

Poverty in Rural Brazil: It Is All About Assets

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This One Pager synthesises the key findings of the study of rural poverty profiles in the North and Northeast regions of Brazil. Poverty and extreme poverty decreased significantly in the country between 2004 and 2013. The prevalence of poverty decreased from 20 per cent to little more than 9 per cent of the population, while the prevalence of extreme poverty decreased from 7 per cent to 4 per cent. However, currently it is difficult to maintain this downward trend, due to a slowdown in its main drivers. The labour market is worsening by the day, while social expenditures face significant scrutiny in the current context of fiscal adjustment.

This reduction in the rate of poverty has not been accompanied by structural changes to its main characteristics or profile. Even though certain vulnerable populations have experienced a more pronounced decrease in poverty rates than the rest of the population, the North and Northeast regions—as well as rural areas across all regions—continue to exhibit the highest prevalence of poverty and extreme poverty in the country. Of the nearly 5 million people living below the extreme poverty line in the North and Northeast regions in 2013—according to National Household Sample Survey data (PNAD)—just over 2.2 million (46 per cent) live in households classified as agricultural or pluriactive.

Of particular note is the decrease in extreme poverty among Brazilian agricultural households. In the Northeast region, while extreme poverty has decreased to less than half of what it used to be for all households, among agricultural households this decrease was of almost two thirds. Even so, the prevalence of extreme poverty among agricultural and pluriactive households remains high, affecting over 2 million people (12 per cent of residents) living in those types of households in the aforementioned regions. Many poor farmers have migrated to pluriactivity, so that they can gain significant revenue streams from agricultural as well as non-agricultural sources. The challenge that presents itself is, therefore, to improve agricultural income so as to maintain the downward trend

in poverty rates among agricultural households and also to trigger a decrease in the rate of poverty among pluriactive households.

Data spatialisation techniques based on the 2010 demographic census undertaken by the Brazilian Institute of Geography and Statistics (IBGE) highlight the following territories as having the highest rates of extreme poverty among agricultural and pluriactive households: western Maranhão, the area between southern Piauí and northwestern Bahia, and western Amazonas. The territories with the lowest poverty rates are Rondônia, southern Bahia and western Tocantins. The south of Pará carries the distinction of being a low-poverty cluster when considering only agricultural and pluriactive households.

Agricultural and pluriactive households living under the poverty line are characterised by not having enough available land, the prevalence of informal labour and high rates of underemployment—less than 20 hours of work per week—low schooling and capital rates.

Figure 1 depicts the distribution of extreme poverty among agricultural households in Brazil in 2010. Figure 2 depicts the distribution of tractor ownership across the country. Maps depicting access to credit or land size would display a similar distribution to the latter.

The minimal overlap between the geographical distributions of extreme poverty and asset ownership suggests that the main contributing factor to the extreme poverty of agricultural households is their lack of access to assets.

This is auspicious to public policies, because supplying assets to households is a task which closely matches the capacities of the State and its partners. In other economic endeavours, assets are not as relevant. In urban labour markets, for example, elements such as social networks, social capital and other, more difficult-to-implement dynamics are crucial. However, given the current Brazilian agricultural context, assets are everything.

Figure 1. Extreme poverty rates among agricultural households (percentage with an income of less than BRL70 per month)

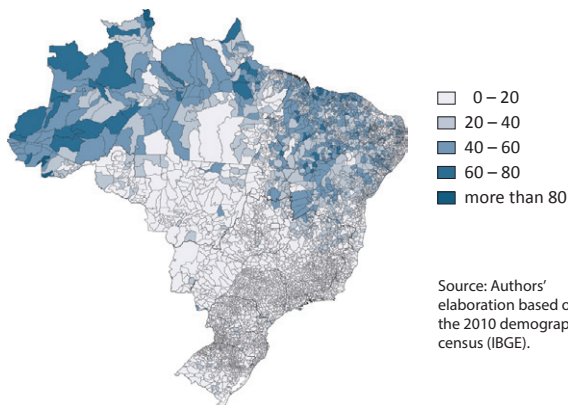
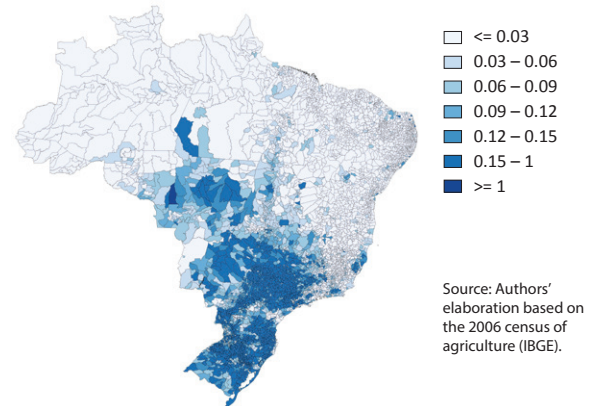


Figure 2. Average number of tractors per family farming establishment



Note:

1. Soares, S., et al. (forthcoming). "Rural Poverty Profiles in the North and Northeast Regions of Brazil." *IPC-IG Working Paper*. Brasília: International Policy Centre for Inclusive Growth, UNDP.

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