

PROJECT ABSTRACT
STRUCTURED AND CORPORATE FINANCE (SCF)

I. BASIC FACTS

Date:	January 06, 2009
Country:	Brazil
Project Name:	Concession Rodoanel Oeste
Project Number:	BR-L1228
Borrower:	<i>Concessionária do Rodoanel Oeste S.A. (Rodoanel).</i>
Sponsors:	Companhia de Concessões Rodoviárias - CCR (Brazil) Encalso Construções (Brazil)

II. TRANSACTION FUNDAMENTALS

A. Project Structure

- 2.1 The Bank has been approached regarding potential financing for the concession fee and works that are necessary (upgrade and expansion) for the operation of the freeway, pursuant to the award of a 30-year Concession Agreement (the “Concession” or the “Project”) to a private company, under the responsibility of the Government of the State of São Paulo (“GoSP” or the “Granting Authority”) through the *Agência de Transportes do Estado de São Paulo* (“ARTESP”). The Project represents the first highway development to be launched as part of the GoSP’s second generation of State toll road concessions.
- 2.2 The Bank will structure an IDB A/B Loan to *Rodoanel*, a special purpose vehicle created for the sole purpose of the expansion, upgrade, operation and maintenance of the Project. The winning consortium consists of the Brazilian entities *Companhia de Concessões Rodoviárias S.A.* (“CCR”) and *Encalso Construções Ltda* (“Encalso”) with shareholdings of 95% and 5%, respectively (the “Shareholders” or the “Sponsors”).

B. Developmental Impact

- 2.3 The State of São Paulo has a population of approximately 42 million inhabitants and its road network develops greatly on a radial pattern converging to the capital city, São Paulo. With the absence of a beltway that could better direct the traffic coming from these roads, this type of design drains a significant amount of traffic and has a deleterious effect on the MRSP traffic, as several dislocations are not meant to the MRSP, but need to cross it heading to other destinations. This through traffic contributes significantly to deteriorate the circulation conditions in the major traffic corridors of the MRSP. In addition, the heavy traffic conditions not only generate clogged streets and expressways, but also contribute to increase noise levels and air pollutant concentrations in the region.
- 2.4 The 32-kilometer *Rodoanel Mário Covas - Trecho Oeste* (“Rodoanel Oeste”) - is an existing freeway located on the outskirts of the Metropolitan Region of São Paulo (“MRSP”), in Brazil. It has mainly been developed to alleviate the traffic,

particularly that of trucks and buses, coming into or crossing the Metropolitan Area through its essentially radial road network. The first segment of the Rodoanel Oeste has been under operation by a state-owned company since December 2001 and the whole section since October 2002. As part of the State of São Paulo Program of Highway Concessions, the government decided in 2007 to award the concession for operation of the Rodoanel Oeste to a private company, through an international public bidding process. The concession has been awarded to *Rodoanel Oeste S.A.* (the “Borrower” or the “Company”) in March 2008, and the Company took over operation in June 2008.

- 2.5 Rodoanel Oeste crosses some of the most important access roads to metropolitan São Paulo including: i) SP-348/330 *Sistema Anhanguera-Bandeirantes* (“AutoBAn”); ii) SP-280/270 *Sistema Castello Branco - Raposo Tavares* (“ViaOeste”) and iii) BR-116 *Rodovia Régis Bittencourt*. Construction of Rodoanel Oeste began in 1998 with traffic flows commencing in 2001. Since that time, Rodoanel Oeste has been operated under the responsibility of *Desenvolvimento Rodoviário S.A* (“DERSA”), a state owned company charged with operating and maintaining various sections of the São Paulo State highway network. The highway currently has traffic of approximately 240,000 vehicles per day which is currently un-tolled.

C. Environmental and Social Impact

- 2.6 As per IDB’s OP 703 Environment and Safeguards Compliance Policy, the Project has been classified as a Category B operation.
- 2.7 IDB’s Environmental and Social Strategy for this operation is presented in a separate document (*Environmental and Social Strategy*).