

## US Government Accounting Office (GAO) definitions of Privatization

The GAO defined privatization in several old (1997 and 1998) reports to Congress.

Privatization is commonly defined as any process aimed at shifting functions and responsibilities, in whole or in part, from the government to the private sector. Privatization can take various forms. The most common form is contracting, which typically entails a competition among private bidders to perform government activities. With contracting, the government remains the financier and has management and policy control over the type and quality of services to be provided.

Another form of privatization occurs when a government transfers ownership of assets, commercial type enterprises, or responsibilities to the private sector. This is called an “asset sale” and generally the government would have no role in the financial support, management or oversight of a sold asset.

Another more recent variation of privatization is “managed competition.” Under it, contracting process permits an agency (e.g., the highway department) of the government to prepare a work proposal and submit a bid to compete with private bidders e.g., highway construction contractors). The government may award the contract to the bidding agency or to a private bidder.

<http://www.gao.gov/special.pubs/gg98087.pdf>