

Federal Budget For Everyone

The Annual Budget Bill -PLOA



2012

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Presentation to the 2012 Edition

INTRODUCTION TO THE 2012 EDITION

In 2010, the Federal Budget Secretariat published the document “Federal Budget for Everyone”, containing the Union’s public budget for 2011. Now, on August 2011, we present the second edition according to the budget proposed to the National Congress for 2012.

In addition to updates, we have improved the 2012 Federal Budget for Everyone, to clarify even more the budgeting process, global values and the purpose of resources allocated to areas of government action.

The purpose of this simplified budget, which may also be called “citizen budget”, is to contribute to the formation of a better informed and more participatory society in relation to the management of public resources. It is within the budget that the Federal Government defines what will be done and how much will be spent to meet the needs of the population in the areas of health, agriculture, education and all others. Understanding how this activity works and participating in its conduct, directly or indirectly, is a prerequisite for the work of citizenship.

We also know that such a document will always be limited and will never fully address the need for information on the Union’s budget. After all, it is a synthesis. However, we expect this initial reference to enable individuals to meet the proposal for 2012, motivating them to broaden their knowledge on the matter and influence the future approval and implementation of public expenditure.

In a democratic Brazil of reduced inequalities and rapid development, there are a growing number of citizens who seek to get informed on the public revenue, derived from the effort of every Brazilian, and public spending, which produces goods and services. To you, reader, who is certainly one of them, we wish you a good reading

CÉLIA CORRÊA

The Federal Budget Secretary

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GENERAL VIEW

DOCUMENT CONTENT

This document aims at making the information within the federal budget more accessible, including revenues (taxes and contributions, among others) and expenditure (on education, health, safety, welfare, investments, etc.) listed in the Annual Budget Bill for 2012 (PLOA 2012), submitted to the Congress on August 31, 2011.

The information is presented into three parts. The first includes the large numbers of the 2012 budget, according to the characteristic of each revenue and expense as well as the expenditure development. In order to enable the comparison between the 2011 and 2012 projects, we excluded the value added figures in the budgets through parliamentary amendments, which are held during legislative consideration, as well as added values through extraordinary claims, which are resources that meet unforeseeable and urgent expenses, such as a public calamity.

The second part contains information on costs, with the quantification of resources which the Federal Government has applied in recent years on Education, Health, Public Security, among others, and the value of its respective proposal for 2012.

The third is the part of this new edition, which brings the main highlights of the federal budget for the states and the Federal District, in the five regions of the country. We want to clarify that they are expenses identified by their names in PLOA 2012, and therefore, they do not apply to mandatory transfers foreseen in our Constitution, which occur from the Union to such entities, because this money is transferred only during the execution of the budget.

Another innovation concerns the electronic version of this magazine because it contains links, which allow access to more detailed information, such as the annual plan for financing the public debt, the relevant legislation of some areas covered in this document, and more detailed data about values of each state and the Federal District.

Further information on PLOA 2012 may be obtained from the Presidential Message that forwards this Bill to the National Congress, as well as the annexes and content that composes the text of the proposal. These documents can be accessed at the site

https://www.portalsof.planejamento.gov.br/sof/orcamento_2012/.

KNOWING THE BUDGET

In order to conduct Brazil, the Government needs to have money to cover all expenses related to its activities, such as maintaining hospitals, building railroads or hiring teachers. This money is largely obtained through means of taxes paid by people and businesses. When someone pays a tax, a fee or a contribution, he/she automatically makes a deposit in a Federal Government's "bank account" called single account, in which the amounts deposited will be used by the government to cover such expenses.

The money available for expenditure is distributed to government programs, which are parts of its performance on the same subject, in order to achieve a goal. For example, everything the government does in terms of Health or Education can be grouped within a program. In a program, the money is distributed to actions which, as the name suggests, is related to what will be done, i.e., "The Implementation of Basic Health Units in Brasilia" or "The Expansion of Federal Education Network in Rondônia." This distribution process is also called resource allocation

The budgeted expenditure often generates some products, such as highways, and services like health care. In such cases, the budget also foresees the amount of product it intends to generate, measured, for example, in kilometers built and care provided.

The budget, more than setting the expenditure amounts, points out "what" "where" and "how much" citizens and society will receive in goods and services from the State, in return for taxes paid in areas that affect the lives of all of us. That is why it is an important tool.

HOW THE FEDERAL BUDGET IS MADE

Every year, until August 31, the Ministry of Planning, Budget and Management, with the collaboration of other ministries, prepares a document with a budget proposal to be forwarded by the Presidency to the Congress. There, Representatives and Senators discuss and approve the proposal, which then becomes a law. Representatives and Senators can amend the proposal under certain circumstances, by increasing or reducing resource allocations through parliamentary amendments.

Thus, this current magazine brings information on the budget proposed by the Federal Government on August 31, 2011 for the year 2012. Representatives and Senators should approve it until the Congress's last day of work in 2011.

As the document will become a law, the budget proposal is known as "Bill." As it is valid for one year, the name of the law approved is "Annual Budget Law", LOA, also called before our present Constitution, the Union General Budget, OGU.

The Federal Constitution stipulates the way the budget should be made. It is our highest law. The public budget is a single document, divided into three parts: the Investment Budget of State Enterprises, the Social Security Budget and the Fiscal Budget

The Investment Budget of State Enterprises, with about U.S. \$ 65.1 billion, presents the investments of enterprises run by the Federal Government, but only of the independent state-owned enterprises, which means, those that do not need government resources to maintain or enhance their activities. They are for example: Petrobrás, Eletrobrás, Banco do Brasil and Caixa Econômica Federal.

The Social Security Budget shows expenditures with health, welfare and social assistance. For 2012, these expenses represent U.S. \$ 359 billion. Payments with pensions, as well as expenses with hospitals, medication and family allowances are examples of expenditure within this budget.

The Fiscal Budget is approximately U.S. \$ 933

billion. It includes expenses of the Legislative (Congress and the Court of Audit), Executive (President, Ministries and other agencies) and judiciary (courts and forums) and the Federal Public Prosecution, in addition to the values for the debt payment and perpetuation of the federal public debt, which will be explained later.

In the public budget, all the public income and expenditure must be present. The total expenditure should not exceed the total revenues, which means, the budget should be balanced. For the 2012 Union budget, revenues and the proposed expenditures are approximately \$ 1.35 trillion.

It is important to point out that in the Fiscal Budget, although the total amount of expenditure with the federal public debt reaches the

sum of U.S. \$ 555.4 billion, most of that amount does not represent the payment of the debt itself, since U.S. \$ 398.4 billion corresponds to its refinancing, or the replacement of previously issued bonds for new bonds which will mature later. In this type of operation, commonly known as “rolling over the debt,” there is no reduction or enlargement of existing indebtedness. The debt payment also includes interest totaling U.S. \$ 79 billion and depreciation (reduction of main debt) of \$ 78 billion.

The debt management is conducted by the National Treasury Secretariat of the Ministry of Finance. Further information on the subject and the Debt Financing Annual Plan (PAF 2011) may be found at <http://www.tesouro.fazenda.gov.br>.

Federal Budget's Evolution (2007- 2012)

US\$ billion

Budgets	Executed Budget				PLOA	
	2007	2008	2009	2010	2011	2012
Fiscal	525,8	535,5	596,0	619,1	870,7	932,7
<i>Public Debts (External and Internal)</i>	<i>344,8</i>	<i>300,8</i>	<i>331,9</i>	<i>354,3</i>	<i>566,4</i>	<i>555,4</i>
Refinancing	228,5	169,4	162,0	227,7	413,7	398,3
Interest and Depreciation	116,2	131,4	169,9	126,6	152,7	157,1
<i>Schedules</i>	<i>181,1</i>	<i>234,8</i>	<i>264,1</i>	<i>264,7</i>	<i>304,3</i>	<i>377,3</i>
Social Security	201,2	226,1	259,2	289,0	312,6	359,0
Invest. of Government's Companies	24,3	32,6	48,6	51,2	65,6	65,1
Total Federal Budget	751,3	794,3	903,8	959,2	1.248,8	1.356,8

FEDERAL BUDGET REVENUES AND EXPENSES

The elaboration of the Federal budget starts with a revenue estimate, or a calculated prediction of collection. To understand how it is done, it is first important to know the types of revenues and expenses. Both revenues and expenses are classified into primary and finance.

To simplify it, the primary revenue corresponds to taxes collected and primary expenses to government expenditure, in order to keep activities running, and invest in new actions. Civil servants payment, a university maintenance or the construction of a hospital are examples of primary expenditure.

However, financial revenues and expenses are those that originate, as the name implies, from financial transactions, mostly loans. Each year the Federal Government takes a great amount of lo-

ans to pay off debts from past years, “rolling the debt,” as previously explained. If the government decides to pay less debt, it is able to spend more at that moment, but in the future, it will owe more, which can cause problems, including inflation, especially if future revenues do not increase.

To make the estimate of primary revenue, the government first checks how much revenue tax collection there has been in recent months and how the economy was in that period. It then uses a technique to estimate how the economy will behave in the following year, predicting inflation, interest rates, national output, the value of foreign currencies and the minimum wage. Finally, it makes a rough calculation of how these economic aspects, called parameters, will increase or decrease future revenue collection in relation to the past one.

The main parameters used and their relevance to next year’s budget are:

Predicted Parameters		Meaning and Relevance in the Federal Budget
Inflation	4,8 % Annual Variance	The Consumer Price Index (IPCA) is the official index of inflation. This index is calculated by the Brazilian Institute of Geography and Statistics (IBGE), considering the variation of prices of goods and services consisting of food, clothing, rent and electricity, water, sewer bills, and other daily expenses. This index is important for the budget, because many administrative contracts are adjusted in accordance to it, as well as some government revenues.
GDP- Gross Domestic Product	2,77 trillion dollars (a 5% raise in relation to 2011)	The Gross Domestic Product (PIB) represents the sum of everything that is produced in the country for a year. It is also calculated by the IBGE. This indicator helps to predict the change / growth in revenues and currently, in calculating the estimated amount for minimum wage, in addition to values that should be assigned to health.
Average Currency Rate	1,64 “reais”/dollar	It is estimated to allow fixing the expenses that will occur in foreign currency, but which will appear in “reais” in the budget of federal agencies. The Brazilian external public debt of Brazil and Brazilian Embassy contracts abroad are typical examples of costs that depend on this information. It is also important to allow the estimate of revenues such as Import, Export Taxes, among others.

Predicted Parameters		Meaning and Relevance in the Federal Budget
Average Interest Rate	12,45% a year	The Special System of Clearance and Custody (Selic), or the SELIC rate, is important because it reflects the prevailing interest rate in the Brazilian economy. It is related to the value of Government securities. Its value is determined by the Monetary Policy Committee of the Brazilian Central Bank.
Minimum Wage	US\$ 377,57 monthly	The provision of the national minimum wage. For the budget, the main impacts of this parameter are: Social Security Benefits, Unemployment Insurance, Benefits of the Social Assistance Organic Law and Lifetime Monthly Income.

Source for setting the parameters: Economic Policy Secretariat from the Finance Ministry (SPE/MF).

In terms of financial income, the amount of loan that will be taken to pay off previous loans is defined and, if the government deems it necessary or important, over a certain amount to spend on their activities and investments will be added.

These calculations are only possible because the effects of economic conditions on the collection have been widely studied and observed for many years. Brazil makes and approves budgets since 1830.

Based on the parameters, revenues available for the year are estimated, and the maximum value for the expenditure in the budget is set. Some expenses are required by law and, therefore, the Government cannot fail to pay them. As an example of mandatory spending, we can cite the constitutional transfers to States and Municipalities, pensions and welfare benefits, as well as personnel costs. For these expenses, the values necessary for the payment during the year are calculated, and resources are reserved in the Budget, within the programs and actions by the Federal Government. To make the calculation of mandatory expenditure, it is also ne-

cessary to think about the future of economy. An increase in the minimum wage, for example, also increases the costs of pensions, which are compulsory expenses.

Expenses the government can choose how and where to apply are called discretionary or non-binding. Resources available for discretionary spending are also distributed in the Government's programs and actions. There may even be mandatory and discretionary spending in a similar program, working together for a common goal.

In the federal budget, the value of mandatory spending is quite high, so we can only choose the application of a small amount of money. This is because most government expense is made up of constitutional or statutory obligations, which must always be executed.

The following table shows the composition of the two expenses (primary and financial), comparison with last year's figures and figures for 2012. The graph, on the other hand, shows the relationship between mandatory and discretionary expenses, as well as its evolution since 2007.

Public expenditures are also classified according to their economic category, in current and capital. This classification is used internationally, according to the United Nations Manuals from the 50's. It lets you know the government's contribution to national income, as well as an economic comparison among countries.

Capital expenditures are those that contribute to the formation or acquisition of valuable capital and goods for resale, for the concession of loans and the amortization of debts. We can cite as examples the construction of roads, universities, hospitals as well as the acquisition of equipment for their operation.

Current expenditures are allocated to the production of goods and current services and allow people to determine the current consumption of the public sector, such as expenses with pensions from the National Social Security Institute (INSS), Family Allowance, debt interest and teachers', doctors' salaries, among others.

In addition to the classification according to the economic category, the budgetary expenses are also classified by groups of expenditure. Expenditure groups are linked to economic categories and formed by the combination of element related expenses.

The Evolution of Total Expenditure by Economic Category and Expense Group 2007-2012 Evolution of Total Expenses by Economic Category and Expense Group 2007-2012

US\$ billion

Economic Category Expense Nature Group	Executed Budget				PLOA	
	2007	2008	2009	2010	2011	2012
CURRENT	413,0	445,6	497,1	545,8	633,9	675,3
1 - Personnel and Social Charges	77,4	88,1	101,9	111,8	121,7	123,9
2 - Interest and Debt Charges	85,6	67,2	76,0	74,6	103,6	85,7
3 - Other Current Expenses	250,1	290,3	319,2	359,4	408,6	465,7
CAPITAL	314,0	316,1	358,1	362,2	536,5	597,2
4 - Investments	8,4	17,2	21,5	27,0	31,4	35,3
5 - Financial Inversion	17,9	25,1	20,8	21,7	27,1	28,8
6 - Amortization of Debt	287,7	273,8	315,8	313,4	478,0	533,0
RESERVE	0,0	0,0	0,0	0,0	12,9	19,1
TOTAL	727,1	761,6	855,2	908,0	1.183,3	1.291,6

INVESTMENTS OF THE GROWTH ACCELERATION PROGRAM

The bulk of Federal Government investment is concentrated in the Investment Budget of State Enterprises. For 2012, this budget expects \$ 65.1 billion, largely in the area of Energy, composed of large public companies such as the Petrobrás and Eletrobrás Groups, with \$ 53 billion and \$ 6.2 billion, respectively.

Another expressive volume of resources for public investment is directed to the Growth Acceleration Program (PAC). In the Fiscal and Social Security Budget, \$ 25.9 billion dollars are planned for construction, mostly for Housing, around \$ 8 billion dollars. As for federal roads, \$ 7.1 billion dollars are intended for the construction and suitability (duplicates, new tracks) of these roads

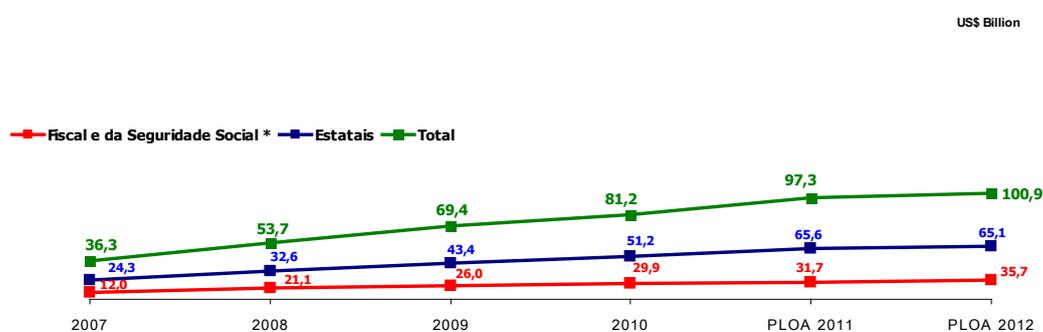
The Evolution of PAC Expenses in the Fiscal and Social Security Budgets 2007-2012

PAC Infrastructure	COMMITTED				Current Allocation	PLOA
	2007	2008	2009	2010	2011	2012
Logistic	5.325	5.433	7.085	9.318	9.981	10.251
Roads	3.661	4.035	5.245	6.604	6.779	7.163
Airports	345	48	0	0	0	18
Ports	300	288	488	635	594	551
Railways	808	597	755	1.539	1.382	1.462
TAV - High Speed Train	0	0	0	4	206	207
Waterways and Sluices	138	199	387	152	279	184
Studies, Weighing System and Speed Control	73	267	211	298	673	575
Others	0	0	0	86	68	92
Social and Urban	4.393	4.910	9.301	8.651	14.347	15.427
Sanitation	1.461	1.600	2.117	1.378	1.367	1.806
Urban Drainage	0	37	299	353	254	421
Housing	1.313	1.336	1.342	1.024	1.288	1.286
PMCMV	0	0	3.659	4.073	7.762	6.756
Dams, Adductors and Water System Supply	476	614	374	321	317	314
Integration and Revitalization of the São Francisco River	541	781	984	856	960	1.114
Subways and Urban Mobility	227	231	265	400	326	426
Equipping. Crèches and Schools	0	0	0	0	543	1.087
Construction and Cover of School Sport Courts	0	0	0	0	292	649
Health (Community Post, UPA and UBS)	0	0	0	0	636	693
PAC squares	0	0	0	0	134	183
Irrigation	345	310	262	238	163	305
Others	30	0	0	9	305	387
Energetic	138	76	187	158	216	259
TOTAL GENERAL	9.856	10.419	16.573	18.127	24.543	25.937

In addition, part of the PAC program involves the program management and studies, including the economic and environmental feasibility (about U.S. \$ 351.2 million). However, the values allocated to the program My House, My Life (PMCMV) are subsidies for the acquisition of homes, worth \$ 6.8 billion. Further information on the PAC is available from <http://www.brasil.gov.br/pac>.

The remaining discretionary investment in the 2012 proposal, which is not included in the state enterprises or in the PAC, reach the amount of U.S. \$ 17.2 billion, concentrated in the areas of Education (U.S. \$ 4.6 billion), National Defense (U.S. \$ 4.6 billion) and Health (U.S. \$ 1.5 billion), followed by areas of Science and Technology and Agrarian Development (both about U.S. \$ 853.7 million).

THE EVOLUTION OF FISCAL, SOCIAL SECURITY AND STATE COMPANY INVESTMENTS



* Discretionary Expenses of the Executive Power: Excluding Extraordinary Credits, Resource Agreements, Donation Resources

In the next section, we will present the federal public budget in separate, according to budget functions (large areas of expenditure), highlighting the most important programs undertaken by the Executive Power, which have direct impact on citizens' lives, such as housing and health.

For best viewing, we have elaborated graphs with the evolution of the expenses, considering amounts spent from 2007 to 2010, except for

parliamentary amendments and extraordinary claims, and constant amounts in the Annual Budget Bill (PLOAs) for 2011 and 2012.

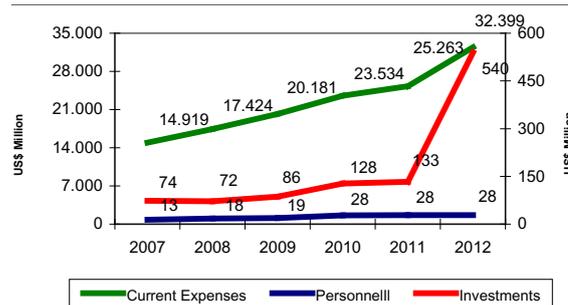
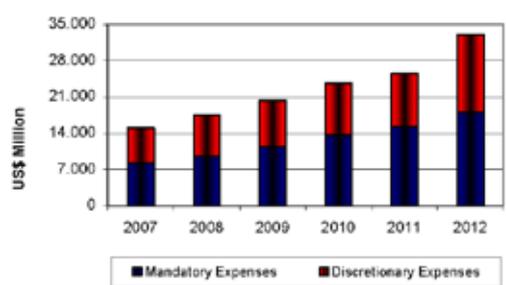
In order to allow more transparency, we have separated the expenses into mandatory and discretionary and some areas into budgetary sub functions (expense subareas) or cost blocks, which enable a better understanding of the information contained in the budget proposal.

SOCIAL ASSISTANCE

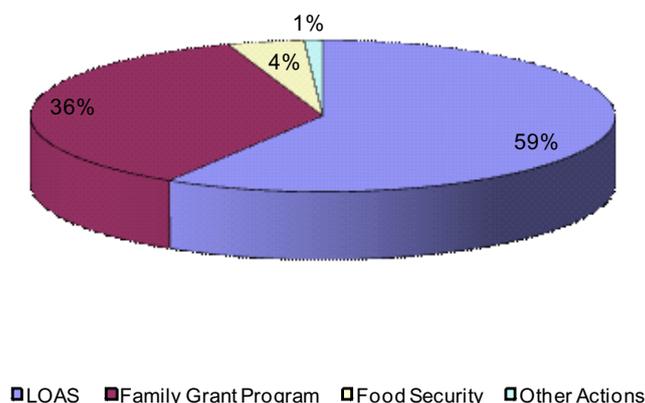


The Constitution, in its Article 203, stipulates that social assistance will be provided to those who need it, regardless of any contribution to social security, and it aims at : protecting family, maternity, childhood, adolescence and old aged; supporting needy children and teenagers, promoting integration to the labor market, habilitation and rehabilitation of people with disabilities and promoting their integration into community life, and also ensuring a minimum monthly wage benefit to people with disabilities and the elderly who prove to be unable to provide their own support or to have it provided by their families.

In the Federal Government, the main body that performs these actions is the Ministry of Social Development and Fight against Hunger, whose skills and service nature, as well as the organizational structure, is regulated in Annex I of Decree n° 7.493/ 2011.



MAIN AREAS OF PERFORMANCE



The Plan "Brazil with No Poverty" enhances and expands the Federal Governments actions and it aims at raising the income and welfare conditions of extremely poor families (with monthly income per person of up to US\$ 42,7), who are not yet attended by the various income transfer programs; enabling access to public services and productive inclusion. According to the Census 2010, from the Brazilian Institute of Geography and Statistics (IBGE), 16,2 million Brazilians may be found in this situation. In order to develop this policy, in 2012, US\$ 17.3 billion are expected For further information, please access <http://www.brasilemmiseria.gov.br/>

In 2012, the Social Assistance area will receive the total amount of U.S \$ 33 billion

The Social Assistance Organic Law (LOAS) states that social assistance is organized in a decentralized and participatory system, composed of government and civil society. To meet this standard, the Ministry of Social Development and Fight Against Hunger has implemented the Unified Social Assistance System (SUAS). This System organizes the provision of social assistance in Brazil, promoting welfare and social protection for families, children, adolescents and youth, the disabled, the elderly, finally, to all those who need it. These services are typically provided by the Municipalities in the Social Assistance Reference Centers (CRAS) and Social Assistance Specialized Reference Centers (CREAS). The SUAS Census of December 2010 showed that the Federal Government supports the operation of 7,038 CRAS and over 2,100 CREAS in approximately 2,000 municipalities, transferring monthly resources to the municipal assistance funds.

For 2012, U.S \$ 19.5 billion in expenses are predicted with the SUAS. In this total, U.S. \$ 18 billion refer to the payment of Continuous Cash Benefit (BPC) and Lifetime Monthly Income (RMV). Both benefits are targeted to the disabled and elderly who have no other means of support. The remaining amount is used for the provision of welfare services and operating expenses with the SUAS.

The Family Grant Program will receive U.S \$ 12 billion in 2012. An amount of U.S \$ 11.4 billion will be transferred directly to families. The Program stands out for being the Federal Government main social policy, with the purpose of direct transfer of income. It benefits families in a situation of poverty (with monthly income of US\$ 42,7 to U.S \$ 85,4 per person) and extreme poverty (with monthly income of up to U.S. \$ 42,7 per person), provided that these families meet certain requirements in the areas of health and education, the so-called conditionality.

The amounts paid by the Family Grant Program range from U.S \$ 19.5 to U.S \$ 147.6, according to the monthly income per family member and the number

of children and adolescents up to 15 years of age and youngsters between 16 to 17 years old. On December 2010, there were 12.8 million beneficiary households, with an average benefit of U.S \$ 59. For 2012, they intend to expand it, and the program should cover more than 800 thousand families, with an increase in benefits to include up to five children in the same family, thus, including 1.3 million children.

The Food Security policy will count with U.S \$ 1.4 billion in 2012. It guarantees the right of everyone to the access of quality food and in quantities that meet the body needs. In this sense, there are several actions that include the free distribution of food in emergencies, the aid in setting community facilities (community gardens and kitchens, popular restaurants) for the production and sale of food at low cost, and the promotion of water access for human consumption and for the use in food production or for breeding in semiarid areas (through the construction of tanks). In addition, family agriculture plays a crucial role in the economy of small towns and it accounts for a significant portion of food production, making it fundamental for ensuring food safety.

Thus, through the acquisition of food from family farms, the Ministry holds productive inclusion, and when distributing this food to people in a situation of nutrition insecurity, it guarantees the right to food. Among the groups assisted are the Indigenous people, the "Quilombolas", communities affected by dams, camped groups and fishermen still with rudimentary techniques.

Finally, we highlight the item Other Actions, which include inclusive production measures of the plan Brazil without Poverty in cities: support for the organization and development of cooperatives working with solid waste, vocational and labor guidance towards employment; support, occupational training and technical assistance to popular enterprises. There are also actions towards the Eradicate Child Labor Program; the administration of units and payment of personnel.

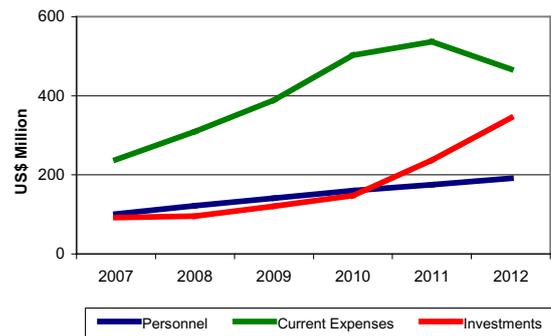
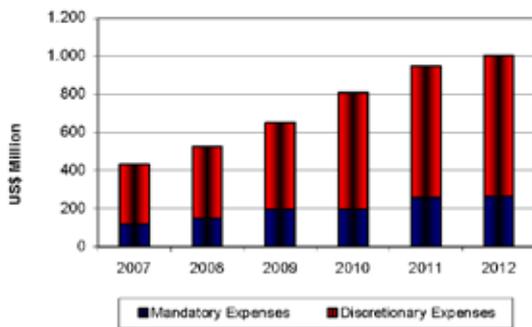
CULTURE



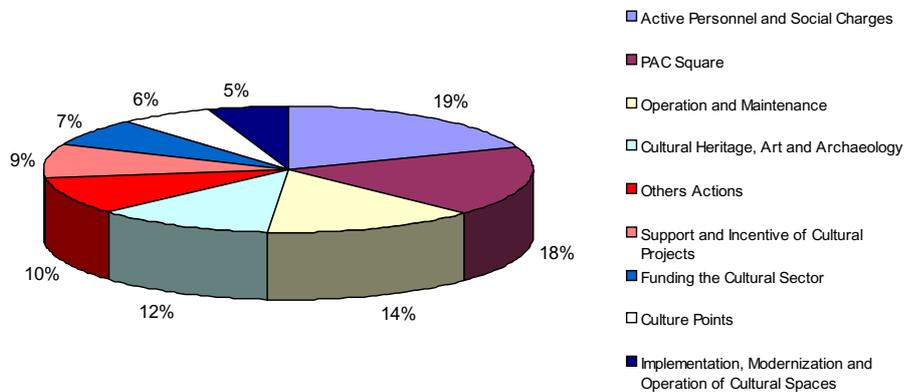
The area of Culture is predicted in the Article 215 of our Constitution: the State will guarantee the full exercise of cultural rights and access to national culture sources and will support and encourage the appreciation and diffusion of cultural manifestations.

In addition, Article 1 of Law nº. 8.313/1991 (The Rouanet Law), following what the Constitution specifies, established that the National Program of Support to Culture aims at channeling resources, to promote and encourage the regionalization of the Brazilian cultural and artistic production, valuing human resources and local contents.

The responsible agency for implementing this policy is the Ministry of Culture, which is responsible for a culture national policy; the protection of historical and cultural heritage, and it provides assistance and support to the Ministry of Agrarian Development and the National Institute of Colonization and Agrarian Reform (Incra) in those regularization actions to ensure the preservation of cultural identity of remnant “Quilombo” communities.



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The Ministry has seven linked entities: the Institute of Historical and Artistic Heritage (Iphan), the “ Casa de Rui Barbosa” Foundation, the National Library Foundation, the “Palmares” Cultural Foundation, the National Arts Foundation (Funarte), the National Cinema Agency (Ancine) and the Brazilian Museums Institute (Ibram).

The Ministry of Culture also manages cultural projects approved and based on incentives provided for by Rouanet Law, while Ancine manages the projects that are based on the Audiovisual Law, Law nº. 8.685/1993, and in the Provisional Measure nº. 2.228-1/2001, besides those that use these laws along with the Rouanet Law.

The area of Culture will receive in 2012, a total amount of U.S. \$ 1 billion. To carry out cultural activities, the federal government will spend U.S \$ 191.4 million in personal assets and payment of social taxes and U.S \$ 141 million with operation and maintenance. These are actions to coordinate and maintain mechanisms to encourage culture, as expected by the Rouanet Law, and the administration of its units.

In the PAC scope, the government launched the PAC Square, now called the Square of Sport and Culture (PEC). The goal with the Squares is to integrate in the same physical space, cultural programs and activities, sports and leisure, training and qualification for the job market, social assistance services, violence prevention policies and digital inclusion, in order to promote citizenship in areas of high social vulnerability in Brazilian cities. Thus, an amount of U.S. \$ 183 million will be allocated in 2012.

As for the area of Cultural Heritage, Art and Archaeology, U.S. \$ 117.3 million will be spent with it. These are costs for the operation of Federal Government museums; training of museum officials; the preservation of audiovisual collections, the preservation of historical documentation existing outside Brazil, among other initiatives. Also worth mentioning are the “Monumenta” actions for the preservation of cultural collections and the recovery of the Brazilian urban cultural heritage. The “Monumenta” is the program of sustainable recovery of the Brazilian urban historic heritage listed by Iphan and under federal protection. This

program aims at preserving the priority areas of historical, architectural and urban art, raise the Brazilian population awareness concerning the Brazilian patrimony, as well as to improve its management, establish criteria for the implementation of conservation priorities and to increase the economic, cultural and social use of the project areas.

In relation to the support and incentive of cultural projects, the expected expenses are U.S. \$ 86.6 million. The cultural projects are diverse artistic events such as performances, exhibitions, workshops, festivals, among others.

For funding the cultural sector, U.S. \$ 71.8 million are expected in 2012. These are actions of granting funds to cultural entrepreneurs, financing the audiovisual sector (The Audiovisual Sector Fund) and returnable investment in the audiovisual sector through the participation in companies and projects, according to Law nº. 11.437/2006.

The culture points will receive U.S. \$ 61 million in 2012. They are a means of promoting, expanding and ensuring access of society to the enjoyment, production and dissemination of culture, aiming at setting up joint cultural initiatives. Its main target groups are low-income populations, adolescents and young adults in situations of social vulnerability and students from public schools. With this initiative, it is also possible to train cultural multipliers.

With regard to the implementation, modernization and operation of cultural spaces in 2012, U.S. \$ 53.2 million in expenses is predicted. In addition to the actual functioning of the Union’s cultural spaces, these expenses include the digitization of cultural collections and Union functioning libraries, among other activities.

Finally, in the item “Other initiatives”, we may mention the initiatives in the areas of preservation of knowledge on indigenous peoples; African-Brazilian culture (through legal assistance to “quilombola” communities and the promotion of African-Brazilian cultural exchanges), grants, awards and training of cultural agents (such as artists, technicians and producers), the installation and modernization of libraries, among others.

SPORT AND LEISURE

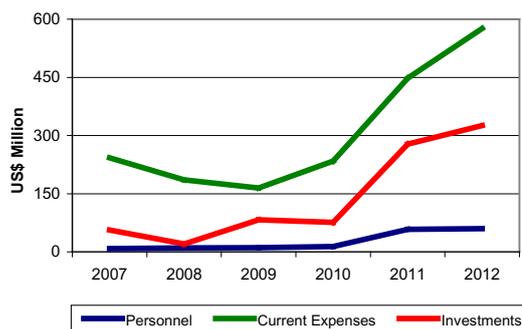
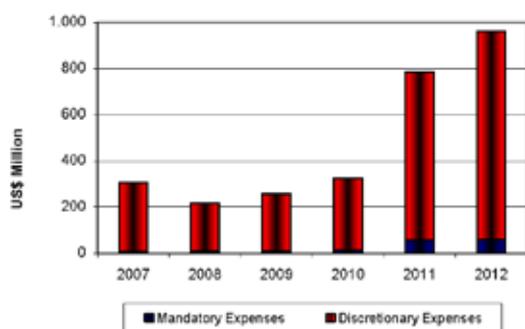


Our Constitution, in the Article 6, has claimed leisure as a social right. Regarding sports, Article 217 states: it is the duty of the State to foster the practice of formal and informal sports, as a right of every citizen.

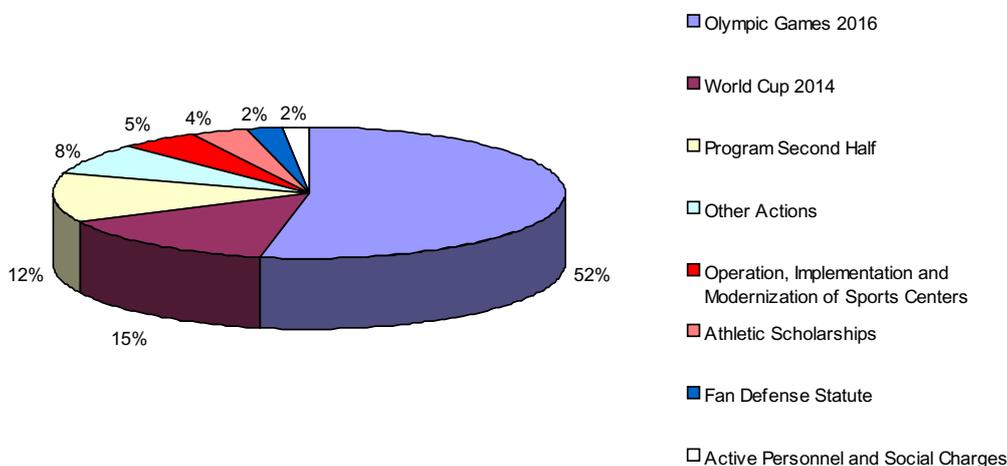
In the Federal Government, the Sports Ministry's mission is to provide universal access to sport and recreation and promote public participation in all aspects of sport, contributing to human development and contributing to the growth of Brazil in the sports scenery.

The performance of this Ministry is related to the achievement of the following government objectives: to promote social inclusion and reduce inequalities, to strengthen democracy, with gender, race and ethnicity equality and citizenship with transparency, dialogue and human rights guarantees. Moreover, its action is structured from the National Plan for Sport

with gender, race and ethnicity equality and citizenship with transparency, dialogue and human rights guarantees. Moreover, its action is structured from the National Plan for Sport



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Development, which has four pillars: social inclusion through sport and leisure; the qualification of sports that can be reverted into income, the expansion of sports infrastructure, and the promotion of major sports events.

Of U.S. \$ 961.2 million dollars allocated in 2012 for Sport and Recreation, the Olympic and Paralympics Games in 2016 will receive U.S. \$ 509.2 million. This amount includes sports actions infrastructure implementation, and the preparation and organization of the games. In addition, the Olympic Public Authority (APO) was created in order to coordinate the participation of the Federal Government, the State of Rio de Janeiro and the city of Rio de Janeiro in the preparation and conduct of the competition, especially to ensure compliance with the obligations assumed by them to the International Olympic Committee. In 2012, the APO will have about U.S. \$ 94.6 million, of which U.S. \$ 44.8 million relates to staff costs.

With regard to the FIFA 2014 World Cup, in 2012, U.S. \$ 140.2 million will be allocated for the development of the promotion and communication of the event and for monitoring activities of developed actions. This money will also be used for the formation of a volunteer program, which aims at capturing 34, 000 volunteers to assist in organizing operations, and support the event and the tourists, and paying consultants to support the planning and management of activities for the organization and the event

As for the Program Second Half, U.S. \$ 115.7 million will be allocated in 2012. This program aims at democratizing the access to sport through activities to be held on opposite school times, in a complementary way, with the purpose to contribute to social inclusion, physical well-being, health promotion and the development of children and adolescents, especially in socially vulnerable situations. It also aims at the disabled and youth who are out of school, in order to allow their inclusion in formal education. Within this cost, the following items, among others are provided: food fortification, supplementary teaching materials, the payment to teacher trainers and coaches in sports activities, the operation, implementation and modernization of sports centers.

These sports centers are basically divided into three categories: (i) Science and Studies aimed at Sports, (ii) High Abilities/Talents, and (iii) Sports for Recreation and Leisure. The units that are not part of the Second Half Program are called "other sports nucleus." For the operation, U.S. \$ 49.2 million will be allocated for the implementation and modernization of these spaces.

Regarding Athletic Scholarships, they will receive U.S. \$ 34.1 million, aiming at ensuring a minimal personal allowance to high-performance athletes who have no sponsorship, seeking to provide them conditions to sports training and competitions, and to the full development of their careers. These scholarships invest primarily in the Olympics and Paralympic sports, in order to form, maintain and periodically renew generations of athletes with the potential to represent the country at the Olympic Games and Paralympic Games. In addition, Law nº 12.395/ 2011, instituted the Podium Athlete Program, with the goal of helping potential athletes reach Olympic medals, regardless of whether they have or not any sponsors. The same Law has created new categories of scholarships and it readjusted the value of existing fellowships.

In relation to the subject of Fan Defense Statute and the for football development, Law nº 10.671/ 2003, has created the Statute. Decree 6795 from 2009, in turn, regulated the article 23 of this Law, providing the control of sports stadiums security conditions. However, due to frequent riots, violence in the stadiums, irregular sales of tickets and fraud in game results, Law nº 12.299/ 2010, turned these activities into crimes. Thus, in 2012, the Ministry of Sports will receive U.S. \$ 22.2 million to perform actions of access control implementation and monitoring in football stadiums for the safety of fans and promotion of their rights and support the development of male and female football.

In 2012, U.S. \$ 14.7 million will be allocated for the payment of Active Personnel and Social Charges of the Ministry of Sports.

Finally, for the remaining areas, U.S. \$ 75.7 million will be allocated. One may highlight the evaluation of public policies and sport and leisure programs, the indigenous peoples games and units management.

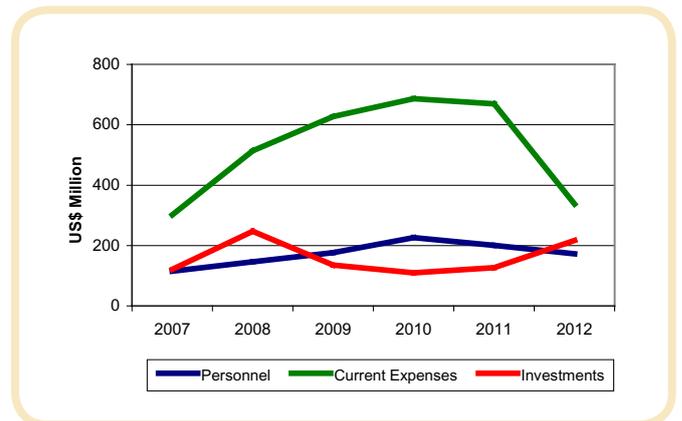
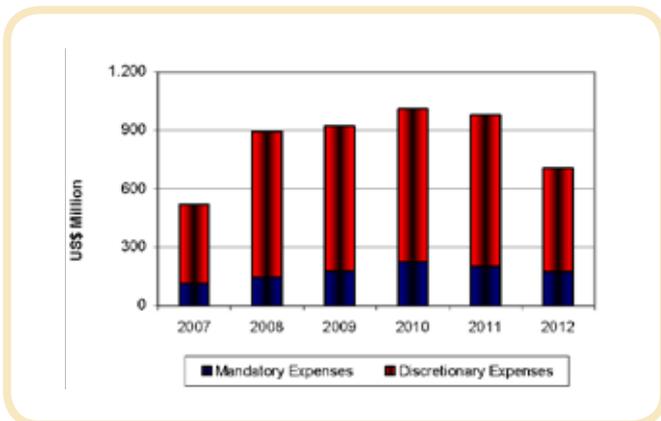
CITIZENSHIP RIGHTS



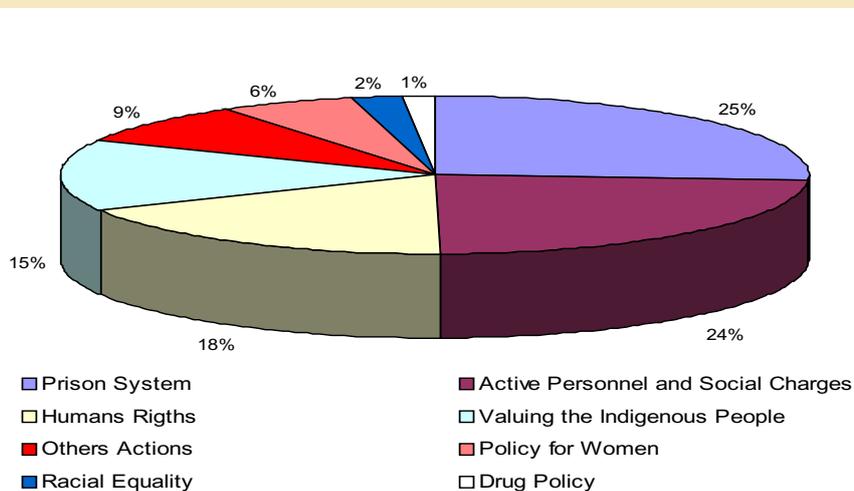
Citizenship is a fundamental principle of the Federative Republic of Brazil and it is enshrined in various articles of our Constitution. Title II, for example, deals with the fundamental rights and guarantees and contains chapters on individual rights and duties and collective social rights, citizenship and political rights.

It is worth pointing out that several government policies have a significant impact on citizenship, allowing Brazilians, especially those most in need, essential services to the possibility of a better life for all, for example, ensuring health, justice, security, quality education and recreation.

Public policies that address the rights of citizenship are developed along with the Presidency, through the Human Rights Secretariat for Women Policies and Policies for the Promotion of Racial Equality. Protecting the rights of indigenous people is under the responsibility of the National Indian Foundation (Funai), an agency linked



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to the Ministry of Justice. In addition, several units of this Ministry, and the National Penitentiary Department, also work to guarantee citizenship rights.

The area of Citizenship Rights will receive a total of U.S. \$ 727 million in 2012. The theme includes issues like custody and reintegration of prisoners through the prison system. For such, U.S. \$ 189.4 million will be allocated. They are actions to provide federal prison service; to support the construction of state prisons. The goal is to hire 6,668 vacancy. In addition, they are actions towards a national policy of penal alternatives; the integration and modernization of prison information systems; the implementation of a federal penitentiary intelligence system, to support projects that hire and value the prison server from the Federation, to support projects of prisoner social reintegration, whether intern or egress, of modernization and equipping of penal institutions from the Federation, among others.

Expenses with Active Personnel and Social Charges will use U.S. \$ 172.7 million; a great part of it, about U.S. \$ 139.5 million, is for the payment of Funai's servers, who assist units located in States with Indian protected areas, besides its main office, in the Federal District and the Indian Museum, in Rio de Janeiro.

For the defense of human rights, U.S. \$ 128.4 million are expected. These are the expenses for the implementation of a national system for the protection of individuals under threats of any kind; for the Call Human Rights service (Call 100); for structuring the support and training of community councils; to support the construction, renovation, equipping, and expansion of specialized care units for children and adolescents; to the support and implementation of human rights reference centers, for training people to work for the rights of disabled people, children and adolescents; for services seeking the supply of basic civil documentation; to the human rights national information system; among other initiatives.

In 2012, U.S. \$ 106.2 million will be spent on valuing the indigenous people. One of the biggest challenges of this initiative is to ensure the Indian lands, traditionally recognized as indigenous territories in accordance with Article 231 of the Constitution. In addition to the guarantee of land, the Federal Government also provides indigenous people with social protection and promotion of their cultural heritage.



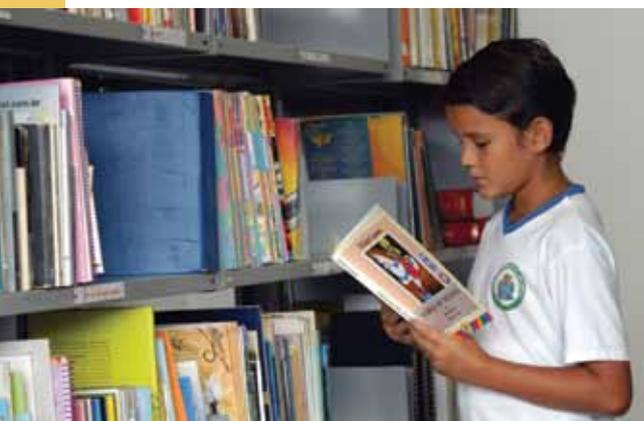
The policy for women, however, will receive U.S. \$ 42.3 million in 2012. One may highlight the actions for the expansion and consolidation of a service network to assist women victims of violence, which provides physical and psychological care to abused women. This service network constitutes a reference center for the treatment of women who have been suffering violence, specialized police stations, shelters and women's ombudsman. This amount of money involves initiatives to encourage the economic empowerment of women and entrepreneurship, as well as services provided by the Women's Assistance Center - Call 180.

With regard to racial equality, U.S. \$ 15.8 million will be allocated in 2012, with an emphasis on actions aimed at promoting local development to the remnants of "Quilombo" communities and other traditional communities; to the support of initiatives that promote racial equality and to government councils and agencies for the promotion of racial equality.

The drug policy will receive U.S. \$ 9.7 million. They are resources for the development, implementation and enforcement of actions, programs and activities for the repression, prevention, treatment, recovery and social reintegration of abusers of psychoactive substances.

Finally, in other actions, we highlight the expansion of the Political Amnesty Memorial in Brazil, the protection of diffuse rights and the preservation of the Amnesty Commission collection, for the promotion of the transitional justice and for the promotion of a national justice policy.

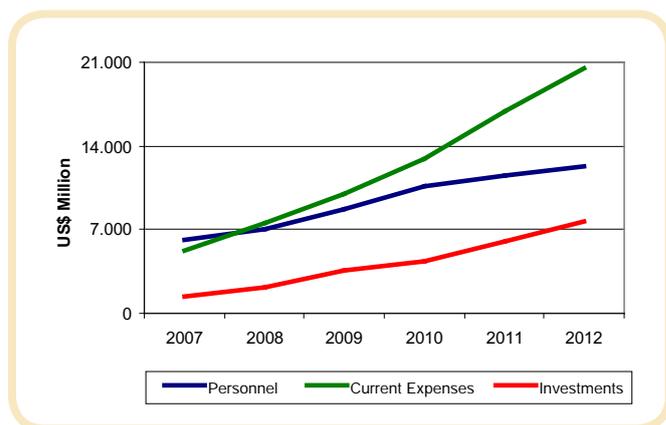
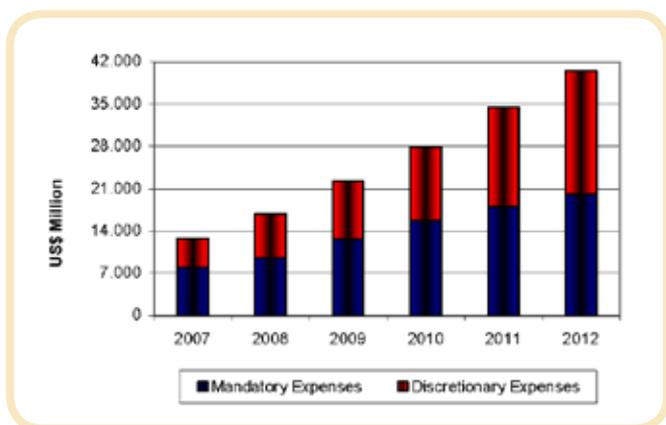
EDUCATION



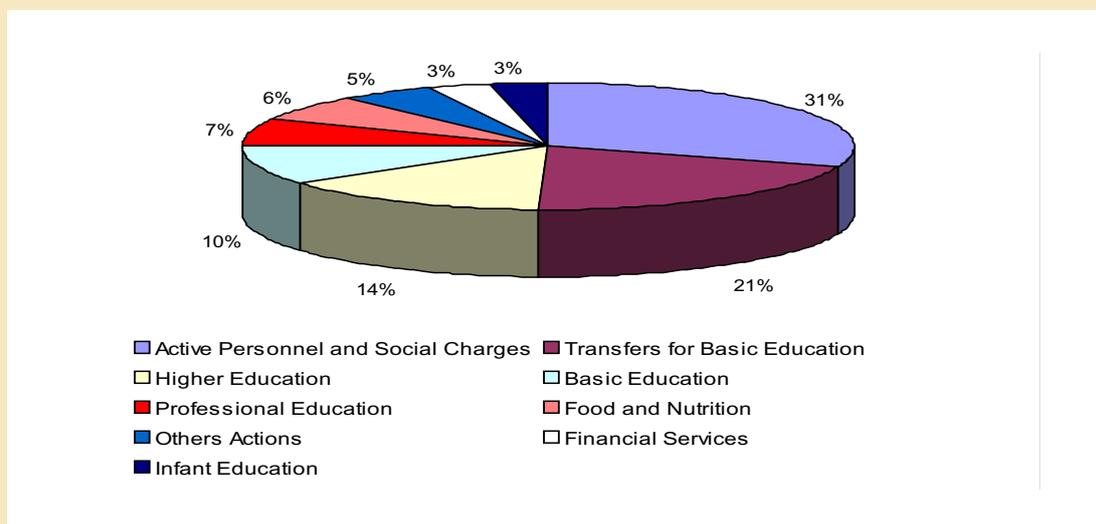
Education is stated in the Constitution: education, a universal right and duty of the State and the family. It will be promoted and encouraged with the cooperation of society, aiming at an the individual´s full development, his preparation for the exercise of citizenship and his qualification for work (Article 205, heading).

The Ministry of Education is responsible for the Brazilian educational policy at the federal level. Therefore, in addition to support the state and municipality´s educational systems, it maintains the professional, technological and higher federal education networks, Federal Academic Hospitals and it is even responsible for basic education, through the Pedro II School.

In 2007, the Education Development Plan (PDE) was launched with the following priorities: to promote quality basic education for all, raising the Basic Education Development Index (Ideb); to ex-



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pand professional education with the creation of Professional, Scientific and Technological Education Federal Institutes to be implemented in cities of regional reference in order to contribute to the development of neighboring communities, and to address the problem of teachers shortage in subjects such as Physics, Chemistry and Biology. In addition, to provide Federal Universities the necessary conditions to increase the access and retention of students in higher education, having as the main tool the Program of Restructuring Plans and Expansion of Federal Universities (Reuni).

Of the U.S. \$ 40.5 billion that will be destined to Education, U.S. \$ 12.3 billion will be for personnel costs, since the area has significant skilled labor. They are teachers, assistants and education agents, among others, that permeate this area of the government.

Overall, U.S. \$ 5.8 billion will be allocated for Higher Education. Priorities in this area are various, among which are undergraduate courses, funding grants to higher education students who do not study for free and the expansion of existing Federal Universities.

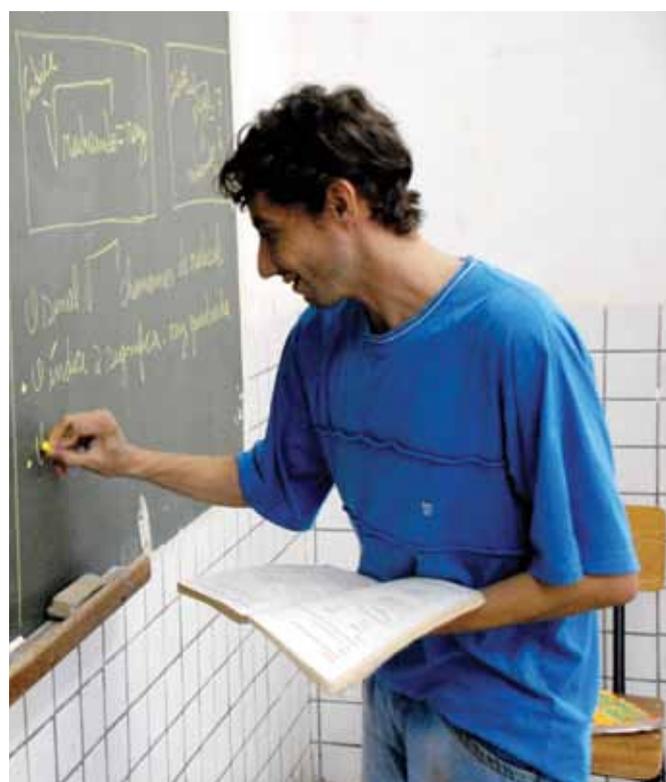
An amount of U.S. \$ 4.1 billion will be invested in the area of Basic Education. As for transfers, U.S. \$ 8.2 billion will be allocated for Basic Education. In these two areas, resources are provided for, among others, the Program Money Direct to School (PDDE), with U.S. \$ 1.2 billion, and school transportation, with U.S. \$ 706.1 million, of which U.S. \$ 392.7 million will be spent to maintain the existing fleet through the Program of Support to School Transport (Pnate) and U.S. \$ 313.4 million for the purchase of new vehicles through Pnate-The Way to School. All these programs characterize a support by the Federal Government to state and municipal schools

As for Food and Nutrition, the highlight is the support for school feeding in basic education. The Government has strived to improve the quality of school meals, which is done in several ways, in-

cluding through the regular increase of monetary value per person. In 2012, the estimated resources are U.S. \$ 2.1 billion. In the area of Professional Education, especially professional and technological education, there is a prediction of U.S. \$ 2.9 billion in resources, with an emphasis on the development of education in the Federal Institutes of Education, Science and Technology (IFs).

In addition, U.S. \$ 118.9 million were destined to Hospital Assistance and Outpatient Care of teaching hospitals, \$ 1.3 billion for Infant Education and U.S. \$ 670.7 million to the Education of Youth and Adults.

There are other important areas that are grouped under the item Others in the graph, such as: the provision of information technology infrastructure, resources for the promotion of graduate courses as well as resources for primary care or even to international cooperation, among others.



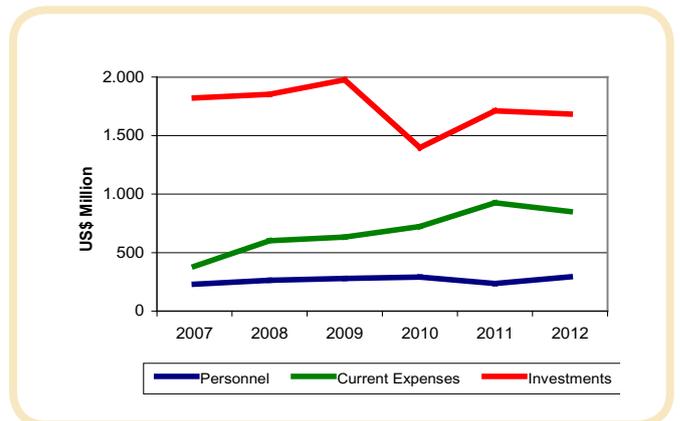
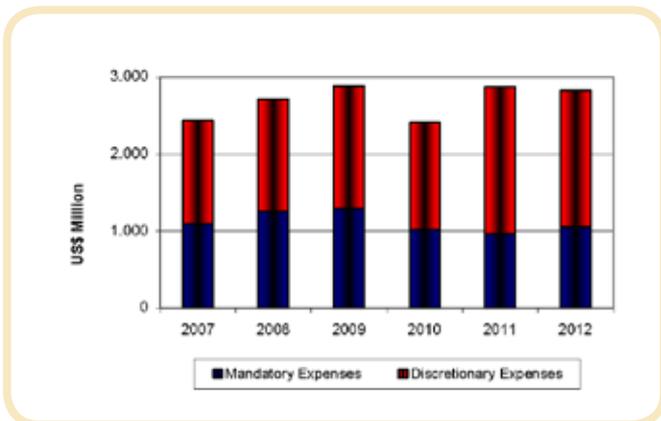
The National Program of Access to Technical Education and Employment (Pronatec) aims at expanding, interiorizing and democratizing the offer of technical and professional mid-level courses and courses of initial and continuous formation for workers. Resources for the program will come from MEC, from the Worker Support Fund (FAT), from System S and from the National Bank of Social and Economic Development (BNDES).

AGRICULTURAL ORGANIZATION

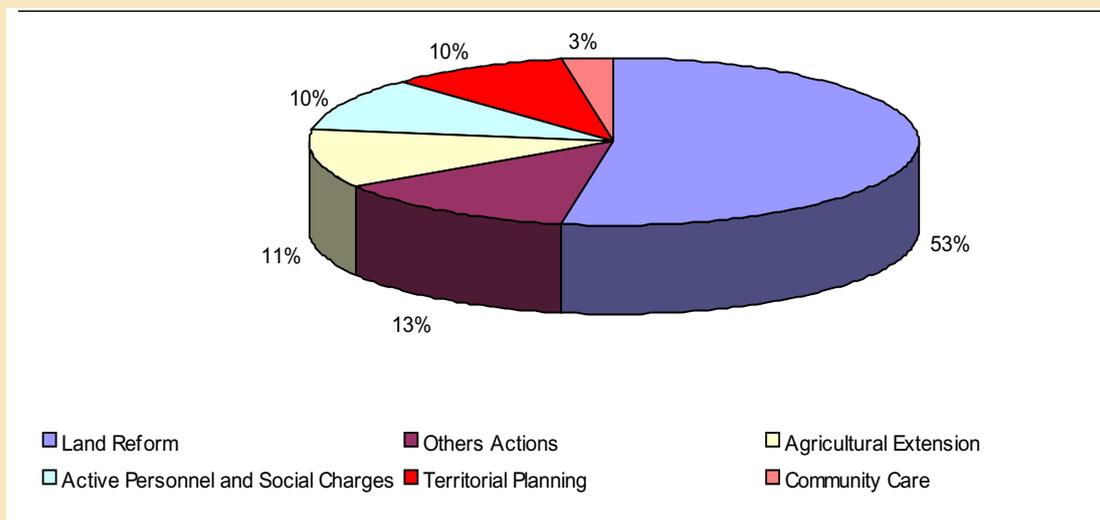


The Agrarian Organization in Brazil has the Ministry of Rural Development as the main responsible agency for its implementation, including the following issues: land management, allocation of public lands, land reform, promoting sustainable development in the rural segment formed by family farmers, and the identification, recognition, delimitation, demarcation and titling of lands occupied by the remnants of "Quilombo" communities. The themes are interrelated, once the operation success in the field of social policies depends on the proper functioning of each issue and all of them together.

This Ministry also has extraordinarily, due to Law nº 11.952/ 2009, powers related to land regularization in Legal Amazon (an area that encompasses nine Brazilian states belonging to the Amazon Basin and, therefore, with areas of the Amazon forest in their territory).



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As the Land Reform is a major challenge in the implementation of the national land policy and agricultural development, it is expected to receive most resources. Thus, within the U.S. \$ 2.8 billion available for the Agrarian Organization, U.S. \$ 1.5 billion will be spent on the Agrarian Reform. These resources will enable, among other things, the obtaining of rural lands for the Agrarian Reform, the establishment and restoration of basic infrastructure and natural resource management in the settlements, credit facility for the construction of settlers' houses, as well as financing for the acquisition of rural properties and basic investments.

Family farming contributes significantly to sustainable rural development, since it acts as an important agent in increasing food supply, income generation and economic organization of family farmers, agrarian reform settlers and traditional community peoples. Thus, for the area of Agricultural Extension, U.S. \$ 313.6 million resources were allocated to be used for actions in support of family farmers through, among other instruments, differentiated service for youth, women and people from traditional communities as well as the support and encouragement to family farming associative and cooperative ventures, with a priority to increase farmer's production and income in 2012.

Another highlight is the Planning and Territorial Development, which will have resources of U.S. \$ 269.5 million. It is expected that it will allow action continuity for the acquisition of machinery and equipment for the recovery of local roads for access to Municipalities with up to 50,000 inhabitants, amounting to U.S. \$ 121.9 million, a constant priority in the Growth Acceleration Program II (PAC II). Still in the context of Land Management, it includes actions for the development of rural areas, including the support for infrastructure projects and services, and actions to regularize land tenure, for example, the georeferencing of the national land mesh.

The Ministry will provide Community Care in the next year, and for that, it will count with an amount of U.S. \$ 79.3 million. Contributions to the Harvest Guarantee Fund (Law n° 10.420/ 2002) guarantee minimum survival conditions for small farmers of Municipalities subject to systematic crop loss due to drought or excessive rainfall, on

the scope of the Northeast Development Superintendence (Sudene). The Harvest Guarantee will have more available shares for membership, from 740 thousand to 940 thousand in the 2011/2012 harvest. The amount of coverage will increase to U.S. \$ 414.6 per farmer. In addition, the financial incentives for productive activities will allow farmers in extreme poverty the investment, thus promoting their ability to generate income.

Finally, the item Other includes actions that also has a relevant impact in the country's agrarian organization. Among them, we highlight the training of mid-level and higher education professionals for the agrarian reform, maintenance of a Rural Registration System and the acquisition of food from family farmers.

To be able to overcome these challenges and others, which are under their responsibility, The Ministry and its related entities, such as the National Institute of Colonization and Agrarian Reform (Incra) will count with the amount of U.S. \$ 293.5 million in funds for the cost of serving personnel and social charges.



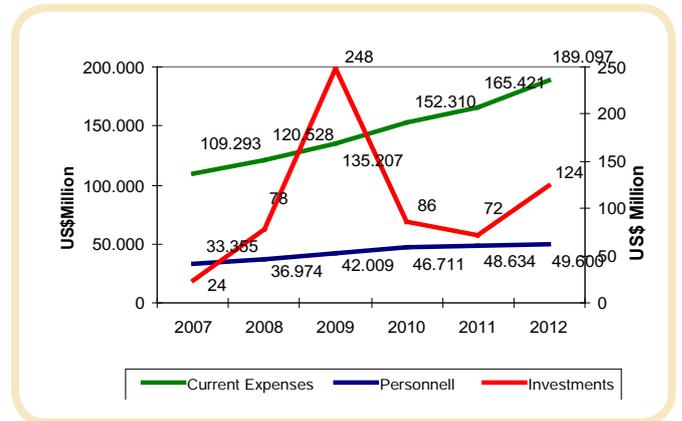
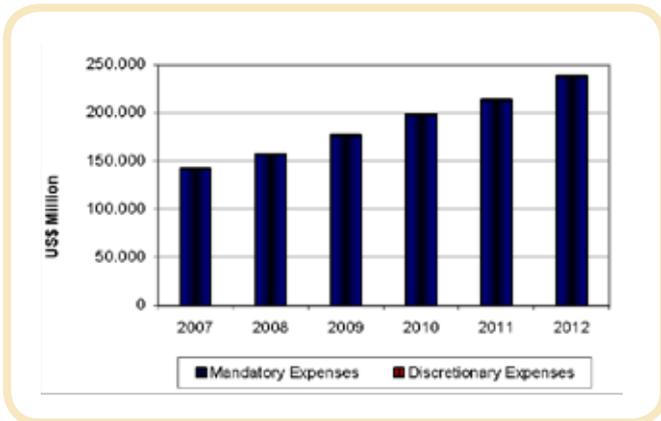
SOCIAL SECURITY

Social Security is the social insurance for the person who contributes. This insurance provides income to the taxpayer in the event of illness, disability, old age, death, involuntary unemployment, maternity and imprisonment.

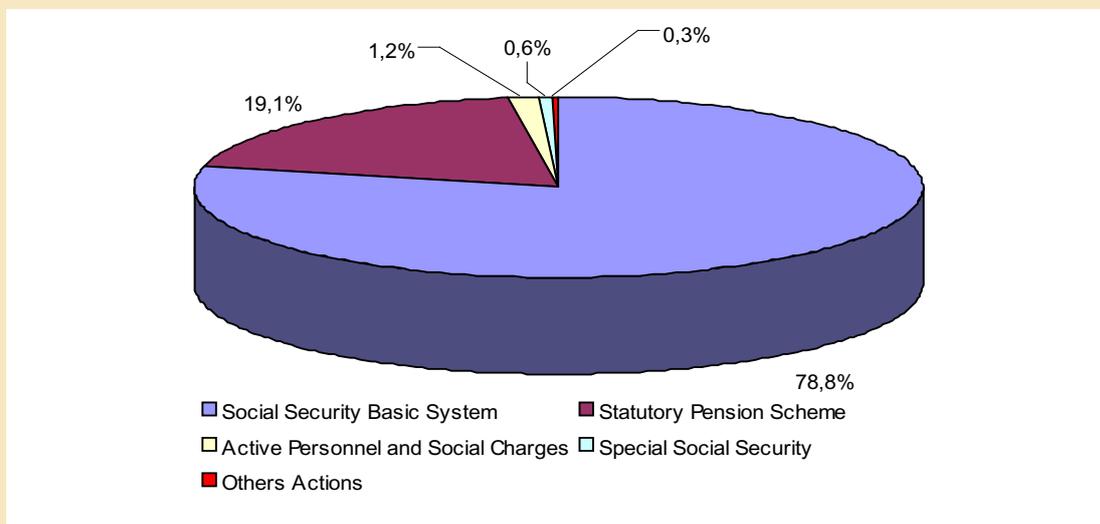
The Ministry of Social Welfare is the agency responsible for this policy and, therefore, has among others, the following related entities: the National Social Security Institute (INSS), The National Superintendence of Complementary Security (Previc) and The Social Security Information Technology Company (Dataprev).

The Constitution has divided the social security system into two: a mandatory and an optional one. The Compulsory Social Security consists of the following schemes:

The General Social Security System (RGPS), which serves the private sector and civil servants, for instance, those who have their contracts governed under the Consolidation of Labor Laws (CLT). This system is managed by the INSS and the benefits are paid directly to the insured through bank trans-



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fers; the Social Security Own System (RPPS), also known as the Statutory Pension Scheme, responsible for the social security of civil servants who occupy effective positions in the Federal, State, Federal District and 1,900 municipalities (the other municipalities maintain their civil servants attachment to RGPS).

The other kind of social security pension is optional. It aims at providing an additional social security protection to workers. They are managed privately and therefore, do not appear on the public budget. For having a complementary aspect to the social security system, the optional pension is also known as Complementary Security (PC).

For the area of Social Care, U.S. \$ 188.2 billion in funds have been allocated. Almost all of these resources will be allocated to the payment of RGPS welfare benefits, which will use U.S. \$ 186.7 billion. The remainder amount will be used in actions that directly impact the service provided by Social Security to society, particularly in relation to the installation of new operating INSS units, as well as the reforms, adjustments and operation of the existing units, seeking to facilitate society access to the pension system with greater efficiency and comfort.

The Statutory Pension Scheme will have a budget of U.S. \$ 45.6 billion. These funds will be used primarily for the payment of pensions of military

armed forces and civil servants.

In Social Security, there is also a field of Special Social Security. This area refers, in general, to the payment of benefits to the insured individual who has worked in harmful conditions to health or physical integrity. The value in the PLOA 2012 for the payment of these benefits, in addition to violation repair and human rights defense is approximately U.S. \$ 1.4 billion.

In the item Others, among other actions, are those related to the functioning of the Social Security Ministry, INSS and Previc. Of all the expense items, to maintain the structure analysis, allocation and payment of millions of RGPS benefits, one may highlight: U.S. \$ 362.8 million for data processing and treatment of RGPS beneficiaries. Other important activities included in this topic are the supervision of complementary security funds held by Previc, professional rehabilitation services and auditing of public servants own regimes.

Finally, for the proper functioning of all this structure, the Ministry of Social Security, including other agencies linked to it, especially the INSS service network, will have values of about U.S. \$ 2.9 billion for expenses related to payment of Active Personnel and Social Charges, in which it is included, for example, expenses with the operation of the Social Security resources Board.



HEALTH

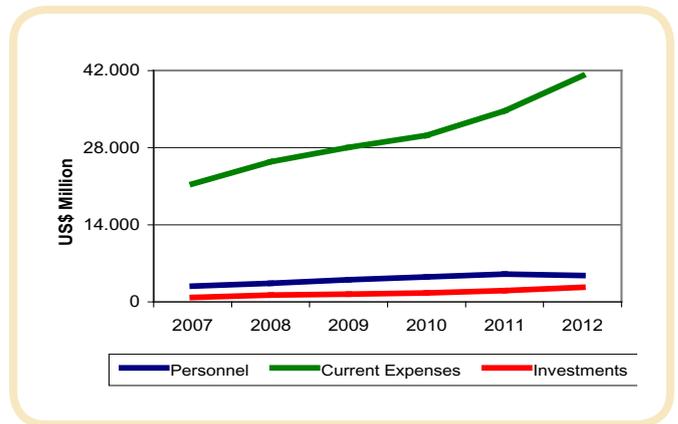
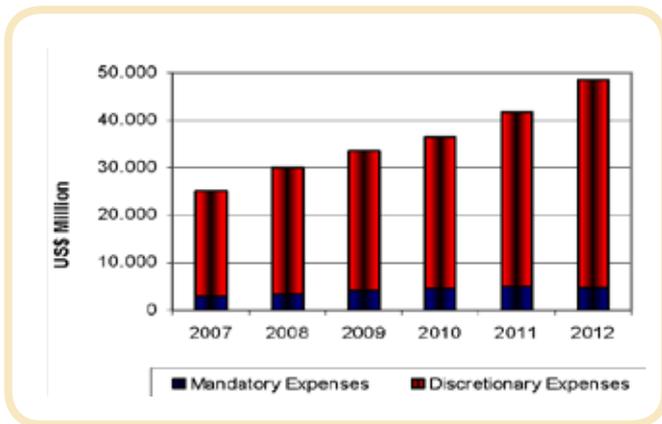
The Health area is predicted in the Constitution, in the head of Article 196: health is everyone's right and the State's duty, guaranteed by social and economic policies aimed at reducing the risk of disease and other hazards and of universal and equal access to actions and services for its promotion, protection and recovery.

The public health policy in Brazil is conducted through the Unified Health System (SUS), which comprises a set of organized and coordinated activities and services, having as guidelines: decentralization, comprehensive care and community participation. This system brings together public federal, state and local institutions, and private institutions hired or associated in a complementary manner.

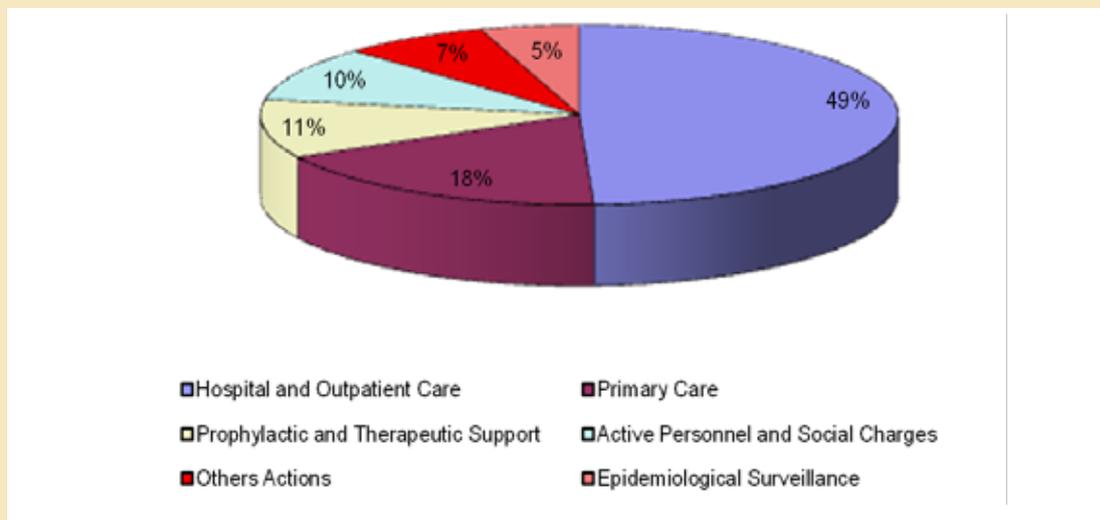
With the gradual decentralization of health services occurred in the last two decades, the responsibility of Municipalities in assisting their populations has increased. The role of the Union as a coordinator and financier of health policies, providing technical and financial cooperation to States and Municipalities has also expanded.

Such a fact is most clearly demonstrated when one looks at the growth in the share transfers within the area of health expenses to states and municipalities; they jumped from 51% in 2001 to 70% in 2010.

Thus, the total amount of predicted resources for Health in 2012 is \$ 48.5 billion, which will be allocated



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The Constitutional Amendment no. 29, of 2000, states that expenses on Health in the Union should receive annual increments according to the variation of the nominal Gross Domestic Product (GDP). Thus, budget funds allocated to Health in 2012 should be 11,33% (a 2011 GDP projection) higher than those allocated in the 2011 budget.

as following: U.S. \$ 23.9 billion will be allocated for Hospital and Outpatient care. In this area, 87% of these resources, or U.S. \$ 20.8 billion, will go to the Ambulatory and Hospital services, of which, medium and high complexity procedures stand out (a great part of these resources are transferred to states and municipalities) and the Stork Network program, which has as its objectives the new care model during labor, birth and child health, a care network that ensures access, host, and is capable of giving a solution to users problems in an appropriate manner, in the closest location to home or sending these women where their needs can be met, according to the level of complexity, and reduced maternal and neonatal mortality

It is worth pointing out that in this area they included the expenses with the Mobile Emergency Service (SAMU 192), which will have resources of about U.S. \$ 554.3 million, the implementation of Emergency Care Units (UPAs) and the actions of specialized attention in mental health, which involves the fight against crack.

In the area of Primary Care, U.S. \$ 8.7 billion will be invested. A significant amount of these resources will be applied to Basic Care, to ensure the municipalities an amount per capita (per person) of about U.S. \$ 14.00. Another action in this area that

deserves mentioning is dental care. Through the program “Smiling Brazil”, the government intends to improve the provision of oral health to the population that does not have access to dental care. Thus, resources of about U.S. \$ 140.2 million are predicted.

Regarding a Prophylactic and Therapeutic Support, U.S. \$ 5.1 billion will be applied. In this area, there is the Pharmaceutical Assistance and Strategic Inputs, which expect funds of approximately U.S. \$ 3.4 billion for the acquisition and distribution of drugs. In the list of strategic medication are those for sexually transmitted diseases (DSTs) distributed by the National DST and AIDS Program to more than 190.000 patients. There is also the distribution of drugs for other diseases such as tuberculosis, malaria, leprosy, among others.

Another program developed in this area is the Here We Have Popular Pharmacy, which currently benefits nearly 1.3 million Brazilians each month. Of these, approximately 660.000 are hypertensive and 300.000 are diabetic. The program is developed by the Federal Government in partnership with private pharmacies and drugstores, which accredit spontaneously when setting the agreement with the Ministry of Health. For this program, U.S. \$ 731.7 million is predicted.

The Program Health has No Price initiated in 2011, provides free medicine for hypertension and diabetes in accredited drugstores in the Here We Have Popular Pharmacy network.

In the area of epidemiological surveillance, U.S. \$ 2.4 billion will be made available. Of this amount, nearly half (\$ 1.1 billion) will go to states, Federal District and municipalities as financial incentives for the development of health surveillance actions. Another large part (\$ 1 billion) will be for the acquisition and distribution of vaccines and disease control.

In the item Others, there are actions that also have a strong impact on population health. Among

them, those related to sanitation stand out. They will have resources of about U.S. \$ 516.2 million, mainly destined for the installation of sanitary improvements in household and public water supply and sanitation systems.

To address these and other challenges in public health, about U.S. \$ 4.8 billion have been allocated for the payment of Personal Assets and other Social Charges

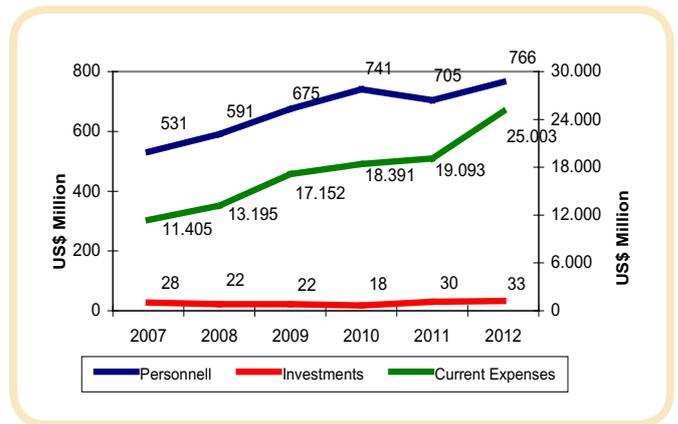
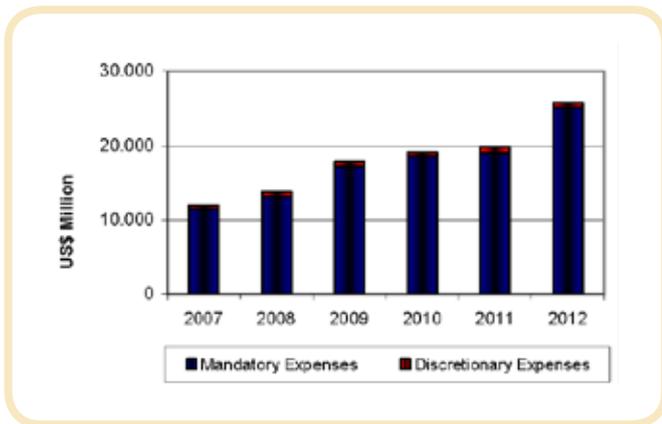
LABOR



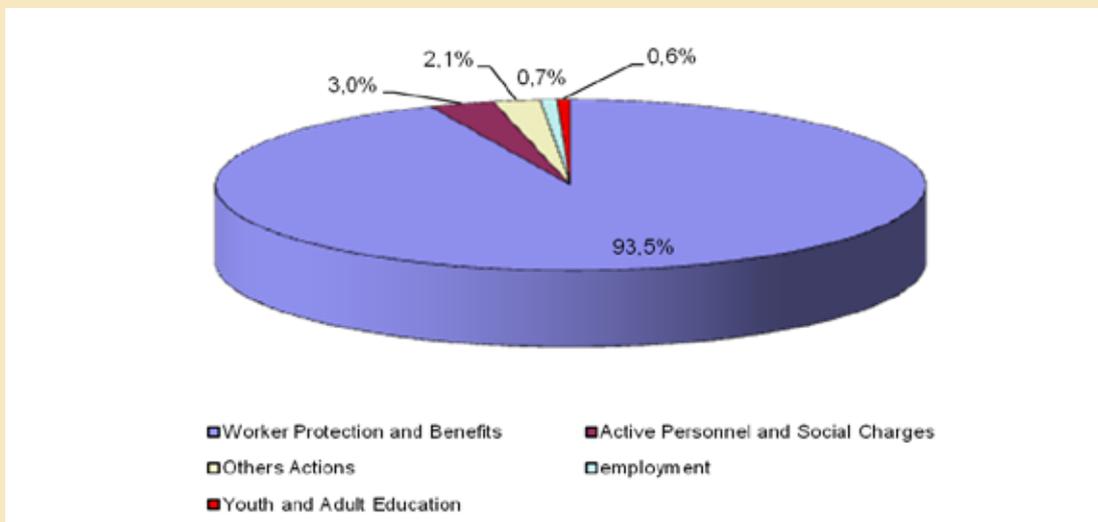
The Ministry of Labor and Employment is in charge of developing and implementing policies and guidelines related to the generation of employment and income, and the labor market. Among its responsibilities, we may point out, besides the issue of employment and income generation, the supervision of labor relations, training and professional development, in addition to health and safety at work.

The actions of protection towards the worker, such as unemployment insurance and retraining courses sponsored by the employee on temporary and involuntary unemployment, are fully sponsored by the state, although in most cases, their realization is done in partnership with unions, state and local governments and nongovernmental

organizations, who are responsible for their implementation. The main sources of Ministry funds come from financial revenues and from the collection of contributions to the Social Integration Program



MAIN AREAS OF PERFORMANCE



(PIS / Pasep), which is a contribution payable by companies and other legal entities, in order to pay both unemployment insurance as well as salary bonuses, in the latter case, for workers earning up to two minimum wages

Additionally, we mention the policy by which the Ministry gradually promotes the universal right of workers to qualification, in order to contribute to the increased likelihood of obtaining employment and decent work and the participation in the process of generating job opportunities and income, social inclusion, poverty reduction, combating discrimination and reducing vulnerability of populations

Of the U.S. \$ 25.8 billion that will go to work, U.S. \$ 24.1 billion were directed to the area of Worker Protection and Benefits. The priorities of this area are salary bonuses payments and unemployment insurance.

With regard to the payment of salary bonuses, with total assets of U.S. \$ 8 billion, all workers enrolled in the PIS / Pasep for at least five years, whose monthly salary, the previous year, was up to two minimum wages and had at least 30 working days, annually benefit the amount of a minimum wage salary.

It is worth mentioning one other form of worker protection, which consists in the payment of unemployment insurance and will have, for 2012, U.S. \$ 16.1 billion. It is an important benefit for income maintenance, in case of unemployment with no apparent reason or to rescue workers in slave like labor, by interrupting their productive activity or by interrupting the activity of their employer, as well as for fishermen in times of forbidden fishing, the so called closed season.

With respect to employment, the Qualification

Sector Plans (PlanSeQs) and Qualification Territorial Plans (PlanTeQs) should be highlighted. The PlanTeQs are focused on meeting the need of qualification, taking into account territoriality aspects, to have greater local participation and consideration of priority groups in accordance with local realities. In turn, the PlanSeQs seek emergency care demands, structural or sector qualification. The budget for the PlanSeQ is \$ 36.6 million and for the PlanTeQ is U.S. \$ 33.5 million.

It is also worth pointing out youth qualification through the “ProJovem Trabalhador” or ProYouth Worker. This program has as its target, young people between 18 and 29 years of age, with complete primary education, in a situation of unemployment and who are members of families with monthly income of up to a minimum wage per person. Participants receive a financial aid of U.S. \$ 366 (in six installments of U.S. \$ 61), as long as they show evidence of attendance at training courses. Thus, it aims at promoting the creation of job opportunities, employment and income for young people at increase vulnerability to the world of work, through socio-professional qualification with a view to inserting them in the productive activity.

An amount of U.S. \$ 757.6 million will be used for the payment of Active Personnel and Social Charges of the Ministry of Labor and Employment (U.S. \$ 731.7 million) and for the Jorge Duprat Figueiredo Foundation for Safety and Labor Medicine (U.S. \$ 25.9 million), required for the implementation of the labor policy.

There are still important areas that are grouped in the item Others, such as the allocation of funds for labor development and the training of human resources.



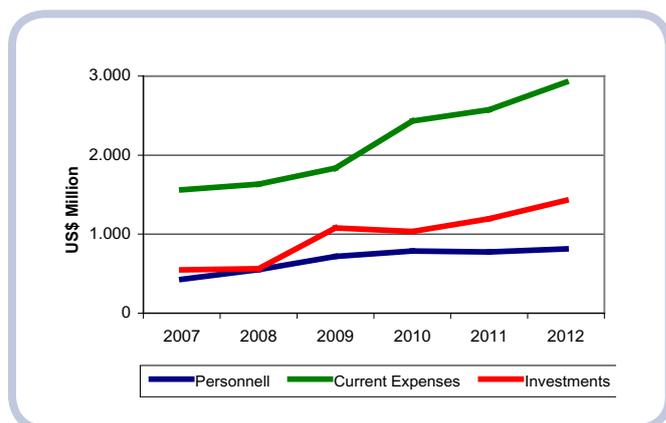
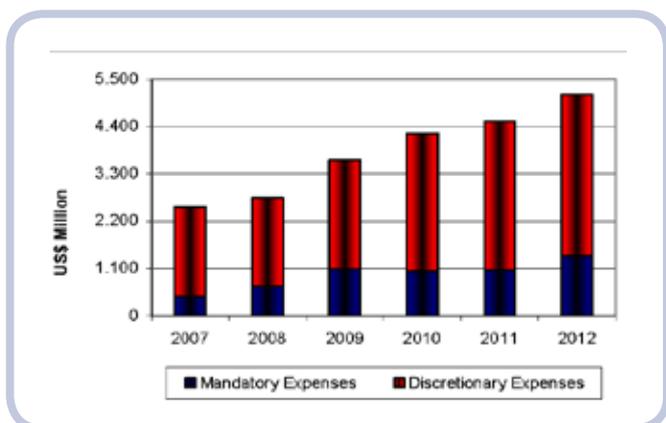
SCIENCE AND TECHNOLOGY



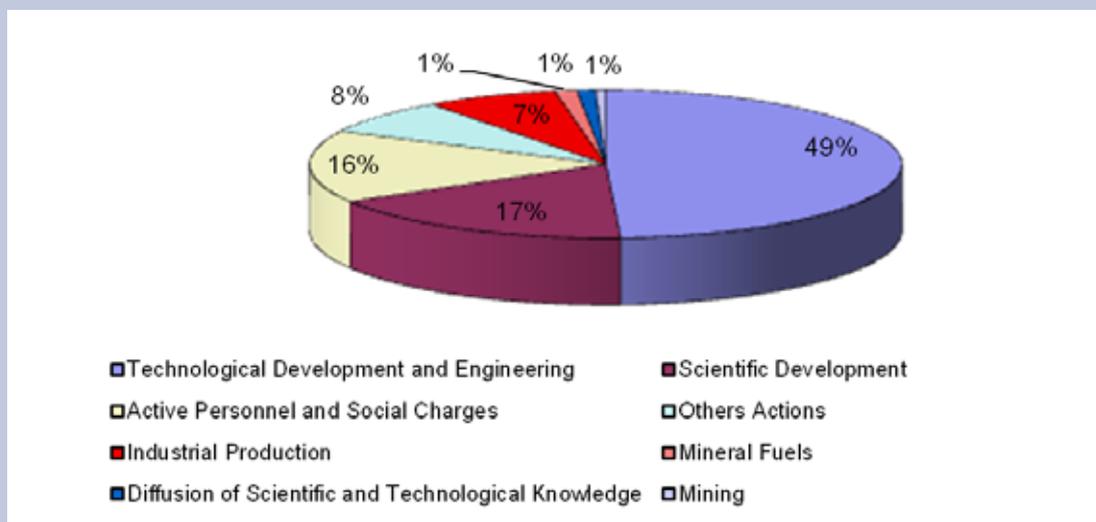
The main agency that operates in this area is the Ministry of Science, Technology and Innovation that oversees and coordinates national space and nuclear policies, scientific research, technology and innovation, the development of information technology and automation, bio-security, and the control of delicate goods and services exportation.

Two major research funding agencies are linked to the Ministry: the Studies and Projects Financier (FINEP) and the National Council for Scientific and Technological Development (CNPq). It is also part of the development of Science and Technology in the country: the National Commission of Nuclear Energy (Cnen), the Brazilian Space Agency (AEB), nineteen units of scientific, technology and innovation research, and four state-owned enterprises: The

Brazilian Nuclear Industries (INB) Nuclebrás Heavy Equipment (Nuclep) Alcântara Cyclone Space (ACS) and the Center of Excellence in Advanced Electronics Technology (Ceitec).



MAIN AREAS OF PERFORMANCE



The area also counts with the National Fund for Scientific and Technological Development (FNDCT), managed by Finep, which features the Science and Technology Sector Funds, the instruments that finance research projects, development and innovation. In general, resources are invested in projects selected through public notices in the following areas: research infrastructure, petroleum, energy, water resources, mineral resources, information technology and automation, aeronautics, space technology; subjects of interest to the Single Health System (SUS), agribusiness, biotechnology, water transport, and the Amazon region and transportation.

Of U.S. \$ 5.2 billion, U.S. \$ 2.6 billion will be spent on Technological Development and Engineering, with most of the resources invested on the Sector Funds, which will receive U.S. \$ 1.6 billion. As for the financing of studies and projects, U.S. \$ 568.9 million will be allocated.

For Scientific Development, an amount of U.S. \$ 914.6 million is predicted, with an emphasis on the grants program for studies and research under the responsibility of CNPq, whose value is U.S. \$ 670.7 million for 2012, to attend more than 75,000 scholars.

Regarding scholarships, the Science without Borders action deserves special mention. It consists of grants for the attraction, setting and exchange of qualified human resources in various modalities. For 2012, 6,140 new scholarships will be under the responsibility of CNPq and other 10,200 within CAPES. Students and researchers rely on international mobility alternatives, strong performance in the conclusion of agreements and cooperation agreements with agencies and international centers of excellence.

We emphasize the implementation of the National Monitoring and Warning of Natural Disasters Center, with a budget of \$ 10.1 million, and the Monitoring and Warning of Natural Disasters System, with U.S. \$ 6.4 million. The system will help prevent tragedies, mainly due to rains.

Another important MCTI activity relies in the area of industrial production, which involves strategic sectors, with a focus on developing technology. In the nuclear area, there are the government companies INB and Nuclep. As for CNEN, it is interesting to mention the production of radioactive substances for the medical area. Also, Brazil produces fuel for nuclear power plants.

It is worth mentioning the \$ 198.2 million for the space area, in particular for the implementation of a space complex and for the Alcântara center of satellite launching.

The area also includes actions aimed at promoting, developing and implementing digital inclusion, the promotion of investment in economic infrastructure for sustainable development and to support the establishment and modernization of technological vocational centers, museums and science and technology centers, among others.



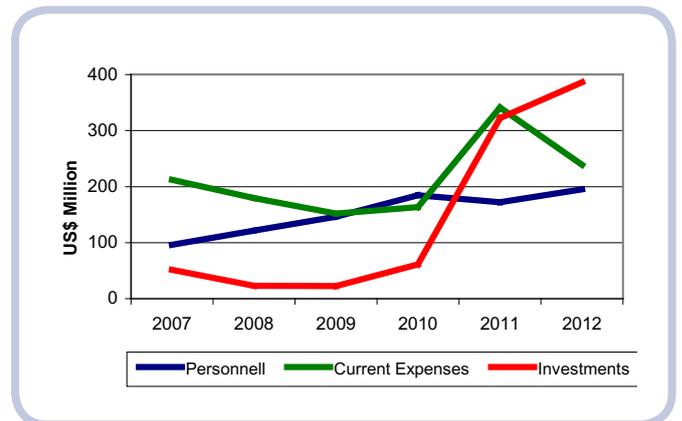
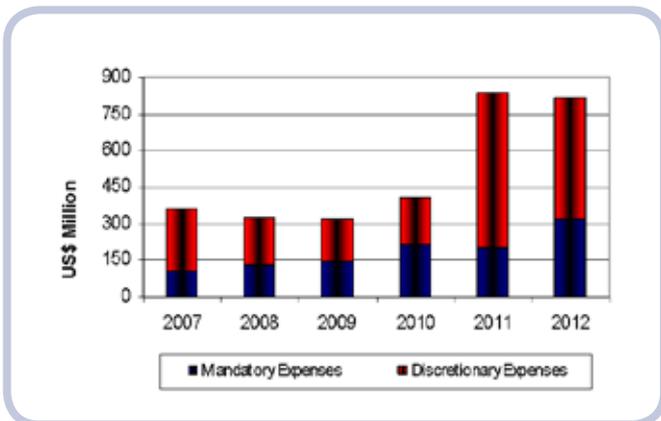
COMMUNICATIONS



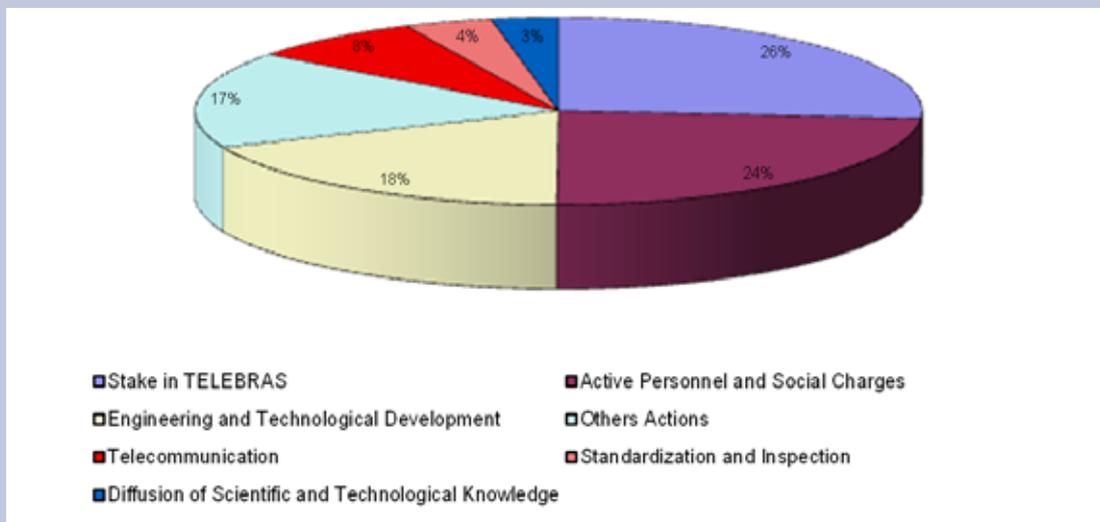
The Ministry of Communication has competences related to the national telecommunication and broadcasting regulations, granting and supervision of telecommunication and broadcasting, the control and management of radio spectrum use and postal services.

In order to implement these policies, the Ministry has an important regulatory agency: the National Telecommunication Agency (Anatel), which is responsible for implementing the National Telecommunication Policy, propose the General Concession Plan and General Plan for the universalization of telecommunication services and act in the defense and protection of users of these services, among others.

In addition to Anatel, the agency counts with the Fund for the Technological Development of Telecommunication (Funttel), which aims at stimulating the process of technological innovation, encouraging the training of human resources, fostering job creation and promoting the access of small and medium-sized enterprises



MAIN AREAS OF PERFORMANCE



to capital resources in order to increase the competitiveness of the Brazilian telecommunication industry.

The Ministry of Communication prepares its policies according to four areas: Telecommunication, Technology and Engineering Development, Dissemination of Scientific and Technological Standards and Supervision.

The amount of \$ 792.7 million for Communication, U.S. \$ 215.4 million will be allocated, so that the Brazilian Telecommunication SA (Telebrás) can continue the implementation of the Broadband Network National Infrastructure, with the acquisition of satellite communication and two ground stations, and the improvement and expansion of the optical data transmission, through the purchase of ocean cables for international interconnection.

An amount of U.S. \$ 63.9 million will be allocated to the area of Telecommunication. Much of this value, U.S. \$ 60.4 million, will be for digital inclusion, with a highlight to the Project Digital Cities (U.S. \$ 24.4 million), with a view to providing necessary infrastructure for internet access in cities with low Human Development Index (HDI), and for the expansion and maintenance of broadband internet connection (U.S. \$ 36 million).

Another important tool of digital inclusion is the National Broadband Plan - PNBL, which has the goal of extending access to broadband internet until 2014. The PNBL will enable the start of a new

virtuous development cycle, since the spread of broadband access helps to ensure the country's economic and social development.

Regarding the area of Standardization and Inspection, U.S. \$ 32 million will be allocated for supervising telecommunication services, monitoring the quality of services provided to users and regulating telecommunication services in favor of Anatel, responsible for providing these services. For the area of Engineering and Technological Development, U.S. \$ 152.2 million will be allocated with an emphasis on the U.S. \$ 121.9 million that will be used for financing development projects in telecommunication technologies. The programs in this area are intended to stimulate the technological innovation process, aimed at increasing the Brazilian industry competitiveness.

For the Diffusion of Scientific and Technological Knowledge, U.S. \$ 24.4 million will be spent to support digital inclusion projects aimed at specific social groups, such as youngsters and women, in remote or excluded locations.

We can also highlight other important areas that are grouped within the item Others of the graph, such as relations with telecommunication service users, the modernization of the data processing structure of the Ministry of Communication and public utility publicity.



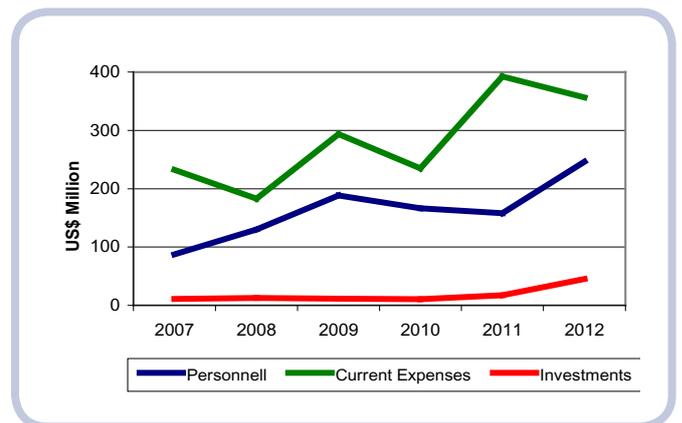
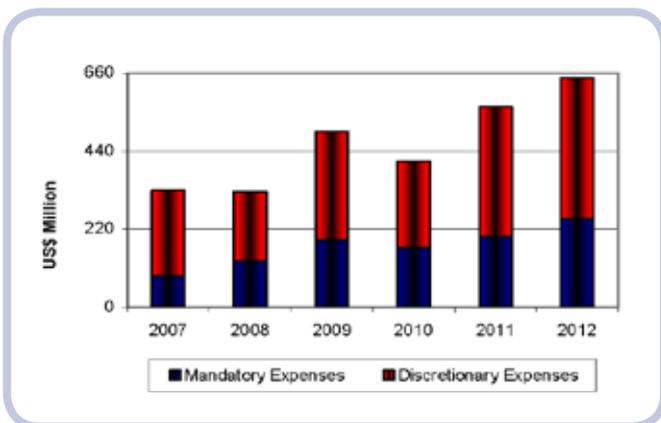
ENERGY



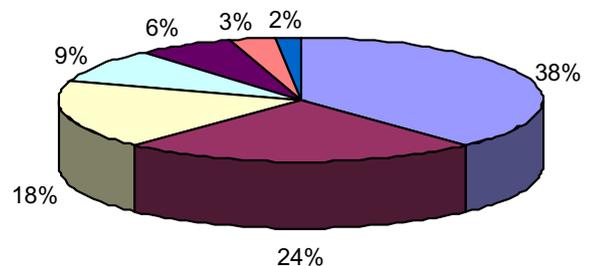
The main responsible agency for implementing the public Energy policy is the Ministry of Mines and Energy, whose area of competence is related to electricity, oil, natural gas, biofuels and alternative energy sources, among others.

Basically, the actions of the Ministry in the energy sector focus on the supervision of services and related activities, and granting of concessions held by the National Electric Energy Agency (ANEEL) and the National Petroleum, Gas and Biofuels Agency (ANP), and in the preparation of studies and policies tailored to the areas, leaving the work, especially that related to the Growth Acceleration Program (PAC), in charge of linked government companies.

The Ministry is also responsible for the design, integration and coordination of the Ten Year Plan for Energy Expansion (PDE 2008-2017). The PDE seeks



MAIN AREAS OF PERFORMANCE



- Active Personell and Social Charges
- Mineral Fuels
- Others Actions
- Standards and Inspection
- Engineering and Technological Development
- Electric Energy
- Grants Administration

The approach in this area is only restrained to the Fiscal Budget and Social Security, and therefore, investments of non dependent government enterprises, such as Petrobrás and Eletrobrás are not included. They have their shares and appropriations listed in the Investment Budget of Government Enterprises.

references for the implementation of new infrastructure facilities in the energy supply, which is necessary to meet the growing demand, in an environmentally sustainable way, while minimizing social, environmental and operating costs, and attending the guidelines related to energy security and moderate rates

Of the total amount of U.S. \$ 670 million allocated for the energy sector in 2012, U.S. \$ 154.8 million are destined to the area of Mineral Fuels, encompassing resources for the development of studies and geological and geophysical services applied to oil and natural gas prospection (U.S. \$ 145.7 million) and to the management of all the information gathered on sedimentary basins (U.S. \$ 8.5 million). Taken together, these actions will enable the generation of data and technical inputs to guide the strategic decisions of ANP towards future exploration efforts.

An amount of U.S. \$ 57.1 million will be allocated to the area of Standards and Inspection. The area's main activities are monitoring the distribution and retailing of oil products and biofuels and inspecting the activities of the oil industry conducted by ANP, and of the electric energy services by Aneel.

For the area of Engineering and Technological Development, U.S. \$ 40.5 million will be allocated in 2012, of which U.S. \$ 39.9 million will go to the Technical Assistance Project for Energy and Mineral Sectors (Meta), which aim at expanding and consolidating advances in these sectors,

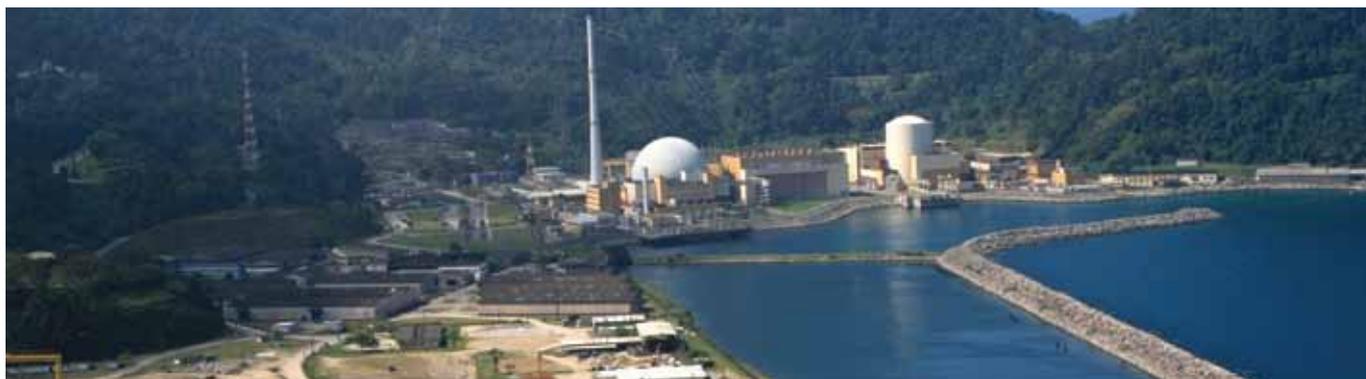
including the preparation of studies for the implementation of Ultra High Voltage technology in the country, thus allowing the optimization of the hydroelectric potential of the Amazon Basin.

.Regarding Electric Energy, U.S. \$ 20.1 million will be allocated in 2012. The highlights of this area are the development of inventory and feasibility studies aimed at expanding hydroelectric generation (U.S. \$ 8.1 million) and the functioning of Aneel's Ombudsman (U.S. \$ 6.2 million). The Ombudsman is responsible not only for providing information, clarification and guidance to consumers, but also for registering complaints regarding the provision of electricity services by utilities, allowing greater transparency in the Agency's actions, aimed at improving the quality of electric energy services.

Another highlight is the area of Grants Administration with U.S. \$ 11.3 million, whose main action is the Management of Concessions for the Exploration, Development and Production of Oil and Natural Gas (U.S. \$ 9.1 million), which aims at ensuring the faithful execution of contracts.

For the payment of Personnel and Social Charges, U.S. \$ 246 million will be spent. An amount of U.S. \$ 82.6 million will go to ANP, U.S. \$ 73.8 million to Aneel, U.S. \$ 57.6 million to the Ministry's Central Administration and U.S. \$ 32.1 million for the Energy Research Company (EPE).

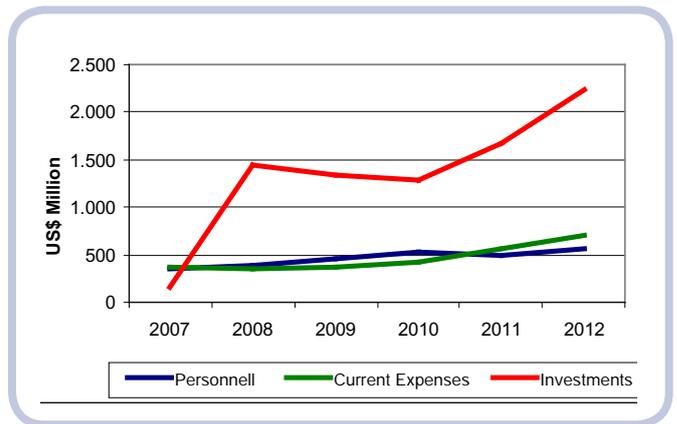
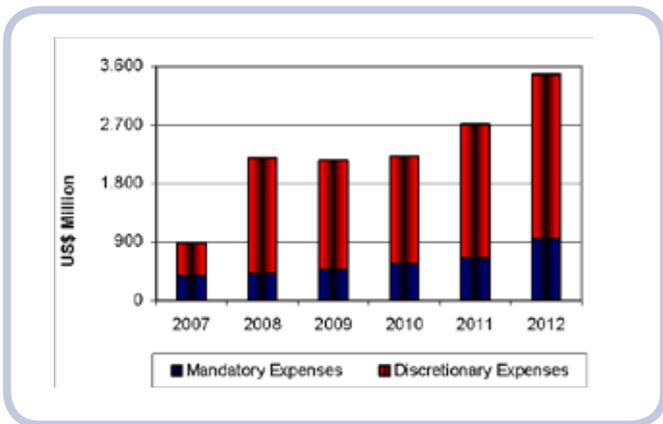
In the item Others, they gathered the actions for maintaining the Ministry of Mines and Energy's linked agencies.



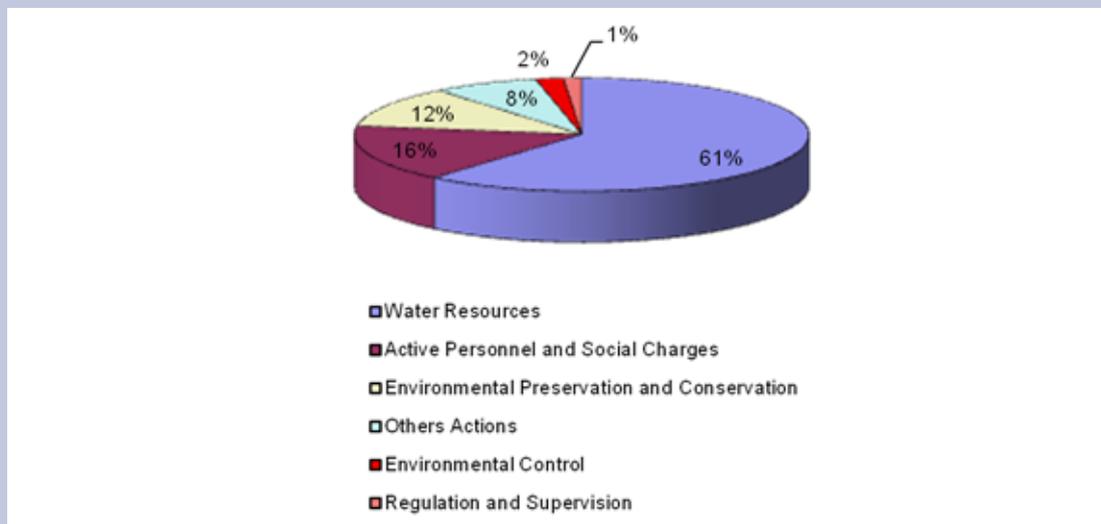
ENVIRONMENTAL MANAGEMENT



Environmental management is provided in the head of Article 225 of our Constitution: everyone has the right to an ecologically balanced environment, of people's common use and essential to a healthy quality of life, and it is the Public Power and society the duty to defend and preserve it for present and future generations. In the same line, Article 170 states that environmental protection should be included in economic activities, to the extent that it requires different treatment according to the environmental impact of products and services provided.



MAIN AREAS OF PERFORMANCE



To comply with the constitutional provision to protect the environment, the Brazilian main agency is the Ministry of Environment, aided by the following entities linked to it: the Brazilian Institute of Environment and Natural Resources (IBAMA), the Chico Mendes Institute of Biodiversity Conservation (ICMbio) and the National Water Agency (ANA).

The Ministry's mission is to promote the adoption of principles and strategies for knowledge, protection and restoration of the environment, sustainable use of natural resources, the appreciation of environmental services and the integration of sustainable development in the formulation and implementation of public policies. Thus, as the National Environmental Policy's mechanisms, the Government has defined among other tools, the environmental licensing of actual or potential polluting activities, environmental zoning, the creation of protected areas and forest concessions

In addition, because of important works that aim at creating real conditions for sustainable and autonomous development in the Northeast, especially in its semi-arid, the Ministry of National Integration operates across the area of Water Resources, through the São Francisco River Integration Program (PISF) and the execution of works related to water infrastructure, in order to increase the supply and access to water for consumption and production as well as recover strategic reservoirs for the integration of the São Francisco River.

In total, the Water Resources area will receive U.S. \$ 2.1 billion investment, of which \$ 914.6 million are headed to the integration of the São Francisco river basins.

We highlight the integration works with the Northern Northeast Basins, the so called East Axis, and integration with the basins of Jaguaribe, Piranhas, and Acu-Apodi rivers, North Axis, besides the implementation of the Wasteland Aqueduct and the construction of the Coastal Strand Canal. Also, works of implementation, expansion and improvement of public sewerage systems in the San Francisco and Parnaíba river Basin Municipalities will be held, aiming at its revitalization.

To increase the supply of water for consumption and production, U.S. \$ 568.3 million will be allocated in projects within the Brazil without Poverty Plan.

It will enable the construction of tanks and small infrastructure and acquisition of equipment for water storage, and U.S. \$ 301,1 million will be spent for the continued implementation of various water supply systems, involving pipelines, dams and weirs.

The Preservation and Conservation area, in turn, will count with U.S. \$ 412.6 million, of which U.S. \$ 241.2 million will be invested on the Climate Change National Policy in order to support or fund projects aiming at reducing and / or adapting the effects of climate change. Among other actions to be developed in this area, there is the support to the creation and management of protected areas, land use regulation of federal protected areas, and actions to stimulate demonstrative projects in the Amazon and Atlantic Forest and of biodiversity conservation, use and recovery.

In the area of Environmental Control, U.S. \$ 70.4 million will be spent with an emphasis on prevention, fire control and forest fires, which are part of the Forestry, Prevention, Deforestation and Fire Control Program, which will with U.S. \$ 38.4 million in funds. Moreover, the Government will also develop actions in this area related to improving the federal environmental licensing process, the implementation of the National Solid Waste Policy and the control, tracking, sorting, recovery and disposal of wildlife animals.

The regulation and supervision of environmental resource activities, which are part of inspections on water resource use, deforestation activities and the fishing industry and wildlife activities, among others, will receive resources of about U.S. \$ 45,1 million.

In item Others, the Government has classified other actions of direct impact on the environmental management such as the recovery of degraded areas and urban sanitation, and actions for the operation and maintenance of the Ministry of Environment, its assisting agencies and related entities.

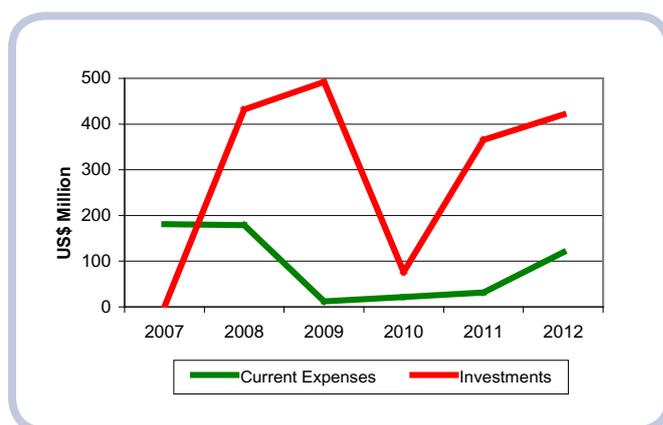
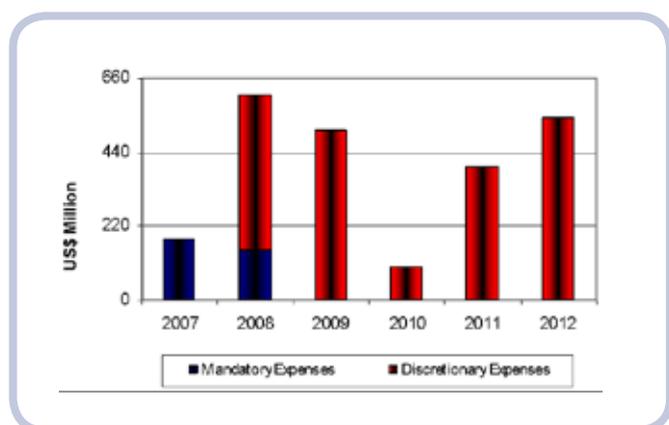
Finally, for the implementation of these and other activities related to the Environmental Management, U.S. \$ 566.3 million were allocated for the payment of Active Personnel and Social Charges of the Ministry, IBAMA, ICMbio and ANA.

HOUSING

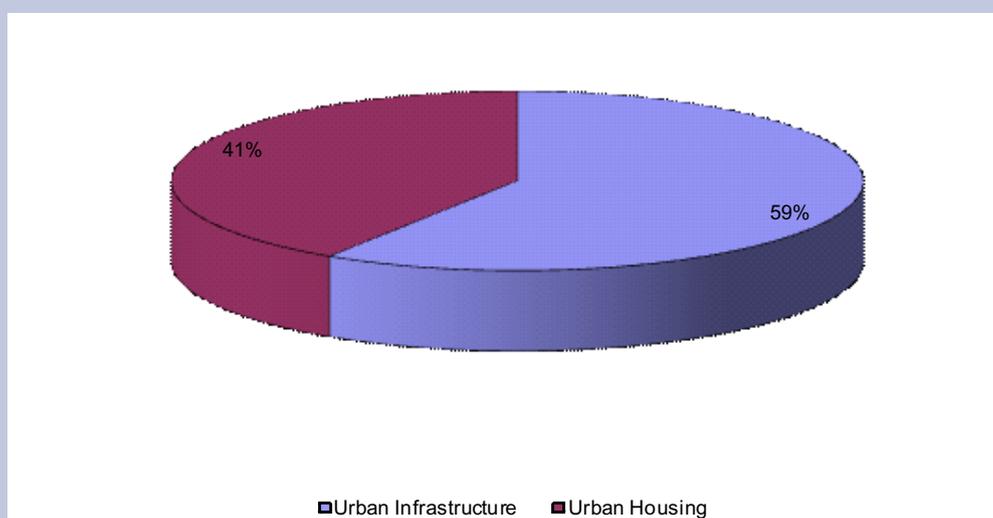


In its article 6, the Constitution states that housing is a social right. In this context, the Ministry of Cities is entrusted with developing policies for housing, sanitation, urban transport and mobility, as well as infrastructure and urban development actions, among others. Regarding the implementation of a housing policy, the Ministry counts with the National Housing Office (SNH), responsible for monitoring and evaluating, formulating and proposing instruments for the implementation of the National Housing Policy (PNH), whose general objectives are: universal access to housing and the promotion of urbanization, settlement and integration of precarious settlements into the city; the democratization of access to urban land and to real estate

secondary market; the increase in productivity and quality in housing production.



MAIN AREAS OF PERFORMANCE



The role of the Federal Government in housing counts with resources, mostly; from funding lines of official credit banks such as Caixa Econômica Federal and Banco do Brazil, which are not part of the Government's budget.

In addition to SNH, the National Fund for Social Housing (FNHIS) was created by means of Law nº 11.124/2005, in order to centralize and manage resources to implement housing policies aimed at the lower income population. It is worth highlighting that its resources are defined by Law, for example, the acquisition, construction, completion, improvement, reform, social renting and leasing of housing units and the production of urbanized land for residential purposes.

Of the U.S. \$ 540.3 million for Housing, U.S. \$ 319.1 million is allocated in urban infrastructure shares, which aim at supporting the improvement of living conditions in precarious settlements.

The Urban Housing sector will receive U.S. \$ 220.8 million to support the preparation of social interest housing and the provision of popular housing.

With regard to the housing policy, some innovations marked the period that began in 2007,

such as the inclusion of slum urbanization among investments from the Acceleration Program (PAC), further actions from FNHIS and the creation of My House My Live - PMCMV in 2009.

The FNHIS consists of funds from the Government's General Budget, the Social Development Support Development; sources such as loans, grants (including from international cooperation agencies), among others. These features are defined by Law enforcement, for example, the acquisition, construction, completion, improvement, reform, social renting and leasing of housing units and production of urbanized land for residential purposes, among other applications.

The PMCMV aims at creating mechanisms to encourage the production and acquisition of urban and rural housing. With the release of PAC 2, the Program's goal was expanded to 2 million homes by 2014, for families with monthly income of up to U.S. \$ 2,835.36

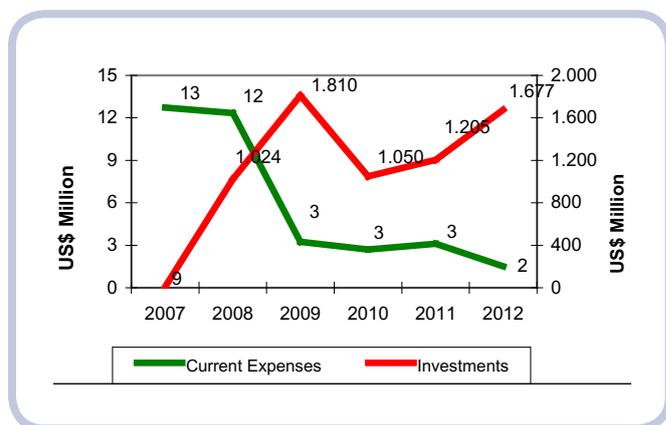
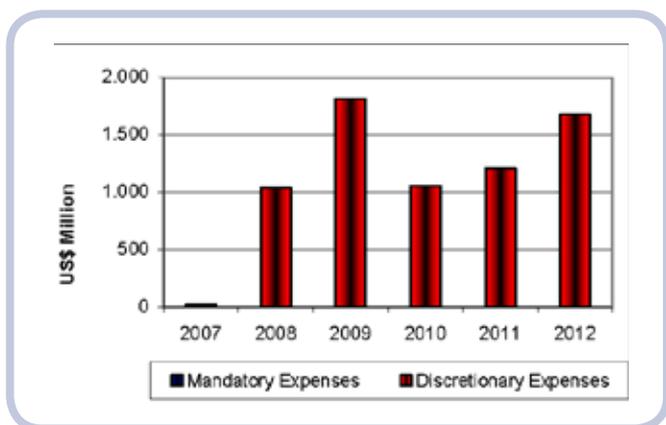


SANITATION

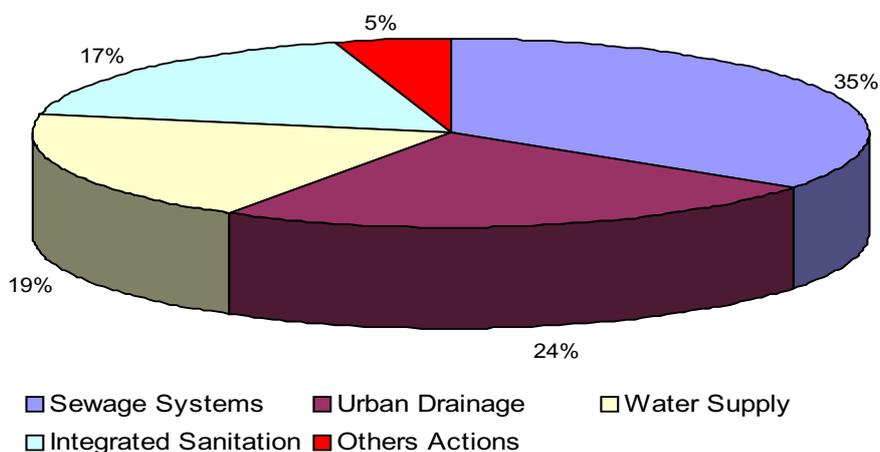


In article 21, the Constitution stipulates that the Government is responsible for instituting guidelines for urban development, including housing, sanitation and urban transport.

Law n° 11.445/ 2007, regulated by Decree n° 7.217, of 2010 establishes national guidelines for sanitation. This law considers basic sanitation as a set of services, infrastructure and water supply operational facilities, sanitation, urban sanitation and solid waste management, drainage and urban rains water management. Additionally, the Federal Government has worked in the preparation of the National Sanitation, which contains the goals and guidelines for the next 20 years.



MAIN AREAS OF PERFORMANCE



The Health Ministry also develops Sanitation actions which are mainly run by Funasa. In this Ministry, the expected budget for the area is US\$ 609,8 million, of which US\$ 516,2 is for urban sanitation and US\$ 102,7 million for rural sanitation.

Regarding solid waste, Law nº 12.305/ 2010 was published and it established a National Solid Waste Policy, providing its principles, objectives and instruments, as well as guidelines for an integrated management and for solid waste management, the generators and the government's responsibilities and the applicable economic instruments.

The main responsible agency for implementing the Sanitation policy is the Ministry of Cities, whose task is to develop sanitation policies, among others. However, the National Health Foundation (Funasa), a Ministry of Health agency, also performs basic sanitation. They are geared towards health promotion and the prevention and control of diseases.

The implementation of these policies within the Ministry of Cities is in charge of the National Environmental Sanitation Secretariat (SNSA), which aims at promoting a significant advance, as fast as possible, towards the universalization of drinking water supply, sewage (collection, treatment and disposal), municipal solid waste management (collection, treatment and final disposal), and the appropriate management of urban rainwater, with the consequent flood control

An amount of U.S. \$ 1.6 billion under the responsibility of the Ministry of Cities, will be allocated to support integrated sanitation enterprises, urban drainage, water supply, and also rain water management and solid waste systems. As mainly a public health issue, access to basic sanitation services should be treated as a civil right, essential to the improvement of his/her quality of life.

In 2012, U.S. \$ 582.2 million will be invested on the purchase of equipment, implementation and expansion of sewage systems, covering the infrastructure necessary for the construction of trunk collectors and collector networks, pumping station, interceptors and outfalls, among others.

Actions to Support Sustainable Urban Drainage Systems and Rain Water Management will receive U.S. \$ 407.7 million to promote the improvement of urban drainage in areas often hit by floods by building reservoirs damping water and adequate maintenance of rivers, through waterway dredging, in order to reduce sedimentation, and channel straightening.

For the improvement of water supply services, U.S. \$ 333.5 million will be used to combat urban water deficit by enhancing the production and loss reduction in water supply with the expansion of the distribution network and replacement of obsolete equipment.

Integrated sanitation actions, with U.S. \$ 291.7 million of funds, aim at supporting the Federal District and municipalities in the implementation of actions involving at the same time more than one type of basic sanitation in the same urban location, necessary to the population's health and livability.

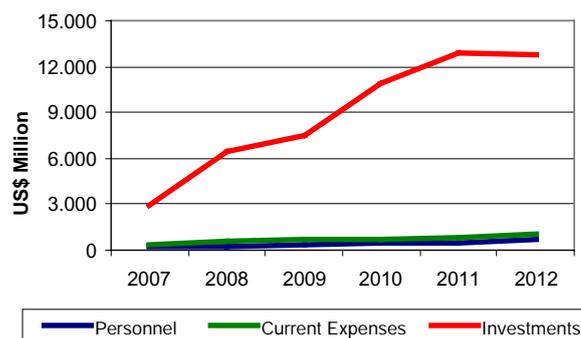
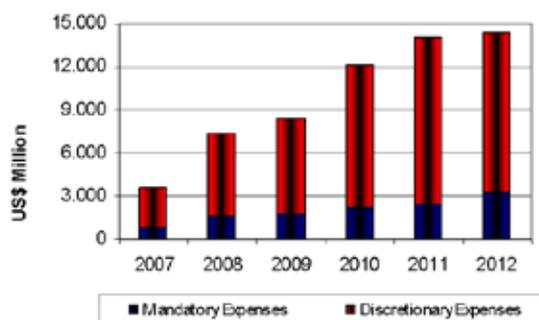
In the item Others, 2012 main actions will be: U.S. \$ 43.2 million for regional and national elaboration of plans and projects of basic sanitation and the structuring of the National Information System on Sanitation - Sinisa, in addition to U.S. \$ 13 million for the Solid Waste Management. It will be used to deploy the infrastructure needed to end dumps by constructing landfill units combined with sorting, composting and accelerated, digestion and complementary infrastructure for energy recovery. They have also predicted environmental education actions, contemplating, among others, the social inclusion of scavengers, and the elaboration of mechanisms that may induce to economic, social and environmental self sustainability

TRANSPORTATION

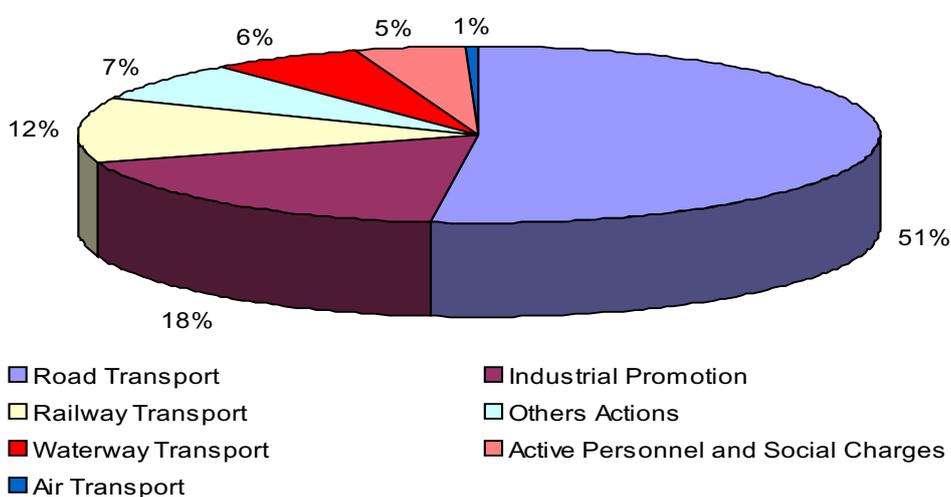
The Ministry of Transport is the main agency responsible for implementing the public Transport policy, in addition to the work of the Secretariat of Ports, linked to the Presidency. Among the areas of the Ministry competence is the national railroad, road and water transport policies and the participation in the coordination of transport airline staff.

For policy implementation, the Ministry has specialized agencies such as the National Department of Transport Infrastructure (DNIT), which is responsible for formulating the policy for the management of Federal Roads infrastructure, including operation, maintenance, restoration or replacement, capacity adequacy and expansion by building new roads and terminals, whose work focuses on the navigable waterways, railroads and federal highways. Valec - Engineering, Construction and Railroads S.A. is responsible for constructing and operating the railway infrastructure; the High Speed Rail Company, recently established by Law nº 12.404 / 2011, whose objective is to plan and promote the development of high-speed railroads, integrated with other means of transportation, and the Merchant Navy Fund (FMM), which operates the shipbuilding industry promotion policy.

In addition to the specialized agencies, the Ministry has regulatory agencies in the area of transport. The National Transportation Agency (ANTT) acts in the inspection of rail and road passenger transportation, cargo and conceded highways. It proposes plans for the exploitation of infrastructure and edits rules and



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regulations. The National Agency for Waterway Transportation (Antaq) has the same powers of ANTT, yet focused on waterway transportation

Of the U.S. \$ 14.4 billion allocated to the transportation sector, U.S. \$ 7.5 billion will be allocated to Road Transportation. A priority in this area is the maintenance of roads, or actions defined by the States of the Federation involving recovery services, restoration, preservation and marking of federal highways, in which \$ 3 billion will be applied.

It is also worth pointing out the Federal Highway Weighing Program, which aims at restraining excessive load on road transportation to avoid accelerated wasting of lanes and reduce the number of accidents involving cargo and passenger vehicles.

An amount of U.S. \$ 4.1 billion will also be destined to works on the adaptation and construction of road sections and other interventions, of which we may highlight the duplication of BR-101 in the Northeast and South, the construction of the northern section of São Paulo's beltway and services on BRs-364/AC, 060/GO, 163/MT/PA, 280/SC, 319/AM, 392/RS and 448/RS.

As for Industrial Promotion, U.S. \$ 2.6 billion will be allocated to actions that promote the development of the Merchant Navy and the shipbuilding industry, for the construction of ships and the establishment and modernization of shipyards, in charge of FMM.

With regard to the Railway Sector, U.S. \$ 1.7 billion will be allocated to support the implementation of the High Speed Train connecting the cities of Rio de Janeiro, São Paulo and Campinas. This amount will also go to the expansion of the railway network and eliminate bottlenecks in the existing network through the construction of rail contours, adjustments extensions, the construction of overpasses and the segregation of railway lines, with a view to reducing the influence of railroads in the urban road network, reducing traffic jam and disruption in the flow of vehicles

For the Waterway Sector, U.S. \$ 853.7 million will be allocated, with emphasis on the construction of river terminals in the North, with funds of about U.S. \$ 62.7 million, with a view to improve the transport of passengers and cargo of riverside

communities; the port infrastructure adequacy of Manaus Harbor, amounting to U.S. \$ 22 million, the investments aimed at improving the waterways of rivers Paraná and Paraguay, San Francisco, Madeira, Amazon, Tapajós and Tietê; the amount of U.S. \$ 108, 3 million, and U.S. \$ 8.3 million to upgrade the Porto Velho Harbor in the State of Rondônia. In the port sector, the Government seeks to put the Brazilian port terminals at the same level of competitiveness of the world's most efficient ones. In 2012, it is worth mentioning the works of the National Dredging Program - PND and those directed towards hosting the 2014 World Cup and the 2016 Olympic Games, by means of investments in the modernization of ports in six coastal cities (Natal, Fortaleza, Santos, Salvador, Rio de Janeiro and Recife) to receive passenger ships as floating hotels during the event.

Concerning air transport, U.S. \$ 79.9 million will be allocated. In this area, we must highlight the Federal Program to Help Airports (Profaa) aimed at airports and aerodromes of state interest and counts with U.S. \$ 78 million. The sector also relies on investments on the Information System for Civil Aviation Management. The Civil Aviation Secretariat (SAC) was created by Law Nº 12.462/2011, with the purpose of modernizing the Brazilian airports and preparing them for the 2014 World Cup and the 2016 Olympics.

The approach in this area involves only the Fiscal and Social Security Budgets, and therefore, the investments of the non dependent government's company, the Brazilian Airport Infrastructure Company (Infraero), whose investment for 2012 is U.S. \$ 1.2 billion, are not included here. This value is included in the Investment Budget of Government Enterprises.

Other relevant areas, grouped under the item Others, include transport infrastructure studies and projects, environmental impact studies for projects of transport infrastructure, studies for transportation planning and development of technological research in the area of transport, as well as expenditures related the management of transport policy and the agency's administrative operation, and resources for the regulation and monitoring conducted by Regulatory Agencies (ANTT and Antaq).

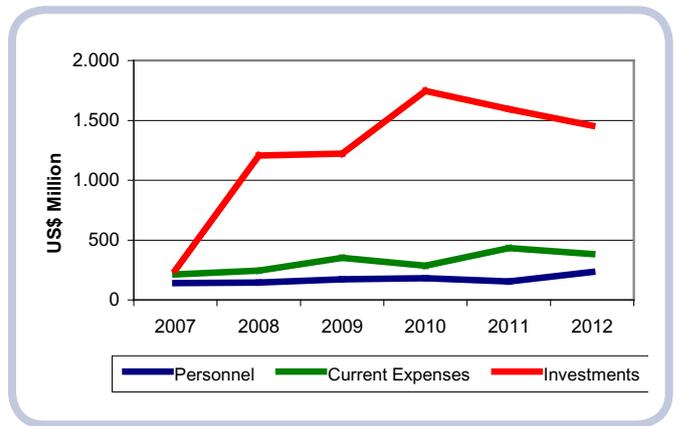
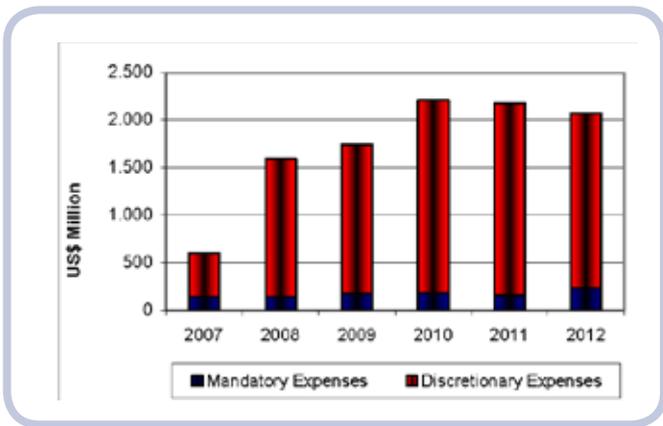
URBANISM



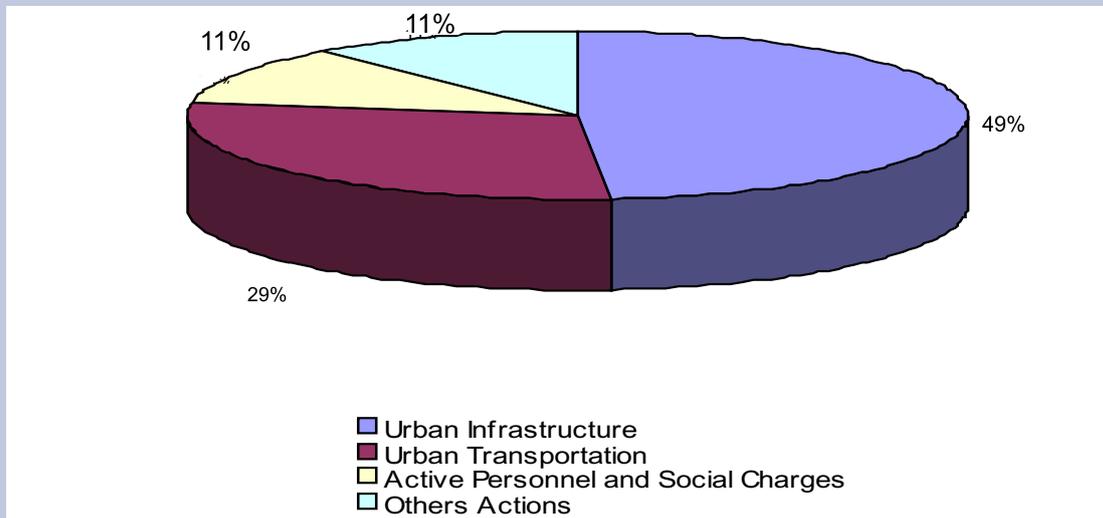
The main agency responsible for implementing the Urbanism policy in the country is the Ministry of Cities, which is directed to issues of land regularization, the rehabilitation of central areas and urban mobility.

In its structure there are four Secretariats: two specific for the implementation of the policy - the National Transport Department and Urban Mobility (Semob), which aims at formulating and implementing the policy of sustainable urban mobility and the National Urban Programs Secretariat (SNPU), whose mission is to stimulate, coordinate and support a network of partners, through participatory and democratic processes; and two others specific to the implementation of other policies: housing and sanitation, respectively: the

National Housing Secretariat (SNH), which aims at monitoring and evaluating as well as formulating and



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proposing instruments for the implementation of the National Housing Policy and the selection and contracting of works and housing projects in order to promote universal access to housing, and the National Secretariat of Environmental Sanitation (SNSA), which has the mission of universalizing the supply of drinking water, sewerage (collection, treatment and disposal), the management of municipal solid waste (collection, treatment and final disposal) and the appropriate management of urban rain water, with the consequent control of floods.

In addition to the Secretariats of the Ministry, two companies and a fund address this issue: the Brazilian Company of Urban Trains (CBTU), the Urban Trains Company from Porto Alegre S.A. (Trensurb) and the National Traffic Safety and Education Fund (Funset), for the development of actions in the Urbanism Sector.

The CBTU was created to coordinate the implementation and operation of urban trains and surface subways in large Brazilian cities. It is currently responsible for passenger transportation on rail systems in Recife, Belo Horizonte, Maceió, Natal and João Pessoa and it participates in implementation projects in Fortaleza and Salvador.

The Trensurb, on the other hand, was created to establish and operate a commuter rail line in the metropolitan area of Porto Alegre and directly attends the populations of Municipalities of Porto Alegre Canoas, Esteio, Sapucaia do Sul and São Leopoldo.

The Funset is intended to finance the expenses of the National Traffic Department (Denatran) regarding operational safety and traffic education

Of the U.S. \$ 2.1 billion for Urban Development, the Infrastructure sector got U.S. \$ 1 billion, of which, U.S. \$ 746.7 million will support precarious settlements, which seek to improve the living conditions of low-income families, by the regularization of land, urbanization and community development and \$ 243.9 million to support the planning and execution of works to contain slopes in urban areas.

In the area of urban transportation, U.S. \$ 593.7 million will be allocated in 2012, in order to deploy and operate metro transportation systems in Salvador, Fortaleza, Porto Alegre, Recife. Actions that can be cited, among others, are: the expansion and improvement of the metro network of the Urban Rail Transportation in Porto Alegre (RS), the support to the Implementation of the “Trecho Sul Vila das Flores - João Felipe” of the Urban Railway System in Fortaleza (CE), the support to the implementation of the Lapa- Pirajá” of the Urban Railway System in Salvador (BA) and the Modernization of the “Trecho Rodoviária-Recife-Cabo” of the Urban Railway System in Recife (PE), as well as the support to other projects of Urban Public Transport Systems .

For the payment of Personnel and Social Charges, U.S. \$ 234,1million will be spent in 2012. An amount of U.S. \$ 151 million will go to CBTU, U.S. \$ 53,7 million to Trensurb’s personnel and U.S. \$ 29,4 million to the Central Administration of the Ministry of Cities.

In the item Others, there are actions such as maintenance of the Traffic National System information technology, education for Traffic citizenship, the institutional strengthening of agencies and entities that are part of the Traffic National System (SNT), and the support to projects towards the reduction of traffic accidents.

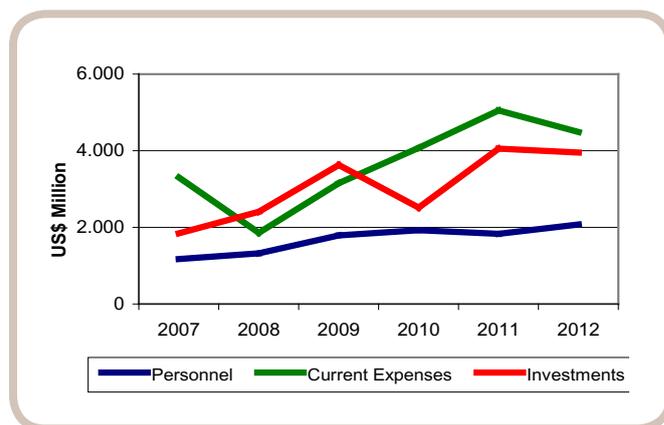


AGRICULTURE

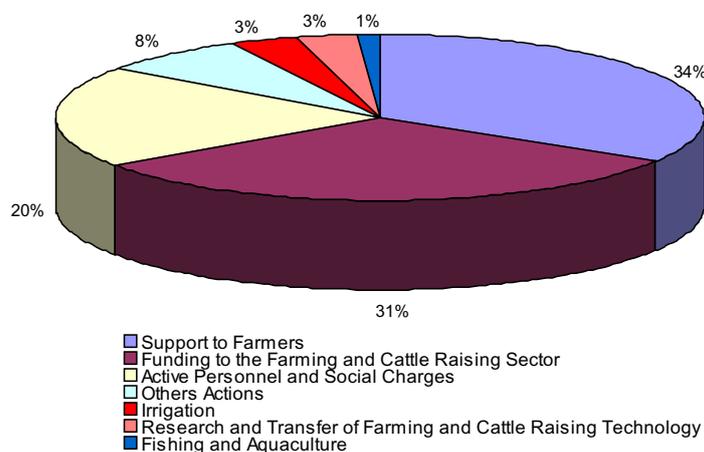


The Ministry of Agriculture, Cattle and Supply has the institutional mission of promoting sustainable development and competitiveness of agribusiness in benefit of society. To fulfill its mission, the Ministry has the attribution of formulating and executing policies for the development of agribusiness, integrating marketing, technological, scientific, organizational and environmental aspects for attending Brazilian and foreign consumers. The performance of the agency is based on the search of animal and vegetal health, of the organization of agribusiness productive chains, of the modernization of agricultural policies, the incentive to exportations, the sustainable use of the natural resources and social welfare.

For the operation of programs and correlated governmental actions to agriculture and cattle farming, besides the Secretariats, the Ministry possesses a network of 27 Federal Agriculture, Cattle and Supply Supervisions, six National Laboratories and two singular agencies,



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the National Institute of Meteorology (Inmet) and the Executive Commission of Cacao Farming Plan (Ceplac). Other responsible institutions for the activities in the area of agriculture and cattle farming are: the Brazilian Company of Agriculture and Cattle Farming Research (Embrapa), and the National Supply Company (Conab) and the Fund for the Defense of Coffee Economy (Funcafé).

In another approach, which is worried about human health that can be harmed by the level of residue in farming products, the Ministry is responsible for the guarantee of the quality and safety of animal and vegetal origin products and foods to the national and international consuming market. This guarantee happens by the adoption of measures such as the support to the laboratorial analysis system, control of residues and contaminants, inspection and supervision of products, in addition to others, in order to minimize risks to human health.

Two other agencies that also work to develop agribusiness and agricultural production are: the Ministry of Fishing and Aquaculture, with the execution of relative actions to the sustainable development of fishing and aquaculture, and the Ministry of National Integration, with actions predominantly for the development of irrigated agriculture.

Of the US\$ 10, 5 billion destined to Agriculture in 2012, US\$ 3, 6 billion will be placed in support to farmers. This support is given to Brazilian producers by means of interest equalization, in which the Government covers the difference between interest rates in the financial market and the rate effectively paid by the producer. We also highlight US\$ 1,5 billion that go for Familiar Agriculture Interest Equalization (Pronaf), and the US\$ 800,3 million for Interest Equalization in Farming Expenditure Operations.

A sum of 3,3 billion will go for funding, among which we point out the Coffee Agribusiness (US\$ 1,7 billion) and Familiar Agriculture (US\$ 213,4 million). Moreover, US\$ 1,3 billion will go for the Formation of Public Stocks (AGF).

The Irrigation area will receive US\$ 349,5 million in 2012, for the implementation of irrigated agriculture areas in various States.

Of the US\$ 305,9 million for Research and Transfer of Farming and Cattle Raising Technology, we point out US\$ 171,3 million for the Research and Development of Technologies of Innovative Systems for Sustainable Farming Production.

For Fishing and Aquaculture (US\$ 130,6 million), the highlights are the Economic Subvention to the Price of Diesel Oil for Fishing Vessels; the Implementation of a Fishing Boat Terminal; the Monitoring of Aquaculture and National Fishing Activity and the Implementation of a Fishing Boat Terminal in Belém, besides Studies and Projects for the Implementation of Aquaculture in Public Waters.

In order to cope with this policy, the budget foresees U.S. \$ 2.1 billion for Personnel and Social Charges, of which U.S. \$ 975.6 million will be allocated to Agriculture Federal Superintendences and to the Ministry's Central Administration, a sum of U.S. \$ 853, 7 million will go to Embrapa, U.S. \$ 238.8 million to Conab, and finally, U.S. \$ 19.6 million to Fishing and Aquaculture.

In other areas with U.S. \$ 802.5 million, we also highlight the role of the Federal Government in Supply, Storage and Commercialization, with U.S. \$ 79.7 million; in the Agriculture and Cattle Farming Food Quality with U.S. \$ 75.9 million and the Control of Disease / Pests in Agriculture and Cattle Farming with U.S. \$ 75 million for the Prevention and Control of Animal Disease, the Eradication of the Foot-and- Mouth Disease, and for the Prevention, Control and Eradication of Pests in Vegetables.

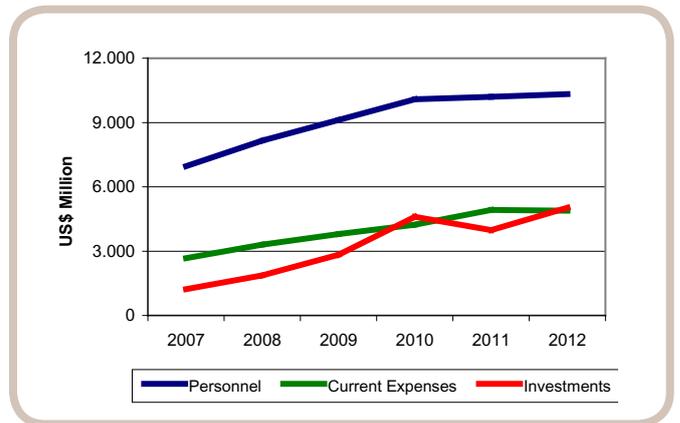
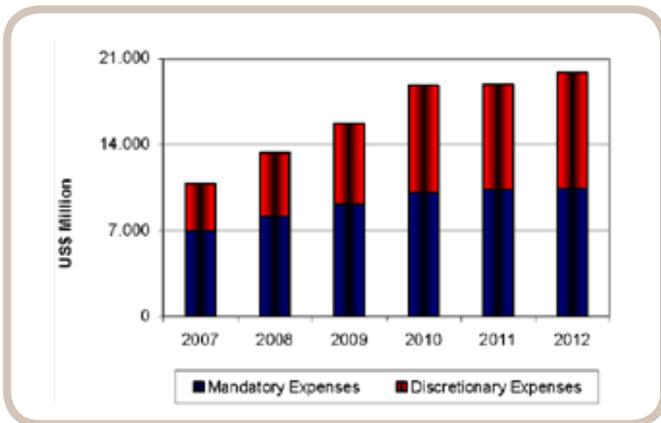


DEFENCE

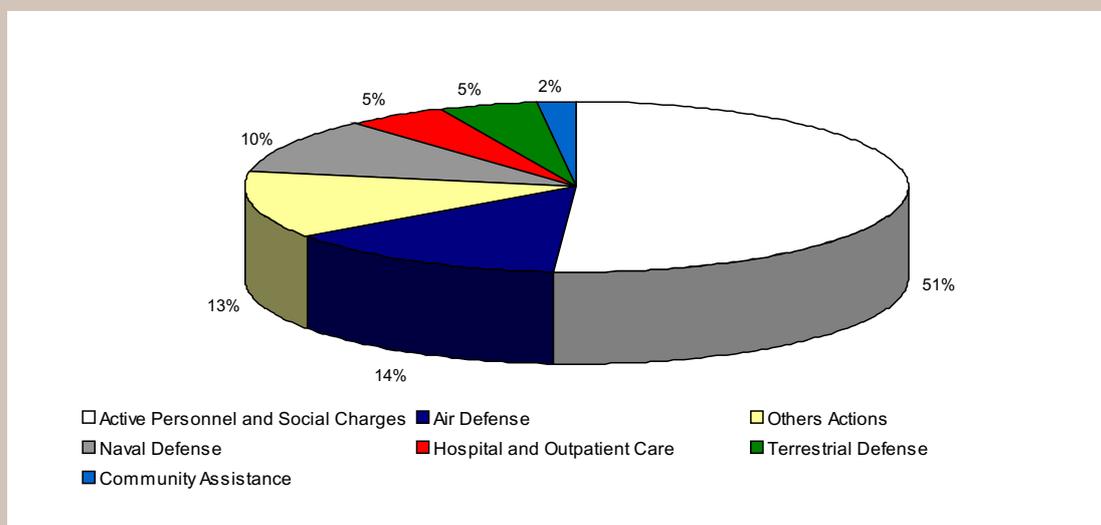


The Defense Ministry is the agency responsible for the higher supervision of the Armed Forces, comprised of the Navy Commands, the Army and the Air Force. Its main mission is to maintain national sovereignty and territorial integrity, in addition to establishing policies related to defense and security of the country

In 2008, Decree no. 6.703 was issued establishing the National Defense Strategy (END), whose objectives were split into three areas: the reorganization of the Armed Forces, the restructuring of the Brazilian industry defense material and the implementation of a policy for the composition of the Armed Forces personnel. The effective implementation of actions from END began in 2010.



PRINCIPAIS ÁREAS DE ATUAÇÃO



Between 2007 and 2012, expenses with National Defense had significant growth, having its investments been quadrupled in the period, from U.S. \$1.2 to U.S. \$5 billion. These investments accounted, in part, to the need of reestablishing the Armed Forces operating methods.

From the amount of U.S. \$ 20.2 billion predicted for National Defense, U.S. \$ 10.3 billion are destined to the payment of Personnel and Social Charges. It is important to point out that, due to the functions it performs, the National Defense has to have large staff.

The Air Defense is expected to receive U.S. \$ 2.8 billion in resources. We highlight the actions for the operation and maintenance of the Brazilian Airspace Control System (Sisceab), U.S. \$ 594.9 million; the development of Tactical Military Freighter from 10 to 20 tons together with the Brazilian Aeronautics Company (Embraer) U.S. \$ 331.7 million; the acquisition of 50 medium-sized French helicopters, with the expected delivery of three in 2012, U.S. \$ 548.8 million; and the modernization of the Air Force with the acquisition and modernization of aircrafts in order to recover and maintain its operational capabilities, U.S. \$ 549.6 million.

The Naval Defense will receive U.S. \$ 2.1 billion. We highlight the Submarine Development Program (Prosub) with U.S. \$ 1.3 billion, which includes the Implementation of a Naval Base and Shipyard for submarines, the construction of four conventional submarines and the development and construction of a nuclear submarine. The

construction of patrol ships, U.S. \$ 84.2 million and the acquisition and modernization of vessels, which aid in naval operations, have also been predicted, amounting to U.S. \$ 215.5 million.

The area of Terrestrial Defense will receive U.S. \$ 975.6 million, which is intended for the preparation and use of a Terrestrial Force, including the annual incorporation of 70.000 new recruits, the Citizen Soldier Project, which qualifies young graduates from military service for the labor market, the implementation of Special Border Platoons in the Amazon region, and the modernization of the Brazilian Army, with an expected U.S. \$ 404 million investment. Among the new projects proposed for the Army are: Armored Guarani Vehicles, U.S. \$ 123.5 million, and the implementation of the Integrated Border Monitoring System (Sisfron), U.S. \$ 64.3 million.

Emphasis should be given to the combined action of the three Forces in national security operations, helping to reduce the flow of illegal weapons and drugs, the illegal extraction and evasion of natural wealth. They also act in peacekeeping missions, U.S. \$ 146.3 million, with an emphasis to MINUSTAH (the United Action Mission for the stabilization in Haiti). They also operate through partnerships, in Community Assistance subsidiary actions, U.S. \$ 366.1 million, involving activities of cooperation and infrastructure works. Health care, including the maintenance of military hospitals, will get the sum of U.S. \$ 1 billion.

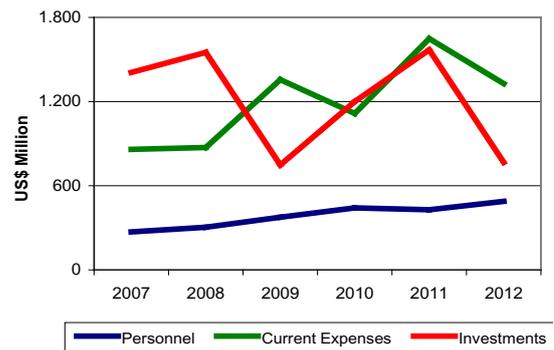
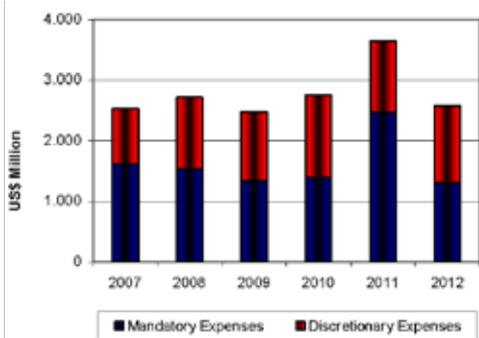


INDUSTRY, TRADE AND SERVICES

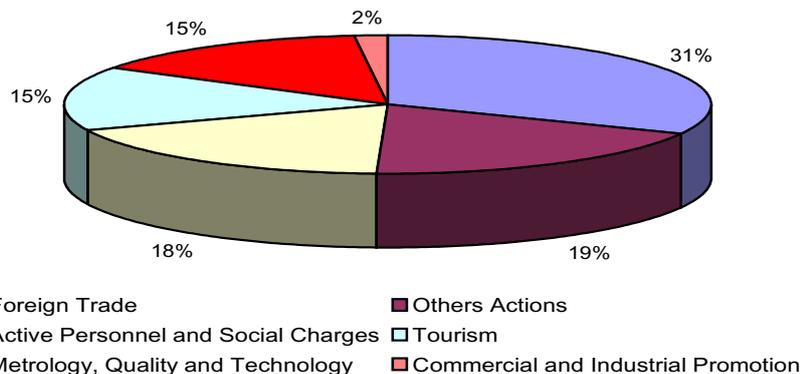


The Ministry of Development, Industry and Foreign Trade is responsible for the development of industry, trade and services, intellectual property and technology transfer, metrology, standardization and quality of industrial and foreign trade policies.

Specifically on the issue of foreign trade, the Ministry is responsible for promoting the implementation of trade defense mechanisms, in order to protect domestic producers from marketing practices such as illegal subsidies and exports that reach the country at prices below production costs, or dumping. It is also responsible for participating in negotiations of international treaties, such as Mercosur



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and the European Union, proposing measures to improve the sector, formulating policy information, and developing and disseminating information related to this area.

One of its objectives is to promote environmentally sustainable economic growth, generating jobs and income distribution and reducing regional inequalities from the local potential of the territory.

For this area, U.S. \$ 2.6 billion were allocated, of which U.S. \$ 1.2 billion will go to industry and U.S. \$ 1.3 billion to trade and services. Of the U.S. \$ 792.6 million to be allocated in the area of Foreign Trade, a great part will provide the Brazilian exports, financing conditions equivalent to the international market.

The Ministries of Tourism and Development, Industry and Foreign Trade operate in the role of Trade and Services. The first has the role of developing tourism as a sustainable economic activity, with an important role in the generation of jobs and foreign exchange, providing social inclusion. In the area of tourism, U.S. \$ 381.4 million will be allocated for the development of tourism infrastructure, with a focus on the improvement of municipalities with proved attraction, training and professional training, especially in terms of hospitality and assistance to tourists, in the national and international promotion of touristic destinations and promoting the renewal and expansion of the national hotel industry, by offering loans with varying interest rates. Within the perspective of tourism and regionalization, and in order to ensure that local government and population are provided with appropriate tools to develop the ability to maintain and enhance tourist attractions and services, the Ministry counts with the Tourism Development Program (Prodetur), which has the prediction of U.S. \$ 109.3 million.

The Brazilian Tourism Institute (Embratur) is responsible for tourism promotion of Brazil abroad. The goal is to position the country as an internationally competitive destination. The performance in this segment includes investments in the promotion, marketing and marketing support of Brazilian tourism products and services internationally. These investments are currently being guided by the Aquarela Plan – a Marketing

Plan, which counts with U.S. \$ 87.8 million in 2012.

Regarding Metrology, Quality and Technology, U.S. \$ 376.8 million will be invested in the area. We can highlight the activities of policy implementation developed by the National Institute of Metrology, Standardization and Industrial Quality (Inmetro).

As for Commercial and Industrial Promotion, U.S. \$ 42.9 million are planned to re-finance companies, in order to expand the capacity or modernization of machines and processes and also to small and medium enterprises as well as the construction, maintenance and revitalization of the Industrial Pole of Manaus and maintenance of the infrastructure of the productive district.

In the item Other, we have the performance of the Intellectual Property National Institute (Inpi), which aims at creating an Intellectual Property system that encourages innovation, promotes competition and encourages technological economic and social development. For 2012, U.S. \$ 20.5 million are predicted for the area of industrial property with actions for technical cooperation in intellectual property, the implementation of the Brazilian center for biological material, dissemination of technological information, intellectual property research, among others.

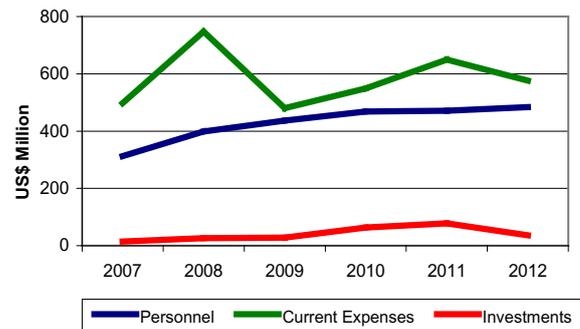
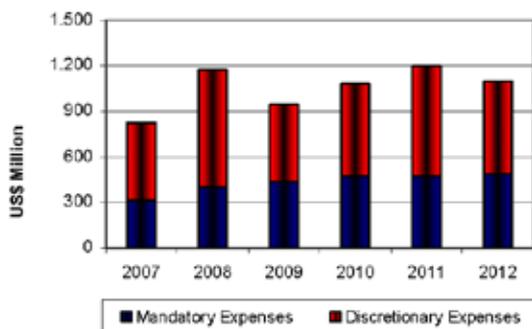
In addition, we have the formation of Human Resources, with U.S. \$ 35.8 million, which are actions for the training of craftsmen, micro and small businesses, individual entrepreneurs, among others.



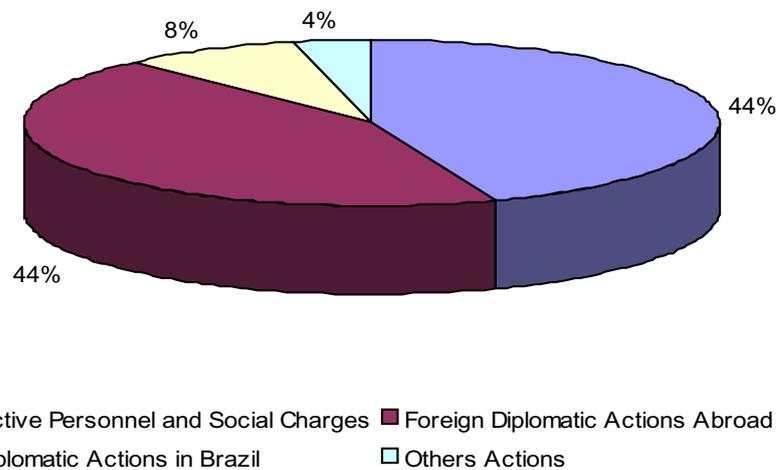
FOREIGN AFFAIRS



The Ministry of Foreign Affairs is the agency responsible for assisting the Presidency in the formulation and implementation of foreign policy, while maintaining diplomatic relations with foreign states, international agencies and organizations, to promote national interests and to articulate the government actions externally, in order to create favorable environment for sustainable development of Brazil with equity and social justice by protecting the prevalence of peace, the use of multilateralism, the rule of Law and democracy in an international decision-making system and respect for legal equality among States and the principle of non intervention.



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The Ministry's objective is to strengthen the international sovereign insertion and South American integration. This agency, through its diplomatic corps, operates consular acts, by issuing passports and visas, legalizations, birth records, proxies and other services rendered abroad, and in the area of technical cooperation.

The Ministry of Foreign Affairs operates in different chains to promote national interests and the Brazilian society's values. Brazil is accredited to take on responsibilities at international level, since, internally, it was able to reconcile the democratic maturity with social and economic progress and accumulated advances in areas such as human rights, the environment and renewable energy.

Much of the U.S. \$ 1 billion intended to Foreign Affairs will be applied to Foreign Diplomatic Actions Abroad, about U.S. \$ 480.4 million. These are actions within the Brazilian foreign policy, achieving issues such as peace and security, finances, trade, environment, energy, among others. They also consist in the participation in major regional and international forums, in the processes of integrated markets consolidation in Latin America and the Caribbean, in improving the provision of consular services, in the maintenance and expansion of

representation posts overseas, in the promotion of Brazilian foreign trade, besides the sponsoring of international events. The main actions involve relations and negotiations with the member Countries of the European Union, the North American Free Trade Agreement (Nafta) and the Southern Common Market (Mercosul) and Associates, as well as the provision of consular services and assistance to Brazilians abroad.

In order to meet its objectives, the Ministry counts with servers spread between Brazil and abroad. Of the available budget, U.S. \$ 483.8 million relate to the payment of such servers.

The area of Diplomatic Actions in Brazil will receive U.S. \$ 92.4 million, which will be allocated for scholarships to foreign students in the Brazilian educational system, to the training and improvement of diplomats, activities of analysis and dissemination of the Brazilian foreign policy, administration, ceremonial, and other administrative actions.

The item Others, which includes U.S. \$ 39.3 million, encompasses the construction of the chancery and the headquarters of the Brazilian Embassy in Maputo, Mozambique, training programs for federal public servants in the process of training and retraining, holding official events, among others.

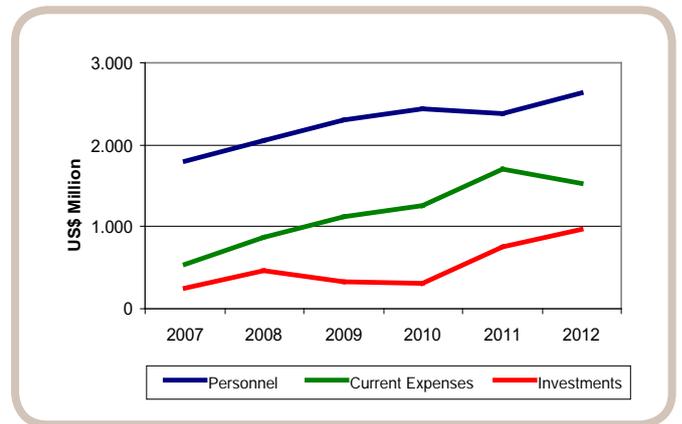
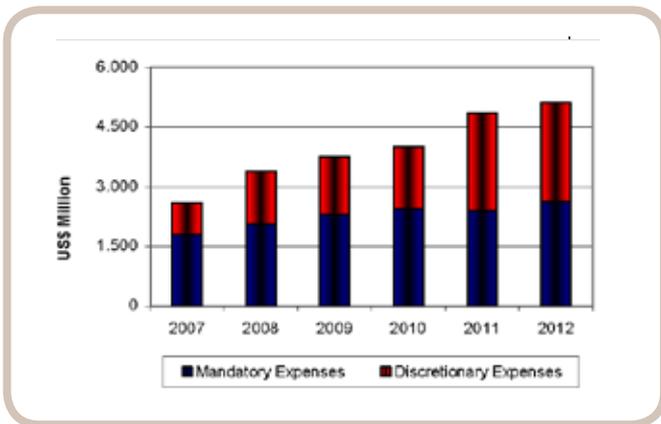


PUBLIC SAFETY

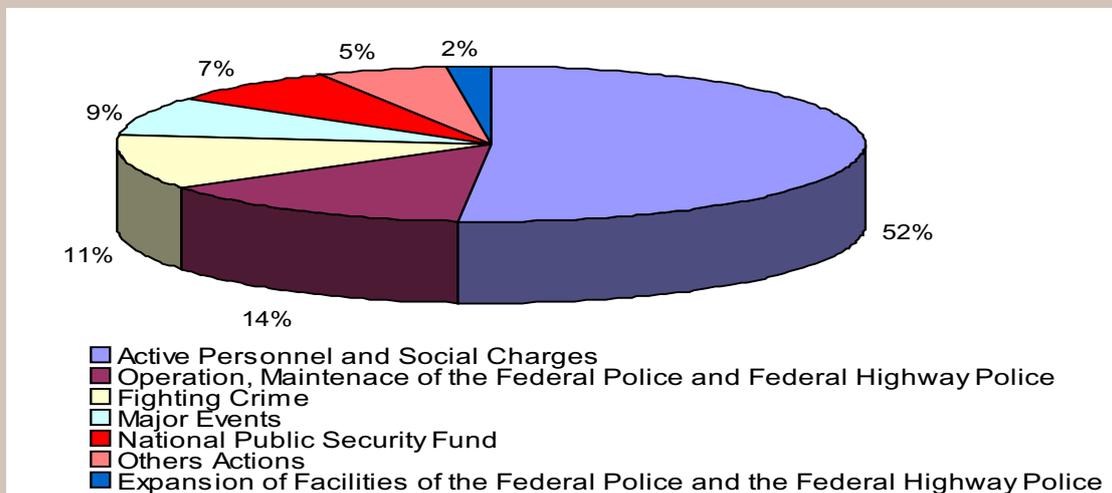


Public Safety is an issue referred to in Article 144 of the Constitution, which states that it's the Government's duty to ensure the preservation of public order, as well as individual and property protection. Thus, public safety is the removal, through its own organizations, of the danger that may affect public order, without any harm to every citizen's life, liberty or property rights.

The agency responsible for implementing many of the public policies related to this area is the Ministry of Justice, whose mission is to ensure and promote citizenship, justice and public safety, through joint efforts between state and society. Within the Ministry of Justice, such assignments are carried out by the Federal Police Department (DPF) and the Federal Highway Police (DPRF), the National Department of Public Safety (Senasp), which manages the National Public Security Fund (FNSP) and the National Department of Justice (SNJ).



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The total of U.S. \$ 5.1 billion for Public Safety is intended to road police and border patrolling activities and combating crime; to the enhancement of public safety professionals and operators; to the re-registration and disarmament campaign; to the modernization of police; and the formation and maintenance of the National Public Security Force. Of this amount, there are the expenses with Personnel and Social Charges of the Federal Highway Police and Federal Police and the Brazilian Intelligence Agency (Abin), amounting to U.S. \$ 2.6 billion.

The areas of operation, maintenance and expansion of the Federal Police and Federal Highway Police will receive resources of about U.S. \$ 853.6 million, and they include the passport issuing system, the control of international trade and foreign records, the prevention and repression of crimes against property, services and Government's interests, the suppression of illicit trafficking, the police patrol on highways and federal roads, among others.

With regard to fighting crime, besides the Police, there is work within the National Safety Department- Senasp, to expand and strengthen the coordination of security policies with social action. They prioritize prevention, targeting the causes that lead to violence, bearing in mind the social order strategies and public safety. A sum of U.S. \$ 568.6 million is planned in actions that support the implementation of social policies, citizen security, a disarmament campaign, the establishment of community police stations, grants for training, among others.

The National Safety Department-Senasp is also the agency responsible for administering the National Public Security Fund, which will receive U.S. \$ 320.7 million. The Fund aims at

supporting projects in the area of public security for the equipment, training and qualification of the military and civilian police, fire brigades and municipal guards; for information systems, intelligence and research, as well as police statistics; the structuring and modernization of technical and scientific police; community policing programs and the prevention of crime and violence. Additionally, it maintains the ready use of the National Public Security Force, which will count with U.S. \$ 56.3 million in 2012.

The National Strategy for Public Security on the Borders (Enafron) strives to improve supervision and ensure the permanent presence of police forces on the borders with neighboring countries, and will have funds amounting to U.S. \$ 243.9 million.

Also in the area of Public Safety, U.S. \$ 437.2 million are predicted for major events to be held in the country in the coming years, under the management of the Special Secretariat for Major Events. These are actions to prepare the institutions involved in the implementation of operational activities and intelligence, as well as public safety preventive efforts. The goal is to ensure that events like the Confederations Cup, 2014 World Cup, the Olympic and the Paralympics Games-Rio 2016 happen smoothly.

Therefore, the Federal Government will provide, together with other members of the Federation, the acquisition of goods, technologies and professional qualification, besides hiring services. This set of investments will seek functional integration from the federal, state and municipal sectors, reducing the asymmetries that now exist, in order to leave a lasting legacy that will greatly increase the efficiency of public security agencies.

Civil Defense is part of the public security and its main challenge is to prevent disasters. In 2012, the predicted budget for the area is US\$ 23, 1 million. We point out that activities related to disasters have resources majorly coming from extraordinary credits, since they are considered urgent and unpredicted expenses

BUDGET'S HIGHLIGHTS - STATE

In this chapter, we present the projects and activities, highlighted by each State, present in the 2012 Annual Budget Bill. The location of public investments is defined in the national planning process with the objective of reducing regional and intra-urban inequalities, benefiting from economic potentials, complementing the existing infrastructure networks, increasing society's access to health facilities, as well as education and citizenship actions.

It is important to consider that investments located in a particular State of the Federation as a benefit to all Brazil. When we invest in the Santos Harbor, for example, the production of all its area of influence is encouraged. Also, when building a hydroelectric plant in the State of Rondônia, the energy produced feeds other states.

The Federal Constitution defines the areas of operation separately, the Federal Government, state governments and municipalities. It also defines which subjects the three federative spheres must unite their efforts to improve their citizen's living conditions. States and municipalities have their own budgets and revenues, and many of the projects and activities that benefit the population are developed with resources found in those budgets and not in the Government's Budget.

Our representatives in the National Congress, Representatives and Senators act to direct Federal Budget resources to meet the needs of their states of origin. After the President of the Republic forwards the PLOA 2012 to the Congress, in the stage of consideration and vote, they can alter part of the budget, subject to certain rules to include new projects and activities, to increase resources to those already contemplated or just diverting them through the so called parliamentary amendments.

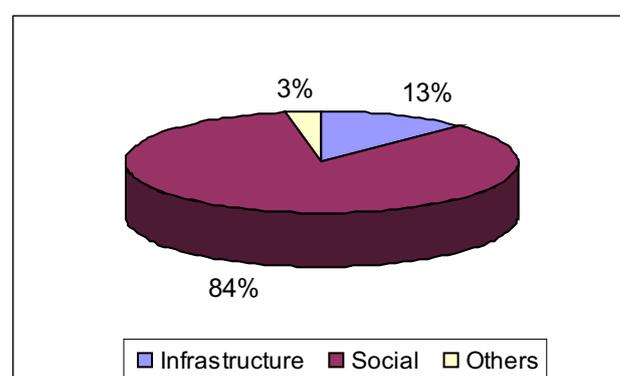
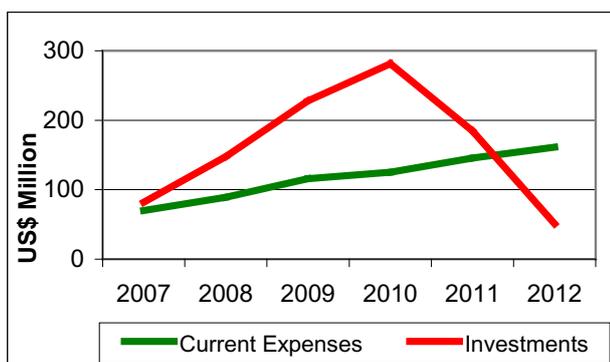
We emphasize that most costs in the Federal Budget Law is not identified by name for a given state or region. They are expenses that are usually run for the benefit of all the population. In the current expenditure, we can mention the Allowance and Unemployment Insurance. Investments treated nationally portray an estimate of budget resources use in the country, most of which occurs by agreements with States and Municipalities during the year. We should mention, for example, the Implementation of Health Emergency Care Units (UPA), which follow the rite selection procedure through an official notice.

We would also like to remind readers that the information covered in this chapter does not bring government functions related to areas of operation of the Legislative and Judiciary, or Public Prosecution of the Government. Also excluded are the Government's constitutional transfers to such entities, and functions of Administration, Social Security and Special Charges, as they are areas that do not directly contribute to the delivery of a good or service to society.

Acre



Acre (AC) is located in the far west of the North Region of the country. It is the 15th state in area and 25th in population. Historically, the economy in Acre is based on the plant extraction, especially in the exploitation of rubber. Currently, wood is the state's main export, which is also a major producer of "castanha do Pará" (nut) and "açai" fruit and copaiba oil. The last census, conducted in 2010 revealed that the AC has a population of 733,559 people, which represents an increase of 31.6% between 2000 and 2010. One fact that stands out is the increase of urban population - the level of urbanization reached 72.6% in 2010. The total federal budget for Acre corresponds to U.S. \$ 211.8 million. [See PLOA 2012]

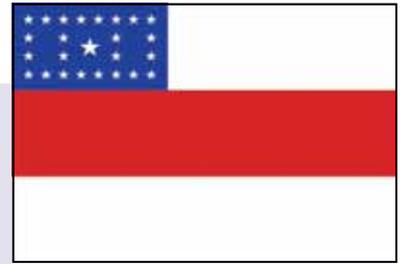


In the social area, U.S. \$ 178.6 million will be invested. The health sector will receive U.S. \$ 121.3 million, of which U.S. \$ 70.1 million will be for medium and high complexity procedures. For education, U.S. \$ 53.9 million will be made available. The highlights of the sector are: U.S. \$ 12.6 million for the operation of Federal Universities, U.S. \$ 12.2 million for the restructure and expansion of Federal Universities (REUNI); U.S. \$ 11, 6 million for activities related to food and nutrition, and U.S. \$ 10.7 million for the operation of the Professional Education Federal Institutions. For social assistance, U.S. \$ 3.3 million will be allocated, with an emphasis on actions to strengthen the Single Social Assistance System (SUAS), which will receive U.S. \$ 2.2 million, and U.S. \$ 1 million for the assistance to children and adolescents.

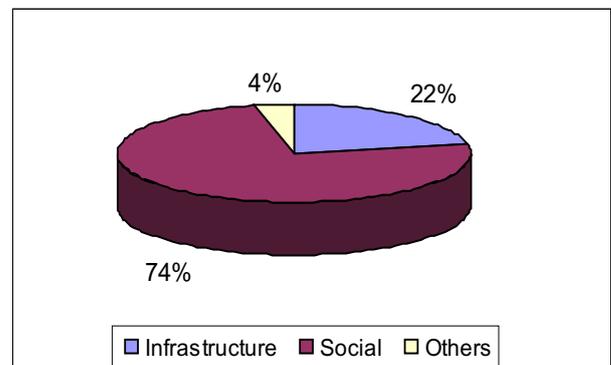
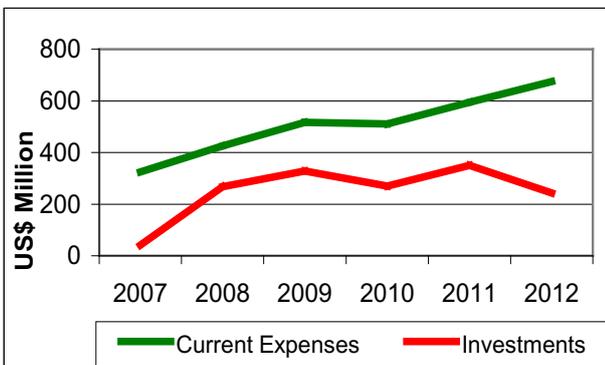
In the area of infrastructure, U.S. \$ 26.5 million will go to actions related to road transportation. The highlight is U.S. \$ 609,800, which will be available for the construction of the Sena Madureira-Cruzeiro do Sul road on BR-364 and U.S. \$ 25.9 million for the maintenance of highway patches.

In the item Others, the most relevant programs are in the area of public security, with U.S. \$ 6.7 million for the construction of the Acre Regional Federal Police Headquarters building.

Amazonas



Belonging to the north of Brazil, Amazonas (AM) is the largest state in the country. Its population in 2010 was 3,350,773. The state capital, Manaus, concentrates the main industrial center, Manaus Free Zone. In this productive sector, there is mainly the production of electronics, motorcycles, and the processing of minerals and some food. Despite the existence of the industrial pole of Manaus Free Zone, the main economic activity of the State of Amazonas is linked to the primary activities with emphasis on: plant, mineral and animal extraction. The total federal budget for the state of Amazonas corresponds to U.S. \$ 914.6 million. [See PLOA 2012]



In the social area, U.S. \$ 670.7 million will be invested. Health will receive U.S. \$ 512.2 million; of which, U.S. \$ 304.9 million will go to procedures and tertiary care and U.S. \$ 102.7 million for basic care. A sum of U.S. \$ 159.6 million will be applied in Education, with emphasis on: school feeding in primary education-U.S. \$ 41.4 million; the operation of Technological and Professional Education Federal Institutions - U.S. \$ 28.1 million; the functioning of Federal Universities-U.S. \$ 29.2 million; the restructuring and expansion of Federal Universities- U.S. \$ 10.7 million, and the restructuring of Federal University Hospitals- U.S. \$ 12.2 million. The area of Social Welfare will receive U.S. \$ 9.4 million, most of which, U.S. \$ 6.2 million, will go to protect basic social services.

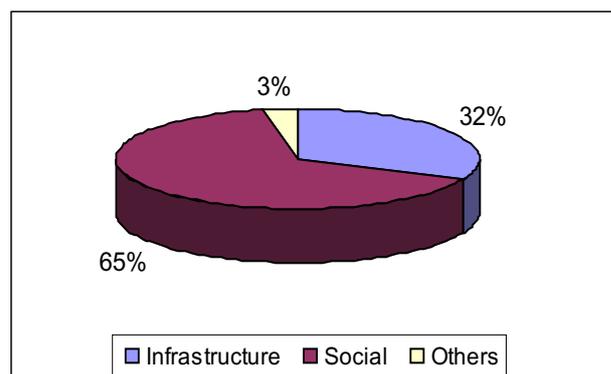
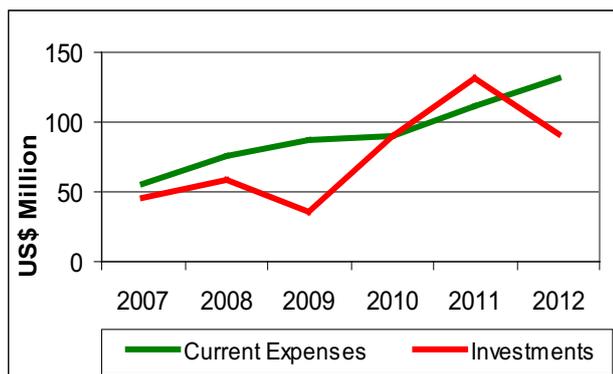
The infrastructure area will receive U.S. \$ 202.6 million to be entirely invested in the transportation sector. The road sector will count with U.S. \$ 124.6 million, of which, U.S. \$ 61.6 million is for the construction of road sections and U.S. \$ 63 million to maintain roads in the state. Of the U.S. \$ 78 million that will be available for water transportation, the highlight is the construction of river terminals, U.S. \$ 32.9 million and the adequacy of port infrastructure in the Manaus Harbor, U.S. \$ 21.9 million.

In the item Others, U.S. \$ 34 million will be allocated, of which U.S. \$ 25.5 million will be used in Management and Maintenance Program of the Ministry of Development, Industry and Foreign Trade in analysis and control actions of projects that are benefited from tax incentives.

Amapá



Amapá (AP) is located in the extreme north of Brazil. It is one of the newest Brazilian states and the best preserved of them, even with mining and ranching, the Amapá forests are still preserved. It has the 18th largest land area of Brazil, as well as the 26th largest population. Among other economic activities practiced in Amapá, the main are involved with extraction, agriculture and industry. An important source of funding is the extraction of nut and wood; another item on the economy of Amapá is the extraction of manganese. In summary, the last census showed that Amapá has a population of 669,526 people, representing an increase of 40.7% between 2000 and 2010. One fact that stands out is the increase of urban population - the degree of urbanization reached 89.8% in 2010. The total federal budget for Amapá corresponds to U.S. \$ 248.7 million. [See PLOA 2012]



In the social area, the state will receive U.S. \$ 145.2 million. The main destinations are the area of Health, U.S. \$ 102 million, and Education, U.S. \$ 41.2 million. Resources for Health will go to hospital and outpatient assistance of medium and high complexity from the SUS, U.S. \$ 60.5 million, and basic care, U.S. \$ 32 million. The main resources for education will go to: the operation of Federal Universities, U.S. \$ 7.6 million, restructuring and expansion of Federal Universities, U.S. \$ 9.3 million, and Professional and Technological Education, U.S. \$ 10 million.

For the infrastructure of the state, U.S. \$ 71.3 million will be allocated for roads, with U.S. \$ 39.6 million for maintenance of highways. We emphasize the construction of the Ferreira Gomes - Oiapoque, road stretch with U.S. \$ 25.6 million, and U.S. \$ 6 million for the construction of the international bridge over the river Oiapoque, both on BR-156.

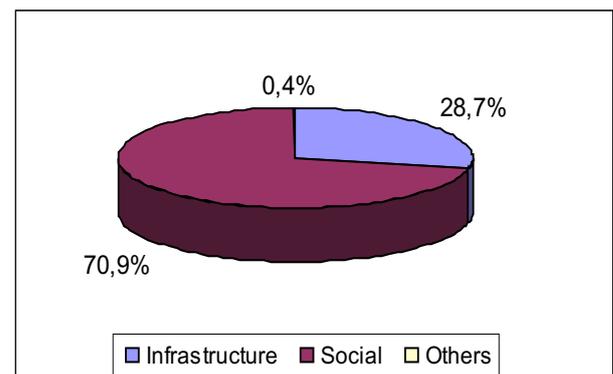
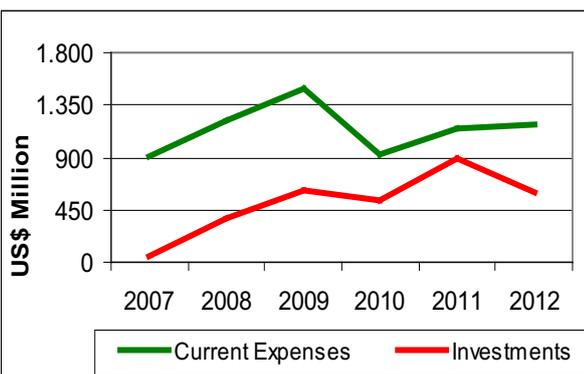
Finally, the item Others will get U.S. \$ 7 million, with a highlight to the construction of the Amapá Regional Federal Police Headquarters building.

Pará

Pará (PA) is located in the Northern Region, in the largest area of protected forest in the world with more than 717,000 km² divided into strictly protected areas, sustainable use and indigenous lands. In all, the reserves account for more than 57% of the State territory. It is the second largest state in the country, the ninth in population size, and the most populous of the Northern Region. Pará's economy is based on mineral (iron, bauxite, manganese, limestone, gold, tin) and plant (wood) extraction, in agriculture, livestock, in industry and tourism. In a summary view, the Census data shows that Pará has a population of 7,581,051 inhabitants, representing a growth of 22.5% between 2000 and 2010. The state's urban population reached 68.5% in 2010. In 2012, the total federal budget for Pará corresponds U.S. \$ 1.8 billion. [See PLOA 2012]



Pará's economy is based on mineral (iron, bauxite, manganese, limestone, gold, tin) and plant (wood) extraction, in agriculture, livestock, in industry and tourism. In a summary view, the Census data shows that Pará has a population of 7,581,051 inhabitants, representing a growth of 22.5% between 2000 and 2010. The state's urban population reached 68.5% in 2010. In 2012, the total federal budget for Pará corresponds U.S. \$ 1.8 billion. [See PLOA 2012]



In the social area, the state will receive U.S. \$ 1.3 billion. The main destinations are the area of Health, with U.S. \$ 909.4 million, and education, U.S. \$ 337.9 million. The resources for health will go to hospital and outpatient assistance in the SUS, U.S. \$ 528.5 million and basic care, U.S. \$ 296.3 million. As for education, the main resources will go to: Federal Universities operation, \$ 81.1 million, the restructuring and expansion of Federal Universities, U.S. \$ 47.4 million, and school meals, U.S. \$ 914 600.

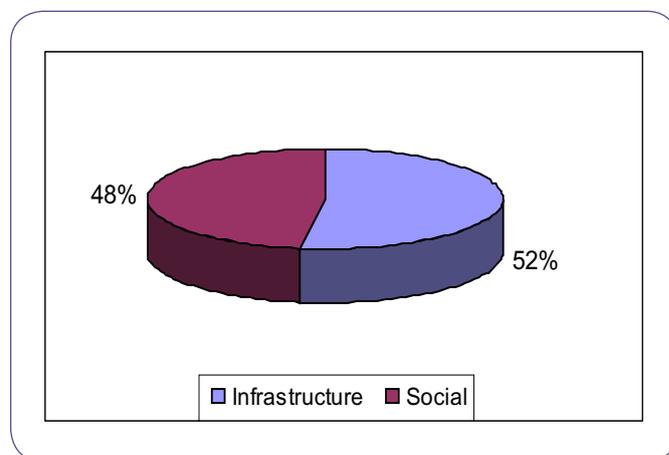
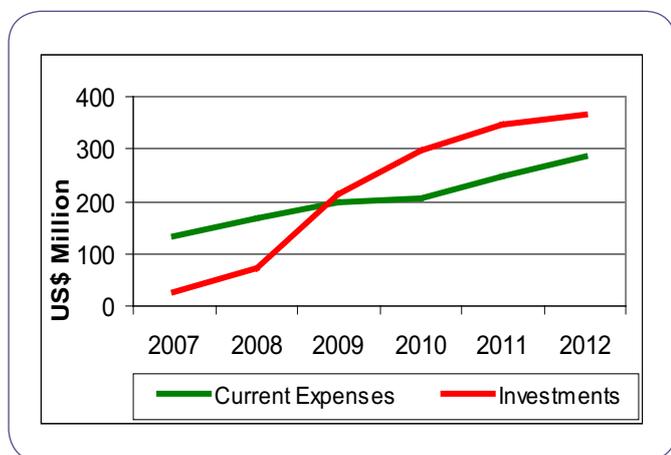
In the area of infrastructure, the state will receive U.S. \$ 515.8 million. For road transportation the state will receive U.S. \$ 486.3 million, with an emphasis on the construction of road stretches- border between Mato Grosso- MT / Pará- Santarém on BR-163, U.S. \$ 243.9 million, and Altamira - Rurópolis - on BR-230, U.S. \$ 152.4 million. And the water transportation will get U.S. \$ 29 million.

Finally, the item Others encompasses resources for the implementation of a fishing terminal in Belém, U.S. 6, 7 million.

Rondônia



Situated in the North, the State of Rondônia (RO) has a territorial extension of 237,590.864 km² and total population of 1,562,409 inhabitants, according to the IBGE 2010 census. The industrial sector is diversified. The main segments are food, abattoirs and mining. As for livestock, the state stands out as a major exporter of meat. Vegetal extraction is another important source of revenue, especially for wood exports. The service sector is boosted by trade. The total federal budget for Rondônia corresponds to U.S. \$ 670.7 million. [See PLOA 2012]



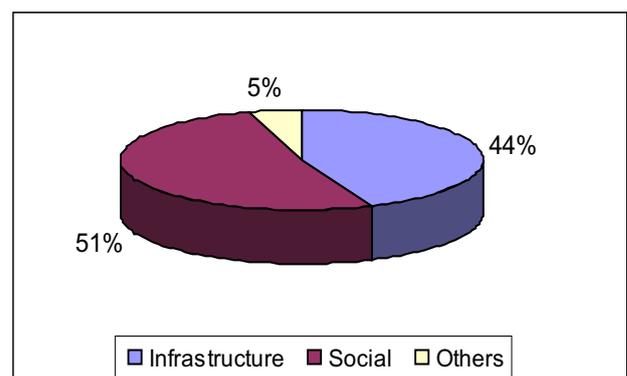
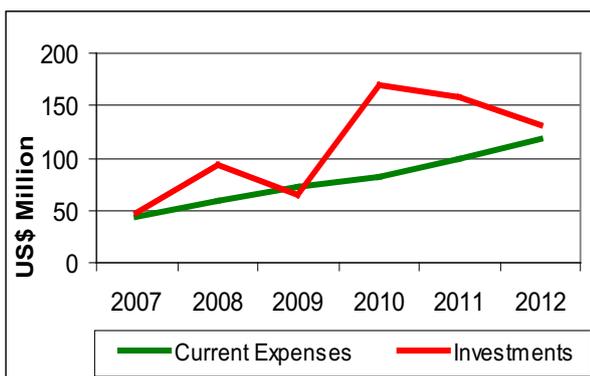
In infrastructure, U.S. \$ 339.5 million will be invested, of which, U.S. \$ 338.4 million will be allocated for road transport. In this area, we must highlight the investment of U.S. \$ 129.6 million in maintenance of road stretches and U.S. \$ 92.5 million to build a bridge over the river Madeira. Also in the area of infrastructure, \$ 1 million will be allocated to the sector of water transportation.

In the social area, U.S. \$ 310.5 million will be made available. Health, as a whole, will receive U.S. \$ 236.1 million, with a highlight to U.S. \$ 147.3 million for hospital and outpatient care and U.S. \$ 69.3 million for primary care. The field of education will receive U.S. \$ 69.3 million and the main resources will go to: school meals, U.S. \$ 16.6 million; the operation of Federal Technological and Professional Education Institutions, U.S. \$ 17.5 million; the operation of Federal Universities, U.S. \$ 9.7 million, as well as the restructuring and expansion of Federal Universities (REUNI), U.S. \$ 12.1 million. Social assistance will count with U.S. \$ 5 million, mainly for community assistance activities.

Roraima



Roraima (RR) is located in the far north of the country. It has the 14th largest territorial extension of Brazil and the smallest population among the 27 states. Roraima's economy is based on services, mining, industry, and agribusiness. Roraima has the lowest GDP in the country. This can be explained by the fact that about 70% of the state belongs to indigenous conservation areas of environmental conservation. Despite these facts, in proportional terms, RR recorded from 1991 to 2000, the largest growth in Brazil. In a summary view, Census data has shown that RR has a population of 450,479 people, which represents an increase of 39% between 2000 and 2010. The level degree of urbanization reached 76.6% in 2010. The total federal budget for Roraima corresponds to U.S. \$ 266.4 million. [See PLOA 2012]



In the social area, the state will receive U.S. \$ 128.1 million. The main destinations are the area of health, U.S. \$ 80.2 million, and education, U.S. \$ 45.5 million. The funds will go to health and outpatient hospital care of high and medium complexity from SUS, U.S. \$ 45.6 million, and basic care, U.S. \$ 27.1 million. The main resources for education will serve: the operation of Federal Universities, U.S. \$ 6.7 million, the restructuring and expansion of Federal Universities, U.S. \$ 9.8 million; the operation of Professional and Technological Education Federal Institutions, U.S. \$ 7, 8 million, and school meals, U.S. \$ 6.6 million.

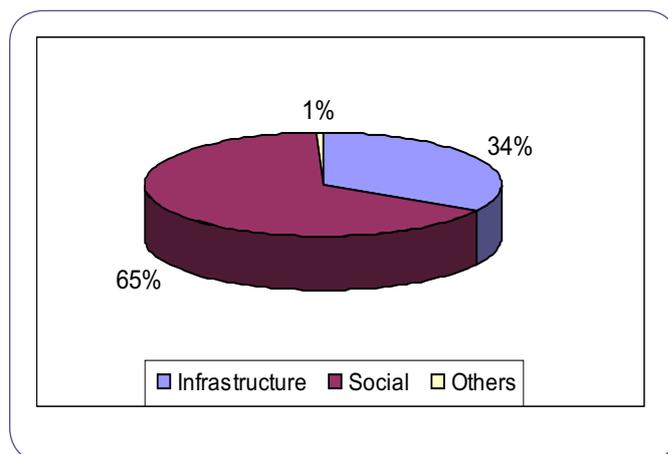
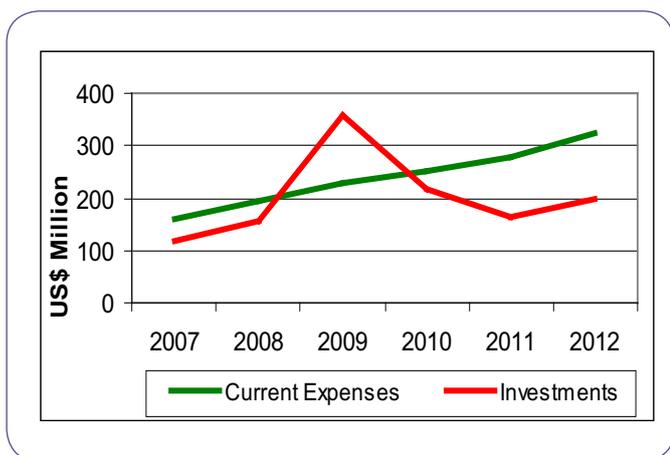
For infrastructure, U.S. \$ 108.6 million will be allocated for roads, with U.S. \$ 76.2 million for the maintenance of highways. We emphasize the construction of the road stretch Cantá-Novo Paraíso, the BR-432, with U.S. \$ 30.5 million.

Finally, the item Others will receive U.S. \$ 11.6 million, with an emphasis on the construction of Roraima's Regional Federal Police Headquarters building and the implementation of an irrigation perimeter, as a part of the Irrigated Agriculture Program.

Tocantins



Created in 1988 by the National Constituent Assembly, Tocantins (TO) is the youngest of all the Brazilian states. It is located in the northern region, exactly in the geographical center of the country. It has the tenth largest territorial extension of Brazil, as well as the 24th largest population. More than half the territory of Tocantins (50.25%) is of conservation areas, protected areas and watersheds, which include natural sanctuaries such as the Bananal Island (the largest river island in the world) and the State Park of Cantão, where three major ecosystems meet: the amazon, the pantanal and the cerrado. Only in Indian areas alone, there are protected 2 million protected hectares, home to a population of 10.000 indigenous people, including seven ethnic groups, distributed in 82 villages. The economy of Tocantins is based on exports agriculture, mainly soybeans and livestock. In a summary view, Census data has shown that the state has a population of 1,383,445 people, representing an increase of 19.7% between 2000 and 2010. The total federal budget for Tocantins corresponds U.S. \$ 522 million. [See PLOA 2012]



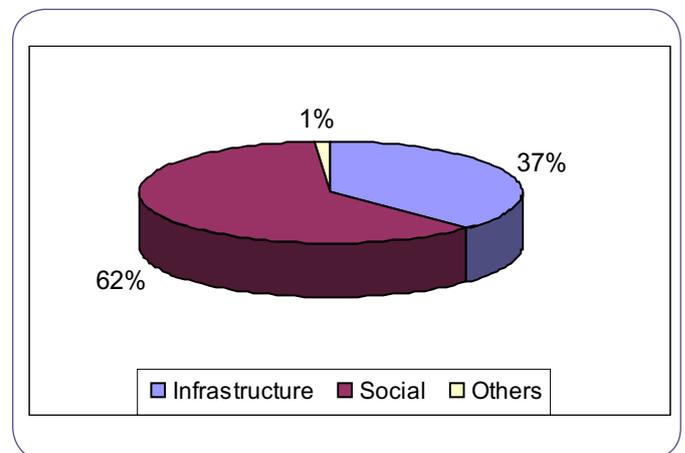
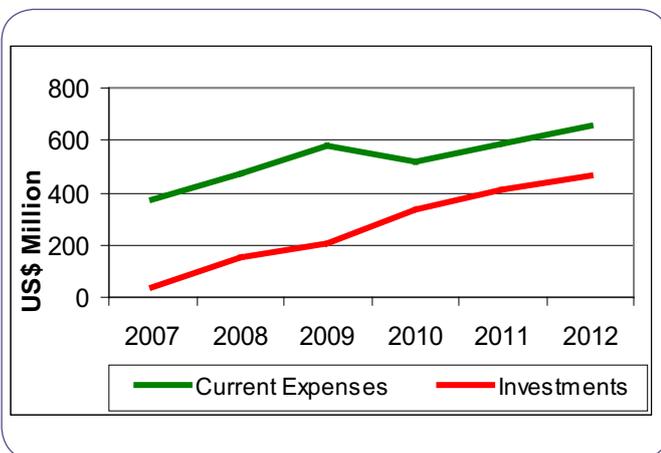
In the social area, the state will receive U.S. \$ 343 million. The main destinations are the areas of health, U.S. \$ 261.6 million, and education, U.S. \$ 73.8 million. The funds will go to health and outpatient hospital care of medium and high complexity from SUS, U.S. \$ 151.7 million, and primary care, U.S. \$ 92.2 million. The main resources for education will go to: the operation of Federal Universities, U.S. \$ 18.1 million, the restructuring and expansion of Federal Universities, U.S. \$ 7 million; the operation of Professional and Technological Education Federal Institutions U.S. \$ 17.5 million and school meals, U.S. \$ 12.7 million.

A sum of U.S. \$ 176 million will be allocated for infrastructure. Roads will receive U.S. \$ 169.7 million, of which U.S. \$ 63.5 million will be for the maintenance of highways. We also highlight the construction of a bridge over the river Araguaia, in the Municipality of Xambioá, on BR-153, U.S. \$ 48.8 million, and rail transportation, which will receive U.S. \$ 6.3 million for the construction of the North-South - Aguiarnópolis - Palmas Railway.

Finally, the item Others will receive resources from the Irrigated Agriculture Program, with emphasis on the revitalization of the Formoso River perimeter in Tocantins, with U.S. \$ 2.9 million.

Alagoas

Located in the Northeast, the state of Alagoas (AL) has 27,767.661 km² (the second smallest in area) and 3,120,922 inhabitants. It presents a developing economy with one of the smallest GDPs in the country (0.6% of GDP). Agriculture is the basis of the economy. The state is the largest producer of cane sugar in the Northeast and one of the largest sugar producers in the world. Alagoas has also got important reserves of oil and natural gas. The sugar cane industry has an important participation in the economy, followed by tourism, food industry, chemical and mining. Alagoas's total federal budget corresponds U.S. \$ 1.1 billion. [See PLOA 2012]

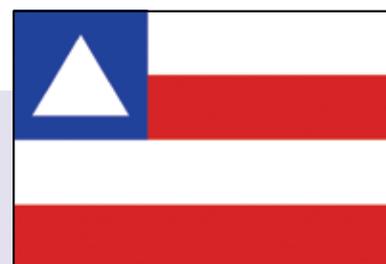


The largest budget share will go to the Social area, which will receive U.S. \$ 670.7 million. Within this area, there are Social Welfare, Education and Health actions. In Social Assistance, totaling U.S. \$ 13.8 million, it is worth pointing out: protection for children and adolescents identified in child labor conditions, U.S. \$ 2, 6 million, and the strengthening of the Social Assistance Single System (SUAS), U.S. \$ 11.2 million. In Education, with federal budget resources of U.S. \$ 135.3 million, it is worth mentioning: the amount destined for Professional Education, U.S. \$ 38.2 million, and Higher Education, U.S. \$ 51.7 million. Health already receives the largest share of resources from the Social area, with a total of U.S. \$ 538.4 million, of which U.S. \$ 327.7 million is linked to medium and high complexity procedures.

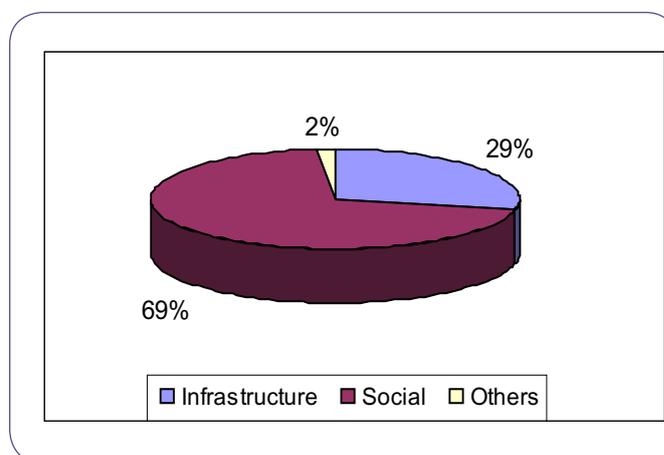
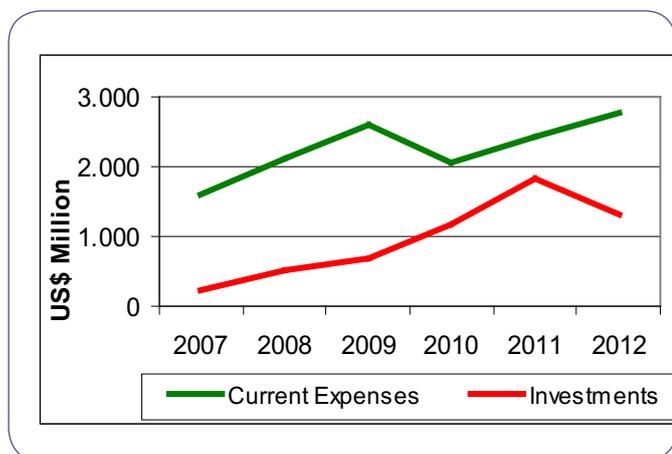
Regarding infrastructure, the state of Alagoas will have U.S. \$ 420 million from the federal budget. Greater emphasis will be given to road transportation activities, which will receive U.S. \$ 348.5 million. Still, with regard to Urban Development, U.S. \$ 2.6 million will be allocated for programs concerning urban mobility and traffic.

Other aspects will receive a total amount of U.S. \$ 15.7 million from the Federal Government. As a point of relevance, there is the agriculture of Alagoas, with U.S. \$ 15.2 million for the implementation of irrigation projects in the channel of the interior of Alagoas.

Bahia



Bahia (BA), located in northeastern Brazil, it has a land area of 564,830.86 km² (the 5th largest in the country) and a population of more than 14 million inhabitants, which gives a population density of 24.82 (inhabitants/km²). This population is distributed into 417 municipalities, and it is predominantly urban (72%). It has the largest GDP in the region (and seventh in the country), reaching in 2010 the value of U.S. \$ 74.1 billion. Its economy is based on agriculture (with the focus on cocoa, sisal and coconut crops) livestock, trade, industry (with a highlight to the petrochemical complex of Camaçari) and mining. The total federal budget for Bahia corresponds U.S. \$ 4.1 billion. [See PLOA 2012]



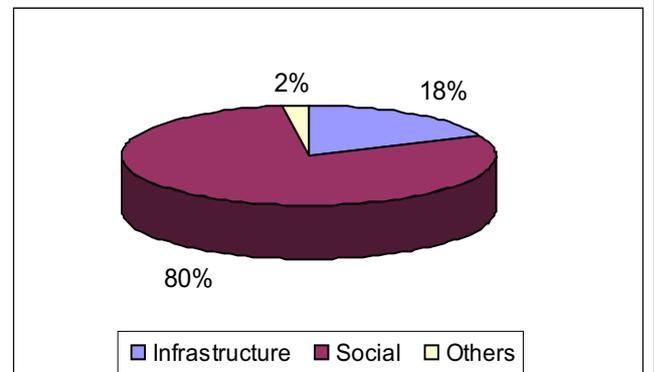
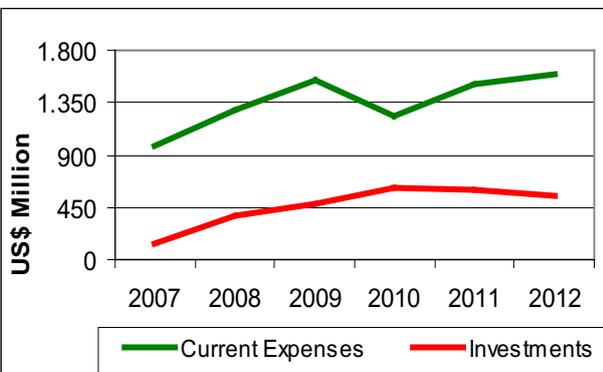
The social area, for encompassing the areas of health and education, will count with most of the federal budget for the state, or U.S. \$ 2.9 billion. The health sector will receive U.S. \$ 2.4 billion, with the remainder amount allocated to activities in the area of education (U.S. \$ 412.7 million) and social assistance. The resources for health will mainly go to outpatient and hospital care of medium and high complexity from SUS with U.S. \$ 1.5 billion and basic family health with U.S. \$ 465.1 million. The main resources for education will be allocated for: the support of school feeding in primary education with U.S. \$ 147.3 million, higher education encompassing undergraduate, graduate, research and extension, with U.S. \$ 118.9 million, and professional and technological education with U.S. \$ 104.8 million.

The area of infrastructure will count with U.S. \$ 1.2 billion in actions to be held in the State. In the railroad sector, the focus is on building the East-West Integration Railroad in the State of Bahia, which will get resources of about U.S. \$ 731.7 million. In the road transport sector, the highlight is the maintenance of the main road stretches, with U.S. \$ 139.8 million for this purpose. We should also highlight the segment of environmental management actions for improving the water supply, which will get resources of about U.S. \$ 49.2 million.

Finally, the item Others includes funds for actions in the segment of irrigated agriculture and the promotion of animal and plant production, with the implementation of the irrigation perimeter of “Baixio do Irecê”, which will have available values of approximately U.S. \$ 35.1 million.

Ceará

Ceará (CE) is located in the northern part of northeastern Brazil. It has 148,825.60 km² land area and a population of 8,448,055 inhabitants, distributed in 184 municipalities, and it is predominantly urban (75%) and having a density of 56.76 (inhabitants/km²). Its economy relies on agriculture, especially for the production of cashew-nut, livestock, trade, industry (especially footwear), tourism and mining. Its GDP in 2010 was U.S. \$ 45.7 billion. The total federal budget for Ceará corresponds U.S. \$ 2.1 billion. [See PLOA 2012]

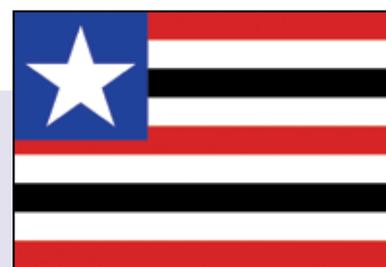


For presenting great challenges to be overcome in the social area, of the U.S. \$ 2.1 billion federal budget for the State, U.S. \$ 1.7 billion will be allocated to actions in this area. The segment of Health will have U.S. \$ 1.3 billion, with the remainder allocated in actions in the sectors of Education, U.S. \$ 311 million, Welfare and Culture. Resources for Health will mainly go to outpatient and hospital care of medium and high complexity from SUS, U.S. \$ 853.7 million, and basic attention for family health, with U.S. \$ 283.5 million. The main resources for education will primarily go to: higher education encompassing undergraduate, graduate, research and extension, U.S. \$ 132.7 million, technological and professional education, with U.S. \$ 69.8 million, and support for school feeding in basic education, with U.S. \$ 77.6 million.

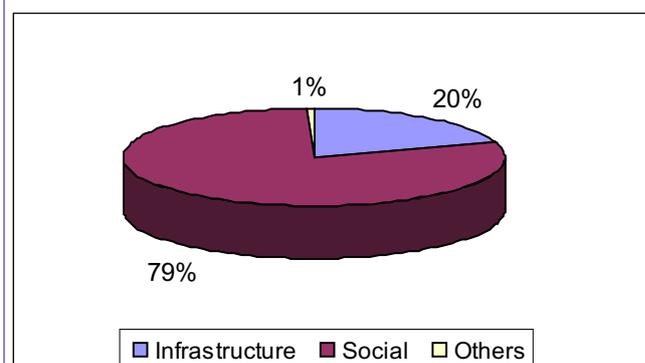
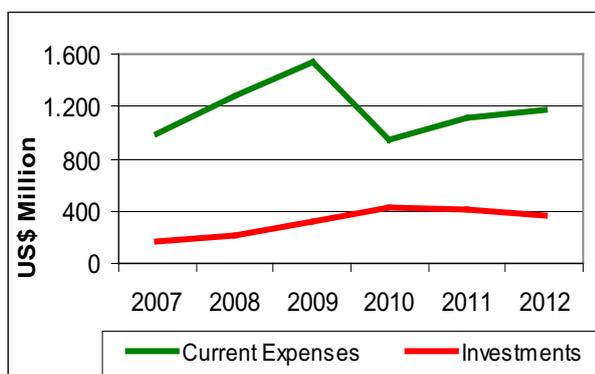
For the area of infrastructure, U.S. \$ 393.8 million were allocated in actions to be held in the State. In the road transport sector, the focus is on the maintenance of road sections that will count with resources of about U.S. \$ 147.4 million. The highlight in the water transport sector is the implementation of the maritime passenger terminal at the Fortaleza Harbor, which will get U.S. \$ 48.5 million as the Government's participation. In the urban segment, we may also highlight the support to the southern section of the subway in Fortaleza, which will get resources of about U.S. \$ 53.7 million.

Finally, the item Others includes funds for the segment of irrigated agriculture, with the implementation of an irrigation perimeter "Tabuleiro de Russas" - 2nd stage, which will count with U.S. \$ 29,4 million.

Maranhão



Maranhão (MA), located in northeastern Brazil, has a land area of 331,935.51 km² and a population of 6,574,789 inhabitants, which gives a population density of 19.81 (inhabitants/km²), the second lowest in the region. Its population is spread over 217 municipalities, and it is predominantly urban (63.1%). It has the fourth largest GDP in the Northeast, which in 2010 amounted to U.S. \$ 23.5 billion. Its economy is based on agriculture (especially the cultivation of soybeans, cassava and rice), livestock, trade, industry (transformation of aluminum, food and timber) and the plant extraction (with an emphasis to the exploration of the babaçu). The total federal budget for Maranhão is equivalent to U.S. \$ 1.6 billion. [See PLOA 2012]



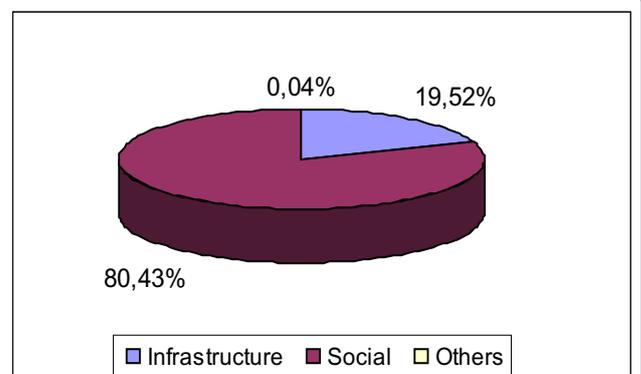
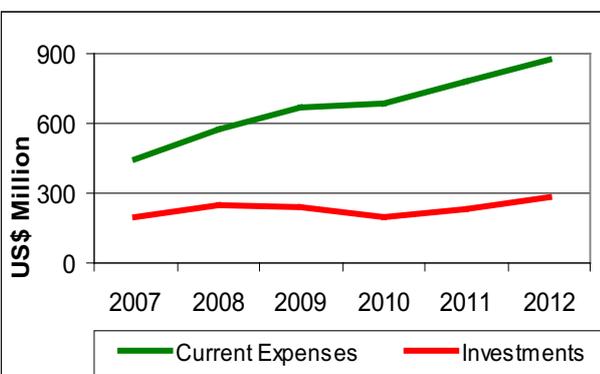
The social area will count with the greatest part of the federal budget for the State, with U.S. \$ 1.2 billion. The segment of Health will have U.S. \$ 975.6 million, with the remainder allocated to actions in the areas of Education (U.S. \$ 203 million) and Social Assistance (U.S. \$ 40.9 million). Resources for Health will mainly be for outpatient and hospital care of medium and high complexity from SUS, U.S. \$ 501.2 million, and basic family health, U.S. \$ 269.5 million. The main resources for education will mainly go to: support for school feeding in primary education, U.S. \$ 74.2 million; and professional and technological education, U.S. \$ 60.1 million; and higher education, encompassing undergraduate, graduate, research and extension, U.S. \$ 51.2 million.

For the area of infrastructure, resources, of approximately U.S. \$ 310.4 million will be allocated. In the road transport sector, the main highlight is the maintenance of road stretches, and U.S. \$ 205.8 million will be allocated for this purpose. We may highlight the segment of Science and Technology, the implementation of the Alcântara Space Complex, which will count with U.S. \$ 50 million.

Finally, the item Others includes funds in the segment of irrigated agriculture, such as the introduction of the irrigation perimeter called “Tabuleiro São Bernardo”, which will get U.S. \$ 5.2 million.

Paraíba

Paraíba (PA) is located in the eastern part of the Northeast of Brazil and has a land area of 56,439.84 km² and a population of 3,766,834 inhabitants (it results in a population density of 66.74 inhabitants / km²), distributed into 223 municipalities. Both the GDP and the GDP per person are among the 50% lowest in Brazil. The economy is based on agriculture, industry (food, textile, leather, footwear, metals, sugar and alcohol), livestock (mostly goats) and tourism. Shipping is fundamental to the economy of Paraíba, mainly due to the Cabedelo Harbor. The total federal budget for the Paraíba corresponds to U.S. \$ 1.1 billion



From the total of U.S. \$ 1.1 billion, the largest share was allocated to Social sectors, which received U.S. \$ 927.9 million. In this area, funds were allocated to three state functions: Social Assistance, with U.S. \$ 25.8 million, Education, U.S. \$ 231.4 million, and Health, U.S. \$ 670.7 million. It is worth pointing that the budget bill text provides further elaboration and thus, for example, we will mention some of the programs that received significant values. First, on Welfare, U.S. \$ 19.8 million were allocated to strengthen the Social Assistance Single System (SUAS) and other U.S. \$ 5.8 million for the Promotion of Children and Adolescents Rights, particularly those in child labor conditions. Second, in education, a considerable amount of the funds was allocated for professional and higher education, with a total of U.S. \$ 41.8 million and U.S. \$ 118.5 million, respectively.

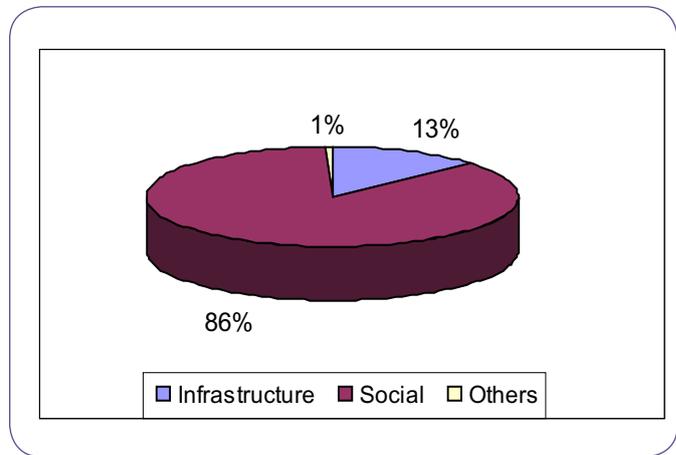
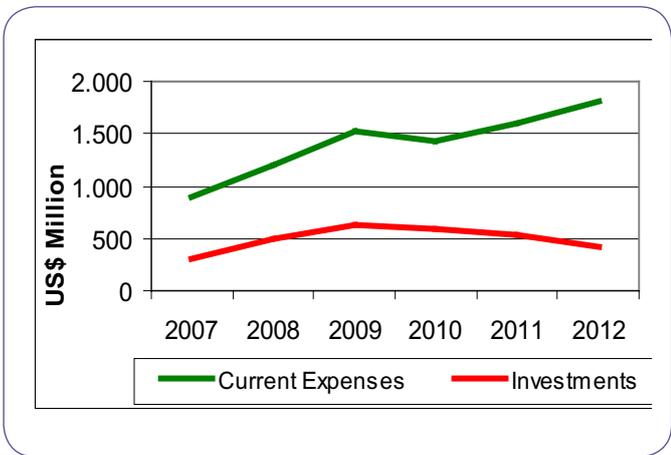
Regarding infrastructure, U.S. \$ 225.4 million will be allocated. The increased water supply is the aspect that will receive greater resource share, as U.S. \$ 138 million will go to the construction of the Coastal Pipeline Section Canal and the implementation of the New Câmara Pipeline System. Another major point of emphasis is related to road transport; U.S. \$ 86 million will be allocated for adequacy, construction and repair of road stretches.

It is also worth mentioning that other U.S. \$ 487,800 will be allocated to other items. Therefore, it is important to realize that resources will almost be entirely spent on public safety. In this line of conduct, the federal budget will have U.S. \$ 426,800 for the construction of the Regional Federal Police Headquarters in Paraíba.

Pernambuco



Located in the Northeast, Pernambuco (PE) has a land area of 98,146.315 km², and according to the Census carried out by IBGE in 2010, a total of 8,796,448 inhabitants. The service sector, the main of the region's economy, is triggered by tourism and trade. A major tourist destination is the archipelago of Fernando de Noronha. Industry also features in the economy and it has developed due to the constant investments in the sectors of mineral transformation, textiles, chemicals, petrochemicals, pharmaceuticals, furniture, transport and energy. The total federal budget for Pernambuco corresponds to U.S. \$ 2.2 billion.[See PLOA 2012]



A sum of U.S \$ 1.9 billion will be invested in the social area. The majority, U.S \$ 1.5 billion will be invested in health, with U.S \$ 975.6 million for the procedures of medium and high complexity. Education will receive U.S \$ 385.2 million. In this area the highlights are: U.S \$ 86.8 million for school meals in primary education, U.S. \$ 47.7 million for the operation of professional and technological education federal institutions and, U.S. \$ 91.1 million for the operation of Federal Universities and U.S \$ 53.1 million for the restructuring and expansion of Federal Universities (REUNI). The area of Social Welfare will receive U.S \$ 41.3 million, of which U.S. \$ 29.6 million will go to community assistance and U.S \$ 11.6 million for the assistance of children and adolescents

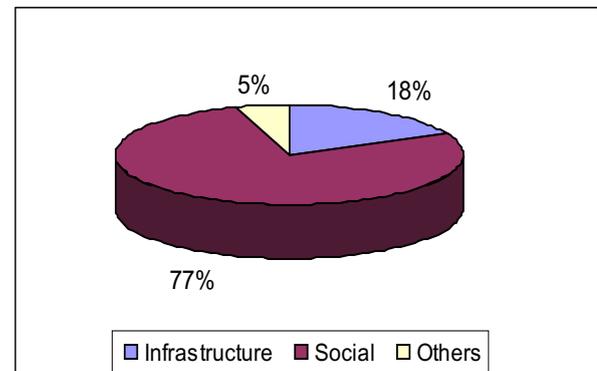
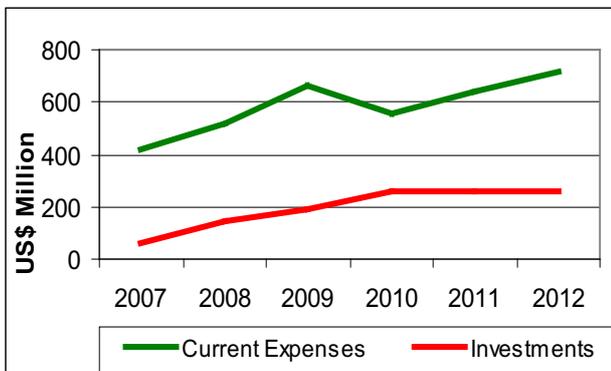
For infrastructure actions, U.S. \$ 300.9 million will be allocated. Of this resource, U.S \$ 19 million will be allocated for the implementation of the Pajeú adductor in the states of Pernambuco and Paraíba. In the transport sector, U.S. \$ 225.7 million will be invested, of which, U.S. \$ 215.4 million will be for road transport. In this area, we stress the appropriateness of actions and maintenance of various road stretches. In water transport, the highlight is the implementation of the maritime passenger terminal at Recife Harbor (PE), which will receive U.S \$ 7.3 million of the U.S \$ 10.4 million for waterway transportation. A sum of U.S. \$ 36.8 million is yet to be invested in urban mobility and traffic.

The item Other has U.S \$ 15.4 million available, of which U.S. \$ 12.7 million will be for investments in irrigated agriculture.

Piauí



Piauí (PI), located in the northeast of Brazil, has a land area of 251,576.64 km² and a population of 3,119,015 inhabitants, which results in a population density of 12.40 (inhabitants/km²), the lowest in the region. Its population is distributed into 224 municipalities, and is predominantly urban (65.7%). It has the lowest GDP in the Northeast; its value in 2010 reached U.S. \$ 10.2 billion. It has an economy based on agriculture (with the focus on cotton, cassava and soybean crops) on livestock farming, commerce, industry (chemical, textile industry) and the extraction plant (with an emphasis on the exploration of carnaúba). The total federal budget for Piauí corresponds to U.S. \$ 975.6 million. [See PLOA 2012]



The social area will count with most of the federal budget for the State, U.S. \$ 731.7 million. Resources for Health will be primarily for outpatient and hospital assistance of medium and high complexity from SUS, U.S \$ 314 million, and for basic family health, U.S \$ 185 million. The main resources for Education will serve primarily to: higher education, U.S. \$ 61.3 million, support for school feeding in primary education, U.S \$ 31.5 million, and technological and professional education, U.S \$ 29.5 million.

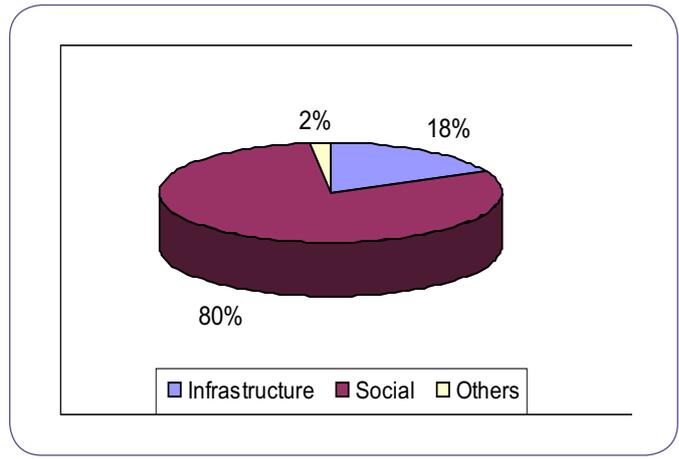
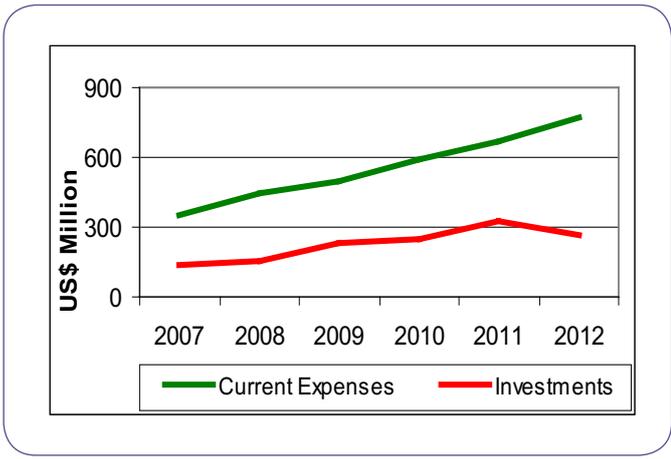
The area of infrastructure, however, will have resources of about U.S. \$ 175.6 million. In the road transport sector, the main highlight is the maintenance of road stretches, with U.S. \$ 82.3 million. A highlight in this area, in the segment of environmental management, is the actions for improving water supply, in particular the construction of the Atalaia dam, which will get resources of about U.S. \$ 18.3 million.

Finally, the item Others includes funds for actions in the segment of irrigated agriculture and the promotion of animal production, such as the introduction of the irrigation perimeter of the “Parnaíba Coastal Flatlands” - the second stage, which will have available values of approximately U.S \$ 23.8 million.

Rio Grande do Norte



The Rio Grande do Norte (RN) is located in the Northeast of the country and it has the 22nd largest territorial extension of Brazil, as well as the 16th largest population. The economy is based on local services, textiles, food and chemicals. The Rio Grande do Norte is the second largest oil producer in Brazil and also accounts for 95% of salt production in the country. In a summary view, Census data has shown that RN has a population of 3,168,027 people which represents an increase of 14.3% between 2000 and 2010. The level of urbanization reached 77.8% in 2010. Also, following the national trend, the 2010 Census identified an aging process of the State’s people, linked mainly to the reduction of the average number of children per family. The total federal budget for Rio Grande do Norte is equivalent to U.S. \$ 1 billion. [See PLOA 2012]



Na área Social, o Estado receberá U.S \$ 793 milhão. As principais destinações são as áreas de Saúde. In the social area, the state will receive U.S \$ 827.6 million. The main destinations are the area of health, U.S. \$ 577.8 million, and education, U.S. \$ 229.3 million. The funds will go to health and outpatient hospital care of medium and high complexity from SUS, U.S \$ 351.9 million, and primary care, U.S. \$ 191.7 million. The main resources for education will go to: the operation of Federal Universities, U.S. \$ 67.2 million, the restructuring and expansion of Federal Universities, U.S. \$ 38.7 million, as well as professional and technological education, U.S \$ 42.2 million, and school meals, U.S \$ 32.9 million.

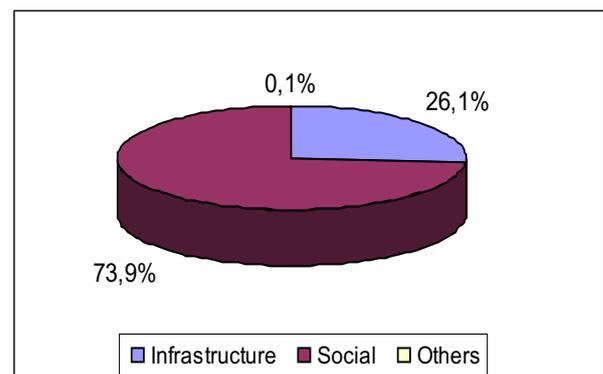
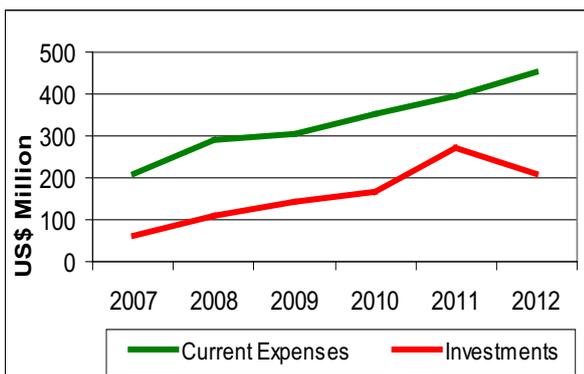
For infrastructure, U.S. \$ 186.9 million will be allocated. The transportation area will receive U.S \$ 161 million, with U.S \$ 86.9 million for the maintenance of highways. We highlight, in the area of environmental management, the construction of the Oiticica dam with U.S \$ 24.4 million, and in the area of water transport, the implementation of a maritime passenger terminal at the “Natal Harbor”, U.S \$ 18.6 million.

Finally, the item Others will receive U.S \$ 21.4 million for the implementation of the irrigation perimeter of the “Santa Cruz do Apodi” dam, in the State of Rio Grande do Norte.

Sergipe



The state of Sergipe (SE) is located in the Northeast of the country. It is the second smallest in Brazil, bigger only than the Federal District, and it is the sixth smallest populous state. Its economy is based mainly on services, accounting for 61.8% of its GDP. The industry produces 33% of the State's wealth and its main products are: cement, oil, natural gas and chemicals such as potassium chloride, ammonia, and urea. Cattle farming accounts for 5.2% of GDP with the planting of sugar cane, oranges, cassava and coconut. In a summary view, the Census data showed that SE has a population of 2,068,017 people, which represents an increase of 16% between 2000 and 2010. The level of urbanization reached 73.5% in 2010. The total federal budget for Sergipe corresponds to U.S. \$ 659 million. [See PLOA 2012]



The social area will receive U.S. \$ 486.7 million. The main destinations are: Health, U.S. \$ 371.9 million, and Education, U.S. \$ 103.8 million. The funds will go to health and outpatient hospital care of medium and high complexity from SUS, U.S. \$ 215.8 million and U.S. \$ 118.6 million for primary care. The main resources for education will go to: the operation of federal universities, U.S. \$ 34.9 million; the assistance to higher education students, U.S. \$ 6.6 million; the functioning of professional and technological education federal institutions, U.S. \$ 16.9 million; the expansion and restructuring of the professional and technological education Federal network, U.S. \$ 8.8 million; and school meals, U.S. \$ 17.1 million.

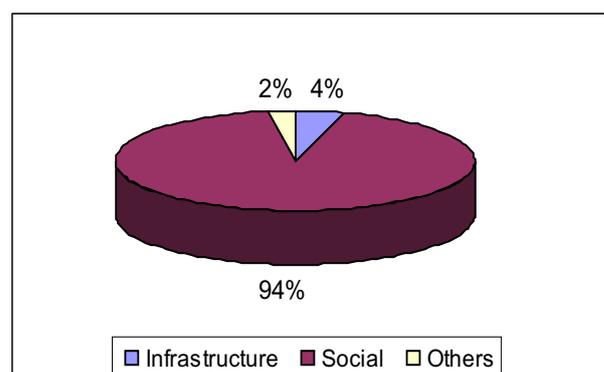
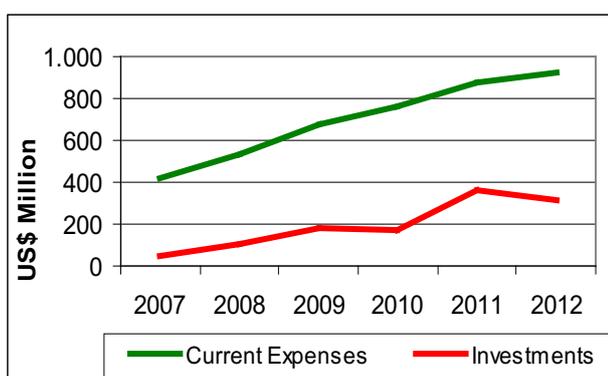
For the State's infrastructure U.S. \$ 171.7 million will be allocated. In the area of roads, the highlights are the adaptations of the road stretches: Border of BA / SE - BR-235 Junction - on BR-101, U.S. \$ 78 million and "Pedra Branca" - Border of SE / AL - on BR-101, U.S. \$ 78 million.

Finally, the item Others includes funds for the Operation of Aquaculture Stations and Research Centers, with U.S. \$ 274 400.

Distrito Federal



The Distrito Federal (DF) is located in the Midwest Region. It is an unusual unit in the federation; it is not a state and it has no municipalities. Brasilia is the capital city of the Federative Republic of Brazil and the headquarters of the Federal District. It has 2,562,963 inhabitants in an area of 5,789.16 square kilometers, with over 96% of urban population. The DF has the highest GDP in the Midwest Region and the 8th largest in the country (representing 3.9% of GDP), as well as the highest GDP per person. Its economy is based 93% in the service segment. Brasilia is the capital with the greatest weight of public administration in its economy (48.3%). Despite the increasing participation in the Brazilian economy, it cannot reduce social inequalities and it reaches the fourth place in the country. On the other hand, it has the best HDI (human development index) in Brazil. The total federal budget for the Federal District corresponds to U.S. \$ 1.2 billion. [See PLOA 2012]



The social sector will receive U.S. \$ 1.2 billion. The main destinations are for education, U.S. \$ 731.7 million, and health, U.S. \$ 381.6 million. In education, the highlights are for higher education, U.S. \$ 325 million, professional education, U.S. \$ 54.4 million, and for school meals, U.S. \$ 18.3 million. In health, U.S. \$ 298.1 million will go to hospital and outpatient assistance of medium and high complexity from SUS.

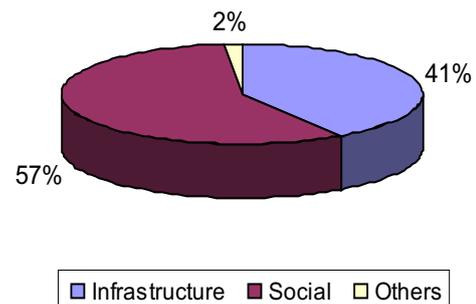
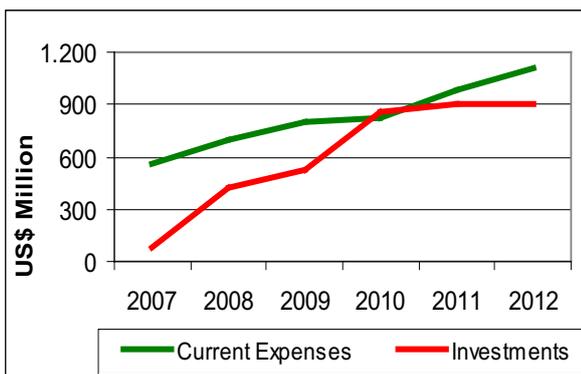
For infrastructure, U.S. \$ 55.7 million will be allocated. In the sector of roads, we highlight the maintenance of road stretches in the Federal District, U.S. \$ 25.4 million, and the adequacy of road stretch - junction DF-007 (Granja do Torto) and junction DF-051 (EPGU) on the BR-450, with the equivalent of U.S. \$ 10.7 million.

In the item Others, we emphasize the construction of the National Center for Disaster and Risk Management, with U.S. \$ 9.1 million, the construction of the National Training Center and Diffusion of Forensic Sciences with U.S. \$ 9.1 million, and innovations for agriculture, U.S. \$ 6.3 million.

Goiás



The State of Goiás (GO) is located in the Midwest Region. It has about 6 million people (3.15% of the population) in its 246 municipalities. The population is predominantly urban (90.29%). It has an area of 340,086.698 km² and it occupies the seventh position in area. The economy of Goiás is based on farming and industry. We emphasize the agricultural production of cotton, sugar cane, soybeans and grains. The State is the largest producer of sorghum. It excels in livestock herd and slaughter of sheep and pigs, poultry and sheep milk production. In the industrial sector, Goiás is the 10th state with the largest share of total national value-added, highlighting the mineral extractive industry, manufacturing industry and construction. Goiás has the ninth largest GDP in the country, 2.5% GDP. It's the ninth position in HDI by states. The total federal budget for Goiás corresponds to U.S. \$ 2 billion. [See PLOA 2012]



The social sector will receive U.S. \$ 1.2 billion. The main destinations are for health care with U.S. \$ 914.6 million, and education, U.S. \$ 206 million. In the health area the highlights are for outpatient and hospital care of medium and high complexity from SUS with U.S. \$ 588.4 million, and for Family Health, inserted in basic health care, U.S. \$ 161.2 million. In education the highlights are the resources for higher education, U.S. \$ 101.3 million, for professional education, U.S. \$ 61.6 million, and for school meals, U.S. \$ 46.5 million.

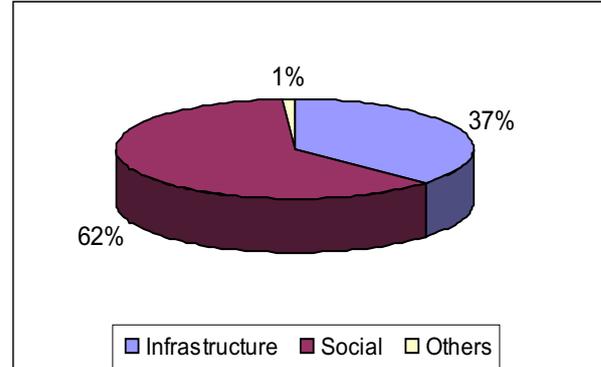
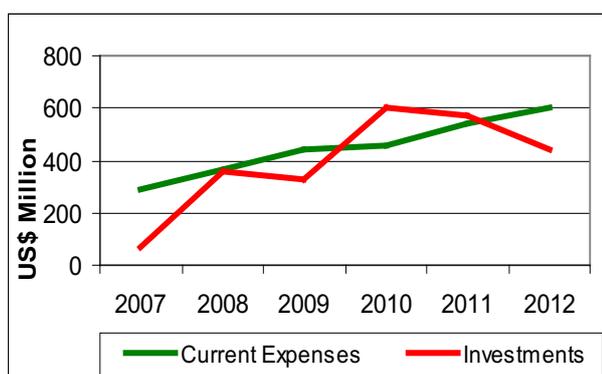
The State's Infrastructure will get U.S. \$ 792.7 million. Most of it, U.S. \$ 456.6 million, is for the construction of the North-South railway stretch, the Ouro Verde de Goiás-São Simão. Road transportation will receive U.S. \$ 346.6 million, and the main highlight is adequacy of the stretch Goiânia-Jataí (BR-060) with U.S. \$ 152.4 million, and the maintenance of road stretches, U.S. \$ 136.2 million.

In the item Others, there are the resources aimed at agriculture irrigation with US \$ 31,8, which will be allocated for the implementation of the irrigation perimeter of Flores de Goiás, of Luiz Alves do Araguaia and for the construction of the Imburucu river dam.

Mato Grosso



Mato Grosso (MT) is located in south of the Midwest Region. Third largest state in the country, it has an area of 903,357.9 km² and it is occupied by 3,033,991 inhabitants, of which 80% is urban population. The State has the largest herd of cattle in the country and is the second largest grain exporter, accounting for 65% of exports from the Midwest region. It is noteworthy in soybean production (the main exports product) and cotton (currently the leader in cotton production in Brazil). The success of agriculture in the state has generated great economic development and has contributed to the emergence of many cities. Its GDP ranks 14th in the country (1.7% of GDP). The total federal budget for Mato Grosso corresponds to U.S. \$ 1 billion. [See PLOA 2012]



The social area will receive U.S. \$ 670.7 million. The main destinations are for health, U.S. \$ 474.3 million, and education, U.S. \$ 160 million. The highlights are for outpatient and hospital care of medium and high complexity from SUS with U.S. \$ 283.5 million, and for family health, basic health care with U.S. \$ 102.2 million. The main resources for education will serve to: higher education, U.S. \$ 69.2 million, professional education, U.S. \$ 39.7 million, and school meals, U.S. \$ 30.1 million.

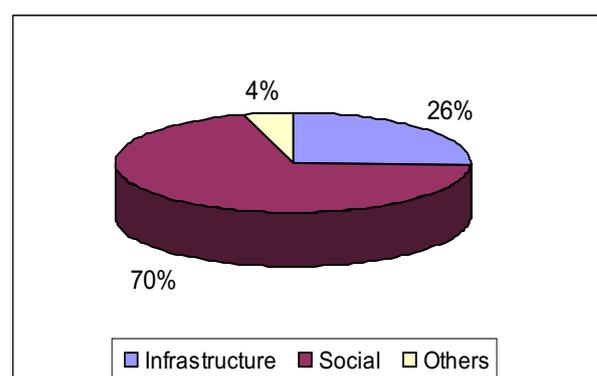
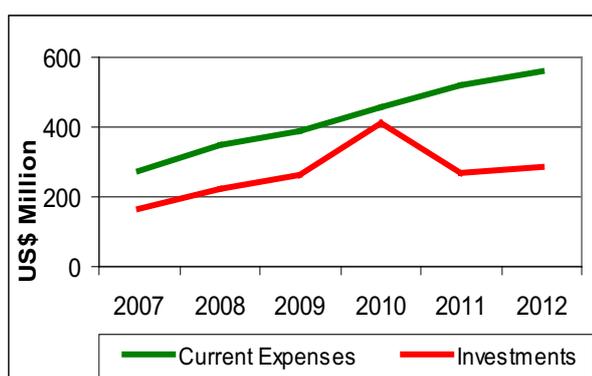
For infrastructure, U.S. \$ 385.9 million will be allocated. In the road area, the focus is on the maintenance of State's road stretches with U.S. \$ 190 million, the adequacy of road stretches - Rondonópolis - Cuiabá - Posto Gil (BR-163) with U.S. \$ 121.9 million, and the construction of road contour in the Municipality of Cuiabá on BR-070/163/364, with U.S. \$ 33.5 million.

Finally, the item Other includes resources for the implementation of the Jonas Pinheiro irrigation perimeter with 1,300 hectares in the State of Mato Grosso with funds of U.S. \$ 11.6 million.

Mato Grosso do Sul



Mato Grosso do Sul (MS) is located in the Midwest Region. There are 2,449,341 inhabitants in the area of 358,158.7 km², more than 85% of urban population. The State GDP represents 1.1% of the country's GDP. The main economic sources of the state are agriculture and livestock, with one of the largest cattle herds in the country. Within the State's territory, there are important deposits, especially manganese (the biggest reserve in Brazil) and iron (the third largest in Brazil). The main industrial activity of MS is the production of food, followed by the conversion of non-metallic mineral and the timber industry. The Pantanal (a region of swamps) attracts visitors from all around the world, making ecotourism a major source of resource for the state. It has the eighth best HDI in Brazil. The total federal budget for Mato Grosso do Sul corresponds to U.S. \$ 853.7 million. [See PLOA 2012]



The social area will get U.S. \$ 590.4 million. The main destinations are for health, U.S. \$ 435.7 million, and education, U.S. \$ 143.2 million. The resources for health will go for outpatient and hospital care of medium and high complexity from SUS, U.S. \$ 292.7 million, and for Family Health, within basic health care with U.S. \$ 72.4 million. In education, the highlights are the resources for higher education, \$ 65.8 million; for professional education, \$ 20.5 million, and for school meals, U.S. \$ 21.2 million.

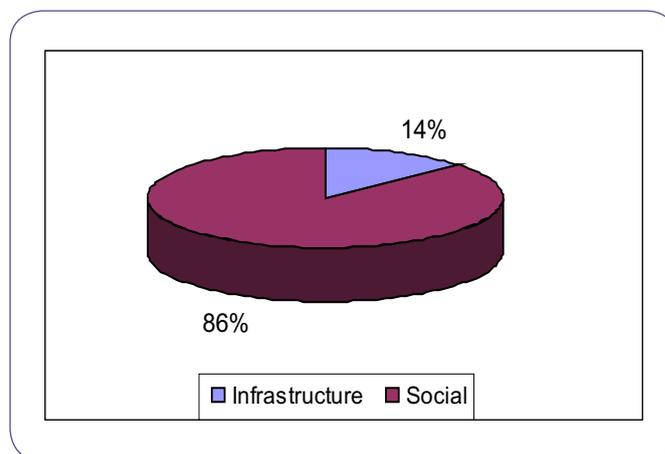
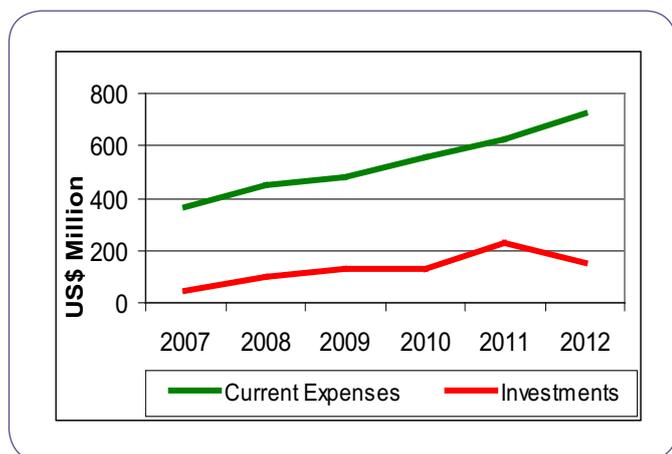
For infrastructure, U.S. \$ 218.3 million will be allocated. The emphasis is for road stretch maintenance with U.S. \$ 198.7 million. Also, U.S. \$ 15.2 million will be allocated for the construction of road stretches of Alcinópolis, on BR-359 (Border of GO / MS) and the BR-163 junction - Alcinópolis - on BR-359.

In the item Others, there are the resources for agriculture, which will receive U.S. \$ 37.6 million for the Implementation of the Project Irrigation Itamarati II, with 5,000 hectares in the municipality of Ponta Porã in Mato Grosso do Sul.

Espírito Santo



Espírito Santo (ES) is located in the Southeast and has approximately 3.5 million inhabitants (1.84% of the population of the country) in its 78 municipalities. The population is predominantly urban (83.40% of the population). The State has an area of 46,078 km² and occupies the 23rd position in area. The economy of Espírito Santo, the 11th largest in the country, with a value of \$ 42.7 billion, is based mainly in port activities, exports and the import industry of ornamental stones (marble and granite), cellulose, extracted from the eucalyptus pine trees, oil exploration and natural gas, as well as diversified agriculture, mainly coffee plantation. The total federal budget for Espírito Santo corresponds to U.S. \$ 875.3 million. [See PLOA 2012]

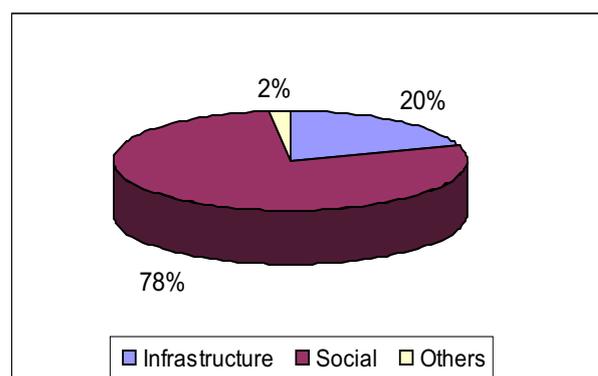
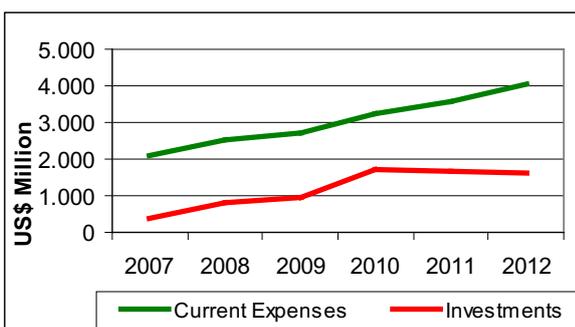


The social area will receive U.S \$ 757.1 million. The main destinations are the area of health with U.S \$ 557.9 million and education with U.S \$ 188.3 million. The health funds will go to outpatient and hospital care of medium and high complexity from SUS, U.S. \$ 356.1 million and for primary care, U.S. \$ 138.3 million. The resources for education will be allocated for the operation of Federal Universities, U.S. \$ 55.4 million, the restructuring and expansion of Federal Universities (REUNI), U.S \$ 11.2 million; the operation of federal institutions professional and technological education with U.S \$ 43.4 million, and school meals with U.S \$ 28.8 million.

A sum of U.S. U.S \$ 118.2 million will be allocated for infrastructure. In the road area the highlights are the road maintenance stretches with U.S \$ 41.1 million, and the adequacy of the road stretch - BR-101 (Km 15.5) - Border of ES / MG (195.9 km) - on the BR-262, with U.S. \$ 20.5 million. The water area has two major highlights in the Vitória Harbor: the works of pier containment and expansion, U.S \$ 18.8 million, and the dredging and navigation adequacy with U.S \$ 12.2 million.

Minas Gerais

Minas Gerais (MG) is located in the Southeast and it has approximately 20 million people (10.27% of the population of the country) in its 853 municipalities. The population is predominantly urban (85.2 9% of the population). The State has an area of 586,523 km² and occupies the fourth position in area. The state economy is the third largest in the country, with a value of \$ 172.6 billion, behind São Paulo and Rio de Janeiro. The service sector represents 51% of the Minas Gerais GDP and in this sector; the highlights are the exports and the high-tech sector. The mining industry (28% of GDP of Minas Gerais) is the second largest in the country, second only to São Paulo. The main types of industries that operate in the state are: extraction (mining), metallurgy, automobile, food, textile, construction, chemicals and nonmetallic minerals. The agricultural and cattle farming sector contributes only with 8% of the GDP. The total federal budget for Minas Gerais in 2012 is equivalent to U.S. \$ 5.6 billion. [See PLOA 2012]



The social area will receive U.S \$ 4.4 billion. The main destinations are the health care area with U.S. \$ 3.2 billion and education with U.S. \$ 1.1 billion. Resources for health will go to outpatient and hospital care of medium and high complexity from SUS, \$ 2.1 billion, and primary care, U.S. \$ 831 million. The main resources for education will serve: the operation of Federal Universities, U.S. \$ 396 million, the restructuring and expansion of Federal Universities (REUNI), U.S. \$ 150.2 million; the operation of professional and technological education federal institutions with U.S \$ 138 2 million, and school meals with U.S \$ 141.8 million.

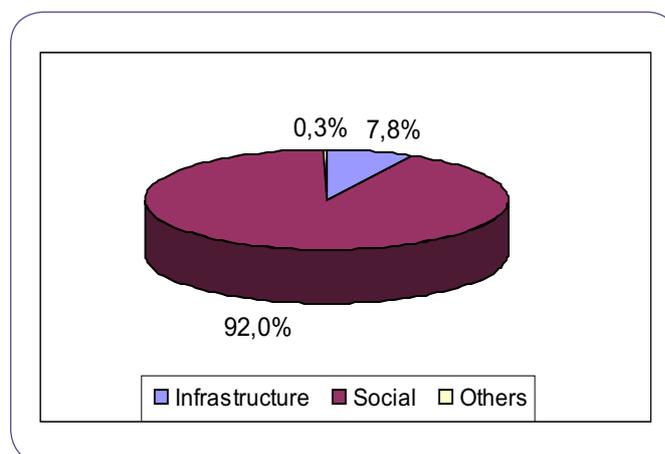
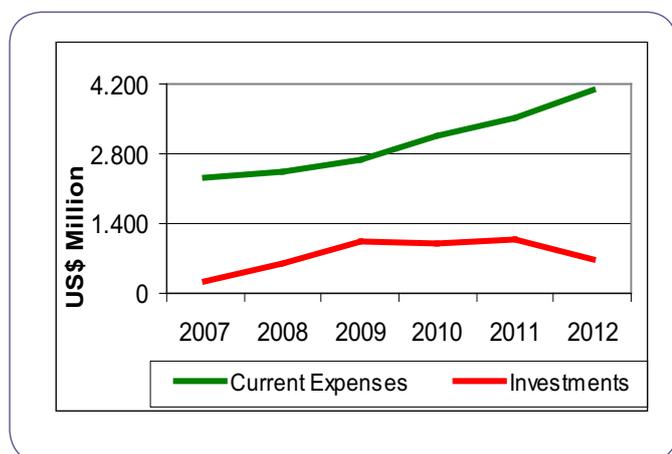
For infrastructure, U.S. \$ 1.1 billion will be allocated. On the area of roads, the highlights are for the maintenance of road stretches in the State of Minas Gerais with U.S \$ 498 million and the adequacy of the road complex from Belo Horizonte - MG-437/MGT-262 Junction - Junction BR-040/135 / 262/381 - Junction BR-040/BR-356 - BR-262/381/040 with U.S. \$ 107.3 million; Junction BR-116/259/451 (Governador Valadares) - Junction MG 020 on the BR-381 with U.S. \$ 91.5 million, and the road stretches - Border of MG / SP - Border of MG / GO - on the BR-050 with U.S. \$ 73.2 million. The highlight in the railroad area is the construction of the North-South Railway- Santa Vitória - Iturama, with U.S. \$ 115.8 million.

Finally, the item Others include funds for the implementation of the Air Force Instruction and Adaptation Center in Lagoa Santa with U.S. \$ 96.8 million..

Rio de Janeiro



The Rio de Janeiro (RJ) is located in the Southeast. It has about 16 million people (8.38% of the population of the country) in its 92 municipalities. The population is predominantly urban (96.71%). It has an area of 43,696 km² and occupies the 24th position in area. The State of Rio de Janeiro has the second largest GDP in the country, with U.S. \$ 209.1 billion, second only to São Paulo. Most of the economy is based on services (57% of the state GDP) in areas such as telecommunications, audiovisual, information technology, tourism, business tourism, ecotourism, among others. Another important part of the economy of that State is industry (27% of the state GDP). The total federal budget for Rio de Janeiro is equivalent to U.S. \$ 4.8 billion. [See PLOA 2012]

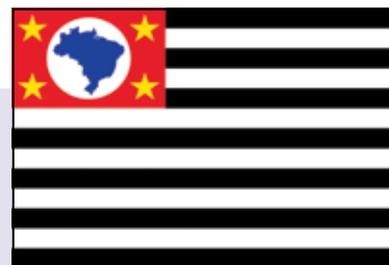


The social area will receive U.S \$ 4.4 billion. The main destinations are the health area with U.S \$ 3.4 billion, and education, U.S. \$ 867.4 million. Resources for health will go to outpatient and hospital care of medium and high complexity from SUS, with U.S. \$ 1.9 billion, for basic care, U.S \$ 421 million and for epidemiological surveillance, U.S \$ 68.9 million. The main resources for education will go to: the operation of federal universities, U.S. \$ 200,6 million; the operation of Technological and Professional Education Federal Institutions, U.S \$ 63.2 million; the restructuring and expansion of Federal Universities (REUNI) with U.S. \$ 171.3 million, and school meals, U.S. \$ 142.2 million.

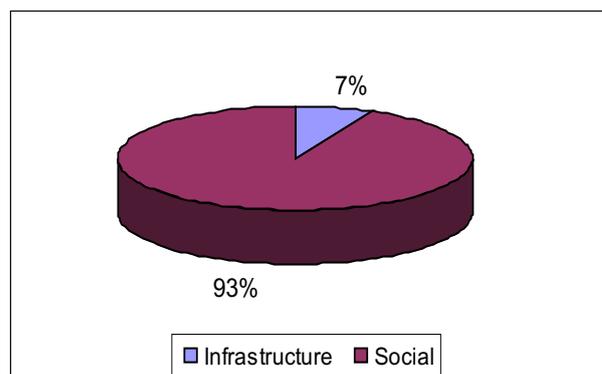
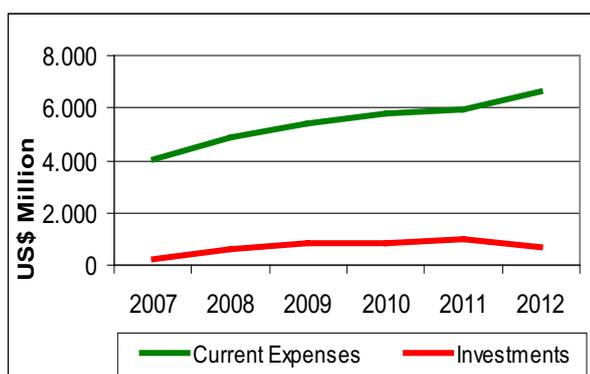
For infrastructure, U.S \$ 369 million will be allocated. On the road sector, the focus is on the construction and adequacy of the metropolitan arc of Rio de Janeiro with U.S. \$ 111.6 million. The waterway area has two major highlights: the implementation of mooring piers for passenger terminals, U.S \$ 81.1 million, and the structural reinforcement of the Gamboa Pier with U.S \$ 51.2 million, both at the Rio de Janeiro harbor.

Finally, the item Others includes funds for the construction and renovation of government buildings such as the construction of the Federal Police Regional Headquarter Annex in Rio de Janeiro with U.S \$ 9.1 million.

São Paulo



São Paulo (SP) is located in the Southeast and it has approximately 41 million people (21.63% of the population) in its 645 municipalities. The population is predominantly urban (95.94% of the population). The State has an area of 248,209 km² and occupies the 12th position in area. The state of São Paulo has the largest GDP in the country, with approximately U.S. \$ 609.7 billion. The state's economy is diversified. The industries of alcohol, sugar, textile, automobile and aviation, and the financial service sectors, as well as the cultivation of oranges, sugar cane and coffee form the basis of an economy that accounts for about one third of the Brazilian GDP. The total federal budget in 2012 to São Paulo accounts for \$ 7.3 billion.[See PLOA 2012]



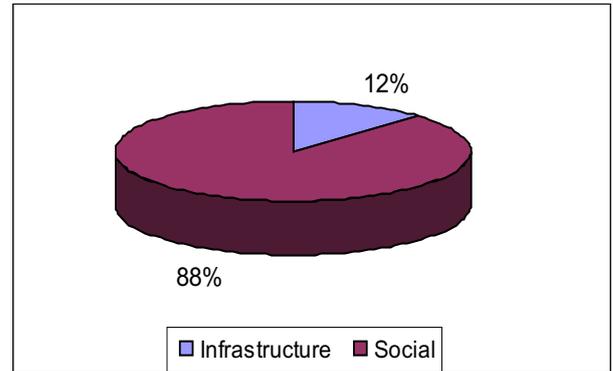
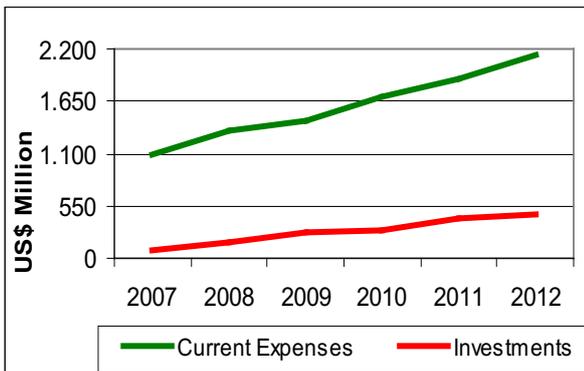
The social area will receive U.S \$ 6.7 billion. The main destinations in this area are health, U.S \$ 6.1 billion and education U.S \$ 573 million. Resources for health will go to outpatient and hospital care of medium and high complexity from SUS with U.S \$ 4.5 billion and U.S. \$ 941 million for primary care. The main resources for education will go to: school meals, U.S \$ 279 million; the operation of Federal Universities, U.S \$ 81.1 million; the implementation of the ABC Federal University, with U.S. \$ 46.6 million; the restructuring and expansion of Federal Universities (REUNI) with U.S. \$ 39 million; the operation of technological and professional education Federal Institutions with U.S \$ 48.5 million and the expansion and restructuring of the federal network of professional and technological education with U.S \$ 17.6 million.

For infrastructure, U.S. \$ 535.8 million will be allocated. As for roads, the emphasis is on support to the construction of the North Stretch- Road Beltway with U.S. \$ 266.8 million. The waterway area has two major highlights: the support to the implementation of improvements in the navigation channel of the river Tietê waterway with U.S. \$ 79.9 million, and the adequacy of the Passenger Terminal pier of Santos Harbor (SP) with U.S \$ 48.7 million. For railway transportation, the focus is for the construction of the North-South - Goldenwest - Western Star Railway with U.S \$ 61 million.

Paraná



Paraná (PR) is located in the southern region of the country. With a land area of approximately 200,000 km², it's marked by high altitudes in greater part of the territory. Its population, according to the census of 2010, totals to almost 10.5 million inhabitants. Paraná's economy is based mainly on agricultural production, but other highlights are the agricultural industry and the automotive industry, pulp and paper. An interesting aspect of infrastructure is its urban mobility. Paraná is praised for the mass traffic system in Curitiba. The total federal budget for Paraná corresponds to U.S. \$ 2.6 billion. [See PLOA 2012]



The social area will have the largest share of these resources, accounting for a total of U.S. \$ 2.3 billion. It is worth observing the value of Health, with a total of U.S. \$ 1.8 billion.

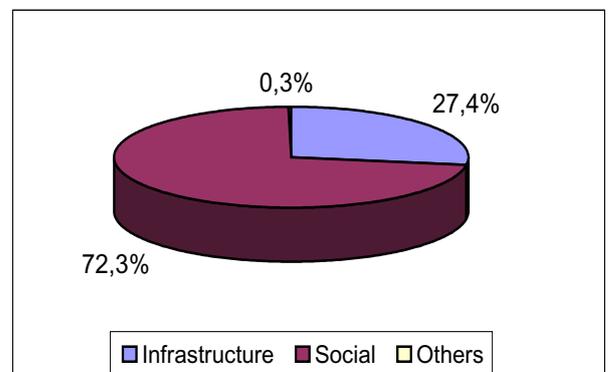
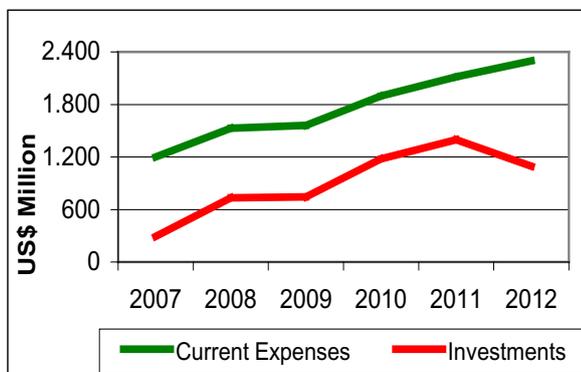
Still concerning the Social area, the expenses with education are significant, corresponding to U.S. \$ 438.9 million. In Education, U.S. \$ 260.5 million will be allocated for higher education and U.S. \$ 52 million for professional education. Finally, we must also remember that social assistance will receive U.S. \$ 36.3 million.

The area of infrastructure in Paraná will receive U.S. \$ 319.7 million, of which the vast majority is destined for road transportation. A sum of U.S. \$ 310.9 million will be allocated for the adjustments, construction and maintenance of highways.

Rio Grande do Sul



Rio Grande do Sul (RS) is the state further to the South of the country, bordered by two countries that really marked the customs and traditions of the “gaúchos”, Argentina and Uruguay. RS is the state with the fourth largest GDP in Brazil, as well as having the fifth largest population (10.7 million). The territory is 282,000 km². The economy’s highlights are the food industry and metalworking, especially in the capital, Porto Alegre. It is also intense the production of shoes and leather goods as well as wines and grazing products. The total federal budget for Rio Grande do Sul is equivalent to U.S. \$ 3.4 billion. [See PLOA 2012]



The social area will receive U.S \$ 2.4 billion, which is divided into Social Assistance, Health and Education. Of this amount, U.S \$ 1.8 billion will be allocated for health, including U.S \$ 1.3 billion related to hospital and outpatient care. In education, with a total sum of U.S \$ 670.7 million, great part of the funds was allocated for professional and higher education, with respective amounts of U.S \$ 92.2 million and U.S \$ 349.5 million.

In the area of infrastructure, U.S. \$ 914.6 million will be allocated. In this area, a high amount will go to transportation, adding up to U.S \$ 792.7 million, which has been distributed mainly between the road transportation with U.S. \$ 731.7 million, and water transportation, U.S \$ 24.4 million. Still in relation to Infrastructure, a further highlight is the sum allocated for Urbanism, with the amount of U.S \$ 143.2 million, most of which, U.S. \$ 128.5 million, is related to urban mass transportation. In this last point in special, we must point out the expansion and improvement of the metro network of the urban rail transportation in Porto Alegre, which will count with resources of about U.S. \$ 85.5 million.

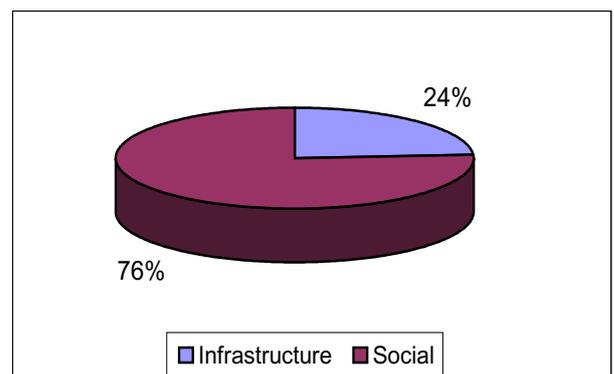
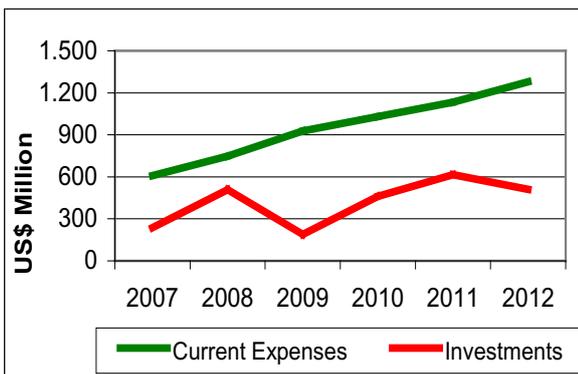
Other aspects are worth highlighting. In relation to agriculture, U.S \$ 9.8 million will be allocated for irrigation, with three main activities related to irrigated agriculture, the first two related to the construction of irrigation canals and the other with the expansion of the irrigation perimeter “Arroio Duro na Costa Doce” of the State of Rio Grande do Sul.

Santa Catarina



The state of Santa Catarina (SC) is located in the center of the South of the Country. It has the 20th largest territorial extension of Brazil, as well as the 11th largest population. Santa Catarina's economy is based on both agriculture and industry (ceramics, metalworking and textiles) and mineral extraction.

In a summary view, Census data has shown that SC has a population of 6,248,436 people, representing an increase of 16.8% between 2000 and 2010. One fact that stands out is the increase of urban population - the degree of urbanization reached 84% in 2010. Also, following the national trend, the 2010 Census identified the aging characteristic of the population, related mainly to the decrease in the average number of children. The total federal budget for Santa Catarina corresponds to U.S. \$ 1.8 billion. [See PLOA 2012]



The social area will receive U.S \$ 1.3 billion, in which U.S \$ 1 billion will be allocated for Health. In this area, the main highlights are the medium and high complexity procedures, with funds of around U.S. \$ 670.7 million.

Also in the Social area, U.S. \$ 319.5 million will be allocated for Education, which will get U.S \$ 73.6 million for professional education, and U.S \$ 168.1 million for higher education. The latter case, higher education, is a further highlight, represented by U.S \$ 26.8 million for the Implementation of the Federal University of the Southern Frontier. In addition, U.S \$ 20.1 million will be allocated for social assistance, particularly in strengthening the Social Assistance Single System.

In the area of Infrastructure, Santa Catarina will receive U.S \$ 425.5 million. Almost all the entire amount will be applied to transportation; therefore, the total amount quoted for the area will be U.S. \$ 422.4 million distributed among the sectors: road transportation, U.S. \$ 381.5 million; waterway, U.S \$ 25.6 million, and railway, with \$ 15.3 million. Complementing the resources for infrastructure, U.S \$ 3.1 million will still be allocated for environmental management.

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