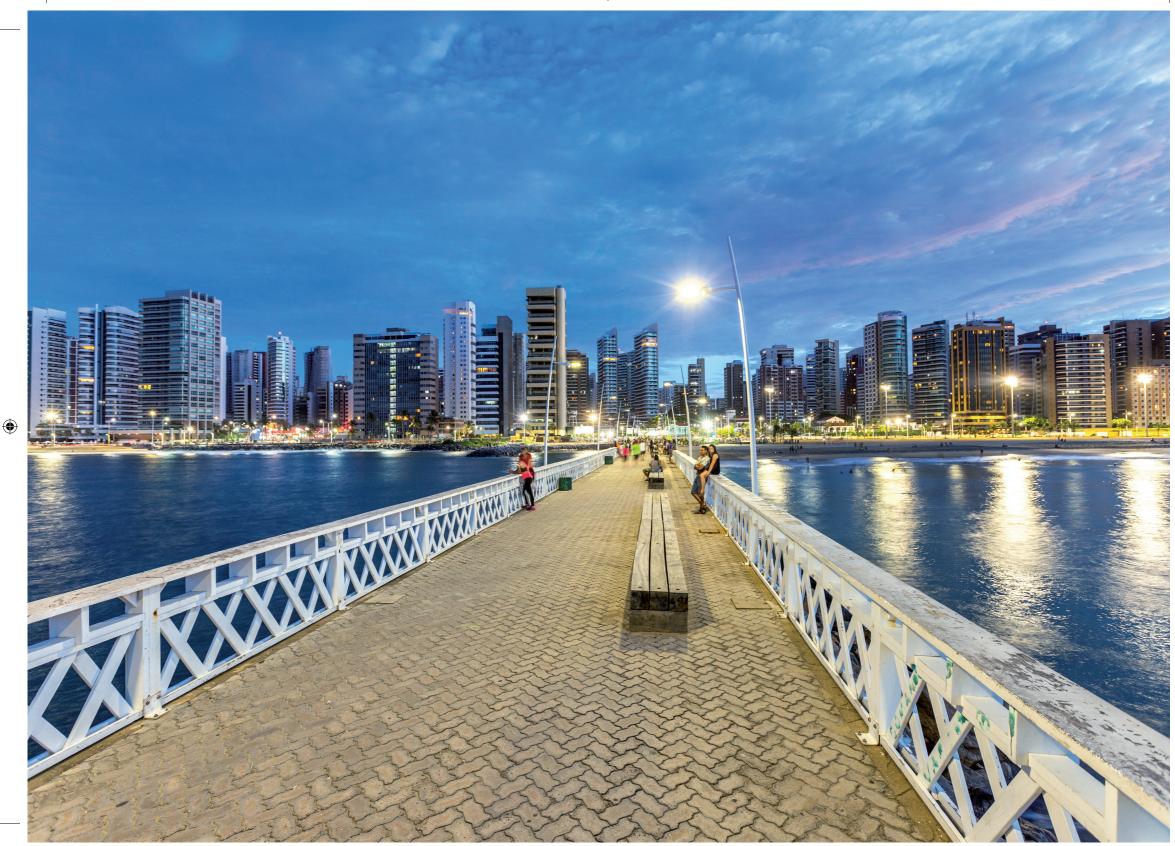






## Municipality of Fortaleza









### **Content**

A WORD FROM THE MAYOR	6
FORTALEZA OF OPPORTUNITY	8
COMPETITIVE FORTALEZA	1
PROGRAM GOALS	1.
PREMISES	1
LINES OF ACTION Incentives and regulations Public-Private arrangements Debureaucratization Labor marketplace	1 1 2 4 5
MANAGEMENT AND CONTROL MECHANISMS  The Competitive Fortaleza Forum  The Economic Development Council  Guarantee Fund for Public-Private Partnerships	5 5 5
TIMELINE	5
RESULTS	5
THE FORTALEZA WE BUILD	5
PUBLIC FINANCES	6
NEW INVESTMENTS	6
STRATEGIC PLANNING Fortaleza 2040	6
INTERNATIONAL CONCEPTS	7
INTERNATIONAL CERTIFICATIONS AND PARTNERS	7





## A word from the Mayor

The competitiveness of any city is defined by its behavior, quality and potential. We need to identify the main drivers and challenges imposed by the legal and structural reality of the city, as the urban quality of life has never been so important for the future of a country.

In economic terms, competitiveness refers to the return on investment, technological innovation and the access to capital of the companies operating in the city. With regard to quality, we can mention the business environment, the available skilled labor and the infrastructure. The city's potential is measured by the position and status of the local companies, where their products and services should be competitive at both the domestic and international levels. Com-

petitiveness also has to do with the appeal of the city in terms of urban landscape, its specific features and location, as well as its environmental sustainability agenda. Competitiveness also refers to its educational institutions, cultural life, leisure and entertainment.

The world is changing and this change can be especially seen in the cities, where new technologies, business models, lifestyles and attitudes are coming together to provide a new look at things, a new way of being and living. Successful national economies are today measured by the capacity to generate wealth, especially through innovation, and the authorities must act accordingly, being aware of the challenges and indicators that reflect an environment of opportunity for all.





In order to address this issue, the Municipality of Fortaleza presents the **Competitive Fortaleza Program**, aimed to develop an environment of innovation and generation of opportunities in the city, to induce the creation and growth of companies, and to provide the people of Fortaleza and the investors a favorable and agile environment for them to overcome the challenges of opening and maintaining a new business.

The promotion of new opportunities in Fortaleza will always be beneficial and, in the context of a contemporary city, it is necessary to intensify the collective nature of this "city making" in order to attract new internal and external investments and promote a sense of belonging among its citizens. Welcome to **Fortaleza**, a **Competitive City!** 









Fortaleza
of Opportunity



## Why to **Invest** in Fortaleza?

- Best capital city in Brazil for external investments (Towers Watson, 2015).
- 2<sup>nd</sup> largest area of influence in Brazil (786 counties)
- 3<sup>rd</sup> Brazilian city in terms of real estate investments.
- 4<sup>th</sup> largest investment volume among the Brazilian state capitals
- 4<sup>th</sup> best fiscal situation among the country's state capitals.
- 5<sup>th</sup> most populated city in Brazil.
- 6<sup>th</sup> largest labor marketplace in Brazil
- 8<sup>th</sup> place in the Cities of the Future ranking (Financial Times, 2017)
- Fortaleza has the best public and private universities in the north and north-

- east regions A higher education excellence center.
- South American fiber optics hub The city has the largest concentration of submarine fiber optic cables of the American continent.
- Fortaleza is the Brazilian state capital with the best geographic localization - It is close to Europe, Africa and the American destinations (6 hours).
- A 35 km-long coastline with sun and winds all year round, with a flat topography and 100% urbanized



## Competitive Fortaleza



The **Competitive Fortaleza** Program seeks to provide the tools needed to improve the opportunities offered by the city through active efforts, among them incentives and regulations that stimulate the arrival of new businesses to the city and consolidate the existing ones. It seeks to promote the participation of the private sector in urban infrastructure improvement and maintenance actions, the improvement of the business environment in the city, of the quality of the local human resources and of the ability to innovate, with vocational training and technological and business modernization activities.







### Goals of the Program







### **Premises**

tion of costs, aiming to provide an institu-

### Lines of Action

- Public-Private arrangements
- Debureaucratization







# Incentives and Regulations

In any city, competitiveness begins with clear and objective rules that encourage the establishment of new businesses and the expansion of existing ones. Creating an attractive business environment through incentives and regulations is the first step to make a city competitive.







# Incentives and Regulations

Tax incentive programs of the Municipality of Fortaleza (PRODEFOR / PARQFOR)

The Tax Incentives Act No. 205/2015 seeks to promote the establishment and/or expansion of new companies in the city, developing a business-friendly environment, favoring new economic vocations and the creation of new jobs.

The Act created two Tax Incentive Programs: the PRODEFOR, which provides tax incentives for the establishment of companies in districts with a lower Human Development Index (HDI); and the PARQFOR, which aims to promote the development of economic activities linked to technology and the creative economy, with particular emphasis on the creation of technological and creative

parks in the city and in higher education institutions.

The abovementioned incentives follow the line drawn by the federal incentive legislation, such as Act No. 11196/2005, known as the "Good Law", which created tax incentives for companies carrying out research and development activities related to technological innovation.

#### BENEFITS OF FORTALEZA'S TAX INCENTIVE PROGRAMS

	Tax reduction		
Program	Services Tax (ISSQN)	Urban Property Tax (IPTU)	Real Estate Transfer Tax (ITBI)
PRODEFOR	Up to 60%	Up to 60%	Up to 80%
PARQFOR	60%	Up to 100%	Up to 100%



15



# Incentives and Regulations

Fortaleza - A city of trade and services

The Law that sets the opening hours of the retail and wholesale commerce in Fortaleza will be amended to ensure that establishments located in the surroundings of shopping malls (within a 1 km radius) are allowed to operate from 8:00 am to midnight.

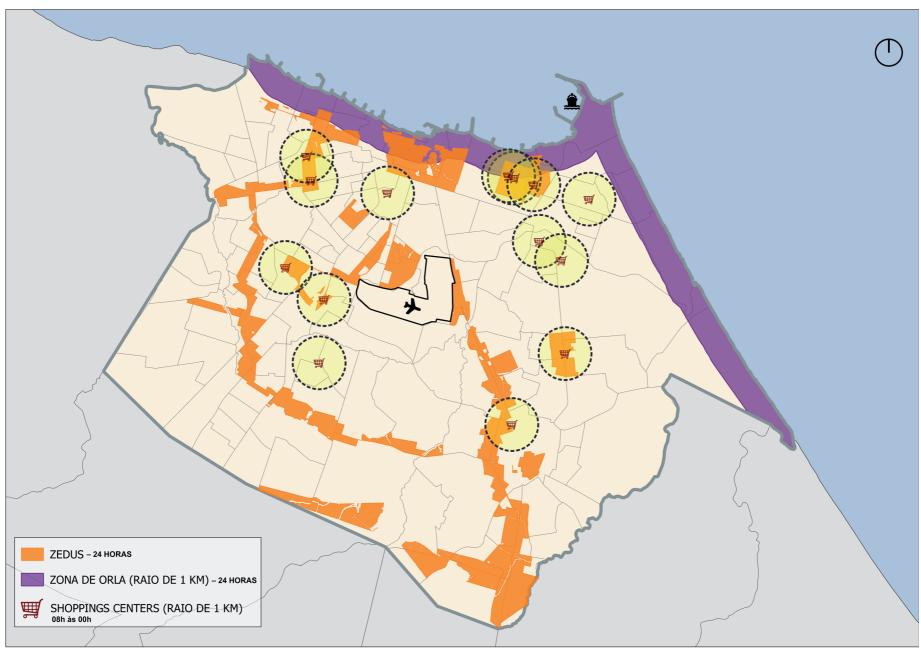
Establishments located within 1 km from the seafront and within the Special Urban and Socioeconomic Promotion Zones (ZEDUS) will be allowed to operate around the clock.

The new Trade Act will provide the opportunities to create new businesses and jobs, allowing commercial establishments to work freely in certain areas of the city. This will promote the revitalization of traditional spots and the improvement of the local quality of life by the occupation of Fortaleza's public spaces.









New commerce working hours in Fortaleza



### **Incentives** and Regulations

Strategic urban planning tools aimed to improve the city's competitiveness

#### THE LAND ALLOTMENT, USE AND OCCU-**PATION ACT**

The amendment of the Land Allotment, Use and Occupation Act after the 20 years it has been in effect is a step forward for Fortaleza to be a city of opportunities for all. This legislation amendment will boost the economy and promote the intensification of different economic activities in the city.

The Land Allotment, Use and Occupation Act regulates the Special Urban and Socioeconomic Promotion Areas (known as ZE-DUS), which are parts of the territory intended for the settlement and/or intensification of economic activities.

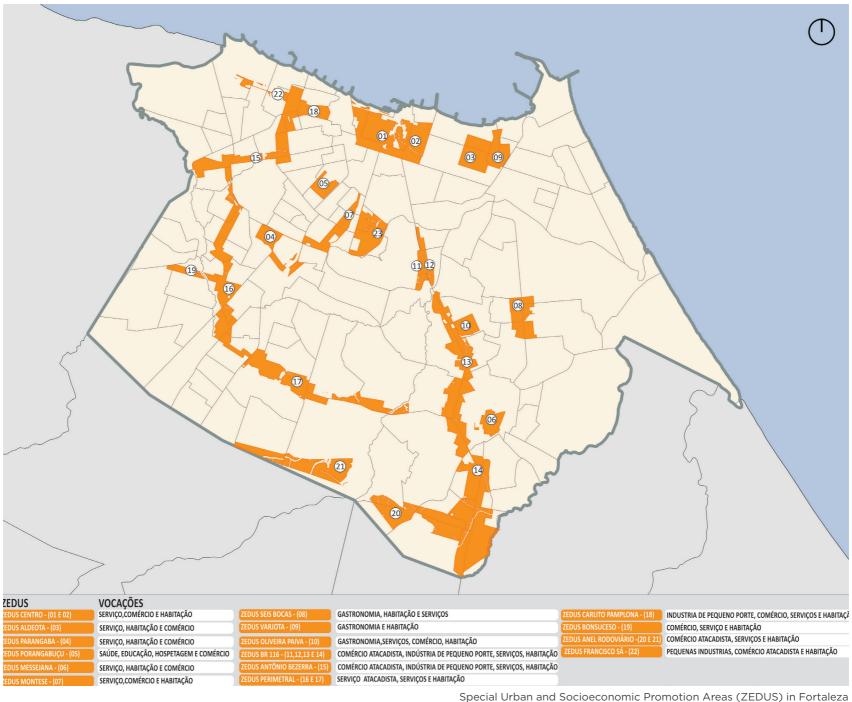
The ZEDUS strengthen areas with already established trade or service activities located in the surroundings of large avenues. Twenty-two ZEDUS areas have been defined in the city and will have specific urban features aimed to improve the development of these economic activities.













Book Fortaleza Competitiva\_Ingles.indd 19



24/08/17 21:06



# Incentives and Regula-tions

Strategic urban planning tools aimed to improve the city's competitiveness

#### THE CITY CODE

The new City Code seeks to amend Act No. 5530/1981 - The Code of Works and Regulations of the City of Fortaleza, which after 36 years in force must align with the new expectations of its citizens. Among its many innovations, the amendment proposal deals with issues such as the natural environment, technology, licensing, ethics, violations and penalties. It also regulates the behavior of both the public and private agents working within the city limits, making the city's procedures simpler and less bureaucratic.

- Establishes the Single Licensing Track.
- Ratifies the simplified online licensing system, promoting a change of culture toward a debureaucratized public service based on information transparency and a responsibility shared with the citizen.
- Regulates the economic activities carried out in single-family and multifamily households.
- Welcomes innovative economic activities such as coworking offices, start-ups and food trucks, among others.
- Establishes the environmental certification of sustainable construction and economic activities.
- Establishes an area of 16 m<sup>2</sup> as the basic housing unit, opening the door to a better access to housing in our city.



#### **THE 2019-2029 FORTALEZA**

#### **MASTER PLAN**

The Fortaleza Master Plan in force, known as the Participative Master Plan, was published in February 2009. Thus, the municipal government has the responsibility to present the new urban policy guidelines and proposals that will drive the development of the city from 2019 onwards. The new Fortaleza Master Plan should be prepared as well based on the guidelines of other legal statutes such as the Organic Municipal Law, the Fortaleza 2040 Plan and other plans of the state and federal governments involving the city.



24/08/17 21:06



## Public-Private arrangements

Another way of making Fortaleza a competitive city is to make it appealing to private investments. The private sector's interest to invest in the city can be boosted through the implementation of Public-Private Partnerships (PPPs), service concessions and urban businesses aimed to attract more mediumand large-scale investments to the city.

### PUBLIC-PRIVATE PARTNERSHIPS (PPP) AND SERVICE CONCESSIONS

Federal Act No. 11079/2004 outlines the general procurement and contracting rules for public-private partnerships at the federal, state and local levels.

These partnerships are aimed to make up for the insufficient investments in infrastructure caused by budgetary constraints and by the impossibility to increase the taxation levels on the private sector for this purpose. As a result, the evaluation and implementation of public-private partnerships (PPP) became an essential mechanism to channel private resources to meet the public needs.

Public service concessions in Brazil have been limited to construction, maintenance and tolling of highways, railways, ports, airports and public transport systems throughout the national territory.

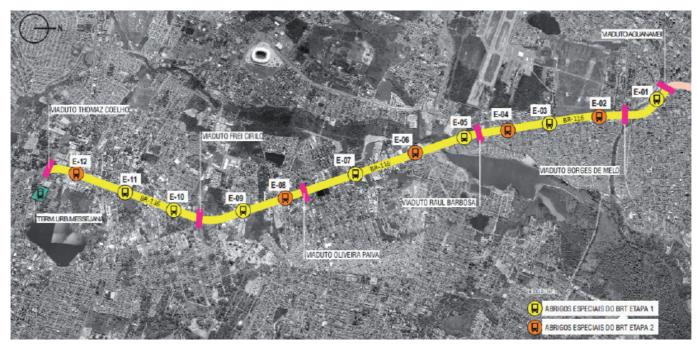
The following are examples of public assets that can be transformed into PPP or public concessions by the municipal government:







BUS RAPID TRANSIT (BRT) - PUBLIC TRANSPORT CORRIDOR - BR-116 HIGHWAY		
Description	Construction and operation of Section 2 of the BRT (Bus Rapid Transit) system. It is an exclusive bus corridor system providing a faster passenger transportation alternative. The private entity will be responsible for the construction, operation and maintenance of the BRT system.	
Procurement modality	Administrative concession - Federal Act Nº. 11079/2004	
Complementary information	<ul> <li>Section 2 (9.5 km).</li> <li>12 platforms located in section 2, to be integrated to</li> <li>7 platforms already built (Section 1).</li> <li>Estimated budget: R\$ 200 million (ca. USD 63,000,000.00).</li> <li>Term: 25 years.</li> </ul>	



The BRT route on the BR-116 highway







MODERNIZATION AND OPERATION OF THE CITY'S BUS HUBS		
Description	Fortaleza has seven closed bus hubs and two open terminals (Coração de Jesus and Estação).  The private entity will take over the management and operation of these terminals, being allowed to exploit the real estate potential of the surrounding area, including the construction of buildings pursuant to the standards to be defined by the municipality.	
Procurement modality	Direct concession	
Complementary information	It will involve seven bus hubs: Parangaba, Antonio Bezerra, Messejana, Papicu, Lagoa, Siqueira, and Conjunto Ceará. - Around 1 million people go through these bus hubs every day. - Fortaleza has over 800 bus lines with more than 2,000 buses.	



One of Fortaleza's bus hubs







	PAID PARKING SPACES
Description	Implementation of the Blue Zone (paid parking) control, including the implementation, operation, management, control and maintenance of the automated electronic system for the control and measurement of the usage and payment of parking spaces.
Procurement modality	Under evaluation
Complementary information	<ul><li>Term: 20 years</li><li>7,400 additional parking spaces</li><li>No public investment</li></ul>



An example of a Blue Zone (paid parking) in Fortaleza







OPTIMIZATION OF THE USE OF THE CITY'S REAL ESTATE ASSETS		
Description	Concession of currently underused municipal public properties to the private sector, generating a source of income to the municipality. Renegotiation of leases earned and paid by the municipality.	
Procurement modality	Concession/Permission of use of a public asset	
Complementary information	<ul> <li>Survey of the current permission fees.</li> <li>Over 500 properties are currently being used under a permission-of-use framework.</li> <li>No public investment involved.</li> </ul>	



One of the Municipality's properties close to the Pinto Martins Airport







C	ONCESSION OF THE PAULO SARASATE STADIUM
Description	Concession of the facilities of the Paulo Sarasate Stadium in return for its modernization, maintenance and operation. The aim of this contract is to provide the public a new public venue for sporting activities. The private entity will be allowed to exploit the facilities with the establishment of restaurants, events, parking and advertising.
Procurement modality	Concession of use of a public asset
Complementary information	<ul><li>Capacity: 10,000 spectators</li><li>Term: 20 years</li><li>No public investment involved</li></ul>



The Paulo Sarasate Stadium







PASSARÉ ENVIRONMENTAL COMPLEX (PLANT NURSERY, ZOO, THE PASSARÉ LAGOON)		
Description	The Passaré Environmental Complex is an important urban leisure and environmental education site. It currently has a 16-hectare lagoon integrated to a plant nursery and a zoo. The private entity shall be responsible for the revitalization, operation and maintenance of the entire site and may charge access tickets.	
Procurement modality	Administrative concession - Federal Act №. 11079/2004	
Complementary information	<ul><li>Total area: 44 Ha</li><li>No public investment involved</li></ul>	



The Passaré Environmental Complex







OPERATION	AND MAINTENANCE OF FORTALEZA'S PUBLIC MARKETS
Description	The Municipality of Fortaleza is currently managing several public markets, which are important to the local society. These markets will be managed by a private entity that will have to renovate, operate and maintain them.
Procurement modality	Administrative concession - Federal Act №. 11079/2004
Complementary information	<ul> <li>It will include the following markets: Pinhões, São Sebastião, Aerolandia, Joaquim Távora, Carlito Pamplona, Conjunto Palmeiras, Central Market, Bela Vista and Messejana.</li> <li>No public investment involved.</li> </ul>



The Aerolandia Market







CONS	STRUCTION AND MAINTENANCE OF PUBLIC VENUES
Description	The private entity shall perform activities such as renovation, cleaning, security and building maintenance, making it possible for the municipality to focus on improving the venue's services to the community. The program will also seek private investments for the construction of new venues.
Procurement modality	Administrative concession - Federal Act Nº. 11079/2004
Complementary information	• Term: 20 years



The Estoril

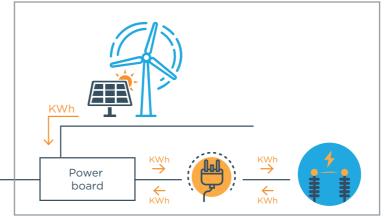






DISTRIBUTED POWER GENERATION		
Description	Distributed power generation project under ANEEL Resolution No. 486/2012, in which the private entity will make the investment and will manage the power generation parks, aiming to reduce the municipality's expenditure with energy by up to 15%.	
Procurement modality	Administrative concession - Federal Act Nº. 11079/2004	
Complementary information	<ul> <li>Estimated demand: 20 MW, divided in 4 projects</li> <li>Investment: ca. R\$ 100 million (USD 32,000,000.00)</li> <li>Term: 20 years</li> </ul>	





Schematics of a distributed power generation system







	VIDEO SURVEILLANCE SYSTEM
Description	Installation and operation of surveillance towers throughout the city. Each tower will support a high-resolution video system able to monitor up to 14 blocks. It will also support the municipal guard and police forces. The private entity shall be responsible for the maintenance of the system and for the storage and management of the collected data.
Procurement modality	Administrative concession
Complementary information	• Planned number of towers: 40



Cameras on a surveillance tower







FREE WI-FI CONNECTION IN FORTALEZA'S SQUARES		
Description	Provision of free internet connectivity to the population, aiming to promote the use of public spaces in the city squares and at the Beira Mar Ave. and boost the participation of society through the Internet. The project will be funded by the private sector, including the implementation and maintenance of an Internet connection system, bicycle lanes, green areas and sites in return for the economic exploitation of the advertising potential.	
Procurement modality	Administrative concession	
Complementary information	<ul> <li>60 squares and 22 soccer fields</li> <li>Investment: ca. R\$ 10 million (USD 3.5 million) throughout the concession period.</li> <li>Term: 15 years</li> <li>No public investment involved</li> </ul>	



Portugal Square







CONCESSION OF THE SEAFRONT JETTIES		
Description	Concession of the jetties, aiming to promote their expansion and use by the local population and tourists.	
Procurement modality	Sponsored concession	
Complementary information	<ul> <li>Three jetties along Fortaleza's seafront</li> <li>João Cordeiro St. jetty: 640 meters</li> <li>Rui Barbosa Ave. jetty: 230 meters</li> <li>Desembargador Moreira Ave. jetty: 300 meters</li> </ul>	



Digital representation of the proposed kiosks







CONCESSION OF SIGHTSEEING BUS SERVICES	
Description	Concession of sightseeing bus lines aimed to promote and increase the historic and cultural tourism in the city.
Procurement modality	To be defined
Complementary information	One bus line going through the city's landmarks and cultural sites. Another bus line linking the airport to the hotels district.



Illustrative view of a sightseeing bus







EVENT SPONSORSHIPS		
Description	Prospection of sponsors for the events promoted by the Municipality of Fortaleza, aiming to reduce the involved municipal expenses.	
Procurement modality	To be defined	
Complementary information	<ul> <li>Pre-carnival.</li> <li>Carnival.</li> <li>St. John's.</li> <li>Public spaces.</li> <li>Fortaleza's New Year's Eve (second largest in the country with close to 1.5 million people attending).</li> </ul>	



New Year's Eve in Fortaleza







#### Public-Private Arrangements

Urban businesses: Consortium-led urban actions

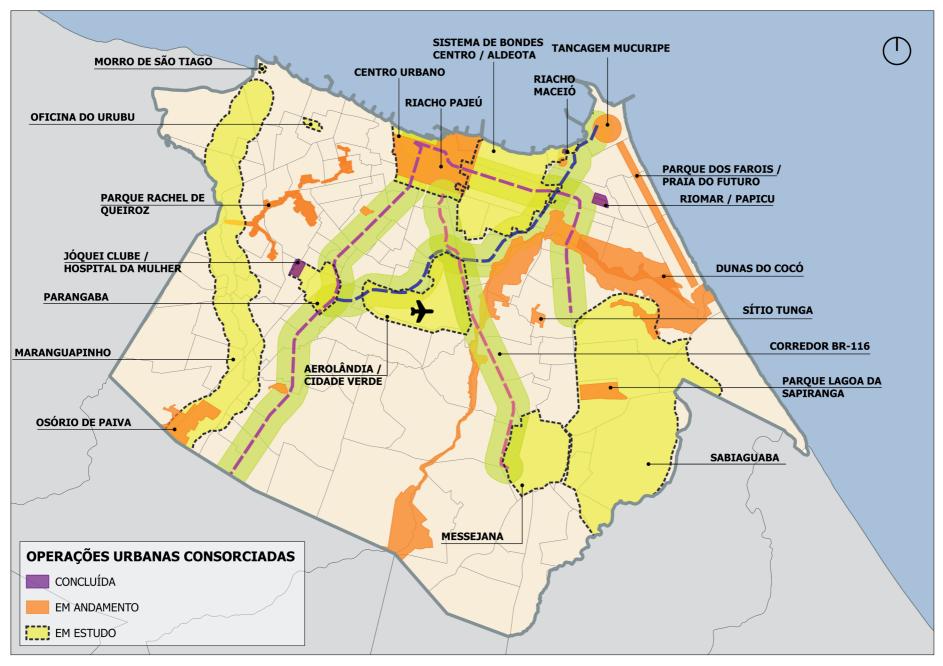
The Urban Operation Consortium (UOC) is one of the main tools allowing public-private partnerships in Brazil and is aimed to transform environmentally, economically and socially degraded areas. These interventions are regulated by federal law and are coordinated by the local authorities. They begin with the elaboration of a consortium-led urban action plan that is submitted for approval to the city council, which enacts the plan as a municipal law that may allow exceptions to the regulations applicable to the rest of the city. The economic resources needed to implement the UOC are provided by the private sector and must be applied within the limits established by the authorizing law. This way, the Urban Operation Consortium allows the municipality to work at a local level and meet the different urban needs through a more specific plan, which is nonetheless complementary to the more comprehensive City Master Plan.

So far, the city has secured over USD 79,000,000.00 in direct investments, considering both the completed and ongoing actions, apart from indirect benefits such as the appreciation of the surrounding areas and the increase of the local tax base as a result of the new real estate units.









Consortium-led urban actions in Fortaleza







CONSORTIUM-LED URBAN ACTIONS IN FORTALEZA							
U	rban action	Date	Public counterpart	Private counterpart	Estimated value (USD)	Status	
Maceio Creek UOC	TOTAL STATE OF THE PARTY OF THE	1998	Enact an exception to the urban regulations in order to allow the construction of a multifamily residential project.	- Recovery of the Maceio creek mouth. - Infrastructure works. - Construction of the Maceio Creek Mouth Park	USD 3,000,000.00	Completed	
Sitio Tunga UOC	and the second s	2003	Enact an exception to the urban and land allotment regulations in order to allow the construction of a multifamily residential project and a commercial area with convenience stores.	<ul> <li>Construction of the Pindorama Ave. and two sections of the local streets.</li> <li>Allow the purchase of land lots for low-income housing projects.</li> <li>Implementation of a public park and protection of the protected environmental areas</li> </ul>	USD 4,000,000.00	Ongoing	
Cocó Dunes UOC	Total of the state	2004	Enact an exception to the urban regulations in order to allow the construction of a single-family residential condominium.	- Construction of the Cocó River Park and its main road system Implement services to the public Develop a comprehensive leisure center that promotes the protection of the environment.	USD 37,000,000.00	Ongoing	
Jockey Club UOC		2005	Enact an exception to the urban regulations in order to allow the allotment, use and occupation of the area, aiming to perform a further re-allotment.	- Re-allotment of the area. - Construction of the Women´s Hospital. - Construction of a square and roads.	-	Completed	









CONSORTIUM-LED URBAN ACTIONS IN FORTALEZA								
Uı	ban action	Date	Public counterpart	Priv	ate counterpart	1	Estimated /alue (USD)	Status
Papicu Lagoon UOC	Hard Arministra Arministra de la companya de la co	2010	Enact an exception to the urban regulations in order to allow the allotment, use and occupation of the area in order to build non-residential facilities, multifamily residential units, mixed-use buildings and a shopping mall.	- Implemer and urk - Build and the João	nt the donation of public areas. In the entire infrastructure panization of the area. In maintain the facilities of Carlos Paes Mendonça Institute. Institute. Ind public facilities. esidential units and urban furniture.	USD	8,000,000.00	Completed
Osorio de Paiva UOC	Market remarkable and the second seco	2015	Enact an exception to the urban regulations in order to allow the allotment and re-allotment, use and occupation of the area surrounding the Osorio de Paiva Ave., allowing the establishment of retail stores and services in addition to the residential units, including retail and wholesale stores.	<ul> <li>Donation of 7,645.23 m2 of land to the City.</li> <li>Donation of an enlargement lane for the Osorio de Paiva Ave.</li> <li>Donation of a land strip adjacent to the land lot in question.</li> <li>The private party must open the road and fund environmental plans and programs.</li> </ul>		USD	13,000,000.00	Ongoing
Sapiranga UOC	The state of the s	2015	Enact an exception to the urban regulations in order to allow the allotment of the land and create the conditions required to adapt the residential nature of the site to other low-impact uses.	- Recovery of green areas Implementation of green areas belonging to the Municipal Green Areas System Promote sustainable eco-tourism and environmental education activities, preserving the local culture		USD	15,000,000.00	Ongoing
Rachel de Queiroz UOC	Use and the second seco	the pa enviro in th	Allow the implementation of the park, promoting urban and environmental transformations in the surroundings of the Rachel de Queiroz Park (under evaluation).		A STATE OF THE PROPERTY OF T		Allow the reco environmental a mportance of th promoting at th the social and development ar (under eva	and historical ne Pajeú creek, ne same time d economic round the site









#### CONSORTIUM-LED URBAN ACTIONS IN FORTALEZA Promotion of the diversifica-In line with the Fortaleza 2040 plan, tion of activities in the VLT's boosting an already consolidated area of influence, seeking to district with an existing infrastrucboost the sustainable, social ture, promoting the local social and Centro - Praia and economic development Fortaleza's economic development and the of the surroundings through de Iracema LTV UOC diversification of activities, taking an urban plan, distributing in UOC into account the historical and a balanced manner the costs cultural heritage of the area (under and benefits of this UOC evaluation). (under evaluation). Renovation of the lagoon and its Guarantee the population surroundings, promoting the densification and the diversidiversification of activities and services in the Mondubim neighfication of activities, seeking Mondubim borhood. This UOC is aligned with to make the metro's opera-**Lagoon UOC** tion and maintenance the guidelines of the Fortaleza 2040 Plan, taking advantage of the feasible. The metro is aimed Fortaleza's to improve the efficiency of construction of the South Line of **Metro UOC** the public transportation grid the metro (under evaluation). in the city while improving the city's social, economic and mobility conditions, all in Provide structural urban improveline with the Fortaleza 2040 ments in sensitive social and Plan (under evaluation). environmental areas, seeking to **OUC Cocó** preserve water resources and green areas by promoting the use Provide for the consolidation of green areas and urban parks in a sustainable and ecological manner of health education and research centers, promoting (under evaluation). the diversification of activities related to the local Provide structural urban improvehouseholds, lodging, services Porangabuçu and leisure operations in the ments in sensitive social and UOC framework of the existing environmental areas, seeking to Special Urban and Socioecopreserve water resources and Cocó nomic Promotion Area, all in green areas by promoting the use **River UOC** line with the Fortaleza 2040 of green areas and urban parks in a sustainable and ecological manner Plan (under evaluation). (under evaluation).



#### Public-Private arrangements

Urban businesses -Concession for an alteration of use The Concessions for an Alteration of Use are a tool regulated by federal law, used in return of a defined counterpart. It may allow the alteration of the use of urban lands with the corresponding exceptions to the current regulations for the implementation of large-scale projects impacting the urban structure of the city. The resources obtained in the form of these counterparts are applied to urban planning, construction of public and community facilities and to the creation of public recreation sites and green areas.

About USD 48,000,000.00 are expected to be obtained this way over the next 36 months.

A project to be located at the Rodolfo Teófilo neighborhood, a district with many healthcare and educational services by the banks of the Porangabuçu Lagoon, is an example of the application of this tool in Fortaleza. In the proposal under consideration, different blocks will be assigned different purposes, such as lodging, commercial, and residential. Infrastructure improvements will be added as well, including a boulevard and the urbanization of the lagoon.

As we can see in the table below, some of these activities were made possible by this kind of concession.





COMPARATIVE TABLE BETWEEN THE CURRENT LEGISLATION AND THE CONCESSION LAW							
Criterion	Usage category	Current Land Use and Occupation Law	Concession law				
	Lodging PGT-1 (above 2,500 m²)	Not allowed in local streets	Allowed in local streets				
Activity	Misc. commerce and services PGT-2 (5,000 m2 to 10,000 m²)	Not allowed in local streets	Allowed in local streets				
	Misc. commerce and services PGT-3 (above 10,000 m²)	Not allowed in local streets	Allowed in local streets				
Lot fraction	Multifamily residential units	158 residential units	294 residential units				

In this case, the value of the private sector's counterpart was over USD 3,000,000.00











Consortium-led urban actions in Fortaleza







#### Debureaucratization

Fortaleza online

The economy recovers with business incentives. Business activity creates jobs and taxes and leads to the well-being of the greater part of society. The Competitive Fortaleza Program makes it easier for the citizen and the investor to access the municipal services at any time, from anywhere.

#### **Fortaleza Online**

The Fortaleza Online Program issues licenses and permits immediately and at no cost. When fees are to be paid, they are issued within 48 hours.

The Fortaleza Online service is intended to provide the citizen with:

- **Mobility:** The Municipality of Fortaleza together with the citizen, at all times and everywhere.
- Accessibility: An easy way to register a business.
- **Credibility:** The Municipality of Fortaleza attests for the citizen's information. Informative licensing.
  - Agility: Licenses and permits are issued

immediately or within 48 hours.

- **Shared responsibility:** Everyone involved are co-responsible.
- **Transparency:** Permits and licenses are available for all citizens to see.

The implementation of the system resulted in improvements in the urban and environmental control. More permits and licenses were issued, inspections were more effective, more fees were collected and the people recognized that the public authorities can be different and be more present in their daily life. The Municipality already provides 12 different services to the citizen, such as location adequacy searches, construction permits, licenses for activities with a low sanitary risk (80% of the businesses in the city), operation licenses for low sanitary risk activities, and exemptions, among others.



24/08/17 21:07



WAITING TIMES					
FORTALEZA ONLINE SERVICES	PREVIOUS WAITING TIME	FORTALEZA ONLINE WAITING TIME			
Location adequacy search - Construction	120 business days	Immediate			
Approval of waste management plans	60 business days	48 hours			
Environmental licensing exemption	30 business days	Immediate			
License for low sanitary risk activities	120 business days	48 hours			
Operation permit for low sanitary risk activities	120 business days	48 hours			
Construction permit	60 business days	48 hours			
Simplified environmental license for civil construction projects	45 business days	48 hours			

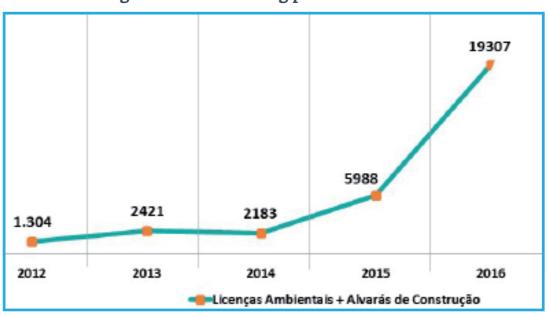






The chart below shows the progress of the licensing process in the city of Fortaleza, two years after the launching of the Fortaleza Online program.

#### Progress of the licensing process in Fortaleza



The Fortaleza Online program resulted in increased municipal revenues from the collection of licensing fees, as shown by the chart above. The following are the next services to be made available to the taxpayer: Operating Permit, Advertising License, Simplified Environmental License, Prior Analysis and Environmental Li-

censing for Civil Construction Projects, Address Certificate, Sanitary License, and Occupation Authorization for Civil Construction Projects.

The Fortaleza Online program is connected to the National Network for the Simplification of Registration and Legalization of Companies and Businesses (REDESIM), coordinated by the federal government. This system allows the opening, alteration, closure and legalization of a company with a single shipment of documents to the Registry of Companies of each State, simplifying procedures and reducing bureaucracy to a minimum. This network is composed by federal, state and municipal agencies and entities.







#### Debureaucratization

Automatic assessment of the Real Estate Transfer Tax (ITBI)

The Automatic Assessment and Release of the ITBI form seeks to automate the ITBI form release process and eliminate the bureaucratic obstacles to file the Declaration of Property Transfer (DTI) by the taxpayer on the Internet, allowing him to send the relevant documentation online. This way, the taxpayer can go through the entire ITBI payment procedure by himself, with an accurate calculation of the tax due.







#### Debureaucratization

The Taxpayer Portal

This tool provides those willing to be in good standing with their obligations toward the city a much easier way to access the municipal system. It also allows the taxpayer to check his debts and pay them without the need to personally go to the City Hall. The main benefits for the citizen and the City are:

- Simplified access to the municipal taxpayer records.
- Possibility of negotiating debts from home.
- Follow-up of debt enforcement procedures.
- Provides a sustainable digital interaction with the taxpayer.

The debureaucratization is the first step to define the level of entrepreneurship of a city and creates a competitive advantage. Fortaleza aims to be considered the least bureaucratic city in Brazil in the next few years.





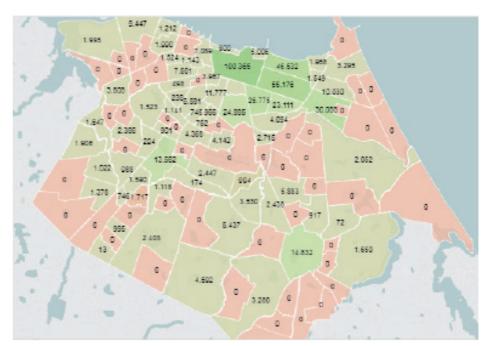


### The labor marketplace

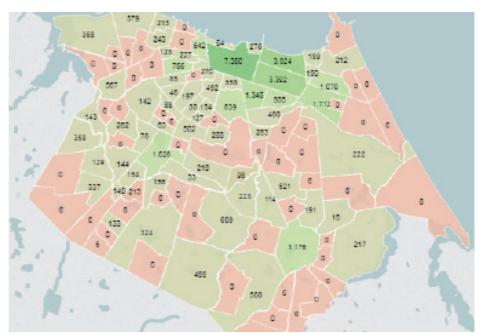
The city has about 805,000 formal jobs, the 6th largest in Brazil. Moreover, Fortaleza was the second city in the country in 2013-2016 in terms of newly created jobs. In order to keep up with these good figures, some steps have to be taken in order to further develop the labor market.

The number of companies is also a good indicator to measure the development of the labor market. In Fortaleza, this survey is made on each and every neighborhood.

Today we can see a high concentration of companies, and therefore of a supply of jobs, in a few, well-defined areas of the city. It should be noted that neighborhoods with a "zero" in both maps are actually areas that are not surveyed by the Ministry of Labor and Employment.



Number of formal jobs in Fortaleza, by neighborhood (2014)



Number of companies in Fortaleza, by neighborhood (2014)







#### ACCRUED CONCENTRATION OF COMPANIES, BY NEIGHBORHOOD 20 largest percent variations of the ICA-b index

Ranking	Neighborhood	City region	ICA-b index (2014)	<b>2012-2014</b> (Var. %)
1	Papicu	П	56.61	34.89
2	Lagoa Redonda	VI	9.16	25.49
3	Vila Ellery	I	16.28	15.32
4	Prefeito José Walter	V	14.57	15.13
5	Bom Jardim	V	9.30	13.96
6	Parangaba	IV	32.15	13.33
7	Cajazeiras	VI	7.39	12.63
8	Jangurussu	VI	9,81	12.24
9	Varjota	II	22.92	10.92
10	Boa Vista	VI	19.03	10.43
11	Conjunto Esperança	V	7.80	10.34
12	Vila Velha	I	5.96	9.23
13	Cambeba	VI	23.74	9.04
14	Parque São José	V	14.02	8.09
15	Vila Pery	IV	7.85	8.00
16	Manoel Sátiro	V	5.74	7.92
17	Cristo Redentor	I	8.23	6.28
18	Genibaú	V	3.69	5.67
19	Vicente Pinzon	П	4.90	4.21
20	Mucuripe	П	14.33	3.68

Source: RAIS/Ministry of Labor and Employment and Brazilian Institute of Geography and Statistics. \* Variation percentage in 2012-2014



Book Fortaleza Competitiva\_Ingles.indd 51





These results allow us to infer that neighborhood economies are on the rise, a fact that creates a virtuous economic cycle as it leads to more jobs being offered to a population that has traditionally looked for jobs away from their neighborhoods. We should also mention that the workers can become more productive as they spend less time commuting, which further reduces the number of people moving across the city. Companies are created to meet the local demand, a demand created by the income earned from the new jobs available in the neighborhood,

leading to a creation cycle of new businesses, jobs and income, resulting in turn in the human development of the neighborhood.

A competitive city is also a fair city offering equal employment and income opportunities all around. The Competitive Fortaleza Program offers tax incentives, institutional arrangements between the public and private sectors, a debureaucratization process and the intensification of economic actions aimed to create new businesses and jobs in the peripheral areas of the city. It is also worth noting that the municipal government will encoura-

ge and conduct professional training activities according to market demand. That is to say, the training will be carried out according to the required professions, providing the workers better chances to get a job. For that purpose, new training frameworks will be created, offering software programming and foreign language courses in tourist areas of the city. The following are the planned actions and their respective targets for the next four years:

**/////** 





Altogether, 34,600 workers will benefit from the different actions conducted by the Municipality of Fortaleza, among them:

- 1 Bilingual Fortaleza A 2-month language training program focused on the services segment.
  - 2 Software development and programming.
- 3 Training program aimed at attracting new companies, implemented in partnership with the private sector.
- Creation of environments aimed at the emergence of new companies (business incubators).

ACTIONS	TARGET (2018-2021)
Professional training	25,000 trained professionals
Professional training	9,600 serviced professionals



19,000 small entrepreneurs will benefit from the different actions conducted by the Municipality of Fortaleza among them:

- 1 Internationalization of companies.
- 2 Sustainable Entrepreneurship Program Training on management, technical consulting, The Entrepreneur Carl Project, solidarity economy.
  - 3 Start-up programs and business incubators.
  - 4 Entrepreneurial Woman Project Line of credit.
    - 5 Small Business Fairs.

ACTIONS	TARGET (2018-2021)
The Entrepreneur Cart Project	500 carts
Small Business Fairs	912 fairs and 22,882 spaces
Entrepreneurial Woman Project	600 small businesswomen
Sustainable Entrepreneurship Program	16,000 serviced entrepreneurs
Solidarity economy groups	250 groups (1,500 people)
Business incubators - Start-ups	200 start-ups



## Management and control mechanisms

As a way of ensuring governance and performance, the Competitive Fortaleza Program will be managed and controlled by the Competitive Fortaleza Forum, aiming to bring together the public authorities and civil society organizations for them to share their experiences and plan future actions. The Economic Development Council of the Municipality of Fortaleza will be in charge of attracting new investments and the Guarantee Fund for Public-Private Partnerships will also play a role.

#### THE COMPETITIVE FORTALEZA FORUM

The Competitive Fortaleza Forum is aimed to bring together the organized civil society in order to discuss the progress of the program on a monthly basis and streamline present and future actions, following-up and reinvigorating the economic development proposals in our city, always aiming to make Fortaleza a city of opportunities for all citizens living or investing here.

#### THE ECONOMIC DEVELOPMENT COUNCIL OF FORTALEZA (CMDE)

This Council is responsible to:

 Promote, evaluate and approve business tax incentives.

- Promote, evaluate and approve concessions.
- Promote, evaluate and approve public--private partnerships.
- Promote training.

Aiming to promote a competitive and entrepreneurial city, the Economic Development Council will be composed by:

- The Municipal Secretary of Economic Development - SDE
- The Municipal Secretary of Urbanism and the Environment SEUMA
- The Municipal Secretary of Planning, Budget and Management - SEPOG
- The Municipal State Secretary SEGOV
- The Municipal Secretary of Finance -SEFIN
- The City Attorney General PGM
- The Municipal Secretary of Tourism -SETFOR
- The Municipal Secretary of Security
- The Fortaleza Planning Institute IPLAN-FOR
- The Public-Private Partnerships Coordination PPPFOR



#### GUARANTEE FUND FOR PUBLIC-PRIVATE PARTNERSHIPS

The creation of the Guarantee Fund for Public-Private Partnerships is an essential component to ensure the success of such partnerships, especially at the initial stage in which the lack of experience in public contracts for a period of up to 35 years may create unnecessary uncertainties and costs, thus reducing the private interest in projects to be tendered in that framework. With this in mind, the Fund will contribute to the success of the federal PPP program, which initial projects are in the drafting stage.

The resources of the Guarantee Fund for Public-Private Partnerships of the Municipality of Fortaleza will derive from municipal resources, in the manner to be defined by the corresponding regulations and subject to the conditions laid down by law: i) Up to 6% from the Municipalities Participation Fund, always based on the year prior to the current year; ii) Revenues from the Fund's bank deposits and financial investments; iii) Donations, aids, contributions and legacies

destined to the Fund; iv) Other budgetary resources of the treasury and additional credits; v) Resources from the federal government; vi) Other revenues earmarked for the Fund.

The conditions for the release and use of the Fund's resources by its beneficiaries will be laid down in the respective public-private partnership agreement, signed pursuant to the law, and the Fund will provide guarantees up to 30% of the annual obligations arising from the contracts entered into in the framework of the Public-Private Partnerships Program of the Municipality of Fortaleza, including all charges and inflation adjustments. This will ensure the private partner's returns when entering into a contract with the public administration.







### Timetable

The Competitive Fortaleza Program will implement short-, medium- and long-term actions that will be followed-up by the Competitive Fortaleza Forum and the Economic Development Council.

ACTIONS	SHORT-TERM	MEDIUM-TERM	LONG-TERM
ACTIONS	2017	2018-2020	2021-2040
Economic Development Program of the Municipality of Fortaleza (Prodefor/Parqfor)	X		
Fortaleza - A city of trade	X		
The Land Allotment, Use and Occupation Act	X		
The City Code	X		
2019-2029 Fortaleza Master Plan		Х	
Public-Private Partnerships and Concessions	X	Х	Х
Urban businesses	X	Х	Х
Fortaleza Online Program	X	Х	Х
The Labor Marketplace	X	Х	Х
Competitive Fortaleza Forum	X		
The Economic Development Council of the City of Fortaleza	X		
The Guarantee Fund for Public-Private Partnerships of the Municipality of Fortaleza	X		



#### Results

Among the different institutional aspects of the Program, one of the most important is the creation of new companies and jobs in the city. Our initial estimates show that the actions of the Competitive Fortaleza Program for 2017-2020 will ensure that Fortaleza will be among the five most competitive state capitals in the country in terms of new jobs and income generation. We expect the creation of 10,000 new companies, most of them small businesses.

In order to measure the impacts of the Competitive Fortaleza Program on the local economy, considering the scenarios defined by a multi-regional model for the Northeast region, we were able to estimate the impact of the investments under the Program on the city's GDP, salaries and new jobs. They

include direct impacts (related to the segments directly affected by the investments), indirect impacts (related to the purchase of goods and services from segments that are not directly affected by the investments), and induced impacts (related to the revenues generated by the investments that begin to circulate in the economy, resulting in a direct and indirect increase of income). This result will directly impact the incorporation of people into the formal economy. The formal employment rate is calculated as the ratio between the active population and the number of registered employees. In 2016, this ratio was 69.45% and after the implementation of the Competitive Fortaleza Program our goal is to reach a registered employment rate of 75% by 2020.

The expected results after the implementation of the Program represent a direct and indirect impact on Fortaleza's GDP of about USD 635,000,000.00, considering a moderate scenario during such period.





# The Fortaleza we build





A contemporary city is nothing more than a city that grasps the opportunity through competitiveness, sustainability, creativity and productivity. In other words, a city that fulfills its role of being socially inclusive and fair. Such a city feels the need to offer conditions that makes it attractive and it does so by creating competitive advantages aimed to attract private investments.

This makes it easier to face one of the main challenges of our times: to be a protagonist in the city's competitive participation in the domestic and international arenas. The municipal governments have to find new formulas and ways to invest in their cities, and it is there that we can find their ability to transform themselves.

The competitive advantage lies in the particularities of a city, in what makes it stand out. In other words, in its singularity, its characteristics and its potential. And Fortaleza has been surely transforming itself through the **Competitive Fortaleza Program.** 

24/08/17 21:07







In order to meet the basic needs of the population, such as housing, urban mobility, health, education and security, it is essential for the public administration to show a sound financial management. An efficient financial performance is the result of planning. Also, increasing the municipal tax revenue, not by raising taxes but as a result of measures that make the collection of local taxes more efficient, and the optimization of municipal expenditures, without reducing the services or their quality, so as to increase the City's investment capacity, is of the essence.

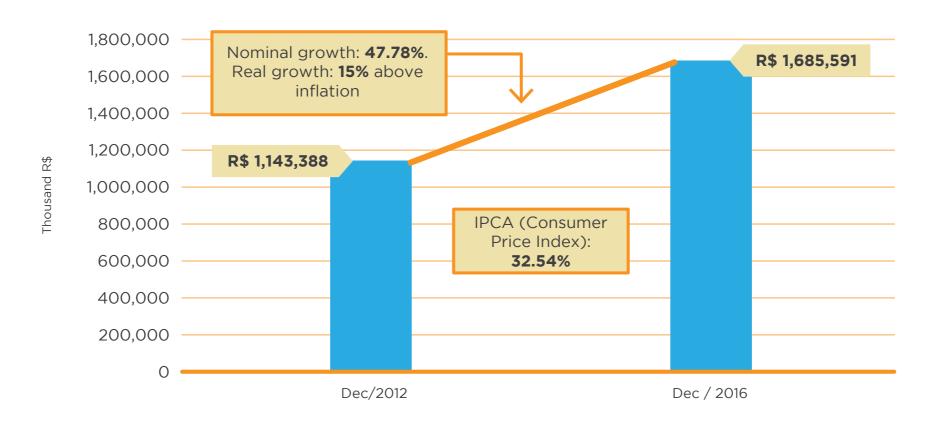
On the other hand, funds have to be borrowed without compromising the City's ability to pay. Public debt must be a leveraging factor for public investments aimed at a sustainable development. These are the foundations the Fiscal Strengthening Program is based upon, a program that is the strategic guiding light of the Municipal Secretary of Finance, aiming to fund public policies and show substantial results to society.

Leveraging current revenues, mainly those originating from taxes, and controlling current expenditures are fundamental actions with a direct impact on the government's investment plan.

The result of this ratio is a buildup of current savings, an indicator that directly influences the volume of capital expenditure and reserves for investment. Between 2013 and 2016, the Current Revenues account raised 35.98% while the Current Expenses account increased by 25.42%. In other words, despite the conjunctural difficulties the national economy has been going through, the revenue of the Municipality of Fortaleza has evolved from USD 363.210.77 in December 2012 to USD 535,447.00 in December 2016, i.e. a nominal increase of 47.42%, or 32.54% after being adjusted for inflation according to the IPCA index. Such revenue grew approximately 15% above the inflation rate for that period.



#### PROGRESSION OF FORTALEZA'S OWN REVENUES - 2012/2016

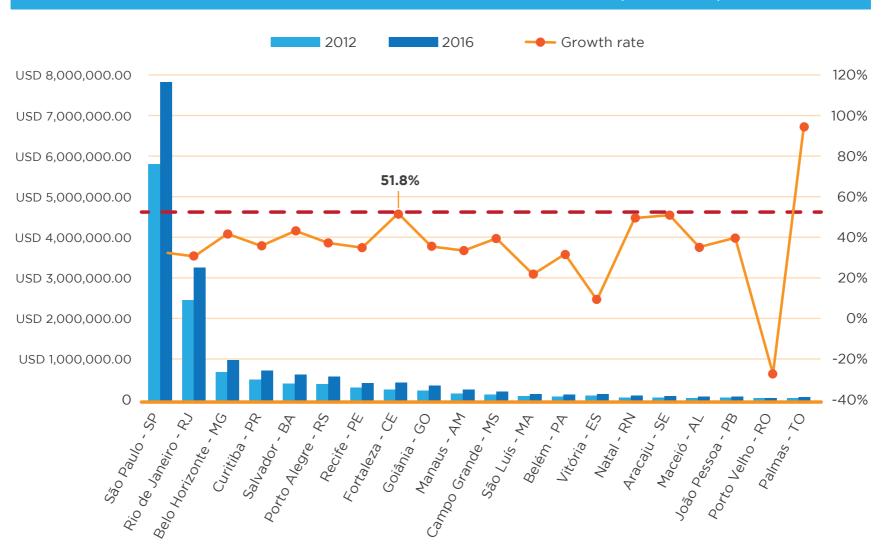




•

We should highlight that in the same scenario (2012-2016), tax revenue raised by 51.8%, the second largest among all Brazilian state capitals.

#### **TAX REVENUE - BRAZILIAN STATE CAPITALS (2012-2016)**



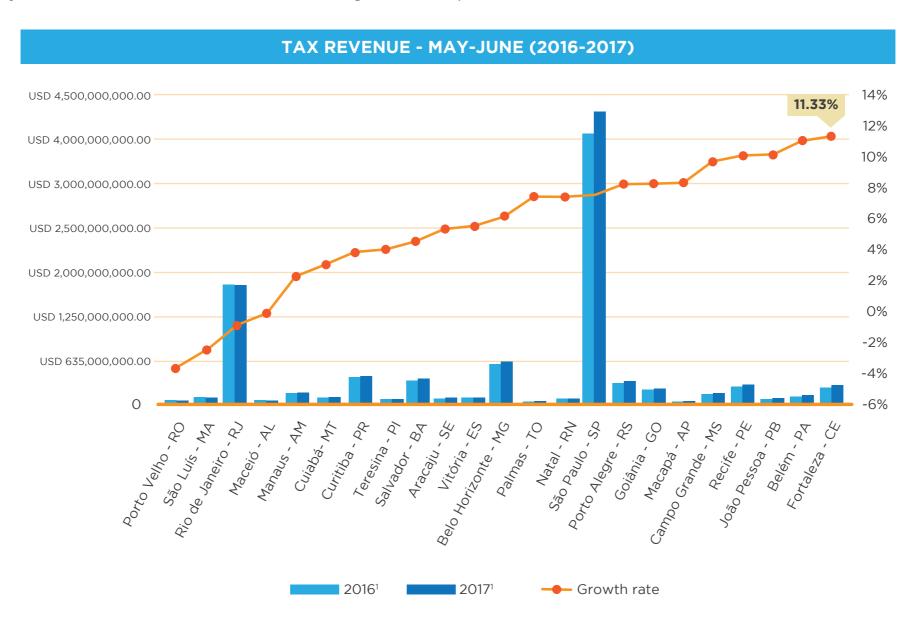


63

24/08/17 21:07



Pay special attention to the revenue increase (taxes and fees) on the first half of 2017 compared to the same period last year, where Fortaleza is ranked first among all state capitals.









Assuming that social demands are exponentially higher than the current resources, the city must seek mechanisms to fund projects with a social impact. That is, the city must expedite the implementation of basic projects needed by the local population. However, the city's indebtedness must be under control so it does not compromise its fiscal balance. These are the four pillars of an efficient fiscal management that must necessarily be followed if we want to generate a sustainable, long-term plan of action.

In 2016, the Municipality of Fortaleza had the 4<sup>th</sup> largest investment volume among the country's state capitals. It is important to highlight that among the capitals with the highest investment volume, Fortaleza and São Paulo were the only ones with a positive primary result, a fact showing Fortaleza's

efficient fiscal management. The National Treasury rated the City with a "B", showing its strong fiscal situation and low credit risk, accrediting the city to receive the federal government's authorization for new loans.

We should add that a study of the Firjan Fiscal Management Index (IFGF) ranked the capital of Ceará as the fourth best-performing state capital in the country. Moreover, official data (IFGF 2017) show that the Municipality of Fortaleza is above the national average of all state capitals.











In addition to the aforementioned investments, the Municipality of Fortaleza has also invested in urban mobility infrastructure, sanitation, environmental protection and low-income housing through public actions funded by international economic and social development organizations.

LOANS PROCESSED THROUGH THE FEDERAL TREASURY						
Project (Project/Funder)	Description	Value (USD)	Status			
Federal government (CPAC - Federal budget)	Housing and urbanization	USD 16,000,000.00	Under analysis by the Federal Treasury			
Fortaleza, a sustainable city (IDB)	Urban businesses, sanitation and environmental protection	USD 80,000,000.00	Under analysis by the Federal Treasury			
Program for the Improvement and Enlargement of Fortaleza's Tourist Infrastructure and Activity (CAF)	Improvement of the tourist infrastructure	USD 127,000,000.00	Under analysis by the Federal Treasury			
Fortaleza's Education and Sanitation Infrastructure Program (AFD)	Mobility, sanitation and education infrastructure	USD 109,000,000.00	Under analysis by the Federal Treasury			
Fortaleza's Education and Sanitation Infrastructure Program (CAF)	Mobility, sanitation and education infrastructure	USD 153,000,000.00	Under analysis by the Federal Treasury			
Social Inclusion and Healthcare Networks Program (IDB)	Investment on the healthcare network and youth programs	USD 86,000,000.00	Currently waiting to be introduced to the Senate by the Chief of Staff's Office			
Fortaleza, a city with a future (CAF)	Tourist infrastructure	USD 86,000,000.00	Currently waiting to be introduced to the Senate by the Chief of Staff's Office			





67







### Fortaleza 2040

The Fortaleza 2040 Plan is a new way to plan the City. The Municipality and society reach a consensus on a common future for the City and, together, propose the solutions that will make Fortaleza a good place for everyone to live.

Whatever is planned will be considered by the mayor and his successors when deciding what to do with the public resources, for this generation and for those to come. A development plan was prepared, with strategies to be implemented in the short, medium and long terms (with the year of 2040 in the horizon), including:

- An Urban Master Plan
- A Mobility Plan
- An Economic and Social Development Plan

The main goal of the Fortaleza 2040 Plan is the transformation of Fortaleza into a more accessible, fair and welcoming city, increasing the offered opportunities through a good connection between the city's public and private sectors and an efficient control of its economic growth.

The Plan was conceived in order to provide the city with a long-term plan that would define a vision of its future, propose strategies to overcome the challenges and outline a set of actions, goals, responsibilities and costs, together with a management and governance model, an essential condition to consolidate it as a state plan to be followed by successive municipal administrations until its goals are finally achieved. For that purpose, the plan is structured into six quadrennial modules.





It presents a vision of the future, prepared after extensive consultations with the territorial groups at the different forums, and defines the challenges to be overcome and the goals to be achieved. It also summarizes the structure of the Plan, defining its strategic pillars, detailing its goals and identifying which thematic plans should be developed in order to attain such goals, namely:

- Social, territorial and economic equality.
- A connected, accessible and fair city.
- A community, welfare and welcoming life.
  - Development of a culture of knowledge.
  - Protection of the environment and natural resources.
  - Economic development and productive inclusion.

 Municipal governance, management model and participation of society in the preparation of the plan.

The Fortaleza 2040 plan is a development plan for the City and society as a whole. However, even though it has mobilized and articulated different social players in the discussions about the main development priorities, the Municipality of Fortaleza still has a central responsibility in its implementation. The strategic priorities of the Plan should be the basis of the Pluriannual Municipal Plans. which are under the Municipality's responsibility. The commitment of the different administrations with the Fortaleza 2040 Plan. however, depends on society's control of the municipal management and on the involvement of the different sectors of society in the actual implementation of the Plan.

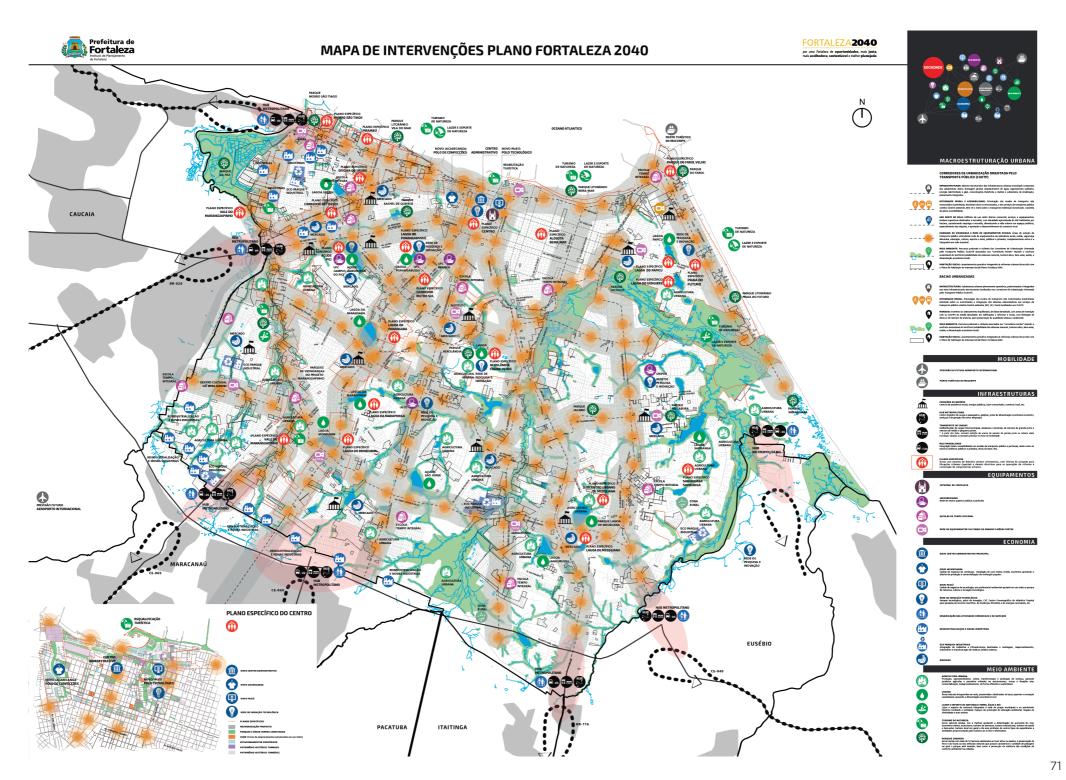
After more than eight decades of urban planning, the implementation of the Fortale-za 2040 Plan is a true challenge. It is a plan that integrates disciplines such as economic development, urban mobility, environmental protection, and social and territorial development. The Fortaleza 2040 plan is a transformative tool aimed to create opportunities in our city.

To learn more about the Fortaleza 2040 Plan, please visit us at: http://fortaleza2040. fortaleza.ce.gov.br/site/





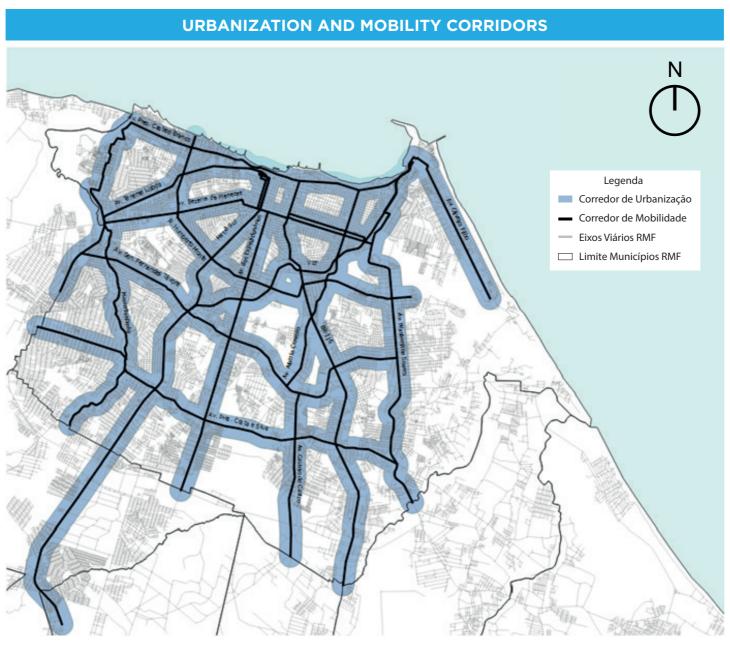












Source: Fortaleza 2040 Plan





### International Concepts



The Competitive Fortaleza Program was formatted according to contemporary international concepts that are the basic components of the **New Urban Agenda** launched in October 2016 by the UN HABITAT in Quito for the sustainable development of cities, such as:

Urban Planning and Design

- Municipal Finance
- Legislation and Governance

This in turn promotes:

- The creation of value
- A financial plan that manages the created value and attracts investments
- Rules, laws and governance standards that create trust

In addition, the Competitive Fortaleza Program seeks sustainability in every aspect and meets the 17 **Sustainable Development Goals** drawn up by the United Nations in 2015, during the United Nations Summit on Sustainable Development (COP21).







International certifications and partners





# International certifications and partners

#### 2<sup>nd</sup> Place - Construir Nordeste

CONSTRUIR NORDESTE MAGAZINE

#### **Urban mobility**

(The Celina Queiroz and Reitor Martins Filho overpasses in the Cocó district)

#### IX Edition of the Sebrae Entrepreneurial Mayor Award

**SEBRAE** 

Project: Use of Fortaleza's purchasing power together with small businesses, aiming to induce local development.

Category: Government procurement

State chapter

#### IX Edition of the Sebrae Entrepreneurial Mayor Award

**SEBRAE** 

Project: Sustainable Entrepreneurship

Program

Category: Government procurement

State chapter

#### **Gobernarte Award 2015**

THE INTER-AMERICAN DEVELOPMENT BANK

Innovative experiences in public management in cities of Latin America and the Caribbean

#### IX Edition of the Sebrae Entrepreneurial Mayor Award

**SEBRAE** 

Project: Sustainable Entrepreneurship Program

Winner of the Best Project of the Northeast Region category

#### Green Seal and Clean Beaches Award of the Government of the State of Ceará

GOVERNMENT OF THE STATE OF CEARÁ

Conservation and sustainable use of natural resources, promoting and strengthening the environmental management.

#### **Brazil Merit Award for Public Governance and Management**

The only state capital among the five Brazilian cities receiving this award for the most efficient management of public resources.

#### TCU - THE FEDERAL COMPTROLLER TRI-BUNAL

Governance criteria: Leadership, strategy and control.

### Mention of Honor of the United Nations Human Settlements Program (UN-Habitat)

United Nations Human Settlements Program (UN-Habitat)

Innovation and creation of more inclusive environments in vulnerable areas







































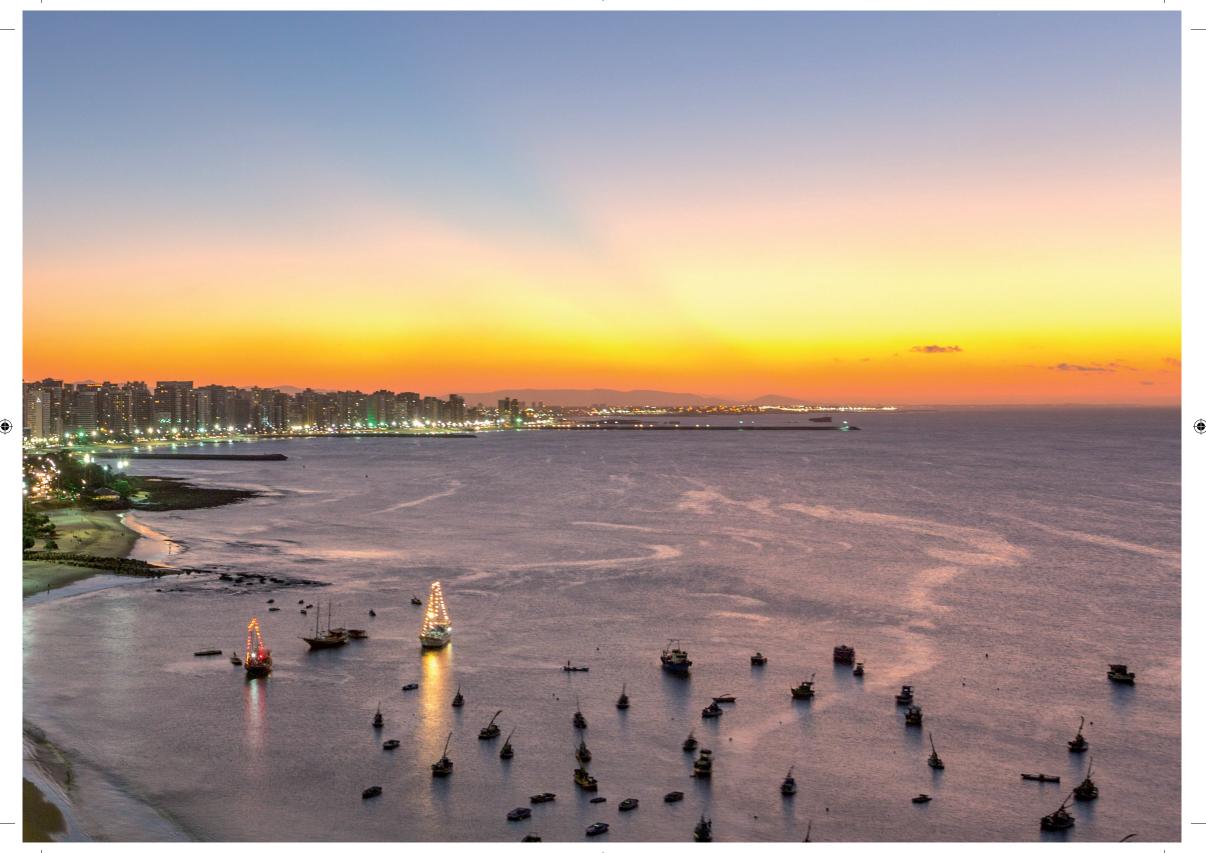
















Municipality of Fortaleza