

Investment Partnerships Program (PPI)

Investment Partnerships Program (PPI) released by Michel Temer's government this Tuesday (September 13th, 2016) is a range of governmental measures seeking to engage private sector's investments in infrastructure. The program is part of a new government strategy to expand opportunities for investment and employment, foster technological and industrial development, enhance quality of public infrastructure, promote competition between contracting parties under partnership arrangements and ensuring enforceability to contracts. It is expected that at this time, projects shall be carried out with more transparency, reliability and legal protection, as assured by the Finance Minister, Henrique Meirelles.

PPI will be responsible for scheduling concessions and privatization to be performed by Michel Temer's government. In PPI command is the General-Officer Moreira Franco, an ally of Michel Temer and former Minister of the Aviation Secretariat during Dilma Rousseff's government. As announced, there will be no restrictions on the participation of foreign capital in such projects and no obligation to associate with Brazilian companies. In addition, the three banks controlled by the federal government – "Caixa", "Banco do Brasil" and the National Bank for Economic and Social Development (BNDES) - will participate in the financing of such infrastructure projects alongside with private banks. The PPI's General-Officer explained that the participation of various players from the financial market will require well-qualified projects with appropriate rates of return.

Another highlight related to PPI is that Preliminary Environmental License must be obtained before Procurement Notice is published, which means that the analysis of environment impacts, urban aspects and regulatory matters etc. will have their feasibility analysis under a uniform, economic and timely proceeding, well-matched with the national priority of the project, as well as all procedures and administrative acts necessary for its structure, release and implementation.

The PPI will be governed by Decrees that will define investment policies, strategic guidelines for its structuring, public tenders and contracting and other privatization measures to be implemented.

The Government expects to launch the concession of Florianópolis, Salvador, Fortaleza and Porto Alegre airports; and it is also expected that the Procurement Notices are published in the fourth quarter of this year (2016). Furthermore, it is possible that the government does not require the participation of Infraero (state owned company which manages airports) as a partner in the operation, which has occurred at airports' concessions of Brasília, Galeão (RJ) and Guarulhos (SP).



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It is also expected to be announced concessions for highways and railways including BR-364/365 Roads (GO and MG) and BR-101/290 (RS). The railway sector includes the bidding of the EF-151 (SP-MG-GO-TO), the North-South Railway, EF-170 (MT / PA), the Ferrogrão and EF-334 (BA), Railroad Integration West East. In the energy sector, there is the possibility of selling Eletrobrás' assets, and also the sale of specific operations in state sanitation companies. In addition, two terminals will be awarded for cargo handling in the ports of Santarém, Pará (fuels) and Rio de Janeiro (wheat).

Considering the importance of this subject and the investment opportunities in infrastructure, Mattos Engelberg is closely following the development of these issues and is available to provide any assistance.