

## Appendix A - Glossary



## Glossary

**Accountability:** Responsibility for performance and results; holding the private partner or the municipality responsible for results against agreed upon performance standards.

**Alternate Dispute Resolution:** Use of consensual techniques to resolve disputes. The appropriate method to resolve the dispute should be chosen based on the interests of the parties involved, the nature of the dispute, and any statutory or policy restrictions governing the use of a particular dispute resolution process.

**Arbitration:** A method of resolving disputes where parties argue their case (with or without legal representation) and the arbitrator renders a decision or award.

**Build-Own-Operate-Transfer:** The private sector designs and builds a required public service facility and operates it for the government for a specified period after which ownership reverts to the municipality.

**Build-Transfer-Operate:** Same as above except ownership of the facility reverts to the municipality prior to the commencement of operations.

**Developer Financing:** The private sector assists in the financing of a project in return for development concessions.

**Inputs:** The resources that are used to provide services - human, financial, facility, or material.

**Lease/Purchase:** The private sector designs and builds a facility to meet public needs and leases it to the municipality for a specified period after which ownership vests in the government.

**Mediation:** A confidential problem-solving process where the two disputing parties meet with a neutral third party who assists them to negotiate their own settlement.

**Operations and Maintenance:** The municipality engages the private sector to operate and maintain a particular facility or service.

**Outcomes:** Quantified results or impacts of the PPP.

**Privatization/Build-Own-Operate:** Ownership and responsibility for a particular asset or service is transferred from the municipality to the private sector or is built by the private sector in cooperation with the municipality.

**Public Private Partnership:** A tool that fits into the broad spectrum of alternate service delivery. Public Private Partnerships leverage private investment to meet public needs and can range from an operations and maintenance agreement for a facility to complete privatization.

**Requests for Expressions of Interest (RFI):** This method of procurement can be used to test the feasibility of a partnership by gauging the level of private sector interest. At the partner selection stage, the RFI can be used when the project team is unsure of its needs or the best way of achieving them. The RFI includes a brief description of the project requirements and solicits a response from suppliers who believe they have the ability to do the job. Respondents are then invited to a bidders' meeting where potential solutions are discussed and strategic alliances are encouraged. The information gathered from the RFI process can then be used by the project team to draft the detailed RFP. In this respect, the RFI is an information gathering tool for the Project Team and the potential partners as opposed to a pure short listing tool.

**Request for Qualifications (RFQ):** This method of procurement is used when the scope of the project is well defined but it is not known which private sector partners, if any, have the skills required to complete the work in the specified time frame. Submissions are evaluated on their qualifications, experience, management approach, financial viability and references as opposed to how they would provide the service in question. The RFQ submissions are used to develop a short list of candidate firms which are then issued with the full RFP document.

**Request for Proposals (RFP):** A method of procurement used when the municipality knows what needs to be done but is looking for input from the private sector on the actual methodology. The municipality then invites responses from the private sector that will be evaluated against a preset list of criteria established by the project team. *Best value*, as opposed to lowest cost is the key to selecting a partner in the RFP process.

**Risk Transfer:** Where some portion of the responsibility for finance, design, construction, permitting, ownership, or operation is transferred from the public to the private sector (or vice versa) based on a determination of which partner is best equipped to handle that risk.

**Shadow Bid:** Carrying out a detailed analysis/needs assessment to determine how much it costs to provide a service in-house.

**Turnkey:** The government provides the financing for the project, but engages the private sector to design, construct and operate it for a specified period of time.