Global Infrastructure Investor Association

GIIA Policy Paper

Supporting the Use of Public-Private Partnerships (P3s)

Executive summary

The Global Infrastructure Investor Association (GIIA) urges Congress and the administration to expand and support the use of Public-Private Partnerships (P3s) at federal, state, and local levels as a strategic means of addressing America's growing infrastructure investment gap. P3s unlock private capital, expertise, and innovation while enhancing project delivery, operational efficiency, and long-term asset performance. P3s are not a substitute for public investment—but they are an essential complement. By aligning incentives, sharing risks, and bringing private capital and expertise to the table, P3s offer a powerful way to meet America's infrastructure needs that works for the 21st century.

The U.S. must adopt a more coordinated national strategy that encourages the use of P3s by removing regulatory barriers, modernizing financing mechanisms, and incentivizing state and local participation.

GIIA advocates for a three-pronged approach:

1. **Expand existing federal programs** that incentivize P3 use at the state and local level
2. **Scale federal-level P3 implementation** to serve as a model for subnational governments
3. **Establish an asset recycling program**, based on international best practices, to reinvest proceeds from public asset concessions into new infrastructure development

A well-structured P3 model can ensure better risk-sharing, life-cycle asset management, cost efficiency, and timely project delivery. Now is the time to reinvigorate America's approach to infrastructure by modernizing how projects are planned, procured, and financed with private sector collaboration at the center.

1. Expand existing programs that incentivize states and localities to use P3s

Problem:

Many infrastructure projects at the state and local level are delivered inefficiently due to limited private sector engagement, inconsistent legislative frameworks, and underutilized federal support mechanisms.

Solution:

Reinvigorate and expand federal programs that support state-level P3 adoption, provide technical assistance, and build institutional capacity to engage in complex infrastructure partnerships.

Recommended actions:

- Restart and expand federal initiatives such as the Penta-P Program, Public-Private Partnership Workshops, and the Capital Investment Grant (CIG) Program.
- Leverage the Build America Bureau to assist states in establishing P3-enabling legislation, build and staff P3 offices, and offer capacity-building grants.
- Enable revenue-sharing and retained interest models that align private and public sector interests over the life of a project.
- Use federal agencies such as the DOE Loan Programs Office and the Defense Production Act authority to support offtake agreements and catalyze early-stage investment in P3 projects.

- Create a centralized Build America Bureau database with standardized procurement templates, case studies, and model agreements for use by state and local governments.

2. Expand use of P3s at the federal level and use successful examples as models

Problem:

The absence of a strong federal pipeline of P3 projects limits broader adoption, as state and local leaders lack tested models and precedent for risk-sharing, concession structuring, and long-term operations.

Solution:

Federal leadership through high-profile P3s can demonstrate viability, attract private capital, and provide replicable models for state and local governments.

Recommended actions:

- Enact legislation to allow privatization or concession of federal property, modelled on the successful Military Housing Privatization Initiative.
- Increase staffing across key federal agencies, including DOE, DOT, and CHIPS program offices, and establish a Cross-Agency Infrastructure P3 Office to coordinate strategy and pipeline development.
- Expand Innovative Finance and Asset Concession Grants administered by the Build America Bureau.
- Pursue P3 models for operation and maintenance of federal land assets, using legislative changes to unlock financing flexibility.
- Collaborate with the National Governors Association to align state-level initiatives and disseminate best practices.

3. Establish an asset recycling program modeled on international best practice

Problem:

States and municipalities often lack funding for new infrastructure projects, despite owning underutilized or aging assets that could be leveraged to generate capital through long-term concessions or sales.

Solution:

Adopt a U.S. asset recycling framework, modeled after Australia's Asset Recycling Initiative, to incentivize public asset concessions with the condition that proceeds are reinvested in new infrastructure.

Recommended actions:

- Establish a federal asset recycling regulatory framework, allowing public entities to recycle funds from concessioned assets into greenfield or brownfield projects.
- Develop clear eligibility criteria, including value-for-money (VfM) analysis, economic impact assessments, and commitments to permitting reform.
- Offer loan guarantees or direct loans, utilizing existing programs and new statutory authority, to support innovative infrastructure transactions that are otherwise difficult to finance.
- Amend the Internal Revenue Code to allow:

- Existing tax-exempt debt to remain outstanding in the event of a government entering into a lease or concession agreement for existing infrastructure.
  - Sale of assets originally financed with tax-exempt debt.
  - New tax-exempt debt issuance for acquiring existing infrastructure assets, if proceeds are recycled into qualifying infrastructure investment.
- Require continued public interest in recycled assets through revenue shares, promote structures, or retained equity stakes to ensure ongoing alignment and public benefit.

Benefits for the U.S. economy

Unlocking private capital

GIIA members alone have access to **$500bn** in long-term, patient capital ready to be deployed into American projects.

Accelerating delivery and efficiency

P3 models align construction, financing, and long-term operations—resulting in better on-time delivery and lifecycle cost efficiency. Studies show P3 projects can be **up to 20% more cost effective** than traditionally procured projects.[1][2]

Job creation and economic growth

Asset recycling and new infrastructure investment create tens of thousands of high-paying jobs across construction, engineering, and long-term operations. P3 projects support regional economies and help close critical infrastructure gaps in transportation, energy, water, and digital connectivity.

Institutional capacity building

Federal and state efforts to develop P3 offices will enhance public sector ability to negotiate and manage complex projects, ensuring better outcomes and stronger public accountability.

About GIIA

GIIA represents the world's leading private investors in infrastructure, responsible for over US$2.04 trillion of infrastructure assets under management globally, including in the United States. We advocate for public policies that unlock private capital to help meet America's urgent infrastructure needs, from transportation and water systems to broadband and clean energy.

The United States faces an infrastructure investment shortfall of over **US$15.2 trillion between 2024 and 2043**.[3] Meanwhile, mounting fiscal pressures constrain public sector budgets. Public-Private Partnerships (P3s) present an effective and scalable solution. Yet, their use in the U.S. remains limited due to fragmented policies, a lack of enabling legislation at the state level, and limited federal coordination.

Congress can accelerate the modernization of U.S. infrastructure by encouraging greater participation from private investors. GIIA and its members stand ready to partner with the government at all levels to deliver better, faster, and more sustainable infrastructure for American communities.

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[1] A comparative analysis of project performance: Public–Private Partnership (P3) Highway Projects vs. Design-Build (DB) and Design-Bid-Build (DBB) Highway Projects

[2] Public–Private Partnerships Model Applied to Hospitals—A Critical Review

[3] 2024-Bridging-the-Gap-Economic-Study.pdf

Infrastructure Investment Incentive Grants (I3G):

Incentivizing public and private investments in infrastructure

Investment Incentive Grants (I3G) can help meet two critical goals: (1) diminish the significant projected shortfall in infrastructure funding, and (2) create a new revenue stream for state and local governments. These benefits can be achieved using a time-limited, budget capped, pilot program.

Notwithstanding the Infrastructure Investment and Jobs Act (IIJA), the country still faces a significant shortfall in infrastructure funding. Moreover, the support provided by the IIJA expires in 2026 and Congress will need to act to ensure sufficient support for maintaining and improving U.S. infrastructure.

The I3G program offers a federal incentive for state and local governments to invest in infrastructure using the proceeds from leases of existing infrastructure. State and local governments qualify for the incentive grants by entering into long-term leases or concessions with the private sector for the operation of existing infrastructure assets and committing to invest the proceeds in other infrastructure. The lease proceeds to create a new revenue stream for the state and local governments. The federal grant provides a bonus federal payment to the state and local governments, with the requirement that this bonus payment be invested in additional infrastructure projects.

Other key Points related to I3G include:

- State and local governments will maintain ownership of the leased infrastructure and stipulate the minimum operating and maintenance standards required of the private investor/operator. These standards would be enforced by the terms of the lease contract.

- Proceeds from the lease must be invested in infrastructure – such as airports, surface, water, or broadband.

- All proceeds from the federal bonus payment must be invested in other infrastructure projects, either maintenance, repair or new infrastructure.

- Smaller state and local governments may bundle assets to reach the scale necessary to attract private investors, providing opportunities to extend the program to rural communities.

- The Build America Bureau in the Department of Transportation can assist state and local governments by providing them with extensive best practice materials on how lease and concession contracts with private investors should be structured.

This program is modeled after a similar and extremely successful program in Australia where approximately $3 billion in federal funds has generated over $20 billion in total infrastructure investment. This proposal to establish a pilot program would help generate total investments in infrastructure several times the size of the Federal contribution.