

Park concessions in Brazil: States take the lead

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Concession contracts to operate nature and urban parks are not exactly a novelty in Brazil. After a first phase of initiatives by the federal government, the states have now taken on a leading role in public-private partnerships to manage these spaces.

The aim of concessions is to make public use of parks and other protected areas more efficient establishing partnerships with businesses from the private sector that offer tourism support services. As a rule, concession contracts will require revitalization and modernization of attractions and infrastructure in areas used by the public. On the social and environmental fronts, contracts will typically provide for environmental monitoring, management of flora and fauna, and integration with neighboring communities.

From 1998 to 2015, Brazil's federal environmental agencies, Ibama and ICMBio, were pioneers in conducting a number of partnerships with private entities. Out of the 74 national parks, nine are under concession (Foz do Iguaçu, Chapada dos Veadeiros, Tijuca, Itatiaia, Pau-Brasil, Aparados da Serra, Serra Geral, Fernando de Noronha and Serra dos Órgãos). Another 10 parks concession projects have been approved under the federal Investment Partnership Program (PPI – Programa de Parcerias de Investimentos).

For nature parks, the main challenge is drafting strong, clear concession contracts that make an appropriate allocation of risks and responsibilities between the parties and provide the legal certainty that private enterprises require. Generally speaking, the main sources of revenue under park concessions come from admissions and parking. Still, government agencies have been giving private partners greater room to innovate in their business models and generate additional income. Monitoring concession contracts, adopting mechanisms to measure performance by private partners, is also crucial to the success of new park projects.

Starting in 2020, various Brazilian states submitted conservation areas for feasibility assessments and modeling of public-private partnerships under the Nature Park Concessions program offered by Brazil's development bank, BNDES. In 2021 alone, the states of Pernambuco (PE), Tocantins (TO) and Bahia (BA) submitted the following concession projects to public consultation: Dois Irmãos (PE), Jalapão (TO), Sete Passagens (BA), and Serra do Conduru (BA) state parks, along with the Salvador Zoological and Botanical Park (BA).

There are a number of concession projects in sight for 2022. The Minas Gerais State Park Concession Program, for example, plans for the concession of 20 conservation areas, while the state of Rio Grande do Sul intends to include another two parks in its concessions portfolio by the end of the year.

In these new opportunities for business, candidates for concessions should pay particular attention to environmental obligations under concession contracts (which are becoming more robust), the integration of concession programs with the National Policy on Payment for Environmental Services (Law 14.119/2021) and, also, initiatives for structuring carbon credits and implementation of ESG agendas.

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