

## 1 FISCAL SUSTAINABILITY AND CONSOLIDATION

### 1.1 Social Security: biggest structural reform in history

To fight the chronic deficit and turn the system sustainable

Social Security Déficit [R\$ bi acum. year]

**Savings of R\$ 855 bi**  
In 10 Years for the Federal Government

### 1.2 Precatories: control in face of exponential increase

Precatories Evolution [Court Order Federal Government Budget OGU, R\$ bi]

**4 times the average from 2010 to 2019**

**ECs nº113 e 114/2021:**  
Annual payments Limit of court orders: indexation to the expenditures ceiling  
Until R\$60 k (60 minimum wages): Always payment at front  
Payment in installments only for **big precatories**

### 1.3 New Fiscal Framework: ensures country's financial balance

**EC nº109/2021: The most important fiscal reform of the last 22 years**

Triggers for expenditures' control of all government levels whenever the coefficient of mandatory expenditures to revenues reaches the **limit of 95%: Limitation of the floor for 2 Years**

Control mechanisms which guarantees that **no crisis lasts more than 2 Years**

In case of fiscal emergency, instruments control the growth speed of expenditure and **preserve the public agents' capacity of action**

Central Government Primary Result [Above the line, % of GDP]

**Apenas 15 meses para recuperar o déficit de 10% gerado pela pandemia**

### 1.4 Reduction of the main federal government expenditures have a direct impact on public debt

Gross Debt of General Government [% of GDP]

Legend: Sem reformas, Reformas fiscais, Fiscal+Micro reformas, Realizado

### 1.5 Solution of Kandir Law after 25 years of dispute

LC 176/20: Compensation of losses for export taxes exemptions

**Federal Government** → **R\$ 58 bi** between 2020 and 2037 → **State Governments exporters**

### 1.6 Approval of Central Bank independence: total Independence of monetary policy

**LC 179/21** Approval after 30 years

- To ensure currency stability
- To be vigilant on the stability and efficiency of the financial system
- To soften the fluctuations of economic activity

Governance of developed economies: **external credibility**

## 2 PRODUCTIVITY SHOCK: DIGITAL REFORM OF PUBLIC SERVICES

**Dec. 9.756/19:** Creation of an unified platform *gov.br*

- 4.140** Digital services at gov.br
- R\$ 4,7 bi** Annual Savings
- + 500 mi** Accesses to Digital Work Record Booklet in 2022

Nº de users of gov.br [Million]

**Variation of the number of employees at service at the Federal Government [Thousand, years]\***

Rotation rate of civil servants: **41** civil servants retired ↓ ↑ **1** hired

### Digital Government Law

Law nº 14.129/21

Modernization, reduction of bureaucracy and simplification of the relation between public service and society

**2nd Most Digital Government of the world**  
Best of Americas, among 198 countries

Coreia do Sul	0,991
Brasil	<b>0,975</b>
Arábia Saudita	0,971
Emirados Árabes Unidos	0,961
Estônia	0,956
França	0,945
Índia	0,940
Lituania	0,918
Mongólia	0,907
Rússia	0,897

Source: World Bank, 2022

## 3 DESESTATIZATION AND DESINVESTMENTS: REDUCE STATE PARTICIPATION IN THE ECONOMY

### Desestatization and desinvestments between 2019 and 2022

**+ R\$ 304,48bi** selling of direct and indirect assets between 2019 and Out/2022

- R\$ 33,5bi TAG** 100% sold
- R\$ 21bi BR Distribuidora** 100% sold
- R\$ 5bi IPO Caixa Seguridade**

### Important progress for the privatizations

**Next privatizations**

- Correios** Waiting for Senate approval
- CBTU** Belo Horizonte e Recife
- TRENSURB** Porto Alegre
- CEASAMINAS** Centro de Abastecimento
- SANTOS** PORT AUTHORITY

### Program Regulariza+ biggest program of land regularization

launched by the Federal Government - SPU, with impacts on **more than 67 thousand families.**

**208 properties sold – total of R\$ 774 mi**

### Portal VendasGov

**Unified environment for selling unserviceable properties of the Federal government, states and municipalities.**

**Accesso of 97 thousand users e 281,7 mil visualizations**

## 4 FIGHTING THE PANDEMIC THROUGH HEALTH PROTECTION AND ECONOMY'S STIMULUS MEASURES OF 658 BILLION REAIS

### 4.1 Federal Government resources for health expenditures

**+ R\$ 102 bi** prevention and control of the pandemic 2020 to 2022

**R\$ 159 bi** Budget Health 2022

**R\$ 163 bi** Budget adjusted to fight the pandemic

### 4.2 Emergency Aid: guarantee of minimum revenue during the pandemic

**R\$ 350 bi** 2020 and 2021

**+ 67 mi** beneficiaries

Financial inclusion: **38 million** people out of invisibility

**Multiplier effect:**  
Aid expenditure 2020 ~ **4,1% do PIB**

Reduction of **4%** of GDP, against **8,4%** without the emergency aid

Reduction in consumption of families of **6%**, against **11 to 14,7%** without the aid

Source: Centro de Pesquisa em Macroeconomia das Desigualdades da FEA-USP.

### 4.3 Preservation of 11,5 million jobs

**23,4 million of agreements** achieved under *BEm* - 1,8 million of companies e 11 million of workers

**Employees Protection**  
Guarantee of jobs and revenues  
Cost Reduction for the employer

Agreement Worker – employer for **reduction or temporary suspension** of working hours

Payment by the government of part of the reduced salary

### 4.4 Preservation of companies: credit and tax relief

**R\$ 149 bi** credit

**+ 1 milhão** companies beneficiaries

**R\$ 82,2 bi free** at companies cashflows

Postponement of tax exemption

### 4.5 Aid Plan to States, Municipalities and Federal District

**R\$ 60 bi – biggest Federal government direct transfer in history:** Compensation for the reduction of ICMS and ISS

**R\$ 15 bi:** Compensation for the Covid losses in the participation funds

**R\$ 37 bi:** Suspension of payment of state government debts

**R\$ 12,4 bi:** Other aid programs

Indirect benefit of emergency aid: Maintenance of tax collection of ICMS e ISS

Data from 2019 to 2021.

### 4.6 Solid measures enabled the V recovery

Índice do volume trimestral do PIB (série com ajuste sazonal, base 100 = 1995)

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## PROMOTION OF INVESTMENTS: PRIVATE SECTOR AS THE MAIN ENGINE FOR GROWTH

### 5.1 Regulatory Frameworks: legal stability to attract long term investments

**Legal Framework for Sanitation**  
Law 14.026/20  
Ensure the universalization of services

100 million don't have access to sewage collection

Targets until 2033: Population Access **90%** Sewage Collection **99%** Water treated

**Openness** of the sector for private investments

Mandatory Auction • **10 times more** investments • **R\$ 700 bi** in 10 years

**12 auctions** accomplished **R\$48,2 billion** In private investments **R\$29,47 billion** in grants for subnational entities **R\$17,38 million** of beneficiaries

**Legal Framework Telecom**  
Law 13.879/19  
Expansion of fixed and mobile broadband over the country

**Access to broadband: direct influence on GDP**  
UIT<sup>(1)</sup>: each 10% of increase of the inclusion of broadband increases GDP in 1,4 p.p.

**Auction 5G: R\$ 47,2 bi** + investments

5G in all capitals (2022) and cities +30mil hab (2028)

Guarantee of 4G in all federal roads and locations without connexion

(1) União Internacional Telecom

### 5.2 Concessions model more attractive to the private sector

Benefits to the proposals with **higher requirements of investments** instead of higher values of grants

Accomplishments between 2019 and 2022 (as of 22 Dec/22):

**180** auctions / projects **R\$ 940,9 bi** investments estimate **R\$ 184,2 bi** grants

**Highlights:** Auction of the Surplus of Onerous Cession Pré-sal R\$ 434 bi Privatização Eletrobras

Auctions and projects estimated for 1Q2023:

**45** assets **R\$ 95,2 bi** investments estimate

- 5 National Parks and Forests
- 2 Airports
- 12 Ports e port terminals
- 8 Roads
- 1 Irrigation
- 4 Fishing Terminals
- 5 Mining
- 2 Desestatization
- 7 Subnationals
- 2 Prisons (SC e RS)
- 3 Urban Solid Waste in CE, Teresina/PI e Bauru/SP
- 3 Public Lightening (Itanhaém/SP, Camaçari/BA e Canoas/RS)

**Investments estimate: R\$ 95,2 bi in 1Q2023**

**Cabotage Law**  
Law 14.301/22  
More competition and productivity of the sea transport sector

**Cabotage, today: Only 11% of total transported**  
Although we have an extense coastal coast

Reduction of the tax rate of long navigation course: **25 to 8%** • Increase in competition of Brazilian exports

Rebalancing the Brazilian logistics matrix

**Railways Framework**  
MP 1.065/21 e Law 14.273/21  
Expansion, modernization and optimization of the rail network and infrastructure

**Railways: only 20% of the cargo matrix**  
Target: increase to 40% as for 2035

Authorization Regime for the construction of new lines • Increase of railways offer and competition of the sector

**New market of Gas**  
Law 14.026/20  
Competition and openness of the market, fairly developed in Brazil

TCC Petrobrás: **clearance of access** to pipelines and all essential infrastructure to the sector

Authorization for activities of natural gas transportation • Free competition • Recovery of competition to the industrial sector

End of the monopoly of Petrobrás

**Openness of the Refining Market**  
Biggest structural change since the existence of the market

TCC Petrobrás: Selling of **eight oil refineries**, including assets of fuels transportation

Incentive to competition at the domestic market • Attraction of new investments • Fair and beneficial prices to consumers

## BRAZIL IS, TODAY, THE BIGGEST FRONTIER OF INVESTMENT IN THE WORLD

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## PRODUCTIVITY SHOCK: INCENTIVE TO BUSINESS ENVIRONMENT AND ENTREPRENEURSHIP

### 6.1 Desburocratization: Law of Economic Freedom and Law of Business Environment

- Guarantee of **free market**
- Simplification** of opening and functioning of companies in the country. Average time less than 24 hours.
- Facilitation** of foreign trade
- Increase in **protection to minority shareholders**
- Higher **facility e previsibility** to the entry of new companies in the market

**Regulation of business environment and modernization as pos-pandemic strategies**

### 6.2 Democratization of credit access

**Credit Brasil Empreendedor**  
Facilitation for the access to credit for MEI, Micro e PME

Government ensures guarantees as a way to **unlock banks liquidity**

**R\$50 bi** PRONAMPE **R\$21 bi** PEAC **R\$14 bi** PEC

### 6.3 Innovation and Technology

**Startups Legal Framework: sector regulations**  
Complementary Law 182/21

**+ 14 mil startups** • **28 UNICORNS** (only 1 in 2017)

**R\$ 40 mi investments** InovAtiva Brasil

Favorable environment for the **emergence and growth of das startups**

**PIX: Revolution in the means of payment**

- rapid
- easy
- cheap

Financial inclusion

Increase in competition

Incentive to the entry of **fintechs and big techs**

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## COMERCIAL OPENNESS: INTEGRATION OF BRAZIL TO FOREIGN TRADE

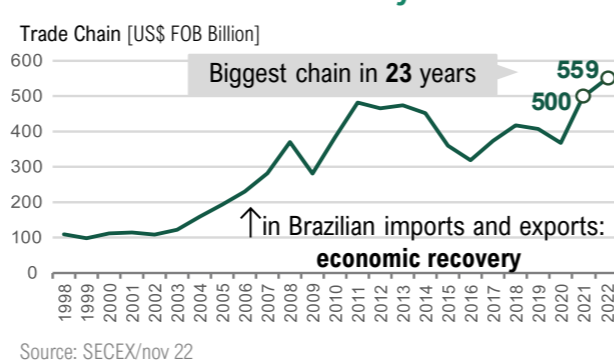
### 7.1 Comercial openness

- Horizontal Reduction of **20% of imports tax** (87% of all taxes)
- Comercial Agreements:** Conclusion of comercial negotiations Mercosul – European Union, Mercosul – EFTA, Negotiations for accession to WTO Government Procurement Agreement, and more!
- Beginning of the process for **accession to OCDE**

### 7.2 Deburocratization of imports and exports

- Removal of **700 thousand** import licenses
- Reduction of imports and exports **times** for 2,5 days.
- Savings of **R\$ 50 mi/year** for importers e exporters

### 7.3 Record Trade Chain reassures positive scenario for the economy



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## INTERNATIONAL PROTAGONISM

**Brazil: World's Food and Energy Security**

**World power in clean energy**

Beginning of operation from 2019 to 2022: **+40.387 MW** Renewables: **90%**

Projection from 2022 to 2027: **+63.726 MW** Renewables: **93%**

**Protagonism in the sustainable production of food**

**Green CPR | +30bi in 4 years**  
Benefit for the **conservation of native vegetation** at properties

**Safra Plan | R\$ 340 bi** (2022/23)  
Resources for sustainable agriculture techniques

**Fiagros | R\$ 11 bi** (emission values)  
37 funds, participation of small producer in agrobusiness funding

## 9 THE ECONOMY ALREADY SHOWS THE RESULTS OF REFORMS AND MEASURES IMPLEMENTED

**Reduction of cost of doing business in Brazil**

**Brazil Cost:** set of charges and bureaucracies which limits country's growth, consumia das empresas **R\$1,5 tri/year** (BCG, 2019)

Measures **already implemented**

- Sanitation Legal Framework
- Energy Sector Framework and concessions
- Voluntary Deposits
- Railways Regulatory Framework

Measures **in process or under analysis**

- Potencial de levar a redução p/ R\$ 1 tri anuais**
- R\$ 124,7 bi Tax Reform**
- R\$ 67,3 bi Administrative Reform**

**28 projects** Reduction of **R\$403bi** annual

