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# Growth Acceleration Program

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The Brazilian federal government recently launched the third edition of the Growth Acceleration Program (“New PAC”; in Portuguese, *Programa de Aceleração do Crescimento – Novo PAC*), which might have a positive and relevant impact on the infrastructure of several sectors.

Previous editions of the Growth Acceleration Program were launched in 2007 by President Luiz Inácio Lula da Silva, who was serving his second term at the time, and in 2011 by President Dilma Rousseff.

The New PAC was established by Decree No. 11,632, dated August 11, 2023 (“Decree No. 11,632/2023”), with the objectives of expanding investments in Brazil, including by stimulating private investments and promoting integration between public and private investments; expanding and qualifying infrastructure aiming at the country’s competitiveness and growth; promoting inclusive, social, and regional development; integrating investments in infrastructure and neo-industrialization and ecological transition processes; expanding the population’s access to quality public services, in addition to stimulating the

generation of jobs and income.

According to Decree No. 11,632/2023, the governance bodies of the New PAC structure will be the Growth Acceleration Program Management Committee (“CGPAC”; in Portuguese, *Comitê Gestor do Programa de Aceleração do Crescimento*) and the Growth Acceleration Program Executive Group (“GEPAC”; in Portuguese, *Grupo Executivo do Programa de Aceleração do Crescimento*), there being also executing bodies and entities.

The CGPAC, a deliberative body coordinated by the Office of the President’s Chief of Staff and also composed of the Ministry of Finance, the Ministry of Management and Innovation in Public Services, as well as the Ministry of Planning and Budget, among other responsibilities, will be in charge of defining guidelines and criteria for the implementation and execution of the New PAC, as well as detailing the actions and measures that must be taken within the scope of this program, in accordance with the terms of the aforementioned Decree.

In turn, GEPAC has an advisory nature and will have representatives from the Office of

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the President's Chief of Staff (which is responsible for coordinating the Group) and from the same Ministries mentioned. GEPAC is linked to GCPAC, having the powers to analyze proposals for the inclusion of actions and measures within the scope of the New PAC, prior to CGPAC's deliberation, establish goals, and monitor the results of the aforementioned program's implementation and execution, and it may also exercise other duties as established or delegated by CGPAC.

Furthermore, Decree No. 11,632/2023 clarifies that the body or entity of the federal public administration responsible for the transfer of resources, direct execution, and follow-up and monitoring of actions and measures in the New PAC must be understood as the executor, with the duty to provide all necessary information for the aforementioned Program to be monitored.

In accordance with news published regarding the New PAC, the federal government foresees federal public investments of approximately BRL 371 billion for the next four years, benefiting sectors such as transport, energy, and urban structure. However, according to expectations, resources coming from state-owned companies, public banks, and from the private sector as well, also involving Petrobrás, concessions, and public-private partnerships ("PPPs"), can reach BRL 1.7 trillion in the same period.

Nine investment axes make up the New PAC, namely: efficient and sustainable transport; inclusive social infrastructure; sustainable and resilient cities; water for everyone; digital inclusion and connectivity; energy transition and security; innovation for the defense industry; education, science, and technology; and health.

Specifically regarding the digital inclusion and connectivity axis, the forecast is that the New PAC will involve a total investment of approximately BRL 27.9 billion. This axis is made up of five sub-axes, as follows: connectivity in schools and health units, expansion of 4G technology, and implementation of 5G technology, infoways, postal services, and digital TV.

In the sub-axis of connectivity in schools and health units, BRL 6.5 billion might be available between 2023 and 2026 to achieve the goal of more than 138 thousand public schools and almost 24 thousand basic health units connected by the end of the period, with the expenditure of BRL 6.4 billion and BRL 100 million, respectively.

For the sub-axis dedicated to the expansion of 4G technology and implementation of 5G technology, the forecast is for investments totaling BRL 18.5 billion, of which BRL 10.9 billion might be made available from 2023 to 2026, with an additional amount of 7.6 billion after 2026. BRL 9.5 billion are intended for 4G coverage of 7,340 districts, towns, and rural areas, in addition to 35,784

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km of federal highways. The 5G signal might connect 5,570 municipalities and 1,700 locations and, for this purpose, BRL 8.2 billion can be made available. In addition, BRL 800 million will be allocated to fixed optical fiber networks (*backhaul*) which might be offered to 530 municipal offices.

The expansion or construction of 18 state infoways, 8 regional infoways, and 2 national infoways should be supported by investments that could total BRL 1.9 billion between 2023 and 2026. Infoways enable the agile and efficient exchange of information between people and systems in different locations, in order to promote the connection of public and private institutions, boost the market for local providers, and also the economic growth and innovation in small locations, as clarified by the federal government. The amount of BRL 1.6 billion will be allocated to state and regional infoways; BRL 200 million will be allocated to the selection of new infoways in the north and northeast regions of the country, and BRL 100 million to national infoways aimed at education and research.

Postal services might also undergo modernization with the investments resulting from the New PAC, which will result in increased efficiency in processing national and international letters and parcels. BRL 856 million are expected in the period from 2023 to 2026, of which BRL 380 million will be allocated to 5 postal service centers and BRL 476 million to 10 automated sorting systems.

Finally, BRL 154 million in investments will be reserved for digital TV by 2026, enabling the improvement of its offer in municipalities with low channel availability. To this end, the government intends to strengthen and expand state and educational broadcasting. However, there is also a plan to include private broadcasters in the program, thus “expanding the diversity of open and free Digital TV programming offered to the population”, according to the government.

The New PAC will prioritize areas with deficient infrastructure and, according to estimates, it could lead to the creation of 2.5 million direct jobs and 1.5 million indirect jobs, thus significantly impacting the national economy.

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