Public-Private Partnerships: The Basics

What is a P3?

A public-private partnership (P3) is an infrastructure delivery model in which government bundles planning, design, construction, operations, and maintenance into a single procurement.

How can P3s benefit the public?

✓ ***Efficiency and cost savings.*** P3s enable governments to save time and money by streamlining procurements and efficiently allocating risk.

- P3s use ***streamlined project delivery*** (design, construction, financing, operations and maintenance), saving time and money.
- P3s are designed to ***effectively allocate risk*** to the party that is most capable of managing the risk, such as assigning design and construction responsibility to a single vendor.
- P3s create incentives to produce ***better, longer lasting infrastructure***. Government has little incentive to maintain their facilities. P3s create accountability for private vendors to effectively design, maintain and operate public facilities.

✓ ***Enhanced capability.*** P3s enable governments to procure infrastructure at a lower cost to the public and deliver projects that would not otherwise be financially possible.

- P3s allow governments to ***leverage public assets*** to create value for the private sector. This value can be used to reduce the public cost of infrastructure.
- Public infrastructure can anchor development and attract business activity. P3s enable governments to capitalize on private development and ***enhance community appeal*** through mixed-use development.
- P3s allow governments to effectively work together to ***bundle multiple projects*** and deliver projects that cross jurisdictional boundaries.