

# Highlights



March | 2012

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Contact: [destaques.secom@planalto.gov.br](mailto:destaques.secom@planalto.gov.br)

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# Introduction

In its first 2012 issue, Highlights provides information on key programs launched between November 2011 and February 2012 and on results achieved in the first 14-month period of the current federal administration, with emphasis on priority actions by the Federal Government.

Improvements in the labor market, particularly a rise in formal employment rates, which was a major change in Brazil in recent years, continued to be observed in 2011 and are addressed in the section *Brazil in Figures*. That section also presents the results of Brazil's macroeconomic management, which ensured the achievement of inflation and primary surplus targets in 2011 without sacrificing employment and income growth. These measures have also consolidated a robust economic environment contributing to better face imbalances brought about by the international scenario, as summarized in the section *Economic Scenario*.

Apart from presenting new Federal Government programs, such as Living without Limits and Crack, We Can Beat it! (*Viver sem Limite* and *Crack, é Possível Vencer!*), the section *Management Highlights* describes the main results of government actions to strengthen a social inclusion-based economic growth model. In just eight months, the Brazil without Extreme Poverty (*Brasil sem Miséria*) plan made it possible for pacts to be established throughout the country around the commitment to eradicate extreme poverty, ensuring positive results for its beneficiaries. The pace of implementation of the Growth Acceleration Program 2 (*Programa de Aceleração do Crescimento – PAC 2*), which has exceeded both in speed and figures what was achieved through the Growth Acceleration Program 1 over the same period, as well as actions in support of production, show that stimulating higher investments in Brazil is at the heart of government priorities. The holding of eight national conferences and various negotiation meetings reaffirm the importance of social participation in government management.

The section also presents the main results of actions to ensure quality health care and education services to all Brazilians, key challenges of the current administration. Investments in Brazil in preparation for the 2014 World Cup, efforts to improve management and airport services, and the main actions being taken to foster closer relations between the federated entities are other key topics addressed in this issue.

Multilateral events in which Brazil took part and its bilateral agenda in recent months are covered in the *Brazil and the World* section. The final section, *Normative Agenda*, lists the main acts signed in the period.

The editors of Highlights acknowledge once again the invaluable support of federal government agencies in providing the information contained herein. Readers are welcome to email comments and suggestions to [destaques.secom@planalto.gov.br](mailto:destaques.secom@planalto.gov.br).

**The Highlights Team**

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# **Brazil in Figures**

# Labor market

## Employment and income in metropolitan areas

More jobs and less income inequalities in the labor market in large cities

### Increase in formal jobs and in the number of workers contributing to social security

The share of registered private-sector workers in total employment rose from 39.7% in 2003 to 48.5% in 2011. Over the same period, the percentage of workers contributing to social security increased from 61.2% to 71.0%.

Share of registered private-sector workers in total employment, 2003 and 2011 (%)



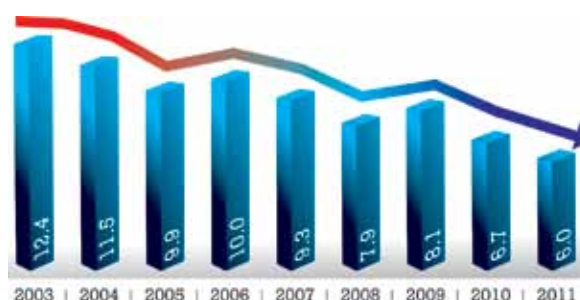
Source: IBGE/2003-2011 Retrospective of the Monthly Employment Survey (PME).

Note: The Monthly Employment Survey is conducted in the metropolitan areas of Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo and Porto Alegre.

### Lowest unemployment rate in 2011

The average unemployment rate dropped by half between 2003 and 2011, from 12.4% to 6.0%.

Average unemployment rate, 2003-2011 (%)



Source: IBGE/2003-2011 Retrospective of the Monthly Employment Survey (PME).

Note: The Monthly Employment Survey is conducted in the metropolitan areas of Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo and Porto Alegre.

São Paulo (14.1% to 6.2%) and Recife (13.8% to 6.5%) provide the clearest examples of the drop in unemployment observed in all metropolitan areas between 2003 and 2011. Regional disparities also decreased over the same period.

Average unemployment rate, 2003 and 2011 (in %)



Source: IBGE/2003-2011 Retrospective of the Monthly Employment Survey (PME).

Note: The Monthly Employment Survey is conducted in the metropolitan areas of Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo and Porto Alegre.

## Increasing participation of women in the labor market

Between 2003 and 2011, the share of women in the economically active population (EAP) (all women aged over 10 who were working or looking for a job) increased by 17.3%, while the male labor force increased by 9.7%. Women's participation in the labor force increased from 44.4% in 2003 to 46.1% in 2011.

Over the same period, the share of women in the labor force increased from 43.0% to 45.4%. Salvador is the metropolitan area with the highest percentage of working women, 47.0%, while Rio de Janeiro has the lowest percentage, 44.3%.

## Differences in labor income decrease

The average real income of women increased by 24.9% between 2003 and 2011, more than that of men. The average income of women stood at 72.3% of that of men in 2011, constituting a less unequal situation than in 2003, when the rate was 70.8%.

Proportion of women's income\* in relation to that of men, 2003 and 2011 (%)



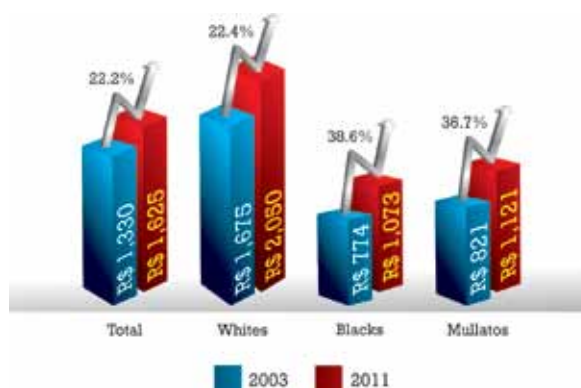
Source: IBGE/2003-2011 Retrospective of the Monthly Employment Survey (PME)

\* Average real income usually earned in the main job, at December 2011 prices.

Note: The Monthly Employment Survey is conducted in the metropolitan areas of Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo and Porto Alegre.

Race- and color-based income inequalities also decreased. Between 2003 and 2011, the income of Afro-descendants and mulatto individuals grew more than that of whites.

Variation and amount of the average real income\* by color, 2003 and 2011



Source: IBGE/2003-2011 Retrospective of the Monthly Employment Survey (PME)

\* Average real income usually earned in the main job, at December 2011 prices.

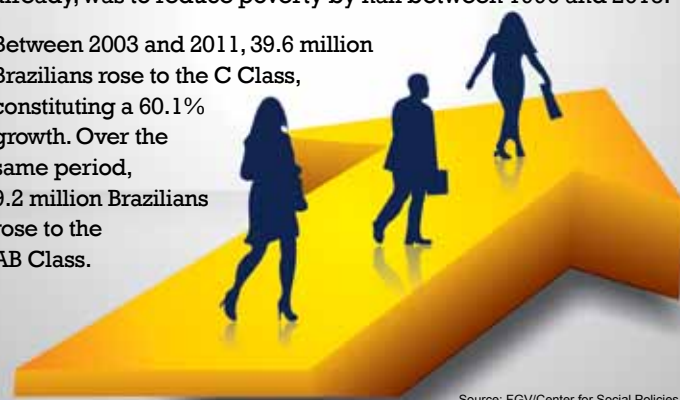
Note: The Monthly Employment Survey is conducted in the metropolitan areas of Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo and Porto Alegre.

## Per capita income increases, poverty and inequalities decrease

Between January 2011 and January 2012:

- The average per capita household income rose by 2.7%, the same growth rate accumulated in six years, between 2002 and 2008.
- The Gini index, which measures income concentration, fell from 2.1% to 0.5190, below its historical floor in 1960 (0.5367);
- Poverty decreased by 7.9%, an annual rate three times higher than the one necessary to achieve the goal set by the UN. The target contemplated in the MDGs, which Brazil has achieved already, was to reduce poverty by half between 1990 and 2015.

Between 2003 and 2011, 39.6 million Brazilians rose to the C Class, constituting a 60.1% growth. Over the same period, 9.2 million Brazilians rose to the AB Class.

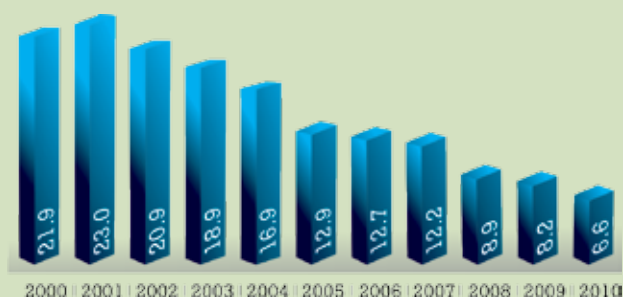


Source: FGV/Center for Social Policies

## Drop in under-registration of births

Under-registration of births - births that are not registered in the year of birth or by the first quarter of the following year - fell from 23% in 2001 to 6.6% in 2010. With these results, Brazil is close to eradicating under-registration of births, which according to the United Nations (UN) occurs when the under-registration rate hits the mark of 5.0% or less.

Estimates of under-registration of births  
Brazil, 2000-2010 (%)



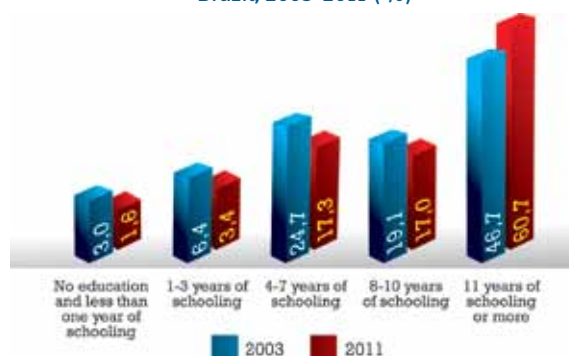
Source: IBGE/Civil Registration Statistics 2010

These results were brought about by a combination of several policies, the most notable of which are the following ones: the first copy of birth and death certificates is now free of charge; self-help efforts and publicity campaigns; social assistance and cash transfer programs, especially the Family Grant Program (*Programa Bolsa Família*), are now requesting birth certificates; and the **National Commitment for the Eradication of Under-Registration of Births and Expansion of Access to Basic Documentation**. Another factor that contributed to the drop in under-registration of births is the fact that 97.8% of all births are now registered in maternity wards.

## More schooled workers

In 2003, 46.7% of the employed population had 11 or more years of schooling, a percentage that grew to 60.7% in 2011. Workers with a college degree stand out in this group, as their share in the employed population rose from 13.8% in 2003 to 18.6% in 2011.

Distribution of employed individuals by years of schooling, Brazil, 2003-2011 (%)



Fonte: IBGE/Retrospectiva da Pesquisa Mensal de Emprego (PME) 2003 a 2011

Nota: A PME é realizada nas Regiões Metropolitanas de Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo e Porto Alegre





# Economic scenario

## Review of 2011 and prospects for 2012

Fiscal discipline and economic stability are the foundation for ensuring further growth and job creation in 2012

In 2011, the accumulated surplus of the consolidated public sector (Central, Regional and State Governments) registered reached R\$ 128.7 billion, or 3.1% of GDP.

This amount exceeds by R\$ 820 million the R\$ 127.9 billion target, which the government had already increased by R\$ 10 billion. It also represents, in nominal terms, a 26.6% increase over 2010.

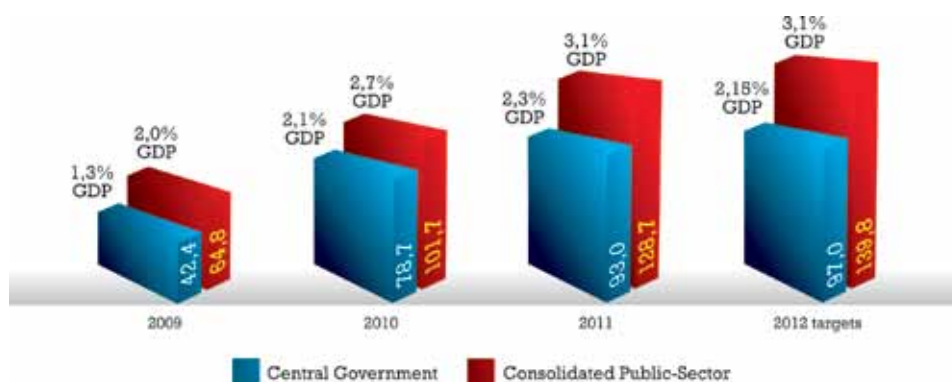
The evolution observed in Central Government accounts (National Treasury, Social Security and Central Bank) played a key role in bringing about this result. In 2011, the Central Government primary surplus hit the mark of R\$ 93 billion, 18.2% higher than that registered in 2010 and R\$ 1.3 billion above the R\$ 91.8 billion target in nominal terms.

The Central Government and consolidated public sector primary surplus targets were raised to R\$ 97.0 billion and R\$ 139.8 billion, respectively.

With a view to achieving these new targets, the government cut R\$ 55 billion in expenditures contemplated in the General Federal Budget.

In January, the Central Government and consolidated public sector primary surplus rose to R\$ 20.2 billion and 26.0 billion, respectively, the best results in that month since the beginning of the series in 2001. With these results, the Central Government has achieved 20.9% of its target for this year already and the consolidated public sector has achieved 18.6% of it.

Evolution of the Primary Results of the Central Government and Consolidated Public Sector between 2009 and 2011 and 2012 targets – In current R\$



Source: Central Bank of Brazil; 2012 Budget Guidelines Law

## Moderate Economic Activity and Employment Growth

Gross Domestic Product (GDP) grew by 2.7% in 2011. The economy continued to grow in all its supply and demand components, albeit at a slower pace than in 2010 (7.5%).

In terms of supply components, Agriculture was the best performer in 2011, with a 3.9% growth, followed by Services (2.7%) and Industry (1.6%).

In the industrial sector, the Electricity and gas, water supply, sewage and urban garbage collection (3.8% growth), Construction (3.6%) and Mineral Extraction (3.2%) sectors stood out. Manufacturing industry remained stable (0.1%) in relation to 2010.

On the demand side, Gross Fixed Capital Formation grew by 4.7% in 2011, more than Household consumption (4.1%), which has been on the rise for eight years in a row.

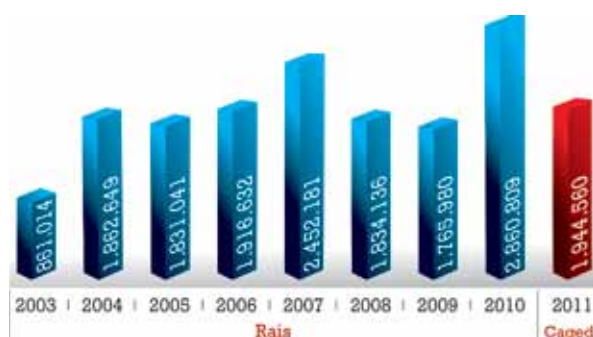
Growth of GDP and its components in 2011 (%)



Source: IBGE

The labor market continued to grow in 2011, generating 1,944,560 formal jobs. In the first two months of 2012, 293,987 formal jobs were created.

Balance of jobs created between 2003 and 2011

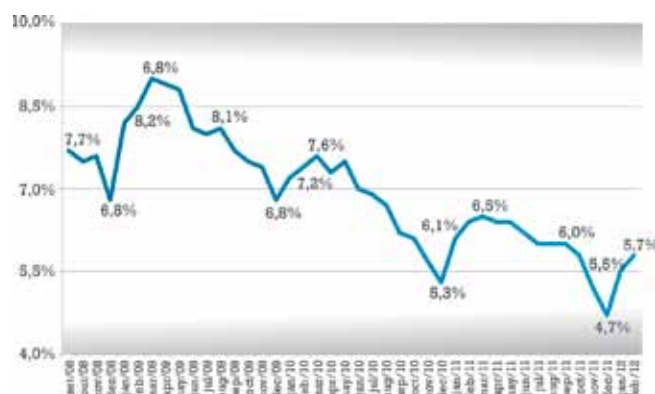


Source: MTE - RAIS (2003/2010); CAGED (2011)

Unemployment in the six metropolitan areas surveyed by the Brazilian Institute for Geography and Statistics (IBGE) - Belo Horizonte, Porto Alegre, Rio de Janeiro, Recife, Salvador and São Paulo - continued on a downward trend, amounting to 4.7% in December, the lowest estimated rate in all the series initiated in 2002, when the survey was redesigned. The average unemployment rate was estimated at 6.0% in 2011.

In the first two months of 2012, unemployment rates - 5.5% in January and 5.7% in February - were also the lowest ones observed in the same months in the series initiated in 2002. Labor market formalization continued on the rise in the last twelve-month period ending in February, with a marked increase in formal jobs (5.4%) and a sharp decrease in informal jobs (-7.7%).

Evolution of the metropolitan unemployment rate  
(Monthly Employment Survey)



Source: IBGE

## Price behavior

In 2011, the accumulated Broad Consumer Price Index (*Índice de Preços ao Consumidor Amplo* – IPCA) stood at 6.5%, remaining within the inflation target set by the Central Bank for the seventh year in a row.

In the first half of 2011, price indices were mainly pressured by food prices, which were influenced by the behavior of commodities in the international market. To ensure price stability in such a scenario, the Federal Government raised interest rates and applied macro-prudential measures to curb credit and guarantee fiscal consolidation.

Evolution of the monthly Broad Consumer Price Index  
(IPCA)



Source: IBGE

Throughout the second half of 2011 and the first two months of 2012, the IPCA remained at a significantly lower level than in the first quarter of 2011, making way for inflation to converge to the center of the target set for 2012.

## International Robustness

The highest volumes of foreign trade transactions ever were recorded in 2011: exports totaled US\$ 256.0 billion and imports amounted to US\$ 226.3 billion. Total foreign trade hit the mark of US\$ 482.3 billion, up by 25.7% in relation to 2010 in the daily average comparison. The trade surplus amounted to US\$ 29.8 billion, up by 47.8% over the surplus registered in the same period last year, also in the daily average comparison.

Foreign Direct Investment (FDI) closed 2011 with a record volume of US\$ 66.7 billion, 37.4% higher than in 2010, consolidating Brazil as a prime destination for investments. In January 2012, FDI rose to US\$ 5.4 billion.

The National Treasury continues to reduce the cost of raising funds abroad. In January, it reissued its 10-year reference bond in the amount of US\$ 825 million and the rate of return on this bond for investors stood at 3.449% p.a., the lowest one among all foreign debt bonds ever issued in Brazil. International reserves closed 2011 at US\$ 352.0 billion, up by US\$ 63.4 billion compared to 2010. In February 2012, international reserves totaled US\$ 356.3 billion.



# Management Highlights



# Eradicating extreme poverty

## Brazil Without Extreme Poverty

In the first eight months of the program, partnerships were established with all states and positive results were achieved in assisting the extremely poor population

### INCOME GUARANTEE

As a result of the **Active Search (*Busca Ativa*)**, which added 499,000 households to the Unified Registry for Social Programs, an additional 325,000 families began to enjoy the benefits of the Family Grant Program. The goal in 2012 is to include 320,000 new families in social programs.

**Pregnant and lactating women:** 141.9 thousand breastfeeding women and 99.3 thousand pregnant women enjoyed the benefits of the Family Grant Program in February 2012. Pregnant women are registered in the system to enjoy the benefits afforded by the program when they begin their prenatal care through the Stork (*Cegonha*) Network.

### URBAN PRODUCTIVE INCLUSION

#### Professional training

**Thousand Women Program:** 10,056 women were enrolled for courses in 37 Federal Education, Science and Technology Institutes located in 111 campuses throughout Brazil. Initially, women attend a training module designed for them to experience and consolidate their rights. Then, according to the local economic reality and to the experience of participants, they attend a training module designed to develop labor skills.

**National Program for Access to Technical Education and Employment (*Programa Nacional de Acesso ao Ensino Técnico e Emprego - PRONATEC*):** more than 20,000 new places have been agreed to

be made available between late 2011 and early February 2012. In all, 83,000 places have already been agreed upon with municipalities, Federal Institutes and the S System to meet the needs of extremely poor populations.

The goal in 2012 is to train 80,000 people and make it possible

for another 150,000 individuals to attend training courses.

### NEW UNIFIED REGISTRY IS NOW AVAILABLE IN 98.1% OF ALL BRAZILIAN MUNICIPALITIES

The new Unified Registry, launched in August 2011, is now available in 5,463 Brazilian municipalities. The system is an important tool for monitoring the beneficiaries of social policies in Brazil, especially the extremely poor population.

The remaining 102 municipalities, which are still using the earlier version, have internet connectivity problems that will be addressed through joint actions involving the ministries of Social Development and Fight Against Hunger, Defense and Communications.

### Individual Entrepreneur (*Empendedor Individual - MEI*)

Since the Brazil Without Extreme Poverty plan was launched, 84,000 new individual entrepreneurs were formalized and included in the Unified Registry (59% increase), 40,000 of whom are

beneficiaries of the Family Grant Program (50% increase). Apart from having their status formalized, 18,000 people received technical assistance through SEBRAE's Business to Business Program and were visited in their ventures.

### Access to microcredit

Between September and December 2011, 203,453 directed microcredit operations were carried out for 199,935 families in extreme poverty. This means that, in the first four months of the National Microcredit Program – Growing (*Crescer*), 34.8% of all credit operations involved extremely poor beneficiaries of the Brazil Without Extreme Poverty plan. The average amount of these loans to extremely poor families was R\$ 970.47, with a mean maturity of 8.5 months.

## RURAL PRODUCTIVE INCLUSION

### Fostering rural productive activities

**Technical assistance:** 456 Technical Assistance and Rural Extension (*Assistência Técnica e Extensão Rural* - ATER) agents assist 37,000 families of extremely poor family farmers in all the states of the Northeast and in Minas Gerais state. About 4,500 of these families belong to traditional peoples and communities.

In 2011, these families received 375 tons of maize, bean and vegetable seeds certified by the Brazilian Agricultural Research Company (Embrapa).

The goal in 2012 is to assist 179,000 families through the ATER agents.

**Stimulus to production:** in February 2012, 1,138 families were financially assisted to step up their

## RECORD MONITORING OF HEALTH CONDITIONALITIES IN THE HISTORICAL SERIES

In the second half of 2011, 71.85% of all families assisted by the Family Grant Program had their **health** conditionalities monitored, the best result since the series began in 2006.

The data suggest that 99% of all beneficiary children had completed their vaccination schedule on time. Among pregnant women, 99.1% were attending pre-natal visits regularly.

The figures for the **education** conditionalities are also positive. About 86.6% of all beneficiary students aged between 6 and 17 were monitored in October and November 2011 and it was seen that 96% were attending school at the rate required by the program or even at a higher rate.

agricultural production through a non-repayable transfer which will grant R\$ 2,400 paid in three installments in up to two years. The goal this year is to assist 100,000 families.

### Water for All

Since the Brazil Without Extreme Poverty Plan was launched, 84,700 cisterns were built and an additional 68,800 are under construction. Tenders have also been held or contracts are in the process of being signed for building 163,700 other cisterns.

In 2012, there are plans to provide 372,000 households with drinking water and 61,000 with water for production by building another 433,000 cisterns.

### Public Procurement

In 2011, 82.7 thousand extremely poor family farmers participated in the Food Acquisition Program (*Programa de Aquisição de Alimentos* – PAA), with

## FEDERATIVE PACT

Cash transfers under this program began in October 2011 and the number of assisted families reached 16.6 thousand. In 2012, the program is expected to assist 73,000 families, achieving the goal originally set for 2014 before that year.

**Basic Health Care Units (*Unidades Básicas de Saúde* - UBS):** the first installment of funds for building 2,077 units in priority areas for fighting extreme poverty has been transferred.

**Family Health Care Teams:** in 2011, 427 new health care teams were set up to expand the assistance provided to families living in extreme poverty.

In December 2011, a pact was signed with the governors of mid-western states to implement the Brazil Without Extreme Poverty Plan in that region. With the pact, all the governors of the five Brazilian regions have formalized the commitment to carry out all the required actions to implement the Plan.

Currently, 10 Brazilian states have complementary cash transfer programs that use the same card of the Family Grant program: Acre, Amapá, Distrito Federal, Espírito Santo, Goiás, Mato Grosso, Rio de Janeiro, Rio Grande do Sul, Rondônia and São Paulo. This partnership between the Federal Administration and state governments will make it possible for 3.5 million people to rise above extreme poverty by 2014.



# PLANO BRASIL SEM MISÉRIA

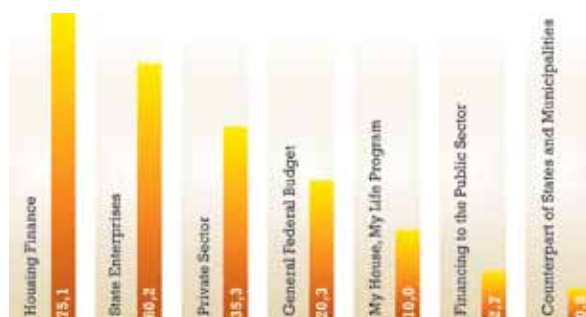
# Infrastructure

## Growth Acceleration Plan 2

Investments in infrastructure gather speed and contribute to Brazil's continued development

The pace of implementation of the Growth Acceleration Program 2 increased by 136% in the second half of 2011 in relation to the six previous months. Until the end of 2011, R\$ 204.4 billion had already been executed, 21% of the total estimated for the 2011-2014 period.

PAC 2 implementation in 2011 by source of funds in R\$ (billion)



\* The figures for total amounts executed do not consider those paid by the My House, My Life program

Compared to the first year of implementation of the Growth Acceleration Program 1 in 2007, payments and commitments to pay using funds from the General Federal Budget (*Orçamento Geral da União* - OGU) were also sped up.

The amount of R\$ 28 billion (including funds disbursed by the My House, My Life program) paid at the end of 2011 represents an increase of 284% over 2007.

Considering the **value of projects** implemented under the Transportation, Energy, Urban Mobility, Electricity for All and Water Resources axes:

- 7% of the projects have been completed.
- 83% of the projects are being implemented at an appropriate pace.

## COMPLETED WORKS

Works completed in 2011 accounted for investments of **R\$ 142.8 billion**, R\$ 127 billion of which in that year, representing 17.9% of what had been scheduled to be completed by 2014. The following achievements deserve special mention:

- **Urbanization** in 420 precarious settlements.
- 628 km in **highways**, involving investments of R\$ 6.1 billion.

- This total figure includes the duplication of portions of the BR-262 (Minas Gerais) and BR-070 (Goiás) highways; construction of portions of the BR-158 (Mato Grosso) and BR-359 (Mato Grosso do Sul) highways; improvements in the BR-020 (Federal District) and BR-450 (Federal District) highways; and construction and paving of portions of the BR-364 (Acre), BR-242 (Tocantins), BR-163 (Pará/Mato Grosso), BR-359 (Mato Grosso do Sul) and BR-158 (Mato Grosso) highways.

- Eight **port** works, including dredging of the Itajaí and São Francisco do Sul (Santa Catarina), Suape (Pernambuco) and Rio de Janeiro ports.

- **10 airport** works, including expansion of the Guarulhos and Campinas (São Paulo), Vitória (Espírito Santo), Goiânia (Goiás), Cuiabá (Mato Grosso) and Porto Alegre (Rio Grande do Sul) airports.

- Entry into commercial operation of the Estreito (Maranhão/Tocantins) and Dardanelos (Mato Grosso) **hydroelectric power plants** and of the Mangue Seco (Rio Grande do Norte) 1, 2, 3 and 5, Cerro Chato I, II, III and Fazenda Rosário (Rio Grande do Sul) wind plants.



- Over 2,264 kilometers of **electricity transmission** lines, connecting power plants to electricity-consuming centers.
- 2,823 megawatts have been added to the Brazilian energy system and 247,000 families have been added to those served with electricity under the **Electricity for All** program.
- Commercial exploitation of 11 **oil fields** has begun:
  - Mexilhão offshore field, which Petrobrás is exploiting in the Santos Basin, and ten onshore fields in the Potiguar, Sergipe-Alagoas and Espírito Santos basins.
- 10 **water resources** projects have been completed. **Water supply systems** have been implemented in 58 localities. In addition, 31 **sewage systems** have been built and 214 urban areas are now served with **pipéd water**.
- 215 **sanitation** and 13 **drainage** works have been completed, entailing total investments of R\$ 109.4 million.

## WORKS THROUGHOUT BRAZIL AT A GOOD PACE



### Transportation

- 3,071 km of **railways** are under construction, including, particularly, 1,298 km of the North-South railway, 874 km of the Transnordestina railway and 260 km of the Ferronorte railway.
- Improvements are being implemented in 6,860 km of **highways**, 746 km of which started in 2011.
- Apart from works in the São Francisco and Tietê rivers, 19 **waterway** terminals are being built.
  - A project to expand navigation spans (space between the pillars of bridges to allow passage of vessels) in the Tietê river is well under way in the

SP-425 and SP-333 highways, at 73% and 85% completion, respectively.

- In the São Francisco river, 21% of the dredging of six critical points was completed in 2011, fulfilling the target set for that year.



### Energy

- 236 **exploratory wells began to be drilled in the pre-salt and post-salt layers**.
- 85 works are under way, which will increase Brazil's **electricity-generating capacity** by 29,566 MW: 13 hydroelectric plants, 34 thermoelectric plants, 30 wind plants and eight small hydroelectric plants.
  - A significant portion of that capacity will be ensured by the Belo Monte power plant being built in Pará state, which is considered the largest power generation project under construction worldwide, with 11,233-MW capacity.
- 23 **electricity transmission** lines are being built, totaling 9,819 km and 27 transformer substations.
- In the area of **refining and petrochemistry**, special mention should be made of the building of the Abreu e Lima Refinery (state of Pernambuco), which has reached 50% completion.



### Social Facilities

Virtually all the selected projects have been contracted:

- 99% of 2,105 Basic Health Care Units (UBS) have been contracted and 117 Emergency Care Units (*Unidades de Pronto Atendimento* - UPA) have been selected;

- 91% of the 1,507 selected day care centers and preschools have been contracted, totaling 1,414 units;
- 91% of 1,421 selected sports courts have been contracted;
- 351 municipalities have been selected in 27 states for building Sports and Culture squares.



## Sanitation

- Sewage, solid waste, integrated sanitation and institutional development projects are being implemented in 1,800 Brazilian municipalities in the first stage of the PAC program, involving investments of R\$ 25.1 billion.
- Other construction projects amounting to R\$ 9.9 billion have been selected, with R\$ 6.4 billion already contracted, benefiting 1,621 municipalities in all states.



## Precarious settlements

90% of all construction and upgrading projects for precarious settlements have been contracted from a total of R\$ 9 billion worth of selected projects.

- In 393 municipalities, works are under way for improving housing units and water supply, sewage treatment, drainage and lighting systems, as well as roads and social facilities like kindergartens, schools and parks.
- Among these, special mention should be made of an urbanization project being implemented in the Camaçari River Basin (state of Bahia); in the São José neighborhood in the Lower Jaguaribe river basin in João Pessoa (state of Paraíba); on the

banks of the Franceses creek in Manaus (state of Amazonas); and in the Estrada da Saudade neighborhood in Petrópolis (state of Rio de Janeiro).

Apart from these new works, other ones amounting to R\$ 19 billion were contracted in the first stage of the PAC to be implemented in the following sites:

- Complexo do Alemão (Rio de Janeiro), which is at 84% completion;
- Urbanization on the banks of the Arrudas stream for people resettled there under a project designed to improve conditions in the region, comprising the municipalities of Contagem and Belo Horizonte (Minas Gerais), at 76% completion, and reurbanization of the Vila São José community in Belo Horizonte, at 64% completion;
- Works at the Vila do Mar in Fortaleza (state of Ceará), which are 54% completed;
- In São Paulo city, works are under way in the Heilópolis and Paraisópolis communities and in the Billings and Guarapiranga dams, all of which are more than half completed.



## Other Construction Projects

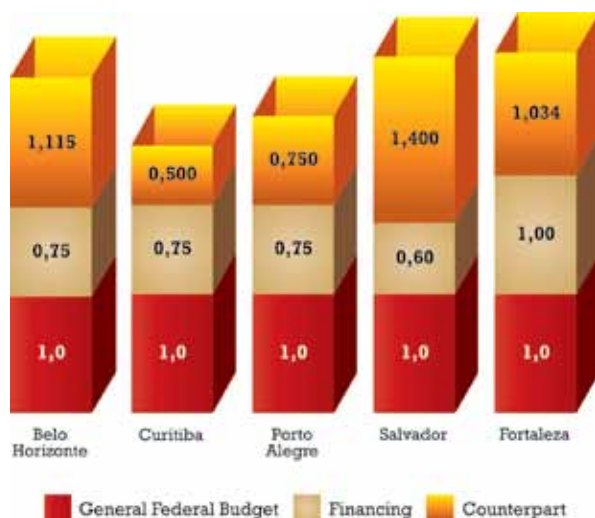
- **Slope retention** works amounting to R\$ 608.3 million have been contracted to be implemented in 122 sites in 72 municipalities in ten states.
- Under the **Water in Urban Areas** axis, projects amounting to R\$ 2 billion have been contracted among selected projects totaling R\$ 3.6 billion.

## MOBILITY

**Subway** projects have been selected to be implemented in Belo Horizonte (Minas Gerais), Salvador (Bahia), Curitiba (Paraná), Porto Alegre (Rio

Grande do Sul) and Fortaleza (Ceará), involving investments of R\$ 13.65 billion to improve public transportation in those capitals.

Investments in subway systems (in R\$ billion)



## Salvador Subway

Implementation of Line 2 was announced in November 2011, with an estimated investment of R\$ 3 billion - R\$ 1.6 billion from the Federal Government (R\$ 1 billion from the General Federal Budget and R\$ 600 million in funding) and R\$ 1.4 billion as counterpart funding.

- It will be a surface subway connecting the Bonocô Avenue to the Salvador Airport, with a length of 20.5 km extending over 15 districts.
- It will be connected to the subway line about to be completed through the Bonocô Station, allowing passengers to reach the Lapa district through the Arena Fonte Nova stadium area.

## Fortaleza Subway

Federal Government support to implementing the East line was announced in February for a total planned investment of R\$ 3.034 billion, R\$ 2 billion of which will be made available by the Federal Government (R\$ 1 billion from the General Federal Budget and R\$ 1 billion in funding) and R\$ 1.034 billion will be the state's counterpart funding.

- It will connect the downtown area of Fortaleza to the Edson Queiroz district, involving a length of 12.45 km (11.1 km of which underground), and will also be connected to the South Line (in the final stages of construction) and to the West Line (Diesel LRV) through the Xico da Silva central station.
- The East Line will be cut by the Parangaba-Mucuripe stretch (LRV), a project under tender for the 2014 World Cup.

## FLEET MODERNIZATION AND EXPANSION PROGRAM (PROGRAMA DE MODERNIZAÇÃO E EXPANSÃO DA FROTA - PROMEF)

Brazil currently has the fourth largest backlog of tankers in the world and ranks fifth in orders for ships in general.

The Brazilian shipbuilding industry employs almost 60,000 people directly.

### TANKERS - MAIN RESULTS

The **Celso Furtado** ship, with a capacity of 48,300 deadweight tons, was delivered in November 2011. This ship will be used to transport petroleum and alcohol products such as gasoline and ethanol, diesel,

naphtha and aviation kerosene (jet fuel) between states.

Brazil's order backlog includes another 49 ships: 22 ships for the first phase of the program, all of which are under construction; and 26 ships for the second phase, 18 of which are being built.

### SUPPORT VESSELS - MAIN RESULTS

- 58 projects completed
  - 16 support vessels
  - 17 platform supply vessels
  - 23 cargo vessels
  - 2 shipyards
- 168 new contracted projects

# Economic development

## Policies and actions to promote growth

Incentives for micro and small enterprises, tax reductions and credit supply to sustain growth

### MORE BENEFITS FOR SMALL ENTREPRENEURS

#### Growing - National Microcredit Program

Since it was launched, in September 2011, until January 2012, 774,000 loans totaling R\$ 941 million were granted under the program. The average amount of the loans was R\$ 1.2 thousand. About 67% of all loans were granted to women and 80% of them were granted to small entrepreneurs in the Northeast region.

#### Individual Entrepreneurs (*Empreendedores Individuais* - MEI)

In December 2011, there were 1,895,533 individual entrepreneurs registered in the program. In the first two months of 2012, another 220,113 joined it, totaling 2,115,546 individual entrepreneurs. These microentrepreneurs are mostly engaged in activities such as retail clothing and accessories, hair-dressing, cafes, tea houses, juice houses and the like. By registering in the program, they formalize their activities and can issue formal invoices and access social security benefits.

#### Individual Limited Liability Company (*Empresa Individual de Responsabilidade Limitada* – EIRELI)

Law 12,441/2011, which was passed in January, makes it possible for individuals to start a business without a partner. By setting up an Individual

Limited Liability Company - EIRELI, an individual can be the owner of all the company's capital. This capital, which must be available in cash, goods or rights, cannot be lower than one hundred times the minimum wage, i.e. R\$ 62,200 in 2012. The owner's liability is limited to the company's capital, so as to protect his or her personal assets. An EIRELI can be compensated for the assignment of proprietary copyrights or right of publicity, name, trademark or voice of its owner, provided that these are related to his or her professional activity.

### GREATER BRAZIL

#### Reduction of tax burden for Tablets produced in Brazil

Thirteen companies have been authorized to manufacture Tablets in Brazil with tax benefits: 80% reduction in the tax on industrialized products (from 15% to 3%), and exemption from PIS and Cofins contributions (9.75%). In some states, they can also pay a lower value-added tax. To qualify, companies must comply with production and nationalization standards applied to components used in the tablets set by the Federal Government.

#### Reduction of Taxes on Exports (*Desoneração das Exportações* - REINTEGRA)

Since December 2011, companies can request a refund of 3% of their export revenues that would



otherwise be collected as indirect taxes (CIDE, IOF, PIS, etc.) on Brazilian exports. The Special Tax Refund Regime for Exporting Companies (*Regime Especial de Reintegração de Valores Tributários para as Empresas Exportadoras* - Reintegra) applies to products whose imported inputs do not cost more than 40% of the export price. For high-technology goods, which require more imported inputs to ensure their competitiveness, this percentage rises to 65%. Exporting companies can use the tax refund to offset tax liabilities or request the respective amount in cash. Until February, R\$ 86 million in tax credits had been requested.

### Government procurement

Since November 2011, a preference margin of up to 8% for prices charged by domestic suppliers in government procurement of clothing, footwear and artifacts for uniforms has been in effect.

### Reduction in payroll contributions

Since December 2011, Employer Pension Contribution rates for some sectors are being calculated as a percentage of gross revenue, replacing a 20% flat rate on the payroll. This percentage is 2.5% for information technology and communication (IT and ICT) companies and call centers and of 1.5% for companies operating in the apparel, leather and footwear industries (Law 12,546/11).

### Credit for innovation

In 2011, FINEP - Brazilian Innovation Agency - released funds amounting to approximately R\$ 1.75 billion in loans at subsidized interest rates for companies engaged in innovation projects. This amount represents an increase of about

44% over the previous year. In addition, 104 new credit operations amounting to approximately R\$ 2.0 billion were carried out. FINEP's operational policy is focused on the following priority areas: information and communication technology, renewable energy, oil and gas, defense and aerospace industry, health care, social development and assistive technologies.

### Credit for production: change in credit lines operated by BNDES

- Extension of the Investment Support Program (*Programa de Sustentação do Investimento* - PSI) to December 2012, with the inclusion of new sectors and programs: parts and components, ICT (Information and Communication Technology) equipment produced in Brazil with national technology, hybrid buses, Proengineering and Innovation in Production;
- Inclusion of the auto part industry in the Revitalize Program to support sectors more affected by the appreciation of the Brazilian currency.

### National Fund on Climate Change – Climate Fund

Applied in pioneering ways in support of projects, research and financing of climate change mitigation and adaptation actions, the Climate Fund is one of the main instruments of the National Policy on Climate Change. Its support is available in two modalities: non-reimbursable funds and financing. In 2012, the Fund budget amounts to R\$ 560 million for loans through the BNDES and to R\$ 30 million for non-reimbursable support.

Non-reimbursable funds supported 23 projects in areas such as combating desertification, early

warning systems for natural disasters and technological development in 2011.

The financing modality, operated by the BNDES at 2.5% interest a year, has been available since February 2012. It is focused on projects in the areas of technological innovation, energy-efficient machinery and equipment, new renewable energy sources, investments in transportation modals and in improving urban mobility, among others.

For further information, visit [www.bndes.gov.br](http://www.bndes.gov.br) (on the financing modality) and [www.mma.gov.br/fundoclima](http://www.mma.gov.br/fundoclima) (on non-reimbursable funds).

## TAX REDUCTION TO STIMULATE GROWTH

**Class A energy efficiency white goods:** reduction in the Tax on Industrialized Products (*Imposto sobre Produtos Industrializados* - IPI) as of December 2011.

**Furniture items, PET laminates, wallpaper, lamps and chandeliers:** reduction in the Tax on Industrialized Products as of March 2012.

**Food products:** reduction in charges of the Social Integration Program and Contribution for Social Security Financing (*Programa de Integração Social* and *Contribuição para o Financiamento da Seguridade Social* - PIS/COFINS) as of December 2011.

**Special Taxation Regime for Construction (Regime Especial de Tributação da Construção Civil - RET):** Real estate developers involved in the My House, My Life program were granted a tax reduction under the Special Taxation Regime for Construction (*Regime Especial de Tributação da Construção Civil* - RET), from 6% to 1% as of December 1, 2011. Companies can now pay the RET tax on their revenue as a single tax that replaced the PIS/ Cofins contributions, the corporate income tax and the Social Contribution on Net Profit (*Contribuição Social sobre o Lucro Líquido* - CSLL).

Tax on Industrialized	Household	Products	Rates		Effectiveness
			Before	After	
IPI)	Household Appliances	Ovens	4%	Zero	June 2012
		Refrigerators and freezers	15%	5%	
		Washing Machines	20%	10%	
		Mechanical washing machines	10%	Zero	
	Other	Furniture items	5%	Zero	
		PET laminates	15%	Zero	
		Wallpaper	20%	10%	
		Lamps and Chandeliers	15%	5%	
		Steel wool	10%	5%	Indefinite
		Synthetic paper	15%	Zero	
PIS/COFINS	Food products	Pasta	9,25%	Zero	June 2012
		Wheat flour and common bread	Zero	Zero	December 2012

## CHANGES IN THE TAX ON FINANCIAL TRANSACTIONS (*IMPOSTO SOBRE OPERAÇÕES FINANCEIRAS* - IOF) FOR FOREIGN INVESTMENT AND CONSUMER CREDIT

To reduce the cost of credit for individuals, thus stimulating the domestic market, the Tax on Financial Transactions (IOF) was reduced from 3% to 2.5% a

year. For foreign investment, measures were taken in December 2011 and February and March 2012 to manage the foreign exchange flow vis-a-vis the international crisis. With these measures, the government discouraged the entry of short-term capital derived from excessive international liquidity and preserved incentives for capital intended to finance private productive activities.

Measure		Rates		Effectiveness
		Before	After	
IOF	2-5-year maturity foreign loans	Zero	6%	Indefinite
	Foreign investment in shares	2%	Zero	
	Venture Capital	2%	Zero	
	Cancellation of receipt of shares of Brazilian companies negotiated abroad	2%	Zero	Indefinite
	Investments of non-residents in long-term bonds with maturity longer than 4 years	6%	Zero	
	Credit for natural persons	3%	2,5%	Indefinite

## FUNDING FOR FUEL ETHANOL STORAGE

With the aim of ensuring a regular supply of fuel ethanol, reducing price volatility, a credit line was created to finance its storage. R\$ 4.5 billion have been made available by BNDES and Banco do Brasil for this purpose to be used by plants, distilleries, producer cooperatives, and ethanol trading companies and distributors registered with the National Petroleum Agency. This credit line will be available from May 1, 2012 to November 30, 2012 in the Mid-South region and from September 1, 2012 to February 28, 2013 in the other regions of Brazil, at 8.7% annual interest rate.

## RESTRUCTURING OF THE BRAZILIAN COMPETITION POLICY SYSTEM

Law 12,529, which restructures the Brazilian Competition Policy System, was passed in December 2011. The Administrative Council for Economic Defense (*Conselho Administrativo de Defesa Econômica* - Cade), an independent government body linked to the Ministry of Justice, will be in charge of analyzing and judging mergers and acquisitions and for taking action to prevent and repress offenses against the economic order. Mergers must now be submitted to CADE before being consummated. Before that law was passed, companies were only required to notify CADE about a merger 15 days after it was consummated, which made the process inefficient from the public interest standpoint and inefficient from the economic point of view.

## BROADBAND AVAILABLE AT R\$35 IN 692 MUNICIPALITIES

In January 2012, 692 municipalities already had broadband available at R\$35. In states that exempted broadband providers from the value-added tax (São Paulo, Rio de Janeiro, Espírito Santo, Paraná, Goiás, Pernambuco and Pará) the cost of the connection is R\$29.90. Connections are 1 Mbps (megabits per second).

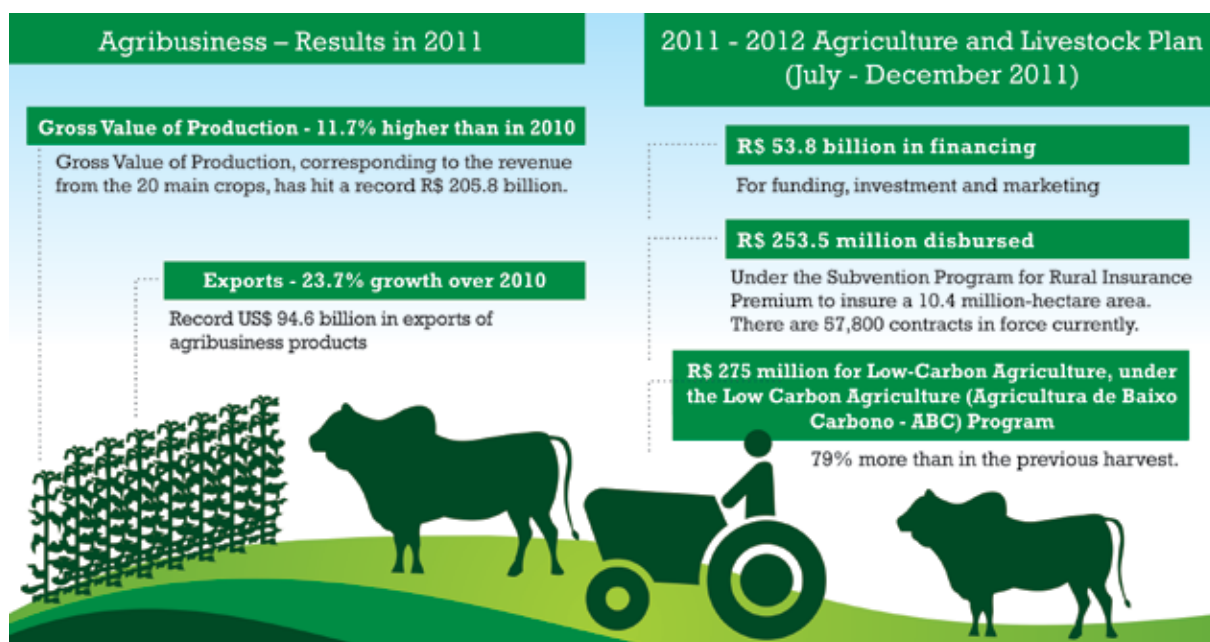
## NEW RULES FOR COMMERCIAL RADIO AND TV CONCESSIONS

Since January, new rules are in force for tenders for commercial radio and television broadcasting, as determined by Decree 7,670/12, speeding up the process and making it more efficient. Those interested in a concession for commercial broadcasting must confirm their financial and technical capacity to provide the service, prepare an investment project indicating the source of the funds that will be used for this purpose and submit documents supporting the good repute of the company and its partners. Companies that win such tenders must

pay for the concession and have their installation project approved before submitting the process to Congress for ratification. Once the operation is approved, they can start providing the service. New criteria for evaluating proposals have also been adopted, such as the time allocated to local and independent programs, with the aim of promoting the regionalization of cultural, artistic and journalistic production and independent productions.

## 10 MILLION WORKERS REGISTERED WITH THE MORE EMPLOYMENT (MAIS EMPREGO) PORTAL

In operation since September 2011, the More Employment portal, a system connecting the Unemployment Insurance Program to labor training and intermediation activities, has assisted 10 million workers already. Once registered, workers just have to access <http://maisemprego.mte.gov.br> for information on unemployment insurance, salary bonuses, training courses and job opportunities. Currently, 775,000 companies are posting jobs on the portal.





# Rights and citizenship

## Consolidating and expanding rights

Government's dialogue with society is key to consolidating democracy more and more

### NATIONAL CONFERENCES HELD IN 2011

Eight National Conferences, held in November and December 2011, were attended by some 16,000 people, including delegates, guests, and national and international observers. In preparation for these national events, 13,800 municipal and state level conferences were held between March and October in all states, apart from free conferences, consultations with specific groups, and virtual conferences.

Conferences	Venue	Theme	Participants at National Round	Municipal Conferences
4th National Conference on Food and Nutrition Security	November 7-11, 2011, in Salvador, state of Bahia (BA)	Building commitments to fulfill the human right to adequate and healthy food and promoting food sovereignty by implementing the Food and Nutrition Security Policy and System.	1,996	967
5th Brazilian Conference on Local Productive Arrangements	November 8-10, 2011, in Brasília, Federal District (DF)	2nd Generation of Public Policies for Local Productive Arrangements: Competitiveness and Sustainability.	850	-
3rd National Conference on the Rights of the Elderly	November 23-25, 2011, in Brasília, Federal District (DF)	Everyone's Commitment to ensuring Aging with Dignity in Brazil.	884	731
14th National Health Conference	November 30 to December 4, 2011, in Brasília, Federal District (DF)	"Everybody uses the Unified Health System (SUS)! SUS in Social Security - Public Policy, Heritage of the Brazilian people". Quality Access and Service: a challenge for SUS.	3,430	4.347
8th National Social Work Conference	December 7-10, 2011, in Brasília, Federal District (DF)	Progress achieved in consolidating the Unified Social Work System ( <i>Sistema Único de Assistência Social - SUAS</i> ) with enhanced appreciation for workers and qualification of management, services, programs, projects, and benefits.	2,000	4,856
2nd National Conference on Public Policies for Youth	December 9-12, 2011, in Brasília, Federal District (DF)	Youth, Development, and Rights Enforcement. Conquering Rights and Developing Brazil.	3,000	1602*
3rd National Conference on Women's Policies	December 12-15, 2011, in Brasília, Federal District (DF)	Discussing and preparing policy proposals that include actions to build gender equality from the perspective of strengthening women's economic, social, cultural and political autonomy, and to contribute toward eradicating extreme poverty and ensuring women's full citizenship rights.	2,806	1,307

2 <sup>a</sup> National Conference on Public Policies and Human Rights of Lesbian, Gay, Bisexual and Transgender Persons (LGBT)	December 15-18, 2011, in Brasília, Federal District (DF)	For a country free from poverty and discrimination: promoting the citizenship rights of lesbian, gay, bisexual and transgender persons.	1,022	57
* Included 445 free, regional and territorial conferences; national consultation with traditional communities, and national virtual conference.				

### 3<sup>rd</sup> National Conference on Women's Policies

Special mention should be made of resolutions issued to ensure and expand domestic workers' rights; the creation and expansion of labor training and capacity-building programs for women; guaranteed 180-day maternity leave to all female workers; and the expanded construction and financing of day-care centers and preschools.

#### ENFORCEMENT OF THE MARIA DA PENHA LAW

A decision of the Supreme Federal Court (*Supremo Tribunal Federal* - STF) in Direct Action of Unconstitutionality 4,424 provided that assaulters are to be prosecuted even if the assaulted woman does not file a complaint or withdraws it after filing, while the Public Prosecutor's Office is responsible for filing criminal charges against assaulters without requiring representation of the victim.

### 2<sup>nd</sup> National Conference on Youth discusses sustainable development

Discussion held during the conference were structured around five topics: the right to full development; the right to land; the right to experimentation and quality of life; the right to diversity and a safe life; and the right to participation and institutional strengthening.

### Aging with Dignity was the motto of the 3<sup>rd</sup> National Conference on the Rights of the Elderly

Priorities for aging with quality of life, advances made in this regard and future challenges for the National Policy for the Elderly were defined during the conference.

In 2010, the population aged 60 or more in Brazil accounted for 10.8% of its total population. Over the next 30 years, elderly people are estimated to exceed 50 million people. They will account for 28% of the population and their average life expectancy will likely be 81.29 years.

### 2<sup>nd</sup> LGBT Conference proposes guidelines on citizenship rights and non-discrimination

About 90 guidelines that will be incorporated into the National Plan for Promoting Citizenship and Human Rights of Lesbian, Gay, Bisexual and Transgender Persons (*Plano Nacional de Promoção da Cidadania e Direitos Humanos de Lésbicas, Gays, Bissexuais, Travestis e Transexuais* - PNLGBT) were discussed and approved. Public Security, Education, Health, and Human Rights stood out among the twenty issues addressed.

### BUILDING JOINT SOLUTIONS

New Dialogue Tables were set up in 2011.

## National Permanent Dialogue Table on the Improvement of Working Conditions in the Construction Industry

The aim of this Dialogue Table is to monitor and review the National Commitment to Improve Working Conditions in the Construction Industry, signed on March 1<sup>st</sup>, 2012 between the Federal Government and entities representing employers and workers in the construction industry. The Commitment contains guidelines for improving working conditions in the construction industry, with regard to recruitment and selection; professional training and qualification; health and safety; trade union representation in the workplace; working conditions; and community relations. The decree creating the Dialogue Table was signed on March 1<sup>st</sup>, 2012, simultaneously with the launch of the National Commitment.

## Permanent Dialogue Table with Trade Unions

This Dialogue Table brings together representatives of the Federal Government and of the six trade unions that together have elected priority topics for discussion and agreement, such as the social security factor, pension increases and regulation of Convention 151 of the International Labor Organization. One of the highlights in 2011 was the negotiation of the rules to adjust the minimum wage.

## Dialogue Table on Airports

This Dialogue Table, which started and ended in 2011, coordinated the dialogue on the concession of the airports of Brasília (DF), Guarulhos (SP) and Viracopos (SP), and resulted in the agreement to

ensure INFRAERO employees who work in these airports employment security and benefits.

## Dialogue Table on the Movement of People Affected by Dams

This Dialogue Table discusses the claims of the movement, which are gathered on a national agenda. Participants include representatives of 12 ministries and of state enterprises in the electricity sector. Regional guidelines were discussed in addition to national guidelines. Two working groups were established in 2011, with the aim to develop a policy to assist the populations affected by dams and to address specific situations related to the projects.

## Dialogue Table on Urban Policy

The aim of this Dialogue Table is to discuss the unified agenda of the four national movements for housing (Popular Movements Center, National Confederation of Residents' Associations, National Movement for Housing and National Union for Popular Housing) and establish a permanent dialogue channel between the Federal Government and social movements engaged on the issue.

## Dialogue Table on the Brazilian energy model

This Dialogue Table addresses topics such as Pre-Salt, social electricity tariff, generation concessions, solar energy and labor outsourcing in the sector. Priority topics defined in 2011 included the price of cooking gas for residential consumers and the high number of work-related accidents in the maintenance of transmission lines. For 2012, a seminar on the country's energy model is being proposed, as a way to share successful experiences and broaden the debate on this topic.

## INSTRUMENTS TO ADVANCE NEGOTIATIONS ON WORKING CONDITIONS FOR FEDERAL CIVIL SERVANTS

With the implementation of the Labor Relations System (*Sistema de Relações de Trabalho - SISRT*), the government moves forward in organizing the dialogue process to address conflicts and negotiate working conditions for federal civil servants. The initiative broadens and enhances negotiation as a way to harmonize the relationship between the government and civil servants at the Federal Direct Public Administration, Quasi-Governmental and Foundational levels. With the same goal, the people management area of the Ministry of Planning was restructured to incorporate new tasks and objectives and has changed its name to Secretariat for Labor Relations in the Public Service.

The implementation of SISRT is a key step to consolidate the ongoing process of negotiation of working conditions within the Federal Government. The initiative is also in line with Convention 151 of the International Labor Organization, which was ratified by the Brazilian Senate through Legislative Decree 206/2010.

## INCENTIVE TO THE INCLUSION OF WASTE COLLECTORS

The granting of IPI (Tax on Industrialized Products) tax rebates until 2014 for companies that purchase solid waste from cooperatives with at least 20 collectors, to be used in their raw materials or products, was regulated in November 2011, thus increasing sales alternatives for collectors' cooperatives, in addition to gains for the environment as a result of solid waste recycling.

## THEMATIC SOCIAL FORUM 2012

The Thematic Social Forum 2012: Capitalist Crisis, Social and Environmental Justice, was held in Porto Alegre, from January 23-29. The event was a preparatory step to the Peoples' Summit at the United Nations Conference on Sustainable Development (Rio+20). The agenda included activities proposed and managed by movements, collective groups and civil society organizations. The Forum also hosted a meeting of international networks, organized around thematic groups of reflection on sustainability, food security, green economy and human rights.

## CAMPAIGN AGAINST SEXUAL EXPLOITATION OF CHILDREN AND ADOLESCENTS REACHES 19 CAPITALS

The annual campaign against sexual exploitation of children and adolescents was launched under the slogan "PROTECTION LEAGUE - Protect our children and adolescents. Sexual violence is a crime. Report it". The goal is to establish a large network of care and assistance in 19 Brazilian capitals. The campaign emphasizes the dissemination of the Dial Human Rights service (Dial 100), which receives reports of violations of the rights of children and adolescents.

Throughout 2011, the Dial 100 service handled 866,088 cases and received 82,281 reports of violations of the rights of children and adolescents. All the reports were referred to the local competent authorities.

## MORE ACCESS TO CULTURAL ASSETS

The Cultural Mills (*Usinas Culturais*) Program, which began to be implemented in 2011, invests in



infrastructure and cultural programming in municipalities located in areas of high social vulnerability. The initiative will be developed in two phases. The first phase will involve the adjustment of spaces, the purchase of equipment, social mobilization actions and presentation of a work plan prepared by the municipality. The second phase will entail the “milling” of activities through the development of a work plan that includes partnership and social participation, training cultural agents, incentive to entrepreneurship and actions to promote the creation, dissemination and enjoyment of cultural goods and services. A total of 52 Cultural Mills were commissioned in 2011. By 2012, 199 of these cultural facilities will be established in 135 municipalities participating in the program.

## UNIVERSAL BASIC POSTAL SERVICES

New steps were taken in November and December 2011 to ensure universal access to basic postal services. Six million people will benefit from the new targets set for 2015 regarding the implementation by the Brazilian Post of postal services in 1,500 locations (districts with at least 500 people) that did not have these services.

Mailing of the so-called Social Letter – items weighing up to 10 grams that can be mailed at the cost of one cent – will be the exclusive right of beneficiaries of the Family Grant Program, thus ensuring the preservation of its purpose: to facilitate the inclusion of people living in a situation of poverty.

# Health

## Greater access to and quality in care

Increased investments and new actions to ensure quality services to all Brazilians

### PREGNANCY CARE – STORK NETWORK (REDE CEGONHA)

#### New services and more resources to reduce maternal mortality rates

**Accession to the Stork Network:** 23 states and 1,685 municipalities have joined the network, with 966,266 pregnant women assisted by February 2012.

**Increased care to newborns at SUS:** 371 new neonatal ICU beds for newborns.

#### More resources for care to pregnant women and newborns:

For costing: R\$213 million invested in mother-child and neonatal care in municipalities in the states of BA, PA, MG, SP, RJ and EP.

For construction, reform and acquisition of facilities: R\$239 million approved for 24 states (AC, AM, PA, RR, RO, TO, MA, PI, CE, RN, PB, PE, AL, SE, BA, MG, ES, SP, RJ, PR, SC, RS, GO, DF), for houses for pregnant and postpartum women and babies, normal birthing centers and maternity wards, intensive care units (ICU), beds in the kangaroo methodology for mothers and premature babies and obstetric beds for high-risk pregnant women.

**Prenatal care:** some 20 million appointments through SUS were reported in 2011 – 133% above the 8.6 million of 2003.

**Tests:** in 2011, the hemoglobin electrophoresis test for all pregnant women was included in prenatal care as a routine test, with a view to improving the detection and treatment of sickle cell anemia, a disease that is more prevalent among black women.

**Financial assistance for transportation:** since April 2012, an allowance of up to R\$50 has been granted to pregnant women assisted by SUS for commuting to health units providing prenatal and childbirth care. Payment will be made through a magnetic card.

### REDUCED MATERNAL MORTALITY RATES

The organization of the network of care for pregnant women, coupled with access to quality prenatal care, tests, extra care to high-risk pregnancy and safe childbirth have led to a reduction in maternal mortality rates.

- From 1990 to 2010, maternal mortality rates fell by half in Brazil - from 141 to 68 deaths per 100,000 live births;
- In 2011, the downward trend continues, with a 19% decrease in maternal deaths compared to 2010. In the first half of 2011, 705 deaths from obstetric causes were reported against 870 over the same period in 2010.
- Between 2003 and 2010, the number of pregnant women with seven or more prenatal visits increased by 125% and the proportion of mothers with zero visit fell from 4.7% to 1.8% (Brazil Health (Saúde Brasil) Report 2010, published in 2011).

## NATIONAL PLAN TO STRENGTHEN BREAST AND CERVICAL CANCER PREVENTION, DIAGNOSIS AND TREATMENT

### Cervical Cancer

In 2011, 11.33 million Pap tests were performed, with 78.1% in the screening age group (25-64 year olds).

**Reference Services for the Diagnosis and Treatment of Cervical Cancer Precursor Lesions:** 11 proposals were approved for the states with the highest mortality rates - AC (1), MG (3), MT (1), PE (1), SE (1), RO (1) and TO (3).

### Breast cancer

In 2011, 3.53 million tests were performed, with 51% in the screening age group (50-69 year olds).

**Reference Services for the Diagnosis of Breast Cancer:** seven new reference services were established in the states of CE (1), PE (1), SE (1), MG (2), RO (1) and TO (1).

**Radiation Therapy Services:** expansion, modernization and implementation of new reference services in 11 states - AC, PA, CE, PE, SE, BA, MG, SP, RJ, SC, RS.

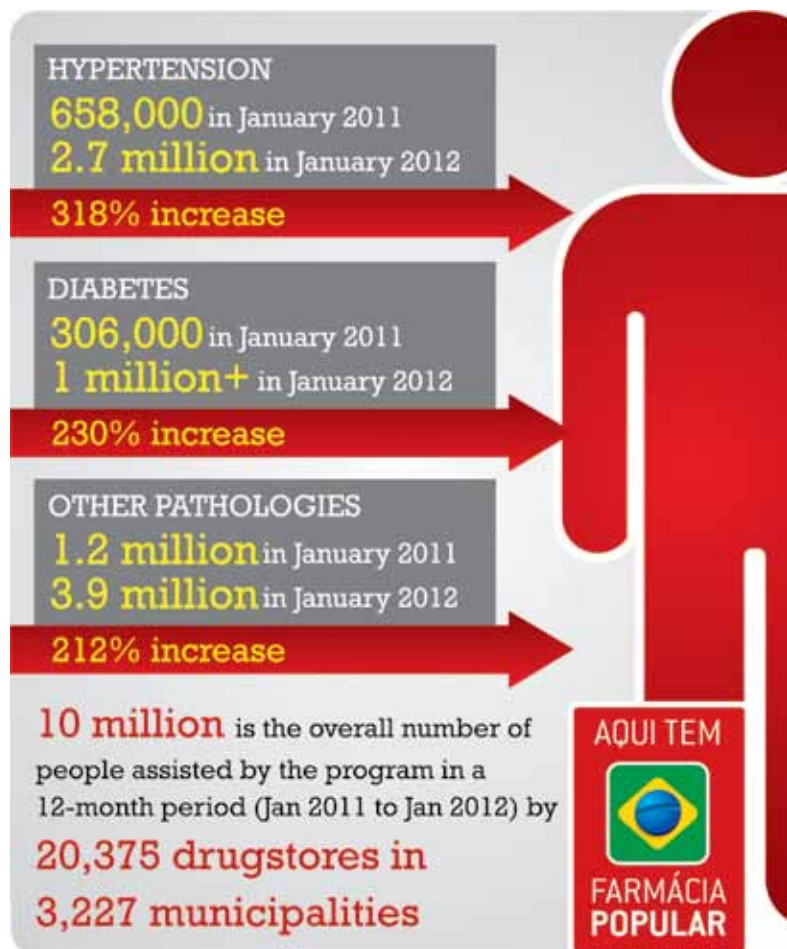
## HEALTH IS PRICELESS

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

**Free medicines:** a 280% increase in the number of people receiving 11 drugs for the treatment of diabetes and hypertension in private institutions participating in the program. In January 2012, 3.6

million people received free medication in pharmacies in the private and public networks.

**Popular Drugstore (*Farmácia Popular*) Program:** in 2011, the 20,375 pharmacies and drugstores participating in the program assisted about 10 million Brazilians with some 7.8 million people benefiting from free diabetes and hypertension drugs.



## EMERGENCY CARE NETWORK

### SOS Emergency

**Funds released by February 2012:** R\$39.6 million to fund the costs of the 11 existing emergency care units and R\$21.7 million for renovations and acquisition of equipment in Belo Horizonte, Brasília,

Fortaleza, Goiânia, Porto Alegre, Recife, Salvador, São Paulo and Rio de Janeiro.

**Hospital Access and Quality Center:** 11 hospitals set up to support management and improve the quality of care.

**Process Management:** establishment of a computer system to manage health care processes in ERs of two hospitals and risk classification in seven emergency units.

**Follow-up of results:** development of an information system for monitoring hospital management indicators within the Ministry of Health.

**ICU beds:** in 2011, 1,296 new beds were provided in 17 states: AL, BA, CE, MA, GO, MG, MS, PA, PB, PE, PR, RJ, RN, RS, SC, SE, SP.

## Samu 192

**Increased coverage and resources:** a 66% increase in resources for service qualification.

**Enhanced control over ambulance operation:** mandatory registration of vehicles, teams and medical regulation centers of emergency care in the National Register of Health Facilities.

Since January/2011, 608 ambulances have been activated. In February 2012, there were 2,121 ambulances, 400 motorcycle-ambulances, eight boat-ambulances and six aircrafts / aero doctors in operation.

## 24-Hour Emergency Care Unit – 24h UPA (Unidade de Pronto Atendimento)

148 UPAs were in operation by February 2012.

117 UPAs began to be built in 96 municipalities in 2011.

## NATIONAL SUS FORCE

The force is made up of professionals specialized in assisting victims of natural disasters, public calamity or situations of epidemiological risk requiring rapid response, logistical support and health equipment. A total of 8,073 volunteers have already registered with the Force.

In 2012, the force operated in the states affected by floods: Minas Gerais, Rio de Janeiro, Espírito Santo and Acre. It also participated in the mission of assistance to Indigenous health in Acre and Amazonas, and held the first training for volunteers in Vitória (state of Espírito Santo). A field hospital was purchased, consisting of 15 tents to assist victims of disasters, perform surgeries and stabilize critical / severe patients under intensive care.

## HEALTH CLOSER TO YOU

### BETTER AT HOME (*Melhor em Casa*) – Home Care Service

A total 169 home care teams and 65 specialized support teams have been trained to provide home care to the elderly, chronically ill patients, people in motor rehabilitation or postoperative follow-up. Ninety two teams are already being funded, including 66 home care and 26 supporting teams in 23 municipalities and 10 states.

### Program to Improve Access and Quality (*Programa de Melhoria do Acesso e da Qualidade - PMAQ*)

73% of all municipalities and 17,669 primary care teams have joined the Program, which represents more than 50% of those existing in the country. Since November 2011, the municipalities have been receiving 20% of the incentive to improve the quality of care. Starting in April, the teams will be



evaluated and managers will receive an additional of up to R\$8,500 a month per primary care team.

### Family Health Strategy

In 2011, 635 new family health teams were accredited. In December, the number of teams in operation reached 32,295. Currently there are 1,525 family health supporting centers (*Núcleos de Apoio à Saúde da Família* - NASF) and 21,300 teams of oral health professionals in operation.

### Smiling Brazil

In 2011, 185 new regional dental prosthetic laboratories were accredited, totaling 991 units throughout the country. More than 290,000 dental prostheses were distributed to municipalities prioritized by the Brazil without Extreme Poverty Program.

In 2011, 100 mobile dental units were acquired for 100 municipalities in a situation of poverty.

In 2011, 970 new oral health teams of the Smiling Brazil program were deployed in 53 municipalities, totaling 21,394 teams in operation in 87% of Brazilian cities.

### Basic Health Care Units (*Unidades Básicas de Saúde* - UBS)

**Renovation of UBS:** in January 2012, R\$107.6 million of the R\$538 million available for the renovation of 5,247 basic health care units had been transferred.

**Construction of UBS:** with an investment of R\$1.02 billion, the construction of 3,983 UBS has already started in 2,079 municipalities, of which 2,122 UBS are under PAC2 in 1,163 municipalities, with an investment of R\$565 million.

### Health Academy

In February 2012, 1,906 academies were in operation and resources had been transferred for building

centers with spaces suitable for physical activities under professional supervision and linked to basic health care units, with a view to preventing diseases such as hypertension and diabetes. The goal is to build 4,000 academies by 2014.

A total of 150 units are in operation and receiving funds in the following states: ES (7), GO (1), MG (35), PE (89), PR (4), RN (3), RR (1), RS (2), SE (2), SP (4), AL (2).

### Indigenous Health Care

In 2011, 436 vehicles (boats, 4x4 trucks and outboard motors) were purchased for transporting patients and multidisciplinary indigenous health teams.

In February 2012, there was a 50% increase in the number of Multidisciplinary Indigenous Health Teams: from 8,211 to 12,184 professionals.

Rapid syphilis and HIV tests were performed in 46,000 Indigenous people in the states of Amazonas and Roraima and a multi-vaccination campaign for the entire indigenous population living in the Legal Amazon - about 91,000 Indigenous people was carried out.

### TRANSPLANTS

#### 124% increase in the number of surgeries in one decade

A total of 23,397 transplants were performed in 2011 - 2,357 more than in 2010. By region: 54% in the Southeast, 19% in the South and 16.7% in the Northeast.

The number of transplant surgeries in the Northeast rose from 840 in 2001 to 3,912 in 2011 (a 365.7% increase in 10 years).

In 2011 there were 2,207 organ donors, a 16.4% increase in one year (the largest variation in four

years). The national rate is 11.4 donors per million population (pmp). The highest rates are found in the states of Santa Catarina (25 pmp, the exact same as in the USA), Ceará (20.7 pmp) and São Paulo (20.3 pmp).

The National Transplant System has an integrated network in 25 states and the Federal District, with 26 notification, collection and distribution centers; 11 national technical chambers; 60 organ procurement organizations; and 680 transplant centers with 1,074 transplant teams.

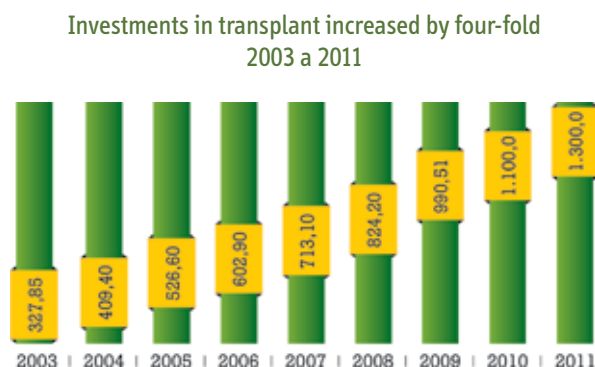
### Results in 2011

54 new transplant centers established - 16 in the North and Northeast.

72 new transplant teams accredited - 11 in the North and the Northeast.

35 new organ procurement organizations established in 11 states (AC, BA, CE, MS, PE, PI, PR, RN, RS, SC and SE) and 16 under implementation (AM, GO, MG, PB e RO). In 2010 there were 10, all of them in São Paulo.

National Information System implemented throughout the country. Six state capitals included (Rio de Janeiro-RJ; Salvador-BA; Campo Grande-MS, Belém-PA; São Luís-MA; and Rio Branco-AC).



Source: Ministry of Health

February 2012 (in R\$ billion)

## IMPROVEMENT OF MANAGEMENT AND CONTROL

### The Government has saved more than R\$1.7 billion through new management instruments

Savings of more than R\$1.7 billion in the purchase of medicines and supplies through the adoption of management tools, centralized procurement and implementation of recommendations from control agencies. An additional R\$96 million have also been saved in indigenous health care through new agreements with entities holding the Charitable Entity Certificate (Certificado de Entidade Beneficente - CEBAS).

**Reimbursements by health insurance companies hit a record high:** R\$82.09 million had been collected by December. The amount exceeds the total of the last seven years.

R\$210.8 million were recovered in 2011, through 1,001 audits.

### SUS PERFORMANCE INDEX (ÍNDICE DE DESEMPENHO DO SUS - IDSUS) 2012

The tool with 24 indicators assessed the levels of primary, specialized outpatient and inpatient and emergency care by inspecting the infrastructure to assist the population and the capacity of services to address their health problems.

The index will serve as the basis for authorities at the three levels - federal, state and municipal - to make decisions aimed to improve public health actions in the country and give greater transparency to the general framework of supply and the situation of health services.

Data collection for the index will occur every three years. The IDSUS 2012 assessed indicators from 2008 to 2010 and is available at: [www.saude.gov.br/idsus](http://www.saude.gov.br/idsus).

### More Transparency in the Health Portal

(<http://portalsaude.saude.gov.br/portalsaude/area/369/transparencia-da-saude.html>)

Since November 2011, the Portal has been publishing the transfers of funds to states and municipalities, public bids underway, plans and management reports of the Federal Government, states and municipalities.

# Education

## PROUNI reaches the mark of one million scholarships filled

Process of democratization and decentralization of access to Higher and Technological Education moves forward

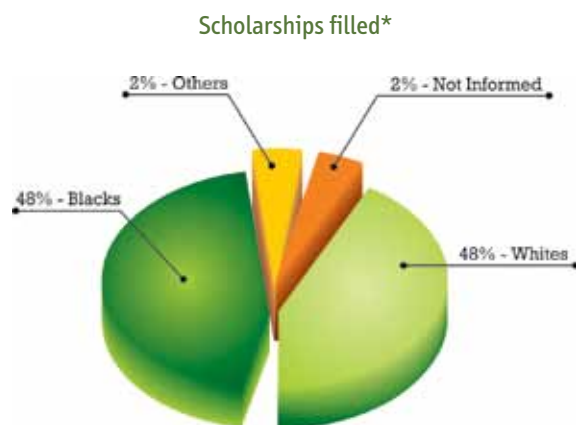
### PROUNI – ONE MILLION SCHOLARSHIPS

With the selection process for the first half of 2012 held in January, the University for All Program (*Programa Universidade para Todos – PROUNI*), which grants full and partial scholarships to students graduating from public schools, surpassed the mark of one million scholarships.

The first selection process of 2012 reached the record high of 1.2 million applicants, thus showing the importance of PROUNI in increasing access to higher education.

About 1.3 thousand private higher education institutions, including universities and colleges, participate in the program in 1,354 municipalities in all federation units.

Holders of full scholarships can also count on the Permanence Grant (*Bolsa Permanência*), a financial allowance of R\$360 to cover other education related expenditures.



\*from 2005 to the 2nd half of 2011

Source: MEC

### SUBSIDISED CREDIT FROM FIES INCREASES ACCESS TO HIGHER EDUCATION

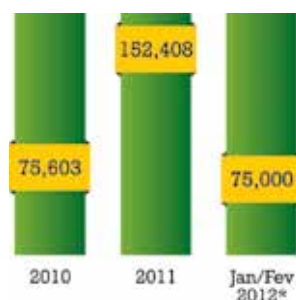
The number of contracts under the Student Financing Fund (*Fundo de Financiamento Estudantil - FIES*) signed in 2011 was almost twice that of 2010. In 2012, 200,000 students are expected to benefit from the Fund.

By the end of February, 75,000 contracts had been signed.

The program finances up to 100% of the monthly tuition fees, at 3.4% interest per annum, with pay-back starting one and a half years after course completion. The pay-back period is three times that of the duration of the course, plus one year.

Teachers may have their debt to FIES reduced by providing services at the public basic education system. Physicians will enjoy the same benefit provided they work in the Family Health Program teams in regions where there is a shortage of health professionals.

Number of FIES contracts signed



Source: MEC

## ASSISTANCE TO STUDENT PREVENTS UNIVERSITY DROP-OUT

In 2011, the National Student Assistance Plan (*Plano Nacional de Assistência Estudantil - PNAES*) - which provides students with housing, health care, feeding, transport, digital inclusion, culture, sports, child care and learning support to university students, had about one million beneficiaries. To that end, R\$401 million were transferred to universities – a 31.9% increase over 2010. Investments for 2012 are expected to total R\$550 million.

## INCREASED COVERAGE OF THE FEDERAL HIGHER EDUCATION SYSTEM

The number of places in undergraduate courses at federal universities increased from 218,200 to 235,600 between 2010 and 2011.

This increase is a result of the Program for the Restructuring and Expansion of Federal Universities (*Programa de Apoio a Planos de Reestruturação e Expansão das Universidades Federais - REUNI*), which encourages the supply of evening classes, flexible curricula and increased number of students per professor, among other. For 2012, according to the agreement with the universities, 243,500 places are expected to be offered in non-distance undergraduate courses.

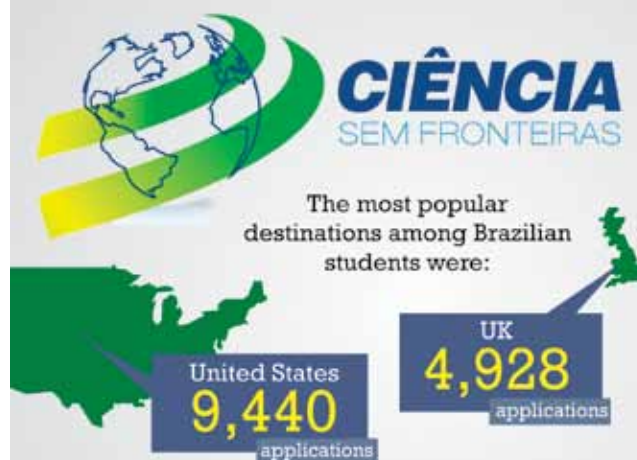
## CHANCES TO ATTEND UNIVERSITY INCREASE WITH SISU

In the first half of 2012, 108,552 places were offered in 95 public institutions of higher education - a 30.58% increase over the second half of 2011.

Since 2010, the Unified Selection System (*Sistema de Seleção*

*Unificada - SISU*) is the means by which participating public institutions of higher education select new students based solely on their grades in the National Secondary Education Examination (*Exame Nacional do Ensino Médio – ENEM*).

Private sector companies confirmed the donation of 26,000 scholarships to the Program Science Without Borders.



The donation will enable granting 101,000 scholarships by 2014.

In 2012, calls for tender of scholarships were done for the following destination countries: Germany, Canada, United States, France, Italy and the UK.

Until January 18, 1,696 undergraduate “sandwich” scholarships abroad and 798 graduate scholarships had been granted by the Science without Borders program and other programs, both in the priority research fields of the Science without Borders Program (data from CAPES and CNPq).

## TECHNICAL EDUCATION CONTINUES TO GROW

The construction of an additional 10 units was completed in 2011, totaling 364 technical schools in the country. These new schools will translate into more than 2,350 students attending technical courses and 2,100 students in initial and continuing education.

**Pronatec**  
(Technical Education and Employment Program)  
53,000 people benefited from the Training-Grant in 2011.



## Basic Education

# Results

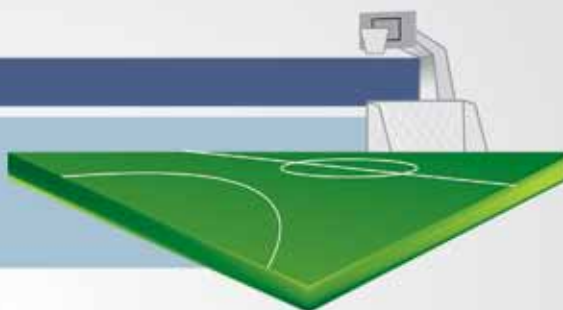


### Day care Centers

The construction of 1,507 day care centers and preschools throughout Brazil was approved in 2011, under the second phase of the Growth Acceleration Program (*Programa de Aceleração do Crescimento - PAC 2*).

### Sports Courts

91% of the 1,421 sports courts selected in 2011 have been commissioned.



### More funds invested

19.12% increase in investments in basic education compared to 2011 (R\$114.3 billion in 2012).

21.2% increase in the minimum amount spent per student compared to 2011.

### National Teachers' Minimum Wage

22.22% increase in the minimum wage of secondary education teachers with a 40-hour per week workload (from R\$1,187 in 2011 to R\$1,451 in 2012).

*Valuing Teachers*



### The Way-to-School

In 2011, 2,249 buses (1,449 with federal funds), 108,108 bikes (84,416 with federal funds) and 429 motor-boats were purchased for the safe transport of students.

# Living without limits

## Autonomy and rights for persons with disabilities

Strategic actions in the fields of education, work, health, social assistance and accessibility to improve skills and opportunities

### INVESTMENTS TOTALING R\$7.6 BILLION TO PROMOTE AUTONOMY AND ELIMINATE BARRIERS

Launched on November 17, 2011, the National Plan on the Rights of Persons with Disabilities - Living without Limits is part of the government's commitment to promote and ensure equal opportunities for all, reducing the barriers that exclude or limit the social life of people with disabilities.

The Plan provides for various actions in education, health, social inclusion and accessibility that will benefit 23.9% of the Brazilian population (45.6 million people, according to the Census 2010) with some type of disability. The actions are divided into four strategic pillars.

#### ACCESS TO EDUCATION

Active search of children and adolescents with disabilities in age group 0-18 years who are out of school and are beneficiaries of the Old Age and Disability Grant (*Benefício de Prestação Continuada - BPC na Escola*), raising the number of beneficiaries from 229,000 to 378,000.

Establish over 17,000 Multipurpose Resource Rooms and upgrade existing ones. In total, 45,000 schools in Brazil will have Multipurpose Resource Rooms by 2014.

Funding for the architectural adaptation and acquisition of Assistive Technology goods and services for 42,000 public schools.

In 2011, the Accessible School Program provided funding for the renovation of 12,000 schools in the regular education system through the Money Directly to School Program (*Programa Dinheiro Direto na Escola - PDDE*). Another 30,000 schools will benefit from the Program by 2014.

Acquisition of 2,609 school buses equipped with easy access to transport 60,000 students with mobility problems.

Hiring of more than 1,200 professionals, including Brazilian Sign Language (LIBRAS) teachers and translators-interpreters, to ensure communication accessibility for students with hearing impairment and/or deafness in Federal Institutions of Higher Education (*Instituições Federais de Educação Superior - IFES*).

Support for over 200 projects for the creation, expansion and strengthening of Accessibility Centers in IFES, increasing fourfold the current number of supported projects by 2014.

Creation of 27 higher education courses in Language and Literature/LIBRAS, increasing the number of places from 1,800 to 2,700 places a year.

Creation of 12 higher education courses in Bilingual Education (LIBRAS / Portuguese), with 480 places / year.

At least 5% reserve of places in courses under the Training Grant - one of the actions of PRONATEC - for people with disabilities, resulting in the supply of at least 150,000 reserved places.

## HEALTH CARE

Expansion and upgrading of the early identification and intervention in disabilities, with the introduction of new tests in Newborn Screening in all states by 2014.

Establish clinical protocols in Primary Health Care services of the Unified Health System (*Sistema Único de Saúde* - SUS) for persons with Down syndrome; autism spectrum disorders; cerebral palsy and people who have suffered spinal cord injury; cerebral vascular accident (CVA); amputations; and traumatic brain injury (TBI).

Creation of 45 new Specialized Rehabilitation Centers to increase access to and provision of qualified services, through the creation of the Network of Health Care for Persons with Disabilities, linked to SUS, to attend to hearing, visual, intellectual and physical disabilities throughout Brazil by 2014.

Acquisition of vehicles to transport low-income patients with disabilities and/or reduced mobility. Set up six local and 13 itinerant orthopedic workshops (seven by road and six by river) for the manufacturing, adaptation, customization and maintenance of prostheses and orthoses and mobility aids, with priority to the North and Northeast regions. Existing workshops will also be upgraded to ensure the provision of services in all states.

Training of health professionals at technical and higher levels in orthotics and prosthetics, to work in the workshops.

Upgrading of dental care to persons with disabilities according to their specific needs, for the purpose of improving specialized dental care centers and surgical centers.

## SOCIAL INCLUSION

Implement 27 Daytime Reference Centers for People with Disabilities, one in each state, to ensure specialized day care and support services to people with high levels of dependency and in a situation of extreme poverty, social isolation, abandonment and/or negligence.

Promote access to employment for people with disabilities in age group 16-45 years, with low educational levels, who are beneficiaries of the Old Age and Disability Grant (BPC). The BPC Work Program (*Programa BPC Trabalho*) will include household visits to assess the potential for work and referral to professional training.

As a result of changes in BPC rules (Decree 7.617/2011 and Law No. 12.470/2011), beneficiaries may enter the labor market and participate in professional training programs without losing the benefit.

Creation of approximately 200 residences to shelter people with disabilities by 2014.

## ACCESSIBILITY

In the **My House, My Life 2** Program, all 1.2 million houses for low-income families will be adaptable. Home adaptation kits will also be available to at least 3% of Program beneficiaries.

Inclusion of accessibility in constructions under the PAC Urban Mobility program and constructions to the World Cup, as provided for in Law No. 12.587 of January 3, 2012.

A special **credit line** from Banco do Brasil has been created to finance goods and services that contribute to the accessibility, motor independence, autonomy and safety of people with disabilities.

Individuals with a monthly income of up to 10 minimum wages can be granted loans at 0.64% interest per month and grace period of 180 days. Up to 100% of the cost of goods or services can be financed, with a limit of R\$30,000 per person.

The list of products is available at [www.bb.com.br/creditoacessibilidade](http://www.bb.com.br/creditoacessibilidade).

The **National Reference Center in Assistive Technology** was established in March 2012. In addition to the Center, 20 interdisciplinary regional centers will be established in partnership with scientific and technological institutions for the development of assistive technology, with a focus on prevention, rehabilitation and accessibility.

Preparation of the **catalogue** containing information on more than 1,200 products manufactured or

distributed in Brazil for people with disabilities or reduced mobility. The catalogue is now available at <http://assistiva.mct.gov.br/>.

Specific research funding for the **development of technologies** focused on accessibility and inclusion of persons with disabilities, which result in products that can be incorporated into daily life, thus encouraging domestic production and boosting this supply chain.

Creation of five **technology training centers for guide dogs instructors** at a technical level, distributed in each of the Brazilian regions, by 2014. The center in the Southern region, which is located in Camboriú / SC, is already under construction.

More information at [www.pessoacomdeficiencia.gov.br](http://www.pessoacomdeficiencia.gov.br), which has all the accessibility features.

# Integrated Plan to Fight Crack and other Drugs

## “Crack, We Can Beat It!” Program

Assistance and health care for drug users, prevention of drug use and fight against drug trafficking are the axes of the Program

Launched in December 2011, the “Crack, We Can Beat it!” will invest R\$4 billion by 2014 to, in co-operation with states, municipalities and civil society, increase the supply of health care to drug users, fight drug trafficking and criminal organizations and enhance actions to prevent drug use.

The program is divided into three areas:

- **Care:** Increase the capacity of assistance and care to patients and families;
- **Prevention:** Strengthen the safety net against drug use; and
- **Authority:** Fight drug trafficking and adopt constant proximity policing.

### CARE

Provides for the structuring of the assistance network **Count on Us** to assist persons addicted to crack and other drugs as well as their families, in overcoming addiction and promoting their social reintegration.

The network includes increasing and upgrading health care through the use of health facilities to assist patients in different situations.

### Specialized wards in general hospitals of the Unified Health System (SUS)

By 2014, 2,460 beds will be created and some 1,140 existing ones will be upgraded for short-term hospitalizations during withdrawal symptoms and in

cases of severe intoxication. To encourage the increase in the supply of beds, the daily hospitalization fee has risen from R\$57 to up to R\$300.

### Street Health Clinics

A total of 308 Street Health Clinics will be implemented to provide assistance on wheels in areas with the highest incidence of use of crack and other drugs, in municipalities with population above 100,000. The clinics’ professionals include physicians, nurses, psychologists, social workers, occupational therapists and social agents.

### Psychosocial Care Centers for Alcohol and Drugs (*Centros de Atenção Psicossocial para Álcool e Drogas - CAPSad*)

The CAPSad will be open 24 hours, seven days a week, providing continuous treatment, including overnight shelter for up to 400 people per month. By 2014, 175 units will be implemented throughout the country.

### Sheltering Units

By 2014, 408 units will be created to assist adults, in addition to 166 units exclusively for 10 to 18 year olds. The Sheltering Units provide residential care for up to six months, so as to maintain the clinical stability and support the social reintegration of drug users in partnership with the CAPSad.



## Support for Therapeutic Communities

Civil society institutions that cater for drug addicts and their families will receive funds from SUS. To this end, they must meet the criteria established by the National Sanitary Surveillance Agency (*Agência Nacional de Vigilância Sanitária* - ANVISA) and the Ministry of Health, so as to ensure integration to the psychosocial assistance network and an environment that respects the rights of patients and their families. All institutions will be linked to the National Register of Health Institutions (*Cadastro Nacional de Estabelecimentos de Saúde* - CNES).

Since the program's inception, the Ministry of Health has authorized the transfer of R\$41.5 million to strengthen the health care network in São Paulo, Rio de Janeiro, Pernambuco, Ceará, Bahia, Federal District and Rio Grande do Sul. These funds are aimed at covering the costs of the existing Psychosocial Care Centers (*Centros de Atenção Psicossocial* - CAPS) and the creation/qualification of new services, including 77 beds in specialized wards; 21 CAPSad operating on a 24 hour basis; 8 child/youth sheltering units and 18 adult sheltering units. Together, these services total 487 places, of which 410 are sheltering/hospitality units and 77 are for short-term hospitalization.

The new type of funding for CAPS was defined on December 23, 2011 and incorporates the annual amount of R\$213.7 million to the maximum federal transfers for medium and high complexity health services, rendered to States, Municipalities and the Federal District.

## PREVENTION

Communication actions will be undertaken with the population to prevent the use of crack and other drugs in schools and communities.

### Drug Use in School Prevention Program

Training of 210,000 educators and 3,300 military police officers under the Drug Abuse Resistance

Education Program (*Programa Educacional de Resistência às Drogas* - PROERD) for the prevention of drug use in 42,000 public schools. The program will benefit 2.8 million students per year.

### Prevention in the Community Program

Provides distance training for 135,000 community leaders and municipal councilors by 2014, as well as to 35,000 religious leaders, who will work in the prevention of drug use and develop preventive measures and an appropriate approach to situations requiring referral to the services' network offered to the community.

They will also train 35,000 health and social work professionals, in addition to 30,000 law enforcement professionals.

### Communication and Advertising Campaigns

Three media interventions will be organized each year, aiming to inform, guide and warn the population on the use of crack and other drugs.

The toll-free number (132) that provides guidance and information about drugs (*VivaVoz*) was transformed into a public utility. The three-digit number aims to facilitate access by citizens.

### Regional Reference Centers (*Centros de Regionais de Referência* - CRRs)

Consolidation of the current 49 centers, which operate within public institutions of higher education, with a twofold increase in the number of places offered and the creation of 16 new CRRs by 2014, totaling 112,000 places for permanent training of health, social assistance, justice and public security professionals.

## AUTHORITY

Aims at integrating the police intelligence services and increase the cooperation between Federal Police, Federal Highway Police and state police; constant proximity policing in areas of drug use in the cities, as well as revitalizing these areas.

Police operations will focus on the borders, in line with the operations contained in the Strategic Border Plan, and in areas of drug use, especially the so-called “crackland” (*cracolândias*).

Intelligence and investigation actions will also be strengthened to identify and arrest drug traffickers and dismantle criminal organizations engaged in the trafficking of illicit drugs. Federal Police and Federal Highway Police forces will be strengthened with the hiring of more than 2,000 police officers.

The initiative also includes implementing constant proximity policing in areas with high rates of drug use, where video surveillance cameras will be installed to assist people who work, live or pass

through these areas. The hope is that the use of cameras, both mobile and stationary, will contribute to inhibit crimes, especially drug trafficking.

The professionals who will work in these areas are trained in proximity (community) policing and will encourage community involvement in the fight against drug use, to enhance violence and crime prevention efforts.

The Program also entails adapting regulatory frameworks. The Executive Branch has sent to Congress two Bills: one establishing the National Public Information System on Security, Prisons and Drugs (*Sistema Nacional de Informações de Segurança Pública, Prisionais e sobre Drogas - SINESP*) and the other amending the Code of Criminal Procedure and the Law on Drugs, with a view to streamlining the transfer of ownership of drug trafficking proceeds.

The Federal Government has also announced its support for three other bills currently before the National Congress, specifying the crime of participation in criminal organizations; money laundering; and protective custody of foreigners upon warning (red notice) from Interpol.

For further information visit the program's web portal at [www.brasil.gov.br/enfrentandoocrack](http://www.brasil.gov.br/enfrentandoocrack)



# Security

## Integrated actions reduce crime and increase security

Border operations and prison system improvement continued

### STRATEGIC BORDER PLAN

#### Operation Agate 3 (*Operação Ágata 3*)

Held in November 2011, the operation covered 6,000 kilometers along the Brazil-Bolivia-Peru border, between the states of Mato Grosso and Amazonas.

Operation Ágata 3 mobilized 6,768 Armed Forces' men and women and 384 agents from other government agencies. A total of 58 aircrafts, including attack helicopters, Brazilian Air Force fighters and unmanned aerial vehicle (UAV) were deployed.

##### Main results:

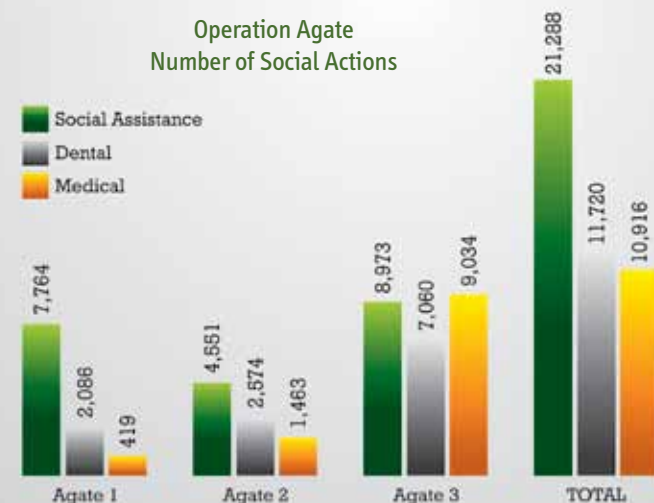
- 27 motorcycles, 10 light vehicles, eight vessels, five trucks/buses, 17.8 kg of cocaine and 34 guns seized.
- 5,089 pedestrians, 18,959 cars, 6,524 motorcycles, 2,441 trucks and 784 buses inspected, with 16 suspects arrested.
- 1,329 vessels searched, with 28 notifications and 8 apprehensions in 24,280 km.
- Social Actions: 8,973 social assistances; 9,034 health assistances; and 7,060 dental services.

#### Operation Sentinel (*Operação Sentinela*)

Since the beginning of the operation in June 2011, in the 11 border states, 648 firearms, 80,000 rounds of ammunition and 2,570 vehicles have been seized. Police operations have led to the arrest of 5,500 people.

### ASSESSMENT OF OPERATIONS ÁGATA 1, 2 AND 3 CARRIED OUT UNTIL DECEMBER 2011

- 18,895 men and women, including military personnel and agents mobilized.
- 59 motorcycles, 20 trucks, 465 kg of pesticides, 332 kg of marijuana, 19.5 kg of cocaine, 63 firearms (including two of exclusive use by the Armed Forces) and 8 tons of explosives and R\$ 345,000 and US\$250,000 in cash seized.
- 45,000 km of rivers and lakes patrolled, with notification to or seizure of 46 vessels.
- Three illegal airstrips destroyed, three illegal mines shut down, of which one was on Indigenous lands, and five illegal loggers inspected and notified.



Source: Defense Ministry

A total of 140 tons of drugs (123 tons of marijuana and 17 tons of cocaine), 5.5 million packets of cigarettes, 584,700 medicines and 83,800 bottles of liquor, as well as R\$2.9 million and US\$527,000 in cash were seized.

Furthermore, 3.2 million people, 1.87 million vehicles, 4,800 vessels and 734 aircrafts were searched in a joint action with states and municipalities.

### Integrated Border Management Offices

A total of US\$58 million were provided to the 11 border states as part of the National Strategy for Public Security on the Borders (*Estratégia Nacional de Segurança Pública nas Fronteiras - ENAFRON*).

The goal of ENAFRON is to strengthen the cooperation between the state police, the Federal police, the Federal Highway Police, the National Force and the federal internal revenue service (*Receita Federal*), thus improving public security in 68 border municipalities considered to be more vulnerable.

The states will implement integrated intelligence centers and reequip specialized border units, integrated centers and units of the military, civil police and inspection, in addition to developing projects for security in waterways and investing in aircrafts (airplanes and helicopters).

The rules for the provision of an additional R\$150 million to the states were published in March 2012. These funds will enhance security actions along the borders.

## NATIONAL PRISON SYSTEM

### National Program of Support for the Prison System

By April 2012, states should make the necessary adjustments to approve projects for construction and expansion of prisons in the prefabricated sys-

tem and expansion in the conventional system. Projects have been submitted by 24 states.

About R\$1.1 billion from the National Penitentiary Fund will be allocated for the construction and expansion of prisons, to be invested by 2013.

In 2011, 70 vans of the ambulance type and 103 “jail-type” vehicles were acquired through direct purchase or donation, with investments worth R\$18.6 million. In addition, about R\$2 million were invested to equip Primary Health Care Units and Reference Centers for Mother-Child Care in state prisons. Over R\$500,000 will be invested in this last action in 2012.

### STRATEGIC PLAN FOR EDUCATION IN THE PRISON SYSTEM (*PLANO ESTRATÉGICO DE EDUCAÇÃO NO SISTEMA PRISIONAL - PEESP*)

- The PEESP was established in November 2011 to expand and enhance the supply of education in prisons. More than 26,000 prisoners who claim to be illiterate should benefit from the plan.
- Its guidelines are social reintegration through education and the promotion of educational assistance to children who are in prisons due to the imprisonment of their mothers. It also includes youth and adult, vocational and higher education programs.
- The Plan will be implemented in partnership with states and the Federal District, through voluntary accession.

### Social rehabilitation through work

A total of R\$4 million to be transferred to the states in 2012 have been allocated for the implementation of permanent professional training workshops. Courses will be conducted in the areas of construction, bakery and pastry, and apparel manufacturing.

## National Strategy for Alternative Sentences

The strategy was established in November 2011 to foster the adoption of alternatives for minor offenses other than prison.

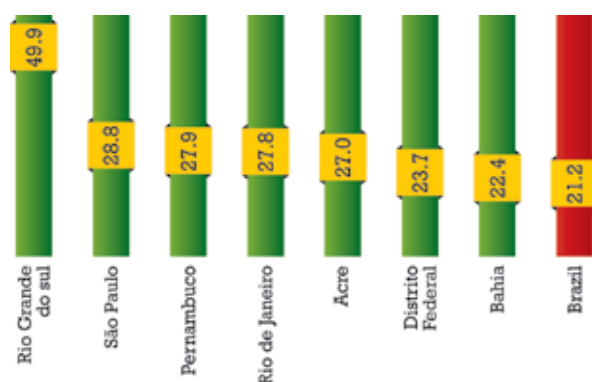
By April 2012, states may submit proposals for the implementation of the Monitoring Centers of Alternative Sentences and Measures and Defense of Temporary Prisoners. A total of R\$4.2 million will be invested in these two actions.

## DISARMAMENT CAMPAIGN

Renewed on December 27, 2011, the campaign collected 5,130 weapons between January and February 2012.

There are 1,949 collection points in Federal Police, Federal Highway Police, Civil and Military Police, Municipal Guard and Fire Department stations. A total of 43,203 firearms have been collected since May 2011, of which 9,575 (22%) are large weapons: rifles, machine guns and shotguns.

Number of Weapons Collected per 100,000 people - Brazil  
Average and States above the Average.



Source: Ministry of Justice.

## NATIONAL PUBLIC SECURITY FORCE

### Support for public security in the states

The National Force has 1,300 members, who are part of a contingent of at least 18,000 police officers (civil and military police), firefighters and inspectors from the states, who have received special training from the Ministry of Justice. It is currently active in 16 units of the federation, in different operations of support for state public security. On the express request of the governors, the force acted in police strikes in the states of Rondônia, Maranhão, Ceará and Bahia. A total of 1,070 professionals, seven vehicles and 110 patrol cars and seven ambulances were deployed. In those states, the force took over the command of fire brigades at the airports of the capital cities, acted in policing in general, police urgency calls, and engaged in life saving activities on the coast of Fortaleza.

In February 2012, the force assisted people affected by floods in Acre, to where 70 firefighters specialized in search and rescue operations were sent. More than 500 food baskets were delivered and 1,444 rescue operations carried out.

## OPERATION RODOVIDA REDUCES ACCIDENTS AND DEATHS ON HIGHWAYS

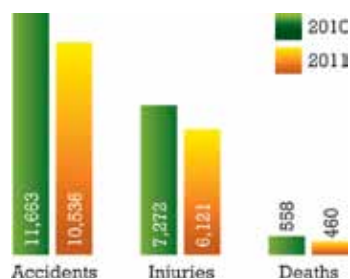
Held between December 19 and February 27, the operation aimed to reduce traffic accidents through integrated actions between the Federal Highway Police, state police and transit agencies, focusing on combating drunk driving and monitoring motorcycles.

It covered 60 sections totaling 600 km of roads, all with state and municipal roads that converge towards federal highways and account for 22% of serious traffic accidents.



During Christmas and New Year's holidays there was a reduction of 10% in the number of accidents, 16% in the number of injuries and 18% in the number of deaths against 2010.

Accidents, Injuries and Deaths on Christmas and New Year's Eve



Source: Ministry of Justice.

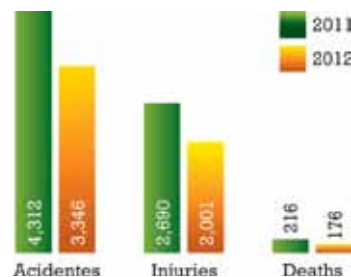
## Operation Carnival

In the six days of Operation Carnival, the Federal Highway Police reported the following results:

- 154,000 vehicles searched in 67,000 km of federal highways (more than a third were booked).

- 30,425 drivers searched, of which 1,410 failed to pass the breathalyzer and had their driver licenses suspended; and 494 people arrested on the spot.
- 12,911 drivers booked for dangerous driving.
- 703 kg of cocaine, 412 kg of marijuana and more than 3,000 rocks of crack.
- Reduction of 22% in accidents, 25% in injuries and 18% in deaths in relation to the Carnival period in 2011.

Accidents, Injuries and Deaths Carnival 2011 and 2012



Source: Ministry of Justice.

# My House, My Life

## New houses all over Brazil

After surpassing the 2011 targets, 2012 begins at an accelerated pace of commissions and program improvements to ensure rights

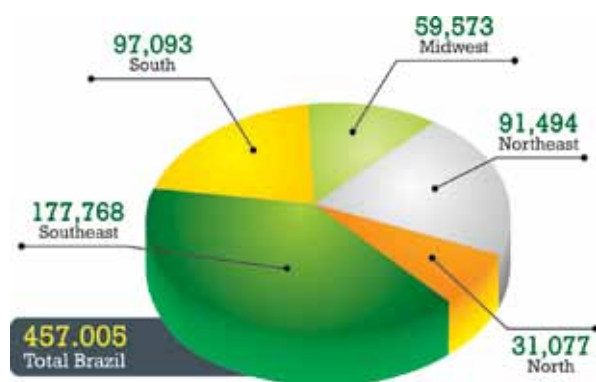
### MORE THAN 450,000 HOUSING UNITS COMMISSIONED IN 2011

The goal of building 400,000 houses in 2011, the first year of the second phase of the program, was exceeded. Of the 457,005 housing units commissioned, 151,000 (33%) were delivered in 2011. Housing units intended for low-income families totalled 104,000 or 23% of the total number of units commissioned in 2011.

The second phase of the program is already assisting 3,465 municipalities in all states.

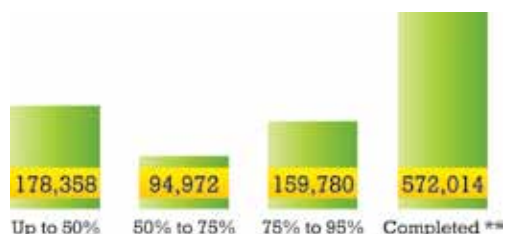
In 2012, another 496,000 housing units are expected to be commissioned, of which 57% will go to low-income families. By the end of February, more than 100,000 units had been commissioned and 30,000 delivered.

Regional distribution of housing units commissioned in 2011



Source: Caixa.

My House, My Life Program  
Number of housing units according to the stage of construction works\*  
Position on 2/29/2012



Source: Caixa.

\* The difference for the total commissioned is due to reclassification.

\*\* Units delivered and with more than 95% of the works completed are counted for as completed.

By December 2010, during the first phase of the program, 1,005,128 housing units had been commissioned. Of this total, 418,198 (41.6%) had been delivered by the end of February 2012. Low-income families accounted for 32% of beneficiaries, and received 133,833 units of the total delivered. In this group, 4,999 units were delivered to families in rural areas.

### ELDERLY PEOPLE AND PERSONS WITH DISABILITIES ARE ENSURED PRIORITY

Since December 2011, in every project of the My House, My Life Program 2, 3% of houses are earmarked for persons with disabilities (or families with persons with disabilities) and the same percentage applies to the elderly.

Moreover, based on the national family selection criteria, apart from units already earmarked for elderly and persons with disabilities, priority is also ensured to the following groups:

- Families living in risky or unhealthy areas or who have lost their homes;
- Families with women head of the household; and
- Families with members with disabilities.

### PARTNERSHIP TO OVERCOME HOUSING DEFICIT IN SÃO PAULO

In January 2012, the Federal Government and the State of São Paulo entered a partnership to build up to 100,000 housing units. This is another initiative in the partnership policy of the My House, My Life Program with municipalities and states for the allocation of land, resources and services to the program.

Investments will total R\$8.1 billion, of which R\$6.15 billion will come from the federal government and R\$1.94 billion from the Government of São Paulo. All housing units will be targeted to low-income families, and 96% are urban housing.

The state government's contribution will enable raising the maximum price set for housing targeted to low-income families from R\$65,000 to R\$85,000, which is more in line with the price structure in metropolitan areas of the state. The houses will be distributed in 106 municipalities, with a priority to the metropolitan areas of São Paulo, Santos, Campinas, Paraíba Valley and the North Coast.

### OWNERSHIP TITLE TO WOMEN

The My House, My Life Program changed its rules regarding the ownership title of the houses built by the program. Before, the contract and the ownership were “preferably” registered in the woman's name. Now, beyond simple preference, women will have the title deed registered in their name regardless of the property regime applicable, so that they can keep the property in case of separation, divorce or dissolution of stable unions.

The new rule will apply to houses where there are no FGTS (Work Dismissal Fund) resources involved, benefiting, mostly, low-income families. If the man is granted sole custody of the couple's children, then the property will be registered in his name.



# Minha Casa Minha Vida **2**

# FIFA 2014 World Cup

## Preparations for the World Cup

Construction works progress and the government invests in training professionals

### BRASIL PREPARES FOR THE WORLD CUP

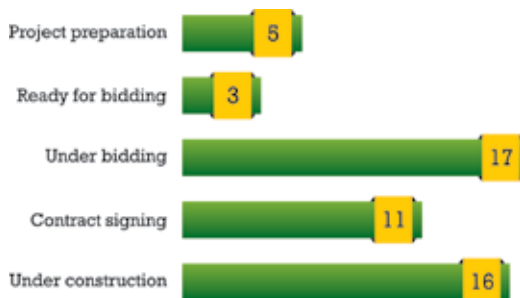
Civil works are in progress in all host cities, whether in stadiums, urban mobility, ports, airports or expansion of the hotel chain. Service to tourists, both domestic and foreign, will be enhanced through training courses and the qualification of professionals from different sectors of tourism.

**Civil Works** - 102 projects will be implemented to prepare the 12 host cities for the 2014 World Cup, of which five have already been completed: Operations Modules (OM) in the Airports of Campinas, Cuiabá and Porto Alegre; Passenger Terminal 4 and expansion and revitalization of the runways of Guarulhos Airport.

- Another 41 are in progress;
- 15 are in the phase of contract signing and are expected to start in the first half of 2012;
- 24 are under bidding;
- 17 are ready for bidding or in project preparation.

### Urban Mobility

52 projects planned



The first projects started works in June 2010 (Belo Horizonte) and the last ones will be completed in May 2014 (Manaus and São Paulo).

Caixa, the Brazilian federal savings bank, will finance 41 projects, with a total contribution of R\$6.6 billion. BNDES, Brazilian development bank, is financing mobility projects in Cuiabá and Rio de Janeiro (access to Pantanal Arena and Transcarioca Bus Rapid Transit, respectively), totaling R\$1.29 billion.

### Airports

31 projects planned



All civil works will be completed by April 2014. The concession contract for the airport of São Gonçalo do Amarante (RN) was signed in November 2011, under the new airport management model. The auctions for the concession of the airports of Brasília, Campinas and São Paulo (Guarulhos) were held in February 2012.

### Ports

The first phase of civil works in ports for the 2014 World Cup started in November 2011, at the Port

of Recife, and in February 2012, in Fortaleza. Four other projects are under bidding - Natal, Salvador, Santos and Rio de Janeiro - and the project for the Port of Manaus is in the preparation phase.

## Arenas

All stadiums are under construction or remodeling. The first civil works began in January 2010 (Phase 1 - Belo Horizonte) and the last ones will be completed by December 2013 (Natal and São Paulo).

Of the R\$3.36 billion in BNDES financing, R\$782 million have been disbursed, benefiting the eight stadiums that have signed contract with the Bank. Funding for Curitiba and São Paulo are being analyzed. Brasília will not request funding. For the stadium in Porto Alegre, a contract was signed with the construction company on March 19, 2012, allowing the resumption of the works, and the request for BNDES financing is under analysis.



**Position:** 100% of interior and exterior demolitions completed; 85% of interior foundations and 75% of exterior foundations completed. **Estimated completion date:** December 2012.



**Position:** 52% completed.  
**Estimated completion date:** December 2012.



**Position:** 40% completed; metal structures being installed.  
**Estimated completion date:** December 2012.



**Position:** roof dismantling stage.  
**Estimated completion date:** December 2012.



**Position:** two of the four phases completed. 56% completed.  
**Estimated completion date:** December 2012.



**Position:** 38% completed.  
**Estimated completion date:** June 2013





NATAL - ARENA DAS DUNAS

**Position:** foundations and pile capping blocks under execution.

**Estimated completion date:** December 2013



PORTO ALEGRE - BEIRA-RIO

**Position:** demolition of 25% of lower bleachers completed and foundations for roof support started.

**Estimated completion date:** December 2012.



RECIFE - ARENA PERNAMBUCO

**Position:** 32% completed.

**Estimated completion date:** April 2013.



RIO DE JANEIRO - MARACANÃ

**Position:** 35% completed.

**Estimated completion date:** April 2013.



SALVADOR - FONTE NOVA

**Position:** 51% completed.

**Estimated completion date:** December 2012.



SÃO PAULO - ARENA DE ITAQUERÃ

**Position:** 27% completed.

**Estimated completion date:** December 2013.

## TRAINING FOR BETTER TOURIST SERVICES

### PRONATEC Copa will train professionals of various tourism activities

Courses along the lines of the Technical Education and Employment Program (*Programa Nacional de Acesso ao Ensino Técnico e Emprego* - PRONATEC) will be offered to professional in 32 tourism-related activities in the 12 World Cup host cities and

another 12 destinations defined by the Federal Government as inducers of tourism - Iguassu Falls; Gaucho Highlands; Wine Route (RS); Florianópolis; Historic Cities of Minas Gerais; Wetlands of Pantanal, in Mato Grosso; Maceió; Aracaju; Belém; Route of Emotions (MA, PI, CE); Gaucho Border Cities; and Santos and surroundings.

Organized in partnership with System S and federal technical schools, the courses benefit professionals such as kitchen assistants, waiters, cham-

ber maids, masters of ceremonies, receptionists and travel agents among others. Foreign language courses will also be offered.

Courses begin on April 16 and registrations will be open from April 2 at [www.pronateccopa.turismo.gov.br](http://www.pronateccopa.turismo.gov.br). The courses are organized by student schooling level, and to register professionals are required to inform their document number or that of the company they work for, which should be registered in the Ministry of Tourism's registry of tourism service providers.

A total of 80,000 places will be offered in the first phase of the program. Another 160,000 will be offered in 2013 and 2014, totaling 240,000 places.

### Taxi drivers will also be trained for the World Cup

Taxi drivers throughout Brazil may attend foreign language (English and Spanish) and entrepreneurship courses. The *Taxista Nota 10* (A+ taxi driver) project will offer free distance learning classes. The project was created by the Brazilian

Micro and Small Business Support Service (*Serviço Brasileiro de Apoio às Micro e Pequenas Empresas – SEBRAE*) in partnership with the National Transport Confederation (*Confederação Nacional do Transporte – CNT*), the Social Transport Service (*Serviço Social do Transporte – SEST*) and the National Transport Training Service (*Serviço Nacional de Aprendizagem do Transporte – SENAT*). The goal is to train 80,000 taxi drivers in the next two years.

The course in entrepreneurship will provide information on topics such as vehicle maintenance, economic driving and tourist attractions. In the foreign language course, professionals will learn a vocabulary custom tailored to the day-to-day life of drivers. Trained taxi drivers will receive a sticker identifying them as a *Taxista Nota 10* to be displayed on the vehicle.

Those interested may apply at SEST, SENAT and SEBRAE units across the country or through the SEBRAE call center (0800 570 0800) or CNT (0800 728 2891).

New projects as well as the expansion or renovation of existing lodging facilities will result in more than 4,000 new beds in the 12 host cities of the World Cup, as a result of financing operations already contracted with public banks (Banco do Brasil, Banco do Nordeste, Banco da Amazônia, Caixa and BNDES) since January 2010. Thirty four operations have been contracted, totaling investments worth R\$576.95 million, being R\$371.86 million financed through public banks.

There is the prospect of other 2,470 beds, for which financing is being analyzed or has been approved but not yet contracted for, totaling R\$681.8 million in investments.

Investments totaling R\$580 million in the hotel sector will increase the number of beds for tourists



# Development of the civil aviation sector

## Concessions will accelerate investment in airport infrastructure

Winning consortia pay a premium price of 347% for the concession of Guarulhos, Brasília and Viracopos airports

### RESULT OF THE AIRPORT CONCESSION AUCTION

The concessions for the expansion, maintenance and operation of the international airports of Guarulhos (SP), Brasília (DF) and Viracopos (SP) were auctioned on February 6, at the São Paulo Stock Exchange (BOVESPA).

The minimum price of bids, totaling R\$5.5 billion, was exceeded by 347% and the auction raised a total of R\$24.5 billion to be paid to the Federal Government. The final price reflected the participation of 11 consortia in the competition and the positive expectations of investors towards the development of the Brazilian civil aviation sector in coming years.

Characteristics and Results of the Airport Concession Auction			
	Guarulhos	Brasília	Viracopos
Winning Consortium	Invepar ACSA	Consórcio InfrAmérica	Consórcio Aeroportos Brasil
Minimum Price	R\$3.4 billion	R\$582 million	R\$1.5 billion
Final Price	R\$16.2 billion	R\$4.5 billion	R\$3.8 billion
Premium	373.5%	673.4%	159.8%
Concession Period	20 years	25 years	30 years
Investments by the 2014 World Cup	R\$1.38 billion	R\$626,5 million	R\$873.1 million
Total Investments	R\$4.6 billion (in 20 years)	R\$2.84 billion (in 25 years)	R\$8.71 billion (in 30 years)
Variable contribution to FNAC (national civil aviation fund)	10% of gross revenue	2% of gross revenue	5% of gross revenue

From the conclusion of the contract, there will be a seven-month transition period for INFRAERO to transfer the operation to the concessionaires, which can start the civil works as soon as the contract is signed.

INFRAERO will hold a 49% share of each airport, in addition to maintaining the operation of the control towers of Guarulhos and Viracopos. The control tower at Brasília and airspace control (approximation) at the three airports will remain under the responsibility of the Department of Airspace Control (*Departamento de Controle do*

*Espaço Aéreo* - DECEA). The National Civil Aviation Agency (*Agência Nacional de Aviação Civil* - ANAC) will oversee the airports to which concession was granted, both to ensure the technical regulation of the services provided and to monitor compliance with the obligations and duties of the concessionaires.

### NATIONAL CIVIL AVIATION FUND

Established in 2011, the National Civil Aviation Fund (*Fundo Nacional de Aviação Civil* - FNAC) is managed by the Department of Civil Aviation, with

the aim of promoting investment in the airports of the country and the development of Brazilian civil aviation.

In addition to the R\$24.5 billion raised in the auction, which future concessionaires will pay annually to the Federal Government over the concession period of the airports of Guarulhos, Brasília and Viracopos, the Fund will rely on annual contributions calculated on the gross revenue of these airports (variable contribution).

### MORE INVESTMENT

The construction works and improvements required in the concession notice to expand the infrastructure of the airports of Guarulhos, Brasília and Viracopos correspond to an estimated investment of R\$16.1 billion, being R\$2.9 billion until the 2014 World Cup. These projects include new terminals at the three airports, expansion of runways, yards, parking lots, access roads, etc. During the entire term of the concessions, concessionaires should make the necessary investments to meet the performance indicators provided for in the contract. The minimum investment forecast until the World Cup follow a strict schedule, with fines for concessionaires in case of delays.

In December 2011, 18 agreements were signed with 10 states (Alagoas, Ceará, Espírito Santo, Minas Gerais, Mato Grosso do Sul, Pernambuco, Paraná, Rio de Janeiro, Rio Grande do Sul and Santa Catarina) for the construction, remodeling and upgrading of aerodromes and airports of regional and state interest. Through the Federal Program of Aid to Airports (*Programa Federal de Auxílio*

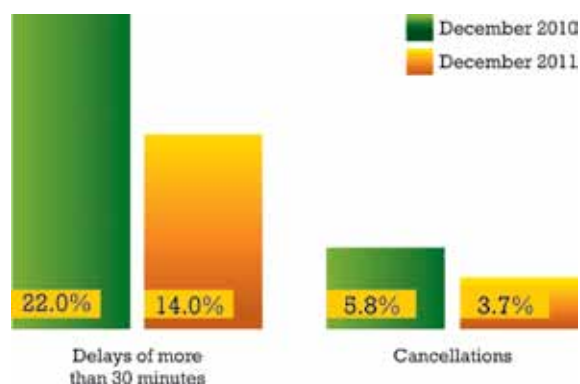
*a Aeroportos* - PROFAA), R\$106.5 million will be invested between 2011 and 2013, of which R\$73.6 million will come from the federal government and R\$32.9 million from the states that signed the agreement.

### AIRPORT MANAGEMENT

Twelve Airport Authorities and Airport Management Centers (*Centros de Gerenciamento Aeroportuários* - CGA) were created in 2011, to act directly in solving the everyday problems of airports by coordinating the actions of government agencies to expedite decision-making processes. Under the coordination of the National Committee of Airport Authorities (*Comissão Nacional das Autoridades Aeroportuárias* - CONAERO) established in August 2011, the strategy has yielded good results.

In December 2011, even with a 9% increase in passenger traffic in relation to the same month in 2010, there was a 31% reduction in the number of delays of more than 30 minutes. Moreover, the rate of flight cancellations in December 2011 stood at 3.7%, lower than the 5.8% recorded in December 2010.

Percentage of flights cancelled or delayed in Brazilian airports



Source: Infraero.



# Rural development

## Increased support for family agriculture

The launch of the Brazil Rural Network and the delivery of machines to open, recover and preserve local roads improve the conditions for the flow and marketing of family agriculture products

### RURAL BRAZIL NETWORK

The Rural Brazil Network is a virtual platform that facilitates access of family farmers to supplies, the consumer market, logistics and public policy. The portal will be operational in March. The website to register in or access the Rural Brazil Network is:

<http://www.redebrasilrural.mda.gov.br/>

Through this virtual platform, family farmers are able to:

- Compare prices of supplies and transport;
- Make purchases with the BNDES credit card through their cooperatives and associations;
- Buy equipment, machinery and implements;
- Sell products directly to retailers or consumers through e-commerce;
- Sell their production to the Food Acquisition Program (*Programa de Aquisição de Alimentos - PAA*) and the National School Feeding Program (*Programa Nacional de Alimentação Escolar - PNAE*) through their cooperatives and associations.





## MACHINES TO IMPROVE LOCAL ROADS

In December 2011, 114 backhoes were delivered in Rio Grande do Sul for the opening, rehabilitation and maintenance of local roads, corresponding to the first batch of machines tendered for this purpose under PAC 2. This year, another 71 backhoes have been delivered, one per municipality, to 31 municipalities in the state of Espírito Santo, 20 in the state of Rio de Janeiro and 20 in the state of Santa Catarina.

In total, 1,299 municipalities with population up to 50,000 have been selected in 26 states. Of these municipalities, 1,275 will receive backhoes and 12 will receive graders. The estimated investment for the supply of the machines to the selected municipalities is R\$270 million.

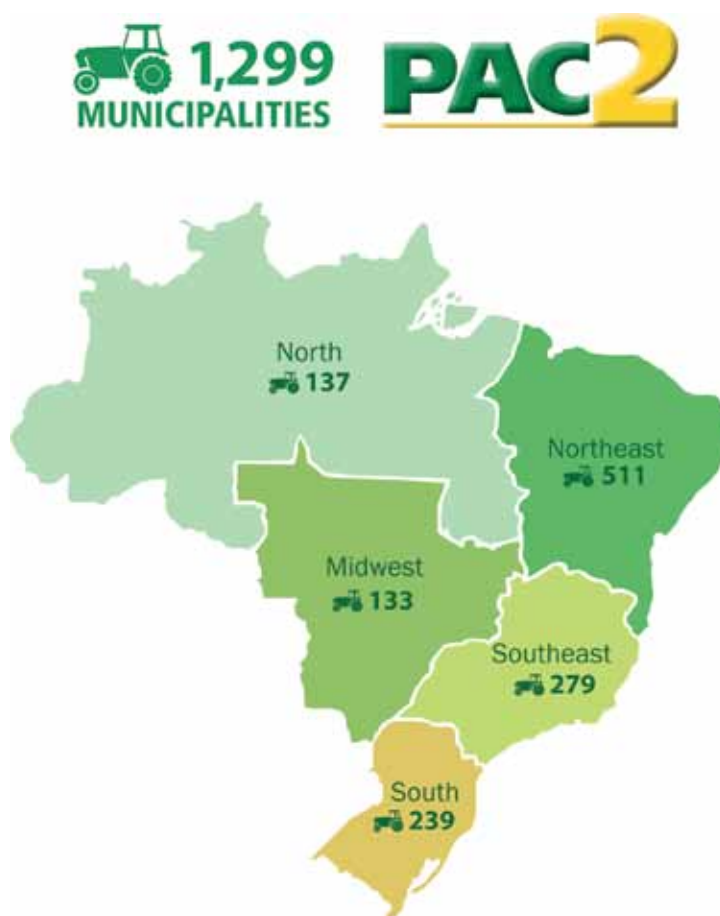
By 2014, the total investment in machines for the opening, rehabilitation and maintenance of local roads is estimated at R\$1.8 billion.

Improved roads of access to rural areas will enable enhancing flow and marketing conditions for family agriculture products, in addition to ensuring better living conditions for the rural population in many ways, including facilitating school transport and rural tourism.

## AGRARIAN REFORM COUPLED WITH SUPPORT TO SETTLEMENTS

In 2011, 108 new settlements were established and 1.9 million hectares of land were incorporated, benefiting over 22,000 families under the National Agrarian Reform Program. As a result, settlement projects occupy an area of 87.5 million hectares, which are home to 931,600 families or about 4.3 million people.

Number of Municipalities Granted Machines for  
Local Roads - 1st selection - PAC 2



### Actions to support and monitor settlements:

- **Credit:** allocation of R\$477.6 million, benefiting 61,200 families.
- **Technical Assistance:** in 2011, 288,100 settled families received productive, social and environmental follow-up and guidance.

- **Education and Professional training:** in 2011, 17,000 settled farmers attended basic education, higher education and specialization courses, in addition to secondary-level technical vocational courses, under the National Education in Agrarian Reform Program.

- **Situation of settlements:** in 2011, technical inspections were carried out in 28,200 lots, to assess the regularity of the settlements. The “Land Reform: This achievement is not for sale” campaign was launched to curb the sale of land. The goal of the campaign is to ensure that the land is destined to those who really need it.

- **Basic infrastructure:** construction of 3,400 km of roads to facilitate commuting for families and the flow of agricultural production. Other families have benefited from the construction or renovation of 23,700 houses and 261 water supply systems.

## LAND OWNERSHIP

A total of 55,300 properties were regularized in 2011. In tune with the Brazil without Extreme Poverty Plan, the action ensures legal certainty to smallholders.

## SMALL PRODUCERS MAY REFINANCE THEIR DEBT

Since November 2011, small producers with loans under the National Program for Strengthening Family Agriculture (*Programa Nacional de Fortalecimento da Agricultura Familiar* - PRONAF) have been able to renegotiate debts of up to R\$30,000. The payback period is up to ten years, at the effective interest rate of 2% per year.

The initiative benefits producers in default as well as those who are current with payments but are struggling to make the payments.

For family farmers in the South who live in municipalities in a situation of emergency or public calamity due to drought recognized by the federal government, the deadline for payment of contracts under PRONAF has been extended to July 31, 2012. The measure applies to financing already renegotiated from previous harvest crops and financing and investment related to the 2011/2012 harvest.

In this period, reports on losses will be prepared, allowing farmers with operations covered by agricultural insurance to receive the resources from this protection. More than 85% of financing in the South are already covered by the Family Agriculture Insurance (*Seguro da Agricultura Familiar* - SEAF), which means more than 390,000 contracts and an amount of R\$3.1 billion insured in the 2011/2012 harvest.

# Federal State Relationship

## Partnerships with states and municipalities

Improved fiscal situation increases the investment capacity of states. Civil Defense Payment Card available to all states and municipalities

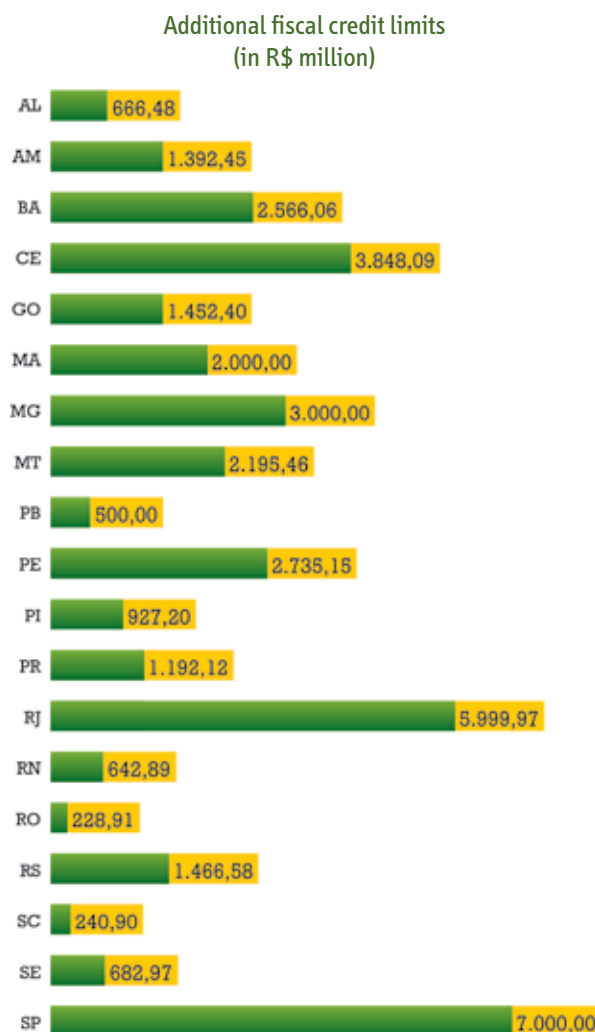
### ANOTHER THREE STATES WITH INCREASED FISCAL CREDIT

The increase in fiscal credit limits for Goiás, Santa Catarina and Rio Grande do Norte closed the review of fiscal adjustment programs. The additional limits for the three states total R\$2.336 billion, to be invested in infrastructure, sanitation and rural and urban mobility projects.

The review of state fiscal adjustment programs covered 23 of the 25 states participating in the programs. Only three states have not requested new credit operations. The new credit operations authorized for 20 states ensure an additional R\$39.37 billion for investments that are essential for Brazil to continue to grow as well as to create more jobs and stimulate regional development. They also express the federative partnership between the Federal Government and states, which strengthens the fiscal soundness of the Brazilian State while creating the conditions for continued growth.

### CIVIL DEFENSE PAYMENT CARD AVAILABLE TO ALL MUNICIPALITIES

Since January 31, 2012, the Civil Defense Payment Card may be used by all 5,565 municipalities, as well by all states and the Federal District. As a result, Union funds provided in cases of disasters can be used in a more expedited and transparent



manner. The card is used exclusively for the payment of expenses related to relief efforts, assistance to victims and restoration of essential services such as the purchase of drinking water, mattresses and food baskets.

Each state or municipality benefiting from the card should appoint a financial manager and one or more bearers, who will receive their respective cards. Bearers must be civil servants or hold the position of state or municipal secretary. A manual explaining the procedures to use the card is available at [www.defesacivil.gov.br](http://www.defesacivil.gov.br).

### SANITATION IN SMALL MUNICIPALITIES

PAC 2 is investing R\$2.9 billion, with funds from the Federal Government Budget (*Orçamento Geral da União* - OGU) in sanitation projects in municipalities with population of up to 50,000.

These resources will finance the implementation of systems for water supply, sanitary sewage and sanitary sewage static solutions, in addition to project design. A total of R\$2.6 billion will be invested in civil works and R\$300 million in projects.

About 3,000 municipalities in all states should be assisted. The number of proposals selected total 3,769, and 1,842 projects had been commissioned by March 2102, totaling R\$2.4 billion.

The amount of R\$1.1 billion in FGTS and FAT funds is also available for loans to small municipalities for basic sanitation projects; 134 proposals for

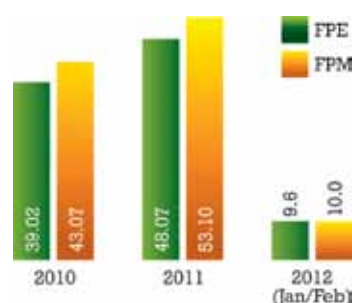
water supply and sanitation have been selected, which will benefit 125 municipalities in 13 units of the federation.

### INCREASED CONSTITUTIONAL TRANSFERS

In the first two months of 2012, the State Participation Fund (*Fundo de Participação dos Estados* - FPE) transferred R\$9.6 billion and the Municipal Participation Fund (*Fundo de Participação dos Municípios* - FPM) transferred R\$10 billion to states and municipalities, respectively.

In 2011, transfers from the FPE totaled R\$48.07 billion and those from the FPM, R\$53.10 billion, after the amounts earmarked for FUNDEB. This result translates into a 23.2% increase in the FPE and 23.3% in the FPM, compared to 2010 results.

Transfers to the FPE and the FPM (in R\$ billion)



Source: National Treasury Secretariat / Finance Ministry.



# Brazil and the World



# Brazil and the World

The period was marked by a more dynamic bilateral agenda, stronger relations with Latin American and the Caribbean nations and the country's preparations for Rio + 20

## REGIONAL AND MULTILATERAL AGENDA

### Community of Latin American and Caribbean States (CELAC)

In December 2011, in Caracas, the Heads of State and Government of Latin America and the Caribbean formalized the operation of the new Community of Latin American and Caribbean States (CELAC).

Formed by the 33 countries in the region, CELAC will promote cooperation, political consensus and the international projection of Latin America.

The Community reflects a new concept of Latin America and the Caribbean, by articulating the cooperation and integration policies, aiming at solving the problems of the region based on inter-regional synergies (economic development, fight against poverty and extreme poverty and environmental protection among others).

### XLII Summit of Presidents of MERCOSUR and Associated States

Held in December 2011 in Montevideo, the Summit was attended by the Heads of State of Brazil, Argentina, Uruguay, Paraguay, Venezuela and Ecuador. Among the main results achieved were:

- Approval of a mechanism authorizing MERCOSUR Member States to raise, until December 2014, the rates of import duty on up to 100 products imported from countries outside the region;

- Creation of a High Level Group to define, together with the Government of Ecuador, the conditions for the country's accession to MERCOSUR as a full member;
- Organization of the Specialized Women's Meeting, giving a new status to the treatment of gender issues within the Bloc;
- Decision to adopt, within the framework of the Strategic Social Action Plan (*Plano Estratégico de Ação Social* - PEAS), Annual Regional Social Strategies to guide the implementation of the Plan. The year 2012 will be dedicated to the "Eradication of Extreme Poverty and Hunger in MERCOSUR";
- Signature of the Protocol of Montevideo, which improves consultation and cooperation mechanisms between MERCOSUR member States in cases of threat or disruption of the democratic order, in line with the Additional Protocol to the Constitutive Treaty of UNASUR on Commitment to Democracy;
- Signing of a Free Trade Agreement between MERCOSUR and Palestine, reaffirming the support of MERCOSUR Member States for the establishment of the Palestinian State.

### II Meeting of the South American Infrastructure and Planning Council (COSIPLAN) of UNASUR

The Meeting was held in Brasília, in November 2011. Among the main results achieved were:

- Approval of the 2012-2022 Strategic Action Plan (SAP), which seeks to incorporate mechanisms for social participation in infrastructure projects and improve the tools for the financing and execution of civil works;
- Approval of the Agenda of Priority Integration Projects (*Agenda de Projetos Prioritários de Integração - API*), with investments worth US\$13.6 billion in 31 major projects, including environment, protection of indigenous peoples and preservation of the historical-cultural heritage; and
- Approval of the creation of three Working Groups:
  - South American Railway Integration, which will hold discussions on the construction of the Bioceanic Railway Corridor;
  - Telecommunications, which will address the creation of a South American Optical Ring;
  - Funding and Guarantees Mechanisms, which will develop financial equations to enable API projects, with the support of national and regional development banks.

### XI Meeting of Ministers of Foreign Affairs of the Amazon Cooperation Treaty Organization (ACTO)

Held in Manaus in November 2011, the Meeting decided to create the “Amazon Observatory”, a permanent forum of scientific authorities to assess the status of biodiversity studies.

During the meeting, besides the final document entitled “Manaus Commitment”, a Joint Declaration was signed for the Rio+20 Conference, in which ACTO countries reaffirm their commitment to sustainable and inclusive development and emphasize the need for greater commitment from

developed countries to the provision of financial resources for the socio-environmental agenda.

Brazil has highlighted the importance of reducing inequality and promoting social justice on the international and domestic agendas of Amazon countries and proposed that issues related to social development and poverty should be prioritized in new ACTO projects.

### 17<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) and 7th Meeting of the Parties to the Kyoto Protocol

The Conference was held in Durban, South Africa, from November 28 to December 11, 2011, with the following results:

- The second commitment period of the Kyoto Protocol shall begin in 2013. From then on, developed countries will have quantified obligations to reduce greenhouse gas emissions. The continuity of the Protocol strengthens the multilateral treatment of the climate change issue and preserves the only binding international instrument defining specific mitigation commitments. Its maintenance was a priority for Brazil; and
- The negotiation process through the so-called “Durban Platform for Enhanced Action” was launched.

### Preparations for the Rio+20 Conference

On January 10, 2012, the UN published the first version of the Final Declaration of the Conference - “Draft Zero”. The text will be the basis for negotiations during the Rio+20.

The results of the first round of discussions on the “Draft Zero” were presented during the

Fourth Meeting of the National Committee for the Conference, held in New York from January 25-27. The committee is composed by Government and Civil Society representatives, and is responsible for preparing Brazil's positions. The next round will be held on March 19, also in New York.

### Global Bioenergy Partnership

In November 2011, the Steering Committee of the Global Bioenergy Partnership (GBEP), co-chaired by Brazil and Italy, approved the report entitled "Sustainability Indicators for Bioenergy".

There are 24 indicators for the sustainable production and use of bioenergy, being eight for each sustainability pillar: economic, social and environmental.

Its purpose is to offer interested policy makers a tool to support the development of national bioenergy policies and programs and monitor their impact, as well as to interpret and respond to environmental, social and economic impacts of bioenergy production and use.

Brazil and Italy co-chair the GBEP since 2008 and their mandate was just renewed for an additional year.

### Visit of the Executive-Director of UN Women to Brazil

The Undersecretary-General of the United Nations and Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) visited Brazil from December 14-16, 2011.

On the occasion, she officially delivered the Report on Social Protection Floor for a Fair and Inclusive Globalization to the Brazilian President and

addressed issues related to the Brazilian experience in fighting poverty and hunger, to South-South cooperation in the area of gender and to the prospects for the Rio+20 Conference regarding gender and women's empowerment.

In Rio de Janeiro, the Executive-Director of UN Women also visited the Brazilian Joint Center for Peacekeeping Operations (*Centro Conjunto de Operações de Paz do Brasil* - CCOPAB).

### High Level Ibero-American Summit to celebrate the International Year For People of African Descent

The Brazilian President chaired the High Level Ibero-American Summit to celebrate the International Year for People of African Descent, held in Salvador on November 19, 2011.

The meeting was attended by the Presidents of Cape Verde, Guinea and Uruguay, the Vice-President of Colombia and the Ministers of Culture of Angola, Benin, Cuba and Peru.

The Declaration of Salvador, which recommended the establishment of a "Statistical Data Observatory for People of African Descent in Latin America and the Caribbean" and the creation of the "Ibero-American Fund for the Benefit of People of African Descent," based on voluntary contributions, was adopted during the meeting.

## BILATERAL AGENDA

### Visit to Venezuela

The first presidential visit to Venezuela was held on December 6. On the occasion, 11 agreements were signed in the areas of popular housing, science and technology, finance, civil aviation, energy and oil and agriculture.

### Visit to Argentina

A presidential visit to Argentina was held on December 10, on the occasion of the inauguration of the Argentinean president.

The first bilateral meeting with the President of Honduras after normalization of bilateral relations also occurred during said visit.

### Visit of the Prime Minister of France

On December 16, the Prime Minister of France paid an official visit to Brazil, when the strategic partnership between the two countries was reaffirmed, with special emphasis on the strengthening of existing ties in high technology areas and in the field of higher education and research under the Science without Borders Program.

### Visit of the President of the Republic of Guinea

The President of the Republic of Guinea paid an official visit to Brazil from November 17-22. The two heads of state declared their intention to strengthen bilateral relations, especially in the areas of mining, energy and agriculture.

The visit was important for the discussions of investments by Brazilian companies in the region of Simandou, Guinea. During the visit, the two nations signed a Technical Cooperation Agreement and agreed to start negotiations for the establishment of a credit line by BNDES.

### Visits to Cuba and Haiti

Between January 30 and February 1st, official visits were paid to Cuba and Haiti.

In Cuba, the willingness to contribute to the success of the process to modernize the Cuban econo-

mic model was ratified. The two governments also agreed to strengthen cooperation in the food and technical-scientific areas, especially in the field of health. The visit was also aimed to increase the presence of Brazilian companies in Cuba.

In Haiti, the commitment to the sovereignty, stability and economic and social development of the country was reaffirmed. In addition to its role in the UN Mission for Stabilization in Haiti (MINUSTAH), the Brazilian agenda in that country is focused on technical cooperation, support for infrastructure projects and on the effort to attract productive investments capable of boosting the Haitian economy.

Brazil and Cuba are working to structure a public health system in Haiti and currently maintain programs in the areas of food security, family agriculture, housing, training of personnel, citizen security and civil defense. In the area of energy infrastructure, Brazil is working to enable the hydroelectric power plant of Artibonite 4C, with a capacity of 32 MW, in order to meet the demand of one million Haitians (approximately 10% of the country's overall population).

### Visit of the Prime Minister of Finland

On February 14, the Prime Minister of Finland paid an official visit to Brazil. The Heads of Government discussed possible areas for cooperation for the coming years, with an emphasis on defense, environment and tourism.

## HUMANITARIAN COOPERATION

Humanitarian cooperation is an important vector of international action for Brazil.

Besides contributing to the food security of populations of other countries, Brazil has increased the provision of humanitarian assistance to countries affected by disasters, epidemics, earthquakes, tsunamis and internal conflicts. Initiatives range from the donation of funds to the provision of professionals, medicines and food.

In 2011, Brazil ranked tenth among the countries that contribute to the World Food Program (WFP), the largest humanitarian agency of the United Nations.

The beneficiaries of the main actions of humanitarian aid in 2011, through donation of funds, were the following:

- Nicaragua and Honduras, after the Tropical Depression 12-E;
- United Nations Relief and Works Agency for Palestine Refugees, for the reconstruction of Gaza;
- United Nations High Commissioner for Refugees, in favor of refugees, IDPs and vulnerable people in Haiti, Rwanda and Kenya;

- World Food Program, for humanitarian cooperation to Cambodia;

- Red Cross, for assistance to victims of natural disasters in Thailand;

- United Nations Children's Fund (UNICEF), in support of humanitarian actions undertaken by the organization in Turkey;

- United Nations Development Program (UNDP), under the "National Plan for Prevention and Combat of Forest Fires". Humanitarian assistance was provided through the Brazilian Embassy in La Paz;

- World Food Program, UN Population Fund and UNESCO, for aid to Haiti;

- United Nations Mine Action Service (UNMAS), to support demining efforts in Libya.

In January 2012, aid was also provided to transport volunteer firefighters of IBAMA's National Center for Prevention and Combat of Forest Fires, who left on a mission to fight forest fires in south-central Chile.

#### **NORMATIVE RESOLUTION NO.97 OF 12 JANUARY 2012, ISSUED BY THE NATIONAL IMMIGRATION COUNCIL**

The resolution offers Haitian citizens the possibility to be issued a special permanent visa for a period of up to five years, without the need to demonstrate professional qualification or present an employment contract. The initiative aims to organize the growing flow of Haitian immigrants into Brazil, following the earthquake in Haiti in January 2010, mainly to avoid risks associated with the physical integrity and dignity of immigrants and the threat of exploitation by criminal networks.





# Normative Agenda

# Economic and Financial

## Provisional Presidential Decree

549 of 11.17.2011	<ul style="list-style-type: none"> <li>Reduces to zero the rates of contribution to the PIS (Social Integration Program) / COFINS (Social Security Financing) levied upon products intended for people with visual impairments, such as electronic magnifiers, cochlear implants, artificial eyes, mouse, scanners and keyboards.</li> </ul>
550 of 11.17.2011	<ul style="list-style-type: none"> <li>Authorizes the federal government to provide economic subsidies to official federal financial institutions in the form of equalization of interest rates and other financial charges on financing operations for the acquisition, by individuals, of assistive technology goods and services for people with disabilities, up to a maximum of R\$25 million a year.</li> <li>Authorizes the use of funds from sight deposits received by financial institutions for credit transactions intended to low-income people and microentrepreneurs, provided that the amounts of the transactions are used exclusively to purchase assistive technology goods and services for persons with disabilities.</li> </ul>
552 of 12.01.2011	<ul style="list-style-type: none"> <li>Increases to R\$85,000 (eighty five thousand reais) the price of property considered as project of incorporation of property of social interest under the My House, My Life program, in the special taxation regime applicable to property development.</li> </ul>
554 of 12.23.2011	<ul style="list-style-type: none"> <li>Authorizes the Federal Government to provide economic subsidy under the National Microcredit Program (<i>Programa Nacional de Microcrédito Produtivo Orientado</i> - PNMPPO) to encourage employment and income generation among popular microentrepreneurs, in the form of equalization of part of the costs to which financial institutions are subjected in order to contract and follow up transactions of oriented productive micro-credit up to the annual limit of R\$500 million.</li> <li>Authorizes the Federal Government to provide economic subsidy to official federal financial institutions in the form of equalization of interest rates in financing transactions for fuel ethanol storage, with the aim to reduce price volatility and contribute to the stability of supply.</li> </ul>
556 of 12.23.2011	<ul style="list-style-type: none"> <li>Improves the social contribution system for active civil servants.</li> <li>Includes as beneficiaries of the Incentive Tax System for the Modernization and Expansion of the Port Structure (REPORTO), dredging companies of bonded warehouses of the secondary zone and the professional training centers.</li> <li>Sets at December 31, 2015 the deadline for acquisitions and imports supported by REPORTO.</li> <li>Following the same rule adopted by Provisional Presidential Decree No. 552, extends the commercial value of housing units under the My House, My Life Program, so that the company responsible for building the housing units can be authorized, on an optional basis, to make tax payments in a unified manner.</li> <li>Provides for the collection of the amount attributed to the selling producer under the Special Regime of Reinstatement of Tax Amounts for Exporting Companies (REINTEGRA).</li> <li>Increases the specific Cide rate in the import and domestic marketing of fuel ethanol.</li> </ul>
558 of 01.05.2012	<ul style="list-style-type: none"> <li>Changes the limits of National Parks in the Amazon, Campos Amazônicos and Mapinguari, National Forests of Itaituba I and Itaituba II and Crepori and the Environmental Protection Area of Tapajós.</li> <li>Establishes that areas not flooded by the Power Plants of Tabajara, São Luiz do Tapajós and Jatobá should be reintegrated to the conservation units by act of the Executive Branch.</li> </ul>

## Constitutional Amendment

Constitutional Amendment 68 of 12.21.2011	<ul style="list-style-type: none"> <li>Sets the period (up to December 31, 2015) of enforcement for the decoupling of 20% (twenty percent) of the taxes and social contributions collected by the Federal Government and of intervention in the economic domain, through the amendment to art. 76 of the Temporary Constitutional Provision Act on the decoupling of budget revenues.</li> </ul>
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## Laws

139 of 11.10.2011 (Complementary Law)	<ul style="list-style-type: none"> <li>Improves the National Statute of Micro and Small Enterprise, especially with regard to Individual Micro-entrepreneurs (<i>Microempreendedor Individual</i> - MEI).</li> <li>Simplifies the procedures for starting, registering, changing and closing business for MEIs.</li> <li>Changes the revenue limits for classification as micro and small enterprise.</li> </ul>
12543 of 12.08.2011 (Greater Brazil)	<ul style="list-style-type: none"> <li>Authorizes the National Monetary Council, for purposes of monetary and exchange policy, to establish specific conditions for negotiating derivative contracts.</li> <li>Establishes as responsible for the collecting of IOF the institutions authorized to operate in the purchase and sale of bonds and securities, when operating in bonds and securities; and, when operating derivative contracts, the entities authorized to register such contracts.</li> <li>Amends the rules related to IOF, such as the maximum rate in derivative contracts.</li> </ul>
12545 of 12.14.2011	<ul style="list-style-type: none"> <li>Provides for the Export Financing Fund (<i>Fundo of Financiamento à Exportação</i> - FFEX), including authorization for the Federal Government to participate, within the overall limit of up to R\$ 1 billion, in the Export Financing Fund (FFEX) for the formation of its assets.</li> <li>Increases the list of sectors to which the Federal Government is authorized to grant economic subsidies, in the interest rates equalization and granting of default bonuses modalities, on interests in financing operations, including assistive technologies for people with disabilities.</li> </ul>
12546 of 12.14.2011	<ul style="list-style-type: none"> <li>Establishes the Special Regime of Reinstatement of Tax Amounts for Exporting Companies (REINTEGRA).</li> <li>Provides for the reduction of the Tax on Industrialized Products (IPI) for the automotive industry.</li> <li>Amends the model of incidence of social security contributions owed by specific sectors.</li> <li>Amends the taxation model for cigarettes.</li> <li>Prohibits the use of cigarettes, cigars, pipes or any other smoking product whether or not derived from tobacco, in closed collective, public or private premises and restricts the advertising of such products.</li> </ul>
12593 of 01.18.2012	<ul style="list-style-type: none"> <li>Establishes the Federal Government's Multi-Year Plan for the period 2012-2015.</li> </ul>
12595 of 01.19.2012	<ul style="list-style-type: none"> <li>Estimates the revenue and sets the Federal Government's expenditure for financial year 2012 (LOA 2012).</li> </ul>

## Decrees

7600 of 11.07.2011	<ul style="list-style-type: none"> <li>Reduces to zero the rate of tax levied on imports of inputs purchased by companies benefiting from the Program of Support for the Technological Development of the Semiconductor Industry (PADIS), including machinery, devices, tools, equipment and software that are incorporated into fixed assets.</li> <li>Sets at January 22, 2015 the deadline for companies to submit research and development projects.</li> <li>Sets the rules related to the percentage of investment in research and development and the deadlines for submitting reports.</li> </ul>
7601 of 11.07.2011	<ul style="list-style-type: none"> <li>Provides for the application of margin of preference in bidding procedures held within the federal public administration for the purchase of apparel, footwear and other artifacts, with a view to promoting sustainable national development.</li> </ul>
7604 of 11.10.2011	<ul style="list-style-type: none"> <li>Amends regulatory provisions relating to the Tax on Industrialized Products (IPI) in the automotive industry resulting from Law 12546/2011.</li> </ul>
7617 of 11.17.2011	<ul style="list-style-type: none"> <li>Amends the Regulations of the Old Age and Disability Grant (<i>Benefício de Prestação Continuada</i> - BPC).</li> </ul>
7619 of 11.21.2011	<ul style="list-style-type: none"> <li>Regulates the concession of IPI tax rebates in the acquisition of solid waste from Waste Collector Cooperatives.</li> </ul>
7623 of 11.22.2011	<ul style="list-style-type: none"> <li>Regulates the use of traceability in the production chain of beef and buffalo meat and regulates Law 12097 of November 24, 2009.</li> </ul>
7631 of 12.01.2011	<ul style="list-style-type: none"> <li>Reduces the Tax on Industrialized Products (IPI) on some household appliances such as refrigerators and stoves.</li> <li>Reduces to zero the IPI rate on synthetic paper for printing books and newspapers.</li> </ul>
7632 of 12.01.2011	<ul style="list-style-type: none"> <li>Reduces the rates of the Tax on Financial Operations for credit transactions by individuals.</li> <li>Establishes the zero rate for various exchange operations contracted by foreign investors, so as to foster the flow of resources into the country.</li> </ul>
7633 of 12.01.2011	<ul style="list-style-type: none"> <li>Regulates the Special Regime of Reinstatement of Tax Amounts for Exporting Companies (REINTEGRA).</li> </ul>
7641 of 12.01.2011	<ul style="list-style-type: none"> <li>Amends rules relating to transfers of federal funds through agreements and transfer contracts.</li> <li>Sets at 16 of January of 2012 the deadline for all government agencies to interconnect to the Transfer Agreements and Contracts Management System (SICONV).</li> <li>Establishes deadlines for implementation of functionalities in SICONV.</li> </ul>
7644 of 12.16.2011	<ul style="list-style-type: none"> <li>Regulates the Program for Fostering Rural Productive Activities, authorizing the Ministries of Social Development and Fight Against Hunger and of Agrarian Development to jointly implement the program through direct transfer of non-reimbursable funds and the provision of technical assistance services.</li> </ul>
7655 of 12.23.2011	<ul style="list-style-type: none"> <li>Regulates Law 12382 of February 25, 2011, providing for the minimum wage of R\$622 (six hundred twenty six reals), effective as of January 1st, 2012.</li> </ul>
7657 of 12.23.2011	<ul style="list-style-type: none"> <li>Amends Decree 7403 of December 23, 2010, establishing the rule of transition for the allocation of royalties and of special participation owed to the direct federal administration in relation to the production of oil, natural gas and other hydrocarbon fluids in pre-salt areas contracted under the concession regime, as provided for in § 2, Art. 49 of Law 12351 of December 22, 2010.</li> </ul>



# Social

## Provisional Presidential Decree

557 of 12.26.2011 Amended on 01.27.2012 (Stork Network)	<ul style="list-style-type: none"> <li>Establishes the National System of Registration, Surveillance and Monitoring of Pregnant and Postpartum Women for the Prevention of Maternal Mortality, in order to ensure improved access to and coverage and quality of maternal health care, with registration, evaluation and monitoring of pregnancy, childbirth and puerperium, especially in high-risk pregnancies.</li> <li>Authorizes the Federal Government to provide financial benefit to assist the transportation of pregnant women for the purpose of access to health services related to prenatal and childbirth care provided by SUS.</li> </ul>
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## Laws

140 of 12.08.2011 (Complementary Law)	<ul style="list-style-type: none"> <li>Establishes rules for cooperation between the Federal Government, States, the Federal District and Municipalities in administrative actions arising from the exercise of common responsibility related to environmental protection.</li> </ul>
141 of 01.13.2012 (Complementary Law)	<ul style="list-style-type: none"> <li>Regulates § 3, Art. 198 of the Federal Constitution to provide for the minimum amounts to be invested annually by the Federal Government, States, the Federal District and Municipalities in public health activities and services; establishes criteria for the distribution of transfer funds to health services, and rules to inspect, assess and control health-related expenditures in the three spheres of government; revokes the provisions of Laws 8080 of September 19, 1990 and 8689 of July 27, 1993.</li> </ul>
12522 of 11.11.2011	<ul style="list-style-type: none"> <li>Amends the Budget Guidelines Law 2011 (LOA) to waive the requirement for entities engaged in Indigenous health care, assistance to drug addicts, fight against extreme poverty and assistance to persons with disabilities to present the charitable entity certification in order to receive the transfer of funds in the form of social grants.</li> </ul>
12527 of 11.18.2011	<ul style="list-style-type: none"> <li>Regulates access to information under item XXXIII of Art. 5; item II, § 3 of Art.37; and § 2 of Art. 216 of the Federal Constitution, establishing procedures, restrictions and responsibilities with the aim of ensuring the fundamental right of access to information.</li> </ul>
12528 of 11.18.2011	<ul style="list-style-type: none"> <li>Creates the National Truth Commission for the purpose of reviewing and clarifying serious human rights violations committed during the military regime, in order to ensure the right to memory and historical truth and promote national reconciliation.</li> </ul>
12550 of 12.15.2011	<ul style="list-style-type: none"> <li>Authorizes the Executive Branch to create a public company called Brazilian Company of Hospital Services (EBSERH), whose purpose is the provision of free medical and hospital care, outpatient and diagnostic and therapeutic support services to the community.</li> </ul>
12551 of 12.15.2011	<ul style="list-style-type: none"> <li>Promotes change in the Consolidation of Labor Laws (CLT) to define the non-discrimination between work done at the employer's premises, work done at the employee's home and distance work.</li> <li>Equates electronic means and personal and direct means of work command, control and supervision.</li> </ul>



## Laws (continuation)

12562 of 12.23.2011	<ul style="list-style-type: none"> <li>Establishes provisions for the prosecution and trial of intervening representation before the Supreme Court, and regulates item III, Art. 36 of the Federal Constitution.</li> </ul>
12592 of 01.18.2012	<ul style="list-style-type: none"> <li>Provides for the exercise of the professional activities of Hairdresser, Barber, Esthetician, Manicure, Pedicure, Epilator and Make-up Artist, requiring that these professionals meet the health standards, including the sterilization of materials and instruments used in serving their customers.</li> </ul>
12594 of 01.18.2012	<ul style="list-style-type: none"> <li>Establishes the National System of Socio-Educational Services (SINASE) and regulates the implementation of socio-educational measures for adolescent offenders.</li> <li>Amends the Statute of the Child and Adolescent so as to set limits and procedures for the deduction from income tax of the amounts donated to national, district, state or municipal Funds for the Rights of Children and Adolescents.</li> </ul>

## Decrees

7602 of 11.07.2011	<ul style="list-style-type: none"> <li>Provides for the National Policy of Health and Safety at Work (PNSST), which aims at promoting health and improving the quality of life of workers and the prevention of accidents and damages to health arising out of, or related to work or occurring in the course of work, by eliminating or reducing risks at the workplace.</li> </ul>
7611 of 11.17.2011	<ul style="list-style-type: none"> <li>Provides for special education and specialized educational services aimed at securing the provision of specialized supporting services to remove barriers that may obstruct the educational process of students with disabilities, pervasive developmental disorders and high skills or giftedness.</li> <li>Admits the dual enrollment of regular education students from public schools who receive specialized educational assistance.</li> </ul>
7612 of 11.17.2011	<ul style="list-style-type: none"> <li>Establishes the National Plan of Rights of Persons with Disabilities (Living without Limits Plan) for the purpose of promoting, through the integration and coordination of policies, programs and actions, the full and equal enjoyment of the rights of persons with disabilities.</li> </ul>
7616 of 11.17.2011	<ul style="list-style-type: none"> <li>Provides for the declaration of Public Health Emergency of National Importance (ESPIN), in situations that require the use of urgent measures of prevention, control and containment of risk, damage and threats to public health.</li> <li>Establishes the National Force of the Unified Health System (SUS-FN) as a cooperation program aimed at the implementation of measures of prevention, assistance and repression of epidemiological situations, disaster or assistance to the population.</li> </ul>
7626 of 11.24.2011	<ul style="list-style-type: none"> <li>Establishes the Strategic Plan of Education within the Prison System, with the aim of enhancing and qualifying the supply of education in prisons.</li> </ul>
7634 of 12.05.2011	<ul style="list-style-type: none"> <li>Defines the actions of the Territories of Citizenship Program to be implemented through compulsory transfer to organs and entities of municipalities with population under 50,000.</li> </ul>
7636 of 12.07.2011	<ul style="list-style-type: none"> <li>Provides for the financial support of the Union for federative entities, for the purpose of improving social assistance services, programs, projects and benefits, based on the Decentralized Management Index of the Unified Social Assistance System (IGDSUAS).</li> </ul>

## Decrees (continuation)

7637 of 12.08.2011	<ul style="list-style-type: none"> <li>Amends the Decree establishing the Integrated Plan to Fight Crack and Other Drugs, so as to strengthen the policy, its governance and priority actions.</li> </ul>
7642 of 12.13.2011	<ul style="list-style-type: none"> <li>Establishes the Science without Borders Program, with the objective of ensuring the development and training of highly qualified people in foreign universities, vocational and technological education institutions and research centers of excellence, and attracting to Brazil young talents and foreign researchers of high qualifications in areas of knowledge defined as priorities.</li> </ul>
7646 of 12.21.2011	<ul style="list-style-type: none"> <li>Provides for the National Commission for the Incorporation of Technology into the Unified Health System and for the administrative process for the incorporation, exclusion and modification of health technologies by the Unified Health System (SUS), among other measures.</li> </ul>
7649 of 12.21.2011	<ul style="list-style-type: none"> <li>Promotes changes in the National Youth Inclusion Program (PROJOVEM) by transferring to the Ministry of Education the responsibility for the Urban PROJOVEM.</li> <li>Reduces from two to one year the full cycle of activities under the Adolescent Socio-Educational Service PROJOVEM.</li> <li>Defines monitoring and follow-up tasks for the Urban PROJOVEM for the General Secretariat of the Presidency of the Republic.</li> </ul>
7664, of 01.12.2011	<ul style="list-style-type: none"> <li>Establishes new parameters for withdraws from accounts linked to the Employer's Dismissal Fund (FGTS) in cases of natural disasters.</li> </ul>
7647 of 12.21.2011	<ul style="list-style-type: none"> <li>Provides for the mandatory display of audiovisual works of the Brazilian movie industry by companies that own, rent or lease commercial public exhibition facilities.</li> </ul>

## Infrastructure

### Provisional Presidential Decree

551 of 11.22.2011	<ul style="list-style-type: none"> <li>Changes the percentage of the existing surplus on airport fees for investment in improvements, re-equipment, reform, expansion and depreciation of airport facilities.</li> <li>Changes the distribution of the surplus between the portion of direct use by the Federal Government and the portion to be invested in the states, by agreement, through the Federal Program of Support to Airports, to be created.</li> <li>Allocates to FNAC the portion related to international boarding fees.</li> <li>Defines and consolidates, in the law itself, the resources of FNAC.</li> <li>Creates the flight connection fee.</li> <li>Breaks down into three fees, the two fees for the use of facilities and services intended to support and secure air navigation.</li> <li>Amends the INFRAERO Law to authorize the company to establish subsidiaries and participate in other companies.</li> <li>Determines that ANAC and the Ministry of Defense shall redefine tariff fees, arising from the changes set forth in this Provisional Decree.</li> </ul>
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## Laws

12529 of 11.30.2011	<ul style="list-style-type: none"> <li>Provides for the prevention and repression of offenses against the economy.</li> <li>Reformulates the Brazilian Competition Policy System (BCPS) and the Administrative Council of Economic Defense (CADE).</li> <li>Creates the General Superintendence of CADE and extinguishes the Secretariat of Economic Law (SDE) within the Ministry of Justice.</li> </ul>
12587 of 01.03.2012	<ul style="list-style-type: none"> <li>Establishes the principles, guidelines and objectives of the National Urban Mobility Policy.</li> <li>Contributes to universal access to the city, the promotion and fulfillment of the conditions that contribute to the implementation of the principles, objectives and guidelines of the urban development policy through the planning and democratic management of the National Urban Mobility System.</li> <li>Provides definitions for urban transportation.</li> </ul>

## Decrees

7603 of 11.09.2011	<ul style="list-style-type: none"> <li>Regulates the conditions for approval of investment projects considered as priorities in the area of infrastructure or research-, development- and innovation-intensive economic production.</li> </ul>
7615 of 11.17.2011	<ul style="list-style-type: none"> <li>Amends the Decree providing for the procedures to be followed by federal agencies of the Federal Direct Administration regarding the Federal Government actions within the Olympic Public Authority (OPA).</li> </ul>
7624 of 11.02.2011	<ul style="list-style-type: none"> <li>Establishes the conditions for exploitation, by the private sector, of airport infrastructure through concession.</li> </ul>
7625 of 11.24.2011 and 7662 of 12.28.2011	<ul style="list-style-type: none"> <li>Defines actions of the Growth Acceleration Program to be implemented through compulsory transfer.</li> </ul>
7656 of 12.23.2011	<ul style="list-style-type: none"> <li>Amends the regulation of the Light for All Program to allow projects that have been commissioned or were in the process of being commissioned by October 30, 2010, to be included in the "LIGHT FOR ALL" Program in the period 2011-2014.</li> </ul>

## International

### Decree of Promulgation

7667 of 01.11.2012	<ul style="list-style-type: none"> <li>Promulgates the Constitutive Treaty of the Union of South American Nations (UNASUR) signed in Brasília on May 23, 2008.</li> </ul>
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