

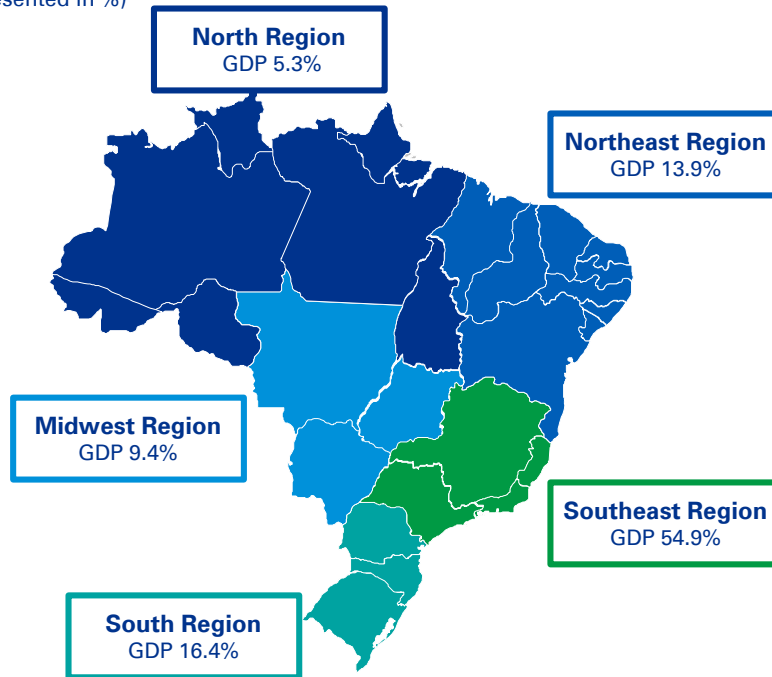
# SESSION 4 – INFRASTRUCTURE

Mauricio Endo

# Country Overview

## Regionalization of the Brazilian GDP

(Presented in %)



**Government**  
Presidential Republic



**Area**  
8,515,767 km<sup>2</sup>



**Coastline**  
7,367 km



**Population<sup>(1)</sup>**  
208 million



**GDP 2017**  
USD 1.969 trillion



**GDP per capita**  
USD 9,490



**Risk Brazil (S&P)**  
BB

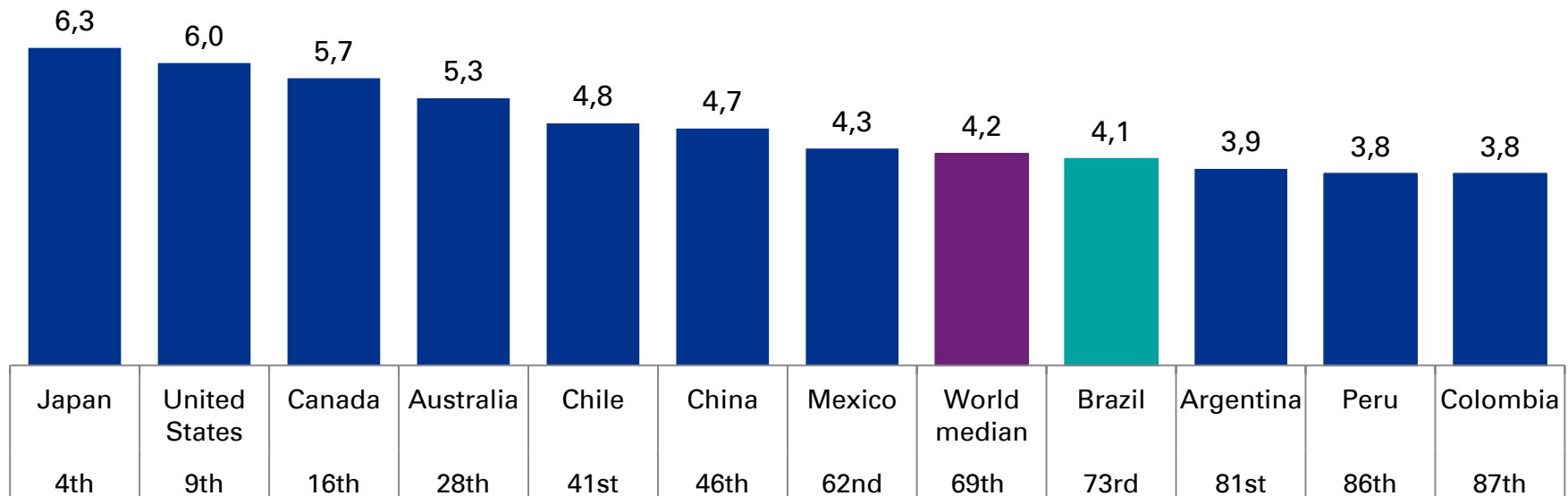
<sup>(1)</sup> Oxford Economics estimative for 2017;

Source: Oxford Economics Database, Reuters and CIA Factbook

# Quality of Infrastructure in Brazil (1)

According to the Global Competitiveness Index (GCI) Infrastructure quality ranking of WEF in 2017 - 2018, Brazil ranks 73th out of 137 countries. The ranking evaluates:

- The extent and efficiency of the transportation infrastructure capable of providing easy and safe movement of goods, services and people in airports, highways, railways and ports.
- The power supply quality, free of interruptions and faults.
- A solid and extensive telecommunication network that allows a fast and free flow of information.

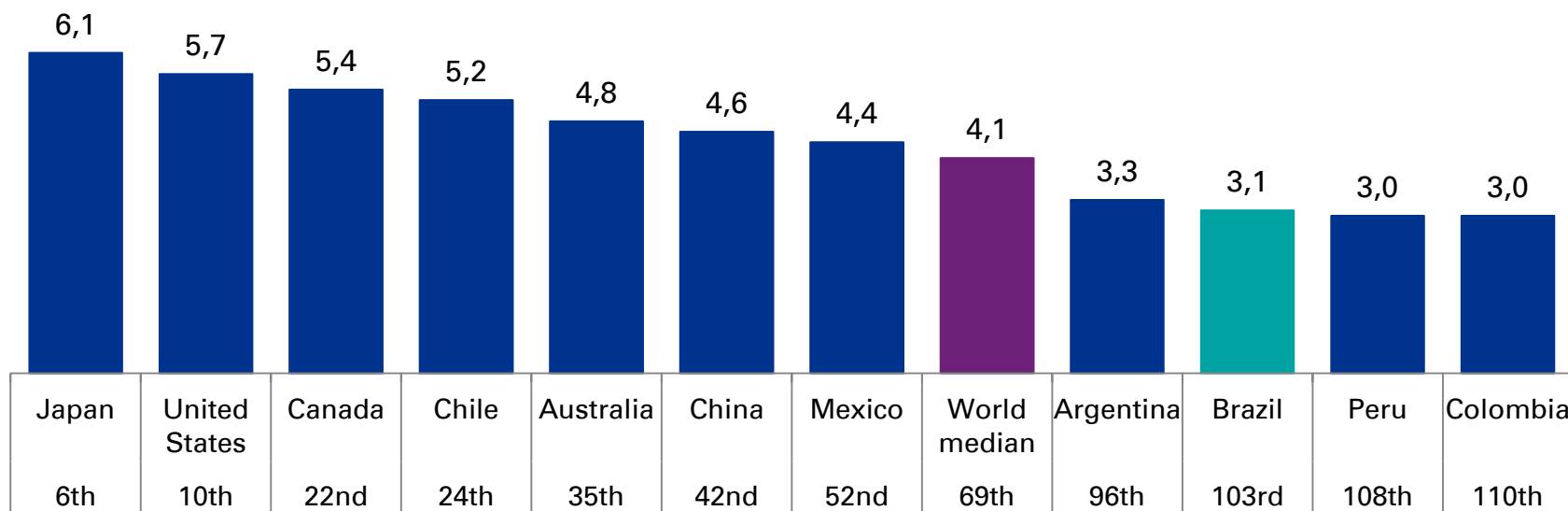


Source: WEF.

# Quality of Infrastructure in Brazil (2)



## Highways - 103<sup>rd</sup> place in 137 countries

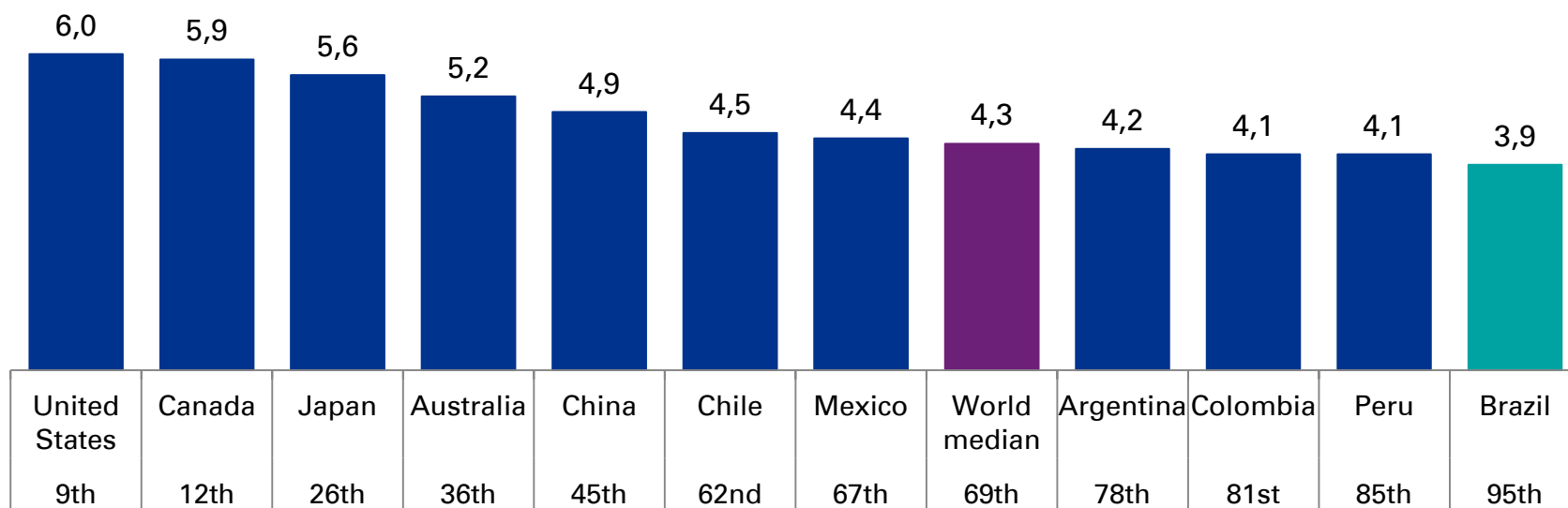


Source: WEF.

# Quality of Infrastructure in Brazil (3)



**Airports - 95<sup>th</sup> position in 137 countries**

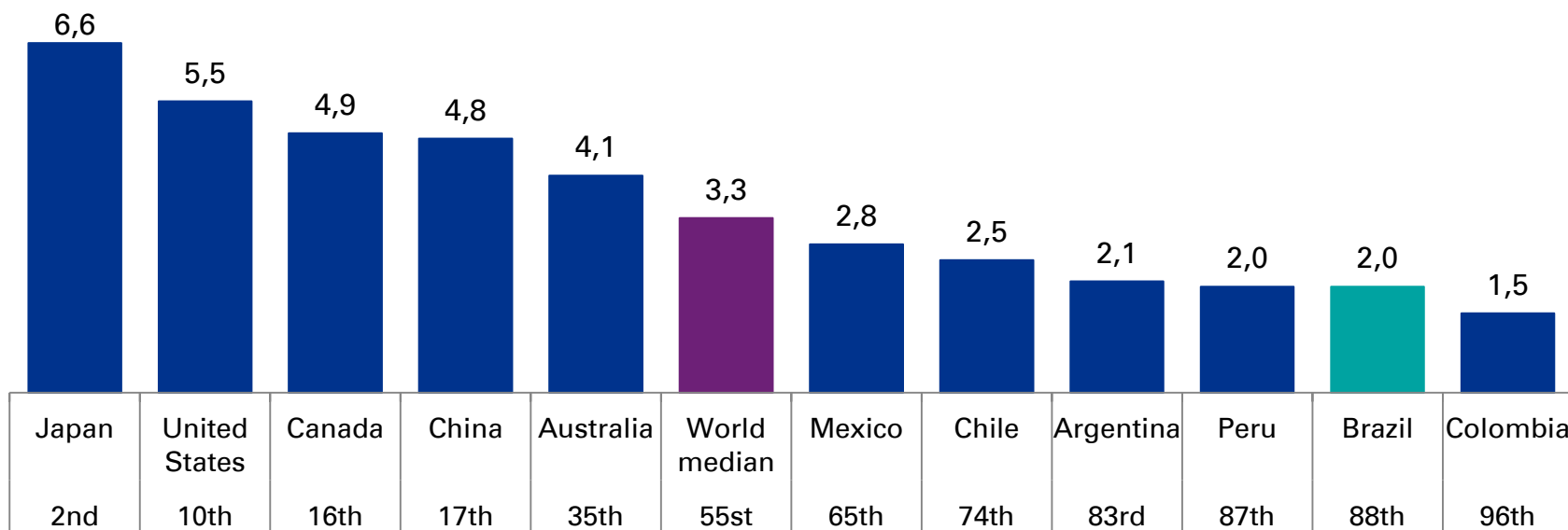


Source: WEF.

# Quality of Infrastructure in Brazil (4)



## Railways - 88<sup>th</sup> place in 101 countries

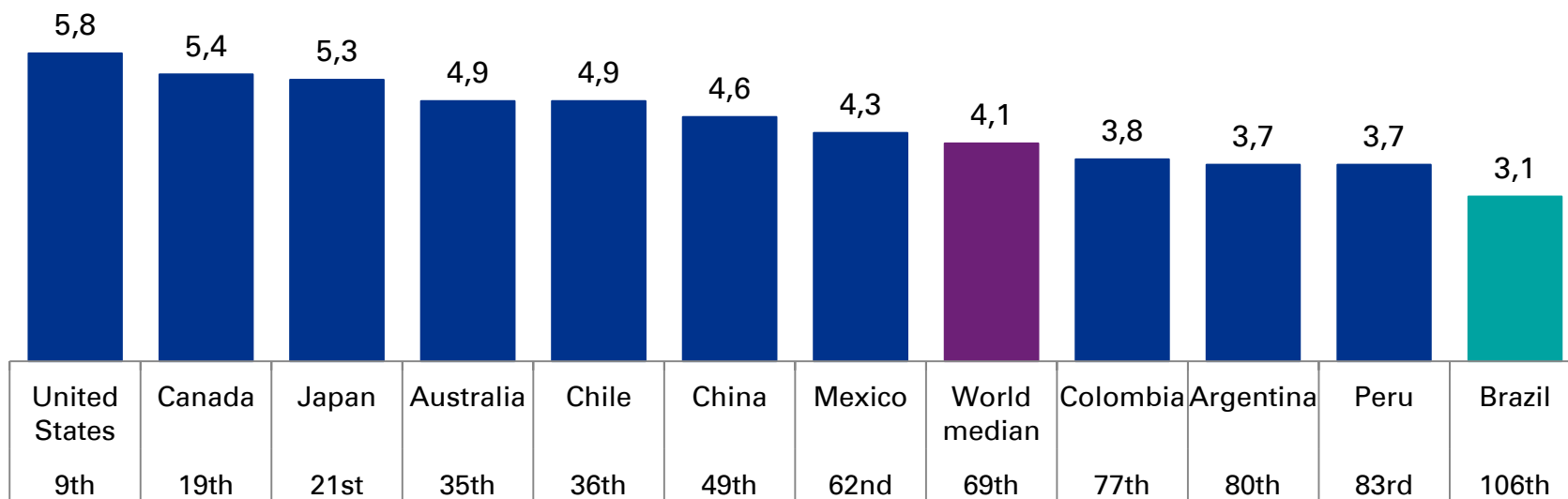


Source: WEF.

# Quality of Infrastructure in Brazil (5)



## Ports - 106<sup>th</sup> position in 137 countries

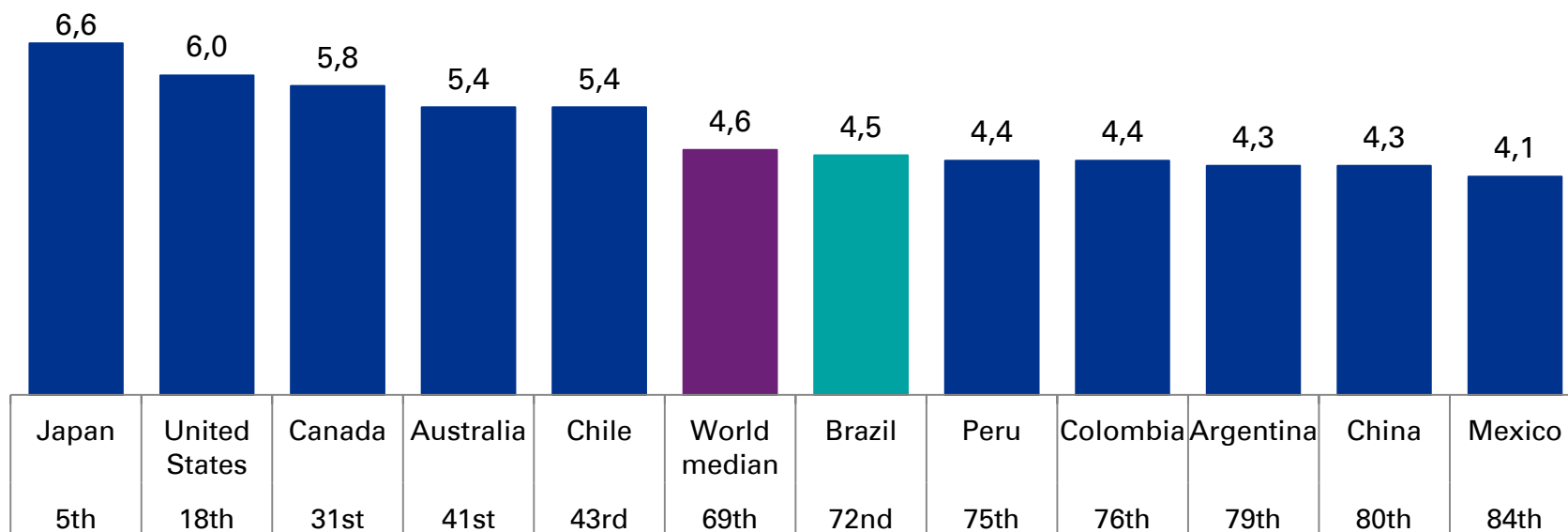


Source: WEF.

# Quality of Infrastructure in Brazil (6)



## Electricity and telephony infrastructure – 72<sup>nd</sup> position in 137 countries



Source: WEF.



# Contract Legal Framework



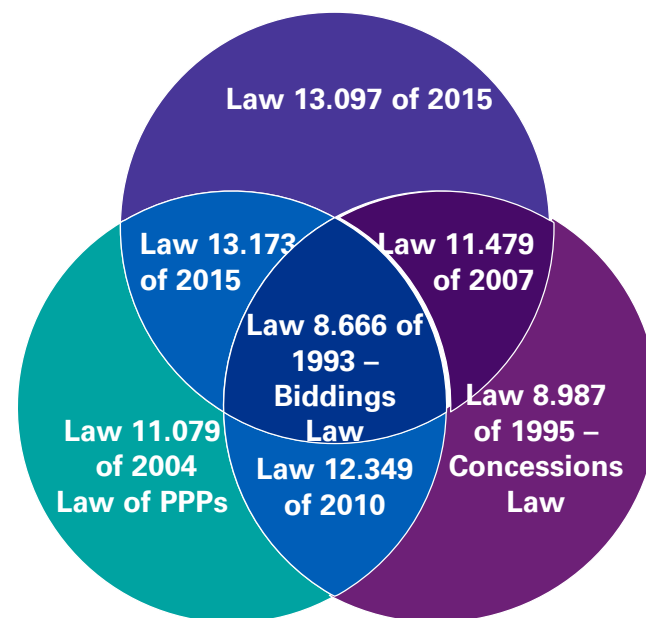
- Law No. 8,666/93 (**Bidding Law**): Regulates art. 37, item XXI, of the Brazilian Federal Constitution; establishes rules for bids and contracts of the Public Administration.



- Law No. 8,987/95 (**Concession Law**): Provides for the regime of Common Concession (**non-subsidized concession**) and permission of the provision of public services provided in art. 175 of the Brazilian Federal Constitution.



- Law No. 11,079/04 (**PPP Law**): Provides for the contracting of Public-Private Partnership (**subsidized concession**) within the scope of public administration.



# Regulatory Agencies

Power



Civil Aviation and Airports



Telecommunications



Waterway and Ports



Transport



Water



# Timeline of Federal Privatization and Concession in Brazil

## PRIVATIZATION:

- TELEBRAS (Telecommunication)
- ELETROBRAS (Distribution)
- EMBRAER (Aircraft)
- VALE (Mining)

## RAILWAY CONCESSION:

- RFN (Federal Railway Network)

## HIGHWAY

## CONCESSION:

- BR 116/ RS
- São Paulos's Rail Network

## HIGHWAY CONCESSION:

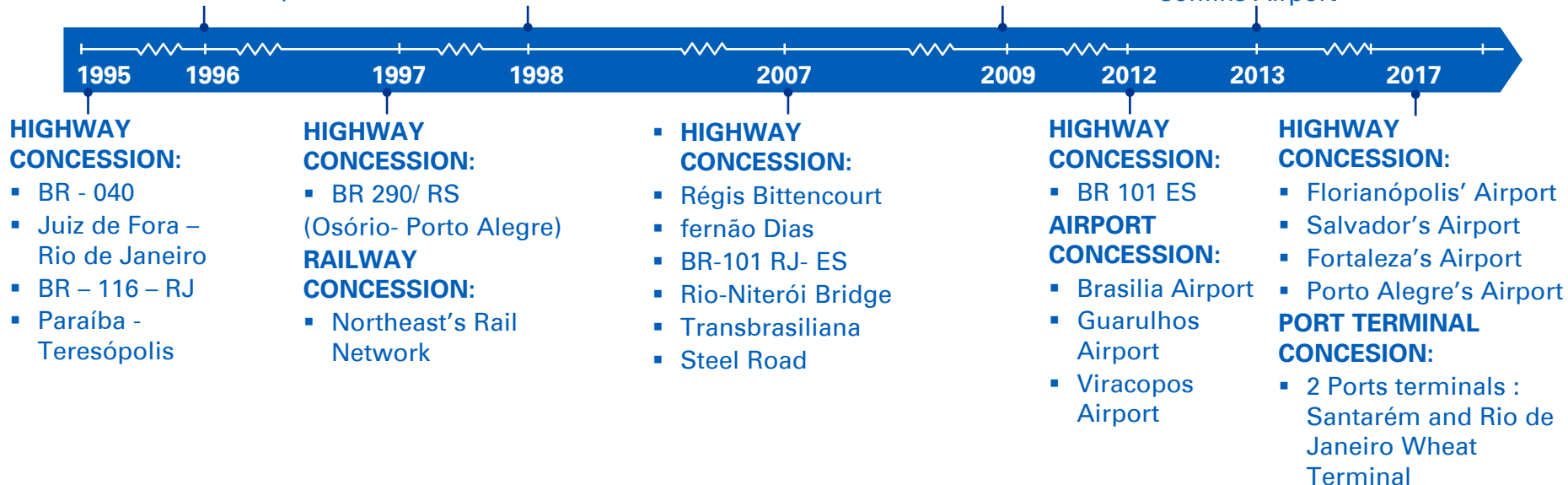
- BR-116  
Bahia

## HIGHWAY CONCESSION:

- BR-050 MG – GO

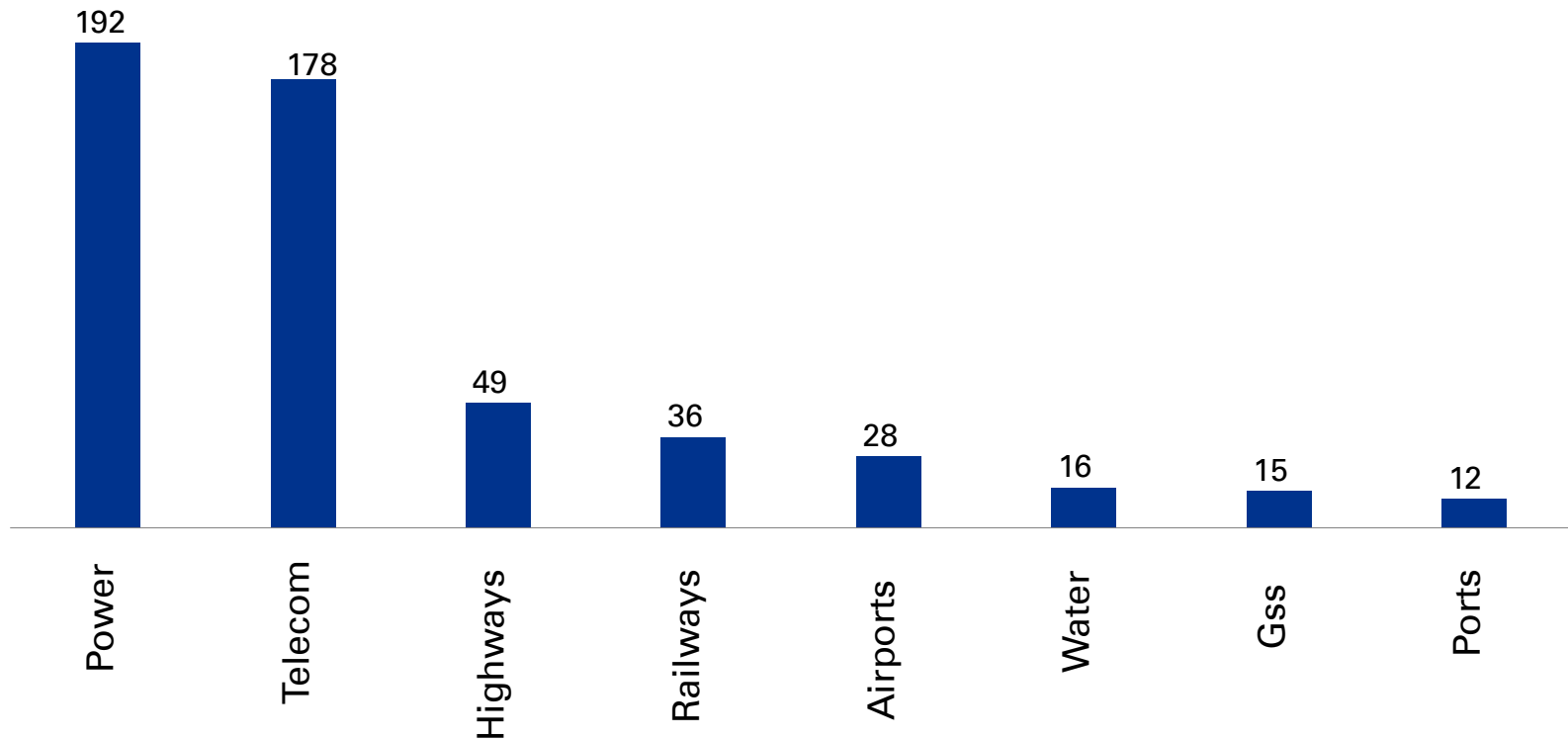
## AIRPORT CONCESSION:

- Galeão Airport
- Confins Airport



# Investments through Concessions (US\$ Billion)

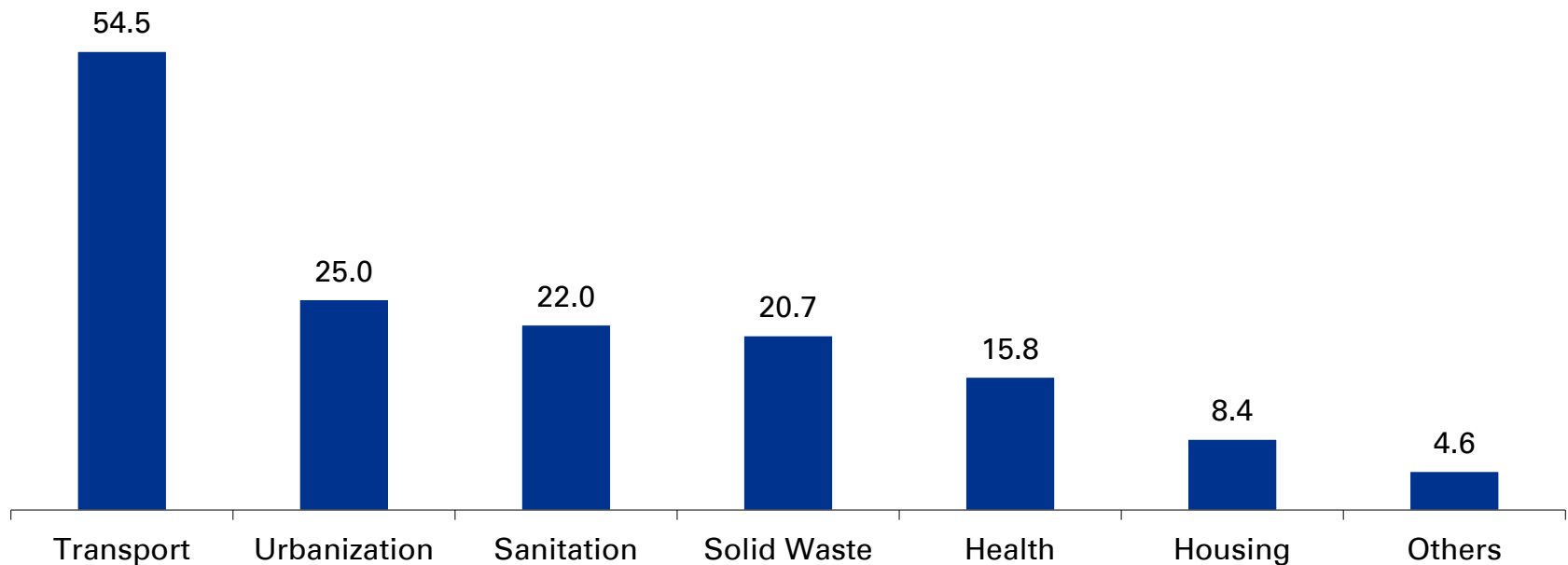
Private investments added up to more than US\$ 500 Billion from 1990 to 2016



Source: World Bank

# Investments through PPPs (BRL billion)

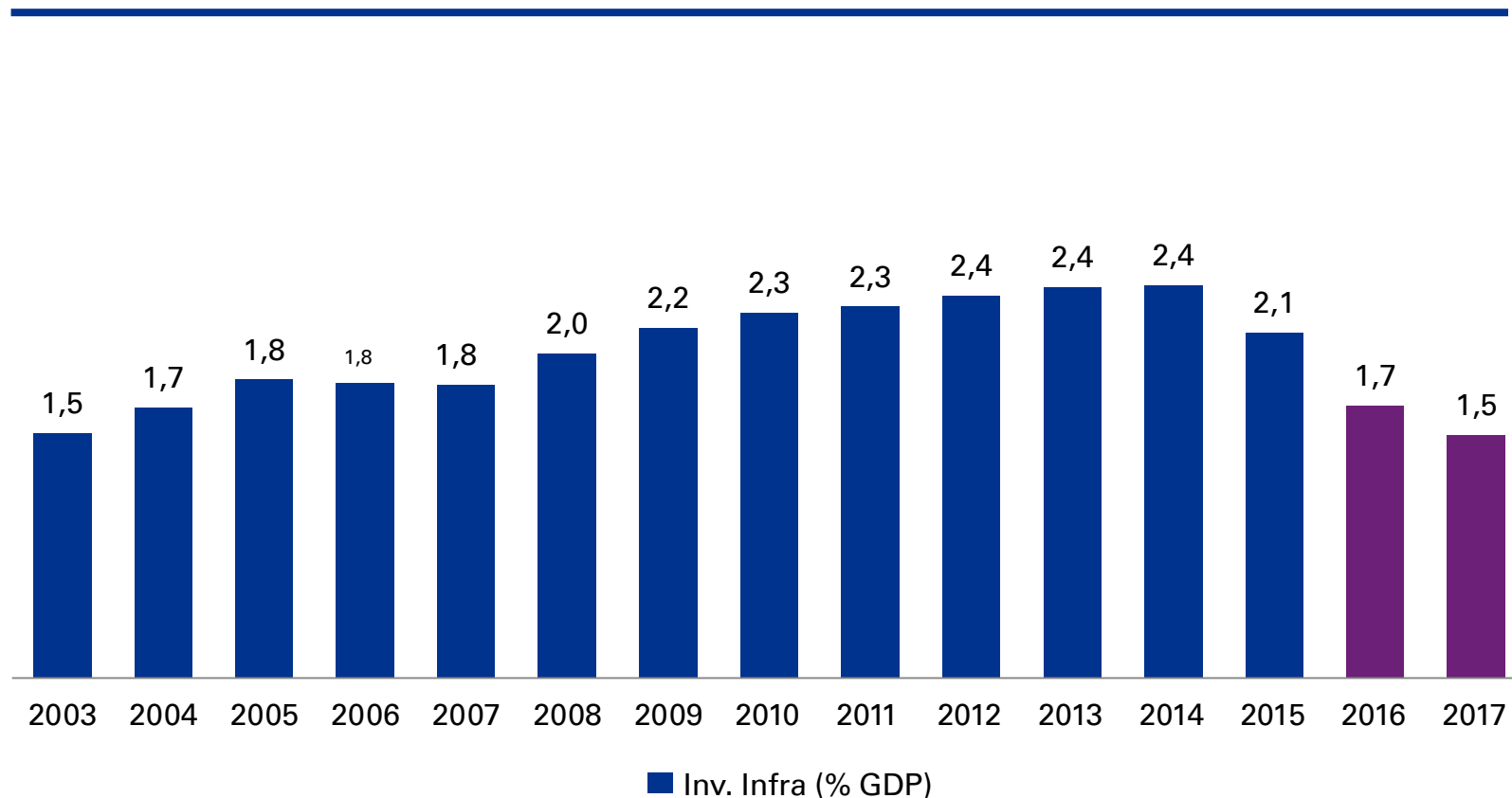
PPP contracts investments added up to more than BRL145 billion (US\$ 40 billion) since 2015



Source: Diário Oficial da União. Elaboração GO Associados.

# Investments in Infrastructure in Brazil (2003-2017)

Need for investment: 5%

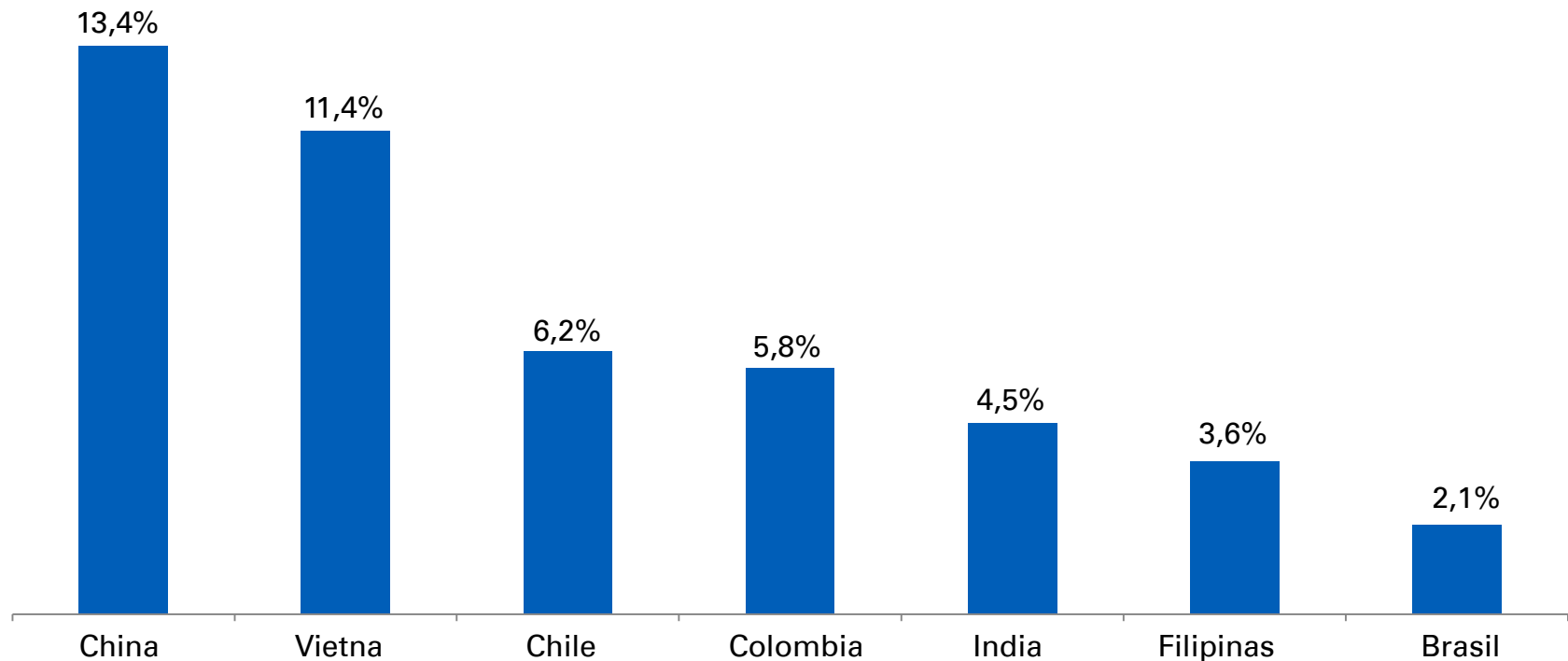


Note: Includes Energy, Transportation, Sanitation and Telecommunications. Oil and Gas not included. 2017 = Forecast

Source: ABDIB.

# Infrastructure investments in other countries

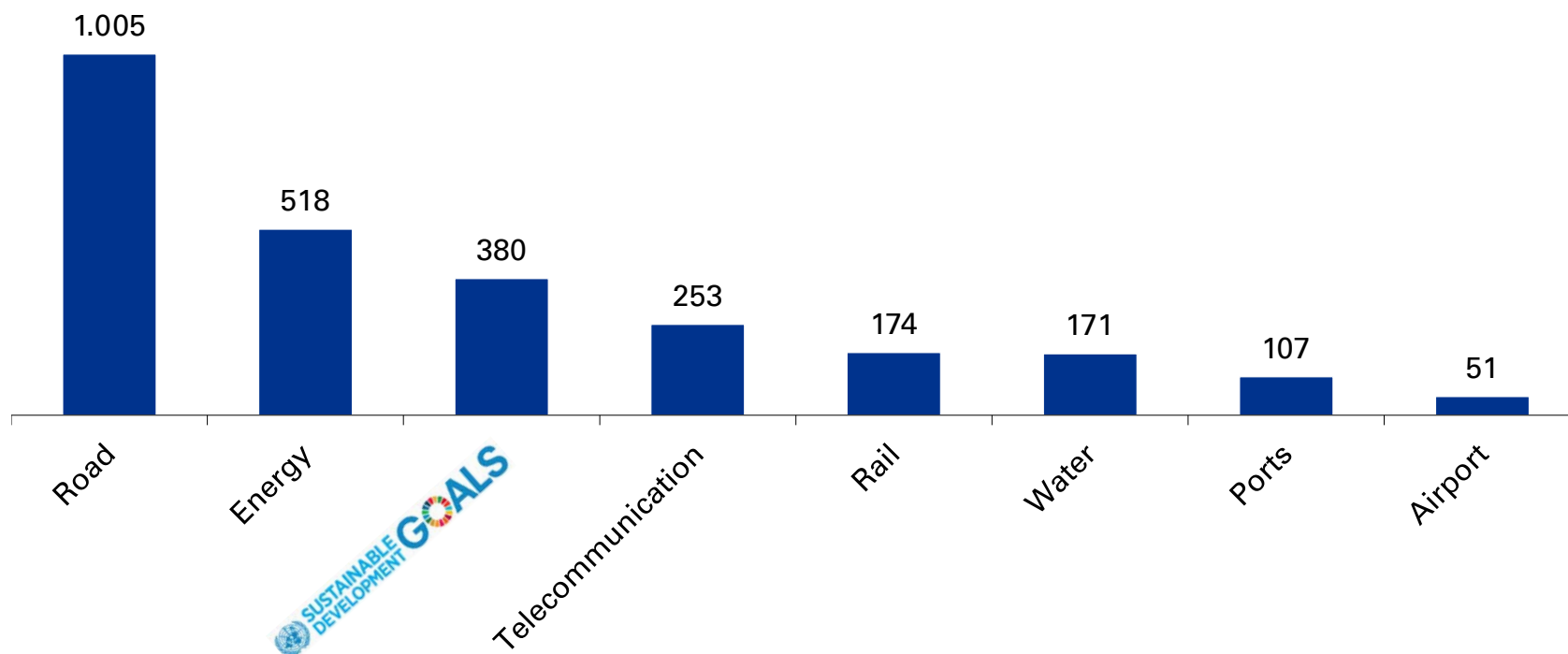
## Annual Infrastructure Investments in developing countries as % of GDP



Source: ABDIB, World Economic Forum, Credit Suisse e International Institute for Management Development.

# Total investment need forecast for Brazil 2018-2038 (US\$ billion)

Infrastructure investment needs for the next 20 years add up to more than USD 3 trillion in Brazil



Source: GIHub



# PPI – Investment Partnership Program (Law 13.334/16)

Investment Partnership Program (PPI – Programa de Parcerias de Investimento), also named as Growth Project or “Avançar Parcerias” to incentivize and increase private investment through Privatization, Concessions and PPPs

## **PPI Objective:**

- Expand opportunities for investment and employment
- Ensure the expansion and quality of public infrastructure
- Promote full and fair competition for the partnerships
- Ensure stability and legal certainty, guaranteeing minimum intervention in business and investments
- Strengthen the regulatory environment and the autonomy of regulatory agencies
- Encourage Privatization, Concessions and PPPs (Public-Private Partnerships)

## **PPI To define:**

- The long term federal policies for the investments in federal public infrastructure through partnerships and privatizations
- The federal public infrastructure projects/assets qualified for the partnerships and the strategic guidelines for structuring, tendering and contracting
- The federal policies to support partnerships in public infrastructure projects/assets in States, Federal District (Brasilia) and Municipalities.

# PPI Growth Project Progress

**18 months**  
Of program

Qualified  
**145 projects**

Completed  
**70 projects**

Investment of  
**BRL 142 billion (US\$ 40 billion)**

**Airport**



**4 International  
Airports  
Concessions**

**Port**



**7 Terminal  
Operations  
Concessions**

**Oil and Gas**



**4 Rounds of  
Auctions**

**Power**



**4 Power  
Transmission and  
Generation  
Auctions**

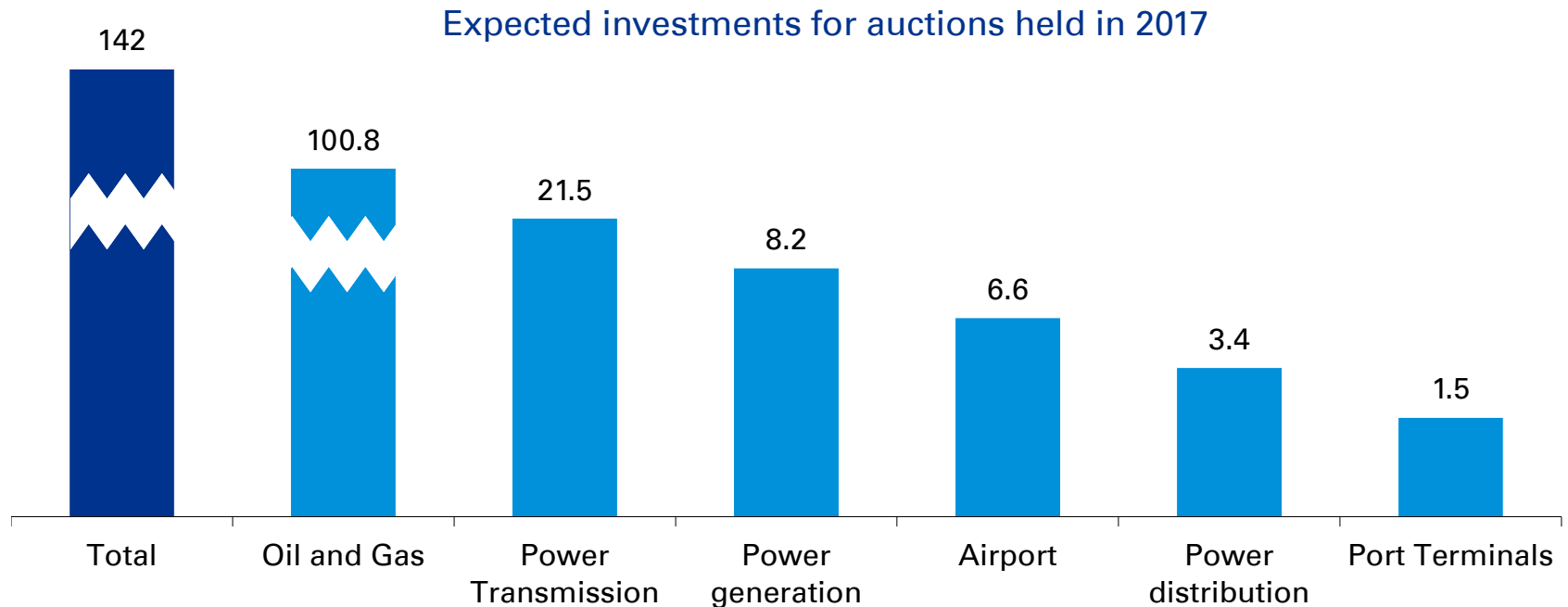
In progress  
**75 projects**

Source: Special Secretariat of the Investment Partnerships Program.











# PPI - Investments from auction of projects in 2017

As for the auctions held and contracts signed in 2017, it is worth highlighting the investment forecast about BRL 142 billion (US\$ 40 billion) over the next decades



Source: Special Secretariat of the Investment Partnerships Program.

# PPI – Pipeline of projects for 2H2018

			Timeline	
			Bid	Auction
13	Airports Concessions – AL, CE, ES, MT, PB, PE, RJ, SE.		4th quarter of 2018	4th quarter of 2018
7	Port Terminal Concessions – Cabedelo, Santos and Suape.		3rd quarter of 2018	4th quarter of 2018
3	Highway Concessions – BR 153/282/, BR 364 RO/MT, BR 264/365 GO/MG, BR 101/ 290/386/ 448 RS		4th quarter of 2018	2nd quarter of 2019
3	Railway Concessions – EF 151 SP/MG/GO/TO (North-South), EF 170 MT/PA (Ferrogrão) and EF 334 BA (Fio)		4th quarter of 2018	1st quarter of 2019
24	Power Transmission and Distribution Concessions		4th quarter of 2018	4th quarter of 2018
4	CPRM mining rights		3rd quarter of 2018	4th quarter of 2018
2	Bidding rounds of oil and gas fields exploration		3rd quarter of 2018	3rd quarter of 2019
1	PPP Communications Network Management Aeronautics Command - COMAER		3rd quarter of 2018	4th quarter of 2018

Source: Programa de Parcerias para Investimentos

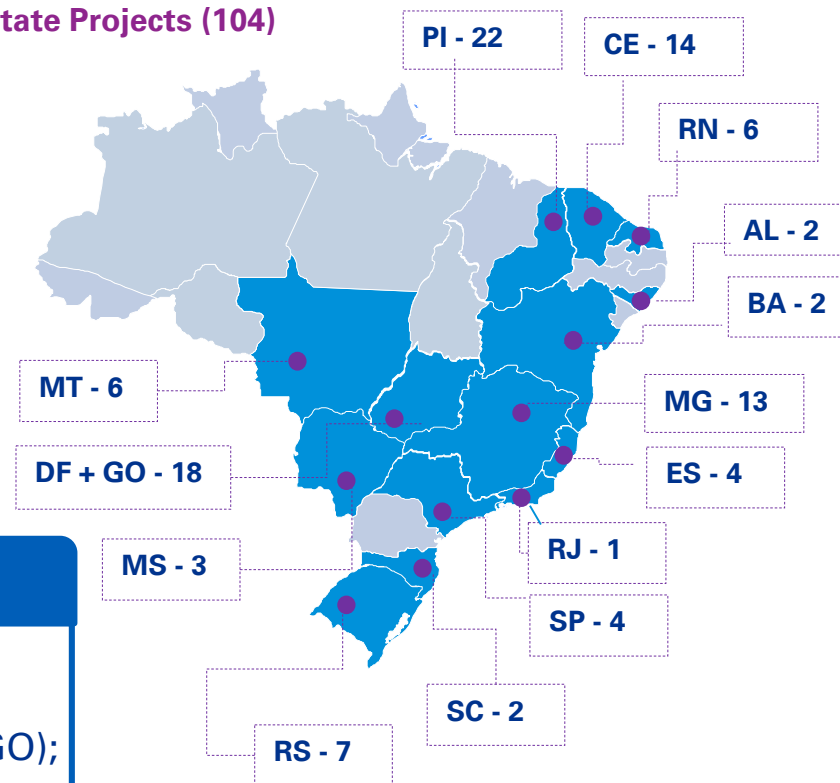
# States - Pipeline of Projects

- The fiscal crisis in Brazil brought back the subject of privatization on the political and economic agenda, and as a result states have 104 projects under study and to be tendered throughout the next years.
- The majority of these projects will be either concession or PPP, but couple state companies will be sold.
- The 5 most common sectors: Ports, Airports, Public Services, Tourism/Events, and Roads.

## Opportunities

- Jericoacoara Airport (CE);
- Aracati Airport (CE);
- Highways GO-010/020/060/070/080/139; E213 (GO);
- Highways MT-100, MT-246 and MT-320 (MT);
- Highway ERS-324, ERS287 e ERS020 (RS);
- Industrial Complex and Port of Pecém (CE);
- Port of Luis Correia (PI);
- Sapucaia do Sul Zoologic (RS);
- Ceará Convention Center (CE).

## State Projects (104)



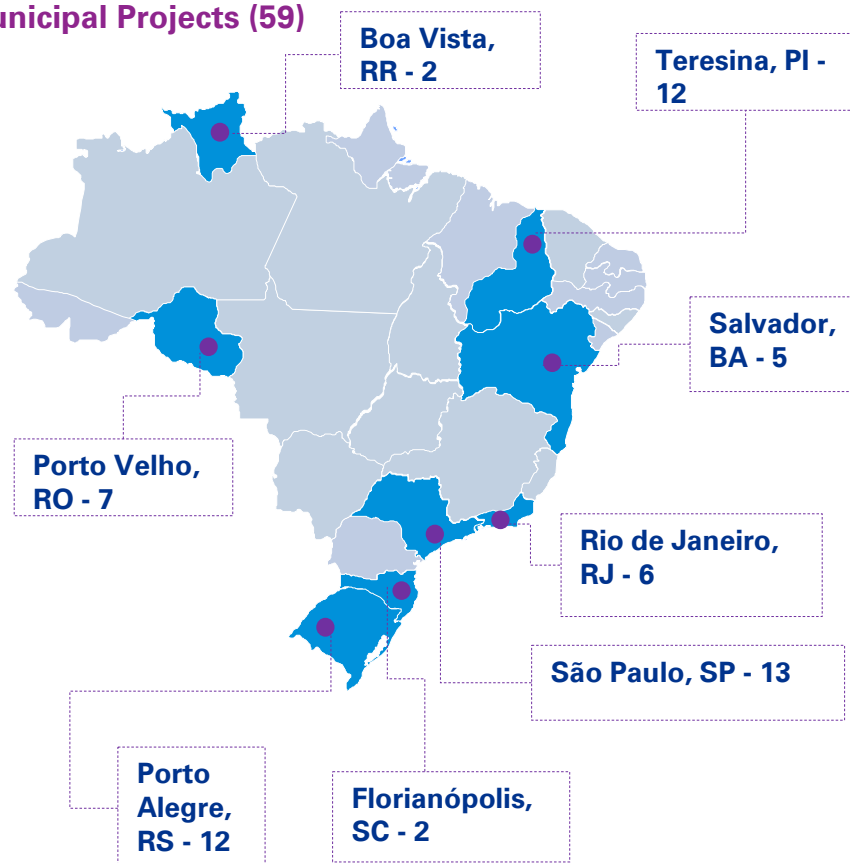
# Municipalities – Pipeline of Projects

- Municipalities, like the States, also have 59 projects under study to be tendered throughout the following years.
- The majority of these project will be PPP and a couple state companies may be Privatized.
- The 2 most common sector: Public Services and Tourism/Events.

## Opportunities

- Teresina Airport (PI);
- Salvador Convention Center (BA);
- Porto Alegre Convention Center (RS);
- Public illumination in Porto Alegre (RS);
- Public Illumination in Teresina (PI);
- Public Illumination in São Paulo (SP);
- Pacaembu Stadium (SP);
- Lindolfo Monteiro Stadium (PI);
- Waste management in Teresina (PI).

## Municipal Projects (59)



# Thank you

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