

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary - Public

Date: 2/7/2019

GAIN Report Number: MX9002

Mexico

Post: Mexico

Mexico Announces New “Production for Wellbeing” Support Program

Report Categories:

Agricultural Situation

Grain and Feed

Policy and Program Announcements

Approved By:

Tim Harrison

Prepared By:

Benjamin Juarez

Report Highlights:

Mexico unveiled a new main support program that will replace the previous Proagro Productivo program. The new “Production for Wellbeing” program has been allocated approximately 474 million USD for 2019. As was the case with Proagro Productivo, the program primarily benefits grain and bean growers.

General Information:

Disclaimer: This summary is based on a cursory review of the subject announcements and therefore should not, under any circumstances, be viewed as a definitive reading of the regulations in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

SADER Announces New Support Program

On January 23, 2019, the Secretariat Agriculture and Rural Development (SADER) published [an announcement](#) in the Mexican Federal Register (*Diario Oficial*) announcing the operational rules of a new support program called “Production for Wellbeing” (*Produccion para el Bienestar*), for the calendar year 2019. This program replaces the previous Proagro Productivo program.

The notice highlights that the Production for Wellbeing program is one of the main programs of the agriculture and rural development sector, and that 9.0 billion pesos (approximately 474 million USD) of the federal budget have been allocated to the program in 2019. This program provides direct support to small and medium grain producers (i.e. corn, dry edible beans, bread wheat, and rice, among others) with farms up to 20 hectares that are appropriately registered in the directory of the Production for Wellbeing program. The program’s overall objective is to increase domestic grain production, and thereby increase Mexico’s food self-sufficiency. Specifically, the new program is intended to provide liquidity and improve access to services and investment in small and medium growers’ farms. Payments are based on the number of hectares registered, irrespective of the type or volume of production or the related domestic or international prices.

There are two separate categories of grower, based on the total area eligible for the program and depending whether the producer is registered in the directory of either of two previous programs:

- Proagro Productivo, which was previously Mexico’s largest agricultural support program (see 2018 GAIN report [MX8010](#) “Slight Changes in Production as Grain Imports Continue Upward Trend”); or
- PIMAF (Incentive Program for Corn and Bean Producers), a program for highly marginalized small producers that was in force in 2018.

Table 1. Proagro Stratums

PROAGRO Productivo Stratums	Area of the Incentive	
	Water regime	
	Non-irrigated	Irrigated
Small Grower	Up to 5 hectares.	Up to 0.2 hectares.
Medium Grower	Greater than 5 and up to 20 hectares.	Greater than 0.2 and up to 5 hectares.

Table 2. PIMAF Stratums and Indigenous Growers

Stratum	Area of the Incentive
Small Grower	Up to 3 hectares

The calculation of the maximum incentive amount will be made per hectare or fraction of the eligible area, according to the following allocation per hectare:

Table 3. Support payments per hectare

Stratums	Allocation per eligible hectare
Small Grower	1,600.00 pesos (84.21 USD)
Medium Grower	1,000.00 pesos (52.64 USD)

The operational rules state that the above supports are subject to federal budget availability and the discretion of the responsible unit (i.e., SADER) operating the program.

The notice states that the Responsible Unit (RU) overseeing the operation of the program will allocate two percent of the program budget for administration of the program. Additionally, subject to budget availability, the RU can allocate resources as follows:

- A. Encouraging the incorporation growers who sow corn and beans into the program, including growers using the *milpa** system, giving priority to:
 - a. Growers participating in the 2018 PIMAF program
 - b. Growers with farms located in indigenous communities of high and very high marginalization

SADER may allocate up to 0.5 percent of the program budget toward these activities. According to a press release, SADER will incorporate approximately 250,000 corn and dry beans growers from localities whose indigenous population is more than 70 percent.

*NOTE: The “*milpa*” system is a traditional agricultural production method for non-irrigated areas that includes different crops simultaneously in the same field. The main species in this system are corn, usually associated with dry beans, pumpkins, chilies, or tomatoes, among others, depending on the region. The main objective of the “*milpa*” system is to produce food for self-consumption. END NOTE

- B. Pay supports corresponding to Proagro liabilities derived from requests made for the 2017/2018 fall/winter and 2018 spring/summer agricultural crop cycles that were not paid due to lack of budget availability.
- C. Establish training and technical-organizational support schemes aimed at program growers to facilitate the adoption of technological innovations, improve their agricultural practices, and increase their yields, as well as to strengthen the instrumentation of services offered by SADER. SADER may assign up to 2.5 percent of the budget to this effort.
- D. Complement the actions of the Production for Wellbeing program with the new services offered by SADER.
- E. Develop methods to pay supports more quickly in subsequent agricultural cycles so that they may be invested in productive assets, in accordance with the specific guidelines established by the Responsible Unit.

Per the notice, the Responsible Unit will be General Directorate of Operation and Exploitation of Lists (DGOEP), or another unit designated by SADER.

The announcement notes that within the rights and obligations of the support beneficiaries are, among others:

- Accepting advice from the responsible unit;
- Acquire the goods or services they require with the provider of their choice;
- Denounce and/or declare acts of corruption and mismanagement of the program;
- Accept, facilitate, and respond to audits, inspections, and requests for information from SADER at any stage of the process.