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A Comprehensive Overview of Public-Private Partnerships: Opportunities, Challenges, and Impacts with a Special Focus on Mizoram

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ABSTRACT

The turn of the new millennium brought unprecedented changes in the functioning of public administration. The quest for economy, efficiency and effectiveness has led to reinventing government wherein the state has gradually withdrawn from direct involvement in the economic and social development of the people. Many of the services hitherto provided by the state have now been contracted out or outsourced to private sectors. Public Private Partnerships (PPP) have been established as a new management tool for providing service to the people. PPPs are long-term arrangements between the government and private sectors to provide infrastructure and community-related services to the public. The viability of PPPs is seen in the number of ventures it has undertaken in developed and developing countries. The Government of Mizoram though appreciating the many paybacks that PPPs can provide through the provision of public services has yet to harness the feasibility of PPP in its many projects. The paper aims to inquire into the PPP projects that Mizoram has undertaken and assess its benefits and challenges. The paper is descriptive and is based on secondary sources.

Key Words: Public Private Partnership, contracted out, Government of Mizoram, public services

Introduction

Governments in developed and developing countries have been tapping the expertise and capital of the private sectors since the turn of the millennium to address the infrastructure deficits brought by the unprecedented changes in the political economy worldwide. These have led to the building of new partnerships in the form of Public-Private Partnerships (PPP) as a possible alternative and solution to many services the state provides.

PPP is an arrangement between the government and private sectors to provide public infrastructure, community facilities, and related services, as well as allocate responsibilities and risks among the various partners. Through the agreement, the private sector agrees to provide services the government hitherto provided. The main characteristics of PPP are the sharing of investment, risk, responsibility and reward between the two partners. There may be many reasons why governments and private sectors enter into such ventures, however, the understanding in these types of partnerships is that the strength of both the public and the private sector are drawn to complement the relationships.

The definition of PPPs varies widely, making it challenging to achieve a universal understanding or application (Wang et al., 2018, p. 303). The United Nations define PPP as 'voluntary and collaborative relationships between various parties, both state and non-state, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks and responsibilities, resources and benefits (International Labour Office, 2007. p.2). Such partnerships can include those oriented towards resource mobilisation, advocacy and policy goals, and long-term operations.

The term PPP is commonly used in three different ways. Firstly, it is used loosely and somewhat pretentiously, to refer to any arrangement in which the public and private sectors join together to produce and deliver goods and services. Contracts, franchises, and grants are some of the examples. Secondly, it is

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used for complex, multi-partner, privatized, infrastructure projects. Thirdly, it refers to a formal collaboration between business and civic leaders and local government officials to improve the urban situation (Kettle, 1993, as cited in Savas, 2001, pp. 105–106). PPP is the mode of implementing government programmes and schemes in partnership with the private sector. The term private in PPP encompasses all non-governmental agencies such as the corporate sector, voluntary organisations, self-help groups, partnership firms, individuals and community-based organisations. PPP is essentially a cooperative endeavour between the public and private sectors to restructure the provision of public services to make them more efficient. It is a legal contractual arrangement in which the public and private sectors share equity, investment, finance, risk, responsibility and profits in the venture (Goel, 2011, p. 580).

Research Objectives

- To examine the key differences between PPP and privatization.
- To identify and analyse the different forms of PPP.
- To examine the role of PPPs in India's development.
- To evaluate the early initiatives, successful projects, and institutional framework of PPP in Mizoram.
- To identify the strengths, weaknesses, and lessons learned from the implementation of these partnerships in the state.
- To identify and analyse the key benefits and challenges of implementing PPPs in Mizoram.

Research Methodology

This research provides a comprehensive analysis of PPPs, with a focus on their opportunities, challenges, and impacts, particularly in Mizoram. The study employed a descriptive and analytical design, using qualitative methods such as content analysis, comparative analysis, and SWOT analysis to examine government documents, project reports, academic literature, and institutional frameworks. Data collection was primarily drawn from secondary sources, including policy documents, reports on notable PPP projects, and academic publications, with a special emphasis on the Mizoram Public-Private Partnership Policy 2016. The research compared PPPs with privatization and highlighted the key PPP projects in Mizoram. The scope is geographically limited to Mizoram, with insights from national PPP frameworks, and evaluated the effectiveness of PPP policies, identified benefits, challenges, and socio-economic outcomes. Despite relying on secondary data, the study aims to contribute valuable insights and policy recommendations to enhance PPP implementation in Mizoram, particularly in improving governance, infrastructure development, and private sector engagement.

Public-Private Partnership vs. Privatisation

PPP refers to the private management of public services through long-term contracts between a private operator and a public authority. Privatisation involves outright disinvestments in, or sale of, public service or utility to the private sector. PPP should not be seen as a public partnership in private projects. It should rather be viewed as a private partnership in public projects (Bava, 2008, p. 404).

PPP does not dilute the responsibility and accountability of the government. The government remains accountable for ensuring the standard of service quality, price certainty and cost-effectiveness. The role of government gets redefined as one of facilitator and enabler, while the private sector plays the role of financier, builder and operator of service. Under the PPP approach, the skills, expertise and experience of both the public and private sectors get combined to deliver a higher standard of service to the consumers. The public sector contributes assurances in terms of stable governance, citizens' support and financing, and also assumes social, environmental and political risks. The private sector brings along operational efficiencies, innovative technologies, managerial effectiveness, and access to additional finances, and bears the construction, commercial, and operational risks of the projects (Dhameja, 2008, p. 22).

Differences between Public-Private Partnership and Privatisation

PPPs are not privatisations in the conventional sense. Unlike privatised entities where ownership transfers entirely to the private sector, PPPs involve long-term collaborations where the public sector retains significant control and responsibility (Gerrard, 2001, p. 48). The key differences between PPP and Privatisations are (Mahajan & Mahajan, 2012, p. 726):

i) **Responsibility**: Under privatisation, the responsibility for delivering and funding a particular service rest with the private sector where whereas PPP on the other hand, involves full retention of responsibility of the government for providing the service.

ii) **Ownership**: While ownership rights under privatisation are sold to the private sector along with associated benefits and costs, PPP may continue to retain the legal ownership of assets.

iii) Nature of Service: The service provider under privatisation determines the nature and scope of the service. Under PPP, the nature and scope of service are contractually determined between the two contracting partners;

iv) Risk and Reward: Under privatisation, all risks inherent in the business rest with the private sector. On the other hand, under PPPs, risks and rewards are shared between the government (Public) and the private sector.

PPP may serve different purposes depending on the context it is applied to. It may be seen as a tool of governance or management in service delivery either through inter-organisational or financial arrangements between the public and the private sectors. PPP may also be looked at as a tool of financial arrangements since it is believed that PPP reduces the pressure on government budgets and also provides better value for money in the provision of infrastructure. PPP is slowly emerging as a new development arrangement since it maximises benefits for development through collaboration and enhanced efficiency (Khanom, 2010. pp. 150-163).

Forms of Public-Private Partnership

PPP is a policy decision and initiative of the government at any level to promote public interest and public good (Bava, p. 404). In PPP, the 'private' partner encompasses all non-governmental agencies such as the corporate sector, voluntary organizations, self-help groups, partnership firms, individuals and community-based organizations (Mahajan & Mahajan, 2012, p. 726) The scope of the partnership is wide and it may mean different things to different people in a set of given situations. The partnership is meant to bring together the public and private sectors for the achievement of common goals. The extent and involvement of the public as well as the private sectors would depend on the forms of the partnership (Girish & Mathur, 1997. p. 2). PPP can vary in:

(1) the degree of risk allocated between the partners;

(2) the amount of expertise required on the part of each partner to negotiate the contracts;

(3) the potential implications for taxpayers (Government of British Columbia, 1999, p.11)

The various forms of PPP

PPPs take diverse forms, including Private Finance Initiative (PFI) projects and equity joint ventures, each tailored to specific public service needs (Gerrard, 2001, p. 48-49). They are institutional arrangements for risk-sharing and co-development between public and private entities, ranging from Build-Operate-Transfer (BOT) models to joint ventures ((Hodge & Greve, 2007, p. 545–547). The following were the major forms of PPP:

a) Contracting Out: A widely used approach for PPPs is contracting out tasks or services to the private sector. In this arrangement, the public sector transfers the task's responsibility to the private sector. The government finances the project by making payments for the work or services provided, often in instalments, upon the completion of each stage of the project (Girish & Mathur, p. 2). Contracting out may take the form of a service contract or work contract.

(i) Service Contract: In the service contract model of PPP, a public authority whether central, state, or local government entrusts a private company with the provision of specific services related to the infrastructure needs for a set period, typically under five years, in exchange for a management fee. Despite this arrangement, the government maintains overall responsibility for operating and maintaining the system, excluding the contracted services, and assumes all commercial risks. The government also retains ownership of the fixed assets, finances them, and provides the working capital. The private company's compensation is usually based on factors such as time, a fixed lump sum, cost-plus arrangements, or specific performance metrics (Bava, p.406).

(ii) Management Contract: Under a management contract in a PPP, the private partner is assigned specific tasks for a duration of three to five years, with payment provided by the government. In this arrangement, the government retains ownership of the assets, invests the necessary capital, and assumes the commercial risks. While it is similar to the service contract, this model allows the private operator to manage daily operations and maintenance of the system. However, the private partner is not held accountable for any capital risks (Bava, p.406).

b) Design Build: In a Design-Build PPP arrangement, the government partners with a private entity to design and construct a facility that meets the government's specified standards and performance criteria. After the facility is completed, ownership is transferred to the government, which then assumes responsibility for its operation (Government of British Columbia, 1999, p. 7; Girish & Mathur, 1997, p. 4).

c) Turn-key Operation: In this model of partnership, the government finances the project while a private partner is responsible for designing, building, and operating the facility for a predetermined period (Girish & Mathur, 1997, p. 7). The private partner may provide their own designs, specifications, and quality standards, ensuring they align with the client's requirements (Girish & Mathur, p. 4).

d) Wraparound Addition or Lease: In the Wraparound Addition or Lease model, a private developer finances and builds an expansion to an existing public facility using their own funds. The developer then operates the expanded facility either for a set period or until they recover their costs along with a reasonable return on investment. The private partner may own the new addition. This arrangement aims to expand the facility when the government lacks the resources or expertise to fund the project independently (Savas, 2001, p. 244).

e) **Lease-Build-Operate (LBO)**: A private company is granted a long-term lease to develop and operate an expanded facility using its own funds. The company recoups its investment along with a reasonable return throughout the lease term while paying a rental fee. Since the facility remains publicly owned, this arrangement helps avoid potential legal issues related to private ownership of an asset initially funded by the public sector (Savas, p.243).

f) **Build-Transfer-Operate (BTO):** In this partnership model, a private developer finances and constructs a facility, and once completed, transfers ownership to the government agency that sponsors the project. The government agency then leases the facility back to the developer through a long-term lease, allowing the developer to operate the facility and recover their investment, along with earning a reasonable return from user fees and commercial activities (Savas, p.243).

g) **Build-Operate-Transfer or Build-Own-Operate-Transfer (BOT or BOOT):** In a Build-Operate-Transfer (BOT) or Build-Own-Operate-Transfer (BOOT) model, a private developer is granted a franchise (concession) to finance, construct, own, and operate a facility. During this period, the developer collects user fees for a specified duration, after which the facility's ownership is transferred to the public sector. Although similar to the Build-Transfer-Operate (BTO) model, this arrangement may face legal, regulatory, and liability challenges due to the extended period of private ownership prior to the transfer (Savas, p.244).

h) **Buy-Build-Operate (BBO):** In the Buy-Build-Operate model, an existing public facility is sold to a private partner, who then renovates or expands it and operates it indefinitely under a franchise. This is similar to selling a company, which subsequently operates under a franchise agreement. As with other franchise models, the public owner can leverage the franchise agreement during negotiations to maintain control over aspects such as pricing, access, noise, safety, quality, and potential future capacity expansion (Savas, p.244).

i) **Build-Own-Operate (BOO):** In a Build-Own-Operate (BOO) PPP model, a private developer finances, constructs, owns, and operates a facility indefinitely under a franchise, while adhering to regulatory restrictions on pricing and operations. The long-term ownership rights offer a strong financial incentive for the developer to invest capital into the facility (Savas, pp.244-245).

The various forms of PPP differ in aspects such as ownership, the goals intended to be achieved, political commitment, cost-recovery tariffs, regulatory frameworks, and information management. These models and their variations can be applied to build new infrastructure, rehabilitate or expand existing facilities, or enhance the performance of current infrastructure (Savas, p.244).

Public-Private Partnership in India

In developing countries like India, two very important steps have to be taken by the government, to accelerate socio-economic development and provide justice to the people. Firstly, with the Government of India undertaking economic and structural reforms in the 1990s, there has been an enhanced role of the private sector in the economic and social development of the people which has to be facilitated, supported and encouraged so that it can grow and expand. Secondly, the role of the public sector has to be restricted only where it is inevitable and all the existing public sectors are to be privatized (Girish & Mathur, 1997, p. 41). PPP in the all-round development of the nation has been widely recognized. Since the public sector alone cannot meet the growing challenges of development, private sector involvement introduces rigorous performance standards, ensuring sustainable service quality and incentivizing long-term reliability (Gerrard, 2001, p. 50-51). Thus, the public sector has to look for new ventures in the form of partnerships to meet the huge investments in a variety of development fields and provide economic and efficient delivery of quality goods and services to the people.

One of the important and growing challenges in post-liberalised India is the development of infrastructure. The Government of India acknowledges that investment in infrastructure is of immense importance with growing urbanisation, yet, it is unable to invest in these areas owing to financial scarcity and insufficient manpower. These shortcomings can be addressed by bringing in private capital, expertise, entrepreneurial spirit and techno-managerial efficiencies which are best provided by PPP (Thandavan & Sivaraman, 2008, p. 444).

Historical Context of PPP in India

India had some experiments of PPP as early as the nineteenth century. It is often said that the story of PPPs began with private sterling investments in Indian railroads in the latter half of the 1800s. The Great Indian Peninsular Railway Company operating between Bombay and Thane (1853), the Bombay Tramway Company running tramway services in Bombay (1874) and the power generation and distribution companies in Bombay and Calcutta in the early 20th century are some of the earliest examples of PPP in India. Post 1991 there have been successful PPP in Visakhapatnam, Tirupur, and the Delhi-Noida Bridge project (Thandavan & Sivaraman, p. 444).

The growing importance of the private sector in economic matters and the consequent increase in the sensitivity of the economy to business cycle fluctuations was first officially recognised in the Tenth Five-Year Plan. Very soon a reappraisal of the role and the manner of macro-economic management was made. The key principles formulated were introducing well-enforced user charges, exploiting new technologies, private sector production, and a regulatory framework to foster competition (Mukhopadya, 2012, p. 7).

Government Initiatives to Promote PPP

The Government of India realizing that the availability of quality and efficient infrastructure services is essential for accelerating economic development in the country set up the Rakesh Mohan Committee in 1995 to recommend India's infrastructure needs. The Committee on Infrastructure (CoI) under the chairmanship of the Prime Minister was set up on 31st August 2004, to initiate policies that could ensure the time-bound creation of world-class infrastructure and service delivery on international standards, and for maximizing the role of PPP. Another committee on infrastructure finance was set up in December 2006 under the chairmanship of Deepak Parekh to make detailed recommendations on infrastructure finance (Bava, pp. 410-411).

Public Public-private partnership (PPP) means an arrangement between a Government/statutory entity/Government entity on one side and a private sector entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private sector entity, for a specified period, where there is well-defined allocation of risk between the private sector and the public entity and the private entity who is chosen based on open competitive bidding, receives performance-linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative (Government of India, n.d.).

A PPP Cell in the Department of Economic Affairs (DEA) was constituted to provide greater focus on mainstreaming PPPs both in the Central and State sectors (Dhar, 2008, p. 419). Key initiatives of the government to foster and strengthen PPPs include the Viability Gap Funding (VGF) scheme (For those infrastructure projects which are economically justifiable but not commercially viable, the government gives a grant of up to 20 per cent of the project cost to private sector developer who is selected through competitive bidding), India Infrastructure Finance Company Limited (a wholly government-owned company has been established to provide long-term financing of infrastructure projects in the public, private, or PPP sector) and intensive capacity building at the State and Central level (Government of India, 2008).

As for administrative preparation, the PPP Appraisal Committee has been set up as per the decision of the Cabinet Committee on Economic Affairs on 27th October 2005. The Appraisal Committee consists of the Secretaries of the Department of Economic Affairs, the Planning Commission, the Department of Expenditure, the Department of Legal Affairs and the sponsoring Department of the Government (Bava, p. 412).

Similarly, guidelines have been formulated vide G.O. number 1664 dated 29th June 2007, to ensure implementation of PPP activities transparently and competitively and to maintain uniformity in the selection of the developer for infrastructure projects under private partnership and selection of private investors in the disinvestment or privatization process (Yadav & Yadav, 2008, p. 644).

So far as the policy decision is concerned, the distinction between the public (governmental) and private (market) spheres of life has been liberalised, and the private domain has become wider than before to include civil society organisations, foreign companies and even Multinational Companies (MNCs) within its scope.

Current State of PPP in India

The states and central agencies in India have increasingly turned to PPP as a means of tackling a range of infrastructure and economic development needs. The creation of dedicated PPP institutions at the state level, which are then complemented by comprehensive cross-cutting legislation to provide a cohesive legal and organizational framework for guiding the procurement and management of such collaborative arrangements between the public and private sectors; the establishment of cross-sectoral advisory units to provide support and expertise to line departments in the absence of overarching PPP legislation in navigating the complexities of public-private partnerships and the reliance of some states on the capacities and initiatives of individual line departments and sector-specific agencies are some of the approaches that have developed to build competencies and facilitate the development and implementation of PPPs. However, the concept and implementation of PPP is still in its nascent stage and governmental policies are still evolving. There are states like Andhra Pradesh, Gujarat, Karnataka, Orissa, and Punjab that have developed enabling legislation to promote PPP. Rajasthan, Uttaranchal, Kerala, and West Bengal have developed PPP entities but have not passed comprehensive legislation. Madhya Pradesh (MP), Maharashtra, and Tamil Nadu have relied on sectoral and line agencies to develop and implement PPPs. Research in PPP has been a priority with the DEA, Department of Infrastructure under the Ministry of Finance. Subsequently, the capacity building program was initiated which developed a PPP toolkit to assist decision-making for PPP implication. At the same time, to strengthen the national-level regulatory framework and streamline PPP procedures, the DEA produced guidelines for the formulation, appraisal, and approval of PPP projects as well as standardised bidding

documents and the provision of financial support for PPP-based financial and economic viability assessments.
As of March 2020, a total number of 1825 PPP projects are in the pre-construction stage, under construction or operation or maintenance stage. These are concentrated in the energy, transport, sanitation, and social and commercial sectors and 57 per cent of the projects are under the transportation sector. Between 2021-2022, the government has facilitated the PPP sector by offering the Viability Gap Funding Scheme (VGF) wherein up to 40 per cent of the cost of the project can be accessed in the form of a capital grant; the India Infrastructure Project Development Fund (IIPDF) which supports the Central and the State Governments and local bodies through financial support for project development activities (feasibility reports, project structuring etc.) for PPP projects; India Infrastructure Finance Company (IIFC), long-term debt for financing infrastructure projects that typically involve long gestation periods since debt finance for such projects should be of a sufficient and Foreign Direct Investment (FDI) wherein up to 100 per cent FDI in equity of SPVs in the PPP sector is allowed on the automatic route for most sectors.

Public -Private Partnerships in North East India

The eight northeastern states of India have unique topography and socio-economic environments which are different from the states in India. The region has an abundance of resources, both natural and human for countless economic activities that could elevate the development process. However, the continuous neglect by successive governments at the centre, the lack of appropriate infrastructure, budgetary constraints and socio-political issues have contributed to the low level of development in the region. In such an environment PPPs provide a viable path to fill the gaps in infrastructure development.
The northeastern states have followed the directives of the centre in creating an enabling environment for PPP initiatives through the creation of PPP Cells in the different nodal departments of the states for PPP. The Assam PPP Policy on 6th February 2008 (Government of Mizoram, 2008), the Arunachal Pradesh PPP Policy on 27th December 2011, the Industrial and Investment Policy of Manipur 2013, the Mizoram PPP Policy on 20th April 2016, the Tripura Infrastructure Investment Fund Act 2018, the Meghalaya PPP Policy on July 2019 and the Nagaland Startup India Policy 2019 are some of the policies notified by the northeastern states to enhance the participation of PPP in the infrastructure development of the region. These states have ventured into partnerships with various private sectors in healthcare services, transport, waste management, agriculture, energy, and social and commercial activities.

Public-Private Partnership in Mizoram

Early Initiatives in PPP

The Mizoram Legislative Assembly, on 2nd December 2004, passed The Mizoram Oil Palm (Regulation of Production & Processing) Act, 2004 for implementing Oil Palm cultivation in PPP mode involving the State Agriculture Department, partner companies for setting up of Oil Extraction plants and the farmers (Government of Mizoram, 2004). In 2006, a successful model of PPP between the Mizoram Government, Zopar Export Limited and Zo-Anthurium Grower's Society (ZAGS) growers was initiated which has been significantly collaborative and effective in the production and export of flowers conducive to Mizoram climate. The Common Service Centres (CSC) have been functioning in PPP mode since September 2006 with the state government and the providers of CSCs as a cornerstone of the National e-Governance Plan (NeGP), which was approved in May 2006.

Institutional Framework for PPP

The Government of Mizoram constituted the State Public Private Partnership (PPP) Project Committee on 9th May 2007 (Government of Mizoram, 2007). The Committee consisted of the Chief Secretary as the Chairman, the Secretary of the concerned Department acted as the Member Secretary, and the members included the Secretaries of Finance, Planning and Programme Implementation Departments and the Head of the concerned Departments. The Committee was to screen and approve all cases of PPP projects. As per the notification, the Departmental Public Private Partnership (PPP) Project Development Committee was to be constituted with the Secretary of the concerned Department as Chairman, the Head of the concerned Department as a Member Secretary and the Representatives of Planning and Programme Implementation and Finance Departments as Members. The Departmental PPP Development Committee was to identify and initially screen PPP projects for onward submission to the PPP Project Committee.

Notable PPP Projects

Under the Upgradation of 1396 Government ITIs through the PPP scheme approved by the Cabinet Committee on Economic Affairs on 25th October 2007, the Central Government provided an interest-free loan of 250 lakh' directly to the Institute Management Committee (IMC) formed at the ITIs to upgrade the ITI into a Centre of Excellence. For Mizoram, ITI Saiha and ITI Lunglei were selected to implement the scheme. A Memorandum of Agreement (MoA) was signed between the Central Government, the State Government and the Industry Partner (Mizoram Chamber of Industry).

Marpara Public Health Centre, Marpara Sub Centre and Silsuri Sub Centre in Mamit District were operationalised as PPP mode on 15th July 2008 and a Memorandum of Contract was signed between the Director of Health Services, Government of Mizoram and the Presbyterian Hospital for the provision of health services.

PPP in Solid Waste Management was introduced on 4th October 2010, with the signing of a Deed of Agreement between the Urban Development and Poverty Alleviation Department, Government of Mizoram and the Village Councils within Aizawl. Consequent to the establishment of the first Aizawl Municipal Council on 3rd November 2010, the Deed of Agreement was signed between the Council and the Local Councils (LCs) within the Council's area of jurisdiction. With the upgradation of the Council to Corporation on 15th October 2015, the Agreement has been extended and the same has been signed between the Corporation and the LCs

A 210 MW Tuivai Hydro Electric Project located at Ngopa, Saitual District was sanctioned by the central government on 23rd July 2013. The project is to be carried out in PPP mode through Viability Gap Funding (VGF). Despite Mizoram being the first state to avail funding under VGP and the first northeastern state to initiate a mega project on PPP mode, the project is yet to see the light as there were environmental and socio-economic issues.

The Biomedical Equipment Management and Maintenance Programme was launched in the State in 2016 through PPP mode. A memorandum of understanding was signed with HLL Infra Tech Services Ltd on 12th April 2016 for 5 years. The contract was then renewed for a period of another 5 years in May 2021.

Mizoram Public Private Partnership Policy 2016

On 20th April 2016, the Government of Mizoram notified a comprehensive Mizoram Policy on PPP in infrastructure development to improve the economy, social infrastructure and various services across the State wherein the PPP would play a substantive role in harnessing private sector investment and operational efficiencies in the provision of public assets and service. It provided an indicative list of the infrastructure sectors and acknowledged the significance of the provider charges for the success of PPP. Coverage includes infrastructure projects across transportation, healthcare, education, waste management, and tourism, reflecting a broad spectrum of socio-economic priorities (Government of Mizoram, Planning & Programme Implementation Department, 2016.p.3). The Policy provided for the PPP Apex Authority at the State level, the Empowered Committee for PPP, the PPP Cell and the establishment of the "Mizoram Infrastructure Development Fund (MIDF)". The PPP Apex Authority and Empowered Committees oversee approvals, project evaluations, and conflict resolution. The PPP Cell provides technical and financial support (Government of Mizoram, Planning & Programme Implementation Department, 2016. pp.6-7). The Fund shall be augmented by the government's placing of funds from the Consolidated Fund of the State, and the government may levy cess/tax separately to augment this fund. The fund will be utilised for building up the required infrastructure and the work to be undertaken. The Apex Authority will be chaired by the Chief Minister and the Chief Secretary will function as the Member Secretary. It will have the Minister, Planning and Programme Implementation Department as its Vice Chairman and the Ministers of Finance, Law and Judicial, Industries, Public Works Departments and the Line Department (to which the project belongs) as Members (Government of Mizoram, Planning & Programme Implementation Department, 2016.p.3). The Empowered Committee will function as the nodal agency to coordinate and facilitate private sector investments in the State with the Chief Secretary as its Chairman, the Secretary of the Planning and Programme Implementation Department as the Member Secretary and the Secretaries of Finance, Law and Judicial, Industries, Public Works Departments and the Line Department (to which the project belongs) as Members. The PPP Cell in the Planning and Programme Implementation Department will identify, assist, evaluate and provide necessary assistance and act as the Nodal agency for capacity development. A mid-term review mechanism ensures policy adaptability, recognising potential legislative constraints (Government of Mizoram, Planning & Programme Implementation Department, p. 9).

With the notification of the Policy on PPP, few PPP projects are in the pipeline for infrastructure development in the State which is yet to be approved by the competent authorities.

Benefits: PPPs have the potential to provide significant benefits for infrastructure development, especially in states like Mizoram, where resource constraints and socio-economic challenges prevail. The Mizoram Policy on Public-Private Partnerships (2016), while still in its early stages of implementation, has identified several advantages of leveraging private sector involvement in public infrastructure projects. Notably, PPPs can help distribute costs over time, easing immediate fiscal pressures on the government. By attracting private capital, these partnerships can improve the efficiency and effectiveness of public service delivery (Gerrard, 2001, p. 50).

The policy acknowledges the challenges inherent in implementing PPPs, particularly in the form of legislative and operational hurdles. However, it emphasizes flexibility and inclusiveness in its framework, allowing for regular stakeholder feedback and mid-term reviews to ensure that the policy remains adaptable and effective. Despite the limited number of specific PPP projects in Mizoram, those that have been undertaken have proven beneficial in several sectors.

For example, healthcare delivery in remote and challenging terrains has improved significantly through PPP initiatives. The collaboration between the Mizoram government and private partners in healthcare services has facilitated the provision of efficient medical services, especially in underserved areas. Similarly, the biomedical equipment management and maintenance program has resulted in cost savings, efficient management, and the availability of trained professionals to maintain and monitor medical equipment.

In the agricultural sector, the partnership model has encouraged entrepreneurship through technology transfer. Notable successes include the oil palm cultivation initiative and the growth of the floriculture industry, which has capitalised on Mizoram's favourable climatic conditions. The Common Service Centres (CSCs) have also been an instrumental platform for fostering rural entrepreneurship, building the capacities of youth, and promoting community participation, thus driving social change.

Further, vocational training in ITIs in Lunglei and Saiha, under the Upgradation Scheme, has improved the quality of training and enhanced employability prospects for the state's youth. The municipal solid waste management initiative has notably reduced the financial burden on the state's treasury, showcasing the potential of PPPs to address municipal challenges cost-effectively.

In summary, PPPs in Mizoram have contributed to socio-economic development by improving access to services, stimulating entrepreneurship, creating employment opportunities, and reducing government expenditure on infrastructure projects.

Challenges: Despite these positive outcomes, the implementation of PPPs in Mizoram has faced significant challenges, both operational and institutional. One of the primary concerns is the misallocation of risks among stakeholders. As noted by Wang et al. (2018), PPPs inherently involve multiple risk categories such as project, market, and country-specific risks. When these risks are not properly allocated, the likelihood of project failure increases. In Mizoram, the scarcity of well-defined risk management frameworks and evaluation metrics has compounded these issues, making it difficult to assess the effectiveness of existing PPPs (Wang et al., 2018, p. 307).

A major hindrance to PPP development in the state has been the lack of a clear legislative framework. Although the Government of Mizoram formed a PPP Project Committee in 2007, its operational effectiveness was limited, and it did not function as envisioned. The comprehensive PPP Policy of 2016 was only developed after a significant delay of nine years, highlighting the slow progress in institutionalising PPPs. This delay in policy formulation and implementation reflects a general lack of urgency and commitment to fostering PPPs at the state level.

Further complicating the situation is the general reluctance of the population to fully embrace PPPs. This can be attributed to several factors, including the perception that the government is the best provider of public services, especially in sectors such as healthcare and education. Many citizens still rely heavily on government-provided services, which leads to resistance against private sector involvement in traditionally public domains.

In addition, Mizoram's geographical and infrastructural challenges, such as its difficult terrain, limited expertise, and underdeveloped infrastructure, make it more challenging to implement large-scale PPP projects. These constraints further complicate project prioritisation and structure. The state has also struggled to attract private sector participation in key infrastructure sectors due to the uncertain commercial viability of some projects and the absence of a robust regulatory framework to guarantee long-term success.

Political will has been another factor that has hindered the growth of PPPs in Mizoram. Despite recognising the benefits of PPPs as an innovative governance model, the state has yet to fully commit to its potential. Social equity concerns, including the need to balance profitability with equitable service provision, remain a challenge that needs to be addressed.

Conclusion

PPP has emerged as an alternative model for governance as it is expected to lead to a greater supply of financial resources, pooling together managerial and technical capabilities with greater consciousness towards cost and customer satisfaction in a more efficient and effective management of service delivery. It holds tremendous potential to change the landscape for governments that are seeking funds to promote economic development and hence, the governments and the private sectors need to work together to expand the partnership in different sectors and create a conducive environment while being sensitive to the public needs. The Government of Mizoram while advocating the PPP mode as most appropriate for economic development for the State through the Policy on PPP 2016 to provide efficient and sustainable services need to acknowledge the many challenges with the commitment to the common good. This would involve developing and encouraging private capital investments, mobilising community participation and advocacy, transparent process, dynamic and resilient leadership and improving governance.

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