

## CHAPTER 9

# The World Bank's Market-Based Land Reform in Brazil

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Brazilian rural and people's movements (members of the National Forum on Agrarian Reform and Rural Justice) have raised serious criticisms of the World Bank's market-oriented land reform ever since the first loan was first announced. The criticisms have ranged from questions about the market's ability to deconcentrate land to doubts about the real objectives of this kind of financial mechanism (political interests and real beneficiaries) in countries like Brazil, South Africa, and the Philippines.

Five years after the creation of the *Cédula da Terra* (literally, "land bill," as in a dollar bill) project, through the first pilot project of the three successive versions of market-oriented land reform in Brazil, these organizations began research to appraise the situation of families participating in the project. The data from that study corroborate many of the criticisms regarding the objectives and the effectiveness of the World Bank's market land reform program.<sup>1</sup>

### Brazilian Agriculture and the Present Government's Land Tenure Policies

Brazil's 8,547 square kilometers of land, including its 415.5 million hectares of tillable farmland, make it nearly a continent in itself. It reaps 90 million tons of grain per year. A 1996 agriculture census by the Brazilian Institute of Geography and Statistics (IBGE) revealed that there are 25 million hectares of "fallow" land (unplanted for up to four years), accounting for nearly 60 percent of all land suitable for annual or perennial crops.

The country has one of the world's most perverse and highly concentrated

landholding structures, with a Gini-coefficient near 0.9—nearly total concentration of ownership in few hands—as a result of a its *latifundio*-style (large estate-based) agriculture and land tenure system, exacerbated since the 1960s and 1970s by the introduction of the policies of the green revolution.

According to the 1996 census data, there are a total of 4.8 million farms in the country, covering 353.6 million hectares. Of the total number of farms, 89.1 percent are *minifundia* (smaller than one fiscal module, the minimum deemed necessary to support a family) and farms under 100 hectares, yet these account for only 20 percent of the land area. At the other extreme of the landholding structure, large holdings (over 1,000 hectares) account for 1 percent of the total number of farms and 45 percent of the farmland area. These large landholdings make up a sector that includes over 35,000 farms classified as unproductive *latifundia*, covering a total land area of 166 million hectares.

Other land tenure figures reveal that, in 1970, farms smaller than 100 hectares accounted for 90.8 percent of total farms, covering 23.5 percent of the area. In the 1996 census, the share of the number of small farms had dropped to 89.3 percent, and their area to 20 percent of the total. On the other hand, only 0.7 percent of landholdings in 1970 were over 1,000 hectares in size, covering 39.5 percent of the total area. By 1996, these latter figures had evolved to 1 percent of total farms, and 45 percent of the area.

An estimate produced by the federal government's own Applied Economics Research Institute (IPEA) places the number of potential beneficiaries of a land reform program in Brazil (landowners, renters, sharecroppers, squatters, and wage earners) at approximately 4.5 million families.<sup>2</sup>

Under Brazil's constitution, land reform must take place through the expropriation of large landholdings (areas over 15 fiscal modules) that do not fulfill a social function or are considered unproductive. Unproductive farms are those classified as not achieving 80 percent of the use of tillable land, or whose yields are below 100 percent of the average per-hectare productivity rates. The expropriation process includes long-term payment of compensation (through twenty-year bonds) for the value of the land, and cash payments for improvements. This process and the settlement of landless farmers (the execution of the land reform policy) are the responsibility of the National Settlement and Agrarian Reform Institute (INCRA), currently a branch of the Ministry of Agrarian Development (MDA).

Early in its second term in 1998, the former government of Fernando Henrique Cardoso (FHC) launched a new agrarian policy, labeled the New

Rural World.<sup>3</sup> The policy focused on three key issues that embody a break with the discourse and practice of the FHC government during its first term.

The first thrust was to reduce agrarian policy to a compensatory or social welfare-type of policy. In the thinking of international agencies, particularly the World Bank, land reform has become a tool to alleviate or to fight rural poverty, rather to develop the economy. Democratization of land access is nothing more than a means to ease social pressures in rural areas, especially through poverty alleviation. Democratization of landholding is not seen as a way to distribute assets or to allow for any innovation in the development model (even though extreme poverty is, in fact, considered an obstacle to current concepts of development).

The second novel aspect in Brazil's present agrarian policies was the decentralization of all landholding actions. This is a strategic issue for the implementation of agrarian policies as a process of defederalization that delegates responsibilities heretofore reserved to the federal government. All programs, projects, and policy proposals for agrarian policy making are now made with reference to the drive to decentralize actions, therefore interlinking decentralization, democratization, and efficiency.

Yet decentralization does not in fact mean democratization or greater participation by the most directly affected people and families. It is a delegation of power to state and municipal authorities, which are more intimately related with and susceptible to the political influence of the local power structures made up of the landed oligarchy, which still carries political weight in broad sectors of the state. Rather than a solution (through greater efficiency and agility), therefore, decentralization can actually make land reform actions unfeasible. Programs and projects like the *Cédula*, the Land Bank (*Banco da Terra*), and Land Credit (*Crédito Fundiário*) are mechanisms that help consolidate this defederalization or decentralization by depleting and then destroying land reform. These programs pass the buck, not to states or municipalities, but to the market, where they come into the hands of landowners. The INCRA's loss of power then justifies budget cutbacks and cost containment, as part of the movement to downsize the state and privatize its responsibilities.

The third part of this New Rural World policy is the commodification of landless farmworkers' historic demands. Commodification takes on several guises, but the launching of the so-called market-oriented land reform is the most explicit of them.

These features of present-day agrarian policies in Brazil are aligned with guidelines and policies set out by the World Bank for poverty-alleviation

programs. The government's agrarian policy follows the World Bank recipe book, which goes beyond market-oriented land reform to propose a number of changes (including decentralization) as a recipe for a country's economic development.

### The Cédula da Terra project

On November 30, 2000, the board of directors of the World Bank approved the request for a second loan of approximately US\$200 million to expand Brazil's market-oriented land reform. World Bank documents show that these funds would ensure continuity of the Cédula da Terra pilot project, expanding the land-purchase mechanism from five to fifteen Brazilian states.<sup>4</sup> The initial proposal was to earmark the funds for the creation of the Land Bank (Jungmann 1999, 4). In response to outright opposition from all organizations and movements in the National Agrarian Reform and Rural Justice Forum, the World Bank decided to redirect this loan to finance the establishment of the Land Credit Program for Fighting Rural Poverty (also included in the law that created the Land Bank), as a continuation of the Cédula da Terra "experience."

The Cédula da Terra program (its official name is the Land Reform and Poverty Alleviation Pilot Project) arose from a partnership between the federal government and the World Bank that was written into Loan Agreement 4147-BR. Originally conceived as a pilot project, the Cédula was officially announced in 1996 and implemented beginning in 1997 in five states (Ceará, Maranhão, Pernambuco, Bahia, and northern Minas Gerais). The selection of those states was justified by the tremendous concentration of poverty in Brazil's northeast.

The Cédula da Terra project basically involved creating a credit line for landless farmworkers and *minifundistas* to buy land. Beneficiaries would organize in legally constituted associations responsible for directly negotiating the purchase of land from owners. Associations would then choose the farms to be purchased with bank funds, which—once the project was approved by the state technical unit—would go directly to the owner. Although the Cédula began as a pilot project, by 1999 (before any kind of evaluation) the Brazilian government had created the Land Bank (Banco da Terra), modeled on the Cédula. Despite promises to support this project, the World Bank ended up funding the creation of the Land Credit project (Crédito Fundiário, created in 2001), essentially an attempt to rename these efforts to evade pressures and

questions raised by Brazilian and international people's movements and NGOs. The Land Credit project actually has the same features and objectives as the Cédula and the Land Bank, amounting to a mere change of names to maintain the World Bank's money and purposes in Brazil.

The Cédula's target participants was made up of landless wage earners, renters, and sharecroppers, as well as *minifundistas*, poor farmers without enough land for subsistence. The goal was to settle 15,000 families in three years (this was later extended to four years). The total cost was estimated at US\$150 million, with US\$45 million coming from the federal government to purchase land. The World Bank's US\$90 million loan was to be used to fund complementary community investments.<sup>5</sup> The remaining amount was committed by state governments (US\$6 million) and a community counterpart (US\$9 million), mainly in the form of labor.

Both the purchase of land and the loans (grants) for community investments were done through the beneficiaries' associations. Initially, the project was to make loans for the purchase of land to be paid back in ten years, including a three-year grace period. The families' debts would be indexed to the long-range interest rate (TJLP, in Portuguese), somewhere around 15 percent per year in 1997, well above the annual inflation rate. In response to criticism from social movements, the federal government changed the conditions (when it created the Land Bank, in 1999) to extend the payment term to twenty years, still maintaining the three-year grace period. Servicing and interest on the loans would cost 4 percent per year, well below the TJLP and closer to inflation rates.

At first there were no restrictions on the land to be purchased with the loans, even for areas that could be expropriated under the constitution. This allowed the Cédula to be used to pay for unproductive *latifundias*, paying in cash for areas that could be expropriated by issuing bonds. Questioning and pressure from rural social movements forced changes to these loan conditions, forbidding the purchase of areas larger than 15 fiscal modules, which could be expropriated for agrarian reform purposes. According to the preliminary evaluation report contracted by the World Bank, the general objective of the Cédula da Terra was to reduce poverty in the northeast by increasing the income of approximately 15,000 poor rural families, who would gain access to land and would also participate in complementary subprojects that respond to the communities' own demands. Another major objective was to test this pilot land reform project, in which beneficiaries are funded for the purpose of

buying land through direct negotiations between rural communities and landowners (Buainain et al.). One specific objective of the Cédula was to have the government monitor the project's efficiency so as to build the government's capacity to accelerate its own land reform program by lowering the cost of land. The project was also justified by the creation of more agile and effective mechanisms than those state-centered ones considered "burdensome" (in the World Bank's own language) expropriations for agrarian reform. These were market mechanisms.

The Ministry of Agrarian Development has justified the creation of the Cédula project based on three objectives: cheaper and faster market-facilitated settlements; pacification of the countryside, as the landless negotiate land acquisitions themselves; and the ministry's contribution to fiscal adjustment through cost reductions as part of IMF-mandated structural adjustments. A peaceful, debureaucratized land reform that is more compatible with new times of economic stabilization is the official language government officials use to justify their adherence to the World Bank's market-based land-reform policy. The common thread running through all such justifications (explicit in the official discourse) is the idea that market mechanisms will provide access to land without confrontations or disputes and therefore reduce social problems and federal expenses at the same time.

From the point of view of critical organizations and people's social movements, however, the Cédula had other objectives and principles in mind. First of all, it aimed to take "ideology and politics" out of land reform in Brazil. Buying and selling would remove confrontation from the struggle for land and isolate rural movements and organizations that had struggled for decades for a broad-based agrarian reform. In the official discourse, the Cédula project would bring peace to the countryside. Instead of confrontation (land takeovers and demands for agrarian reform), families would peacefully and directly negotiate the purchase of land from *latifundia* owners. The interest of the latter would be assured because they would be paid in cash (rather than twenty-year bonds) for their unproductive land.

To date, Cédula money has been a very effective tool in undermining grassroots support for rural organizations and people's movements fighting for land. The availability of money to buy land—coupled with talk of peaceful land reform, no more takeovers, etc.—helps to demobilize anyone wanting a piece of land to work, because it raises the false expectation that one can get land without political struggle. This pattern has continued with the creation

of the Land Bank and Land Credit project, also funded by World Bank money.

### The Reality of the Cédula Project: Research Results

In 2002, a study (sponsored by several Brazilian land reform organizations and on which this paper is based) was commissioned to evaluate whether this kind of program achieved its minimal objectives of providing better living conditions for Cédula beneficiaries. There was wide agreement that it is incapable of democratizing Brazil's concentrated landholding structure or of promoting any kind of agrarian reform. Even so, the study sought to assess whether there had been improvements such as political emancipation, access to land at lower prices, or access to infrastructure (water, power, basic sanitation, etc.) for families buying land through the Cédula. The information came from interviews with families living in sixteen different Cédula areas, interviews with technical officials responsible for the project, and analysis of official documents in the five states involved in the project. Despite difficulties in acquiring access to official data (the general official attitude is that agencies should not provide documents or data on the project), the study corroborates many of the criticisms and questions from people's movements and NGOs.

#### *Living Conditions of Beneficiary Families*

The overriding goal of the World Bank's market-oriented land reform (and others aimed at rural development) is to alleviate poverty. Since the phrase shows up in every single World Bank document, the study set out to discover whether there has actually been any improvement in living conditions for families on land bought through the Cédula.

Overall, the beneficiaries' generally gave a positive evaluation of their living conditions as a result of using the Cédula da Terra to fulfill their desire to own land. People reported that the most significant change was that they were now "owners" of land and were thus working, as well as administering their own labor (the "peasant project" of free labor). They also stated that now they had a place to live, although they were aware that they had to pay for it and that they could be expelled if they did not pay the loan they had signed.

In accordance with the Cédula project's general rules, aimed as it is at poor people, interviewees had been in a precarious situation and lived in extreme poverty before buying land. The overwhelming majority had temporary jobs

and were underemployed, with low income and wages and very bad living conditions. This previous situation of precariousness and extreme poverty led to an evaluation that living conditions had improved with landownership. This kind of situation makes the *Cédula* a lifesaver, especially since, in addition to the land, during the first months beneficiaries receive what is called a salary.

Even seeing the *Cédula* as the only option, however, many interviewees voiced negative opinions regarding their situation on the new land in several areas. Many even stated that they now face greater hardships than they had in the past. Unkept promises, particularly when funds are not released for production or for infrastructure, were among the most common reasons for this generalized discontent.

Dissatisfaction was recurrent in the various areas surveyed, for a variety of reasons and motives, but the holding back of funds for infrastructure (World Bank funds) and for production (public funds) topped the list of complaints. The shortage of funds—along with the lack of technical assistance—has created many problems that have resulted in precarious living conditions in the areas. Drought, for example, is a serious problem in the entire region where the *Cédula* has been implemented. Without money, people cannot afford to confront the problem. There are several areas with no supply of drinking water because the funds were not released. To varying degrees, all sixteen projects visited for this research reported problems regarding access to water (lack of water, no water pipes, and—above all—delays in funding for irrigation projects), as well as difficulties with transportation, schools, basic sanitation, and health. Electric power was also a public service not available to most projects (and for others not affordable).

Even when “having a place to live” was seen in a positive light, there were cases in which, three to four years after a project was launched, not all the houses had yet been built because funds had not arrived or were insufficient. Many schools were not built and children had no transportation to go to schools in the closest towns. In contrast to these problems and delays in getting enough funds released, interviewees did not report major difficulties in the release of money to pay for the land once their loans were approved. The payment was made directly by the bank to the landowner.

One important indicator of the hardships and precarious living conditions faced is the high rate of families who have abandoned the land. It was hard to obtain such general data on the *Cédula*, but in the areas visited there were high dropout rates, with up to 60 percent of the families having given up in some

cases. Reasons for this were directly related to the difficulty of surviving off the land due to lack of production, income, and other related factors.

### *Negotiation Process and Knowledge of Project Rules*

The Cédula da Terra was conceived according to and is executed following market-based rules, especially regarding the purchase of land. This means, in the first place, that a project can buy only farms that are for sale. Land markets are still incipient in Brazil, and the lack of funds obliges people to buy cheaper, low-quality land. The market price of land doesn't fall in the negotiating process (considering the buyers' bargaining power). Rather, the short supply and lack of funds force buyers to purchase cheaper farms that are far from markets and have poor soil. The limit on funds to buy land (US\$11,000 per family, including the price of the land and the cost of infrastructure) is a further problem in the purchase process. This limit pushes projects into less dynamic regions on less valuable land with poorer soil and severe limitations on production, which has a direct impact on farmers' ability to produce or to meet obligations and makes it hard to pay for the land in the first place.

Second, the survey confirmed that families have had little or no influence over decisions, such as choice of farms, or in the negotiating process, such as setting the price of land. Most of the negotiations are done by the government officials in charge—a clear challenge to market-based logic—who ultimately set the course of any deal, based on their knowledge of the funding limits (and, at times, their personal relations with the seller). There have been reports of cases in which bargaining did actually lower the final price, but in no case has the negotiating been done directly by the interested families themselves. The survey revealed that all the individuals interviewed—including association presidents—in all five states stated that they had not participated directly either in the choice or in the purchase of the farm and that these decisions were made by the local agency responsible for the Cédula. Official agencies that should play supporting roles end up taking the lead. The power to choose is wielded by government officials, blocking any participatory or educational process.

Obstacles to participation are aggravated by the families' own situation and their lack of information. Their hardships and this chance to move up in life make families anxious to purchase their land. They are often predisposed to pay any price and deal with the affordability problem later (their immediate demand is to get the land). This short-sightedness on the part of beneficiaries is heightened by the competition for funds, as families know that there is lit-

tle money in the program for the many who want to participate, and a delay in the negotiation process may mean exclusion from the project.

Another real obstacle to participation is that people have not known the rules of the game. Interviewees revealed they have had no information about the project's basic elements. This became clear when they were asked about loan payment conditions. Except for the grace period and final payment term (although some still thought it was ten years), not a single interviewee knew what the interest rate would be or even the amount to be paid in the first installment (which was about to come due at the time), much less the alternatives available if they were unable to pay. This situation implies a tremendous imbalance between the two negotiating parties and explains the dominant presence of public officials in the land-buying process. The same imbalance was also identified in the preliminary evaluation, which found that "in all the situations listed, negotiations are on an unequal basis. The parties meet divided by unequal rights vis-à-vis the land market, and what is supposed to be full information is a fiction."

Interviewees also stated that only landowners sit down to negotiate with the government (the responsible public official), making any participatory process impossible. Their willingness to sell depends on the guarantee provided by an official presence (the program is the state's responsibility, which should be assurance enough of a good price for the land). The major role and intervention of the state denies any chance for true market logic to operate, thus revealing this program's underlying faults.

### *Associations, Participation, and Building Citizenship*

One of the World Bank's basic guidelines for funding social programs is to foster the participation of the people and social groups directly involved in the projects. At the same time, to gain access to Cédula da Terra funds, landless families must be organized in a legally registered community association. Interested families must organize an association (which a priori is a forum for participation and decision making) through which they can then apply for funding.

The preliminary evaluation had already observed a number of problems related to the formation of and decisions made by these associations, including the influence and participation of local politicians and landowners in their organization and creation. Such problems became apparent in the interviews. While confirming the importance of their associations, the majority of interviewees said they had little participation in them, and they reported fre-

quent cases of deviation of funds, imposition of leaders (even by local authorities), and decisions taken from outside the association regarding matters such as kinds of investments and forms of organization, and imposed on the group.

In addition to these problems with associations, there were also reports of impositions regarding decisions on collective investments. Public agencies responsible for organizing the *Cédula da Terra* in the states decided that each area should create collective plantations (under the association's responsibility).<sup>6</sup> The basic objective of the collective areas is to produce cash crops to assure payment for the purchase of the land. In addition to, or perhaps as a result of, the imposition of collective investments, community or collective plantations operate by paying day wages. Funds from the infrastructure sub-project (SIC) are earmarked for these kinds of payments, making community or collective labor a way to pay for the funds allocated to the families' initial maintenance in the areas. Each project organizes the work as it sees fit, but generally every person works two or three days per week in the community investment. This labor is paid on a daily basis (interviewees said it ranges between five and seven Brazilian reals per day), thus reproducing the logic of exploitation of rural wage laborers.

The practice of paying those who work in collective initiatives through daily wages turns people into "wage-earners" or "employees" of their own association or community. First, these people do not control or appropriate the process because they are being paid to provide a service, just as in any wage-earning situation. Second, they do not appropriate their own investment because it is not theirs but is seen rather as belonging to "the association" or to "the responsible agency."

The entire process is authoritarian because it imposes certain practices and values. The people should not be forced to carry out activities (collective initiatives) or adopt lifestyles to which they are not accustomed just because they participate in a loan program.<sup>7</sup> This kind of imposition is diametrically opposed to "free-market philosophy" and to social organization based on competitiveness and efficiency, as espoused by the *Cédula da Terra*. It also runs contrary to the logic of community empowerment touted by the World Bank because it blocks social processes capable of fostering free and autonomous citizens. The survey also revealed that most of these attempts to organize production have been failures. They have not paid enough for people to cover their installments, and the imposition of "collective labor" has discouraged community help and cooperation initiatives, thus causing both social and economic losses for families included in the *Cédula* program.

### *Farm Production and the Ability to Repay Loans*

Situations differed in the various areas surveyed, particularly in terms of soil quality (for example, fertility, depth, and gradient) and availability of other natural resources such as water. Despite this geographic diversity, the data revealed similarities, among many interviews, regarding problems and precarious situations in the areas, including a clearly generalized hardship to keep up with installments on the loan to purchase the land.

Perceptions of soil quality were diverse, ranging from “the land is good” to evaluations like “part is good and other parts are weak” and even statements that the “land is not good at all.” In all the projects visited, most people reported difficulties in farming, especially on their individual lots (lack of technical assistance and funds for investment were the most frequent complaints).

Drought is a constant problem in the northeast, but there were serious problems related to the quality of the land purchases, such as soil fertility, the depth of the soil, its rockiness or unsuitability for many crops, or that the purchased areas were located in forests protected by environmental laws, and so on. As a result, farm production on the projects surveyed was basically for subsistence.

Interviewees stated that production on individual lots did not generate enough income even for survival, much less for capitalization or new investments in production. Families interviewed used a variety of survival strategies, such as working as day laborers or taking jobs away from the farm as domestic workers, or employees in stores. The most common strategy was to take an occasional day-labor job doing chores on other farms in the region.

Farm output has not allowed families to achieve the ambition of competitive insertion into markets. The Cédula da Terra project has not gotten people into the market by allowing for production and income generation in the countryside. Instead it has reproduced precarious situations that have driven family members into outside jobs to survive.

The same problem appeared in collective investments, which have taken a larger share of funds to build infrastructure (as in irrigation projects), purchase farm inputs, and pay for technical assistance. These investments were supposed to produce monoculture cash crops and generate income to pay back the loans, but this has not happened, due to a variety of obstacles to collective production. First, local agencies have put most infrastructure funds into making collective production viable, leaving individual lots to fall to second place in priority. Collective lots have then received the greatest amount of investments in

technology (mainly for irrigation) and technical assistance. Such investments in the collective lots, however, mean even greater losses for families who for many reasons (including poor technical advice) cannot harvest enough to keep up on their Cédula loan installments. Of the sixteen areas surveyed, only two reported no problems with this kind of initiative. The problems observed varied from the imposition of this form of organization by local agencies and delays in release of investment funds to mistaken technical orientation, all of which have created serious barriers to the viability of such initiatives.

The survey has allowed us to conclude that very few families covered by the Cédula da Terra earn enough to eat and survive. Most don't harvest enough to feed their families, much less to save money or to make a reserve for their loan installments. While details have varied considerably from one project to another, there was near unanimity in stating that people have not been able to afford to cover the first installments on their loans.

While they denied the credibility of these denunciations and of the questioning of people's ability to pay, agencies had already been expecting delinquency regarding payment. During a visit to Maranhão (one of the states included in the program), INCRA's national superintendent in 1997, Milton Seligman, voiced serious doubts about the Cédula families' ability to pay. A local paper reported that Seligman ". . . recognized that the government has doubts about whether people settled by the Cédula da Terra can afford to pay their loans, which is why the program is being launched as an experiment" (*Estado do Maranhão*, September 16, 1997).

In the state of Bahia, our survey coincided with a process of "recompacting" contracts whose first installments were coming due. Unofficially, the renegotiations were to cover over forty-nine projects, extending the terms and modifying payment conditions. The negotiations were case-by-case and payments were being rescaled with lower payments during the first years, at values that, in the words of one official, now made them "something nearly symbolic, to give 'em a break." We had no access to these documents, but the term-extension process revealed the hardships faced by families in achieving the Cédula project's goals.

While willing to pay, interviewees were unanimous in stating that they would not be able to comply with their commitment to make the first installment. This inability to make any kind of payment was recurrent in all interviews, leaving no doubt as to the precarious situation in the areas surveyed.

The difficulty in earning enough income has not been caused only by the loan conditions (interest rates, service charges, terms, etc.), although these

have been totally inappropriate for the project's reality and purposes. Problems have also arisen from a variety of factors, including production shortfalls, which have totally compromised the success of this kind of project. Production shortfalls, as we have seen, are caused by a combination of factors such as poor soil (buyers cannot afford to buy better land), lack of investments and technical advice (or bad advice), precarious natural resources (rainfall, water supply), and so on. Families included in the project not only have continued to be poor but have not been able to afford to pay back their loans. This situation was made very clear in all the interviews, and was most meaningfully put by one respondent to the 2002 study, interviewed at the Acary Farm Project in Matto Grosso, who said, "Before I had nothing and owed nothing. Now I have nothing and owe money. I have land, but a debt too."

## Conclusion

Despite some recognition of improvements, living conditions in the Cédula areas surveyed have been shown to be very precarious. Families have been unable to produce enough to survive, forcing family members to take outside jobs. Many of the parcels bought were on poor-quality soils because better-quality areas were beyond the means provided by the Cédula. Spending more on better land would have meant less money for investments, making the funding ceiling an insoluble problem.

The hardships, however, have gone far beyond natural problems like soil quality and drought and have involved causes inherent to the project's own internal logic. The problems of people fighting to survive under serious limitations (lack of education and skills, poor health, etc.) will not be solved merely by gaining a piece of land (although this is the underlying dream of families included). High-quality, long-term technical assistance needs, which were not included in the project design, will never be met through market mechanisms.

Problems are further aggravated when the release of funds is delayed or denied, both for infrastructure projects (World Bank funds) and for production (public funds for agricultural credit). In all the projects surveyed these delays occurred, seriously compromising the families' capacity for production. The difficulties highlighted a precarious situation for the settlements (no production, inadequate basic infrastructure, etc.) and revealed why interviewees were unanimous in stating that they would not be able to pay their debts (not even their first installment).

In conclusion, this dramatic situation of poverty will not be overcome by any kind of market mechanism, much less through a credit line to buy a piece of land. It is crucial that the struggle for a broad agrarian reform be strengthened, to invert the political balance of forces and the dynamic of social exclusion, making true social development into a viable pathway.