Concepts

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There are three categories of concessions:

Common Concession

The common concession of public works or services, the concessionaire's remuneration will be formed by tariff collection, which may also involve additional alternative revenues. The fundamental characteristic of the remuneration system of the common concession is that it’s self-sustainability and the addition of public subsidies is not implied by rule.

Sponsored Concession

In the sponsored concession, the concessionaire's remuneration comes from income fees and the integration of public payments that subsidizes the concession. These payments are to be of pecuniary nature.

Administrative concession

In the administrative concession, all the concessionaire's revenue will come from public payments (not necessarily pecuniary) and from alternative revenues. There will be no tariff revenues integrated into the remuneration system. Therefore, this model will be used to perform activities and other services that are not subject to tariffs.

Limits and benefits of the partnership model

The option for the partnership model (common, administrative or sponsored concessions) can present several benefits related to other traditional contracting forms adopted by the public administration, to be considered in the model choice for each specific case, among which we highlight:

- The efficiency generation and the reduction of deadlines and costs through the alignment between design, construction and operation;
- The possibility of sharing risks between public and private sectors;

- The capture of innovations from the private sector, since public entities define the desired service and the private agent can decide the best method for such service;
- The possibility of linking private remuneration to the quality of the effective service provided, through performance indicators aligned with the interests of the State, society and private agents;
- The possibility of the State to leverage projects, using available public resources to multiply investments made with private resources.

Despite the numerous advantages of partnerships, this model, however, should not be used as a single solution for the provision of public services, its adequacy depends on the analysis of each project.