

# PROJECT CRESCER

## Building a Brazil of Opportunities

### Trust has brought new investments.

As a result of the most recent effort of the Federal Government to reestablish the country's economic growth, 55 concession projects were now added in Projeto Crescer's portfolio. The total list of project amounts to 90 concessions, including port terminals, power transmission lines, railroads and highways, with estimated investments exceeding R\$ 45 billion.

In the Rail Sector, the Federal Government will allow five existing railroads concessions to enter into early contract renewal processes. As a counterpart, the concessionaires will bring new investments and will have to adequate

the current contractual terms to incorporate modern regulatory practices. In particular, it will be an opportunity to solve logistical bottlenecks in this important sector, allowing a more sustainable and competitive growth in the country. Those concessions encompass: the MRS network (crossing Minas Gerais, Rio and São Paulo); Railway Carajás (Pará and Maranhão); Vitória-Minas Railway and FCA (Midwest and Southeast); besides the ALL-Paulista Network

In the Electric Sector, there are 35 lots of electric power transmission lines now submitted to bid. The auction will take place in April 2017. In the Road Sector, by its turn, the

concession of BR-101, in the State of Santa Catarina, will be auctioned, and studies for new auctions of three important highways in Brazil will be also conducted: BR-116/RJ/SP (Dutra); BR-116/RJ (stretch Além Paraíba to BR-040); and BR-040/MG/RJ (stretch Juiz de Fora to Rio de Janeiro).

In the Port Sector, there are seven contract renewals in force, as well as the concessions of four new areas in ports of Santana (in the State of Amapá), Itaqui (in the State of Maranhão) and Paranaguá (in the State of Paraná). In other sectors, the National Development Bank – BNDES informed its support to auctions on public lighting and the support of 17 states in the Sanitation Sector.

**One of the very first measures of the current administration, Projeto Crescer has contributed to improve the business environment in Brazil.**

Since May last year, when the task force to unlock investments in infrastructure was formed, there have been edited 18 measures aiming at improving the business environment in the country.

More than generating legal certainty, all those measures are concerned with predictability and legal security, giving investors an important sign that rules will not be changed arbitrarily along the way. To re-establish the trust of foreign investors, the Government's new approach has been presented in business rounds in strategic cities, such as New York, London, Paris, Madrid, and Tokyo. Some important suggestions brought in those meetings are now being put into practice - as the mechanism for currency risk mitigation in airport concessions In

the area of privatization, the auction of Companhia Energética de Goiás (Celg), for example, received a bid of R\$ 2.2 billion - a 28% premium, which might be seen as result of the adoption of some of the Guidelines of Projeto Crescer into the tender process. The previous attempt had been unsuccessful.

It is important to mention that the schedule of the 35 concession and privatization projects launched in the first round of Projeto Crescer, in September 2016, has been followed closely. In the Highway Sector, the public notice granting BR-101/290/386/448/SC/RS is now under public consultation. Public hearings were also held in Brasilia and Porto Alegre.

Regarding the airports, four terminals were successfully auctioned (Fortaleza, Salvador, Porto Alegre and Florianópolis), on March 16, at BMFBOVESPA. The Federal Government will receive R\$ 3.72 billion in grants payment, due to the dispute among three European airport operators.

The bidding model for these airports were significantly improved, the premium being paid, for instance, upon the signature of the contract, assuring the concessions a better economic-financial sustainability. Passengers will have, in turn, better services, and more jobs will be sooner created.

In the Port Sector, two auctions were held in March this year (terminals STM 04 and STM 05 at the Organized Port of Santarém, in Pará). In April, the wheat terminal in Rio de Janeiro will be auctioned. Lease contracts in port areas were also renewed. It is the case of the Container Terminal (Terminal de Contêiner - Tecon) of the Port of Salvador (in the State of Bahia) and the Fertilizer Terminal (Terminal de Fertilizantes - Fospar) of the Port of Paranaguá (in the State of Paraná). Regarding the Sanitation Sector, BNDES released six public notices for contracting the structuring of partnership contracts or privatization of the companies responsible for water supply and sanitation in 17 states.

## Documents already edited within Projeto Crescer

- Law No. 13334/2016 – Creates the Investment Partnerships Program - PPI
- PPI Resolution No. 01/2016 – Establishes new guidelines for partnerships contracts
- PPI Resolution No. 02/2016 – Opines on the qualification of federal transport projects for implementation through partnership agreements
- PPI Resolution No. 03/2016 – Opines on the qualification of federal Mining and Energy projects for implementation through partnership agreements
- PPI Resolution No. 04/2016 – Opines on the qualification of state sanitation projects for implementation through partnership agreements
- PPI Resolution No. 05/2016 – Approves the concession model for the exploration of international airports
- PPI Resolution No. 06/2016 – Opines on the qualification of federal government infrastructure projects in ports for implementation through the Investment Partnership Program
- PPI Resolution No. 07/2016 – Approves the continuation of the privatization process by Celg Distribuição S.A
- PPI Resolution No. 08/2016 – Proposes the resumption of the privatization process of the public service of the Loteria Instantânea Exclusiva - Lotex and of Caixa Instantânea S.A
- Decree No. 8873/2016 – On the Privatization of Lotex
- Decree No. 8874/2016 – Infrastructure Debentures
- Decree No. 8875/2016 – Access to the Rail Subsystem
- Decree No. 8893/2016 – Developments in the Energy and Mining Sectors
- Provisional Measure No. 752/2016 – Guidelines for extension and new bidding process of partnership agreements
- Decree No. 8916/2016 – Developments in the Transportation Sector
- Law No. 13365/2016 – Eliminates the mandatory participation of Petrobras in oil auctions
- Resolution No. 3/2016 of PEDEFOR's Steering Committee – Provides new conditions for local content in oil auctions

# PROJECT SCHEDULE

## Transportation

Concession	Public Notice	Auction
Airport of Porto Alegre	4th Qtr 2016	03/16/2017 ✓
Airport of Salvador	4th Qtr 2016	03/16/2017 ✓
Airport of Florianópolis	4th Qtr 2016	03/16/2017 ✓
Airport of Fortaleza	4th Qtr 2016	03/16/2017 ✓
Fuel Terminals of Santarém (STM 04 and 05)	4th Qtr 2016	03/23/2017 ✓
Wheat Terminal of Rio de Janeiro	1st Qtr 2017	04/20/2017
General Cargo Terminal of Santana (AP) <b>NEW</b>	1st Half 2018	1st Half 2018
Cellulose Terminal of Itaqui (MA) <b>NEW</b>	2nd Half 2017	1st Half 2018
Cellulose Terminal of Paranaguá (PR) <b>NEW</b>	2nd Half 2017	1st Half 2018
Vehicles Terminal of Paranaguá (PR) <b>NEW</b>	2nd Half 2017	1st Half 2018
BR-364/365/GO/MG	1st Half 2017	2nd Half 2017
BR-101/SC <b>NEW</b>	1st Half 2018	1st Half 2018
BR-101/290/386/448/SC/RS	1st Half 2017	2nd Half 2017
EF-151 SP/MG/GO/TO -North-South Railway	2nd Half 2017	2nd Half 2017
EF-170 MT/PA - Ferrogrão	2nd Half 2017	2nd Half 2017
EF-334/BA - FIOL	2nd Half 2017	2nd Half 2017

## Hiring of Studies for New Bidding

## Study Estimated Start

BR-116/RJ/SP (Dutra) <b>NEW</b>	1st Half 2018
BR-116/RJ (Além Paraíba to BR 040) <b>NEW</b>	1st Half 2018
BR-040/MG/RJ (Juiz de Fora to RJ) <b>NEW</b>	1st Half 2018

## Extension of Contracts

## Estimated Signature of Amendment

Containers Terminal - CONVICON <b>NEW</b>	2nd Half 2017
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<b>Renewal of Contracts</b>	<b>Estimated Signature of Amendment</b>	
<i>General Cargo Terminal - NITPORT</i> <b>NEW</b>	2nd Half 2017	
<i>GENERAL CARGO TERMINAL - NITSHORE</i> <b>NEW</b>	2nd Half 2017	
<i>Grains Terminal - CARAMURU</i> <b>NEW</b>	2nd Half 2017	
<i>General Cargo And Bulk Terminal - TESC</i> <b>NEW</b>	2nd Half 2017	
<i>Liquid Bulk Terminal - TEQUIMAR</i> <b>NEW</b>	1st Half 2017	
<i>ALLMP</i> <b>NEW</b>	2nd Half 2017	
<i>MRS</i> <b>NEW</b>	2nd Half 2017	
<i>FCA</i> <b>NEW</b>	1st Half 2018	
<i>EFVM</i> <b>NEW</b>	1st Half 2018	
<i>EFC</i> <b>NEW</b>	1st Half 2018	
<b>Area Consolidation</b>	<b>Estimated Signature of Amendment</b>	
<i>Bulk Terminal - DECAL</i> <b>NEW</b>	2nd Half 2017	
<b>Energy</b>		
<b>Concession</b>	<b>Public Notice</b>	<b>Auction</b>
<i>4th Round of marginal oil and gas fields</i>	01/19/2017	05/11/2017
<i>14th Round of exploration blocks of oil and natural gas</i>	1st Half 2017	2nd Half 2017
<i>2nd Round under the petroleum production sharing scheme</i>	1st Half 2017	2nd Half 2017
<i>Companhia Energética de Goiás (Celg)</i>	2nd Half 2016	Contract signed ✓
<i>Amazonas Distribuidora de Energia S.A.</i>	2nd Half 2017	2nd Half 2017
<i>Boa Vista Energia S.A.</i>	2nd Half 2017	2nd Half 2017
<i>Companhia de Eletricidade do Acre</i>	2nd Half 2017	2nd Half 2017
<i>Companhia Energética de Alagoas</i>	2nd Half 2017	2nd Half 2017
<i>Companhia de Energia do Piauí</i>	2nd Half 2017	2nd Half 2017

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## Energy

Concession	Public Notice	Auction
<i>São Simão Hydroelectric Power Plant (GO)</i>	<i>2nd Half 2017</i>	<i>2nd Half 2017</i>
<i>Volta Grande Hydroelectric Power Plant (MG)</i>	<i>2nd Half 2017</i>	<i>2nd Half 2017</i>
<i>Miranda Hydroelectric Power Plant (MG)</i>	<i>2nd Half 2017</i>	<i>2nd Half 2017</i>
<i>Pery Hydroelectric Power Plant (SC)</i>	<i>2nd Half 2017</i>	<i>2nd Half 2017</i>
<i>Agro Trafo Hydroelectric Power Plant (TO)</i>	<i>2nd Half 2017</i>	<i>2nd Half 2017</i>
<i>35 lots of transmission lines <b>NEW</b></i>	<i>1st Qtr 2017</i>	<i>1st Half 2017</i>

## Mining

Concession	Public Notice	Auction
<i>Phosphate rights in Miriri (PB/PE)</i>	<i>1st Half 2017</i>	<i>2nd Half 2017</i>
<i>Mining rights of copper, lead and zinc in Palmeirópolis (TO)</i>	<i>1st Half 2017</i>	<i>2nd Half 2017</i>
<i>Coal mining rights in Candiota (RS)</i>	<i>1st Half 2017</i>	<i>2nd Half 2017</i>
<i>Copper mining rights in Bom Jardim (GO)</i>	<i>1st Half 2017</i>	<i>2nd Half 2017</i>
<i>Assets of the Companhia de Pesquisa e Recursos Minerais - CPRM</i>		

## Miscellaneous

Miscellaneous	Public Notice	Auction
<i>Exclusive Instant Lottery (Lotex)</i>	<i>2nd Half 2017</i>	<i>2nd Half 2017</i>