



# **Trip Report: Regional Diversity in Pathways out of Rural Poverty in Brazil**

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**Brazil: 20 November – 3 December, 2005**

**By Steven Helfand**

## **1. Trip Objectives**

There were five principal objectives for this trip. First, to present BASIS research at a two day conference on “Strategies to Combat Rural Poverty in Brazil: Current Situation and Perspectives” held at UNICAMP (the University of Campinas) in the state of São Paulo, Brazil. The conference was organized by professors at the Center for Agricultural Economics in the Institute of Economics at UNICAMP, and was co-sponsored by the Inter-American Institute for Cooperation on Agriculture (IICA). Second, to spend one day in Brasília meeting with USAID and World Bank officials to discuss BASIS research and their program activities in Brazil. Third, to hold a BASIS project work meeting at IPEA in Rio de Janeiro. Fourth, to spend several days working with BASIS collaborators on joint research. Finally, to meet with representatives of the Brazilian Institute of Geography and Statistics (IBGE) to discuss a) data requirements for our project, and b) possibilities for collaboration on the poverty mapping projects that we are both conducting. The detailed discussion below reveals that the trip was largely successful, but that a number of important obstacles remain.

## **2. Summary of Activities**

Sunday, November 20:

1:44pm: Leave Los Angeles.

Monday, November 21:

8:30pm: Arrive at the hotel in Campinas 6 hours late due to a flight delay in Miami and a missed connection in Rio. As a result of the delay, I missed the opening panel of the conference.

Tuesday-Wednesday, November 22-23:

Participate in the conference “Strategies to Combat Rural Poverty in Brazil: Current Situation and Perspectives.”

Thursday, November 24:

1:00-3:30pm: Meet with professors José Maria da Silveira and Antônio Márcio Buainain, who organized the conference, to discuss collaboration with BASIS. They will be working with us on land rental markets and rural poverty.

5:00pm: Fly to Brasília with Tales Vital, a professor at the Federal Rural University in Pernambuco (UFRPE). We discussed World Bank rural poverty programs in the Northeast of Brazil.

Friday, November 25:

10:00am-12:00pm: Meet with Kevin Armstrong (USAID) at the U.S. Embassy to discuss our BASIS project and USAID programs in Brazil.

1:15-4:00pm: Meet with Kathy Lindert, a Senior Economist for the World Bank in Brazil, to discuss our BASIS project and World Bank sponsored anti-poverty research and programs in Brazil.

Saturday, November 26:

9:40am: Fly to Rio de Janeiro.

Afternoon: Meet with Paulo Levy, Director, IPEA, to discuss collaboration between BASIS and IPEA.

Sunday, November 27:

Afternoon: Meet with Ted Levine to work on joint poverty mapping research.

Monday, November 28:

9:30am-12pm: Meet with Ajax Moreira at IPEA to work on joint research about productivity and rural poverty.

2:00-3:00pm: Go to the Brazilian Statistics Institute (IBGE) to meet with Elisa Caillaux to discuss access to the data that is necessary for our research, and to discuss the poverty mapping projects that we are both doing. She is coordinating the poverty mapping group at IBGE.

3:30-6:00pm: Meet with Ajax Moreira at IPEA.

Tuesday, November 29:

BASIS project work meeting at IPEA, Rio de Janeiro. The agenda is reproduced at the end of this report.

Wednesday, November 30:

9:00am-3:30pm: BASIS project work meeting at IPEA, Rio de Janeiro.

4:00-6:00pm: Work meeting for productivity track of BASIS project.

Thursday, December 1:

9:30am-12:00pm: Meet with Ajax Moreira at IPEA.

1:00-2:00pm: Go to the Brazilian Statistics Institute (IBGE) to meet with Antonio José Ribeiro Dias and several members of his team to discuss access to the data that is necessary for our research, and to discuss the poverty mapping projects that we are both doing. He is one of the senior researchers involved in the poverty mapping group at IBGE.

3:00-7:00pm: Meet with Ted Levine at IPEA to work on the rural poverty mapping track of the BASIS project.

Friday, December 2:

9:30am-12:00pm: Meet with Ajax Moreira at IPEA.

1:30-3:30pm: Meet with Gervásio Castro de Rezende at IPEA to discuss his BASIS research.

3:30-6:00pm: Meet with Eustáquio Reis (co-director of BASIS project) to discuss planning for 2006.

8:00pm: Leave for Rio international airport for a 10:55pm flight back to Los Angeles.

Saturday, December 3:

10:38am: Arrive at LAX.

### **3. Observations, Recommendations, and Accomplishments**

In this section, I discuss the five principal objectives of the trip.

1. The first objective was to participate in, and present BASIS research at, the conference “Strategies to Combat Rural Poverty in Brazil,” held at UNICAMP. In the opening session on Tuesday, called “Dimensions and Facets of Rural Poverty: Essential Knowledge for Formulating Effective Strategies to Combat Poverty,” I presented the paper “The Impact of Policy Reforms on Rural Poverty in Brazil: Evidence from Three States in the 1990s,” co-authored with Edward S. Levine. Not only was the paper very well received at the conference, but a major newspaper in São Paulo carried a story on the conference that highlighted our work. On November 21, the paper *Estado de São Paulo* included a story entitled “Rural Poverty Falls” which began with: “Rural poverty in Brazil fell during the 1990s according to a study carried out by the American economists Steven Helfand and Edward Levine, of the University of California.” An electronic copy of the article is reproduced at the end of this report.

The conference presented numerous opportunities for discussing the BASIS project with Brazilian researchers, and for debating the pros and cons of alternative strategies for rural poverty reduction (e.g., growth, rural development, targeted conditional cash transfers, migration, etc.). One of the highlights of the conference was a panel on the second day in which officials from five state governments in the Northeast of Brazil discussed their experiences with rural anti-poverty programs.

The day after the conference I spent several hours with professors Silveira and Buainain and one of their graduate students--Patricia José de Almeida. The three of them recently joined our BASIS project. They will be writing a paper about the potential for land rental markets to contribute to rural poverty reduction in Brazil. Patricia Almeida wrote a Master’s thesis about land rental markets in the state of Minas Gerais, and will be writing a Ph.D. dissertation on a related topic. The meeting gave us an opportunity to discuss their ideas and to define their contribution to the BASIS project more precisely.

2. The second objective of the trip was to spend one day in Brasília meeting with Kevin Armstrong (USAID) and Kathy Lindert (World Bank). Both meetings were extremely

productive. In addition to sharing our BASIS research with them, Armstrong gave me an overview of USAID programs and efforts in Brazil. Lindert has been working closely with the Brazilian government on conditional cash transfer programs, and has been involved in discussions about how to redesign and improve Brazilian surveys so that they could be a more useful source of information for studying poverty and the impact of social programs. The reforms that she discussed, including repeating the POF income/expenditure survey much more frequently than every ten years, which has been the norm in Brazil, are very promising. They appear to be originating from IBGE, which increases the likelihood that they will actually be adopted. It also appears that IBGE has finally secured funding to conduct the next Agricultural Census. After ten years without an agricultural census, this too is welcome news. It will permit us to continue the work—several years from now—on agricultural productivity that we have begun in the BASIS project.

3. The third objective of the trip was to hold a BASIS project work meeting. A detailed assessment of this meeting is contained in our annual report. Several of the most important points are discussed here.

First, the contract delays that we faced during the first 7 months of the project have been overcome, but have slowed us down considerably. Most of the researchers in Brazil were really only able to begin work once they could hire research assistance in mid-2005. Thus, rather than presenting polished products in November, most people were presenting drafts of their first year papers. As mentioned in an earlier report, these delays have led us to revise downward our expectations of output from each PI and Co-PI. Rather than three papers over the two years, we are now asking each person to deliver one paper in 2005 and another in 2006.

Second, one of the highlights of this work meeting was the presence of researchers who had either not attended previous meetings (such as Ted Levine who lives in New York), or who had recently joined our BASIS team (such as Angela Corrêa, Nelly Figueiredo, José Maria da Silveira, and José Roberto Vicente). The new members of our BASIS team have an enormous amount of experience working on issues of rural poverty and agriculture in Brazil, and contributed significantly to the discussions at the project meeting.

Third, although somewhat delayed, substantial progress has been made on each research track of the project. Each researcher presented his or her work to date, and an overview of plans for year two. We had extremely fruitful and constructive discussions about how to improve what we have done thus far and what we intend to do next year.

Fourth, we discussed the importance of constructing a municipal level rural poverty database that would become publicly available at the end of the project. We view this as complementary to the electronic Atlas of Human Development that was produced by IPEA, UNDP, and others. It is a fabulous source of municipal level information drawn largely from the 1991 and 2000 demographic censuses, but none of the variables distinguish between rural and urban areas. We believe that this would be an extremely valuable product of our project for people doing research on rural Brazil. Eustáquio Reis has been instrumental in creating IPEA's online database IPEADATA that has been accessed by over 1.5 million people. We are exploring the possibility of making our database available through IPEADATA.

Finally, a number of people noted the difficulties that we are likely to face in holding a highly visible conference in Brasília in the period September-November 2006. The problem is that Brazil has presidential elections scheduled for October, 1 2006, with a likely second round runoff on October 29. Many high level government officials, and important scholars, who we

might hope to attract to our conference will likely be preoccupied with the elections, and their impending departure from, or entry into, the government. In light of these obstacles, the consensus we reached was that it would be preferable to schedule the meeting for mid-November (assuming we can get a no cost extension of our grant), hold it at IPEA in Rio de Janeiro, and budget some money to bring key people from Brasília to our conference. This could include people from USAID, the World Bank, the UNDP International Poverty Centre in Brasília, and select government officials. This seems feasible, and in terms of cost will be quite similar to paying for our researchers to travel to Brasília for the conference.

4. The fourth objective of the trip was to spend several days working with BASIS collaborators on joint research. Although email and Skype conversations help enormously to make collaboration possible across the 6000 miles that separate us, there is nothing like a few days of face to face contact for making progress on a research project. Ajax Moreira and I were able to identify a final form for the work that we have been coordinating together on agricultural productivity and rural poverty. The comments we received at the BASIS Technical Committee meeting in Washington in September, 2005, and well as at our project meeting in November, 2005, were extremely helpful in this regard. We are currently working on four papers related to productivity and rural poverty: a) A paper that uses a translog production function to estimate total factor productivity (TFP) for each of the five macro-regions in Brazil, and then describes the relationship between TFP and a variety of other variables of interest (farm size, climate, location, use of public services, etc.); b) A paper that identifies the determinants of TFP in Brazilian agriculture, and that seeks to address the concerns about endogeneity that were raised in Washington; c) A paper that uses the microdata in the Agricultural Census to directly address the question of the extent to which agricultural income can raise rural families out of poverty. A set of reasonably exogenous determinants are identified and models are estimated to explore the extent to which these determinants can reduce the probability of being poor, and the extent to which they can increase the incomes of the rural poor; d) The final paper is more methodological in nature, it explores alternatives for incorporating a spatial econometric component into a stochastic frontier production function. This should inform how we model spatial effects in the other papers.

Ted Levine and I were also able to make progress on our joint work about rural poverty mapping. Ted is a Ph.D. candidate at UCR who is living and teaching in New York. He did an excellent presentation at the project meeting of the small area estimation technique based on Elbers, Lanjouw, and Lanjouw (various years) that he is using in his dissertation to estimate county level rural poverty maps for 1991 and 2000 based on imputing consumption expenditures from the POF survey. Francisco Figueiredo, also a Ph.D. student at UCR, is using the same technique to estimate state level rural poverty “maps” for the years 2001-04 where, in addition to state level disaggregation, he will be disaggregating by occupation, education, and age cohorts. One valuable suggestion that came out of the discussion at the meeting was to restrict the imputation to non-monetary expenditures on food and housing. These account for 85% of non-monetary expenditure, could be modeled much more cleanly than total consumption expenditure, and would permit avoiding numerous problems of lack of comparability between the POF and Demographic Census, as well as numerous arbitrary decisions that would need to be made in the construction of a consumption aggregate. It is likely that Ted and Francisco will pursue both approaches to imputation and compare the results.

5. The final objective of the trip was to have several meetings with representatives of the Brazilian Institute of Geography and Statistics (IBGE) to discuss a) data requirements for our project, and b) the possibilities for collaboration. This objective was only partially achieved. We were informed that another release of the POF 2002-03 data is expected before the end of 2005. We are hopeful that this will include the variables occupation and activity. These variables are necessary in order to identify who works in agriculture, and if they are self-employed, an employer, an employee, etc. Without these variables, we are unable to estimate final versions of our models. Fortunately, with a little bit of patience, we will eventually get this information. A second obstacle that we face is the need to obtain more detailed geographical information than what is publicly available. This is a more difficult problem to solve, and even with the help of people at IPEA and IBGE we have not yet been able to obtain this data. In our view, IBGE has an unreasonable degree of fear about the confidentiality of the data that they produce. Over the years they have gotten better at releasing microdata for researchers to use, and about allowing access to microdata in secure locations on their premises. But in many cases there is no real risk involved. In our case, we have not asked for specific census tract identifiers. We have only asked for information that would allow us to identify the municipality to which each census tract belongs. This type of municipal level information is released with the microdata from the demographic census, but for some reason is being withheld for the POF. It is feasible for us to move forward without this information, but the fit of our models is likely to be greatly improved if we could include this data.

In terms of cooperation, we agreed to share information with each other regarding the definition of key variables (such as the consumption aggregate), the treatment of troublesome variables (such as an abundance of zeros on the seven day food expenditure questionnaire, or the accuracy of the self-reported estimates of the rental value of owned homes), and general modeling decisions. Our feeling is that the objectives of the two poverty mapping projects are quite different, and that there is much more to gain through cooperation and collaboration rather than through competition.

In conclusion, the trip was extremely productive. First, I participated in a conference in São Paulo that was covered by a major newspaper in Brazil. The newspaper article drew attention to the research that we are conducting through BASIS. At the conference, a number of excellent contacts were made with researchers and government officials. These people will be invited to our conferences in the future, and thus help us to achieve the objective of disseminating our research findings. It is likely that they will help in many other ways as well, including the sharing of information and insight. Second, I had a very fruitful exchange of ideas with USAID and World Bank representatives in Brasília. These interactions are important for getting the word out about our research, and for learning about what they are doing so that, hopefully, our work can be made more relevant. Third, we had a very successful work meeting at IPEA. Although we are about 6 months behind schedule, we are finally in a phase of generating a significant amount of high quality output. The trip allowed me to meet with all of the PIs and collaborators and to discuss their progress to date as well as the obstacles that they are facing. Fourth, I spent a number of very productive days working with co-authors at IPEA in Rio de Janeiro. Finally, we are still facing obstacles with access to some key data that we need for the rural poverty mapping research. While it is not certain that we will obtain all of the data that we desire, we did meet with several people at IBGE and we are closer to getting what we need than we were prior to this trip.

#### **4. Names, Titles, and Affiliations of all Contacts**

##### **BASIS Directors/PIs:**

-Eustáquio J. Reis, Senior Research Economist, Institute of Applied Economic Research (IPEA)

##### **BASIS Co-PIs:**

-Juliano Junqueira Assunção, Assistant Professor, Economics Department, Pontifical Catholic University of Rio de Janeiro (PUC-RJ)

-Ajax Reynaldo Bello Moreira, Senior Research Economist, Institute of Applied Economic Research (IPEA)

##### **BASIS Collaborators:**

-Patricia José de Almeida, graduate student at UNICAMP

-Antônio Márcio Buainain, professor at UNICAMP

-Angela Maria Cassavia Jorge Corrêa, professor at Methodist University of Piracicaba (UNIMEP)

-Flávia Feres, graduate student at Federal University of Minas Gerais UFMG

-Adriano M. R. Figueiredo, professor at Federal University of Mato Grosso (UFMT)

-Nelly Maria Sansígolo de Figueiredo, professor at Catholic University of Campinas (PUC)

-André Braz Golgher, researcher at CEDEPLAR

-Gervásio Castro de Rezende, Professor, Economics Department, State University of Rio de Janeiro (UERJ)

-Ted Levine, Ph.D. student at UCR and Lecturer at Queens College, NY

-Alexandra M. Schmidt, professor at Federal University of Rio de Janeiro (UFRJ)

-Mauro Virgino de Sena e Silva, researcher at IPEA

-José Maria da Silveira, professor at UNICAMP

-José Roberto Vicente, researcher at Institute of Agricultural Economics (IEA), São Paulo

-Thaís Cristina Oliveira da Fonseca, professor at Federal University of Paraná (UFPR)

##### **Other:**

-Fatima Amazonas, Operations Officer, World Bank, Recife

-Kevin Armstrong, USAID, Brasília

-Brenda Braga, Supervisor, Projeto Renascer, Secretary of Social Development and Citizenship, State Government of Pernambuco

-Marlon Duarte Barbosa, Ministry of Agrarian Development, Brasília

-Elisa Caillaux, Brazilian Institute of Geography and Statistics (IBGE), Rio de Janeiro

-Antonio José Ribeiro Dias, Brazilian Institute of Geography and Statistics (IBGE), Rio de Janeiro

-Paulo Levy, Director, Institute of Applied Economic Research (IPEA), Rio de Janeiro

-Kathy Lindert, Senior Economist, Human Development Sector, World Bank, Brasília

- Carlos Miranda, Inter-American Institute for Cooperation on Agriculture (IICA), Brazil

-Tales Vital, professor at Federal Rural University of Pernambuco (UFRPE)

### Schedule for BASIS Work Meeting III

“Regional Diversity in Pathways out of Rural Poverty in Brazil:  
Implications for the Design of Public Policies”

IPEA, Rio de Janeiro, November 29-30, 2005

#### Tuesday, November 29

9:00-9:30     *Introduction and Overview*

*Mapping and Explaining Changes in Rural Poverty in Brazil*

9:30-10:30    “Measures of Earnings and Education for People Employed in the Brazilian  
Agricultural Sector,”

and

“Determinants of Rural Poverty in Brazil: A State Level Analysis”

Angela Maria Cassavia Jorge Corrêa (UNIMEP) and

Nelly Maria Sansígolo de Figueiredo (PUC-Campinas)

10:30-10:45   Coffee Break

10:45-11:45   “Using POF and the Demographic Census to Generate Municipal-Level,  
Consumption-Based Poverty Measures: Methodology and Challenges”

Edward S. Levine (UCR and Queens College)

11:45-12:30   “Hedonic Pricing Models Applied to the Rental Value of Housing and the Value  
of Public Services in Rural Areas of Brazil”

José Roberto Vicente (IEA)

12:30-2:00    Lunch

*Land, Labor, and Credit Market Reforms*

2:00-3:00     “Credit in Rural Brazil”

Juliano Junqueira Assunção (PUC-RJ) and Flávia Feres (UFMG/CEDEPLAR)

3:00-4:00     “Land, Labor and Credit Policies: Impacts on Family Farms and  
Agricultural Employment”

Gervásio Castro de Rezende (UERJ and IPEA) and

Mauro Virgino de Sena e Silva (IPEA)

4:00-4:15     Coffee Break



- 4:15-5:15 “Land Rental Markets and Rural Poverty”  
José Maria F.J. da Silveira (UNICAMP)
- 5:15-6:00 Organization and Collaboration: BASIS Briefs, Book(s), Conferences, Database,  
etc.

**Wednesday, November 30**

*Agricultural Productivity and Rural Poverty*

- 9:15-10:00 “Farm Size, Location, and Agricultural Productivity in Brazil:  
Implications for Poverty and Policy,”  
and
- 10:00-10:45 “Determinants of Agricultural Productivity and Rural Poverty”  
Ajax R. Moreira (IPEA), Steven M. Helfand (UCR), Adriano M. R. Figueiredo  
(UFMT)
- 10:45-11:00 Coffee Break
- 11:00-11:45 “Spatial Stochastic Frontier Production Functions for Brazilian Agriculture”  
Ajax R. Moreira (IPEA) and Alexandra M. Schmidt (UFRJ)
- 12:00-1:30 Lunch

*Poverty and Migration from Rural Areas*

- 1:30-2:30 “Migration as a Way out of Poverty: Preliminary Results”  
Eustáquio J. Reis (IPEA) and André Braz Golgher (CEDEPLAR)
- 2:30-3:30 Organization and Collaboration: BASIS Briefs, Book(s), Conferences,  
Database, etc.

Segunda-feira, 21 de Novembro de 2005

Pobreza rural caiu, dizem pesquisadores

Ampliação do programa de previdência e fontes de renda alternativas são as causas

Roldão Arruda

A pobreza rural no Brasil diminuiu durante os anos 90, de acordo com um estudo realizado pelos economistas americanos Steven Helfand e Edward Levine, da Universidade da Califórnia. O estudo, que será apresentado no workshop sobre Estratégias de Combate à Pobreza Rural no Brasil, que começa hoje na Universidade Estadual de Campinas (Unicamp), inclui entre as principais causas da mudança a ampliação do programa de previdência rural e a criação de fontes de renda não diretamente ligadas à agricultura. É cada vez maior o número de pequenos proprietários que, no período de entressafra, vendem sua mão-de-obra para terceiros.

Ainda de acordo com os dois pesquisadores, a redução da pobreza também está relacionada ao declínio da população rural. Eles acreditam que o Plano Real possa ter influenciado na mudança, mas recomendam a realização de novos estudos para firmar essa conclusão.

Levine e Helfand observaram que a redução da pobreza, embora a mudança tenha ocorrido de maneira geral no País, foi mais acentuada em alguns Estados. Citam como exemplo o caso de Santa Catarina: enquanto o País registrava uma média de 16% na redução da pobreza rural, naquele Estado a taxa foi bem maior, chegando a 42%. Na ponta dos piores colocados eles identificaram o Estado de Alagoas. E entre os intermediários apontaram Mato Grosso.

## ESTRATÉGIAS

O workshop da Unicamp prossegue até quarta-feira, com análises sobre as formas e as causas da pobreza que persistem no campo e as estratégias para combatê-las. Um dos temas propostos é a discussão de programas rurais que possam sobreviver aos interesses que guiam a política cotidiana no País. Ao final, os participantes deverão preparar um documento para ser enviado às autoridades e aos centros de pesquisa sobre o tema.

<http://txt.estado.com.br/editorias/2005/11/21/pol010.html>

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