

Development support services to states by NITI AYOOG

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In news

NITI Aayog and Ladakh Union Territory have signed a Memorandum of Understanding, under which NITI Aayog will support the administration of the Ladakh through its initiative “Development Support Services to States for Infrastructure Projects” (DSSS).

About DSSS

- NITI Aayog has implemented a structured initiative for “Development Support Services for States (DSSS) for Infrastructure Projects” with a vision to achieve transformational, sustained delivery of infrastructure projects with state of art capacity disseminated at all levels of governance.
- The key objective behind the objective is creating PPP model success stories and rebooting infrastructure project delivery models
- The DSSS Infrastructure initiative involves providing project level support from Concept plan till financial closure to State Governments / UTs.

Public-private partnership (PPP)

- PPP is a funding model for a public infrastructure project such as a new telecommunications system, airport or power plant. The public partner is represented by the government at a local, state and/or national level. The private partner can be a privately-owned business, public corporation or consortium of businesses with a specific area of expertise.
- PPP is a broad term that can be applied to anything from a simple, short term management contract (with or without investment requirements) to a long-term contract that includes funding, planning, building, operation, maintenance and divestiture. PPP arrangements are useful for large projects that require highly-skilled workers and a significant cash outlay to get started. They are also useful in countries that require the state to legally own any infrastructure that serves the public.

Different models of PPP funding are characterized by which partner is responsible for owning and maintaining assets at different stages of the project.

- **Design-Build (DB)**: The private-sector partner designs and builds the infrastructure to meet the public-sector partner's specifications, often for a fixed price. The private-sector partner assumes all risk.
- **Operation & Maintenance Contract (O & M)**: The private-sector partner, under contract, operates a publicly-owned asset for a specific period of time. The public partner retains ownership of the assets.
- **Design-Build-Finance-Operate (DBFO)**: The private-sector partner designs, finances and constructs a new infrastructure component and operates/maintains it under a long-term lease. The private-sector partner transfers the infrastructure component to the public-sector partner when the lease is up.
- **Build-Own-Operate (BOO)**: The private-sector partner finances, builds, owns and operates the infrastructure component in perpetuity. The public-sector partner's constraints are stated in the original agreement and through on-going regulatory authority.
- **Build-Own-Operate-Transfer (BOOT)**: The private-sector partner is granted authorization to finance, design, build and operate an infrastructure component (and to charge user fees) for a specific period of time, after which ownership is transferred back to the public-sector partner.
- **Buy-Build-Operate (BBO)**: This publicly-owned asset is legally transferred to a private-sector partner for a designated period of time.
- **Build-lease-operate-transfer (BLOT)**: The private-sector partner designs, finances and builds a facility on leased public land. The private-sector partner operates the facility for the duration of the land lease. When the lease expires, assets are transferred to the public-sector partner.
- **Operation License**: The private-sector partner is granted a license or other expression of legal permission to operate a public service, usually for a specified term. (This model is often used in IT projects.)
- **Finance Only**: The private-sector partner, usually a financial services company, funds the infrastructure component and charges the public-sector partner interest for use of the funds.