Brazil

Type of state	Federal
State / regional government level (number)	States (27)
Local general government levels (number)	Municipalities (5,500)[1]
Total subnational liabilities, 2020 (state/regional + local)	BRL 1.183 trillion, (USD 229.4 billion eq.)
***Local government outstanding liabilities,** % of total subnational, 2020*	15.8%
***Total subnational liabilities growth,** CPI adjusted*[2], 2017-2020	8.33%
Local government liabilities growth, CPI adjusted, period 2017-2020	3.66%

Legal & regulatory environment	• Hard budget constraints for municipalities[3] • Municipalities cannot issue bonds[4] • Central government guarantee required for all borrowing
Borrowing readiness	• Most municipalities' debt levels fall well below legal limits[5] • Limited capacity to raise own revenue[6] • Low own-source-revenue and high dependency on federal fiscal transfers that are often earmarked[7]
Macro credit conditions	• Municipalities have little or no access to the credit market[8] • Brazilian financial development relatively high[9] • Private creditors are almost exclusively absent from the municipal financial market[10]

Highlights

- After several defaults by municipalities in the 1990s, the federal government enacted in 1997 a deal for the restructuring of state and municipal debt. This was followed in the year 2000 by the adoption of the Fiscal Responsibility Law (*Lei de Responsabilidade Fiscal e Finanças Públicas Municipais, or* FRL) to prevent states and municipalities from running excessive budget deficits. The FRL introduced borrowing restrictions and imposed public reporting on key fiscal indicators for municipalities.[11]
- Brazilian municipalities may incur external (foreign source) and internal (domestic source) debt with or without sovereign guarantees. Municipalities can borrow from private entities as well as from government entities. However, as of December 2020, there was a moratorium on municipal bond issuance.[12]
- The central government (federal Senate) must authorize all the external credit operations by municipalities.
- Municipalities face two principal constraints on their total allowed amount of debt: (i) a maximum of 100% of real liquid revenues[13] (under Law 9496 of 1997) and (ii) 120% of net current revenues[14] (under Federal Senate Resolution 40 of 2001).[15]
- While high levels of public debt have historically been a concern at the national and state levels, most municipalities' total outstanding debt falls well below the debt limits established by law.

Borrowing legal & regulatory environment

Overview: Brazil has a two-tier system of subnational governments: 26 federal states, the Federal District and 5,570 municipalities that derive their autonomy from the 1988 federal constitution. The 26 States and the Federal District each have their own constitutions. Unlike in many federal countries, in Brazil the municipalities are not a creation of the states; they are directly instituted by the federal government. There is great variation in the size (geographical area and population), and social and economic make-up among subnational jurisdictions, however all Brazilian municipalities enjoy the same legal status.[16]

The differences in local economies and tax bases result in large fiscal disparities across municipalities and across regions. For instance, large urban municipalities and state capitals raise almost three times as much resources as suburban municipalities.[17] Thus, urban municipalities have greater fiscal autonomy as own revenues represent a larger share of their total revenues, while rural municipalities depend much more heavily on transfers.

The Municipal Organic Laws (which, in practice, function as local constitutions) detail the competences of the municipalities within the overarching framework set by the 1998 Constitution. Municipalities are important economic actors accounting for around 20% of total public spending but are highly dependent on States and Federal Government's transfers. Municipalities receive transfers from both the Central Government and the States. Grants and Subsidies represent approximately 65% of the total resources available to municipalities. Transferred funds are often earmarked. In 2017, earmarked transfers accounted for 94% of total transfers while unconditional transfers accounted for only 6%.[18]

Borrowing framework & process**:** In the wake of the subnational debt crises of the 1990s, controls on subnational fiscal performance were strengthened by the approval of the Fiscal Responsibility Law (FRL) in 2000. The LRF institutionalized fiscal discipline at all levels of government, incorporating hard budget constraints into a single unifying framework.

The federal government instills borrowing discipline in subnational governments through a combination of restrictions (borrowing constraints) and incentives (provision of debt guarantees for entities that achieve ratings A or B on the treasury-run rating system). The current framework for subnational government borrowing combines debt stock and debt service restrictions, shared responsibilities through credit guarantees, and other borrowing restrictions.[19]

Borrowing restrictions**:**

<u>General restrictions:</u>

Restrictions to municipalities:

- Senate resolution No. 78 of 1998 prohibits subnational government bonds. However, Article 11 of Senate Resolution n. 43 sets out that states and municipalities can issue bonds but only to refinance existing bonds.[20] This restriction was valid until December 31, 2020 and it is not clear whether it will be revoked or updated.
- External debt: Pursuant to Decree 9.075, any non-domestic financial transaction with municipalities must be authorized by the External Financing Commission (*Comissão de Financiamentos Externos* – COFIEX).
- Municipalities can borrow in foreign currency with a specific authorization from the Federal Senate. As local banks are not able to issue loan agreements in foreign currency, any foreign currency loan would necessarily be from a foreign institution.
- Municipalities are restricted from borrowing from institutions outside the banking sector.

<u>Restrictions to lenders:</u>

While there are no specific restrictions set out in the Brazilian legislation with respect to the types of lenders and/or investors that a municipality can transact with, there are several restrictions imposed on lenders.

- Development banks face restrictions on their use of funds. The law requires that a portion of funds be used to finance central government policy goals.
- Foreign borrowing requires a federal guarantee. Foreign commercial banks, multilateral agencies and development banks can lend to municipalities, but need the authorization of the Federal Senate (required by Article 52 of the Federal Constitution for foreign lenders).
- Financial transactions by local financial institutions (i.e., Brazilian financial institutions and institutions authorized by the Brazilian Central Bank) with municipalities are subject to a limit of 45% of the financial institution's regulatory capital, a restriction updated on an annual basis pursuant to Central Bank Resolution 4.589.

<u>Debt limits:</u>

- Complementary Senate Resolutions 40 and 43 prohibit borrowing if: (i) the net consolidated debt exceeds 120 percent of net current revenue (RCL);[21] (ii) new credit operations[22] exceed 16 percent of RCL, and/or (iii) debt service exceeds 11.5 percent of RCL. Borrowing is also prohibited if it violates the debt reduction schedules set by the debt renegotiation contracts under Law 9496.
- Article 31 of the FRL stipulates that if the limit is surpassed, the entity must in one year adjust to the legal limits. For the first four months of that period, the difference between the debt and the limit must be

decreased by at least 25%. Furthermore, Article 31 of the FRL establishes that the Ministry of Finance must disclose each month the list of administrations that exceed mandated debt limits.

Borrowing incentives / credit enhancements: In principle, the federal government provides guarantees based on ability to pay, through a grading system (*Capacidade de Pagamento* - CAPAG)[23] where municipalities with healthier finances can qualify for guarantees and those with weaker finances are ineligible. Annual limits for guarantees are approved by the senate, with separate limits for external and domestic debt. According to Senate Resolution No. 43, the granting of new guarantees requires the applying administration to observe the limit of 22% of its current revenues for the consolidated balance of its guarantees. The federal government can only provide additional debt guarantees when these are backed by collateral, such as from state resources.[24]

In 2019, National Treasury Secretariat has established annual limits for subnational governments to contract federally guaranteed loans. Each tranche limit depends on the state or municipality's CAPAG rating and current debt level.[25] Table 1 presents a summary of this borrowing limits.

Table 1: Federal-guaranteed annual borrowing limit (as a share of net current revenues – RCL)

Debt level			
CAPAG	***Lower than 60%***	***Between 60% and 150%***	***Greater than 150%***
A	12%	-	-
B	8%	6%	4%
C	0	0	0
D	0	0	0

Sources: Secretaria do Tesouro Nacional (National Treasury Secretariat)

Penalties related to public debt management:[26] Fiscal penalties (to the municipal entity): (i) suspension of some intergovernmental transfers,[27] (ii) prohibition against future credit arrangements, (iii) mandated attainment of fiscal targets.

Criminal penalties (to officers of the municipal entity): (i) Detention, loss of mandate and job, prohibition from holding public office for up to five years, (ii) Monetary penalties for administrative violations (30% of annual salary). Furthermore, according to the Brazilian Penal Code (Article 359-A) the act of carrying out credit operations without prior legislative authorization constitutes a criminal offense subject to imprisonment.

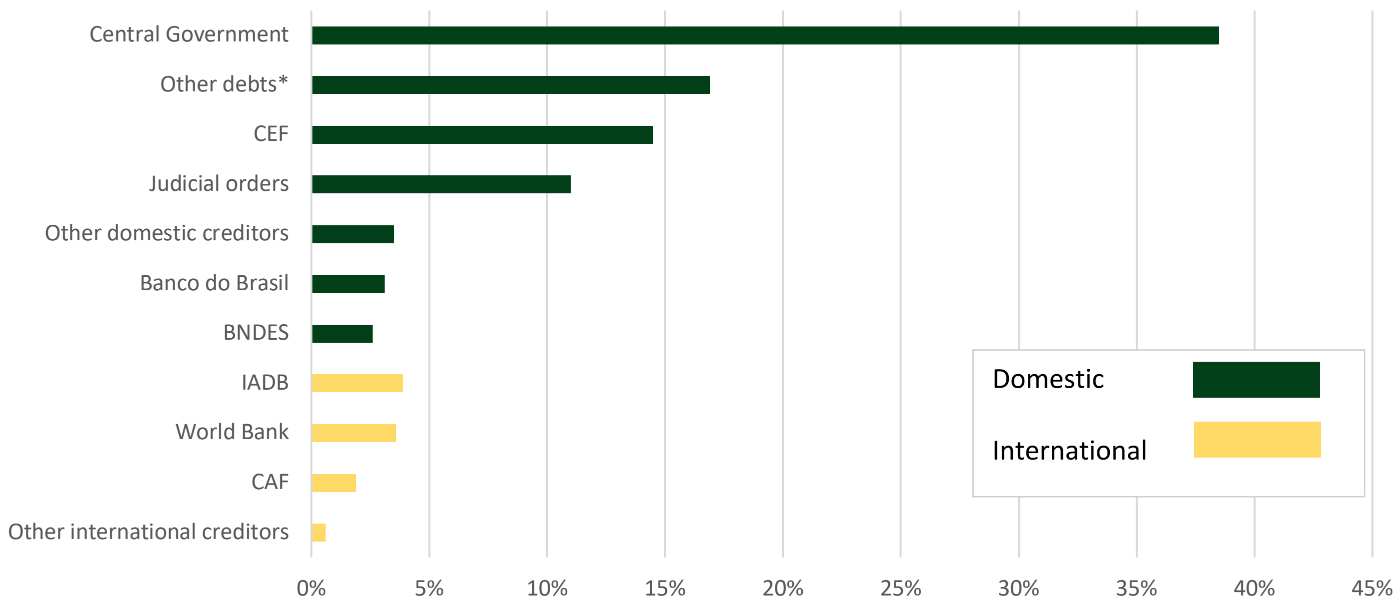
Political penalties (to the municipal entity): Federal intervention in a state or state intervention into the financial affairs of a municipality.

Debt management

Aggregate debt levels: While municipal debt (*Divida Consolidada)*[28] increased by 0.5 percentage points of GDP per year from 2014-2018, it has since slightly declined from 3.06% of GDP in 2018 to 2.5% of GDP in 2020. Municipal debt has increased by 3.66% in real terms from 2017 to 2020. Municipal debt was 25% of total municipal revenue in 2020 and 16% of total subnational debt. Domestic debt constitutes 90% of total reported liabilities and foreign debt 10% (Figure 1). *Precatorios*[29] (judicial payment orders arising from debts owed by the municipalities) comprise 11% of total debt. Finally, 13.3% of total municipal debt has a federal guarantee.

Lenders and types of instruments: Brazilian municipalities can borrow from a variety of sources: state-owned banks, federal banks, local private banks, bilateral and multilateral lending institutions, state-owned enterprises, and private lenders within the limits set out by the FRL. As can be seen from Figure 1, municipalities borrow mostly from the national government or the Federal Saving Banks (*Caixa Econômica Federal* – CEF). As municipalities are restricted from issuing bonds (see above), all long-term debt that is not arising from judicial payment orders is in the form of loans.

Figure 1: Municipal debt profile (2020)



*Accounts payable, lease and other deferred payment schemes

Source: Boletim de Finanças dos Entes Subnacionais — 2021 Secretaria do Tesouro Nacional

Use of Special Purpose Entities and Public-Private Partnerships: Special purpose entities that are subordinate to local governments are considered part of the government for the purpose of evaluating fiscal impacts, including the assessment of the annual expenditure limit, the debt limits, and the consideration of the contingent liabilities.

Public-private partnership (PPPs) development began with the enactment of the 2004 Federal PPP Act.[30] The act prohibits the Federal Government from approving new PPPs if the sum of PPP annual projected expenditures is higher than 1% of the net current or projected revenue. States, the Federal District, and municipalities must observe the same limits under penalty of not qualifying for the concession of guarantees or voluntary transfers[31] by the federal government. Law 12.766 in 2012 modified law 11.079, allow the federal government to step in (through the federal guarantor fund) and guarantee subnational PPPs contracts, if the subnational entities provide appropriate collateral. At the same time, under the Fiscal Responsibility Law there is no implicit guarantee that the federal government must assume state commitments or that states must assume municipal commitments. There is therefore no automatic federal government guarantee for municipal PPP obligations.

The failure rate for PPPs is high in Brazil, especially at the municipal level.[32] To face challenges to successful PPP development, on September 13, 2016, Brazil enacted Law No. 13,334 (the PPI Law), which introduced a new Investment Partnership Program (*Programa de Parcerias de Investimentos*, or the PPI), which enables local governments to access funding for technical assistance to develop PPPs. The Brazilian Development Bank (BNDES) manages this fund.[33]

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Transparency & open data: The reporting of municipal financial data is not yet fully standardized.[34] The National Treasury publishes yearly reports on subnational public finance that can be downloaded from the Treasury website.[35] Subnational public finance data are also available for download.

The FRL defines which documents are needed to ensure transparent fiscal management. These documents include (a) plans, budgets, and budgetary guideline laws; (b) rendering of accounts and respective previous reports; (c) a summary budget execution report; and (d) a fiscal management report.

The Transparency Law was instituted in 2009, changing the wording of the FRL regarding the transparency of tax management. The main innovation was the determination that budgetary and other financial information of administrations should be made available electronically to the public.

According to the Transparency Law, the following information must be made available to the public:

(i) Revenues and their specifications (including non-recurrent resources).
(ii) Expenses and their specifications.
(iii) Details on public bidding processes carried out.

With the publication of the Transparency Law, it was necessary to create electronic portals in which the information required by law could be made available. Although there is no requirement for municipalities to make their information available on a transparency portal itself, the use of this tool has become popular because it allows all information to be consolidated.

In addition to the transparency portals, many municipalities have independently chosen to make data and information available through indicator observatories,[36] in which the main municipal indicators (such as revenue, expenses, credit and investments) are publicized, in addition to studies and research carried out by public entities.

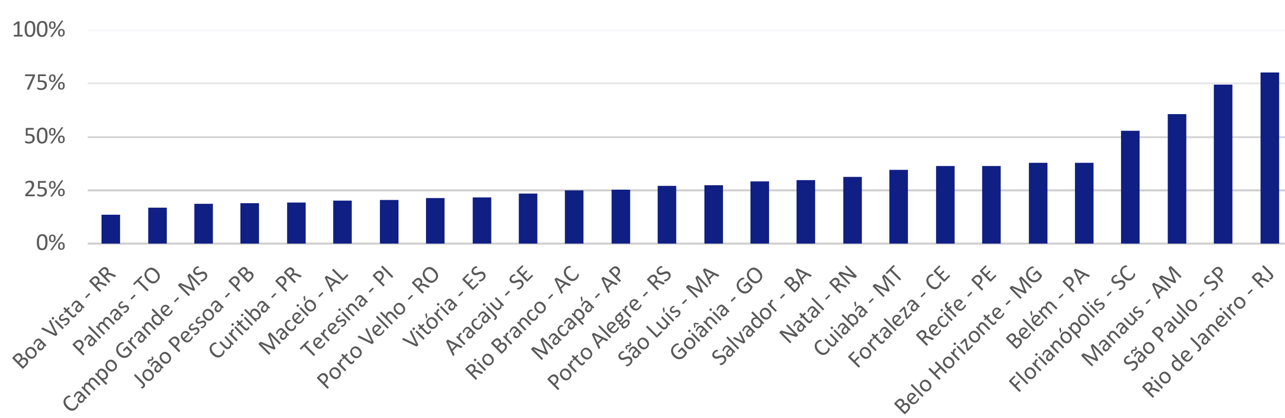
Official, publicly available statistics on liabilities and borrowing				
Item	***Total liabilities***	***Total liabilities breakdown by level of government***	***Sources of borrowing breakdown***	***Borrowing instruments breakdown***
Official source(s)	Department of Treasury	Department of Treasury	Department of Treasury	Not reported
Latest update; (periodicity)	2020, (Annual)	2020, (Annual)	2020, (Annual)	N/A

Financial & debt management: While municipalities account for a large share of subnational revenue and expenditures, municipal debt is comparatively low. In 2020, municipal expenditures represented 44% of total subnational expenditures and municipal revenue accounted for 45% of total subnational revenue. Municipal-level debt, however, only makes up 16% of total subnational debt. While high levels of public debt have in the past been a concern, most municipalities currently fall well below the debt limits established by law. Regulations and practices developed during the 2000s, such as pluri-annual planning procedures, annual budget laws and modernization of the independent registry for public sector credit operations (*Sistema de Registro de Operações de Crédito com o Setor Público*, CADIP), have improved municipal management and set the framework for financial development municipal governance.

As of 2020, only 32 municipalities (out of more than 5,500) surpassed the limit of indebtedness imposed by the FRL and did not maintain debt below 120% of current revenues. As can be seen from Figure 2 below, the 27 State Capitals all had a debt to revenue ratio well below the 120% limit.

Figure 2: Brazil: Total debt as % of current revenue, state capitals (2020)

Source: Boletim de Finanças dos Entes Subnacionais — 2021 Secretaria do Tesouro Nacional



Subnational government finances: key ratios (2020)				
Level of government	***Total liabilities, % of total revenue***	***Borrowing (loans & bonds), % of total liabilities***	***Debt service, % of total expenditures***	***Operating surplus, % of total revenue***
Local (municipalities)	25%	Not Reported	0.48%	12%
All sub-national governments (municipalities + states)	70%	Not Reported	1.37%	10%

Source: W B CCI-LGBD

Recent initiatives related to local government access to debt finance

Covid-19*:* As a form of relief to the Covid-19 pandemic, the government enacted the Federal Complementary Law no. 173, on May 27, 2020. The law established the Federative Program for Confronting the Coronavirus SARS-CoV-2 (Covid-19) and changed the Complementary Law No. *101*, of May 4, 2000. The Law offers a short-term fiscal relief program allowing states and municipalities without payment capacity (*Capacitade de Pagamento* (CAPAG)[37] "A" and "B" levels) to have access to loans with federal guarantees provided they make a fiscal adjustment to recover their finances. This law was founded on Article 65 of the Fiscal Responsibility Law (FRL), which deals with states of emergency and local governments.

Main legal provisions	
Approved lenders:	Government/public banks, private financial institutions, International Development Banks
Instruments:	Loans, other deferred payment schemes
Central govt guarantee:	Approval by the Senate based on municipal payment capacity rating system (CAPAG).
Revenue intercept:	Currently not allowed, but the Senate is considering allowing subnational governments to commit future resources to access private credit, including borrowing backed by future collection of debt arrears.[38]
Insolvency framework:	Specific framework exists only for states
Accounting basis:	Accrual accounting based on International Public Sector Accounting Standards (IPSAS)
Credit ratings requirements:	Not required by law
Debt stock limit:	120% of current revenues
New Credit limit:	16% of current revenues
Debt service limit:	11.5% of current revenues
Reporting of contingent liabilities:	The measurement and disclosure of contingent liabilities are carried out in accordance with the criteria defined in Resolution No. 3823 of December 16, 2009 and Circular Letter No. 3,429 of February 11, 2010 from *Banco Central do Brazil* (BACEN). Contingent liabilities must always be disclosed annually in the annex of Fiscal Risks of the Budget Guidelines Act, regardless of whether they are provisions without the possibility of objective measurement, provisions whose outflow of resources for settlement is considered remote or liabilities depending on future events with some possibility of occurrence.

Reporting of Joint Ventures & Public Private Partnerships:	Through the 6th edition of the *Manual de Contabilidade Aplicada ao Setor Público* (MCASP), Brazil has recently aligned its national accounting standards to IPSAS—particularly IPSAS-32. Subnational governments are required to register the assets of PPP contracts and the liabilities corresponding to them, observing the value definition rule, to virtually all contract assets.

Significant legal and regulatory instruments	
Federal laws	
Lei nº 4.320 (1964)	Establishes general financial standards for budgets and balance sheets of the federal government, states, municipalities, and the Federal District.
Complementary laws	
Lei de Responsabilidade Fiscal (2000)	Establishes rules to ensure responsible fiscal management. The applies to all levels of government (*Article 1*). It does not replace federal Law no 4.320 but changed some aspects, such as the concept of consolidated debt. It includes an entire chapter on the debt, including rules and fiscal penalties.
Lei Complementar 131 (2009)	Adds provisions to *Complementary Law 101*, of 4 May 2000. The law establishes public finance rules focused on fiscal management responsibility and provides other measures in order to determine the availability, in real time, of detailed information on the budgetary and financial execution of the States, the Federal District and the Municipalities.
Lei Complementar nº 173 (2020)	Regulates a short-term fiscal relief program due to COVID impact, allowing states and municipalities without payment capacity (Payment Capacity (CAPAG) "A" and "B" levels) to have access to loans with federal guarantees provided they make a fiscal adjustment to recover their finances, among other conditions.
Ordinary Laws	
Federal Budgetary Guidelines Laws (LDOs)	The LDOs are written on an annual basis and apply to each member of the Federation. According to the Federal Constitution, the LDOs provide targets and priorities for the federal public administration and elaborate the Annual Budgetary Law. The LDOs, which set rules for creating and executing the budget, coordinate the functions and timing of macroeconomic decision-making and microeconomic allocations.
Annual Budgetary Laws (LOAs)	The LOAs are written on an annual basis and apply to each member of the Federation. According to the Federal Constitution, the LOAs, which contain the annual budget, coordinate the functions and timing of macroeconomic decision-making and microeconomic allocations.
Senate resolutions	
RESOLUÇÃO Nº 40 (2001)	Senate Resolution 40 sets global limits for funded public debt and public security debt of the Federal District, states and municipalities, as well for domestic and external credit operations and guarantees to be conceded by the members of the Federation. Senate Resolution 40 establishes that municipal debt may not exceed 120% of current revenues and penalties if limit is surpassed.
Resolução no 43 (2001)	Senate Resolution 43 set global limits for funded public debt and public security debt of the Federal District, states and municipalities, as well for domestic and external credit operations and guarantees to be conceded by the members of the Federation. Senate resolution 43 establishes limits of 16% of current revenues for contracting credit operations per year; 11.5% of current revenues for servicing the debt (interest and amortization) per year.
Resolução No. 3.844 (2010) and Central Bank Circular No. 3.691 (2013)	Senate Resolution 3.844 and Central Bank Circular 3.491 allow issuance in foreign markets (via bank loans or securities) by states and municipalities for the purpose of debt restructuring only.

Presidential Decrees	
Decreto 10.265 (2020)	Institutes the Technical Chamber of Accounting Standards and Tax Statements of the Federation.
Decreto 9.075 (2017)	Establishes the procedures of COFIEX in approving external credit operations with sovereign guarantees.

Organizational roles and responsibilities: debt	
National govt. regulatory & process	
Banco Central do Brasil -BCB- (Brazil Central Bank)	Monitors finances of States and Municipalities and all loans must be registered with the BCB.
Senate	Loans to government entities require prior approval from the Brazilian Senate. The Brazilian Senate has the following responsibilities assigned by law: • To set limits/conditions for guarantees offered in external and domestic credit operations for the federal government • To set global limits for funded debt for all levels of government. • To set global limits/conditions for the security debt for states, the Federal District and municipalities. • To set global limits/conditions for the security debt for states, the Federal District and municipalities. • To authorize external financial operations for all levels of government
Ministry of Economy (MoE)	The FRL states that the MoE must verify compliance with the limits/conditions related to credit operations carried out by each Federation member. The MoE approves loans. The Ministry of Economy, through the Federal Treasury, controls and enforces all rules applicable to financial transactions hired by municipalities.
National Monetary Council (CMN)	The CMN oversees the formulation of monetary and credit policies, aiming to preserve Brazilian monetary stability, and to promote economic and social development.
Courts of Accounts	Responsible for auditing public sector bodies' accounts and for evaluating representatives regarding accounting standards. Instrument: Auditing procedures.
Main lenders (2019)	
Domestic lenders	Domestic public lenders represent 36.1% of total reported liabilities. The federal government (*União*) and the Federal Saving Bank (*Caixa Economica Federal*) are the largest lenders to municipalities in Brazil with respectively 15.8% and 11.6% of total reported liabilities. The Brazilian Development Bank (BNDES) and the Bank of Brazil (*Banco do Brasil*) are also important lenders accounting for 2.7% and 1.5% of total municipal liabilities.
International lenders	International lenders account for 7.6% of total municipal liabilities. The World Bank is the largest international creditor accounting for 3.3% of total municipal liabilities followed by the Inter-American Development Bank (2.8% of total liabilities) and the Corporação Andina de Fomento (1.2% of total liabilities).

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Notes

[1] CCI-LGBD examines borrowing at the local government level. In most countries, this can be broken up into regional governments and local governments. In Brazil's case, "local governments" includes all municipalities.
[2] CPI adjusted numbers with 2016 as base year: www.worldbank.org/en/research/brief/inflation-database
[3] Blanco, 2016
[4] IMF, 2019
[5] Blanco, 2016
[6] IADB, 2018
[7] OECD, 2016
[8] IFGF, 2017
[9] IMF *Financial Development Index*, 2018
[10] IMF, 2019
[11] OECD, 2016
[12] IMF, 2019
[13] For municipalities, *Receita Corriente Luquida* (RCL) or "Current Net Revenue" are calculated by taking total revenues (current and capital) over the past year (such as revenue from taxes, fees and contributions for improvement, contributions, assets, farming, industrial, services, current transfers and other current revenues) and subtracting funds received from the National Education Fund, health funds received, loans received, capital receipts from the sale of capital goods or assets, voluntary transfers and donations received (Tesouro Nacional, 2021)
[14] For municipalities, net current revenues are equal to total current receipts minus social contributions and automatic deduction from transfers taken by the federal government for the national Education Fund (FUNDEF/FUNDEB).
[15] Rocha, 2007

[16] The Brazilian Federal System is composed of autonomous, independent members - the states, Federal District and municipalities - as provided in Article 1 of the Constitution. For each, the Constitution establishes a set of legislative rights and responsibilities related to expenditures and revenues. Also, each has the right to govern, legislate, organize and administer according to its prerogatives.
[17] IADB ,2018
[18] OECD, 2019
[19] IMF, 2019
[20] There are no existing municipal bonds, since the Federal Government assumed in the 90s all external debt of states and municipalities and restricted the issuance of bond by such entities.
[21] Senate resolution 40
[22] Except credit operations carried out to amortize the public debt that matures in the fiscal year
[23] The analysis of the payment capacity ascertains the fiscal situation of the Subnational Entities that want to take out new loans guaranteed by the Union. Capacidade de Pagamento (CAPAG)'s intention is to present in a simple and transparent way whether a new debt represents credit risk for the National Treasury. The calculation methodology, given by Ordinance MF No. 501/2017, is composed of three indicators: indebtedness, current savings and liquidity index. Therefore, by assessing the degree of solvency, the relationship between current income and expenditure and the cash position, a diagnosis of the fiscal health of the State or Municipality is made. The concepts and variables used and the procedures to be adopted in Capag's analysis were defined in Ordinance STN nº 882/2018.
[24] IMF, 2019
[25] IABD, 2021
[26] From Vieira, 2010
[27] Except for those allocated for health, education and social assistance.
[28] *Divida Consolidada* constitutes the total amount, determined without duplication, of the financial obligations of the entity of the Federation, assumed by virtue of laws, contracts, covenants or treaties and the performance of credit operations, for amortization over a period of more than twelve months. Credit operations with a term of less than twelve months whose revenues have been included in the budget are also included in the consolidated public debt. The consolidated public debt is composed of: a) securities debt; b) contractual debt; d) court orders and not paid during the execution of the budget; e) carrying out operations similar to credit operations by LRF, for amortization over a period of more than 12 months.
[29] *Precatorios* have seen a significant boost in recent years, sustained by the increased interest of financial institutions and local and foreign investors in those assets.
[30] World Bank, 2018
[31] Direct resources to Members of the Federation in the form of cooperation grants, support or financial assistance that are not required by the Constitution neither specific law and are not directed to the National Public Health System (SUS). Require a contract and, in general, matching local funds (Bugarin and Marciniuk, 2017)
[32] Freire Dutra, 2018
[33] Financial institutions and other agencies controlled by the Federal Government, such as BNDES, may not finance more than 70 percent of the resources needed by the special purpose entity in charge of carrying out the PPP. This limit will be 80 percent if the project is located in areas of the North, Northeast, and Center-West regions where the Human Development Index is lower than the national average.
[34] For example, while the National Treasury portal explains that *Divida Consolidada* is calculated by adding *Divda Mobiliaria, Divida Contractual, Precatorios Judicias, and Outras Dividas,* the actual data has different names for each making calculations challenging.
[35] https://www.tesourotransparente.gov.br/publicacoes/boletim-de-financas-dos-entes-subnacionais/2019/114-2
[36] ObservaSampa is the indicator observatory in the city of São Paulo. Established in 2016, it is a space for collaboration between municipal secretariats, research institutes, the academic community and organizations and social movements.
The Observatorio Jundiai was launched in 2017, with the aim of increasing transparency in municipal public management by making available the main indicators of the municipality of Jundiaí. The portal is an initiative of the Government and Finance Unit, and presents primary municipal data (obtained directly from the source, in this case, the city hall) and secondary data (obtained from other sources, such as IBGE, DataSus and SNIS).
[37] The calculation methodology, given by Ordinance MF No. 501/2017, is composed of three indicators: indebtedness, current savings and liquidity index. The concepts and variables used and the procedures to be adopted in CAPAG's analysis were defined in Ordinance STN nº 882/2018.
[38] See Senate draft law 204/2016