# Part 1
# Overview of Public–Private Partnerships as Public Policy

The role of capital infrastructure as a positive contribution to government economic growth and quality of life is a well-known fact. For a long time, many governments were able to adequately finance capital infrastructure, although they were not able to meet total need and demand. Beginning in the 1970s, escalating during the 1990s energy crises, and even more pronounced in the 2008 global financial crisis, many countries, and especially emerging economies, were not able to sufficiently finance new capital infrastructure and/or repair or replace existing capital infrastructure. Increasing demographic changes and demands for new capital infrastructure exacerbated the existing imbalance between demand and supply, especially in developing countries. Also, government responses to growing fiscal crises led to budget cuts, deferral of capital infrastructure maintenance, and under-investment in new capital infrastructure. The decrease in quality of capital infrastructure such as roads and bridges, are evidence of inadequate funding for maintenance of existing capital infrastructure, building new or replacing existing capital infrastructure, resulting in the stunting of economic growth and the deterioration of the quality of life. Consequently, few countries can adequately finance ongoing capital infrastructure needs and demands without private sector involvement through some form of PPP, as an infrastructure finance policy option. On its own, the private sector will either under invest in capital infrastructure or fail to invest in capital infrastructure that are not socially optimal (Helm, Wardlaw, & Caldecott 2009) or a clear, low-risk profit partner.

As a result of this greater government need for private sector partnership in delivering certain capital infrastructure, governments increasingly must now work ever more closely with the private sector (Silvestre & Arujo, 2012). Consequently, many governments are becoming even more dependent on the private sector in the implementation of public policies (Wang et al., 2018) such as Infrastructure Finance Policy. This is especially critical for capital infrastructure investment since it is the foundation of a government's economic activity (Kumari & Sharma, 2016). The basic functions of a country are dependent on adequate capital infrastructure to provide essential services.