

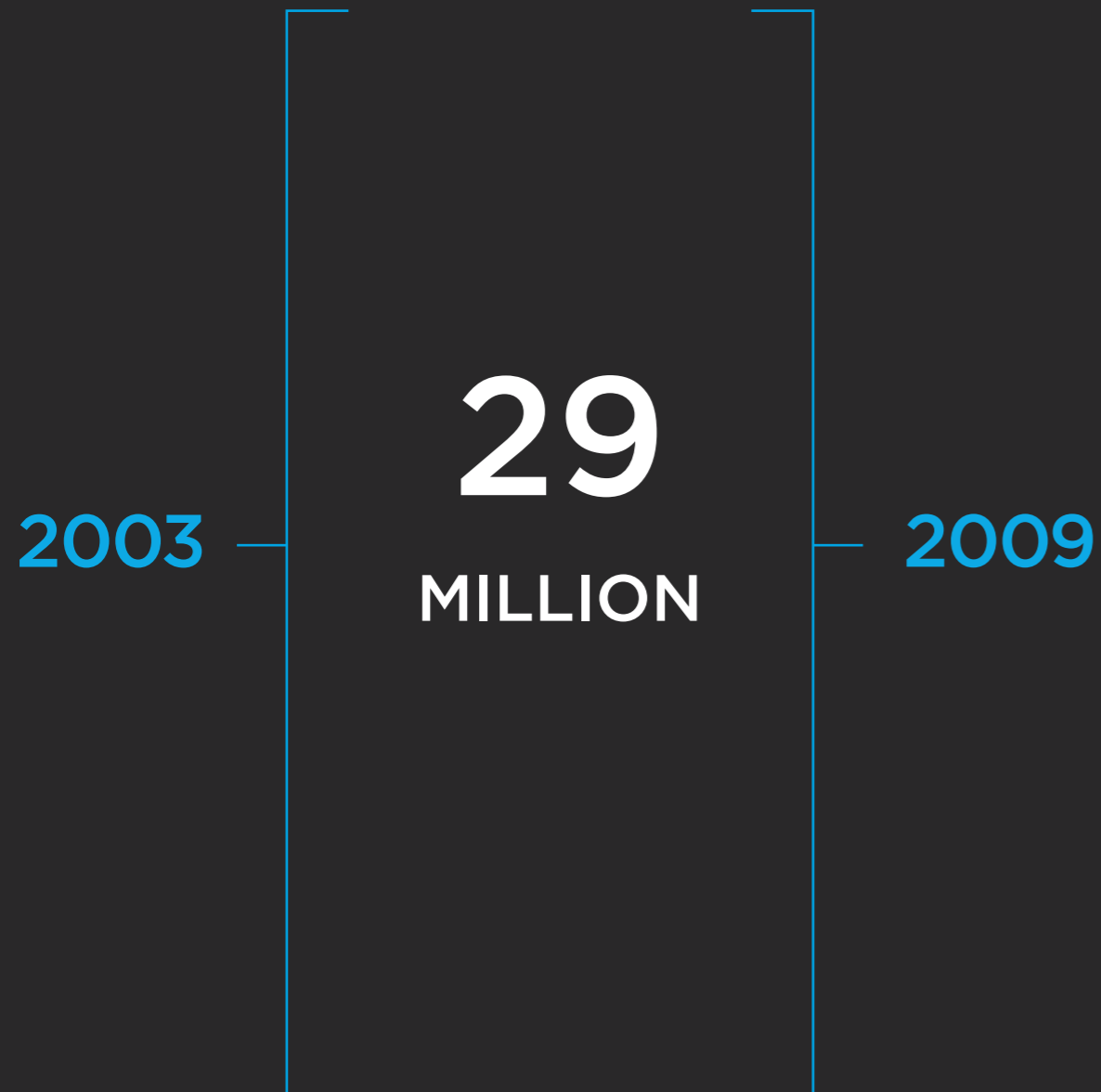
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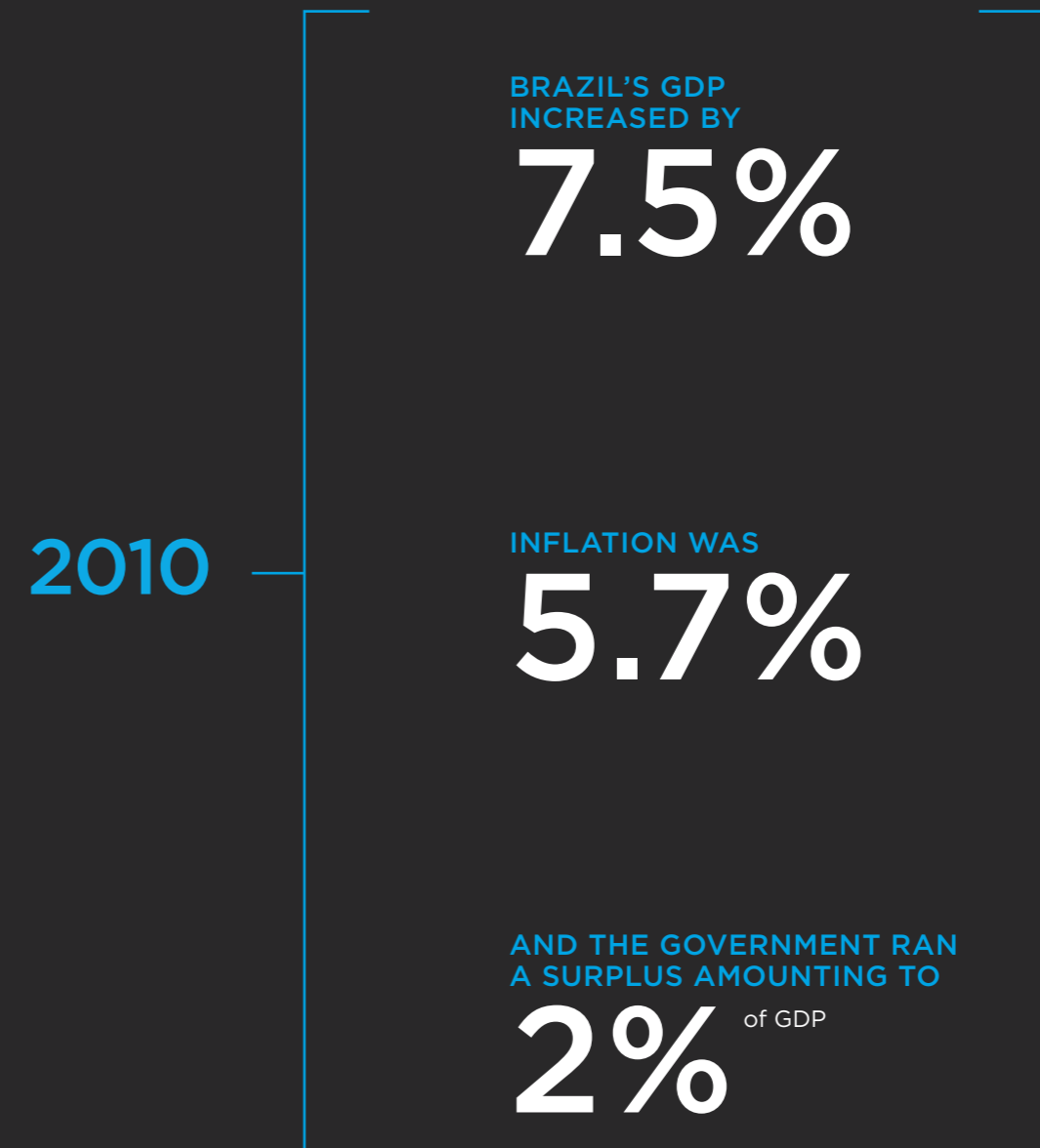


2010

BETWEEN 2003 AND 2009, 29 MILLION BRAZILIANS JOINED THE MIDDLE CLASS



BRAZIL'S KEY ECONOMIC INDICATORS IN 2010:





NOW

**WE
WANT
BETTER**

**WE
NEED
MORE**



© 2011 FGV FOUNDATION. HIGHWAY, SÃO PAULO. PHOTO BY RYONKRÜGER + FCOHEN FOTOGRAFIA

MORE INVESTMENT

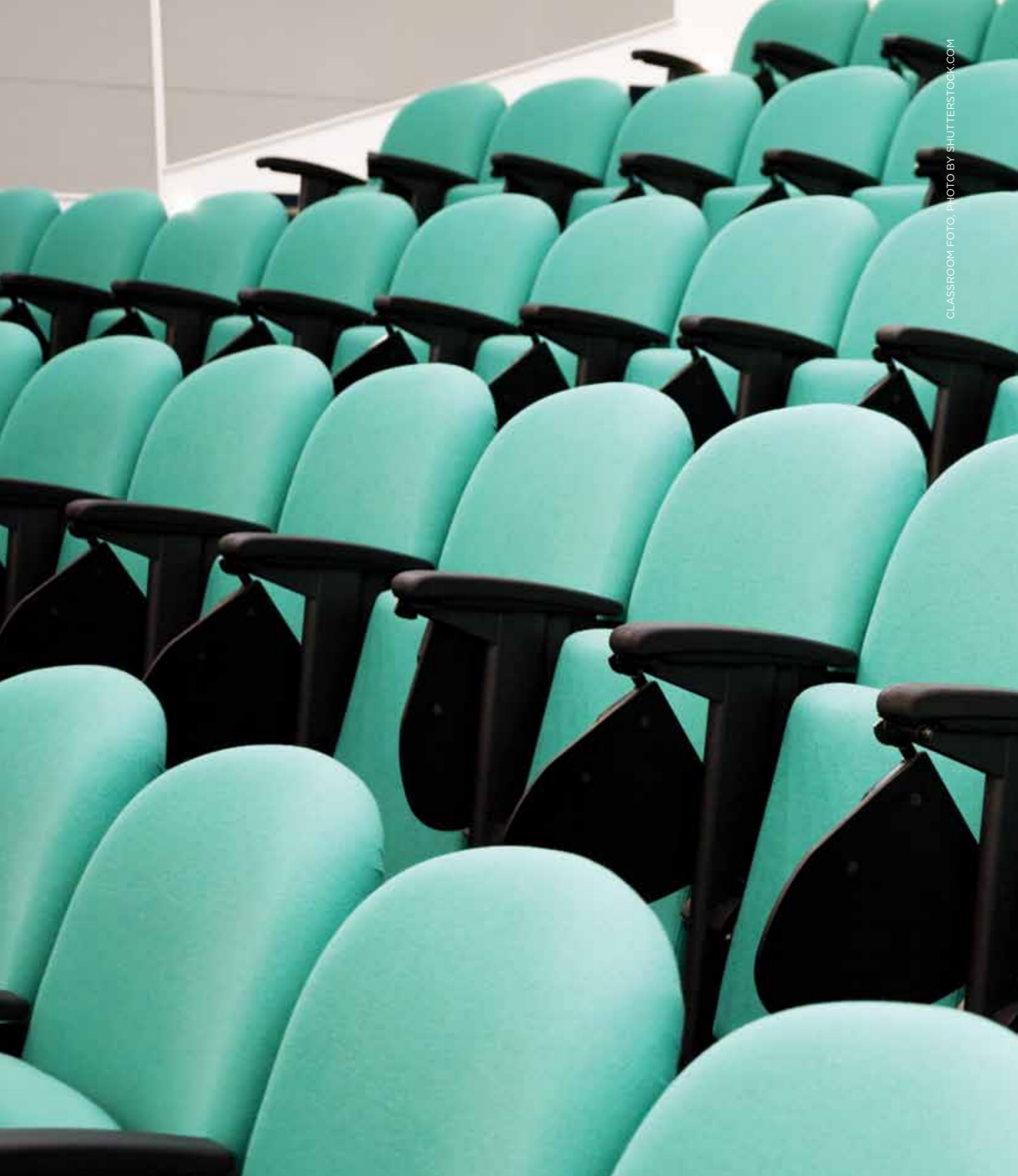
SANITATION AND HOUSING ARE PRIORITIES FOR INFRASTRUCTURE INVESTMENT IN BRAZIL.



© 2011 FGV FOUNDATION. SEPETIBA PORT, RIO DE JANEIRO. PHOTO BY RYONKRÜGER + FCOHEN FOTOGRAFIA

BETTER INFRASTRUCTURE

BETWEEN 2010 AND 2013, US\$ 9 BILLION WILL BE INVESTED IN PORT INFRASTRUCTURE IN BRAZIL.



CLASSROOM FOTO, PHOTO BY SHUTTERSTOCK.COM

BETTER EDUCATION

IN 2010, BRAZIL RANKED THIRD OUT OF 65 COUNTRIES IN MAKING IMPROVEMENTS TO ELEMENTARY EDUCATION, ACCORDING TO THE OECD.



PARKING LOT TRANSPORTATION, NEW CARS FROM FACTORY, PHOTO BY SHUTTERSTOCK.COM

MORE COMPETITIVENESS

BRAZIL'S AUTO EXPORTS TOTALLED US\$ 12.8 BILLION IN 2010, AN INCREASE OF 54.7% OVER THE PREVIOUS YEAR.



© 2011 FGV FOUNDATION, RIVER IN AMAZON, PHOTO BY M. BANDEIRA

BETTER ENVIRONMENT

BRAZIL RANKED SECOND IN THE 2010 GREENDEX OF THE NATIONAL GEOGRAPHIC SOCIETY.



SUGARCANE PHOTO BY SHUTTERSTOCK.COM

MORE SUSTAINABILITY

BRAZIL IS A WORLD LEADER IN BIOFUEL PRODUCTION.

TOGETHER



CROWD OF PEOPLE, PHOTO BY SHUTTERSTOCK.COM

WE WANT

A NEW MODEL OF SUSTAINABLE GROWTH
A NEW GENERATION
A NEW WAY OF THINKING

WE NEED

A BETTER LIFE FOR ALL BRAZILIANS
TO MAXIMIZE BRAZIL'S ACHIEVEMENTS
TO BE AN INTEGRAL PART OF AN EMERGING WORLD



GENERATES, SHARES
AND APPLIES KNOWLEDGE
FOR BRAZIL'S SOCIAL
AND ECONOMIC DEVELOPMENT

EDUCATION

EXCELLENCE IN KNOWLEDGE

RESEARCH

QUALITY INFORMATION AND DATA

EXPERTISE

UNIQUE AND SPECIALIZED KNOW-HOW

SCHOOL OF
ADMINISTRATION EBAPE

SCHOOL OF BUSINESS
ADMINISTRATION EAESP

SCHOOL OF
ECONOMICS EPGE

SCHOOL OF
ECONOMICS EESP

SCHOOL OF
LAW DIREITO GV

SCHOOL OF
LAW DIREITO RIO

SCHOOL OF
SOCIAL SCIENCES CPDOC

INSTITUTE FOR
EDUCATIONAL DEVELOPMENT IDE

BRAZILIAN INSTITUTE OF
ECONOMICS IBRE

PROJECTS
TECHNICAL ASSISTANCE

THE GATEWAY TO THE FUTURE

BRAZIL'S COMPETITIVENESS AND LONG-TERM GROWTH ARE SUPPORTED BY A NUMBER OF FACTORS: A STRONG CURRENCY, A STABLE ECONOMY WITH A DYNAMIC INTERNAL MARKET, AND THE CONFIDENCE OF GLOBAL FINANCIAL MARKETS. FOR BRAZIL'S PROSPERITY TO CONTINUE, SOUND POLICIES AND EFFECTIVE ACTIONS WILL BE REQUIRED IN THE FIELDS OF TAXATION AND FOREIGN CURRENCY EXCHANGE, INFRASTRUCTURE, HEALTH AND SAFETY, ENVIRONMENTAL PROTECTION, AND EDUCATION.

CARLOS IVAN SIMONSEN LEAL

PRESIDENT, FGV FOUNDATION

Not even the most optimistic predictions could have foreseen the swiftness of Brazil's recent ascent on the world stage. There are clear signs that Brazil's economy, currently the eighth largest in the world, continues to move closer to those of the world's most developed countries. Over the last eight years, some 29 million Brazilians have joined the middle class. Brazil's gross domestic product grew considerably in 2010, proving its economy to be far less vulnerable than during previous worldwide recessions. At the global policy level, Brazil now contributes significantly to discussions in a number of fields, including economics, environmental protection, energy, health care and education. And the fact that Rio de Janeiro was recently selected by international committees to host both the 2014 World Cup and the 2016 Olympic Games further illustrates the recognition on the world stage that Brazil has arrived.

Nevertheless, Brazil still has considerable work to do to bolster its economic gains, strengthen its democracy and economy and ensure that recent gains are enjoyed by all Brazilians. Over the next few years, Brazil will need to overcome complex challenges related to tax policy, foreign exchange, inflation control, infrastructure, education, health care and security. The complexity of these challenges, combined with the country's impressive achievements, have made Brazil an important laboratory for the development and testing of policies and programs to be studied for possible replication across the developing world.

Applying research and knowledge in the policy arena are major keys to meeting these challenges. Detailed policy analysis is needed

to aid future growth, ensure ongoing investment in research and development, find solutions for increasing business competitiveness, and contribute to the formulation of sound public policies based on reliable data.

FGV Foundation is a leading educational institution, with top-ranked programs in Business Administration, Economics, Social Sciences, Law and Public Policy. The Ministry of Education ranks the Foundation's Rio de Janeiro and São Paulo schools of economics first and third, respectively, in the nation. The Administration and Law schools are also considered by the Ministry to be among the country's best. In 2010, some 3,500 students matriculated to undergraduate programs and 600 received an undergraduate degree. At the graduate level, 375 students completed master's degrees and 48 received doctorates. 120,000 more registered for other in-class, distance and continuing education courses.

In addition to academics, FGV Foundation places significant emphasis on research, encouraging its faculty to publish in top national and international journals. In 2010, its researchers produced more than 250 studies and surveys, many of which were published in the Foundation's roughly 1,500 textbooks, scientific and newspaper articles, and academic papers. FGV Press, the Foundation's publishing house, published more than 250 books, with over 380,000 copies in circulation. The Foundation's libraries in Rio de Janeiro, São Paulo and Brasilia are used by students and researchers from across Brazil, and offer more than 150,000 unique titles.

FGV has a proven track record in advising policy makers. In 2010, FGV Foundation undertook more than 290 academic, scientific and technical advisory projects. In the latest "Global Go-To Think Tanks" rankings published by the University of Pennsylvania, FGV Foundation was again named the Top Think Tank in Latin America and the Caribbean, placing high at the global level in International Development (15th in the world), Domestic Economic Policy (20th) and Public Policy Impact (23rd).

FGV Foundation invites you to look through this Annual Report and see how our methodologies, knowledge, research and technical advisory projects contribute to the sustainable growth of Brazil and the quality of life of its citizens.

3,471 STUDENTS ENROLLED IN
FGV FOUNDATION'S
UNDERGRADUATE PROGRAMS

STUDENTS ENROLLED IN FGV
FOUNDATION'S CONTINUING
EDUCATION COURSES **123,500**

1,354 STUDENTS ENROLLED IN
FGV FOUNDATION'S
MASTER'S PROGRAMS

NEW TECHNICAL ASSISTANCE
PROJECTS WERE SUPPORTED
BY FGV **180**

343 STUDENTS ENROLLED IN
FGV FOUNDATION'S
DOCTORAL PROGRAMS

ONGOING TECHNICAL
ASSISTANCE PROJECTS
RECEIVED FGV SUPPORT **150**

603 STUDENTS GRADUATED FROM
ITS 7 SCHOOLS

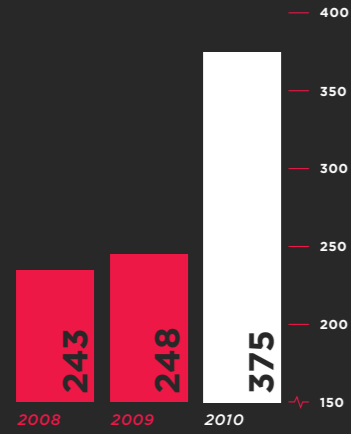
FGV-SUPPORTED RESEARCH
PROJECTS WERE CONCLUDED **251**

56,114 STUDENTS ENROLLED IN
DISTANCE EDUCATION COURSES

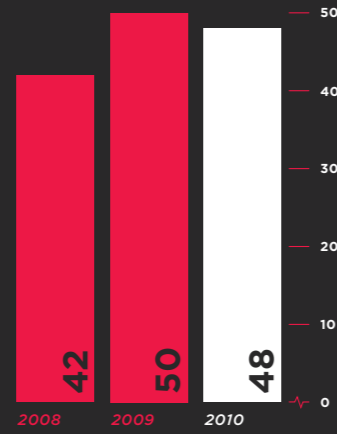
PARTNER UNIVERSITIES **100**

25,187 STUDENTS ENROLLED IN
MBA PROGRAMS

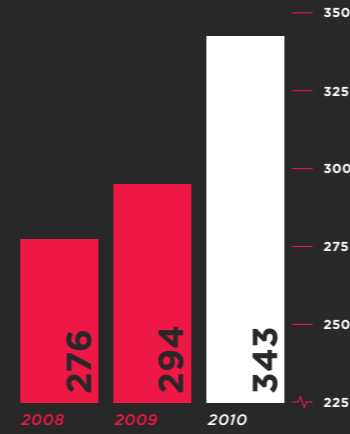
COUNTRIES WHERE
FGV FOUNDATION HAS
PARTNERSHIPS WITH
UNIVERSITIES **35**



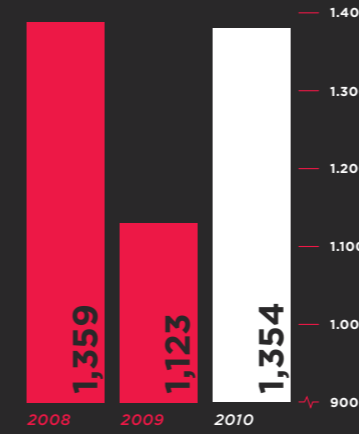
APPROVED MASTER'S THESES



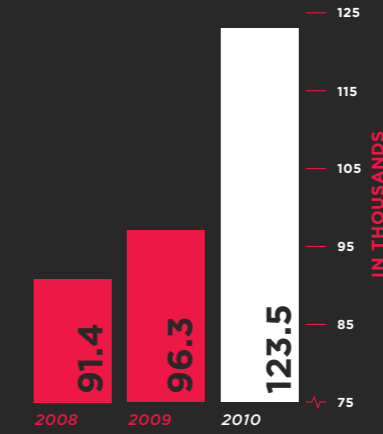
APPROVED PHD THESES



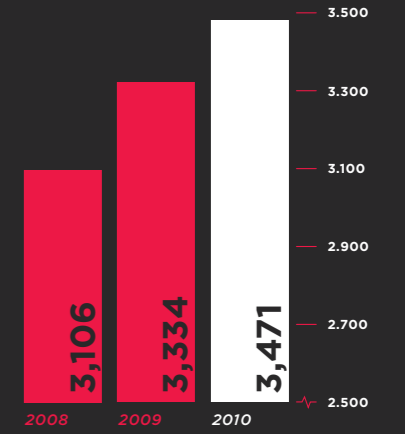
PHD COURSES: ENROLLED STUDENTS



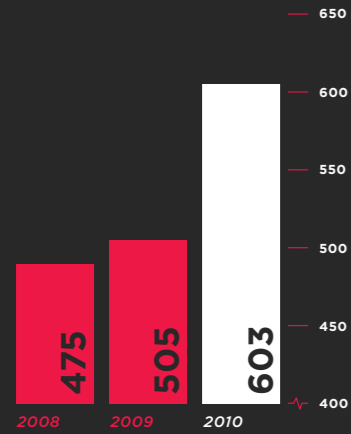
MASTER'S COURSES: ENROLLED STUDENTS



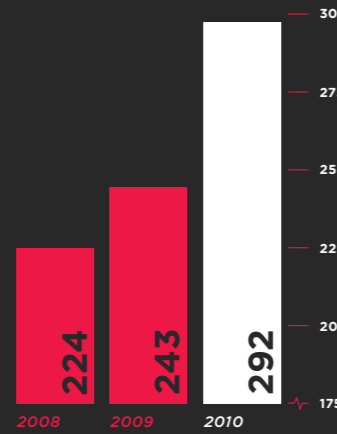
CONTINUING EDUCATION: ENROLLED STUDENTS



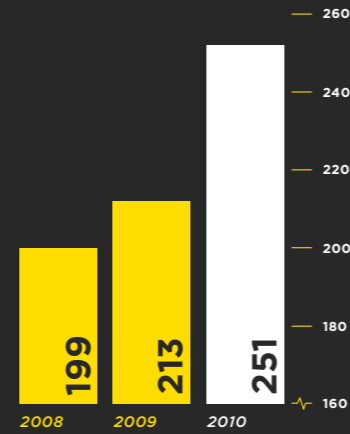
UNDERGRADUATE COURSES: ENROLLED STUDENTS



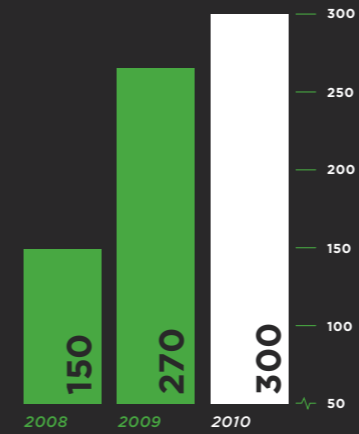
UNDERGRADUATE COURSES: STUDENTS AWARDED A BACHELOR'S DEGREE



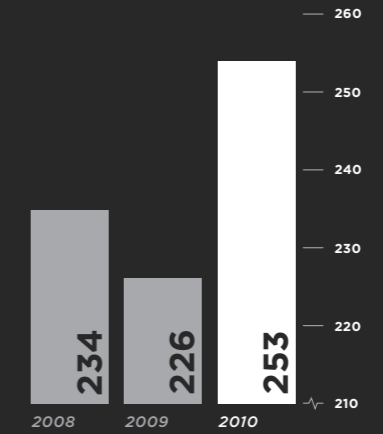
TECHNICAL, SCIENTIFIC AND ACADEMIC ASSISTANCE AND COOPERATION PROJECTS



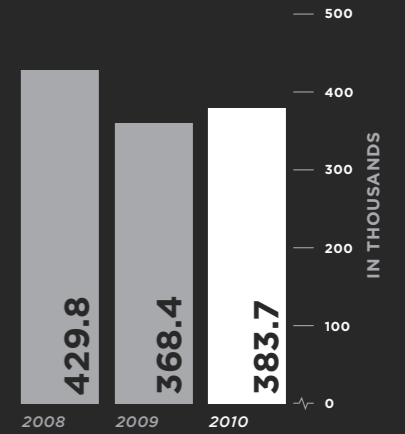
RESEARCH PROJECTS



TECHNICAL ASSISTANCE PROJECTS



BOOKS EDITED



BOOKS IN CIRCULATION



BETTER
BETTER
BETTER
BETTER
BETTER
BETTER
BETTER

HIGHER EDUCATION

MORE
MORE
MORE
MORE
MORE
MORE
MORE

POSSIBILITIES



© 2011 FGV FOUNDATION. FGV'S LIBRARY, SÃO PAULO, PHOTO BY RVONKRUGER + FCOHEN FOTOGRAFIA

BETTER EDUCATIONAL OPPORTUNITIES PROVIDE THEIR GREATEST GAINS FOR BRAZIL'S POOREST.

SHAPING COMPETITIVE HUMAN CAPITAL THROUGH EDUCATION

MARCELO CORTES NERI

CHIEF ECONOMIST,
CENTER FOR SOCIAL POLICIES - CPS¹

Scholars of economic growth and social inequality have long understood the role education plays in the life of nations. Since the 1973 publication of Carlos Langoni's² seminal book *Income Distribution and Economic Development of Brazil*, Brazilians have fully understood the importance of education from the distributive angle. Yet we have repeatedly missed opportunities to fully embrace the cause of education.

The analogy of human capital with other types of capital is apt. Even though real and financial assets do not have children, suffer from unemployment or retire, human capital can be compared with other types of capital in terms of returns. Ultimately, we have to invest in something, whether it be financial products or our everyday education.

DECISIONS Education, like any public policy, affects people's lives. Sound educational policy can provide greater opportunities and thereby raise the social and private returns of studying. This leads us to the traditional

dilemma of equality versus efficiency. These two components help us understand education as a tool to leverage the productivity of workers and businesses, and consequently to boost the country's competitiveness.

We begin by analyzing educational policies in terms of equality. A more inclusive policy, which considers both costs to the government and returns to the student, can achieve a greater reduction in poverty. On average, for each dollar spent, how many cents are appropriated to the poor? In this sense, greater equality is achieved in basic education than in higher levels of education, which poorer people find difficult to access. Graduate studies provide a return of 0 cents to the poor, while education targeted to people with the lowest levels of literacy provides the highest return: 1.9 cents for each dollar spent by the state. Investments in elementary education provide a return of 1.57 cents on the dollar, as compared to 0.63 cents for secondary education and 0.07 cents for university education. This means that each additional dollar spent on elementary

education has more than double the possibility of benefiting the poor than secondary education spending, and more than 22 times the possibility of benefiting the poor than university-level investments. Clearly, additional efforts are needed to make competitive human capital accessible for everybody.

GAINS The educational level of Brazilians ranks low internationally, with the average person over 25 completing just 7.27 years of study. Educational attainment has been rising in recent years, however. An analysis of the forces driving the recent rise in mean income in Brazil shows that, everything else being equal, this recent increase in educational attainment translates into a 2.2% annual gain in the country's income per capita, with the poorest 20% gaining 5.5% in income. Better educational opportunities provide their greatest gains for Brazil's poorest³.

TARGETS We must consider the benefits of obtaining further education. From this perspective, the PISA rating's⁴ average for 15-year-old Brazilian students is discouraging.

¹ See <http://cps.fgv.br/pt-br/desenvolvimento-humano>.

² Carlos Langoni is a former president of the Brazilian Central Bank and is Director of FGV Foundation's Center for International Economy.

³ The bonus from demographic transition referring to the expected increase in the population at an active age will be around 0.5 percentage points by 2024.

⁴ OECD-sponsored Programme for International Student Assessment.

In a group of 57 countries, Brazil ranks among the lowest 20% in all educational requirements. Yet Brazil was one of the three countries with the highest rates of improvement in educational proficiency between 2000 and 2009.

Researchers are seeking to better understand how much students truly learn, as well as the factors that determine their educational successes. Proficiency test scores help to provide stakeholders in the educational market with information on how students are performing. Educational targets, such as the Basic Education Development Index (IDEB), help to identify what the country wishes to achieve and the role of each stakeholder in this combined educational effort, and enhance both incentives and transparency.

IMPACT Educational policy must be guided not only by considerations of equality and efficiency but also by the transformative impact of education on those who receive it. Otherwise, a high-cost, sub-standard school may be selected by underprivileged students.

The educational hierarchy is reflected in the labor market hierarchy: an illiterate Brazilian earns around US\$ 2,700 per year, while a Brazilian who has completed post-graduate education earns US\$ 39,000 per year. On average, a person enjoys a 15% increase in income for each full year of study - but in the first year of post-graduate study, this gain corresponds to a 42% rise in income. Likewise, the employment rate increases from 60.7% for those who have completed only one year of schooling or less to 81.5% for those who have defended their post-graduate theses. Even when we compare Brazilians with the same socio-demographic characteristics – gender, age, race and geography, but not education – the wages of the university graduate are 540% higher than those of illiterate Brazilians, and graduates have a 308% better chance of holding a job. The consistency with which higher-level courses translate to better pay and greater chances for employment is striking.

Increased education also impacts other aspects of life for individuals and communities, such as fertility and criminality. Public action is necessary for improvement in areas where, as a

function of operating externalities, returns from education tend to be social rather than private. For every extra year of study, life expectancy increases by two years, and population growth drops 0.26%. Moreover, exports increase by 0.7% and per capita income increases by 0.35%. It is hard to imagine a more profitable private or social investment than enabling a child to successfully complete a year of school.

PARADOX The rate of social return provided by education involves the costs of the individual's opportunity to study rather than work, labor rewards, and direct private and public costs of education. The existing literature calculates that the Brazilian government's education policy has a 15% rate of return per year of study. That high rate of return is a reason for the government to undertake such policies. For parents and children, the rate of return is even higher, as they do not have to pay for government-sponsored education, but do accrue significant benefits beyond those related to the labor market. For example, an analysis of the factors for advances measured in Brazilian health⁵ indicators reveals that 95% of the improvements are a direct result

WE ARGUE IN FAVOR OF POLICIES THAT SUPPORT INCREASING DEMAND FOR EDUCATION.

of increased educational attainment, keeping income constant. There is great private gain to be earned by pursuing further education. In this sense, the high school dropout rate is a paradox: if education generates such high private returns, why do Brazilians invest so little in it?

The problem seems to be related to a lack of demand for education. An analysis of young people aged 15-17 who have left school shows that 67.7% of dropouts lack a demand for schooling, while just 10.9% of students drop out due to deficiencies in the supply of schooling.

One possible reason for a lack of demand may be that young people don't fully comprehend the rewards of education: 40.3% of dropouts do not go to school because they prefer not to, while 27.1% need to work and/or lack income.

Young people's credit constraints may be overcome by educational credit, scholarships, or conditional cash transfer programs (CCTs). However, according to the data, these types of policies would have limited potential, affecting less than one-third of those in the 15-17 age group who are not in school. But above all, taking survey answers at face value, school must be made a more attractive choice.

KNOWLEDGE We argue in favor of policies that support increasing demand for education. One such policy encourages the design of a scholarship system in connection with "Bolsa Família", the national family grant program, which has been used as a mechanism to reach the poorest. The Ministry of Education has attempted to emphasize the importance of secondary technical training and to increase the ability of students to make career choices as strategies for reducing dropout rates and increasing young people's interest in learning.

The good news is that citizens have begun prioritizing education. For years, opinion polls ranked education seventh in the list of public policy priorities, but more recent

polls show that education has risen to second place, trailing only health care.

We stress the importance of disseminating information about the returns of education among the interested population – namely, public policy administrators, private education institutions, firms and, of course, potential students. Stakeholders must realize that the private and social benefits of widespread education lead to pure market equilibrium, as first described by Adam Smith's invisible hand metaphor.

If Brazil wishes to be fairer and more competitive in its economy, all people must discover the existing connection between investment in education and productivity. The many rewards of education must be acknowledged so that they can be realized as economic and competitive gains for individuals, businesses and the country as a whole.

⁵ Brazilian Institute for Geography and Statistics' (IBGE) PNAD survey using World Health Organization methodologies.

Rio de Janeiro

Founded in 1952 in Rio de Janeiro, EBAPE is a preeminent school of public administration in Latin America, training an elite body of skilled professionals to run the Brazilian government. Throughout its existence, EBAPE has produced numerous publications, conducted national and international research, and trained large groups of administrators in the public sector. The school has a select group of doctoral graduates devoted exclusively to research and teaching. EBAPE's students pursue a variety of academic degrees: the Bachelor of Administration and of Economics, the Master of Public Administration, the Executive Master of Business Management, and the Doctor of Administration. They also publish their theoretical and applied studies in top specialist journals at home and abroad.

EBAPE produces a number of publications: Public Administration Review (RAP), EBAPE Notebooks, Portuguese and Brazilian Management Review (RPBG) and Observations in Tourism Innovation (OIT). The school's priorities are academic excellence, engagement in learning and top-level research. According to the Ministry of Education, EBAPE is one of the best public and business administration schools in Brazil.

São Paulo

EAESP is regarded as one of the most prestigious and pioneering schools of business and public administration in Latin America. The school maintains a long tradition of educating leaders in academic, business, government, and not-for-profit organizations, offering degrees in business and public administration on the undergraduate and graduate levels (both academic and executive). The close relationship between the school's students and faculty, the business community, and Brazilian society at large has resulted in numerous research publications and a large number of consulting projects. Throughout its history, EAESP has worked to constantly update and improve its learning and research activities. The school's continued search for excellence has enhanced a growing exchange between EAESP and top foreign universities: students and faculty from

all parts of the world study and conduct research at the school, and EAESP's students and faculty often learn and teach abroad. For over five decades, EAESP has trained professionals with sound knowledge and a spirit of critical analysis to face the challenges of a constantly evolving world.

131

IN 2010, EBAPE PRODUCED MORE THAN 131 PUBLICATIONS, INCLUDING SCIENTIFIC ARTICLES, BOOKS AND RESEARCH PAPERS.

1ST

IN A RANKING BY THE UNIVERSITY OF TILBURG IN THE NETHERLANDS, EPGE WAS RECOGNIZED AS THE BEST SCHOOL OF ECONOMICS IN LATIN AMERICA.

1ST

IN THE 2010 RANKING OF THE BEST MBAS BY THE JOURNAL REVISTA AMÉRICA ECONOMÍA, EAESP WAS TOP AMONG BRAZILIAN BUSINESS SCHOOLS AND FOURTH IN LATIN AMERICA AS A WHOLE.

86%

EIGHTY-SIX PERCENT OF EESP GRADUATES ARE EMPLOYED AND 42% RECEIVE A SALARY INCREASE UPON RECEIVING THEIR CERTIFICATIONS.

Rio de Janeiro

EPGE is dedicated to expanding human knowledge and contributing to solving the world's, and particularly Brazil's, economic and socioeconomic problems. The school pursues these objectives by offering the highest possible level of education backed by state-of-the-art research.

Since its founding in 1961, EPGE has trained the elite among Brazilian economists. EPGE's faculty and alumni have helped develop macro- and microeconomic policies aimed at fighting poverty, taming inflation and enhancing economic development. Since the mid-1990s, faculty members have increasingly published their work in top professional journals. They are devoted to full-time research and are often invited to present the results of their investigations in the best departments of business and economics around the world.

The school offers undergraduate, master's and doctoral degrees in economics. It also publishes the Revista Brasileira de Economia, the oldest and most prestigious academic economics periodical in Brazil.

After 50 years dedicated to its main objectives, it is fair to say that EPGE has been successful in fulfilling its mission. EPGE's alumni include several high-ranking public officials, including government ministers, state governors, presidents and directors of the Brazilian Central Bank, and directors and CEOs of the most prestigious private enterprises at home and abroad.

In 2010, the Tilburg International Ranking of Economics Departments ranked EPGE the best school of economics in Latin America. That same year, the Brazilian Ministry of Education rated EPGE's undergraduate and postgraduate programs as the best of their kind in Brazil.

São Paulo

EESP excels in generating and disseminating economic knowledge. Its main purpose is to foster an environment that inspires both learning and public debate, and thus contributes to grooming the country's leading intellectuals.

As an organization guided by ethics and social responsibility, EESP endeavors to influence the national agenda, envisaging national economic development that provides equal opportunity for all.

In order to accomplish its mission, EESP guarantees its members intellectual freedom and expression of ideas, and always recruits top-level talent who will promote academic

excellence and strive for constant improvement. EESP keeps the principle of market competition in mind, with an eye to creating the best possible model in educational management.

EESP is composed of full-time professors with vast teaching, research and professional experience, both in the private and public sectors. Members of its faculty occupy leading positions in federal public administration (ministers of finance, planning, science and technology, state management and reforms) and state administration (secretaries of finance and planning).

Although EESP is a relatively young school, it offers an original perspective with a solid and precise academic foundation.

São Paulo

Direito GV builds on the Foundation's expertise in teaching and research in economics, business and public administration. It strives to be an innovator in learning and research, and to groom professionals with a global perspective on the business world.

Direito GV offers undergraduate and graduate programs, as well as a graduate certificate program (GVLaw). It also provides opportunities for academic exchanges with universities in Europe, the United States, and other Latin American countries. The Global Law Program also teaches a series of courses in English to

prepare lawyers to work internationally, in keeping with Brazil's increasing role as a global player. This program is open to undergraduate students, master's students, GVlaw students, and foreign students in exchange programs at Direito GV.

The school maintains an ongoing dialogue with its markets in order to increase enrollment and upgrade the quality of its courses. The Direito GV Law Review (Revista Direito GV) was recently included in the Scientific Electronic Library Online (SciELO), the only Brazilian legal publication available in this major academic database.

Rio de Janeiro | São Paulo

CPDOC is a preeminent teaching and research center focusing on the social sciences and contemporary history. Created in 1973, it has become a leading historical research institute in Brazil and houses a major collection of personal archives, oral histories and audiovisual sources documenting Brazilian contemporary history. Long recognized for its commitment to integrating history and the social sciences, in recent years the school has become stronger in applied research by encouraging diverse approaches to learning and explicitly crossing disciplinary boundaries. CPDOC is a vibrant and diverse intellectual community of scholars, technicians and students. The team works on a host of research programs, consulting projects in applied research, teaching, and collaborative projects with other schools and institutes within the Foundation. The school offers both undergraduate and graduate degrees, and provides a range of ongoing learning activities. In addition to research, teaching in the classroom is an active part

of faculty members' schedules. CPDOC also offers two-year master's and four-year doctoral programs in history, politics and culture. The faculty is committed to expanding existing ties with scholars outside Brazil. Professional graduate programs and continuing education courses are available in Documentary Film, Cultural Production and Management, and International Relations. As mentioned above, CPDOC houses a major archival program, which is the leading private historical archive in Brazil. The archive holds over 1.3 million documents in a range of disciplines, including politics, economics, cultural history, social movements, public policy and foreign relations. In addition, its research staff has compiled an extensive collection of oral history spanning numerous years. CPDOC is committed to offering swift access to its archival materials and is working toward making all data available online in the near future. This process includes engaging with the public, and using innovative, new techniques in managing the archives.

2,441

GVLAW ENROLLED 2,441 STUDENTS IN VARIOUS COURSES IN 2010.

5,000

DIREITO RIO'S CENTER FOR JUSTICE AND SOCIETY STARTED THE BAHIA PROJECT, A PROGRAM TO BUILD CAPACITY IN THE LEGAL PRACTICE: 5,000 PUBLIC SERVANTS AND JUDGES OF THE BAHIA STATE SUPREME COURT ARE EXPECTED TO ATTEND THE PROGRAM.

5

CPDOC'S B.A. IN SOCIAL SCIENCES WAS AWARDED THE HIGHEST POSSIBLE GRADE IN AN EVALUATION BY THE BRAZILIAN MINISTRY OF EDUCATION.

56,114

IN 2010, IDE HAD MORE THAN 56,000 STUDENTS IN DISTANCE LEARNING COURSES.

Rio de Janeiro

Direito Rio was created in 2002, introducing a new teaching model for law degrees that trains tomorrow's leaders to be mindful of Brazil's long-term future. Today, the school is known nationally for its programs in public and business law.

Direito Rio's first task was challenging - to be at the forefront of learning, research, education, content, curriculum and assessments. The school provides programs that focus on social action, legislative reform and globalization, and our commitment to these disciplines is spread over many fronts: graduate and post-

graduate degrees, the Center for Justice and Society (CJUS), the Center for Technology and Society (CTS), the Research Center for Law and Economics (CPDE) and the Law and the Environment Program (PDMA).

In 2010, the school was awarded the maximum rating by the Assessment Committee of the Ministry of Education, a strong endorsement for the accreditation of its graduate program. This assessment not only speaks to Direito Rio's quality, but also confirms that the Ministry of Education welcomes new teaching models for law degrees.

IDE was created to consolidate the continuing education programs of the different FGV Foundation schools into a single distribution network. IDE coordinates a large number of programs: 1) FGV Management, a program for classroom executive education, and its partner network in more than 90 Brazilian towns and cities; 2) FGV Online, a distance learning program; 3) FGV In Company, a program of customized courses; 4) the Quality Center, which is responsible for monitoring and maintaining the quality of courses nationwide; 5) the Quality Certification Program, designed to share information technologies, which are produced by the Foundation's schools for the subject of applied social sciences, with other higher education institutions; and 6) an academic board tasked with more closely integrating IDE programs with the Foundation's other schools and institutes.

Motivated by the economic development of the last two decades, Brazil has seen growth in the number of continuing education courses as professionals seek to update and develop their skills. Just as a university degree no longer guarantees professional success, there is now an ever-increasing need to invest in quality executive education, the competitive edge that is the trademark of FGV Foundation's programs. In this context, IDE was created to offer Brazilian

professionals globally-accepted practices that merge the tradition of academic research with the talent of engaged professors.

Through its many programs, IDE has made significant achievements. In the area of classroom executive education, FGV Management is synonymous with MBA quality and excellence. Through FGV In Company, IDE has become an industry benchmark for its work in developing corporate programs for top companies and institutions in Brazil. With the creation of FGV Online, FGV Foundation was the first Brazilian institution to be part of the OpenCourseWare Consortium (OCWC), a group of learning institutions from different countries that offer free educational courses and materials over the internet. By the end of 2010, more than a million people had already been trained through the courses offered by FGV Online through the OCWC. In early 2011, FGV Online and EBAPE were awarded the international EFMD's CEL accreditation for technology-enhanced learning.

IDE has also joined the many companies and institutions participating in social networks, and since 2009 has established major communication channels on Facebook and Twitter. By doing so, IDE acknowledges the power of new media and its predominant role in bringing together the institution and its stakeholders.



MORE
MORE
MORE
MORE
MORE
MORE

QUALITY
RESEARCH

DEEPER
DEEPER
DEEPER
DEEPER
DEEPER
DEEPER

IMPACT



IMPROVING BRAZIL'S
ECONOMIC STATISTICS.

USING RELIABLE ECONOMIC DATA TO MAKE SOUND INVESTMENTS

LUIZ GUILHERME SCHYMURA

DIRECTOR, BRAZILIAN INSTITUTE
OF ECONOMICS - IBRE

VAGNER ARDEO

DEPUTY, BRAZILIAN INSTITUTE
OF ECONOMICS - IBRE

FGV Foundation was founded in 1944, the year of the Bretton Woods Conference, during which the International Monetary Fund and World Bank were created. Economist Eugênio Gudin led the Brazilian delegation to the conference, and Octávio Bulhões, also an economist, served as a delegate. In 1947, Gudin and Bulhões spearheaded the creation of the Foundation's economics center, which became the Brazilian Institute of Economics (IBRE) in 1951. Just as the Bretton Woods meetings helped build the foundation of our current world economic system, the creation of FGV Foundation – and later of IBRE – helped build the institutional foundation that has underlay Brazil's impressive economic development ever since.

Building the statistical basis of the Brazilian economy has been one of IBRE's main areas of focus. It is difficult today to imagine how economic policy was conducted in the absence of reliable macroeconomic information, but in 1944 Brazil had no decisive information systems to accompany its main macroeconomic aggregates. The first task for the IBRE team was to develop a reliable system of national accounts, which

produced results by 1951, with data going back as far as 1947. At the same time, reliable monthly consumer price and wholesale indicators were developed; these were to become the main inflation benchmarks in Brazil in the decades that followed.

For 40 years, IBRE was responsible for calculating and publishing Brazil's national accounts, as well as the official inflation index. Only in 1986 were these tasks transferred, with the support of the Foundation, to the Brazilian Institute of Geography and Statistics (IBGE), which was legally bound to produce such statistics. How would Brazilian economic development have fared if these indicators had not been produced over those four decades? Arguably, the astounding performance of the Brazilian economy between 1950 and 1980 would not have been possible without the macroeconomic information system set up by IBRE in the mid-20th century. The situation suggests a parallel with Frank Capra's movie "It's a Wonderful Life," in which the protagonist is invited by an angel to see what the unfortunate fate of his town would have been had he never been born.

To a certain extent, we are now in a situation very similar to the one in the years prior to the Bretton Woods Conference. The devastation wrought by the 2008 international financial crisis seems to demonstrate the need for adjustments in worldwide institutional benchmarks. Though the perceived origin of this crisis lies in the excessive financial leverage associated with the US real estate market, we must acknowledge that the US government did not prioritize the development of appropriate public statistics in this area, which might have pointed to unsustainable price increases. The lack of public information required to properly accompany this market, combined with the absence of investment bank transparency, may partially explain the crisis.

When IBRE detected vulnerability caused by the lack of this information some years ago, it began creating indicators for the Brazilian real estate market. As a result, IBRE will publish the first price and income indicators for the Brazilian commercial real estate market in 2011. There are also efforts to develop similar indicators for the residential market, which is known to be more vulnerable to speculative bubbles. The development of the main US price indicators for the residential real estate market — today published by Standard & Poor's — took about a decade to complete due to limited access



to primary information and methodological complexity. Today, there is a concentrated effort by multilateral organizations to guide countries in building their own indicators for the real estate market.

Recent years have also seen the development of information technologies that permit near-instant communication between global economic agents. In this brave new world, publishing economic statistics weeks after a significant economic event - like most information produced by official agencies - seems behind the times.

Economic trend polls may be able to confront this challenge. These polls use qualitative interviews with economic agents to provide a near-

IBRE HAS BEEN A FORERUNNER IN DEVELOPING PROCESSES FOR THE COLLECTION AND USE OF STATISTICS.

immediate gauge of economic trends. With this information, the direction of official quantitative information - which would not be published until weeks after an event - can be anticipated in advance. This technique was initially developed in Europe and is now mandatory for all EU member countries.

In 1966, IBRE conducted the first Brazilian economic poll, which focused on the manufacturing industry – at that time the most dynamic sector of the national economy. Over the last five years, the Central Bank of Brazil has invested in extending the scope and increasing the frequency of these polls. The Central Bank's involvement shows how relevant this information is for the government's economic policy. At the end of 2011, IBRE will publish the complete monthly monitoring system of Brazil's economic trends, from both the demand viewpoint (consumer and production investment polls) and the supply viewpoint (business polls

of the manufacturing industry, commerce, civil construction, and service sectors).

Fast technological progress in modern economies has been accelerating the production of new goods and services, and this is accompanied by a systemic rise in quality. It is worth noting that many companies try to determine prices according to their consumers' profiles, but this poses major challenges in measuring the economy, particularly with regard to inflation indicators. Inflation indicators must reflect the average price of transacted goods and services, while discounting price increases due to better quality.

Quality adjustment for inflation indicators has been adopted in the vast majority of mature economies, resulting in the increased accuracy of their economic indicators. In Brazil, IBRE has been a forerunner in developing processes for the collection and use of statistics, and will eventually introduce this technique in its price indexes.

In short, IBRE continues today as it always has: alert to the fresh challenges associated with building relevant statistics for the Brazilian economy. In order to guarantee the availability of fast, reliable information that helps build the future of Brazil, IBRE is intent on enhancing and expanding our work with statistics.

FGV FOUNDATION IS COMMITTED TO PRODUCING ACADEMIC STUDIES AND RESEARCH, AND TO DISSEMINATING ITS ACQUIRED KNOWLEDGE TO THE BUSINESS, GOVERNMENT AND SCIENTIFIC COMMUNITIES, AS WELL AS TO THE GENERAL PUBLIC. THE FOUNDATION'S DEDICATION TO THIS MISSION HAS CREATED A STANDARD FOR EXCELLENCE IN THE MANY FIELDS IN WHICH IT WORKS. IN THE FOLLOWING SECTION, WE PRESENT PROFILES OF THE BRAZILIAN INSTITUTE OF ECONOMICS (IBRE), A SELECTION OF STUDIES CONDUCTED BY FGV FOUNDATION SCHOOLS IN 2010, AND DESCRIPTIONS OF ITS TWO MAIN LIBRARIES.

RESEARCH

The goal of building benchmarks for research and studies is a common theme throughout FGV Foundation's various disciplines and departments. In 2010, the Foundation's academic staff was responsible for producing more than 250 research projects and 1,500 publications, including books, scientific articles, news articles and working papers. The Foundation has one economic research institute

(IBRE) and seven schools, all with strong research programs. They are supported by two of the country's most important libraries: the Mario Henrique Simonsen Library in Rio de Janeiro, and the Karl A. Boedecker Library in São Paulo.

BRAZILIAN INSTITUTE OF ECONOMICS - IBRE

IBRE was created in 1951 to research, analyze, produce and disseminate macroeconomic statistics and applied studies. Its purpose is to inform and enhance public policies and private activities in the Brazilian economy. IBRE is a leading institute in calculating the Brazilian GDP and in producing price indices, including the General Price Index (IGP), which was for many years the country's official inflation index. In addition to price indices, IBRE prepares trend and business cycle indicators that are widely used by scholars, analysts and administrators. To produce its statistics, IBRE maintains contact with more than 20,000 companies throughout Brazil. This close relationship with the national market results in solid knowledge of different production chains

and enables IBRE to efficiently prepare studies and analyses on various sectors of the economy. With this information, IBRE is able to facilitate decision-making and negotiations among economic agents in both the private and public spheres. Today, IBRE maintains research centers focusing on overall economic development, as well as on the agricultural, export and oil sectors. Some of IBRE's services are offered free of charge, namely the calculation of some of the principal Brazilian price indices. Other services are commercial and are customized to meet the specific requirements of private and public agencies. Some services worth mentioning are IBRE's customized economic indicators, as well as its preparation of future scenarios and economic forecasts, sectoral analysis and conjunctural studies.

1,500

FGV FOUNDATION'S ACADEMIC STAFF PRODUCED MORE THAN 1,500 PUBLICATIONS IN 2010.

80,000

THE MARIO HENRIQUE SIMONSEN LIBRARY HAS MORE THAN 80,000 TITLES.

20,000

IBRE MAINTAINS CONTACT WITH MORE THAN 20,000 COMPANIES THROUGHOUT BRAZIL TO PRODUCE ITS STATISTICS.

60,000

THE KARL A. BOEDECKER LIBRARY HAS MORE THAN 60,000 TITLES.

MARIO HENRIQUE SIMONSEN LIBRARY (RIO DE JANEIRO)

Created in December 1945 as a central library, the Mario Henrique Simonsen Library now houses a valuable collection of information focusing on public and business administration, Brazilian history, economics, finance, law, political science and sociology.

The library uses the Virtua library management software, which manages key library functions, processes requests, and facilitates borrowing and reservations via the web.

The Mario Henrique Simonsen Library participates in numerous inter-library loan networks. It has more than 80,000 titles in books, electronic publications, theses, DVDs and photographs, in addition to 64,000 copies of periodicals and 8,000 monographs. The library receives around 10,000 requests per month.

KARL A. BOEDECKER LIBRARY (SÃO PAULO)

The Karl A. Boedecker Library was created in 1954 to provide bibliographic support for study and research activities at the São Paulo School of Business Administration (EAESP), School of Economics (EESP) and Law School (Direito GV).

The collection specializes in the areas of public and business administration, economics,

business, law and social sciences. It houses around 60,000 titles in books, DVDs, photographs and electronic publications, as well as almost 40,000 periodicals and 9,000 monographs. The Karl A. Boedecker Library also uses the Virtua software for the digital management of key library functions, and receives hundreds of queries per day.

SALES AND MONETARY POLICY

BERNARDO GUIMARÃES (SCHOOL OF ECONOMICS - EESP);
KEVIN D. SHEEDY (LONDON SCHOOL OF ECONOMICS)

A striking fact about pricing is the prevalence of “sales”: large, temporary price cuts followed by prices returning exactly to their former levels. This paper builds a macroeconomic model with a rationale for such sales based on firms facing customers with different price sensitivities. Even if firms can adjust prices without cost, monetary policy has large real effects because of strategic substitutes: a firm’s incentive to have a sale decreases in relation to the number of other firms having sales. Thus, the flexibility seen in individual prices due to sales does not translate into flexibility of aggregate price levels.

In order to understand the effects of monetary shocks, we need to understand sales: why are there sales in the first place, and what explains such peculiar pricing behavior? A macroeconomic model that is able to account for this pattern of prices is needed, but such a model is currently absent from the literature. To fill this gap, researchers built a tractable general equilibrium model where sales occur as a result of optimizing behavior. A model of this kind necessarily requires much heterogeneity at the micro level, but the study shows how the aggregation problems can be overcome so that the effects of monetary policy at the macro level can be analyzed.

CONTEMPORARY CHALLENGES FOR ORAL HISTORY: REFLECTIONS BASED ON CPDOC’S COLLECTIONS

LUCIANA HEYMANN (SCHOOL OF SOCIAL SCIENCES - CPDOC)

The proliferation of memories in the contemporary scene has been analyzed by scholars through a variety of ways and using different frames of reference, such as the frames of “seduction” (Andreas Huyssen), “saturation” (Regine Robin) and “abuse” (Tzevtan Todorov). With these studies, oral history has acquired what Annette Wieviorka calls “social imperative status”. Presently, numerous efforts to obtain oral interviews exist. Oral history, which preserves experiences that would otherwise be lost in historical consciousness, has fallen victim to initiatives that go beyond its original intended use. As a consequence, the work is altering the profile of the projects that are based upon it. The main purpose of this paper is to discuss various initiatives which have resulted in the production of oral archives and the publication of oral histories. The main focal point is the work

done for more than 35 years by the Brazilian Oral History Program (OHP) of the Foundation’s Center for Research and Documentation of Contemporary History. This organization possesses over 6,000 of taped interviews. The OHP’s activities were initially focused on the taping of historically focused interviews with members of Brazil’s political elite, with the material originally intended to provide source material for studies on the formation of the modern Brazilian state. Today, CPDOC possesses 84 registered projects, among which are academic projects driven by the original purpose of oral history research, as well as many others associated with public and private institutions and non-governmental organizations. By analyzing the development of the longest surviving oral history project in Brazil, the study also explores various methodologies applicable to other oral history projects.

SALES

RESEARCHERS BUILT A TRACTABLE GENERAL EQUILIBRIUM MODEL WHERE SALES OCCUR AS A RESULT OF OPTIMIZING BEHAVIOR.

RESEARCH & INNOVATION

DEVELOPING A MORE EMPIRICALLY-BASED AND PARTICIPATORY APPROACH TO NEW LAWS NEEDED IN BRAZIL.

84

CPDOC HAS 84 REGISTERED ACADEMIC PROJECTS IN ITS ORAL HISTORY PROGRAM.

TOTAL FACTOR PRODUCTIVITY

ABOUT 85% OF THE TFP TIME-SERIES PRESENT AT LEAST ONE STRUCTURAL BREAK WITHIN ANALYZED COUNTRIES. HALF OF THEM CAN BE ATTRIBUTED TO INTERNAL FACTORS.

LEGISLATIVE INNOVATION – COMMITMENT TO BRAZIL

(SCHOOL OF LAW – DIREITO RIO)

In 2010, Direito Rio intensified its mission to use classroom-based knowledge and skills to solve real problems in the Brazilian judicial system. A special research program was set up to focus on a long-term, national approach to legal issues.

Direito Rio created a multifaceted, innovative program dedicated to issues that impact social action and legislative reform. Several studies were developed to provide a more empirically-based and participatory approach to creating new laws needed in Brazil.

Some examples of key studies developed to fortify Brazilian democracy and national economic development focused on “Clean Slate”

electoral legislation, repercussions of the new bankruptcy act, the proposed civil framework for internet use, assurance clauses in criminal law, and assessments related to the environment and environmental governance.

Alongside its institutional mission, Direito Rio intends to: (a) promote modernization and improvement within the judiciary, (b) analyze the cultural, legal and social implications of information technologies, (c) further assess the economic effects of legislation and legal decisions on the country’s development, and (d) produce innovative knowledge that enhances and strengthens Brazil’s environmental law.

THE EFFECTS OF EXTERNAL AND INTERNAL SHOCKS ON TOTAL FACTOR PRODUCTIVITY

PEDRO C. FERREIRA; ANTONIO GALVÃO;
SAMUEL PESSOA; FABIO A. GOMES (SCHOOL OF ECONOMICS - EPGE)

This paper examines structural changes occurring in the Total Factor Productivity (TFP) within countries, and the possibility that some episodes of high economic growth or decline are associated with permanent productivity shocks. The study has two objectives: to estimate the structural changes present in TFP for a sample of 81 countries between 1950 and 2000; and to identify, whenever possible, episodes in the political and economic history of these countries that may account for the structural breaks in question.

The results suggest that about 85% of the TFP time-series present at least one structural break. Moreover, at least half the structural changes can be attributed to internal factors, such as independence or a newly adopted constitution, and about 30% to external shocks, such as oil

shocks or shocks in international interest rates. The majority of the estimated breaks occur in a downward direction, indicating that after a break, the TFP tends to decrease. This implies that institutional rearrangements, external or internal shocks may be costly, and recovering from them is very difficult. Regarding factors for structural change, developed countries presented a break near the first oil shock, while the developing countries’ breaks are more spread out over the period of the study. Thus, in relation to TFP and structural breaks, external shocks seem to be more relevant for developed countries. However, for each country and break date, it was possible to find an endogenous event close to the break date. Lastly, the relevance of international trade, measured by the trade share percentage of the GDP, seems to be limited when explaining abrupt changes in TFP.

DISCONTINUOUS INNOVATION CAPABILITY ACCUMULATION IN LATECOMER NATURAL RESOURCE-PROCESSING FIRMS

PAULO N. FIGUEIREDO
(SCHOOL OF ADMINISTRATION - EBAPE)

Most of the studies that describe the building of innovation capability in emerging and developing economies have focused on the ways in which latecomer firms develop continuously towards advanced capabilities along existing technological trajectories. This is particularly true for the assembled products industries, especially in Asia. A slightly different approach is adopted here by focusing on pathways of discontinuous capability building of firms in natural resource-processing industries.

This study drew on evidence from a variety of case studies taken from 13 forestry, pulp, and paper firms in Brazil in the period between 1950–2007. It found that: (1) in contrast with the majority of case studies reported in the literature, the pathways followed by firms in their accumulation of innovation capability involved a qualitative departure from the established technological trajectory at an early stage in the

development of their capability; (2) the pathways of firms along the new technological trajectories were nevertheless characterized by a high degree of variability (from intermediate to world-leading innovators) in terms of the levels and speeds of the accumulation of innovation capability; and (3) firms that have attained progressively higher levels of innovative performance have more rapidly developed a combination of internal and external research-based arrangements in order to undertake increasingly complex, but firm-centered innovation efforts. The study sheds some light on the discussions that relate to the role of natural resources in the patterns of industrial progress and growth in those countries endowed with particular natural resource-based industries. It also provides a methodological contribution to the study of the long-term innovation strategies that make use of the dynamics of capability building, especially within natural resource-processing industries.

STRATEGIC OPTIONS DEVELOPMENT AND ANALYSIS: THE CASE OF THE BRAZILIAN RAILWAYS

PHOKION SOTIRIOS GEORGIU;
PEDRO STEVAUX (SCHOOL OF ADMINISTRATION - EAESP)

Judging by their success in Europe, Asia and North America, passenger and cargo railways are recognized as the key to infrastructure development in Brazil. The issues involved are complex and steeped in uncertainty caused by political and economic agendas and a wide array of intersecting variables such as business and union interests, agricultural and industrial geographical configurations, and the emergence of alternative power sources. Additionally, railway development must necessarily occur by whole network structures. The situation under consideration, in other words, is systemic from

the point of view of both soft and hard systems, thus promising a rich context for systems studies. As an initial attempt to understand the situation at hand, researchers applied the problem-structuring approach known as Strategic Options Development and Analysis (SODA) to map and analyze issues facing the Brazilian railways. Strategic options for the future development of the railways were identified and analyzed, and ideas for future research have been proposed. In addition, the report serves as an initial knowledge base that can guide future systemic planning studies in the industry.

INNOVATION

NATURAL RESOURCES
PLAY A ROLE IN PATTERNS OF
INDUSTRIAL PROGRESS
AND GROWTH.

INTELLECTUAL PROPERTY

STRONG PROTECTION OF
INTELLECTUAL PROPERTY
RIGHTS COULD SIGNIFICANTLY
AND NEGATIVELY IMPACT
DEVELOPING COUNTRIES.

S.O.D.A.

STRATEGIC OPTIONS
DEVELOPMENT AND
ANALYSIS MAPS AND ANALYZES
ISSUES FACING BRAZILIAN
RAILWAYS.

TOWARDS AN INTELLECTUAL PROPERTY BARGAINING THEORY: THE POST-WTO ERA

DANIEL BENOLIEL (UNIVERSITY OF HAIFA LAW FACULTY);
BRUNO SALAMA, (SCHOOL OF LAW - DIREITO GV)

The authors of this paper propose a positive bargaining theory for intellectual property-based technologies in the post-WTO (World Trade Organization) era. They focus on negotiations between patent-sensitive industries and developing countries over legal endowments and access conditions in an archetypical patent-sensitive industry, namely the pharmaceutical industry. The ability on the part of developing countries to issue, or threaten to issue, compulsory licenses over pharmaceutical products serves as a working example.

The study's analysis of the bargaining power possessed by developing countries combines a conventional assessment of market size with a qualitative analysis that highlights the effects of these countries' propensity to innovate. The ensuing bargaining situation yields numerous insights.

Firstly, innovation in intellectual property-based technologies, such as within the fields of pharmaceuticals, software, information communication technologies, and plant genetics, creates a paradoxical effect within the group of innovative Newly Industrialized Countries. The paradox is based on the notion that innovation weakens, rather than boosts, these countries' bargaining power vis-à-vis the prospect of retaliations. This is conspicuously the case of the issuance of compulsory licenses over pharmaceutical patents.

Secondly, the resulting bargaining dynamic de-emphasizes the practical significance of the Least-Developed-Country (LDC) carve-out contained in the trade-related aspects of intellectual property rights (TRIPS) and other WTO agreements. Specifically, the authors argue that distributive justice policies contained in TRIPS should be geared toward a broader group of weak developing countries, extending beyond the LDCs. This theory points to a tentative threefold typology of developing countries, defined based on their bargaining power. Accordingly, developing countries are identified relatively as high- (HBP), medium- (MBP), or low-bargaining power (LBP) countries, respectively.

In its conclusion, the study contends, based on the model presented, that strong protection of intellectual property rights could significantly and negatively impact developing countries. Such is the case without contributing to – or even impeding – their technological development. Arguably, the underlying HBP-MBP-LBP developmental inequality shifts the optimal balance between static and dynamic efficiencies. In that sense, TRIPS may prove ineffective in promoting dynamic long-term innovation policies for developing countries.



 **FGV** EXPERTISE

MORE
MORE
MORE
MORE
MORE
MORE

EXPERTISE

BETTER
BETTER
BETTER
BETTER
BETTER
BETTER

SOLUTIONS



© 2011 FGV FOUNDATION, SUBWAY, SÃO PAULO, PHOTO BY RYONIKRUGER +

COMBINING KNOWLEDGE AND SKILLS
TO PROMOTE INFRASTRUCTURE AND
SOCIAL DEVELOPMENT.

EXPERTISE TO BUILD THE COUNTRY'S NEW INFRASTRUCTURE

CESAR CUNHA CAMPOS

DIRECTOR, FGV PROJECTS

Every public administrator faces the challenge of providing infrastructure for a community, neighborhood, town or country. Infrastructure means moving from the micro to the macro: for example, from choosing the site of the weekly market to developing large-scale farming production; from plotting a bicycle lane to defining a metro railway line; from mapping the energy supply to planning a hydropower plant; or from selecting a site for a housing complex to managing very complex housing works.

If we list in detail every infrastructural element involved in each of the above examples, we would have to draft countless reports that include population growth forecasts, economic projections, and many other various requirements and considerations. In short, we would need highly specialized studies based on pre-established public policies.

Investments in infrastructure have far-reaching impacts on the Brazilian economy – even helping to mitigate social inequality. With the rise in Brazil's GDP, the country is now ranked eighth among world economies. However, according to the UNDP report of July 2010, we

are still one of the countries with the greatest social inequality. The current model of income distribution is uneven and unsustainable in the long-term, and there can be no real development unless the country improves the quality of life for its entire population. Varying levels of education are a major contributing factor to this inequality, but the predominant factor may be employment. This issue is actually closely related to the country's infrastructure in that infrastructure investments can provide quality employment to millions of people, and thus contribute to leveling the country's social and economic landscape. Today, civil construction, directly related to infrastructure projects, employs around 2.5 million workers and thus contributes to the support of 10 million families.

However, a number of obstacles remain if we are going to address the country's present infrastructure situation. Below we are going

**AROUND 85% OF
BRAZIL'S POPULATION
LIVES IN URBAN AREAS.**

to address the challenges that will confront those charged with providing infrastructure in Brazil over the next five years, whether through planning (public domain) or execution (public and private domain).

In Brazil, around 85% of the population lives in an urban area. The first challenge is, therefore, sustainable urban development. Between 2003 and 2009, around 29 million Brazilians moved from the D and E classes to join the so-called middle class. They require housing and transportation, not to mention consumer goods, and especially food. Are our towns able to meet these requirements? Have the public sector specialists and our research institutes accurately diagnosed the demand? Will it be possible to estimate costs for these investments?

Only with in-depth short-, mid- and long-term planning studies will it be possible to manage this population, even if minimally. Although the country's City Statute foresees the drawing-up of master plans for all towns with over 20,000 inhabitants, few plans have been implemented. Accordingly, at the moment, our towns can only meet extremely

short-term demands that very often are incompatible with real long-term requirements. This is the challenge in our urban planning.

Hosting the 2014 FIFA World Cup and the 2016 Olympic Games will be decisive for the future of Brazil. In addition to upgrades to the airports and revenue for the 12 cities that will be venues for the events, tourist destinations will also benefit from the huge increases that these events bring to the country. FGV Projects' studies quantify the positive impact on the Brazilian economy, showing the ripple effects of the planned US\$ 14.04 billion investments in infrastructure, which will multiply fivefold in terms of national production, as shown in the table on the opposite page.

These positive economic effects are particularly true for Rio de Janeiro. With its selection as the venue for the 2016 Olympic Games, Rio de Janeiro will require extensive infrastructure projects in sanitation and transportation, and one of the consequences will be an upward trend in the real estate market.

Another infrastructure challenge relates to freight transportation. A deficient transportation system increases what is called the "Brazil cost" to levels that hamper important infrastructure investments. For example, a large part of the country's soy production still arrives at the ports

by road; railroads must be extended for carrying the ore production to enable further extraction. Measures like these create environmental and social impacts that must be mitigated.

A third challenge is energy supply and its related elements. There is no economic development without energy supply. Brazil today builds large hydropower generation projects. We know that demand is growing, so diversification and the use of alternative sources are necessary. Brazil is still feeling its way around the subjects of marine, solar and wind energy. In the area of fuels, we are faced with technological challenges regarding pre-salt exploration and the increasing use of ethanol. Environmental and sustainability issues are also prime factors. Both the corporate and public sectors need studies to help them plan and control these complex operations and to develop impact mitigation measures.

We could discuss this vast country's shortages and demands for infrastructure almost

AROUND 29 MILLION BRAZILIANS MOVED FROM CLASSES D AND E TO JOIN THE BRAZILIAN MIDDLE CLASS.

interminably. Both investment opportunities and the competition to obtain the contracts to work on them are huge. It is fundamental for local and state governments - and the latter in partnership with federal counterparts - to come together for the best use of investments. Ideally, models should be developed that can be replicated to maximize investments. Innovative means are needed to improve infrastructure, generate jobs, and at the same time, facilitate Brazil's economic development.

In a globalized world, there is tough competition, and successful businesses are looking to expand their markets in developing countries. Today, Brazil offers excellent and secure investment returns, but we need to keep an edge in the quality of our services, which will only be possible if we have in-depth knowledge in each discipline. Therefore, using applied knowledge and finding new solutions for the country's growing infrastructure challenges are fundamental if Brazil is to continue to grow sustainably.

TOTAL IMPACT OF THE 2014 SOCCER WORLD CUP²

US\$ **18.5 BILLION**

IMPACT ON FINAL DEMAND (WORLD CUP-RELATED EXPENDITURE IN BRAZIL)

INVESTMENTS

US\$ **14.04 BILLION**

OPERATING EXPENSES

US\$ **0.74 BILLION**

VISITORS' EXPENSES

US\$ **3.72 BILLION**

US\$ **70.49 BILLION**

IMPACT ON NATIONAL PRODUCTION OF GOODS AND SERVICES

US\$ **39.68 BILLION**

IMPACT ON INCOME

3.63 MILLION

IMPACT ON EMPLOYMENT

US\$ **11.44 BILLION**

IMPACT ON TAX COLLECTION

SECTORS BENEFITING MOST

ECONOMIC ACTIVITIES WITH HIGHEST PRODUCTION INCREASE



CIVIL CONSTRUCTION



FOOD & BEVERAGE



SERVICES PROVIDED TO COMPANIES



ELECTRIC & GAS, WATER, SEWAGE & URBAN CLEANING



INFORMATION SERVICES



TOURISM & HOTELS

¹ Sustainable Brazil – Socioeconomic Impacts of the 2014 World Cup – Ernst & Young and FGV Projects Study, 2010 EYGM Limited.

² Sustainable Brazil – Social economical impacts from 2014 World Cup – Ernst & Young and FGV Projects Study, 2010 EYGM Limited.

FGV FOUNDATION HAS ONE UNIT - FGV PROJECTS - RESPONSIBLE FOR APPLYING, PRODUCING AND COORDINATING ALL TECHNICAL ASSISTANCE TO THE PRIVATE AND PUBLIC SECTORS, WHILE IBRE PROVIDES APPLIED ECONOMIC ASSISTANCE TO THE PRIVATE AND PUBLIC SECTORS. BELOW, WE PRESENT SOME EXAMPLES OF WORK DONE BY FGV PROJECTS AND IBRE IN 2010.

FGV PROJECTS

As FGV Foundation's unit dedicated to applied knowledge, FGV Projects specializes in bridging gaps between formal knowledge and the real-life problems and decisions its clients face. The organization generates solutions by developing and implementing custom frameworks that are tailor-made to the issues at hand. This process involves understanding the situations of its clients, identifying their real needs and problems, and understanding these needs and problems within the context of formal knowledge. Researchers then leverage the expertise of the various FGV Foundation schools - in economics, business and public administration, law and social sciences - to identify the models and techniques best suited for the client's needs. These models and techniques are then combined with data gathered from primary and secondary sources.

As a result, FGV Projects' solutions represent applied knowledge directly applicable to clients' specific problems and decisions. In the government sector, these solutions have aided clients in designing and deploying successful public policies, increasing the efficiency and effectiveness of existing policies, and improving and monitoring the quality of public spending. With this support, measurable and substantial results have been achieved in areas as diverse as public security, education, health, sports and public policies. In the private sector, FGV Projects aids clients in designing and improving their organizational structures and management practices, as well as in supporting their decision-making in different managerial strata. These goals are achieved through economic modeling, measurement, forecasting and valuation. The end result is often increased productivity and more informed decisions. Furthermore, projects frequently bridge institutional gaps between private and public agents.

RIO DE JANEIRO'S SUBWAY EXTENSION

The uneven intensities of population growth in large cities raise challenges in many different sectors, such as housing, sanitation, health, transportation, security and education. In addition to dealing with growing population demands, Rio de Janeiro also faces the challenge of hosting the 2014 FIFA World Cup and the 2016 Olympic Games, while maintaining international standards of excellence. One project now underway is the extension of the subway system to the Barra da Tijuca neighborhood in the West Zone, which will connect the South Zone, which has the city's largest concentration of tourists, to the West Zone, where a major sports facilities complex will be housed during the Olympics.

Given that strong demand for this subway already existed before, the line is a priority.

FGV Projects developed studies assessing the expansion and integration of old and new subway lines, and examining each of the relevant aspects: subway demand and ensuing losses of time, legal issues, engineering and geology, demographics, and economic and financial impacts. A strategic management study was conducted to guarantee communication between interested parties from both the public and private sectors. Finally, alternative routes, as well as technical aspects of different approaches to subway-line integration, were analyzed.

150

FGV PROJECTS MANAGED MORE THAN 150 ONGOING PROJECTS IN 2010.

US\$ 88.75 B

IT IS ESTIMATED THAT THE 2014 WORLD SOCCER CUP WILL HAVE A SNOWBALL EFFECT ON THE ECONOMY, ESTIMATED AT US\$ 88.75 BILLION.

EXTENSION

FGV PROJECTS DEVELOPED STUDIES ASSESSING THE EXPANSION AND INTEGRATION OF OLD AND NEW RIO DE JANEIRO'S SUBWAY LINES.

15TH

ACCORDING TO PETROLEUM INTELLIGENCE WEEKLY, PETROBRAS WAS RANKED 15TH AMONG THE WORLD'S TOP 50 OIL PRODUCERS IN 2010.

STUDIES FOR THE 2014 WORLD CUP AND 2016 OLYMPIC GAMES

Holding two of the top world sporting events in Brazil will not only require the mobilization of all sectors of society and coordination among the organizations involved; it will also necessitate integration between the public and private sectors. Academic analysis has been applied broadly to the different aspects involved in hosting the 2014 FIFA World Cup and the Olympic Games, in order to guarantee their feasibility and success, and to create a positive legacy for the country.

During 2010, FGV Projects ran a series of studies to assist the various institutions engaged in organizing these major events:

- Study of the Strategic Tourism Map for the FIFA World Cup in Brazil in 2014 - prepared for the Ministry of Tourism;

- Investigation of the economic impacts of the 2014 FIFA World Cup on the Brazilian economy: risks and management proposals - prepared for Ernst & Young Independent Auditors;

- Initial assessment of data collection techniques, and calculation and analysis of impact indicators, for the 2016 Olympic and Paralympic Games in Rio de Janeiro - prepared for the Brazilian Olympic Committee (COB);

- Technical and marketing studies related to the new racetrack and Olympic facilities; these studies were in addition to advisory services on the public investment budget of the 2016 Olympics and Paralympics in Rio - prepared for the Ministry of Sport.

INSTITUTIONAL STRENGTHENING OF PETROBRAS' RESEARCH AND DEVELOPMENT CENTERS

Petroleum production, one of the major markets of the Brazilian economy, is strongly influenced by technological development. Brazil's multinational energy company, Petrobras, uses new technologies as the basis for its development and expansion on the world energy scene. Petrobras is the largest petroleum company in Brazil, and, according to Petroleum Intelligence Weekly, the 15th largest worldwide.

FGV Projects provided advisory services to Petrobras on both institutional reinforcement and expansion of its research and development centers. FGV Projects advised Petrobras on planning, as well as on the execution and financial follow-up of its research projects by conducting an analysis of current operations, designing an efficient operating model and setting up a pilot project management center. The project will contribute to Petrobras' overall operations, enhancing teaching, research and development.

CONJUNCTURAL SERVICE SECTOR SURVEY

Together, FGV Foundation's Brazilian Institute of Economics (IBRE) and the Central Bank of Brazil developed the Conjunctural Service Sector Survey, the first study to chart the level of activity and business expectations of the service sector, which is the largest in the Brazilian economy and responsible for 60% of GDP. The study employs traditional research criteria comparable to those adopted by the European Community. The Service Sector Survey questionnaire, conducted monthly nationwide, covers topics

such as business status, demand volume, billing, prices and labor contingents; the Service Sector Confidence Index is calculated based on its results. Surveys of the manufacturing and consumer service sectors are also used to monitor and anticipate economic trends. The speed and accuracy with which these surveys portray the current status of the economy and generate performance trends for the following months are a valuable service for both government agencies and the private sector.

REFERENCE PRICE RESEARCH AND MANAGEMENT

Based on its experience in performing price surveys for indices, FGV Foundation's IBRE offers private companies and government agencies reference price calculation services to support procurement management. The reference values are calculated on the basis of price surveys of a basket of products specified according to each client's requirements. The survey is conducted regularly, in most cases on a monthly basis. In addition to price statistics, the service includes support in specifying

which products will be included in the basket. Some of the main clients for this kind of service are the Municipality of Rio de Janeiro and the state governments of Espírito Santo, Bahia, Sergipe and the Federal District.

60%

THE SERVICE SECTOR IS RESPONSIBLE FOR 60% OF BRAZIL'S GDP.

MONTHLY GDP GROWTH SERIES

EVERY ASPECT OF THE ECONOMIC SCENARIO IS CONSIDERED.

REFERENCES

IBRE PROVIDES REFERENCE PRICE CALCULATION SERVICES TO PRIVATE COMPANIES AND GOVERNMENT AGENCIES.

CORPORATE INTELLIGENCE

X-RAYS OF ECONOMIC SEGMENTS GUIDE COMPANIES' STRATEGIC AND TACTICAL DECISIONS.

BRAZILIAN ECONOMIC OUTLOOK

IBRE's team prepares a monthly bulletin describing Brazil's economic situation, including very short-term projections of the main macroeconomic variables. A unique characteristic of IBRE's forecasts is that they are based on tools and data produced by its own staff. In particular, the institute releases a monthly GDP growth series. Every aspect of the economic scenario is considered in IBRE's analyses. Also, on a quarterly basis, the bulletin

is supplemented by IBRE's Brazilian Economic Outlook, which provides annual projections for the current and upcoming year, as generated by IBRE's medium-term model.

SECTORAL ANALYSES AND FORECASTS

In the corporate intelligence field, FGV Foundation offers economic and sectoral analyses and forecasts of economic indicators. Insights about sectors, derived from interaction between domestic and foreign sectoral activity, are presented based on macroeconomic and econometric models.

This information helps to forecast major change, manage contracts and guide strategic and tactical decisions.

IBRE's sectoral studies and forecasts produce a detailed X-ray of various economic segments. The reports include analyses of the market structures and characteristics that substantiate supply and demand, highlighting the indicators that most affect a company's production chain. Reports also include relevant information for identifying the sector's price formation process.



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MORE
MORE
MORE
MORE
MORE
MORE

INTERNATIONAL
PARTNERSHIPS
AND PROJECTS

STRONGER
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BRAZILIAN ROLE
IN THE WORLD



© 2011 FGV FOUNDATION. BUILDING, SÃO PAULO, PHOTO BY RVONIRLUGER + FCOHEN FOTOGRAFIA

DOMESTIC DEMAND AND COMMODITIES EXPORTS HELPED SHIELD BRAZIL'S ECONOMY DURING THE GLOBAL FINANCIAL CRISIS.

BRAZIL DURING THE INTERNATIONAL CRISIS

YOSHIAKI NAKANO
DEAN, SCHOOL OF ECONOMICS - EESP

The Great Financial Crisis of 2007-2008, the epicenter of which took place in the USA, only reached Brazil after Lehman Brothers collapsed in September 2008. In Europe, the financial crisis hit at the same time as in the USA, largely because European banks carried "toxic assets". Since the Brazilian banks carried none of these assets, Brazil did not experience the same level of crisis.

In the USA and Europe, the financial crisis had immediate repercussions on the real economy, resulting in a drop in demand, higher unemployment and reduced imports. As a result, in the countries exporting manufactured goods, such as Japan, Korea and China, the financial crisis spread through the trade channel due to the fall in US and European imports. Brazil - a major commodities exporter with an economy that is relatively closed commercially - found itself in a better position than these other countries. This was particularly true because Brazil's increase in domestic demand was strong: strictly speaking, domestic demand

BRAZILIAN EXPORTS THAT HAD BEEN FALLING BEFORE THE CRISIS CLEARLY INCREASED DURING THE CRISIS, DUE TO THE STRONG APPRECIATION OF THE BRAZILIAN REAL. THIS WAS PARTICULARLY TRUE FOR MANUFACTURED AND SEMI-MANUFACTURED GOODS.

was not significantly affected by the financial crisis. As seen in Graph 1 (page 75), family consumption registered only a slight fluctuation.

However, the same graph shows that the GDP fell in the last quarter of 2008 at an annualized rate of about 15% relative to the preceding quarter. Investments declined even more, by nearly 50% over the same period. Consequently, the Brazilian economy, which had a growth rate of 7% per annum on the eve of the crisis, experienced a significant contraction, and in 2009, growth dropped by 0.2% of the annual GDP.

Graph 2 (page 75) indicates that the quantity of Brazilian exports that had been falling before the crisis clearly increased during the crisis, due to the strong appreciation of the Brazilian real. This was particularly true for manufactured and semi-manufactured goods. Commodities exports were also affected but soon recovered by the start of 2009. Accordingly, exports in general were not responsible for the sharp drop in GDP in the last quarter of 2008. It is worth noting that exports only accounted for 9.6% of Brazil's GDP in 2009 so they are not the most relevant indicator for explaining the behavior of the Brazilian economy during this period.

So what then explains the drop in GDP and investments? The answer lies in Graph 3 (page 76), where we see that credit plummeted after the collapse of Lehman Brothers. The total balance of loans from private banks declined by more than one percentage point of GDP in the last quarter of 2008.

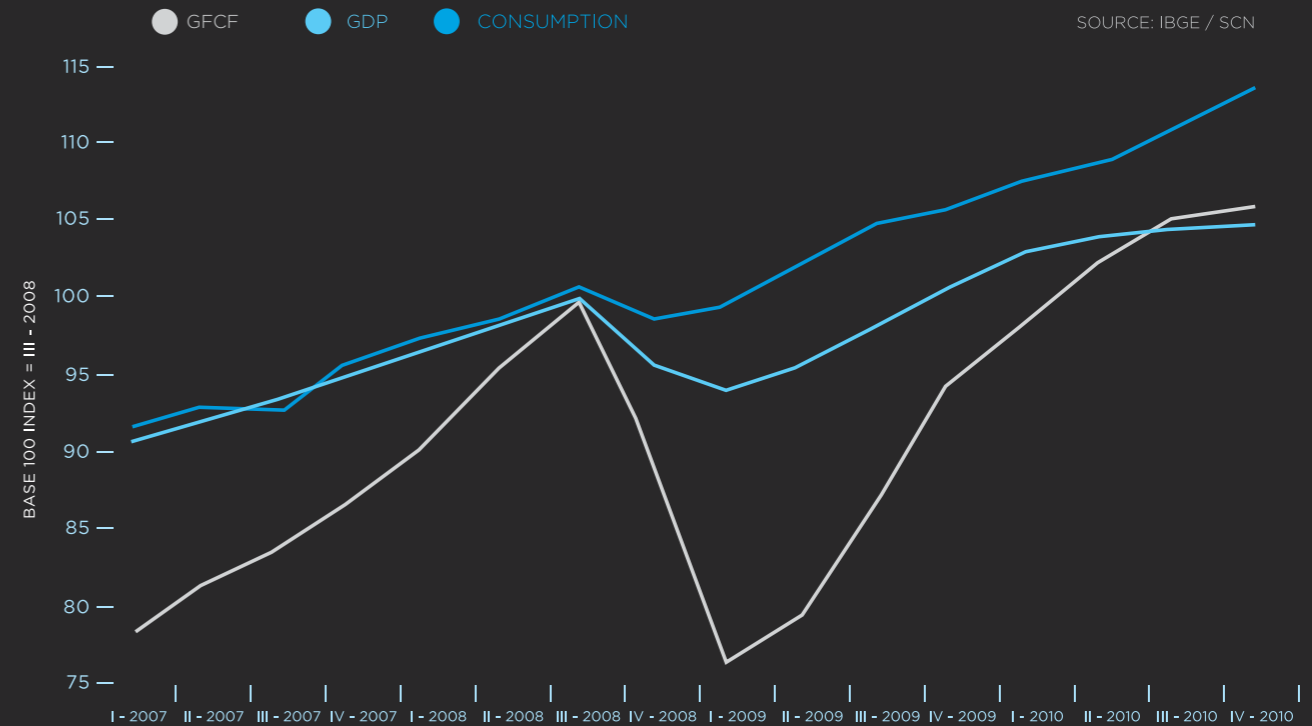
With the outbreak of panic caused by the crisis of liquidity and paralysis in the US and European banking systems, private banks in Brazil stopped their credit operations as well. This immediately affected the national productive sector and sharply affected production, particularly in the industrial sector. Graph 4 (page 77) shows that the consumer durables sector was the most affected. The sudden disappearance of credit caused the economic gears to come to a halt since in order to synchronize the flow of revenue with those of expenditures, the latter was halted. For example, orders to suppliers were cancelled and the entire flow of payments centralized to prevent default.

Moreover, businesses postponed decisions on new investments and stopped investments in progress, except those that would lead to irretrievable costs if halted. Thus, we see the reason for the plummeting volume of investments.

The recovery of the Brazilian economy was as fast as the earlier sudden drop, as shown in Graph 1, for which there are three basic explanations. First, as we can see above, domestic demand remained high, so much so that retail trade was practically unaffected by the crisis. Second, the government quickly set the public banks (Brazilian Development Bank, Bank of Brazil and the federal savings bank Caixa Econômica Federal) in motion to counter the sudden total shutdown of the private credit system. Graph 3 shows that, unlike the private credit institutions, public institutions quickly increased credit operations in the period when the financial crisis had its strongest impact. As a result, the share of private credit in the credit total, which was close to 66% in the period preceding the crisis, dropped to 58% afterward. The third explanation for the fast recovery has to do with the swift, efficient response of the government's tax policy. The most important measure was to reduce taxation, particularly on vehicles and other consumer durables, which not only prevented postponing procurement decisions, but also introduced an incentive for consumers to advance purchase decisions. This, therefore, inhibited both the slight fall in domestic demand and kept unemployment from rising any further.

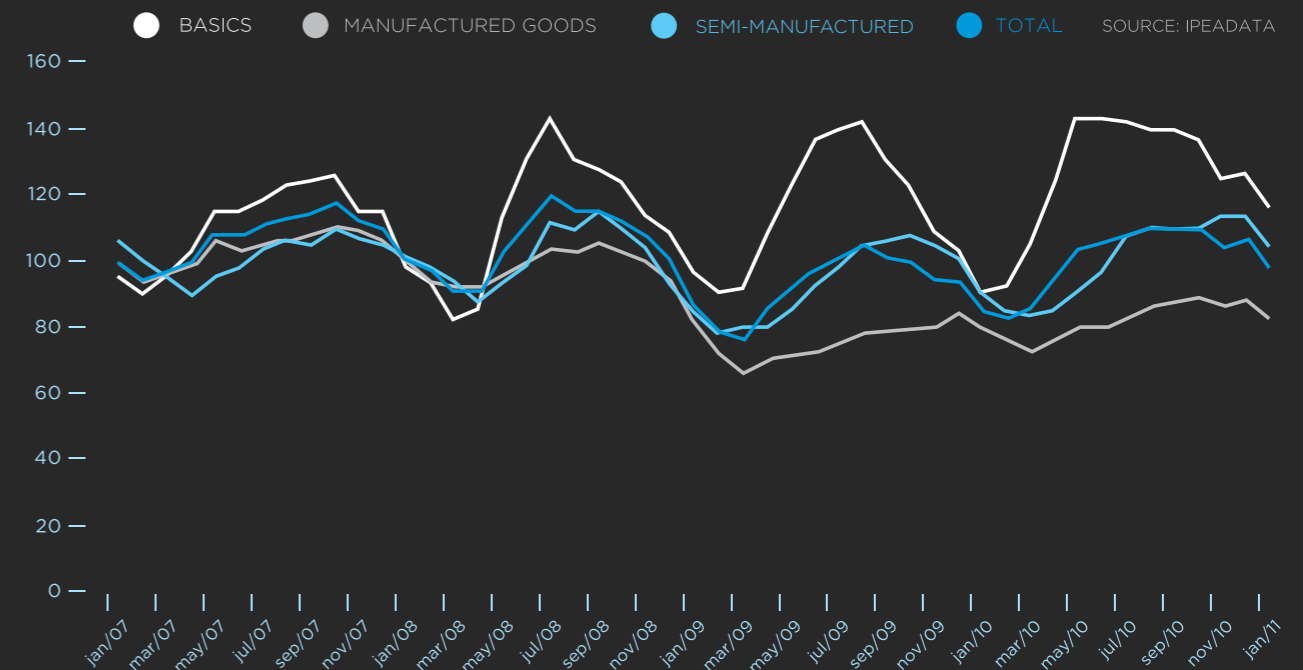
FAMILY CONSUMPTION, INVESTMENTS AND GROSS DOMESTIC PRODUCT

GRAPH 1



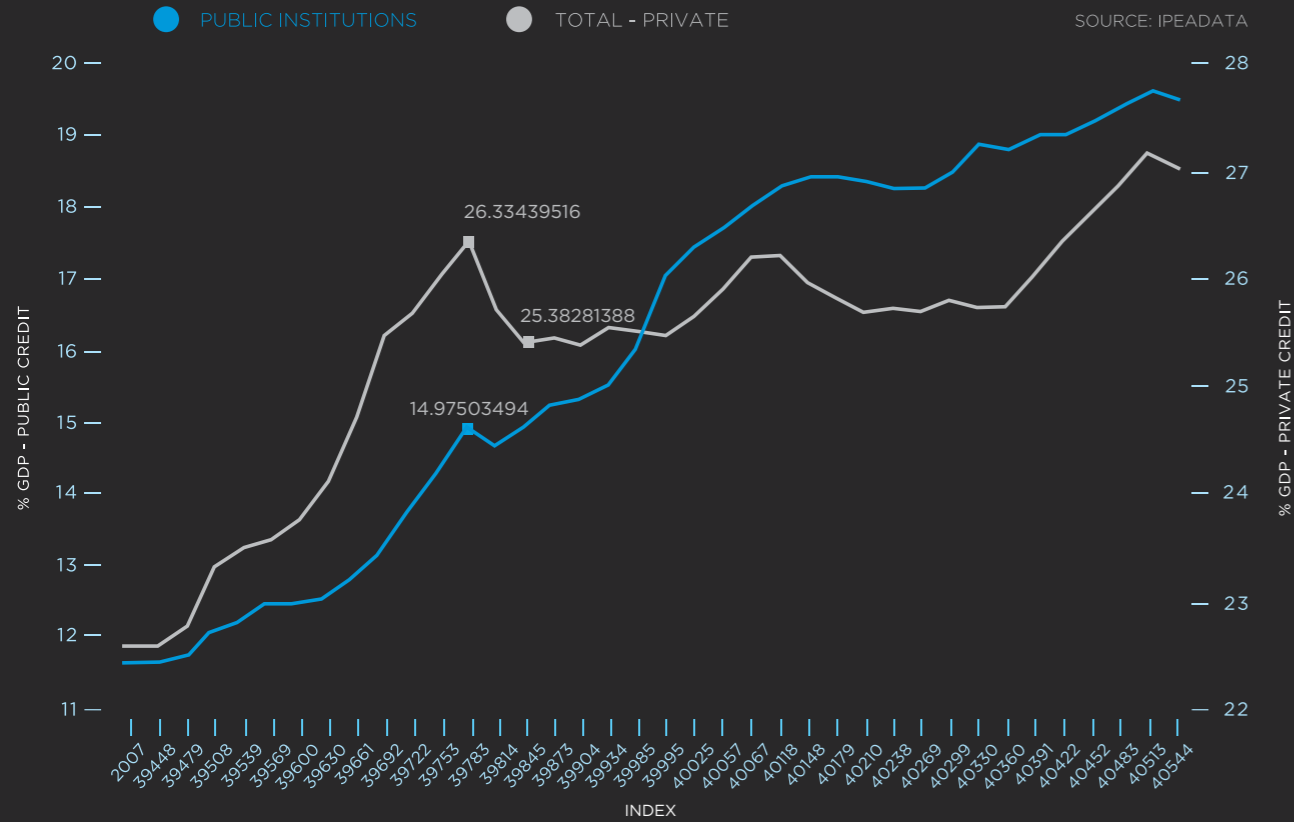
PERFORMANCE OF EXPORT QUANTUM

QUARTERLY MOBILE AVERAGES - GRAPH 2



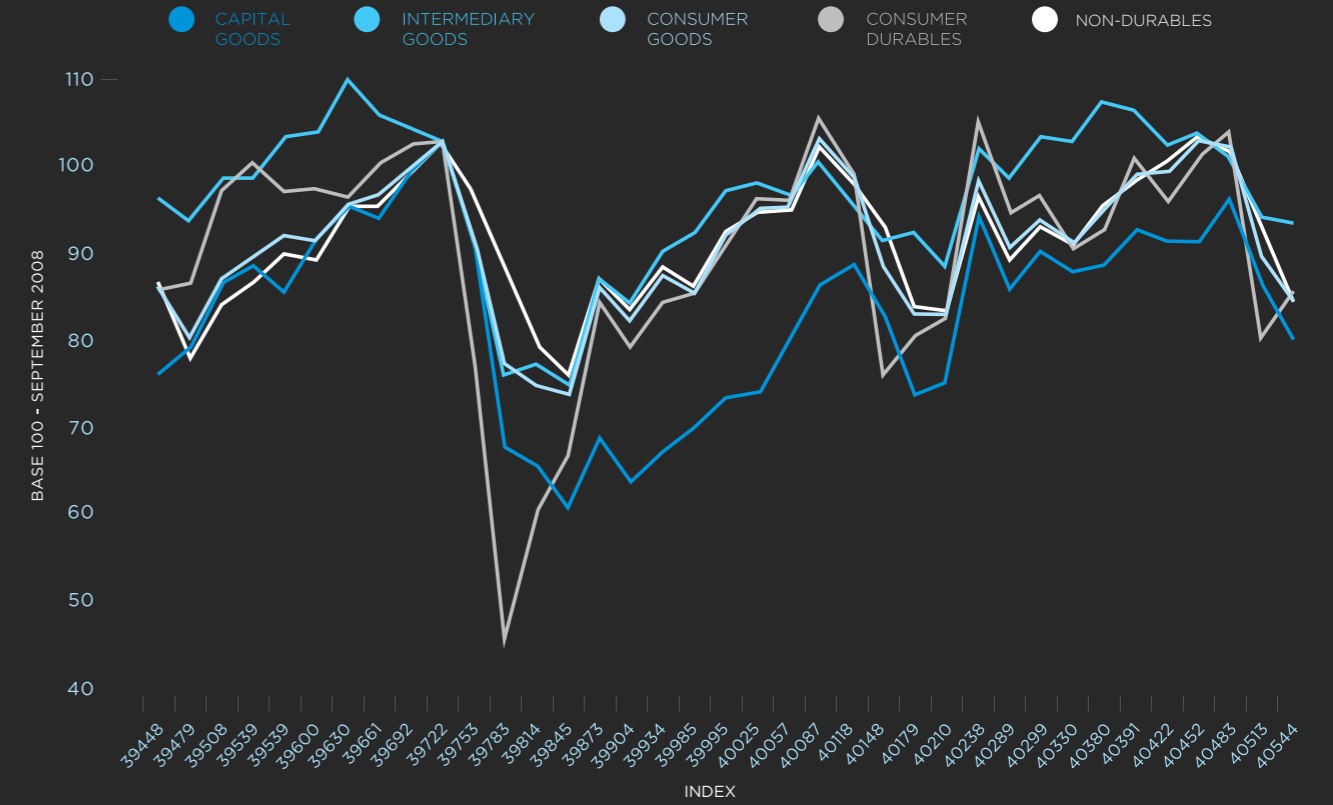
EVOLUTION OF PUBLIC AND PRIVATE CREDIT

GRAPH 3



EVOLUTION OF INDUSTRIAL PRODUCTION BY CATEGORY OF USE

GRAPH 4



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UNIVERSITY OF MANITOBA
HEC - MONTREAL

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FGV PRESS

MAGAZINES AND BOOKS

FGV Press, the Foundation's publishing unit, was founded in 1945 and publishes work from various fields of knowledge. The unit contributes to improved learning and education in Brazil and gives FGV Foundation a presence at home and abroad. FGV Press offers high-quality publications in numerous disciplines, including political science, administration, economics, law, anthropology, history, sociology, marketing and archival science.

Its catalog features FGV Foundation authors as well as intellectuals from the international academic community. Their contributions, which total more than 300 titles, play a role in shaping intellectual discourse and in the dissemination of knowledge.

Not only does FGV Press produce textbooks in various academic and business genres, but it also produces collections of books on specific topics, as outlined below.

The wide range of offerings in FGV Press's catalog has proven very successful, reflected by high demand from the public. For example, the

FGV Management Collection alone has already published 1.7 million copies since its launch.

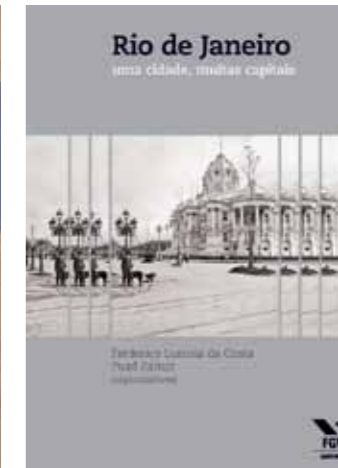
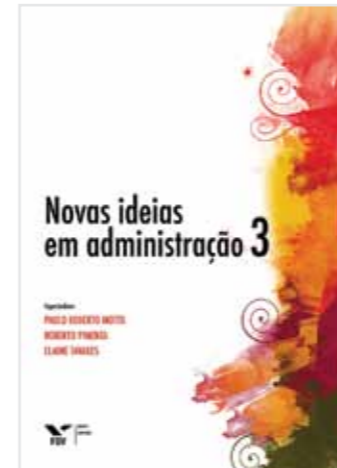
Publications from FGV Management focus on the business administration field. Each series of publications is associated with a course in the ongoing learning program: business management, marketing, human resource management, project management, financial management, controllership and auditing, health management, business law, and short professional courses.

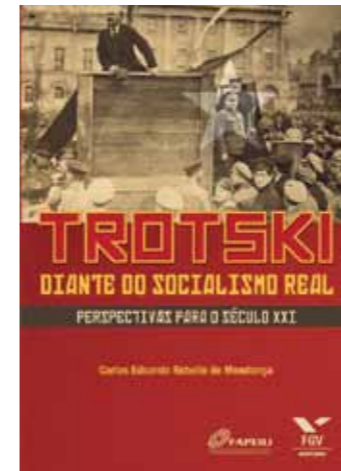
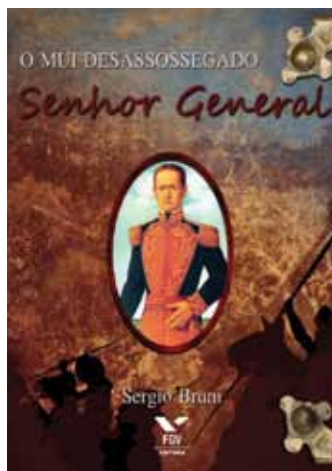
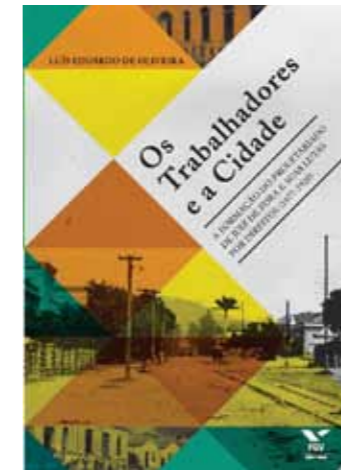
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FGV Foundation was created in 1944 to promote Brazil's economic and social development. For more than sixty years, it has been an important research institution in the country's academic history.

Whether in educational excellence or scientific research, in technical assistance or assessing public policies in an advisory capacity, FGV Foundation's name carries a mark of distinction and a guarantee of quality that are recognized nationwide. Professional competence, soundness and reliability, innovative spirit and unwavering ethical standards make the institution a benchmark in the areas of business administration, economics, documentation, historical research and law.

As an acknowledgement of its international academic quality, FGV Foundation was recognized twice (in 2009 and 2010) as the No. 1 Think Tank in Latin America and the Caribbean in rankings by the University of Pennsylvania. It was also cited in the global rankings as 15th among Top Development Think Tanks, and 20th among the Top Domestic Economic Policy Think Tanks.

Living up to the high expectations that such international recognition brings is the challenge FGV Foundation sets for itself in reaffirming and strengthening its commitment to academic excellence.

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FINANCIAL STATEMENTS

IMPLEMENTATION BUDGET IN REAIS (R\$) (US\$1,00 = R\$1,66 AS OF DECEMBER 31, 2010)

IMPLEMENTATION BUDGET IN REAIS (R\$) (US\$1,00 = R\$1,75 AS OF DECEMBER 31, 2009)

BUDGET EXECUTION IN REAIS (R\$)

1.1 BUDGET EXECUTION AND OPERATIONAL	R\$
REVENUE	700,418,574.29
COSTS / EXPENSES	667,732,407.97
OPERATING INCOME	32,686,166.32

1.2 CAPITAL BUDGET EXECUTION	R\$
OWN INVESTMENTS	32,332,905.67

BALANCE SHEET, DECEMBER 31, 2010 (R\$)

ASSETS	2010	2009
CURRENT ASSETS	502,939,270.81	375,640,641.02
AVAILABLE	458,086,953.33	340,876,676.41
ACCOUNTS RECEIVABLE	13,252,445.29	11,247,366.68
OTHER ACCOUNTS RECEIVABLE	591,979,986.74	532,480,578.65
(-) BILLING	578,727,541.45	521,233,211.97
OTHER CREDITS	28,474,261.47	20,483,189.25
STOCKS	3,125,610.72	3,033,408.68
NON-CURRENT ASSETS	220,144,992.90	181,628,627.27
LONG TERM EQUITY	45,821,144.03	39,255,850.03
PROPERTY EQUITY FUNDS	174,323,848.87	142,372,777.24
TOTAL R\$	723,084,263.71	557,269,268.29
TOTAL US\$	435,592,929.95	318,439,581.88

LIABILITIES	2010	2009
CURRENT LIABILITIES	86,090,107.42	67,498,532.18
SHORT-TERM LIABILITIES	-	-
PAYROLL CONTRIBUTIONS AND DEDUCTIONS	13,114,456.70	10,608,719.16
SERVICE SUPPLIERS	17,423,694.89	16,988,552.69
OTHER CONTRACTS	5,040,986.80	4,983,409.29
OTHER VALUABLES	20,043,867.55	12,865,803.14
MISCELLANEOUS PROVISIONS	30,467,101.48	22,052,047.90
NET WORTH	636,994,156.29	489,770,736.11
ENDOWMENT	516,840,287.53	401,456,355.39
SPECIAL FUNDS	87,467,702.44	76,029,207.47
RESULT OF BALANCE	32,686,166.32	12,285,173.25
TOTAL R\$	723,084,263.71	557,269,268.29
TOTAL US\$	435,592,929.95	318,439,581.88

ECONOMIC BALANCE, DECEMBER 31, 2010 (R\$)

REVENUE	2010	2009
REVENUE	700,417,789.29	673,472,376.77
REVENUE ASSETS	6,730,365.87	32,113,778.74
OPERATING REVENUES	665,504,718.92	595,813,903.17
FUND-RAISING REVENUE	28,182,704.50	45,544,694.86
MISCELLANEOUS REVENUE	785.00	-
REVENUE FROM FEES	785.00	-
SUBTOTAL	700,418,574.29	673,472,376.77
DEFICIT	-	-
TOTAL R\$	700,418,574.29	673,472,376.77
TOTAL US\$	421,938,900.17	384,841,358.15

EXPENDITURE	2010	2009
COSTS AND EXPENSES	667,280,458.80	659,647,764.53
PERSONAL AND CHARGES	237,462,347.98	212,456,295.26
OTHER COSTS AND EXPENSES		
THIRD PARTY SERVICES	316,383,769.16	281,282,725.34
MISC. FEES AND EXPENSES	113,434,341.66	165,908,743.93
DIVESTMENT COSTS	451,949.17	1,539,438.99
SUBTOTAL	667,732,407.97	661,187,203.52
SURPLUS	32,686,166.32	12,285,173.25
TOTAL R\$	700,418,574.29	673,472,376.77
TOTAL US\$	421,938,900.17	384,841,358.15

CASH FLOW STATEMENT, DECEMBER 31, 2010 (R\$)

DESCRIPTION	2010	2009
I. FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	32,686,166.32	12,285,173.25
INCREASE IN EQUITY	114,537,253.86	114,692,048.01
SHORT-TERM LIABILITIES	18,591,575.24	(21,949,371.14)
ACCOUNTS TO BE RECEIVED	(2,005,078.61)	(358,943.13)
OTHER CREDITS	(7,991,072.22)	(7,757,462.48)
INVENTORIES	(92,202.04)	(184,495.55)
LONG TERM	(6,565,294.00)	(2,574,237.92)
(=) NET CASH FROM OPERATIONS	149,161,348.65	94,152,711.04
II. FLOWS FROM INVESTMENT ACTIVITIES		
POSITIVE CHANGE IN FIXED ASSETS	31,951,071.63	9,546,133.31
(=) NET CASH GENERATED BY INVESTMENTS	(31,951,071.63)	(9,546,133.31)
OPENING BALANCE OF CASH	340,876,676.41	256,270,098.68
CLOSING BALANCE OF CASH R\$	458,086,953.33	340,876,676.41
CLOSING BALANCE OF CASH US\$	275,955,995.98	194,786,672.23

OPERATING BUDGET PER DIVISION, SHOWING FORECASTS / ACHIEVEMENTS OF REVENUES AND COSTS / EXPENSES (R\$)

DIVISIONS	STAFF	REVENUE: ESTIMATED	REVENUE: CARRYING	EXPENSE: ESTIMATES	EXPENSE: CARRYING	OPERATING COST: ESTIMATES	OPERATING COSTS: CARRYING
BASIC GRADUATE PROGRAMS							
IBRE	311	25,867,889.69	27,237,909.86	31,994,626.38	31,838,751.89	(6,126,736.69)	(4,600,842.03)
EBAPE	102	11,320,022.00	14,314,804.48	24,414,176.00	24,081,491.11	(13,094,154.00)	(9,766,686.63)
EAESP	360	91,976,872.54	87,607,119.59	76,044,482.78	74,350,830.51	15,932,389.76	13,256,289.08
EPGE	74	5,048,729.76	6,005,448.40	16,936,799.84	16,880,382.35	(11,888,070.80)	(10,874,933.95)
DIREITO RIO	108	15,693,693.53	15,915,407.19	23,111,014.90	20,989,747.24	(7,417,321.37)	(5,074,340.05)
DIREITO GV	88	27,515,898.76	24,478,877.32	29,160,728.06	26,581,499.19	(1,644,829.30)	(2,102,621.87)
CPDOC	55	5,532,774.80	3,067,130.21	11,310,509.60	9,373,391.08	(5,777,734.80)	(6,306,260.87)
EESP	56	14,649,066.69	15,562,016.20	17,060,215.84	16,938,549.28	(2,411,149.15)	(1,376,533.08)
SPECIAL PROGRAMS							
FGV PROJECTS	211	140,000,000.00	166,074,187.49	136,543,224.23	135,991,644.64	3,456,775.77	30,082,542.85
FGV EDITORA	18	5,825,280.18	5,660,832.79	4,941,516.62	4,827,759.20	883,763.56	833,073.59
IDE	465	282,419,283.03	301,830,107.18	141,089,367.06	138,132,428.69	141,329,915.97	163,697,678.49
SPECIAL ACTIVITIES	85	41,258,359.40	32,664,733.58	94,513,548.42	93,880,741.29	(53,255,189.02)	(61,216,007.71)
SUBTOTAL (1)	1,933	667,107,870.38	700,418,574.29	607,120,209.73	593,867,216.47	59,987,660.65	106,551,357.82
ADMINISTRATION							
DIRECTION OPERATION RJ	115	-	-	18,519,453.18	18,458,701.42	(18,519,453.18)	(18,458,701.42)
DIRECTION OPERATION SP	99	-	-	30,799,539.92	30,789,576.25	(30,799,539.92)	(30,789,576.25)
TOP ADMINISTRATION	30	-	-	7,237,918.24	6,658,996.25	(7,237,918.24)	(6,658,996.25)
CORPORATE CONSULTANCY	188	-	-	18,079,010.20	17,957,917.58	(18,079,010.20)	(17,957,917.58)
SUBTOTAL	432	-	-	74,635,921.54	73,865,191.50	(74,635,921.54)	(73,865,191.50)
TOTAL R\$ = (1+2)	2,365	667,107,870.38	700,418,574.29	681,756,131.27	667,732,407.97	(14,648,260.89)	32,686,166.32
TOTAL US\$ = (1+2)	2,365	401,872,211.07	421,938,900.17	410,696,464.62	402,248,438.54	(8,824,253.55)	19,690,461.64



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AHEAD

