Country Engagement Program: Brazil

To increase its global competitiveness, Brazil created an ambitious strategy to attract more private investment in its infrastructure. A partnership with the Global Infrastructure Hub helped Brazil implement and realise this strategy.

Between 2020 and 2022, Brazil will auction a pipeline of more than US$1.7 billion in lease and concession contracts for transportation infrastructure projects that will strengthen the nation’s roads, railways, ports, and airports while creating opportunities for technological and industrial development and boosting productivity and growth. The projects are forecasted to create more than 900,000 jobs and contribute to Brazil’s COVID-19 pandemic recovery.

In bringing these contracts to auction, a key priority for Brazil was attracting private investment into its infrastructure – including participation from foreign investors.

Infrastructure development is directly linked to the socioeconomic development of a country. To close our infrastructure gap in a post-pandemic Brazil, our pipeline of projects will have to become even more attractive to international private investments. The leading strategies of emerging markets to address foreign currency exchange risks provided by the Global Infrastructure Hub are at the core of this discussion, and will certainly help us to propose more evidence-based and effective solutions to this issue.

Rodolfo Benevento, Undersecretary of Economic Intelligence, Secretariat for Infrastructure Development, Ministry of Economy (Brazil)

Program outcomes

As the program with the GI Hub drew to an end in May 2021, there were positive signs that Brazil was achieving its goals. The country’s privatisation agenda was more visible among stakeholders and featured in national and international media. Brazil had also begun implementing some innovative solutions to mitigate foreign currency exchange (forex) risk in concession contracts. Overall program outcomes to date are:

- Brazil is able to benchmark its private infrastructure investment performance against that of other economies and apply learnings from the data to increase private investment. The data and insights the GI Hub provided have given Brazil a better view of long-term sources of finance, enabling sound decisionmaking.
- Brazil can attract private sector participation and competition in its port contracts based on the findings of the GI Hub’s comprehensive market consultation with contractors, equity investors, and port operators. Brazil can use insights from the consultation to tailor the packaging and scope of these contracts to attract private sector participation and enhance competition.
- Brazil can introduce effective new forex risk mitigations to address foreign investor concerns about currency volatility and attract foreign investors to its projects. The program defined areas where Brazil could better hedge risk, and shared learnings from other markets that could be replicated by Brazil.
- Brazil’s infrastructure specialists can bring more bankable projects to market, enabled by specialised training in project preparation. The GI Hub provided training in global best practices for project preparation for national and subnational infrastructure specialists.

“Because of this market sounding, our new project model will bring a more efficient and flexible model and will expand the investment potential through private resources.”

Diogo Piloni, Brazil’s Secretary of Ports

“Currency volatility is a risk traditionally allocated to sponsors. However, our studies revealed innovative mechanisms of risk-sharing between public and private parties when pure market mechanisms fail. In Brazil, we identified positive experiences, but also room for improvement in the regulatory framework, potentially applying some innovations identified in our analysis.”

Jose Vigilio Lopes Eneu, Partner at Machado Meyer

“Infrastructure development is going to play a key role in mobilisation of private investment in Brazil and benchmark with other countries.”

Rodolfo Benevento, Undersecretary of Economic Intelligence, Secretariat for Infrastructure Development, Ministry of Economy (Brazil)

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Rodolfo Benevento, Undersecretary of Economic Intelligence, Secretariat for Infrastructure Development, Ministry of Economy (Brazil)
The program by the numbers

The partnership between the Brazilian Government and the GI Hub is enabling Brazil’s infrastructure future. Here’s what has been achieved so far, by the numbers:

A program to support private investment in

$44bn* of transportation infrastructure

Engagement with

30+ public sector stakeholders and multi-lateral development banks and

50+ private sector stakeholders

Insights from

10 emerging economies modelled for benchmarking in the Forex Initiative

15 in-depth studies developed as models of potential innovations for addressing Forex risk

200+ Brazilian infrastructure specialists increased their knowledge of global leading practices for project preparation and management

*All dollar references are in USD.