Pact for Sport - Mobilizing sponsors and athletes in Brazil
Financing of Sports in Brazil

- Public financing through compacts between the Ministry of Sport and Sport Entities
Financing of Sports in Brazil


Allows companies and individuals to invest part of the due income tax on sports projects approved by the Ministry of Sports. Companies can invest up to 1% of this amount and individuals, up to 6% of the tax due.

It has the limit of R $ 400 million. In 2014 reached 280 million with private initiative. In 2015, on the eve of the Olympics, values fell. The recession has affected the country's economy and companies reduced their investments with the tax advantages.
Financing of Sports in Brazil

Agnelo / Piva Law (2001)

Establishes that 2% of the gross collection of all federal lotteries in the country will be transferred to the Brazilian Olympic Committee, Brazilian Paralympic Committee and the Brazilian Club Committee.

The definition of the criteria for the distribution of resources of the law is left to the Brazilian Olympic Committee, Brazilian Paralympic Committee and the Brazilian Club Committee.

This created generated an increase in the power of the committees with the confederations. And a consequent power imbalance.

Before 2001:

- Less than 50% of the Confederations had private sponsorship, only the best known and most successful sports;
Financing of Sports in Brazil

• Private financing through sponsorship contracts (estimate using available data)
How to change the rules to improve Governance?

Change the money flow
Article 18-A of Pelé Law - 2013 (the main Federal Sports Law in Brazil)

Establishes new rules for receiving direct and indirect public financing, including the Sports Incentive Law:

I - President or chief executive officer shall have a term of office up to four (4) years and just one reelection;

III - Fully allocate financial resources to the maintenance and development of its social (sport) objectives;

IV - Transparency in management, including economic and financial data, contracts, sponsors, image rights, intellectual property and any other aspects of management and contracts;

V - guarantee the representation of athletes in the management boards and technical councils in charge of the approval of regulations of the competitions;

VI - ensure the existence and autonomy of its fiscal council;
Article 18-A of Pelé Law - 2013 (the main Federal Sports Law in Brazil)

VII - establish in their statutes:

a) defining principles of democratic management;
b) instruments of social control;
c) transparency in the management of resources;
d) internal auditing;
e) periodical renewal in management positions;
f) approval of annual accounts by board of directors, preceded by evaluation of the fiscal council; and
g) participation of athletes in the boards of directors and in the election to the positions of the entity; and

VIII - guarantee to all associates and affiliates unrestricted access to documents and information related to the rendering of accounts, as well as to those related to the management of the respective entity of administration of the sport, which must be published in its entirety on its website.
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Including the Private Sector
The Pact for Sport – Launched in 2015, initiative from Atletas pelo Brasil [Athletes for Brazil], Ethos Institute and the empresarial group Lide Esporte, supported by Mattos Filho Law firm, one of the major lawfirms in Brazil.

Is an Sectoral Pact between sponsoring companies in Brazil that aims to contribute to the exercise of professional, efficient and transparent management in a wholesome environment, between companies and sporting organizations.
Rating of Sports Entities - Development

Term of Partnership signed between Pact for Sport, Athletes for Brazil, Ethos Institute, Brazilian Olympic Committee - COB, Brazilian Paralympic Committee - CPB and CBC - Brazilian Club Committee; 3 independent members.
Rating of Sports Entities (provisional name)

GOVERNANCE
50%
14 INDICATORS

INTERNAL CONTROLS, RISKS AND COMPLIANCE
25%
11 Indicators

TRANSPARENCY AND COMMUNICATION
25%
5 Indicators

Total of 438 items
Divided in 5 levels

Level 1 - Smaller Entities
64 items

Level 2 - Small Entities
94 items

Nível 3 - Entidades porte médio
127 itens

Level 4 - Large Entities
79 items

Level 5 - Large Entities
51 items

Bonus level - Aspirational
23 items
Rating Application Flow

- subscription
- Self-evaluation
- External verification
- Analysis
- Appeal
- Divulgation

Results (in development)

Disclosure:

- List of applicants
- Cut
  - Average grade
  - Highest note

Application manual (Under development by EY)

- Glossary
- Legislation
- Statutory and Support Documents Templates
Thank you

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