

INDEX

Preface
Map of localization
Summary
Index
List of tables and figures
Abbreviations

Chapter 1 GENERAL ASPECTS OF THE STUDY

1.1	Context of the study	1	-	1
1.2	Background of the study.....	1	-	2
1.3	Objectives and scope of the study	1	-	3
1.3.1	Objectives of the study	1	-	3
1.3.2	Scope of the study (study areas).....	1	-	4
1.4	Study execution structure and methodology	1	-	5
1.4.1	Structure for study execution	1	-	5
1.4.2	Execution methodology of the study.....	1	-	7
1.5	Report structure.....	1	-	8

Chapter 2 BACKGROUND OF THE CERRADOS AGRICULTURAL DEVELOPMENT

2.1	Challenges and background of the development of Cerrados in Brazil.....	2	-	1
2.1.1	Cerrados – characteristics and regional distribution.....	2	-	1
2.1.2	Factors promoting the agricultural development of Cerrados	2	-	4
2.1.3	Changes in Cerrados agricultural development programs and characteristics.....	2	-	7
2.1.4	Evolution of the economic development policies in Brazil.....	2	-	9
2.1.5	Transformations in agricultural development policy and characteristics	2	-	13
2.2	Background of Japanese cooperation for Cerrados agricultural development with emphasis on the impact caused by international market trends	2	-	26
2.2.1	Factors that promoted the Japanese participation in Cerrados agricultural development.....	2	-	26
2.2.2	Importance of soybean introduction as a main crop.....	2	-	29
2.2.3	Agricultural development projects through ODA (Official Development Assistance) from the Japanese government	2	-	30

Chapter 3 CONTENTS AND ACHIEVEMENTS OF PRODECER

3.1	General aspects of Prodecer.....	3	-	1
3.1.1	History of the Prodecer execution.....	3	-	1
3.1.2	General aspects of the Prodecer execution	3	-	3
3.1.3	Characteristics of Prodecer	3	-	6

3.2	Structure of Prodecer financing.....	3	-	8
3.2.1	Financing scheme.....	3	-	8
3.2.2	Steps for the financing provision.....	3	-	10
3.2.3	Financing conditions to the producers.....	3	-	11
3.3	Management of Prodecer.....	3	-	14
3.3.1	Role of CAMPO as execution coordinator company.....	3	-	14
3.3.2	Colonization method with the cooperatives leadership.....	3	-	16
3.4	Contents and achievements of Prodecer.....	3	-	19
3.4.1	Investment and results.....	3	-	19
3.4.2	Results and evolution of Prodecer agricultural production.....	3	-	22
3.5	Other aspects of Prodecer.....	3	-	25
3.5.1	Soil-climatic aspects.....	3	-	25
3.5.2	Land plots and producers.....	3	-	27
3.5.3	Rural administration.....	3	-	29
3.5.4	Issues of agricultural farm household management -Indebtedness of Prodecer borrowers-	3	-	34

Chapter 4 OTHER JAPANESE - BRAZILIAN COOPERATION PROJECTS FOR THE AGRICULTURAL DEVELOPMENT OF CERRADOS

4.1	Technical cooperation (JICA/CPAC).....	4	-	1
4.1.1	Background and history.....	4	-	1
4.1.2	Contents and achievements of technical cooperation.....	4	-	3
4.1.3	Environmental monitoring of Cerrados.....	4	-	11
4.1.4	Relationship to the rural extension system.....	4	-	13
4.2	Technical cooperation between JIRCAS and EMBRAPA and between JIRCAS and other organizations.....	4	-	22
4.2.1	Background and history.....	4	-	22
4.2.2	Contents and achievements of technical cooperation.....	4	-	24
4.2.3	Relationship with the rural extension system.....	4	-	26
4.3	PROFIR – Program of irrigation equipment financing.....	4	-	27
4.3.1	Background and history.....	4	-	27
4.3.2	Contents of cooperation.....	4	-	28
4.3.3	Results of the program.....	4	-	29
4.4	Rural electrification project of the Goias state.....	4	-	31
4.4.1	Background and history.....	4	-	31
4.4.2	Contents of the project.....	4	-	32
4.4.3	Achievements and results of the project.....	4	-	33

Chapter 5 AGRICULTURAL DEVELOPMENT OF THE CERRADOS REGION AND THE IMPACT OF PRODECER

5.1	Present situation of the Cerrados region agricultural development	5	-	1
5.1.1	Formation of a new agricultural potential based on soybean cultivation	5	-	1
5.1.2	The trends of soybean cultivation expansion	5	-	3
5.1.3	Influence of commercial and export corridors.....	5	-	5
5.1.4	Performance of multinational grain companies in the Cerrados region.....	5	-	9
5.2	Prodecfer impact on regional development	5	-	14
5.2.1	Position of Prodecfer in the Cerrados region.....	5	-	14
5.2.2	Prodecfer impact on regional development.....	5	-	16
5.2.3	Impact on regional agriculture	5	-	23
5.2.4	Comparing Prodecfer to other colonization projects in the Cerrados region.....	5	-	27
5.3	Impact on the environment.....	5	-	30
5.3.1	Brazilian ecosystem and the influence of agricultural development.....	5	-	30
5.3.2	Impact on Amazon regional environment due to Cerrados development	5	-	35
5.3.3	Prodecfer commitment to environment conservation	5	-	36
5.4	Impact of Prodecfer on the country' s economy and agriculture.....	5	-	40
5.4.1	Contribution to export and development of soybean product related sectors ...	5	-	40
5.4.2	Development of agro-industry mainly based on the soybean processing and livestock husbandry sectors.....	5	-	42
5.5	Impacts of Prodecfer on international markets -Focusing on increases in soybean production in Brazil-	5	-	47
5.5.1	Soybeans	5	-	47
5.5.2	Soybean meal and soybean oil.....	5	-	49
5.5.3	Increases in exports of livestock products.....	5	-	51
5.5.4	Contribution to world market prices	5	-	52
5.5.5	Contribution to Japan.....	5	-	55

Chapter 6 EVALUATION OF PRODECER

6.1	Evaluation of Prodecfer	6	-	1
6.1.1	Verification of results through PDM	6	-	1
6.1.2	Consolidation of existing evaluations	6	-	5
6.1.3	Prodecfer evaluation according to the five evaluation items	6	-	6
6.2	Impact of the soybean production increase in Brazil (on the market and on international prices)	6	-	9
6.2.1	Economic approach with econometric analysis.....	6	-	9
6.2.2	Evaluation of scenario impacts on Japan imports	6	-	12
6.3	Issues of Prodecfer	6	-	15
6.3.1	Indebtedness in Prodecfer.....	6	-	15
6.3.2	Stability/consolidation of CAMPO.....	6	-	26

Chapter 7 PERSPECTIVES AND CHALLENGES FOR DEVELOPMENT OF CERRADOS REGION

7.1	Potential of grain production.....	7 - 1
7.2	Potential of soybean products production expansion and export	7 - 2
7.2.1	Possibility of soybean products export	7 - 2
7.2.2	Challenges for soybean export of processed products	7 - 3
7.3	Potential and trends of maize production.....	7 - 13
7.3.1	Trends of production and consumption	7 - 13
7.3.2	Possibility of production expansion	7 - 14
7.4	Potential of cotton production.....	7 - 15
7.4.1	Expansion of cotton cultivation through the development of appropriate varieties	7 - 15
7.4.2	Possibility of cotton production increase	7 - 16
7.5	Potential of the coffee production.....	7 - 17
7.5.1	Tendencies of production	7 - 17
7.5.2	Challenges for coffee production.....	7 - 18
7.6	Poultry potential.....	7 - 19
7.7	The potential of swine husbandry	7 - 21
7.7.1	Tendencies of production and consumption.....	7 - 21
7.7.2	Production potential and increase of exports	7 - 21
7.8	Potential of forestry exploitation	7 - 22
7.9	Potential of fruits production.....	7 - 23
7.10	Potential of sugar cane production.....	7 - 24
7.11	Challenges, from agricultural technology, environmental preservation and ecosystem protection viewpoints for the development of a sustainable agriculture	7 - 25
7.11.1	Challenges for the development of agricultural technology	7 - 25
7.11.2	Environmental protection.....	7 - 27
7.11.3	Commitment to ecology preservation - protection through ecological corridors-.....	7 - 30
7.11.4	Protection of the indigenous population	7 - 31
7.11.5	Other protection areas and the environmental education	7 - 33

Chapter 8 CONCLUSIONS

8.1	Results of Cerrados agricultural development	8 - 1
8.2	Prodecer characteristics and challenges	8 - 3
8.3	Perspectives of the agricultural development in the Cerrados region	8 - 4

ANNEXES

A-1 Terms of Reference (Scope of Work - S/W)

A-2 Joint notification

A-3 List of organizations and persons contacted for the elaboration of the report

LIST OF TABLES AND FIGURES

TABLES

Chapter 2

Table 2.1.1	Cerrados area per federation unit and participation in the total	2 - 2
Table 2.1.2	Occurrence of soil classes associated to the types of vegetation in the Cerrados	2 - 3
Table 2.1.3	Evolution of annual interest rates (%/year)	2 - 11
Table 2.1.4	List of exports of main products (1964-1982) in million US\$.....	2 - 15
Table 2.1.5	Evolution of main agricultural production (growth rate : annual average).....	2 - 16
Table 2.1.6	Tariffs and subsidies system on exports of agricultural products and by-products (1975)	2 - 17
Table 2.1.7	Increase of rural credit (1971-1981) in Cr\$1million, at 1980 prices.....	2 - 19
Table 2.1.8	Rural debts according to borrower classification (1999, May).....	2 - 20
Table 2.1.9	Debts securitized by the bank of Brazil (1999).....	2 - 21
Table 2.2.1	Economic circumstances and trends of the international assistance in view of the Evolution of the main Brazilian development policies and the cooperation for Agricultural development with Japanese ODA resources	2 - 32

Chapter 3

Table 3.2.1	Financing conditions for producers, by phase, during the implementation	3 - 11
Table 3.3.1	Roles and functions of CAMPO	3 - 15
Table 3.3.2	Functions and main activities of Cooperatives.....	3 - 17
Table 3.4.1	Amount of project financing and expected production, per project	3 - 20
Table 3.4.2	Evolution of cultivation area and production volume of main crops in Prodecer.....	3 - 22
Table 3.5.1	Natural conditions (altitude, temperature, precipitation, soil, vegetation) of Prodecer projects	3 - 26
Table 3.5.2	Number of producers settled since the beginning of the project; substitutions of ownership and respective percentage	3 - 28
Table 3.5.3 (1)	Characteristics of the rural administration in Prodecer I project.....	3 - 31
Table 3.5.3 (2)	Characteristics of the rural administration in Prodecer II project.....	3 - 32
Table 3.5.3 (3)	Characteristics of the rural administration in Prodecer III project.....	3 - 33

Chapter 4

Table 4.1.1	List of some researches related to the environment which are being carried out In a continuous manner by EMBRAPA-Cerrados	4 - 11
Table 4.1.2	CPAC achievements in rural extension activities - year 2000.....	4 - 16
Table 4.1.3	Grains yield with the introduction of gypsum.....	4 - 21
Table 4.1.4	Difference in grains yield using lime	4 - 21
Table 4.2.1	Evolution of no-tillage cultivation area in several countries (unit=1000 ha).....	4 - 27
Table 4.3.1	Results of PROFIR financing	4 - 29
Table 4.3.2	Number of PROFIR contracts according to producer size	4 - 30

Table 4.3.3	Number of PROFIR contracts according to financing bank.....	4 - 30
Table 4.4.1	Comparison between the planned and realized total project value, in Yen.....	4 - 33
Table 4.4.2	Evolution of the rural electrification coverage rate in Goias state	4 - 33
Table 4.4.3	Evolution of irrigated area in the coverage region of the rural electrification project of Goias state.....	4 - 34
Table 4.4.4	Evolution of the milk production volume and of the number of milking cows in the Goiás state.....	4 - 34
Table 4.4.5	Evolution of the electricity consumption in the agro-industrial sector.....	4 - 34

Chapter 5

Table 5.1.1	Volume of soybean handled by multinational companies in Bahia state.....	5 - 11
Table 5.1.2	Soybean crushing capacity in Bahia state	5 - 12
Table 5.1.3	Soybean crushing capacity, by state	5 - 13
Table 5.1.4	Participation of soybean processing companies in crushing and refining	5 - 14
Table 5.2.1	Comparison between production area, production volume and productivity of the Cerrados region main crops (1999/2000)	5 - 16
Table 5.2.2	Population evolution in the Cerrados region and in other regions.....	5 - 18
Table 5.2.3	Evolution of the population, annual budget and production value in Paracatu municipality	5 - 21
Table 5.2.4	Infrastructure situation in Paracatu municipality (2000)	5 - 22
Table 5.2.5	Number of participant producers of Prodecer and number of producers Settled on their own	5 - 23
Table 5.2.6	General aspects of other colonization projects in the Cerrados region.....	5 - 29
Table 5.3.1	Number of biologic species that inhabit the Cerrados region.....	5 - 32
Table 5.4.1	Percent participation of agriculture and livestock husbandry in relation to the total value of the agricultural sector production.....	5 - 45
Table 5.4.2	Evolution of per capita consumption of meat and eggs (kg/year)	5 - 45
Table 5.5.1	Volumes and shares of the top four countries in soybean exports from 1962 through 1996 (5 year average)	5 - 49
Table 5.5.2	Exports and shares of soybean related and livestock products from Brazil	5 - 52

Chapter 6

Table 6.1.1	PDM of Prodecer	6 - 3
Table 6.1.2	Explanation of the 5 evaluation items	6 - 6
Table 6.2.1	Impact of soybean production increase on international prices and on Japan (2001).....	6 - 13

Chapter 7

Table 7.1.1	Potential of the agricultural production in the Cerrados region	7 - 1
Table 7.2.1	Soybean production cost in the USA (1998-1999)	7 - 9
Table 7.4.1.	Expansion of the cotton cultivation area in Mato Grosso and participation of CNPAITA 90 in harvests from 97/98 to 2000/2001	7 - 17
Table 7.5.1	Characteristics of the Brazilian coffee cultivation – harvest 2000/2001	7 - 18
Table 7.11.1	Comparison of costs between crops rotation, rotation of crops/pastures and monoculture	7 - 27

FIGURES

Chapter 2

Figure 2.1.1	Cerrados area distribution.....	2 - 1
Figure 2.1.2	Cerrados classification by vegetation type.....	2 - 3
Figure 2.1.3	Cerrados precipitation distribution	2 - 4
Figure 2.1.4	Road system evolution	2 - 5
Figure 2.1.5	Distribution of the POLOCENTRO target-areas.....	2 - 8
Figure 2.1.6	GDP growth rate and changes in the rate of inflation	2 - 10
Figure 2.1.7	Evolution of the agricultural areas in Brazil.....	2 - 24
Figure 2.1.8	Evolution of the relationship among rural credit value, grain production volume and cultivated area.....	2 - 25
Figure 2.2.1	Evolution of food self-sufficiency level in Japan.....	2 - 27
Figure 2.2.2	Oscillation of actual prices of main grains and soybean over the last 40 years ..	2 - 28

Chapter 3

Figure 3.1.1	General aspects of Prodecer	3 - 5
Figure 3.2.1	Financing scheme of Prodecer and the functions of concerned organizations	3 - 8
Figure 3.4.1	Annual evolution of cultivation area, production volume and productivity of main Crops, per Prodecer phase.....	3 - 24

Chapter 4

Figure 4.1.1	Contents and achievements of the Japanese-Brazilian technical cooperation for the agricultural development by JICA	4 - 4
Figure 4.1.2	The main research themes and results of phase I of the “Technical-scientific support project for the agricultural development of Cerrados” (1977-1985).....	4 - 5
Figure 4.1.3	The main research themes and results of the Phase II of the “Technical-scientific support project for the agricultural development of Cerrados”	4 - 7
Figure 4.1.4	Main research themes and their results of the “Technical-scientific support project for the sustainable agricultural development of Cerrados focusing on the Management and conservation of natural resources”	4 - 9

Figure 4.1.5	Contents and indicators of the “Cerrados environmental monitoring”	4 - 12
Figure 4.1.6	System of agricultural technology research and diffusion and the cooperation relationships among the country's several organizations related to agriculture ..	4 - 14
Figure 4.1.7	Annual variation of soybean yield	4 - 20
Figure 4.1.8	Differences in root growth with the introduction of gypsum.....	4 - 21
Figure 4.2.1	Research themes and results of the project “Research of upland field crops production In Brazil”	4 - 24
Figure 4.2.2	Transition of joint research by JIRCAS	4 - 25
Figure 4.3.1	Program execution scheme	4 - 28
Figure 4.3.2	Results of Profir financing	4 - 30
Figure 4.4.1	Structure for the execution of the Goias state rural electrification project by OECF.....	4 - 32

Chapter 5

Figure 5.1.1	Evolution of the soybean, maize, coffee and cotton production in the Cerrados Region and their participation in national production	5 - 2
Figure 5.1.2	Evolution of soybean Production area in Brazil.....	5 - 3
Figure 5.1.3 (1)	Evolution of the production volume of the main agricultural products in the Cerrados Region, by state (soybean and maize)	5 - 4
Figure 5.1.3 (2)	Evolution of the production volume of the main agricultural products in the Cerrados Region, by state (coffee and cotton)	5 - 4
Figure 5.1.4	Expansion of the soybean producer region and diversification of the Commercial and export routes	5 - 5
Figure 5.1.5	Cost per type of transportation modality	5 - 6
Figure 5.1.6	Northwest corridor	5 - 7
Figure 5.1.7	Center-north corridor	5 - 9
Figure 5.1.8	Evolution of the soybean cultivation area and production in the state of Bahia ..	5 - 10
Figure 5.2.1	Population evolution of municipalities, per project	5 - 19
Figure 5.2.2	Urban perimeter expansion of the Luis Eduardo Magalhães municipality	5 - 20
Figure 5.2.3	Evolution on the number of students in Barreiras and Balsas municipalities	5 - 22
Figure 5.2.4	Photos of Balsas' school.....	5 - 23
Figure 5.2.5	Evolution of the production volume and soybean planting area in the Surrounding area to Prodecer projects	5 - 24
Figure 5.3.1	Classification of Brazilian ecosystems	5 - 30
Figure 5.3.2	Main water basins	5 - 33
Figure 5.3.3	Installation of a central pivot in the Preto river basins	5 - 35
Figure 5.3.4	Emigrants participation in the total population	5 - 35
Figure 5.3.5	Evolution of vegetation decrease.....	5 - 36
Figure 5.3.6	Community preserves and Individual's(; Micro-corridor) in the Pedro Afonso Project's of Prodecer III	5 - 39
Figure 5.4.1	Soybean flow from production to final product (data as of 1995).....	5 - 41

Figure 5.4.2	Evolution of production volume, processing volume and processing capacity of soybean	5 - 43
Figure 5.4.3	Evolution of the soybean processing participation, by crushing plant size.....	5 - 43
Figure 5.4.4	Evolution of the meat production (chicken, swine and bovine cattle).....	5 - 44
Figure 5.5.1	Production of Brazil and production share in the world production of soybean...	5 - 47
Figure 5.5.2	Export volume of Brazil and Export share in the world of soybean	5 - 48
Figure 5.5.3	Export volume and share of Brazil of soybean meal.....	5 - 50
Figure 5.5.4	Export volume and share of Brazil of soybean oil.....	5 - 51
Figure 5.5.5	Production area and productivity of soybean in U.S.A and Brazil.....	5 - 53
Figure 5.5.6	Monthly price movement of soybean producer in U.S.A	5 - 54
Figure 5.5.7	Main origin kind of imports of Japan of soybean.....	5 - 55

Chapter 6

Figure 6.2.1	Relationship between the increase of soybean production and the variation of the international market price (supply and demand relationship).....	6 - 10
Figure 6.2.2	Accumulated benefits to Japan of Prodecer	6 - 13

Chapter 7

Figure 7.2.1	Evolution of soybean complex export - Brazil	7 - 4
Figure 7.2.2	Difference of price paid to the Brazilian and Argentinean producers	7 - 5
Figure 7.2.3	"Marketing loan gains" and "marketing loan" of soybean in the USA	7 - 8