POSTCARDS FROM THE HALLWAYS
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BRAZIL

INNOVATIONS IN INFRASTRUCTURE

The Road to New Investment
PRIVATE SECTOR SOLUTIONS

With IFC's help, Brazil is attracting $4 billion in new private investment to upgrade roads in its industrial heartland—São Paulo state.

Brazil needed huge investments in its road infrastructure, but the country's long-standing bidding rules prevented competition, favoring local firms bidding for infrastructure projects. The lack of transparency and competition kept government costs high and efficiency low.

São Paulo state knew it would need international investors—and a new approach—to fix its roads. It turned to IFC—asking us to structure and tender a new concession program for a $4 billion road initiative, relying upon fundamental procurement reforms to attract local and foreign investors.

IFC helped the state set up an innovative new public-private partnership (PPP) structure. The first two roads were auctioned in 2017—with historic results. The winning bidders: global infrastructure player Arteris and Patria Investimentos, an investment fund partly owned by Blackstone Group of the US. Arteris and Patria offered a combined $860 million in fees and $3 billion in investment in the initial 1,300 km of roads. An auction for a third road was completed early this year. The winner of the bid, Ecorodovias (part of the Italian group Gavio), offered over $270 million in concession fees and will invest about $180 million during the 30-year concession for the Northern section of a beltway surrounding the city of São Paulo.

IFC's work earned the Most Innovative Idea of the Year Award at the PPP Awards & Conference Brazil in November 2017 for improving project bankability.

Read more: ifc.org/lac