

Chapter 1

GENERAL ASPECTS OF THE STUDY

In 1979, Brazil and Japan started the PROGRAM OF JAPANESE-BRAZILIAN COOPERATION FOR THE AGRICULTURAL DEVELOPMENT OF CERRADOS (PRODECER) as a national joint project carried out by both the private and public sectors. Phases I, II and II of this program have been implemented and the program itself was completed in March 2001. At the completion of Phase III, both Countries' governments decided to carry out the "STUDY OF JOINT EVALUATION OF THE JAPANESE-BRAZILIAN COOPERATION PROGRAMS FOR THE AGRICULTURAL DEVELOPMENT OF CERRADOS" in order to confirm, from the macro point of view, the results obtained during more than 20 years of program implementations and thus to record them in the form of a report. The detailed rules for the execution of the Study are included in the document called S/W (Scope of Works) signed by both countries in October 2000. For the Study execution, the Japanese side installed, through JICA, the Japanese Consultative Committee, and in turn the Brazilian side installed the Brazilian Consultative Committee, through a Decree issued by the Ministry of Agriculture. In such fashion, the "JOINT JAPANESE-BRAZILIAN CONSULTATIVE COMMITTEE" was structured through the merger of these two committees, thus officially starting the survey works.

This Study mainly focuses on the analysis and evaluation of the impact of PRODECER. However, its contents are diversified covering the analysis of the background of the cerrados development process as well as its future challenges. This Chapter describes the reach, context, objective, execution background and execution structure of the Study.

1.1 CONTEXT OF THE STUDY

The total area of the Cerrados region which is spread out in the Brazilian Center-West Region is approximately 200 million ha (around 5.5 times the area of Japan). This large area originally presented strong acidity mainly due to the problems deriving from the existence of aluminum and the deficiency of chemical nutrients and was considered for a long time to be unproductive from the agronomic point of view. Nevertheless, through appropriate soil correction combined with a compensatory fertilization, these large areas were turned into productive ones. With the implementation of production infrastructure, it is thought that 120 million ha of Cerrados can be incorporated into the productive process. The Government of Brazil giving due attention to this development potential started, in the second half of the 70's, a consistent occupation process of the Cerrados aiming at orienting the Country's development inland and at the establishment of a new agricultural frontier in this region.

As a result of this development process in the last 25 years of the century, this region is at present being cultivated annually with up to 10 million ha of crops: soybean and maize production reached 56% and 45% of the total national production, respectively. Furthermore, this region is becoming one of the main producers of coffee and cotton. Once isolated and considered unsuitable for agricultural production, this region has

managed to become one of the main world food producers by establishing structures in little time over a large productive area. In terms of production volume, mainly of soybean, this region is even influencing international market prices. In addition, due to its capacity to supply raw materials, the Cerrados region is calling attention to the opportunity of creating new economic sectors through the establishment of multi-national agribusiness companies, mainly agroindustry. Marketing corridors for the products are also being implemented at a very fast pace.

In 1979, the governments of Brazil and Japan started, as part of the Cerrados development efforts, the Japanese-Brazilian Cooperation Program for the Cerrados Development (hereinafter called Prodecer). This program is a national mixed, public and private, project aiming at the increase of the food production, the promotion of regional development, the enhancement of world food supply and the strengthening of the economic cooperation between these two countries. Phases I, II and III of Prodecer were already implemented, having ended in March 2001. Both governments also executed (in parallel to Prodecer) joint researches and technical cooperation such as the “Project of Research Cooperation for the Cerrados Agricultural Development.”

Following the conclusion of the third phase of Prodecer, the Ministry of Agriculture, Livestock and Supply and JICA – Japan International Cooperation Agency – have jointly decided to carry out the “Study of the Japan-Brazil Cerrados Agriculture Cooperation Programs” (hereinafter called Study).

1.2 BACKGROUND OF THE STUDY

In March 2000, during the visit to Brazil of Mr. Azuma, Vice-president of JICA – Japan International Cooperation Agency, it was agreed with the Minister of Agriculture, Mr. Marcus Vinicius Pratini de Moraes, to undertake the execution of the “Japanese-Brazilian Joint Evaluation” of the cooperation for Cerrados development which was carried out for more than 20 years. After this agreement, on October 20, 2000, JICA defined the establishment of an Advisory Committee assigning its members.

On October 26, 2000, the Japanese representative, Mr. Hajime Mizuno (JICA Mission Team Leader), and the Brazilian representative, Mr. Márcio Fortes de Almeida, Executive-Secretary of the Ministry of Agriculture, Livestock and Supply, signed the Scope of Works (S/W, attached as Annex A-1) of the Study, officially starting the joint evaluation task. Based on this document, the Minister of Agriculture, Livestock and Supply of Brazil has established the Brazilian Advisory Committee and assigned its members through Ministerial Edict No. 104, of February 20, 2001, signed by the Minister of Agriculture, Mr. Marcus Vinicius Pratini de Moraes. Therefore, the structure of the Joint Japanese-Brazilian Advisory Committee was completed.

The Study was finished in January 2002, with the design of the “General Report of the Joint Evaluation,” after two field survey trips to Brazil and three meetings of the Joint Japanese-Brazilian Advisory Committee, according to the aforementioned S/W.

In July 2001, the “Joint Declaration of the Brazilian and Japanese Governments” regarding to the results of the Japanese-Brazilian cooperation for Cerrados agricultural development was signed and is attached as ANNEX A-2.

	BACKGROUND OF THE STUDY	GENERAL ASPECTS
PHASE I	1) Agreement and signature of the scope of works (Brasilia, 26/Oct/2000)	• Discussion and agreement about objective, reach, schedule and structure of the Study execution.
	2) Implementation of the general survey of the Impact Study (03/Dec~25/Dec/ 2000)	• Collection of basic information and data. • Design of the proposal of the Impact Study general report.
	3) 1 st Meeting of the Japanese-Brazilian Advisory Committee (Brasília, 07/March/2000)	• Definition of the Joint Japanese-Brazilian Advisory Committee. • Discussion and approval of the Study contents and basic guidelines.
PHASE II	1) 2 nd Meeting of the Japanese-Brazilian Advisory Committee (Brasília, 02/August/2000)	• Discussion and approval of the Study detailed items. • Exchange of opinions and presentation by the Joint Advisory Committee about the Cerrados development and the importance of Prodecer.
	2) Detailed Joint Japanese-Brazilian Survey. (29/Jul~27/Aug/2001)	• Implementation by the two sides' Work Groups of the Impact Study detailed survey.
	3) 3 rd Meeting of the Japanese-Brazilian Advisory Committee (Tokyo, 05/Dec/2001)	• Discussion and analysis of the proposal aiming at the approval of the General Report of the Joint Japanese-Brazilian Impact Study.
	4) Correction of General Report	• Submitting of General Report

1.3 OBJECTIVES AND SCOPE OF THE STUDY

1.3.1 Objectives of the study

Based on the S/W, the Study objectives are as follows:

- (1) “Confirmation of the Prodecer results and cerrados agricultural development”

To analyze and to evaluate the Cerrados agricultural development results and the role that the Japanese-Brazilian cooperation, which had Prodecer as the main project, played in the Cerrados region agricultural development process. After confirmation by both sides of these analysis/evaluation results, a report shall be produced for the record.

(2) “Design of material for information in Brazil, Japan and other countries”

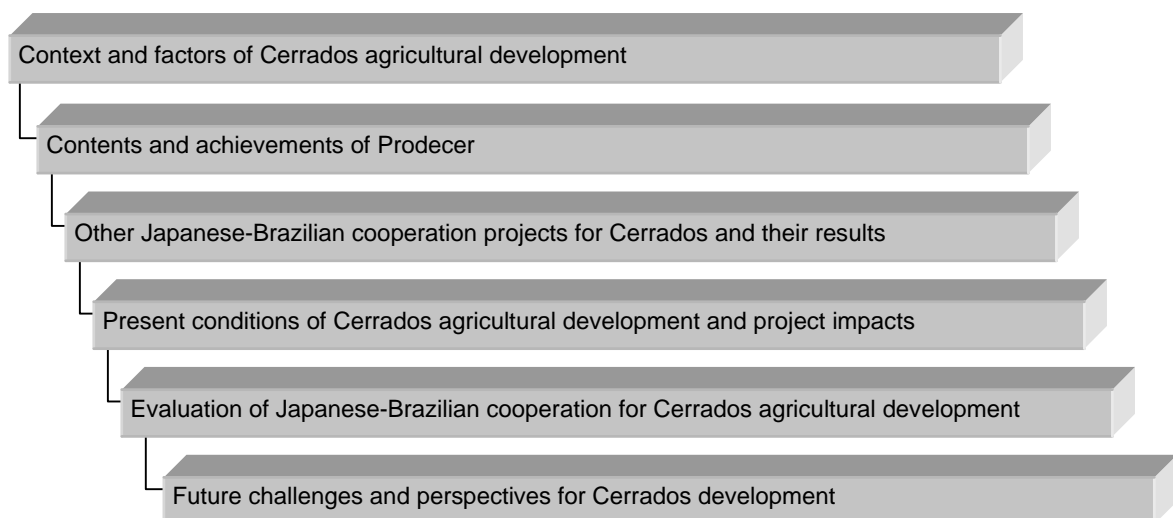
The results confirmed by the Study shall be utilized in Japan to inform how this cooperation, which is an ODA (Official Development Assistance) enterprise, has contributed for the Brazilian and Japanese national interests. In Brazil, where the cooperation was carried out, the results and their multiplier effects shall be informed to the population aiming at deepening the understanding about this subject. For other countries, this information shall be utilized to show how this cooperation contributed to world food supply stability.

1.3.2 Scope of the study (Study areas)

The main concern of this Study is the analysis and evaluation of Prodecer. However, in order to correctly appraise the results and achievements of both governments in the field of Cerrados agricultural development, analysis of other cooperation projects (technical cooperation, joint research) which were jointly carried out by them in the Cerrados region is vital. Thus, these projects were also included in the Study.

The Cerrados region has become one of the main grains producing regions in the country, mainly for soybean and maize. Furthermore, based on this production, new opportunities in the agroindustry sector and in several agriculture related sectors (*agribusiness*) are being created. With the implementation of new production sectors in the Cerrados region, as observed in the establishment of multinational companies, mainly grain related firms, globalization is taking place. In order to attain the “Study objective”, both understanding of the background of Cerrados development cooperation and the analysis of future challenges for a sustainable development are vital.

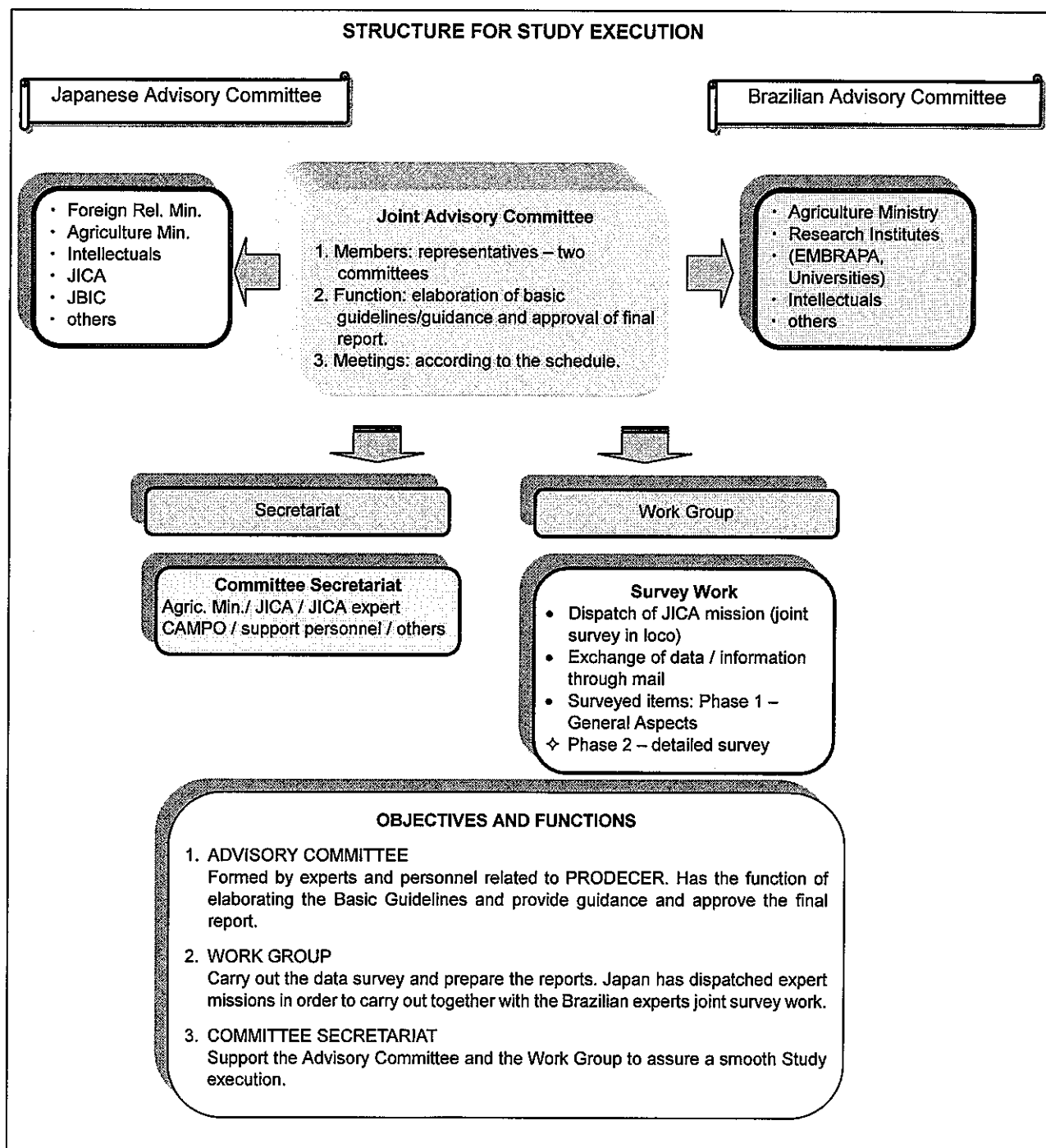
Hence, the Study scope was defined according to different main topics as follows:



1.4 STUDY EXECUTION STRUCTURE AND METHODOLOGY

1.4.1 Structure for study execution

The fundamental points for Study execution such as basic guidelines, detailed survey items, execution schedule, etc., were defined after discussions and analysis in the first meeting of the "Joint Advisory Japanese-Brazilian Committee" formed by representatives of the two "Advisory Committees".



LIST OF PERSONNEL RELATED TO THE STUDY

(1) Advisory committee

JAPANESE SIDE	BRAZILIAN SIDE
President: Hajime MIZUNO (Honorific professor of Sophia University)	President: MÁRCIO FORTES DE ALMEIDA (Executive-Secretary of the Ministry of Agriculture, Livestock and Supply)
Members: Isao ONO (Professor of the International Food Information Dept. of the Tokyo Agricultural University).	Members PAULO AFONSO ROMANO (Consultant, Former National Secretary for Irrigation, Former Executive-Secretary of the Ministry of Agriculture, Livestock and Supply)
Masao KOSAKA (Professor of the International Culture Dept. of the Tenri University)	CARLOS ALBERTO LEITE COUTINHO (Secretary of National Integration and Regional Development of the Ministry of National Integration)
Youichi KOIKE (Professor of the International Development Dept. of the Takusyoku University)	JOSE ROBERTO RODRIGUES PERES (Director of EMBRAPA – Brazilian Company of Agricultural Research).
Kazuyuki TSURUMI (Chief of the International Information Dept. of the International Center for Agriculture, Forestry and Fish Farming Research)	WENCESLAU GOEDERT (Professor of the Agronomy Dept. of the Brasília University)
Tadaaki YAMASHITA (Former Experts Team Leader of the Cerrados Environmental Preservation Project)	
Hiroshi AOKI (Journalist - Asahi Shinbun Newspaper)	
Yutaka HONGO (Expert of International Cooperation Invited by the Japan International Cooperation Agency)	

(2) Work group

JAPANESE SIDE	BRAZILIAN SIDE
Reader / Development Plan: Tetsuo MIZOBE (Pacific Consultant International)	CARLOS HENRIQUE DE CARVALHO – Brazilian side coordinator (Secretariat of Rural Support and Cooperatives of the Ministry of Agriculture, Livestock and Supply)
Agricultural Economy: Shouichi ITO (Professor of the Agronomy Dept. of the Tottori University)	CARLOS NAYRO DE AZEVEDO COELHO (Secretariat of Agricultural Policy of the Ministry of Agriculture, Livestock and Supply)
General Issues of Agriculture: Fuyuki KOJIMA (Pacific Consultant International)	RICARDO VILLELA DE SOUZA (Advisor of the Executive-Secretary of the Ministry of Agriculture, Livestock and Supply)
Processing / Marketing: Eiichi KUROKAWA (Pacific Consultant International)	ANTONIO EDUARDO GUIMARAES DOS REIS (Technical Advisor of the EMBRAPA Board of Directors)
	BERNARDO VAN RAIJ (Director of EMBRAPA - Environment)

(3) Secretariat of the joint Japanese-Brazilian advisory committee

JAPANESE SIDE	BRAZILIAN SIDE
Brasília JICA Office	RICARDO VILLELA DE SOUZA (Advisor of the Executive-Secretary of the Ministry of Agriculture, Livestock and Supply)
Representative of the Survey Mission: Tetsuo MIZOBE	CARLOS HENRIQUE DE CARVALHO (Secretariat of Rural Support and Cooperatives of the Ministry of Agriculture, Livestock and Supply)
JICA Expert: Yutaka HONGO (~03/2001) Mitsuo TERAUCHI (03/2001~)	ÁLVARO LUIZ ORIOLI (CAMPO Technical Superintendent)
SUPPORT PERSONNEL: Alberto SUGIMOTO (Responsible for Prodecer – JICA)	

1.4.2 Execution methodology of the study

The Study was carried out in the following fashion: on site joint survey work carried out by the Work Group of both countries and the design of the report prepared in Japan. During the on site survey work, information and material concerning to the subject were collected, survey of Prodecer area dynamics was carried out, as well as interviews with company members and intellectuals related to the subject as presented below. During the work in Japan, the results analysis of the on site survey carried out in Brazil were compiled.

(1) Collection of information and materials related to the subject

The collection of information and materials related to the subject was carried out according to item 1.3.2 – Study Objectives and Scope at the following institutions: Japan Embassy, JICA Office (and in field by experts dispatched by JICA), Ministry of Agriculture, Livestock and Supply of Brazil, EMBRAPA – Brazilian Company of Agricultural Research, CAMPO – Agricultural Promotion Company, IBGE – Brazilian Institute of Geography and Statistics, CONAB – National Company of Supply, etc. In addition, for environmental issues connected to Cerrados agricultural development, environmental conditions and analysis of future challenges were analyzed through meetings at the Ministry of Environment, IBAMA – Brazilian Institute of Environment and Renewable Natural Resources, and ANA – National Agency of Water.

(2) Survey on Prodecer area dynamics

The survey on Prodecer area dynamics was carried out by selecting 10 areas within the 21 projects implemented by Prodecer. In this work, the reality of properties and cooperatives' management, use of land plots, agricultural production and cooperatives' activities were researched. Also, State governments (Agriculture Departments) and governments of the municipalities where Prodecer projects are located were interviewed about their opinions on the projects and their effects on local development.

- (3) Interviews with company members and intellectuals related to the subject

Through visits to multinational grain companies and private transports/marketing companies installed in the Cerrados region, the agroindustry strategy, mainly of the soybean industry, and the future of the marketing infrastructure implementation were researched. Also, through visits to the University of São Paulo, Getúlio Vargas Foundation, ABIOVE – Brazilian Association of Vegetal Oils Industry, opinions about the present conditions of the agricultural policy and the processing and marketing sector were collected, as well as opinions about future prospects and challenges of Cerrados development.

The detailed list of interviewed persons and companies/organisms visited during the on site survey work is listed in Annex A-3.

1.5 REPORT STRUCTURE

The Report is organized into eight chapters as follows:

Chapter 1 – presents General Aspects, including Study Background and Basic Guidelines.

Chapter 2 – analyzes the commitment of the two countries, Brazil and Japan, to Cerrados development, and its context from the viewpoint of the international market and both countries' socio-economic factors.

Chapter 3 – summarizes the achievements and contents of Prodecer. This chapter gives an overview of Prodecer projects, which were implemented over more than 20 years.

Chapter 4 – offers an analysis of the results of other projects (technical cooperation, joint research, financial cooperation) which were carried out in the Cerrados region by both Brazil and Japan.

Chapter 5 – describes the present conditions of Cerrados region development, summarizing the conditions of the multinational grain companies, implementation of marketing corridor plans and direction of agroindustry. Apart from this, the analysis covers Prodecer impact on Cerrados development, its influence on regional development, on Brazilian agriculture and on the international market.

Chapter 6 – evaluates Prodecer performance and discusses dependencies.

Chapter 7 – examines the future prospects of Cerrados development based on an analysis of Cerrados development, present conditions and on the evaluation of Prodecer.

Chapter 8 – presents conclusions and makes recommendations for the sustainable progress of Cerrados and for the future of Japanese-Brazilian cooperation for agricultural development in Brazil.