



HOW TO PREPARE AND EXECUTE PERFORMANCE- BASED CONTRACTS (PBC) FOR ROAD ASSET MANAGEMENT *GUIDELINES*

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A Solution to a pervasive problem

THE PROBLEM	THE SOLUTION
Irregular road asset management	Long term contracts fostering consistent management
Inadequate quality of works	Rehabilitation and maintenance paid on performance
Costly reconstruction upon maintenance lag	Proactive maintenance
Costly solutions of works	Adapted solutions optimized by the contractor

-> High costs road asset management with poor outcomes

Why Are Performance-Based Contracts the Best Option?

Evidence from twenty-five years of experience



Improved Road Condition: measured both by IRI, deflections, Visual, over 5 to 10-years life cycle



Reduced Road Asset Management Costs: lower costs between 20-40% over 5 year, 60% over 10 year



Reduced risk of contentious: clear optimized risk transfer between the public and the private

Reduced administrative burden: limited number of multi-year output and performance-based contracts

What are the impacts of doing well

Inclusion

Improve **access** to services, jobs, and markets, and **connecting** people

Growth & Competitiveness

Reduce the **cost of operation of vehicles and logistics**, and **time lost** in transport, increasing **national competitiveness**

Countries' Fiscal

Improve **efficiency** of expenditures in the sector (20-50%), usually a **high** share of the nations' budgets **spending**

Private Capital Mobilization

Contribute to further optimize countries' fiscal: **with tolls**, less is required from taxpayers; **without tolls**, private capital can bridge the financing needs

Climate Change

Improve **resilience** and reducing **emissions**, as roads are on the front line of climate related disasters

Road Safety

Contribute to road safety: **1.3 million deaths yearly** on the roads, up to **5% of GDP lost** in traffic accidents

The WBG has published PBC Guidelines in 2026

Objective: Structured and unified framework for PBC to accelerate their adoption at scale

Strategic Context & Rationale

- What warrants the adoption of PBCs

Program Design Tools

- Practical methodologies to structure sustainable PBC programs.

Contract Design & Management Tools

- Operational guidance for procurement, supervision and performance monitoring.

Integrated Road Safety & Resilience

- Targeted frameworks to incorporate road safety and climate resilience



Key Principles and Basic Premises

Multiyear contracts

Solutions conceived by Contractors, based on requirements defined by the public authority

Objective and robust performance standards to be consistently met by the Contractor

Procurement regulations authorizing multiyear contracting

Institutional capacity to manage multiyear contracts and monitor performance

Mechanisms ensuring payment of contractual obligations for the duration of the contract

Private sector **capacity to take responsibility** for the management of road infrastructure, supported by financial institutions

Payment linked to meeting performance standards, with predefined penalties for non-compliance

Simplified supervision, using audits and road user monitoring mechanisms

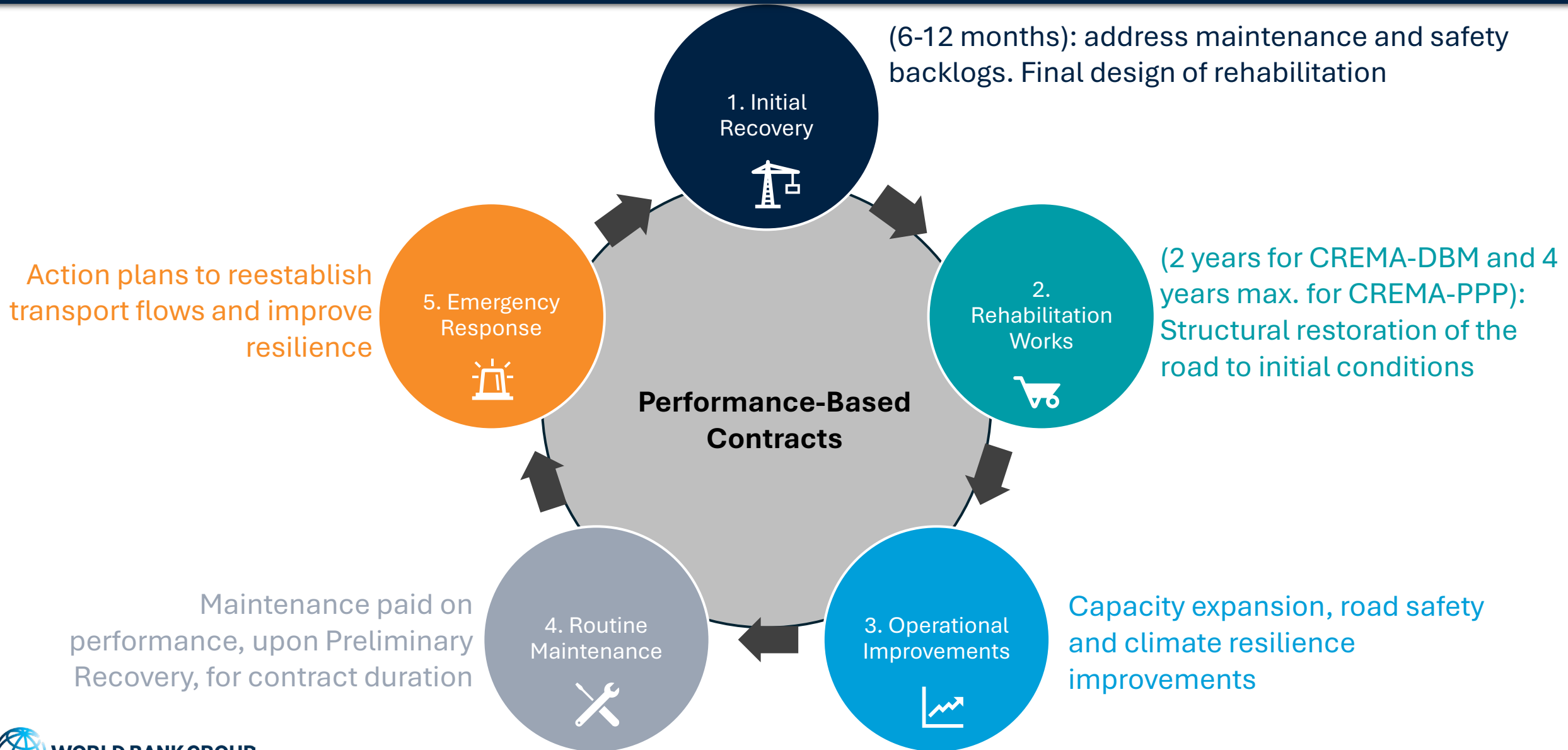
Not Every Country Starts from the Same Place

Basic CREMA	Advance CREMA
Starting point	Destination
Standard public procurement	PPP-enabler framework
4–8-year contracts	10–20-year contracts
Simplified management tools	Full management plan suite
Government bears more design risk	Contractors bear more design risk
Works in limited-capacity markets	Requires deeper private sector markets

Do you know where your country stands?



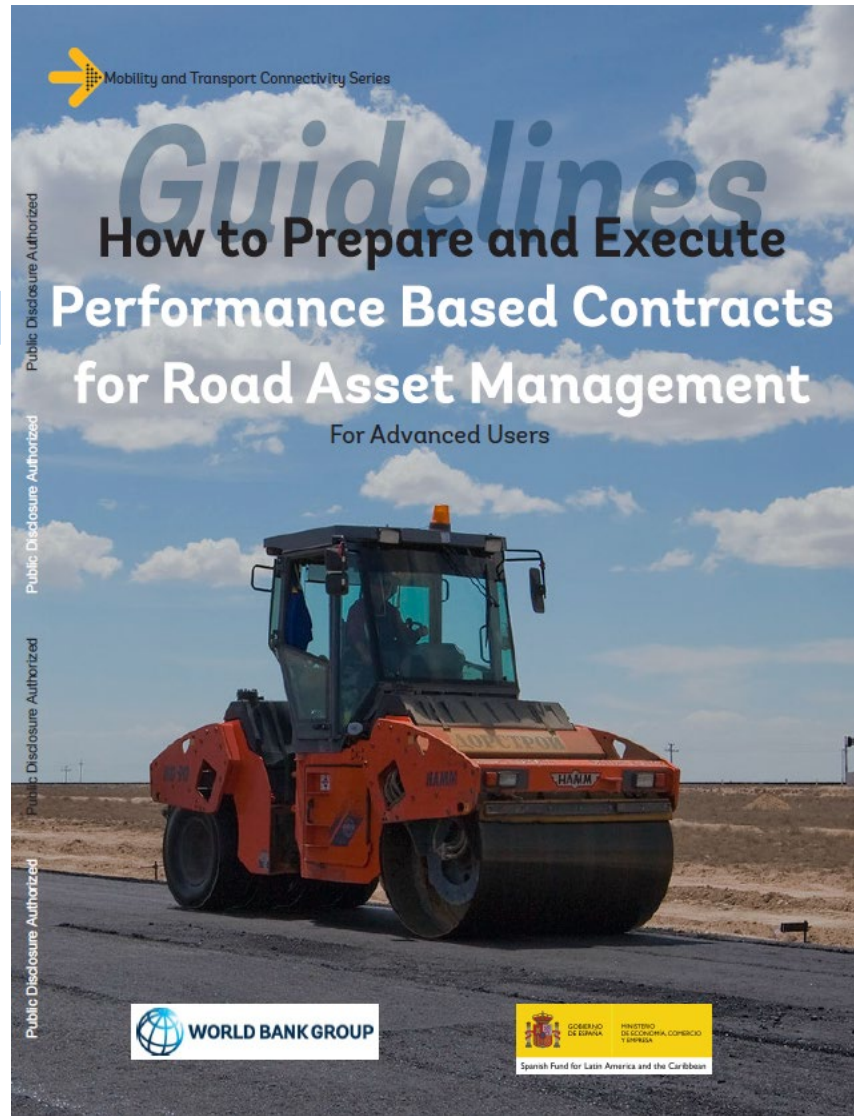
PBC cycle



Guidelines: at the core of a broad standardized approach

Standard Terms of Reference for Project Preparation

Standard Technical Specifications for Works



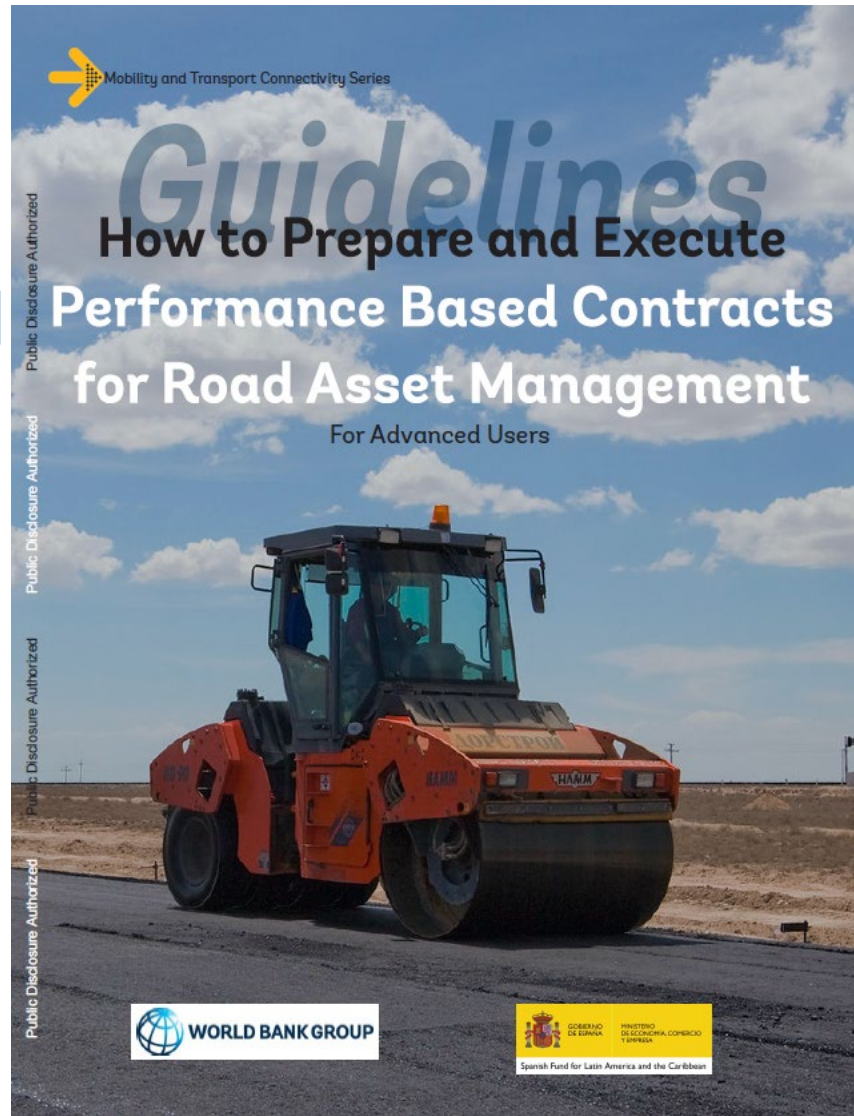
Standard Terms of Reference for Monitoring/Supervision

Standard Terms of Reference for Impact Evaluation

Additional connected guidelines

Guidelines on how to prepare a Emergency Action Plan

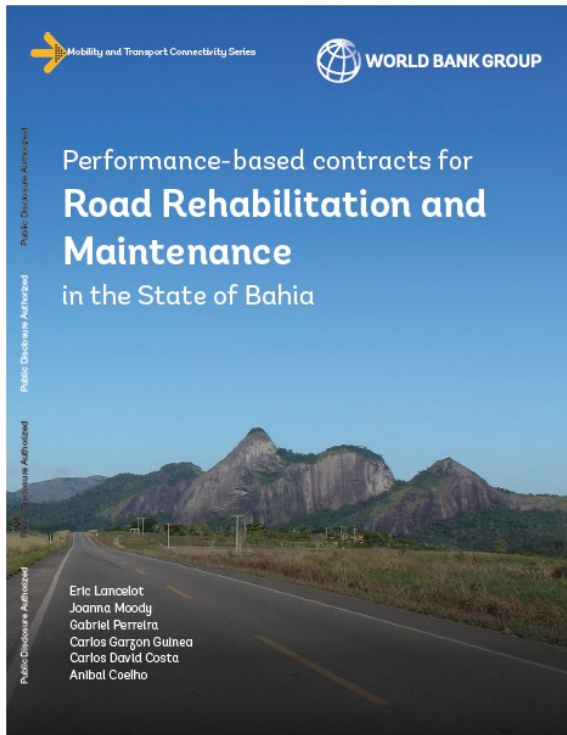
Other road safety guidelines e.g., Urban Crossings



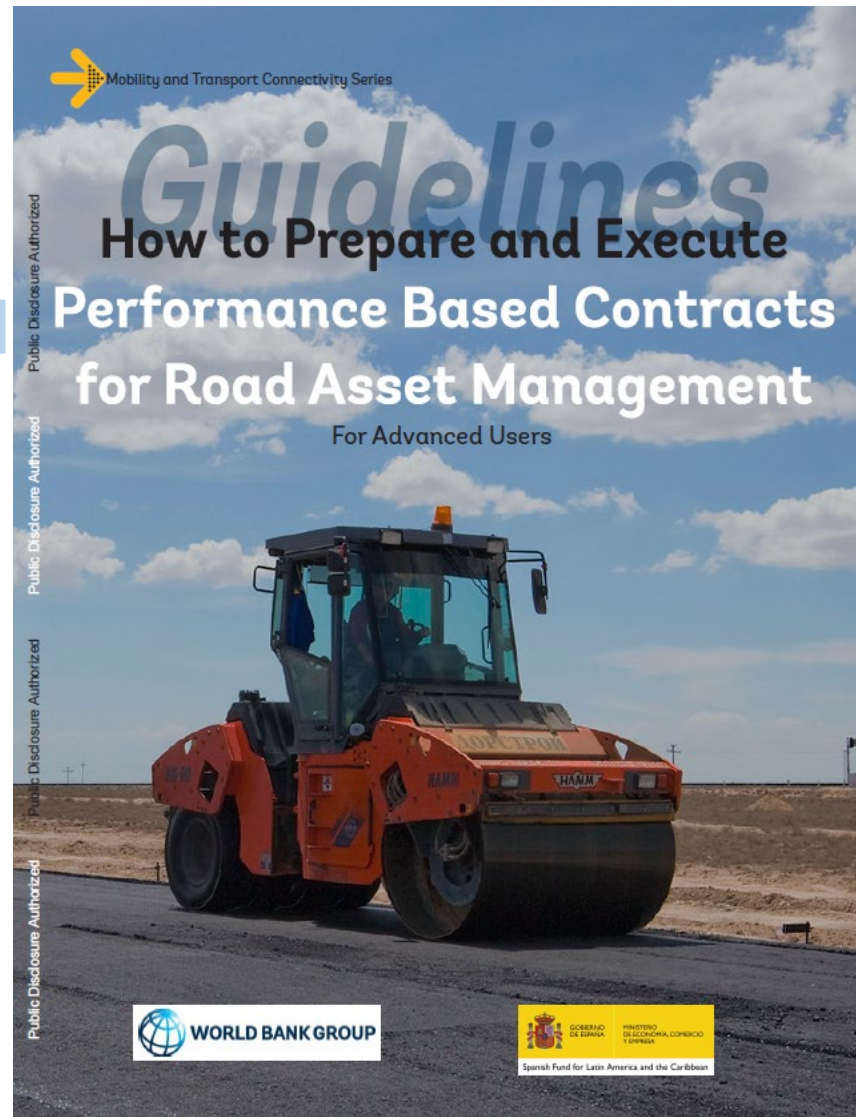
Guidelines on how to prepare Road Safety Management Plan

Guidelines on how to prepare a Climate Risk and Resilience Management Plan

Analytical pieces warranting the adoption at scale of this Road Asset Management modality



20 years of investment in road asset in Brazil – the good, the bad and what could be done



Take stock of 30 years of concession in the road sector in LAC

Comparing Brazil Concessions, PBC, traditional contracts – a top down assessment

Brazil Pro-Roads Program as main Pilot

Proactive, Safe and Resilient Road Asset Management Program in Brazil

12-15 States + Federal Gov.

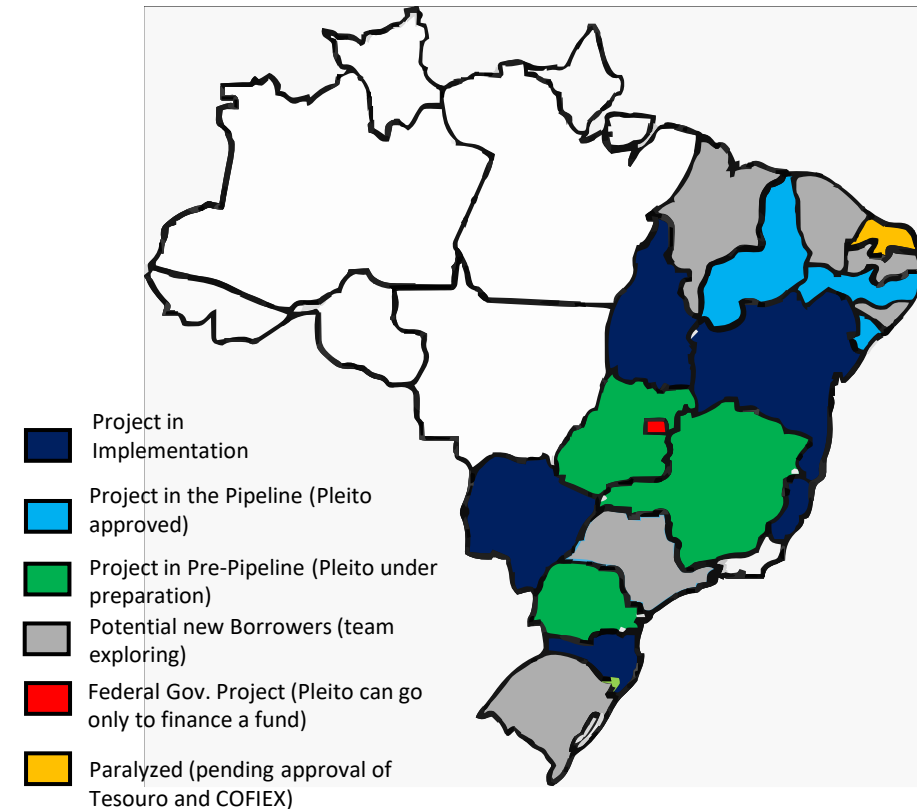
US\$ 2.1 bi
Potential to go up to US\$ 3 bi with PCM

US\$ 1.67 bi for the Pro-Roads MPA approved

Two Multisectorial Projects (TO and RN – stopped)

Project	IBRD + Counterpart (US\$)	Approval Date in Fed. Gov.
RN (stopped)	226 MI	08/2023
TO	150 MI	09/2024
BA	187.5 MI	10/2022
ES	203 MI	06/2023
MS	250 MI	03/2024
SC	375 MI	12/2023
SE	125 MI	06/2025
PI	187.5 MI	12/2025
MG	225 MI	
PE	170 MI	12/2025

Implementation Map of WBG Road Projects in Brazil





Thank you!

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