

Highlights

The background of the cover is a photograph of a modern architectural structure. It features a large, curved, metallic-looking wall or sculpture that dominates the left and center. To the right, a tall, slender flagpole stands against a sky with scattered clouds. The overall color palette is dominated by the metallic grey of the structure and the blue of the sky.

November | 2012

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Introduction

This third and final 2012 edition of Highlights features the main programs launched between July and October this year and the results of priority Federal Government actions carried out in the 22 months of the current administration through October.

The chapter Brazil in Figures reviews the data from the 2011 National Household Sample Survey (*Pesquisa Nacional por Amostra de Domicílios – PNAD*), which boasts new indicators of social progress in Brazil, reaffirming the trend towards less inequality and a more dynamic labor market, besides greater access to goods as the 2010 Census had already shown. Despite the serious nature of the international crisis, the Brazilian economy continues to create jobs, thus maintaining the unemployment rate at its lowest historical level. The basic interest rate, Selic, has also reached its lowest level ever, setting an extremely important condition for the future dynamism of investment and economic growth.

Close to the end of the second year of President Dilma Rousseff's administration, the priority programs of the Federal Government boast positive results, with impacts on the quality of life and the creation of opportunities for Brazilian men and women, as shown in the chapter *Management Highlights*. The Brazil without Extreme Poverty (*Brasil sem Miséria*) Plan, reinforced by the Caring Brazil (*Brasil Carinhoso*) Program, has secured millions of families a way out of extreme poverty; 40.4% of funds under the Growth Acceleration Program (*Programa de Aceleração do Crescimento – PAC*) planned through 2014 have already been invested; and the My House, My Life (*Minha Casa, Minha Vida*) Program has already surpassed the mark of two million housing units commissioned, and in October was close to reaching the mark of one million houses delivered. Other topics covered in the chapter include incentives to productive investment, the new Forest Code, the continuous reduction of Amazon deforestation, the increase in the credit limit of states to accelerate their investments, and an assessment of the actions to cope with drought in the semiarid region.

A summary report of the country's multilateral and bilateral agenda is presented in the chapter *Brazil and the World*, with an emphasis on activities related to regional integration, especially now that Brazil is holding the pro tempore presidency of Mercosur. The main acts signed in the period are described in the chapter *Normative Agenda*.

The editors of Highlights acknowledge the invaluable support of Federal Government agencies, which provided the information contained herein. Comments and suggestions from readers are critical to improving the publication and can be e-mailed to destaques.secom@planalto.gov.br.

Enjoy your reading!

The Highlights Team

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Brazil in Figures

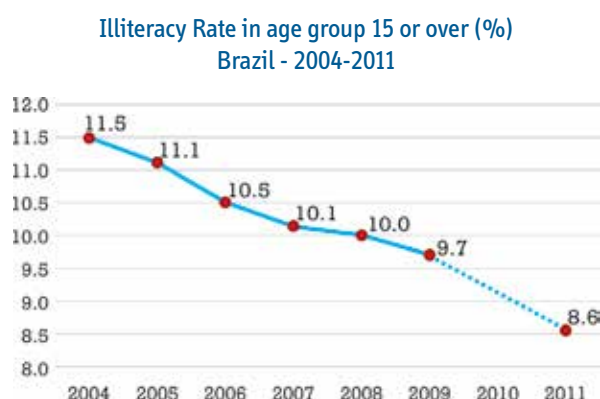
National household sample survey 2011

New social advances in Brazil

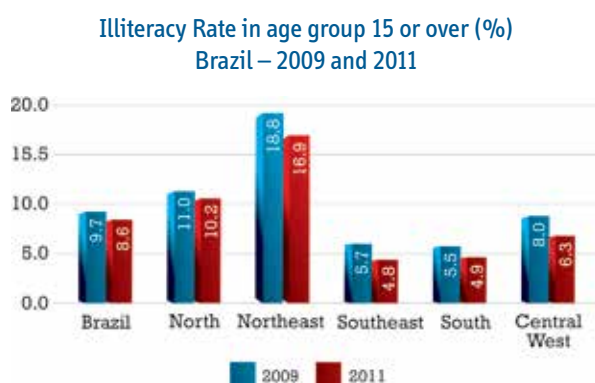
Reduced illiteracy, unemployment and inequality; increased access to durable goods

REDUCED ILLITERACY

The illiteracy rate among people aged 15 and over fell from 9.7% in 2009 (14.1 million people) to 8.6% (12.9 million people) in 2011. Illiteracy is concentrated increasingly in older age groups: in 2011, people over 50 years old accounted for 63.6% (8.2 million) of the total number of illiterates in the country.

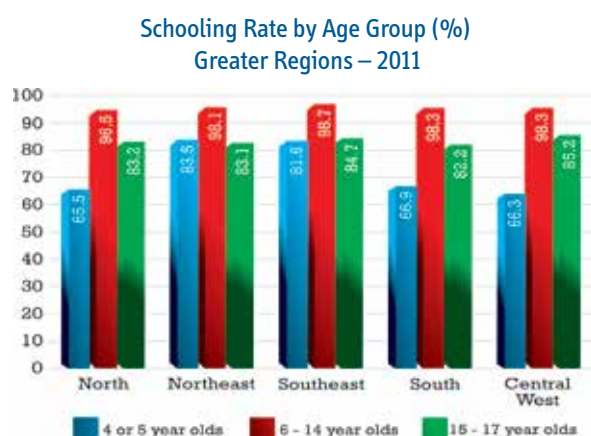


The Northeast, which concentrates 52.7% of the country's illiterates, reported the largest drop: from 18.8% in 2009 to 16.9% in 2011.



NORTHEAST BOASTS THE HIGHEST SCHOOLING RATE AMONG 4 AND 5 YEAR OLDS

The 0.6% increase in the schooling rate of children 6 to 14 years old reported since 2009 and which reached 98.2% in 2011, indicates the guarantee of universal access to primary education. In age group 4 and 5 years, the highest rate is found in the Northeast (83.5%), followed by the Southeast (81.6%).



PUBLIC SCHOOL NETWORK ENROLLS 78.4% OF THE COUNTRY'S STUDENTS

In 2011, there were 53.8 million students in Brazil. Up to secondary education, most of these students were enrolled in public schools: 73.5% in pre-school; 87% in literacy and elementary education; and 87.2% in secondary education. In higher education, this situation is reversed - the private network catered to most of the 6.6 million students (73.2% of university students). Between 2009 and 2011, however, the public school network increased its share from 23.3% to 26.8%.

UNEMPLOYMENT RATE AT ITS LOWEST HISTORICAL LEVEL

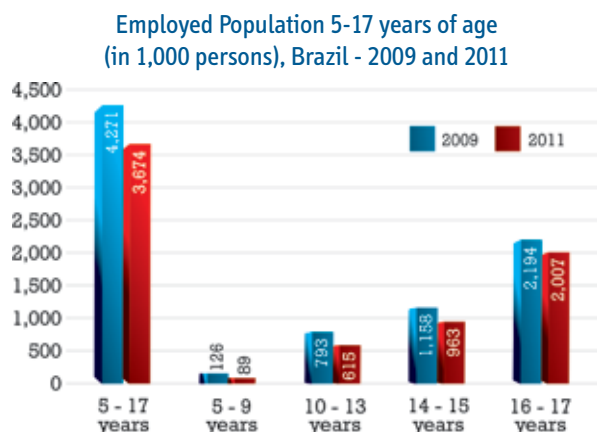
The fall of the unemployment rate from 8.2% in 2009 to 6.7% in 2011 was reported in all regions of Brazil. The lowest rates were found in the South (4.3%) and Central-West (5.8%), and the highest in the Northeast (7.9%). The unemployed population decreased from 8.2 million people in 2009 to 6.6 million in 2011, while the employed population increased from 91.4 million to 92.5 million people over the same period.



The greater formalization of labor relations is confirmed by the increasing number of employees with a formal contract in the private sector, which rose from 70.2% in 2009 to 74.6% in 2011.

DECLINE IN CHILD LABOR

Between 2009 and 2011, 597,000 children or adolescents left the labor market. The highest reduction (23.5%) was reported in age group 5-13 years.



The employment level among 5 to 17 year olds continued its downward trend, having dropped from 9.8% to 8.6% between 2009 and 2011. Of the employed children and adolescents in this age group, 80.4% attended school and 37.9% performed unpaid work (production for own consumption or construction for own use).

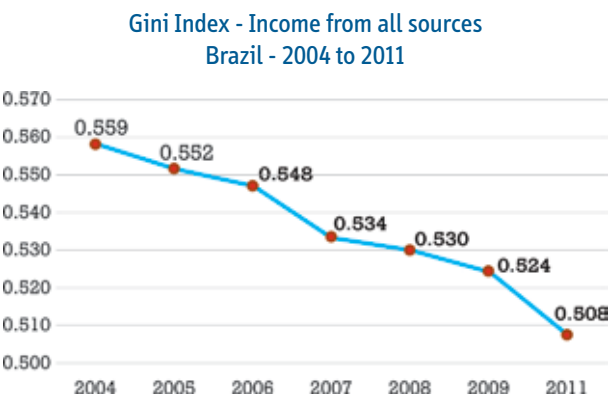
Most of the children and adolescents in age group 5 to 13 years (63.5%) were engaged in agricultural activities.

HIGHER INCOME FOR BRAZILIANS

The average monthly income from work in 2011 was R\$ 1,345, against R\$ 1,242 in 2009 - a real growth of 8.3%. This increase occurred in all tenths of income distribution, and was higher in the lowest income range considered: 29.2% in the first tenth (the 10% with the lowest income). The second, fourth and fifth tenths also reported significant increases of 27.0%, 12.4% and 13.6% respectively.

INCOME INEQUALITY CONTINUES DOWNWARD TREND

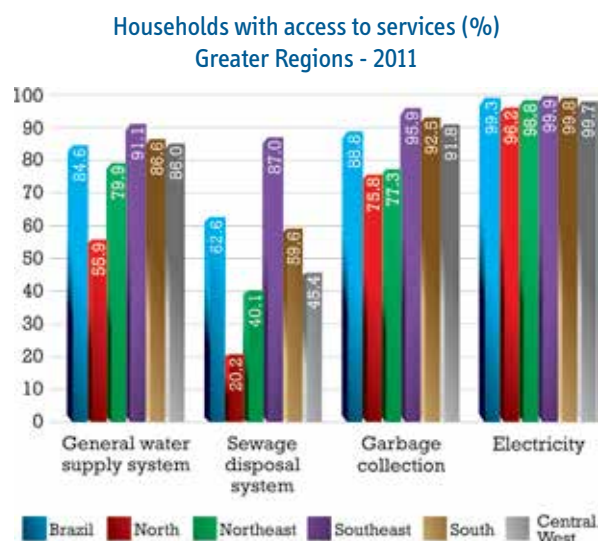
Income concentration continued to fall in Brazil: the Gini index fell from 0.524 to 0.508 between 2009 and 2011. Labor income inequality declined from 0.518 to 0.501, and household income inequality fell from 0.509 to 0.501 over the same period.



The Northern region was the only one to report an increase of the Gini index, which rose from 0.488 to 0.496 between 2009 and 2011. The most significant decline occurred in the South (0.483 to 0.461). The highest indices were reported in the Northeast (0.522) and Central-West (0.520) in 2011. In the Southeast, the index increased from 0.495 to 0.480 over the same period.

INCREASED ACCESS TO BASIC SERVICES

The number of households connected to the public water supply system increased from 84.3% to 84.6% of the total number of households between 2009 and 2011, indicating that 2.5 million households have been connected to the supply system.



The overall number of households connected to the sewage disposal system also increased from 59.1% to 62.6% over the same period, representing an additional 3.8 million households connected. The number of households benefiting from garbage collection has also increased, having reached 88.8% in 2011. In 2011, access to electricity had become nearly universal. The number of households with electri-

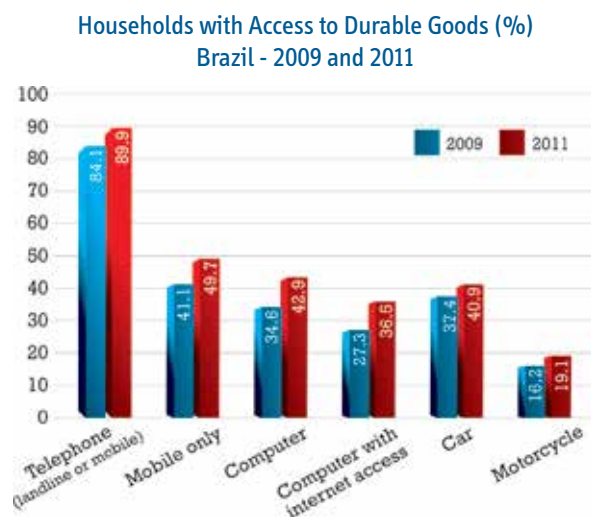
city grew from 98.9% to 99.3% of total households between 2009 and 2011, which corresponds to an additional three million homes with electricity.

COMPUTER WITH INTERNET ACCESS WAS THE GOOD WHOSE PRESENCE INCREASED THE MOST IN BRAZILIAN HOMES

In 2011, 36.5% of households had a computer with Internet access, compared to 27.3% in 2009. The number of households with a computer increased from 34.6% to 42.9%.

The number of households with telephone service (mobile or landline) also increased from 84.1% to 89.9%. The proportion of households with mobile telephone access alone grew from 41.1% to 49.7%.

In 2011, 98.6% of households had a stove, 95.8% had a refrigerator and 96.9% had television. The number of households with washing machines also increased significantly from 44.3% to 51.0%. The number of households with cars increased from 37.4% to 40.9%. In the case of motorcycles, the increase was even greater, from 16.2% to 19.1% of households.



Economic scenario

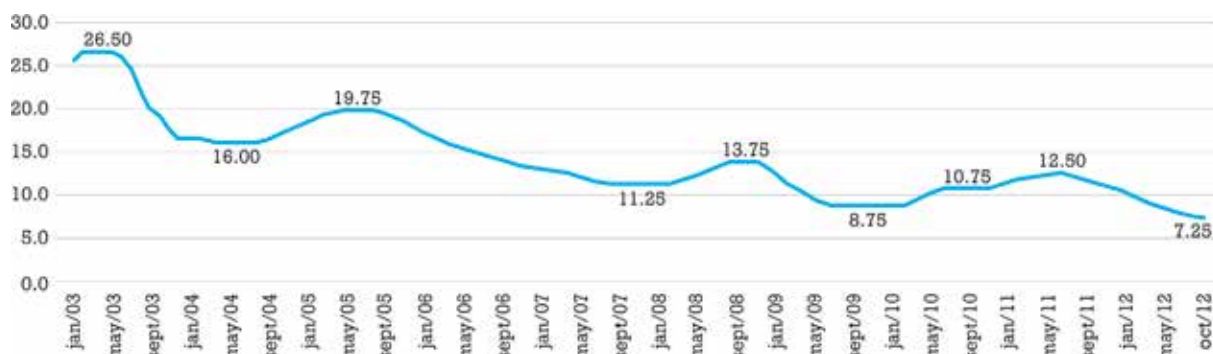
SELIC and unemployment rate at the lowest historical levels

The change in the level of interest rates occurs with economic stability and continuous employment expansion

The SELIC rate continued the downward trend started in August 2011, having reached another milestone in October, when it was set at 7.25% by the Monetary Policy Committee (*Comitê de Políti-*

ca Monetária – COPOM). The reduction in interest rates favors the tax result, reduces taxes on productive investment and decreases the pressure of capital movements on the exchange rate.

Basic Interest rate - SELIC –January 2003 – October 2012 – % / year



Source: Central Bank of Brazil

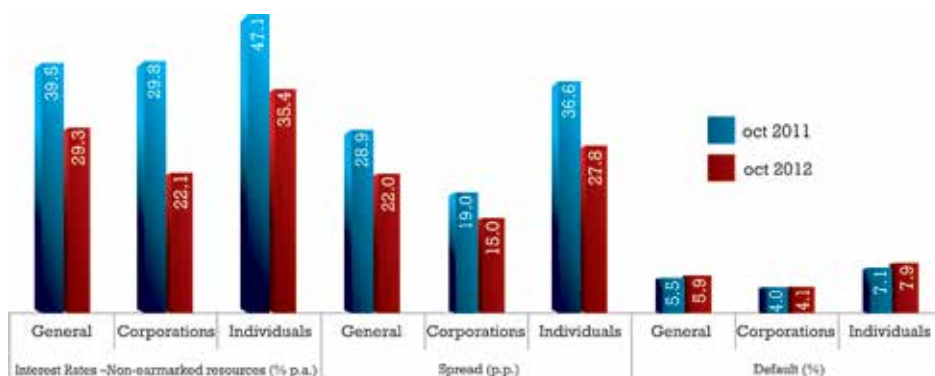
CREDIT

The overall volume of credit continues to grow in the country, having totaled R\$ 2.3 trillion in October, with R\$ 1.4 trillion of non-earmarked resources and R\$ 830.4 billion of targeted loans. In the past 12 months, these amounts represented an increase of 16.6% in

the total volume of credit and of 4.4 p.p. in the credit-to-GDP ratio, which reached 51.9% in October.

The expansion occurred concomitantly with the reduction in average interest rates for legal entities and individuals alike, as well as of banking spreads. In the last 12 months, the average interest rate fell 10.2 percentage points while spreads dropped 6.9 p.p.

Interest rates, spread and credit delinquency with non-earmarked resources - variation in the last 12 months



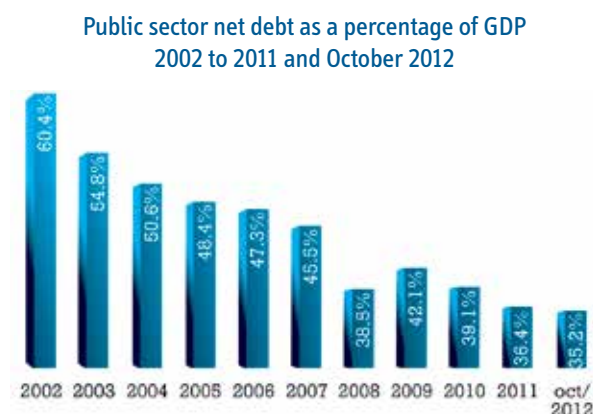
Source: Central Bank of Brazil

TAX RESULT

The primary surplus of the consolidated public sector (central government, regional governments and state-owned companies) totaled R\$ 88.2 billion in the year-to-date (January to October), accounting for 2.42% of GDP.

In the same period, the Central Government surplus - which includes, besides the Federal Government, the Central Bank and the Social Security Institute – accounted for R\$ 64.1 billion (1.76% of GDP).

In recent years, the fiscal policy has promoted a continuous reduction of the public debt. In October, the net debt of the public sector accounted for 35.2% of GDP.



Source: Central Bank of Brazil and Ministry of Finance

PRICE BEHAVIOR

In 2012, price indices have been showing a slowdown compared to 2011, on a convergence trajectory towards the center of the target. The year-to-date

Broad Consumer Price Index (IPCA) and National Consumer Price Index (INPC) Year-to-date to October 2011 and 2012



Source: IBGE

IPCA (January to October 2012) fell 1.05 percentage points against the same period of 2011.

FOREIGN TRADE AND INVESTMENT

Foreign trade remains at a high level. In the first ten months of 2012, exports totaled US\$ 202.4 billion, the 2nd largest amount ever for the period from January to October, second only to the record amount exported in the same period of 2011 (US\$ 212.1 billion). The share of manufactured products in total Brazilian exports grew from 49.9% to 50.7% when comparing the period January-October 2012 with the same period of 2011.

Imports totaled US\$ 185 billion, representing also the 2nd highest amount in the time series for the period, with a decline of 0.9% compared to the record amount imported in the same period of 2011 (US\$ 186.7 billion).

In the year-to-date from January to October, FDI reached US\$ 55.3 billion, the second highest amount for the period, with a decrease of 1.2% compared to the record level achieved in the same period of 2011 (US\$ 56.0 billion).

ECONOMIC ACTIVITY

In the third quarter of 2012, Gross Domestic Product at market prices grew 0.6% in relation to the previous quarter, with a growth of 2.5% in Agriculture, 1.1% in Industry and no change in Services.

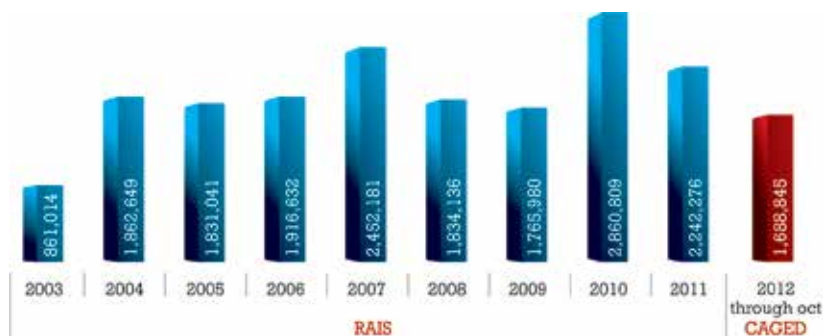
In the year-to-date through the first three quarters of 2012, Gross Domestic Product at market prices increased 0.7% over the same period of 2011. The Services sector grew 1.5%, while the Industrial and Agricultural sectors retreated 1.1% and 1.0% respectively. GDP grew 0.9% year-to-date in 2012.

EMPLOYMENT

Data from the Annual Social Information Report released in September show that the third largest employment generation in the time series started

in 1985 was reported in 2011, with 2.2 million new formal jobs. A total of 1,688,845 formal jobs were created in the first ten months of 2012, reflecting a growth of 4.46% over December 2011.

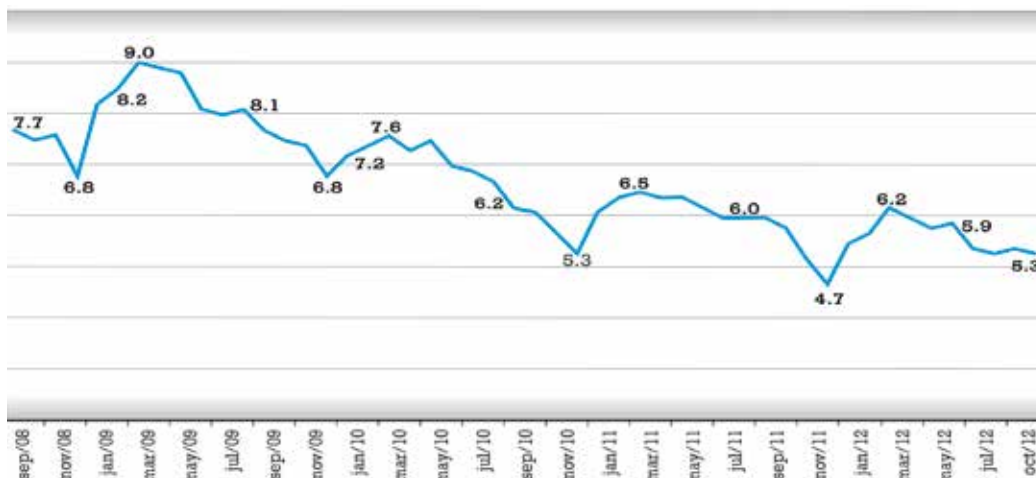
Number of jobs created between 2003 and 2012



The unemployment rate measured by IBGE in the six largest metropolitan areas reported, in recent months, the lowest values since 2002, the begin-

ning of the current survey series. In October, the rate was 5.3%, the lowest level ever for the month.

Evolution of unemployment rate in the six metropolitan areas
September/2008 - October/2012



Source: Monthly Employment Survey / IBGE

Note: The six metropolitan areas surveyed are Belo Horizonte, Porto Alegre, Rio de Janeiro, Recife, Salvador and São Paulo



Management Highlights

Eradiation of extreme poverty

Brazil without Extreme Poverty (*Brasil sem Miséria*)

Nine years into Family Grant (*Bolsa Família*) coupled with the sanctioning of Provisional Presidential Decree on Caring Brazil (*Brasil Carinhoso*) strengthen actions to eradicate extreme poverty in Brazil

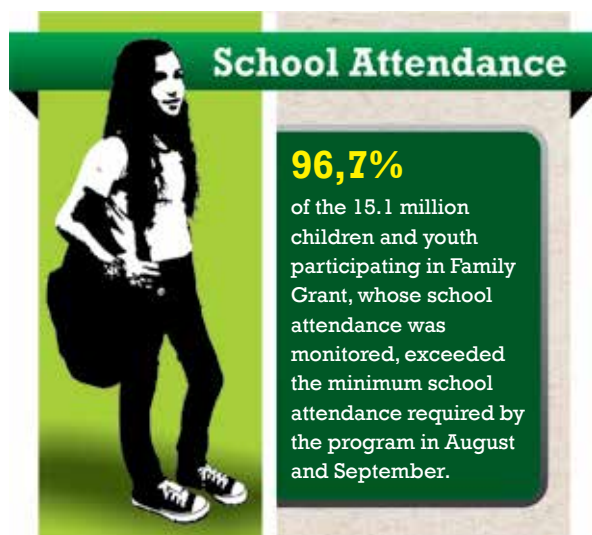
INCOME GUARANTEE

Family Grant (*Bolsa Família*)

In October the program reached the mark of 13.7 million beneficiary families nationwide. In 2012 alone, R\$ 17.3 billion were transferred to Family Grant beneficiaries. Most of the payments were made in the Northeast, which concentrates 51% of beneficiary families (7 million).

Active search: by August, 781,900 extremely poor families had been included in the Unified Registry and are now receiving the Family Grant benefit.

Low-income pregnant and lactating women: in October, additional benefits were paid to 195,600 pregnant women, who must attend prenatal care services appropriately, and to 216,100 lactating women, thus ensuring mother and child better health and nutrition conditions.



On October 20, the Family Grant Program celebrated its ninth anniversary, having already benefited over 50 million people at a cost of 0.46% of GDP. The importance of the benefit can be seen in its multiplier effect on local economies, in the school achievement and attendance of children and adolescents, in prenatal care and in breastfeeding. During this period, Family Grant has become a model cash transfer program in the world and one of the most recommended initiatives by the UN.

Caring Brazil (*Brasil Carinhoso*)

In October, R\$ 186,3 million were transferred to 2.16 million families, benefiting about 7 million people, of whom 2.8 million are children in age group 0-6 years. Most of these children (57.6%) live in the Northeast.

Iron Supplement: since May 2012, 2.2 million doses of ferrous sulfate have been distributed to 735,000 children under 5 years old and 57 million tablets have been handed out to pregnant women.

Vitamin A supplementation: the number of children being treated with megadoses of vitamin A has increased 50% since the launch of the program, having reached the mark of 2.9 million children, 573,000 of them during the August vaccination campaign.

Benefit for overcoming extreme poverty in early childhood

297,461 families
1,322,573 people
• 418,212 children 0 - 6 years old
R\$ 27,521,596



North

1,266,441 families
5,138,876 people
• 1,626,153 children 0 - 6 years old
R\$ 106,444,762

Northeast

Central-West

83,619 families
288,047 people
• 111,346 children 0 - 6 years old
R\$ 7,228,236

Southeast

South

111,120 families
431,763 people
• 140,710 children 0 - 6 years old
R\$ 9,725,284

406,379 families
1,518,144 people
• 526,771 children 0 - 6 years old
R\$ 35,369,868

Total Brazil (october/2012):
2,165,020 families
8,699,403 people
• 2,823,192 children 0 - 6 years old
R\$ 186,289,746

Additional resources for day care centers catering to children from Family Grant beneficiary families: 2,673 municipalities reported 368,300 *Bolsa Família* children enrolled in 21,900 day-care centers, with transfers worth R\$ 205 million in 2012.

School feeding: the amount transferred for the purchase of school meals increased 66.7%, benefiting 5.5 million children in daycare centers and preschool.



Law 12,722 guaranteeing the benefits of the Caring Brazil action was sanctioned in October.

URBAN PRODUCTIVE INCLUSION

National Program for Access to Technical Education and Employment (*Programa Nacional de Acesso ao Ensino Técnico e Emprego - Pronatec*) for BSM: until October, 512,700 places had been offered to low-income people, with 233,700 students enrolled. Of these, 66% were women and 44.8% young people between 18 and 28 years of age. The states with the highest number of enrollments are Rio Grande do Sul (38,000), São Paulo (18,900), Pernambuco (18,400), Minas Gerais (17,800) and Bahia (17,400). The places offered include over 400 technical and vocational courses.

National Microcredit Program (*Crescer*): from when the program was created in September 2011 to October 2012, 2.87 million transactions had been processed, totaling R\$ 3.61 billion. In 2012 alone, 2.26 million transactions were processed.

RURAL PRODUCTIVE INCLUSION

Incentive to rural productive activities

Technical Assistance and Rural Extension (*Assistência Técnica e Extensão Rural - ATER*): through October, 180,000 families of extremely poor farmers had technical assistance guaranteed. Of these, 28,000 are already being monitored.

Incentive: 16,400 families had received incentives in the amount of R\$ 1,000 through October. The other two payments of R\$ 700 each will be made at six-month intervals. The funds are used to implement the productive structuring project prepared and monitored by ATER agents.

Light for All (*Luz para Todos*)

Since January 2011, the Light for All Program has made 130,800 electric connections, benefiting extremely poor families enrolled in the Family Grant Program.

Water for All (*Água para Todos*)

Up to 164,200 cisterns have been delivered to families in the semi-arid region included in the Unified Registry. Since 2003, more than 489,000 cisterns have been built. The cisterns are reservoirs that enable families to save water for consumption and food preparation during the drought.

Green Grant (*Bolsa Verde*)

Through October, 30,600 families who live or work in national forests, federal extractive or sustainable development reserves and environmentally sustainable settlements were receiving the quarterly payment of R\$ 300 for the conservation of environmental assets.

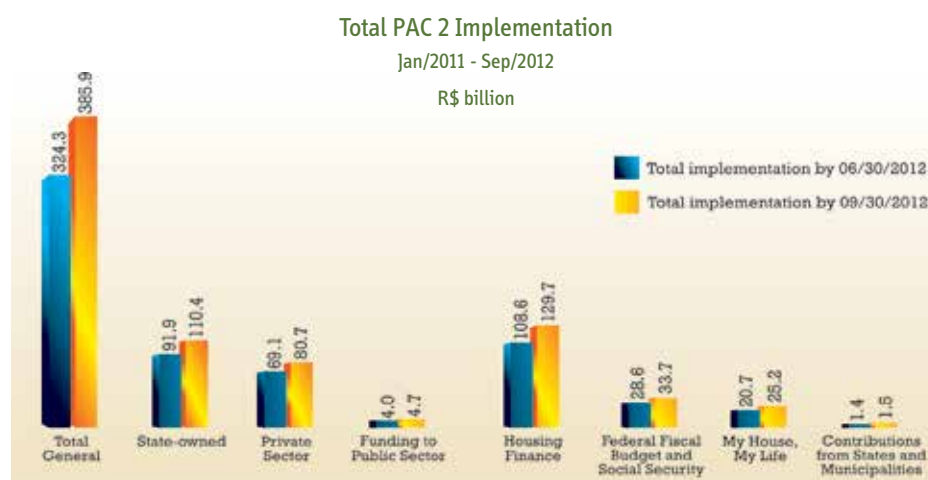
Infrastructure

38.5% of PAC2 construction projects have been completed

Investment in highly complex actions and construction projects to improve Brazil's infrastructure

Through September 2012, the implementation of the Growth Acceleration Program (*Programa de Aceleração do Crescimento* - PAC 2) was the largest since the program inception in 2007. Investments in 21 months totaled R\$ 385.9 billion, ac-

counting for 40.4% of the total amount planned to be spent by 2014. R\$ 61.6 billion were invested in the July-September quarter of 2012 alone, reflecting a 19% increase over the same period of 2011.



Source: Ministry of Planning, Budget and Management.

INFRASTRUCTURE WORKS COMPLETED

The works completed represent an investment of R\$ 316.6 billion, of which R\$ 272.7 billion were spent in 2011 and 2012, accounting for 38.5% of the projects planned to be completed by 2014. Key achievements include:

- **Roads:** 1.120 km.
- **Railroads:** 459 km.
- **Ports:** 14 projects.
- **Airports:** 16 projects.
- **Equipment for side roads:** 1,275 backhoes delivered.
- **Electricity generation:** 4,244 megawatts added.

- **Electricity transmission:** 3,308 km of transmission lines and 13 substations.
- **Light for All:** 337,903 connections provided.
- **Oil and gas exploration and production:** 17 projects.
- **Refining and Petrochemical Industry:** 13 projects.
- **Fertilizers and Natural Gas:** 7 projects.
- **Shipbuilding Industry:** one drill rig built and contract signed to fund the construction of 229 vessels and 7 shipyards.
- **Sanitation:** 465 projects.
- **Prevention in risk areas – Drainage:** 32 projects.
- **Urban mobility:** Fortaleza subway system – West Line completed.

- **My House, My Life II:** 953,645 housing units commissioned.
- **Housing Financing:** 780,955 contracts signed.
- **Urbanization of precarious settlements:** 826 projects.
- **Water resources:** 19 projects, 42 sewage systems, and 177 locations with water supply systems.
- **Water in urban areas:** 447 projects.

WORKS BEING EXECUTED NATIONWIDE



- **Roads:** 2,795 km being duplicated and adequated; 5,318 km under construction and being paved.
 - Duplication of 81 km of the BR-101 road (RN) completed, which is strategic for the economic development of the Northeast.
 - Paving of BR-470 road (RS) completed, which will improve the flow of local production and access between the state of Rio Grande do Sul and the ports of Santa Catarina.
 - Roads maintenance: between July and October, maintenance work was commissioned for 13,800 km of roads, meaning that 22,100 km of the national road network are covered by Road Rehabilitation and Maintenance Contracts (*Contrato de Reabilitação e Manutenção de Rodovias - Crema*). In addition, bids have been published for 30,800 km of roads. Signage on 27,101 km of highways has also been completed.
- **Railways:** 2,672 km under construction.
 - Completion of 163 km of the Ferronorte railway, from Alto Araguaia to Itiquira, which is an important stretch for transporting the agricultural production of the Central-West.
- **Airports:** 22 projects in 17 airports.

- Sixteen projects in 10 airports have been completed and the capacity of Brazilian airports has increased by more than 13 million passengers per year.
- **Ports:** 27 projects in 12 ports.
 - The Paperless Port program is fully operational in 26 ports in Brazil: Rio de Janeiro (RJ), Santos (SP), Vitória (ES), Salvador (BA), Aratu (BA), Ilhéus (BA), Fortaleza (CE), Pecém (CE), Barra do Riacho (ES), Recife (PE), Suape (PE), Itaguaí (RJ), Niterói (RJ), Angra dos Reis (RJ), Forno (RJ), Cabedelo (PB), Natal (RN), Areia Branca (RN), Maceió (AL), Itajaí (SC), Laguna (SC), São Francisco do Sul (SC), Imbituba (SC), Paranaguá (PR), Antonina (PR) and São Sebastião (SP).

- **Waterways:** 21 waterway terminals under construction.



- **Pre and Post-Salt exploratory wells:** 285 wells started: 138 offshore and 147 onshore, of which 203 have been completed.
- **Electricity generation:** 135 projects in progress, which will increase the country's generation capacity by 28,022 MW. Eleven hydroelectric power plants, 28 thermal power plants, 87 wind farms, and 9 small hydroelectric power plants are under construction.
- **Electricity transmission:** 23 lines are under construction, totaling 10,657 km, besides 21 electricity transformer substations.
- **Refining and Petrochemical Industry,** with an emphasis on the following projects:
 - Abreu e Lima Refinery in the state of Pernambuco – 64% of the works completed;

- Petrochemical Complex of Rio de Janeiro – 41% of the works completed;
- Premium I Refinery in the state of Maranhão – 7.6% of the works completed.

ELECTRICITY GENERATION CAPACITY HAS INCREASED

- HPP Santo Antônio (RO) is partially operational, with six turbines in operation, capable of generating 417 MW.
- HPP Passo do São João (RS) has been completed and is generating power for the Southern Region.
- Belo Monte (PA), the largest power generation plant under construction in the world, with generation capacity of 11,233 MW; 16% of the works have been completed.
- The reservoir of HPP Jirau (RO) is being filled. The use of the most modern turbines with water line operation will enable reducing the size of the flooded area.
- Production has begun at the FPSO Cidade de Anchieta platform (ES), with a production capacity of 100,000 barrels / day, accounting for 5% of domestic production. This platform is intended exclusively for the production of the pre-salt layer of Parque das Baleias.



Social Facilities

- 99.8% of the 7,563 Basic Health Units (UBS) have been commissioned and 99.7% of the 275 Emergency Care Units (*Unidades de Pronto Atendimento – UPA*) selected.
- Contracts have been signed for 99.8% of the 3,019 selected daycare centers and preschools.
- Contracts have been signed for 99.6% of the 2,862 selected sports courts.
- 100% of the 359 Sports and Culture Squares have been commissioned in 325 municipalities of the 26 states and the Federal District. Of this total, 109 are under construction.



Water and Sanitation

- Water in Urban Areas: 97% of the R\$ 13.3 billion planned for construction projects have been invested, benefiting 1,946 municipalities in 26 states and the Federal District. 91% of the works to increase water supply in João Pessoa (PB) and 80% in Salvador (BA) have been completed.
- R\$ 34.1 billion have been invested in sewerage, solid waste, sanitation, and integrated institutional development projects.
- 99.1% of sanitation works and projects have been commissioned, benefiting some 3,236 municipalities.



Precarious settlements

- 99.3% of urbanization works and projects in precarious settlements have been commissioned, from the total of R\$ 28 billion. One of the highlights of these projects is the urbanization of Vila do Mar, in Fortaleza (CE), where 63% of the works have been completed.
- From the total urbanization projects in precarious settlements commissioned since 2007, 826 have been completed.



Water Resources

- The project for the Integration of the São Francisco River, which will involve investments worth R\$ 8.2 billion, is moving forward. 51% and 26% of the actions have already been implemented in the East and North areas respectively.
- Stretch V of the Water Channel (*Eixão das Águas*) in the state of Ceará mobilizes investments worth R\$ 288 million. With 94% of the works completed, the project is expected to be delivered in April 2013, ensuring the supply of water in Ceará.

- The Algodão Pipeline in Bahia, a system consisting of pumping station, pipeline and water treatment plant, with water catchment from the São Francisco River, was completed in September 2012.



- **Large Cities:** projects supported to increase the supply of quality public transportation in cities with population over 700,000 will directly and indirectly improve the mobility conditions of about 53 million Brazilians in 51 municipalities. R\$ 32.7 billion will be invested, of which R\$ 10.2 billion will come from the Federal Budget, R\$ 12.2 billion from federal banks' loans and R\$ 10.3 billion from state or municipal contributions. These projects include:

- 800 km of new or upgraded pathways, with 600 km of bus lanes and 200 km of tracks.
- 7 new subway lines in 6 cities - Curitiba, Porto Alegre, Belo Horizonte, São Gonçalo, Niterói, Fortaleza, and Salvador.
- 1,060 new trains and LRV.
- 381 new or upgraded passenger terminals and stations.

- **Medium Size Cities:** the process to select projects in cities with population between 250,000 and 700,000 in under way, benefiting more than 27 million people. 71 municipalities have submitted 110 proposals.



- **Slope Retention:** 116 projects have been commissioned in 71 municipalities of 10 states, mobilizing

R\$ 595.3 million. 21 projects have been selected in 27 municipalities of two states, totaling R\$ 594.3 billion.

- **Drainage:** projects worth R\$ 9.9 billion from the total R\$ 13.2 billion have been commissioned to reduce the risk of flooding in 22 states.

- **Risk:** R\$ 4.7 billion have been invested in 57 drainage, flood control and slope retention projects in the states of Minas Gerais (27), Rio de Janeiro (15), Santa Catarina (9), Pernambuco (1) and São Paulo (5).

- **Semiarid region:** to protect the population from the effects of drought in the semiarid region, 159 projects have been selected, which will benefit 10 states. R\$ 2.2 billion will be invested in water supply for human consumption in urban and rural areas, including water mains, reservoirs and dams with distribution system. The states will be responsible for the construction works worth R\$ 1.8 billion; the remaining projects will be executed by the Federal Government.

| State | Projects | R\$ Million |
|--------------|------------|----------------|
| AL | 11 | 187.5 |
| BA | 35 | 648.0 |
| CE | 30 | 195.8 |
| MA | 3 | 39.9 |
| MG | 26 | 201.8 |
| PB | 8 | 95.2 |
| PE | 20 | 274.3 |
| PI | 11 | 318.2 |
| RN | 12 | 110.1 |
| SE | 3 | 156.7 |
| Total | 159 | 2,227.5 |

Economic development

Policies to stimulate economic growth and competitiveness

New programs and expansion of Greater Brazil actions to encourage investment and promote growth in 2013

GREATER BRAZIL (*BRASIL MAIOR*) PLAN

Payroll tax relief

In 2012, 15 sectors benefited from payroll tax relief. In 2013, the number of beneficiaries will increase to 40. Savings for these sectors will total R\$ 3 billion in 2012 and R\$ 12.83 billion in 2013.

| | Estimates for 2013, in R\$ billion | | |
|----------------------|--|---|------------------------------------|
| | BEFORE: Payroll-based contribution | NEW MEASURE: Revenue- based contribution (1 or 2%) | Tax reduction for the sector |
| Manufacturing | 15.07 | 5.97 | 9.10 |
| Services | 3.12 | 1.54 | 1.58 |
| Transports | 3.37 | 1.22 | 2.15 |
| Total | 21.57 | 8.74 | 12.83 |

Source: Ministry of Finance

Accelerated Depreciation

Trucks and wagons: units purchased between September and December 2012 may have their depreciation accelerated from 48 to 12 months. This measure will reduce the basis for calculating income tax and social contribution on net profit, thus providing resources for investment. The expected impact will be R\$ 586 million in 2013.

Capital goods: valid for all purchases of machinery and equipment (agricultural, industrial, and

commercial) made between September 16 and December 31, 2012. The deadline for depreciation was reduced to five years (20% per year). The impact of the measure between 2013 and 2017 will correspond to R\$ 6.8 billion.

Extensions of tax reduction or exemption to stimulate production and employment

Automobiles: exemptions and reductions of the Tax on Industrialized Products (*Imposto sobre Produtos Industrializados* - IPI) have been extended to December 31, 2012. The tax waiver will total R\$ 2.8 billion in 2012. In October, the licensing of new vehicles had reached 341,600 units, reflecting an increase of 21.8% over October 2011.

White Line Appliances: IPI reduction and exemption for high energy efficiency products have also been extended to December 31, 2012. The rate for stoves and wash tubs are kept at zero; for freezers and refrigerators at 5%; and for washing machines at 10%. Savings in the industry in the last four months of the year has been estimated at R\$ 361 million. Until August 2012, the production of White Line appliances had increased 12.1%, following a period of stability in 2011.

Furniture, panels, laminates and lighting fixtures: until December 31, 2012, the IPI rate on these products will be zero. The cost savings resulting from the extension will be R\$ 393 million in the

last three months of the year. Production in the furniture industry has grown for the fourth consecutive year.

Capital Goods: IPI reduction was extended to December 2013, with an estimated tax waiver of R\$ 1.1 billion next year.

Construction Materials: IPI exemptions have been extended to December 2013. New products have been included since September, with zero rate: laminate, solid wood and vinyl flooring, and drywall. The measure will lead to a cost reduction of R\$ 2.2 billion next year for the industry.

Investment Support Program (*Programa de Sustentação do Investimento – PSI*)

The special credit lines for the purchase of capital goods, buses, trucks, machinery and equipment through the PSI, set to end on August 31, have been improved and will be maintained until December 31, 2012. Improvements include a 2.5% reduction in the annual fee to finance machinery and equipment (FINAME) and trucks.

Two new credit lines have been created:

Acquisition of used capital goods: with a provision of R\$ 1 billion, it came into force in September and is intended for the purchase of used and domestically manufactured goods such as machinery, tools, trucks, tractors, truckan trailer, semi-trailers, and aircraft.

Refinancing: in force since September, it is intended to refinance existing debts of companies in the machinery and equipment production sector, and companies in the road cargo sector.

From its creation in 2009 to October 2012, the PSI has provided R\$ 162.6 billion in funding.

Government procurement

Since August, new products have benefited from the margin of preference for domestically manufactured products in government procurement, namely: urban trains (20%); currency printing paper (20%); trucks (17%); and vans (15%).

More resources in the economy - Reduction of reserve requirements on deposits

In September / October, reserve requirements were reduced from 6% to 0% on demand deposits and from 12% to 11% on term deposits. In the months of September and October, the total amount of reserve requirements on deposits decreased by R\$ 29.5 billion. In the year-to-date through October, this reduction totaled R\$ 78.6 billion. These are resources which are no longer deposited in the Central Bank and that are now in circulation and heating up the economy.

New companies enjoy access to benefits as exporters

In September, the minimum percentage of export in the revenues of companies was reduced to 50%, so as to characterize them predominantly as exporters. Up until then, this percentage was 60% in labor-intensive sectors or 70% in the other sectors. The decision increased the number of companies enjoying the benefit of IPI, PIS and COFINS exemption on the purchase of production inputs.

Innovation in Oil and Gas

Launched in August, the INOVA PETRO Program is a joint initiative of FINEP and BNDES, with technical support from Petrobras. With resources worth R\$ 3 billion, the program provides incentive to

projects that include research, development, engineering, technological absorption, production and marketing of products, processes and / or innovative services, aimed at the development of Brazilian suppliers in the production chain of the oil and natural gas industry. The first public notice was published in September, for innovation projects to be developed entirely in Brazil in the areas of “surface processing”, “underwater facilities” and “wells”. The INOVA PETRO is valid until 2017.

Incentive to private funding for investment

Law 12,715 of September 2012 improved the rules to encourage the funding of long-term investment projects. The changes introduced ensure greater security to this market and are an incentive for the private sector to raise resources for funding long-term investment. The mechanism provides for special tax treatment for income from bonds that are used to raise funds for investment in infrastructure, or intensive economic production in research, development and innovation.

Main measures include:

Capital Gains: the reduction in the income tax rate now applies to any amounts representing remuneration of invested capital, including capital gain realized on the transfer of ownership.

Use of funds raised: funds raised can now be used to cover expenses, costs or debts associated with the project, up to two years before closing of the public offer of securities.

Penalties: where resources are not used in accordance with legal requirements, responsibility will lie with the bond issuer, which will pay the corresponding fines. The investor’s right to the tax benefit is therefore maintained.

Mutual funds with tax benefits: reduction from 95% to 85% of the minimum amount of bonds or securities included in the composition of the net equity of the funds set up for the remuneration rate to be reduced. This rate could be 67% in the first two years.

New companies under RECOF

In September, the operating rules for the Special Customs Regime of Industrial Warehouse under Computerized Control (*Regime Aduaneiro Especial de Entrepasto Industrial sob Controle Informatizado* - Recof) were flexibilized. Also known as “virtual customs”, the regime allows inputs and parts intended for industrial processes to be shipped more quickly and transported directly to importers, with suspension of tax collection against the commitment to achieving a specified volume of exports and industrialization of imported inputs.

Main changes include:

- End of sectoral restrictions for participating in the regime, which now includes any company in the industrial segment, essentially in assembling;
- Unification of the minimum amount exported at R\$ 10 million, with flexible inclusion rules;
- Establishment of a two-year deadline for companies to achieve the minimum amount of exports required in return.

Considering the data for 2011, about 185 new companies would be able to join RECOF, representing an increase of R\$ 13.8 billion in exports and R\$ 15.5 billion in imports under the regime.

Tax reduction for Armed Forces Suppliers

Sale transactions of goods and services to the Brazilian Armed Forces are exempt from PIS/PASEP, COFINS and IPI taxes due to the expansion of the

Special Tax for the Defense Industry (*Regime Especial Tributário para a Indústria de Defesa - Retid*). For more information, visit <http://www.brasilmaior.mdic.gov.br/>

INNOVAR AUTO

Program of incentive to technological innovation and densification of the automotive supply chain

Regulated in October, the program aims to encourage the production and technological development of the automobile industry in the country by promoting the safety, quality and energy efficiency of vehicles.

Companies in the sector estimate that investment will rise from R\$ 44 billion to R\$ 60 billion by 2015 under the new regime, especially regarding the development of new technologies for cars produced in the country. These figures represent more production, technology, employment and income generation in Brazil.

By early November, 29 companies had filed 32 requests of eligibility to Inovar-Auto, of which six were for investment projects, eight from importers and 18 from manufacturing companies (already established in the country).

The states of Bahia, Goiás, Rio de Janeiro, Santa Catarina and São Paulo will receive these new investment projects worth R\$ 5.07 billion, three of which are from companies that have not yet produced in Brazil.

Savings and environmental protection with more efficient cars

To participate in the program, producers and importers must commit to a minimum reduction of 12.08% in fuel consumption by vehicles.

Estimated savings between 2017 and 2021 stand at 7.3 billion liters of gasoline and 6.6 billion liters of alcohol.

CO2 emissions are also expected to be reduced by 12.4 million tons between 2017 and 2021.

BRAZILIAN AUTOMOTIVE SECTOR

- 4th largest market in the world. 3.8 million vehicles are expected to be sold in 2012.
- 7th largest industry in the world. 3.5 million vehicles are expected to be produced in 2012.
- 20 manufacturers located in nine states.
- Accounts for 22% of industrial GDP and 5% of domestic GDP.

FISHERY AND AQUACULTURE HARVESTING PLAN 2012-2014

Launched in October, the plan sets out measures to be adopted by 2014 to increase fish production in Brazil, the competitiveness of the fishing industry and the income of fishermen's families.

Investments will total R\$ 4.1 billion, with R\$ 3.6 billion from rural credit and R\$ 500 million from the new BNDES – Pro-aquaculture program.

Fishing is the main activity for one million workers and the production chain involves three million indirect jobs.

The goal is to increase production to two million tons of fish per year by 2014. In 2010, production totaled 1.2 million tons.

The plan provides for: **better credit conditions**, benefiting more than 330,000 families with increased limits for participation, longer maturity terms, lower interest rates, and new funding lines; **technical assistance and infrastructure**, with the

inclusion of 120,000 fishermen in the technical assistance program, training for 16,000 professionals from the production chain, renovation of vessels, supply of machinery and equipment kits, and establishment of aquaculture parks among others; incentive to the sale of fish, with educational and advertisement actions, increased fish procurement by the government, partnerships with restaurants and supermarkets; strengthening of associations and cooperatives; and modernization of the industry with incentives to research, development and innovation, by increasing the resources allocated to the sector.

For more information, visit <http://www.mpa.gov.br/index.php/safra>.

INCENTIVE TO PUBLIC-PRIVATE PARTNERSHIPS - PPP

Steps have been taken to improve the legislation (MP 575), in order to encourage PPP: increase from 3% to 5% of the current revenue of the states for commissioning PPP projects; accounting of counter-payments (remuneration to the private sector for construction projects) as capital contribution, with the consequent exemption of PIS / COFINS taxes and Income Tax.

TI MAIOR Program

Promotion of the software and IT services industry

The Strategic Program for Software and Information Technology Services – *TI Maior* was launched in August, with an estimated investment of R\$ 500

million between 2012 and 2015. The program's goal is to promote the development and competitiveness of the software and services industry in the area of information technology.

Five macro targets have been set, to be achieved by Brazil by 2022:

| TI MAIOR – MACROTARGETS | 2011 | 2022 |
|--------------------------------|-----------------|------------------------|
| Position in the global IT rank | 7th | 5th |
| Industry GDP | U\$ 102 billion | U\$ 150 to 200 billion |
| Industry exports | U\$ 2.4 billion | U\$ 20 billion |
| IT share in domestic GDP | 4.40% | 6% |
| Total industry jobs | 1.2 million | 2.1 million |

Source: Ministry of Science, Technology and Innovation.

To meet these targets, the government will provide credit lines, grant-in-aid, training grants, investment in research and development (R&D). In addition to these measures, the industry already enjoys a margin of preference for local content in government procurement, besides payroll tax relief.

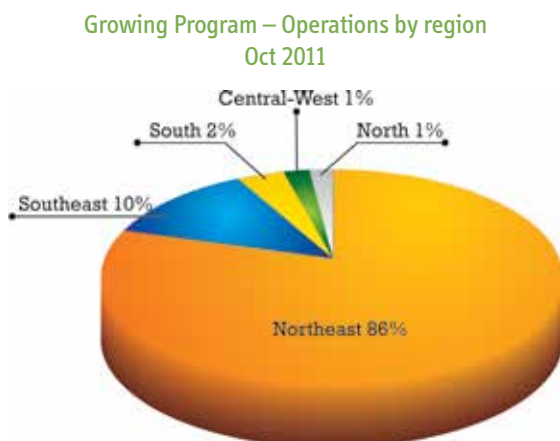
The program will sponsor up to 150 start-ups – innovation companies that accelerate research and development in the sector; support the development of software and solutions of high complexity and high economic and social impact in 12 strategic sectors, with the attraction of global research centers, engineering of IT ecosystems, and integration of academic and business networks, both public and private; and the training of 50,000 professionals for the sector by 2014.

For more information, visit <http://timaior.mcti.gov.br/>.

SUPPORT FOR ENTREPRENEURSHIP

Growing (*Crescer*) – National Microcredit Program

In October, the program reached the mark of 2.87 million operations, totaling R\$ 3.61 billion. The average amount of the operations was R\$ 1,258.



Source: Ministry of Finance

Individual Microentrepreneur (*Microempreendedor Individual – MEI*)

The number of individual entrepreneurs who have formalized their business has grown more than 160% since 2011, having reached 2.56 million registrations in October 2012.



Source: Ministry of Finance

DIGITAL INCLUSION

Cheaper smartphones

Law 12,715 provides for the exemption of up to 9.25% in federal taxes on smartphones - ideal devices for internet access - produced in Brazil. The act covers equipment that meet the Basic Productive Process (*Processo Produtivo Básico – PPB*; requirement of minimum production stages in the country as well as counterparty investment in R&D) established for the devices, and with final cost to consumers of up to R\$ 1,000.



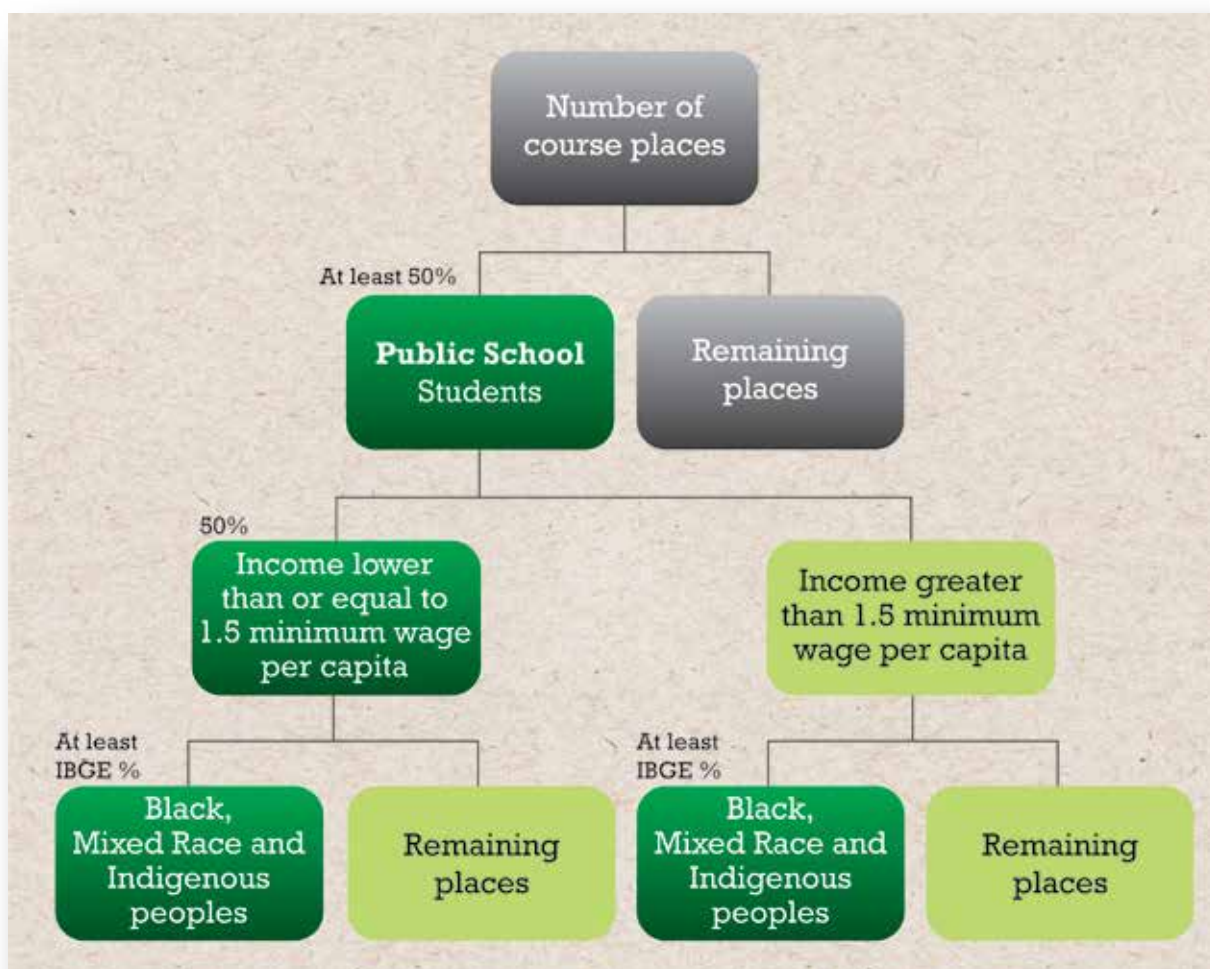
Rights and citizenship

Consolidating and expanding rights

Quotas in public education and greater social protection for women

Since October, as a result of the regulation of the Quota Law, federal public institutions of secondary technical education and higher education began to prepare for the implementation of the new rules. The law will be gradually enforced each year up to 2016, when at least 50% of places will be set aside for students who have completed the full primary or secondary education in public schools, as appropriate. The income criterion as

well race/color proportionality (IBGE) should also be applied to these criteria. Already in the next selection process for students entering the system in 2013, at least 12.5% of the places available should be set aside for quota students. This affirmative policy will be in force initially for 10 years, after which the results achieved to will be assessed for the purpose of defining the subsequent actions.



SIX YEARS INTO MARIA DA PENHA LAW

Since August, when the Law celebrated its 6th anniversary, the National Institute of Social Security (*Instituto Nacional de Seguridade Social - INSS*) has been going to court to demand that perpetrators reimburse the INSS for benefits paid to the victims of violence. Cases include sick leave, retirement for disability and pensions paid to the children of murdered women. The goal is to hold the offenders liable for the financial costs of violence against women. To find out more, visit www.brasil.gov.br/compromissoeatitude.

The primer entitled *Quanto custa o machismo?* (What is the cost of machismo?) is available at INSS agencies and at <http://www.sepm.gov.br/publicacoes-teste/publicacoes/2012/lei-maria-da-penha-edicao-2012>.

Maria da Penha Law in figures:

- 4,100 offenders caught in the act.
- 685,900 procedures started to curb domestic violence.
- 2.7 million calls received by the Women's Service Center (Dial 180).
- Consolidation of the State protection network:
 - 382 Specialized Women's Police Stations;
 - 221 Reference Centers for Assistance to Women;
 - 122 Centers for Assistance to Women in the Civil Police;
 - 72 Shelters;
 - 45 Courts for Domestic and Family Violence against Women;
 - 48 Adapted Courts for Domestic and Family Violence;
 - 29 Specialized Prosecution Offices / Gender Centers within the Public Prosecution Service;
 - 56 Public Defender's offices / Specialized Women's Assistance Centers



The campaign **Commitment and Attitude for Maria da Penha Law – the Law is Stronger** was also launched in September, with the aim to speed the trial of cases of violence against women. Learn more at www.sepm.gov.br/.

NATIONAL PACT FOR ACCIDENT REDUCTION – PARADA

During the National Traffic Week held between 18 and 23 September, the government launched the new campaign **National Pact to Reduce Accidents (*Pacto Nacional pela Redução de Acidentes – Parada*)**, in partnership with the International Automobile Federation (*Federação Internacional de Automobilismo - FIA*) and the participation of Brazilian personalities.

The Pact promotes the mobilization of society through awareness actions and educational campaigns on traffic safety. Enforcement actions are also being enhanced in partnership with states and municipalities, with the distribution of one million breathalyzers until the end of 2012 and the duplication and upgrading of 7,500 km of roads. The goal is to achieve a 50% accident reduction by 2020.

RESULTS ACHIEVED TO DATE:

- 2% reduction in total deaths on federal highways.
- Reduction of deaths in specific holiday operations:
 - Christmas 2011: 20% less compared to 2010.
 - New Year's 2011: 44% less compared to 2010.
 - Carnival 2012: 18% less compared to 2011.
 - Holy Week 2012: 25% less compared to 2011.

LIVING WITHOUT LIMIT (*VIVER SEM LIMITE*) PLAN

The actions implemented under the **National Plan for the Rights of Persons with Disabilities - Living without Limit** - show the following results:

Access to Education

Continuous Cash Benefit (*Benefício de Prestação Continuada* - BPC) in School: 2,023 municipalities have formally joined the program, so as to ensure the inclusion of children and adolescents beneficiaries of BPC in the regular school system.

Accessible School - Money Directly in the School Program (*Programa Dinheiro Direto na Escola* - PDDE): 20,000 schools provided with resources to implement architectural accessibility adaptations.

Accessibility

My House, My Life (*Minha Casa, Minha Vida* - MCMV): 170,100 adaptable dwellings commissioned.

Microcredit: R\$ 9.4 million committed in 2,100 operations for the acquisition of wheelchairs, Braille printers, adaptations to vehicles, walkers and accessible furniture.

The **National Center for Innovation in Assistive Technology** was officially opened in July in the city of Campinas / SP, for the development of technologies with a focus on prevention, rehabilitation and accessibility. By September, eight regional centers had been established.

Health Care

Dental Specialties Center (*Centro de Especialidades Odontológicas* - CEO): 106 centers - which receive 20% more of the monthly funding - are currently eligible to cater to people with disabilities.

Neonatal hearing screening: 64 maternity hospitals had their proposals approved for qualifying neonatal screening services aimed at the early detection and treatment of disease.

Rehabilitation Reference Center (*Centro de Referência em Reabilitação* - CER): 33 proposals approved for expanding care in intellectual, physical, visual and aural rehabilitation, covering approximately 17,000 people:

- qualification of 13 existing services, which are now receiving monthly funding.
- construction of 20 new centers.

Orthopedic Workshops: three proposals for permanent workshops in the cities of Aracaju (SE), João Pessoa (PB) and Juazeiro (CE) were approved by September.

Increased Supply of Prosthetics and Orthotics: R\$ 24.6 million was transferred to states and municipalities for maintenance and adaptations of orthopedic, aural and optical orthotics and prosthetics.

Social inclusion

BPC Work: 2,300 beneficiaries were visited and 83 referred to vocational training courses.

Reference Day Centers: R\$ 960,000 was transferred to the municipalities of Curitiba (PR), Campo Grande (MS), Belo Horizonte (MG) and João Pessoa (PB) for assistance to people under 18 years and elderly persons with a high level of dependence.

Inclusive Residences: R\$ 540,000 was transferred to nine residences assisting youth and adults with disabilities in six municipalities: Cascavel (2), Ponta Grossa (1), São José (2), João Pessoa (1), Campo Grande (1) and Bauru (2).

NATIONAL COMMITMENT BY THE CONSTRUCTION INDUSTRY

More construction projects under the Commitment

Six months into its establishment, 21 companies with 11 construction projects have joined the National Commitment to Improve Working Conditions in the Construction Industry, launched in March 2012.

There are currently 21 projects distributed in eight states (CE, MG, MT, RJ, RN, RO, SP and PA) and the Federal District.

Five of these projects have received technical visits of members of the National Standing Committee: Belo Monte Hydroelectric Plant (PA), Teles Pires Hydroelectric Plant (MT / PA), Arena das Dunas Natal (RN), Jirau Hydroelectric Plant (RO) and Santo Antônio Hydroelectric Plant (RO). Agree-

ments for implementation of the Commitment were signed by the companies responsible on the occasion of the visits.

The Committee has also approved the Statute of Union Representation at the Workplace, which establishes the basic rules for the actions of workers' representatives in projects of the construction industry.

TAX PAYER IDENTIFICATION NUMBER ISSUED FREE OF CHARGE ON THE INTERNET

The Individual Taxpayer Identification Number (*Cadastro de Pessoa Física* – CPF) can now be issued free of charge on the internet by people aged up to 25 who are registered voters. All one needs to do is access the IRS website and provide the personal data requested. After validating the data, the system will automatically create the registration number, which can be written down or printed as many times as necessary at no cost. For more information, visit www.receita.fazenda.gov.br.

UNIVERSAL PERIODIC REVIEW OF THE UN HUMAN RIGHTS COUNCIL

Brazil undertook before the UN Human Rights Council to put into practice recommendations on matters of human rights under the Universal Periodic Review mechanism, voluntarily accepted by the country as a result of the assessment in which it participated for the second time. A total of 170 recommendations in different areas were received, all of which were accepted save for one, which is in conflict with the Brazilian Constitution.

Health

Increased access and better quality services

Increased investments and more health care and prevention actions improve the quality of life of the population

HEALTH IS PRICELESS (SAÚDE NÃO TEM PREÇO)

Medications for hypertension and diabetes: more than 12 million people have received free medication since February 2011. In September 2012, approximately 3.94 million hypertension patients and 1.44 million diabetics got their medication in more than 20,000 units of the Popular Drugstore Network (*Aqui tem Farmácia Popular*).

Free asthma medication: in September 2012, four months into beginning of the free distribution of asthma medication, approximately 108,000 people got their medication at drugstores participating in the Popular Drugstore Network program and at the proprietary network. In May 2012, before the beginning of the free distribution, 48,000 people got their anti-asthma drugs. Access has increased 125%. In total, the program has catered to 263,700 people since it was created.

NON-STOP HEALTH CARE (SAÚDE TODA HORA)

SAMU 192 (Mobile Urgency Care Service)

In October 2012, the services provided by SAMU covered areas with population of 127.8 million Brazilians or the equivalent to 67% of the country's population. The network covers more than 2,000

municipalities through 180 Regulatory Centers and 2,554 ambulances (2,069 basic and 485 advanced units).

S.O.S Emergencies

Until October 2012, 1,170 new back-up hospital beds had been provided, coupled with the establishment of internal centers for the regulation of hospital beds and mechanisms to monitor the stay of patients in emergency care units in the 12 hospitals participating in the program. As a result, in eight of these hospitals the bed occupancy rate expressed in the ratio between the number of patients-day and the number of beds-day has fallen as much as 46%, due to the decrease in both the waiting time and the number of patients in hallways. R\$ 159 million have already been invested in the 12 hospitals enrolled in the program.



UBS

In October 2012 there were 39,530 Basic Health Units in operation, against 32,810 in 2010.



UPA 24h

In October 2012 there were 243 24-hour Emergency Care Units in operation, against 123 in 2010.

One year into the **Child Car Seat Law**, the number of deaths among children up to eight years of age in traffic accidents has fallen 23%.

Program for Improving Access and Quality of Primary Care (*Programa de Melhoria do Acesso e da Qualidade na Atenção Básica* – PMAQ)

Until November 2012, 16,200 primary health care teams (94% of the teams participating in the program) had been visited by quality assessment people. In addition, over 64,000 Brazilians assisted by program personnel have already been interviewed in all states. About 11,400 teams from 2,843 municipalities have been certified and received additional program resources. The teams that got a positive evaluation in indicators such as prenatal care, assistance to chronic patients, waiting time per consultation and adequate healthcare for the elderly can receive up to 100% in additional PMAQ resources, which means an additional transfer of up to R\$ 11,000 per month for each team.

INDIGENOUS HEALTH

R\$ 3.85 million have been invested in the acquisition of 25 dental care units, 436 vehicles and miscellaneous equipment for 15 Special Indigenous Sanitary Districts, benefiting about 390,000 Indigenous peoples with dental treatment and oral health promotion and disease prevention actions.

Better at Home (*Melhor em Casa*) - Home Care Service

Until October 2012, the program had been implemented in 22 states and 12,700 people have already been provided with home care services in 113 municipalities. Additionally, 401 home care teams and 174 specialized support teams to assist patients in their homes have been qualified.

Smiling Brazil (*Brasil Sorridente*)

Dental prostheses laboratories: 488 laboratories were accredited in 2012, totaling 1,304 municipalities with labs in operation.

Increased production of dental prostheses: 291,160 prostheses had been produced by August 2012, reflecting a 34% increase over the same period of 2011.

Mobile Dental Units: 181 units had been distributed by July 2012, all of them in municipalities that have a high concentration of people living in poverty.

Oral Health Teams: in October 2012, there were 22,210 teams active in 88% of Brazilian cities.

Dental Specialties Centers: 942 centers were in operation by October 2012. The resources for implementation and funding of these centers increased 50% and 25% respectively.

Number of dentist appointments: a 25% increase, from 48.20 million in the period January-May 2011 to 60.34 million in the same period of 2012.

BETTER HEALTH CARE AND PREVENTIVE ACTIONS REDUCE DEATHS AND DISEASE

Stroke – mortality rate among people up to 70 years of age fell 32% from 2000 to 2010.

Dengue fever – 90% less deaths and 66% less severe cases compared to 2011.

Malaria – down 56% between 2005 and 2011.

Meningitis – down 29% (meningococcal) and 30% (pneumococcal) between 2010 and 2011.

Tetanus – down 44% between 2001 and 2011.

PREGNANCY CARE – STORK NETWORK (REDE CEGONHA)

Accession to the Stork Network: by November 2012, every state and more than 4,800 municipalities had joined the Network, with plans approved in 57 health regions covering two million pregnant women, or 90% of all pregnant women assisted by the Unified Health System (SUS).

Prenatal Care: by November 2012, 4,783 municipalities had received funds to enhance prenatal testing and the acquisition of rapid pregnancy tests. 7,270 fetal detectors were distributed to basic health units in the states of Acre, Amapá, Bahia, Pernambuco, Rondônia and Tocantins.

Labor and childbirth care: by October 2012, 5,900 beds had been provided to the SUS hospital network for assistance in the Stork Network. R\$ 3.3 billion have been approved for the provision of new beds as well as for the qualification and funding of care across the country.

INFANT MORTALITY

The Infant Mortality Rate (below 1 year of age) dropped from 26.1 deaths per 1,000 live births in 2001 to 15.7 in 2011. As a result, Brazil has already achieved - four years in advance of the compliance date - one of the most important targets of the Millennium Development Goals, which is to reduce this rate by two thirds between 1990 and 2015.

CERVICAL AND BREAST CANCER

Mammograms: 2.14 million screening mammograms were performed in the first half of 2012, reflecting a 21% increase over the same period in 2010. Of these, 1.02 million were in the priority

age group 50-69 years, representing a 41% increase over 2010.

Pap smears: 4.34 million Pap smears were performed in priority age group 25-64 years from January to June 2012.

FEMALE MORTALITY

From 2000 to 2010, female standardized mortality rate fell 12%, from 4.24 to 3.72 per 1,000 women.

Mobile Mammography Program: launched on October 1st, 2012, the program aims to expand cancer care in the country, especially for poor women in priority age group 50 and 69 years, living in more remote areas of difficult access. The estimated production of mobile units is 800 mammograms per month. The tests performed in these units will be sent via satellite to a health facility, so that a specialist MD can evaluate it and release the result within 24 hours. The Mobile Oncology Units will be funded by the Federal Government, states and municipalities.

SISCAN: launched in October 2012 and now available for all municipalities, the Cancer Information System (*Sistema de Informação do Câncer - SISCAN*) allows the identification and recall of women registered with the system who did not undergo mammography screening and Pap smears according to frequency and age group, as well as the followup of those with abnormal tests.

Expansion and strengthening of the Oncology Network: nine additional hospitals have been established as reference centers in the treatment of people with cancer in seven states (BA, EC, ES, MG, RJ, RS and SP), which will receive funds from the Federal Government.

Trastuzumab drug: in July 2012, one of the most effective drugs to combat breast cancer began to be distributed by SUS at no cost, benefiting about 20% of patients with early or advanced breast cancer.

MORE TRANSPLANTS AT SUS

More than 12,300 transplants were performed at SUS, up 12.7% over 2011. The number of organ donors has also increased compared to 2011. In the first month of the partnership between the Health Ministry and Facebook, launched on July 30, 2012, more than 80,000 people declared themselves organ donors.

PROGRAM TO FIGHT CRACK AND OTHER DRUGS

Thirteen states and their capitals have joined the plan: AC, AL, CE, ES, MG, MS, PE, PI, PR, RJ, RS, SC and SP. By November 2012, 29 24h-CAPS Alcohol and Drugs, 281 day care CAPS-AD, 79 street offices, 55 sheltering units and 94 new mental health beds in general hospitals had been established and were in operation. Other 552 new mental health beds in general hospitals have been approved and the municipalities have received federal funds for their implementation.

MORE DOCTORS CLOSER TO THE POPULATION

Pro-Residency

Increased supply of scholarships: in 2013, 1,623 new medical residency and 1,270 multidisciplinary residency scholarships will be funded. The

amount of each scholarship is R\$ 2,384.82 / month, payable from the first business day of March and for two years, which corresponds to the duration of the residency. In 2012, 500 medical residency and 335 multidisciplinary residency scholarships were funded in 20 priority areas with lack of professionals. In total, 2,092 medical residency and multidisciplinary scholarships were granted in 2011 and 2012.



INNOVATION AT SUS

Productive Development Partnerships (*Parcerias de Desenvolvimento Produtivo- PDP*)

In October, another 20 partnerships were signed for the incorporation of technologies aimed at the domestic production of 21 products. Among them is the PDP for the production of a state-of-the-art drug prescribed for the treatment of Hemophilia A: Recombinant Factor VIII, which will be available at SUS still this year. Its production in the country represents savings of approximately R\$ 940 million per year, or about 40% of the total spent today on the purchase of the items covered. With the new agreements signed, there are now 55 PDP for the domestic production of 47 drugs, five vaccines, an IUD contraceptive, a rapid test and an agreement on research and development (R&D). About 50 partners are involved, represented by 15 public and 35 private laboratories. These PDP are expected to result in annual savings of about R\$ 2.5 billion.

Increase in reimbursement to SUS by Health Plans

2000 – R\$ 1.4 million

2010 – R\$ 15.1 million

2011 – R\$ 82.8 million

2012* – R\$ 58.2 million (* as of October)

Education

Increased access to vocational and higher education

Supply of scholarships and funding increases the number of young people and workers in technical, vocational and undergraduate programs

SCIENCE WITHOUT BORDERS (CIÊNCIA SEM FRONTEIRAS)

By November 20, 20,525 scholarships had been granted, with 15,031 for undergraduate and 5,494 for graduate programs, in 40 countries. Of this total, 337 graduate scholarships were granted in Brazil, with 245 to Visiting Researchers and 92 to Young Talents (*Jovens Talentos*). The goal is to grant 101,000 scholarships to students and researchers by 2014.

| Science without Borders scholarships granted by country | | |
|---|----------------|--------|
| | Country | TOTAL |
| 1 | United States | 4,396 |
| 2 | Portugal | 2,800 |
| 3 | France | 2,507 |
| 4 | Spain | 2,279 |
| 5 | Canada | 1,969 |
| 6 | United Kingdom | 1,913 |
| 7 | Germany | 1,598 |
| 8 | Australia | 804 |
| 9 | Italy | 614 |
| 10 | Holland | 550 |
| 11 | South Korea | 196 |
| 12 | Belgium | 151 |
| 13 | Others | 748 |
| | Total | 20,525 |

Source: Ministry of Education
Updated on: 11/20/2012

NATIONAL PROGRAM FOR ACCESS TO TECHNICAL EDUCATION AND EMPLOYMENT (PROGRAMA NACIONAL DE ACESSO AO ENSINO TÉCNICO E EMPREGO - PRONATEC)

In the first year of Pronatec, 2.25 million places were filled in technical and professional qualification programs in over 400 areas of knowledge. Of this total:

- 736,000 were filled by young people attending secondary education and 1.5 million by young workers attending professional qualification programs;
- System S units are responsible for 1.4 million enrollments in professional qualification programs and 162,000 enrollments in technical courses. The remaining places are offered by schools in the federal professional and technological education network and technical schools in the state networks of Acre, Amapá, Bahia, Goiás, Mato Grosso do Sul, Mato Grosso, Minas Gerais, Pará and Piauí. Since 2011, R\$ 6.5 billion have been invested, aimed at:
 - Continuing the expansion of the federal professional education network. And in 2012, 78 new technical schools began to operate;
 - Supporting the construction, renovation or expansion of 900 state technical schools and equipping 2,600 laboratories.
- Senai (National Service for Industrial Training) building 53 schools, upgrading or expanding other

251, purchasing 82 mobile units, which will operate as laboratories, and establishing 85 innovation and technology services centers, through a special BNDES credit line of R\$ 1 billion.

Brazil without Extreme Poverty (*Brasil sem Miséria*) Pronatec

230,000 people in families assisted by the Brazil without Extreme Poverty program in 630 municipalities are attending courses offered by Pronatec, in areas such as administrative assistant, computer operator, low-voltage building electrician, receptionist and couturier. Of this total, 66% are women. The courses are free of charge and beneficiaries receive food, transportation and school supplies.

World Cup (*Copa*) Pronatec

There are 50,000 students enrolled in 52 technical courses free of charge for workers in the area of tourism, as well as training in English and Spanish and Brazilian Sign Language (LIBRAS). The minimum age is 18.

Places are available in the World Cup host cities and in municipalities around the main tourist destinations in Brazil.

UNIVERSITY FOR ALL PROGRAM (*PROGRAMA UNIVERSIDADE PARA TODOS – PROUNI*)

ProUni has awarded 1,096,343 scholarships in 1,300 private institutions of higher education in 1,372 municipalities.

In October 2012, 502,205 students were enrolled in higher education with a scholarship from ProUni. 157,801 scholarships were awarded only in 2012.

The program caters to students with family income of up to three minimum wages per person, and who have attended secondary education at a public school or private school as scholarship holders. Students are selected based on the grade obtained in Enem (National Secondary Education Examination).

FIES BENEFITS 349,000 STUDENTS

The number of students assisted in 2012 by the Student Financing Fund (*Fundo de Financiamento Estudantil – FIES*), which funds undergraduate higher education, has more than doubled. By October, 349,000 financing contracts had been signed, up 122% in relation to 2011.

Since 2011, those interested in having a course financed by Fies must take the Enem exam.

Fies finances up to 100% of monthly undergraduate tuition fees at an interest rate of 3.4% per annum and payback period of up to three times the length of the course plus 12 months. Both traditional guarantee and solidarity guarantee are accepted as collateral for the loan.

Teachers working in public basic education and physicians working in teams of the Family Health (*Saúde da Família*) program in regions with a shortage of professionals have their debt to Fies reduced.

| Contract evolution under the new Fies | | |
|---------------------------------------|-----------------|------------------|
| Year | TOTAL | |
| | Municipalities* | Contracts signed |
| 2010 | 465 | 76,311 |
| 2011 | 524 | 154,072 |
| 2012 | 580 | 349,190 |
| Grand Total | 606 | 579,573 |

*Only different municipalities were considered in calculating the totals.
Simec – 10/05/2012

GUARANTEE FUND FOR EDUCATIONAL LOANS (FGEDUC)

Established in 2010 to assist students willing to finance their tuition through Fies, but who lack the collateral required to cover the loan, Fgeduc guarantees the loan to these students, who are not required to provide a guarantor.

Beneficiaries can be students with family income up to 1.5 minimum wage per person, partial holders of ProUni scholarships registered with Fies, and students enrolled in teaching undergraduate programs. For the student to receive the benefit, the educational institution must be registered with Fies and Fgeduc.

- 585 of the 1,536 private higher education institutions participating in Fies have already joined Fgeduc.
- The number of beneficiaries raised from 49,245 students in 2011 to 186,734 in October 2012, reflecting an increase of 279%.

MORE EDUCATION (MAIS EDUCAÇÃO) PROGRAM

In September 2012, 32,000 primary schools in 3,382 municipalities across the country had joined the More Education program to provide students with after school educational activities. Of this to-

tal, 17,592 schools have 50% or more of students who are *Bolsa Família* beneficiaries, and 9,779 are rural schools. First to 9th grade students enrolled in the program stay in the school after the regular shift and participate in guided activities ranging from help with their homework to sports, arts and even computer classes.

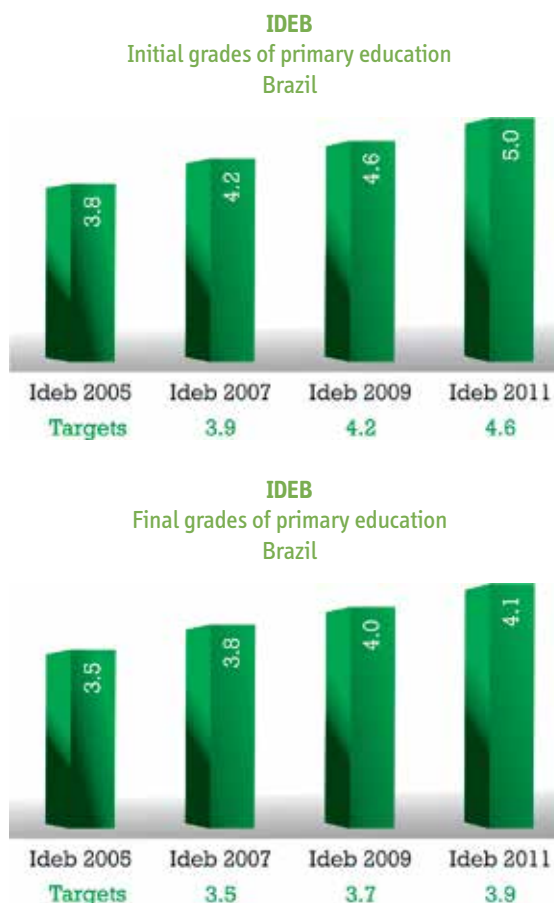


MORE QUALITY IN BASIC EDUCATION

In 2011, the targets set for the Basic Education Development Index (*Índice de Desenvolvimento da Educação Básica – Ideb*) were met in all stages of basic education.

In the initial grades (second to fifth), the national index achieved corresponded to 5, exceeding the target set for 2011, which was 4.6. Considering only the public system, the target was met by 77.7% of the 5,222 municipalities with a target set for 2011. In the final grades (sixth to ninth) of primary education, the result (4.1) exceeded the 3.9 target set for 2011. In the public education system, Ideb achieved 3.9, also exceeding the target (3.7).

Of the 5,352 municipalities with a target set for the final grades of primary school, 62.5% have met the targets set for Ideb, which were exceeded in all regions of the country.



National Pact for Literacy at the Right Age (*Pacto Nacional pela Alfabetização na Idade Certa*)

- Launched on November 8, 2012 among the federal, state and municipal governments, the Pact is committed to:
 - Teaching basic Portuguese and Mathematics to all children up to the age of 8 years at the end of the 3rd grade of primary school.
 - Conducting annual universal evaluations, applied by INEP (Anísio Teixeira National Institute of Educational Studies and Research), among students completing the 2nd and 3rd grades of primary education.
- The Federal Government will invest R\$ 2.7 billion by 2014.

Pact Actions

- Continued education for 360,000 literacy teachers – courses and scholarships.
- Distribution of materials – textbooks, literature books, complementary books and games.
- External universal and periodic evaluations at the end of the 2nd and 3rd grades, applied by INEP.
- Management system and scholarships for local coordinators.
- Awards and recognition for teachers, schools and education networks showing the best results in their literacy programs.

Security

Federal government, states and municipalities together in the fight against crime

Patrolling, training and enhanced border security

STRATEGIC BORDER PLAN (*PLANO ESTRATÉGICO DE FRONTEIRAS*)

The Plan seeks to enhance the State's presence in border areas, with actions in 11 states carried out in an integrated way by the three spheres of government and in partnership with neighboring countries.

Agate Operation (*Operação Ágata*)

Six operations have been carried out, which mobilized about 57,000 military personnel from the

three armed forces and covered the entire border area. The sixth operation, which was carried out in October, mobilized 12,000 military personnel and civil servants from another six ministries and 21 government agencies.

During the operation, 6,530 vessels were inspected, resulting in 674 notices and in the seizure of explosives, guns, ammunition and drugs, including 29.4 kilograms of cocaine base paste. Additionally, riverine populations benefited from 11,309 doctor appointments, 4,073 dental procedures and another 4,713 health-related procedures.

| SUMMARY OF THE OPERATIONS | | | | | | |
|-----------------------------|---------------------------|------------------------------|-------------------------|--|---------------------------------------|------------------|
| Item | Agate 1 | Agate 2 | Agate 3 | Agate 4 | Agate 5 | Agate 6 |
| Period | Aug/11 | Sep/11 | Nov/11 | May/12 | Aug/12 | Oct/12 |
| States covered | AM | MS, PR, SC, RS | AM, AC, RO, MT, MS | AM, PA, AP, RR | RS, SC, PR, MS | AC, RO, MT, MS |
| Bordering countries covered | Colombia, Peru, Venezuela | Argentina, Paraguay, Uruguay | Bolivia, Peru, Paraguay | Guyana, French Guyana, Suriname, Venezuela | Argentina, Bolivia, Paraguay, Uruguay | Bolivia and Peru |
| Health-related procedures | 7,764 | 4,551 | 8,673 | 20,928 | 7,954 | 4,713 |
| Medical care | 419 | 1,463 | 9,034 | 8,507 | 3,598 | 11,309 |
| Dental care | 2,086 | 2,574 | 7,060 | 9,873 | 4,725 | 4,073 |
| Medicines distributed | 32,369 | 30,124 | 39,553 | 53,314 | 25,662 | 16,743 |

Source: Ministry of Defense and Ministry of Justice



Sentinel Operation (*Operação Sentinela*)

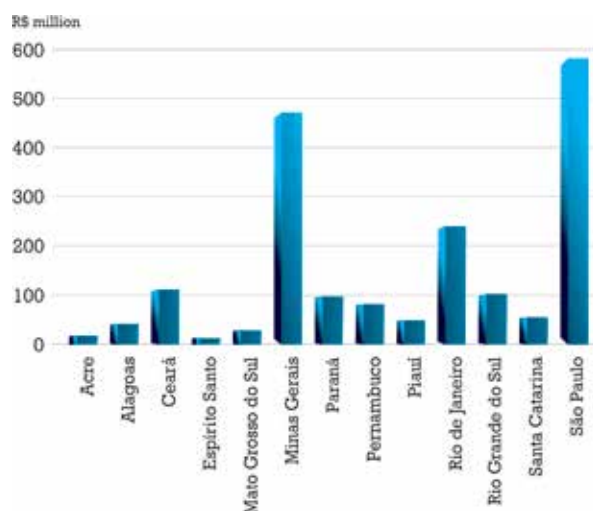
Coordinated by the Federal Police, the operation has led to the dismantling of 50 transnational criminal organizations involved in smuggling and in drug and arms trafficking, among other crimes. The operation has also led to the seizure of 198 tons of marijuana and 29 tons of cocaine; 1,171 firearms; 994,000 pieces of electronic equipment; 145,000 bottles of liquor; 9 million packets of cigarettes; and 3,500 vehicles, besides R\$ 5 million and US\$ 780,000 in cash. In addition, more than 3.4 million vehicles, 11,200 vessels and 1,200 aircraft have been inspected.

CRACK, YOU CAN BEAT IT!
(CRACK, É POSSÍVEL VENCER!)

Pact with states

Thirteen states have formalized the partnership for carrying out activities under the Program, totaling R\$ 1.9 billion already transferred by the government to these federative units.

Funds transferred by the Government (since Dec/2011)



Source: Ministry of Justice

Training

Several training actions continue to be implemented to increase effectiveness in the prevention, treatment and social reintegration of users and addicts:

- 71,000 educators have started the course on Drug Use Prevention for Public School Educators.
- 1,703 Federal Highway Police Officers have already completed the course on Improvement in

Techniques for Monitoring the Use of Alcohol and Other Drugs on Brazilian Roads.

- 368 public security officials (civil and military police and municipal guards) have been trained in Rio de Janeiro (RJ), Vitória (ES), Salvador (BA), Brasília (DF) and Porto Alegre (RS).

VivaVoz Hotline – 132

VivaVoz is a free 24-hour telephone service, which provides guidance and information on the risks of drug abuse and its effects in the body, as well as on treatment centers. In the first half of 2012, the hotline received 26,400 calls.

New Regional Reference Centers (*Centros Regionais de Referência – CRR*)

Twelve new Regional Reference Centers are being implemented in public educational institutions of the country. The Centers are intended to provide ongoing training to health professionals, social workers, public security personnel, and employees of the Public Prosecution Service and the Judiciary who work with users of crack and other drugs and their families. The new Centers are expected to train 3,600 students.

Besides the new Centers, there are 40 CRR operating in the country, offering 10,200 places, training different professionals and promoting the strengthening of coordination strategies within the care network to users of crack and other drugs.

SAFER BRAZIL (*BRASIL MAIS SEGURO*) REDUCES CRIME IN ALAGOAS

Introduced in June 2012 in the cities of Maceió and Arapiraca, the program aims to reduce the violent

crime rates by fighting organized crime, implementing structuring actions in the area of criminal forensics and justice, monitoring and occupation of areas with the highest rates of violent crime. Since its inception, the program has succeeded in significantly reducing the number of intentional lethal violent crimes. In Maceió, the decrease was 20.3% and in Arapiraca 23.1% against the same period last year.

DISARMAMENT CAMPAIGN

The National Disarmament Campaign has collected a total of 59,723 firearms throughout the country since May 2011. 28,835 guns and 11,966 rifles among other types of weapons have been collected to date. Twenty six states and the Federal District – which together provide the current 2,090 collection stations – have joined the campaign to date.

São Paulo was the state with the highest number of weapons collected, with a total of 16,643 delivered so far. Rio Grande do Sul, Acre and Bahia lead the ranking per capita, with the highest number of weapons delivered per 100,000 inhabitants.

Weapons delivered per 100,000 inhabitants (since May/2011)

| STATE | RATE |
|-------------------|-------|
| Rio Grande do Sul | 67.99 |
| Acre | 49.40 |
| Bahia | 43.57 |
| São Paulo | 40.34 |
| Rio de Janeiro | 36.69 |
| Pernambuco | 33.56 |
| BRAZIL | 29.81 |

Source: Ministry of Justice

Incentive to investment

Concession of highways and railways and reduction in electricity tariffs

Measures promote lower costs and increased competitiveness

LOGISTICS INVESTMENT PROGRAM (PROGRAMA DE INVESTIMENTO EM LOGÍSTICA)

Introduced on August 15, the Logistics Investment Program aims to improve the transportation infrastructure in the country and promote the integration between highways and railways, thus reducing costs and increasing the country's efficiency and competitiveness. Public and private investments are expected to total R\$ 133 billion, with R\$ 79.5 billion in the first five years and the rest in up to 25 years. The goal is to provide the country with a logistic infrastructure compatible with its continental size.

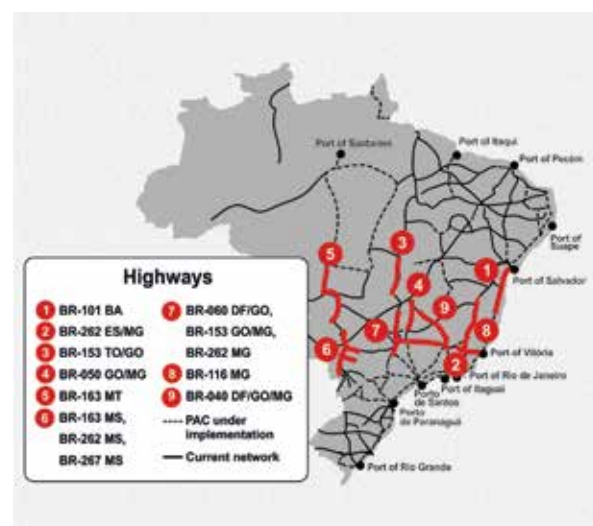
Planning and monitoring of projects and actions will fall under the responsibility of the Planning and Logistics Company (*Empresa de Planejamento e Logística – EPL*).

Planning and Logistics Company (*Empresa de Planejamento e Logística – EPL*)

Established in August, the Planning and Logistics Company replaces the High Speed Rail Transportation Company (*Empresa de Transporte Ferroviário de Alta Velocidade – Etav*). The goal of the company is to structure and qualify, through studies and research, the integrated logistics planning process in the country, connecting the transport modals – road, rail, ports, airports and waterways. The company will participate as a partner in the concession of High Speed Trains, so as to absorb and disseminate new technologies.

Highways: R\$ 42 billion will be invested in the duplication and construction of 7,500 kilometers of highways, covering nine stretches of federal highways in eight units of the federation, with 56% of investments in the first five years and the rest in up to 20 years. The main features of the new model are:

- Selection of the concessionaires based on the lowest toll rate, which may be charged only when 10% of the works have been completed. There will be no toll collection stations in urban areas.
- Favorable financing conditions, compatible with the size of investments: interest rates will be the TJLP (Long Term Interest Rate) plus up to 1.5% per annum, with a grace period of up to 3 years, an amortization period of up to 20 years, and a leverage ratio ranging from 65% to 80%.



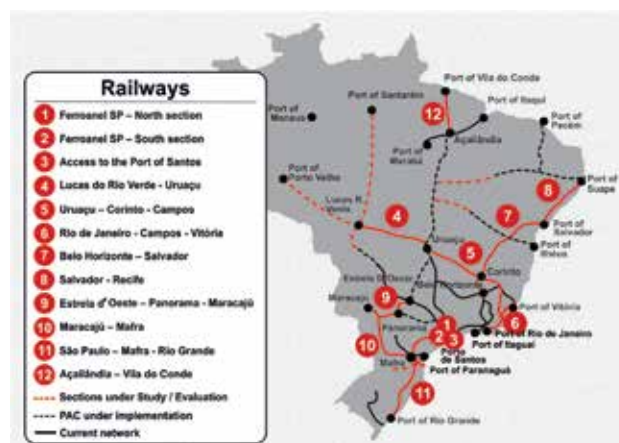
Source: Ministry of Transport

Railways: R\$ 91 billion will be invested in the construction of 10,000 km of railway lines, covering 12 sections in 17 states, with 62% of investments in the first five years and the rest in up to 25 years.

The new model aims at breaking the monopoly on the use of railways and creating mechanisms to encourage tariff reduction. It will be operated through a Public Private Partnership (PPP).

Main features:

- The Federal Government will be responsible for commissioning the construction project, as well as for maintaining and operating the railway.
- The railway transportation capacity will be fully acquired by Valec – *Engenharia Construções e Ferrovias S.A*, a public company linked to the Ministry of Transports, which will be responsible for the public offering of this capability to users willing to carry their own cargo, independent railway operators and concessionaires of railway transportation.
- The right of passage of trains at all meshes will be ensured, as a way to reduce the tariff cost.
- Financing conditions are favorable and compatible with the size of investments: interest rates will be the TJLP (Long Term Interest Rate) plus up to 1.0% per annum, with a grace period of up to 5 years, an amortization period of up to 25 years, and a leverage ratio ranging from 65% to 80%.



Source: Ministry of Transport

CHEAPER ELECTRICITY FOR ALL CONSUMERS

Starting in February 2013, all consumers will pay on average 20.2% less for electricity. Residential consumers will enjoy a 16.2% reduction and, for trade and industry, the reduction will vary according to the voltage level, and may reach as much as 28.0%.

This reduction will be achieved through the combination of early renewal of electricity concessions and the reduction of industry charges levied on the electricity bill.

| Average effect for consumers | | |
|---|------------------|----------------------|
| Group | Voltage level | Tariff reduction (%) |
| A High Voltage (Enterprises) | 230 KV or higher | 28.0 |
| | 88 - 138 KV | 24.7 |
| | 69 KV | 21.5 |
| | 30 - 44 KV | 20.0 |
| | 2.3 - 25 KV | 19.4 |
| | Underground | 19.7 |
| B Low Voltage (Household consumption) | Below 2.3 KV | 16.2 |
| Average | | 20.2 |

Extension of concessions

Between 2015 and 2017, several concessions for the provision of electricity generation, transmission and distribution services in the country will expire. Instead of getting back all the assets of the concessionaires and organizing new bids, the Government will extend these concessions for 30 years, but establishing new tariff-setting procedures based on the low-tariff principle.

The extension of concessions will allow the continuity of service provision, in addition to accelerating the effects of low tariffs, thus reducing the risks that could result from the change of management in the operation of a representative capacity of the generating park and of a transmission system of continental dimensions.

73 contracts will be covered:

Generation: 20 concession contracts with maturity between 2015 and 2017, totaling 22,000 megawatts, equivalent to 18% of the generating park.

Transmission: 9 contracts with maturity in 2015, totaling 85,000 km, with 68,700 km in the Basic Network, equivalent to 67% of the National Integrated System.

Distribution: 44 contracts with maturity between 2015 and 2016, representing 24 million consumer units, equivalent to 35% of the market.

To implement the extension, the concessionaire must accept the remuneration and service provi-

sion quality standards set by the Brazilian Electricity Agency (*Agência Nacional de Energia Elétrica* – ANEEL). The concessions that are not renewed – for choice of concessionaires themselves – will be auctioned again at maturity.

Reduction of sectoral charges

Starting in February 2013, the charges established to ensure the expansion, modernization and efficiency of the sector, as well as universal access to electricity, will be eliminated from the electricity bill.

Costs related to the Fuel Consumption Account (*Conta de Consumo de Combustíveis* – CCC) and to the General Reversion Reserve (*Reserva Geral de Reversão* – RGR) for distributors, new transmission projects and concessions extended or auctioned will no longer be charged.

To maintain social programs such as Light for All (*Luz para Todos*) and Social Tariff (*Tarifa Social*) aimed at the low-income population and the subsidy to electricity generation in isolated areas in the countryside, the Federal Government will make an annual contribution to the Energy Development Account (*Conta de Desenvolvimento Energético* – CDE). An investment of more than R\$ 3 billion is planned for 2013, thus reducing the need for payment of CDE quotas by consumers.

Plan for Risk Management and Response to Natural Disasters

The State is better prepared to cope with natural disasters

Prevention works and structuring of the new system of prevention, monitoring, alert and response to natural disasters

To protect the population from extreme weather and hydrometeorological events, the Plan for Risk Management and Response to Natural Disasters (*Plano de Gestão de Riscos e Resposta a Desastres Naturais*), launched in August, involves actions to map risk areas and provide the country with a structured system of prevention, monitoring, alert and response to natural disasters.

A total of R\$ 18.8 billion will be invested by 2014, divided into four areas: prevention, mapping, monitoring and alert and response.

PREVENTION

Structural works to prevent floods and landslides, as well as to improve water security in the nine states of the semiarid region and in the state of Maranhão to prevent the impacts of drought, will receive investments worth R\$ 15.6 billion.

In the case of works to reduce the risk of flooding and landslides, the priority will be the 170 municipalities grouped in 17 hydrographic basins, where 74% of deaths by natural disasters were reported between 1991 and 2010.

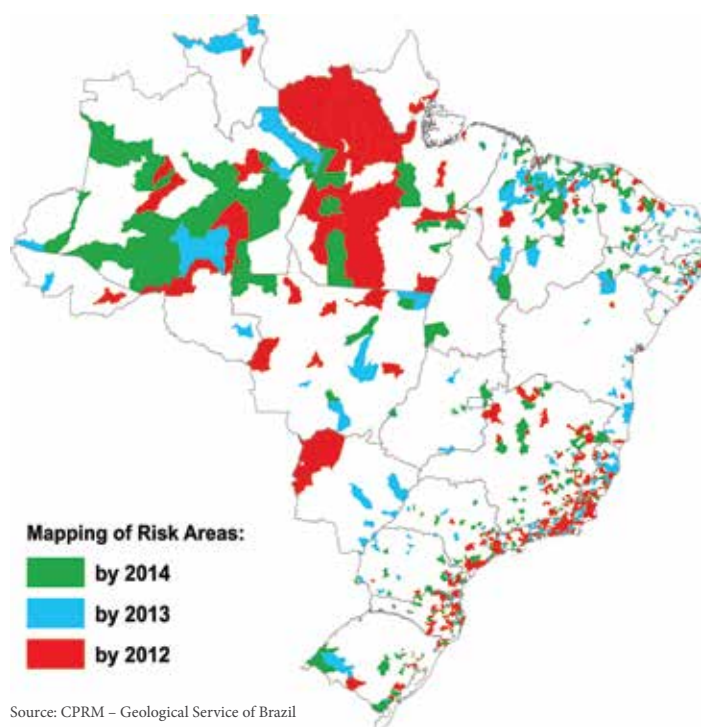
About 42% of the works have already been selected and will cover all states in the Northeast region, plus Rio de Janeiro, Minas Gerais and Santa Catarina.

MAPPING

The hydrological and geological mapping of areas at risk of landslides on slopes, flash floods, floods and inundation are critical for planning prevention, monitoring and alert and response actions.

Geological Risk: areas at risk of landslides on slopes have already been mapped and an intervention plan has been developed for over 200 cities. The goal by 2014 is to reach 821 municipalities, where 94% of the deaths occurred and 88% of the population was left homeless and displaced between 1991 and 2010. Seven situation rooms have been established in the states of the North and Northeast regions, and more than 3,000 professionals have been trained in civil defense.

Hydrological Risk: the mapping of flood risk areas has been carried out in hydrological basins in 22 states, and mapping of all priority basins is scheduled to be completed by December 2012. The National Atlas covering 26 states and the Federal District will be finalized in 2013.



MONITORING AND ALERT

The monitoring and alert system seeks to anticipate as much as possible the risk of natural disasters, managing information in order to prepare the population and ensure better response conditions to natural disasters. The system consists of two core and complementary structures: the National Center for Natural Disaster Monitoring and Alerts (*Centro Nacional de Monitoramento e Alertas de Desastres Naturais* – CEMADEN) and the National Center for Disaster and Risk Management (*Centro Nacional de Gerenciamento de Riscos e Desastres* – CENAD).

CEMADEN: responsible for the continuous monitoring of threats and issuing advance alerts of natural disasters risk, the Center has been operating since December 2011 in Cachoeira Paulista (SP) and is currently being enhanced. CEMADEN works 24/7 and issues flash flood, landslide and flood alerts 2-6 hours in advance. In case of risk of crop failure and interruption of water supply in the semiarid region, the alerts are issued two months in advance.

CENAD: located in Brasília, it is responsible for managing information about risks and disasters generated by CEMADEN, in order to prepare the population and respond to disasters through joint action with states and municipalities. The Center has a team of 70 people and operates 24/7.

Investments in the system focus on expanding the equipment structure, encouraging scientific and technological research into natural disasters, and promoting the domestic production of equipment and partnerships with local communities to monitor events.

Future purchases include 9 weather radars; 4,100 rain gauges, both automatic and semi-automatic; 286 hydrological stations and geotechnical devices; 100 agro-meteorological stations; and 500 soil moisture sensors.

RESPONSE

It involves the coordination and implementation of actions to respond to natural disasters.

National Emergency Force (*Força Nacional de Emergência*): includes professionals from the Brazilian Geological Service (*Serviço Geológico do Brasil* – CPRM), CEMADEN, CENAD, ANA (National Water Agency), MDS (Ministry of Social Development and Fight Against Hunger) and other agencies that provide coordinated support to local teams for risk assessment, incident reports and removal of people affected. The Force worked successfully in January 2012 during the floods in Minas Gerais, Espírito Santo and Rio de Janeiro.

National SUS Force (*Força Nacional do SUS*): 6 field hospitals and a permanent stock of medicines will be available. More than 300 professionals have already been trained in crisis management, and 15 response teams permanently on call have been established.

Armed Forces and National Security Force (*Força Nacional de Segurança*): will receive more equipment, supplies and staff to provide support in emergency situations.

Municipal Civil Defenses: are being upgraded through the provision of equipment such as 4x4s, GPS, cameras and laptops.

Payment Card: streamlines the purchase and delivery of essential items. 422 municipalities and 18 states have already received the card. In 2012 the Federal Government has already transferred R\$ 272.4 million through the card to 102 municipalities and 17 states affected by heavy rainfall or drought.

My House, My Life: 50,000 housing units have been set aside for families affected by natural disasters. Families with income up to R\$ 3,275 will be exempted from paying back the benefit. States and municipalities are required to provide infrastructure, land plots and social rent until the families are finally resettled.

My House, My Life (*Minha Casa, Minha Vida*)

Program ensures home ownership for millions of Brazilians

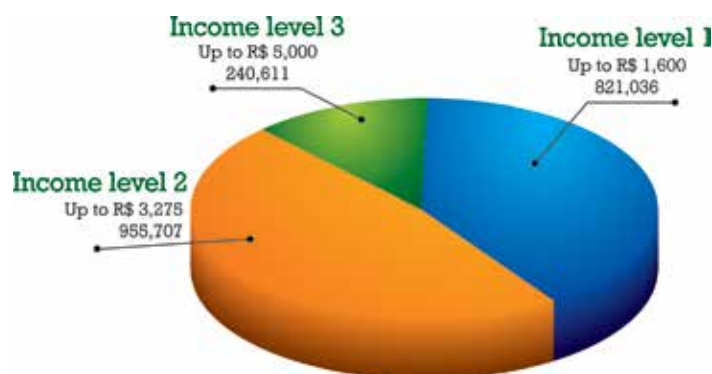
Commissioning pace is accelerated and rules are improved

MORE THAN 970,000 HOUSING UNITS DELIVERED

By October 31, a total of 2,017,354 housing units had been commissioned in the two phases of the program, of which 970,896 (48.1%) have been delivered.

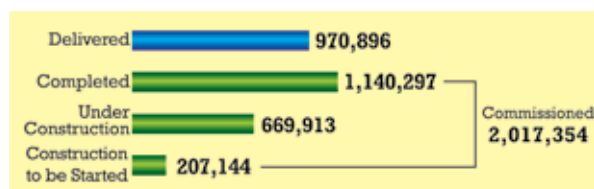
- For families with income up to R\$ 1,600 (level 1), 257,128 dwellings have already been delivered, of a total of 821,036 commissioned. By October, R\$ 34.5 billion in subsidies had been granted for home purchase in this income level.
- 645,949 dwellings have already been delivered to families in income level 2, from a total of 955,707 commissioned. By October, R\$ 18.8 billion in subsidies and R\$ 73.0 billion in financing had been granted in this income level.
- For families in income level 3, 67,819 dwellings have already been delivered, from a total of 240,611 commissioned. Funding in this income level totaled R\$ 19.4 billion.

Housing units commissioned under MCMV by income level
By 10/31/2012



Source: Caixa Econômica Federal

Status of MCMV - By 10/31/2012



Source: Caixa Econômica Federal

IMPROVED RULES FOR THE MY HOUSE, MY LIFE PROGRAM

Between August and October, several changes were made to the program rules:

- For families with income up to R\$ 1,600 (level 1), the maximum amount for purchasing subsidized property increased from R\$ 65,000 to R\$ 76,000, varying according to the unit of the federation and the specificities of the municipality. The maximum amount of the installment was reduced from 10% to 5% of family income, with a minimum monthly payment of R\$ 25.
- The income limit for level 2 increased from R\$ 3,100 to R\$ 3,275, and the maximum amount of the subsidy for financed properties increased from R\$ 23,000 to R\$ 25,000.
- For families in income level 3 – between R\$ 3,275.01 and R\$ 5,000 – the interest rate fell from 8.16% to 7.16% a year.
- For families with income from R\$ 3,100.01 to R\$ 3,275, the rate fell from 8.16% to 6% a year, and for families with income between R\$ 2,325.01 and R\$ 2,455, from 6% to 5% a year.
- The maximum cost of properties financed through the program rose from R\$ 170,000 to R\$ 190,000.

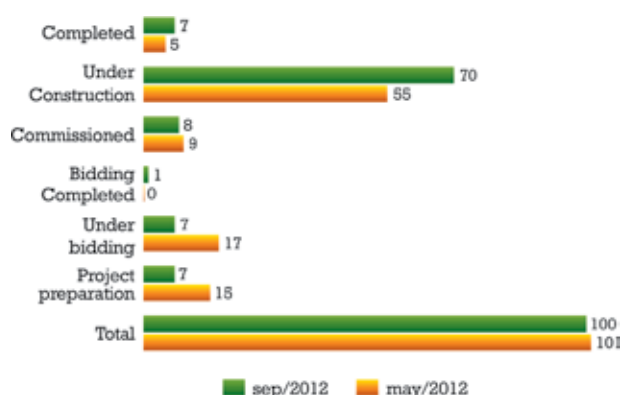
FIFA 2014 World Cup and 2016 Olympics

Brazil's preparation for major sporting events and incentive to athletes

2014 WORLD CUP

Construction projects in stadiums, urban mobility, airports and ports are underway in the 12 host cities of the 2014 World Cup.

Status of projects for the 2014 World Cup



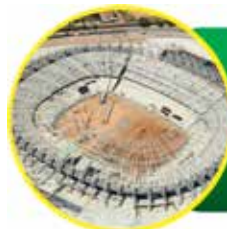
Source: Ministry of Planning – World Cup matrix

Stadiums

Works are moving at a fast pace in the stadiums of all host cities of the 2014 World Cup. In the cities of Belo Horizonte, Brasília, Fortaleza, Recife, Salvador and Rio de Janeiro, which will host the 2013 Confederations Cup, all stadiums will be completed by the first half of 2013, and Castelão (CE) and Mineirão (MG) stadiums will be delivered still in 2012.



76,5%
NATIONAL STADIUM /DF
Completion by Feb/2013



92,8%
CASTELÃO/CE
Completion by Dec/2012



92,7%
MINEIRÃO/MG
Completion by Dec/2012



80%
FONTE NOVA/BA
Completion by Dec/2012



70%
MARACANÃ/RJ
Completion by Feb/2013



70,6%
PERNAMBUCO ARENA/PE
Completion by Feb/2013



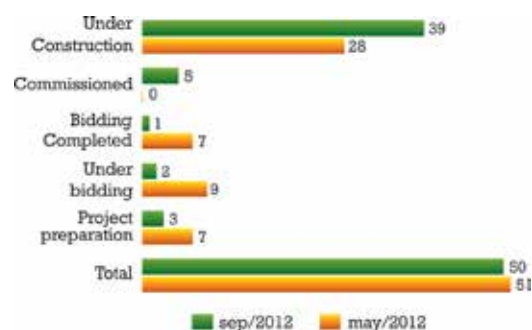
52%
BAIXADA ARENA/PR
Completion by July/2013



Urban Mobility

Mobility projects planned for the host cities of the 2014 World Cup are underway in nine of them. In Belo Horizonte, Brasília and Rio de Janeiro all works will be completed by December 2013. The project for the Light Rail Vehicle (LRV) planned for Brasília has been excluded from the World Cup Responsibility Matrix.

Status of urban mobility projects



Source: Ministry of Planning – World Cup matrix

Airports

31 projects are underway in 13 airports: Brasília, Belo Horizonte, Campinas, Cuiabá, Curitiba, Fortaleza, Manaus, Porto Alegre, Recife, Salvador, Guarulhos/SP, São Gonçalo do Amarante/RN and Galeão/RJ, with investments already totaling R\$ 7.35 billion. Except for the landing and takeoff runway of Porto Alegre, with completion scheduled for the first half of 2014, the others will be ready by December 2013. Eight projects have been completed to date.

Status of urban mobility projects



Source: Ministry of Planning –World Cup matrix

Ports

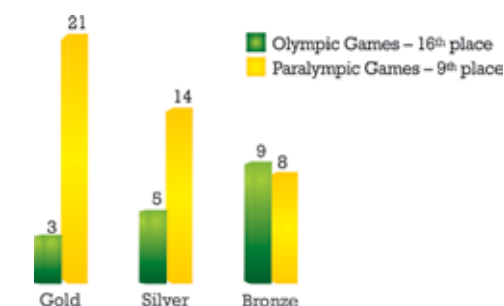
Modernization projects are underway in the cities of Fortaleza, Natal, Recife, Salvador and Santos.

Works in the ports of Manaus and Rio de Janeiro are scheduled to start by March 2013.

2016 OLYMPICS

In the 212 London Olympics our athletes put Brazil in 16th place in the overall Olympic rankings and in 9th place in the Paralympic Games, thus improving the position achieved in Beijing, when Brazilian athletes ensured our delegation the 18th and 11th places respectively.

Brazil medal table – London 2012



Source: Ministry of Sport

After a good performance in the London Olympics, Brazil starts the new Olympic cycle by intensifying support to athletes for the 2016 Olympic and Paralympic Games.

Athlete Sponsorship Program (*Bolsa Atleta*)

This program is one of the main support instruments of the Federal Government to ensure the conditions that enable base and high performance athletes to dedicate themselves to training and develop their potential. In London, 60% of athletes in the Olympic and Paralympic delegations were beneficiaries of the Athlete Sponsorship Program.

| Outcomes of the London 2012 Olympics | | | |
|--------------------------------------|----------|--------------|--|
| | Athletes | Competitions | Beneficiaries of the Athlete Sponsorship Program |
| Olympics | 257 | 32 | 110 |
| Paralympics | 182 | 18 | 156 |

Source: Ministry of Sport

Brazil Medals Plan 2016

(*Plano Brasil Medalhas 2016*)

Launched in September 2012, the plan will support the 200 Brazilian Olympic and Paralympic athletes ranked among the top 20 in the world in their respective sports.

The goal is to ensure optimal preparation conditions for these athletes to win medals in the 2016 Rio Olympics.

To achieve these goals, investments to support high performance athletes will increase by R\$ 1 billion from 2013 to 2016, totaling R\$ 2.5 billion in the period.

The plan is structured around two areas: Athlete Support and Training Centers. In the case of support for athletes, the categories Podium Athlete Sponsorship (*Atleta Pódio*), aimed at high performance athletes, and Coach Sponsorship (*Bolsa Técnico*) – both included in the Athlete Scholarship program – have been enhanced. The plan also provides for monthly financial support for professionals participating in the multidisciplinary team to support athletes, such as nutritionists and fitness coaches, in addition to subsidies for the purchase of equipment.

Also under the plan, 22 Training Centers for athlete preparation will be built or upgraded; 21 of these centers will be for Olympic sports and one for Paralympic sports.

| | |
|--|--|
| | Podium Athlete Sponsorship (Bolsa Atleta Pódio) Up to R\$ 15,000/month per athlete |
| | Coach Sponsorship (Bolsa Técnico) Up to R\$ 10,000/month |
| | Multidisciplinary Team Up to R\$ 5,000/month per professional |
| | Equipment Acquisition Up to R\$ 20,000 per athlete |

Environment

Commitment to sustainable development

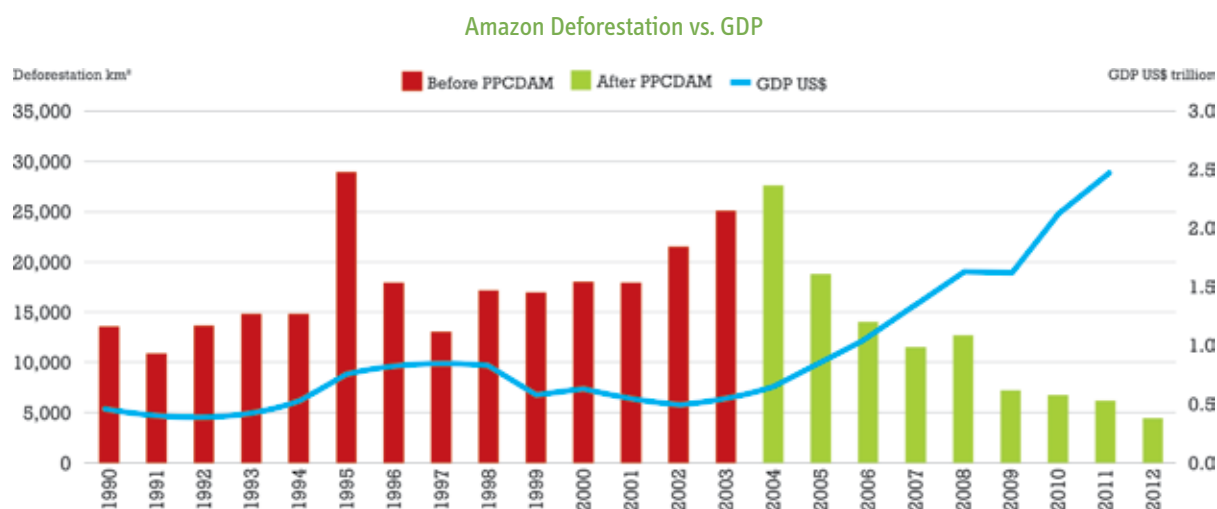
Approval of new Forest Code and reduction of deforested area in the Amazon confirm increased biodiversity preservation capacity

DEFORESTATION CONTINUES TO FALL IN THE AMAZON REGION

The deforested area in the Amazon region totaled 4,656 km² between August 2011 and July 2012, reflecting a 27% decline over the same period of 2010-2011. This corresponds to the smallest deforestation area since the first measurement performed by the National Institute for Space Research (*Instituto Nacional de Pesquisas Espaciais* – INPE) in 1988. It is also 83.2% lower than the deforestation recorded in 2004, when the Action Plan to Prevent and Con-

trol of Deforestation in the Legal Amazon (*Plano de Ação para Prevenção e Controle do Desmatamento na Amazônia Legal* – PPCDAM) was established.

This decrease in deforestation evinces the progress of Brazilian initiatives to mitigate the effects of climate change. With this result, the country has reduced the deforested area by 76.27% vis-à-vis the annual deforestation average recorded between 1996 and 2005, and is now very close to fulfilling the commitment made in Copenhagen to reach a reduction of 80% in relation to that average by 2020.



(*) Action Plan to Prevent and Control Deforestation in the Legal Amazon

Source: PRODES-INPE and BACEN

THE NEW FOREST CODE

With the promulgation of the new Forest Code, Brazil now has clearer rules on land use in rural and urban areas. The Code also defines better the roles of government, producers and citizens in preserving biodiversity, water, soil, and climate integrity.

An important guideline in the new Code is the differentiated treatment afforded to landowners according to the size of their property. No amnesty will be given to landowners and all of them will be under the obligation to recover degraded areas. However, specific conditions will benefit small producers and family farmers.

The new Code contains rules for restoring the Legal Reserve and Permanent Preservation Areas (*Áreas de Preservação Permanente* – APP), distinguishing those situations where deforestation occurred before or after 2008. It also provides for funding to recover deforested areas. As for the fines imposed by IBAMA (Brazilian Institute of Environment and Renewable Natural Resources), the Code provides for the suspension of such fines for producers who join the Environmental Recovery Program (*Programa de Recuperação Ambiental*) and, after full recovery of the area, it authorizes fines to be converted into the provision of environmental services.

Rules for Preservation

The new code does not change land allocation or use as regards preservation requirements. The novelty is the establishment of rules to recover what has been degraded as a result of non-compliance with preservation rules.

The Permanent Preservation Area and the Legal Reserve should be different, with areas varying according to the size of the property and the biome where it is located. The only exception applies to the property aimed at family agriculture or small production, with areas that measure less than four fiscal modules, where it will be possible to choose a single area that should not be less than 10% of the total area.

Permanent Preservation Areas (*Áreas de Preservação Permanente* – APP): their size varies according with the width of water courses.

| Width of river or water course | Minimum width of APP on each side of the river |
|--------------------------------|--|
| Less than 10 meters | 30 meters |
| 10 - 50 meters | 50 meters |
| 50 - 200 meters | 100 meters |
| 200 - 600 meters | 200 meters |
| Above 600 metros | 500 meters |

For rural properties with areas consolidated into APP by 2008, landowners will be under the obligation to restore the marginal strip around water courses, with a minimum width according to the size of the property:

| Nº. fiscal modules | Area to be restored (meters) |
|--------------------|------------------------------|
| 1 | 5 |
| Up to 2 | 8 |
| 2 - 4 | 15 |
| 4 + | 30 |

Legal Reserve: should be maintained with native vegetation, with minimum limits varying according to the biome. In the Legal Amazon, producers are required to keep 80% of the forest standing. In the same region, 35% of the area should be preserved if the property is located in a *Cerrado* area, and 20% in the case of grassland. In the *Cerrado* biome, the reserve is 35%, and in other regions 20%. Under the rules of the new Code, areas where vegetation has been suppressed in the Legal Reserve should be restored regardless of the size of the property.

The new instruments

Three new instruments have been developed to regularize the situation of environmental properties:

Rural Environmental Registry (*Cadastro Ambiental Rural* – CAR): a compulsory document for all landowners or squatters to have their land regularized. Through CAR, producers will inform the property boundaries, identifying the Legal Reserve and Permanent Preservation Area.

Environmental Recovery Program (*Programa de Recuperação Ambiental* – PRA): will provide support and assistance to producers who are required to recover deforested areas. It will be implemented through partnerships between the Federal Government, states and municipalities.

Environmental Reserve Quota (*Cota de Reserva Ambiental* – CRA): will apply to special cases, when the area preserved is not within the limits of the property. It allows producers to purchase an area with native vegetation that is not an APP or a reserve, to replace the deforested area.

Federative Relationship

Expansion of the fiscal space of states and actions to combat drought

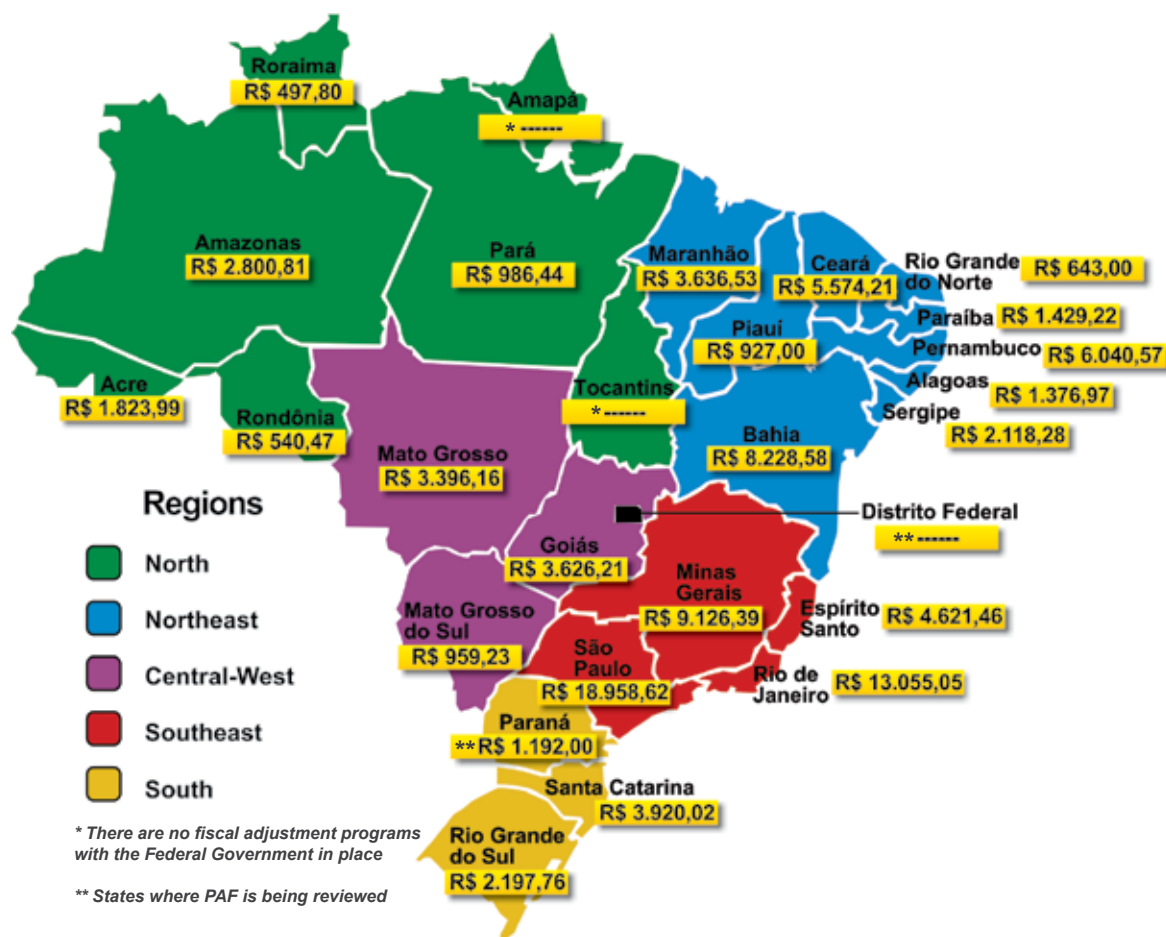
MORE RESOURCES FOR THE STATES TO INVEST

The limit of 21 states for contracting loans has increased by R\$ 58.3 billions, as a result of the revision of the Fiscal Adjustment Programs (*Programas de Ajuste Fiscal* - PAF) for 2012-2014. This will enable increasing the public investment by states in areas such as infrastructure, environmental sanitation, housing and urban mobility. In 2011, of the 25 states that have a Fiscal Adjustment Program with

the Federal Government, 20 were authorized to take loans, thus ensuring R\$ 39.4 billion for investments that are critical to foster regional development.

The Fiscal Adjustment Programs of the Federal District and of the state of Paraná are still under review. But the states of Piauí and Rio Grande do Norte have had their debts refinanced and their programs will not need to be reviewed. The states of Amapá and Tocantins have no Fiscal Adjustment Programs with the Federal Government in place.

Fiscal restructuring and adjustment program in the period 2011/2012 - R\$ million



MEASURES TO COMBAT DROUGHT

Currently, approximately five million families are being assisted in all states of the Northeast region and in Minas Gerais through federal programs, thus minimizing the problems caused by the severe drought ravaging these regions. R\$ 3.2 billion have already been allocated by the Federal Government for emergency actions to cope with drought. The partnership between the Federal Government and state governments has been critical to prevent the drought from becoming a scourge to the country.

Financial Aid

Two additional payments of R\$ 80.00 each have been added to the Drought Grant (*Bolsa Estiagem*), which used to be R\$ 400. By October, 831,200 families in 1,311 municipalities had benefited from the Grant. Civil Defense, through its Payment Card used for purchasing emergency items and restoring essential services, provided R\$ 282 million to 17 states affected by drought thus far.

According the National Civil Defense Secretariat, the number of municipalities in emergency situations due to lack of rain had reached 1,245 by last October.

Water Supply

The Water for All (*Água para Todos*) program has already benefited 375,000 families with cisterns through transfers totaling R\$ 983 million. In addition to the cisterns, R\$ 60 million have been allo-

cated for the installation and recovery of wells in the semiarid region. These wells are extremely important for storing water to be used by the rural population.

Besides the 4,162 tank cars authorized by the Federal Government and operated by the Brazilian Army, which have served three million people in 706 municipalities, the states have received federal funds and pledged to provide an additional 2,000 vehicles. The operation involved the transfer of R\$ 310 million for its implementation.

Support for rural production

For producers in the affected regions, special credit lines with interest up to 3.5% per annum have been provided. The initiative has benefited 133,000 producers so far, with investments totaling about R\$ 1.04 billion.

Also, another 691,000 farming families have been assisted by the Harvest Guarantee Insurance (*Seguro Garantia-Safra*), with R\$ 473 million already transferred by the Federal Government. The advance payment of the benefit and the inclusion of two additional payments have also been announced, increasing the benefit to R\$ 952 per family.

Extension of corn subsidies

Another measure implemented was the extension of sales of subsidized corn to rural producers and animal feed. More than 47,000 producers have benefited from the “over-the-counter” modality, with more than 108,000 tons.



Brazil and the World

Brazil and the World

The Pro Tempore Presidency of Mercosur and an intense multilateral agenda are the highlights of the period

MULTILATERAL AND REGIONAL AGENDA

Brazil at the 67th UN General Assembly

On September 25, the Brazilian President opened the UN General Assembly in New York. Brazil's intervention advocated the construction of a broad pact for the coordinated resumption of global economic growth against the backdrop of a persistent global economic crisis.

With regard to Rio+20, it was pointed out the importance of consensus approval of a final document that would be the starting point for a sustainable development agenda for the 21st century, with a focus on poverty eradication, on the conscious use of natural resources and sustainable production and consumption patterns.

The President welcomed the launch of the Decade of Action for Road Safety (2011-2020), highlighting the broad awareness campaign that the country is promoting to reduce accidents.

It was also remembered that the country has already started the countdown to the Rio 2016 Olympics and the FIFA 2014 World Cup.

In the political sphere, special mention was made of the important social movements occurring in the Middle East and North Africa, most of them as a reaction to poverty, unemployment, lack of opportunity and civil liberties, and authoritarianism. The President condemned the violence in Syria and urged the warring parties to lay down their weapons and join the mediation efforts of the Joint

Special Representative of the UN and the Arab League. She strongly advocated the institutional reform of the UN and its Security Council, so as to make it more representative, legitimate and effective.

She reiterated the support of the Brazilian government in recognizing the Palestinian State as a full member of the United Nations, noting that only a free and sovereign Palestine can fulfill the legitimate aspirations of Israel for peace with its neighbors and security along its borders.

In the regional context, the President stressed her commitment to work with neighboring countries to build an environment of democracy, peace, prosperity and social justice, and criticized the U.S. embargo on Cuba.

Brazil also participated in an intense agenda of bilateral and multilateral meetings such as ministerial meetings of the G4 (Brazil, Germany, India and Japan), BRICS (Brazil, Russia, India and China), the Group of 77 and China (developing countries, including Brazil), and LAC (Latin America and the Caribbean).

III Summit of South American – Arab Countries (ASPA)

On October 2nd, the President participated in the III Summit of South American – Arab Countries in Lima, Peru, the first to be held among leaders of the two regions following the beginning of the “Arab Spring”.

The Lima Summit, in addition to covering issues on cooperation in various fields, was marked by debates on political issues in the Arab world. The President emphasized the potential for cooperation between the two regions, repudiated religious intolerance and terrorism, and reiterated the path of dialogue as a solution to armed conflicts.

The Lima Declaration, adopted at the end of the meeting, recorded the common positions of the two blocks regarding the defense of the Palestinian state, the peaceful use of nuclear technology and the commitment to sustainable development. With respect to the situation in Syria, the parties expressed their repudiation of violence and human rights violations and advocated a peaceful solution.

Extraordinary Mercosur Summit

The Meeting of the Extraordinary Mercosur Summit was held in Brasília on July 31st. On the occasion, the member countries celebrated Venezuela's acceptance as a full member of the group under the "Declaration on the Incorporation of the Bolivarian Republic of Venezuela into the Common Market of the South (Mercosur)" adopted in the city of Mendoza, Argentina, on June 29, 2012, during the 43rd Mercosur Presidential Summit.

With the entry of Venezuela, Mercosur now has a population of 270 million (70% of the population of South America), GDP at current prices of U\$ 3.3 trillion (83.2% of South American GDP) and an area of 12.7 million km² (72% of the entire area of South America). Mercosur has also become a

global energy power in both renewable and non-renewable resources.

The bloc also reaffirmed their repudiation of the rupture of democratic order in the Republic of Paraguay, which resulted in the suspension of the country's right to participate in Mercosur bodies, based on the provisions agreed in the 1998 Protocol of Ushuaia on Democratic Commitment in Mercosur.

Brazil holds the Pro Tempore Presidency of Mercosur

Among the priorities of the Brazilian pro tempore presidency of Mercosur are the possible establishment of a Regional Customs Office headquartered in Brazil; the organization of a Business Forum; the development of an academic mobility program, with the granting of scholarships for the free movement of university students among member countries; the creation of a Science, Technology and Productive Innovation agency; the establishment of two Centers of Excellence, one on climate and natural disaster prevention and another on water-related studies; the strengthening of the Mercosur Fund of Structural Convergence (*Fundo de Convergência Estrutural do Mercosul* – FOCES); advances in the Statute of Citizenship (which addresses topics such as free movement of people, consumer rights and social security), and in the Mercosur Strategic Social Action Plan (*Plano Estratégico de Ação Social* – PEAS), which seeks to eradicate hunger and poverty, as well as in the areas of health, education and labor.

Convention on Biological Diversity (CBD)

From 8 to 19 October 2012, Brazil participated in the 11th Conference of the Parties (COP-11) to the Convention on Biological Diversity, held in the city of Hyderabad, India. The CBD is the main multilateral instrument on biodiversity and has three main goals: the conservation of biological diversity; the sustainable use of its components; and the fair and equitable sharing of benefits arising from the use of genetic resources. Among the main topics discussed during COP-11 were the implementation of the Strategy for the Mobilization of Financial Resources and the definition of the budget and funding priorities for the 6th replenishment of the Global Environment Facility. Brazil advocated the predictable, adequate and timely flow of resources, especially to meet the needs of developing countries. The country also highlighted the principle of common but differentiated responsibilities and the actual text of the Convention, which stipulates that developed countries should provide new and additional resources for developing countries to fulfill their obligations to CBD.

Cartagena Protocol on Biosafety

From 1 to 5 October, Brazil participated in the 6th Meeting of the Parties to the Cartagena Protocol on Biosafety (MOP-6), held in the city of Hyderabad, India. The Protocol, which was signed under the Convention on Biological Diversity (CBD), regulates transboundary movements and the handling and use of genetically modified organisms (GMOs). Through their rules, the parties agree to adopt minimum safety standards and establish a mechanism for the exchange of information, with

the aim of preventing the production and sale of GMOs from having adverse effects on both human health and the sustainable use of biological diversity. Brazil is the only major exporter of GMOs to be a party to the Cartagena Protocol.

During the meeting, the Parties adopted 16 decisions, the main ones being: (i) handling, transport, packaging and identification of genetically modified live organisms (LMOs); (ii) requirements to notify the authorities of the LMO importing country before their first transboundary movement; (iii) limits on the consideration of socioeconomic factors for decisions on the import of an LMO; (iv) measures required to prevent unintentional transboundary movements of LMOs; (v) evaluation and management of risks arising from the use and import of an LMO.

Meeting of Brazil, South Africa, India and China (BASIC) Ministers on Climate Change

The 12th BASIC Ministerial Meeting was held at the Ministry of External Relations in Brasília on 20 and 21 September, for the coordination between Brazil, South Africa, India and China of the ongoing negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol. The BASIC bloc was established in 2007 as an informal dialogue group of negotiations under the UNFCCC. Since its creation, the Group has played an important role in building understanding around the climate change regime and in providing a fair and effective global response to global warming.

9th Conference of Heads of State and Government of the Community of Portuguese-Speaking Countries (CPLP)

The 9th Conference of Heads of State and Government of the Community of Portuguese Speaking Countries (Mozambique, 18-20 July) counted on the participation of the Brazilian delegation led by the Vice-President. The central theme of 9th Conference of the CPLP Summit was “CPLP and the Challenges of Food and Nutrition Security”.

Situation in Syria

Brazil has worked internationally to develop a political solution to the crisis in Syria. Among the main initiatives are the endorsement of the Final Communiqué of the Geneva Action Group on Syria; support for the Special Representative of the Secretary-General of the UN and of the Arab League Lakhdar Brahimi; the favorable vote on the UN General Assembly resolution, which condemned violence and human rights violations in Syria and called for the cessation of violence; the maintenance of 11 Brazilian military observers in the United Nations Supervision Mission in Syria (UNSMIS) up to its end on August 19, 2012; and donations to assist Syrian refugees in Lebanon and Jordan.

On July 20, the Brazilian government decided to temporarily transfer the Brazilian staff of its Embassy in Damascus to Beirut.

The decision did not entail closing the Brazilian representation in Damascus.

In July, the World Heritage Committee of UNESCO decided to include the city of Rio de Janeiro in the World Heritage list in the category of Cultural Landscape, as a unique example of interaction between the man, the nature and the city.

BILATERAL AGENDA

Visit of the Brazilian President to the UK and visit of the British Prime Minister to Brazil

In July, the President attended the opening ceremony of the 30th Olympic Games in London and met with the British Prime Minister. Cooperation between Brazil and the United Kingdom in the area of sports is strategic for preparing the Olympic Games in Rio de Janeiro in 2016. Besides the agenda related to cooperation in sports, topics such as trade and investment, education, science, technology and innovation, energy and infrastructure were also discussed during the meeting.

On 27 and 28 September the Prime Minister of the United Kingdom of Great Britain and Northern Ireland visited Brazil accompanied by a business delegation. On the occasion, the strategic partnership between the two countries in various fields was reviewed and reaffirmed. Among the highlights of the visit were the conclusion of Agreements on Film Co-production and on the Exchange of Tax-related Information, and the Memorandum of Understanding on cooperation concerning economic, social and environmental legacies, and issues related to the Olympics.

Visit of the President of Uruguay

The President received the President of the Oriental Republic of Uruguay in Brasília on July 31, 2012. On the occasion, the two presidents decided to set up a “Brazil-Uruguay High Level Group (GAN),” in charge of consolidating an “Action Plan for Sustainable Development and Brazil-Uruguay Integration”, covering priority areas to strengthen bilateral integration, in particular productive inte-

gration; science, technology and innovation; communication and information; integration of transport infrastructure; free movement of goods and services; and free movement of persons.

Visit of the Presidents-elect of the Dominican Republic and of Mexico

The President-elect of the Dominican Republic, Danilo Medina, met in Brasília with the President of Brazil on July 9. On September 20, the Brazilian President met with the President of Mexico, Enrique Peña Nieto, also in Brasília.

Both courtesy calls aimed to establish the first personal contact with the Brazilian Head of State and other local authorities. The main topics addressed during the two visits were the strengthening of bilateral and regional dialogue, and cooperation.

Visit of the Irish President

The President of Ireland, Michael D. Higgins, visited Brasília on October 9, when he was received by the Brazilian President. The two presidents discussed the prospects for increasing trade relations, as well as to enhance educational cooperation between the two countries under the Science without Borders (*Ciência sem Fronteiras*) program.

Cooperation with Mozambique

On a visit to Mozambique (17-21 July) for the 9th Conference of the Community of Portuguese-Speaking Countries (July 20th), the Brazilian Vice-President held bilateral meetings with the Mozambican President, Armando Guebuza, and Prime Minister, Aires Ali, to discuss the strengthening

of relations between Brazil and Mozambique, and cooperation projects such as the development of agriculture in the African country with the technical assistance of Embrapa (Brazilian Agricultural Research Agency). In the city of Matola, the Vice-President officially started the operation of an antiretroviral factory, which is a result of the cooperation between the two governments.

Humanitarian action

Donation to the UN World Food Program

On a visit to London for the closing ceremony of the Olympic Games (Aug 11- 13), the Brazilian Vice-President attended the meeting of the Global Alliance for Improved Nutrition (GAIN) with the British Prime Minister, and announced a donation of US\$ 120 million in food to the UN World Food Program.

Donation to UNICEF

In July, Brazil announced the donation of US\$ 1.2 million to projects developed by the United Nations Children's Fund (Unicef). The money will fund humanitarian cooperation projects in eleven countries and activities to mitigate the risk of disasters in Latin America and the Caribbean.

Donation to the UNHCR

In August, in the context of Brazilian efforts to minimize the effects of the humanitarian crisis in Syria, the Brazilian government donated US\$ 120,000 to the United Nations High Commissioner for Refugees (UNHCR), to support Syrian refugees in Lebanon.



Normative Agenda

Economic and financial

Provisional Presidential Decrees

| | |
|-----------------------|---|
| 575 of 8.7.2012 | <ul style="list-style-type: none"> Improves mechanisms for the bidding and contracting of public-private partnerships within the realm of public administration. |
| 578 of 8.31.2012 | <ul style="list-style-type: none"> Provides for the accelerated depreciation of cargo vehicles and establishes incentives for the production and purchase of such vehicles. |
| 581 of 9.20.2012 | <ul style="list-style-type: none"> Provides for the operating mechanisms of the Development Fund of the Central-West (<i>Fundo de Desenvolvimento do Centro-Oeste</i> – FDCO). Creates instruments for the National Monetary Council (<i>Conselho Monetário Nacional</i> – CMN) to reduce interest rates on loans granted with resources from Constitutional Funds. Authorizes the granting of credit to (<i>Caixa Econômica Federal</i> – CEF) and Banco do Brasil (BB). |
| 582 of 9.20.2012 | <ul style="list-style-type: none"> Increases to 40 the number of industrial and service sectors benefiting from payroll tax relief. Provides for the accelerated depreciation of capital goods. Establishes the Special Regime of Incentive for the Development of the Fertilizer Industry Infrastructure (<i>Regime Especial de Incentivo ao Desenvolvimento da Infraestrutura da Indústria de Fertilizantes</i> – REIF). Extends the Special Tax Regime to the Defense Industry (<i>Regime Especial Tributário para a Indústria de Defesa</i> – RETID). Provides for the limits of income tax deductions for the National Program to Support Oncology Care (<i>Programa Nacional de Apoio à Atenção Oncológica</i> – PRONON) and the National Program to Support Care for People with Disabilities (<i>Programa Nacional de Apoio à Atenção da Saúde da Pessoa com Deficiência</i> – PRONAS/PCD). Changes the PIS / COFINS tax on revenues arising from the sale of oranges used in the production of juices intended for export. Reduces the income tax rate for autonomous cargo carriers. Extends to December 2013 the tax benefit on pasta. |
| 585, of 10.23.2012 | <ul style="list-style-type: none"> Provides for the provision of financial assistance to States, the Federal District and Municipalities in fiscal year 2012, with the objective of promoting Brazilian exports. |

Laws

| | |
|----------------------|--|
| 12683 of 7.9.2012 | <ul style="list-style-type: none"> Increases the efficiency of criminal investigation and prosecution of money laundering crimes. |
|----------------------|--|

Laws (cont.)

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| 12693 of 7.24.2012 | <ul style="list-style-type: none"> • Extends the authorization and subsidy for businesses and rural producers in municipalities affected by natural disasters that are in a situation of emergency or public calamity. • Amends the law on the compulsory transfer of financial resources for the implementation of actions under the Growth Acceleration Program (<i>Programa de Aceleração do Crescimento</i> – PAC), with a view to establishing rules for the allocation of resources intended for public sanitation services. • Amends the My House, My Life (<i>Minha Casa, Minha Vida</i> – PMCMV) Program by: <ul style="list-style-type: none"> - Increasing the possibilities of exempting beneficiaries from financial contribution to PAC-related operations and those aimed to assist families who lost their only property as a result of natural disasters. - Promoting the improved operation of the program through the Residential Lease Fund (<i>Fundo de Arrendamento Residencial</i> – FAR). - Increasing the family income limit so as to include families that have been removed due to PAC-related operations, disasters, or other Federal Government operations. - Stipulating that in the event of separation, the title of ownership of the property acquired under the PMCMV shall be registered in the name of the woman or transferred to her, except in cases where there are children involved and custody is assigned exclusively to the husband or male partner. |
| 12703 of 8.7.2012 | <ul style="list-style-type: none"> • Changes the rules for savings accounts. - Improves mechanisms that favor credit portability operations. |
| 12712 of 8.30.2012 | <ul style="list-style-type: none"> • Extends the term of the Investment Support Program (<i>Programa de Sustentação do Investimento</i> – PSI). • Extends the term of the BNDES Revitaliza Program. • Establishes the Brazilian Fund and Guarantee Management Agency (Agência Brasileira Gestora de Fundos e Garantias S.A. – ABGF). |
| 12715 of 9.17.2012 | <ul style="list-style-type: none"> • Establishes the National Program to Support Oncology Care (<i>Programa Nacional de Apoio à Atenção Oncológica</i> – PRONON). • Establishes the National Program to Support Care for People with Disabilities (<i>Programa Nacional de Apoio à Atenção da Saúde da Pessoa com Deficiência</i> – PRONAS/PCD). • Reestablishes the One Computer per Student (Um Computador por Aluno – PROUCA) Program. • Establishes the Special Regime of Incentive to Computers for Educational Use (<i>Regime Especial de Incentivo a Computadores para Uso Educacional</i> – REI-COMP). • Establishes the Special Tax Regime of the National Broadband Program for the Implementation of Telecommunications Networks (Regime Especial de Tributação do Programa Nacional de Banda Larga para Implantação de Redes de Telecomunicações – REPABL-Redes). • Establishes the Program of Incentive to the Technological Innovation and Densification of the Automotive Supply Chain (<i>Programa de Incentivo à Inovação Tecnológica e Adensamento da Cadeia Produtiva de Veículos Automotores</i> – INOVAR-AUTO). • Increases the number of sectors benefiting from payroll tax relief. |
| 12716 of 9.21.2012 | <ul style="list-style-type: none"> • Establishes credit lines with resources from the Constitutional Financing Funds of the North, Northeast and Central-West, with the aim of assisting rural producers and entrepreneurs in municipalities affected by natural disasters in a situation of emergency or public calamity. • Increases the amount of the Emergency Financial Assistance for families in municipalities in a situation of emergency or public calamity due to drought. |

Laws (cont.)

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| 12723 of 10.09.2012 | <ul style="list-style-type: none"> • Authorizes the establishment of duty free shops in the seats of municipalities characterized as twin cities of foreign cities along the Brazilian border. |
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Decrees

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| 7774 of 7.04.2012 | <ul style="list-style-type: none"> • Authorizes the establishment of an investment credit line under the National Program for Strengthening Family Agriculture (<i>Programa Nacional de Fortalecimento da Agricultura Familiar</i> – PRONAF), with performance-based bonus granted to family farmers in municipalities of the South region affected by drought. |
| 7791 of 8.17.2012 | <ul style="list-style-type: none"> • Regulates the offsetting of Corporate Income Tax (<i>Imposto sobre a Renda da Pessoa Jurídica</i> – IRPJ) for radio and TV stations broadcasting free political campaign advertising, plebiscites and referendums. |
| 7792 of 8.17.2012 | <ul style="list-style-type: none"> • Changes the rates of the Tax on Industrial Products (<i>Imposto sobre Produtos Industrializados</i> – IPI) for rigid polyvinyl chloride laminates (PVC) used in furniture and other products as specified. |
| 7796 of 8.4.2012 | <ul style="list-style-type: none"> • Reduces, extends the reduction in force, and sets the rates of the Tax on Industrial Products (IPI) for products in the furniture sector, construction materials, electrical materials, appliances, white line appliances, and vehicles, among others as specified. |
| 7810 of 9.20.2012 | <ul style="list-style-type: none"> • Establishes the application of margin of preference in auctions conducted within the federal public administration for the purchase of paper money. |
| 7812 of 9.20.2012 | <ul style="list-style-type: none"> • Establishes the application of margin of preference in auctions conducted within the federal public administration for the purchase of railway vehicles. |
| 7816 of 9.28.2012 | <ul style="list-style-type: none"> • Establishes the application of margin of preference in auctions conducted within the federal public administration for the purchase of trucks, vans and road equipment. |
| 7819 of 10.3.2012 | <ul style="list-style-type: none"> • Regulates the Program of Incentive to the Technological Innovation and Densification of the Automotive Supply Chain (<i>Programa de Incentivo à Inovação Tecnológica e Adensamento da Cadeia Produtiva de Veículos Automotores</i> – INOVAR-AUTO). |
| 7829 of 10.17.2012 | <ul style="list-style-type: none"> • Regulates the positive registry and sets the rules for developing and consulting databases containing information on timely payments by natural persons or legal entities, for the development of credit records. |
| 7833 of 10.29.2012 | <ul style="list-style-type: none"> • Provides for the distribution of resources from the Compulsory Insurance for Personal Injury caused by Road Vehicles (<i>Seguro Obrigatório de Danos Pessoais causados por Veículos Automotores de Vias Terrestres</i> – DPVAT). |
| 7834 of 10.31.2012 | <ul style="list-style-type: none"> • Changes the Table of Taxes Levied on Industrial Products (IPI) by extending the reduction for vehicles to 12/31/2012. |

Bills

4577 of
10.18.2012

- Amends the law creating the Harvest Guarantee Fund to include family farmers from municipalities affected by drought, located outside the area of operation of the Superintendence for the Development of the Northeast (*Superintendência do Desenvolvimento do Nordeste – SUDENE*)

Social

Laws

12681 of
7.4.2012

- Establishes the National System of Information on Public Security, Prisons and Drugs (*Sistema Nacional de Informações de Segurança Pública, Prisionais e sobre Drogas – SINESP*), formed by the Federal Government, states and municipalities, providing a database of information related to public security, prisons, criminal enforcement and fight against trafficking in crack other illicit drugs.

12687 of
7.18.2012

- Establishes that the first ID card shall be issued free of charge.

12688 of
7.18.2012

- Establishes the Program of Incentive to the Restructuring and Strengthening of Institutions of Higher Education (*Programa de Estímulo à Reestruturação e ao Fortalecimento das Instituições de Ensino Superior – PROIES*).
- Provides for the grant of moratorium on payment of federal tax debts of higher education institutions, by developing a tax recovery plan.
- Authorizes the Brazilian Electricity Company (*Centrais Elétricas Brasileiras S.A. – Eletrobras*) to acquire a controlling stake in Celg Distribution S.A.

12689 of
7.19.2012

- Establishes the concept of generic drugs of veterinary use and regulates:
 - The registration, acquisition by the government, prescribing, manufacturing, economic-fiscal system, distribution and dispensation thereof.
 - The promotion of programs of technical-scientific development and incentive to technical cooperation for assessing the quality and effectiveness of said drugs.

12690 of
7.19.2012

- Provides for the organization and operation of Labor Cooperatives.
- Establishes the National Labor Cooperatives Promotion Program (*Programa Nacional de Fomento às Cooperativas de Trabalho – PRONACOOP*).

12692 of
7.24.2012

- Allows employees to have access to information relating to the payment of their contributions to Social Security.

12694 of
7.24.2012

- Provides for collegiate action and trial in the first degree of jurisdiction of crimes committed by criminal organizations.

Laws (cont.)

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| 12695 of 7.25.2012 | <ul style="list-style-type: none"> • Authorizes the direct transfer of federal funds to federative entities to support the implementation of a Coordinated Action Plan (<i>Plano de Ações Articuladas – PAR</i>), to promote the improvement of public basic education. • Amends the FUNDEB (Funding for Maintenance and Development of Basic Education and Valorization of Education Professionals) Law so as to enable the counting of enrolments in rural education offered by institutions specialized in rotation-based education. • Extends the financial support under the Money Direct to the School (<i>Dinheiro Direto na Escola – PDDE</i>) Program to on-site centers within the Open University of Brazil (<i>Universidades Abertas do Brasil</i>) system, which offer initial and continued education programs to basic education professionals. • Authorizes the awarding of scholarships to teachers in the public education network and to students catered by the National Program of Education in Agrarian Reform (<i>Programa Nacional de Educação na Reforma Agrária – PRONERA</i>). |
| 12696 of 7.25.2012 | <ul style="list-style-type: none"> • Amends the Statute of the Child and Adolescent to ensure labor rights to members of the Guardianship Councils. • Extends the term of office of counselors from three to four years and establishes that their remuneration shall be defined by municipal law. • Establishes the process for choosing counselors on the same date nationwide every 4 years starting from 2015. |
| 12711 of 8.29.2012 | <ul style="list-style-type: none"> • Establishes that federal institutions of higher education and secondary technical education shall set aside, in each entrance examination, by course and shift, at least 50% of their places for students from public schools, ensuring at least 50% of these places for students from families with income less than or equal to 1.5 minimum wage: <ul style="list-style-type: none"> - Black, mixed race and indigenous students shall be ensured a proportion of these places that is at least equal to their representation in the population of the state where the institution is located, according to the latest IBGE census. - The institutions shall implement at least 25% of the place quota each year, and the place quota policy shall be reviewed by the Executive Branch after 10 years. |
| 12714 of 9.14.2012 | <ul style="list-style-type: none"> • Provides for the system to monitor the enforcement of prison sentences, preventive custody and security measures. |
| 12720 of 9.27.2012 | <ul style="list-style-type: none"> • Provides for the crime of extermination of human beings; provides for increased penalty when the crime is committed by militia groups. |

Laws (cont.)

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| 12722 of 10.3.2012 | <ul style="list-style-type: none"> • Provides for the Caring Brazil (<i>Brasil Carinhoso</i>) Program by: <ul style="list-style-type: none"> - Establishing a variable benefit for eradicating extreme poverty in early childhood for families with at least one child up to 6 years of age, to ensure that the sum of the household income and financial benefits exceeds the monthly amount of R\$ 70.00. - Allowing the transfer of federal funds to municipalities and the Federal District to increase the supply of early childhood education in public educational institutions or in community, religious or philanthropic nonprofit institutions. - Authorizing the transfer of additional federal funds for assistance in day care centers to children aged 0 to 48 months registered with the School Census, whose families are beneficiaries of the Family Grant (<i>Bolsa Família</i>) Program. - Allowing the use of the Differentiated System for Public Contracts for construction projects and engineering services in the public school system. - Establishing conditions for the construction of social facilities with FAR (Residential Leasing Fund) funds in projects under the PMCMV, and setting rules for ownership thereof. |
| 12725 of 10.16.2012 | <ul style="list-style-type: none"> • Establishes rules aimed at reducing the risk of aviation accidents and incidents arising from the collision of aircraft with fauna species of in the vicinity of airports. |
| 12726 of 10.16.2012 | <ul style="list-style-type: none"> • Determines the creation, within a 6-month period, of Special Mobile Courts, primarily in rural areas or less populated areas. |
| 12727 of 10.17.2012 | <ul style="list-style-type: none"> • Amends the Forest Code regarding the reintroduction of the principles of sustainable development to be observed in law enforcement; the definition of the limits of Permanent Preservation Areas; the establishment of standards for the environmentally sustainable use of saltwater marshes and salt pits; and the recovery of legal reserves, balancing the productive use of land and the conservation of water, soil and vegetation. |

Decrees

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| 7775 of 7.4.2012 | <ul style="list-style-type: none"> Regulates the Food Purchase Program (<i>Programa de Aquisição de Alimentos – PAA</i>), integrated into the strategies of the Brazil without Extreme Poverty Plan and the National Food and Nutrition Security System (<i>Sistema Nacional de Segurança Alimentar e Nutricional – SISAN</i>). Defines PAA beneficiary customers and suppliers as the target audience of the PAA, and explains its implementation modalities. Allows payment to beneficiary suppliers of food to PAA to be made through organizations and explains the form of food purchase under the program, waiving the requirement for competitive bidding. Establishes spheres for the coordination and implementation of the PAA and determines the establishment of a national information system to enable monitoring the fulfillment of program goals. |
| 7788 of 18.5.2012 | <ul style="list-style-type: none"> Regulates the National Social Assistance Fund (<i>Fundo Nacional de Assistência Social – FNAS</i>). <ul style="list-style-type: none"> Defines as competence of the MDS, managing the FNAS under the guidance and monitoring of the National Social Assistance Council (<i>Conselho Nacional de Assistência Social – CNAS</i>). Defines the revenues that make up the FNAS, the ceilings for transferring resources to federative entities, the conditions for its receipt and account rendering procedures. |
| 7790 of 8.15.2012 | <ul style="list-style-type: none"> Provides for funding from the Student Financing Fund (<i>Fundo de Financiamento Estudantil – FIES</i>), considering the possibility of the funding being contracted by a corporation, as specified in Law No. 12513/2011 establishing Pronatec. |
| 7794 of 8.20.2012 | <ul style="list-style-type: none"> Establishes the National Agroecology and Organic Production Policy (<i>Política Nacional de Agroecologia e Produção Orgânica – PNAPO</i>) providing for: <ul style="list-style-type: none"> The development of the National Agroecology and Organic Production Plan by the Interministerial Chamber of Agroecology and Organic Production (<i>Câmara Interministerial de Agroecologia e Produção Orgânica – CIAPO</i>). The creation of the National Agroecology and Organic Production Committee, with equal composition between the federal government and civil society, as a forum of articulation and discussion of PNAPO. The exemption of farmers' organizations from registration in the National Registry of Seeds and Seedlings (<i>Registro Nacional de Sementes e Mudas – RENASEM</i>), including for sales between different states. |
| 7795 of 8.24.2012 | <ul style="list-style-type: none"> Changes the My House, My Life Program regarding: <ul style="list-style-type: none"> The possibility of exempting beneficiaries from financial contribution, with a view to assisting families left homeless due to natural disasters or resettled due to PAC construction projects. Increasing by up to R\$ 3,100 of the monthly income of families resettled due to PAC projects or displaced from their sole property due to natural disasters. Setting of the subsidy for families with income up to R\$ 1600 benefited by PMCMV at up to 95%. Reducing the minimum installment from 10% to 5% and the minimum payment from R\$ 50 to R\$ 25. |

Decrees (cont.)

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| 7802 of 9.13.2012 | <ul style="list-style-type: none"> • Changes the Athlete Sponsorship (<i>Bolsa Alteta</i>) Program to: <ul style="list-style-type: none"> - Allow the accumulation of funds from the Athlete Sponsorship Program with funds from salaries and sponsorships. - Create the Basic category for adolescents up to 14 years old who have excelled in sports competitions in school. - Create the Podium category for athletes with actual opportunities to become Olympic medalists. |
| 7804 of 9.13.2012 | <ul style="list-style-type: none"> • Defines actions under the Growth Acceleration Program – PAC to be implemented through compulsory transfer. |
| 7807 of 9.17.2012 | <ul style="list-style-type: none"> • Provides for the definition of strategic products for the Unified Health System – SUS by the national manager, waiving the requirement of competitive bidding in contracts involving technology transfer. |
| 7823 of 10.9.2012 | <ul style="list-style-type: none"> • Ensures an adequate number of seats for people with disabilities in the construction and remodeling of stadiums and facilities for the 2016 Olympic and Paralympic Games. |
| 7824 of 10.11.2012 | <ul style="list-style-type: none"> • Regulates Law No. 12711/2012 providing for the place quota in federal institutions of higher education and secondary technical education as regards: <ul style="list-style-type: none"> - The establishment of the Committee for the Monitoring and Evaluation of Place Quotas in Federal Institutions of Higher Education and Secondary Technical Education. - The regulation by the Ministry of Education of the formulas for calculating and the criteria for filling said places, as well as the way to assess and verify gross household income. |
| 7825 of 10.11.2012 | <ul style="list-style-type: none"> • Changes the My House, My Life Program to increase the income limit of beneficiaries in level II from R\$ 3,100 to up to R\$ 3,275. • Establishes that the construction of education and health facilities as well as of other housing complementary facilities using FAR funds shall comply with the sectoral federal, state, district or municipal policies. |
| 7827 of 10.16.2012 | <ul style="list-style-type: none"> • Regulates the criteria for verifying the minimum percentage of expenditures by the federal, state and municipal governments on health provided for in the Federal Constitution, through the System of Information on Public Health Budgets (<i>Sistema de Informações Sobre Orçamentos Públicos em Saúde</i> – SIOPS). • Regulates the withholding of FPE (State Participation Fund) and FPM (Municipality Participation Fund) transfers and the suspension of voluntary transfers in cases of non-investment of minimum resources in health by states and municipalities. |
| 7830 of 10.17.2012 | <ul style="list-style-type: none"> • Regulates the provisions of the Forest Code on the establishment of the Rural Environmental Registry System and the Rural Environmental Registry; and the establishment of general rules relating to Environmental Regularization Programs within the federal, state and Federal District governments. |

Unnumbered Decrees

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| 8.20.2012 | <ul style="list-style-type: none"> • 20 decrees declaring as being of social interest, for purposes of agrarian reform, rural properties located in municipalities in the states of Alagoas, Bahia, Mato Grosso, Maranhão, Paraíba, Piauí and Sergipe. |
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Infrastructure

Provisional Presidential Decrees

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| 576 of 8.15.2012 | <ul style="list-style-type: none"> • Creates the Planning and Logistics Company S.A. (<i>Empresa de Planejamento e Logística S.A. – EPL</i>), to plan and promote the development of the high-speed rail transportation service, integrated with other modes of transport. |
| 577 of 8.29.2012 | <ul style="list-style-type: none"> • Regulates actions of the granting authority in cases of termination of electricity public service concessions and its intervention, with the aim of adjusting the public electricity supply service. |
| 579 of 9.11.2012 | <ul style="list-style-type: none"> • Regulates the extension of electricity generation, transmission and distribution concessions and the reduction of sectoral charges. |
| 580 of 9.14.2012 | <ul style="list-style-type: none"> • Authorizes the public company National Center for Advanced Electronic Technology S.A. (<i>Centro Nacional de Tecnologia Eletrônica Avançada S.A. – Ceitec</i>) to extend the contracts signed for another 12 months. • Provides for the compulsory transfer of financial resources for the implementation by states, the Federal District and municipalities of actions under the Growth Acceleration Program – PAC. |

Laws

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| 12706 of 8.8.2012 | <ul style="list-style-type: none"> • Authorizes the creation of the public company Blue Amazon Defense Technologies (<i>Amazônia Azul Tecnologias de Defesa S.A. – AMAZUL</i>). |
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Decrees

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| 7769 of 6.28.2012 | <ul style="list-style-type: none"> • Provides for the management of planning, construction and launch of the Defense and Strategic Communications Geostationary Satellite (<i>Satélite Geoestacionário de Defesa e Comunicações Estratégicas – SGDC</i>). |
| 7783 of 8.7.2012 | <ul style="list-style-type: none"> • Regulates the General World Cup Law, establishing measures related to the FIFA 2013 Confederations Cup, the FIFA 2014 World Cup and the World Youth Day 2013: <ul style="list-style-type: none"> - Regulates the issuing of visa to foreign citizens visiting Brazil. - Ensures tickets for people with disabilities. - Ensures an appropriate number of seats for people with disabilities in the construction and remodeling of stadiums and facilities for the event. |
| 7805 of 9.14.2012 | <ul style="list-style-type: none"> • Regulates procedures on the extension of electricity generation, transmission and distribution concessions, as well as on the reduction of sectoral charges and on low tariffs. |

Unnumbered Decrees

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| 9.13.2012 | <ul style="list-style-type: none">• Establishes the Steering Committee and the Executive Group of the 2016 Olympic and Paralympic Games, to manage activities developed or financed by the Federal Government relating to the two Olympic events. |
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International

Decrees of Enforcement

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| 7773 of 7.4.2012 | <ul style="list-style-type: none">• Internalizes Resolution 2040 (2012) of the UN Security Council changing the sanction regime against Libya. |
| 7785 of 8.15.2012 | <ul style="list-style-type: none">• Internalizes Resolution 2048 (2012) of the UN Security Council establishing the sanction regime against Guinea-Bissau. |
| 7786 of 8.15.2012 | <ul style="list-style-type: none">• Internalizes Resolution 2045 (2012) of the UN Security Council changing the sanction regime against the Ivory Coast. |
| 7831 of 10.29.2012 | <ul style="list-style-type: none">• Provides for the implementation of the 70th Additional Protocol to the Economic Complementatation Agreement No. 2 (70PA-ACE2) signed between the Federative Republic of Brazil and the Oriental Republic of Uruguay. |

Decrees of Promulgation

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| 7811 of 9.20.2012 | <ul style="list-style-type: none">• Promulgates the International Coffee Agreement of 2007 signed by Brazil on May 19, 2008. |
| 7821 of 10.5.2012 | <ul style="list-style-type: none">• Promulgates the agreement between Brazil and the European Union on Short-Stay Visa Waiver for Holders of Ordinary Passport signed on November 8, 2010. |



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