



FINANCING CHALLENGES WATER SECTOR

ADRIANO UBISSE

**NATIONAL TREASURY DIRECTORATE AND ECONOMIC AND FINANCIAL
COOPERATION**

MINISTRY OF ECONOMY AND FINANCE

ORGANIZAÇÃO / ORGANIZER



PARCEIRO / PARTNER



Kingdom of the Netherlands

CO-ORGANIZAÇÃO / CO-ORGANIZERS



Presentation Points

- **CONTEXT**
- **LEGAL FRAMEWORK**
- **FINAL CONSIDERATION**

Context (1)



PQG 2020 – 2024
ECONOMIC GROWTH, PRODUCTIVITY, AND EMPLOYMENT GENERATION
“Development of economic and social infrastructures”

	Base Year 2019	Target 2024
% of population living in rural areas with access to a secure source of water	52%	70%
% of population living in urban areas with access to a secure source of water	83%	90%

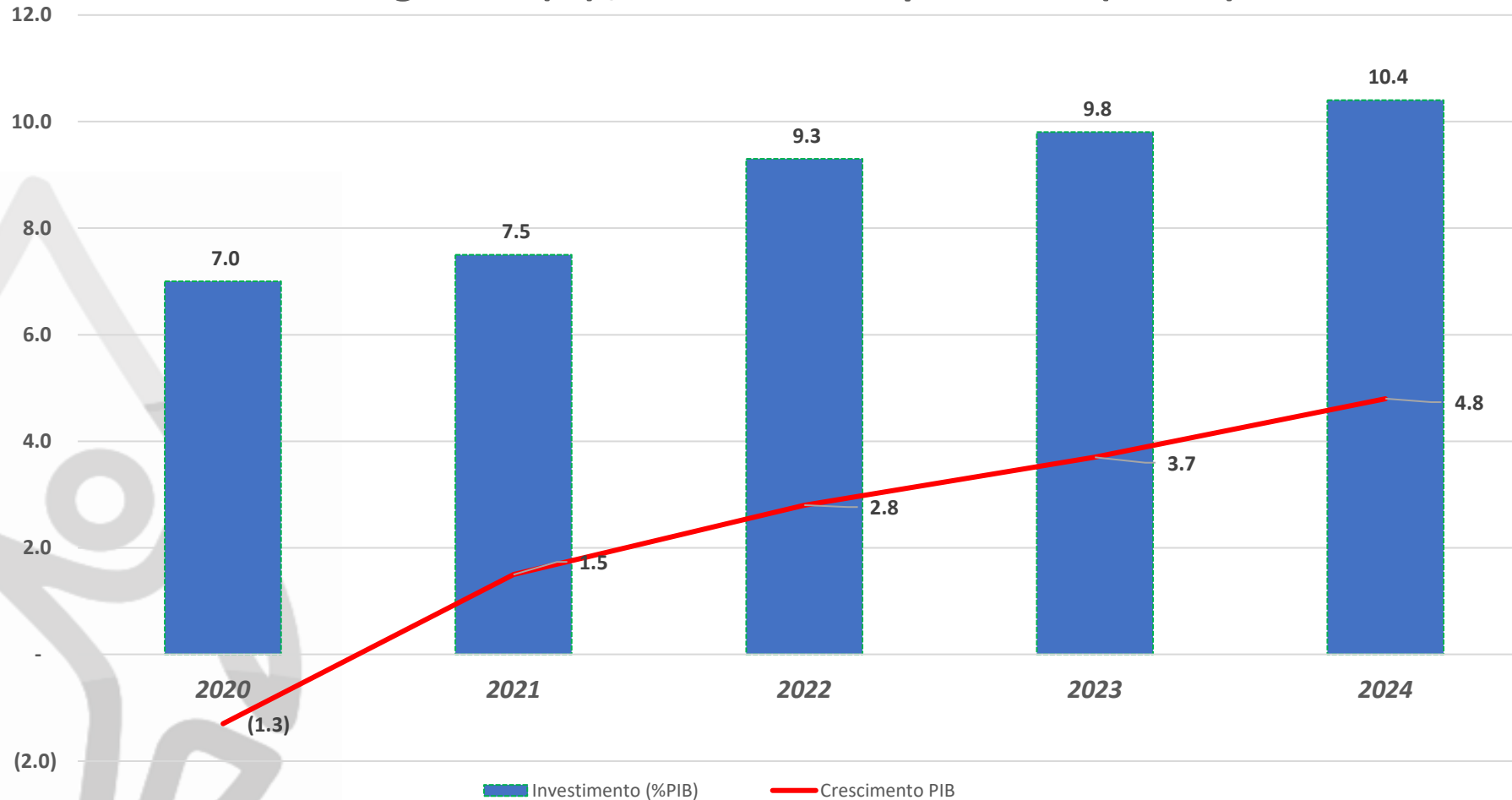
• Macro Fiscal Indicators

Indicadores Macro-Fiscais	1998	2009	2014	2019	2020
Taxa de crescimento real (%)	9.9	6.9	7.4	2.3	-1.2
Inflação média annual (%)	11,2	3.8	2.6	2.8	3.1
IDE (milhoes de USD)	255,4	898.3	4,901.8	2,211.7	2,337.3
Receitas do Estado	11.41	14.51	28.15	28.75	24.14
Despesas do Estado	11.95	25.89	40.88	29.27	32.04
Saldo Primário	5.77	-2.66	-8.60	3.72	-1.16
Divida Pública		39.10	49.40	79.0	97.7

Fonte: MEF e BM

Context (3)

GDP growth (%) / Investment Expenditure (%GDP)



**“Increment the %
of budget
allocation to
public
investments”
10,0 ---- 13,7%**

Legal Framework – Foreign Direct Investment

INVESTMENT LAW

TAX CODES / SINGULAR / CORPORATE

FISCAL BENEFITS CODE

ECONOMIC FREE ZONES INCENTIVES

PPP LAW

FOREIGN EXCHANGE LAW

OTHER

- Legal protection of investments, including industrial and intellectual property rights
- Equal treatment of foreign and domestic investment
- Just indemnity provisions in case of expropriation of goods authorized and made under the investment law
- Transfer of capital to exterior (profits, royalties, amortization of interest on loans, capital invested, etc)
- Arbitrage under the ICSID rules, International Chamber of Commerce, etc.

Legal Framework – Public Private Partnerships

Sector Supervision

Identification, conception, negotiation, and monitoring the implementation of the project

Financial Supervision

Financial and economic analyses, fiscal and budget impact, benefit sharing, risk mitigations and results monitoring

Regulatory Authority

Focalization, oversight, monitoring of results

Implementing Agency

Financing, management of the project

Legal Framework – Risk Mitigation Measures

<u>Instrument</u>	<u>Provisions</u>	<u>Legal</u>
<p><u>PROGRAM CONTRACT</u> (<i>Contrato Programa</i>)</p>	<ul style="list-style-type: none"> ➤ Economic and financial viability of PPP Projects (subventions, financing guaranties) ➤ Criteria for budget subventions ➤ Performance Indicators ➤ M&E Framework 	<ul style="list-style-type: none"> <input type="checkbox"/> Law 3/2018 – Public Enterprises Law <input type="checkbox"/> Law 15/2011 – PPP Law <input type="checkbox"/> Decree 16/2012 – PPP Law
<p><u>ON LENDING AGREEMENTS</u> (<i>Retrocessão de Empréstimos</i>)</p>	<ul style="list-style-type: none"> ➤ On lending to public entities 	<ul style="list-style-type: none"> <input type="checkbox"/> Law 14/2020, SISTAFE Law
<p><u>ACCOUNTABILITY</u> (<i>Prestação de Contas</i>)</p>	<ul style="list-style-type: none"> ➤ Annual work plan and budget ➤ Financial and audited reports ➤ Authorization on loans ... + 3 years 	<ul style="list-style-type: none"> <input type="checkbox"/> Law 15/2011 – PPP Law <input type="checkbox"/> Decree 48/2012 - FIPAG

Concluding remarks...

- ❑ SDG / PQG 2020-24 Targets
- ❑ Macroeconomic challenges
- ❑ Legal Framework





Financiers'
Conference
SEPTEMBER 15, 2021

MUITO OBRIGADO

ORGANIZAÇÃO / ORGANIZER



PARCEIRO / PARTNER



THE WORLD BANK
IBRD · IDA | WORLD BANK GROUP



Kingdom of the Netherlands

CO-ORGANIZAÇÃO / CO-ORGANIZERS

