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Public–Private Partnership: A Bridge between Public and Private Sector

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Abstract

To operate, finance and develop a project like convention centers, parks and public transportation networks the collaboration of company of private sector and government agency is known as Public-private partnerships (PPP). A project can take less time when it financing through public private network. This Public private network provides a bridge between public and private sectors. This partnership is important for developing several business aspects.

Keywords: public private, government, business, private sector, network.

Asociación público-privada: un puente entre el sector público y el privado

Resumen

Para operar, financiar y desarrollar un proyecto como centros de convenciones, parques y redes de transporte público, la colaboración de la empresa del sector privado y la agencia gubernamental se conoce como asociaciones público-privadas (PPP). Un proyecto puede tomar menos tiempo cuando se financia a través de una red pública privada. Esta red pública privada proporciona un puente entre los sectores público y privado. Esta asociación es importante para desarrollar varios aspectos comerciales.

Palabras clave: público privado, gobierno, empresa, sector privado, red.

Introduction

For deliver the services and goods to the public connection between private sector and government agency is consider as Public-private partnerships (PPP). Many areas of public policy that use public-private partnerships (PPP) for implementation are included waste-disposal services, public transportation, environmental and wide range of social services.



Figure 1: Public Private Partnership

The idea of public-private partnerships is an old phenomenon but till 1980 it is not seriously studied by scholars. In 1980s the concept of PPP is used in both developing and developed countries in public management and administration. When the concept of PPP is compare with previously used

government-run services and the nature then the topic of PPP become scholarly debate and political controversy particularly regarding drawbacks and benefits.

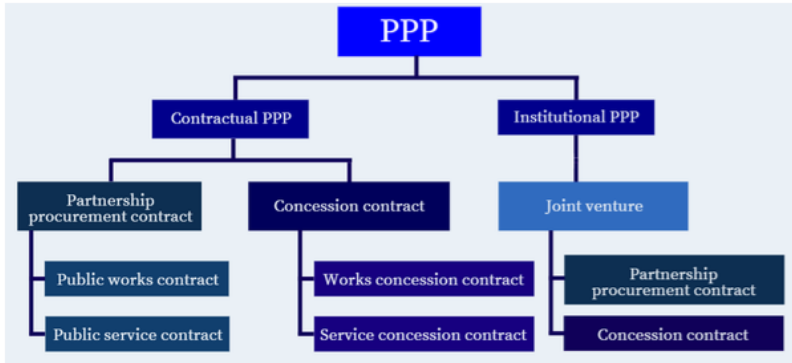


Figure 2: PPP types

Types of Public-Private Partnership Agreements

On the basis of risk taken by private company and extent of involvement there are several types of Public-private partnerships (PPPs). The responsibilities of each party and allocate risk are clearly defined in the agreement or contract of PPP. Some sample agreements are as follows:

1. Service and Civil works Contracts
2. Decentralization, Restructuring and Corporatization Utility
3. Affermage or Leases contract
4. Operating Agreements and Management
5. Design-Build-Operate (DBO), Concessions, Build-Operate-Transfer (BOT)
6. Performance Contracts and Plans of Contract
7. Full Divestiture
8. Partial Divestiture and Joint Ventures of Public Assets Full Divestiture

Models for Public Private Partnership (PPP)

Some major models of PPP are described below:

1. BOOT (Build-Own-Operate-Transfer): This is likewise on the lines of BOT. After the arranged timeframe, the framework resource is moved to the administration or to the private administrator. This methodology has been utilized for the improvement of parkways and ports.
2. BOT (Build Operate and Transfer): This is the basic and regular PPP model where the private accomplice is dependable to configuration, con-

struct, work (during the contracted period) and move back the office to the open division. Job of the private division accomplice is to bring the fund for the undertaking and assume the liability to build and look after it. Consequently, the open division will enable it to gather income from the clients. The national thruway activities contracted out by NHAI under PPP mode is a noteworthy model for the BOT model.

3. BOLT (Build-Operate-Lease-Transfer): In this methodology, the administration gives an admission to a private substance to manufacture an office (and perhaps structure it too), possess the office, rent the office to the open segment and afterward toward the part of the bargain time frame move the responsibility for office to the legislature.

4. BOO (Build-Own-Operate): This is a variation of the BOT and the thing that matters is that the responsibility for recently manufactured office will rest with the private party here. The open division accomplice consents to 'buy' the products and enterprises delivered by the task on commonly concurred terms and conditions.

5. Contract of Service: This methodology is less engaged than the administration contract. In this methodology, the private advertiser plays out a specific operational or support work for a charge over a predetermined timeframe.

6. ROT (Rehabilitate-Operate-Transfer): Under this methodology, the administrations/nearby bodies enable private advertisers to restore and work an office during a concession period. After the concession time frame, the task is moved back to governments/nearby bodies.

7. LDO (Lease-Develop-Operate): Here, the legislature or the open part element holds responsibility for recently made foundation office and gets installments as far as a rent concurrence with the private advertiser. This methodology is generally followed in the advancement of air terminal offices.

8. DBFO (Design, Build, Finance and Operate): In this model, the private party accepts the whole accountability for the structure, development, money, and works the venture for the time of concession.

9. Contract of Management: Here, the private advertiser has the duty regarding a full scope of venture, activity and support capacities. He has the expert to settle on day by day the board choices under a benefit sharing or fixed-charge game plan.

10. The private party accepts the whole accountability for the plan, develop, fund, and work or work and keep up the venture for the time of concession.

	Public-Private Partnership (PPP)				
Contract type	Design-Build-Finance-Operate (DBFO)	Build-Transfer-Operate (BTO)	Build-Operate-Transfer (BOT)	Build-Own-Operate-Transfer (BOOT)	Build-Own-Operate (BOO)
Construction	Private Sector	Private Sector	Private Sector	Private Sector	Private Sector
Operation	Private Sector	Private Sector	Private Sector	Private Sector	Private Sector
Ownership	Public Sector	Private Sector during construction, then Public Sector	Private Sector during Contract, then Public Sector	Private Sector during Contract, then Public Sector	Private Sector
Who pays?	Users or Offtaker	Users or Offtaker	Users or Offtaker	Users or Offtaker	Users or Offtaker
Who is paid?	Private Sector	Private Sector	Private Sector	Private Sector	Private Sector

Figure 3: PPP agreement Types



Figure 4: Metrics and Model of Public-Private Partnership

Features of PPP

Major PPP features are as follows:

1. Possession right of the advantages, moved to a private sector empowering him to utilize and oversee them in conveying administrations, stays with public sector.
2. In public services delivery the approach of PPP can bring value for money;
3. For managing the project reacted risk among allocated parties and partners the risks are shared.
4. Between private and public sector long term contractual relationships.
5. Public segment installments to private accomplice possibly initiate when the benefit required is most readily accessible for use to convey administrations;

6. A single private company is responsible for both one type and complex type activities under the contract of partnerships.

Advantages and Disadvantages of Public-Private Partnerships

Organizations between privately owned businesses and government give favorable circumstances to the two gatherings. Innovation and technology of Private-sector, for instance, can help give better public administrations through improved operational productivity. The public company, as far as concerns its, gives motivators to the private part to convey extends on schedule and inside spending plan. Also, making monetary enhancement makes the nation increasingly aggressive in encouraging its framework base and boosting related development, hardware, bolster administrations, and different organizations

There are drawbacks, as well. Physical framework, for example, streets or railroads, include development dangers. In the event that the item isn't conveyed on schedule, surpasses cost assesses, or has specialized deformities, the private accomplice normally bears the weight.

Also, the private accomplice faces accessibility chance on the off chance that it can't give the administration guaranteed. An organization may not meet security or other significant quality norms, for instance, when running a jail, medical clinic, or school.

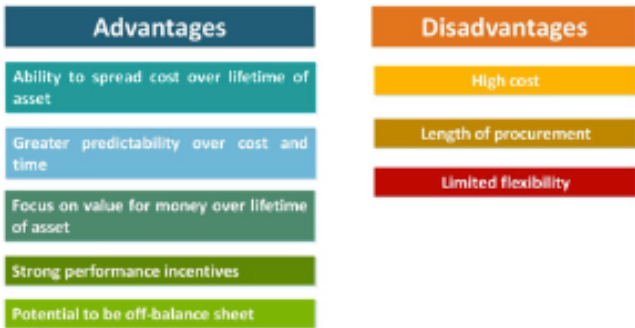


Figure 5: PPP Advantages and Disadvantages

Public-Private Partnerships Future Prospects

The achievement of sustainable advancement is fundamentally connected to part States capacity to saddle the privilege and aggressive framework improvement. Optimizing framework advancement and accomplishing adjusted local and segment foundation improvement to take into account the necessities of organizations and individuals while likewise guaran-

teeing that foundation is strong and atmosphere neighborly are essential components of the 2030 Agenda. Foundation improvement is inserted as a devoted objective in the 2030 Agenda (Goal 9) with a few targets and markers.



Figure 6: Success factor of Public Private Partnership

Conclusion

For deliver the services and goods to the public connection between private sector and government agency is consider as Public-private partnerships (PPP). A project can take less time when it financing through public private network. This Public private network provides a bridge between public and private sectors. This partnership is important for developing several business aspects.

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