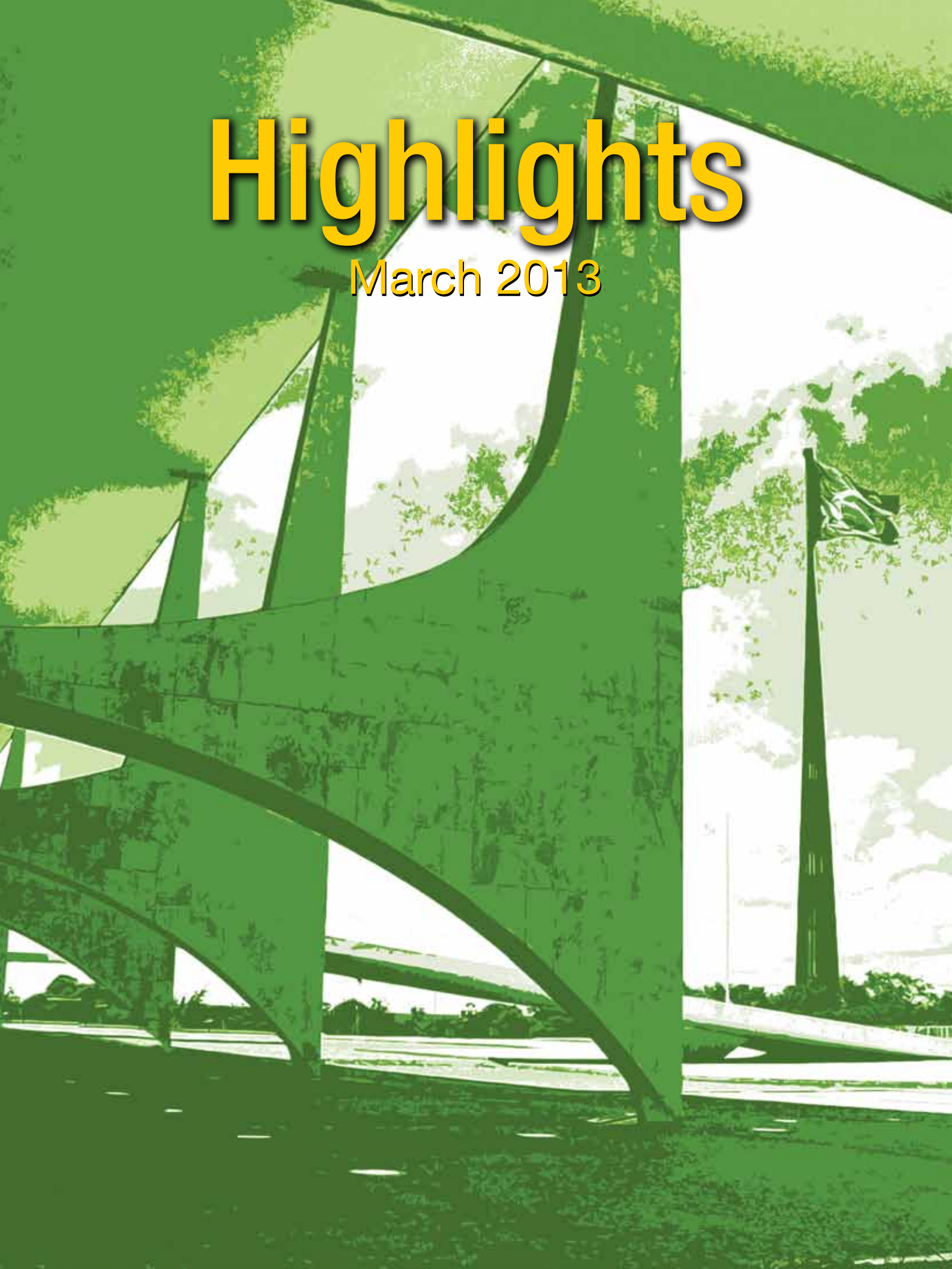


Highlights

March 2013



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contents

2 Introduction

3 Brazil in Figures

4 Brazil in figures

8 Economic scenario

11 Management Highlights

12 Eradication of extreme poverty

16 Infrastructure

20 Rights and citizenship

24 Economic development

30 Health

34 Education

37 Security

40 Major sporting events

43 My House My Life

45 Incentive to investment

48 Risk management and
response to natural disasters

52 Family agriculture and
agrarian reform

54 More Irrigation Program

56 Federative relationship

58 Brazil and the World

62 Normative Agenda

2 Introduction



CHRISTIAN KNEPPER/EMBRATUR

The first edition of Highlights in 2013 presents the results of the Federal Government's priority actions in the first 26 months of the current administration, in addition to information regarding the main programs launched between November 2012 and February 2013.

In the chapter *Brazil in Figures*, education indicators in Brazil are analyzed, and show that there have been improvements in access to schools at all levels and also in the quality of teaching in the Country. In this same chapter, the Economic Scenario presents a review of the economic performance in 2012, a year in which the commitment to economic stability has been combined with the continuity in job creation – allowing for the unemployment rate to reach its lowest levels in history – and with the fall of the basic interest rate, the Selic [*Sistema Especial de Liquidação e de Custódia* (Special System for Settlement and Custody)], which also reached its lowest level in history. The perspective for 2013 is of accelerated economic growth, as already shown by the industry performance indicators in January.

After the end of the second year in office, the Federal Government's priority programs accumulate expressive results with significant impact on the quality of life and the creation of opportunities for Brazilians, as shown in the chapter *Management Highlights*. An important result was attained by the Brazil without Extreme Poverty Plan (*Brasil sem Miséria*), which in two years guaranteed that more than 22 million people overcame extreme poverty by removing from this condition all those benefiting from the Bolsa Família program. By February 2013, the Growth Acceleration Program (*Programa de Aceleração do Crescimento* – PAC) had already invested

47.8% of the forecasted resources up to 2014 and the My House My Life Program (*Minha Casa Minha Vida*) had fulfilled the dream of more than a million families of having their own house, in addition to having contracted the construction of an additional 1.3 million homes. Also in this chapter the stimulus for productive investment and the measures adopted for reduction of costs and increase in competitiveness are presented. The changes in the regulatory framework for ports and the investments in regional airports are also highlighted. The new procedures for a more efficient agrarian reform and more productive settlements are also presented. Similarly, a review of the risk prevention actions and the handling of drought in semi-arid areas are also indicated – it has been the longer lasting drought in the last decades, having required, by February, a R\$ 5.6 billion investment to combat it.

The chapter *Brazil and the World* provides a summary of multi and bilateral agenda in the period. Among the highlights are the I Celac – European Union Summit, the VI Brazil – European Union Summit and the II Africa – South America Summit. The main Acts passed in the period are described in the chapter *Normative Agenda*.

The editors of Highlights acknowledge the invaluable support of the Federal Government agencies, which provided the information contained herein. Comments and suggestions from readers are fundamental to improving this publication and may be sent via email to destaques.secom@planalto.gov.br.

Enjoy your reading,
The Highlights Team

Brazil in Figures

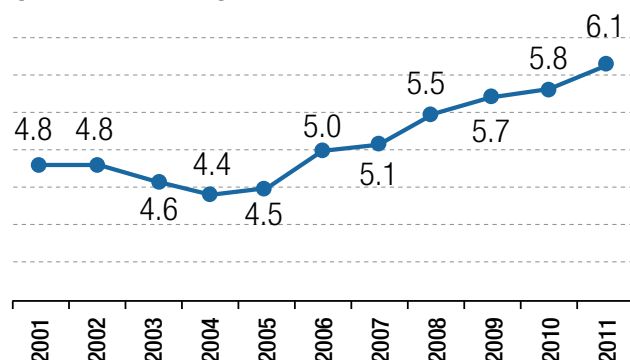


Advances in education

Indicators show improvement in access and quality

The total investment on all levels of education, including Federal, State and Municipal investments, went from 4.8% of the GDP in 2001 to 6.1% of the GDP in 2011.

TOTAL INVESTMENT IN EDUCATION IN THE THREE LEVELS OF GOVERNMENT (IN % OF GDP)



SOURCE: INEP/MEC

Such increase in public investment led not only to increased access to all levels of education, but also to the improvement in quality.

GROWING ACCESS TO EDUCATION IN ALL AGE GROUPS

During the last years, access to education has been increasing consistently on all levels of education. The universalisation of primary education (6 to 14 years) stands out, with 98.3%* of children in this age group attending school in 2011.

In preschool age groups (up to 3 years), school attendance rate practically doubled between 2001 and 2011, going from 10.6% to 21.3%. In kindergarten (4 and 5 years), the attendance rate increased from 55% to 78.2%.

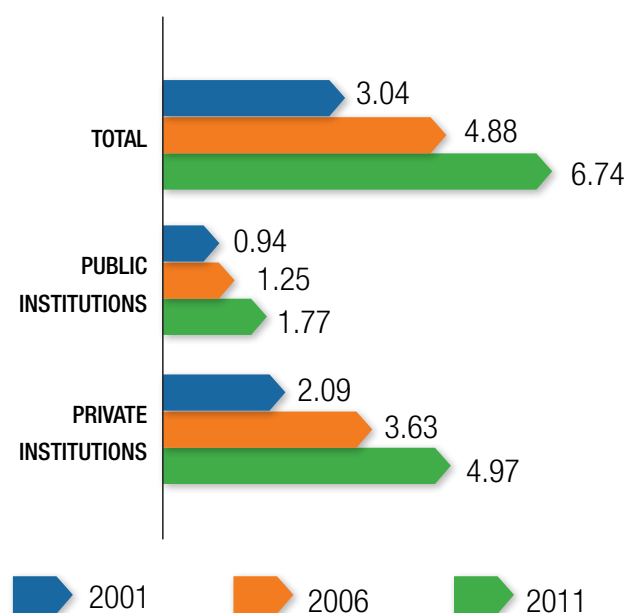
* Harmonized data, excluding the rural population of the Northern region, not surveyed until 2003.

In the 15 to 17 years age group, the attendance rate, comparing the number of enrollments in middle school with the population from 15 to 17 years, went from 81.1% in 2001 to 83.8% in 2011. In higher education, comparing the total number of enrollments with the population between 18 and 24 years, the rate of attendance increased from 15.1% to 28.3%.

IN 10 YEARS, THE ACCESS TO HIGHER EDUCATION INCREASED BY 122%

Between 2001 and 2011, the number of enrollments in higher education went from 3.04 million to 6.74 million. In the public institutions, the expansion was of 87.7%, increasing to 1.77 million enrollments, while in the private institutions, it was of 137.5%, reaching 4.97 million enrollments.

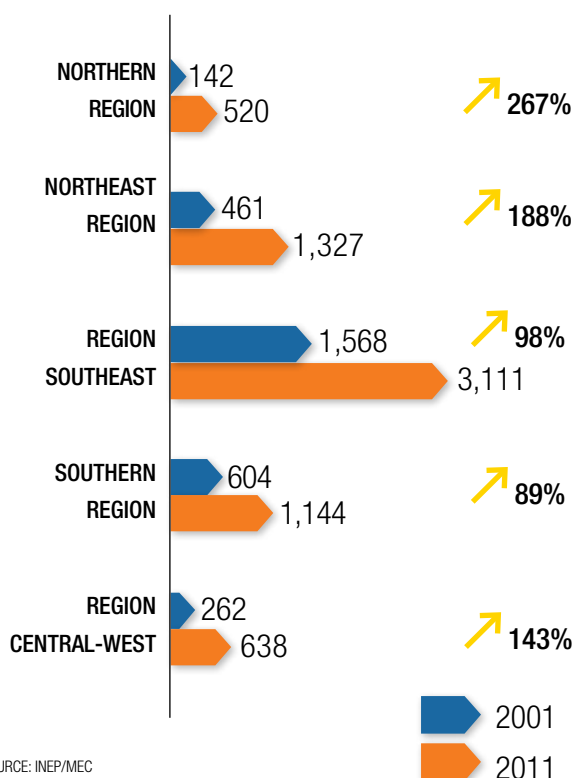
THE NUMBER OF ENROLLMENTS IN HIGHER EDUCATION – PUBLIC AND PRIVATE INSTITUTIONS, 2001, 2006 AND 2011 (IN MILLIONS)



SOURCE: INEP [INSTITUTO NACIONAL DE ESTUDOS E PESQUISAS EDUCACIONAIS (NATIONAL INSTITUTE FOR EDUCATIONAL RESEARCH AND STUDY)]/MEC [MINISTÉRIO DE EDUCAÇÃO (MINISTRY OF EDUCATION)]

The number of enrollments in higher education grew in all regions of the Country. In the Northern region, it grew 267%, going from 142,000 in 2001 to 520,000 in 2011. In the Northeast, the growth was of 188%, from 461,000 to 1.33 million in this period.

HIGHER EDUCATION – NUMBER OF ENROLLMENTS (IN THOUSANDS)

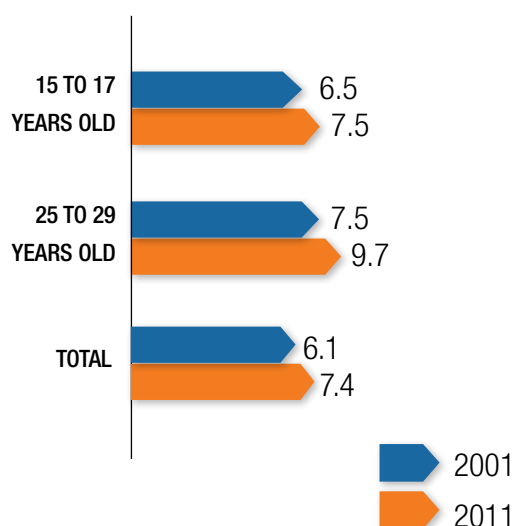


SOURCE: INEP/MEC

POPULATION'S SCHOOLING INCREASES

The average schooling of the Brazilian population increased in all age groups between 2001 and 2011. In the 15 to 17 years age group, it went from an average of 6.5 to 7.5 years of schooling. In the 25 to 29 years age group, it went from 7.5 to 9.7 years of schooling.

AVERAGE SCHOOLING, IN YEARS STUDIED, BETWEEN 2001 AND 2011 (SELECTED AGE GROUPS)



SOURCE: PNAD [PESQUISA NACIONAL POR AMOSTRA DE DOMÍLIOS (NATIONAL HOUSEHOLD SAMPLE SURVEY)] / IBGE [INSTITUTO BRASILEIRO DE GEOGRAFIA E ESTATÍSTICA (BRAZILIAN INSTITUTE FOR GEOGRAPHY AND STATISTICS)]

Note: harmonized data, excluding the rural population of the Northern Region, not surveyed until 2003.

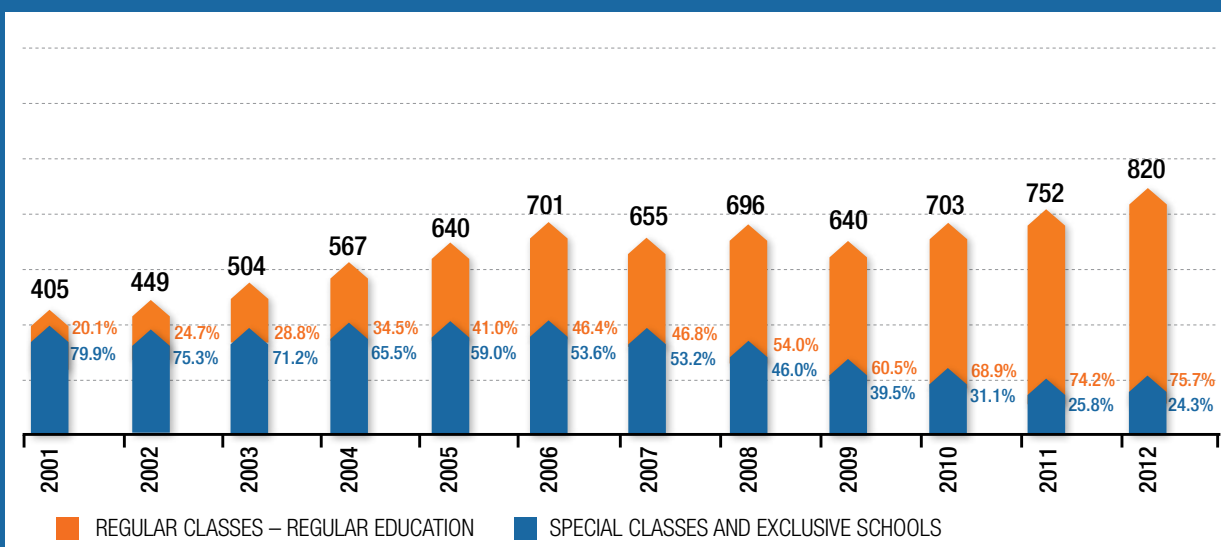


INCLUSIVE EDUCATION INCREASES

The number of enrollments of students with disabilities increased by 103% between 2001 and 2012, going from 404,700 to 820,400. If only the enrollments of students with disabilities in regular classes of regular education are considered,

the number increased from 81,000 in 2001 to 621,000 in 2012. The inclusion in regular education has reduced the participation of students with disabilities in special classes and exclusive schools from 79.9% in 2001 to 24.3% in 2012.

The enrollments of students with disabilities in regular classes and in special classes (total of registered students and percentage of the total)



MOKRA/SXC

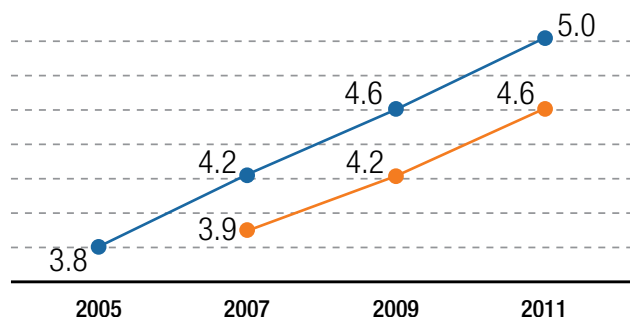


THE QUALITY OF EDUCATION ALSO INCREASES

The Basic Education Development Index (IDEB) was created to measure the quality of education in the Country in two aspects: the flow (progression) and the development of students (learning). The indicator is calculated every two years for the initial and final years of primary school and for high school. It is based on the performance of students in exams and the approval rates in each school.

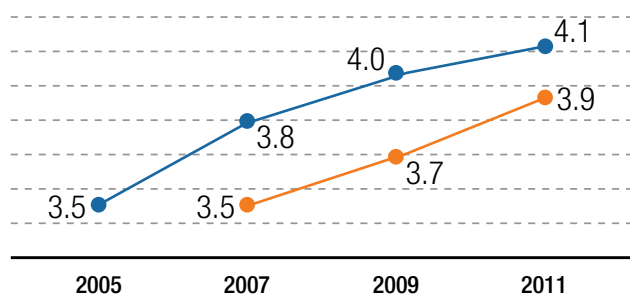
INITIAL YEARS IN PRIMARY EDUCATION

IDEB went from 3.8 in 2005 to 5.0 in 2011, exceeding the goals in all the years it was applied.



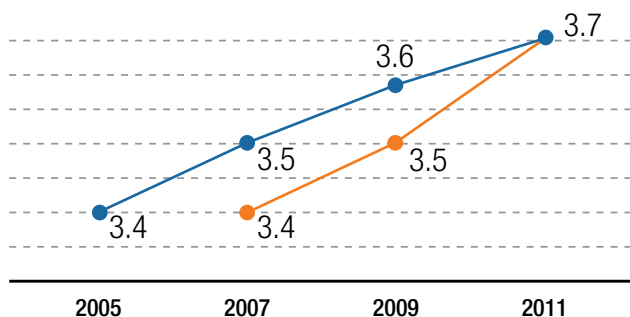
FINAL YEARS OF PRIMARY EDUCATION

The results also exceeded the goals in all years, going from 3.5 in 2005 to 4.1 in 2011.



HIGH SCHOOL EDUCATION

IDEB went from 3.4 in 2005 to 3.7 in 2011. The value exceeded the goals established for the years 2007 to 2009 and met the goal for 2011.



IDEB RESULT —●—

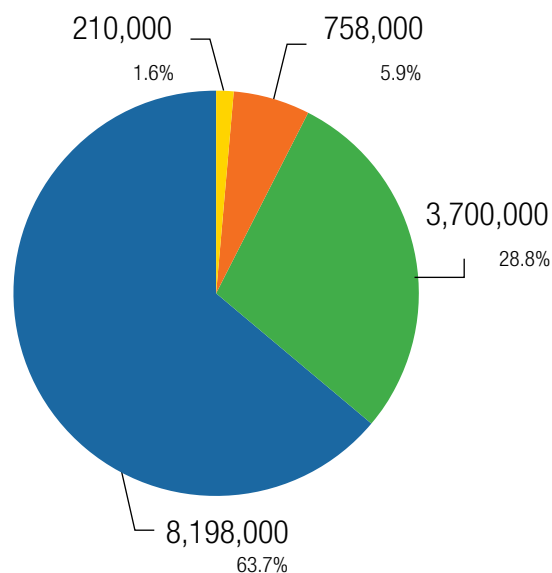
GOAL —●—

SOURCE: INEP/MEC

63.7% OF THE ILLITERATE ARE MORE THAN 50 YEARS OLD

Illiteracy has been decreasing in Brazil in all age groups. The number of illiterate persons 15 years or older fell from 15 million people in 2001 to 12.9 million in 2011. The 50 years or older age group accounted for 63.7% of all illiterate persons in 2011; the range from 15 to 19 years represents 1.6%; and the range from 20 to 29 years, 5.9% of all illiterate persons.

NUMBER AND PERCENTAGE OF ILLITERATE PERSONS 15 YEARS OR OLDER IN 2011



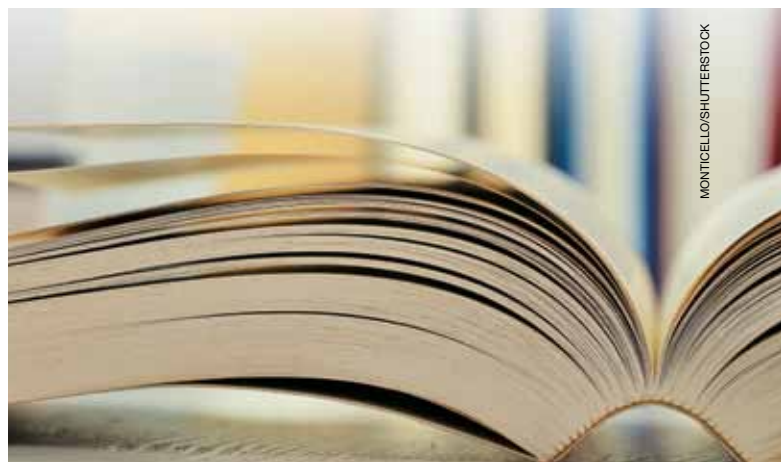
15 TO 19 YEARS OLD

20 TO 29 YEARS OLD

30 TO 49 YEARS OLD

50 YEARS OR OLDER OLD

SOURCE: IBGE/ PNAD



2012 balance and perspectives for 2013

Low interest rates, commitment to inflation goal and fiscal solidity are the basis for bigger growth in 2013

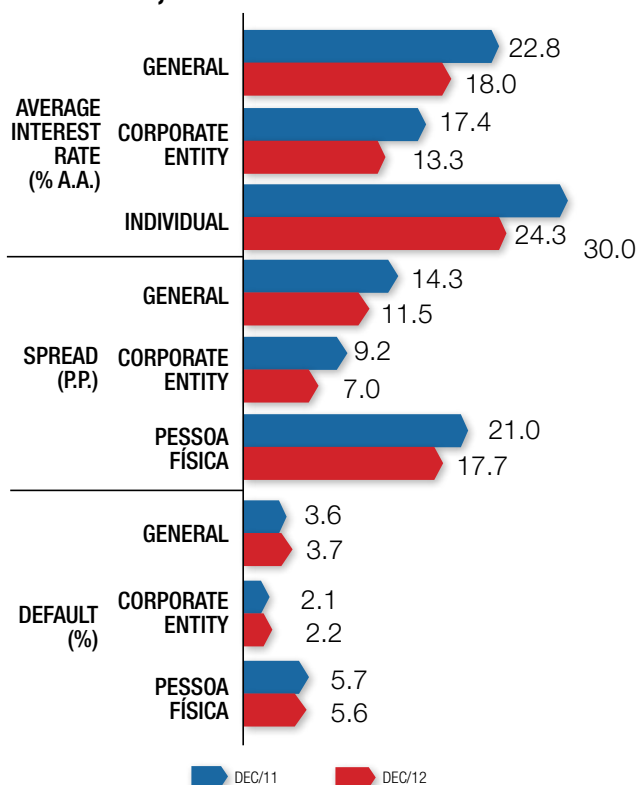
INTEREST RATE

The basic interest rate, Selic, remained at 7.25%, which was reached in August of 2012 and is the lowest ever in history. Keeping the interest at a low level, in addition to bettering the financial result, provides for productive investment and reduces the pressure on the exchange rate.

The general average interest rate for credit operations fell 4.8 percentage points (p.p.) in 2012. The average rate for corporate entities fell 4.1 p.p., and the rate for individuals, 5.7 p.p.

In 2012, reduction in the rates for overdrafts for individuals (31.6 p.p.), for personal credit (5.5 p.p.) and in the general average bankingspread (2.8 p.p.) was a highlight.

INTEREST, SPREAD AND DEFAULT



SOURCE: CENTRAL BANK OF BRAZIL

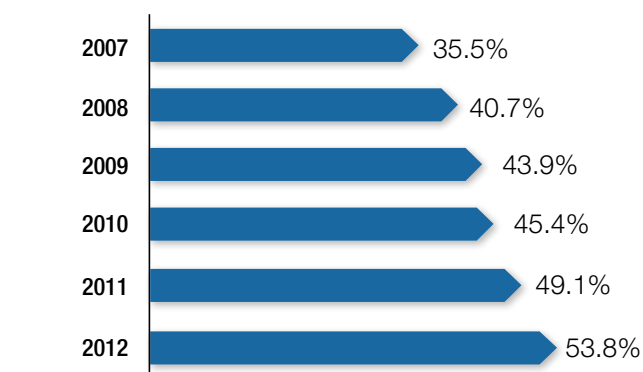
CREDIT

In 2012, the total volume of credit for the financial system accumulated an expansion of 16.4%, reaching R\$ 2.37 trillion. With this, the ratio for credit/GDP grew from 49.1% in 2011 to 53.8% in 2012.

The loans with free funds reached R\$ 1.4 trillion, which was an expansion of 13.6% when compared to 2011. The directed credit amounted to R\$ 969.2 billion, which was an expansion of 20.9%.

In February 2013, the total volume of credit reached R\$ 2.38 trillion, which corresponds to a growth of 0.6% in the first two months of the year.

EVOLUTION OF RATIO CREDIT/GDP



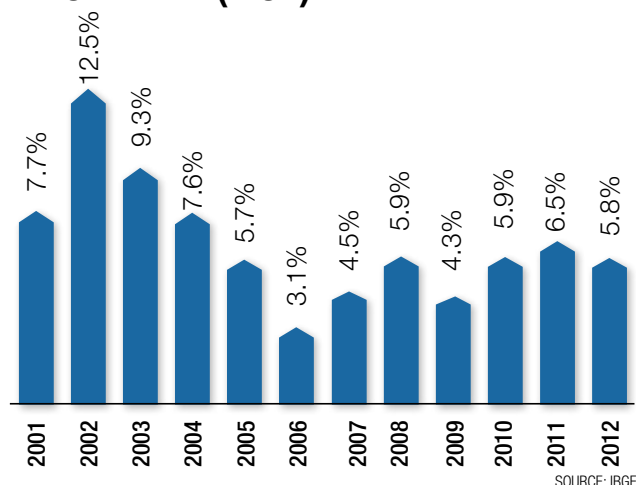
SOURCE: CENTRAL BANK OF BRAZIL

PRICES

For the eighth consecutive year, the IPCA, National Extended Consumer Price Index (*Índice de Preços ao Consumidor Amplo*), remained within the limit of the goal established by the Central Bank, closing 2012 at 5.84%. In the first two months of 2013 the index accumulated a high of 1.47%.

This variation is explained mainly by the behavior of prices in the "food and beverage" group, which represented 0.83 p.p. of the index accumulated in the period.

NATIONAL EXTENDED CONSUMER PRICE INDEX (IPCA)

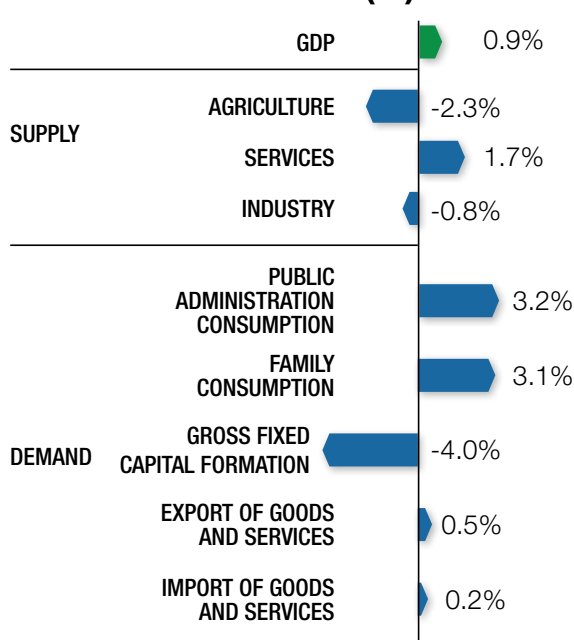


ECONOMIC ACTIVITY

In 2012, the Gross Domestic Product (GDP) grew by 0.9%. On the supply side, Services grew by 1.7%, while Industry (-0.8%) and Agriculture (-2.3%) registered a decrease.

Analysing the demand, Family Consumption grew 3.1% – ninth consecutive year of expansion – and the Public Administration Consumption grew 3.2%. The Gross Fixed Capital Formation fell 4.0% in 2012, after growing 4.7% in 2011.

GROWTH OF THE GDP AND ITS COMPONENTS IN 2012 (%)



In January 2013, industrial production increased 2.5% compared to December 2012 in the series with seasonal adjustment, with growth in all categories of use. The growth in Capital Goods (8.2%) and Durable Consumer Goods (2.5%) was a highlight.

In agriculture, the second estimate of IBGE for the crop of cereals, leguminous and oil-producing plants in 2013 is R\$ 183.4 million tons, being 13.2% higher than the record crop in 2012.

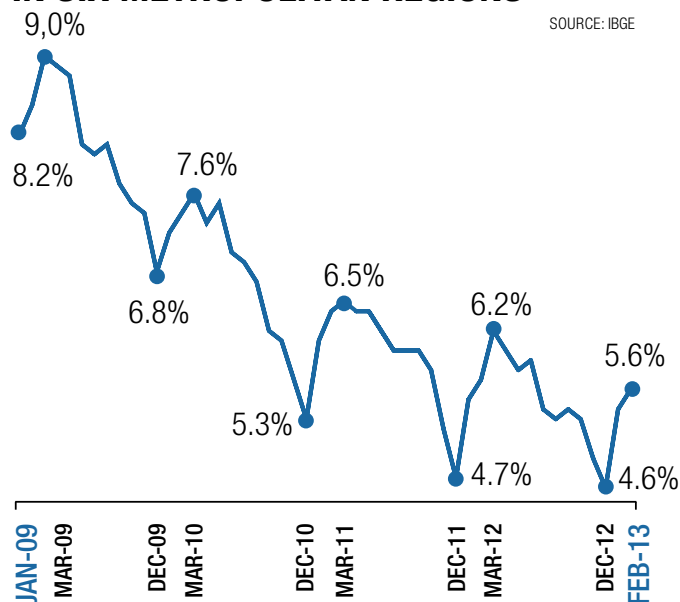
EMPLOYMENT

In December 2012, the metropolitan unemployment rate remained at 4.6%, the lowest in the monthly historical series, which began in 2002. In 2012, the average metropolitan unemployment rate remained at 5.5%.

1.3 million jobs were created in 2012, showing growth of 3.47% compared to the stock registered in December 2011. There was an expansion in all states and in the eight large economic sectors, especially in Civil Construction (5.09%), Commerce (4.52%) and Services (4.36%).

In the first two months of 2013, 170.6 million jobs were created, a growth of 0.43% compared to the stock in December 2012. The metropolitan unemployment rate in February was 5.6%.

EVOLUTION OF UNEMPLOYMENT RATE IN SIX METROPOLITAN REGIONS

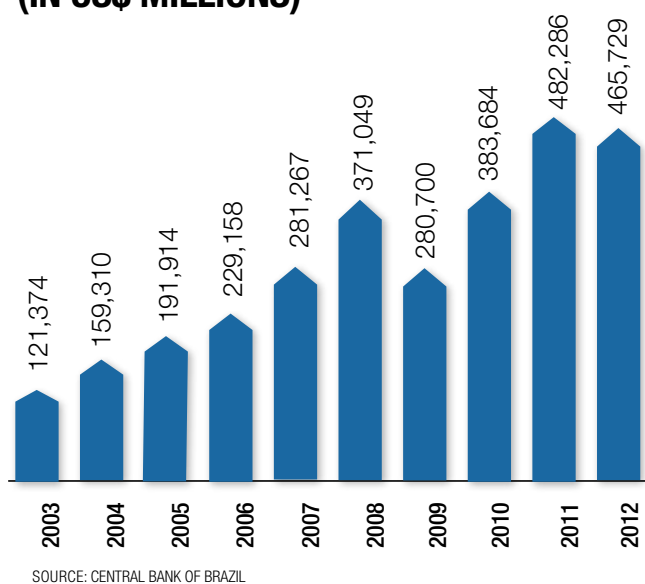


Note: the six metropolitan regions surveyed are Belo Horizonte, Porto Alegre, Rio de Janeiro, Recife, Salvador and São Paulo

EXTERNAL SECTOR

In 2012, exports accumulated US\$ 242.6 billion, while imports reached US\$ 223.1 billion. Added up, they total US\$ 465.7 billion, the second largest flow of commerce in history, only lower than the amount recorded in 2011.

EVOLUTION OF TOTAL TRADE: EXPORTS + IMPORTS (IN US\$ MILLIONS)



In 2012, direct foreign investments also registered the second highest volume in history, US\$ 65.3 billion, only lower than the US\$ 66.7 billion attained in 2011.

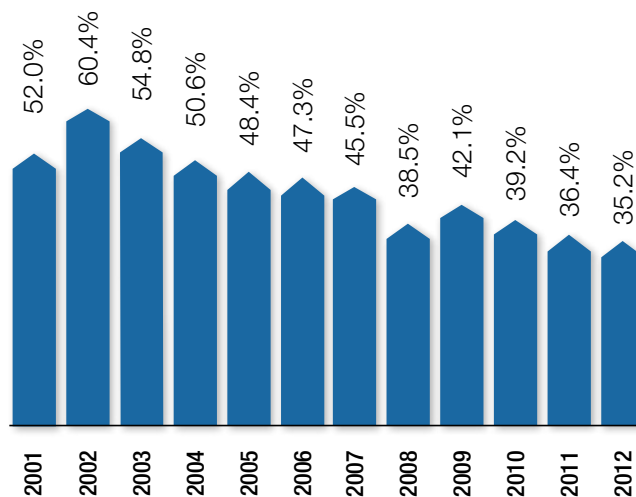
In the first two months of 2013, exports amounted to US\$ 31.5 billion, and imports, US\$ 36.8 billion, a record amount for the period. The movement of capital registered the net inflow of US\$ 4.7 billion in portfolio investments, US\$ 9.7 billion from other investments and US\$ 7.5 billion in direct foreign investments.

TAX RESULT

In 2012, the consolidated public sector (Federal Government, states, municipalities and state corporations) accumulated a primary surplus of R\$ 105 billion, equivalent to 2.38% of the GDP.

The net debt of the public sector closed the year 2012 with R\$ 1.55 trillion, corresponding to 35.2% of the GDP.

NET DEBT IN THE PUBLIC SECTOR (% OF GDP)



SOURCE: CENTRAL BANK OF BRAZIL

The year 2013 started with a record primary surplus of R\$ 30.3 billion in January, the largest ever recorded in the historical series started in December of 2001. This result allowed for the achievement, already in the first month, of 20% of the annual goal of the consolidated public sector.

It was also the third best nominal surplus (after payment of interest), R\$ 7.6 billion. The result was also benefited by the historic record of R\$ 116 billion in tax collections and federal contributions.

FEDERAL PUBLIC DEBT

The Government has progressively improved the profile of the federal public debt with the exchange of titles, combining deadline extensions and the reduction of taxes and of risk in the debt market, therefore increasing the participation of prefixed titles.

As a result, the percentage of public titles that are prefixed and remunerated by price indices, which corresponded to 65.5% of the federal public debt at the end of 2011, increased to 73.9% in 2012. The average debt deadline period of 3.6 years in December of 2011 was raised to 4.0 years in 2012.

A good example of the strategy adopted was the emission, in September 2012, of R\$ 1.35 billion of the Global BRL 2023, a new title in dollars, at the rate of 2.7% per year.



Brazil Without Extreme Poverty

(*Brasil Sem Miséria*)

With the support of federal programs, more than 22 million Brazilians have overcome extreme poverty

GUARANTEED INCOME

Additional benefit takes all beneficiaries of the Family Grant (*Bolsa Família*) Program out of poverty

Starting in March, all Brazilians receiving the Family Grant who were still living in extreme poverty began receiving an additional benefit that guarantees an income above R\$ 70 per month per person, regardless of family structure.

With this measure, 2.5 million people were benefited. As a result, all beneficiaries of the Family Grant were no longer in extreme poverty.

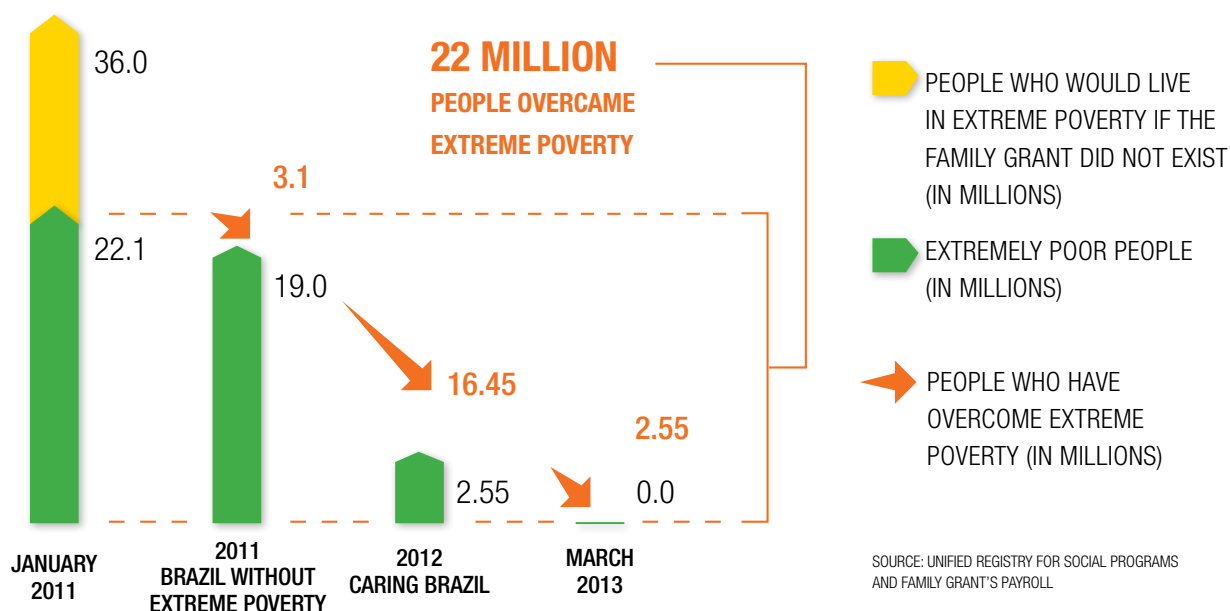
In 2011, due to measures adopted by the Brazil Without Extreme Poverty Plan – such as the readjustments to the amount paid per benefit, the inception of new benefits for pregnant and nursing women and the

increase to the number of variable benefits a family may receive per child, from three to five – 3.1 million Brazilians overcame extreme poverty.

In 2012, through the Caring Brazil (*Brasil Carinhoso*) Program, that ensured all families with children aged 0 to 15 a monthly income above R\$ 70 per person, another 16.45 million Brazilians overcame extreme poverty.

With this additional benefit, which is paid for families that receive the Family Grant and still have a monthly income below R\$ 70 *per capita*, more than 22 million Brazilians will have overcome extreme poverty since 2011. They will join the 14 million Brazilians who already overcame poverty, totaling 36 million people, thanks to the Family Grant and the Brazil Without Extreme Poverty Plan.

EVOLUTION OF EXTREME POVERTY AMONG THE FAMILY GRANT BENEFICIARIES



ACTIVE SEARCH (*BUSCA ATIVA*)

The Active Search strategy has allowed 800,000 extremely poor families to be registered and included in the Family Grant program since the start of the Brazil Without Extreme Poverty plan.

To reach all people living in extreme poverty, it is necessary to find families who are still not covered by the social protection network and include them

in the Unified Registry. This allows them to have access to Federal Government social programs that use this tool to select its beneficiaries.

In order to support all Brazilians who are still in extreme poverty, it is estimated that more 700,000 families need to be located and registered. This is the goal of the Active Search by 2014.

NUMBER OF PEOPLE WHO OVERCAME EXTREME POVERTY, BY STATE



CARING BRAZIL PROGRAM

In January, 16.45 million people benefited, receiving R\$ 307.3 million. Of this total, 2.8 million were children 0 - 6 years old. More than half of the beneficiaries (59.2%) were from the Northeastern region of Brazil.

- **Low income pregnant and nursing women:** in January 2013, additional funds were paid to 182,300 pregnant women who attended adequate prenatal care, as well as 181,600 nursing mothers, ensuring better feeding and health to mothers and newborns.
- **Additional funds for daycare centers that serve children from the Family Grant program:** in 2012, R\$ 210.9 million were invested in 2,744 municipalities, serving 386,100 children enrolled in 22,800 daycare centers.
- **Iron supplement:** in 2012, 2.6 million doses were provided, enough for 880,000 children, 6 - 24 months of age. There was an increase of 25% when compared to 2011.
- **Vitamin A supplements:** 4.1 million mega-doses for children under 5 years of age, an increase of 25.9% when compared to 2011.

URBAN PRODUCTIVE INCLUSION

- **National Program for Access to Technical Education and Employment (*Programa Nacional de Acesso ao Ensino Técnico e Emprego – Pronatec*):** as of March 8, 2013, 316,300 low-income people were enrolled in 400 technical and professional education courses.
- **Individual Entrepreneur (*Microempreendedor Individual – MEI*):** as of February 2013, 616,300 individuals were enrolled at the Unified Registry as individual micro-entrepreneurs. Of these, 290,800 were beneficiaries of the Family Grant.
- **National Program for Guided Productive Micro-credit – Growing (*Programa Nacional de Micro-crédito Produtivo Orientado Crescer*):** since the program's inception in September 2011 until February 2013, there were 1.6 million credit transactions for individuals registered in Unified Registry. Of these, 1.1 million were beneficiaries of the Family Grant.

RURAL PRODUCTIVE INCLUSION

- **Water for All (*Água para Todos*) Program:** as of February 2013, 268,000 cisterns were delivered to families enrolled in the Unified Registry living in the semi-arid region of Brazil.
- **Electricity for All (*Luz para Todos*) Program:** as of January 2011, 141,300 electric connections have been made, benefiting families receiving the Family Grant.
- **Stimulus to production:** 25,000 low-income family farmers were benefited. Of these, 1,800 have received two installments, totaling R\$ 1,700. The others have received the first installment of R\$ 1,000. The funds are used to structure productive projects developed and monitored by Technical Assistance agents.
- **Green Grant (*Bolsa Verde*) Program:** as of December 2012, the grant was paid out to 34,200 families who live or work in national forests, extractive federal reserves or work with sustainable development and environmentally sustainable settlements.

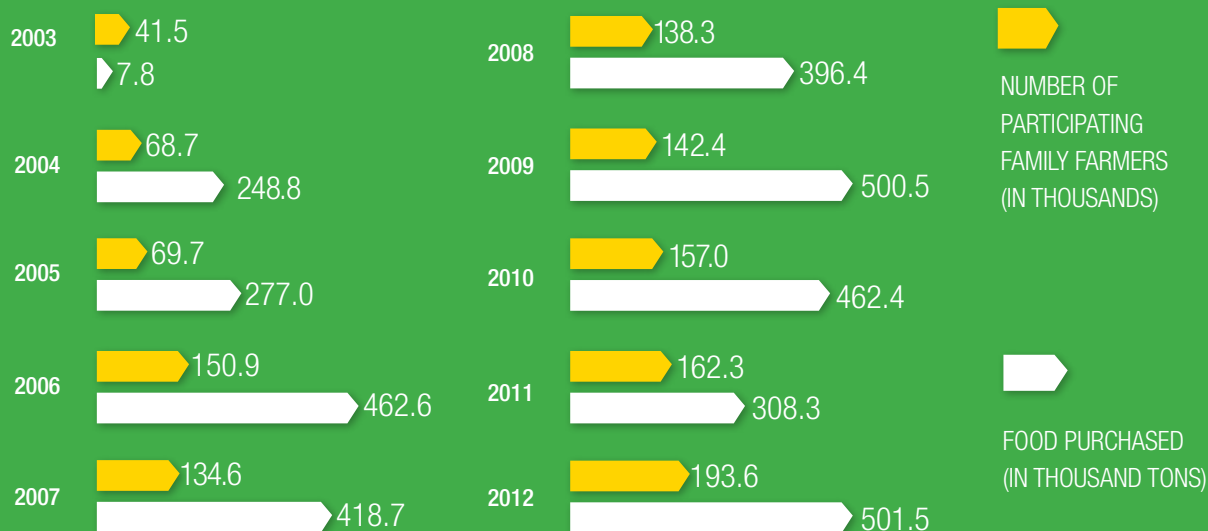
FOOD ACQUISITION PROGRAM (*PROGRAMA DE AQUISIÇÃO DE ALIMENTOS – PAA*)

Since its creation in 2003, 3,584 thousand tons of food were purchased directly from family farmers. In 2012 alone, 501,500 tons were purchased from 193,600 family farmers.

In February of 2013, the Institutional Purchase Modality (*Modalidade de Compra Institucional*) was created, expanding market opportunities for family farmers. This new arrangement allows direct and indirect government administration bodies to purchase food from family farmers, in order to meet the regular demands of their programs, such as restaurants, prisons and hospitals.

The purchase does not require bidding, but a public call for submissions must take place. Besides family farmers, land reform settlements, foresters, extractive communities, members of indigenous communities, members of remaining rural communities, and other traditional peoples and communities can participate.

FARMERS WHO BENEFIT FROM PAA



ACCESS TO SERVICES

- **More Education (*Mais Educação*) Program** of the 32,000 primary schools that joined the program, more than half (18,700 schools) have 50% or more of the students that are beneficiaries of the Family Grant.
- **Continuing Benefit Conveyance (*Benefício de Prestação Continuada – BPC*) in school:** since September 2011, 2,435 municipalities formally joined the Program in order to ensure the inclusion of children and adolescents with disabilities in the regular school system.

addition to the CRAS's teams and work on the active search of isolated families living in extreme poverty in large municipalities or other regions.

- **Reference Centers for Homeless People:** 92 centers created, with the capacity to serve 14,500 people.

SOCIAL ASSISTANCE NETWORK

- **Specialized Reference Centers for Social Assistance (*Centros de Referência Especializados em Assistência Social – CREAS*):** 2,025 centers in operation in 1,878 municipalities in all states and in the Federal District.
- **Reference Centers for Social Assistance (*Centros de Referência de Assistência Social – CRAS*):** 7,336 centers created in 5,434 municipalities, with a capacity to work with 4.4 million families.
- **Mobile Teams:** 1,125 teams are working in 967 municipalities in 24 states. These teams are an

SCHOOL ATTENDANCE OF FAMILY GRANT BENEFICIARIES IS GREATER THAN THE MINIMUM REQUIRED

In October and November 2012, the school attendance of 15.7 million student beneficiaries of the Family Grant was monitored. Of these, 95.5% exceeded the minimum required, which is 85% for students 6-15 years of age and 75% attendance for students between 16 and 17 years of age.

In 2012, monitoring school attendance of Family Grant beneficiaries reached, on average, 15.4 million students per two months. This represented 87.2% of student beneficiaries between 6 and 17 years of age.

Growth Acceleration Program moves forward

(Programa de Aceleração do Crescimento – PAC)

Completed works ensure better transportation infrastructure and mobility, greater capacity for generating electricity, access to water and basic sanitation

In two years, R\$ 472.4 billion were invested, 47.8% of the total planned by 2014, which is R\$ 989 billion. In the final quarter of 2012 alone, R\$ 268 billion were invested, being 31% more compared to the same period in 2011.

COMPLETED WORKS

PAC works continue apace. Completed works accounted for an investment of R\$ 328.2 billion, which equals to 46.4% of the total planned, to be completed by 2014. The highlights are:

Highways: 1,479 kilometers of roads were built, paved, restored or expanded in two years, of which 359 km were completed in the final quarter of 2012.

- The last 84 km of the 224 km BR-359/MS highway were completed. The complete stretch of highway starts at the BR-359 and BR-163 highway intersection and extends to the border with the state of Goiás, passing through the municipality of Alcinópolis (MS), [state of Mato Grosso do Sul].

Ports: having completed the removal/demolishing of the underwater stones Teffé and Itapema at the Port of Santos (SP) [state of São Paulo], 15 projects have now been completed at PAC2 ports.

Airports: two more projects were delivered in the final quarter of 2012, and one in January 2013, resulting in 19 completed projects.

- At the Curitiba (PR) [state of Paraná] airport, expansion of the Cargo Terminal was completed. In Brasília, renovation of the central area of the airport, which was



PERFECT GUI / SHUTTERSTOCK

SINCE 2011, THE CAPACITY OF BRAZILIAN AIRPORTS WAS INCREASED BY APPROXIMATELY 14 MILLION PASSENGERS PER YEAR

under the responsibility of Infraero, was completed. In Guarulhos (SP) [state of São Paulo], earthworks for the construction of Passenger Terminal 3 was completed.

Local roadways: 1,379 backhoes were delivered by the Growth Acceleration Program (PAC) in two groups. The first was in 2012, with the delivery of 1,275 machines. In January 2013, another 104 backhoes were provided to municipalities in the state of Piauí, marking the start of deliveries of the second group.

Electricity generation: between October and December 2012, over 2,558 MW were added to the national power grid, the capacity of which was expanded by 6,802 MW since the beginning of 2011. Altogether, seven hydroelectric power plants began operation, as well as numerous wind plants and thermal power plants.

- The eighth and final turbine of the Estreito Hydroelectric Plant began operating in November 2012, with total installed capacity of 1,087 MW.

Electric power transmission: 1,262 km of transmission lines and nine substations were completed between October and December 2012. In PAC2 alone there are already 4,570 km of new transmission lines and 22 new completed substations.

- The North-Midwest III Connection, which connects Rio Branco (AC) [state of Acre] to Porto Velho (RO) [state of Rondônia], is 487 km long and was completed in December 2012.

Electricity for All (*Luz para Todos Program*): over 30,000 electric connections were completed by the program in the final quarter of 2012, resulting in 368,000 connections since early 2011. The goal is to reach 716,000 connections by 2014.

- Since the creation of the Electricity for All Program in 2003, approximately 14.7 million people have benefited.

Exploration and production of oil and gas: three projects were completed between October and December 2012. 20 projects have already been completed since 2011, including oil platforms and drilling fields.

- The FPSO City of São Paulo (*Cidade de São Paulo*) Platform started operating in January 2013, with a production potential of 120 thousand barrels per day of oil, and 5 million cubic meters per day of natural gas, which is equal to 6% of national production. This is the second unit dedicated to pre-salt production of the Santos Basin and the first platform for production in such conditions that was partially built in Brazil.

Sanitation: over 76 construction projects were completed in the last quarter of 2012. In all, 541 projects are already providing sanitary sewage system structures to Brazilians.

- Since 2011, projects have been completed in 496 municipalities, for example, Corumbá (MS), Santa Luzia (MG) [state of Minas Gerais] and Pedreira (SP).

Prevention in high risk areas: another eight drainage works were completed, for a total of 40 since the beginning of 2011.

These constructions prevent landslides and floods during rainy periods.

- In Contagem (MG), the construction of drainage and

sanitation of streams were completed in the neighborhood of Nova Contagem.

Urban mobility: apart from construction of the West Line of the Fortaleza Subway, which was completed in April 2012, construction of the Salvador Urban Train between Calçada and Paripe was also finished in December 2012.

Urban Development of Precarious Settlements: 202 projects were completed between October and December 2012, reaching 1,028 completed projects.

Water resources: since the beginning of 2011, over 187 locations had access to water reinforced by water supply systems. Two new water infrastructure works were completed between October and December 2012, bringing the total number of projects completed since 2011 to 21.

- The Algodão Pipeline was concluded in September 2012, with 265 km. This enabled improved water supply for over 220,000 people in the state of Bahia.

Water in urban areas: 45 constructions to ensure water supply in urban areas have been completed in the final quarter of 2012. 447 works have been completed in PAC2.

- In Londrina (PR) [state of Paraná], the wells of the Guarani Aquifer and of the Guarani Water Treatment Station were completed.

WORKS THROUGHOUT BRAZIL

Transportation

Highways: there are 8,000 km under construction in all regions, including expansion, adaption, construction and paving.

- Along the BR-163/PA/MT highway, a 978 km corridor in the Amazon region is under construction, connecting the states of Pará and Mato Grosso. Works are 62% completed.
- The construction of 22 km of the BR-448/RS highway between Porto Alegre and its metropolitan area will offer an alternative to connect the state [of Rio Grande do Sul] capital to other major cities. Today, the only option is by the busy BR-116 highway. Works are 68% completed.
- In the state of Minas Gerais, 79 km of the BR-365 highway are being expanded. This will strengthen the road dynamics in the Triângulo Mineiro. Works are 95% completed.

Railways: there are 2,672 km under construction.

- Works on the southern section of the North-South Railway continues apace. Works from Palmas (TO) [state of Tocantins] to Uruaçu (GO) [state of Goiás] are 89% completed. Works from Uruaçu to Anápolis (GO) are 87% completed. And from Anápolis to Estrela D'Oeste (SP), 28% are already completed.
- The Nova Transnordestina Railroad, that will connect the states of Ceará, Pernambuco and Piauí, is also under construction and its works are 38% completed.
- The length of the Ferronorte railway, 260 km from Alto Araguaia to Rondonópolis, in the state of Mato Grosso, is already 95% completed and will contribute to the flow of production of grains, especially soybeans, which are primarily for export.

Ports: phase 2 of the Paperless Port Program (*Porto Sem Papel*) is already fully operational in 81% of the 32 participating ports, featuring the ports of Suape (PE) [state of Pernambuco], Itaguaí (RJ) [state of Rio de Janeiro], Itajaí (SC) [state of Santa Catarina], Paranaguá (PR) and Rio Grande (RJ). Numerous construction projects have also started.

- In Fortaleza (CE) [state of Ceará], Natal (RN) [state of Rio Grande do Norte], Recife (PE), Rio de Janeiro (RJ), Salvador (BA) [state of Bahia] and Santos, construction of the Maritime Passenger Terminals and piers are underway.
- At the Ports of Vitória (ES) [state of Espírito Santo] and Itaquí (RS) [state of Rio Grande do Sul] dredging works for deepening and construction of Berth 108 continue, respectively.

Airports: 21 projects are underway at 14 Brazilian airports.

- In the city of Rio de Janeiro, Galeão Airport runways and patios are already 57% completed.
- At airports in Manaus (AM) [state of Amazonas] and Foz do Iguaçu (PR), the construction of passenger terminals are, respectively, 48% and 51% completed. In Belo Horizonte (MG), the terminal is 20% completed.

Energy

Electricity generation: construction of ten hydroelectric plants, 14 thermal electric plants, 95 wind plants and six small hydroelectric plants is underway. When completed, these plants will increase the installed power generation capacity of the national electric system by 24,803 MW.

- The Jirau Hydroelectric Plant will have generation capacity of 3,750 MW and its construction is 84% complete.
- The Belo Monte Hydroelectric Plant will have generation capacity of 11,233 MW and its construction is 21% complete.

Electric power transmission: 27 lines have works in progress, involving 10,346 km of transmission lines.

- The Tucuruí-Macapá-Manaus Connection is 1,798 km long and is already 92% complete.

Exploration and production of oil and gas: drilling of 304 exploratory wells is complete. Production has started in 23 oil and gas fields.

- Five major platforms have started operations: Itajaí FPSO, São Paulo FPSO and Anchieta FPSO, in the P-56 and Mexilhão Platform.

Refining, petrochemicals and fertilizers: advances in the works of major refineries and in nitrogen fertilizer factories.

- COMPERJ works in Rio de Janeiro are 47% complete. The works of Abreu e Lima Refinery in Pernambuco are 35% complete.
- The constructions of the third Nitrogen Fertilizer Unit in Três Lagoas (MS) are already 35% complete.

Social infrastructure

Day care centers and preschools: 3,014 contracted, 1,290 of which are under construction and 29 were completed.

School courts: 4,294 contracted, 824 of which are under construction and 92 were completed.

Unified Arts and Sports Complexes (*Centros de Artes e Esportes Unificados – CEU*): 360 contracted, 176 of which are under construction and two are completed.

Emergency Care Units (*Unidades de Pronto Atendimento – UPA*): 273 contracted, 33 of which are under construction and seven were completed.

Basic Health Care Units (*Unidades Básicas de Saúde – UBS*): 7,557 contracted, 1,700 of which are in construction and 62 are completed.

Sanitation

Between October and December 2012, 332 construction projects were started. Altogether, 3,085 projects are in progress, with 59% halfway completed. When completed, the projects will benefit approximately 8.7 million families.

- In Guarulhos, the expansion of the São João and Bonsucesso Sewage Systems and the construction of the São João Sewage Treatment Plant are 96% complete.

Precarious Settlements

Between October and December 2012, 45 works for the urban development of precarious settlements were started. In all, there are 1,242 construction projects in progress, with average of 54% completed. When completed, these projects will benefit 1.4 million families.

- In Jardim Vicentina, in Osasco (SP), the integrated urban development construction projects are 97% complete.
- The integrated urban development of Via Mangue, in Recife, is already 42% complete. In Rio Anil in São Luiz (MA) [state of Maranhão], 64% is complete.

Water supply

Between October and December 2012, 174 construction projects to ensure the supply of water in urban areas were started. In all, there are 2,053 works in progress, with average of 54% completed. When completed, these projects will benefit 7.6 million families.

- In Uberlândia (MG), the Sucupira Water Treatment Plant is already 80% complete.
- The R10 Reservoir in Joinville (SC), is 83% complete.

Water resources

Large water infrastructure projects, which will ensure access to water and supply to the most arid regions of Brazil, continue apace.

- The São Francisco River Integration Project, involving investments of R\$ 8.2 billion, will allow for the supply of water to approximately 12 million people in the Northeast region of Brazil. In the Eastern Axis, works are 52% complete and in the Northern Axis, 34% is complete.
- Stretch V of the *Eixão das Águas* (CE) involves investments of R\$ 329 million and with 96% complete, it should be completed by April 2013, increasing the supply of water in the state of Ceará. Stretch IV was completed in September 2011. The others were delivered prior to 2010.

Risk prevention

Drainage and slope containment: between October and December 2012, 25 construction projects were started. Altogether, there are 233 construction projects in progress, with an average of 40% completed. When completed, these projects will benefit approximately 3 million families.

THE FEDERAL GOVERNMENT HAS ANNOUNCED THE SELECTION OF ADDITIONAL R\$ 33 BILLION IN SANITATION, PAVING AND URBAN MOBILITY PROJECTS UNDER PAC

Sanitation: R\$ 16.8 billion in projects were selected for sewage works and water supply in capital cities, metropolitan areas and municipalities with over 250 thousand inhabitants.

- Sewage: R\$ 9.8 billion were invested for construction of sewage treatment plants and sewage systems, among others, benefiting 93 municipalities in 22 states.
- Water supply: R\$ 7 billion were invested in the construction of water treatment plants, distribution networks and pipelines, among others, benefiting 79 municipalities in 20 states.

Urban Mobility: announced the selection of R\$ 8 billion in transportation projects for medium-sized cities, with populations between 250,000 and 700,000 inhabitants. 66 municipalities in 19 states will benefit from public transportation structuring systems such as bus lanes, BRTs, VLTs [*Veículo Leve Sobre Trilhos* (Light Rail Cars)], automobile and chair lifts, which will be upgraded or constructed.

Paving: investment of R\$ 8.2 billion for construction projects aimed toward the improvement of urban roads, including infrastructure and paving. 330 municipalities in 23 states and the Federal District will benefit.

Greater access to culture and progress in securing rights

Featuring the Culture Voucher Program (*Vale-Cultura*), Brazil Quilombola Plan (*Plano Brasil Quilombola*) and ten years of SPM (Special Secretariat for Women's Policy), SEPPIR (Special Secretariat for the Promotion of Racial Equality Policies) and SDH (Secretariat of Human Rights)

CULTURE VOUCHER PROGRAM (*VALE-CULTURA*)

Ratified in December 2012, the Culture Voucher Program is the first and most comprehensive governmental program to support the population's access to culture in Brazil, allocating R\$ 50 per month to employed workers receiving, primarily, up to five minimum wages per month. The employee may use the funds to go to the movies and theater or buy CDs and DVDs, for example.

The benefit is granted as soon as the company joins the program. 10% of the R\$ 50 may be deducted from the employee. The other 90% will be paid by the company, which can deduct up to 1% from income tax due.

Workers earning more than five minimum wages may also receive the benefit, as long as the employer ensures coverage of all employees with wages below this level.

The Culture Voucher Program will go into effect in the second half of 2013 and will be cumulative – the employee can use amounts leftover in the following months.

Nearly 1 million workers will benefit, providing access to cultural activities, especially to the lower C, D and E classes.

BRAZIL QUILOMBOLA PLAN (*PLANO BRASIL QUILOMBOLA*)

On National Zumbi and Black Consciousness Day (*Dia Nacional de Zumbi e da Consciência*), November 21st, actions to strengthen the Brazil Quilombola Program (PBQ) were announced in conjunction with the Brazil Without Extreme Poverty (*Brasil Sem Miséria*) Plan.

Land regularization

A Cooperation Agreement was signed between the Secretariat for the Promotion of Racial Equality Policies (SEPPIR) and the National Institute for Colonization and Agrarian Reform

REQUESTS FOR BIDS FOR AFRO-BRAZILIAN CREATORS AND PRODUCERS

It is now open the application process for bidders who declare themselves black or mixed race, according to IBGE – Brazilian Institute for Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*) – criteria, and who work in cinema, literature, library research, visual arts, the circus, music, dance and theater. It aims to promote affirmative action that benefits Afro-Brazilian cultural production.

Further information at www.cultura.gov.br.

(INCRA), in order to carry out actions for land regularization, which will benefit 3,400 families from 26 communities.

Social policies

Active pursuit within the Brazil Without Extreme Poverty program aims for inclusion in the Family Grant (*Bolsa Família*) program and updating quilombolas families in the Unified Registry, expanding access to the program and identification of members of these communities.

The National Curriculum Guidelines for Quilombola School Education were approved, establishing curriculum guidelines based on historical and cultural values of the communities.

Production inclusion

The Palmares Cultural Foundation is now registering Quilombola farmers for the issuance of Statement of

Expertise (DAP) in the National Program for Strengthening Family Agriculture (*Programa Nacional de Fortalecimento da Agricultura Familiar* – PRONAF), increasing the options of this population to access credit policies, development and family farming purchases.

The Quilombos of Brazil Seal was also created, being integrated with the Family Farming Seal. It will expand the issuance of certificates of origin and cultural identity of Quilombola products.

A Cooperation Agreement was signed to improve the implementation of the 2nd Call for Technical Assistance and Rural Extension (*2ª Chamada de Assistência Técnica e Extensão Rural* – ATER) for Quilombolas, which will benefit 4,500 families.

The provision of water to Quilombola communities in semiarid regions was also announced under the Water for All (*Água Para Todos*) Program.

As of December 2012, the field ‘color or race’ on administrative records, registrations, forms and databases of federal agencies, must be obligatorily filled out according to IBGE classification. Provided for under the Statute of Racial Equality and the Multiyear Plan (PPA 2012-2015), this measure was one of the oldest demands of the Brazilian black movement.

COMBATING VIOLENCE AGAINST WOMEN

Women's Service Center Hotline - Dial 180 (*Central de Atendimento à Mulher – Ligue 180*) has already assisted more than 3 million people. Since the enactment of the Maria da Penha Law in 2006, the number of complaints of assaults against women has increased: in 2012, there were 88,700 reports of violence compared to 12,700 reports six years ago.

The service has also been used by Brazilians residing abroad. In 2012, there were 80 calls from Spain (37.5%), Italy (31.2%) and Portugal (22.5%), in addition to other countries accounting for 8.8% of the calls.

The most frequently reported type of aggression was physical violence in 51.7% of the cases, followed by psychological violence in 33.3% of the cases.

One human trafficking complaint received by Dial 180 enabled the Federal Police, in conjunction with the

Spanish police, to discover and dismantle a gang that trafficked women who were sexually exploited in the cities of Salamanca and Ávila.

On 02/01/2013, Brazil's first court ruling was handed down, in the state of Rio Grande do Sul, sentencing a murderer under the Maria da Penha Law to reimburse the National Institute of Social Security (INSS) for the amounts spent by the Federal Government in paying pension due to the two minor children of the murdered mother.

HUMAN RIGHTS HOTLINE - DIAL 100 (DISQUE DIREITOS HUMANOS – DISQUE 100)

In 2012, Dial 100 completed two years of operation in its current format, receiving complaints under five modules (children and adolescents; people with disabilities; the elderly; the homeless population; and LGBT). Until 2010, the service only took complaints involving the violation of children and adolescents' rights.

From May 2003, when the service began operation under the responsibility of the Federal Government, up to December 2012, Dial 100 had received and referred approximately 410,000 complaints from all around Brazil. In 2012, there was a 74.9% increase in the number of complaints compared to 2011.

In 2012, Dial 100 answered 253,100 calls, of which 168,700 (66.6%) were complaints and 73,200 (28.9%) were for information on phone numbers and addresses of care, protection and accountability services in states and municipalities.

Of the complaints registered in 2012, 77.1% (130,000) were related to children and adolescents' rights violations; 13.9% (23,500) were elderly rights violations; 5% (8,400) were violations of rights of people with disabilities; 1.8% (3,000) were LGBT rights violations; 0.3% (539) were violations of rights of homeless people; and 1.9% (3,200) were violations of rights of other populations in a vulnerable situation or issues related to Human Rights such as Quilombola people, indigenous people, gypsies, police violence and torture, among others. The complaints received were referred to the relevant public agencies, depending on the specifics of each case.

EXPANSION OF THE INSS – NATIONAL INSTITUTE OF SOCIAL SECURITY NETWORK

Starting in 2010, expansion of the service network aims to build an INSS agency in every city of Brazil with more than 20,000 inhabitants, totaling 720, by 2015.

As of February 2013, 238 new units were opened, with an investment of R\$ 204 million.

LIVING WITHOUT LIMIT (VIVER SEM LIMITE) PLAN

The National Plan for the Rights of People with Disabilities – Living Without Limit continues progressing in its goals:

Health care

Orthopedic workshops: The training of 330 technical and 1,000 university level professionals began in March 2013; two existing workshops were eligible and another ten workshops were approved for eligibility.

Dental care: 160 Dental Specialties Centers (*Centros de Especialidades Odontológicas – CEO*) in operation were qualified to serve persons with disabilities; 81 surgical centers in general hospitals received equipment adapted for care.

Neonatal hearing screening: 88 maternity and general hospitals had their proposals approved, qualifying for neonatal screening for early detection and treatment of diseases.

Accessibility

Credit: R\$ 19.2 million contracted in 3,800 operations for the purchase of wheelchairs, Braille printers, adaptation of vehicles, walkers and handicapped accessible furniture.

National Reference Center for Assistive Technology (*Centro Nacional de Referência em Tecnologia Assistiva*): nine regional centers were established in the states of Amazonas, Amapá, Bahia, Distrito Federal, Minas Gerais, Pará, Paraíba, Rio Grande do Norte and Roraima.

My House My Life (*Minha Casa Minha Vida*) Program: 373,200 adaptable units were contracted and 7,000 were units adapted.

Access to education

Continuing Benefit Conveyance (*Benefício de Prestação Continuada – BPC*) in School: 2,351 municipalities have formalized their adhesion to the Program in order to ensure the inclusion of children and adolescent beneficiaries of BPC in the regular school system.

Accessible school buses: 1,315 vehicles purchased and delivered by March 2013.

Social inclusion

BPC Work: 784 beneficiaries included in the social assistance network (CRAS and CREAS).

Reference Day Centers (*Centros-Dia de Referência*) Program: 19 municipalities joined the Program for co-financing support for children under 18 years of age and elderly with a high level of dependence.

Inclusive residences: 25 municipalities joined the Program to co-finance 40 residences, and three are operating in the cities of Cascavel (PR), Campo Grande (MS) and João Pessoa (PB) [Paraíba].

3RD NATIONAL CONFERENCE ON THE RIGHTS OF PERSONS WITH DISABILITIES

In December, 2012, the 3rd National Conference on the Rights of Persons with Disabilities was held in Brasília (DF) [Distrito Federal], with the theme “A look through the UN Convention on the Rights of Persons with Disabilities: new perspectives and challenges”.

948 delegates were present, half from the government and half from civil society, in addition to approximately 2,000 participants. The regional phases took place between November 2011 and September 2012, with the participation of 10,000 people in states, municipalities and the Federal District, and four thematic tracks were discussed:

- Theme I – Education, sports, work and vocational rehabilitation.
- Theme II – Accessibility, communication, transportation and housing.
- Theme III – Health, prevention, rehabilitation, orthotics and prosthetics.
- Theme IV – Security, access to justice, standard of living and adequate social protection.

THE SECRETARIATS OF WOMEN'S POLICY, PROMOTION OF RACIAL EQUALITY POLICIES AND HUMAN RIGHTS CELEBRATED TEN YEARS OF EXISTENCE

10 years ago, on March 21, 2003, in a strategic decision by the Federal Government to ensure that the rights and specific needs of women and Afro-Brazilians, as well as the rights of other vulnerable populations, were voiced in all spheres of government, the Secretariat of Women's Policy (*Secretaria de Políticas para as Mulheres* – SPM), the Secretariat for the Promotion of Racial Equality Policies (*Secretaria de Políticas de Promoção da Igualdade Racial* – SEPPIR) and the Secretariat of Human Rights (*Secretaria de Direitos Humanos* – SDH) were created.

By creating the **SPM**, the main demands of the women's movement were incorporated into public administration. The Secretariat has worked across the board with government agencies in order to include a gender perspective in all spheres of the Government.

In 2005, Women's Service Center Hotline – Dial 180 was created. The enactment of Maria da Penha Law, Law no. 11.340/2006 was followed, and according to the UN, it has become a world reference, according to the UN. A year later, the National Pact to Combat Violence against Women was established. Now updated, it establishes cooperation between federal and state governments, courts of justice, ministries and public defenders for prevention and response against gender violence impunity.

March 21 is also an emblematic date, as it is the International Day for the Elimination of Racial Discrimination.

The creation of **SEPPIR** represents an important achievement by the Afro-Brazilian movement and

reinforces the commitment of the Federal Government to offer equal opportunities to all Brazilians.

The following are notable in this period:

- Institutionalization of racial equality policy.
- Inclusion of mandatory teaching of African and Afro-Brazilian history and culture in public schools.
- Titling of Quilombola land.
- Establishment of National Comprehensive Health Policy for the Afro-Brazilian Population.
- Implementation of the National Policy for Quilombola Communities.
- Enactment of the Racial Equality Statute.
- The decision by the Supreme Court on the constitutionality of affirmative action.
- Approval of the Quota Law by the Legislative Branch and enactment and regulation by the Executive Branch.

Under **SDH**, the transfer of Human Rights Hotline – Dial 100 (*Disque Direitos Humanos* – *Disque 100*) – to be administered by the Federal Government and the implementation of five care modules is noteworthy. This allowed for consolidation of this important tool for addressing complaints of human rights violations, a reference throughout Brazil.

During this period, the second and third editions of the National Human Rights Program (*Programa Nacional de Direitos Humanos* – PNDH) were also launched, establishing guidelines and objectives for the improvement of public policies on Human Rights in Brazil.

BNDES – ECONOMIC AND SOCIAL DEVELOPMENT NATIONAL BANK (*BANCO NACIONAL DE DESENVOLVIMENTO ECONOMICO E SOCIAL*) – CARD FOR RECYCLABLE WASTE COLLECTORS

In November 2012, the first Banco do Brasil/BNDES cards were delivered to the National Movement of Recyclable Waste Collectors (*Movimento Nacional dos Catadores de Materiais Recicláveis*).

The collectors' access to the card is an innovation granting their cooperatives a line of credit for working capital and equipment purchases, such as machinery,

raw materials, computer items, light vehicles, among others, listed in the BNDES Card Portal (<https://www.cartaobndes.gov.br/>).

The financing lines made possible through funding from BNDES and operation by Banco do Brasil on behalf of the cooperative, with a limit of up to R\$ 1 million. No fees are charged and the interest rate in February 2013 was 0.86%.

Cost reduction and increased competitiveness

Tax exemptions, cheaper electricity and bids for exploration of oil and natural gas

REDUCTION OF ELECTRICITY RATES

On January 24, 2013 an average reduction of 20.2% in electricity rates went into effect.

For residential consumers (voltage under 2.3 kV), the minimum reduction was 18% (see table below). For high voltage consumers (greater than 2.3 kV, such as industries and large businesses, for example), discounts exceeded 30%.

The main measures that permitted this reduction were:

- Up to 30 year extension for utility concessions under contract that would terminate between 2015 and 2017.
- Elimination of Fuel Consumption Account (*Conta de Consumo de Combustíveis* – CCC) charges and Global Reversion Reserve (*Reserva Global de Reversão* – RGR) charges for power distributors,

new transmission projects and utility concessions extended or offered for bidding.

- Injection of funds by the Federal Government to maintain programs such as Electricity for All (*Luz para Todos*) and Social Rate (*Tarifa Social*), reducing the need for consumers to pay quotas of the Energy Development Account (*Conta de Desenvolvimento Energético* – CDE).

Each distributor has a different rate and discount because of the specificities of each concession.

- The National Energy Agency (*Agência Nacional de Energia Elétrica* – ANEEL) – <http://www.aneel.gov.br> – portal provides booklets, publications and content that explain the composition of an energy bill, the adjustment processes and rate revision, as well as tips for saving electricity.

% REDUCTION IN ENERGY RATES FOR RESIDENTIAL CONSUMERS (B1 CLASS VOLTAGE), BY THE CONCESSIONAIRE:

Concessionaire	% Reduction in Rate	Concessionaire	% Reduction in Rate	Concessionaire	% Reduction in Rate	Concessionaire	% Reduction in Rate
AES SUL (RS)	23.62%	CEMAT (MT)	19.29%	COSERN (RN)	18.00%	ELFJC (SC)	18.04%
AMAZONAS (AM)	18.22%	CEMIG (MG)	18.14%	CPEE (SP)	23.38%	ELFSM (ES)	18.97%
AMPLA (RJ)	18.00%	CEPISA (PI)	18.00%	CPFL PAULISTA (SP)	18.07%	EMG (MG)	18.14%
BANDEIRANTE (SP)	18.08%	CERON (RO)	18.00%	CPFL PIRATININGA (SP)	18.39%	ENERSUL (MS)	18.24%
BOA VISTA (RR)	18.14%	CERR (RR)	18.04%	CSPE (SP)	18.01%	ENF (RJ)	18.07%
CAIUA (SP)	18.08%	CFLM (SP)	20.92%	DEMEI (RS)	18.36%	EPB (PB)	18.01%
CEA (AP)	18.04%	CFLO (PR)	18.00%	DMED (MG)	18.08%	ESCELSA (ES)	18.01%
CEAL (AL)	18.00%	CHESP (GO)	18.01%	EBO (PB)	18.00%	ESE (SE)	18.00%
CEB (DF)	18.11%	CJE (SP)	18.34%	EDEVP (SP)	18.16%	FORCEL (PR)	18.01%
CEEE (RS)	18.13%	CLFSC (SP)	19.66%	EEB (SP)	18.65%	HIDROPAN (RS)	18.50%
CELESC (SC)	18.48%	CNEE (SP)	19.69%	EFLUL (SC)	18.17%	IGUAÇU (SC)	18.11%
CELG (GO)	18.00%	COCEL (PR)	18.41%	ELEKTRO (SP)	18.47%	LIGHT (RJ)	18.10%
CELPA (PA)	18.83%	COELBA (BA)	18.96%	ELETROACRE (AC)	18.01%	MUXFELDT (RS)	18.55%
CELPE (PE)	18.04%	COELCE (CE)	18.05%	ELETROCAR (RS)	18.07%	RGE (RS)	22.00%
CELTINS (TO)	18.20%	COOPERALIANÇA (SC)	18.01%	ELETROPOL (SP)	18.25%	SULGIPE (SE)	18.33%
CEMAR (MA)	18.00%	COPEL (PR)	18.12%			UHENPAL (RS)	25.94%



OIL AND GAS BIDDINGS

The year 2013 will be of great importance to the oil and gas industry in Brazil with resumption of biddings of exploration blocks.

On May 14th and 15th, the 11th Round of Request for Bids of blocks will be held for exploration and production of oil and natural gas in the form of concession. In this round, 289 exploration blocks will be offered in the basins of Barreirinhas, Ceará, Paraíba, Espírito Santo, Foz do Amazonas, Pará-Maranhão, Pernambuco-Paraíba, Potiguar, Recôncavo, Sergipe-Alagoas and Tucano-Sul, totaling 156,000 km² in dispute.

Request for Bids for Pre-Salt

Furthermore, at the end of this year the 1st Round of Requests for Bids of blocks for exploration and production of oil and natural gas will also be held, in the form of production sharing. This request for bids will be emblematic because it involves low exploratory risk areas and high oil potential, in the Pre-Salt layer, putting the recent changes made to the legal framework of the sector into practice.

Unconventional gas – shale gas

In the fourth quarter of this year, a specific bidding round for exploration of unconventional oil and natural gas resources will also be held, aimed at the exploration of unconventional gas – shale gas.

INOVAR-AUTO PROGRAM

The Incentive to Technological Innovation and Densification of the Chain of Production of Motor Vehicles Program (*Programa de Incentivo à Inovação Tecnológica e Adensamento da Cadeia Produtiva de Veículos Automotores – Inovar-Auto*), already has 35 qualified companies.

The initial estimate for the program was an investment of R\$ 5.5 billion by 2017, increasing production from the current 3.3 million automobiles (2012) to over 4 million.

New investments under the program, estimated by the qualified companies, already exceed R\$ 5 billion.

The plan's objective is to encourage the production and technological development of the automobile industry in Brazil, promoting innovation, safety, quality and energy efficiency of vehicles and auto parts.



AGÊNCIA BRASILEIRA DE DESENVOLVIMENTO INDUSTRIAL (ABDI)

EXPANSION OF PSI

The Investment Support Program (*Programa de Sustentação do Investimento* – PSI) underwent changes in late 2012, and of note is the expansion, by R\$ 85 billion, of the amount of financing subject to interest equalization, which now totals R\$ 312 billion, and R\$ 306 billion for financing by BNDES funds and R\$ 6 billion for financing with funds from FINEP.

Another new aspect concerns the role of private banks in PSI. In late 2012, the Central Bank changed the rules of compulsory deposits, allowing financial institutions to deduct loans made under the favorable PSI conditions from the amount paid on demand deposits, up to R\$ 15 billion. This measure aims to accelerate hiring within the program.

The financing conditions, which can be contracted

until December 2013, were changed. In various lines the rates were reduced, as in the case of interest charged by FINEP, which decreased from 4% to 3.5% per year. In addition, lease operations were covered by subsidized financing of “bus and truck” lines, “electric vehicles”, “procaminhoneiro” [note: for commercial trucks and items used on commercial trucks] and “capital goods”.

Finally, authorization is important so that the funding that will be received by the winning bidders of future road and rail concessions be subsidized under the PSI. The limits and financial conditions of this line still must be defined.

Since its creation in 2009 until February 2013, PSI has funded R\$ 208 billion.

RESETTING THE MINIMUM WAGE

On January 1, 2013, the minimum wage was raised to R\$ 678, which corresponds to an increase of 9% over the previous amount (R\$ 622). The amount of the increase, as required by legislation, was the result of 6.1%, monetary correction for the estimated variation in the National Consumer Price Index (*Índice Nacional de Preços ao Consumidor – INPC*) in 2012, plus a real increase of 2.7%, for the variation in Gross Domestic Product (GDP) in 2011.

SUPPLEMENTARY PENSION SYSTEM FOR FEDERAL CIVIL SERVANTS IN THE EXECUTIVE BRANCH

Regulation of the Federal Executive Plan administered by the Supplementary Social Security Foundation for Federal Civil Servants of the Executive Branch – Funpresp-Exe was approved on February 4, 2013.

All federal civil servants of the Executive Branch may opt to join the System.

The public servants hired after February 4 will be subject to the ceiling of the General Social Security System (*Regime Geral de Previdência Social – RGPS*) and may join Funpresp to supplement their benefits.

Federal employees hired before implementation of the Fund may also join Funpresp if they previously and expressly opt to do so.

More information can be found at <http://www.funpresp-exe.com.br>

PAYROLL EXEMPTION

Exemption of social security charges from payroll was expanded to cover 42 sectors.

Among the new industries benefiting from such are the pharmaceutical, medical and dental equipment, stoves, refrigerators and washing machines, and air transport, maritime and public bus transportation industries.

With this measure, the employer social security contribution of these sectors shall be assessed on revenue, at rates of 1% or 2%.

NEW SECTORS BENEFITED

Sector	Segment	Rate on sales (in %)
Industry	Poultry, pork and derivatives	1
Industry	Fish	1
Industry	Breads and pastas	1
Industry	Drugs and medicines	1
Industry	Medical and dental equipment	1
Industry	Bicycles	1
Industry	Tires and inner tubes	1
Industry	Paper and pulp	1
Industry	Glass	1
Industry	Stoves, refrigerators and washers	1
Industry	Ceramics	1
Industry	Stones and ornamental rocks	1
Industry	Paints and varnishes	1
Industry	Metal construction	1
Industry	Railway equipment	1
Industry	Manufacture of tools	1
Industry	Manufacture of forged steel	1
Industry	Screws, nuts and drawn wire	1
Industry	Toys	1
Industry	Optical instruments	1
Industry	Civil Construction	2
Services	Technical information support	2
Services	Maintenance and repair of aircraft	1
Services	Air transportation	1
Services	Maritime, river transportation and support navigation	1
Services	Public bus transportation	2
Trade	Retail business	1

EXEMPTION OF IPI

Reduction of the IPI – Tax on Industrialized Products (*Imposto sobre Produtos Industrializados*) – rate will continue in 2013, but with some changes.

For cars up to one thousand cylinders, for example, the regular rate was 7% and went to zero, until December 31, 2012. As of January 2013, the rate increased to 2% and will remain at this level until March. From April to June, the new rate will change and go to 3.5%.

For trucks, the rate will be kept at 0% indefinitely.



MKGARRY/SHUTTERSTOCK

Automobiles	Regular rate	Reduced rate		
		Until December/2013	January to March/2013	April to June/2013
Up to 1,000 cc	7%	0%	2%	3.5%
1,000 cc to 2,000 cc				
FLEX	11%	5.5%	7%	9%
Gasoline	13%	6.5%	8%	10%
Utility vehicles	8%	1%	2%	3%
Trucks	5%	0%	0%	0%

The IPI tax for major appliances, plus furniture, panels and the like, has also undergone changes, with the exception of washing machines, which will remain with the reduced rate of 10%.

Major appliances	Regular rate	Reduced rate	
		Until January/2013	From February to June/2013
Stoves	4%	0%	2%
Semi-automatic washing machine	10%	0%	2%
Refrigerator and freezer	15%	5%	7.5%
Washing machine	20%	10%	10%
Furniture	5%	0%	2.5%
Painéis	5%	0%	2.5%
Laminate (PET, PVC, high resistance)	15%	0%	2.5%
Light fixtures	15%	5%	7.5%
Wallpaper	20%	10%	10%

EXEMPTION OF FOOD STAPLES

All basic food staples were exempt from paying federal taxes.

With this measure, food products, which for the most part did not incur Industrialized Products Tax (IPI), will also be completely free from PIS/PASEP/COFINS, which ranged from 9.25% to 12.50%. The Government also expanded the list of products included in the official list of food staples.

Products that are exempt are:

- Beef, pork, poultry and goats or sheep, fish, coffee, sugar, vegetable oils, margarine, butter and toilet paper: tax rate reduced to zero from 9.25% for PIS/PASEP/COFINS.
- Toothpaste and soaps: tax rate reduced to zero from 12.50% for PIS/PASEP/COFINS.
- Sugar and soap, which also had a rate of 5% IPI tax was reduced to zero.

INVESTMENT INCENTIVES

In 2012, the record volume of 2,864 cases of decreases in import duties was approved, representing US\$ 45,064 billion in new investments in Brazil, US\$ 3.4 billion more than in 2011 – when the government granted 2,847 cases of import duty decreases.

Decreases in import duties are temporary reductions of Import Duty on capital goods and information technology and telecommunication goods not produced domestically. The main sectors that benefited last year, with regard to overall investments, were oil (18.4%), rail (13.7%), mining (11.6%) and automotive (7.7%).

Decisions on tax reduction are made by the Foreign Trade Chamber (*Câmara de Comércio Exterior* – CAMEX), a body chaired by the Ministry of Development, Industry and Foreign Trade.

This year, the Government has already approved the granting of 618 decreases in import duties, among new incentives and renewals. These incentives are tied to overall investments of US\$ 5.83 billion, in sectors such as construction (43.7%), oil (16.3%), capital goods (5.5%), automotive (4.2%) and beverages (4.0%).

GOVERNMENT PURCHASES

The government's margin of preference in purchasing domestic products is intended to stimulate domestic industry and investment.

Preference margins were defined in recent months for the following: information and communication technology equipment (15% or 25% depending on the product); tractors and implements (15% or 20%, depending on the product); drills and implements (20%) and discs for coins (20%).

Previously, preferential margins for clothes manufacturing, footwear and articles; backhoes and graders; pharmaceuticals, biopharmaceuticals and medicines; medical supplies; vehicles for railways; paper for printing paper money and trucks, vans and road implements had been defined.

DIRECT TREASURY (*TESOURO DIRETO*) PROGRAM

In 2012, Direct Treasury, a program which democratized access to public bonds, allowing the purchase of such by individuals directly over the internet, completed 10 years of operation.

In 2012, 52,466 new investors registered with Direct Treasury, reaching a total of 328,839 investors, reflecting a 19% increase over 2011. However, sales for the year totaled R\$ 3.7 billion, representing a 3.4% increase compared to the sales volume in 2011.

Demand for bonds with maturity over 5 years was significant, representing 57.8% of total sales in the year. These numbers reflect the importance of Direct Treasury for medium and long term savings.

Access and quality in healthcare

Population now has access to more physicians and more services, with a focus on primary care

EVERYTHING POSSIBLE / SHUTTERSTOCK

IMPROVEMENT IN ACCESS AND QUALITY OF PRIMARY CARE

More physicians where the population needs them the most

The second edition of Provac – Program to Acknowledge the Value of Primary Health Care Professionals (*Programa de Valorização dos Profissionais da Atenção Básica*) was launched in 2013 and selected 4,392 doctors for 1,407 municipalities. The physicians will specialize in Family Health and receive a federal scholarship of R\$ 8,000, supervision and technical support. They will also earn an additional 10% in points for residency exams if they work for 12 months in the Basic Health Units (UBS) in municipalities with difficulty in hiring professionals.

In the first edition of Provac in 2012, 381 doctors were hired by municipalities and paid by municipal health departments.

More resources for staff that invest in quality

To value staff that invest in quality of services and care, in 2012 an additional R\$ 769.8 million was transferred to

3,972 municipalities participating in the National Program for Improving Access and Quality of Primary Care (*Melhoria do Acesso e da Qualidade da Atenção Básica – PMAQ*). Distribution of such was based on the assessment of services by 17,500 primary care teams and 13,400 UBS. 67,000 patients were interviewed:

- 79% rated the care received as good or very good.
- 86% would recommend an UBS to a friend or family member.

A new cycle for joining the program began in February 2013 with the goal of reaching all 33,100 Family Health teams this year. Also in 2013, teams from the Family Health Support Centers (*Núcleos de Apoio à Saúde da Família – NASF*) and Dental Specialties Centers (*Centros de Especialidades Odontológicas – CEO*) will also join the program.

Construction works at UBS in 70% of municipalities

3,872 municipalities in Brazil are receiving funds for the construction, renovation and expansion of UBS. 5,500 enlargements, 5,200 renovations and 4,000 constructions of new units are in progress. Currently, there are 39,300 UBS in operation (there were 32,800 in 2010).

PROGRAM FOR REQUALIFICATION OF BASIC HEALTH UNITS (PROGRAMA DE REQUALIFICAÇÃO DE UNIDADES BÁSICAS DE SAÚDE – UBS)

	Construction	Enlargement	Renovation
Number of contracted units	3,966	5,458	5,247
Investment amount (R\$)	1,016 billion	548 million	538 million
Benefiting Municipalities	2,076	2,265	1,788
Completed units	859	60	859



RIVER UBS – BASIC HEALTH UNIT

Borba, in the state of Amazonas, was the first municipality in the country awarded with a River UBS built with federal funds. The unit will serve more than 12,000 people in approximately 230 communities along six rivers: Madeira, Madeirinha, Autaz-Açu, Canumã, Abacaxis and Sucunduri.

The goal is to fund the construction of 64 river units by 2014.

HEALTH IS PRICELESS

Free medication for hypertension and diabetes

More than 13.6 million people received free medication since February 2011, when the program started.

PROGRAM BENEFICIARIES

	Hypertension	Diabetes
January/11	658,000	306,000
January/13	3,750,000	1,844,000
Variation	470%	503%

SOURCE: MINISTRY OF HEALTH – JANUARY 2013

IN 2012, THE WEBSITE AUTOCUIDADO.SAUDE.GOV.BR WAS LAUNCHED WITH TIPS AND INFORMATION TO IMPROVE THE QUALITY OF LIFE OF THOSE LIVING WITH DIABETES

Free medication for asthma

437,000 people have benefited. In January 2013, 93,600 people received medications, 95% more than in May 2012, which was the month previous to when the program started.

Popular Drugstore (*Farmácia Popular*)

Across Brazil, 25,700 drugstores are accredited, covering 3,731 municipalities. The Popular Drugstore also offers other drugs with discounts up to 90%.

PUBLIC AND ACCREDITED DRUGSTORES

	Units	Municipalities
2010	14,546	2,548
2011	20,780	3,301
January/13	25,708	3,773
Variation from 2010 to January/13	76.74%	48%

SOURCE: MINISTRY OF HEALTH – JANUARY 2013

NEW MEDICATION IN SUS

Since 2010, the number of medications offered by SUS has increased 47%, from 550 to 810.

SMILING BRAZIL (*BRASIL SORRIDENTE*) PROGRAM

The program currently carries out approximately 150 million appointments per year – a number that has increased 15 times since the Program was established in 2004.

Oral Health Teams: 21,900 teams are present in 4,876 municipalities, accounting for 87% of Brazilian cities in January 2013. In 2011 and 2012, 1,800 new teams were deployed.

Dental Specialties Centers (*Centros de Especialidades Odontológicas* – CEO): In January 2013, 951 CEOs were in operation in 781 municipalities. In 2010, there were 853.

THE CEOs THAT WILL BE PART OF THE CARE NETWORK FOR PERSONS WITH DISABILITIES, UNDER THE LIVING WITHOUT LIMIT (*VIVER SEM LIMITE*) PLAN, WILL RECEIVE 25% MORE FUNDING

Dental prosthesis laboratories: 1,400 laboratories in operation serve 1,351 municipalities. Of these, 581 were accredited in 2012.

Dental prosthesis production: 376,800 prostheses were produced by November 2012, 24% more than the amount produced in the same period in 2011 and 105% higher than in 2010.

In 2012 there were 2.9 million **MORE** preventive clinical procedures in orthodontics and dental prosthetics than in 2011. Dental extraction procedures **DECREASED** by 3.5 million.

EMERGENCY CARE NETWORK

Emergency Care Units (*Unidades de Pronto Atendimento* – UPA)

Between 2011 and 2012, 144 UPAs started operation, receiving R\$ 536.7 million annually in funding. Another 605 are under construction, with an investment of R\$ 1.45 billion.

SAMU 192 (*Mobile Urgency Care Service*)

In 2012, 439 ambulances were purchased to renew the fleet, expand and have a technical reserve. The fleet of ambulances in use grew by 19.7% over.

	2010	2012
Regulation Centers	143	178
Population covered	119,016,642	134,278,836
Ambulances	2,231	2,670
Motorcycle ambulances	160	180

SOURCE: MINISTRY OF HEALTH – JANUARY 2013

S.O.S. Emergencies (*S.O.S. Emergências*) Program

In one year of operation, the program reduced the occupancy rate in the emergency care of 12 public hospitals by up to 52% where it was deployed. There are now 1,189 new hospital beds and 2,160 trained health professionals.

HOME CARE PROGRAM

Deployed in 23 states and 134 municipalities, the program has 742 qualified teams, of which 511 are Multidisciplinary Home Care Teams (*Equipes Multiprofissionais de Atenção Domiciliar* - Emad) and 231 Multidisciplinary Support Teams (*Equipes Multiprofissionais de Apoio* – Emap). The main cases treated are stroke (23%), hypertension (7.3%) and Alzheimer's disease (7.1%).

PREGNANCY CARE – STORK NETWORK (*REDE CEGONHA*) PROGRAM

The Stork Network covers 4,900 municipalities, caring for 2.6 million pregnant women and their babies. There are 6,200 adult and children beds for care in the entire network.

FIGHTING CANCER

In 2012, oncology outpatient procedures increased 15.2%: 10.5 million procedures were performed in 2010 and 12.1 million in 2012.

- There were 96,100 cancer surgeries performed in SUS [Public Health System (*Sistema Único de Saúde*)] and 2.6 million chemotherapy procedures.
- 80 radiotherapy services were supported: 41 new services and 39 expansions of existing services.

CERVICAL AND BREAST CANCER

Mammograms: 4.4 million exams performed per year, of which 52% (2.3 million) were in the priority 50-69 year age group.

Pap smears: 10.9 million exams a year, 78% of them (8.5 million) in the priority 25-64 age group.

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

Fourteen states and their capitals joined the program and began to receive funding from the Federal Government to implement actions: Acre, Alagoas, Ceará, Distrito Federal, Espírito Santo, Minas Gerais, Mato Grosso do Sul, Pernambuco, Piauí, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina and São Paulo.

Throughout 2012 the following have been provided:

- 207 new Psychosocial Care Centers (*Centros de Atenção Psicossocial* – CAPS).
- 32 new CAPS-AD 24h in operation.
- 10 new Sheltering Centers (*Unidades de Acolhimento* – UA) added to the 44 existing units in 2011.
- 17 new Health Street Clinics.
- 139 new jobs in specialized nursing wards.
- 986 new hospital beds supported in municipalities and states.

Furthermore, ten Therapeutic Communities were selected to provide social reintegration services.

ELECTIVE SURGERIES

In 2012, 2.1 million elective surgeries were performed by SUS, 4.97% more than in 2011.

Task forces

In 2012, 10,100 procedures were performed by seven task forces: four for cataract surgery in the states of Acre (Rio Branco), Bahia (Serrinha), Minas Gerais (Montes Claros) and Paraíba (Pombal), and three for orthopedic surgery in the states of Rondônia (Porto Velho), São Paulo (São Paulo) and Paraná (Curitiba).

TRANSPLANTS

Over the past two years, there was 16.31% growth. There were 24,500 procedures in 2012.

REDOME – BRAZILIAN REGISTRY OF BONE MARROW DONORS (*REGISTRO BRASILEIRO DE DOADORES DE MEDULA ÓSSEA*)

Today Brazil has the 3rd largest registry of voluntary bone marrow donors in the world. Currently, there are over 2.9 million registered donors – in 2000 there were 12,000 registered volunteers.

IMMUNIZATION

In the past decade, the vaccine coverage in Brazil achieved, on average, 95% for most scheduled childhood vaccines and child immunization campaigns.

National Vaccination Campaign against Poliomyelitis

– 14.1 million children under five years of age were immunized with 99% coverage.

Campaign to Update Vaccination Booklet – 3.3 million children who were late on their immunization schedule were immunized.

National Vaccination Campaign against Influenza –

26 million people vaccinated. 86% of the priority group, formed by the elderly, children, pregnant women, health professionals and indigenous populations, was reached.

MALARIA

Between January and December 2012, 242,400 cases were reported, a decrease of 9.3% compared to the same period in 2011, when there were 267,100 cases.

DENGUE FEVER

In 2012, R\$ 173.2 million were transferred to states and municipalities across the country for prevention and control of the disease. Deaths from the disease were reduced by 72%, with 41 confirmed deaths. In 2010 there were 146.

Access to quality education is a priority

Enem allows access to higher education through Sisu and ProUni.

Pronatec guarantees openings for technical and professional training

SCIENCE WITHOUT BORDERS (CIÊNCIA SEM FRONTEIRAS)

By February 4, 2013, 22,646 scholarships had been granted under the Science without Borders Program, with 15,141 for undergraduates and 7,505 for postgraduates, in 39 countries. Of this total, 600 postgraduate scholarships were granted to foreigners in Brazil, 447 for Visiting Researchers and 153 for Young Talents (*Jovens Talentos*).

The goal for 2013 is to grant 22,430 scholarships to students and researchers.

English without Borders (*Inglês sem Fronteiras*)

To increase English language proficiency level of the candidates to the Science without Borders, the Federal Government launched, in December 2012, the English without Borders. Placement testing, assessment and certification of proficiency are developed with students competing for scholarships abroad.

The program provides for 500,000 placement or proficiency tests in English language to be given by 2014. More information on the program and on how to apply available at <http://isf.mec.gov.br>.

SCHOLARSHIPS GRANTED, BY COUNTRY OF DESTINATION

Country of destination	Total scholarships
USA	5,028
Portugal	2,935
France	2,692
Spain	2,464
Canada	2,145
UK	1,939
Germany	1,753
Australia	884
Italy	679
Netherlands	637
Others	1,490
Total	22,646

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

Created in 2011, Pronatec has reached 2.52 million people enrolled in technical and professional training courses in over 400 areas.

73% of the enrollments are offered by the S System, with openings both under the gratuity agreement with the Federal Government and under the Training Scholarship modality (*Bolsa-Formação*).

According to a new rule established in early March, private higher education and technical education institutions may also join the Pronatec Training Scholarship modality offering subsequent technical courses. The application may be requested as of the second quarter.

For 2013, another 2.3 million openings are projected – 724,500 in technical courses and 1,570 in professional training courses.

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

Up to March 8th, Pronatec has benefited 316,300 people in families assisted by the Brazil without

Extreme Poverty program in 934 municipalities.

Beneficiaries receive food, transportation and school supplies, and also attend the courses offered at no charge.

World Cup Pronatec (Pronatec Copa)

There are already 122,600 students enrolled in 52 free technical courses for workers in the tourism sector, as well as training in English, Spanish and Brazilian Sign Language (Libras).

Openings are available in the World Cup host cities, in the surrounding municipalities and in major tourist destinations in Brazil. It is needed to be at least 18 years old to attend the courses.

Expansion of the Federal Network of technological and professional education continues

Since 2011, 86 new campuses of the Federal Professional Education, Science and Technology Network started operation, meeting 41.3% of the goal to have 208 new campuses in operation by 2014.

NATIONAL SECONDARY EDUCATION EXAMINATION (*EXAME NACIONAL DO ENSINO MÉDIO – ENEM*)

Enem was attended by 4.1 million candidates in 2012. Since 2009, the examination has become a means of access to higher education.

The result obtained by the student on Enem is used as a selection criterion for the Unified Selection System (*Sistema de Seleção Unificada – Sisu*) and for scholarships under the University for All Program (*Universidade para Todos – ProUni*), the Student Financing Fund (*Fundo de Financiamento Estudantil – Fies*) and the Science without Borders program. Enem also performs certification of secondary education for youth and adults.

UNIFIED SELECTION SYSTEM (*SISTEMA DE SELEÇÃO UNIFICADA – SISU*)

The Unified Selection System first edition of 2013 offered 129,319 openings in public higher education institutions – 18% more compared to 2012 – for 3,752 courses in 101 establishments.

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

ProUni's selection process of the first half of 2013 recorded enrollment of 1,032,873 candidates for scholarships at higher education private institutions. 162,329 scholarships were offered, 67% of which were full scholarships, for 12,159 courses in 1,078 institutions throughout Brazil.

IN FEBRUARY 2013,
476,028 STUDENTS
WERE ENROLLED
IN HIGHER EDUCATION
WITH SCHOLARSHIP
FROM PROUNI. SINCE
2004 APPROXIMATELY
1.1 MILLION STUDENTS
ALREADY BENEFITED



FIES BENEFITS 372,000 STUDENTS

In 2012, the number of Student Financing Fund (*Fundo de Financiamento Estudantil – FIES*) contracts increased 143% over 2011, ending the year with 372,000 students benefiting. In 2013, Fies has already 92,300 contracts.

Fies debt is reduced for public basic education teachers and for doctors working in teams of the Family Health program in areas with a shortage of professionals.

PROGRESS OF NEW FIES CONTRACTS

Year	Municipalities	Contracts executed
2010	465	76,300
2011	524	154,100
2012	587	372,500
2013*	499	92,300
Total ¹	619	695,200

1 - THE TOTALS CONSIDER ONLY DIFFERENT MUNICIPALITIES.

*SIMEC – 02/20/2013

Education Loans Guarantee Fund (*Fundo de Garantia de Operações de Crédito Educativo – FGEDUC*)

In 2012, FGEDUC benefited 200,653 students, an increase of 307.5% compared to 49,245 benefitting in 2011. In January and February of 2013, over 92,000 contracts were executed with this guarantee.

From the 2,412 private higher education institutions that participate in Fies, 843 have already joined FGEDUC.

Created in 2010, the fund assists students who wish to finance their tuition with Fies, but lack the guarantees to cover the loan, releasing them from the need for a guarantor.

Students with family income of up to 1.5 minimum wage per person, ProUni partial scholarship recipients enrolled in Fies and students enrolled in undergraduate courses can benefit. For the student to receive the benefit, the educational institution must be enrolled in Fies and FGEDUC.



MORE SCHOOLS CAN JOIN THE MORE EDUCATION (*MAIS EDUCAÇÃO*) PROGRAM

Until March 31st, 34,000 preselected public schools may apply to join the More Education Program. For pre-selection, service to students and beneficiaries of Family Grant and Basic Education Development Index (*Índice de Desenvolvimento da Educação Básica – Ideb*) were considered.

The 32,000 schools that already participated the More Education in 2012 may opt to remain in the program. It provides students from the 1st to 9th grade in participating public schools with guided activities in the second half of the school day, especially school tutoring.

NATIONAL PACT FOR LITERACY AT THE RIGHT AGE (*PACTO NACIONAL PELA ALFABETIZAÇÃO NA IDADE CERTA*)

Launched on November 8, 2012, 5,384 municipalities have already joined the covenant between the federal, state and local governments, in addition to 26 states and the Federal District.

In partnership with the federal universities, the initial training of study mentors has already been carried out in 2,332 municipal networks, 18 state networks and the district teaching network.

Federal Government, states and municipalities fighting crime together

Actions to strengthen public policies and service networks

STRATEGIC BORDER PLAN (PLANO ESTRATÉGICO DE FRONTEIRAS)

Agate Operation (Operação Ágata)

In 18 months, six Agate operations were carried out, covering 710 border municipalities, with the participation of 11 ministries and approximately 20 federal, state and municipal agencies.

The results of the operations include:

- 319,635 vehicles inspected.
- 222 airplanes inspected.
- 5,681 vessels inspected and 498 seized.
- 4 clandestine airstrips destroyed.
- 19,892 kilograms of explosives seized.
- 11,801 kilograms of narcotics seized.

Besides the security actions, the Armed Forces conducted civic-social actions, with the following results by December 2012:

- 59,717 health procedures.
- 18,304 dental consultations.
- 29,482 medical consultations.
- 9,000 vaccinations.
- 195,241 medications distributed.

SAFER BRAZIL (BRASIL MAIS SEGURO)

Eight months after implementing the program in the municipalities of Maceió, Arapiraca and Rio Largo, in Alagoas, the homicide rate per 100,000 inhabitants decreased by 13.7% from 2011 to 2012 in the state. In Maceió, the reduction reached 21.3%. That means a 10% decrease in the daily average of lethal and intentional violent crimes in Alagoas and 18% in Maceió.

During Carnival, in February, when violence rates usually rise, the state of Alagoas recorded a 23% decrease in intentional lethal violent crimes, and in the capital, Maceió, there was a 19% decrease.

Several measures help explaining these results. R\$ 38.5 million were invested in order to improve the performance of public security, criminal justice and penitentiary bodies.

229 National Public Safety Force officers were deployed to Alagoas for ostensive and proximity policing. The actions focused on strengthening forensic reports and the Civil Police, and also on controlling firearms, responsible for 80% of violent deaths.

4,000 weapons were destroyed, 145 murderers were arrested, and 53 highly dangerous criminals were transferred to federal prisons, in order to dismantle gangs.

DISARMAMENT
CAMPAIGN:
MORE THAN 600,000
FIREARMS HAVE
BEEN HANDED
OVER BY THE
POPULATION AT 2,000
COLLECTION STATIONS
THROUGHOUT
BRAZIL SINCE 2004

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

The program continues to grow. By February, 14 Brazilian states and their capitals had joined the program and formalized partnerships to perform the program actions: Acre, Alagoas, Ceará, Distrito Federal, Espírito Santo, Minas Gerais, Mato Grosso do Sul, Pernambuco, Piauí, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina and São Paulo.

The program reaches more municipalities

In February, 136 municipalities with over 200,000 inhabitants were enabled to join the program. The guidelines for the action plans were introduced to the mayors by the ministries via videoconferencing. Cities with less than 200,000 inhabitants may also receive services and equipment.

Protection Network strengthened

In February, 70 mobile bases, 1,400 video surveillance cameras, 140 vehicles, 140 motorcycles, 3,500 electric guns and 10,500 pepper sprays were delivered to the agreed states and municipalities.

Training

More than 105,000 people have been trained in distance learning courses to work in the prevention, treatment and social reintegration of drug users and addicts.

In public health, social welfare and public safety networks, 26,000 professionals are conducting ongoing training courses offered by 50 Regional Reference Centers deployed in public education institutions. By the end of 2013, 57 centers will create 49,500 classroom training jobs.

In addition, 5,600 operators of mobile bases have been trained to work in integrated proximity policing actions.

VIVAVOZ HOTLINE – 132

In 2012, 216,490 free telephone calls were received, providing guidance and information on the risks of drug abuse and its effects on the body, as well as information on treatment sites. The service operates 24 hours every day.

II NATIONAL PLAN TO COMBAT HUMAN TRAFFICKING (II PLANO NACIONAL DE ENFRENTAMENTO AO TRÁFICO DE PESSOAS)

Launched in February 2013, the Plan will develop actions to prevent and combat human trafficking in Brazil, identifying and holding the perpetrators accountable and ensuring attention to victims.

The actions will be implemented in coordination with all three levels of government – federal, state and municipal – in collaboration with civil society organizations and international organizations, with the following objectives:

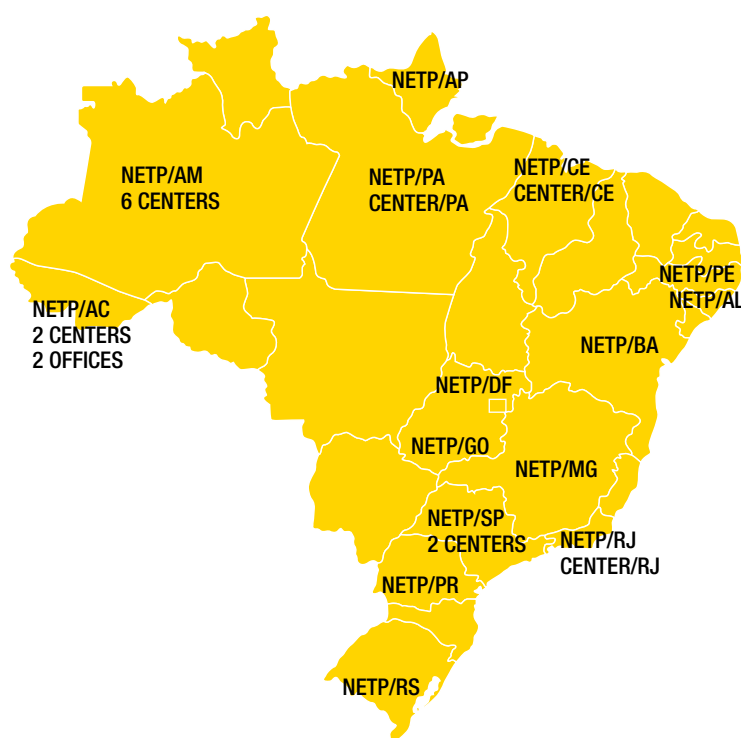
- Foster and strengthen cooperation among government agencies, civil society organizations and international organizations in Brazil and abroad.
- Reduce situations of vulnerability, considering the identities and characteristics of the social groups.
- Train professionals, institutions and organizations involved with the issue.
- Produce and disseminate information on human trafficking and actions for countering it.
- Sensitize and mobilize society to prevent the occurrence, risks and impacts of human trafficking.



Offices and care centers

Brazil has 13 migrant worker care centers and 16 state offices for countering human trafficking. By 2014, R\$ 5.9 million will be invested in the creation of ten new offices or care centers, the training of 400 officers and ensuring international legal cooperation. The care centers will be located in the border region in areas with great people circulation, such as ports, airports and roads.

MAIN STATE OFFICES TO COMBAT HUMAN TRAFFICKING AND ADVANCED HUMANIZED CARE CENTERS FOR MIGRANTS (NETP)



Training

The Plan provides for the continued training of human resources, involving public safety officers, health and social care, among others. Among the topics planned are globalization, racism, gender, homophobia, migration and human rights.

Another line of action is the inclusion of the subject of human rights education in curriculum guidelines and the creation of school materials on countering human trafficking.

Mobilization and sensitization

The program provides for support, financing, development and dissemination of different types of research in partnership with social organizations, as well as higher education institutions for the production, management and dissemination of information and knowledge.

Studies such as "Transatlantic Journeys", a partnership with the International Center for Migration Policy Development (ICMPD), about international traffic between Brazil, Portugal, Spain and Italy, have been financed by the Ministry of Justice.

NATIONAL PROGRAM FOR PRISON SYSTEM SUPPORT (PROGRAMA NACIONAL DE APOIO AO SISTEMA PRISIONAL)

Over 70 projects for construction and expansion of prisons in a conventional building system were approved by February, an increase of 25,400 jobs, with an investment of R\$ 635 million.

Construction projects are in progress in the units of nine states: Ceará, Espírito Santo, Minas Gerais, Pará, Piauí, Paraná, Rio de Janeiro, Rio Grande do Sul and Tocantins. Works have already been authorized for units in Alagoas, Bahia, Goiás, Mato Grosso, Rondônia and Sergipe.

The Federal Government is giving to the states projects for the creation of 17,100 remaining jobs to meet the goal of 42,500 new jobs by 2014.

CHANGE IN THE DWI LAW (LEI SECA)

Enacted on December 20, 2012, the new DWI law strengthens control of drunk driving. Besides the breathalyzer, videos and other evidence is admitted to define intoxication of the driver, such as the testimony of the police officer, clinical trials and other witnesses.

Any level of alcohol per liter of blood subjects the driver to the penalties provided by law. The driver can provide counter-evidence, taking the breathalyzer and blood test to show that he or she did not consume alcohol above the limit allowed by law. The amount of the fine applied to the offending driver was increased to R\$ 1,915.30. If the driver is a reoccurring offender within a year, the amount of the fine will be doubled, reaching R\$ 3,830.60, as well as the suspension of driving rights for 12 months.

Final preparations for the Confederations Cup

First stadiums have already been inaugurated

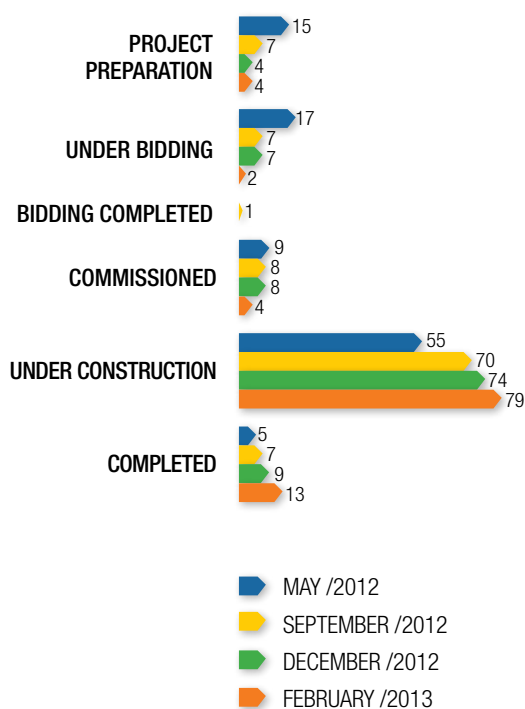
CONFEDERATIONS CUP

FIFA 2013 Confederations Cup will be held in Brazil from June 15th to 30th, with the participation of representatives from six continents – Mexico, Uruguay, Italy, Tahiti, Nigeria and Japan – as well as the current world champion, Spain, and Brazil as the host country. This is the main sporting event before the 2014 World Cup and it will be held in part of the structure built for the event.

WORLD CUP PROJECTS

Works for 2014 World Cup stadiums, urban mobility, airports and ports continue to advance. Of the 102 planned projects, 13 are completed and 79 are already under construction.

PROGRESS OF 2014 WORLD CUP WORKS



SOURCE: MINISTRY OF PLANNING

Stadiums

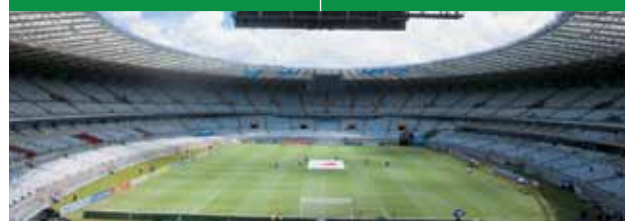
Belo Horizonte (MG) and Fortaleza (CE) inaugurated the first stadiums. Brasília (DF), Recife (PE), Rio de Janeiro (RJ) and Salvador (BA) will have the works concluded this semester. These six cities will receive the 2013 Confederations Cup games in June.



FABIO LIMA

Castelão - CE

Completed



NITRO IMAGENS

Mineirão - MG

Completed



DAVID CAMPBELL

Fonte Nova - BA

99% completed



ADEMIR RODRIGUES

National Stadium - DF

93% completed



Pernambuco Arena - PE

90% completed



Maracanã - RJ

87% completed



Itaquero - SP

66% completed



Pantanal Arena - MT

62% completed



Beira Rio - RS

58% completed



Baixada Arena - PR

57% completed



Amazonia Arena - AM

55% completed



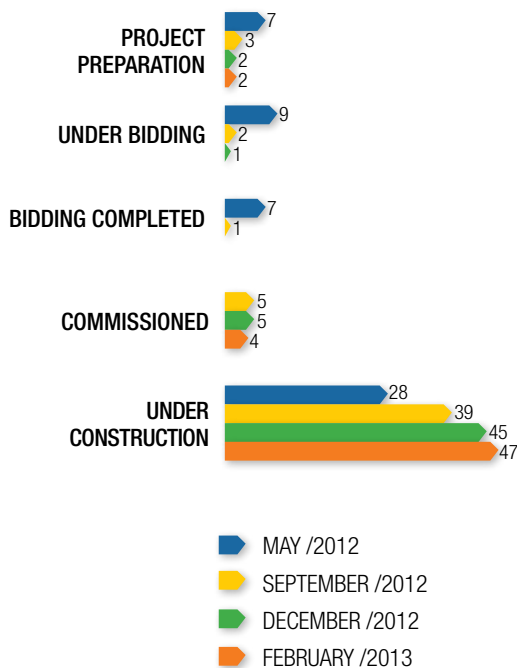
Dunas Arena - RN

54% completed

Urban mobility

There are 53 works, totaling R\$ 9 billion invested in the host cities, and the results are already being seen. 47 of them have already started. Construction projects in Belo Horizonte, Brasilia and Rio de Janeiro will be completed by December.

URBAN MOBILITY WORKS

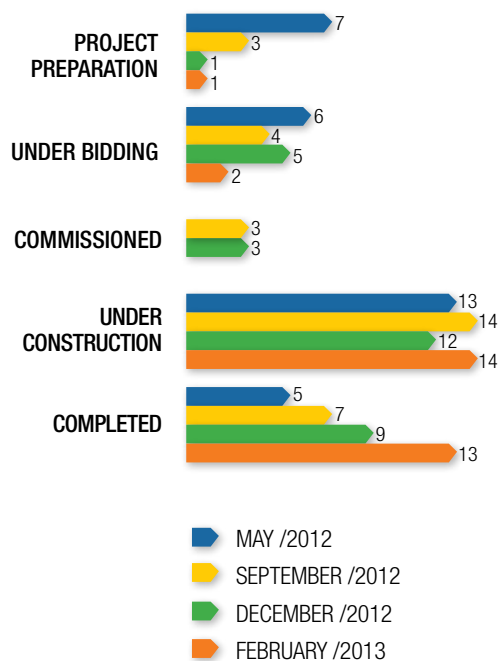


SOURCE: MINISTRY OF PLANNING

Airports

There are 30 construction projects in 13 airports, in 12 host cities and in Campinas (SP), a total investment of R\$ 7.35 million. Thirteen construction projects have already been completed and 14 others are underway. All of them will be ready in 2013, except for the landing and takeoff strips of the Porto Alegre (RS) airport, which will be completed in early 2014.

WORKS ON THE AIRPORTS

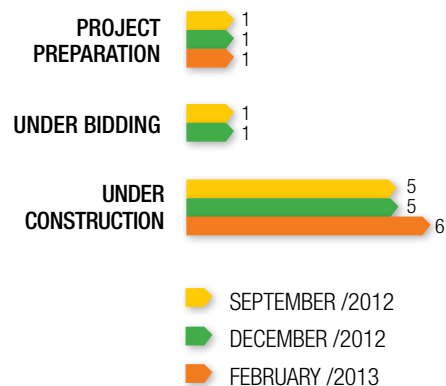


SOURCE: MINISTRY OF PLANNING

Ports

R\$ 902.8 million is being invested in the modernization of seven ports: Fortaleza, Manaus (AM), Natal (RN), Recife, Rio de Janeiro, Salvador and Santos (SP), which will not be hosting the World Cup, but is only 70 km from São Paulo (SP). In six of the ports, construction projects have already started.

WORKS ON THE PORTS



SOURCE: MINISTRY OF PLANNING

Telecommunications and energy

Construction projects for communication via fiber optics in the host cities of the 2014 FIFA World Cup are already underway, 83% complete in the host cities of the Confederations Cup. Seven priority transmission projects and 158 power distribution projects are underway, scheduled for completion by December 2013.

2016 OLYMPICS

New Athlete Sponsorship Program (*Bolsa Atleta*) list released

The new list of sponsorship recipients was published, with 4,992 athletes from 55 Olympic and Paralympic modalities. There was a 17.7% increase compared to the 4,243 athletes (53 modalities) recipients in 2012. The number of women featured increased to 1,981, with 237 additional recipients. The number of Paralympians also increased: now there are 1,207, 23 new beneficiaries. For the first time the Program will serve all 26 states and the Federal District.

Of the 441 athletes (259 Olympians and 182 Paralympians) who participated in the Olympic Games in London 2012, 313 (71%) are on the new list, which features 55 sports.

More than 1 million dwellings delivered

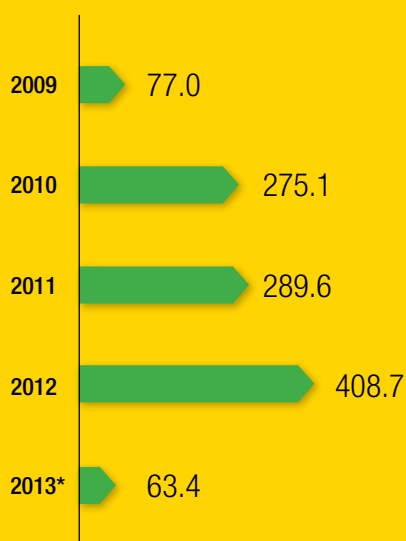
Besides these, the construction of another 1.34 million dwellings has already been commissioned

My House My Life Program has delivered more than one million dwellings. Since 2009, 1.11 million families have already been given their own home, and delivery increases every year. In 2012, for example, there was a 41% increase in the number of dwellings delivered, compared to 2011.



Minha Casa Minha Vida

MY HOUSE MY LIFE – HOUSING UNITS DELIVERED – 2009-2013 (IN THOUSANDS)



SOURCE: CAIXA ECONÔMICA FEDERAL/MINISTRY OF CITIES

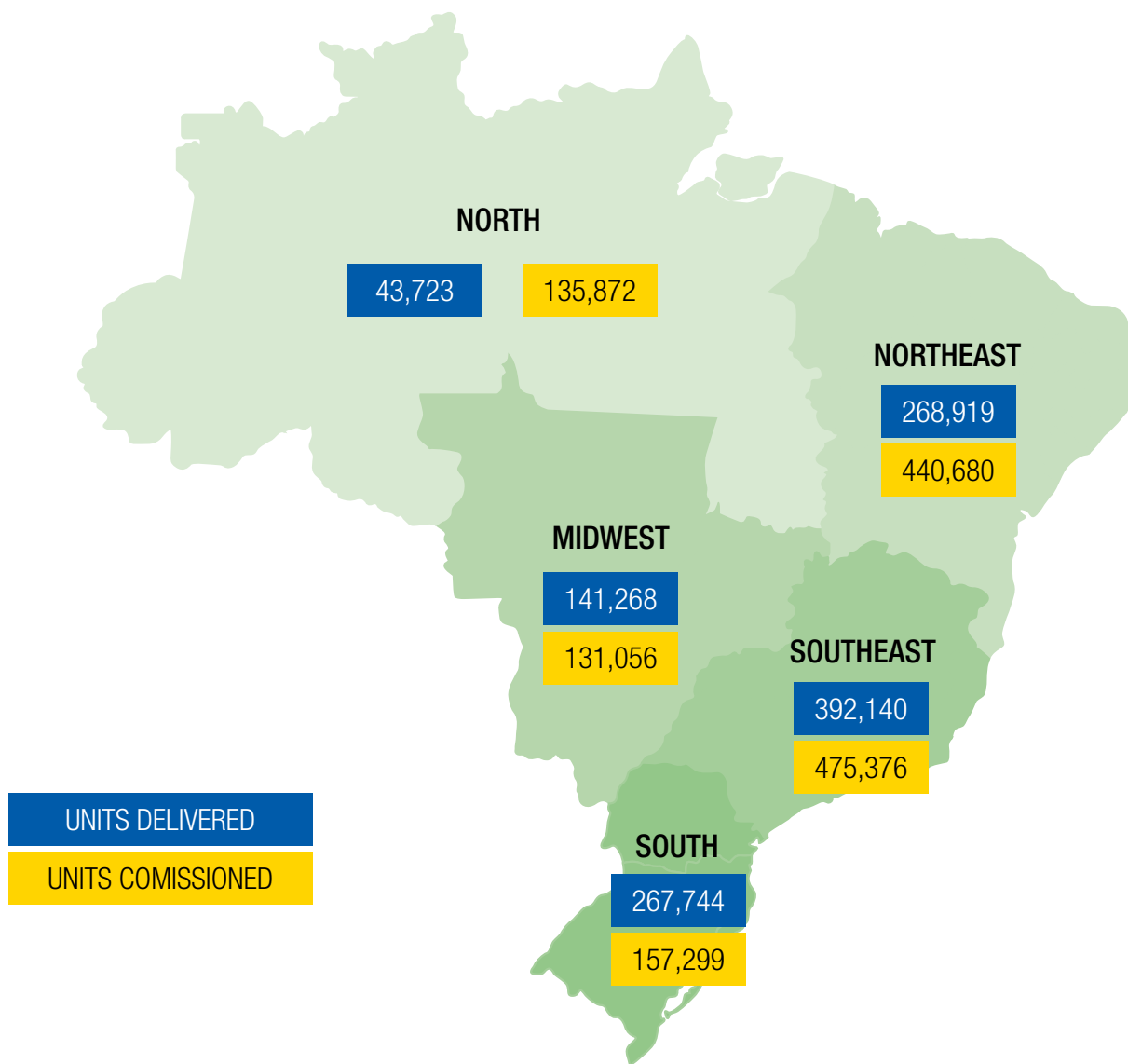
*POSITION ON FEBRUARY 28TH

Housing units commissioned

In addition to the units delivered, My House My Life Program has already contracted more than 1.34 million housing units across the country. Most contracted units (58.2%) are aimed at families with a monthly income of up to R\$ 1,600 (Level 1). The target is to contract another 700,000 housing units in 2013.

CONSIDERING THE DWELLINGS
DELIVERED (1.11 MILLION)
AND THE TOTAL CONTRACTED
(1.34 MILLION), THERE ARE
NOW 2.45 MILLION DWELLINGS
FINANCED BY THE MY HOUSE,
MY LIFE PROGRAM

REGIONAL DISTRIBUTION OF UNITS DELIVERED AND COMISSIONED



RURAL MY HOUSE MY LIFE (*MINHA CASA MINHA VIDA RURAL*): 63,800 DWELLINGS IN THE COUNTRYSIDE

By February, 17,500 dwellings were delivered in rural areas. Besides these, another 46,300 dwellings have been contracted in rural areas across Brazil.

R\$ 181.1 billion in investments

Since 2009, R\$ 153.6 billion was invested by the Federal Government in the My House, My Life Program, R\$ 68.3 billion in subsidies and R\$ 85.3 billion in financing.

The remaining funds are counterparts for state and local governments and the funds invested by the program beneficiaries.



Port and airport concessions

Reducing costs and increasing competitiveness

MINISTRY OF SPORT/WORLD CUP PORTAL/INFRAERO

AIRPORTS

Under the Logistics Investment Program (*Programa de Investimento em Logística*), various measures are being adopted to expand airport infrastructure and the supply of air transport, as well as to improve the quality of services for the general public.

Galeão (RJ) and Confins (MG) airport concessions

The concession auction for Galeão (RJ) and Confins (MG) airports should take place in September 2013.

As a result of the concessions, it is estimated that R\$ 6.6 billion will be invested in Galeão and R\$ 4.8 billion in Confins. These investments will be added to those already being made by Infraero in the two airports.

The capacity of Galeão, which is currently 17.4 million passengers/year, is expected to reach 44 million passengers/year by the 2014 World Cup, due to investments by Infraero and partly by private investments, as a result of the concession.

Confins airport, which can currently serve 10.3 million passengers/year, will be able to receive 15.6 million

passengers by the end of this year, just with the construction projects that are already underway.

In both airports, service capacity is expected to expand further, with the completion of all investments arising from concessions.

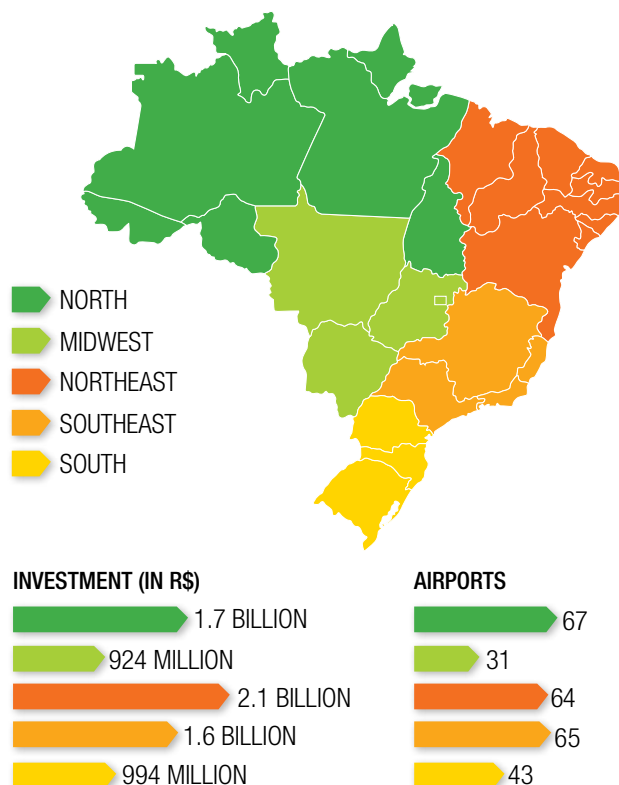
To participate in the process, consortia must have an operator with management experience in terminals serving at least 35 million passengers a year, with shareholding of at least 25% by the consortium. Following Guarulhos (SP), Viracopos (SP) and Brasília (DF) model, Infraero will hold 49% of the share capital of the consortium.

Regional airports

Strengthening the network of 689 regional public airports (outside the capital cities) will increase the population's access to air transport.

In the first phase, R\$ 7.3 billion will be invested in the infrastructure of 270 regional airports. Agreements are being entered into with states and municipalities to fund and manage these airports. To date, 55 agreements were signed, 34 with states and 21 with municipalities.

INVESTMENTS IN REGIONAL AIRPORTS



To encourage the provision of frequent flights, the Government submitted a proposal to public consultation, which provides subsidies for routes between small and medium towns in the countryside.

The amount would depend on the number of seats occupied, limited to 50% of the aircraft and up to 60 seats. Strengthening regional aviation is critical to the integration of national territory, development of regional centers, strengthening of tourism centers and also to ensure access to the communities of the Legal Amazonia region.

Regulatory improvements

Regulation of general aviation has improved, and the Government submitted a proposal to improve regular aviation, submitted to public consultation for the distribution of slots.

A slot is the time set for an aircraft to arrive or depart. The proposal provides that slots will be distributed annually according to performance criteria (regularity and



INFRAERO

punctuality) and the company's participation in regional and national aviation networks.

The proposal is that any airline that does not meet a minimum of 75% of regularity in general and 80% in a particular slot shall have the slot removed. At Congonhas (SP) airport, the proposal is that the requirements be 80% and 90% regularity, respectively.

The authorization procedure for commercial exploitation of private airports dedicated exclusively to general aviation (air taxi, executive aviation, training), was also regulated, and must first be approved by the Department of Air Control under the Ministry of Defense.

Under the new rules, the commercial exploitation of private airports is the sole responsibility of the entrepreneur. General aviation traffic should be of an amount so as not to interfere with regular aviation traffic.

PORTS

The regulatory framework of the port sector was improved to promote the expansion and modernization of infrastructure and port management. The goals are to expand handling capacity and reduce costs at the same time.

Investments in ports

By 2017, it is estimated that R\$ 54.2 billion will be invested from concessions and leases in organized ports and from Private Use Terminals (*Terminais de Uso Privado* – TUP) permits. Of this total, it is expected that R\$ 31 billion will be invested by 2014/15.

R\$ 54.2 BILLION INVESTMENTS IN PORTS



NORTH: R\$ 4.4 BILLION BY 2014/15 AND AN ADDITIONAL R\$ 1.6 BILLION BY 2016/17
PA: BELÉM/MIRAMAR/OUTEIRO/SANTARÉM/VILA DO CONDE; AM: ITACOATIARA/MANAUS; AP: MACAPÁ; RO: PORTO VELHO



NORTHEAST: R\$ 6.8 BILLION BY 2014/15 AND R\$ 5.2 BILLION BY 2016/17
MA: ITAQUI; BA: ARATU/SALVADOR/PORTO SUL/ILHÉUS; PE: RECIFE/SUAPE; CE: PECÉM; PB: CABEDELO; AL: MACEIÓ



SOUTHEAST: R\$ 16.5 BILLION BY 2014/15 AND R\$ 12.1 BILLION BY 2016/17
ES: VITÓRIA; RJ: ITAGUAÍ/RIO DE JANEIRO; SP: SANTOS/SÃO SEBASTIÃO



SOUTH: R\$ 3.4 BILLION BY 2014/15 AND R\$ 4.3 BILLION BY 2016/17
PR: PARANAGUÁ-ANTONINA; SC: IMBITUBA/ITAJAÍ/SÃO FRANCISCO DO SUL; RS: PORTO ALEGRE/RIO GRANDE

Provisional Measure no. 595/2012 provides for the bidding of concessions and leases in ports organized under the criteria of greater handling with lowest rate, not the highest amount of the grant, as was provided in previous legal frameworks.

Also according to Provisional Measure no. 595/2012, Private Use Terminals operators can now handle loads without distinction of classification (as their own and of others), by means of investment and maintenance of service delivery commitments.

The expansion of competition and the promotion of private investments resulting from the measure will be accompanied by investments from the Growth Acceleration Program (*Programa de Aceleração do Crescimento* – PAC).

In addition to the R\$ 54.2 billion already highlighted, investments of R\$ 6.4 billion will be made under PAC, R\$ 3.8 billion in dredging and R\$ 2.6 billion on improving road and rail access.

Institutional reorganization

Provisional Measure no. 595/2012 also includes institutional reorganization of the port sector, to resume planning and improving management.

Ports Department (*Secretaria de Portos* – SEP/PR): has the duty to plan and formulate public policy and develop guidelines for development of the sector, as well as implementing programs and projects to support the development of port infrastructure.

Antaq (*National Waterway Transportation Agency*): will hold the bidding for new leases and concessions, and also conduct call for proposals proceedings for private terminals, based on the guidelines set by SEP/PR.

Port authorities: are responsible for administration of organized ports, especially management of land and sea access and coordination of the functions of the ports, acting as counseling bodies for the services provided by State agencies and private companies in the port condominiums.

Port Authority Councils (*Conselhos de Autoridade Portuária* – CAPs): formed by representatives of port workers, business owners and the Government, will offer consultation to Port Authorities.

The National Ports Authority Commission (*Comissão Nacional de Autoridades nos Portos* – CONAPORTOS) and Local Port Authority Commissions (*Comissões Locais de Autoridades nos Portos* – CLAPs): bring together federal authorities operating in the ports and the supervisory authorities at the local level, respectively, in order to monitor performance logistics in ports, focusing on harmonization of functions and integration of the activities of public bodies and entities in ports.

The National Commission for Piloting Affairs (*Comissão Nacional para Assuntos de Praticagem*): proposes measures to the Maritime Authority to improve the regulation of piloting services and the amounts charged in each piloting area, as well as definition of these areas.

Greater capacity to forecast weather and risk mapping

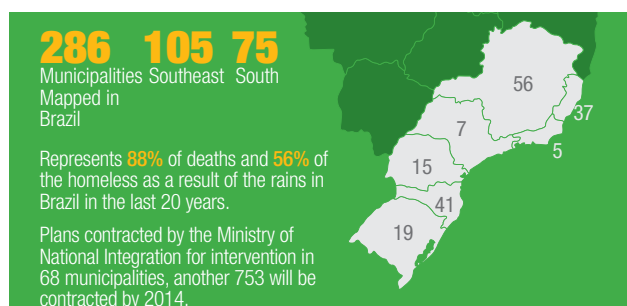
Investments in construction projects for prevention, risk mapping, equipping civil defense teams, and training the population to act in case of disasters

RISK MANAGEMENT AND RESPONSE TO NATURAL DISASTERS

Between August 2012 and February 2013, R\$ 7.7 billion was made available for prevention and risk mapping construction projects, and for preparing teams to act in affected territories. Civil defense emergency and preventive actions, drainage works and slope retention and new units of the My House My Life Program to assist families affected by natural disasters, are among the measures taken.

Mapping areas at risk

High-risk areas of landslides and flooding in the municipalities most affected by natural disasters were mapped. There are 286 municipalities, 347,253 homes in risk areas and 5,276 risk sectors. Most disasters were recorded in 180 municipalities in the Southern and Southeastern region. The maps produced were delivered to the states and municipalities.



Hydrological risk: mapping areas at risk of flooding, providing information on the occurrence and impact of gradual flooding in river basins across the country, in 27 states, was also performed. 13 situation rooms were

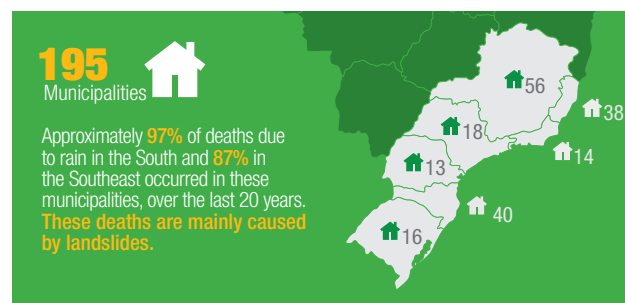
set up to monitor hydrological trends, analyzing the changes in rainfall and levels and flow of rivers and reservoirs. The rooms were implemented in partnership with the civil defense of states, by the managing bodies water resources in Acre, Alagoas, Amazonas, Bahia, Goiás, Maranhão, Pará, Pernambuco, Paraíba, Piauí, Rio Grande do Norte, Rondônia and Sergipe.

Monitoring and alerts

In February 2013, 310 municipalities, with 2,950 hydrological risk areas and 26,082 landslide risk areas were being monitored by the National Center for Natural Disaster Monitoring and Alerts (*Centro Nacional de Monitoramento e Alertas de Desastres Naturais – Cemaden*). Within 15 months, the number of monitored municipalities grew from 56 to 310.

In January and February, there were 130 alerts of risks of natural disasters, with 535 updates on alerts made. Throughout the year 2012, 253 alerts were issued, with 913 updates.

Municipalities monitored in the South and Southeastern regions, with risk of natural disasters



Preparing residents

In 2012, 8,793 residents in areas at risk and local technicians were trained and qualified in courses, workshops and simulated events offered by the Department for National Civil Defense of the Ministry of National Integration (*Secretaria Nacional de Defesa Civil do Ministério da Integração Nacional*), in partnership with state and municipal civil defense coordinators. The simulated events (2,309 people) and workshops (448 technicians) were held in 13 cities in 7 states in the South and South-eastern regions, between September and December 2012. The goal was to coach people to act in natural disaster situations caused by heavy rainfall, and consolidate procedures and content, aimed at creating a permanent monitoring, alert and alarm system.

Response and immediate assistance to the affected population

To increase the capacity for immediate assistance to the population of the municipalities affected by natural disasters, structuring actions and preparation of teams from different areas is being executed.

National Emergency Force (*Força Nacional de Emergência*): comprised of segments of the Government with civil defense related actions. The National Emergency Force has been mobilized, since the end of 2012, to assist in cases of disasters in the states of Rio de Janeiro and Minas Gerais.

National SUS Force (*Força Nacional do SUS*): has 329 health professionals – doctors, nurses and nursing technicians – in 15 on duty teams; 428 medical kits, each with capacity to assist 1,500 people a month, six campaign hospitals and six satellite phones for areas that have communication difficulties. The force has participated in four natural disaster missions, provided 143 medical kits and advanced R\$ 13 million to fund SUS in areas affected in Rio de Janeiro.

Armed Forces and National Security Force (*Força Nacional de Segurança*): modules with equipment for use in disaster situations in all regions of Brazil were purchased, comprised of communications vehicles, satellite phones, radios, generators, light vessels, 4x4 ambulances, hospital tents, first aid kits, operational rations,

field kitchens, mobile bridges, tractors and equipment for water treatment. These modules are used in rescue actions, health support, air support, communications, engineering and support.

Civil Defense Payment Card (*Cartão de Pagamento da Defesa Civil*): 532 municipalities, 143 of which are priority municipalities, and 18 states already have the card for use of funds in times of crisis.

Price Registry Minutes: are available for adherence, facilitating the purchase of items immediately needed, such as staple foods, water, mattresses etc.

Prevention

R\$ 3.02 billion was made available in PAC (Growth Acceleration Program) investments for macro-drainage, prevention of floods, mudslides, flooding and slope retention works. Additional \$ 1.5 billion invested in PAC Prevention was made available by the Ministry of National Integration. Resources are allocated to the main municipalities affected by disasters in the following states: Amazonas, Bahia, Espírito Santo, Maranhão, Pernambuco, Piauí, Paraná, Rio de Janeiro and Rio Grande do Sul.

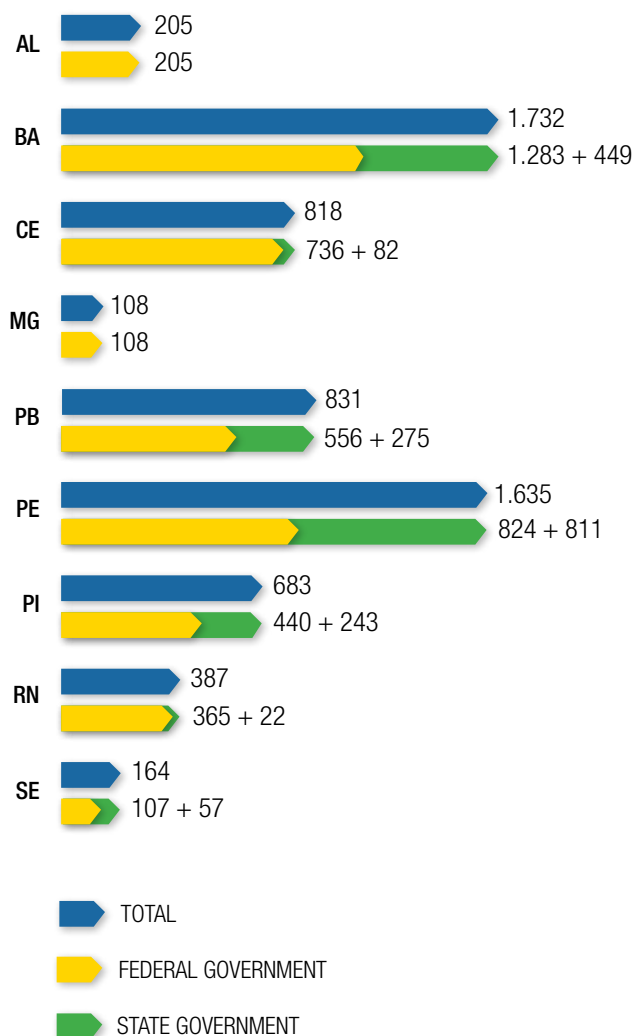
FACING THE EFFECTS OF DROUGHT

To protect families from the effects of drought in semi-arid regions in all states of the Northeastern region and Minas Gerais, R\$ 5.5 billion is being invested in emergency actions such as water supply, producer support and lines of credit in order to avoid freezing of the economy in the municipalities affected.

Water supply

Water Truck Operation (*Operação Carro-Pipa*): water provided to rural communities in 1,012 municipalities through 6,563 water trucks contracted by the Federal Government and state governments.

WATER TRUCKS CONTRACTED – 2012 -2013 (UP TO 03/01/2013)



Source: Ministries of National Integration and of Defense

Well recovery: R\$ 60 million transferred to state governments for construction and emergency recovery of water wells to store water for the rural population.

Construction of cisterns: since 2011 263,781 cisterns have been delivered (83,258 in 2011, 152,908 in 2012 and 27,615 in 2013, up to February 28). In 2013, 240,000

cisterns will be built and delivered. The goal set by the Federal Government is 750,000 cisterns installed by 2014.

Support for farmers

Drought Grant (*Bolsa Estiagem*): 881,000 farmers from 1,316 municipalities in emergency situations enrolled in Unified Registry (*Cadastro Único*) and who have the Declaration of Aptitude from Pronaf (*Declaração de Aptidão ao Pronaf – DAP*) are receiving a R\$ 720 benefit in nine installments.

Harvest Guarantee Insurance: 769,000 farmers who experienced crop loss due to drought, and residents of 1,015 municipalities participating in the program are receiving a R\$ 1,240 benefit, paid in nine installments.

Sale of corn: the duration of the program for direct sales of corn at subsidized prices to farmers to feed cattle in the municipalities in the semiarid Sudene area was extended from February 28 to May 31. More than 104,000 producers with more than 355,800 tons of corn have benefited by the “over-the-counter” modality.

Extension of maturities: the maturity of loans to rural farmers in municipalities affected by drought was extended to 2013. Farmers who have not paid these installments may do so without interest and without penalties.

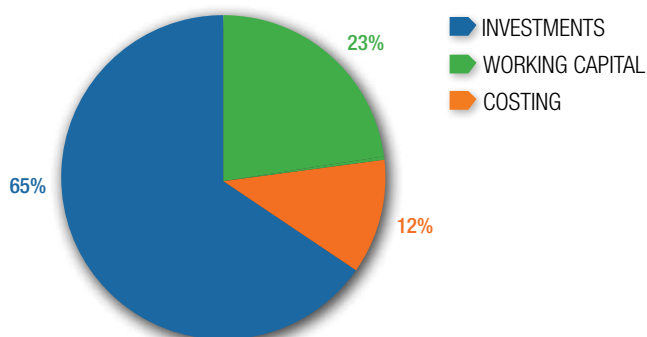
Every farmer who demonstrates a loss of more than 30% of production may renegotiate his cost operations in up to five annual installments and delay the maturity of the investment installments to the end of the payment schedule. This extension may benefit 733,224 loans, totaling R\$ 3.02 billion.

Emergency Credit Line

By February, 289,000 loans were contracted in 1,327 municipalities affected by drought, totaling R\$ 2.18 billion lent by the special line of credit, which totaled R\$ 2.4 billion.

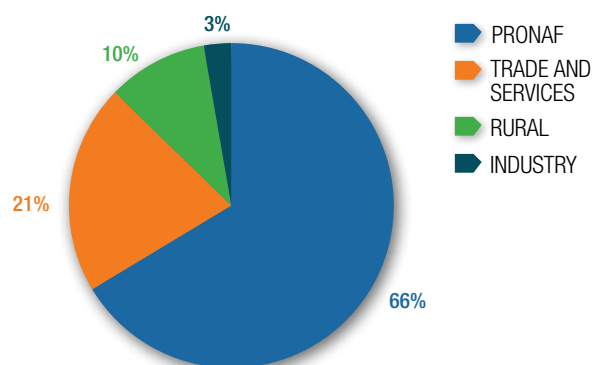
Extension of the loans to farmers in rural municipalities affected by drought was approved by the National Monetary Council (*Conselho Monetário Nacional*). Family farmers can keep contracting loans under this emergency line of credit until 05/31/2013.

DISTRIBUTION OF CREDIT BY TYPE



SOURCE: MINISTRY OF NATIONAL INTEGRATION

DISTRIBUTION OF LOANS BY BORROWER



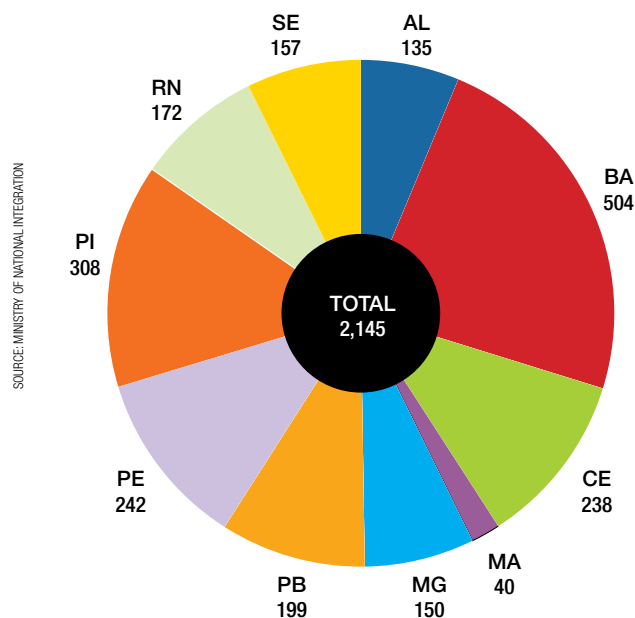
Semi-arid Prevention PAC (PAC Prevenção Semiárido)

Construction projects to expand the supply of water in 10 semi-arid states (Northeastern states and northern Minas Gerais), totaling R\$ 2.145 billion, were selected and contracted as of August 2012.

These funds are in addition to R\$ 17.9 billion in structural works that are already being invested by the PAC in the semi-arid region.

SEMI-ARID PREVENTION PAC

Funds (In R\$ million)



SOURCE: MINISTRY OF NATIONAL INTEGRATION

New impetus for rural development

Improvement of agrarian reform policy and incentives for agro industrialization

NEW GUIDELINES FOR AGRARIAN REFORM

Public services offered in settlements

The National Institute of Colonization and Agrarian Reform (*Instituto Nacional de Colonização e Reforma Agrária* – Incra) will coordinate the provision of these services in new and existing settlements.

Greater coordination between Incra and the Ministries will enable greater access by the land settlers to Government social programs, such as the Family Grant (*Bolsa Família*), productive inclusion of Brazil without Poverty (*Brasil sem Miséria*), the Food Acquisition Program (*Programa de Aquisição de Alimentos* – PAA), Green Grant (*Bolsa Verde*), a Technical Assistance and Pronatec. Also, deployment of basic infrastructure in the settlements through the programs My House, My Life (*Minha Casa Minha Vida*), Water for All (*Água para Todos*) and Light for All (*Luz para Todos*) will be more agile.

Identification of lands for agrarian reform

Choosing new areas for expropriation decrees will be preceded by a feasibility analysis by Incra, to allow sufficient income for settling families.

Factors such as lot size, type of production most appropriate to the region, access to technical assistance programs and food procurement programs, as well as policies like My House, My Life, Light for All and Water for All programs, will all be evaluated.

Obtaining land for agrarian reform

Maximum values were fixed for payment of rural property, taking into account the region and biome where the property is located. The new maximum limits per family are:

- R\$ 40,000 in the Cerrado and Caatinga biomes in the Northeastern region.

- R\$ 80,000 in the Amazon and Atlantic Forest biomes in the Northeastern region, and in the Cerrado region of Tocantins.
- R\$ 90,000 in the Amazon biome in the Mid-West and Northern regions, and in the Pampa biome.
- R\$ 140,000 in the other regions.

THERE ARE NOW IN BRAZIL
950,000 FAMILIES SETTLED
ON 87 MILLION HECTARES,
60% EXPROPRIATED IN THE
LAST 10 YEARS

Selection of families who are candidates for agrarian reform

Rural workers registered in Incra and already in the Unified Registry (*Cadastro Único*) of social programs of the Federal Government will have priority.

In addition, a quota of 5% in new settlements with capacity above 20 families for youths between 15 and 29 years of age (children of agrarian reform settlers or family farmers who are in the Unified Registry) was created. Part of the lots available in the settlements will also be allocated to this group.

MORE AGILITY IN RURAL PROPERTIES CERTIFICATION

The rules for certification of rural properties by Incra have become simpler since November 2012. The result was a record increase in the number of certifications, from an average of 600 per month between January and November 2012 to an average of 2,300 in the quarter of December 2012 to February 2013.

Certification provides legal security for landowners, since it checks whether the property being certified does

not overlap with one already registered by Incra. This procedure is required for the registration of the property in the event of purchase, sale, sharing or division. In addition to the land owners, the change in procedures allows government management of farmland in Brazil.

STRONG LAND (TERRA FORTE)

In February 2013, the Strong Land Program was launched, to stimulate the establishment and modernization of collective agro-industrial projects in agrarian reform settlements.

The beneficiaries are families of rural workers in settlement projects created or recognized by Incra. The expectation is to assist 200 cooperatives and associations, with an average amount of R\$ 1.5 million per cooperative in the next five years, benefiting approximately 70,000 families.

By 2017, R\$ 300 million in non-reimbursable funds will be invested (from BNDES Social Fund, Banco do Brasil Foundation, MDA – Ministry of Agrarian Development, MDS – Ministry of Social Development and Fight Against Hunger,

The projects supported by the Strong Land Program will be selected by a public selection. Those interested can register by 04/30/2013. More information on http://www.incra.gov.br/images/phocadownload/servicos/editais/2013/edital_01_20113_terra_forte_pre_projetos.pdf.

Incra and Conab), which may be used in the organization of production, capital, support for technical management of enterprises, improvement of settlement infrastructure, among others. The settlers will also be provided with an additional R\$ 300 million in credit lines from Pronaf.

PAA: Cooperatives and associations participating in the Strong Land Program may have excess production purchased by the Federal Government, through the Family Agriculture Food Acquisition Program (PAA). The goal is to ensure the sale of production and income to families living in agrarian reform settlements.



MY HOUSE, MY LIFE PROGRAM REACHES THE SETTLEMENTS

By February 28, the program delivered 17,500 dwellings in the rural area. Besides these, another 46,300 dwellings are commissioned.

As of February 8, in addition to family farmers and rural workers, settlers of the National Agrarian Reform Program (*Programa Nacional de Reforma Agrária* – PNRA) may also have access to their own home through the National Program for Rural Housing (*Programa Nacional de Habitação Rural* – PNHR), within the My House, My Life Program.

The settlers will fall under Level 1 of the program, which provides a subsidy of 96% of the funding, that will amount R\$ 28,500 and may reach R\$ 30,500 for the Northern region of Brazil. Payments by the settlers will be made in four annual installments, in the amount of R\$ 285.

Besides funding resources, settlers can rely on R\$ 1,000 for technical assistance and social work. The new PNHR units commissioned, located in the semiarid region, can be delivered with plate cisterns.

Investments in projects for sustainable regional development

Initiative encourages the use of water and soil to increase production and generate employment and income

Launched in November 2012, the More Irrigation Program (*Programa Mais Irrigação*) projects investments of R\$ 10 billion to develop regional economies, create more jobs and income, and ensure the production of quality food.

STIMULUS FOR PRODUCTION, SUSTAINABLE REGIONAL DEVELOPMENT AND SOCIAL INCLUSION IN THE COUNTRYSIDE

R\$ 3 billion have been allocated from the Growth Acceleration Program (*Programa de Aceleração do Crescimento* – PAC) and R\$ 7 billion from the private sector to be invested in irrigation projects for agricultural production in 16 states: the nine states of the Northeastern region, as well as Goiás, Mato Grosso and Mato Grosso do Sul, Minas Gerais, Tocantins, Rio Grande do Sul and Roraima.

Covering 538,000 hectares and 66 projects, the More Irrigation Program is organized into four areas:

- Public-private partnership in irrigation.
- Deployment and revitalization.
- Family farming and small irrigators.
- Studies and projects.

AREA 1: PUBLIC-PRIVATE PARTNERSHIP (PPP) IN IRRIGATION

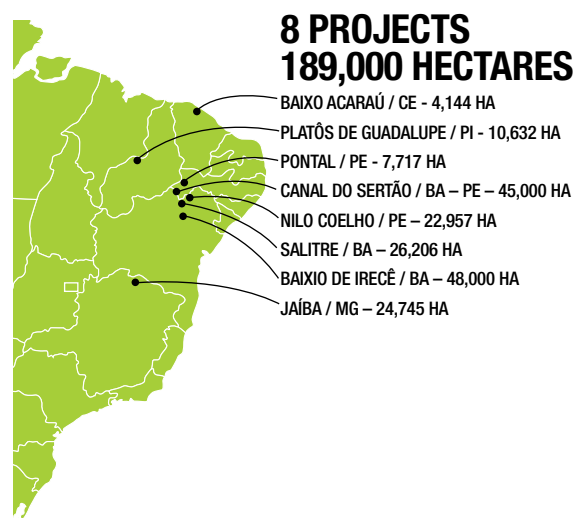
The program will deploy a new operating model, bringing together the Government and the private sector for the assignment of irrigation perimeters.

In order to reduce risks to investors and ensure positive results, partnerships will be developed on two fronts: agricultural and infrastructure development and operation of areas.

Agricultural exploration: guarantees the winning bidder the assignment of the right to use land, permitting development of such and charging competitive irrigation tariffs for a period of 45 years. In return, the entrepreneur must productively occupy the area and ensure integration of small farmers in an area of at least 25% of the irrigated perimeter.

Infrastructure and operation: includes the deployment, operation and maintenance of irrigation infrastructure for a period of 35 years, with payment defined by the bidding.

In this area, there are eight projects in 189,000 hectares in the states of Bahia, Ceará, Minas Gerais, Pernambuco and Piauí.



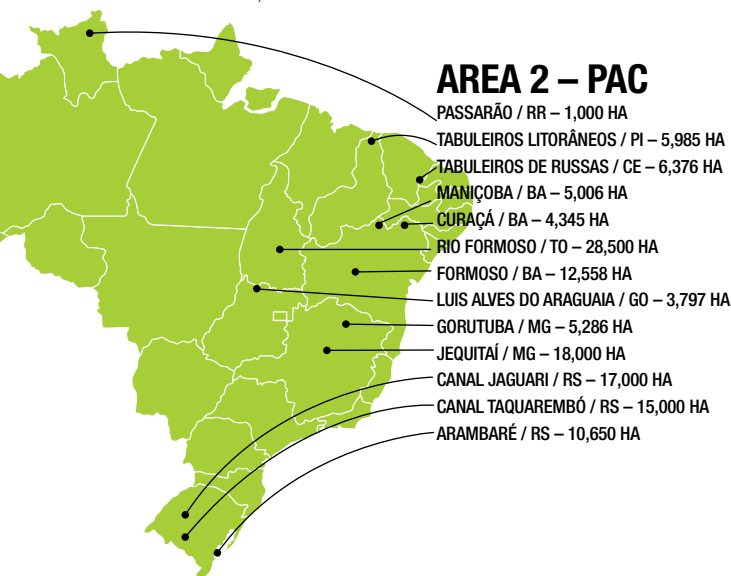
PONTAL PROJECT, IN PETROLINA, IS ALREADY IN THE BIDDING STAGE

R\$ 166 million will be invested by PAC in the Pontal Project, perimeter located in Petrolina (PE), with an area of 27,517 hectares. Of this total, 7,811 hectares are irrigated with potential for cultivation of cotton, fruits and vegetables, as well as production of milk and fish. Project completion is scheduled for June 2015.

AREA 2: DEPLOYMENT AND REVITALIZATION

The second area provides for the strengthening and restructuring of existing public perimeters, currently under PAC's project portfolio.

There are 13 projects, covering 133,000 acres in eight states: Bahia, Ceará, Goiás, Minas Gerais, Piauí, Tocantins, Roraima and Rio Grande do Sul.

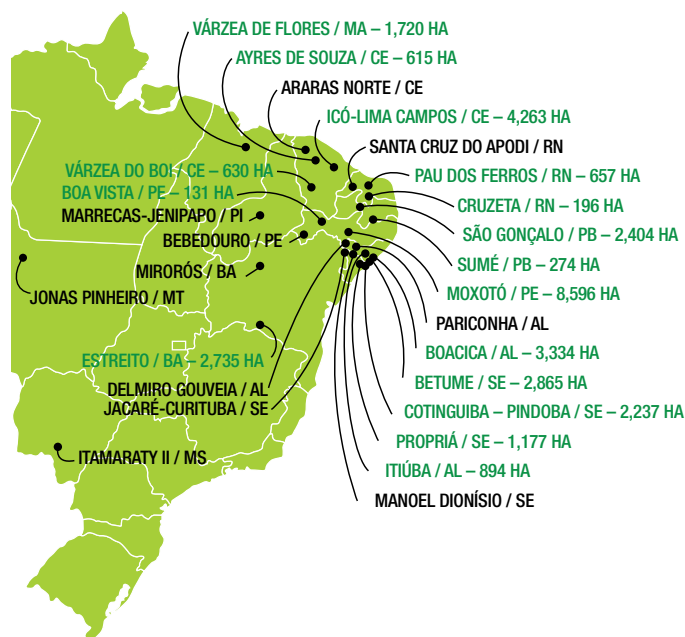


AREA 3: FAMILY AGRICULTURE AND SMALL IRRIGATORS

The third area provides for actions to deploy and optimize perimeters of social interest. Small farmers will benefit, and will have support and incentives for efficient production, generating jobs, income and quality of life.

There are 27 projects, 25 of which are in the Northeastern region, covering 61,000 acres in 11 states: Alagoas, Bahia, Ceará, Maranhão, Mato Grosso do Sul, Mato Grosso, Paraíba, Pernambuco, Piauí, Rio Grande do Norte and Sergipe.

27 PROJECTS NEW INVESTMENTS IN 16 PROJECTS

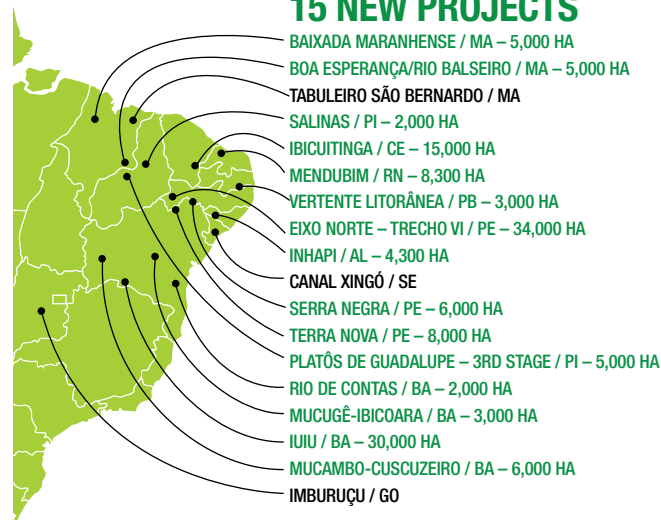


AREA 4: STUDIES AND PROJECTS

The fourth area provides for the preparation of studies and projects to create a portfolio for implementing irrigation projects.

There are 18 projects, of which 15 are new, covering 155,000 hectares.

18 PROJECTS, 15 NEW PROJECTS





Partnership with states and municipalities

Federal Government provides more funding for investments in services and public works

NEW MAYORS IN BRASÍLIA

In January 2013, the Federal Government held a meeting attended by more than five thousand mayors that start their term in 2013/2016 and municipal managers from various areas.

The event aimed to share information about the main Federal Government plans and programs available to municipalities, to promote growth and integrated development.

With the participation of various Ministries, Departments and Agencies of the Federal Government, there were 51 lectures, 103 thematic workshops, 40 round tables on best practices and 190 exhibits.

New selections for investments

Municipalities will have more support for investments throughout 2013, with several selections that include: new contracting for the My House, My Life program; funding for new daycare centers and sports facilities in schools; supply of motor graders and backhoes; urban paving and sanitation works; construction of Introduction to Sports Centers (*Centros de Iniciação ao Esporte*);

support for digital city projects; renovation, expansion and construction of new Basic Health Units.

MY HOUSE MY LIFE (*MINHA CASA MINHA VIDA*) PROGRAM

In selecting municipalities with 15,000 inhabitants or less, no more than two proposals with up to 30 housing units each can be submitted. For municipalities with a population between 15,000 and 50,000 inhabitants, the quota was no more than two proposals with up to 60 housing units each. New selections will be offered in the future. In two previously made offers, proposals from 2,909 municipalities were approved, totaling 163,419 dwellings.

For municipalities with more than 50,000 inhabitants, 800,000 dwellings will be contracted by 2014 for incomes of no more than R\$ 1,600.

Social security debt

In March, settlement of social security accounts between the Federal and municipal government began, which should benefit 833 municipalities. By December, debt of 95% of the municipalities involved should be offset.

Historical towns

With their inclusion under PAC, R\$ 1 billion will be allocated for restoration works of monuments and redevelopment of public spaces in 44 historical towns. Yet another R\$ 300 million will be provided for private building works.

NEW MEASURES INCREASE INVESTMENT FUNDS

Limits of the Fiscal Adjustment Programs 2012/2014 increased

After reviewing the Fiscal Adjustment Programs (*Programas de Ajuste Fiscal – PAF*) of 2012-2014, the Federal Government has increased the limit on credit operations of 23 states to R\$ 60.9 billion.

This increase will allow an intensification in state investments in areas such as infrastructure, environmental sanitation, housing and urban mobility.

PROINVESTE - Investment financing

The Investment Support Program of the States and Federal District (*Programa de Apoio ao Investimento dos Estados e Distrito Federal – PROINVESTE*) has already contracted R\$ 18.1 billion for operations in 24 of the 27 states. In 2012, R\$ 6 billion was provided. In 2013, R\$ 9 billion to R\$ 10 billion should be provided.

The calculation for distributing funds among States took into account the following:

40%: same criteria as the State Participation Fund (*Fundo de Participação dos Estados – FPE*).

- 40%: population size.
- 20%: divided equally among all 27 States.

State	Authorized limit (in R\$ million)
AC	452.59
AL	611.82
AM	517.49
AP	449.18
BA	1,487.69
CE	1,089.58
DF	311.15
ES	415.56
GO	627.39
MA	1,001.34
MG	1,326.39
MS	357.42
MT	460.07
PA	955.05
PB	689.22
PE	1,069.07
PI	624.64
PR	816.83
RJ	940.96
RN	615.24
RO	438.92
RR	365.50
RS	785.02
SC	512.58
SE	567.30
SP	1,958.62
TO	553.37
TOTAL	20,000.00



Brazil and the world

Intense multilateral agenda, with special focus for the CELAC Summits-European Union, South America-Arab States and South America-Africa

REGIONAL AND MULTILATERAL AGENDA

XXII Iberian-American Summit

Held on the 16th and 17th of November of 2012, in Cadiz, Spain, the XXII Summit of the Heads of State and Government of the Iberian-American Conference had the participation of Brazil.

The Conference contributed to restructuring the dialog forum between Latin America and Iberian Europe and for advancing the cooperation and political, economic and cultural dialog among its members.

VI Ordinary Meeting of the UNASUR (*União de Nações Sul-Americanas*)

The VI Ordinary Meeting of the Council of Heads of State and the Government of the Union of South American Nations (UNASUR) was held in Lima on November 30. UNASUR unites the 12 South American states, which, together, account for 400 million inhabitants and total estimated GDP of US\$ 4.3 trillion. In 2011, the volume of commerce between Brazil and the other members of the block was US\$ 76 billion, an increase of 65% compared to 2009.

International Anti-Corruption Conference

In Brasilia (DF), between the 7th and 10th of November, the 15th edition of the IACC was held. It was a conference organized by a collegiate, which involved the Controller-General of the Union (CGU), the Transparency International and two other national NGOs. Brazil is signatory and participates in the main

international instruments for combating corruption: the United Nations Convention against Corruption; the Inter-American Convention against Corruption; the Convention on Combating Corruption of Foreign Public Employees in International Commerce Transactions of the OECD; and the Work Group for Combating Corruption of the G-20.

Doha Conference on climate change

Brazil maintained active participation in the negotiations on the international effort to combat global warming at the Doha Conference, in Qatar, in December 2012. The Country was active in the coordination of the developing countries (G77) in the negotiations on the Kyoto Protocol, which led to the definition of new goals for the reduction of greenhouse gas emissions in developing countries.

The next Convention will be in Warsaw, Poland from the 11th to the 22nd of November of 2013.

Mercosur Heads of State Summit

In Brasília, on December 7th of 2012, the Mercosur Heads of State Summit and Associated States was held. The encounter was preceded by the XLIV Meeting of the Common Market Council.

One of the main results of the Brasília Summit was the start of negotiations for the adherence of Bolivia as a State Part of the Block. At the same time, Guiana and Suriname formally expressed their intention of becoming Associated States in Mercosur.

Parallel to this, the Social Summit and the Mercosur Business Forum were held. The Social Summit debated

the citizen integration in the block, with special emphasis on the topics of work, education and health. The Forum prioritized the topics of infrastructure and logistics, agricultural business, energy and innovation.

I CELAC– European Union Summit

On January 26th and 27th, Brazil participated, in Santiago, in the I Summit of the Community of Latin American and Caribbean States (CELAC)-European Union (EU). On the topic "Alliance for sustainable development: promoting investments in social and environmental quality", the Summit adopted the CELAC-EU Plan of Action for 2013-2014, establishing a new stage in bi-regional dialog, fortified after the creation of the CELAC in 2011.

VI Brazil-European Union Summit

In Brasília, on January 24th, the VI Summit Brazil-European Union was held. On that occasion, the President of the European Council and the President of the European Commission were received. The discussion points were the international economic and financial situation, topics on the G-20 agenda and bi-regional issues, including the progress of negotiations for an Agreement for Mercosur-European Union Association.

The three Presidents examined the initiatives for deepening the bilateral cooperation in areas such as education, science, technology, innovation and human rights.

Adherence of Brazil to the Treaty of Amity and Cooperation in Southeast Asia (TAC)

In November 2012, in Phnom Penh, Cambodia, under the scope of the XXI Summit of the Association of South-east Asian Nations (ASEAN), the ceremony for the adherence of Brazil to the Treaty of Amity and Cooperation in Southeast Asia (TAC) was held. It reflected the interest in deepening and intensifying the relations with the ASEAN in the economic-commercial, cultural, educational, renewable energy, technical cooperation and social fields.

III South America-Africa Summit (ASA)

Brazil participated in the III South America-Africa Summit (ASA), held in Malabo, in Equatorial Guinea, on February 22nd of 2013. The topic of the Summit was "South America

and Africa: mechanisms and instruments for reinforcing South-South Cooperation". Parallel to this, the South America-Africa Forum for Economic and Commercial Development brought together entrepreneurs, corporate associations, government authorities and international institutions focusing on financing and the implementation of development projects.

ASA, founded in 2006, unites 66 countries, about one third of the members of the United Nations, population of 1.4 billion inhabitants and a GDP of US\$ 6 trillion.

BILATERAL AGENDA

Visit to Spain

On November 19th of 2012, the President visited Madrid, where she met with President of the Government and with the King of Spain.

The agenda covered the deepening of bilateral political dialog and partnerships in: science, technology and innovation; education; defense; and commerce and investments. The visit also served to consolidate the successes achieved in the treatment given to Brazilian travelers.

Visit to Argentina

On November 28th of 2012, an official visit was made to Argentina, for the XVIII Argentina Industrial Conference, when a business meeting was also held with the President of Argentina.

Brazil is Argentina's main commercial partner. The commercial exchange between the countries reached US\$ 34.5 billion in 2012. The bilateral commerce is characterized by the quality of the transactions, made up mostly of industrial goods. Together, the two countries equate to approximately 60% of the population, 64% of the territory and 70% of the GDP of South America.

Visit to France

On December 11th and 12th, 2012, there was a State visit to France, where meetings were held with the President of the Republic, the Presidents of the Senate and of the National Assembly, as well as the Mayor of Paris. Participation in a seminar was also

included, organized by the Jean-Jaurès Foundation and by the Lula Institute and the Symposium promoted by the Movement of Companies in France (MEDEF).

The visit permitted the deepening of the strategic partnership between the two countries, which covers initiatives for cooperation in defense, energy, commerce, sustainable development and science, technology and innovation, as well as in areas such as space, education, culture and cross-borders.

France is one of the prime destinations for Brazilian students and researchers in the scope of the Science without Borders Program (*Ciência sem Fronteiras*). Among the agreements signed during the visit, special mention is made for those related to basic education; reception, in France, of Brazilian scholarship students for training of future teachers; and cross-border cooperation in matters of emergency assistance.

Visit to Russia

On December 13th and 14th of 2012, there was a visit to the Russian Federation, where, in a meeting with the President and with the Prime Minister, the deepening of strategic partnership between the two countries was discussed, with emphasis on initiatives for modernization of productive infrastructures and professional empowerment, as well as topics of global interest. Examples include the situation in the Middle East and the international financial crisis.

During the visit, the following were signed: the Plan of Action for Strategic Partnership, the Plan for Political Consultation between Chancelaries and the agreement for cooperation in defense, among other instruments.

Visit to Chile

On January 26th of 2013, there was an official visit to Santiago, Chile. On that occasion, agreements were signed in the areas of education, culture and scientific cooperation on the Antarctic continent.

The relations between Brazil and Chile intensified during the last decade: the bilateral commercial exchange reached US\$ 8.7 billion in 2012, and Brazil has the 2nd largest stock of external Chilean investments in the world, with US\$ 12 billion.

Visit from the President of the Government of Russia

Between February 19th and 21st of 2013, the President of the Government of the Russian Federation paid a visit to Brazil, to participate in the VI Meeting of the High Level Commission (CAN), co-presided by the Vice-President of the Republic. On the 20th, the President of the Government of Russia was received by the President.

During the visit, acts on technical-military cooperation in anti-air defense were signed as well as for the cooperation of the implementation of the Science without Borders Program, among others.

Visit to Nigeria

On February 22nd of 2013, an official visit to Abuja, Nigeria, was made to meet with the President of that country. The two Presidents stressed the importance of the creation of the Mechanism for Strategic Dialog between the two countries and expressed satisfaction with the constant strengthening of the relationship during the last 52 years, since the establishment of diplomatic relations, in 1961.

They also stressed the commitment to expand the cooperation in various areas. Nigeria is Brazil's main commercial partner in Africa.

HUMANITARIAN ACTION

Humanitarian aid to Haiti and Cuba

In November 2012, Brazil sent humanitarian aid to the victims of Hurricane "Sandy" in Haiti and in Cuba. Resources amounting to US\$ 100,000 were sent to Haiti, for local purchases and for the distribution of priority goods for the assistance of those affected. The resources for Cuba, also of US\$ 100,000, were sent via the International Red Cross, for activities of humanitarian cooperation on an emergency basis.

Also, in November 2012, via the United Nations World Food Program (WFP), 25 thousand tons of rice were donated to Cuba, for reinforcing the programs for feeding and nutritional safety.



ECONOMIC AND FINANCIAL

PROVISIONAL PRESIDENTIAL DECREES

587 of 11.9.2012	<ul style="list-style-type: none"> • Authorizes the payment of an extra amount to the Harvest-Guarantee Benefit for the 2011/2012 crop and increases for 2012 the Financial Emergency Assistance, to serve the population affected by the drought (Law no. 10954/2004).
589 of 11.13.2012	<ul style="list-style-type: none"> • Deals with the paying of debits in installments, at the National Treasury, related to the social security contributions for which the states, the Federal District and the municipalities are responsible.
594 of 12.6.2012	<ul style="list-style-type: none"> • Increases the measures related to the Corporate Revitalization Program (Revitalize). • Improves the rules of the Investment Support Program (PSI).
597 of 12.26.2012	<ul style="list-style-type: none"> • Grants a more beneficial tax treatment for the participation of workers in the profits or results of the corporation.
599 of 12.27.2012	<ul style="list-style-type: none"> • Deals with the granting of financial assistance by the Union to the states, the Federal District and the municipalities, to compensate collection losses resulting from the reduction of the taxes on operations and interstate services relating to the ICMS (Tax on Circulation of Services and Goods). • Establishes the Regional Development Fund, with the aim of putting an end to the so called "fiscal war".
600 of 12.28.2012	<ul style="list-style-type: none"> • Extends the Reconstruction Emergency Program. • Sets up additional resources for increasing the operational limits of Caixa Econômica Federal. • Proposes devices for carrying out investments in airport infrastructure and civil aviation, managed by Banco do Brasil.
601 of 12.28.2012	<ul style="list-style-type: none"> • Extends the Special Regime for the Reintegration of Tariff Values for Exporting Companies (Reintegra). • Exonerates the payrolls of the civil construction and retail commerce sectors. • Reduces the tariffs of the special regime of tariffs for civil construction.
603 of 1.18.2013	<ul style="list-style-type: none"> • Increases the Harvest-Guarantee Benefit for the 2011/2012 crops. • Increases the Emergency Financial Assistance for the 2011/2012 crops. • Establishes measures for the acquisition of corn in grain form for servicing the small farmers located in the municipalities in the area of action of the Northeast Development Superintendency (Sudene).
606 of 2.18.2013	<ul style="list-style-type: none"> • Authorizes the concession of economic subsidy to the National Bank for Economic and Social Development (BNDES), in logistical infrastructure projects directed at roadway and railway works contracted by the Federal Government. • Deals with the Insurance of Export Credit. • Authorizes the offer of medium level technical courses for private institutions of higher learning in the National Program for Access to Technical Education and Employment (Pronatec).
608 of 2.28.2013	<ul style="list-style-type: none"> • Establishes mechanisms and makes the Brazilian legislation compatible with respect to the Basel III rules, which generates more security in the regulation of the financial system.

LAWS

12741 of 12.8.2012	<ul style="list-style-type: none"> Deals with the measures of clarifying the consumer regarding tariffs in invoices.
12761 of 12.27.2012	<ul style="list-style-type: none"> Establishes the Worker's Culture Program. Creates the Culture Voucher Program
12780 of 1.9.2013	<ul style="list-style-type: none"> Deals with the tariff measures referring to the hosting of the 2016 Olympic and Paralympic Games in Brazil.
12788 of 1.14.2013	<ul style="list-style-type: none"> Permits the accelerated depreciation of automotive vehicles for the transportation of merchandise and of rail cars, locomotives and other railway vehicles with the goal of creating incentives for investment.
12789 of 2.21.2013	<ul style="list-style-type: none"> Establishes the granting of financial aid by the Union to the states, the Federal District and the municipalities for the year 2012, with the aim of stimulating exports from the Country.

DECREES

7837 of 11.9.2012	<ul style="list-style-type: none"> Regulates the application of resources of the Union and the value of the Harvest-Guarantee Benefit, for the 2011/2012 crops.
7844 of 11.13.2012	<ul style="list-style-type: none"> Regulates the rearrangement of the installments of social security debts for the municipality in an emergency situation or state of public calamity due to drought, prolonged dry season or other extreme climactic events.
7854 of 12.4.2012	<ul style="list-style-type: none"> Deals with the accelerated depreciation of machines, equipment, devices and instruments, for stimulating investment.
7866 of 12.19.2012	<ul style="list-style-type: none"> Regulates the Law that establishes the Multi-Annual Plan of the Union for the period from 2012 to 2015.
7870 of 12.19.2012	<ul style="list-style-type: none"> Updates the parameters for the special regime for the tariffs on cold beverages.
7872 of 12.26.2012	<ul style="list-style-type: none"> Deals with the value of the minimum wage and its valuation policy for the long term.
7877 of 12.27.2012	<ul style="list-style-type: none"> Regulates the incidence of social security contributions on the revenue owed by corporations.
7879 of 12.27.2012	<ul style="list-style-type: none"> Modifies the Incidence Table for Taxes on Industrialized Products (Tipi).
7882 of 12.28.2012	<ul style="list-style-type: none"> Regulates the labeling of paper packaging used for the printing of books and periodicals.

DECREES (CONTINUATION)

7890 of 1.18.2013	<ul style="list-style-type: none"> Modifies the regulation of the application of the resources of the Union and the value of the Harvest-Guarantee Benefit, for the 2011/2012 crops.
7897 of 2.1.2013	<ul style="list-style-type: none"> Regulates the constitution of liens and encumbrances on financial assets and securities in operations carried out in the scope of the securities markets or in the Brazilian system of payments, resulting in more security in the establishment of guarantees.
7913 of 2.7.2013	<ul style="list-style-type: none"> Improves the regulation related to the Program for the Support of Technological Development in the Semiconductor Industry (PADIS), granting income tax exemption, and reducing to zero the taxes on Contributions to the PIS/PASEP, COFINS and the IPI.
7920 of 2.15.2013	<ul style="list-style-type: none"> Creates the Inter-ministerial Council of Public Food Stocks (CIEP), with the aim of defining the conditions for purchase and sale of public food stocks.
7921 of 2.15.2013	<ul style="list-style-type: none"> Regulates the application of the Special Regime for Tariffs of the National Broadband Program for Implementation of Telecommunication Networks (REPNBL - Networks).
7923 of 2.18.2013	<ul style="list-style-type: none"> Modifies the regulation of the Special Regime for the Brazilian Aeronautical Industry (RETAERO), increasing the scope of the aeronautical industry to include the aerospace industry.

SUPPLEMENTARY BILLS

238/2013	<ul style="list-style-type: none"> Improves the mechanisms of the National Council on Farm Policies (Confaz) to reduce the so called "fiscal war". Improves the Law for Fiscal Responsibility. Allows for the modification of the indexing rules of the refinancing contracts for the debts of the states and the municipalities with the Union.
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SOCIAL

PROVISIONAL PRESIDENTIAL DECREES

586 of 11.8.2012	<ul style="list-style-type: none"> Deals with the technical and financial support of the Union to the federal entities in the scope of the National Pact for Literacy at the Right Age.
593 of 12.5.2012	<ul style="list-style-type: none"> Modifies the National Program for Access to Technical Education and Employment (Pronatec), to increase the number of beneficiaries and suppliers in the Scholarship-Education Student modality.
607 of 2.19.2013	<ul style="list-style-type: none"> Modifies the Benefit for Overcoming Extreme Poverty, so that all the benefiting families of the Family Grant are entitled to the supplementary amount necessary to reach the income of seventy Reals monthly per capita.

LAWS

12732 of 11.22.2012	<ul style="list-style-type: none"> Deals with the first treatment of a patient with proven malignant neoplasia and established the time for its start, making it compulsory, within 60 days, to treat patients diagnosed with cancer, in the service network of the SUS.
12738 of 11.30.2012	<ul style="list-style-type: none"> Makes it compulsory to offer grants for colostomy, ileostomy and urostomy, urine collector and vesical probe in the private healthcare plans.
12760 of 12.20.2012	<ul style="list-style-type: none"> Modifies Law no. 9503, of September 23, 1997, which establishes the Brazilian Traffic Code, increasing the value of applicable fines for the cases involving drunk driving and allowing for the verification of the condition of drunkenness by means of testimonial proof.
12764 of 12.27.2012	<ul style="list-style-type: none"> Established the National Policy for the Protection of the Rights of the Person with Autistic Spectrum Disorder.

DECREES

7852 of 11.30.2012	<ul style="list-style-type: none"> Modifies the Family Grant Program to improve the structure of functioning of the municipalities.
7855 of 12.5.2012	<ul style="list-style-type: none"> Deals with the competencies, composition and functioning of the Deliberating Council for Professional Education and Qualification.

INFRASTRUCTURE

PROVISIONAL PRESIDENTIAL DECREES

591 of 11.29.2012	<ul style="list-style-type: none"> Modifies the Provisional Presidential Decree no. 579/2012, which deals with the concessions for generating, transmitting and distributing electrical energy, regarding the reduction of the sector burdens and tariff modality.
592 of 12.3.2012	<ul style="list-style-type: none"> Determines new rules for the distribution between the entities of the Federation of royalties and the special participation resulting from the exploration of oil, natural gas and other hydrocarbon fluids under the concessionary regime. Disciplines the destination of resources for the Social Fund.
595 of 12.6.2012	<ul style="list-style-type: none"> Deals with the direct or indirect exploration, by the Union, of the ports and port installation and with the activities carried out by the port operators, as well as supplies other provisions.
605 of 1.23.2012	<ul style="list-style-type: none"> Modifies Law no. 10438/02, in the part that creates the Energy Development Account and establishes its objectives.

LAWS

12731 of 11.21.2012	<ul style="list-style-type: none"> Establishes the System for the Protection of the Brazilian Nuclear Program (SIPRON).
12734 of 11.30.2012	<ul style="list-style-type: none"> Determines new rules of distribution between the entities of the Federation for the royalties and the special participation, resulting from the exploration of oil, natural gas and other hydrocarbon fluids. Enhances the regulatory mark on the exploration of these resources in the regime of sharing.
12743 of 12.19.2012	<ul style="list-style-type: none"> Modifies the denomination of the High-speed Railway Company (ETAV) to Planning and Logistics Company (EPL) and increases its responsibilities.
12745 of 12.19.2012	<ul style="list-style-type: none"> Authorizes the creation of the public company National Center of Advanced Electronics Technology (CEITEC). Deals with the compulsory transfer of the financial resources for the execution, by the states, Federal District and municipalities, of the actions of the Growth Acceleration Program (PAC).
12766 of 12.27.2012	<ul style="list-style-type: none"> Modifies the general norms for the bidding and contracting of public-private partnership in the scope of public administration, to deal with the application of resources in favor of the private partner.
12767 of 12.27.2012	<ul style="list-style-type: none"> Deals with the extinction of concessions for public service of electrical energy and the temporary provision of service. Deals with the intervention for the adaptation of the public service of electrical energy.
12783 of 1.11.2013	<ul style="list-style-type: none"> Deals with concessions for generating, transmitting and distributing electrical energy, regarding the reduction of the sector burdens and tariff modality.
12787 of 1.11.2013	<ul style="list-style-type: none"> Institutes the National Policy on Irrigation

DECREES

7836 of 11.9.2012	<ul style="list-style-type: none"> Separates actions of the Growth Acceleration Program (PAC) to be executed by means of compulsory transfer.
7840 of 11.12.2012	<ul style="list-style-type: none"> Establishes the application of preferential margin in bidding carried out in the scope of public federal administration for the acquisition of drilling rigs and mechanized patrols.
7841 of 11.12.2012	<ul style="list-style-type: none"> Deals with the preferential margin for the acquisition of backhoe loaders and graders.

DECREES (CONTINUATION)

7843 of 11.12.2012	<ul style="list-style-type: none"> Establishes the application of preferential margin in bidding carried out in the scope of public federal administration for the acquisition of disc for coins.
7850 of 11.30.2012	<ul style="list-style-type: none"> Deals with concessions for generating, transmitting and distributing electrical energy, regarding the reduction of the sector burdens and tariff affordability.
7860 of 12.6.2012	<ul style="list-style-type: none"> Creates the National Commission for Piloting Topics, with the objective of preparing proposals for regulating prices, the coverage of zones and improvement measures relative to the service of piloting.
7861 of 12.6.2012	<ul style="list-style-type: none"> Establishes the National Commission for Port Authority (CONAPORTOS). Deals with the integrated activity of the public agencies and entities in the organized ports and port installations.
7863 of 12.8.2012	<ul style="list-style-type: none"> Deals with the Regulation and the Demonstrative Chart of the Commissioned Roles and the Commissioned Technical Roles of the National Agency for River Transportation.
7871 of 12.21.2012	<ul style="list-style-type: none"> Deals with the conditions for delegating the exploration of public civil aerodromes by means of authorization.

INTERNATIONAL**DECREES OF PROMULGATION**

7858 of 12.6.2012	<ul style="list-style-type: none"> Promulgates the Regulation of the Family Agricultural Fund of the MERCOSUR (FAF MERCOSUL).
7875 of 12.27.2012	<ul style="list-style-type: none"> Modifies the Spelling Agreement of the Portuguese Language, extending the final deadline for the transition for the implementation of the Agreement to December 31st of 2015.
7906 of 2.4.2013	<ul style="list-style-type: none"> Promulgates the Treaty for the Transfer of Condemned Persons and Execution of Sentences Imposed for Judgments with the Netherlands.
7934 of 2.19.2013	<ul style="list-style-type: none"> Promulgates the Agreement for Judicial Cooperation in Civil Matters with the Lebanese Republic.
7939 of 2.20.2013	<ul style="list-style-type: none"> Promulgates the Resolution of the Committee for the Protection of the Marine Environment MEPC.165(56), which lists the Substances of the Protocol of Intervention in the High Seas in Cases of Pollution by non-Oily Substances.
7940 of 2.20.2013	<ul style="list-style-type: none"> Promulgates the Additional Protocol to the Agreement-Chart on the Environment of MERCOSUR in the Matter of Cooperation and Assistance in Environmental Emergencies.

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