



**ECONOMIST
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Infrascopes 2025

Brazil sub-national pilot study

Commissioned by



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About this report

This document highlights the results of a pilot study that benchmarks and assesses the capacity of five Brazilian states to carry out sustainable, impact-driven and efficient public-private partnerships (PPPs) in infrastructure. The selected states for this pilot program include São Paulo, Rio Grande do Sul, Pernambuco, Mato Grosso do Sul and Pará.

Sub-national governments play a critical role in advancing economic and social development through infrastructure. In recognition of this, states have begun establishing PPP frameworks and tailoring their approaches to PPPs to better meet regional priorities. Although national frameworks provide an important baseline, state-level PPP ecosystems can vary substantially. States often have unique PPP policies, infrastructure plans, support institutions, project requirements and financial risk environments.

These aspects of local PPP ecosystems cannot be fully understood through country-level benchmarking alone. This sub-national version of the Infrascope index is intended to enable states' progress across these diverse areas to be assessed.

The methodology for this sub-national index was adapted from the methodology of the 2023/24 Infrascope for Latin America and the Caribbean. The new methodology framework follows the same overall thematic structure, with only a few minor updates to indicator names and groupings. To make the methodology fit for purpose in benchmarking sub-national jurisdictions, many indicators now feature revised wording or scoring guidance, including additional criteria focused on state laws, institutions and practices.

For detailed information about the methodology used in this study, please see the accompanying methodology appendix. The analysis and content of this study cover the period from December 2024 to April 2025.

The index was built by Economist Impact and is supported financially by the Inter-American Development Bank (IDB). The views and opinions expressed in this publication are those of Economist Impact and do not necessarily reflect the IDB's official position. Any comments, corrections or questions can be directed to Economist Impact.

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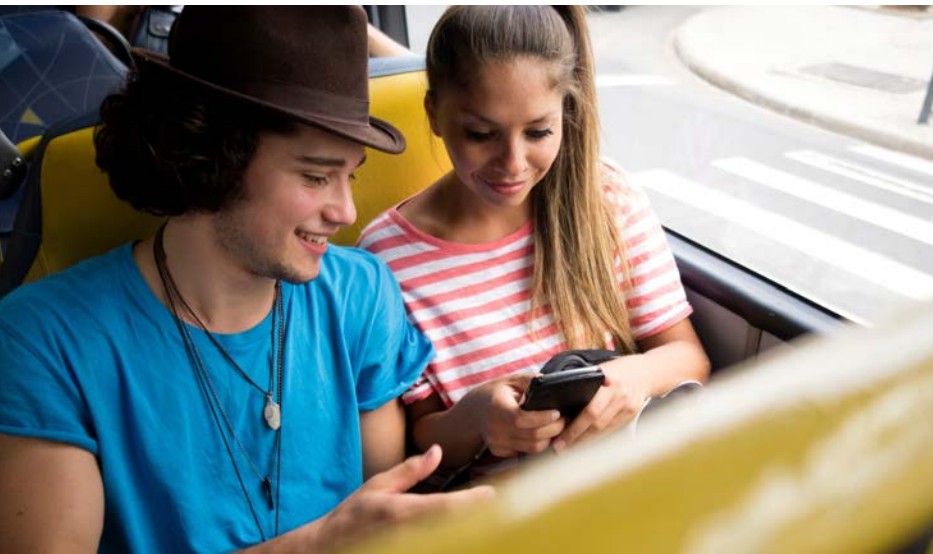
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Infrascope categories and indicators

This 2025 Brazil sub-national Infrascope pilot study consists of five categories, 19 sub-categories, 51 indicators and 99 sub-indicators, both qualitative and quantitative.

Data for the quantitative indicators are drawn from various sources, including The Economist Intelligence Unit, IJ Global and the World Bank Public Participation in Infrastructure Database, among others. The qualitative data come from a range of primary sources (legal texts, government websites, press reports and expert interviews) and industry reports.

The core structure of the index framework is outlined below. It follows the same thematic organization as the regional Infrascope methodology, with only a few small changes to indicator names and groupings. The accompanying methodology appendix provides further detail on how the methodology was adapted for state-level considerations and provides a complete list of sub-indicators and detailed scoring definitions.



Legend:

Category		
Sub-category		
Indicator		
Sub-indicator (not shown)		
	1) Regulations and institutions	
	1.1) Conducive regulatory environment and political support for pppls	
	1.1.1) Public procurement and ppp contracts	3.1.4) Sources of financing (sustainable financing)
	1.1.2) Inter-agency co-ordination	3.1.5) Sources of financing (multilateral banks)
	1.1.3) Political will and support for pppls	3.1.6) Sources of financing (institutional investors)
	1.2) Ppp dedicated agency and project teams	3.2) Access to capital
	1.2.1) Existence of ppp agency	3.2.1) Average cost of capital
	1.2.2) Staffing of ppp agency	3.2.2) Government financial support
	1.2.3) Project consortiums and technical teams	3.2.4) Debt performance
	1.3) Competitiveness and openness of bidding	3.3) Macro environment
	1.3.1) Competitive bidding regulations	3.3.1) Fiscal risk
	1.3.2) Unsolicited bids/proposals	3.3.2) Financial maturity
	1.3.3) Publication of project portfolio	
	1.3.4) Publication of bidding materials	4) Risk management and contract monitoring
	1.4) Fairness and openness of contract changes	4.1) Risk allocation
	1.4.1) Contract disputes and arbitration	4.1.1) Risk identification and allocation
	1.4.2) Renegotiation procedures	4.1.2) Contingent liabilities
	1.4.3) Transparency and oversight	4.1.3) Lenders' step-in rights
		4.1.4) Government guarantees
	2) Project preparation and sustainability	4.2) State-level monitoring and reporting
	2.1) Project selection	4.2.1) Contract management
	2.1.1) Selection and prioritization	4.3) Disaster risk
	2.1.2) Economic principles for project selection	4.3.1) Disaster risk sensitive investment (regulation)
	2.2) Project preparation and support	4.3.2) Disaster risk sensitive investment (insurance)
	2.2.1) Preparation facilities	4.3.3) Disaster risk management
	2.2.2) Project support	4.4) Risk of government action
	2.3) Efficiency of project preparation	4.4.1) Government risks
	2.3.1) Financial close	4.4.2) Contract termination
	2.3.2) Level of concentration in the industry	4.4.3) Regulatory risk
	2.3.3) Land administration	
	2.4) Environmental and social sustainability	5) Performance evaluation and impact (ex-post)
	2.4.1) Environmental and community impacts	5.1) Ex-post evaluation of ppp projects
	2.4.2) Social equitability	5.1.1) Agency and evaluations
	3) Financing	5.2) Maturity and quality
	3.1) Structure and sources of financing	5.2.1) Project mortality rate
	3.1.1) Finance structure	5.2.2) Value of ppp investment
	3.1.2) Performance-based payments	5.2.3) Quality of infrastructure
	3.1.3) Sources of financing (project bonds)	5.3) Impact on infrastructure quality/outcomes
		5.3.1) Quality monitoring and reporting
		5.4) Impact on environmental and social outcomes
		5.4.1) Climate outcomes
		5.4.2) Progress toward sdgs

Summary overview

The Infrascope index’s expansion to Brazilian sub-national jurisdictions offers a new lens on PPP readiness across five states: São Paulo, Rio Grande do Sul, Pernambuco, Mato Grosso do Sul and Pará.

State-level PPP ecosystems can vary significantly in their policies, plans, institutions, project requirements, and financial risk, even though national frameworks provide a baseline for states. Given the vital role that sub-national jurisdictions play in infrastructure development, we have designed the sub-national Infrascope index to assess states’ progress in these diverse areas. This index offers a diagnostic tool for identifying areas for improvement and enabling states to benchmark the effectiveness of their PPP ecosystems.

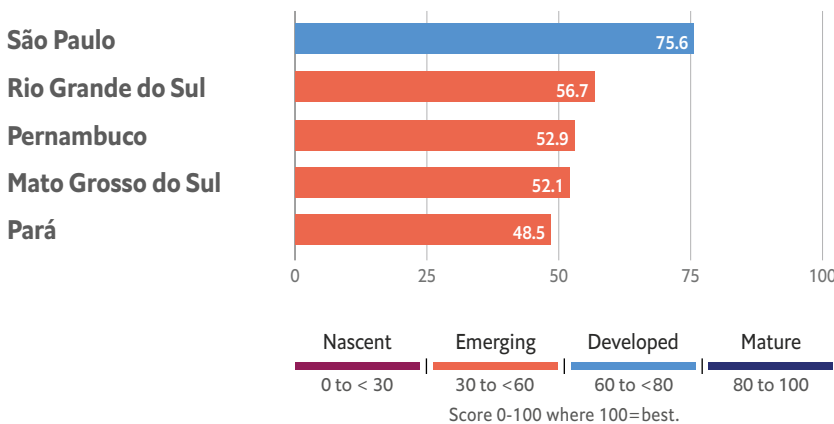
The results of the index reveal a landscape with several common denominators. Across the five states, robust regulatory foundations and institutional maturity are generally the norm, underpinned by national PPP legislation and the establishment of state-level PPP units.

Key strengths include widespread political support for PPPs, competitive procurement rules and transparency in bidding.

However, key areas for improvement remain for many states, including underdeveloped project prioritization criteria, limited project preparation capacity, limited municipal-level enablement, incomplete risk allocation guidance, and weak integration/monitoring of sustainability.

São Paulo emerges as a national leader in PPP performance, outpacing peers in nearly every area. Its PPP framework stands out for its breadth and depth, supporting a strong performance across all five categories of the Infrascope index. Other states, while demonstrating strong regulatory and institutional foundations, show opportunities for targeted improvement in project preparation, financing, risk management and performance evaluation. São Paulo’s efforts to build capacity across the PPP lifecycle position the state as a model for sub-national PPP readiness in Brazil.

Brazil sub-national pilot study (overall score)



Key findings

Regulatory and institutional foundations for PPPs are robust in all states. The average performance in this category far surpasses other areas. Nationwide, regulatory strength is largely underpinned by comprehensive national-level PPP legislation, alongside the establishment of operational state-level PPP units. Although full-time technical staff are employed in all states except Pará, training remains inconsistent and technical depth varies. Most states display strong competitive bidding processes and transparency around procurement, in line with guidance from federal standards.

Deficiencies in project prioritization, preparation and sustainability undermine states' ability to build on their PPP foundations. Most states rely exclusively on federally established project prioritization frameworks without tailoring selection criteria to local needs or infrastructure strategies. Limited guidance has been established around cost-benefit analysis, either nationally or across states, and only São Paulo and Pernambuco maintain state-sponsored project preparation facilities. When it comes to sustainability, few states integrate their own environmental and social criteria into project selection, and most lack concrete ways of incorporating sustainability requirements into project implementation.

Most states show significant gaps in enabling municipal-level PPP procurement. States typically provide few resources for cities and municipalities looking to develop PPPs. Only São Paulo and Rio Grande do Sul provide structured support for project preparation for municipalities, including financial resources, technical advisory services and knowledge sharing. Elsewhere local governments lack the same access to these tools, although Mato Grosso do Sul does have a management council that helps facilitate state-municipality co-ordination.

Financing performance is often uneven. Aside from São Paulo, which is far ahead of its peers, each state has strong results in some areas offset by large gaps in others. São Paulo has developed a diversified mix of subsidies, guarantees, development funds and even a viability gap fund. By contrast, other states have narrower financing channels, with limited participation from multilateral banks, institutional investors or sustainable sources. Only São Paulo and Pará have tapped green bonds or sustainability-linked loans, underscoring how rare sustainable finance remains at the sub-national level.

Risk management frameworks are relatively strong overall, but disaster-risk provisions are absent everywhere. Most states rely on established national baseline policies for risk allocation, with only São Paulo and Pará incorporating elements of additional guidance. For instance, Pará is the only state requiring PPPs to consider contractual risk-sharing for extraordinary risks, highlighting how unevenly such tools are applied. When it comes to disaster risk, neither the country nor any of the five states has outlined disaster risk management or force majeure processes in their PPP regulations, a striking omission given Brazil's recent climate shocks.

Ex-post evaluation capacity is supported by strong national audit frameworks, but state-level efforts are limited and sustainability monitoring is absent. Most states benefit from comprehensive national audits, but state audit institutions do not always carry out ex-post evaluations and typically lack rigorous methodologies. Meanwhile, no state has requirements to monitor environmental impacts during PPP implementation or assess social and environmental performance after project completion. This limits accountability and undermines alignment with environmental, social and governance (ESG) standards and the UN Sustainable Development Goals (SDGs).



State highlights

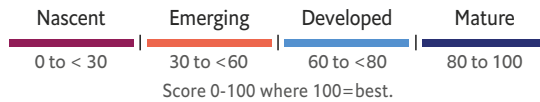
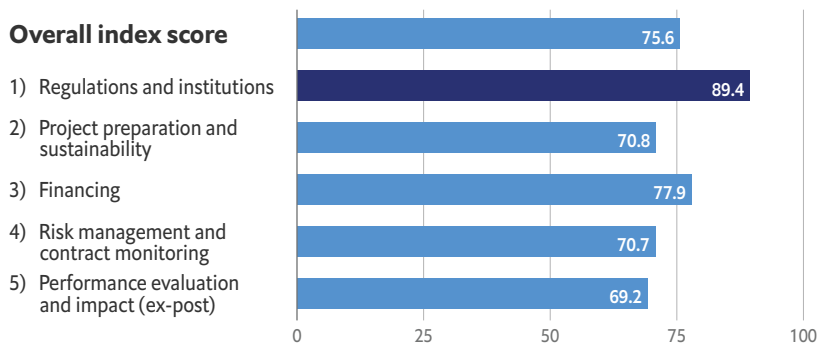


São Paulo, Brazil's most populous state and home to the country's largest transport network, leads the index with an overall score of 76 out of 100. This score falls in the "developed" range (between 60 and <80), just short of "mature". The state shows a consistently strong performance across all five categories. With 35 infrastructure PPPs reaching financial close in the past decade, São Paulo has outpaced the four other states combined, which collectively recorded only 25.

São Paulo is one of only two states that has published a comprehensive PPP manual, providing expanded guidance on its PPP regulations and on co-ordination between state and national agencies. Other key strengths lie in the state's diverse financial support to PPPs and its robust project preparation facilities.

However, notable room remains for improvement in project assessment standards, particularly around sustainability. This includes both ongoing monitoring and ex-post evaluation of environmental impacts.

Overall index score



Key strengths

- Guidance on state-national co-ordination, project consortiums and technical teams (1.1.2, 1.2.3)
- State-sponsored project preparation facilities (2.2.1)
- Government financial support (development funds, subsidies, guarantees, etc) (2.2.2, 3.2.2, 4.1.4)
- Overall quality of infrastructure (5.2.3)

Areas for improvement

- Adoption of a state infrastructure plan and prioritization strategy for PPPs (2.1.1)
- Requirements for cost-benefit analysis (2.1.2.a)
- Regulations on disaster risk management and *force majeure* events (4.3.1, 4.3.3)
- Evaluation of environmental and social outcomes (5.4)



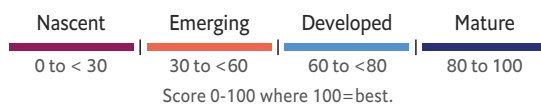
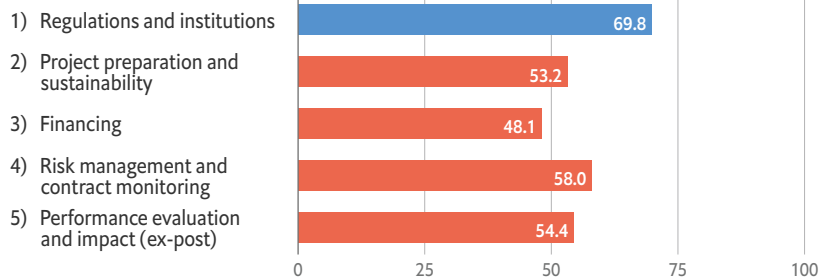


Rio Grande do Sul, an industrial center with strategic logistics infrastructure across ports and airports, earns an overall score of 57 out of 100. This score falls at the top of the “emerging” range (between 30 and <60), just short of “developed”. Its strongest performance is in the regulations and institutions category, where it has a score of 70, easily outpacing its average of 53 across the rest.

The state’s institutional foundations for PPPs are generally robust, with strong political backing and a well-resourced and highly trained PPP agency. It is also the only state with a strategic infrastructure plan—launched in the wake of severe flooding that occurred in 2024—which enhances the state’s long-term planning credentials.

Yet key gaps remain in areas such as the inclusion of social sustainability in PPP selection criteria, the availability of state-sponsored project support funds and regular reporting about ongoing PPPs.

Overall index score



Key strengths

- Active political support, including a new PPP agenda and infrastructure plan (1.1.3.a, 2.1.1.a)
- Fully staffed PPP unit with multidisciplinary expertise and regular training in PPPs (1.2.2)
- Formal support for project preparation activities by municipalities (2.2.1.b)
- Integration of environmental findings into each project implementation plan (2.4.1.a)

Areas for improvement

- State-sponsored project development fund or viability gap fund (2.2.2)
- Inclusion of social equitability criteria in PPP selection (2.4.2)
- State fiscal situation and payment capacity for new loans (3.3.1.b)
- Frequency of regular reports for ongoing projects (4.2.1.c)





Pernambuco, the main logistics center in the north-east and a growing digital tech hub, receives a score of 53 out of 100. This score falls at the upper end of the “emerging” range (between 30 and <60). Its highest category score is 61 for regulations and institutions, a step above its average score of 51 across the others.

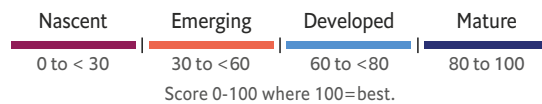
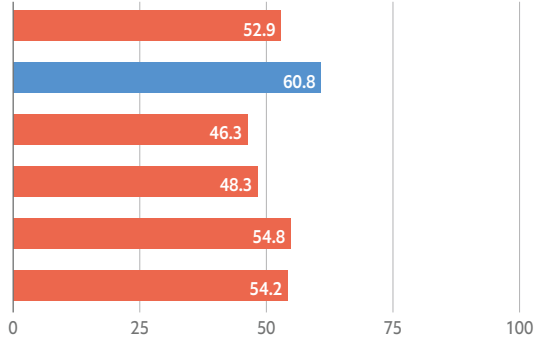
Pernambuco distinguishes itself with the efficiency of its project preparation environment. The state provides strong technical support

facilities for project preparation, and it receives leading scores for the efficiency of land administration and the rate of financial close.

However, the state trails in its strategic approach to PPPs, hindered by its lack of an infrastructure plan or PPP prioritization strategy, weaker support for project consortiums and technical teams, and gaps in environmental and social sustainability criteria.

Overall index score

- 1) Regulations and institutions
- 2) Project preparation and sustainability
- 3) Financing
- 4) Risk management and contract monitoring
- 5) Performance evaluation and impact (ex-post)



Key strengths

- Competitive bidding procedures and oversight mechanisms (1.3.1)
- Project preparation facilities provided by the state (2.2.1.a)
- Rate of infrastructure PPPs reaching financial close (2.3.1)
- Strength of the state’s macro environment (fiscal risk and financial maturity) (3.3)

Areas for improvement

- Guidance and support for project consortiums and technical teams (1.2.3)
- Regulations around renegotiations and contract changes (1.4)
- State-level infrastructure plan and PPP prioritization strategy (2.1.1)
- Environmental and social sustainability requirements and criteria (2.4)
- Risk allocation guidelines and supports (4.1)





Mato Grosso do Sul, an export-oriented agribusiness state focused on modernizing and greening its road and rail networks, earns an overall score of 52 out of 100. This score falls at the upper end of the “emerging” range (between 30 and <60). Its highest category score (68) for regulations and institutions far outpaces its lowest category score (38) for project preparation and sustainability.

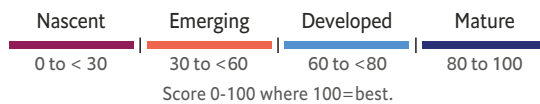
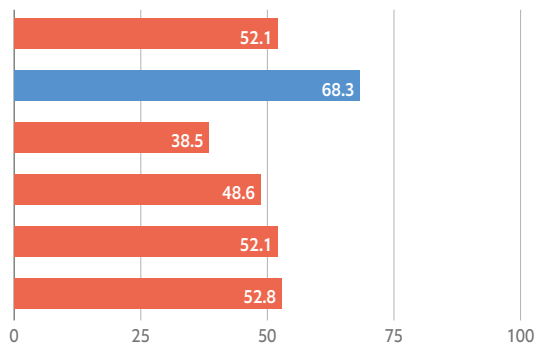
The state shows particular strength in its foundational PPP regulations, with a dedicated PPP guide explaining applicable state and

national laws and outlining processes across the project cycle. The state also excels in coordinating municipal PPPs, with a management council providing mechanisms for direct state-municipality co-ordination.

Although the state publishes an annual plan for PPPs, this is not integrated into a broader infrastructure development plan with clear criteria for prioritizing PPPs. The state also lags when it comes to providing project preparation assistance through dedicated facilities.

Overall index score

- 1) Regulations and institutions
- 2) Project preparation and sustainability
- 3) Financing
- 4) Risk management and contract monitoring
- 5) Performance evaluation and impact (ex-post)



Key strengths

- One of only two states with a dedicated PPP guide/manual (1.1.1.a)
- Publishes an annual State Partnership Plan, highlighting areas of interest and a prospective pipeline of PPPs (1.3.3.b)
- Allocation of state budgets toward a project development fund (2.2.2.a)
- Strong access to capital and robust fiscal capacity (3.2, 3.3.1.b)

Areas for improvement

- Regulations around renegotiations and contract changes (1.4)
- Integration of the annual State Partnership Plan into a broader infrastructure development plan (2.1.1.a)
- Project preparation facilities, including support facilities for municipalities (2.2.1)
- Risk allocation guidelines and related supports (4.1)





Pará, a large Amazon state upgrading its urban and social infrastructure as it prepares to host COP30, has the index’s lowest score, at 49 out of 100. This score falls in the “emerging” range (between 30 and <60). Its highest category score (60) for regulations and institutions far outpaces its lowest category score (33) for project preparation and sustainability.

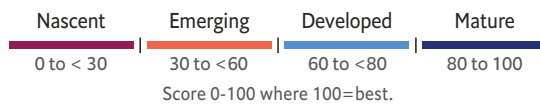
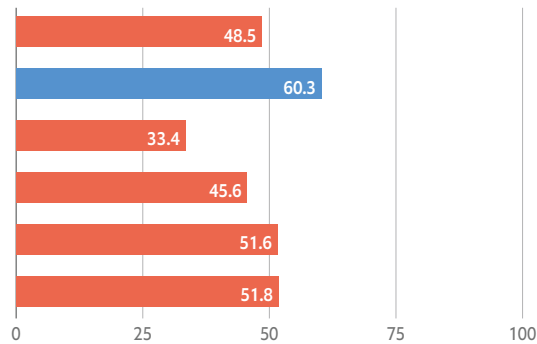
Pará exhibits some notable practices in risk allocation and sustainability. It is the only state where contractual risk-sharing mechanisms

must be considered, and it is the only state that provides support for municipal-level environmental impact assessments and outlines sustainable project standards.

However, limited technical capacity and institutional support for project preparation constrain efforts to structure and finance PPPs. It is also the only state among the five without published information about a prospective PPP pipeline.

Overall index score

- 1) Regulations and institutions
- 2) Project preparation and sustainability
- 3) Financing
- 4) Risk management and contract monitoring
- 5) Performance evaluation and impact (ex-post)



Key strengths

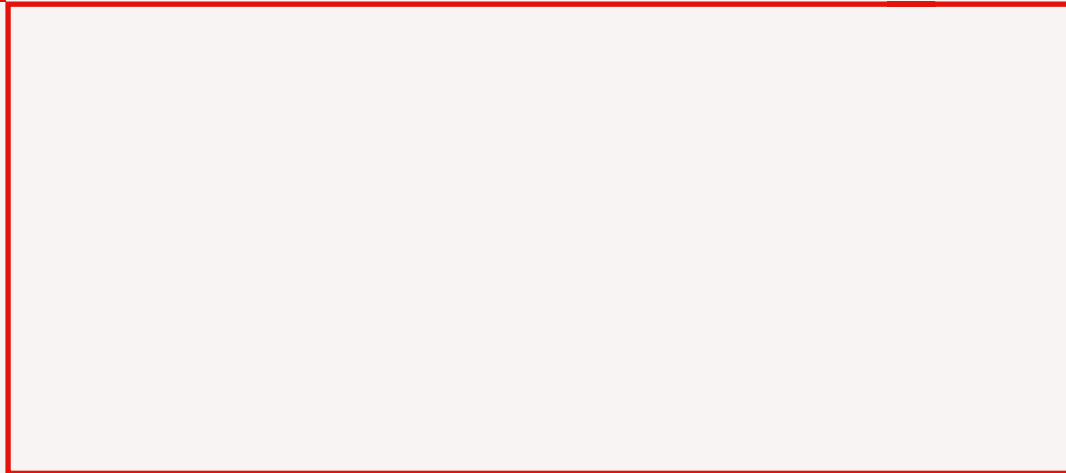
- Technical support for local governments’ environmental impact analyses (2.4.1.a)
- Active incorporation of future-proofing elements into projects (2.4.1.d)
- Contractual risk-sharing arrangements must be considered for extraordinary risks (4.1.1.a)
- Ex-post evaluations published online (5.1.1.b)

Areas for improvement

- Guidance and support for project consortiums and technical teams (1.2.3)
- Only state without published information about the prospective PPP pipeline (1.3.3.b)
- Project preparation facilities and support funds (2.2.1)
- Lowest rate of financial close for PPPs (2.3.1)



While every effort has been taken to verify the accuracy of this information, Economist Impact cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report. The findings and views expressed in the report do not necessarily reflect the views of the sponsor.



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