



## TRAINING MANUAL 4 Private Sector Participation

### Module 4-2: Choice of the Appropriate Contract Model Different Contract Options

Prepared by the International Consortium  
GTZ-ERM-GKW



These Training Tools are part of the

#### **Training Manual for ISWM:**

#### **Private Sector Participation for Waste Management Services**

This Training Manual has been prepared in support of capacity development of waste management service delivery through Private Sector Participation (PSP),

The Training Manual contains 4 courses:

1. Private Sector Participation - General Approach and Framework Requirements (one module)
2. Private Sector Participation - Choice of the appropriate contract model (four modules)
3. Private Sector Participation - Contract preparation and procurement (three modules)
4. Private Sector Participation - Contract monitoring (one module)

This particular Module **4-2.1 “Different Contract Options”** is the first module of the second Course and will present the different contract models such as; Service Contracts, DBO or BOT contracts. Specific requirements, advantages and disadvantages of each model will be discussed.

The subsequent Modules of this Second Course will focus on:

- PSP for waste collection - outlining appropriate contract models and key issues with regard to this waste management task.
- PSP for the implementation of waste management facilities - outlining appropriate contract models with regard to this waste management task.
- PSP case studies - in order to provide practical experience with regard to the selection of appropriate contract models.



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### **Note to the lecturer:**

Prior to launching into the new module, it could be useful to provide a summary of the previous module (General Approach & Framework Requirements) as an introduction and Aide Memoir e.g. The last conclusion slide from that module.



## I. Overview: Options

Option / Contract:	Asset Ownership	Operation and Maintenance	Capital Investment	Commercial risk	Duration
Service Contract	Public	Private	Public	Public	1-2 years up to 5-8 years
DBO / BTO	Public	Private	Public	Shared	5 -25 years
Concession, BOT, LROT	Public	Private	Private	Private	25-30 years
BOO	Private	Private	Private	Private	Not limited
Divestiture	Private or private and public	Private	Private	Private	Not limited

**DBO** Design-Build-Operate      **BTO** Build-Transfer-Operate  
**BOT** Build-Operate-Transfer      **BOO** Build-Own-Operate  
**LROT** Lease-Renovate-Operate-Transfer

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### Overview: Options

There are several options for possible contracts between local authorities and private entities. Some of the terms used are not well defined and are often used in different contexts. In general, there are two main categories, namely service contracts and contracts that require investment and development of facilities.

Service contracts are used in general for contracts with small (compared to the value of the contract) investment which is not retractable in case of termination or early termination of the contracts. That means service contract may also cover conditions with high investment e.g. vehicles.

The different types of contracts are described in-depth in the subsequent slides.

Except the following:

**a) LROT:** this Contract is similar to BOT contracts but used in cases of existing facilities. The existing facilities shall be leased by the private contractor and (if necessary) renovated. Afterwards the facility shall be operated and transferred as defined in the contract clauses.

**b) Concession:** In many countries, public services constitute government monopolies or are otherwise subject to special regulation e.g. water supply. Where that is the case, the provision of a public service by an entity other than a public authority typically requires an act of authorization by the appropriate governmental body. Different expressions are used to define such acts of authorization under national laws and in some legal systems various expressions may be used to denote different types of authorization. Commonly used expressions include terms such as "concession", "franchise", "licence" or "lease" ("affermage"). In some legal systems, in particular those belonging to the civil law tradition, certain forms of infrastructure projects are referred to by well-defined legal concepts such as public works concession or public service concession. As used in the **TM**, the word "concession" is not to be understood in a technical sense that may be attached to it under any particular legal system or domestic law. Due to this definition a concession may be (depending on the national law) one Part of a PSP contract but it is not a type of contract.



## II. Baseline: No PSP

No PSP: All responsibilities are performed by the local authority.

Design, construction, works, operation and services are executed by the local authority with it's own employees and equipment.



### **Baseline: No PSP**

This approach is rarely used because it is reasonable to assume that for special skills or needs (as e.g. the construction of a landfill) specialised contractors (for construction or services) will be hired.

Nevertheless, it does exist and a regional example is: The New Ghibawi Landfill for the Greater Amman Region in Jordan which has been fully implemented by the public authority.



### III. “Conventional” Approach (1)

“Conventional” approach for PSP:  
**Overall** responsibilities for service delivery are with the municipality

Separate procurement procedures with **single contracts** for:

- design, consulting services
- construction, delivery of facility
- operation & maintenance
- management contracts
- other service contracts

**Step by step** process with

- different contract partners,
- interfaces between contractors
- splitting of responsibility.

#### “Conventional” Approach (1)

Separate contracts are awarded for design, construction and operation of a waste management facility.

- A Consultant is contracted to prepare detailed design and tender documents,
- A Construction company is contracted for execution of works (and often as well for the supply of equipment). The constructor / contractor is supervised by a supervisor who is responsible to the Government. Sometimes, Design and Supervision are awarded within one combined contract.
- Finally, a waste management Operator is contracted under a service contract to operate (and maintain) the facility. Often operation is conducted by the public authority itself supported by service contracts for particular services, such as specialist repair and maintenance of equipment.

The Implementation takes place in a step by step procedure with a staged procurement process.

#### Note

Please consider/ mention the following sources for standard documents / contracts / procurement procedures:

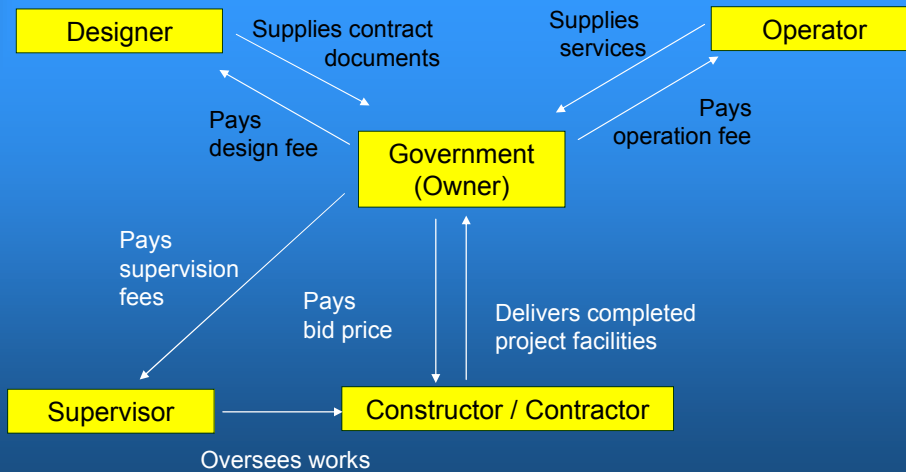
World Bank standard procurement documents for different sectors (e.g. Works, Goods, Consultant Services, Non-Consultant-Services, Supply and Installation of Plant and equipment):

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/PROCUREMENT/0,,pagePK:84271~theSitePK:84266,00.html>

Additional Tools and references for international contracts:

<http://www.fidic.org/>

### III. “Conventional” Approach (2)



#### “Conventional” Approach (2)

This figure shows the interconnections between the parties involved.

The **advantage** of this approach is that the Government (local authority) is able to adopt at each stage of the project process, the targets and goals in compliance with (step by step) advanced knowledge of the tasks and solutions. In case of PSP contracts (DBO/BTO/BOT/BOO) described below, the knowledge of the tasks and solutions is sometimes only poor at the beginning of the tender process. This could cause poor adopted bidding proposals, possibly leading to high bid prices or other problems.

The **disadvantage** is that the Government needs in-depth knowledge and capacity to steer the overall process and to avoid interface problems. An example for such an interface problem: the leachate treatment is not in compliance with the permit. The operator accuses the constructor (delivered a poor construction). The constructor accuses the designer (designed a poor construction). The designer accuses the operator (poor / not adopted operation of the construction).

## IV. Sidestep: Service Contracts

Used for	<ul style="list-style-type: none"> <li>▪ Waste collection</li> <li>▪ Waste transport / transfer</li> <li>▪ Operation of landfill</li> </ul>
Payment based on	<ul style="list-style-type: none"> <li>▪ Quantity of waste</li> <li>▪ Lump sum</li> </ul>
Contract award	<ul style="list-style-type: none"> <li>▪ Based on competitive procurement procedure</li> </ul>
Ownership	<ul style="list-style-type: none"> <li>▪ Facilities are owned by the public authority</li> <li>▪ Mobile equipment in most cases is owned by the private contractors</li> </ul>
Contract period	<ul style="list-style-type: none"> <li>▪ 2 to 8 years depending on local conditions</li> </ul>
Share of risks	<ul style="list-style-type: none"> <li>▪ Contracting authority is responsible for fee collection and cost recovery</li> <li>▪ Private service provider bears the risk of operation</li> </ul>
Alternative contract options	<ul style="list-style-type: none"> <li>▪ Franchise contract</li> <li>▪ Private Subscription</li> <li>▪ Management contracts</li> </ul>

### Service Contracts (note 1 of 3)

Service Contracts are one aspect of the “Conventional” Approach. Due to this the headline is called “sidestep”

Service Contracts are typically used for the following activities:

- waste collection
- waste transport/ transfer (incl. operation of transfer station)
- operation of a sanitary landfill

#### Contractual Relationship

The technical specification / TOR of the contract describe a certain service to be performed by the contracted private company (e.g. waste collection in a certain collection zone, operation of a transfer station and transport to a landfill, operation of waste disposal on a sanitary landfill). The Contractor receives a payment from the Contracting Authority for the execution of these services (e.g. on the basis of a certain quantity of waste or on a lump sum basis for a certain period).

#### Method of Contract Award

The contractor has to be selected via a competitive procurement procedure.

#### Ownership and Investment

In service contracts the (mobile) equipment such as collection and transfer vehicles are usually owned by the private company who also finances the equipment. On the other hand there are examples, in which the contracted private company operates mobile equipment and facilities owned by the contracting authority (e.g. financed via loans from international banks who also finance the facility including the basic mobile equipment under attractive financial conditions, such as low interest rates).

## IV. Sidestep Service Contracts (continuing notes)



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### Service Contracts (note 2 of 3)

#### Contract Period

As a general rule the contract period should be in such a range that allows the depreciation of the equipment financed and used by the contractor. With regard to waste collection and waste transport in the METAP region, the period is 5-8 years. However due to legal restrictions, often the contracts in the region are awarded only for a period of 1-2 years (sometimes including an option for a step by step contract extension).

Such limited contract periods make it unattractive for the contractor to make investment in new and more cost effective equipment as they risk a termination of the contract before depreciation of equipment and repayment of the loan can occur. Quite often this will lead to higher unit costs. In the case of contracts involving a lower degree of technical equipment such as (manual) street sweeping services a limited contract period of 1-3 years might be appropriate because only limited equipment with a longer depreciation period is required.

#### Share of Risks

In service contracts a guaranteed payment from the contracting authority to the service provider is defined. Therefore, the contracting authority takes the risk to secure fee collection via waste generators or cost recovery via municipal budget. On the other hand, the service provider has to bear the operational risks. He has to ensure service quality (provide service according to technical specifications) and has to assure that there is no cost overrun.

However, there are several examples in which the share of risks that have been agreed in the contract are violated. Often the contracting authority delays or suspends payments for services due to budget restrictions. Risks are transferred to the service provider and the public authority has to re-mobilise the services in case of termination and break of contract.

→ Notes to be continued in the next page of notes





## IV. Sidestep: Service Contracts (continuing notes)



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### Service Contracts (note 3 of 3)

#### Alternative Contract Options

An alternative contract option is a franchise contract. In a franchise contract the public sector grants a private firm an exclusive monopoly to provide a specific type of service in a specific zone (e.g. waste collection). However, in a franchise contract the defined payment is collected directly by the waste contractor/service provider from the waste producer or even households, and is not provided by the contracting authority. The waste contractor has to bear the risk of fee collection but has only limited options for sanctioning in case of late or non payment.

In case of private subscription, the government licenses several private firms to compete with each other in providing waste management services. No firm has a monopoly within a zone and price regulation is not required. Each firm collect its own revenues from its customers. However, this system is not recommended for household waste collection because it does not allow economies of contiguity (i.e. the benefit in efficiency, when only one collection vehicle travels a continuous collection route to collect waste). However, this system is the most preferred method for collection of waste from large generators (e.g. industries and commercial establishment).

Management Contracts include the provision of management oversight for public waste management entity that provides waste collection services or the operation of a landfill. The responsibility for operating is transferred to the private sector. So far, management contracts have mainly been applied in the drinking water and waste water sector but only very limited in the solid waste sectors. The ToR of the contract describes a certain management service to be performed by the private contractor. However, the services are still provided by the public company but managed and guided by the management contractor. The Contractor receives a payment from the Contracting Authority for the execution of these management services (e.g. including a performance based fee) but all assets and the operation personnel still remain at the public side. Contract period of a management contact should enable the private contractor to enhance the utility's technical capacity and its efficiency considerably. Therefore a time frame of 2-5 years is required.

## V. DBO Contract

Baseline: No PSP

“Conventional” Approach

Design Build and Operation (DBO)

Combined tendering process for design, construction, operation and services.

- one contract partner
- less interfaces,
- higher responsibility of contractor,
- the contractor is not responsible for financing: investment will be paid step by step during completion of construction.

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### Design Build Operate (DBO) Contract

- The contractor has to bear the responsibility for the project including design, build and operation.
- Financing of construction is provided by the contracting authority similar to construction contracts and paid step by step during completion of construction. The contracting authority might use a loan from an IFI.
- The contracting authority, under any conditions remains the owner of the facility.
- Mobile equipment might be financed and at least temporarily owned by the operator.
- Combination of design, construction and operation tasks in one contract awarded based on one procurement procedure.

#### Advantages

- Critical interfaces are minimised and can be managed by the DBO contractor: Usually the private sector prefers to design the facilities which shall be built and operated by them.
- The DBO contractor therefore will focus on whole life (resp. contract duration) issues and they will try to optimise the system with regard to operational and especially financial aspects.

#### Disadvantages

- The local authority is responsible for the funding of the Investment, this could lead to a lack of available loans or delayed payment.
- If the value of the investment is large (compared to the profit due to the operation), the private contractor could try to “run away” after the final payment for construction.

#### Please consider/ mention:

“World Bank: Draft Generic Documents for the Design, Build Operate Contract for a Solid Waste Facility, 05/2000”



## VI. BTO Contract

No PSP

“Conventional” Approach

Design Build and Operate (DBO)

Build Transfer and Operate (BTO)

Combined tendering process for design, construction, operation and services.

- one contract partner
- less interfaces,
- higher responsibility of contractor,
- the contractor is not responsible for long term financing: investment will be paid after completion of construction or after guarantee period (Transfer)

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### Build Transfer and Operate (BTO) Contract

In a BTO agreement the private sector is responsible for the design, construction, and the operation of the facility during the contract period.

In a BTO Contract the contractor is typically responsible for financing the facility during the construction (and the guarantee) period. After this defined period the facility is transferred to the public party, and the construction fee will be paid.

In BTO contracts the obligation to operate the designed and constructed facility is in general longer than the obligation of financing the investment.

So far BTO Contracts combine design, construction and operation of a facility.

Considering that financing of the investment is a task of the contractor they have to carry considerably higher risks (compared to DBO Contracts). They will not receive a payment in parallel to the construction (as it is applicable in a DBO contract), but have to charge for the investment till the defined period is finished by requesting a defined payment (e.g. for each ton waste or a lump sum). They also have to carry risks related to unpredicted interest or inflation rates for this time. These risks will be reflected in higher bids compared to DBO Contracts.



## VII. BOT Contract

No PSP

“Conventional” Approach

Design Build and Operate (DBO)

Build Transfer and Operate (BTO)

Involving the Private Sector in long term Financing,  
a) Build-Operate-Transfer (BOT)

The private sector is responsible for design, construction, operation, services and financing of the investment.

Attractiveness for private partner requires

- high project volume to cover effort,
- well elaborated framework.

Contract documents have to balance risk sharing and tariff adjustment to avoid unreasonable high-price offers or refusing of contract.

After contract termination the responsibility for facilities is by the local authority

### Build Operate Transfer (BOT) Contract

In a BOT agreement the private sector party is responsible for the construction, the financing and the operation of the facility during the contract period. Afterwards the facility is transferred to the public.

In BOT contracts the obligation of the contractor to operate the designed and constructed facility is terminated in case of final transfer.

So far BOT Contracts combine (as DBO or BTO Contracts) design, construction and operation of a facility.

Considering that financing of the investment during the complete contract duration is a task of the contractor they have to carry considerably higher risks. They will not receive a payment in parallel to the construction (as it is applicable in a DBO contract) or after the guarantee time (as it is applicable in a BTO contract) but have to charge for the investment during the whole contract duration by requesting a defined payment (e.g. for each ton waste). They have to carry risks related to unpredicted interest or inflation rates or other unexpected effects. These risks will be reflected in higher bids compared to DBO or BTO contracts.



## VIII. BOO Contract

No PSP

“Conventional” Approach

Design Build and Operate (DBO)

Build Transfer and Operate (BTO)

Build-Operate-Transfer (BOT)

Involving the Private Sector in long term Financing,  
b) Build-Operate-Own (BOO)

The private sector is responsible for design, construction, operation, services and financing of the investment.

Contract documents have to balance risk sharing and tariff adjustment to avoid unreasonable high-price offers or refusing of contract.

After contract termination the facility is owned by the private entity.



### Build Operate Own (BOO) Contract

In Build Operate and Own Contracts no regular termination or transfer is prepared by the contract clauses.

In the event that the responsible authority terminates the contract, the private operator is not obliged to transfer the facilities or assets. This type of contract needs in any case a strong (monopole control) body which monitors the costs and prices during the provision of the services.

#### Disadvantage:

After the first award of this type of contract competition is avoided due to the monopole position of the BOO contractor and this is a good example of liberalisation without enhancing competition.

## VIII. Duration, Transfer and Termination of DBO / BTO / BOT and BOO Contracts

	Duration				
	< 5 y	5 – 10 y	10 – 20 y	20 – 30 y	> 30 y
<b>DBO</b>	-----  Termination				
<b>BTO</b>	Transfer	-----  Termination			
<b>BOT</b>	-----				Transfer + Termination
<b>BOO</b>	-----				

**DBO** Design-Build-Operate      **BTO** Build-Transfer-Operate  
**BOT** Build-Operate-Transfer      **BOO** Build-Own-Operate

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### Duration, Transfer and Termination of DBO / BTO / BOT and BOO Contracts

The figure demonstrates the differences of the duration, Transfer of the facility and the contract termination.

The contract duration can be different from the illustrated periods but in general the structure of the different contract types will be as shown.

The DBO contract doesn't need any "transfer" because the investment construction is paid step by step during the completion of the construction.

The BTO contract defines early transfer and ongoing operation after transfer.

The BOT contract defines late transfer and in parallel termination.

The BOO contract does not define any transfer or termination.



## IX: Divestiture

No PSP

“Conventional” Approach

Design Build and Operate (DBO)

Build Transfer and Operate (BTO)

Build-Operate-Transfer (BOT)

Build-Operate-Own (BOO)

Divestiture  
a) partial b) full

The private sector is responsible for design, construction, operation, services and financing of the investment.

Attractiveness for private partner requires

- high project volume to cover effort,
- elaborated framework.

Contract documents have to balance risk sharing and tariff adjustment to avoid unreasonable high-price offers or refusing of contract.

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### Partial Divestiture

A divestiture is more or less an irreversible process (if not the contract clauses defines possible termination conditions). Even if the public party will own more than 50 percent of the shares (partial divestiture) it will not give them the ability to make all (possibly politically driven) decisions because they have to consider the rights of the private owner. If the rights and obligations of parties / shareholders are not defined by the national legal framework (as it is done in many countries for the companies quoted on the stock exchange) the contracts for the divestiture need to address these rights and obligations.

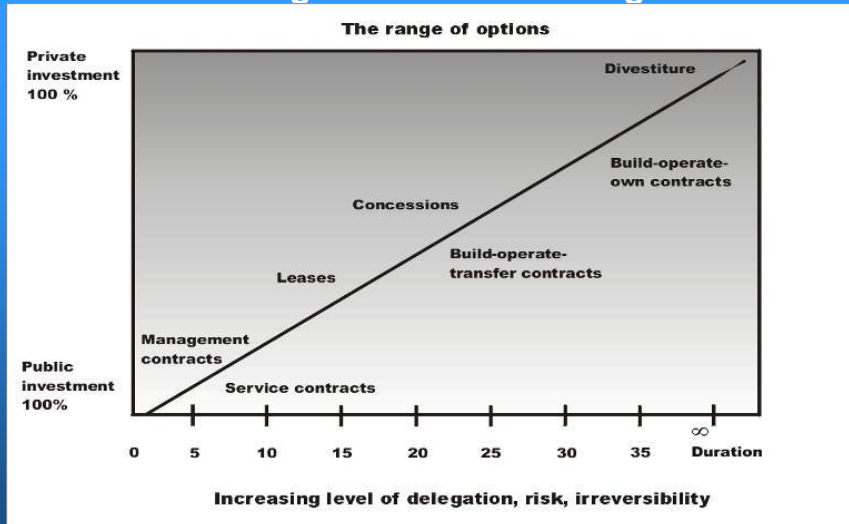
#### Disadvantage:

After the first award of this type of contract competition is avoided due to the monopole position private entity (possibly with public shares) and this is a good example for liberalisation without enhancing competition. Enhanced efficiency will effect higher profits without enhanced services or reduced fees. Therefore this type of contract needs in any case a strong (monopole control) body which monitors the costs and prices during the provision of services.

#### Full Divestiture:

In case of private subscription (see slide No. 9 of this TM) for e.g. the industrial or commercial waste and implementation of a market with several private firms which compete with each other, a full divestiture of this part of the local authority may be possible. However full divestiture does not seems adequate for general public obligations as for household waste collection because it does not allow economies of contiguity (i.e. the benefit in efficiency, when only one collection vehicle travels a continuous collection route to collect waste).

## X. The Range of Options: Advantages and Disadvantages



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### The Range of Options: Advantages and Disadvantages

This figure is used in many publications and is provided originally by the World Bank in the context of PSP Projects concerning Water and Sanitation Services. The figure demonstrates the range of PSP contract options following:

The y-axis (vertical) shows the level of private investment. At the low scale, the investment is carried out 100% by the public authority. At the high scale the investment is carried out 100% by the private sector.

The x-axis (horizontal) shows the common duration (in years) of different contract types and at the same time illustrates the level of delegation, risk and irreversibility it increases from left to the right side of the figure.

The more the investment that is provided by the private partner, the longer the duration of the contracts. And at the same time: the longer the duration of contracts, the higher the level of delegation and the higher the risk and the irreversibility.





## XI. Regional Outlook and Recommendations

A PSP implementation starting with low or medium budget investment by the private sector - as collection contracts - could strengthen the capabilities of the contracting authorities and development of a national market.

The option of implementation of waste management facilities via DBO contracts seems to be a promising approach.

Comprehensive PSP projects with large budget investment by the private sector needs elaborated framework, clear financing concept and high capabilities by the contracting authorities and are connected with high risks of failure.

The responsible authorities will need special skills to implement and monitor cost-efficient PSP. The Regional Guidelines and the Training Manuals will try to provide support.



### Regional Outlook and Recommendations

The regional outlook and the recommendations are reflecting the experience of the of the IC team within the region. As mentioned in slide 4 of the PSP TM “General Approach and Framework Requirements”

“in most of the countries (except Algeria and Jordan) they have already realised the need for PSP projects in the waste collection sector. In the other sectors the implementation of PSP projects are more rare.”

Considering this background, the IC team recommends to start with low or medium budget investment PSP projects to strengthen the capabilities of the contracting authorities and development of a national market.

The following recommendation reflects the preparation of a particular generic bidding document by the World Bank, the “Draft Generic Documents for the Design, Build and Operate Contract for a Solid Waste Facility, 05/2000”. This approach seem to be promising but the draft is still (03/2004) not used in a particular project.

Comprehensive PSP projects with large budget investment by the private sector needs elaborated framework, clear financing concept and high capabilities by the contracting authorities and are connected with high risks of failure

Please mention: The question of cost recovery for such projects will not be solved by the private sector but remain in the public sector.

To conduct PSP projects the responsible authorities will need special skills to implement and monitor cost-efficient PSP. The higher the risks, the higher the investment and the longer the duration of the PSP contracts (see slide 15, the range of options) the higher skills and qualifications of the responsible public authorities are requested.



## XII. Questionnaire / Discussion

- I. Represented Stakeholders /  
Interests of the Stakeholders
- II. Experience of the Participants
- III. Assumed Interest /  
Expectations of other Stakeholders

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### **Questionnaire / Discussion**

The following slides support interactive communication with the participants of the PSP Training Module.

#### **Technical note**

The trainer shall provide the questionnaires as print out (hard copy) to each participant and explain the task of the participants.

Each participant shall mention their particular type of stakeholder, their experience, interests and intended interests of other stakeholders.

The trainer shall record the results (during a break for the participants, possibly supported by an assistant) and present the results to the participants.

#### **Idea of the exercise:**

This part of the Training Module is intended for the participation of different stakeholders. Worst case will be that only one type of stakeholder will participate. In this case the exercise will not be very helpful in creating discussions.

In the case that different stakeholders participate (result of the first questionnaire) the next interesting question is who has what experience with which type of PSP projects? This could be recorded and handed out to the participants for later requests or discussions or personal contact.

The 3rd questionnaire intends to demonstrate the difference between the own interests and the interests estimated by another stakeholder. The trainers task is to steer the discussion.



## XII. Questionnaire (1): Type of Stakeholders / Specific Interests

1a) Please mention which type of stakeholder you represent		1b) Please mention your specific interests and expectations in PSP
Actual Public Service Provider	<input type="radio"/>	
Local Politicians	<input type="radio"/>	
National Politicians	<input type="radio"/>	
Private Service Provider	<input type="radio"/>	
Public / Served Inhabitants	<input type="radio"/>	
NGO	<input type="radio"/>	



### Questionnaire (1)

#### Technical note

The trainer shall provide the questionnaires as print out (hard copy) to each participant and explain the task of the participants.

Each participant shall mention their particular type of stakeholder and their interests and expectations.

The trainer shall record the results (during a break for the participants, possibly supported by an assistant) and present the results to the participants. (See below)

#### Idea of the exercise:

This part of the Training Module is intended for the participation of different stakeholders. Worst case will be that only one type of stakeholder will participate. In this case the exercise will not be very helpful in creating discussions.



## XII. Questionnaire (2): Experience

Type of PSP	Do you have experience with this contract type ?	
1.) Service Contract	<input type="radio"/> yes	<input type="radio"/> no
2.) Step by Step Approach / Single Contracts for	<input type="radio"/> yes	<input type="radio"/> no
a) Design and Consulting	<input type="radio"/> yes	<input type="radio"/> no
b) Delivery	<input type="radio"/> yes	<input type="radio"/> no
c) Building	<input type="radio"/> yes	<input type="radio"/> no
d) Management	<input type="radio"/> yes	<input type="radio"/> no
e) Operation and Maintenance	<input type="radio"/> yes	<input type="radio"/> no
3.) Design Build and Operate (DBO) Contract	<input type="radio"/> yes	<input type="radio"/> no
4.) Build Transfer and Operate (BTO) Contract	<input type="radio"/> yes	<input type="radio"/> no
5.) Build Operate Transfer (BOT) Contract	<input type="radio"/> yes	<input type="radio"/> no
6.) Build Operate Own (BOO) Contract	<input type="radio"/> yes	<input type="radio"/> no
7.) Divestiture	<input type="radio"/> yes	<input type="radio"/> no

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### Questionnaire (2)

#### Technical note

The trainer shall provide the questionnaires as print out (hard copy) to each participant and explain the task of the participants.

Each participant shall mention their particular experience.

The trainer shall record the results (during a break for the participants, possibly supported by an assistant) and present the results to the participants. (See below)

#### Idea of the exercise:

In the case that different stakeholders participate (result of the first questionnaire) the next interesting question is who has experience with which type of PSP projects. This could be recorded and handed out to the participants for later requests or discussions or personal contact.

## XII. Questionnaire (3): Description of Interests

Please try to guess the interest of <u>other</u> stakeholders	
Actual Public Service Provider	
Local Politicians	
National Politicians	
Private Service Provider	
Public / Served Inhabitants	
NGO	

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### Questionnaire (3)

#### Technical note

The trainer shall provide the questionnaires as print out (hard copy) to each participant and explain them.

Each participant shall state their interests in their own opinion of the other stakeholders.

The trainer shall record the results (during a break for the participants, possibly supported by an assistant) and present the results to the participants. (See below)

#### Idea of the exercise:

This questionnaires intends to demonstrate the difference between the individuals interests (mentioned in questionnaire 1b) and their interests as estimated by other stakeholders.

## XII. Result Questionnaire (1a): Type of Stakeholders

Number of stakeholders participating in this Training Module (completed by the trainer)	
Actual Public Service Provider	.....
Local Politicians	.....
National Politicians	.....
Private Service Provider	.....
Public / Served Inhabitants	.....
NGO	.....

### Result Questionnaire (1)

The trainer shall record the results of questionnaire 1a (during a break for the participants, possibly supported by an assistant) and present the results in the above table to the participants.

**The results of the questionnaire 1b) “Please mention your specific interests and expectations in PSP” shall be copied and presented on cards or flipcharts.**

No particular discussion on these results are needed.



## XII: Result Questionnaire (2): Experience

Type of PSP	Numbers of Experience (completed by trainer)	
	yes	no
1.) Service Contract		
2.) Step by Step Approach		
a) Design and Consulting		
b) Delivery		
c) Building		
d) Management		
e) Operation and Maintenance		
3.) Design Build and Operate (DBO)		
4.) Build Transfer and Operate (BTO)		
5.) Build-Operate-Transfer (BOT)		
6.) Build-Operate-Own (BOO)		
7.) Divestiture		

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### Result Questionnaire (2)

The trainer shall record the results of questionnaire 2 (during a break for the participants, possibly supported by an assistant) and present the results in the above table to the participants.

**The results of questionnaire 3) “Please imagine the interest of the other stakeholders” shall be copied and presented on cards or flipcharts to the participants.**

The trainers task is to steer the discussion on the results of question 3) with additional questions like: “The other participants expects your interest (quite) different from your mentioned interest. Do you have any possible explanation for these differences?”

The discussion shall effect also general discussion e.g. on

- the short term and long term interest of the private contractor or
- the allocation of subsidies (why should subsidies be used to reduce the waste bill of not poor inhabitants)
- the possibility to enhance other services with remaining personell of overstuffed public entities

### XIII: Exercise / Example

Please discuss advantages and disadvantages of different contract options or approach

Example	issues to be discussed
Tender for waste collection, street sweeping and cleansing for a city with 300.000 inhabitants	<ul style="list-style-type: none"> <li>▪ Which type of contract seems reasonable</li> <li>▪ Who shall own the (mobile) equipment ? Discuss in this context the availability of grants and soft loans and the effect of different taxes.</li> <li>▪ Shall the tender cover the complete area or shall some area remain under public service?</li> </ul>
Tender for construction and operation of transfer station	<ul style="list-style-type: none"> <li>▪ Which type of contract seems reasonable "conventional" approach or other approach</li> <li>▪ Is it necessary to transfer the transfer station to the public after contract termination?</li> <li>▪ What are the main conditions effecting the needed contract duration of e.g. a BOT Contract</li> </ul>

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#### Exercise / Example

The intention of this exercise is to encourage the participants to repeat the presented contract options with own words and demonstrate their experience and skills to understand the different circumstances which could lead to different contract types.

The following opinions could be added by the trainer if the participants discuss only some particular aspects:

- The decision on the ownership could be effected by the estimated effect of higher efficiency versus possible lost advantages in case that grants and soft loans are not available for the private contractor or that the private contractor shall pay higher taxes or duties.
- In the case that the private contractor fails to deliver the service the public is obliged to ensure the serve. In this case it could be an advantage if some part remains under public service.
- Both the "conventional " approach as well as the other approach is possible. The decision is dependent on the expectation of which approach is deemed to be more efficient.
- Contractors owning some main facilities (as transfer stations) can distort the competition in subsequent tenders.
- The contract duration seems mainly effected by the depreciation time. But in many cases the depreciation time of the equipment (e.g. compactor) is different from the construction. Contract clauses could define fair conditions (obligation of maintenance and the right of compensation) for earlier termination or termination after an average depreciation time. The baseline for the compensation (cost of replacement or depreciated value) has lots of effects on other contract clauses.