

**EVALUATION OF PUBLIC PRIVATE PARTNERSHIP: LESSONS LEARNED FROM PRIVATE FINANCE  
INITIATIVE IMPLEMENTATION IN THE UNITED KINGDOM**

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**ABSTRACT**

The Private Finance Initiative (PFI) was launched in the early 1990s in the UK to transition the government from owning and managing public sector projects to purchasing services from private investors. PFI projects, ranging from infrastructure like roads and prisons to schools and hospitals, involve private consortia overseeing the design, construction, financing, and operation of public infrastructure, with the public sector leasing these assets over 25-30 years. PFI gained traction, peaking in 2008/9, with significant financial implications for taxpayers. Proponents argue PFI enabled greater investment and efficiency through private sector innovation and better risk management. However, critics highlight higher costs and inflexibility compared to traditional procurement, questioning the actual risk transfer to the private sector. This paper evaluates PFI's benefits for government, including increased capital investment and cost certainty, and scrutinizes the effectiveness of risk transfer. Despite its potential advantages, the ambiguity in risk valuation and off-balance-sheet financing raises concerns about the genuine economic benefits and long-term fiscal impacts of PFI projects.

**Keywords:** Private Finance Initiative, Risk Transfer, Off-Balance Sheet Financing

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