

# Review on Key Difficulties In Public Private Partnership And Its Implementation

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**Abstract-** Public private partnership is the most efficient model for development in construction & infrastructure field. Government of INDIA has initiated a number of schemes in joint venture with private sector in order to develop infrastructure.

Public private partnership is the present most need of developing country like INDIA. For implementation of PPP, it has been seen that there are some of difficulties or issues that affect the implementation of PPP.

In this we are going to explain key difficulties that affect PPP implementation.

**Keywords-** Public private partnership, PPP implementation, key difficulties in PPP.

## I. INTRODUCTION

PPP is nothing but a government service or private business venture which is funded, managed and operated by a partnership of government and private sector companies.

As per Canadian council for public private partnership, PPP is “A cooperative venture between public and private sector built on expertise of each partner, that clearly explains public needs by the appropriate allocation of resources, risk & rewards.” Government consistently use the standard models of public procurement strategy to deliver public services. This involves the use of public, rather than private sector resources. Development of PPP is another way of implementing public sector infrastructure project as part of government role of promoting sustainable economic development where government allows the participation of private sector in developing and implementing an infrastructure business by carefully consolidate environmental, economic and social needs to achieve both an increased standard of living in sort term & net achievement among next generations.

PPP (Public Private Partnership) is regarded as new frame of reference for the development of public sector.

The aim of this study is to focus on key difficulties of both public private partnership model & public private partnership implementation.

## II. PROBLEM STATEMENT

The main difficulties in PPP implementation involves the lake of preplanning of risk management. All difficulties in PPPs are rooted in the lack of pre planning of risk management. Understanding risk initiation is unsettled and requires lots of efforts from all stockholders in the PPP.

Due to lack of pre planning of risk management, PPPs confront risk in the area of contracting, resources, tendering, costing, different goals, structural goals, partners commitments & the environment.

The accomplishment of PPP projects depends on pre planning of risk management, which is associated with the identification of extreme major risk & their allocation between government and private partner. It has been observed that implementation of suitable strategies to reduce the risk when they take place in PPPs is critical in pre planning of risk management.

The result of lack of pre planning of risk management cause the increase in project implementation costs, risk of short fall & other major risk. So, it is very important to have a plan to mitigate risk in PPP implementation for to achieve the goals & mile stones.

Venture partners may fail to find risk in political, technical, non-technical and economical areas & this is main consequence of project failure.

## III. KEY DIFFICULTIES IN PPP IMPLEMENTATION

A. Unreliable framework for sharing responsibility & risk.

The one of reason for PPP implementation is transfer and sharing of responsibility and risks. As per Huque organizational and technical challenges occur for Some PPP

partners, including inappropriate agreements on responsibility and risk transferring and sharing, Unreliable ways for dealing with issues and dis agreement between partners, and the lack of improper agreement results in either huge profits or project failure.

As per the theory of risk transfer establishment, difficulty or issue or risk should be transferred to partner who have caliber to resolve it.

#### *B. Improper resource input & standard of work.*

Another key issue with the implementation PPPs to appears to be the disparity between the amount of money allocated and the caliber of the service provided.

For instance, in 2000, Sofiyska voda and Bulgarian municipality of Sofia negotiated a concession agreement. For the purpose of enhancing the water supply network and water filtration, the private enterprise was granted a credit of 31 million euros by the state committee for electricity and water supply regulation. Up until the commercial partner was changed in 2010, the supply network experienced water losses of 58%.

As per Strausser, good data monitoring enables key stockholders to comprehend the projects efficacy. PPP will benefit from increased commitment to standardized monitoring and evaluation operations.

#### *C. Partner's organizational cultures and aims differ*

As per Reich, PPPs frequently bring together businesses with radically different cultures, as well as interests, values, and points of view. These cross-sector partnership between the public and private sectors are also difficult and time-consuming.

Public organizations clearly differ significantly from those in the private sector in terms of organizational structure, missions, procedures, cultures, and communication styles, according to Suebvises. For instance, organization in the public sector are more likely to have bureaucratic structure than companies in the private sector, which have more adaptable structures. Therefore, partnering is particularly difficult due to the variations in organizational elements. A study found that the contracting (59%), resource (58%), divergent aims (45%), structure (40%), and partner commitment sectors present the biggest risks in PPPs.

#### *D. Inadequate procedures for selection PPP partners*

The selection of private partners when launching a PPP requires a competitive procedure and various interested private entities sending an offer to become the partner. However, this practice is not used in large infrastructure projects quite often. For instance, the implementation of PPPs in Bulgaria often requires the improvement of the procedures for the selection of partners because some private entities are selected automatically without the selection process. This creates preconditions for the suspicion of corruption.

Zhang suggested that establishing suitable criteria and determining their relative significance is critical to selecting the right private sector partner. Selecting the right partner help to achieve the goals of the PPP projects.

#### *E. Weak governmental and judicial systems.*

One of the most significant obstacles to the implementation of the PPP model is considered to be the absence of adequate legal and political framework. For instance, Hungary still lacks a PPP law, as does Bulgaria, which has no specific regulations for very long period.

Poorly written laws and lack of administrative resources in these nations inhibit private projects. In the 1990s, central and eastern European nations created a complex legislative framework for PPPs. For creating a helpful legal administrative environment, it was insufficient.

To avoid potential difficulties, PPP initiative should have a master plan that will allow them to continue operating in the case of political instability and change.

#### *F. Transparency issues.*

One of the key elements thought to be essential to PPP successes is transparency. A particularly important issue is the restriction of public access to paper used in the creation of PPPs. The investment's transparency and sustainability are adversely affected. PPP agreements contain some commercially sensitive information and are therefore not accessible to the general public.

As a result, it is nearly impossible for general public to improve and regulate the standards, circumstances, and risks associated with services of public interest. The increase of corruption could be caused by a lack of transparency. PPP agreement must be concluded with greater accountability and openness. By doing, so both partner's oversight of the contract's implementation will be improved.

The completion of PPP agreements needs to be more accountable and transparent. It will enhance the public's & partner's ability to monitor the agreement's execution. At each step of the PPP, both parties should embrace open systems that allow them to keep an eye on how the collaboration is turning out. Information on the use of public resources, decision-making criteria, decision result, and financial accounts should all be accessible to partners and the general public.

The creation of public database by the Chinese government is an illustration of increased transparency. In order to increase openness in China's PPP growth, the Ministry of Finance there created a public database in 2015.

#### *G. Inadequate PPP process monitoring and evaluation*

As per Nuhu, Mpambije and Ngussa, certain private partners in Tanzania's PPP procedures failed to disclose information or adhere to the PPPs requirement, which led to insufficient monitoring and evaluation of those processes. People frequently assume that the government is ineffective, but some private sector allies are also ineffective. For instance, Tanzanian PPPs some time seek greater financial support from the government from health institutions instead of monthly reporting. When there is no proof to support how the private sector partner conducts activities or provided services, the government is challenged in this situation.

As per Suebvises, the active involvement of citizens will aid in the process of monitoring and assessment and reduce corruption.

A check and balance system can be developed by improving transparency if government permit numerous partners to participate in the multi party activity for service delivery.

#### **IV. CONCLUSION**

The PPP model has proven to be a highly effective means of achieving objective in terms of cost reduction, operational efficiency, quality assurance of goods & services, shared risk plans, stability and improvement of population welfare.

The PPP model has been adopted by majority of nations because it offers adaptable chances for quality enhancement, provision of various infrastructure projects, and related services.

The following advantage of selecting public private partnership were noted by Casti:

- Cost certainty
- On-time and on-budget delivery
- Accountability
- Faster delivery and the creation of jobs
- Effective sharing of the risk & responsibility
- Lifecycle maintenance
- Payments for services rendered

PPPs are seen as a vehicle to bring together public, private, and civil society organizations with the ability to hasten the socioeconomic development of low-income countries across the field of developing studies (Brogaard and Petersen,).

PPPs' capacity to control demand-side risks has led many academics to view them as an effective tool for increasing productivity. While others view PPPs as a system where the private partner reaps the benefits while the public sector bears the risk (Eusepi et al.). On the other side, there are a number of difficulties encountered when PPPs are put into practice. Prior to implementation, the PPP form must be properly planned and designed by both partners. The PPP's effective planning and design.

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