



INFRASTRUCTURE

Pulso Brasil



PERCEPTIONS OF BRAZILIANS ABOUT INVESTMENT IN THE
COUNTRY'S INFRASTRUCTURE

POINT OF VIEW

GAME CHANGERS



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Deficiencies in Brazil's existing infrastructure have negative consequences for the economy, and the daily lives of its citizens. Public discussion about existing economic setbacks is frequent, and lack of investment is often blamed.

What isn't as well-understood however, is the impact of public perception toward infrastructure development, including who is responsible for driving it, how it's defined, the benefits of investment, and the impact of corruption.

The Pulso Brasil study, undertaken by Ipsos Public Affairs, exclusively addressed these themes at the *15th Latin American Strategic Infrastructure Leadership Forum*, held in São Paulo in late 2017.

The study's results are rich and urge further debate.

On the one hand, new data confirms some historically held views of how the infrastructure sector is perceived in Brazil. On the other, the belief that infrastructure development provides benefits only in the long-term significantly affects public opinion about it.

Our first major conclusion from the data is that concept of infrastructure development is not well-understood, as almost one-quarter (24%) of Brazilians could not express what investment in infrastructure meant to them.

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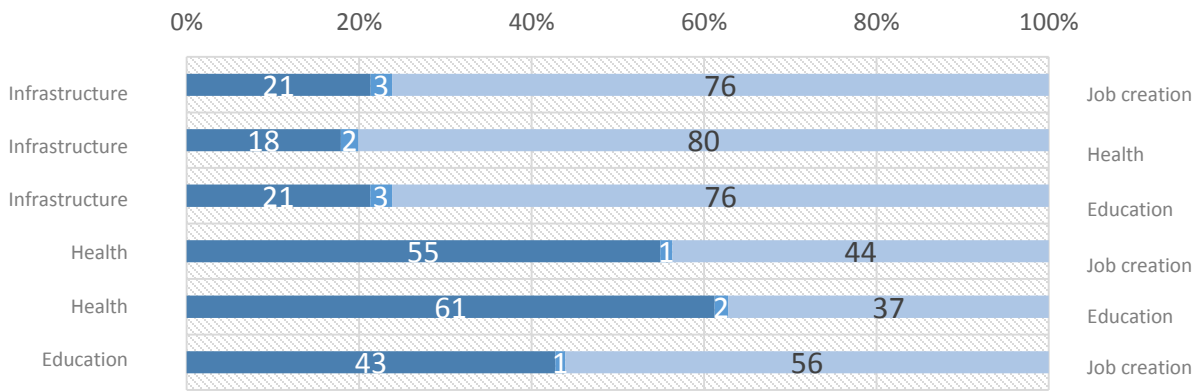
The accepted definition of infrastructure is that it's the practical manifestation of solutions that address basic needs, such as the construction of hospitals, health centers or schools.

Also covered under infrastructure development are items related to public transportation, such as paving streets and avenues, construction of walkways, bridges and viaducts. Basic sanitation (19%), urban development & planning (18%) and jobs (12%) followed.

A particularly concerning finding was that 26% of the items that respondents did mention were related to human rights and quality of life, rather than infrastructure.

Choosing priorities: Context is critical

Health and education have always been areas of need in Brazil. Historically, these public services have not improved in quality even during the most vigorous economic cycles, and dissatisfaction with these sectors is general and universal. Furthermore, current unemployment levels have strongly affected people's lives. It's within this context that we asked Brazilians about their investment priorities and asked them to choose between infrastructure, job creation, health and education.

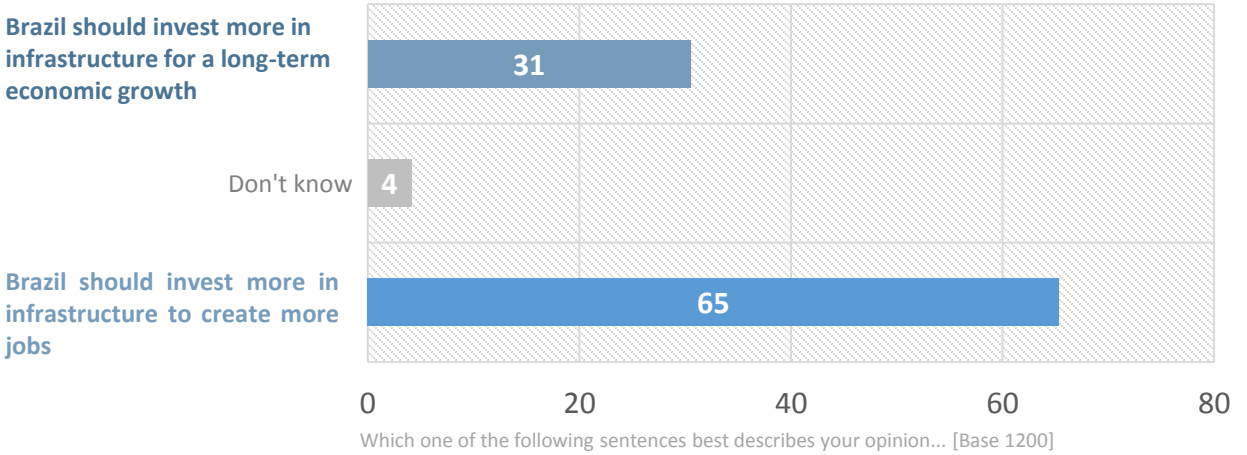


For each of the following pairs of sentences, choose the one that best reflects your opinion. Brazil should invest more in ... [Base 1200]

Unsurprisingly, infrastructure rated last as a priority item. Health and job creation issues, which have affected Brazilians and created hardship for years, topped the priority list. Education and infrastructure investment on the other hand, provide returns in the medium or long-term, and so have become secondary to more immediate and pressing unaddressed needs.

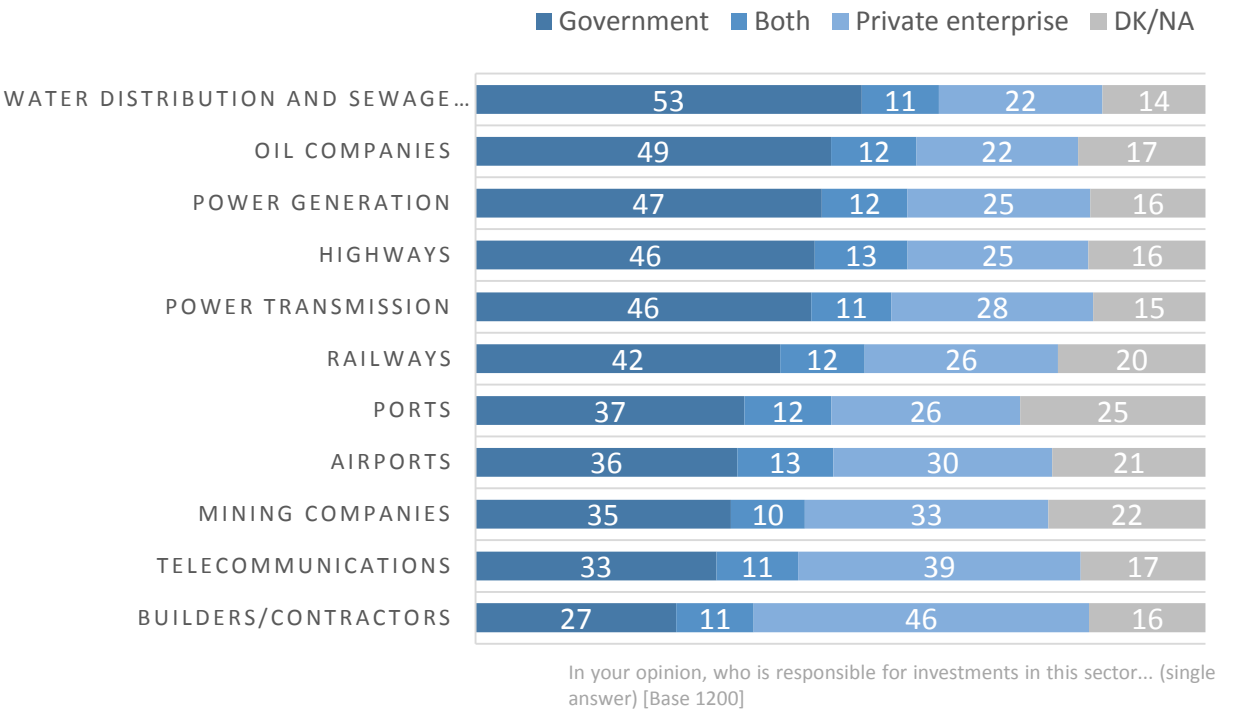
When we presented Brazilians with an statement favorably promoting the values of infrastructure investment, reactions became highly positive, irrespective of gender, age and income, with 80% of Brazilians agreeing that “infrastructure projects can be an important mechanism for job creation in Brazil”. Further statements were also met with majority agreement: 73% agree that “investments in infrastructure will ensure Brazil’s long-term economic growth”, and 74% agree that “investing more in Brazil's infrastructure would help fix a broken Brazil”.

These opinions are understandable both in the current context of the country and from a historical perspective. In Brazil, the discussion about investment as a priority has largely been affected by how it's positioned – as a solution to an immediate and pressing issue (jobs), or as a strategy for future growth.



Who is responsibility for infrastructure investment?

Another relevant finding was the perception of the state as the primary source of infrastructure investment. This is likely because large development projects often listed government as the main initiator, although in most cases it counted on external resources and partners to deliver.



A brief look into the history

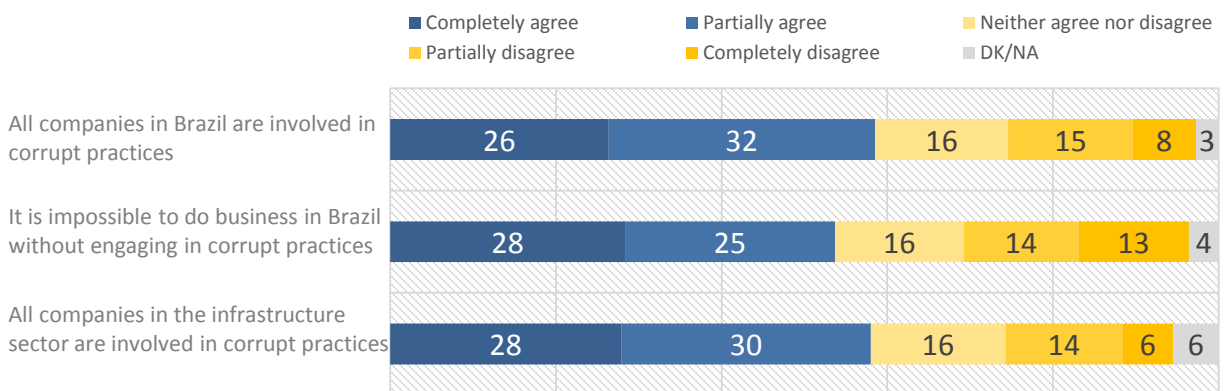
The state as a source of infrastructure development is rooted in the country's history. In the early 1930s, the first Administration of Getúlio Vargas ended Brazil's economic cycle based on coffee production and kicked off the industrialization in Brazil. It was during the Vargas era that the first large, state-owned companies appeared in the mining (CSN) and oil (Petrobras) sectors. The presence of the state as the instigator for infrastructure investment and job creation was further strengthened in Juscelino Kubitschek's era in the 1950s. It was during this period that the famous national five-year plan was launched, which among other things, was key to the establishment of the auto industry, and culminated with the construction of the new capital of Brasília.

During the 1970's, military governments implemented the National Development Plan (PND), which had two investment phases. The first, between 1972 and 1974, included the final phase of the 'Brazilian miracle' (a period in which the Brazilian GDP grew 10%), and the beginning of the economic crisis which occurred in the second PND phase of investment between 1975 and 1979. Infrastructure investment re-started again in the 1990's during a period of economic stability, as the 'Real' plan was created, and democracy consolidated. It was also during this period that the country experienced a record number of privatizations and state concessions.

During the 2000's, in a favorable macro-economic climate, the PAC (growth acceleration program) was created, and Brazil hosted a series of major sporting events including the Pan American Games in Rio de Janeiro (2007), the World Cup (2014), and the Olympic Games (2016). The agenda for investment in infrastructure during this period was never so present in the lives of Brazilians, and consequently the concept of legacy (which shifted the paradigm from short vs. long-term vision) became a prevalent theme in public commentary. Unfortunately, what started with great excitement culminated in political, economic and social depression.

Perceptions of corruption

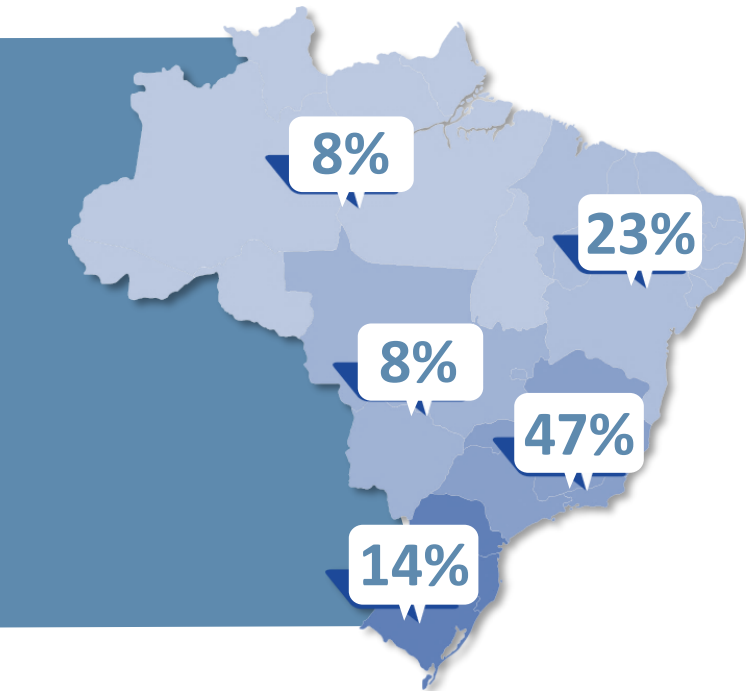
A historically negative public opinion of Brazilian politicians, which have been affected by scandals such as 'Operação Lava Jato' (Operation Car Wash) have increased citizen distrust of the government and large companies. It's no wonder then that more than half of Brazilians believe that "it is impossible to do business in Brazil without getting involved in corrupt practices", or that "all the companies in the infrastructure sector are involved in corrupt practices".



How much do you agree or disagree with the following statements [Base 1200]

It is these perceptions, which affect large sectors of the economy, that need to be addressed in order to change public opinion about the efficacy of investing in infrastructure. Greater transparency, governance, and access to information is a challenge for the infrastructure sector, but open dialogue could improve understanding, and help position infrastructure investment as a driver for economic growth in Brazil now, as well as in the future.

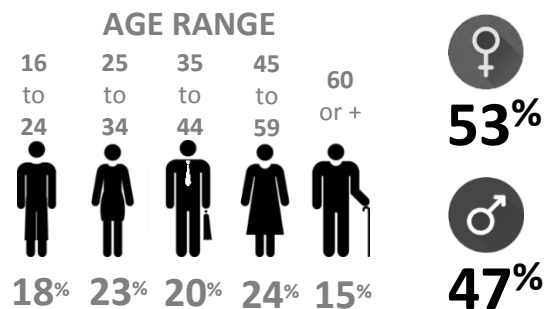
Methodology



1,200 interviews

Are conducted in person, every month in households in 72 municipalities across Brazil.

Pulso Brasil data has a margin of error of ± 3 percentage points, and is **representative of the Brazilian population** urban areas according to the official data of IBGE (Census 2010 and 2014 PNAD).



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