

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	Strengthening the Government's judicial representation in tax matters
▪ TC Number:	BR-T1650
▪ Team Leader/Members:	MARIA CRISTINA MAC DOWELL (IFD/FMM) Team Leader; GONCALVES, CARLOS EDUARDO (IFD/FMM) Alternate Team Leader; MARTINEZ FRITSCHER, ANDRE CARLOS (IFD/FMM); MOTTA CAFE, RENATA (IFD/FMM); AVILA, KRYSIA A (LEG/SGO); BLANCO URBINA LUZ INMACULADA (IFD/FMM); BUILES GIRALDO LIZA FRANCINA (IFD/FMM); TAVARES SOUSA, MARIA ELISA (CSC/CBR); ROMAN SANCHEZ, SUSANA (IFD/FMM); REIS FELIX ROBERTA (IFD/FMM)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	13 Feb 2025
▪ Beneficiary:	Brazilian Federal Government
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$350,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/FMM - Fiscal Management Division
▪ Unit of Disbursement Responsibility:	CSC/CBR - Country Office Brazil
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Institutional capacity and rule of law

### II. Objective and Justification

- 2.1 Support the Brazilian government, particularly the Attorney General's Office of the National Treasury (PGFN), in enhancing its capacity to manage and collect public debt efficiently. This TC aims to improve fiscal policies and strengthen the legal and institutional framework for debt management, contributing to a more efficient and resilient national fiscal system.
- 2.2 The PGFN plays a central role in managing and collecting Brazil's national debt and representing the federal government in fiscal matters. It manages a debt portfolio exceeding R\$2.8 trillion, which affects more than five million debtors. Additionally, it represents the Union in thousands of judicial processes, including over 132,000 new filed in 2023. Given the unique moment Brazil is currently experiencing, with profound legislative and institutional reforms aimed at improving fiscal and tax policies, the PGFN seeks to explore further cooperation and deepen studies on these topics. This Technical Cooperation (TC), requested by PGFN, presents an opportunity for the Bank to continue its partnership with the Brazilian federal government and contribute to improving the country's fiscal conditions by identifying opportunities for in-depth studies on topics related to the management and collection of active debt, as well as the judicial representation of the Union in fiscal cases. On one hand, the Bank can

help enhance the efficiency of national governance, management, and collection of active debt by supporting the implementation of appropriate methods for resolving fiscal disputes and developing national strategies to address the high level of tax litigation against the public sector. Similarly, it can support the integration of public advocacy bodies across different levels of government and assist in modernization projects, such as the application of artificial intelligence and a jurimetrical approach. These interventions would improve technical efficiency and contribute to greater transparency and public trust in government institutions.

### **III. Description of Activities and Outputs**

- 3.1 Component I: Strengthening Public Debt Management and Collection in Brazil .** Enhance the capacity of the PGFN and includes: strengthening national governance of public debt, implementing effective fiscal conflict resolution strategies, addressing the high level of tax litigation, fostering collaboration with public advocacy agencies, incorporating artificial intelligence into debt management processes, applying jurimetrics and analyzing judicial precedents, and enhancing judicial and extrajudicial representation of public entities.

### **IV. Budget**

**Indicative Budget**

<b>Activity/Component</b>	<b>IDB/Fund Funding</b>	<b>Counterpart Funding</b>	<b>Total Funding</b>
Strengthening Public Debt Management and Collection in Brazil	US\$350,000.00	US\$0.00	US\$350,000.00
<b>Total</b>	<b>US\$350,000.00</b>	<b>US\$0.00</b>	<b>US\$350,000.00</b>

### **V. Executing Agency and Execution Structure**

- 5.1** At the request of the government, the execution of the TC will be carried out by the Bank, under the coordination of the Principal Specialist of the Fiscal Management Division (IFD/FMM), located in the Country Office of Brazil.
- 5.2** The execution by the Bank is justified for the following reasons: impartiality and the Bank's highly specialized technical, methodological and conceptual knowledge to address the topics of the required studies; its knowledge on international best practices in the matters addressed by the TC, to the extent that the Bank has the technical expertise, networks of experts and knowledge of international experiences that justify such a request; and the Bank's expedite process for contracting consulting services.

### **VI. Project Risks and Issues**

- 6.1** Potential risks include shifts in government priorities regarding fiscal policy and public debt management, which could impact the project's implementation. Additionally, the complexity of integrating artificial intelligence and jurimetrics into PGFN's processes may pose technical and operational difficulties. To mitigate these risks, the project will maintain close engagement with PGFN officials and leverage existing public databases and technical expertise to support implementation. The Bank's coordination will ensure that activities remain aligned with the project's objectives, minimizing potential delays and obstacles.

### **VII. Environmental and Social Aspects**

- 7.1** This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).