

CURITIBA, BRAZIL

FIXING THE PRICE OF FRESH FRUIT AND VEGETABLES

#programme #fruit #vegetables #pricefixing #markets #retail #supplychain #latinamerica
#lowincomegroups #freshfood

SHORT SUMMARY

Curitiba's Department of Supply Units, part of the Municipal Secretariat for Food Supply (SMAB), runs two programmes to ensure all city residents can buy fresh fruit and vegetables at fixed per-kilo prices that are 40-45% below conventional retail. The Sacolão da Família and Nossa Feira programmes, which operate out of fixed stores and mobile markets respectively, were developed as low-income groups were unable to afford fresh produce at supermarket prices, and some city neighbourhoods lacked affordable alternative sources. Popular with people from all walks of life, they have a regulating effect on prices across the city. Nossa Feira also helps support the livelihoods of regional food producers by providing a guaranteed urban market for produce straight from the farm.

CONTEXT AND PROBLEM

General context

Curitiba, the capital of Paraná state, has a reputation as one of the most liveable cities in all of Brazil. The population of 1.9 million (with a further 3.2 million within the wider metropolitan area) enjoys relatively high life expectancy, education, and average per capita income, and the economic growth rate is significantly above the national average. The crime rate in Curitiba is lower than in other Brazilian cities.

Over the last century Curitiba has undergone several periods of rapid growth and development, during which the city authorities paid great attention to urban planning. First, in the 1940s and 50s a famous French urbanist, Alfred Agache, was hired to design the downtown area – although his plan was too expensive to be fully realised. Then, Curitiba's three-times Mayor Jaime Lerner (1971–75, 1979–84 and 1989–92), an architect by trade, initiated a raft of sustainable development projects, including the public transport system, the pedestrianised city centre, and the vast city-owned public parklands that function as flood plains.



Selling fresh fruit, Unsplash/Davidsonluna

Lerner also introduced educational and social programmes, including the ground-breaking 'Green Exchange' programme that still exists today: when the streets of the city's slum areas proved too narrow for waste collection vehicles, he came up with the idea of giving residents free food in exchange for collected waste. The result – clean streets and improved food security – was seen almost overnight¹.

City government and governance of food

The current Mayor of Curitiba, Rafael Greca (Party of National Mobilization, PMN), took office in 2017. The City Council is made up of 38 elected councillors, and Curitiba's 75 districts are managed by nine regional governments. Within City Hall there are 33 secretariats (departments). Alongside those dealing with usual local government responsibilities – such as urban planning, education, health, social welfare, etc – there is a dedicated Municipal Secretariat for Food Supply, known by the Portuguese acronym SMAB².

SMAB was established in 1987 by Municipal Law No. 6817. At the time, Curitiba's food supply was affected by significant shifts in both production and consumption. Agriculture and food processing were undergoing modernisation and there was new emphasis on crops for international markets rather than local staples, and less regional produce sold directly in

¹ The Green Exchange programme is now managed by the municipality's Environmental Secretariat.

² Secretaria Municipal do Abastecimento

urban centres. Curitibaanos were consuming more processed and prepared foods, and self-service supermarkets were gaining popularity, although their high prices meant they were inaccessible to low-income population segments.

SMAB has enjoyed continuous political support from successive mayors, and its programmes are a source of positive publicity for the city. Although the precise remit of SMAB has evolved over the decades, along with its structure and programmes, the task of enabling and encouraging all Curitibaanos to eat more healthily within a food environment dominated by (often unhealthy) products of the industrialised food system is no less pertinent nowadays.

Today, SMAB has three departments:

- The Department of Supply Units, which manages market infrastructure and equipment;
- The Department of Social Supply, responsible for programmes targeted at vulnerable and low-income groups, including the 'Family Warehouse' programme consisting of 33 stores and a distribution centre selling basic food and household goods only to those with a family income below the threshold; and
- The Department of Food Security and Nutrition, which promotes policies for food and nutrition security according to the definition set out in the 2006 Federal Law (No. 11346) on Food Security and Nutrition, known as LOSAN³: "the realization of the right of all to regular and permanent access to sufficient quality food without compromising access to other essential needs, based on food-promoting health practices that respect cultural diversity and which are environmentally, culturally, economically and socially sustainable".

TWO ACTIONS FOR AFFORDABLE FRUIT AND VEGETABLES

This case study focuses on two of SMAB's programmes, Sacolão da Família ('Family Basket') and Nossa Feira ('Our Fair'), both of which fall under the Department of Supply Units. The programmes have the same aims: to make vegetables and fruit more affordable, enabling residents to consume more fresh, healthy food and less industrialised, nutrient-poor food; to support higher incomes for local small, family farmers by cutting out middle-men in the supply chain; and to function as a price regulator, since regular grocery stores nearby keep their prices low in order to remain competitive.

Sacolão da Família consists of 16 special grocery shops located on city-owned land throughout the city, where a wide range of fresh vegetables and fruit are sold for the fixed price of BRL2.29 per kilo. This represents a saving of 40-45% compared with the produce prices of regular retailers. Sacolão shops are operated by entrepreneurs who are issued with permits by SMAB, and who source their produce from wholesale markets or from family farms within the Curitiba metropolitan area.

Nossa Feira, on the other hand, is a mobile market structure that tours 10 different city locations throughout the week, selling fresh produce from farmers in the peri-urban metropolitan area directly to consumers, also for a fixed price per kilo. Importantly, both Sacolão da Família and Nossa Feira outlets are open to everyone, regardless of income.

THE STORY OF SACOLÃO DA FAMILIA AND NOSSA FEIRA

The first of the two programmes to be introduced was Sacolão da Família in 1997. The 16 Sacolões are located at strategic spots around the city where there is otherwise poor supply of fresh and nutritious food. The premises are owned by the city but are operated under permit by business people. The first to open its doors, in November 1997, was the Sacolão da Rua da Cidadania Fazendinha, which still operates under the same permit-holder today. Strong customer demand meant the space has had to be expanded; it is now twice what it was at the beginning.

Permits are awarded through a transparent bidding system. Whenever a unit becomes available – either because the secretariat is adding a new location or because the current permit holder no longer wishes to continue – SMAB publishes a call to tender. Would-be permit holders then submit their business plans for scrutiny. The permit holders agree to abide by SMAB's conditions. The maximum price they can charge for vegetables and fruit is (currently) BRL2.29 per kilo. The price is always 40-45% cheaper than regular retail and is set periodically through a resolution issued by SMAB. It is set following market research into the retail and wholesale prices of a product reference list, conducted by the Study and

³ Lei Orgânica de Segurança Alimentar e Nutricional

Technical Assistance Committee (CEAT) in consultation with a member of the statistics and analysis team who tracks the economic behaviour of the horticultural sector.⁴

Sacolões must stock at least 30 different varieties in spring and summer and 23 in autumn and winter – although often as many as 50 different products are available on any given day. This means that customers can buy a mixed bag containing small quantities of many different products, rather than being obliged to buy more than they need of one item. This helps keep down waste. In addition, the Sacolões can stock some products that are exempt from the reference price – that is, bulk, packaged and/or minimally processed fruits and vegetables. The Sacolões are subject to spot inspections by SMAB officials, who check compliance with the pricing systems and quality of produce.

Secrets of the Sacolões' success

Quality is fundamental to the popularity of the Sacolões. They sell good quality food at the same, cheap price for everyone, rather than peddling second-rate produce to poor people. For the Sacolão permit holders, the ability to negotiate the best prices for quality produce is crucial to commercial success – whether they source from wholesalers or directly from farmers within the Curitiba metropolitan area, which also reduces freight costs. The low fixed price means margins are slim, but they can often secure preferential rates because they can commit to large volumes, guaranteeing the farmers a market for their harvest.

Healthy competition

One issue the Sacolões have faced is that the word 'Sacolão' is not protected, and there is no logo for the official Sacolão da Família. This means that other grocery stores have sprung up that use the name but that are not bound to the same fixed price structure nor to commitment to quality. This can cause confusion and draw custom away from the official Sacolões.

However, one effect of the programme is that other retailers in the vicinity of a Sacolão – both those that borrow the name and those that don't – offer fresh produce at cheaper prices than elsewhere in the city in order to be competitive. Some of the permit holders even run other grocery stores selling fruit and vegetables in addition to their Sacolões. Ultimately the general lowering of prices is good news for Curitibaanos, as they have an even wider choice of cheap(er) fresh produce.

The advent of Nossa Feira

By 2013 the Sacolão concept had been proven to be effective and the (then) 15 outlets were doing a roaring trade. However, there remained neighbourhoods of Curitiba with high concentrations of retired people and low-income families that were still lacking affordable sources of healthy, nutritious food.

To address the problem, SMAB officials hit on a variation of the same fixed low price/high quality model that would cover more ground – but without the need to invest in new buildings. Nossa Feira markets take place at 10 city locations throughout the week, from 16h to 21h so that customers can buy food on their way home from work. The market space is a large structure of around 100sqm made up of several easy-to-assemble tents, under which the fresh produce is laid out. The tents, as well as other equipment such as scales, plastic boxes, lighting, and energy points, are provided by SMAB. The markets are self-service. The single per kilo price means all the produce selected by a customer is weighed together at the check-out. The low price of BRL2.29 per kilo is possible because there is no middle-man in the supply chain; the farmers sell their produce directly to consumers. Outside of the main structure, other produce – such as cereals, fish, cheese, cold meats – is sold on individual stands or trailers by licensed vendors who are free to set their own prices.

To establish the Nossa Feira programme, SMAB carried out a study of family agriculture within the Metropolitan region of Curitiba, including seasonality of production, and consumption habits of the target public. This information was used to draw up the regulatory framework.

SMAB officers then identified public spaces where the markets could take place, within target neighbourhoods, and validated them with local resident associations and city administrators. In some cases, site improvements had to be made, such as extending pavements, installing public lighting, and ensuring accessibility and security.

⁴ The process for determining the price is set out in Administrative Rule 54, articles 2 and 3.

A system was established for family farm cooperatives to bid for the management of a batch of markets, to be held at previously determined locations. The winning cooperatives are granted permits and must operate in accordance with guidelines issued by SMAB. Each cooperative has its own headquarters for receiving and preparing produce, loading trucks, and overseeing operations.

However, the cooperatives do not work in isolation. SMAB enlisted the help of the Rural Technical Assistance and Extension Agency for Paraná state (EMATER-PR) to set up a consortium of nine family farm cooperatives, with a collective membership of 9,000 producers, whose directors meet on a regular basis. The consortium enables the cooperatives to organise production between themselves and to form commercial partnerships to ensure each market has a varied offering of fruit and vegetables – usually around 30, but it varies according to the seasons. At certain times of the year, the consortium can increase the variety by sourcing additional produce from further afield or from wholesale suppliers. In addition to their own headquarters, consortium members have access to a warehouse (provided by SMAB) at the wholesale market for Paraná state, CEASA/PR⁵, which functions as a centre for receiving products from other cooperatives.

BENEFITS

Nossa Feira allows the majority of Curitibaanos, including those on low incomes, to be self-sufficient without the need for subsidies. The quality of food consumed by the market customers improves, as the 40% saving against regular retail means they can afford more, and better quality, produce. Moreover, the markets improve the social environment of neighbourhoods, serving as a space for meeting and socialising. The temporary nature of the market structure means the programme can be rapidly expanded to additional locations if the population's needs change. It is not just consumers in the city who benefit. Nossa Feira also strengthens family farms and encourages professionalism, providing a platform for individuals and groups from different regions of the state to work together to access the lucrative urban market. The volume of sales has been high from the outset, with cooperatives reporting an immediate increase in sales of around 450%.

Finally, Nossa Feira (and Sacolão de Família) proved to have resilient supply chains during the May 2018 truckers' strike that brought conventional food distribution systems across Brazil to a standstill. Supermarkets began running out of supplies and what little produce was available was subject to significant price increases. For Nossa Feira and the Sacolãos, on the other hand, much of the produce (all in the case of Nossa Feira) comes from local farmers so the distances from producer to retailer were relatively small. The transporters used smaller trucks, meaning they could by-pass the blockades on the highways and deliver produce into the city via the smaller roads.

CHALLENGES

Nonetheless, Nossa Feira has not been without difficulties. The logistical costs and the labour required to set up the markets are relatively high, considering each market only operates for five hours. This means there is a need for a minimum volume of sales for the cooperative to cover its costs.

However, since markets take place in each location only at certain times, Nossa Feira has struggled to attract a loyal customer base. Many people prefer to buy from a fixed retail point that is open during regular hours throughout the whole week – and the prices are often not that different, since Nossa Feira and Sacolão da Família have a regulating effect.

The feasibility of the programme is vulnerable to unexpected events affecting agricultural production (e.g. weather, political unrest etc), as well as economic changes that affect the income and spending ability of the public it serves. Indeed, the commercial viability became critical with Brazil's recent economic crisis, especially after 2016. The decrease in consumption in neighbourhoods where people have the lowest purchasing power led to a 50% reduction in sales. As a result, several market points were no longer profitable.

⁵ Centrais de Abastecimento do Paraná. CEASA/PR is a state government company.

These difficulties were compounded by the fact that the managers of the cooperatives are, first and foremost, farmers with no retail or managerial experience. This has had implications for operating costs, fiscal and labour costs, product quality, and loss management.

As a result, since 2016 the number of Nossa Feira locations has been reduced from 20 to 10. The cooperatives adopted measures to reduce operating costs and improve quality of produce and customer service. The efficiency drive appears to be yielding results: since the beginning of 2019 several market points with low sales have improved their performance and increased their competitiveness in relation to local commerce.

IMPACTS ON NUTRITION

The Sacolões da Família and Nossa Feira enable Curitibaanos to save between 40% and 45% against the price of fruits and vegetables in regular grocery stores that have no price restrictions in place. In 2018, the Sacolões alone sold an average volume of 1,103 tons of produce per month between them and generated 95 jobs.

Data from the Ministry of Health's Vigitel platform for monitoring risk-factors of non-communicable disease shows there has been a steady increase in the percentage of Curitiba's population that consumes at least five portions of fruit and vegetables a day over the last decade, from 34.8% in 2006 to 45.5% in 2017.

Whether or not a food or drink is HFSS is determined using the UK Nutrient Profiling Model (NPM), a method that has been subject to scientific review and wide consultation⁶.

Exceptions may be made on a case-by-case basis if the advertiser can present robust evidence that a HFSS food or drink product does not contribute to child obesity – such as, for example, if products are never consumed by children.

In 2018 TfL reported a deficit of GBP1bn, due to a fall in passenger numbers and reduced government grants; it is under pressure to increase advertising revenue to avoid increasing fares. Even so, the Mayor considers any financial hit from banning HFSS advertising to be justified given the long-term costs of child obesity epidemic.

As advertising spend fluctuates year-on-year depending on wider market conditions, it is too soon to tell if there has been any impact on overall spend, but early indications are that major retailers are continuing to advertise on the TfL network through amending their advertising copy or switching to advertise healthier products.

THE STORY OF THE ACTION

Putting the policy on the table

Outdoor advertising of HFSS products has been a subject of discussion within London for some time. Since 2016 some London boroughs have signed the Local Government Declaration on Sugar Reduction and Healthier Food⁷, which includes an action to include nutritional information on all food and beverage advertising in council-controlled spaces (publications, events, billboards, bus stops, etc). Concerns over advertising and sponsorship of Mayoral food initiatives by HFSS food companies was also raised at the Boroughs sub-group of the London Food Board, the London Boroughs Food Group. A study by dietetics students at Kings College London found that 69% of food advertising across the boroughs of Greenwich, Havering, and Merton was for 'unhealthy' products; the findings were presented to the London Food Board, where they piqued the interest of then-chair Rosie Boycott.

In 2016-17 the Healthy London Partnership⁸ conducted a major public consultation on child obesity, The Great Weight Debate⁹, which highlighted London's food environment as a major factor, including HFSS advertising, the abundance of fast food restaurants, and the difficulties of finding affordable healthy food.

⁶ <http://content.tfl.gov.uk/policy-guidance-food-and-drink-advertising.pdf>

⁷ <http://www.sustainweb.org/londonfoodlink/declaration>

⁸ The Healthy London Partnership includes various NHS entities in the capital, the GLA and the Mayor of London, Public Health England, and London Councils

⁹ <https://www.healthylondon.org/wp-content/uploads/2018/02/The-Great-Weight-Debate-report.pdf>

And in light of the 2017 MoU on London Health and Social Care Devolution, Public Health England (an executive agency of the national English Department of Health and Social Care) instigated discussions over how the Mayor of London could use his powers of strategic direction of TfL as a lever for restricting advertising of HFSS food and drink on the public transport system.

These discussions meant that there was a favourable context for the Mayor of London to take action over HFSS advertising on TfL property.

The issue of HFSS advertising was raised as during the drafting of the Mayor's new London Food Strategy in 2017-18. Initially various options were considered. These included:

- an 'Eat Aware' campaign to counter HFSS advertising;
- taking a levy from HFSS advertising and investing it in public health measures;
- a targeted ban of HFSS advertising at sites frequented by children, such as on school routes;
- a ban on digital screens during school run times (this was soon discounted as ineffectual as there are digital screens only in central London, not on school routes in Greater London).

TfL officers worked with the GLA to ensure the policy agreed would be deliverable and effective, that there would be appropriate planning time, and that the impact on revenue would be minimised.

Consultation and preparation

The Mayor's London Food Strategy is a non-statutory strategy. Although this means no formal approval was needed from the London Assembly and there was no requirement to put the draft strategy out for consultation, these steps were followed anyway, in the interests of the public record and transparency.

The GLA food policy team presented the draft strategy to the London Assembly's scrutiny committee on environment, with members of the health committee also invited. The HFSS ban on TfL did not elicit much controversy.

The public consultation ran from May to July 2018 via a dedicated web page, online discussion forums, and quantitative research (focus groups). The response was overwhelmingly positive: of the 592 emails and letters from members of the public, 580 supported the ban; of the 149 responses from stakeholder organisations, 68% supported the ban, 17% were against it, and 15% gave no view. The organisational opposition came from some parts of the food and drink and advertising industries, who raised concerns about the specific language used and the scope of the ban.

At the end of the consultation period, the GLA food policy team and TfL spent three months analysing the responses and drafting the final policy. Some changes were made; for example, a clause preventing the logos of food businesses associated with HFSS foods, such as fast food chains, appearing in advertisements was removed. The final policy was published in November 2018, together with some guidance notes. It attracted considerable coverage in the London-wide, national and international media.

The GLA food policy team then embarked on a round of engagement that involved stakeholder meetings to address concerns or queries over implementation. This included regular meetings with TfL's advertising agents, JCDecaux and Exterior, to provide them with more detailed guidance on how they should interpret the policy. A number of events were also held, including one at City Hall in January 2019 for around 120 creative and out-of-home agencies, who design advertising campaigns on behalf of food and drink industry clients.

Implementation

The policy came into effect on 25th February 2019. TfL is responsible for implementation, but the GLA food policy team continues to be involved when needed. The first point of contact for would-be advertisers – whether media agencies or the brands themselves – are TfL's agents, JC Decaux and Exterior. The agents check submitted copy, decide whether it is acceptable, and provide guidance to the client if necessary. If they are not sure, however, the agents can consult TfL.

In cases where an exception may be merited, the burden of proof lies with the companies. For example, they may be able to demonstrate that a HFSS is never consumed by children and therefore does not contribute to child obesity.

At the time of writing implementation is still in its early days. There may be challenges ahead as it is rolled out – for instance, it remains to be seen whether it will be subject to legal challenges.

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CURRENT STATE OF PLAY AND NEXT STEPS

At present SMAB has no plans to expand either Sacolão da Família or Nossa Feira. Rather, current efforts to ensure universal access to affordable nutritious food are focused on expanding the city's network of Popular Restaurants in response to citizen demand, from five to seven. The Popular Restaurants serve nutritious meals to

everyone regardless of means; everyone pays the same low price of BRL2.80 per meal, thanks to subsidies by SMAB out of the city budget. They are operated by non-profit social entities and private companies, contracted via an open bidding process. In addition to providing meals, the restaurants also organise educational activities, on topics such as nutrition, food hygiene and safe storage, re-use of leftovers, and family budgeting.

Consumption of fruit and vegetables a day in Curitiba, % of residents consuming 5+ portions per day



Source: Vigitel

STAKEHOLDERS AND ROLES

- **SMAB:** Owns the Sacolão da Família buildings and temporary Nossa Feira market structures; issues permits for Sacolão operators via bidding process; also issues permits to farmers' cooperatives for Nossa Feira. Carries out inspections to ensure adherence to price and quality conditions.
- **Sacolão operators:** Bid for a permit to run a Sacolão, operating as a business. Negotiate with suppliers (wholesalers or small farmers) to secure good price for quality produce, enabling a small profit margin.
- **Farmers and cooperatives:** Supply fruit and vegetables, in negotiation with Sacolão operators. Responsible for supply logistics and operations of Nossa Feira.
- **Regular retailers:** Adjust prices of fruit and vegetables down to remain competitive to the Sacolões.
- **Family farmers and cooperatives:** Supply seasonal fruits and vegetables, and (for Nossa Feira) source additional produce from other cooperatives or regional producers. Operate Nossa Feira markets.
- **EMATER-PR:** Helped establish Nossa Feira by organising the farmers' cooperatives into a consortium.
- **CEASA/PR:** Provides warehouse space as a logistics centre for Nossa Feira.

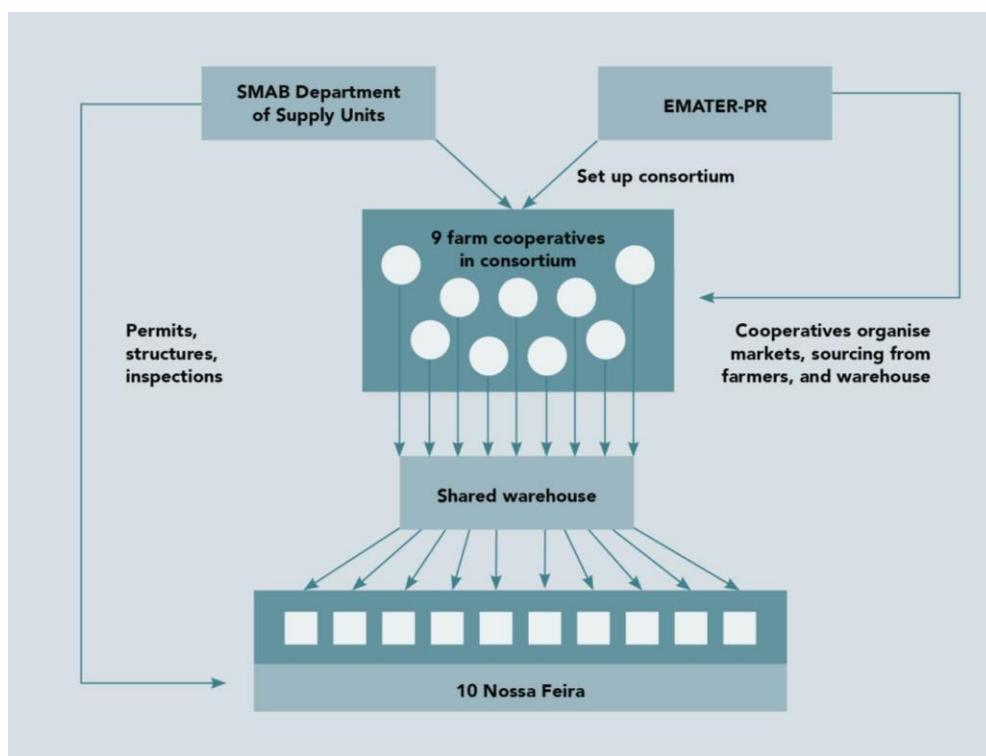
ENABLERS

- SMAB has had continuous political support from Mayors for over 30 years, including adhering to the principle of universal right to food.
- Emphasis on quality food ensures a strong, loyal customer base and no stigma associated with buying from Sacolões or Nossa Feira.
- Ability of permit holders to negotiate to secure best prices, meaning they can adhere to the maximum fixed price per kilo and still make a profit.
- Organisation of farmers' cooperatives into a consortium, enabling smooth logistics for Nossa Feira.
- Small distances from producer to consumer and local geographical knowledge, enabling supply resilience in times of disruption.

BARRIERS

- Risk of customer confusion due to lack of logo and no registration of Sacolões name.
- Relatively high time investment and logistical costs for Nossa Feira, for only five hours of operation.
- Lack of retail and managerial experience of farmers' cooperatives running Nossa Feira.
- Vulnerability of Nossa Feira to events affecting production capacity by farmers or economic situation of consumers.

Figure 1: Actors and organisations involved in Nossa Feira



MORE INFORMATION

- Website: Prefeitura Municipal de Curitiba: Programa Nossa Feira <https://www.curitiba.pr.gov.br/servicos/programa-nossa-feira/83>

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