (2001:57),*

### **e) Credit Access Difficulties**

Through our contacts with the CMDRs, we observed that one of the main factors constricting PRONAF’s ability to strengthen rural society is the difficulty the target population encountered when trying to access PRONAF Credit (PRONAF C). All the municipalities faced the problem of meeting bank collateral requirements, making the loans much more expensive.<sup>20</sup> Also, according to Abramovay (2000), the Program is expensive and some of its high administrative costs have been passed to the banks in the form of fees for the privilege of working with PRONAF resources.<sup>21</sup> This provides a disincentive to financial

<sup>20</sup> Official data show a low defaulter index: 2.5% of the PRONAF’s loans takers, which does not justify the bank’s position.

<sup>21</sup> In 1999, the administrative and equalizing costs of the R\$ 2 billion reais loan addressed to family agriculture figured R\$247 millions.

institutions that may consider working with the Program, thus further limiting access to PRONAF Credit.

Structurally more important, we observed that there is internal conflict between PRONAF credit lines. The PRONAF Infrastructure and Services section provides credit assistance to improve infrastructure and services that directly impact agricultural producers. Its benefits are directed toward poorer municipalities where family farmers have not been selected to get subsidized credit over past decades. As a result, the selected population was generally composed of those whose production was poor: the marginal producers. The objective of PRONAF Credit, as defined in an official document from 1999, is to reach transitional producers, the producers that are about to integrate into the agro-industrial chain, rather than marginal producers. Thus, family producers from municipalities selected to receive PRONAF Infrastructure and Services section assistance are those that are excluded from consideration for PRONAF Credit section assistance. We believe that this is a contradiction.<sup>22</sup> If the lot of family producers is to be improved, they need good infrastructure, good services, and access to all available financial resources.

Some alternative credit mechanisms have proved to be more effective and efficient. The main examples are micro-credit institutions, which are created through local and regional action to function as credit cooperatives. They substitute a bureaucratic credit worthiness evaluation for a personal evaluation based the clients' knowledge and confidence. These institutions reduce transaction costs, and by changing the evaluation process, they expand the poorer population's access to credit: Brazilians are not intimidated by bureaucracy; it is something that they well understand. The mobilization of local agents to create these micro-credit institutions – that operate with not only public resources but also

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<sup>22</sup>The FAO-INCRA (1994) document created a typology for family producers, separating them into three groups: the integrated (modernized), the transitional, and the marginal. PRONAF C is preferably directed to the transitional, and the family producers of the third type live in poorer municipalities.

local savings – is one of the main challenges to local development and to CMDR autonomy after PRONAF's four-year insertion.

## **6. Final Considerations**

Based on what we have presented, we believe that Brazilian rural development policy must be considered as a strategic and fundamental axis for local development. However, the contribution of government programs directed toward the creation and success of local development, such as PRONAF Infrastructure and Services section, must be evaluated. One must ask if PRONAF is helping rural society to overcome economic difficulties while facilitating the construction of a territorial pact between different interests. Does the Program have the “social-territorial” capacity to articulate the vision of several diverse interest groups to create a viable local development project?

As we tried to show, critical aspects of the PRONAF Infrastructure and Services section are problematical. Among them is the lack of coherence between this PRONAF section - addressed to small, agriculturally based poor municipalities that are marginally inserted into the agricultural product markets - and the PRONAF Credit section - that clearly favors transitional producers by financially promoting their insertion into the mainstream of agricultural production.

PRONAF's design also fosters inefficiency. In the municipalities receiving PRONAF Infrastructure and Services section support, resources for projects to improve infrastructure cannot be addressed to agricultural and non-agricultural production, thus discounting what may be an efficient blend of resource utilization.

Without broad based support, it is illusionary suppose that a specific rural development policy such as PRONAF will be able to launch its client municipalities on the path toward development and promote social recovery. Development, even when locally supported,

depends upon a broad alliance of interests that, although counting on local agreements, have to assume a national character. However, we wish to emphasize that, even with its limits as a rural development policy, we believe PRONAF Infrastructure and Service section has had an impact on many localities.

We feel that the great contribution of Europe's LEADER rural development program is that it helps to insert family producers into alternative product and services markets. For many reasons, we do not believe that it is possible to move family agriculture (and its small municipalities with their precarious infrastructure and low urban dynamism) from the margin of the modernization process into a position as an intensive-producer and food-supplier to big agro-industrial chains.

If, for the great majority of the rural population – that Graziano da Silva (1994) called “poor people of the field” – development and growth via agricultural modernization is a pipe dream, it is urgent that thinking begin in terms of alternative development types, such as the production of non-traditional products, the provision of services, and the development of small agro-industries and handicrafts.

According to Veiga (2000),

*“There is no rural development that is independent and apart from urban development, in so far as there is no agrarian development without commercial and industrial development. Development is a complex and multifaceted process that imposes the need to analyze the rural-urban division without implying that the categories can exist as separate concrete phenomena.”* Veiga (2000:12).

Thus, public policies that intend to stimulate the participation of local society to define its own destiny cannot make a merely methodological division that limits rural development possibilities to strictly agricultural pursuits and sees rural as unconnected with urban. Policies that separate the urban from the rural insure the success of neither, for one supports the other and the impoverishment of one

impoverishes the other. Indeed, rural development policy must try to obviate the rural-urban dichotomy, especially when dealing with small rural municipalities, such as those supported by the PRONAF Infrastructure and Services section. According to Veiga (2001), those municipalities depend either directly or indirectly on agriculture to generate employment and income.

It is important to recognize that, either by design through a fault in execution, there is a strong agricultural bias in the PRONAF Infrastructure and Services section. It appears that the Program operates with an abiding faith that agricultural production is the way to guarantee better living conditions for rural residents. This bias is shown in public policy, by public organs that represent the rural producers, and in the technical support staff's training programs.

We believe that family agricultural producers have little faith that rural income generation alternatives will come from market evaluations, technical support, or the orientation of public policy; they have experienced just the opposite. For the great majority of traditional rural family farmers and workers, the decision to enter into agricultural activity was not the result of a resource assignment decision based on a cost-benefit analysis; it has become their way of life, the basis of their society. If it is true that market logic has constantly made their way of life invalid and strengthened the rural exodus, it is also true that the social "rescue" of this segment - through a development policy that is not exclusively agricultural - is still possible. Paraphrasing Baptista (1993), the future is the path you build every day; and this path, as Antonio Machado said, is built by going.

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