

Growth Acceleration Program

The Growth Acceleration Program (PAC) was implemented in 2007 and consists of two parts: investment in infrastructure and institutional measures. The first part is subdivided in logistics, energy, and social and urban development. The institutional measures are geared towards the relief and improvement of the tax system, encouraging credit and financing, improvement of the investment environment and long-term fiscal measures.

The program includes the budgets of the Union, states and municipalities and resources from private companies, which complicates tracking the actions. Thus, the Brazilian Court of Audit (TCU) has determined that the PAC Executive Group (GEPAC) should forward information periodically about the physical and financial execution of all projects being monitored.

Infrastructure Investments – The expectation for investments in the PAC's infrastructure projects goes through constant updates. Today, the amount exceeds R\$1.1 trillion, including the amount estimated after 2010. Initially, the PAC estimated investments for the quadrennium 2007/2010, R\$503.9 billion. The current planning, based on information available in December 2009, expects to invest in the same period, R\$665.2 billion. This increase of 32% was due to increased investment spending expectation of 79% on the logistics, 7% in the energy and 56% on the social and urban development.

As shown in Table 1, the financial execution accumulated in investments by 2009 was R\$395.8 billion, representing 60% of the amount predicted by 2010. The logistics area executed 50% of the estimate, corresponding to R\$52.3 billion. Energy and Social and Urban Development executed each 60% and 63%, or R\$175.1 billion and R\$168.4 billion, respectively.

Table 1. Estimate and Accumulated Financial Execution of PAC Investments*, in R\$ billion

Sector	Estimate	Execution	(%)
Logistics	104.4	52.30	50%
Energy	294.2	175.10	60%
Social and Urban Development	266.5	168.40	63%
PAC Total	665.2	395.80	60%

Source: Executive Office of the Presidency of the Republic

*Estimate (2007/2010) and Execution (2007/2009)

On the implementation details, it is important to emphasize that the actions related to road and railway concessions and financing with resources from the Merchant Marine Fund are considered completed and their appropriate values as implemented in the act of signing the contract of granting or funding, respectively, regardless of the effective application of the resources.

Implementation of the Fiscal and Social Security Budget - OFSS – From the total amount referred to the 2010 PAC (R\$665.2 billion), R\$83.1 billion result from funds from the Government's Fiscal Budget and Social Security. The accumulated budgetary execution (2007-2009) of the PAC actions, within the OFSS totaled R\$37.4 billion, representing about 45% of the amount for 2010.

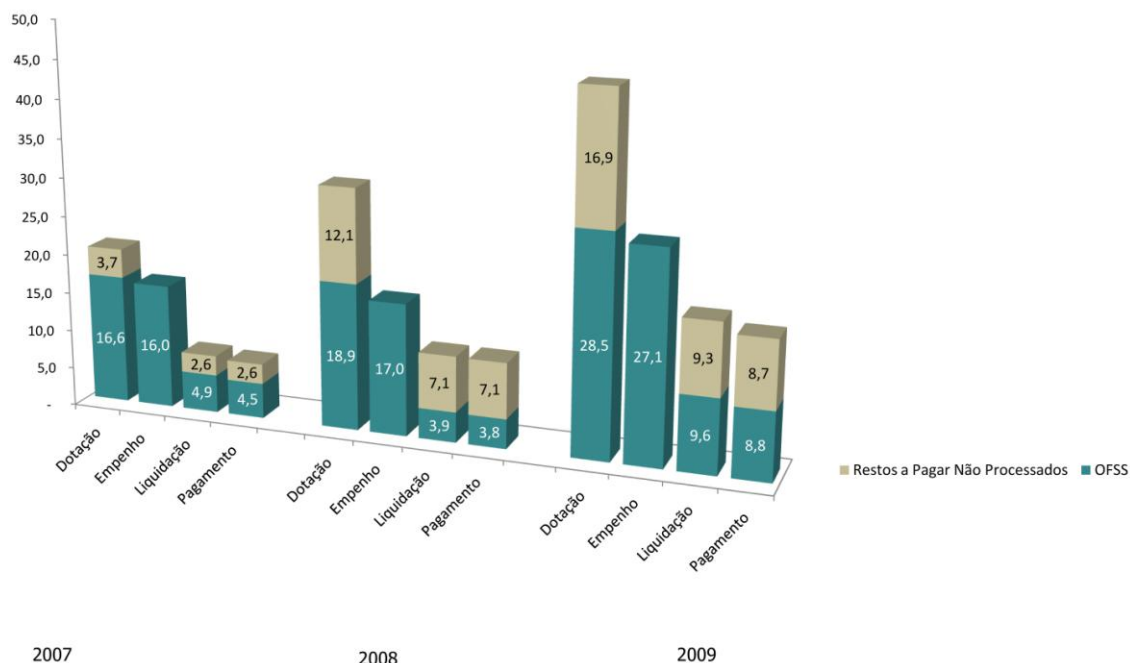
According to the budget legislation, budgets are annual, and therefore it is expected that the invoice, liquidation and payment of authorized expenses occur in the same year. However, Chart 1 shows that the execution of the **accounts payable** not processed from previous years has always had an important role in the PAC.



Records of expenses that had budget authorization for its execution in a given year, but had no proof of its implementation (settlement) during the same year (unprocessed accounts payable) or, when their completion is proven, were not paid (processed accounts payable).

In 2007 they accounted for settlements of R\$2.6 billion, jumping to R\$7.1 billion in 2008, an amount higher than the settlement from the budget for the year, totaling R\$3.9 billion. In 2009, the settlements from both sources have nearly equaled: R\$9.6 billion coming from the OFSS and R\$9.3 billion from unprocessed accounts payable. Considering the cumulative performance of the three fiscal years, the accounts payable accounted for 51% of the settlement of spending, reaching the amount of R\$19 billion, surpassing the settlements of OFSS.

Chart 1. Estimate and Budget Operations and unprocessed Accounts Payable of PAC 2007/2009¹



Source: Siafi

¹ Dotação = Budget
 Empenho = Invoice
 Liquidação = Settlement
 Pagamento = Payment
 Restos a Pagar Não Processados = Unprocessed Accounts Payable

Institutional measures – The PAC estimated the implementation of 29 institutional measures. To date, 20 of them were issued, among which stand out: the General Law of Small and Micro businesses; the implementation of the Public System of Digital Accounting and Electronic Invoicing; measures of tax relief; law of the natural gas; reduction of the Long-Term Interest rate - TJLP and BNDES spreads; increase in reference equity of Caixa in order to increase its loaning capacity; creation of two investment funds, one with Individual Retirement Account (FGTS) resources.

The following actions have not been approved yet since they demand greater political mobilization: Tax Reform (Constitutional Amendment); Regulation of article 23 of the Constitution and Control of the expansion of personnel expenditure of the Government (Complementary Laws); Legal framework of the regulatory agencies, Restructuring of the Brazilian System for Protection of Competition, Long-term policy for valuation of the minimum wage, Acceleration of the bidding process, improvement in the Social Security management, Regulation of pension funds of the federal public servants (Civil Laws).

Minha Casa, Minha vida Program - The goal of the *Minha Casa, Minha vida* program - PMCMV is to make available in the triennium 2009/2011, 1 million houses, of which 400 thousand for the population with income ranging between 0 and 3 minimum wages (SM); 400 thousand ranging from 3 to 6 SM; and 200 thousand for the population with income between 6 and 10 SM. Table 2 summarizes the execution until December 31, 2009.

Table 2. Housing contracted in the PMCMV – December 31, 2009

Target Public	Units contracted	Amount financed	Goal	%
0 to 3 SM	168,459	6,925	400,000	42%
3 to 6 SM	76,087	4,675	400,000	19%
6 to 10 SM	30,982	2,478	200,000	15%
Total	275,528	14,078	1,000,000	28%

Source: Caixa Econômica Federal

According to the table shown above, about 275,000 units were contracted, at the total cost of R\$14.08 billion, representing 28% of the goal of providing one million units. 168,000 of these units, or 42% of the goal, within the range of income between 0 and 3 SM, 76,000, or 19% of the goal, within the range of the income between 3 and 6 SM, and 31,000 units for people with income between 6 and 10 SM, representing 15% of that goal.

Access the full chapter on the Growth Incentive Program in the full version of the Report and Prior Opinion on the General Government Accounts of the Republic: www.tcu.gov.br/contasdegoverno