



**TRIBUNAL DE CONTAS DA UNIÃO**

# **PPP Days 2012**

**Guilherme Henrique de La Rocque Almeida**  
**Secretary General of Oversight**

# Agenda

## **1. The Brazilian's State Control System and the Brazilian Court of Audit (TCU):**

- Jurisdiction and main activities.

## **2. Provision of infrastructure:**

- Models of private and public sectors participation.

## **3. Oversight of infrastructure investment:**

- TCU strategy;
- Benefits of concomitant control;
- TCU current structure;
- Concession of power generation.

# The Brazilian's State Control System

1. **The Judicial Control:** Law enforcement control by the Public Prosecution Office.
2. **Administrative Control:** accounting, financial, budgetary, performance and property oversight .

**External:** National Congress with the aid of **TCU**;

**Internal:** Internal Control System of each Branch.

3. **Social Control.**

# The Brazilian Court of Audit (TCU)

## 1. Jurisdiction:

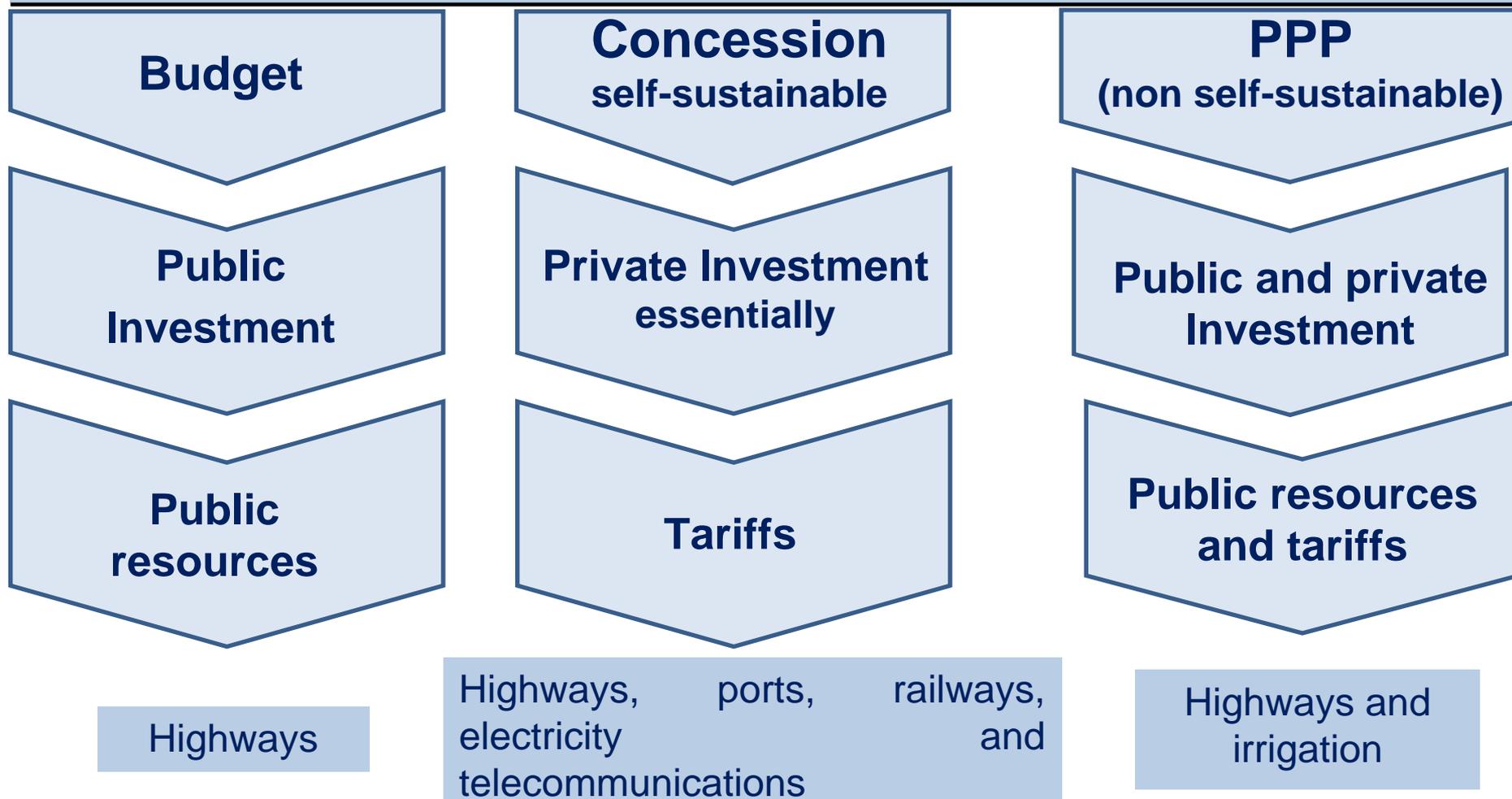
- Any person, agency or entity that manages public money or money for which the Union is responsible;
- Any person that causes loss, misappropriation or other irregularity that results in damages to the public treasury.

## 2. Main activities:

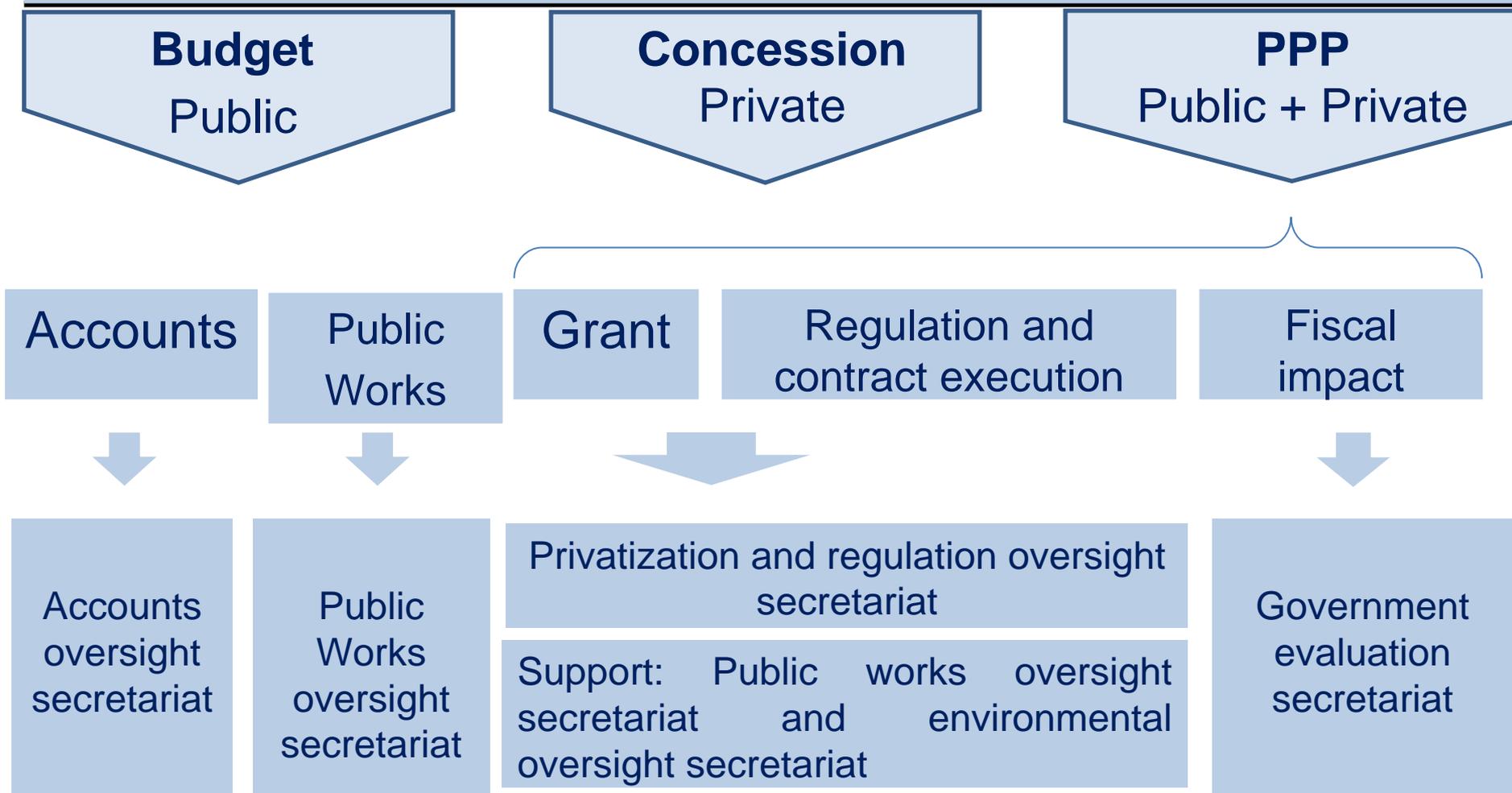
- Compliance audits;
- Performance audits;
- Public works audits;
- Environmental audits.

# Provision of infrastructure

## Models of public and private sectors participation

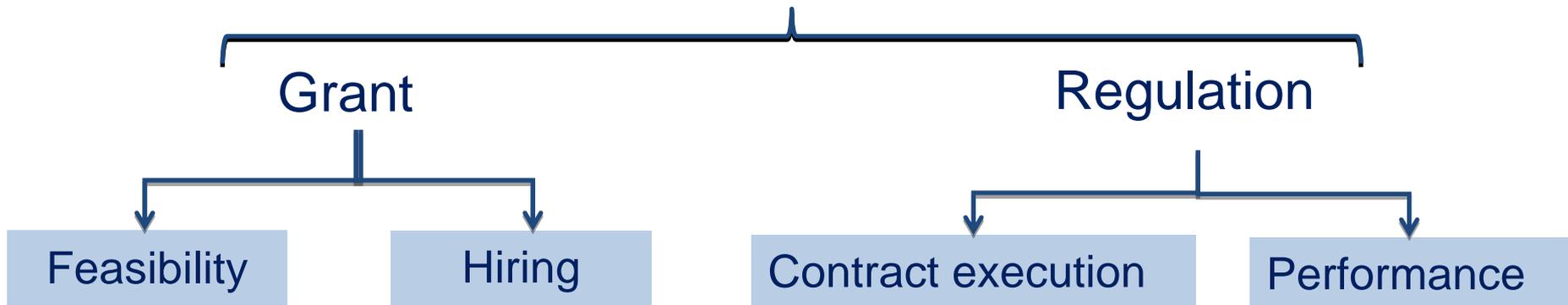


# Provision of infrastructure TCU oversight strategy



# Oversight of infrastructure investments TCU strategy

## Concessions and PPP



TCU Internal Rules (IN): they establish the documents and deadlines for forwarding them to be analyzed by oversight staff.

# Oversight of infrastructure investments

## TCU strategy

### PPP analysis: main documents and deadlines.

**1st:** technical/economic-financial and environment feasibility (60 days before the Public Notice)

**2nd:** public notice (5 days after the event)

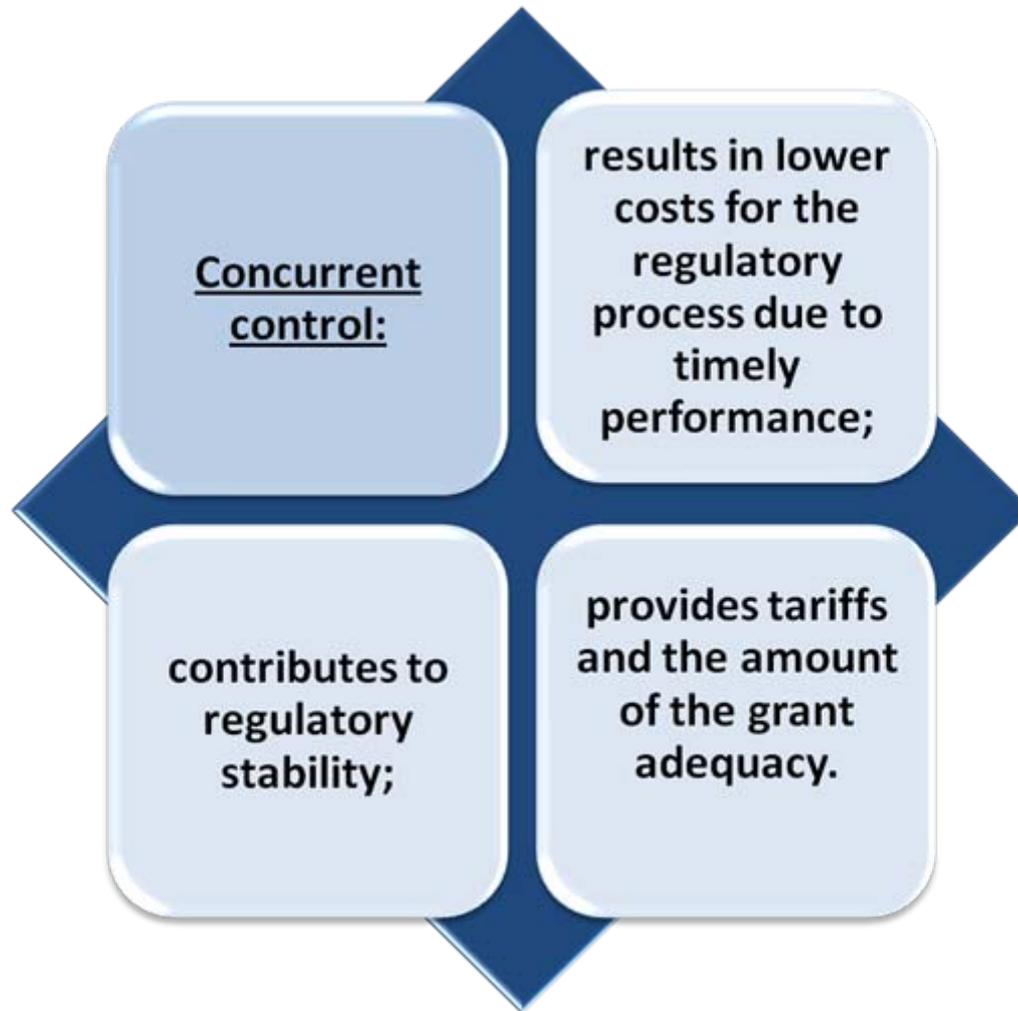
**3rd:** qualification and declaration of bidder stating they have knowledge of all information on the object of the PPP (5 days after each event)

**4th:** Judgment of bid (5 days after the event)

**5th:** Contract (5 days after the event)

# Oversight of infrastructure investments

## Benefits of the concurrent control



# Oversight of infrastructure investments

## Concession of power generation

### Hydroelectric Power Plants of Santo Antônio and Jirau

- Madeira river, Amazon region.
- Biddings in 2007 and 2008.
- Initial prediction to start operation: end of 2012 and 2013. Prediction for the power plant of Santo Antônio to start operation 8 months earlier.
- Concession period: 30 years.
- Estimated investments: US\$ 7.4 billion and US\$ 5 billion.

# Oversight of infrastructure investments

## Concession of power generation

### Hydroelectric Power Plant of Santo Antônio

TCU findings:

1. Overestimation:

- environmental costs: US\$ 51 million;
- labor and equipment costs: US\$ 518 million;

2. Discrepancies in the methodology for calculating the cost of third party assets.

Tariff (US\$/MWh)

<b>Initial</b>	<b>TCU</b>	<b>Ceiling</b>	<b>Auction</b>
74	65	70	45

# Oversight of infrastructure investments

## Concession of power generation

### Hydroelectric Power Plant of Jirau

#### TCU findings:

- Incorporation of proposed recommendations in the Santo Antônio auction: reduction by 2% of the ceiling rate.
- Adjustments in the method of cost estimation of the funding for the project;
  - Adjustments in the method to calculate the actual cost of third party assets;
- Change in the location of the plant: if compliant with the regulatory criteria the risk is for the entrepreneur. The perception would be different if it was not a concession.

**Thank you.**

[www.tcu.gov.br/controleregulacao](http://www.tcu.gov.br/controleregulacao)