

# Project Structuring Division

November, 2011



# Brazilian assets & challenges

- Institutional & political stability
- Sound economic policy
  - Inflation and public debt
  - Reserves
- A complex and diversified economic base

- Infrastructure in need of expansion
- More innovation efforts are needed
- Economic inclusion on the making
- Strengthening formal job creation

# **BNDES - The profile of a strategic agency** **BNDES**

- ✓ **Main provider of long-term financing in Brazil**
- ✓ **100% State-owned company under private law**
- ✓ **Institutional funding**
- ✓ **2,500 employees**
- ✓ **Instruments**
  - Direct operations
  - Indirect operations
  - MSME (financing & guarantee)
  - Exim
  - Project finance
  - Equity investments
  - **Project Structuring Division**

# BNDES vs. Multilateral Banks



US\$ million	BNDES	IDB	IBRD	CAF	China DB	BIDV
	Dec 31, 2010	Dec 31, 2010	Jun 30, 2010*	Dec 31, 2010	Dec 31, 2010	Dec 31, 2010
Total Assets	329,504	87,217	282,842	18,547	774,180	18,566
Shareholders' Equity	39,551	20,960	37,401	5,753	60,953	1,056
Net Income	5,950	330	(870)	166	5,618	150
Loan Disbursements	96,322	10,341	28,854	7,694	86,690	2,451
Total Loans	217,006	63,007	120,103	13,873	682,926	12,707
Capitalization	12.0%	24.0%	13.2%	30.8%	7.9%	5.7%
ROA	2.1%	0.4%	-0.3%	1.6%	0.8%	0.9%
ROE	21.2%	1.6%	-2.3%	3.7%	9.5%	16.9%
Established	1952	1959	1945	1968	1994	1957

**IDB** = Inter-American Development Bank

**IBRD** = The International Bank for Reconstruction and Development (World Bank)

(\*) Unlike other institutions, 12-month fiscal year ends June 30th

**CAF** = Corporación Andina de Fomento

**CDB** = China Development Bank

**BIDV** = Bank for Investment and Development of Vietnam

**Capitalization** = Shareholders' Equity / Total Assets

**ROA** = Return On average Assets

**ROE** = Return On average Equity

# **MECHANISMS FOR DEVELOPMENT OF PROJECTS**

- Project Structuring Fund (FEP)
- Brazil PSP Development Program
- Brazilian Project Structuring Company (EBP)

- **Objective**: To fund **studies** and **research** aimed at guiding public policy, identifying and developing projects that can provide **structuring investments**
  
- **Studies**:
  - Exploration and production of Oil & Gas (prospecting) – concluded
  - Aviation Sector Study (prospecting) – concluded
  - Restructuring of INFRAERO (project) – concluded
  - Bioceanic Railway Corridor (prospecting) – concluded
  - Port Sector Study (prospecting) – in progress

- ✓ Focus on innovative projects in sectors where there has not yet been any involvement from the private sector in long-term contracts and development in new institutional and business environments
  
- ✓ Project Portfolio
  - ✓ BH Basic Health Units: Under study
  - ✓ BH Schools and Day Care Centers: Under study
  
- ✓ In perspective
  - ✓ Concession of Public Forests

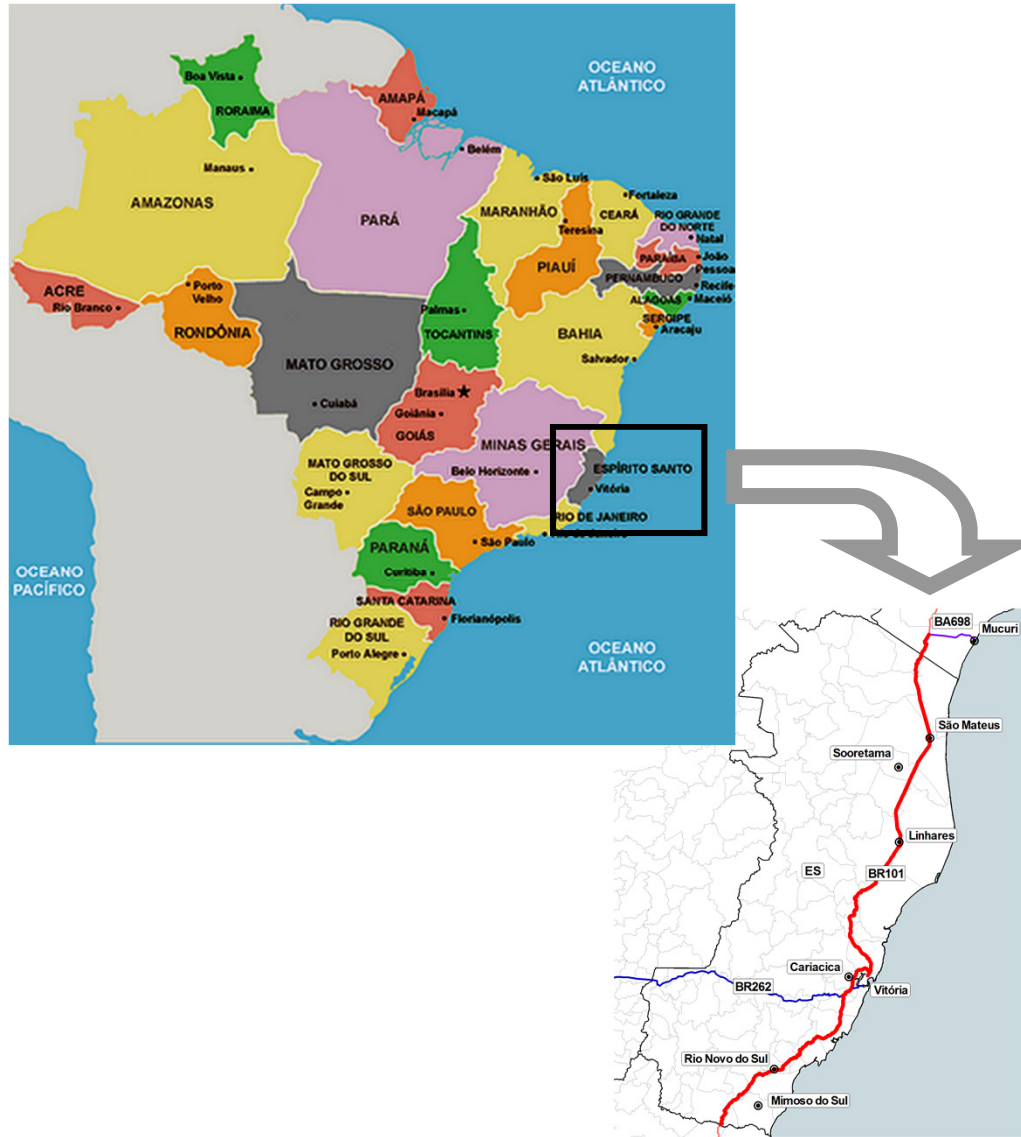
- ✓ Partners: Banco do Brasil; Espírito Santo Bank; Santander; Votorantim Bank; BNDESPAR; Bradesco; Citibank; Itaú/Unibanco and HSBC.
- ✓ Development of infrastructure projects of public interest and attractive to private investors.
- ✓ Projects Portfolio
  - ✓ BR101 ES: adjustments to the notice of publication
  - ✓ São José dos Campos Incinerator: Under study
  - ✓ Vitória/ES Sanitation: Under study
  - ✓ SP Shopping Circuit: Under study
  - ✓ SP Parking: Under study
  - ✓ AP-5 Rio Sanitation: publication of the invitation to bid expected for August, 2011
  - ✓ BH New Highway: Under study
  - ✓ BH Parking: Under study
  - ✓ COPASA: Under study
  - ✓ BHBus Integration Terminals: Under study
  - ✓ Concession of Airports



# PROJECT PORTFOLIO

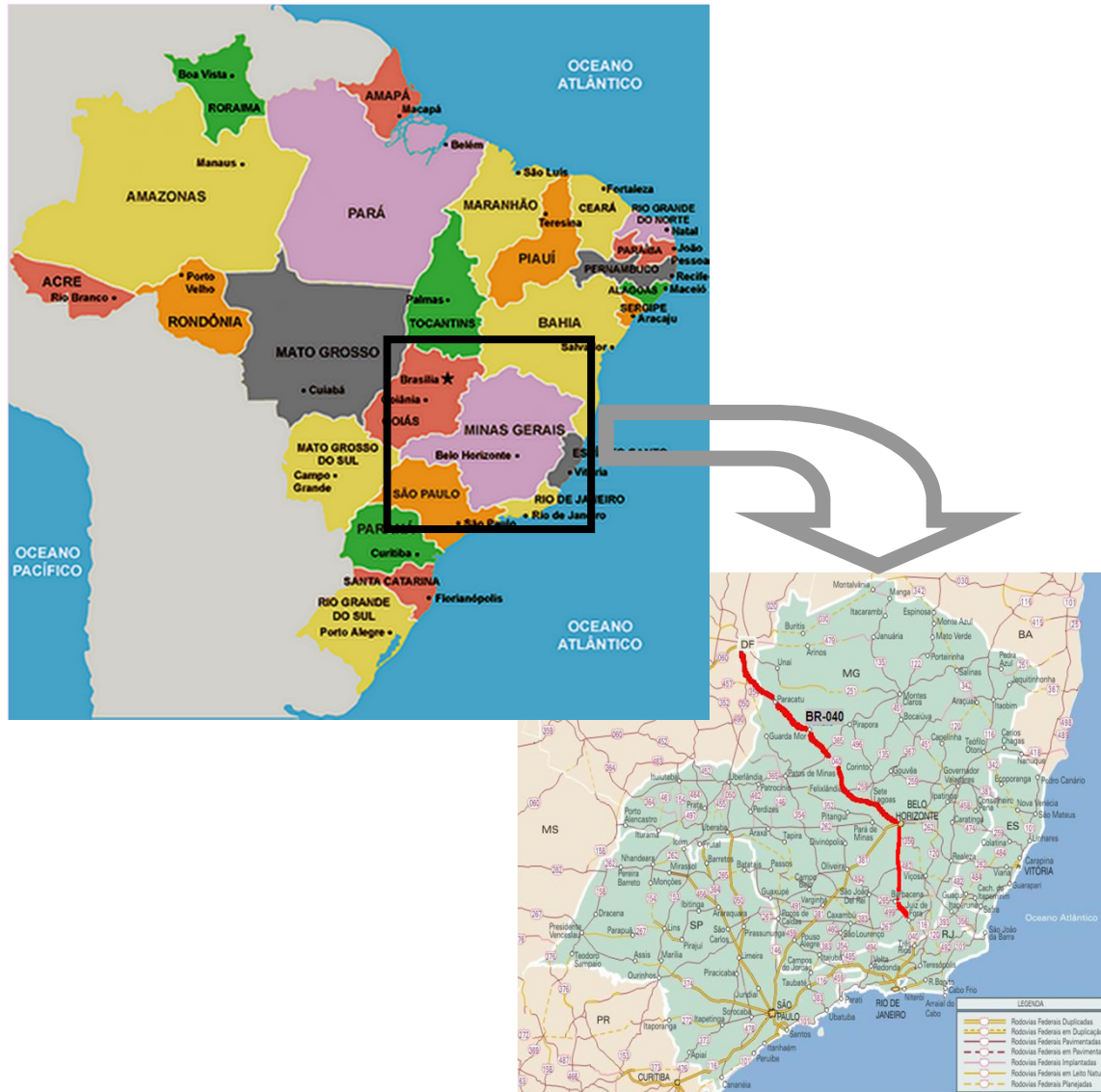
- ❑ **Health (US\$ 315 million)**
  - ✓ Hospital do Subúrbio (Salvador-BA)
  - ✓ Hospital Metropolitano (Belo Horizonte-MG)
  - ✓ Basic Health Posts (Belo Horizonte-MG)
- ❑ **Education (US\$ 98 million)**
  - ✓ Infant and Elementary Schools (Belo Horizonte-MG)
- ❑ **Sanitation and Solid Waste Treatment (US\$ 1.8 billion)**
  - ✓ Sanitation AP-5 (RJ)
  - ✓ Solid Waste SJC
  - ✓ Sanitation in Espírito Santo state
  - ✓ Sanitation in Minas Gerais state - Copasa
- ❑ **Airports (US\$ 12.9 billion)**
  - ✓ São Gonçalo do Amarante
  - ✓ Brasília – Guarulhos – Viracopos
- ❑ **Highways (US\$ 5.6 billion)**
  - ✓ Highway System BA-093
  - ✓ BR-040 and BR-116 (MG)
  - ✓ BR-101 (ES)
- ❑ **Urban Development and Mobility (US\$ 238 million)**
  - ✓ Parking Lots (SP e MG)
  - ✓ BH Bus Terminals (Belo Horizonte-MG)
  - ✓ Shopping Circuit (SP)

# BR-101 BA/ES Highway



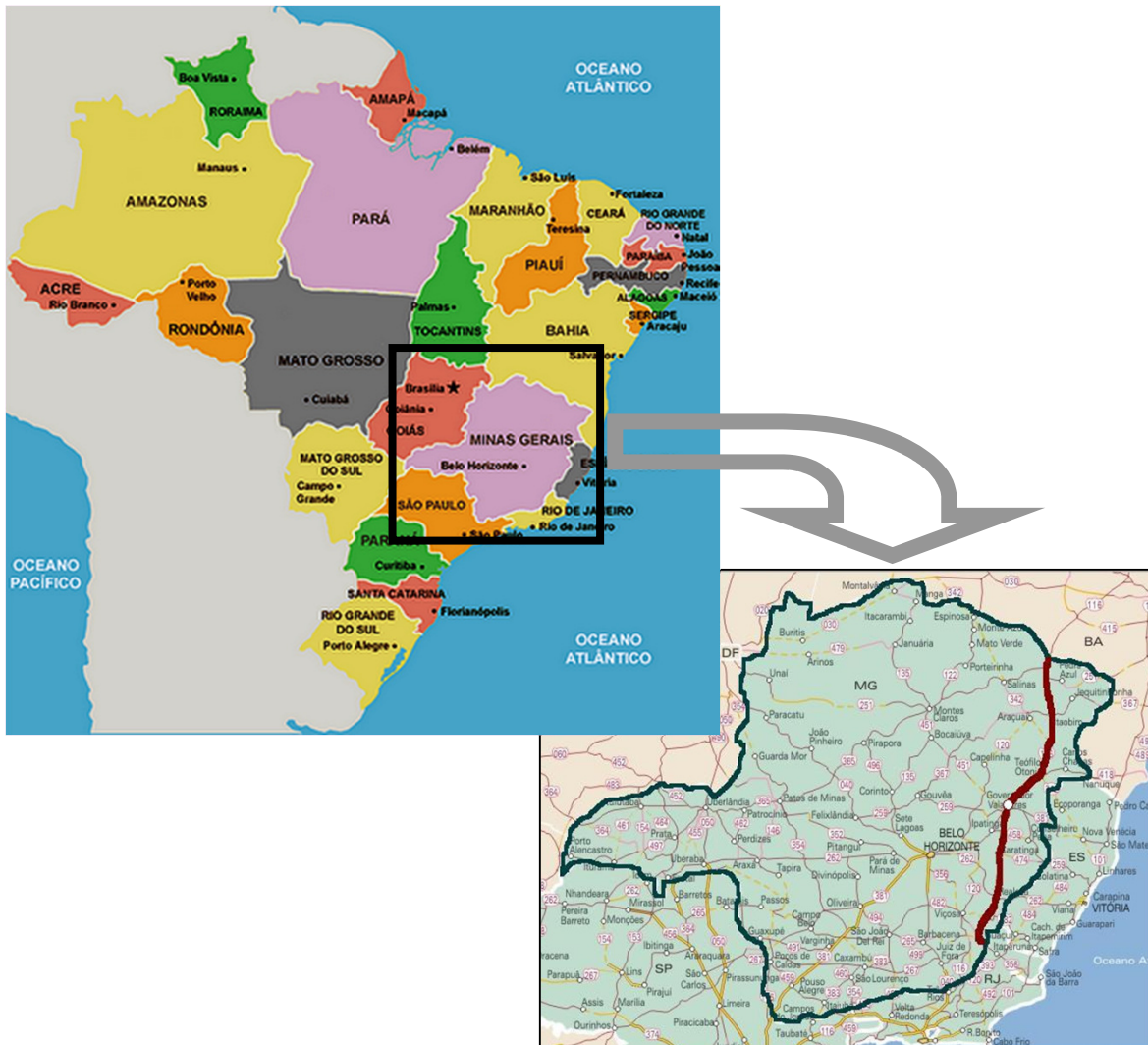
- Location: BR-101 Highway from the junction with the BA698 Highway (access to Mucuri, BA) to the border between ES/RJ, extending 476 km;
- Concession for 25 years of operation, maintenance, and expansion of capacity;
- Granted by the federal government (ANTT);
- Concessionaire Investment: US\$ 1.4 billion (over 25 years);
- Current status: Final adjustments in studies
- Expected auction date: January 18, 2012;
- BNDES/EBP studies in partnership.

# BR-040 DF/MG Highway



- Location: BR-040 from the Federal District to Juiz de Fora (MG), extending 937 km;
- Concession for 25 years of operation, maintenance, and expansion of capacity;
- Granted by the federal government (ANTT);
- Concessionaire Investment: US\$ 1.6 billion (over 25 years);
- Current Status: TCU analysis
- Expected auction date: 1st half, 2012;
- Studies conducted by BNDES.

# BR-116 MG Highway



- Location: BR-116 from the BA/MG border to the MG/RJ border, extending 817 km;
- Concession for 25 years of operation, maintenance, and expansion of capacity;
- Granted by the federal government (ANTT);
- Concessionaire Investment: US\$ 2.1 billion (over 25 years);
- Current Status: TCU analysis
- Expected auction date: 1st half, 2012;
- Studies conducted by BNDES.



# BH Elementary and Infant-school Education



Infant-school



Elementary School - EF

- Scope: Construction and operation of Non-Pedagogical services of 32 UMEIs and 5 Elementary Schools
- UMEI: 440 children (ages 0 to 5) – Municipal Project recognized as “high level”
- EF: 960 students (ages 6 to 14)
- Concessionaire Investment: US\$ 98 MM
- BNDES/IFC studies in partnership
- Current Status: Final adjustments to documents after public consultation. Notice scheduled for December, 2011
- Expected auction date: March, 2012

Web site: <http://portalpbh.pbh.gov.br/pbh/ecp/comunidade.do?app=pppeducacao>

# BH Basic Health Units



- Scope: construction, renovation, and management/operation of non-clinical services in the basic BH health network (168 units)
- The range of non-clinical services includes cleaning and waste management, laundry, logistics management of medication and materials, and information technology.
- Estimated Amount of Investment: US\$ 206 million
- BNDES/IFC studies in partnership
- Current Status: Final adjustments to documents after public consultation.
- Tender documents: December/2011
- Expected auction date: Fevereiro/2012

Web site: <http://portalpbh.pbh.gov.br/pbh/ecp/noticia.do?evento=portlet&pAc=not&idConteudo=48756&pldPlc=&app=salanoticias>

# BH Bus Terminal



- Project: Concession to construct and operate the new Bus Terminal (Inter-city and inter-state arrivals and departures)
- Location: the North Region, new development area for the city;
- 426,000 passengers/month (2012)
- Possibility of exploring the adjacent land (ex. shopping mall, supermarket, hotel)
- Concession period: 30 years
- Amount of the investment: US\$ 36,5 million (US\$ 61 million with accessory construction)
- BNDES/EBP studies in partnership
- Tender documents: published on September 6, 2011.
- Expected auction date: November 9, 2011.

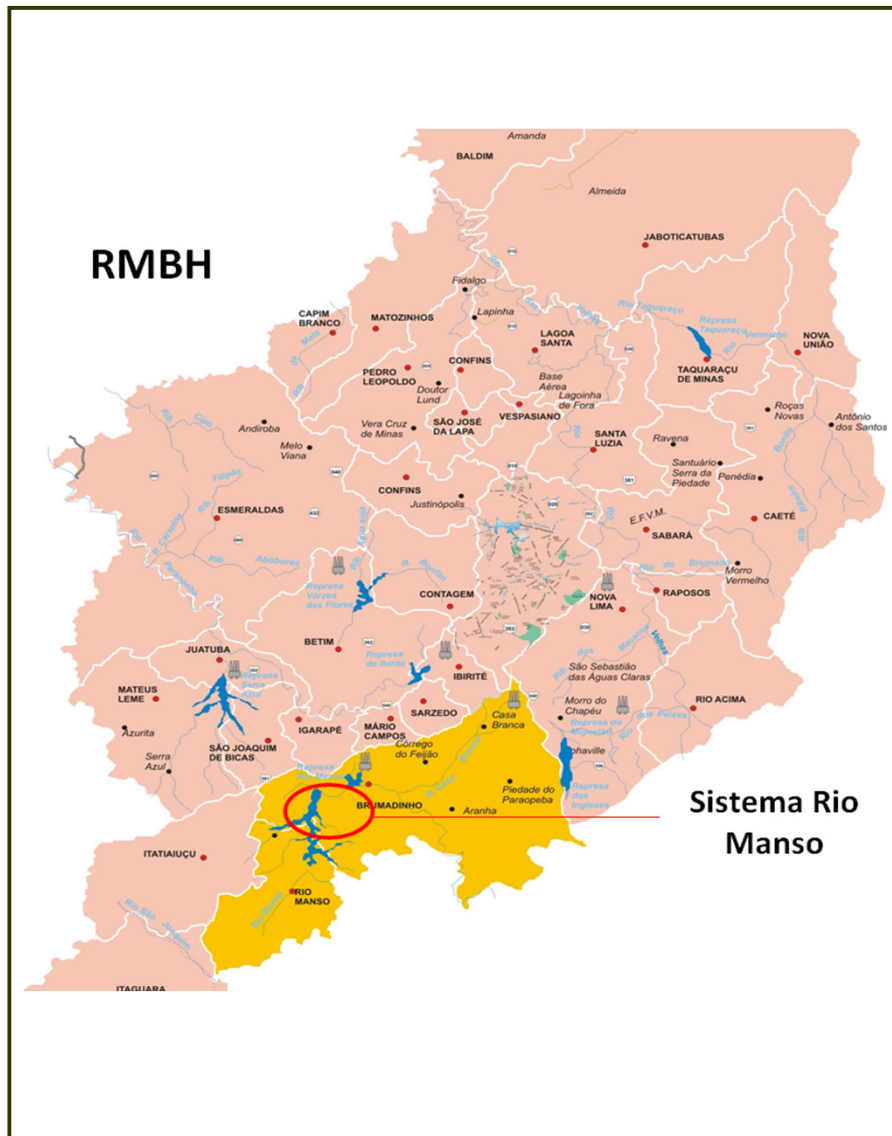


# Parking Areas in BH



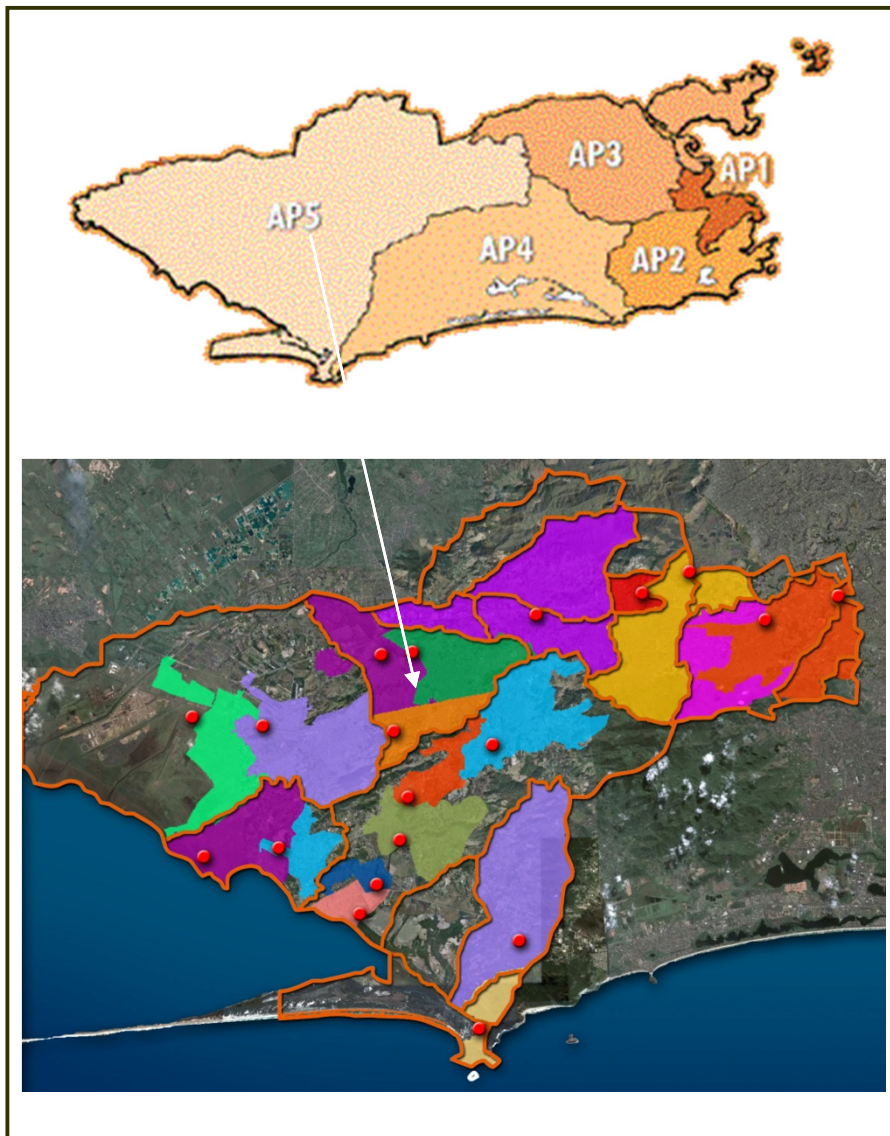
- |                        |                       |
|------------------------|-----------------------|
| 1 Savassi              | 5 Assembleia          |
| 2 Hospital Sector      | 6 Barro Preto         |
| 3 Afonso Arinos Square | 7 Downtown (Oiapoque) |
| 4 Square Seven         |                       |

- Project: Concession to construct parking lots in downtown BH
- Part of the current 18,000 parking spaces on the streets (Blue Lane) will be transferred to underground parking lots
- Scope of Concession:
  - i. Only underground parking; or
  - ii. Underground parking + operation of the Blue Lane
- Amount of the investment: to be defined
- BNDES/EBP studies in partnership
- Current status: studies in development
- Public Consultation: November, 2011
- Tender Documents: December, 2011
- Expected Auction date: February, 2011



- Project: Concession for the construction, maintenance, and shared operation of the Rio Manso Water Production System (SRM)
- SRM supplies 33% of the RMBH
- 3 phases of expansion: from 4m<sup>3</sup>/s to 5m<sup>3</sup>/s; 6m<sup>3</sup>/s; and 9m<sup>3</sup>/s
- Amount of the investment : US\$ 359 million
- BNDES/EBP studies in partnership
- Current status: studies in development
- Public Consultation: November, 2011
- Tender Documents: January, 2012
- Expected Auction date: February, 2012:

# Rio – West Zone Sanitation

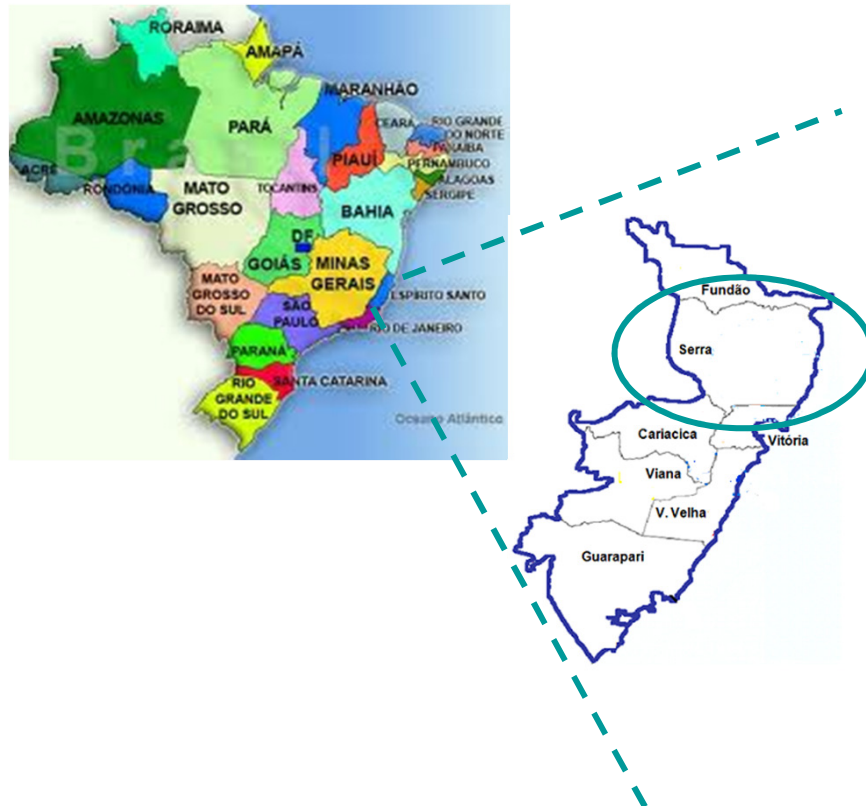


- Project: concession for the construction, and operation of the sanitary waste management system of the AP-5 region of the City of Rio de Janeiro (21 districts in the West Zone)
- 1.8 million inhabitants (56% of collected waste and 4% treated)
- Amount of the investment: US\$ 940 MM
- BNDES / EBP studies in partnership
- Public consultation until May 27, 2011
- Tender documents published on August 25, 2011
- Auction postponed – expected in November, 2011



# ES Sanitation

## Sewage system in Espírito Santo



Espirito Santo area: 46,184 sq.km

Denmark area : 43,098 sq. Km

Serra area : 553.25 sq. km

- Scope: Administrative Concession for the expansion, maintenance and operation of a sewage system.
- Concession term: 30 years, with possibility of a 5 years extension.
- Location: Serra, ES.
- Pop.: 409,000 inhabitants.
- Sewage coverage and client adherence:
  - Current 50% with 60% of adherence
  - Target: 90% coverage at the end of the 20th year, with 95% of clients connected.
- Investment: US\$ 410 MM to US\$ 530MM
- Current Status: RFP being reviewed for update of network data.
- Public hearing: End of December 2011
- Tender Documents: Jan/2012
- Expected Auction Date: March 2012

# Solid Waste in São José dos Campos

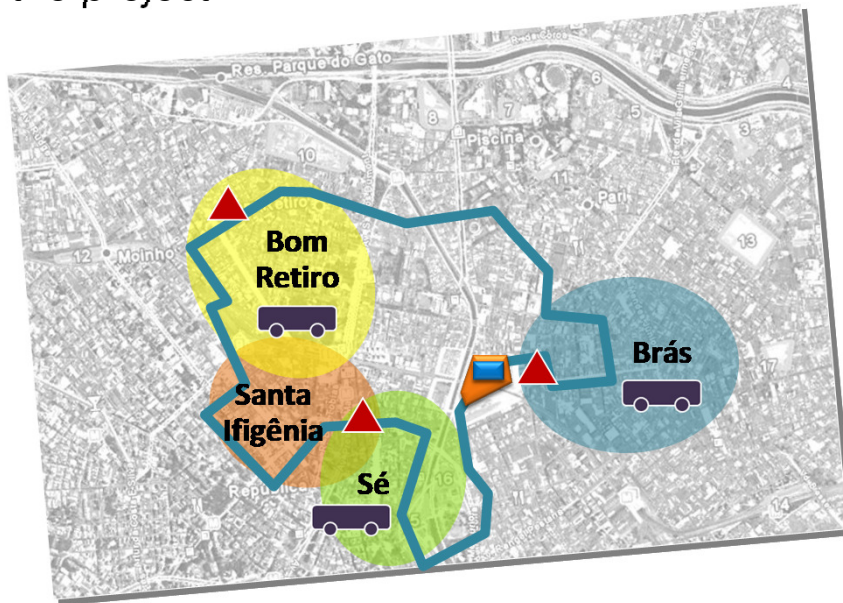


- Scope: Administrative concession for the construction and management of an energy recovery system from solid urban waste treatment, including environmentally-friendly final destination.
- Concession term: 30 years, extendable to 35 years.
- Location: São José dos Campos (SP)
- Pop: approximately 630,000 inhabitants and 672 metric tons of waste/day
- Investment: US\$ 111 MM
- BNDES/EBP studies in partnership
- Current status: under public hearing until nov/2011.
- Tender documents: jan/2012.
- Expected auction date: feb/2012.
- More information available at:  
<http://servicos.sjc.sp.gov.br/servicos/hotsitesemea/>

# SP Shopping Circuit



Map of the logistics circuit and functions of the project



Parking



Popular Shopping Center



Support centers

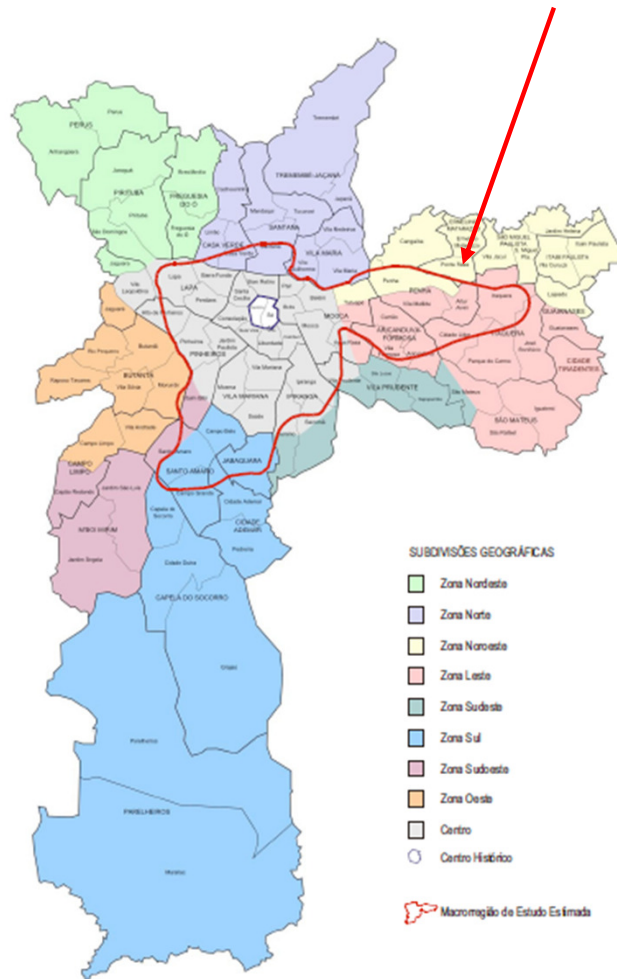


Buses to transport  
passengers and baggage

- Project: Concession for the construction, maintenance, and operation of the popular shopping center, shopper support center, drivers and guides, circular transportation of passengers and cargo, bus terminal, and parking for busses and automobiles.
- Location: Downtown São Paulo, SP
- Daily flow of 523,000 shopping tourists; 21,000 of which are from other cities and states.
- Amount of the investment : US\$ 130MM
- BNDES/EBP studies in partnership
- Current status: ending studies, awaiting definition of the definitive transfer of the Federal Lot to the City.
- Expected auction date: May, 2012

# Parking Areas in SP

## Area under study



- Project: Phase 1: common concession for the construction, maintenance, and operation of 3 parking lots in downtown São Paulo; Phase 2: recommendations to re-qualify the parking policy in the city of São Paulo and the concession of 7 additional parking lots.
- Location: São Paulo, SP
- Creation of new spaces in Phase 1 to meet demand and prioritize the creation of spaces under the *park & ride* model in Phase 2.
- Amount of the investment: approximately US\$ 71 MM on Phase 1 and Phase 2 is undefined
- BNDES/EBP studies in partnership
- Current status: Phase 1: studies finished; Phase 2: maturing discussions on the parking policy guidelines and advancing in studies on supply and demand in the city.
- Phase 2 studies: Until January 2012
- Expected auction dates: March, 2012 (Phase 1) and May, 2012 (Phase 2)



# S. Gonçalo do Amarante Airport (RN)



- **Objective**: concession of the new international airport in Rio Grande do Norte, 18 km from Natal.
- The current airport, Augusto Severo, will function as an air force base.
- **Pre-existing construction**: the runways and apron are being completed by INFRAERO, through the Army Construction Battalion.
- **Investments**: US\$ 353 MM, including passenger terminal, cargo, equipment, basic infrastructure etc.
- **Auction (August 22th, 2011)**: Highest bid of US\$ 100 MM (228% over the initial bid of US\$ 30,5 MM)

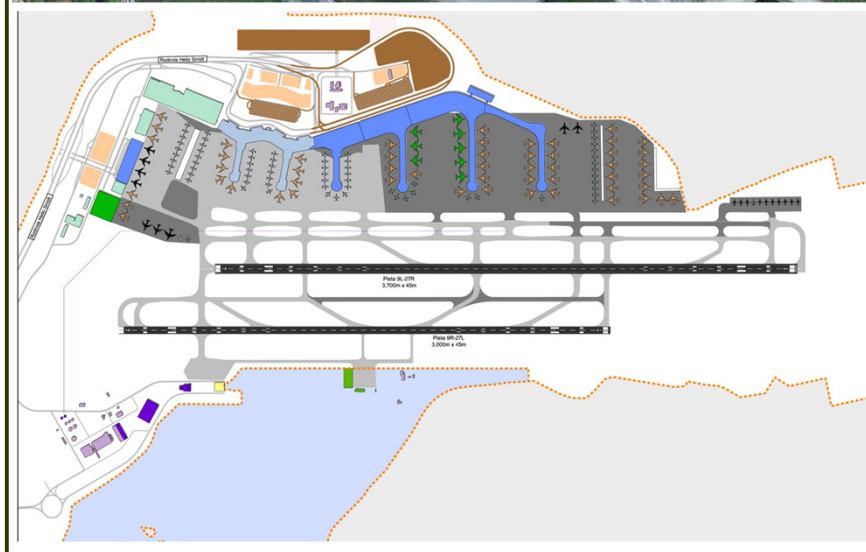


# Brasília International Airport (DF)



- **Project**: Renovation and expansion of the Brasília International Airport.
- **INFRAERO's share**: up to 49% of the voting shares of the future SPE
- **Traffic in 2010**: 14.3 million pax
- **Estimated traffic in 2036**: 51 million pax
- **Period of concession**: 25 years
- **Estimated investment**: US\$ 2,1 bn
- **BNDES/EBP** studies in partnership
- **Current status**: under Federal Court of Audit (TCU) appreciation.
- **Expected auction date**: December, 2012

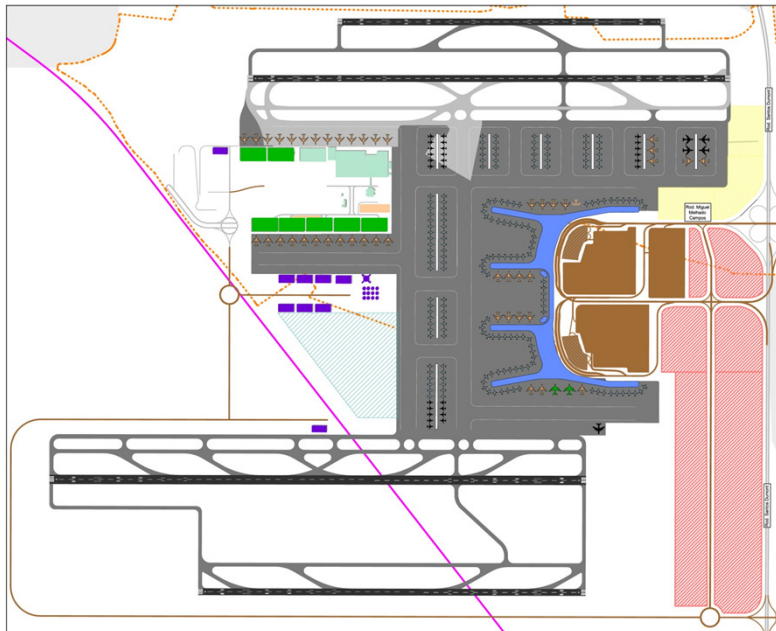
# Guarulhos International Airport - SP



- **Project**: Renovation and expansion of the Guarulhos International Airport.
- **INFRAERO's share**: up to 49% of the voting shares of the future SPE
- **Traffic in 2010**: 26.7 million pax
- **Estimated traffic in 2031**: 54 million pax
- **Period of concession**: 20 years
- **Estimated investment**: US\$ 3,7 bn
- **BNDES/EBP** studies in partnership
- **Current status**: under Federal Court of Audit (TCU) appreciation.
- **Expected auction date**: December, 2012



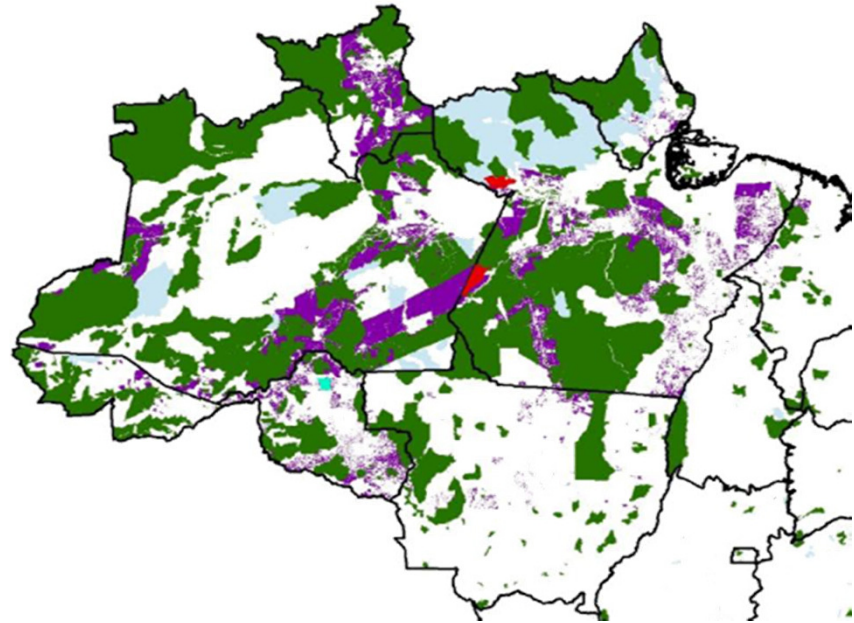
# Campinas Airport (SP)



- **Project**: Renovation and expansion of the Campinas Airport (Viracopos).
- **INFRAERO's share**: up to 49% of the voting shares of the future SPE
- **Traffic in 2010**: 5.4 million pax
- **Estimated traffic in 2041**: 90 million pax
- **Period of concession**: 30 year
- **Estimated investment**: US\$ 6.8 bn
- **BNDES/EBP** studies in partnership
- **Current status**: under Federal Court of Audit (TCU) appreciation.
- **Expected auction date**: January, 2012

# Forest Concession: sustainable management

- Concession allows:
  - o Wood production;
  - o Exploitation of non-wood products, such as vegetal oils, plants and fruits;
  - o Commercialization of waste wood for firewood use;
  - o Additional services (i.e.: ecotourism).
- Concession does not allow:
  - o Access to genetic assets;
  - o Use of water resources above the legally permitted limits;
  - o Exploitation of mineral resources;
  - o Exploitation of fishing resources or wildlife;
  - o Commercialization of carbon credits;
  - o Exploitation of traditional products used or exploited by local communities for their living.



- > 70% of the Amazon region are public areas;
- 240 M.ha are public forests, 24 M.ha (59.3 M acres) of which are exempt of any legal restriction for concession.