



VEIRANO
ADVOGADOS

INVESTMENT OPPORTUNITIES IN INFRASTRUCTURE IN BRAZIL: OVERVIEW AND SELECTED HIGHLIGHTS

*Brazil: The Political and Economic Landscape
for Investment and Partnerships Post COVID*

Webinar - 23 / 24 November 2020





SPEAKERS



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INVESTMENT PARTNERSHIPS PROGRAM



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Brazil's Investment Partnerships Program

The 10 guidelines

- 1 Concessions will be conducted under maximum technical rigor
- 2 Focus will be on improving services to the people and the productive sector
- 3 All contracts will have clear indicators so as to improve legal certainty
- 4 Actual meaning of State bodies will be restored to the regulatory agencies
- 5 Auction notices will only be released after public debate and endorsement by the Federal Court of Auditors (TCU)
- 6 All auction notices will be published in Portuguese and English
- 7 Minimum term between the auction notice and the bid will be of 100 days
- 8 Concessions will only be granted to projects with environmental feasibility
- 9 The long-term financing model will change
- 10 Existing concessions will remain committed to ensuring balanced projects





Brazil's Investment Partnerships Program

Projects portfolio per sector






BRAZILIAN DEVELOPMENT BANK




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Projects and highlights

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Investment opportunities
in projects prepared by
BNDES and useful
information on featured
sectors of the Brazilian
economy






Our projects



Sector profile



Projects and highlights







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Projects portfolio

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Our projects

Select the projects of your interest and click on them to get more detail and access differentiated information.

All sectors

All categories

All locations


All milestones

PROJECT	SECTOR	CATEGORY	LOCATION	MILESTONE
Acre - Sanitation	Sanitation	Concession or PPP	Acre	Technical studies
Alagoas Sanitation - Block A	Sanitation	Concession	Alagoas	Contract
Amapá - Sanitation	Sanitation	Concession	Amapá	Public consultation
Rio de Janeiro Public Transportation Ticket System	Urban mobility	Concession or PPP	Rio de Janeiro	Technical studies
CEA	Electric power	Privatization	Amapá	Technical studies
CEAGESP	Supply	Privatization	São Paulo	Technical studies
CEASAMINAS	Supply	Privatization	Minas Gerais	Technical studies
CEB-D	Electric power	Privatization	Federal District	Auction
CEEE-D	Electric power	Privatization	Rio Grande do Sul	Notice
CEEE-GT	Electric power	Privatization	Rio Grande do Sul	Technical studies
CODESA	Ports	Concession or PPP	Espírito Santo	Technical studies
Ceará - Sanitation	Sanitation	PPP	Ceará	Technical studies
Curitiba - Street Lighting	Street lighting	PPP	Paraná	Technical studies
Dataprev	Technology	Privatization	National territory	Technical studies
EMGEA	Real estate assets	Privatization	National territory	Technical studies
Espírito Santo - Sanitation Cariacica	Sanitation	PPP	Espírito Santo	Contract
Guarulhos - Hospital	Health	PPP	São Paulo	Technical studies
MGC&C	Natural gas	Privatization	Mato Grosso do Sul	Technical studies



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Project highlight (example)

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Our projects > Iguaçu National Park

Concession of visitation, conservation, protection and management services at Iguaçu National Park.

MILESTONE

- 2Q 2021 ☒ Technical studies
- 2Q 2021 ☐ Public consultation
- 3Q 2021 ☐ Approval of control bodies
- 4Q 2021 ☐ Notice
- 1Q 2022 ☐ Auction
- 2Q 2022 ☐ Contract

General information Description Documents Media

Sector: Parks

Type of investment: Brownfield

Sponsor: Ministry of the Environment

Location: Paraná

Estimated investment:
The project is in the initial phase of studies so that only at the end it will be possible to obtain a better estimate of the investment value.


Grant:
The project is in phase of studies so that only at the end it will be possible to obtain a better estimate of the grant value.


Privatization format: Concession

Type of project revenues: Visitation tariff

Contract term: 30 years

Type of auction: Highest grant



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Sector profile (example)

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Sector profile > Highways

Overview

Legal and regulatory framework

Business model

Competitive framework

Funding and financing

Glossary

Specialized literature

Overview

The Brazilian highway system can be assorted according to its jurisdiction: federal, state or municipal – which differs in terms of institutional arrangements, road quality, concession models, concession programs and capacity of performing investment in their networks.

Table 1 shows the 1.5 million kilometers (km) of Brazilian highways broken down by each of those three jurisdictions. The municipal network is the largest of all (80.7%), followed by the state level network (14.4%) and the federal network (4.9%). The figures also show that the Brazilian network is predominantly unpaved (only 13.6% is paved), but federal highways are much more paved (85.9%) than state level (53.1%) and municipal (2.1%) highways. Also, we note that a very small extension of the Brazilian network is duplicated (0.7%) (throughout this section, duplication means construction of at least one additional carriageway – one more lane in each direction).

Table 1. Brazilian highways, by jurisdiction (km)

Highways	Extension (km) ¹	% of total	% of paved highways	% of duplicated highways
Federal ²	76,259	4.9%	85.9%	8.4%
State ³	225,348	14.4%	53.1%	2.1%
Municipal ³	1,261,745	80.7%	2.1%	0.0%
Total	1,563,351	100.0%	13.6%	0.7%



SECTOR HIGHLIGHT: PORTS

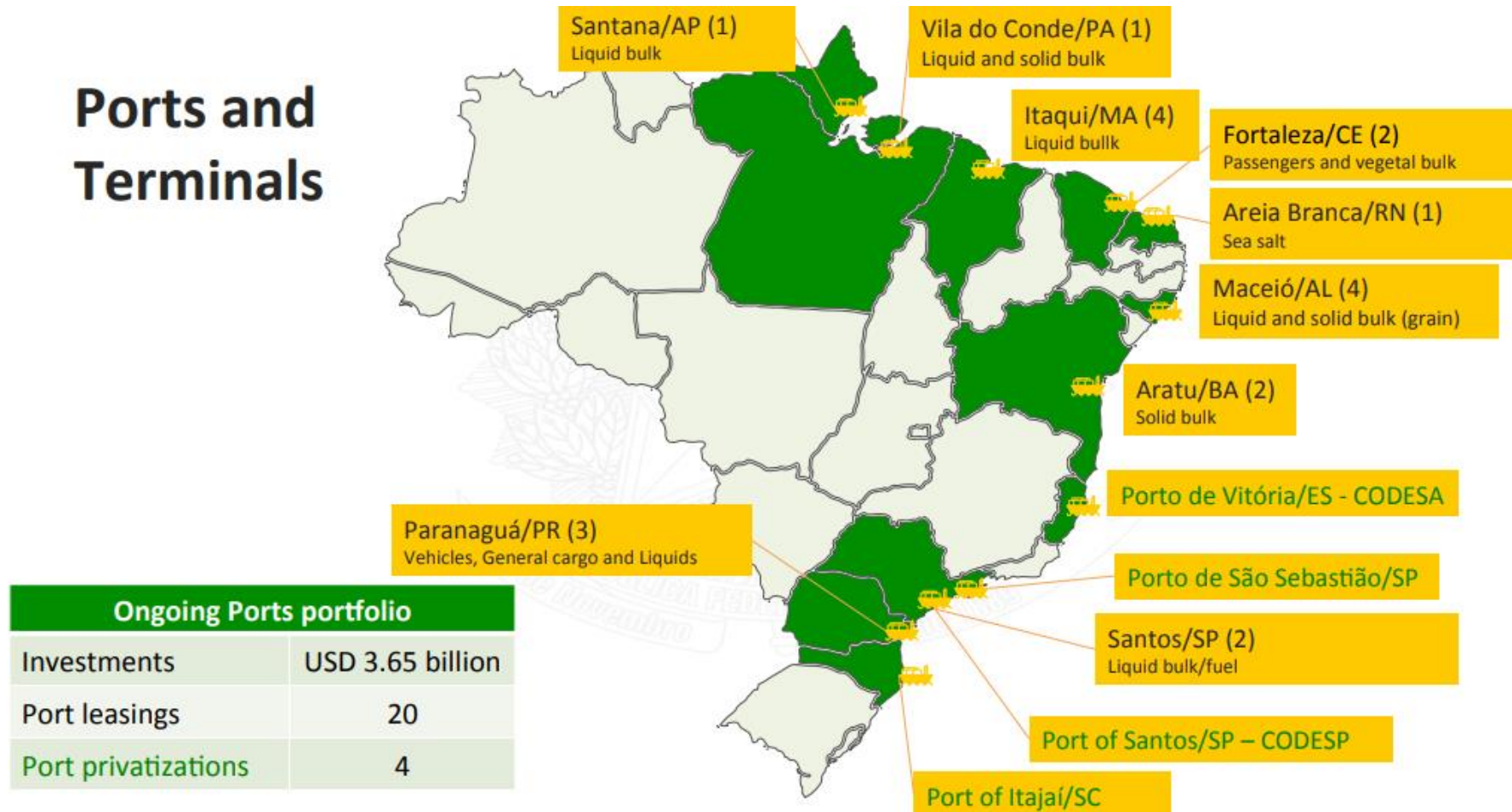




Opportunities in the port sector

Projects portfolio

Ports and Terminals





Opportunities in the port sector

Projects portfolio

Port Concessions

Port of Santos/SP (CODESP)

Status: Feasibility assessments
Status: Feasibility assessments
Bidding Notice: : 2022/Q1
Auction: 2022/Q2
Investments: under assessment



Port of Itajaí/SC

Status: Feasibility assessments
Bidding Notice: : 2022/Q2
Auction: 2022/Q4
Investments: under assessment



Port of Vitória/ES (CODESA)

Status: Feasibility assessments
Bidding Notice: 2021/Q3
Auction: 2021/Q4
Investments: USD 230 million



Port of São Sebastião/SP

Status: Feasibility assessments
Bidding Notice: : 2022/Q1
Auction: 2022/Q2
Investments: USD132 million





BNDES-structured projects in ports

Example: Privatisation of ports in the State of Espírito Santo (CODESA)

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[Our projects > CODESA](#)

Privatization of the Espírito Santos Port Authority (CODESA), comprising the port management services of Vitória, Capuaba, Praia Mole and Barra do Riacho.

MILESTONE

- 1Q 2021 ☒ Technical studies
- 2Q 2021 ☐ Public consultation
- 2Q 2021 ☐ Approval of control bodies
- 3Q 2021 ☐ Notice
- 3Q 2021 ☐ Auction
- 3Q 2021 ☐ Contract

PORTO DE VITÓRIA
CODESA - AUTORIDADE PORTUÁRIA

General information | Description | Documents | Media

Sector: Ports

Type of investment: Brownfield

Sponsor: Ministry of Infrastructure

Location: Espírito Santo

Estimated investment: R\$ 2,200 million


Grant:
Grant amount not yet disclosed.

% exports trade: 4

Privatization format: Concession or PPP


Type of project revenues: Tariff

Contract term: 35 years



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Our projects > Santos and São Sebastião Ports

Structuring and implementation of a project to open to the private participation the management and operation of the Organized Port of Santos and the Organized Port of São Sebastião, considering in its scope the possibilities of both divestment and privatization of Companhia Docas de São Paulo (CODESP).

MILESTONE

- 3Q 2021 ☒ Technical studies
- 4Q 2021 ☐ Public consultation
- 2Q 2022 ☐ Approval of control bodies
- 2Q 2022 ☐ Notice
- 3Q 2022 ☐ Auction
- 3Q 2022 ☐ Contract



General information
Description
Documents
Media

Sector: Ports

Type of investment: Brownfield

Sponsor: Ministry of Infrastructure

Location: São Paulo

Estimated investment: R\$ 9,700 million


The implementation of the Development and Zoning Plan (PDZ) of the Port of Santos from jun/2020 presents an estimated investment of R\$9.7 billion in the coming years, of which R\$2.5 billion of current contracts and R\$7.2 in new investments (8 leases and road-rail access). Regarding the Port of São Sebastião, its PDZ is from 2008, therefore old, and the Master Plan (sep/2018) describes the necessary investments, but without its budget.


Grant:

Grant amount not yet disclosed

% exports trade: 26

Privatization format: Concession or PPP




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Ports: Recent legal highlights

Federal Law No. 14,047, of 24 August 2020 (f.k.a. MP 945/2020)



- Reinforces **freedom of pricing** among the guidelines of the Brazilian port sector, provided there is no abuse of economic power or other anticompetitive behavior
- Simplifies the **mandatory content** of lease agreements for greater flexibility
- Allows **waiver of competitive bidding** for lease of port facilities in case a single interested party is identified following a public call, provided the intended use complies with the port's development and zoning plan
- Regulates the regime of '**temporary use**' as a more flexible, shorter-term alternative to a long-term lease to allow interested parties to test the feasibility of handling cargoes without a consolidated market (maximum contract term of 48 months) – no competitive bidding required
- Clarifies that contracts between private PAs (concession holders, following privatization) and third parties follow **private law regime** (i.e. flexible content)
- Introduces special measures in **response to the Coronavirus pandemic** for ensuring the continuity of port activities (considered as 'essential services') while addressing the risk of contamination of port workers and others



Ports: Recent legal highlights

Bill of Law No. 4,199/2020 (“BR do Mar”)



Problem

- Notoriously **high freight costs for domestic transportation of cargo** (61% dependent on road transportation), affecting the competitiveness of Brazilian companies and the prices of goods

Opportunity

- Coastline of **7,491 km** (6th largest in the world) concentrating 70% of Brazil's 211 million population (6th largest in the world)

Government proposal (“BR do Mar”)

- Promote the development of **coastal shipping** (*cabotagem*) and address related inefficiencies to lower freight costs
- **Expand the fleet** by introducing more flexible rules allowing the use of third-party vessels
- Stimulate the development of the **naval industry** esp. for repair/maintenance
- Promote the modernization and expansion of **port facilities**



SECTOR HIGHLIGHT: SANITATION

What does “SANITATION” encompass?

(Law No. 11.445/2007)



WATER SUPPLY



SEWAGE



URBAN RAINWATER DRAINAGE

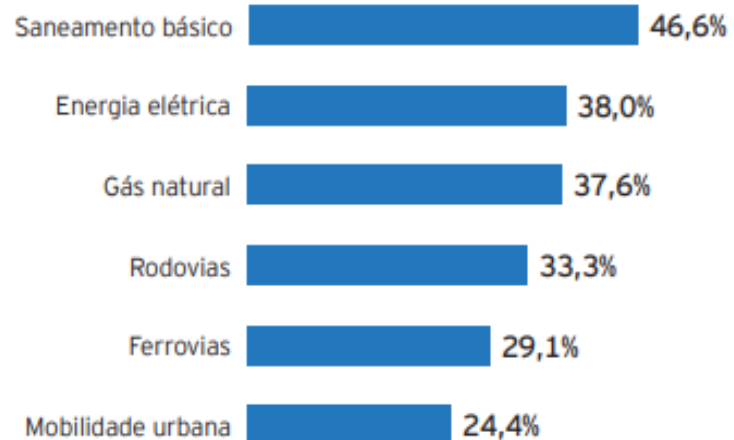


SOLID WASTE MANAGEMENT

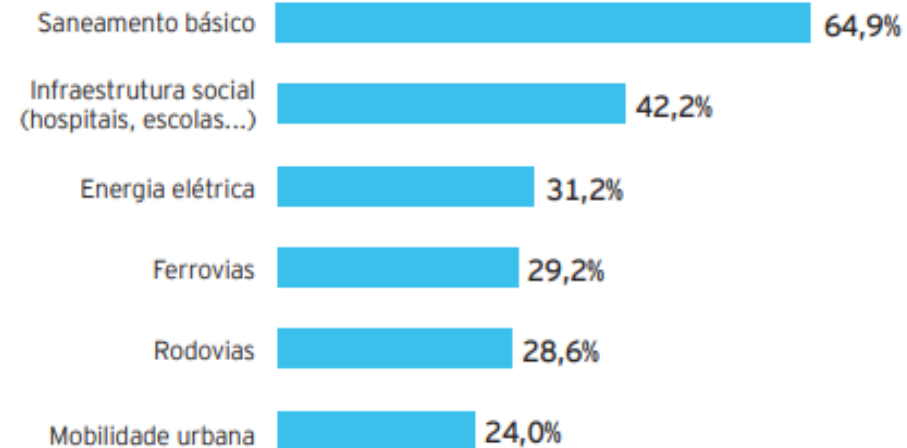
“Brazilian Infrastructure Barometer” ABDIB & EY (June 2020)

Quais os setores que terão um aumento de intenções de investimento nos próximos três anos?

Pesquisa - 2º semestre de 2019



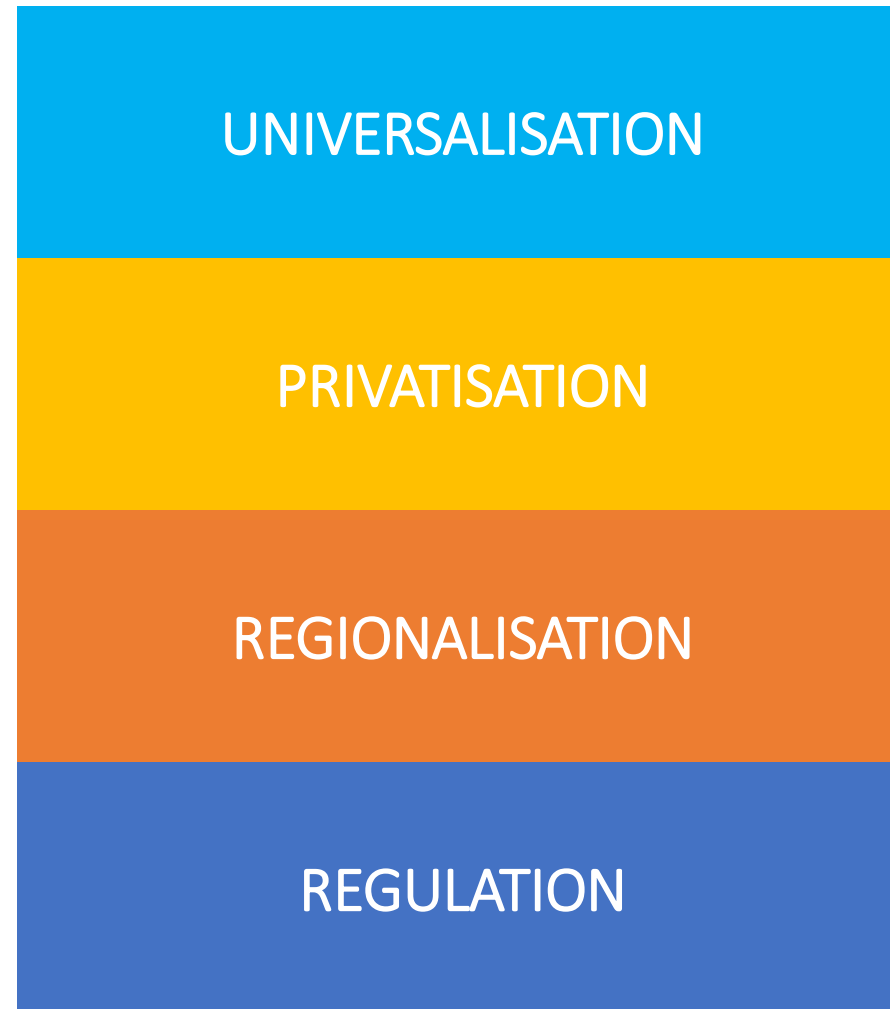
Pesquisa - 1º semestre de 2020



Law No. 14,026, of 15 July 2020



2020 Sanitation legal reform in four keywords






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BNDES-structured projects in sanitation

List of ongoing projects (8)



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Our projects

Select the projects of your interest and click on them to get more detail and access differentiated information.

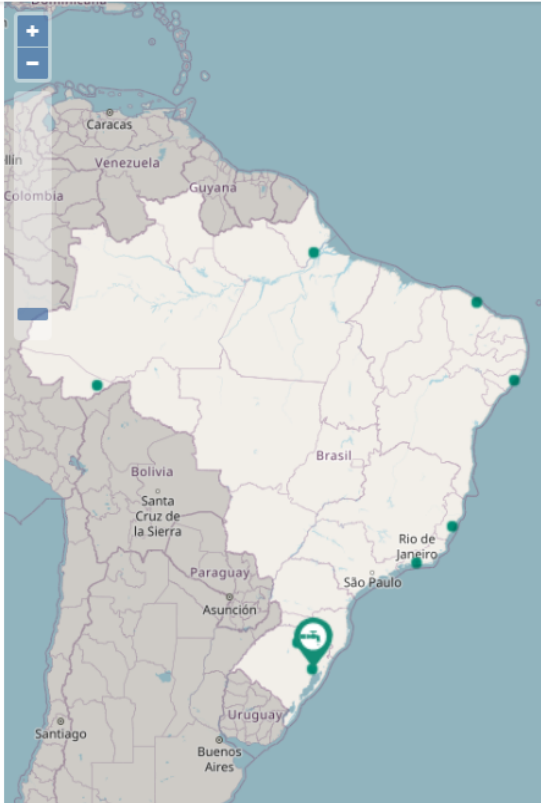
Sanitation

All categories

All locations

All milestones
(scheduled from 4Q 2020 to 1Q 20)

PROJECT	SECTOR	CATEGORY	LOCATION	MILESTONE
Acre - Sanitation	Sanitation	Concession or PPP	Acre	Technical studies
Alagoas Sanitation - Block A	Sanitation	Concession	Alagoas	Contract
Amapá - Sanitation	Sanitation	Concession	Amapá	Public consultation
Ceará - Sanitation	Sanitation	PPP	Ceará	Technical studies
Espírito Santo - Sanitation Cariacica	Sanitation	PPP	Espírito Santo	Contract
Porto Alegre - Sanitation	Sanitation	Concession	Rio Grande do Sul	Technical studies
Rio Grande do Sul - Sanitation	Sanitation	Concession or PPP	Rio Grande do Sul	Technical studies
Rio de Janeiro - Sanitation	Sanitation	Concession	Rio de Janeiro	Notice



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<https://projectshub.bndes.gov.br/en/projetos/Porto-Alegre-Saneamento-00001>





BNDES-structured projects in sanitation

Example: Water and sewage concession in the State of Rio de Janeiro (RJ)

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Our projects > Rio de Janeiro - Sanitation

Water distribution and sewage concession comprising 47 municipalities in the State of Rio de Janeiro, divided into four blocks

MILESTONE

3Q 2020	<input checked="" type="checkbox"/>	Technical studies
4Q 2020	<input checked="" type="checkbox"/>	Public consultation
4Q 2020	<input type="checkbox"/>	Approval of control bodies
4Q 2020	<input type="checkbox"/>	Notice
1Q 2021	<input type="checkbox"/>	Auction
3Q 2021	<input type="checkbox"/>	Contract

Sector: Sanitation

Type of investment: Brownfield

Sponsor: State Government of Rio de Janeiro

Location: Rio de Janeiro

Estimated investment: R\$ 31,000 million

Grant: R\$ 10,600 million

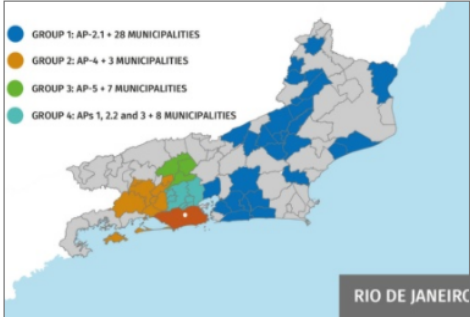
Population to be served (in 1000 people): 8,352

Total population served (in 1000 people): 13,114



Privatization format: Concession

Type of project revenues: Tariff

Contract term: 35 years



RIO DE JANEIRO



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BNDES-structured projects in sanitation

Example: Water and sewage concession in the State of Rio Grande do Sul (RS)

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[Our projects](#) > Rio Grande do Sul - Sanitation

Water distribution and sewage concession comprising 41 municipalities in the State of Rio Grande do Sul.

MILESTONE

- 1Q 2021 ☒ Technical studies
- 1Q 2021 ☐ Public consultation
- 2Q 2021 ☐ Approval of control bodies
- 2Q 2021 ☐ Notice
- 3Q 2021 ☐ Auction
- 4Q 2021 ☐ Contract

General information | Description | Documents | Media

Sector: Sanitation

Type of investment: Brownfield

Sponsor: State Government of Rio Grande do Sul

Location: Rio Grande do Sul

Estimated investment:
The project is in the initial phase of studies so that only at the end it will be possible to obtain a better estimate of the investment value.

Grant:
The project is in phase of studies so that only at the end it will be possible to obtain a better estimate of the grant value.

Population to be served (in 1000 people): 1,890

Total population served (in 1000 people): 2,416

Privatization format: Concession or PPP

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