

## **Brazil promises over 70 infrastructure projects in 2018**

The Federal Government has started 2018 with an ambitious promise: to implement over 70 infrastructure projects across the country.

In 2016, the Federal Government launched the Program of Investment Partnership (the “PPI”) to foster the implementation of infrastructure and privatization projects. The PPI is conducted by a Secretariat and Council linked to the Presidency of the Republic, which are responsible for qualifying projects for the program and monitoring their progress.

145 projects were qualified for the PPI within an 18-month period. The Federal Government has already concluded the public procurement proceedings for 70 projects, resulting in an estimate amount of grating fees at US\$ 8.5 billion. The PPI Secretariat expects to see more US\$ 44 billion in private investments through the concessions, according to the PPI last activities report. The concluded projects comprise airport concessions, port terminals, oil and gas operation, as well as generation, transmission and distribution of power electricity.

In the wake of the concluded projects, the Federal Government has just announced their intention to start the public procurement proceedings for more 75 PPI projects in 2018, resulting in privatizations or concessions of assets. The Federal Government is currently studying 55 projects.

After the studies conclusion, the projects must be released under a public consultation procedure. Through the public consultation, interested parties and the society can analyze and address their suggestions to the draft bid documents, such as the draft request for proposals and draft concession contract. Once the public consultations are finished, the projects should be sent to the Federal Court of Audits, an administrative court responsible for auditing the Federal Government budget and contracts. The Court will verify the projects’ feasibility and their compliance with the law.

The projects’ request for proposals will only be published after the conclusion of their respective public consultations and the relevant reviews by the Federal Court of Audits.

The logistic and transportation sectors are heading the list, with 55 projects. In the terrestrial transportation sector, the following projects stand out: the concession of 4 highways, such as stretches of the BR-116 highway, the Brazil’s longest highway, and 3 federal railways, which

include the North-South railway, connecting 9 Brazilian states. In addition, 14 lease contracts for the operation of port areas are expected to be executed.

In the airport sector, the concession of one “crown jewel” – the *Congonhas* Airport is in the pipeline, alongside the concession of 13 airports to private operators. The *Congonhas* Airport, located in the City of São Paulo, has the Brazil’s second largest airport operation. The airport is the most important connection between the Cities of São Paulo and Rio de Janeiro. The Federal Government is also planning to reduce *Infraero*’s equity participation in the concessionaires operating the *Brasília*, *Galeão*, *Confins* and *Guarulhos* Airports. *Infraero* is a public airport operator controlled by the Federal Government.

The power sector is also in the spotlight. The *Centrais Elétricas Brasileiras* S.A. – *Eletrobras* is about to be privatized. *Eletrobras* is controlled by the Federal Government and is responsible for 38% of the generation and 56% of the transmission of power electricity in Brazil. The Federal Government intends to conclude the structure for the privatization of six of its distribution companies. The Federal Government is also planning to conclude the concession to the private sector of an instant lottery unit, as well as the privatization of *Casa da Moeda*. *Casa da Moeda* is a public company controlled by the Federal Government responsible for printing the Brazilian *reais* and passports.

The complete list of the PPP projects is available on our website: [www.rsmc.com.br/newsletters](http://www.rsmc.com.br/newsletters).

The RSMC team remains available to clarify any additional questions regarding the PPI projects. We will be closely monitoring the upcoming public procurement proceedings.

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