PUBLIC-PRIVATE PARTNERSHIPS AND CONCESSIONS

25 BILLION REASONS TO INVEST IN SÃO PAULO, BRAZIL
A WORLD CALLED SÃO PAULO

The State of São Paulo is generally recognized as the largest economic and industrial hub in the Southern Hemisphere and the largest business center in Latin America. It is the capital of innovation and technology in the region and a global leader in agribusiness and environmental preservation policies.

São Paulo is also a pioneer in Public-Private Partnerships (PPPs) and concessions with over two decades of successful experience. It currently has one of the largest collection of projects in emerging countries; totaling 15 projects worth 25.3 billion USD (50.5 billion BRL).

Learn more about the State of São Paulo and find out why this is the best place for you to invest:

- **19th largest economy in the world** and the **2nd largest in South America** (33% of Brazil’s GDP)
- **42 million inhabitants** and a **territory the size of the United Kingdom**
- **Largest employer** and **the largest consumer market in Brazil**
- **Largest port** (Santos) and **largest airport in South America** (International Airport of São Paulo / Guarulhos – Governor André Franco Montoro)
- **World’s number one producer of sugar, sugarcane ethanol and oranges**
- **Energy mix: 52% renewable**, one of the cleanest in the world
- **Investment in R&D: 1.64% of GDP** (the largest in Latin America)
IN THE PUBLIC-PRIVATE PARTNERSHIP AND CONCESSION PROGRAM OF THE STATE, GOVERNMENT AND PRIVATE INITIATIVE WORK TOGETHER

Our mission is to expand the infrastructure, logistics and public services in the State of São Paulo. We want to bring the private sector into a successful partnership with the State Government in order to do more, better and at lower costs.

Through the **Expression of Interest from the Private Sector (MIP)**, a recent initiative by the Government (Decree No. 57,289/2011), the private sector may submit proposals of new projects to be included in the Public-Private Partnership Program.

By identifying a business opportunity, the investor may put forward a proposal to the State, presenting studies and surveys that show the importance and the need for the project they wish to implement.

For the Government, this is a fast, economic and transparent way to attract domestic and foreign investors for projects of interest to the State, highlighting the innovative ideas that the private sector has to offer. For the companies, it is an excellent opportunity to propose a project that will bring great financial returns and many benefits for the population of São Paulo.

Since 2012, the World Bank partners with the Government of São Paulo in the assessment and the modeling of the PPP projects submitted through the MIP.

The PPP program of the State is managed by the Secretariat of Planning and Regional Development (PPP Unit) and by the PPP Management Council, which is headed by the Secretary of Planning and Regional Development with the participation of the Secretaries of Treasury; Executive Office of the Governor; Sanitation and Water Resources; Economic Development, Science and Technology; and the Attorney General of São Paulo.

**STATE OF SÃO PAULO PLANNED INVESTMENTS IN THE MULTI-YEAR PLAN (2012-2015):**

1. **STATE TREASURY:**
   US$ 47.3 BILLION

2. **PUBLIC-PRIVATE PARTNERSHIPS:**
   US$ 18.5 BILLION
According to Brazilian law, there are two types of PPPs: Administrative Concession and Sponsored Concession (Law 11.079/2004). In both cases, the investor implements and operates the projects, which are remunerated by the State for a minimum period of five years and a maximum of 35 years.

In this modality, the government allows the private initiative to explore a service from which the State is a direct or indirect user. The payment to the private sector comes exclusively from the State as there is no collection of tariffs from end users.

It is characterized by a concession agreement for services or public works where there is the collection of tariffs from end users and also the payment by the State.

According to Brazilian law, a PPP distinguishes itself from a regular concession (Law 8987/1995), as in the latter the cost of using the service provided by the private party is borne exclusively by the users of the service and not by the state.

8 STEPS TOWARDS THE ESTABLISHMENT OF A PPP:

1. SUBMISSION OF PRELIMINARY PROPOSALS
2. APPROVAL OF PROPOSALS
3. STUDY OF PROPOSALS
4. MODELING OF PROJECTS
5. PUBLIC CONSULTATION
6. INVITATION TO TENDER
7. CONTRACT
8. IMPLEMENTATION
With World Bank support, the state of São Paulo has steadily improved the quality and long-term sustainability of the public transport network in the São Paulo Metropolitan Region. By interconnecting the existing subway, commuter rail, and bus networks, the 12.8 km underground Metro Line 4, the first phase of which began operations in 2011, has improved the mobility and accessibility of over 650,000 passengers per day, most of whom are low-income users.

The project introduced an innovative structure with an operating concessionaire established by a consortium of private companies and a turnkey contract signed in 2003 for the construction of civil works. It was the first PPP in Brazil.

In 2013, IFC, a member of the World Bank Group, and Infrastructure Journal selected São Paulo Metro Line 4 as the **best PPP in Latin America and the Caribbean**. The award recognized best practices for governments that collaborate with the private sector to provide a wide range of public services and spur economic development. Four independent regional judging panels of PPP experts selected the projects which demonstrated high levels of innovation, development vision, replicability, and social impact.

In addition, in 2012, Line 4 was included in *Infrastructure 100: World Cities Edition* – a KPMG high-profile report showcasing 100 of the most innovative and inspiring urban infrastructure projects from around the world. The projects were selected by experts based on their scale, feasibility, complexity, innovation and impact on society.
15 PROJECTS

- METRO LINE 6 - ORANGE
- METRO LINE 18 - BRONZE
- METRO LINE 20 - PINK
- INTERCITY TRAIN NETWORK
- INTEGRATED VEHICLE YARD
- PRISIONS
- COURTHOUSES
- HOSPITALS
- MEDICATIONS FACTORY
- MEDICATIONS LOGISTICS
- INTERACTIVE CLASSROOM
- HOUSING CONSTRUCTION
- WATER PRODUCTION SYSTEM
- RESERVOIRS FOR FLOOD CONTROL
- THE ‘IMIGRANTES’ EXHIBITION CENTER
Construction, operation and maintenance of Metro line 6, which is 15.9 km in length, with 15 stations and 23 trains (6 carriages), serving 630,000 passengers daily.

It connects the city’s northwestern municipal region with the city’s expanded central region, located close to the historical center.

837,000 inhabitants will benefit directly from the construction of the line within its direct area of influence. It will pass through areas with a great variety of educational institutions.

<table>
<thead>
<tr>
<th>PPP SPONSORED CONCESSION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INVESTMENT:</strong> BRL 8.06 BILLION (50% PUBLIC AND 50% PRIVATE SECTOR)</td>
</tr>
<tr>
<td><strong>DURATION:</strong> 25 YEARS</td>
</tr>
<tr>
<td><strong>CURRENT STAGE:</strong> INVITATION TO TENDER</td>
</tr>
<tr>
<td><strong>INTERNATIONAL COMPETITION:</strong> LOWEST ANNUITY PAYMENT</td>
</tr>
</tbody>
</table>

**INVITATION TO TENDER:** SEPTEMBER 2013

**CONTRACT:** NOVEMBER 2013
The proposal includes plans for the implementation, operation and maintenance of Line 18 - Bronze monorail Tamanduateí (SP) - Djalma Dutra (SBC). The line is 15.7 km in length, with 13 stations, 26 trains and serves 335,000 passengers daily.

Connection with metro, commuter train lines and bus routes: Tamanduateí Station -> Line 10 Turquoise (CPTM commuter train line) – Line 2 Green (Metro), Paço Municipal Station -> ABD Metra bus route (EMTU); with future connection to municipal bus routes.
The proposal includes plans for the construction and operation of a segment of Metro line 20, serving 468,000 passengers daily. The PPP segment is 12.3 km in length (14 stations, 13 trains, 1 platform).

The line will connect to: Lapa Station – Lines 7 and 8 of CPTM; Cerro Corá Station – a new station on Line 2; Faria Lima Station – Line 4 - Yellow and Moema Station – Line 5 - Lilac. It will connect districts with a high demand for labor, such as Lapa, Pinheiros, Faria Lima, Itaim Bibi, Vila Olímpia and Moema.

**PPP SPONSORED CONCESSION**

**INVESTMENT:**
BRL 9.5 BILLION (estimate) (50% PUBLIC AND 50% PRIVATE SECTOR)

**DURATION:**
25 YEARS

**CURRENT STAGE:**
PRELIMINARY PROPOSAL APPROVED, STUDIES UNDER DEVELOPMENT, AND FINAL MODEL DUE IN SEPTEMBER/2013

**INTERNATIONAL COMPETITION:**
LOWEST ANNUITY PAYMENT
The proposal includes plans for the construction of new infrastructure, the implementation of new systems and machinery and the purchase of rolling stock for the operation of an integrated train network (416km) extending across the cities of Santos, Mauá, São Caetano, Santo André, Jundiaí, Campinas, Americana, São José dos Campos, Taubaté and Sorocaba.

The network will be additional to the bullet train (TAV). It will be accessible by bus, trains and the metro. Passenger demand is estimated at 465,000 passengers per day. The network is connected with a central train station in São Paulo.
## INTEGRATED VEHICLE YARD

SECRETARIAT FOR TRANSPORT AND LOGISTIC + SECRETARIAT OF PLANNING AND REGIONAL DEVELOPMENT

**INVITATION TO TENDER:** NOVEMBER 2013  
**CONTRACT:** FEBRUARY 2014

### PPP ADMINISTRATIVE CONCESSION

| **INVESTMENT:**  
| BRL 1.1 BILLION (estimate) |
| **DURATION:**  
| 30 YEARS |
| **CURRENT STAGE:**  
| FINAL MODEL DUE SEPTEMBER/2013 |
| **INTERNATIONAL COMPETITION:**  
| LOWEST ANNUITY PAYMENT |

Implementation and operation of logistics concerning the removal, impounding, holding and disposal of vehicles as well as modernization of activities related to state traffic enforcement agencies.
INVITATION TO TENDER: SEPTEMBER 2013
CONTRACT: JULY 2014

PPP ADMINISTRATIVE CONCESSION

INVESTMENT:
BRL 750 MILLION
(BRL 250 MILLION FOR EACH PRISON)

DURATION:
30 YEARS

CURRENT STAGE:
MODELING OF PROJECTS

INTERNATIONAL COMPETITION:
LOWEST ANNUITY PAYMENT

The bid includes plans for the construction, operation and maintenance of three male prison complexes with a total of 10,500 spaces (approximately 20% of the space deficit). The spaces are divided into 7,200 spaces in a closed prison complex and 3,300 spaces in a semiopen prison complex.
Construction, renovation, and maintenance of 6 courthouses located in the state capital and in the interior (Barueri, Bauru, Guarulhos, Itaquera, Lapa and Presidente Prudente).
The bid includes plans for the construction, maintenance and operation of non-assistance related support services in 4 new state hospitals: São José dos Campos State Hospital (150 beds), Sorocaba State Hospital (250 beds), the Special Women Hospital (Pérola Byington) (200 beds) and the Ear and Eye Hospital CERTOO (HC) (100 beds).
Adaptation and operation of the 2nd factory of the Popular Pharmaceutical Drug Foundation’s (FURP) (Américo Brasiliense Production Plant). Competition for contracting administrative concession management, operation and maintenance with the supply of goods and performance of infrastructure work and services.

---

**MEDICATIONS FACTORY SECRETARIAT FOR HEALTH**

**INVITATION TO TENDER:** MAY 2013  
**CONTRACT:** AUGUST 2013

**PPP ADMINISTRATIVE CONCESSION**

**INVESTMENT:**  
BRL 162 MILLION

**DURATION:**  
15 YEARS

**CURRENT STAGE:**  
CONTRACT SIGNED

**INTERNATIONAL COMPETITION:**  
LOWEST ANNUITY PAYMENT
Logistics solution for distribution of medications to the public system. This project aims to reorganize, structure, implement and operate Pharmaceutical Care services. It aims to change the organizational logic behind the distribution and dispensing of medications, through the Health Service (SUS)'s regionalization format in the state of São Paulo that uses Regional Networks in Health Care. Changing the focus of the model will help standardize and optimize Pharmaceutical Care services, and provide greater efficiency and quality in services to the population at large, and rationalize the use of financial resources.

PPP ADMINISTRATIVE CONCESSION

INVESTMENT: BRL 152 MILLION (estimate)

DURATION: 15 YEARS

CURRENT STAGE: PUBLIC CONSULTATION

INTERNATIONAL COMPETITION: LOWEST ANNUITY PAYMENT
The bid includes plans for the implementation of digital interactive equipment in all schools in the São Paulo state for students in their four final years of Primary School II (students aged 11-14) and throughout the 3 years of Secondary School (students aged 14-17), (totalling 3.3 million students and 163,000 teachers).

Plans include: the development of digital interactive equipment based on the Secretariat of Education’s curriculum; the installation of technological equipment – interactive whiteboards, computers, servers and datacenters etc; the adoption of a continuous training program for teachers and school administrators; the introduction of an integrated system for the management and monitoring of the project and the implementation of technical support.

### PPP ADMINISTRATIVE CONCESSION

<table>
<thead>
<tr>
<th>INVESTMENT:</th>
<th>BRL 1.5 BILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>DURATION:</td>
<td>10 YEARS</td>
</tr>
<tr>
<td>CURRENT STAGE:</td>
<td>FINAL MODEL FORESEEN FOR SEPTEMBER 2013</td>
</tr>
<tr>
<td>INTERNATIONAL COMPETITION:</td>
<td>LOWEST ANNUITY PAYMENT</td>
</tr>
</tbody>
</table>
CONSTRUCTION SECRETARIAT FOR HOUSING

INVITATION TO TENDER: SEPTEMBER 2013
CONTRACT: JANUARY 2014

Construction of 20,221 housing units for low-income families in the central area of São Paulo. This is both an urban and economic renewal, and a social inclusion project. The proposal aims to promote improved quality of life for workers in the city center, by offering homes close to their workplaces and urban infrastructure equipment. The initiative will help to rehabilitate degraded areas, create jobs and income to the extent that companies will have spaces for trade and services, and improve the urban transport system.

The project has the support of the private sector and the three spheres of government. In addition to the contributions of state and local governments, entrepreneurs can obtain part of their funding through the federal program.

PPP ADMINISTRATIVE CONCESSION

INVESTMENT: BRL 4,6 BILLION (estimate)

DURATION: 20 YEARS

CURRENT STAGE: PUBLIC CONSULTATION

INTERNATIONAL COMPETITION: LOWEST ANNUITY PAYMENT
Expansion of the treated water capacity in the São Paulo Metropolitan Region, which includes the construction of 83 km of pipelines and 4 reservoirs of 70,000 m³ (São Lourenço Alto Juquiá).

The Guaruja Water Treatment Plant produces 33 m³ of treated water per second.
RESERVOIRS FOR FLOOD CONTROL
SECRETARIAT FOR SANITATION AND WATER RESOURCES

INVITATION TO TENDER: MARCH 2013
CONTRACT: SEPTEMBER 2013

Maintenance, recovery, expansion, optimization and operation of a network of reservoirs for flood control located in the metropolitan region of São Paulo. Contract will be developed in three progressive phases: I - modernization of 30 reservoirs; II - maintenance and operation of 30 existing reservoirs and construction, maintenance and operation of a further 7, and III - operation and maintenance of 8 reservoirs. In total, 45 reservoirs.

PPP ADMINISTRATIVE CONCESSION

INVESTMENT:
BRL 820 MILLION (estimate)

DURATION:
20 YEARS

CURRENT STAGE:
CONTRACT TO BE SIGNED IN SEPTEMBER 2013

INTERNATIONAL COMPETITION:
LOWEST ANNUITY PAYMENT
INVITATION TO TENDER: APRIL 2013
CONTRACT: AUGUST 2013

Maintenance, recovery, expansion, optimization and operation of the exhibition center.

Expansion of the area under concession from 213,000 m² to 380,000 m², modernization of existing pavilions and equipment, expansion of the exhibition area by at least a further 40,000 m² and the construction of parking facilities to cope with the extreme concentration of visitors, the construction of a Multi-purpose space to stage shows and sporting events; the construction of a hotel and convention center.

THE ‘IMIGRANTES’ EXHIBITION CENTER
SECRETARIAT OF PLANNING AND REGIONAL DEVELOPMENT

CONCESSION
INVESTMENT: BRL 346 MILLION
DURATION: 30 YEARS
CURRENT STAGE: CONTRACT SIGNED

COMPETITION: BRAZILIAN COMPANIES OR FOREIGN COMPANIES AUTHORIZED TO OPERATE IN THE COUNTRY COULD PARTICIPATE IN THE BID

Maintenance, recovery, expansion, optimization and operation of the exhibition center.

Expansion of the area under concession from 213,000 m² to 380,000 m², modernization of existing pavilions and equipment, expansion of the exhibition area by at least a further 40,000 m² and the construction of parking facilities to cope with the extreme concentration of visitors, the construction of a Multi-purpose space to stage shows and sporting events; the construction of a hotel and convention center.

The ‘Imigrantes’ exhibition center project
GOVERNMENT OF THE STATE OF SÃO PAULO

Geraldo Alckmin
Governor

Guilherme Afif Domingos
Vice-Governor

PPP MANAGEMENT COUNCIL

Julio Semeghini
President and Secretary of Planning and Regional Development

Members

Andrea Calabi
Secretary of Treasury

Edson Aparecido
Chief of Staff to the Governor

Edson Giriboni
Secretary of Sanitation and Water Resources

Elival da Silva Ramos
State Attorney General

José Aníbal
Secretary of Energy

Rodrigo Garcia
Secretary of Economic Development, Science and Technology

Pedro Pereira Benvenuto
Executive Secretary

PRODUCTION CREDITS

General Coordinator
Rodrigo Tavares (Office of Foreign Affairs)

Marketing Coordinator
Mariana Monoro Jens (Department of Communication)

Marketing Assistant
Viviane Goulart (Department of Communication)

Communications Officer
Cláudia Tavares and Carolina Blandino (Office of Foreign Affairs)

Graphic Project
Propag

Translation and proofreading
Rodrigo Tavares and David Coles

Fact Checking
Secretariat of Planning and Regional Development

September 2013 - 3rd edition
For all information regarding the PPPs of the State of São Paulo

In English:
Investe São Paulo
(investesp@investesp.org.br)

In Portuguese:
PPP Management Council
(secretariaexecutiva@sp.gov.br)

This booklet is part of a series on public policies of the Government of the State of São Paulo. If you wish to order the other booklets – “Casa Paulista – The Public-Private Partnership for Housing” or “Access São Paulo: Program on Digital Inclusion”– please contact the Office of Foreign Affairs by e-mail: aeai@sp.gov.br