

Highlights



November | 2011

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Introduction

This second 2011 issue of Highlights presents the policies launched in the period from August to October and the main results and progress achieved in the first ten months of the year.

The section *Brazil in Figures* brings new information from the 2010 Census, which shows an even more metropolitan Brazil, where more people identify themselves as brown and black, formal employment has grown and inequality has decreased in all regions. Despite the current scenario of international crisis, this Brazil in transformation continues to create jobs, strengthen its fiscal soundness and its status as a destination for foreign investment, as summarized in the *Economic Scenario*.

The main results of the Brazil without Extreme Poverty (*Brasil sem Miséria*) Plan in its first five months are presented in the *Forums of Public Managements* section, demonstrating that the strategies to overcome extreme poverty have already begun to reach its intended beneficiaries. The section also highlights the latest numbers on the implementation of PAC-2, showing that investments to enhance infrastructure in Brazil are underway and according to schedule. The section also presents new measures to improve the regulation of economic activity and foster the country's industrial sector, which were adopted to keep Brazil on the path to growth, as well as actions to strengthen citizenship.

The *Highlights* section features new programs and actions of the federal government, such as the Better at Home (*Melhor em Casa*), the SOS Emergencies (*SOS Emergências*), the third phase of the expansion of the federal technological and higher education network, the Greater Brazil (*Brasil Maior*) and Growing (*Crescer*) plans, in addition to measures to improve the tax incentive system known as *Supersimples*. Other topics highlighted include actions to restructure the air transport sector, the progress of construction and renovation works for the 2014 World Cup, the results of measures to combat deforestation, and extension of the tax credit limit to 17 states. Readers will also find details on the enactment of the laws that guarantee access to public information and establish the Truth Commission.

Brazil's participation in multilateral events and the bilateral agenda that marked the period from August to October are described in the *Brazil and the World* section. The *Normative Agenda* lists the main acts published in the period.

The editors of Highlights acknowledge once again the invaluable support of federal government agencies in providing the information contained herein. They also reiterate the invitation for readers to email their critiques and suggestions to destaques.secom@planalto.gov.br, as a contribution to further improve this publication.

The Highlights Team

Contents

Brazil in Figures..... 5

The 2010 Census..... 6

Economic scenario..... 8

Forums of Public Management 11

Forum of Extreme Poverty Eradication 12

Forum of Infrastructure 16

Forum of Economic Development 20

Forum of Citizenship and Rights 24

Chamber of Management, Performance and
Competitiveness Policies..... 27

Highlights..... 28

Health..... 29

Education..... 33

Security..... 38

Greater Brazil Plan..... 41

Growing – National Microcredit
Program..... 43

Supersimples (Unified Tax Collection System) 45

FIFA 2014 World Cup 47

Restructuring the civil aviation sector..... 51

Transparency and access to information 53

Environment and sustainability 55

Federal State Relationship 57

Brazil and the World..... 59

Multilateral agenda 60

Bilateral agenda 63

Normative Agenda 66

Economic and financial..... 67

Social..... 69

Infrastructure 72



Brazil in Figures

The 2010 Census

Profile of the Brazilian population

A more metropolitan Brazil, with more jobs and less inequality

More Brazilians in the big cities

In 2010, 54.7% of Brazilians or 104 million people lived in 283 municipalities with population over 100,000.

The 3,914 municipalities with population under 20,000 were home to 17.1% of the Brazilian population or 32 million people.

93.8% of children one year old and under have birth certificates

Among children under 1 year of age, 93.8% had birth certificates.

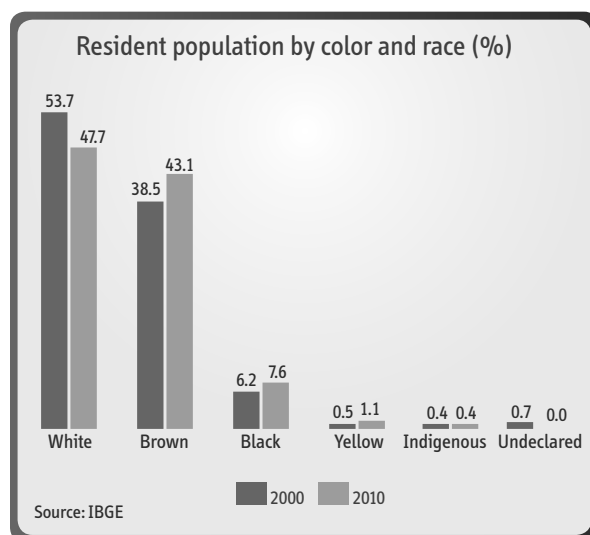
In age group 2 years and under the number increased to 97.1%, reaching 98.7% among 10-year olds and younger.

The South reported the highest rate of birth certificate among children up to one year of age (98.1%), followed by the Southeast with 97.6%. The lowest rate was reported in the North, with 82.4%. In the Central-West and Northeast regions the percentages stood at 95.0% and 91.2% respectively.

The lowest rate was reported among indigenous people, with only 67.8% in age group 10 years and under.

Majority of the population is Black and Brown

In 2010, fewer people identified themselves as white, whereas the number of self-declared black or brown Brazilians increased compared to 2000.



45.6 million people reported having a disability

Of the total population, 23.9% (45.6 million people) reported having a disability.

Among the reported disabilities, the most common was visual impairment, which affected 18.8% of the population, followed by mobility (7%), hearing (5.1%) and intellectual and/or mental (1.4%) disabilities.

Growth in protected employment

In 2010, 53.3% of people 10 years or older were employed, a percentage much higher than that recorded in 2000 (47.9%).

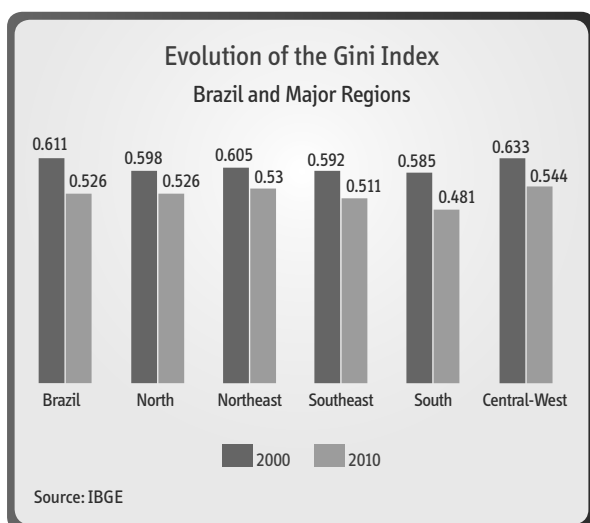
The number of employed persons also increased from 66.6% to 68.2% between 2000 and 2010. During the period, the share of workers with a formal

contract increased from 54.8% to 65.2% of the employed population, indicating an improvement in the quality of employment over the last decade.



Income inequality falls in all regions

The Gini index of monthly income distribution among people in age group 10 years or older fell from 0.611 to 0.526 between 2000 and 2010. The



largest decrease was reported in the South, which also showed the lowest value for the index.

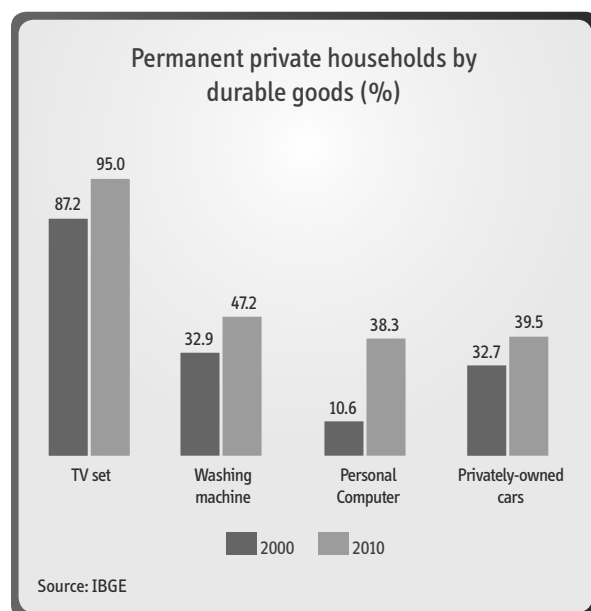
In 2010, the average monthly income of people 10 years or older was R\$ 1,202. In urban areas and rural areas the average was R\$1,294 and R\$ 596 respectively.

38.7% of female heads of household

Of the 57 million households in Brazil, 61.3% were headed by men (35 million) and 38.7% by women (22 million). Most heads of household (62.4%) were over 40 years of age.

Number of households with a personal computer increased by more than threefold in 10 years

The number of households with access to durable goods such as TV sets, washing machines, personal computers and cars increased in the past decade.



Economic scenario

Macroeconomic stability and fiscal soundness

Strong fiscal discipline and growth with stability and employment generation

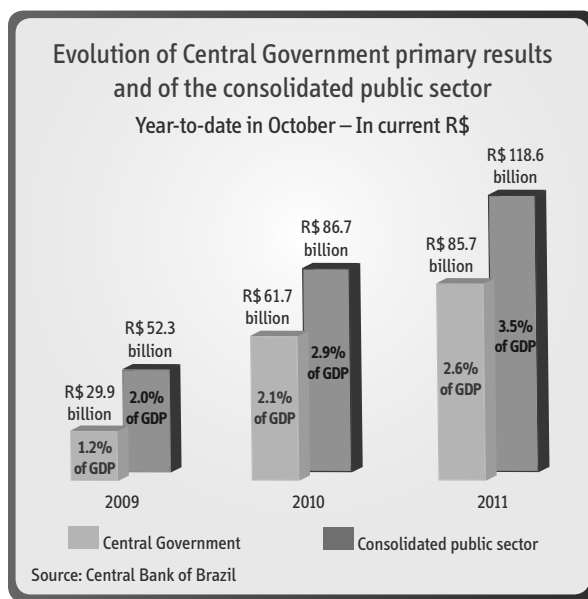
The primary surplus of the consolidated public sector (Central Government and Regional and State Governments) reached R\$ 118.6 billion (3.5% of GDP) year-to-date in October, i.e., a 37% increase over the same period in 2010.

The evolution of Central Government accounts (National Treasury, Social Security and Central Bank) played a fundamental role in this result. In the first ten months of 2011, the Central Government primary surplus reached R\$ 85.7 billion, i.e. a 39% increase, in nominal terms, over the same period in 2010.

This significant increase compared to 2010 is even more dramatic when one considers that in 2011 there was no capital inflow arising from assignment for consideration of oil exploration, whose net income had amounted to R\$ 31.9 billion a year earlier.

These results express the determination of the Federal Government to maintain strong fiscal discipline, besides pointing to an increase in the primary surplus target for the consolidated public sector from R\$ 10 billion to R\$ 127.9 billion in 2011. This increase should be met by the Central Government, whose surplus target was also risen from R\$ 10 billion to R\$ 91.8 billion.

In October, the surplus accrued by the Central Government and the consolidated public sector already corresponded to 93.4% and 92.7% of the new targets respectively.

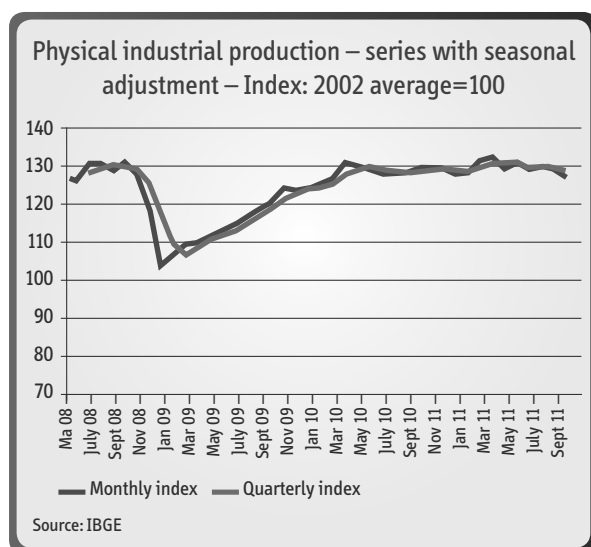


The Federal Government's commitment to fiscal soundness creates an economic environment conducive to a reduction in the basic interest rate. In August the Central Bank reduced the Selic rate to 12% per year and in October a further reduction brought it down to 11.5% per year.

Employment continues to grow despite some moderation in economic activity

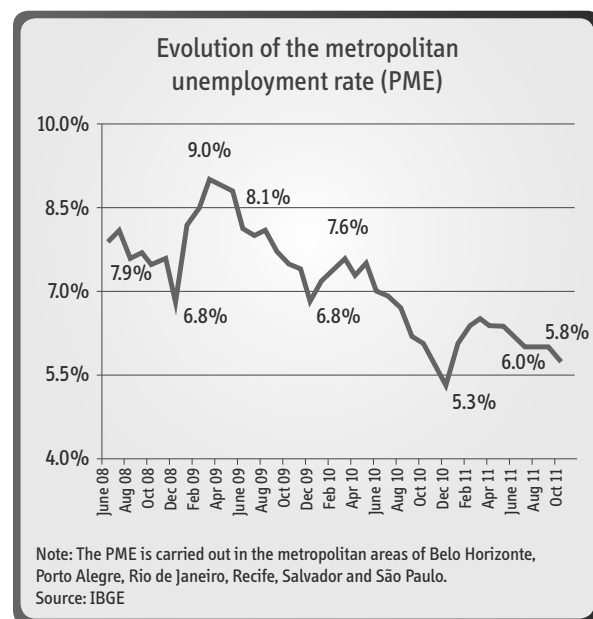
The Gross Domestic Product (GDP) grew 1.2% and 0.8% in the first and second quarters respectively, with deceleration in agriculture and industry, and a relative stability in services. The Services sector had the best performance in the second quarter with a 0.8% increase, while industrial production varied by 0.2% in the period.

The latest data from the Monthly Industrial Survey show moderation in industrial activity. In July and August, industrial production varied by 0.3% and -0.1% respectively. Shutdowns and sales of stocks in the automotive industry prevailed in September, contributing to a 2% decline in industrial production. Despite oscillations, industrial production remains at a high level. The graph shows that the current international crisis has not affected the domestic industry in the same magnitude as in 2008.

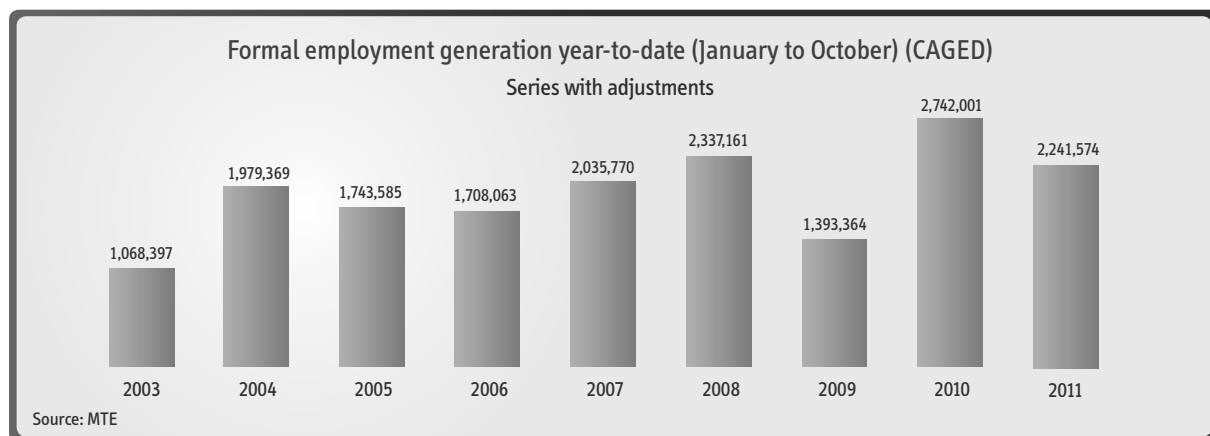


The labor market boasts a significant increase in employment creation over the year. The third largest employment base for the period was recorded

in the first ten months of 2011, when 2,241,574 formal jobs were created. All major sectors and in all states recorded an increase in formal employment in the year.



Unemployment rate in the six largest metropolitan areas stood at 5.8% in October, after having remained at 6.0% in the July-September quarter, the lowest rate for those months since the beginning of the survey time series in 2002. The formalization rate maintains the upward trend of recent years, with a 7.4% increase in formal employment in the last twelve months.

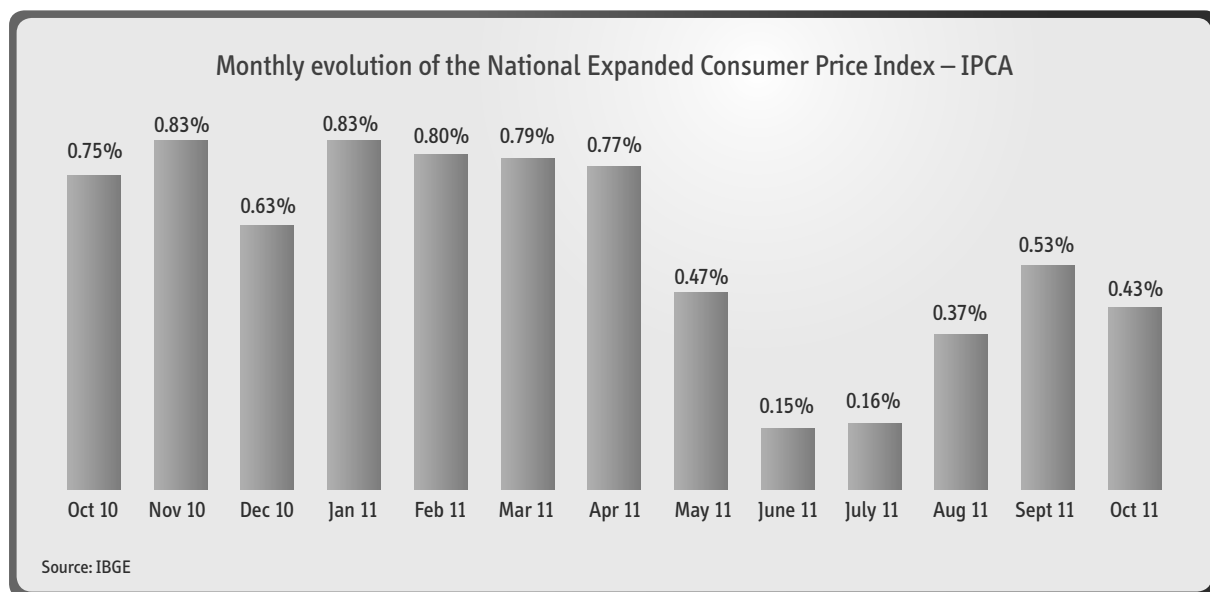


Price behavior

In the second half of 2011, the National Consumer Price Index (*Índice Nacional de Preços ao Consumidor* – IPCA) has remained at levels significantly lower than those observed at the beginning of the year.

Despite a slight growth in August and September, the index fell again in October from 0.53% to 0.43%.

The trajectory of prices in the economy remains consistent with the objective to end the year within the inflation target set by the Government.



External indicators

The trade balance recorded the largest volume of transactions ever year-to-date in October. In ten months, exports totaled US\$ 212.1 billion and imports US\$ 186.7 billion. The surplus reached US\$ 25.4 billion, up 70.4% against the same period last year on a daily average comparison.

Foreign Direct Investment (FDI) continued to grow, reaching a record total of US\$ 50.5 billion through September, thus evincing the consolidation of the

country as a prime destination for investments.

In this context, the Brazilian Treasury continues to reduce the cost of raising funds abroad. In November the Treasury raised US\$ 1.1 billion in securities with a 30-year maturity at an interest rate of 4.694% p.a., the lowest for bonds issued on such terms.

International reserves increased US\$ 64.4 billion in the year, having reached US\$ 352.9 billion on October 31.



Forums of Public Management

Forum of Extreme Poverty Eradication

Brazil without Extreme Poverty Plan

Active search and coordination with states, municipalities and other actors mark the first phase of implementation of the Plan

Five months into its inception, the Brazil without Extreme Poverty Plan (*Plano Brasil Sem Miséria*) has initiated several actions in the areas of income guarantee, productive inclusion and access to services.

Highlights in the period include mobilization around the Active Search and strengthening of the pact with the states for the purpose of promoting the coordination and necessary support for actions to be implemented according to the reality of each region.

Since 2003, about 2.2 million families have left the Family Grant (*Bolsa Família*) Program due to increased household income

An agreement between the Ministries of Defense and Social Development and Fight against Hunger has been in effect since September, to provide a satellite network through the Amazon Protection System (*Sistema de Proteção da Amazônia – SIPAM*), bringing

broadband internet to 166 municipalities in the Legal Amazon. Authorities in these municipalities will be able to identify people in extreme poverty living in places with great difficulty of access to the

Internet and include them in the Unified Register.

ACTIVE SEARCH

The Active Search aims to reach the extremely poor population that is out of the social protection network and include it to the Unified Register for Social Programs. The goal is to add 800,000 families to the Family Grant (*Bolsa Família*) Program until 2013.

The number of families benefiting from the Program totaled 180,000 in October 2011.

Several actors and partnerships support the promotion of Active Search, especially private supermarket chains, electricity and sanitation companies, the Post Office, Family Health Teams, teachers and literacy agents, Technical Assistance and Rural Extension (*Assistência Técnica e Extensão Rural – ATER*) agents, Armed Forces officers and the entire social assistance network.

INCOME GUARANTEE

Inclusion of pregnant and lactating women in the Family Grant Program: pregnant women and mothers in the first six months of their child's life may receive the variable benefit within the limit of 5 per family. The measure ensures better health and nutrition for mothers and infants, including during the nursing period. About 69,000 nursing mothers received the benefit in November and 35,000 pregnant women should begin to receive it in December.

Guaranteed return: beneficiaries who leave the Family Grant Program voluntarily will have their return to the Program guaranteed should their household income per capita fall below R\$ 140 again. The return request can be made within 36 months from the date of exclusion from the Program.

URBAN PRODUCTIVE INCLUSION

Professional qualification and labor intermediation

Thousand Women (*Mulheres Mil*) Program: will provide 10,000 places in 100 federal institutes of technical education throughout Brazil (32 in the Northeast, 20 in the Southeast, 18 in the North, 18 in the South and 12 in the Central-West regions). With an investment of R\$ 10 million, registration is open until December 31, 2011.

National Program for Access to Technical Education and Employment (*Programa Nacional de Acesso ao Ensino Técnico e Emprego – Pronatec*): 60,000 places are guaranteed under the S-system and will be offered in 161 municipalities with population over 100,000 that are integrated to the National Employment System (*Sistema Nacional de Emprego – SINE*). The procedures for the selection of beneficiaries and referral to courses have been agreed upon with municipal managers, who started their activities in November.

Construction industry: an agreement has been signed with the Brazilian Chamber of Construction Industry (*Câmara Brasileira da Indústria da Construção – CBIC*) to promote labor market inclusion by offering job vacancies through collective social actions and job fairs in several capitals. Fairs offering 2,600 job vacancies have already been held in Rio de Janeiro (July), Fortaleza (October) and Porto Alegre (October).

Popular and Solidarity Economy

Two bid notices were published in August to select projects to support the organization and marketing of solidarity enterprise networks, collective entrepreneurial activities, micro and small enterprises and the establishment of employment and income generation incubators.

Bid Notices for states: this R\$ 20 million initiative will benefit over 10,000 families. The result was published in September. Seven states have been selected in the Northeast (RN, BA, PE, PB, CE, AL, PI), three in the North (RO, AC and AM), two in the Southeast (ES and MG), all four in the Central-West and all three in the South.

Bid notices for municipalities: this R\$ 9.9 million initiative will benefit at least 8,000 families in 41 municipalities in the North, Northeast, South and Southeast.

Recyclable material collectors

FUNASA has selected 157 municipalities in the five regions of Brazil, which will be offered support for purchasing equipment and providing training for recyclable material collectors. The investment will total R\$ 8.5 million.

Individual Entrepreneur

A partnership has been signed between the Ministry of Social Development and Fight against Hunger and SEBRAE to provide technical assistance to entrepreneurs formalized through the Individual Micro-entrepreneur Program (*Programa de Micro-empendedor Individual – MEI*).

Through the Business to Business (*Negócio a Negócio*) Program, an agent of SEBRAE will pay at least six visits to the enterprise. In 2011, 102,000 entrepreneurs will benefit from the Program. The visits started in October.

RURAL PRODUCTIVE INCLUSION

Fostering rural productive activities

A total of 340 ATER agents are assisting 25,000 families of extremely poor farmers in all states

of the Northeast and in Minas Gerais. In addition to support for the organization of agricultural production, the beneficiary families receive corn, beans and vegetable seeds certified by the Brazilian Agricultural Research Corporation (*Empresa Brasileira de Pesquisa Agropecuária* – Embrapa).

Water for All

The construction of 140,000 cisterns has been contracted since the inception of the Brazil without Extreme Poverty Plan. Water for consumption and production will benefit 750,000 families in extreme poverty in the semiarid region by 2014, combining the construction of cisterns with collective water supply systems.

Public Procurement

In 2011, 37,000 family farmers in extreme poverty were included in the Food Acquisition Program (*Programa de Aquisição de Alimentos* – PAA). R\$ 287 million in investments had been committed to the Program until September.

Private purchases

Supermarket chains have partnered with the Federal Government for the purchase of family farming products.

Agreements have been signed with the states of Alagoas, Sergipe and Acre for the sale of cassava flour, orange, and fruit pulp and jams. In addition, partnerships have been established with affiliates of the Brazilian Association of Supermarkets (*Associação Brasileira de Supermercados* – ABRAS) in the Southeast, South and North regions, and agreements signed with major supermarket chains.

Most of the agreements also include hiring people enrolled in the Unified Register.

Green Grant

The benefit was paid to 3,500 families in October and another 3,900 were included in November. Of the some 18,000 families in the Legal Amazon who received the term of adhesion, 10,000 have already signed it.

The Green Grant (*Bolsa Verde*) program provides for the payment of R\$ 300.00 in quarterly installments to families developing conservation activities in national forests, federal extractive or sustainable development reserves and environmentally differentiated settlements, as well as in areas occupied by riverine, extractive, indigenous and *quilombola* populations and other traditional communities.

Regional Development and Poverty Eradication

The Cordeiro Route (*Rota do Cordeiro*) program, which will benefit 600 families in the states of Ceará, Piauí, Bahia and Pernambuco through technical training, employment generation at all stages of the production process and optimization of technical and financial resources was launched in October. The initiative, which is the result of a partnership between the Ministry of National Integration and Embrapa, is part of the National Routes Integration Program and strengthens the rural productive inclusion pillar of the Brazil without Extreme Poverty Plan, seeking to enhance employment and income opportunities in areas stricken by poverty.

ACCESS TO HEALTH SERVICES

The Ministry of Health used the criteria of the Brazil without Extreme Poverty Plan to define the ex-

pansion of its health care targets by redirecting its actions to benefit municipalities with the highest concentration of population in extreme poverty.

Basic Health Units (*Unidades Básicas de Saúde – UBS*): funds have been committed for the construction of 1,922 UBS in priority areas, with a view to eradicating extreme poverty.

Family Health Teams: 321 new teams have been established to expand the coverage of families in extreme poverty. The goal is to reach 450 families still in 2011.

State-level initiatives

Another six Brazilian states have launched actions complementary to the Brazil without Extreme Poverty strategy. The initiatives entail the integration of state programs to complement the Family Grant income, and actions related to Active Search, productive inclusion and access to services.

In all, actions are underway in 10 states in the five regions, in coordination with the Federal Government for the eradication of extreme poverty.

FEDERATIVE PACT

Regional agreements

The Brazil without Extreme Poverty Plan mobilizes the structure of the Federal Government, states and municipalities, valuing federal partnership and recognizing the different regional manifestations of poverty. Pacts have already been signed with governors in the Northeast (July), Southeast (August), North (September) and South (October). The pact for Brazil without Extreme Poverty in the Central-West region will be signed still in 2011.



Forum of Extreme Poverty Eradication

The goal of the Forum of Extreme Poverty Eradication is to monitor the implementation of the Brazil without Extreme Poverty Plan. Coordinated by the Ministry of Social Development and Fight against Hunger, it also includes the Office of the President's Chief of Staff, the Ministries of Planning, Budget and Management, Finance, Agrarian Development, Education, Health, National Integration, Cities, and Labor and Employment, in addition to the Secretariat-General of the Presidency of the Republic.

Forum of Infrastructure

PAC 2 – Investments to improve Brazil's infrastructure

The second phase of PAC increases social investments in areas like sanitation, housing, urban development and public transport in the cities, in addition to giving continuity to actions in the transport and energy sectors

INVESTMENTS

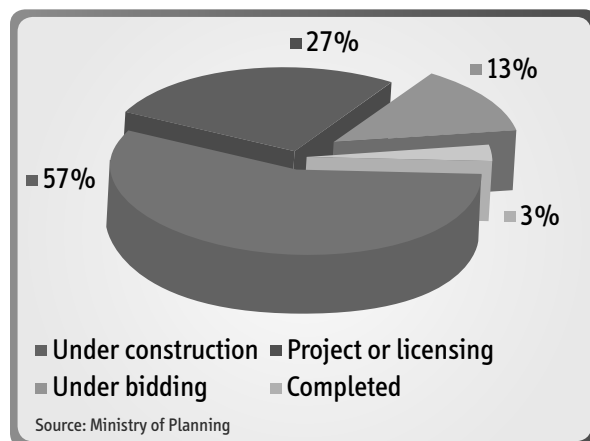
PAC-2 will invest R\$ 955 billion between 2011 and 2014. A total of R\$ 143.6 billion had already been invested by September 2011: R\$ 13.2 billion from the Federal Budget (*Orçamento Geral da União* – OGU), R\$ 2 billion in loans to the public sector; R\$ 41.4 billion from government corporations; R\$ 25.6 billion from the private sector; R\$ 5.4 billion from the My House, My Life (*Minha Casa, Minha Vida*) Program; R\$ 55.2 billion from other housing loans; and R\$ 700 million in state and local counterpart contributions. In 2011 PAC 2 increased by 22% the amount of payments and maintained similar amounts committed, compared to the same period in 2010, which was the best year of the program. In 2010, R\$ 23.3 billion were committed and R\$ 17.7 billion actually paid. In 2011, these amounts were R\$ 22 billion and R\$ 21.6 billion respectively.

EVOLUTION OF CIVIL WORKS (Sept/2011)

Considering the **cost of projects** in the areas of Transport, Energy, Urban Mobility, Light for All and Water Resources, by September 30, 2011, 3% had been completed, 57% were underway, 13% in the bidding stage and 27% in the design or licensing stage. Actions completed by September 2011 accounted for 11.3% of the total planned by 2014.

Construction and renovation works completed between July and September 2011 include the Hydroelectric Plant of Dardanelos (MT); duplication of a

BR-262 between Betim and Nova Serrana (MG); completion of Phase 1 of the deepening of the Port of Rio de Janeiro (RJ); startup of Platform P-56 (RJ); completion of section IV of *Eixão das Águas* (CE); four passenger operational modules at the airports of Guarulhos and Viracopos (SP), Vitória (ES) and Goiânia (GO); 248 km of transmission line from Chapadão (MS) to Ilha Solteira (SP); Submarine Outfall of Salvador (BA); and urbanization of Jardim São Francisco (SP).



MORE THAN 300,000 HOUSING UNITS CONTRACTED UNDER THE MY HOUSE, MY LIFE 2 PROGRAM

Phase 2 of the My House, My Life Program had contracted 317,311 housing units by the end of October: 7,191 in rural areas and 310,120 in urban areas. In all, 118,085 units have been delivered. By 2014 the goal is to reach two million housing units contracted as follows: 220,000 for municipalities with population up to 50,000 and 60,000 for rural areas.

Phase 1 of the program (completed on December 31, 2010) totaled more than one million dwellings contracted, of which 338,055 had been delivered by the end of October 2011.

R\$ 18 BILLION FOR URBAN MOBILITY

One of the highlights of the new phase of PAC is the investment in public transportation infrastructure in large cities and metropolitan areas: the Large Cities Mobility PAC. Although the municipalities are responsible for managing urban transport, the Federal Government will allocate R\$ 18 billion to assist the 24 largest cities in the country. Projects to be supported include subways, exclusive lanes for buses and Light Vehicles on Wheels.

Investments for projects to be implemented in Belo Horizonte (MG), Curitiba (PR), and Porto Alegre (RS) have already been announced. By the end of the year, another 20 cities will have their mobility projects selected.

Selected projects

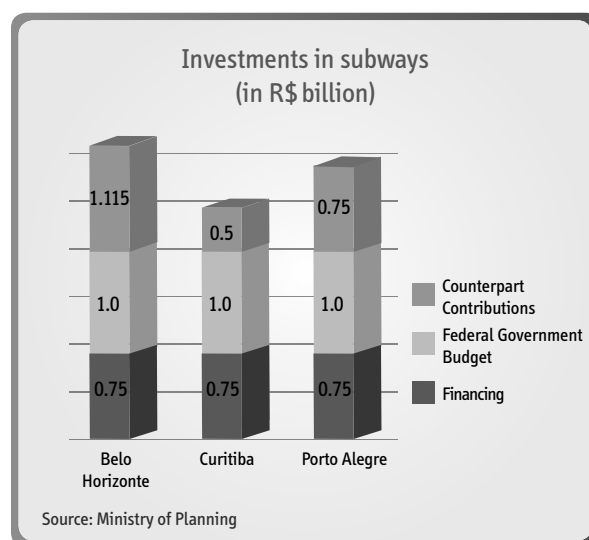
Belo Horizonte (MG) – The city will benefit from construction and renovation projects involving the subway system, metropolitan terminals for the integration of transport systems, and special bus lanes in the Lagoinha Complex. Investments in the subway system will total R\$ 2.865 billion, as follows: R\$ 1 billion in OGU funds; R\$ 750 million in loans; and R\$ 1.115 billion in state and local counterpart contributions. Line 1 of the subway system will be expanded and modernized with the construction of the Novo Eldorado (Contagem) and Calafate II (for connection to line 2) stations and access improvement in the stations in operation, totaling 30 km of double track, 20 stations and 32

trains. Lines 2 and 3 will also be built. The Barreiro-Calafate II section of Line 2 will have 10 km of double track, 5 stations and 7 trains. The Savassi-Lagoinha section of Line 3, in turn, will have 4.5 km of double track, 5 stations and 5 trains.

The metropolitan region will also benefit from the construction of 11 transport integration terminals covering seven municipalities. Investments in these terminals and the Lagoinha Complex will total R\$ 295 million.

Curitiba (PR) – The capital of Paraná will benefit from the construction of Phase 1 of the subway Blue Line, the first in the city, connecting the extreme south of the city to the downtown area. Investments will total R\$ 2.25 billion as follows: R\$ 1 billion in OGU funds; R\$ 750 million in loans; and R\$ 500 million in state and local counterpart contributions. Thirteen stations totaling 14.3 km in length will replace the existing Bus Rapid Transit (BRT) route.

Porto Alegre (RS) – Phase 1 of Porto Alegre's subway system will require investments of R\$ 2.5 billion. Of this total, the federal government will



provide R\$ 1.75 billion, with R\$ 1 billion in OGU funds and up to R\$ 750 million in loans to be taken by both the state and the municipality. Phase 1 includes the construction of 14.9 km of tracks and

13 stations – from FIERGS to the Station in Praia Street. In addition, R\$ 315 million will be invested in eight metropolitan corridors, benefiting eight cities in the metropolitan area.

Expansion and construction of subway systems will improve access to quality public transportation

In **Belo Horizonte**, the subway system will transport nearly one million people daily. Today, it serves only 160,000 people per day.

In **Curitiba**, the subway system will replace the bus corridor from the Industrial City to the downtown area of the city, carrying 460,000 passengers per day in Phase 1.

In **Porto Alegre**, Phase 1 of the subway system will benefit 300,000 passengers per day.

OTHER HIGHLIGHTS

São Paulo Beltway

With financial support from the Federal Government, the northern section of the São Paulo beltway should be ready by November 2014. This project will mobilize investments of R\$ 6.11 billion, with R\$ 1.72 billion in federal funds and R\$ 4.39 billion from the state government. An IDB loan of US\$ 1.15 billion to the government of São Paulo, approved on November 8, 2011, will enable the works to start soon.

Tietê-Paraná Waterway in São Paulo

The official partnership between the federal and state governments for the modernization and expansion of the Tietê-Paraná Waterway was formalized in September, with the signing of a letter of intent providing for an investment

of R\$ 1.5 billion, with R\$ 900 million in federal funds from PAC and R\$ 600 million from the State Government, which will be responsible for carrying out the project. The works should be completed by 2014 and will include about 800 km of the São Paulo section of the Waterway. In all, the Waterway will have 2,400 km of navigable waters. The project involves the expansion of bridge spans, improvement of dams and straightening and dredging of channels.

The cornerstone of the Tietê River Shipyard has also been laid. With an investment of R\$ 432.3 million for vessels, the Shipyard plans to build 80 barges and 20 tugboats, forming 20 convoys with a carrying capacity of 7.6 million liters each. The first vessels will be delivered in 2012 and begin to operate in 2013. When in full swing in 2015, the convoys should carry loads equivalent to 80,000 truck trips per year.

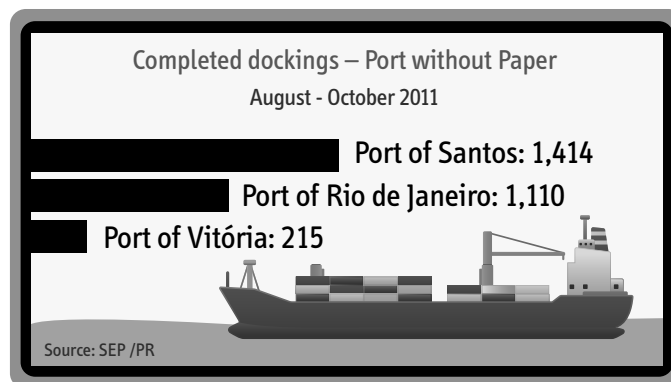
Port without Paper: less bureaucracy and more agility in port operations

The Port without Paper (*Porto sem Papel*) project involves the operation of a Port Information Portal that brings together in a single database all the information required for managing vessel stays in Brazilian seaports. It was created to improve the national port system and promote the integration of various agencies involved in port operations.

The legislation in force for cargo loading or unloading in ports requires producing 935 pieces of information for the various public agencies responsible for authorizing port operations. Before the establishment of Port without Paper, all the necessary documentation was printed;

in the new system, the documentation can be accessed online, thus enabling further streamlining procedures. The new system allows the integration of data from all agencies involved in ship docking and undocking operations: Port Authority, IRS, Federal Police, ANVISA, International Agricultural Surveillance System (*Vigilância Agropecuária Internacional – Vigiagro*) and the Brazilian Navy.

The system has been in operation in the ports of Santos and Rio de Janeiro since August, and in Vitória since September, where all vessel docking and undocking and port operations can only be carried out from the Port without Paper. Visit: <http://www.portosempapel.gov.br>



Forum of Infrastructure

The goal of the Forum of Infrastructure is to coordinate the actions required to implement the Growth Acceleration Program (*Programa de Aceleração do Crescimento – PAC*). It is formed by the Ministry of Planning (coordinator), and the Ministries of Agrarian Development, Culture, Integration, Education, Environment, Justice, Communications, Defense, Environment, Transport, and Health, in addition to the Office of the President's Chief of Staff, the Special Secretariat of Ports, the Institutional Relations Secretariat, the Civil Aviation Secretariat, the Attorney General's Office, the Comptroller General's Office, and federal agencies responsible for implementing PAC-related actions.

Forum of Economic Development

Commitment to continued growth

Economic regulation, modernization and incentive measures keep the country on the path to growth

Tax payment in installments through the crisis REFIS Program

The program of tax payment in special installments and cash payment with discount, known as crisis REFIS, has benefited thousands of persons and corporations by allowing the payment of tax debts with fine reductions of up to 90% and interest rates up to 40% lower.

Since the end of the deadline for tax debt payment last August, a total of 212,000 individuals and companies have benefited from the payment in installments program. In all, R\$ 174.04 billion in debt were negotiated, with R\$ 994.73 million from individuals and R\$ 173.04 billion from corporations. According to the IRS, the monthly tax levy should reach R\$ 1.2 billion as a result of the payment in installments program.

More Employment Portal in operation all over Brazil

The More Employment (*Mais Emprego*) Portal, which aims to support workers in their reinsertion in the labor market, has been operating in all states since September 2011. The portal is a system that brings together in a single database, information from the National Employment System (*Sistema Nacional de Emprego* – SINE), Regional Labor and Employment Offices, the Brazilian Savings Bank (*Caixa Econômica Federal*) and professional training institutions engaged in labor intermediation.

At <http://maisemprego.mte.gov.br>, workers can apply for jobs in their region, prepare and print their resumes, get information on unemployment insurance and salary bonus and still follow their repositioning process.

Employers, in turn, can submit unemployment insurance requests relating to their companies' layoffs, post job vacancies, consult resumes, follow up the selection process for the jobs offered and submit the CAGED statement.

In addition to these benefits, the More Employment Portal has also enabled reducing the operating costs of unemployment insurance.

Since its inception in 2010, the Portal has assisted approximately 1.16 million beneficiaries.

Banks pay the Social Security Institute for the right to serve retirees, pensioners and insured workers

Since July, banks have been paying the National Social Security Institute (*Instituto Nacional do Seguro Social* – INSS) for the entire payroll of retirees, pensioners and insured workers, as the result of an agreement between the INSS and banking institutions. With this measure, the estimated revenue for the INSS is R\$ 86 million per year.

Until 2007 these benefits were paid by the INSS at the cost of R\$ 265 million per year for the public coffers. In September of that year, the INSS signed an agreement with financial institutions for the

payment to be made cost-free for both parties before the bidding for the payroll was completed.

Since 2010, the banks have been compensating the INSS for the right to pay new benefits, guaranteeing insured workers timely payment at the location closest to their homes.

In July 2011 the banks began to compensate the INSS for benefits existing until December 2009 as well as for new benefits paid in locations served by a single paying agency.

In addition to compensating the INSS for the payroll, banking institutions are currently responsible for sending beneficiaries their annual Income Statement, making the Benefit Credit Statement available at self-service terminals on a monthly basis, issuing annual certificates of life, re-entering passwords and updating the addresses of all beneficiaries.

Derivatives market regulation is expanded. The Government has taken measures to curb the inflow of speculative capital from abroad and avoid the excessive appreciation of the Brazilian currency, with a view to preserving the competitiveness of domestic corporations.

Decree No. 7536/2011 set the legal framework for charging IOF tax at a rate of up to 25% on foreign exchange derivatives contracts whose net exposure amounts – short position in excess of the long position – exceeds US\$ 10 million. The tax is also levied on contracts based on interest rate fluctuations associated with exchange.

Another measure to regulate the derivatives market is the mandatory registration of all operations on the BM&F (Securities, Commodities and Futures Exchange), Cetip S.A. (Organized Over-the-Counter Assets and Derivatives) or clearing houses,

Measures to Foster the Brazilian Defense Industry

New rules to encourage the strategic defense area and special rules for the procurement and contracting or development of defense products and systems were established on September 29 (Provisional Decree No. 544/2011), namely:

- Special Tax Regime for the Defense Industry (*Regime Especial Tributário para a Indústria de Defesa* – RETID) – eliminates the requirement of PIS/Pasep, Cofins and IPI for the acquisition or import of inputs, materials and services for eligible companies;
- Possibility of a public bid aimed exclusively at the purchase or contracting of products and services using domestic inputs or innovation developed in the country;
- Possibility of subcontracting with a view to knowledge acquisition by national corporations.

The initiative is an important step to ensure the feasibility the National Defense Strategy and aims to stimulate the productive capacity of the Brazilian defense industry, reducing dependence on demands met by foreign companies. Other objectives include developing and applying scientific and technological knowledge in the country and expanding the country's capacity to choose the technologies that meet its national defense and labor qualification demands.

including those in the OTC market between private companies. With the need for registration, the government has greater control over the volume of derivatives traded.

The Government has also established the charging of a 6% IOF tax on loans in foreign currency with duration longer than two years, which are paid off in less than 720 days (Provisional Decree No. 539/2011). From now on, operations paid off before maturity will also be taxed.

Broadband at R\$ 35 in over 300 municipalities

Since October 1st, fixed telephony operators have been providing broadband internet access services at the cost of up to R\$ 35 in 344 Brazilian municipalities. By the end of the year, the service will be available under the same conditions in another 200 municipalities.

The offer – which refers to connections of 1 Mbps (megabit per second) – is part of a term of commitment signed by the operators with the Ministry of Communications and the National Telecommunications Agency (*Agência Nacional de Telecomunicações* – ANATEL). The amount charged by the operators is about half the average market price. The list of municipalities served in the first phase can be found at: <http://www.mc.gov.br>

New Law on Pay TV

Law 12,485 regulating the Pay TV market was enacted in September.

The new law unifies the rules for providing the service, which ceases to be regulated according to the distribution technology (cable, satellite, micro-

Support for the agricultural sector:

- Increase, starting in August, of the credit limit for corn producers in the Central-West region. In addition to the R\$ 650,000 provided for in the Agriculture and Livestock Plan 2011/2012, producers will enjoy an additional limit of R\$ 650,000. This benefit was granted in June to producers in the Northeast, Southeast and South regions.
- Extension of the grace period of investment operations for the purchase of breeding cattle and buffalo and matrices, from the originally 18 months provided for in the in Agriculture and Livestock Plan to 24 months. The purpose of the credit line is to encourage improvement of the genetic quality of the herd, expand the activity and increase the supply, for slaughter, of animals of greater market acceptance.
- More than R\$ 1 billion for the Capitalization of Agriculture and Livestock Cooperatives Program (*Programa de Capitalização de Cooperativas Agropecuárias* – ProcapAgro) in the 2011/2012 harvest. The funds are intended to finance the working capital of agricultural, agribusiness, aquaculture and fishery production cooperatives. This amount is to be added to the R\$ 2 billion initially provided by Agricultural and Livestock Plan 2011/2012 for ProcapAgro.

wave). Thus, procedures for the entry of new competitors in the market have become faster and less bureaucratic.

It also opens the market for telephone companies and lifts restrictions on the activities of foreign capital companies in the sector. From now on, domestic and foreign capital telecommunications companies may enter the Pay TV market, thus allowing the establishment of convergent packages including TV, telephone and internet access services.

These measures enable increasing investment and competition in the sector by expanding service coverage, which currently is restricted to larger cities. Increased competition will lead to lower prices, allowing more and more Brazilian municipalities to have access to these services.

Another important point is the establishment of quotas for the broadcasting of national and independent production on Pay TV. The quota, which requires the broadcasting of up to 3 hours and 30 minutes of national and regional programming a week, encourages the audiovisual industry and the valuing of national culture.

Civil Rights Framework for Internet

The Civil Rights Framework for Internet, as the draft legislation regulating the use of Internet in the country has become known, was submitted to the Chamber of Deputies (Bill 2,126/2011) in August. The text was drafted based on discussions held on the internet itself, in a way that is both innovative and different from the traditional legislative procedure. Consultation with society resulted in more than 2,000 contributions from citizens and institutions.

The bill seeks to match advances in new technologies with the recognition of citizens' rights, the clear definition of the responsibilities of the various intermediaries in the provision of web-related services, and the definition of premises for public policies in the area.

The Civil Rights Framework for Internet reiterates constitutional principles such as freedom of expression and right to privacy and the protection of personal data; clearly defines the rights and duties of each actor involved in the internet – users, service providers, IP providers and government, in addition to establishing the neutrality of the web, which means avoiding censorship or restriction of access to contents and ensuring equal competition conditions for service providers.

Forum of Economic Development

The Forum of Economic Development aims to ensure the necessary conditions for sustainable development with employment generation, added value to domestic production and increased competitiveness.

Coordination: Ministry of Finance.

Members: Office of the President's Chief of Staff; Ministries of Science and Technology, Development, Industry and Foreign Trade, Education, Social Security, Fisheries and Aquaculture, Planning, Tourism, and Agriculture, Livestock and Supply; Central Bank; *Banco do Brasil*; Brazilian Savings Bank (*Caixa*); and BNDES.

Forum of Citizenship and Rights

Consolidating and expanding rights

March of the Daisies (*Marcha das Margaridas*), joint efforts in the Xingu region, social participation in the drafting of the Multi-Year Plan 2012/2015 and documents for rural women strengthen citizenship

March of the Daisies

Under the motto “2011 reasons to march for sustainable development with justice, autonomy, equality and freedom”, the Fourth March of the Daisies gathered in Brasilia about 70,000 rural and forest women workers.

The requests on the agenda of the March that were successfully met included the construction and establishment of 16 health units along the rivers; the creation of workers’ health reference units in rural areas; national campaign to reduce breast cancer focused on rural women workers; implementation of a health surveillance plan for workers exposed to pesticides; increase in the sales

threshold of family farming products for the supply of school meals; inclusion of the project Sustainable Integrated Agro-ecological Production (*Produção Agro-ecológica Integrada Sustentável* – PAIS) in the Brazil without Extreme Poverty Plan; expansion of rural credit, with increased participation of women and an exclusive credit line for women workers; increased access to daycare centers and expansion of the school network in rural areas; and implementation of a basic civil documentation program in the Amazon with a focus on women, among other initiatives.

The ‘*March of the Daisies*’ was named after the rural worker and union leader Margarida (Daisy) Alves, who was murdered in 1983 in the state of Paraíba for her activism against injustice in the rural area.

Third National Conference on Women’s Policies

In preparing for the Third National Conference on Women’s Policies, more than 200,000 women gathered in the 537 municipal conferences and 149 regional conferences, representing 2,149 municipalities, including capital cities.

This mobilization has already yielded a set of results. The establishment of women’s policies sec-

retariats has been ensured in cities like Nova Andradina/MS, Volta Redonda/RJ, Oiapoque/AP, Rio Grande/RS, Joinville/SC, Marília/SP and Santa Rita/MA. Women’s rights councils have been established in Boa Vista/RR, Várzea Paulista/

SP, Cubatão/SP, Betim/MG, Natal/RN, Palmas/TO, Londrina/PR, Belém/PA, Paço do Lumiar/MA, and Mauá/SP.

The state conferences were attended by some 20,000 women, who were elected during the municipal and regional conferences. The preparation of women’s policies plans has been approved in the states of Mato Grosso, Goiás, Minas Gerais, Mato Grosso do Sul and the Federal District.

About 2,800 women delegates elected during the state conferences are expected to attend the na-

tional phase that will be held in Brasília from 12-14 December.

Network of Assistance to Women in Situation of Violence

In 2011, 54 facilities were added to the Network of Assistance to Women in Situation of Violence. As a result, in October 2011 there 471 police stations or Specialized Units of Assistance to Women; 201 Reference Centers of Assistance to Women; 72 Shelter Homes; 57 Public Defender's Offices for Women; 97 Special Courts of Domestic and Family Violence against Women; and 48 Special Prosecutor's Offices or Gender Centers within the Public Prosecution Service all over Brazil.

In the first half of 2011, the Women's Hotline – Dial 180 – that provides assistance and information free of charge to women across the country, recorded 293,708 calls. Of the 30,702 cases reported 18,906 referred to physical violence; 7,205 to psychological violence; 3,310 to moral violence; 513 to violence against property; 589 to sexual violence; 153 to forced confinement; and 26 to trafficking in women.

Documents for women in rural areas

Until October 2011, 47,948 documents had been issued to 34,666 women in rural areas. The 104 task forces carried out provided women from 111 municipalities with Birth Certificates, ID Cards, Tax Roll Registration, Employment and Social Security Booklets, General Fishery Registration, and registration with the INSS (Social Security Institute).

Twenty two mobile units are used to assist those living in remote areas. In the Amazon region, three boats will be used starting in 2012.

Improved Access to social security services favors retired and elderly persons

The Social Security assistance network is being expanded to facilitate access to social security services by the population, avoiding the need to commute to the big cities and offering more comfort to retirees, pensioners and insured workers. By October 2011, 38 new assistance units had been opened; 39 had their works completed; and 178 were under construction.

Operation Citizenship Xingu

For 63 days between August and October, 12 task forces of the Operation Citizenship Xingu were set up in the municipalities of Altamira, Assurini, Anapu, Brasil Novo, Gurupá, Medicilândia, Pacajá, Placas, Porto de Moz, Senador José Porfírio, Uruará and Vitória do Xingu, all located in the area of influence of the Belo Monte dam.

More than 175,000 cases were handled, of which 103,000 were related to health care, 41,600 to documentation and 30,500 to services provided by different agencies such as the National Social Security Institute (INSS), the National Supply Company (*Companhia Nacional de Abastecimento* – CONAB), the Executive Commission of Cocoa Farming (*Comissão Executiva de Planejamento da Lavoura Cacaueira* – CEPLAC), the Brazilian Agriculture Research Company (*Empresa Brasileira de Pesquisa Agropecuária* – Embrapa), the National Institute of Colonization and Agrarian Reform (*Instituto Nacional de Colonização e Reforma Agrária* – INCRA), and Union Heritage Secretariat (*Secretaria do Patrimônio da União*), Planning Ministry (SPU / MOP).

Operation Xingu Citizenship aims to strengthen the presence and ensure the integrated contribution of various government agencies at the federal, state levels and municipalities in the area of influence of the Belo Monte dam.

Social Participation in the PPA 2012/2015

The Second PPA Inter-Council Forum was held in October. The purpose of the meeting was to present the draft of the PPA (Multi-Year Plan) for 2012/2015 submitted to the National Congress, highlighting the contributions incorporated from the suggestions that came out of the First Inter-Council Forum held in May 2011.

The contributions had a high rate of success, considering that 77% were incorporated in the PPA, 20% were partially accepted and only 3% were rejected.

Also discussed was a proposal for monitoring the PPA with the participation of civil society.

More opportunities in higher education for young people entering through affirmative actions

The government increased the number of scholarships offered by the Institutional Program of Scientific Initiation Scholarships in Affirmative Actions (*Programa Institucional de Bolsas de Iniciação Científica nas Ações Afirmativas* – PIBIC AF) in 2011. A total of 800 places were offered in 2011 (up from 600 last year). The PIBIC AF is intended for students who entered federal universities through affirmative actions, with the aim of awakening scientific vocation and encouraging new potential talents among undergraduate students. The number of institutions authorized to operate the program also rose from 46 in 2010 to 74 in 2011.

Find out more at:

http://www.cnpq.br/programas/pibic_afirm/index.htm

Composition of the Forum of Citizenship and Rights

In order to promote the coordination of actions aimed at ensuring and expanding the exercise of citizenship and promoting sustainable development, the Forum of Citizenship and Rights is jointly coordinated by the Secretariat-General of the Presidency of the Republic and the Secretariats of Human Rights, Policies for the Promotion of Racial Equality and Policies for Women, all linked to the Presidency of the Republic, and the Ministries of Culture and Sports. The Forum also includes the Ministries of Justice, Social Development and Fight against Hunger, Education, Agrarian Development, Health, Labor and Employment, Environment, Communications, Fisheries and Aquaculture and IPEA (Institute of Applied Economic Research).

The Forum also counts on the collaboration of six state-owned enterprises (*Banco do Brasil, Caixa, BNDES, Petrobras, Eletrobras* and the Post Office), in addition to the S-System.

Chamber of Management, Performance and Competitiveness Policies

Chamber studies and encourages improvements in the federal public administration

FIFA 2014 World Cup, airport management, justice and health are being monitored

The Chamber had held seven meetings by October, assessing the management of areas for priority action: monitoring the World Cup, airport management, justice and health.

Preparations for the FIFA 2014 World Cup

The Chamber examined the expectations and objectives of the government, the event management organizational model and the assessment of civil works and initiatives. The counselors are monitoring the execution of civil works and evaluating compliance with scheduled timelines.

Following meetings with federal agencies to discuss the preparations for the FIFA 2014 World Cup, the Chamber suggested the submission of a monthly report on the progress of civil works. It also recommended that this information should be published on the website of the Ministry of Sports, giving visibility to the progress of the works and increasing social control over the initiatives. With regard to interventions in airports, it recommended the use of indicators and control points for checking critical items in airport improvement plans under development.

Airport management

A process has been established to monitor the results of the actions proposed by the Secretariat of Civil Aviation (*Secretaria de Aviação Civil* – SAC), the Brazilian Airport Infrastructure Company (*Empresa Brasileira de Infraestrutura Aeroportuária* – Infraero) and the National Civil Aviation Agency (*Agência Nacional de Aviação Civil* – ANAC). Monitoring is by reports and presentations by managers

in regular meetings of the Chamber. These actions include civil works for the expansion and improvement of airports and modeling of concessions for the airports of Guarulhos, Viracopos and Brasília.

Justice

Priority topics for monitoring by the Chamber included reducing the prison deficit, increasing the capacity to decide on political amnesty cases, improving the management of logistics resources, and the rational management of processes in the National Public Security Policy. A strategic map is being developed to systematize the activities of the Ministry of Justice, its relations with other agencies, its goals and resources.

Health

Four areas are being prioritized by the Chamber for monitoring: access to and quality of health care, improvement of the SUS, combat against the waste of resources (control and transparency), and efficiency in direct execution. Management improvement actions under implementation by the Ministry of Health will be strengthened and expanded with the support of the Chamber.

One of the actions discussed at the Chamber was the review of the strategic inputs acquisition process, prioritizing electronic auctions. Opportunities to reduce spending in this modality by about 20% have also been identified.

The proposal to create a quality index for primary health care clinics and units has also been reviewed at the Chamber.

The background image shows a modern architectural structure. On the left, there is a multi-story building with a grid of windows. To the right and in the foreground, large, curved, cantilevered concrete beams extend outwards, creating a series of overhangs. The sky is visible in the background, and the overall scene is brightly lit.

Highlights

Health

Better quality health care services and medication

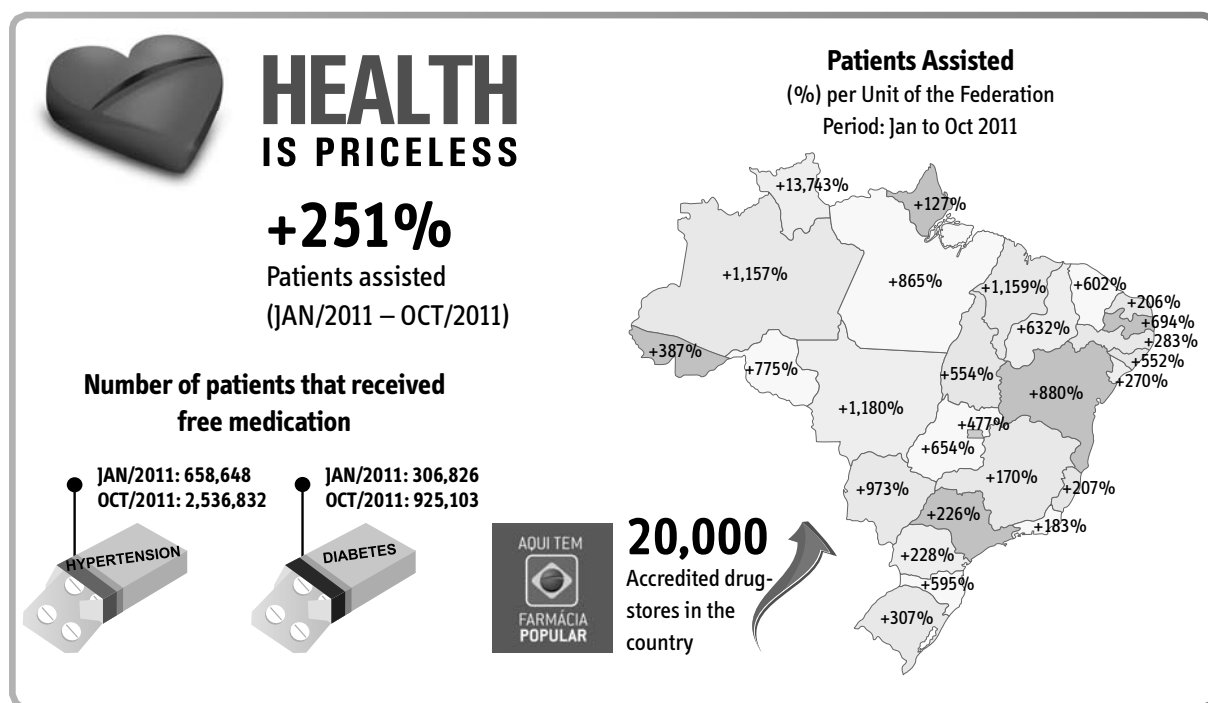
New programs to meet demands, increase coverage and improve the quality of health care for Brazilians using the Unified Health System (*Sistema Único de Saúde – SUS*)

HEALTH IS PRICELESS

Access to free hypertension and diabetes drugs increases by three-fold

The program increased by 285% and 202% the number of people who had free access to

11 drugs for hypertension and diabetes, respectively. During this period, 20,100 pharmacies and drugstores under the Popular Drugstore (*Farmácia Popular*) Program served 8.4 million Brazilians, of which about 6.5 million benefited from hypertension or diabetes drugs.



PREGNANCY CARE NETWORK PROGRAM

New Neonatal ICU beds and increased resources to finance services

Nine states have joined and 727 municipalities are included in the Pregnancy Care Network strategy, covering about 600,000 pregnant women assisted by the SUS.

In 2011, a total of 285 new Neonatal ICU beds have already been provided, with an annual financial impact of R\$ 38.8 million.

The financial threshold of states and municipalities to implement health care networks has risen by R\$ 434 million, including the increase in the number of beds in maternity wards.

NATIONAL STRENGTHEN PLAN FOR BREAST AND CERVICAL CANCER PREVENTION, DIAGNOSIS AND TREATMENT

More than 5.6 million Pap or preventive tests against cervical cancer have been performed. For the priority population (women aged 25 to 64 years), 4.3 million tests have been performed, accounting for 71% of the target for 2011.

In the same period, more than 1.6 million screening mammograms to detect breast cancer were performed, representing 43% of the target for this year. A total of R\$ 4.5 billion will be invested in actions to strengthen the oncology network by 2014, with a focus on treatment of breast and cervical cancer.

Network of development and innovation in anticancer drugs

Established by the Ministry of Health in October, the National Network of Development and Innovation of Anticancer Drugs encourages the domestic production of innovative therapeutic technologies against the disease, thus reducing dependence on foreign markets and raising the competitiveness of the Brazilian pharmaceutical industry.

In addition to human resources training programs directed towards oncology, another network priority is the development of anticancer drugs, with monitoring of the intellectual protection of results and the transfer of technology from other countries. Initially, BNDES and the Ministry of Health will invest R\$ 7.5 million in the network, which is managed by the National Cancer Institute and formed by research and development groups from the Oswaldo Cruz Foundation, the National Laboratory for Bioscience and the Brazilian Agency for

Research and Project Financing (*Financiadora de Estudos e Projetos* – FINEP).

In September, a partnership was signed with Cuba for technological cooperation in the production of seven innovative oncology drugs with a view to their possible inclusion in SUS.

BETTER AT HOME – SUS Home Care Service

Introduced on November 8, the Better at Home (*Melhor em Casa*) Program extends health care to SUS users, offering patients the possibility to complete their treatment at home.

The program will assist elderly patients requiring motor rehabilitation, as well as chronic patients at no risk of having their condition aggravated or in a post-surgery situation. The exceptions are patients requiring mechanical ventilation, continuous nursing care or surgical treatment.

The Better at Home Program replaces or complements hospitalizations and outpatient care, focusing on humane care and integrated to the health care networks available at the public health system. Besides contributing to reducing the length of a patient's stay in the hospital, it avoids unnecessary hospitalizations, ensures greater autonomy to patients and helps to decongest hospitals, thus freeing up more beds for other SUS users.

By 2014, 1,000 home care teams and about 400 support teams will be established.

SOS EMERGENCIES

Improving the management and quality of urgency and emergency care

The action was developed in partnership by the

federal, state and municipal governments to improve the management and quality of health care by major hospitals providing urgency and emergency care. Initially, Access and Quality Centers will be established at the entrance doors of 11 hospitals: João XXIII Hospital (Belo Horizonte), Base Hospital (Brasília); Dr. José Frota Institute (Fortaleza); Emergency Hospital of Goiânia; Conceição Hospital Group (Porto Alegre); Restauração Hospital (Recife); Roberto Santos Hospital (Salvador); Santa Casa de São Paulo and Santa Marcelina Hospital (São Paulo); and Miguel Couto Hospital and Albert Schweitzer Hospital (Rio de Janeiro). These hospitals will have the support of the SUS health care networks as well as of hospitals of excellence to develop and implement actions aimed at establishing and organizing health care processes. The goal is to extend this action to 40 hospitals by 2014. Hospitals should develop proposals of up to R\$ 3 million to improve their services. They will benefit from additional monthly resources ranging from R\$ 100,000 to R\$ 300,000 for expenses, according to the type of hospital. They may also request funds to implement clinical, long-stay beds, ICUs, coronary and stroke care units and to pay for thrombolytic medication to dissolve blood clots in coronary arteries.

BASIC HEALTH UNIT (*UNIDADE BÁSICA DE SAÚDE* – UBS)

New UBS meet new priority areas and the municipalities of the Brazil without Extreme Poverty Plan

The new National Policy to Strengthen Primary Health Care provides for the disbursement of

R\$ 565 million to build 2,122 new primary health care units by municipalities, with the aim to improve the quality standard of the care provided by the SUS. A total of R\$ 526 million have already been committed and the first portion has been transferred to start the construction of 1,922 basic health units, all in priority areas of the Brazil without Extreme Poverty Plan.

Resources for renovation and expansion

In 2011, over R\$ 500 million have been earmarked for the renovation of more than 4,000 primary health care units. A total of R\$ 1.93 billion should be invested by 2014. Priority will be given to municipalities located in areas of extreme poverty or with low income per person.

Currently, there are about 38,000 UBS operating in the country, providing services like doctor's office visits, dressings, vaccines, laboratory tests, dental treatment and basic medication.

INCENTIVES FOR MDs to WORK IN PRIMARY HEALTH CARE

Doctors will be able to deduct debt from FIES (Student Loan Fund) by working in teams of the Family Health (*Saúde da Família*) Program in areas with shortage and difficulty in retaining MDs. For each month worked there will be a 1% reduction in the debt, starting one year after entry into service, which enables repaying the total debt in 8 years and 4 months. And for graduates who choose to do their medical residency in one of the medical specialties or area of priority action for SUS, the grace period of the loan will be extended throughout the duration of the residency.

Medical specialties and areas for priority action

The 19 priority medical specialties are: anesthesiology, oncology, surgical oncology, clinical oncology, pediatric oncology, general surgery, internal medicine, geriatrics, obstetrics and gynecology, family and community medicine, intensive medicine, preventive and social medicine, neurosurgery, neurology, orthopedics and traumatology, pathology, pediatrics, psychiatry, and radiation therapy.

The four priority areas of action for the Family Health Program are: trauma surgery, emergency medicine, neonatology and child and adolescent psychiatry.

Score in the medical residency test

The Program for the Enhancement of Primary Health Care Professionals (*Programa de Valorização dos Profissionais na Atenção Básica*) will add an additional score of up to 20% to the final residency test grade of medical school graduates who choose to work in extremely poor municipalities and in the outskirts of large cities. Program will be open two thousand jobs, which can be populated from February 2012. The bonus can be used in examinations to be held in November 2012.

PROGRAM TO IMPROVE ACCESS TO AND THE QUALITY OF PRIMARY HEALTH CARE

Primary care teams will have to meet access and quality standards

Phase 1 of the program, which was launched in

July 2011, had the participation of 4,052 municipalities and 17,669 primary care teams. These teams will have 47 health indicators monitored by the primary health care information system and municipalities will receive an average monthly transfer increase of R\$ 1,630 per team to adjust to access and quality standards. One of the criteria for certification will be the level of user satisfaction, in addition to verification of the quality standards of prenatal care, follow-up of the health of children and people with chronic conditions, follow-up of the Family Grant conditionalities, and reduction in the waiting time for doctors among others.

IMPROVED MANAGEMENT AND CONTROL

From January to October 2011, the government saved more than R\$ 1 billion in the purchase of medicines and supplies, by using tools such as the international prices database, direct negotiation with manufacturers, centralized purchase of certain products, and compliance with the recommendations of control agencies.

To improve management, new rules have been introduced in the information provided by professionals, managers and health units to the National Register of Health Care Establishments (*Cadastro Nacional de Estabelecimentos de Saúde – CNES*) thus avoiding irregularities, preventing duplication of professionals' registries and non-compliance with weekly workloads.

By November 20,541 community health agents, 2,843 Family Health teams and 2,491 oral health teams had been suspended in 3,236 municipalities.

Education

Actions for good quality education from childcare and pre-school to the university

New phase of expansion of higher and technological education network will increase the offer of opportunities all over Brazil

EXPANSION OF THE HIGHER AND TECHNOLOGICAL EDUCATION NETWORK

Launched on August 16 this year, Phase 3 of the Plan for the Expansion of the Federal Network of Higher and Technological Education (*Plano de Expansão da Rede Federal de Ensino Superior e Tecnológica*) provides for the establishment, by 2014, of another 208 units of professional and technological education and four new federal universities, besides 47 university campuses.

The distribution of new units in the territory aimed at increasing the public offer of professional and higher education in the interior of the country and encouraging the establishment of qualified professionals in the region, thus helping to reduce inequality and encourage regional development.

At the end of the expansion phase, 515 municipalities will have been provided with professional and technological education units, and 275 municipalities will have been served by university campuses.

The choice of the places where the new units will be established prioritized municipalities with high rates of extreme poverty, meso-regions not covered in previous expansion phases and areas around large industrial and infrastructure investments.

The areas chosen include 83 of 103 municipali-

ties with population over 80,000 and per capita income below R\$ 1,000, with low investment capacity. In addition, 115 of the 120 Territories of Citizenship will be provided with a university institute or campus.

Expansion of federal institutes

The expansion of technical education will benefit 27 states at a total cost of R\$ 1.8 billion.

Currently, 61 units are under construction and 88 should be open in 25 states by 2012. At the end of 2014, the country will have 562 units with the capacity to enroll 600,000 students.

Expansion of universities

The new higher education units will offer 250,000 places for admission into public universities. The new universities will have headquarters in Pará, in the municipality of Marabá; Bahia, in the municipalities of Barreiras and Itabuna; and Ceará, in the municipality of Juazeiro do Norte. The 47 new campuses will contemplate all regions in the country.

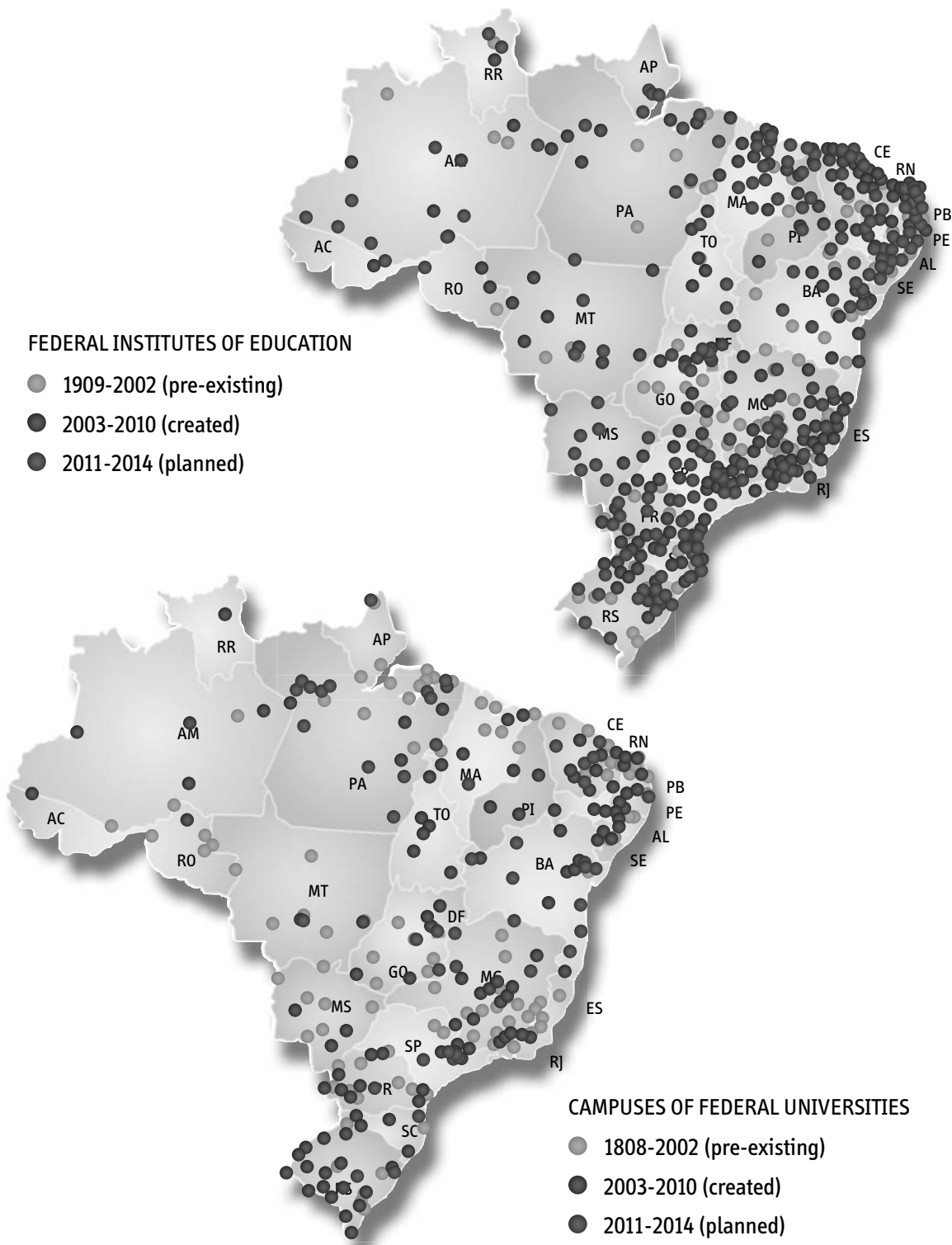
The total investment will be R\$ 1.9 billion.

By 2012, 20 new campuses should be established, benefiting eight states. The goal is to have 321 campuses in 63 universities, with a total of 1.2 million enrolments in federal universities.

Expansion of the Federal Professional and Technological and Higher Education Network

FEDERAL INSTITUTES OF EDUCATION

- 1909-2002 (pre-existing)
- 2003-2010 (created)
- 2011-2014 (planned)



DAY CARE: CARE AND EDUCATION FOR THE CHILDREN, PEACE OF MIND FOR THE PARENTS

By the end of 2014, the country will have 6,427 new childcare and pre-school institutions assisting children 0 to 5 years of age. The Federal Government will invest R\$ 7.6 billion for the institutions to assist up to 1.4 million children.

The new early childhood education institutions will contribute to meeting the goals of the National Education Plan (*Plano Nacional de Educação – PNE*) of assisting 100% of children ages 4 and 5 by 2016 and 50% of children age 3 and under by 2020.

Based on the current deficit, the federal government has distributed the new daycare and pre-school units by municipality.

A total of 2,249 municipalities will be provided with funds for the construction of day care centers and the

purchase of equipment and furniture. In addition, the federal government will provide two architectural projects in case the municipality does not have one.

The municipality will provide the land for the construction, and should it use an architectural design of its own, the municipality should prioritize accessibility to enable full assistance to children with disabilities.

The units will receive federal government funds until the number of enrolments is accounted for in the School Census, after which they will receive funds from FUNDEB.

The main beneficiary of this expansion will be the Northeast, with 2,118 new day care institutions planned for the region.

The map showing the distribution of the new day care and pre-school institutions is available at:

<http://portal.mec.gov.br/educacaoinfantil/>

Expansion of Day Care and Pre-school Institutions (2011-2014)

Region	Associated institutions (pre-PAC 2)	Day Care and Pre-school under PAC 2			Day Care and Pre-school funded by the federal government until Dec/2014
		Approved	Planned	Total	
Central-West	285	147	425	572	857
Northeast	648	470	1,648	2,118	2,766
North	230	111	989	1,100	1,330
Southeast	692	470	1,407	1,877	2,569
South	673	286	474	760	1,433
Total	2,528	1,484	4,943	6,427	8,955

SCHOOL COURTS: SPACE FOR HEALTHY ACTIVITIES FOR STUDENTS AND COMMUNITY

The federal government is also investing in the construction of new sports courts and roofing of existing ones.

By 2014, 6,116 new courts – 2,644 in schools of the state network and 3,472 in the municipal network will have been built. Another 4,000 courts will be roofed over. The total investment planned is R\$ 4.1 billion.

The construction of 750 courts in municipal schools throughout Brazil has been approved for 2011. The remaining courts to be constructed or roofed over have already been distributed, focusing on schools that do not have courts yet and have 500 or more students accounted for in the 2010 School Census.

See the map of sports courts distribution at:

<http://portal.mec.gov.br/educacaoinfantil/>

Expansion of Sports Courts (2011-2014)

Region	Schools without courts*	Schools with open-sky courts**	PAC 2	
			Construction of new courts	Roofing of existing courts
Central-West	630	1,063	414	355
Northeast	4,070	2,961	2,679	1,165
North	1,241	1,023	839	436
Southeast	2,708	4,821	1,903	1,500
South	453	2,121	281	544
Total	9,102	11,989	6,116	4,000

* Data from Educacenso 2010 ** Data from Educacenso 2006

TECHNICAL EDUCATION AND EMPLOYMENT PROGRAM – PRONATEC

Law No. 12,513/2011, sanctioned on October 26 creates Pronatec (*Programa Nacional de Acesso ao Ensino Técnico*) and defines its guidelines.

Of the 8 million places for professional training and capacity-building, 5.6 million will be aimed at short-term courses for the professional qualification of workers and 2.4 million at technical courses for secondary education students, with a minimum duration of one year.

Priority access to Pronatec will be given to secondary education students in the public network who are beneficiaries of the Family Grant, farmers, and students of indigenous descent. In addition, one million school places are earmarked for beneficiaries of the Brazil without Extreme Poverty Plan.

Of the total funds available for the Program, 30% will be allocated to the expansion of professional and technological education opportunities in the North and Northeast; 5% of the Training-Grant (*Bolsa Formação*) places have also been ensured for people with disabilities.

Pronatec will finance technical courses in private professional education schools through FIES, as it currently does in higher education. In addition, in-

vestment by companies in professional education will no longer be taxed.

ENEM: INCENTIVE TO IMPROVING SECONDARY EDUCATION IN THE COUNTRY AND EXPANDING ACCESS TO HIGHER EDUCATION

In 2011, the number of students who applied to ENEM was the highest ever – 5.37 million, of whom 3.9 million took the test, which was applied in 1,602 cities and mobilized thousands of professionals.

ENEM is an exam applied all over Brazil to assess the knowledge of students who are completing or who have completed secondary education.

THE ENEM score today is also a criterion for:

- Receiving the benefit of the Student Loan Fund (FIES).
- Access to the University for All Program (*Universidade para Todos* – PROUNI).
- Participating in the Unified Selection System (*Sistema de Seleção Unificado* – SISU), which provides access to the university and professional education institutes without the need to take the university entrance exam.
- Participating in the Science without Borders (*Ciência sem Fronteiras*) program.

UNIFIED SELECTION SYSTEM (SISU)

Since 2010, several institutions in the country have selected new students based exclusively on the ENEM score.

In the first half of 2011, the 83 institutions participating in SISU offered 83,100 places to students who took the ENEM in 2010. The places were offered by federal and state universities, federal institutes of education, science and technology and by the National School of Statistical Sciences (*Escola Nacional de Ciências Estatísticas* – ENCE) linked to the IBGE and also a federal institution. More than 1 million ap-

plications were received. In the second half of 2011, 48 institutions offered 26,300 places and received over 800,000 applications.

PROUNI: UNIVERSITY FOR ALL PROGRAM

From the inception of the program in 2005 to the month of November 2011, 919,000 PROUNI scholarships had been awarded to students from all over the country.

The Education Census 2010 indicated that the school dropout rate among PROUNI beneficiary students is about 4% lower than that of other higher education students (15.6%).

Preliminary data from the Higher Education Census 2010 show increased access to undergraduate courses

Brazil has 6.5 million university students, with 6.3 million enrolled in undergraduate courses and 173,000 in graduate programs. In 2010, enrollment grew 7.1% compared to 2009.

The number of students who have completed undergraduate courses nearly tripled between 2001 and 2010. In 2001, 390,000 students completed an undergraduate course; in 2010 the number jumped to 973,800.

This increase is due in part to public policies to encourage access to and permanence in higher education, such as increased funding for students through FIES and free access to private universities through PROUNI, besides the growth in the number of places in the federal system through the establishment of new campuses and new institutions of higher education, as well as the spreading of existing universities to the interior of the country.

SCIENCE WITHOUT BORDERS

The number of foreign institutions of excellence already selected to receive students from the Science without Borders Program currently totals 330.

The public call for the award of scholarships for the undergraduate sandwich program in the United States has already been published and the results will be announced in December. A total of 7,000 candidates applied in this first call.

The selection for universities in Germany, the UK

and France will be held still in 2011.

Over all, 876 scholarships were awarded in the period from June to October 2011 for CAPES and CNPq programs abroad, considering only the scholarships awarded in the priority areas of the program. The numbers for each modality were: 465 in undergraduate sandwich programs; 252 in doctoral sandwich programs; 116 in post-doctoral internship; 22 in doctoral programs; and 21 in senior internship programs.

Security

Increased security through intelligence and integration

Integrated actions between public security agencies and the Armed Forces and the Disarmament Campaign show results

STRATEGIC BORDER PLAN

Operation Agate

Operation Agate (*Operação Ágata*) is characterized by specific, temporary and impact actions to combat organized crime and environmental crimes, among other offenses along the Brazilian border. Two operations have been carried out to date.

Operation Agate 1 took place on August 1st in the Amazon, in the region of the municipality of São Gabriel da Cachoeira, and mobilized 2,874 Army personnel and 864 agents from other government agencies. Thirty-five aircrafts were used in the operation, including attack helicopters, fighter jets of the Brazilian Air Force and a remotely piloted aircraft – UAV. Outcomes of the operation include the destruction of three clandestine airstrips, the deactivation of an illegal mine in indigenous lands and the inspection and assessment of illegal lumber yards. In addition, 4,770 pedestrians, 3,299 cars and motorcycles were searched and 608 illegally extracted logs were seized. Social actions were also implemented in Brazil's border with Colombia: 7,764 assistance procedures, 419 dental and 2,086 medical appointments and 57 mammograms.

Operation Agate 2 was held in September, on the border of Brazil with Paraguay, Argentina and Uruguay. It mobilized 8,011 Army personnel and another 694 staff from other federal public secu-

rity agencies, IBAMA, Chico Mendes Institute for Biodiversity Conservation (*Instituto Chico Mendes de Conservação da Biodiversidade* – ICMBio) and the Internal Revenue Service among others. The operation resulted in the seizure of 650 kg of explosives, in addition to weapons, ammunition and illegal drugs. The operation also involved 4,531 social assistance procedures, 1,463 dental and 2,574 medical appointments.

Operation Sentinel

Through actions focused on investigation and intelligence activities and joint action by federal safety agencies (Federal Police, Federal Highway Police, and National Force), the main outcome of Operation Sentinel (*Operação Sentinela*) was the seizure of 104.6 tons of drugs along Brazilian borders between June 8 and November 13, thirteen times the amount seized in the five months prior to the launch of the new strategy (7.85 tons). This overt and permanent operation also seized, in the same period, 457 weapons and 74,000 pieces of ammunition, R\$ 2.43 million in cash, besides making 3,600 arrests and searching 1.2 million vehicles. The operations conducted by security agencies also prevented 4.1 million packets of cigarettes, 64,000 bottles of liquor and 437,000 units of medical drugs from escaping the Brazilian health control and eventually causing hazard to public health.

UAV

In November, three unmanned aerial vehicles (UAVs) began to monitor the triple border between Brazil, Paraguay and Argentina uninterruptedly.

The UAV is an intelligence tool used to fight organized crime and weapon and drug trafficking. The Federal Police are the first police force in the world to use this type of equipment, previously restricted to military forces.

The remotely controlled aircraft can fly 37 hours nonstop, covering an area of over 1,000 square kilometers.

The equipment will also be used to support security initiatives in the FIFA 2014 World Cup and the 2016 Olympics.

NATIONAL PROGRAM OF SUPPORT FOR THE PRISON SYSTEM

The National Program of Support for the Prison System is being implemented to support states in reducing the shortage of prison places and improving the prison system. There will be two strategic lines of action: supporting the construction and expansion of prisons; and a pact between the Executive, Legislative and Judiciary branches and the Public Prosecutor's Office to enhance the execution of sentences.

The first line of action has two main goals: eliminate the shortage of places in women's prisons, currently estimated at 17,000, and transfer the 52,000 persons under temporary arrest held in police stations to public jails.

In addition to ensuring proper custody of persons under temporary arrest and convicted women, these actions will allow police officers, currently

responsible for incarceration in police stations, to go back to fighting crime on the streets.

The federal government will earmark funds for the construction and expansion of prison facilities – about R\$ 1.1 billion in funding by 2013 – through the National Penitentiary Fund (*Fundo Penitenciário Nacional* – FUNPEN). The states should provide counterpart funds, as established in the Budget Guidelines Law, and the Union will contribute fixed amounts: R\$ 11,250 per place created through expansion and R\$ 30,000 per place created through construction.

A database of architectural designs for prison facilities will be provided to optimize implementation of the program. The funds will be distributed according to the criterion of place shortage in the states, women's prisons and gravity of the situation. Priority will be given to the expansion of existing facilities, thus eliminating the need to search for new land, lowering costs, and speeding up the provision of new places. The states should submit their projects between November 28 and December 23, 2011.

Institutional strengthening actions include a pact between the Executive, Legislative and Judiciary branches and the Public Prosecutor's Office to improve the prison system, which will aim to:

- Reduce procedural terms;
- Encourage the adoption of alternative sentences and measures;
- Ensure decent conditions for persons serving prison sentences;
- Strengthen policies for the promotion of fundamental rights;
- Promote social reintegration;

- Integrate data and information bases;
- Modernize and professionalize prison management;
- Adopt new technologies.

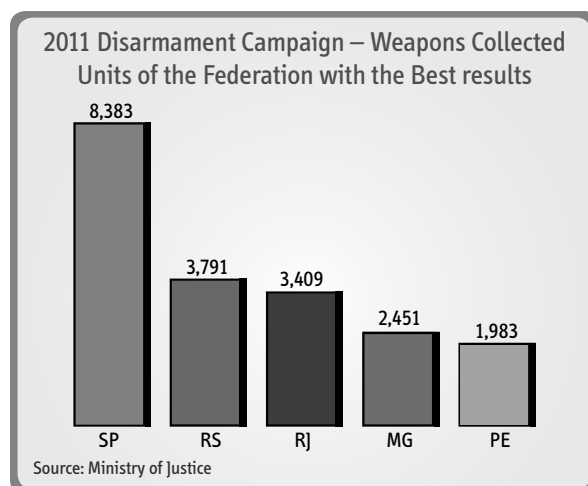
An example of an action that seeks to increase the effectiveness of the prison system are the new options available to the judges to rule out threats to the processing of legal procedures, such as the remote electronic monitoring of defendants, removal from their public service positions and higher bail, which make protective custody orders to be issued as a last resort. These options came into force last June, with the sanction of Law No. 12403 amending certain provisions of the Code of Criminal Procedure.

DISARMAMENT CAMPAIGN

From the launch of the 2011 National Disarmament Campaign on May 6 to the first fortnight of November, 30,800 weapons had been collected. Half of the weapons (15,443) are guns and 5,700 are large caliber weapons, i.e. they are not covert weapons, but rather shotguns, rifles, and machine guns among others.

The accession of 24 units of the federation enabled increasing the number of weapon collection stations: there are 1,856 of such stations spread all over the country. In previous campaigns, collection was largely confined to Federal Police units.

An agreement signed last October between the Executive and Judiciary branches will allow the destruction of weapons currently under custody



and control of court houses and tribunals around the country. More than 700,000 weapons are believed to be in this situation, including cold steel weapons.

OPERATION ARCHANGEL

The Brazilian Army continues to collaborate in public safety actions with the state of Rio de Janeiro, in the region of the Alemão and Penha slum complexes, through a partnership started on November 26, 2010. The Army should continue to participate in the initiative until the permanent workforce of the Pacification Police Units (*Unidades de Polícia Pacificadora – UPP*) of the state government has been trained for the definitive occupation of those areas. With an average workforce of 1,860 military personnel since the beginning of the operations, the Army has carried out more than 14,000 patrol actions, both mechanized and on foot to control urban roads, in addition to seizing drugs, weapons and ammunition among other items.

Greater Brazil Plan

Innovate to compete. Compete to grow

The objective of the strategy is to increase the competitiveness of the domestic industry by encouraging technological innovation and value adding

The Greater Brazil (*Brasil Maior*) Plan launched on August 2 aims to promote the productive consolidation of the Brazilian industrial park, with sustained gains in the productivity and competitiveness of domestic production. To this end, it involves a set of measures organized in three areas:

- Incentive to investment and innovation;
- Support for foreign trade; and
- Defense of the domestic market and industry.

Coordinated by the Ministry of Development, Industry and Trade, with the participation of the Ministries of Science and Technology, Planning, Budget and Management, Finance, and the Office of the President's Chief of Staff, Greater Brazil is part of the Brazil Innovation Plan (*Plano de Inovação do Brasil – PIB*) and represents a new stage in the policy to strengthen the domestic industry. The plan furthers the measures contained in the Industrial, Technological and Foreign Trade Policy of 2004 and in the Productive Development Policy of 2008.

Its basic structure is defined in Provisional Decrees (*Medidas Provisórias – MPs*) 540/2011 and 541/2011. Other actions are yet to be discussed by the National Council for Industrial Development (*Conselho Nacional de Desenvolvimento Industrial – CNDI*), a collective body whose duty is to propose industrial policy measures to the President of the Republic.

Recently the CNDI resumed its activities with the appointment of new members of civil society and a

new composition, which includes the Ministries of Health and Defense and the Ports and Civil Aviation Secretariats of the Presidency of the Republic.

MAIN MEASURES

Reduce the time to reimburse tax credits on Capital Goods: the deadline for reimbursing PIS / Cofins credits generated by investment in capital goods will be reduced from the current 12 months to immediate reimbursement.

Tax relief on exports: established by Reintegra (Special Tax Refund Regime for Exporting Companies), which consists in the cash refund of 3% of the revenue from the export of manufactured goods. The aim of the measure is to reduce taxes on exports of manufactured goods paid along the production chain.

Tax credit reimbursement to exporters: reimbursement claims will be processed automatically, with cash payment within 60 days for companies that already have digital fiscal bookkeeping. The claims, which currently total R\$ 19 billion, will have their processing sped up.

Margin of preference: regulation of the Public Procurement Law (Law 12,349/2010), defining a margin of preference of up to 25% for domestically manufactured products in competition with imports. The measure will apply to government procurement in the areas of Defense, Health, Textiles, Clothing, Footwear and Software.

Exemption of the IPI tax: extension of the IPI tax exemption on capital goods, construction equipment, trucks and light commercial vehicles to the end of 2012.

New Automotive Regime: provides for tax incentives as consideration for the expansion of national content and value adding to automobiles produced in Brazil. There will be more favorable tax rates for manufacturing companies in Brazil that meet the requirements of regional production and investment in activities related to innovation, research and technological development of products in the country.

Tax Relief on Payroll: companies in labor-intensive sectors will no longer pay the 20% contribution to Social Security and will pay a percentage on gross revenue. To ensure that there will be no negative impact on Social Security, the National Treasury will bear any decline in tax collection in these sectors.

Innovation and financing: the Agency for Research and Project Financing (FINEP) will have an additional R\$ 2 billion in funds to expand its innovation portfolio. BNDES credit lines will be adjusted

to facilitate access to credit for investment and working capital.

Commercial Defense: it will be strengthened based on several measures, such as a reduction from 15 to 10 months and from 240 to 120 days of the deadlines for investigating and applying the provisional duty, which is the application of the antidumping duty prior to the completion of the investigation, pending the previous existence of dumping and injury to the domestic industry; protection against circumvention, which is an unfair trade practice that seeks to circumvent the application of a trade protection provision in force; fight against false statement of origin and price undercutting; and hiring of 120 new investigators for the position of Foreign Trade Analyst.

Modernization of Inmetro's Legal Framework: broadening the scope of action of the agency, which will have its framework expanded and modernized to cope with the increased number of certified products. Inmetro will also work at airports and ports to attest to the quality of imported products, which will have to meet the same standards required from domestic products.

Targets of the Greater Brazil Plan by 2014

Fixed investment as a percentage of GDP: from 18.4% in 2010 to 22.4%.

Corporate spending on R&D as a percentage of GDP: from 0.59% in 2010 to 0.90%.

National share in technology and goods and services markets for energy: increase the Value of Industrial Transformation / Gross Value of Production (VIT / GVP) of energy-related sectors from 64.0% in 2009 to 66.0%.

Strengthen Micro, Small and Medium Enterprises: increase by 50% the number of innovative MSMEs from 37,100 in 2008 to 58,000.

Number of urban households with broadband access: increase from 13.8 million in 2010 to 40 million.

National value-added: increase in the Value Industrial Transformation to Gross Value of Production ratio (VTI/VBP) from 44.3% in 2009 to 45.3%.

Percentage of knowledge-intensive industry: increase in the high-technology VTI to total industry VTI ratio from 30.1% in 2010 to 31.5%

Diversification of Brazilian exports: increase international trade share from 1.36% in 2010 to 1.6%.

Cleaner production processes: reduction in energy consumption per unit of industrial GDP from 150.7 toe* / R\$ million in 2010 to 137.0 toe / R\$ million.

* Tonnes of oil equivalent.

Percentage of industry workers with at least secondary education: increase from 53.7% in 2010 to 65%.

Growing – National Microcredit Program

Microcredit interest rates of 8% per annum

More incentive for the development of entrepreneurship in the country through direct intervention by federal banks

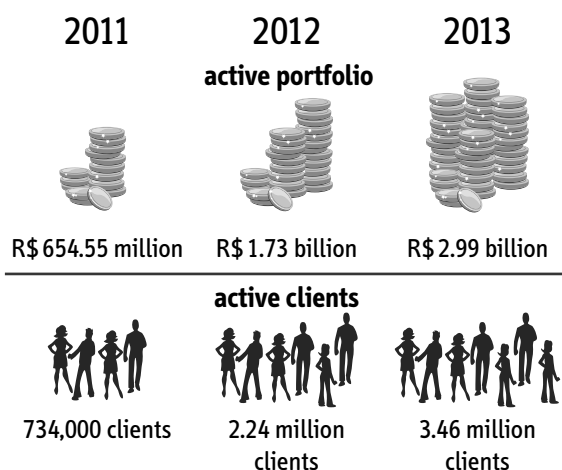
Launched in August, the Growing – National Microcredit Program (*Crescer – Programa Nacional de Microcrédito*) will substantially increase oriented productive microcredit in the country. The goal is to reach 3.5 million micro-entrepreneurs as early as 2013.

The Growing program aims to democratize access to productive credit, ensuring resources under more suitable conditions for the startup and development of micro-enterprises in the country, besides stimulating the increased use of banking services for the chief benefit of low-income people. Therefore, Growing is also one of the strategies of the Brazil without Extreme Poverty Plan to promote the productive inclusion of the extremely poor population.

To achieve these goals, from now on public banks will operate directly in the provision of microcredit, with the participation of credit agents and

SEBRAE in support of the entrepreneur. The Brazilian Savings Bank (*Caixa*), *Banco do Brasil* and *Banco da Amazônia* will operate in this market together with *Banco do Nordeste*, which already

Targets for federal public banks under the Growing Program – 2011-2013



Crediamigo Program

Crediamigo is the largest microcredit experience operated directly by a federal bank in Brazil. In operation since 2001, the program has already provided R\$ 9.5 million in loans, with a total disbursement of R\$ 10.2 billion by September/2011. In the first nine months of this year alone, R\$ 1.6 million have been granted in financing, at the average amount of R\$ 1,269.08 per credit operation, with low default rates. The success of the program lies in the use of credit delivery methodologies that are typical of microcredit, such as support for micro-entrepreneurs through credit agents and the use of joint and several guarantee mechanisms that facilitate access for people who can not always provide real estate collateral for loans.

Terms and conditions of the program

Beneficiaries

Individual micro-entrepreneurs (IME) and natural persons and micro-entrepreneurs with sales revenue up to R\$ 120,000.

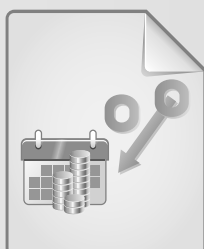


Credit limit

R\$ 15,000.

Interest rate

Reduced from 60% to 8% p.a.



Loan Arrangement Fee

Reduced from 3% to 1% p.a.

Term

6 months for working capital and 24 months for fixed capital.



has a successful program in place known as *Crediamigo* (Friendly Credit).

Another innovation is the reduction in credit cost. The interest rate fell from 60% to 8% p.a. Besides the interest rate, entrepreneurs only need to pay a Credit Arrangement Fee (*Taxa de Abertura de Crédito* – TAC), which has been reduced from 3% to 1%.

Sources of funds

The funds come from the microcredit investment requirement, which correspond to 2% of the total demand deposits that commercial banks must invest in microcredit or compulsorily keep deposited in the Central Bank. Currently these funds total R\$ 3.15 billion.

Starting in January 2012, a minimum percentage of the balance in the microcredit portfolio of all banks, which is formed by resources from the requirement, will have to be earmarked for productive oriented microcredit operations. This percentage will be 10% from January 2012 and rise to 40% starting in July, to 60% starting in January 2013 and to 80% starting in July 2013.

Funds for interest rate reduction

The actual federal government expenditure on the program corresponds to the equalization of interest rates, i.e., to the supplementation of resources required for federal public banks to provide credit at the new level of fixed interest rate of 8% p.a.

To achieve the targets of 3.46 million active clients and R\$ 2.99 billion in active portfolio in 2013, the supplementation of federal government funds will be of R\$ 50 million this year, R\$ 310 million in 2012 and R\$ 483 million in 2013.

Supersimples (Unified Tax Collection System)

Tax relief and less bureaucracy

Changes in the legislation to benefit small businesses and micro-entrepreneurs

The Unified Tax Collection System (*Simples Nacional*) is a single tax collection system that embraces seven different federal, state and local taxes, thus reducing costs and facilitating the formalization of micro and small enterprises in Brazil.

Complementary Law No. 139 enacted in November amends the National Statute of Micro and Small Enterprises (Complementary Law No. 123/2006), in order to ensure more benefits and opportunities for small entrepreneurs in Brazil. The new law, which is the result of an agreement between the Federal Government and the Mixed Parliamentary Front of Micro and Small Enterprises that sped up its processing, will be effective from January 1, 2012.

Changes in the law move the Unified Tax Collection System to a new level, covering a larger number of micro enterprises (ME), small enterprises (SE) and individual entrepreneurs (IE) and enabling those that have already opted in to the Unified Tax Collection System to pay less tax. Procedures will also be simplified, further facilitating the fulfillment of tax obligations by entrepreneurs.

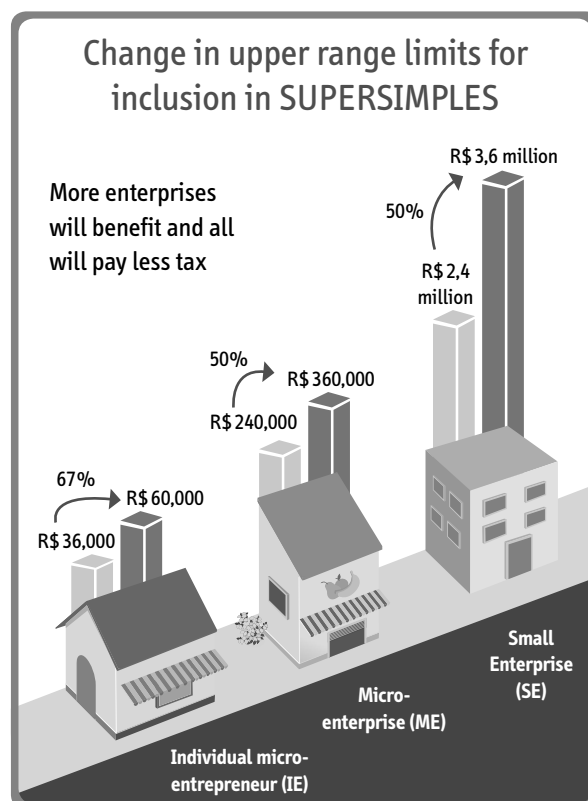
Small and micro enterprises form the basis of the country's productive structure, accounting for 77% of formal enterprises in Brazil. Currently, 5.6 million enterprises have opted in to the Unified Tax Collection and the Individual Micro-entrepreneur systems.

MAIN MEASURES

Increased inclusion limits

The amount of annual gross revenue limits for enjoying tax benefits has been adjusted by 50% for micro and small enterprises and by 67% for individual entrepreneurs. With this increase, more companies will benefit and those already included in the system that migrate to lower ranges will also pay less tax.

Check out the new limits:



Tax relief and incentive to exports

Micro and small enterprises may engage in exports without being excluded from the system, within an amount equivalent to the maximum gross revenue allowed for benefiting from the Unified Tax Collection System. In practice, micro and small enterprises can double the inclusion limit, provided that half their revenue comes from foreign sales.

Less bureaucracy

Individual Entrepreneur

- Registration, alteration and exclusion of individual entrepreneurs may be done at any time over the internet.
- Collection of all labor taxes and contributions in a single form. To this end, the government will create the Unified Statement of Social Information for individual entrepreneurs, which will replace the GFIP, RAIS, CAGED and the Monthly Report of Gross Revenues.

Micro and Small Enterprises

- Reduction from 3 years to twelve months of

downtime required for the simplified write-off process.

- Elimination of the need to complete an Annual Unified Tax Collection Form. The data reported for the unified monthly calculation of taxes will be used to make up the annual tax report.

Easier processes to pay off debts

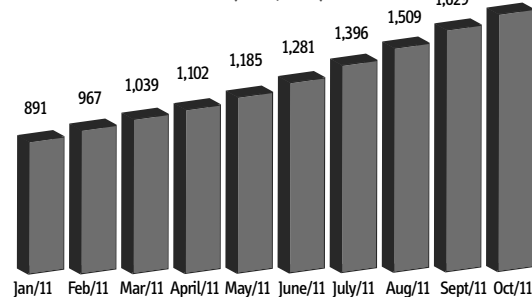
Micro and small enterprises may pay accrued tax debts in up to 60 monthly installments. Before, many enterprises were excluded from the special tax system because of tax debts and ended up being taxed under the presumed profit system. Now, with changes in the Unified Tax Collection System, these companies may pay off their debts and still pay less tax.

The adoption of this set of measures will enable improving the institutional and fiscal environment for micro and small entrepreneurs. This means easier ways to formalize and strengthen an important segment of companies, making them more competitive and improving the country's economy.

MEI: In 2001 the number of registered entrepreneurs had increased 94% by October

By registering in the Individual Entrepreneur program, entrepreneurs are formalized and may issue invoices, thus increasing their business opportunities. In addition, they have guaranteed access to disability compensation, retirement by age, maternity bonus after the grace period and reclusion aid. In October, the number of registered individual entrepreneurs reached 1,732,993.

Evolution of Registered Individual Entrepreneurs
(in 1,000)



Source: Ministry of Finance

FIFA 2014 World Cup

Preparations for the World Cup

Works progressing, General World Cup Bill submitted to Congress and actions in the areas of security and tourism underway

CONTINUOUS MONITORING OF WORLD CUP WORKS WITH PERIODIC ASSESSMENTS

Civil works in stadiums, airports, urban mobility and ports in the 12 host cities for the FIFA 2014 World Cup are being closely monitored by the Federal Government.

A result of this monitoring, the second assessment of the country's preparation for the World, was presented in September, 1,000 days shy of the beginning of the event. The revised version of the Responsibility Matrix updating dates and costs of civil works was published in the Official Gazette on November 9.

PROGRESS OF WORKS

Civil works in preparation for the World Cup are moving at an appropriate pace. Most will be completed by 2013. Works in the Airport Passenger Terminal at São Gonçalo do Amarante Airport (RN) and mobility works in Curitiba, Manaus, São Paulo and Natal are expected to be completed in 2014.

Arenas

Agreements worth R\$ 3 billion have already been signed with BNDES. Civil works have started in all arenas, which will have environmental certification. The eight stadiums with delivery expected by December 2012 are: Belo Horizonte, Brasília, Cuiabá, Curitiba, Fortaleza, Porto

Alegre, Recife and Salvador. The stadium in Rio de Janeiro should be completed in February 2013; Manaus, in June 2013; and São Paulo and Natal in December 2013.

Airports

Civil works have started in nine airports: Rio de Janeiro, Natal, São Paulo / Guarulhos, São Paulo / Viracopos, Brasília, Porto Alegre, Cuiabá, Curitiba and Belo Horizonte. Besides the Natal airport, concessions are in preparation for the airports of Guarulhos (SP), Viracopos (Campinas) and Brasília.

Ports

Seven projects of quick implementation are aimed at the construction of modern tourist terminals, which meet the growing demand for cruises on the Brazilian coast. Bids have already been invited for such projects in the cities of Fortaleza, Natal, Recife, Rio de Janeiro, Salvador and Santos. All works are expected to start in January/2013 and be completed by the end of 2013.

Mobility

Civil works are already underway in five cities: Belo Horizonte, Cuiabá, Porto Alegre, Recife and Rio de Janeiro. The projects will be completed in 2013, with the exception of one in Curitiba, two in Manaus, one in Natal and one in São Paulo, which are expected to be completed in May 2014.

Investments for the 2014 World Cup



Curitiba, Oct/11

Airports

35 projects in 13 airports totaling R\$ 6.5 billion in federal funds, with R\$ 408 million to be invested by the concessionaire of the Natal airport.



Belo Horizonte, Oct/11

Stadiums

12 stadiums involving R\$ 6.7 billion, with R\$ 3 billion in BNDES financing already committed.



Curitiba, Oct/11

Urban Mobility

52 projects totaling R\$ 12.4 billion, with R\$ 7.8 billion in financing.



Fortaleza, Oct/11

Ports

7 ports with a total investment of R\$ 898.9 million.

REVISION OF THE RESPONSIBILITY MATRIX

New amounts have been set for projects in the areas of urban mobility, ports and airports, compared to those contained in the Responsibility Matrix signed by the 12 host cities in January 2010. The main changes are related to the counterpart contributions of states and municipalities.

There have also been changes in urban mobility projects. In Cuiabá, the civil works of two BRT (Bus Rapid Transit) corridors have been converted into

a single Light Rail Transit (LRT) project. In Belo Horizonte, the Pedro II – Carlos Luz corridor has changed from BRT to an exclusive bus corridor. In Fortaleza, a change in the cost of expropriation for the construction of the Parangaba / Mucuripe LRT increased the cost of the project in relation to the amount reported in the 2nd World Cup Assessment.

WORLD CUP GENERAL LAW

Submitted to Congress in late September, the General World Cup Bill regulates five of the 11 guaran-

tees provided to FIFA for the Confederations Cup in 2013 and the World Cup in 2014: permissions for entering and leaving the country; work permits; protection and exploitation of commercial rights; safety and protection; and compensation.

The formulation of specific laws for the World Cup is common to many other countries that hosted the event. The provisions of the Bill are in compliance with the Federal Constitution and the federative character of our Republic.

The bill, with 46 articles, sets special rules for visas – provides for easier and free grant of visa for tourist proving that they are coming to Brazil for the World Cup, protection of brands of products that will be licensed for the World Cup, and penalties for the illegal trade of tickets. In addition, the bill establishes that broadcasters that do not own the broadcasting rights may broadcast a maximum of 30 seconds of World Cup coverage, intended for journalistic and non-commercial purposes.

With the General World Cup Law, the Federal Government completes the legislative initiatives necessary for Brazil to host the World Cup. Two important laws are already in force – the Differentiated Contracting Regime and Law No. 12,350, which provides for tax exemption and customs duties. The other commitments are already covered by existing national legislation.

WORLD CUP: PUBLIC SECURITY IS REINFORCED

The Special Secretariat of Security for Big Events of the Ministry of Justice was established in August to coordinate efforts regarding this matter, including investments in technology, information systems and cutting-edge equipment, aimed not only at the sporting events the country will be hosting, but also at improving the national public security system.

Through joint actions with the twelve World Cup host cities in partnership with state public security secretariats, the Special Secretariat has teams traveling to the states where those cities are located to assess technical and operating conditions, in order to organize local plans of action during the World Cup.

One of the main actions of the Secretariat is the establishment of Integrated Command and Control Centers. There will be 14 such centers in operation, with two at national level (Brasília and Rio de Janeiro) and another 12 at local level, one in each of the host cities.

Another duty of the Secretariat is the integration of federal and state security systems to the security systems of Interpol – International Criminal Police Organization.

The control of migration and the inspection of goods coming into the country will also be

Pelé is the honorary World Cup ambassador

A soccer idol worldwide, Pelé was appointed as honorary World Cup ambassador by the Brazilian President. The unprecedented title was created in July this year by presidential decree. The ambassador will be responsible for representing the country in FIFA events and will work to promote the image of the 2014 World Cup.

strengthened through the acquisition of more modern and safer systems and equipment.

TECHNICAL SCHOOLS WILL OFFER PROFESSIONAL TRAINING FOR THE WORLD CUP

The federal institutes of education and science & technology will offer training programs in foreign languages and in areas like tourism and hospitality, among others, to meet the demand for labor generated by the World Cup.

In Brasília, beginners and continued training courses are being offered in foreign languages, services and civil construction, in partnership with the Government of the Federal District. In Rio Grande do Sul, 1,000 women will attend training courses in hospitality and tourism.

PROMOTING BRAZIL AND PROVIDING TOURIST INFORMATION OVER THE INTERNET

A portal created to promote the World Cup host cities was launched in October containing videos that web surfers can watch images in 360° and

interact online. Five cities already have videos on the website: Rio de Janeiro, Cuiabá, Curitiba, Salvador and Manaus. All the host cities should have been covered by early 2012. The portal address is <http://www.braziltour360.com>

Another portal launched, *Viaje Legal* (Travel Nicely) (<http://www.viajelegal.turismo.gov.br>), offers important tips for a peaceful trip, such as contracting services, accommodation, travel packages, tickets and health tips.

The portal also provides information on recent topics such as new laws and regulations and consumer rights in case of flight delays and cancellations.

This information is also contained in the Tourist Pocket Guide (*Guia de Bolso do Turista*), whose second edition was released this year and is available for download from the *Viaje Legal* portal.

The Executive World Cup Group (*Grupo Executivo da Copa – Gecopa*) has published a public notice for projects to promote the country, with a focus on the World Cup. The deadline for submitting proposals was October 31. The 285 entries will be analyzed with a view to their possible inclusion on the national and international promotion agenda.

Schedule of World Cup games has been announced

The Schedule and locations of the 2014 World Cup games were announced last October. São Paulo will host the opening game on June 12 and Rio de Janeiro will host the final on July 13. All 64 games have been distributed over the 12 host cities. In the first phase, all capitals will host at least one match involving a seed team, and all the cities will host four games. The Round of Sixteen will be played in Belo Horizonte, Brasília, Fortaleza, Porto Alegre, Recife, Rio de Janeiro, Salvador and São Paulo; quarter-finals in Brasília, Fortaleza, Rio de Janeiro and Salvador. Belo Horizonte and São Paulo will host the semi-finals and the third place play-off will be held in the federal capital.

Restructuring the civil aviation sector

Airport concessions will accelerate investments

Concessionaires will be required to invest in infrastructure improvements and services at the airports granted in concession, and proceeds received by INFRAERO will be invested in the other airports controlled by the company

AIRPORT CONCESSION MODEL

By 2012 the country will have four airports granted in concession to private companies as part of the policy to restructure the civil aviation sector. The purpose of the concession is to accelerate investments, so as to meet the growing demand for airport services in the country. While passenger traffic increased 40% on average worldwide in the period 2003 to 2010, in Brazil the increase was 118% over the same period.

The auction for the first concession – the airport of São Gonçalo do Amarante (RN) was held in August 11. The winning consortium offered R\$ 170 million for the right to build and operate the airport – twice the minimum amount stipulated by the federal government.

The concession model for the airports of Brasília, Guarulhos and Viracopos was submitted to the Court of Audit (TCU) on October 13 for consideration of the proposal before the auctions.

According to the model, the concessions will be held through Special Purpose Entities – SPEs, con-

sisting of private investors and with the participation of INFRAERO – limited to 49% of the capital. Some of INFRAERO's shares will be negotiated with its employees. Thus, the SPE will be responsible for making new investments in and managing these airports.

According to the government proposal, the terms of the concessions will be as follows: 20 years for Cumbica, 25 years for Brasília and 30 years for Viracopos.

Public Fund

The government expects to raise at least R\$ 5.6 billion over the concession period. These resources will go to a public fund – the National Civil Aviation Fund (*Fundo Nacional da Aviação Civil* – FNAC), responsible for promoting investments in the other airports of the country that will remain under the control of INFRAERO.

Resources are estimated from the amount of the minimum bid proposed of R\$ 2.3 billion for Cumbica, R\$ 521 million for Viracopos and R\$ 75 million for Brasília.

Mandatory investments for concessionaires in the first 18 months

Brasília	Guarulhos	Viracopos
<ul style="list-style-type: none">• Expansion of the international passenger terminal: an additional 1,000 passengers boarding and 1,200 de-boarding (during rush hours).• New yard for 24 aircrafts.	<ul style="list-style-type: none">• New passenger terminal: 1,800 international passengers boarding and 2,200 de-boarding (during rush hours).• New yard for 32 aircrafts.	<ul style="list-style-type: none">• Expansion of capacity for an additional 1,550 international passengers de-boarding and 1,500 boarding (during rush hours).• New yard for 35 aircrafts.

In addition to the bids, the government proposes to keep part of the companies' revenue over the concession period. This revenue share will be 10% for Cumbica, 5% for Viracopos and 2% for Brasília.

Investments

The winners of the concessions will invest approximately R\$21 billion. Much of this investment should be made in the first 18 months, because of the World Cup. The concession contracts provide for fines in case the demand fails to be met throughout the term of the contract.

AIRPORT MANAGEMENT

Twelve Airport Management Centers (*Centros de Gerenciamento Aeroportuário* – CGA), a new management system created by the federal government are already in operation at the airports of Guararapes (PE), Guarulhos (SP), Congonhas (SP), Brasília (DF), Galeão (RJ), Santos Dumont (RJ), Confins (MG), Salvador (BA), Porto Alegre (RS), Curitiba (PR), Manaus (AM), and Fortaleza (CE).

The Centers are areas set up with the aim to coordinate and monitor in real time aircraft operations, passenger traffic and baggage handling at the airports, in sync with the airlines and public inspection and control agencies operating at airports such as the Federal Police, the Internal Revenue Service, the National Health Surveillance Agency (*Agência Nacional de Vigilância Sanitária* – ANVISA) and the Agricultural Surveillance Agency (*Vigilância Agropecuária* – Vigiagro).

IMPROVING AIRPORTS IN THE COUNTRY

Besides the R\$ 6.5 billion to be invested in airports for the World Cup, an additional R\$ 1 billion will be earmarked for other projects to improve airport in-

frastructure and services. Works are already underway in maneuvering areas, in addition to improvements in yards, terminals and control structures.

This year, works have already been completed at the airports of Recife, São Paulo (Guarulhos) and Campinas. Recife received the complete Airport Connector – with the completion of two construction work phases, and Operational Modules have been inaugurated at the airports of São Paulo.

INFRAERO PUBLISHES FIRST BID NOTICES UNDER A DIFFERENTIATED CONTRACTING REGIME (RDC)

In October, INFRAERO published the first bid notice based on the Differentiated Contracting Regime (*Regime Diferenciado de Contratações* – RDC).

The bid will select a company to undertake the preliminary studies and basic and executive projects of the works to expand and rehabilitate the parking lot of João Pessoa International Airport.

Two more bid notices under the RDC were published on November 1st: one to supply and install the transportation and baggage handling system at terminal 2 of Galeão airport (RJ) and another for the construction of the new control tower and facilities of the Department of Airspace Control (*Destacamento de Controle do Espaço Aéreo* – DTCEA) at the airport of Salvador (BA).

The RDC was established to improve government procedures for contracting services and works and should be applied exclusively to bids and contracts required for the Confederations Cup and the FIFA World Cup, and the Olympic and Paralympic Games in 2016, as well as infrastructure works and the contracting of services for the airports of the state capitals located up to 350 km far from the cities hosting said competitions.

Transparency and access to information

Law on Access to Information and the Truth Commission

New measures to strengthen democracy and the full exercise of citizenship

The entry into force of the law regulating access to public information and the law creating the National Truth Commission is a milestone to bring transparency to State actions and secure access to the full history of the Brazilian people.

Access to Public Information

The Law on Access to Information (Law No. 12527/2011) guarantees all citizens access to documents and information produced by the public administration at the three levels of the federation. Among the information to be provided are data on costs, tenders, contracts, program execution, actions, projects and civil works.

Public agencies will have six months to organize and publish their data on the internet, in simple and accessible language. The so-called “Citizens Information Service” (*Serviço de Informação ao Cidadão*) will also be required to provide information that fails to be found within up to 20 days.

Another major change concerns the classification of information, since no document will be kept confidential forever.

Confidential information will only be classified as top secret if, exceptionally and justifiably, it is essential to the security of society and the State, and will be protected for a period of 25 years of secrecy, renewable for another 25 years. Secret and reserved documents will remain as such for up to 15 and five years respectively.

The new law also prohibits restricting access to information about human rights violations or that are necessary for the protection of fundamental rights.

Access to personal information that is offensive to privacy, private life, honor and image may be restricted, with a maximum of up to 100 years of secrecy, as provided for in the current legislation.

The new law, however, establishes exceptions to this restriction of access: medical treatment; statistics and research; public interest; investigation of irregularities; and actions for the recovery of relevant historical facts.

Within a period of two years, all public agencies should assess and reclassify their documents based on the new law. Any person may request a review of the classification by the agency, with the possibility of appeal before a higher court.

National Truth Commission

The National Truth Commission created by Law 12528/2011 will review and clarify human rights violations that occurred between 1946 and 1988, in order to ensure the right to memory and historical truth.

It will consist of seven members chosen by the President of the Republic for their ethical behavior and conduct in defense of democracy and human rights. The group will have two years to request information and documents from public agencies; summon witnesses; promote due diligence; re-

quest expert opinions; and hold public hearings. At the end of the deadline, it should submit a report containing its findings.

The Truth Commission will build upon the work that has been carried out by the Special Commission on Political Deaths and Disappearances for

nearly 16 years and by the Amnesty Commission for 10 years.

The Truth Commission can also recommend the adoption of measures and public policies to prevent human rights violations and ensure their non-recurrence.

Open Government Partnership

On September 20, the President of the Republic co-chaired, alongside the President of the United States, the official launch of the Open Government Partnership (OGP). The initiative aims to globally disseminate and encourage government practices such as budget transparency, public access to information and social participation. In all, nine countries – including Brazil – and nine non-governmental organizations are participating in the Steering Committee. To date, 47 countries have already joined the initiative.

During the launch, the countries that make up the Steering Committee endorsed a Declaration of Principles and presented their Open Government Action Plans. The Brazilian Action Plan was developed through consultations with various agencies and civil society and its implementation will be accompanied by the Interministerial Committee on Open Government (*Comitê Interministerial para Governo Aberto* – CIGA), established specifically for this purpose by a Presidential Decree of September 15.

Commitments made by Brazil include adjusting the Transparency Portal to the “open data” standard; implementing the Federal Access to Information System; implementing the National Open Data Infrastructure (*Infraestrutura Nacional de Dados Abertos* – INDA); providing data from the Agreements System (*Sistema de Convênios* – SICONV) in an “open data” format; and developing the “Aquarius Platform” for managing strategic Science and Technology information.

The Plan of Action also includes holding the First National Conference on Transparency and Social Control (*Conferência Nacional sobre Transparência e Controle Social* – Consocial), already convened by presidential decree, and the First National Open Data Meeting, in addition to the adoption, by the federal government, of integrated electronic systems for the management of public funds.

Environment and sustainability

Actions for sustainable development

Fight against deforestation, proper management of solid waste, improved procedures for environmental licensing, coupled with incentive to energy efficiency, ensure development with environmental preservation

Fighting deforestation and environmental degradation

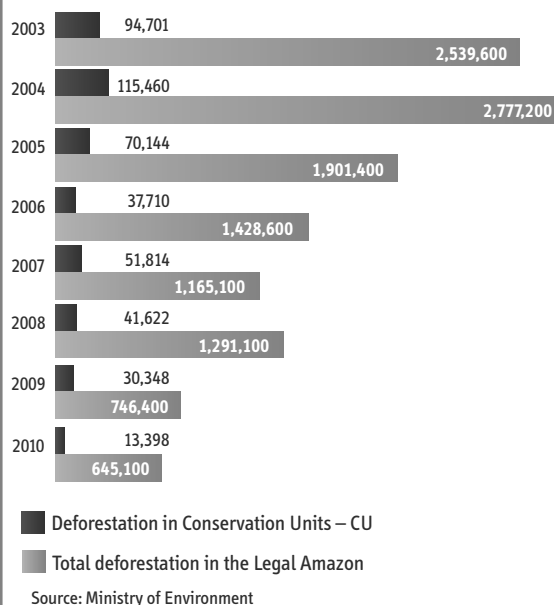
Environmental monitoring, control and inspection have been intense through actions between IBAMA, the Federal Police, the Armed Forces and the National Public Security Force.

Measures adopted by the Plan of Action to Prevent and Control Deforestation in the Amazon (*Plano de Ação para Prevenção e Controle do Desmatamento da Amazônia* – PPCDAm) had already reduced deforestation from 27,000 sq km in 2004 to 7,000 sq km in 2010. The PPCDAm is of an interministerial nature and coordinates Government efforts to combat illegal logging.

Data from the DETER system, which issues daily alerts on deforestation in the Amazon to guide inspection and ensure effective actions to control logging, show that from January to September 2011 the deforested area corresponded to 1,835 sq km. This area is 1.5% smaller than in the same period of 2010, when deforestation reached 1,862 sq km.

Since DETER figures are indicative of the deforestation trend, the result for the first nine months of the year indicate a reduction in deforestation in 2011 against previous years. DETER results show a similar trend for September 2011, when deforestation stood at 253.8 sq km, the smallest area for the month since 2004. Compared to September 2010, the deforested area decreased by 43%.

Annual deforestation rate in the Legal Amazon and Conservation Units (ha)



By October of this year, 1,473 notices of violation had been issued, totaling R\$550.92 million; an area of 76,929.64 ha had been embargoed and 41,022.84 cubic meters of logs and 4,479 animals seized.

Improving licensing procedures

Licensing for ports, federal highways, oil exploration and electricity transmission lines has changed. The process is now faster and more transparent. Five new ministerial directives have been issued establishing procedures for requesting and granting licenses whereas keeping the strictness and technical criteria without chang-

ing the laws, decrees and resolutions that ensure minimum impacts and compensation for environmental damage.

Entrepreneurs and the technical area of IBAMA gained greater legal certainty. Clearer rules designed to avoid double interpretation and discretion in the analysis of judicial proceedings and ensure sound technical basis for decision-making have been in force since October 28. A necessary step forward to streamline initiatives that move the economy, promote economic growth and generate employment and income.

The modernization of the licensing process will also enable recovering an environmental liability of more than 50 years. A total of 35 ports, 12,000 km of transmission lines and 55,000 km of federal highways will be legalized.

Those that have already been legalized and those that are in the process of legalization will not require new licensing procedures to implement small low-impact projects such as maintenance dredging and deepening of channels. The authorization from IBAMA will suffice. Minor works in highways, which are required to ensure traffic safety and improve it within the domain area and with specific environmental permits will also be authorized. Oil exploration may be licensed by polygon rather than requiring a license at each new well, improving the management of environmental licensing and ensuring society greater access to information.

Environmental Value: the use of garbage and solid waste

The National Solid Waste Plan, which is part of the

National Solid Waste Policy will be under public consultation from September 5 to December 24 2011, at:

<http://www.cnrh.gov.br/pnrsnac>

To discuss the Plan's guidelines and targets, public hearings have been held in five regions. The Plan will be in force for an undetermined period, with a 20-year horizon and updates every four years.

The Plan will establish actions to address waste from its generation to final disposal, including collection, separation or temporary packaging, treatment, recycling and disposal.

Encouraging Energy Efficiency

The basic premises and guidelines of the National Energy Efficiency Plan (*Plano Nacional de Eficiência Energética* – PNEf) were published on October 19, 2011. Prepared by the Ministry of Mines and Energy with the cooperation of experts from the energy sector in partnership with research centers, universities and institutes of standardization and metrology, other government agencies, and the private sector, they are intended to guide the development of actions to meet the needs of the national economy with the lowest energy use possible, according to environmental sustainability requirements.

Savings corresponding to approximately half the current electricity consumption in the Northeast, or the equivalent to the generation of the hydroelectric plants of Santo Antônio and Jirau are expected for 2020, thus avoiding a cost of R\$ 29 billion. These measures contribute to ensuring that Brazil will continue to boast one of the cleanest energy matrices in the world.

Federal State Relationship

Partnerships with states and municipalities

Improved fiscal situation enable 17 states to increase their investment capacity

Increasing fiscal credit for states

The Federal Government has authorized 17 states to increase their investments by R\$ 37 billion. The governments of Acre, Alagoas, Amazonas, Bahia, Ceará, Maranhão, Mato Grosso, Minas Gerais, Paraíba, Paraná, Pernambuco, Piauí, Rio de Janeiro, Rio Grande do Sul, Rondônia, São Paulo and Sergipe may take out loans for infrastructure, sanitation and urban mobility projects and implementation of regional development actions among others. The authorization has been granted under the Fiscal Restructuring and Adjustment Program, which will remain in effect until 2013.

Additional fiscal credit limit

State	Additional limit (in R\$ million)
AC	629.03
AL	666.48
AM	1,392.45
BA	2,566.06
CE	3,848.09
MA	2,000.00
MG	3,000.00
MT	2,195.46
PB	500.00
PE	2,735.15
PI	927.20
PR	1,192.12
RJ	5,999.97
RO	228.91
RS	1,466.58
SE	682.97
SP	7,000.00

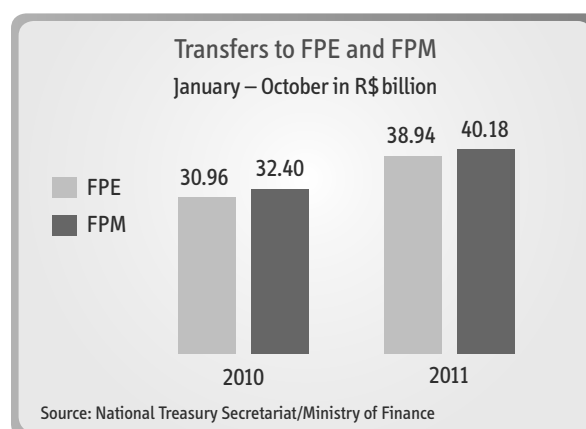
Source: National Treasury Secretariat/Ministry of Finance

The loans will be contracted from BNDES, the World Bank, the Inter-American Development Bank (IDB) and the Development Bank of Latin America (CAF). This increase in the credit limit is the result of the improved fiscal situation of the states, which is now stronger, and helps to keep the Brazilian economy growing.

Constitutional transfers grow

A total of R\$ 40.18 billion were transferred to municipalities all over the country in the first ten months of 2011, through the Municipal Revenue Sharing Fund (*Fundo de Participação dos Municípios* – FPM), exclusive of the FUNDEB share. This amount is 24% higher than that transferred in the same period of 2010.

Transfers to the states through the State Revenue Sharing Fund (*Fundo de Participação dos Estados* – FPE) totaled R\$ 38.94 billion from January to



October – a rise of 25.7% in relation to the same period last year.

Credits granted by Constitutional Funds in the Northeast (FNE), North (FNO) and the Central-West (FCO) totaled R\$ 12.5 billion from January to September this year. The contracted amount this year is 11.6% higher than that of the same period in 2010.

Sanitation in small municipalities

The results of the selection of bids for sanitation works and projects in municipalities with less than 50,000 people, under the PAC 2, were announced by FUNASA in August. FUNASA will invest R\$ 2.2 billion in this first phase. By 2014, investments will total R\$ 4 billion.

In the “civil works” modality, 1,858 proposals in the area of water supply and sanitation and 1,412 in the area of household sanitation improvements have been pre-selected for the interview phase. The selection process is now in the phase of technical visits in the municipalities. Publication of the final result and the respective contracting are planned for December 2011. In the “project development” modality, 2,706 proposals have been selected, one per municipality.

The Ministry of Cities will also finance basic sanitation projects for municipalities with population

up to 50,000. The registration of letters of consultation ended in July. The 134 proposals selected, which will benefit 125 municipalities, amount to R\$ 1.127 billion in loans.

Guidelines for active search under the Brazil without Extreme Poverty Plan

On October 25, the Ministry of Social Development and Fight against Hunger published a Normative Instruction with guidelines for municipal managers and technicians to carry out the active search under the Brazil without Extreme Poverty Plan. The document covers three lines of action:

- Inclusion of families in extreme poverty in the Unified Register and updating of the information required to monitor these families;
- Procedures to accurately identify, in the Unified Register, all the families belonging to traditional peoples and specific communities or groups;
- Partnerships needed to identify and register all families in socioeconomic vulnerability, especially those living in remote areas or in regions considered violent.

The instruction also presents a protocol for the establishment of partnerships at municipal and federal levels under the Brazil without Extreme Poverty Plan.



Brazil and the World

Brazil and the World

Brazilian action on issues related to world peace and security and the international financial crisis marks the period

MULTILATERAL AGENDA

Brazil at the 66th UN General Assembly

On September 21, Brazil once again opened the debates of the UN General Assembly in New York, during its 66th annual session. Since the inception of the United Nations in 1945, Brazil has traditionally opened the debates of the General Assembly. This was the first time the session was chaired by a woman.

Brazil's intervention sought to point out that the world is facing an economic, governance and politics coordination crisis. The country advocated the reconstruction of global governance mechanisms, as well as the importance of concerted action by the international community to tackle the financial crisis. Also highlighted was the need for balance between fiscal adjustments and the stimuli needed for the resumption of growth; greater regulation of the financial system through controls on the currency war and the adoption of floating exchange rate regimes; and the reform of multilateral financial institutions to increase the participation of developing countries, which are largely responsible for global economic growth.

In the political sphere, Brazil expressed support for the proposed full admission of Palestine to the UN, since the recognition of the legitimate right of the Palestinian people to sovereignty and self-determination increases the possibilities of lasting

peace in the Middle East. The country also insisted in the interrelationship between development, peace and security, and in the association between development policies and the strategies of the Security Council in the search for sustainable peace. The need to reform the Security Council was also highlighted.

Still in New York, Brazil participated in four other events: Launch Meeting of the Open Government Partnership; Meeting on Chronic Non-communicable Diseases; Colloquium on Women's Political Participation; and Meeting on Nuclear Security.

Syria: IBSA Mission to Damascus

A Delegation of the IBSA (India, Brazil and South Africa) met with the President and the Minister of Foreign Affairs and Expatriates of the Arab Republic of Syria in August 2011, to discuss the situation and development of the country's political crisis, and deliver a document summarizing the position of IBSA countries, which condemn the disproportionate use of force. On the occasion, the Syrian president assured the delegation of his commitment to the reform process, which would aim to lead to a multiparty democracy, including through constitutional revision. Recalling the adoption of the Presidential Statement of the UN Security Council of August 3, 2011, the delegation reaffirmed its commitment to the sovereignty, independence and territorial integrity of Syria, but

expressed concern about the situation in the country, condemned violence from all parties and demanded concrete results from the reform process announced by the Government.

Fifth Summit strengthens Brazil-European Union relations

The Fifth EU-Brazil Summit was held in Brussels on October 4. On the occasion, Brazil reiterated its view that multilateralism is the best way to engage the international community in finding solutions to serious global problems that hinder the achievement of sustainable development. With regard to Rio+20, the country highlighted its expectation that the Conference will emphasize the centrality of sustainable development and the importance of a balance between its environmental, social and economic pillars. The situation in Europe, in general, and in Greece, in particular, was also addressed during the Fifth Summit, and the urgent need to find a solution to the financial crisis was discussed. In the bilateral sphere, the highlight was the adoption of the joint Action Plan for the promotion of international peace and security, the strengthening of democracy and the rule of law, respect for human rights and fundamental freedoms for all, and the promotion of sustainable development with social inclusion and environmental protection.

Brazil and the EU reached an understanding on Science, Technology & Innovation, Tourism and Culture. Brazil is the fourth main destination for European investment, with a stock in excess of US\$ 180 billion –after only the U.S., Switzerland and Canada – and the sixth largest investor in the European Union, with investment stocks

of about US\$ 80 billion. Bilateral trade has also grown consistently, totaling US\$ 82.25 billion by October 2011, with a balance of US\$ 6.38 billion favorable to Brazil.

IBSA stresses Brazil-India-South Africa cooperation

The Fifth IBSA Summit took place on October 18 in Pretoria. In its eighth year of existence, the Forum consolidated itself with a history of joint actions and projects completed.

The Summit addressed the three aspects of the Forum: dialogue and political cooperation; sectoral cooperation; and cooperation with third countries through the IBSA Fund. The direct dialogue between the Heads of State and Government focused on economic and financial issues and topics related to international peace and security, including the presence of Brazil, India and South Africa in the UN Security Council in 2011, as non-permanent members.

Brazil reiterated that the current financial crisis exposes the fragility of global economic governance and the difficulties faced by the political leaders who are at the epicenter of the crisis. The country anticipated its expectation that the G-20 will convey to the world a strong message of political cohesion and macroeconomic coordination, in view of the urgency to solve the sovereign debt problem, reverse the global recession, advance in the regulation of the financial system, and put an end to monetary policies that cause exchange wars and encourage protectionism.

In relation to recent political events in the Middle East and North Africa, the IBSA countries advocated the immediate end of the repression against

civilian populations and encouraged national dialogue in the search for a non-violent solution. They also agreed that armed interventions, especially those carried out at the margins of international law, do not bring peace or protect human rights. Also discussed was the issue of sustainable development in preparation for the Climate Change Conference in Durban (COP 17) and Rio+20.

G-20

Brazil participated in the G-20 Summit in Cannes, France, on November 3 and 4, to discuss the direction of the world economy and, in particular, the financial crisis affecting developed countries. On the initiative of Brazil, a BRICS meeting was held the day before the Summit, in order to coordinate the positions of emerging countries.

At the G-20 meeting, Brazil argued that overcoming the crisis requires including growth, job creation and social inclusion high on the international economic agenda. It emphasized particularly the concern with protecting the most vulnerable population from the consequences of the crisis and unemployment, especially among the younger population. In this regard, the country supported a proposal from the International Labor Organization (ILO) to establish a basic income floor, with the organization of a safety net for these populations. Brazil also stressed the need to strengthen the International Monetary Fund (IMF), with the provision of additional resources as a way to support all nations, not just European countries, in overcoming imbalances and reducing the systemic risk of the crisis. Brazil is willing to contribute to increasing Fund resources, but warned that in-

ternational financial organizations like the IMF and the World Bank should reflect, in their reform processes, the greater weight of emerging countries in the global economy.

Another issue widely discussed was the importance of strengthening financial regulation. Brazil argued that preventing financial markets from being a source of instability for the global economy necessarily entails strengthening supervisory rules and regulations.

In relation to climate change, Brazil reiterated its position in favor of the principle of common but differentiated responsibilities on the part of both developed and developing countries. Therefore, the approval of new targets for developed countries in the Second Commitment Period of the Kyoto Protocol will be decisive for the success of the Durban Conference, to be held in late 2011.

Meetings with Germany, Australia, China, Singapore and Turkey were held on the sidelines of the G-20 Summit. A meeting was also held with the Director-General of the ILO and a delegation of trade unions from various countries.

South America: UNASUR expands economic coordination

The First Ordinary Meeting of the South American Council of Economy and Finance of the Union of South American Nations (UNASUR) was held in August 2011. The creation of the Council is part of the broader discussion about the need to reform the international financial architecture. The Council Statute and Action Plan, which will guide the actions of the governments, were approved during the First Meeting.

Brazilian participation in UNIFIL

With the approval of Congress, the Brazilian government deployed a Brazilian Navy ship to strengthen the naval component of the United Nations Interim Force in Lebanon (UNIFIL). Brazil participates in the first fleet used by the UN in peacekeeping missions. In February, a Brazilian officer took command of the UNIFIL Maritime Task Force (MTF) made up of 800 military personnel. It is the first time the MTF is led by a country that is not a member of the Organization of the North Atlantic Treaty (NATO).

BILATERAL AGENDA

Visit to Peru

The Extraordinary Meeting of Heads of States of UNASUR was held in Lima on July 28, in the wake of the inauguration of the new President of Peru. On the occasion, Brazil stressed the need for greater coordination among the countries of the region, in face of the international financial crisis.

Visit of the President of Argentina to Brazil

The President of Argentina paid an official visit to Brazil on July 29. On the occasion, an understanding was reached on the need for coordination among South America countries, in response to the global economic crisis. The strength of trade relations between the two countries has also been enhanced. Over the past eight years, trade with Argentina has grown more than 360%. In 2010, trade exchange hit a record high, with nearly US\$ 33 billion in exchange. The trade flow increased by

nearly 30% in the first half of 2011. About 90% of bilateral trade corresponds to industrial products.

Visit of the Prime Minister of Canada to Brazil

The Canadian Prime Minister paid an official visit to Brazil between 7 and 9 August. Four agreements were signed in the areas of Air Services, Social Security, Development and Third Countries and Organization of the Olympic and Paralympic Games. Important initiatives to improve dialogue and bilateral cooperation – the Strategic Partnership Dialogue, the Forum of High Executives and the Dialogue on Energy were also announced. The leaders agreed to strengthen cooperation in education, science, technology and innovation, given the priority the two countries assign to these issues.

Visits to Belgium, Bulgaria and Turkey

State visits to Belgium, Bulgaria and Turkey took place from October 3-8.

Topics discussed during the official visit to Belgium on October 3 and 4 included the exchange of students under the Science without Borders Program and the Brazilian interest in strengthening bilateral cooperation in science and technology, particularly nanotechnology, microelectronics, biotechnology, nuclear materials and space technology. Brazil stressed its interest in partnering with Belgian companies in projects in the area of geostationary space satellites, ports, airports and management of waterways.

In the first visit of a Brazilian Head of State to Bulgaria, the topics discussed included cooperation in education, information technology, energy and

2011 Europalia Festival pays homage to Brazil

Brazil was revered by the 23rd edition of the “Europalia” festival opened on October 4 in Brussels. The festival ends on January 15, 2012. The “Europalia” is the largest cultural festival in Belgium, attracting an average of over one million visitors every two years, with events in Belgium and neighboring countries (France, Germany, the Netherlands and Luxembourg).

transport. The Brazilian delegation also sought to encourage cooperation in sports, with a view to the 2016 Olympic Games, as well as to identify opportunities for Brazilian investments in Bulgaria. In Turkey, bilateral agreements were signed in the fields of education and criminal matters. The commitment of both countries to the consolidation of the strategic partnership was also reiterated during the visit. An Entrepreneurial Seminar attended by more than 1,000 Turkish entrepreneurs was also took place in Ankara.

Visit to South Africa, Mozambique and Angola

In the wake of the Fifth IBSA Summit, Brazilian President visited South Africa, Mozambique and Angola.

With South Africa, Brazil has a strategic partnership to coordinate positions on political issues (under the BRICS, IBSA, BSAIC and Financial G-20) and develop different cooperation projects. There has been a significant increase in bilateral trade: South Africa

is Brazil's 4th largest trading partner in Africa and the second largest market for Brazilian products on the continent, second only to Egypt.

The visit to Mozambique highlights the importance given to the country in Brazilian foreign policy. Mozambique is already the largest recipient of Brazilian cooperation in very diverse projects, including, in the field of health, the antiretroviral drugs factory to be operated by *Farmanguinhos*; and in the field of agriculture, the Pro-savanna promoted by Embrapa in partnership with Japan, for the development of agriculture in Mozambican tropical savannas. Investments by Brazilian companies in South Africa are also growing, especially after the opening of a special credit line from BNDES in 2009.

With Angola, Brazil has also had a strategic partnership since 2010. In the political sphere, special mention should be made of the cooperation in actions to maintain stability in Guinea-Bissau, another member of the Community of Portuguese Speaking Countries, and to the association between Petrobras and a local company for oil prospecting on the Angolan coast, in the energy sector. Brazilian investments in Angola are growing, with the presence of the largest Brazilian companies from the civil construction, mining and energy sectors. Angola is Brazil's 5th largest trading partner in Africa (flow of US\$ 1.44 billion), and the third largest importer of Brazilian products on the continent, behind only Egypt and South Africa.

Visit of the Ukrainian President to Brazil

The President of Ukraine officially visited Brazil on October 25. One of the main topics on the agenda was the space area. Commitments in the areas

of defense and development and modernization of military equipment were also strengthened. In the area of energy and gas, the two countries discussed the possibility of gas turbines for power generation in pre-salt platforms, to be purchased from Ukrainian companies or produced by Ukrainian companies in Brazil. Also emphasized was the importance of exports of Ukrainian urea and ammonia, which can supply the fertilizer factories that are being built under the PAC 2 Program. The visit also marked the celebration of the 120th anniversary of Ukrainian immigration to Brazil.

Meeting with the Director-General of UNESCO

Cooperation initiatives in the fields of education, science, culture and communication were discussed during a bilateral meeting with UNESCO in Paris, on November 5. UNESCO's initiatives in the areas of water resources, oceans, geology, and climate change were identified as important contributions to the preparation of Rio+20. Brazil reiterated its satisfaction with the admission of Palestine as a member of UNESCO approved on October 31.

Rio+20

Promoting a green economy in the context of sustainable development and poverty eradication and improving the global governance of sustainable development are the foundations of the proposal submitted on November 1st by Brazil to the Secretariat of the United Nations Conference on Sustainable Development, Rio+20, to be held in Rio de Janeiro from June 13-20, 2012.

The proposal identifies new and emerging challenges to sustainable development and advocates:

- 1 – The eradication of poverty as an indispensable element for achieving sustainable development.*
- 2 – The full consideration of the concept of sustainable development in decision-making by economic, social and environmental actors, with a view to ensuring greater synergy, coordination and integration among the three pillars of sustainable development.*
- 3 – The strengthening of multilateralism, with the clear message of the need to adjust the structures of the United Nations and other international institutions to the challenge of sustainable development.*
- 4 – The recognition of the international reorganization underway and of the change in the level of countries, with impacts on the global governance framework.*

Brazil prepared its initial contribution to the working papers of Rio+20 based on wide consultation within National Commission made up of government agencies and representatives of various social groups, including entrepreneurs, trade unions, the academia, non-governmental organizations, social movements, indigenous peoples and traditional communities, state and local governments, and members of the National Congress and the Judiciary.



Normative Agenda

Economic and financial

Provisional Presidential Decree

539 of July 26, 2011	<ul style="list-style-type: none"> • Confers jurisdiction on the National Monetary Council to establish rules for derivatives trading.
540 of August 2, 2011 (Grater Brazil)	<ul style="list-style-type: none"> • Reintegrates amounts related to residual tax costs into exporting companies. • Provides for the immediate appropriation, starting in July 2012, of credits from the Contribution to PIS / PASEP and the Contribution for the Financing of Social Security – COFINS arising from the acquisition or import of machinery and equipment for the production of goods and services. • Provides incentives to the automotive industry, conditional on the development of competitiveness, investment levels, technological innovation of local production and aggregation of local content. • Reduces payroll taxes for companies providing information technology – IT and information and communication technology –ICT, and the furniture, clothing and leather goods industries.
541 of August 2, 2011 (Greater Brazil)	<ul style="list-style-type: none"> • Extends to Dec 31, 2012 the effect of the Investment Support Program (<i>Programa de Sustentação do Investimento</i>– PSI). • Authorizes the Union to participate as a shareholder in the Fund for Export Financing (<i>Fundo de Financiamento à Exportação</i>– FFEX) aimed at providing financing for exports of Brazilian goods and services. • Creates 120 positions of Foreign Trade Analyst to strengthen trade protection mechanisms.
543 of August 24, 2011 (Growing Program)	<ul style="list-style-type: none"> • Gives financial institutions an economic subsidy in the form of equalization of part of the costs they are subject to, for contracting and monitoring oriented productive micro-credit operations at reduced interest rates low (8% p.a.).
544 of September 29, 2011	<ul style="list-style-type: none"> • Sets specific rules for purchases and contracts in the defense sector. • Provides for the regime of special tax and financing to encourage the industrial defense base.
545 of September 29, 2011	<ul style="list-style-type: none"> • Creates the Special Taxation Regime for the Movie Theater Industry (<i>Especial de Tributação para Desenvolvimento da Atividade de Exibição Cinematográfica</i> – RECINE). • Alters taxation on the coffee production chain.
546 of September 29, 2011	<ul style="list-style-type: none"> • Transfers from the Union to States, Municipalities and the Federal District, R\$ 1.95 billion for export promotion.

Complementary Law

139 of Nov 10, 2011	<ul style="list-style-type: none"> • Increases the limits of annual gross revenue for the inclusion of (ME) and (SE) in the Unified Tax Collection System (<i>Supersimples</i>), setting additional limits for exporting Small Enterprises (SEs), Micro-Enterprises (MEs) and Individual Micro-Entrepreneurs (MEIs). • Simplifies procedures for starting and shutting down Small Enterprises (SEs) Micro-enterprises (MEs) and Individual Micro-entrepreneurs (MEIs).
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Law

12507 of Oct 11, 2011	<ul style="list-style-type: none">• Includes the tablet PC in the Digital Inclusion Program to encourage its production in the country.
12469 of Aug 26, 2011	<ul style="list-style-type: none">• Readjusts to 4.5% the reference values for the monthly income brackets of the Individual Income Tax and deductions.
12453 of July 21, 2011	<ul style="list-style-type: none">• Increases funds of the Investment Support Program (<i>Programa de Sustentação do Investimento</i> – PSI) and extends its effect to June 30, 2010 (already extended to December 31, 2012 by MP No. 541 of August 2, 2011).• Extends the cover of subsidy to companies located in municipalities under emergency or public calamity situation as defined by decree.

Bill

29/2011	<ul style="list-style-type: none">• Establishes the Multi-Year Plan for the period 2012/2015, known as More Brazil Plan (<i>Plano Mais Brasil</i>), which consolidates the federal government's public policies and adopts a framework that reflects a strategic, participatory and territorialized vision of government planning, facilitating the communication of government's objectives to society.
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Message

480/2011	<ul style="list-style-type: none">• Submits to the National Congress Resolution No. 66-2 of the Board of Governors of the IMF on the Review of Quotas and Reform of the Fund's Executive Board.• With the measure, Brazil moves from the 14th to the 10th position in the ranking of IMF shareholders.
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Decree

7578 of Oct 11, 2011	<ul style="list-style-type: none">• Establishes rules for the enforcement and control of tax measures for the FIFA 2014 World Cup.
7574 of Sept 29, 2011	<ul style="list-style-type: none">• Consolidates rules related to administrative procedures, tax disputes, tax audit procedures and tax assessment, review of tax books and documents, tax notices, criminal representation for tax purposes, tax setoff and tax refunds at the level of the Federal Revenue Secretariat of Brazil.
7567 of Sept 15, 2011	<ul style="list-style-type: none">• Regulates the Automotive Regime provided for in MP 540/2011, with different IPI (Industrial Products Tax) for manufacturers in the country that meet the requirements of regional production and investment in activities related to innovation, research and technological development of products in the Country.
7565 of Sept 15, 2011	<ul style="list-style-type: none">• Determines the creation and publication by the IBGE (Brazilian Institute of Geography and Statistics) of real estate price index in Brazil, in partnership with the Brazilian Savings Bank (<i>Caixa Econômica Federal</i>).
7563 of Sept 15, 2011	<ul style="list-style-type: none">• Establishes the collection of IOF (Financial Operations Tax) on foreign exchange derivative transactions.

Decree (cont.)

7555 of Aug 19, 2011	<ul style="list-style-type: none"> Regulates the new taxation system for the cigarette market.
7546 of Aug 2, 2011	<ul style="list-style-type: none"> Establishes mechanisms regulating the margins of preference for domestic products and services in government procurement.
7545 of Aug 2, 2011	<ul style="list-style-type: none"> Facilitates the movement of goods under temporary admission into the territory.
7541, 7542 and 7543 of Aug 2, 2011	<ul style="list-style-type: none"> Regulates the extension for another 12 months of the IPI reduction on vehicles and construction materials and the application of zero IPI rate on capital goods.
7540 of Aug 2, 2011	<ul style="list-style-type: none"> Establishes the Greater Brazil Plan (<i>Plano Brasil Maior</i> – PBM) and its Management System, in order to integrate actions related to industrial, technological and foreign trade policies.
7536 of July 26, 2011	<ul style="list-style-type: none"> Regulates the Tax on Credit Operations, Exchange and Insurance, or relating to Bonds and Securities – IOF levied on derivatives.

Social

Law

12513 of Oct 26, 2011 (Pronatec)	<ul style="list-style-type: none"> Establishes the National Program for Access to Technical Education and Employment (<i>Programa Nacional de Acesso ao Ensino Técnico e Emprego</i> – Pronatec) aimed at students, workers and beneficiaries of income transfer programs. Creates the 'FIES-Enterprise' (<i>Fies-Empresa</i>), allowing companies to contract FIES financing to pay for initial training and professional and technical education courses for their employees. Enables the Union to condition unemployment insurance to proof of enrollment and attendance in initial and continuing training or professional qualification courses. Allows resources from FAT (Workers' Assistance Fund) to be used in financing professional and technological education programs. Authorizes employers to exclude from the contribution salary expenses related to the professional and technological education of employees.
12512 of Oct 14, 2011	<ul style="list-style-type: none"> Establishes the Program of Support for Environmental Conservation (Green Grant), to promote environmental conservation and improve the living conditions of people in extreme poverty that carry out activities for the conservation of natural resources in rural areas. Establishes the Program to Foster Rural Productive Activities to encourage the sustainable generation of employment and income and promote food security. Extends from 3 to 5 the maximum number of variable Family Grant benefits to be paid per family.

Law (cont.)

12506 of Oct 11, 2011	<ul style="list-style-type: none"> Regulates the proportion notice of dismissal provided for in Art. 7, paragraph XXI of the Federal Constitution.
12499 of Sept 29, 2011	<ul style="list-style-type: none"> Authorizes the Union to provide financial support for the maintenance of new day care and public early childhood education institutions in municipalities and the Federal District.
12487 of Sept 15, 2011	<ul style="list-style-type: none"> Establishes the special plan for the rehabilitation of the public physical school network to provide financial assistance in the rehabilitation of physical facilities of public schools in states, the Federal District and municipalities affected by natural disasters.
12483 of Sept 8, 2011	<ul style="list-style-type: none"> Establishes rules for the organization and maintenance of special programs to protect victims and witnesses under threat. Provides for the protection of defendants or convicts who have voluntarily cooperated with police investigation and criminal proceedings.
12470 of Aug 31, 2011	<ul style="list-style-type: none"> Reduces from 11% to 5% the social security contribution for individual micro-entrepreneurs and low-income housewives. Establishes special and simplified procedures for processing the startup, registration, alteration and shutdown of individual micro-entrepreneurs. Determines the payment of maternity pay owed to employees of individual micro-entrepreneurs directly by Social Security. Allows suspending the payment of the Continuous Cash Benefit (<i>Benefício de Prestação Continuada</i>) when a disabled person enters the labor market. Promotes the adjustment of the concept of persons with disabilities, according to the International Convention on the Rights of Persons with Disabilities. Allows the inclusion, as dependents, of children and siblings with intellectual or mental disabilities.
12461 of July 26, 2011	<ul style="list-style-type: none"> Establishes the mandatory reporting of acts of violence against the elderly assisted by health care services.

Bill

2442 of Sept 29, 2011	<ul style="list-style-type: none"> Establishes the National System for the Prevention of and Fight against Torture to strengthen the fight against torture and other cruel, inhuman or degrading treatment in Brazil. Establishes the National Mechanism for the Prevention of and Fight against Torture (<i>Mecanismo Nacional de Prevenção e Combate à Tortura</i> – MNPCT), which aims to monitor persons deprived of liberty and shall be composed of 11 experts with outstanding knowledge, performance and experience in the prevention of torture. Incorporates into Law the National Committee on the Prevention of and Fight against Torture established in 2006 to combat torture in Brazil.
2208 of Aug 31, 2011	<ul style="list-style-type: none"> Creates the Federal University of Cariri (<i>Universidade Federal do Cariri</i> – UFCA).

Bill (cont.)

2207 of Aug 31, 2011	• Creates the Federal University of Southern Bahia (<i>Universidade Federal do Sul da Bahia</i> – UFESBA).
2206 of Aug 31, 2011	• Creates the Federal University of South and Southeast Pará (<i>Universidade Federal do Sul e Sudeste do Pará</i> – UNIFESSPA).
2204 of Aug 31, 2011	• Creates the Federal University of Western Bahia (<i>Universidade Federal do Oeste da Bahia</i> – UFOBA).
2126 of Aug 24, 2011	• Civil Rights Framework for Internet: establishes principles, guarantees, rights and obligations for Internet use in Brazil.

Message

409/2011	• Submits to the National Congress an agreement establishing the exemption of short-stay visas for Brazilian and European Union citizens (except UK and Ireland) in the territory of the other Party.
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Decree

7589 of Oct 26, 2011	• Establishes the e-Tec Brazil Network for the purpose of developing distant professional and technological education.
7583 of Oct 13, 2011	• Regulates the Social Electricity Tariff.
Unnumbered of Sept 29, 2011	• Declares of social interest, for purposes of expropriation, rural properties covered by the Quilombos Territory in the State of Minas Gerais – Brejo dos Crioulos Quilombo.
7572 of Sept 28, 2011	• Regulates the Program of Support for Environmental Conservation – Green Grant.
7571 of Sept 28, 2011	• Increases the withdrawing limit from escrow accounts of the Employee's Dismissal Fund (<i>Fundo de Garantia do Tempo de Serviço</i> – FGTS), for citizens affected by natural disasters in the state of Santa Catarina.
7568 of Sept 16, 2011	• Strengthens control over funds transferred by the Union to private non-profit entities.
7562 of Sept 15, 2011	• Provides for the regulation, monitoring and evaluation of health care institutions that offer medical residency and residency programs.
Unnumbered of Sept 15, 2011	• Establishes the National Action Plan on Open Government to promote actions and measures aimed at increasing transparency and access to public information.
7559 of Sept 2, 2011	<ul style="list-style-type: none"> • Establishes the National Book and Reading Plan (<i>Plano Nacional do Livro e Leitura</i> – PNLL) as a planning, support, coordination and execution and reference strategy for promotion-oriented actions. • The Plan aims to democratize access to books, train mediators to encourage and value reading, among other things.

Infrastructure

Provisional Presidential Decree

547 of Oct 11, 2011	<ul style="list-style-type: none">• Establishes the national register of municipalities with areas at risk of natural disasters.• Determines the mapping of risk areas and the establishment of prevention and contingency plans.• Changes the Statute of the Cities by determining that municipalities with urban expansion areas should develop an Urban Expansion Plan containing general guidelines for the organized occupation of these areas.• Authorizes the Federal Government to provide incentives to the municipality that adopts measures aimed at increasing the supply of urbanized land for use in social housing.
542 of Aug 12, 2011	<ul style="list-style-type: none">• Redefines the boundaries of the National Park of Amazonia (<i>Parque Nacional da Amazônia</i> – PARNA), the National Park of Amazon Fields and the National Park of Mapinguari.• Regularizes the situation of occupants of the Pito Aceso Extension and enables the construction of the HPP Tabajara.• Regularizes the situation of family farmers who had lived in areas of the PARNA-Amazon since the 1970s and 1980s.• Allows the completion of HPP Santo Antônio with the production of energy for the country, which will have reservoirs in areas belonging to PARNA-Mapinguari.

Law

12490 of Sept 16, 2011	<ul style="list-style-type: none">• Confers to the National Petroleum Agency powers to regulate and inspect the use of ethanol (biofuel).• Changes the percentage limits of anhydrous ethanol addition to gasoline (18-25%).• Extends the corporate objective of the Brazilian Post and Telegraph Company to allow the development of integrated logistics and financial activities and electronic postcards.
12485 of Sept 12, 2011	<ul style="list-style-type: none">• Reforms the legal framework for the Pay TV sector.• Regulates the minimum Brazilian content in program grids.• Confers to the National Cinema Agency (<i>Agência Nacional do Cinema</i> – ANCINE) powers to regulate and inspect the program grids and organization of TV channels.
12462 of Aug 5, 2011	<ul style="list-style-type: none">• Establishes the Public Procurement Regime Differential (<i>Regime Diferenciado de Contratações Públicas</i> – DRC) for the 2013 Confederations Cup, FIFA 2014 World Cup, the Rio 2016 Olympic and Paralympic Games, and construction of airports.• Creates the Civil Aviation Secretariat.• Establishes the National Aviation Fund.

Bill

2330 of Sept 19, 2011	<ul style="list-style-type: none"> Establishes the measures relating to the organization and implementation of the 2013 Confederations Cup and the FIFA 2014 World Cup.
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Decree

7581 of Oct 11, 2011	<ul style="list-style-type: none"> Regulates the Public Procurement Regime Differential (RDC) for the FIFA World Cup, the Olympics, the Confederations Cup and airports.
7564 of Sept 15, 2011	<ul style="list-style-type: none"> Improves resource management by creating new mechanisms to control the resources of the Northeast Development Fund (<i>Fundo de Desenvolvimento do Nordeste</i> – FDNE).
7578 of Oct 11, 2011	<ul style="list-style-type: none"> Regulates tax measures relating to the organization of the 2013 Confederations and the FIFA 2014 World Cup.
7560 of Sept 8, 2011	<ul style="list-style-type: none"> Establishes procedures for the Federal Public Administration related to the activities of the Olympic Public Authority (OPA).
Unnumbered of July 26, 2011	<ul style="list-style-type: none"> Establishes the Steering Committee of the FIFA 2014 World Cup (<i>Comitê Gestor da Copa do Mundo FIFA 2014</i> – GECOPA), charged with planning and implementing the actions needed to host the event.
7531 of July 21, 2011	<ul style="list-style-type: none"> Establishes the procedure for the concession of International Airports Governador André Franco Montoro and Viracopos, in the State of São Paulo, and Presidente Kubitschek, in the Federal District.

Ministerial Directive

594 of Oct 19, 2011	<ul style="list-style-type: none"> Approves the “National Plan for Energy Efficiency (<i>Plano Nacional de Eficiência Energética</i> – PNEF), Basic Premises and Guidelines”, which guides the actions to be implemented for achieving energy saving targets in the context of the National Energy Planning.
419 of Oct 26, 2011	<ul style="list-style-type: none"> Regulates the activities of agencies and entities of the Federal Public Administration involved in the environmental licensing provided for in Art. 14 of Law No. 11,516/2007.
420-MMA of Oct 26, 2011	<ul style="list-style-type: none"> Provides for procedures to be applied by the Brazilian Environment and Natural Resources Institute (<i>Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis</i> – IBAMA) in the environmental regulation and licensing of federal highways.
421-MMA of Oct 26, 2011	<ul style="list-style-type: none"> Provides for the environmental licensing and regulation of electricity transmission systems.
422-MMA of Oct 26, 2011	<ul style="list-style-type: none"> Provides for procedures for the federal environmental licensing of oil and natural gas exploration and production activities and projects in the marine environment and in land-sea transition zones.

Ministerial Directive (cont.)

423-MMA, of Oct 26, 2011	<ul style="list-style-type: none">• Interministerial Directive establishing the Federal Program of Environmentally Sustainable Highways for the environmental regularization of federal highways.
424-MMA of Oct 26, 2011	<ul style="list-style-type: none">• Provides for specific procedures to be used by IBAMA in the environmental regularization of port terminals, as well as of those granted to Dock Companies, as provided for in Art. 24-A of Law No. 10683/2003.
425 of Oct 26, 2011	<ul style="list-style-type: none">• Interministerial Directive establishing the Federal Program to Support the Environmental Regularization and Management of Ports (<i>Programa Federal de Apoio à Regularização e Gestão Ambiental Portuária</i> – PRGAP) for maritime ports and port terminals, including those granted to the Dock Companies linked to the SEP / PR.

Normative Instruction

14-MMA/IBAMA of Oct 27, 2011	<ul style="list-style-type: none">• Amends and adds provisions to Normative Instruction No. 184/2008, which provides for environmental licensing procedures.
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