

## PROJECT ABSTRACT

Project number	BR-0235
Project name	Yellow Line Toll Road Project
Country	Brazil
Sponsors	Construtora OAS
Total project cost	US\$61.5 million
IDB participation	IDB A-Loan: US\$14 million IDB B-Loan: US\$11 million
Department	Private Sector Department
Status	Approved by the Board of Executive Directors
Date	February 14, 1996

### I. DESCRIPTION OF THE PROJECT

- 1.1 The Yellow Line Toll Road entails the construction of 15 km of a six-lane urban highway to be built in three sections: Section I (2.1 km), Section II (6.9 km) and Section III (6 km). The construction of Section II includes two parallel tunnels of 2.2 km, one in each direction. The 15 km toll road is part of the Yellow Line expressway (23.7 km) of which 8.7 km are in operation.
- 1.2 In March 1994, the Municipality of Rio de Janeiro (MRJ) solicited bids for the construction and toll road concession of Sections I, II and III of the Yellow Line. The bid documents for Section II contemplated the construction financing and a concession for maintaining and operating the 15 km toll road. Of the five construction firms that submitted bids, four prequalified. In September 1994, the MRJ awarded the construction of Section II and III and the operation and maintenance concession of the toll road, for ten years, to Construtora OAS. Construction of Section I was awarded to COTECA/CBC.
- 1.3 The construction of the Yellow Line was initially planned by the Municipality of Rio de Janeiro (MRJ) in the 1960's with the objective of reducing distances and connecting areas of the city encircled by a mountainous region. The 23.7 km expressway defines the first ring road for the city of Rio de Janeiro. It establishes a transverse corridor linking Jacarepagua, Barra da Tijuca and Recreio dos Bandeirantes (southwest) to the Island of Fundao in the Guanabara Bay (northeast) and from there, through the access of the Red Line, links the Island of Fundao to downtown.
- 1.4 The MRJ is committed to fund US\$103.5 million equivalent for the construction of the 15 km expressway, and Linha Amarela S.A. (LASA) will be responsible for arranging US\$57.0 million through its own contribution and financing.

### II. COMPANY AND SPONSORS

- 2.1 LASA, a special purpose company, is in the process of being created to receive the concession rights from Construtora OAS for operation and maintenance of 15 km of toll road and its construction assets of Section II of the Yellow Line.
- 2.2 The project is being sponsored by OAS, the parent company of Construtora OAS. OAS is an experienced and well-known Brazilian Group, founded in 1976, and presides over four major activities: construction, real estate, agro-industry and energy, employing over

fourteen thousand people. Construtora OAS was the first company established by OAS and is solely dedicated to construction of major civil works.

### III. FINANCING PLAN

Equity	US\$22 m	(36%)
BNDES Loan	US\$11 m	(19%)
A Loan	US\$14 m	(24%)
B Loan	US\$11 m	(19%)
Total	US\$58 m	(100%)

### IV. TIMETABLE

- 4.1 As of July 31, 1995, 22% of the construction, which started in December 1994, had been completed. It is expected that the Yellow Line Toll Road will be finished by December 1996.

### V. PROCUREMENT

- 5.1.1 Construction materials are being supplied by domestic manufacturers. Pre-cast concrete structures are being produced by Construtora OAS using molds and steel supports imported from FREYSINET, a French construction company. The specialized automatic collection system, data processing, communication and environmental monitoring system will be bid through a competitive process.

### VI. ENVIRONMENTAL FACTORS

- 6.1 The environmental impact of the construction and operation of the Yellow Line project has been assessed through: the Environmental Impact Assessment (EIA) and its Report (RIMA) prepared by Ambiental, a local environmental consulting firm, for MRJ. This study identifies the environmental impacts of the project and suggests control measures to minimize the negative effects upon the environment and the affected population. Two Bank consultants were retained to review the EIA/RIMA Report and Resettlement Plan to validate their findings and to recommend any additional actions required to comply with standard Bank guidelines.

### VII. ROLE OF THE IDB

- 7.1 The Bank's participation in the financing of this project contributes to support decentralized public entities, in this case the MRJ, in their initiative to give way to private capital participation in key economic infrastructure areas. Particularly in the transportation sector, the involvement of the private sector requires large amounts of capital and long term returns. The Bank's contribution will facilitate the development of the partnership between the MRJ and the private sector. Moreover, the Bank's presence has had a positive environmental impact during the implementation of the resettlement process of the low-income population affected by the construction of the Yellow Line road.