

**CONSTRAINTS IN IMPLEMENTATION OF PPP
URBAN DEVELOPMENT INFRASTRUCTURE
PROJECTS**

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Degree of Master of Science in Construction Law and Dispute
Resolution

Department of Building Economics

University of Moratuwa
Sri Lanka

2024 February

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DECLARATION

I declare that this is my own work and this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Postgraduate Degree in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Further, I acknowledge the intellectual contribution of my research supervisor Dr. (Mrs) Chandanie Hadiwattege for the successful completion of this research dissertation. I affirm that I will not make any publication from this research without the name of my research supervisor as contributing author unless otherwise I have obtained written consent from my supervisor.

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U. D Morawaka

Date:

The above candidate has carried out research for the Dissertation under my supervision.

Dr.(Mrs) Chandanie Hadiwattege.

Date

Dissertation Supervisor

Abstract

Urban development infrastructure projects are vital as they can facilitate significant benefits to society. As a result of the struggling economies of developing countries Public-Private Partnerships (PPPs) have been identified as a key strategic policy to deliver public infrastructure facilities. PPPs facilitate the private sector to get involved with financing, designing, building, operating, maintaining and management of projects. However, Sri Lanka is still struggling to implement PPP urban development infrastructure projects due to institutional constraints. This study focuses on investigating the constraints of the public sector for better implementation of PPP urban development infrastructure projects. From this study, it was critically reviewed the use of PPP by the public sector with special reference to urban development infrastructure projects and explained the PPP coverage on infrastructure projects in Sri Lanka. Further, it explicated the government's institutional barriers to better implementation of PPP projects through a comprehensive literature review. Considering these institutional barriers, a study was carried out in the Urban Development Authority (UDA), Sri Lanka to appraise the challenges that the UDA is facing for better implementation of PPP infrastructure projects. Descriptive statistics were used to analyse the empirical data acquired from a questionnaire survey from both inside and outside 32 professionals who closely worked with PPP infrastructure projects of UDA.

The studies revealed six main areas and 38 subareas of barriers for better implementation of infrastructure PPP projects. The main areas are Project Feasibility, Procurement Method, Risk Allocation, Managing Social Barriers, Continuous Involvement and Support from the Government Staff. In the context of UDA, Managing Social Barriers and Support from the UDA staff were appraised as the most challenging sectors. Finally, the findings identified the main constraints for better implementation of PPP urban development infrastructure projects.

Keywords: Urban Development Infrastructure Projects, Public-Private Partnerships, Urban Development Authority, government institutional barriers

DEDICATION

**I dedicate this work
to my devoted parents and
beloved wife
for their endless support
and encouragement!**

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LIST OF ABBREVIATIONS

ADB- Asian Development Bank
BOI- Board of Investment
BOOT- Build, Own, Operate and Transfer
CI- Continuous Involvement
DBFO- Design, Build, Finance and Operate
EMDE- Emerging Markets and Developing Economies
EOI- Expression of Interest
FCSL- Finance Commission of Sri Lanka
GOSL- Government of Sri Lanka
LRT- Light Rail Transit System
LOI- Letter of Intend
MOU- Memorandum of Understanding
PE - Procuring Entity
PEST- Political, Environmental, Social and Technical
PF- Project Feasibility
PM- Procurement Method
PPI- Public Private Infrastructure
PPP- Public- Private Partnership
RA- Risk Allocation Between Parties
RFP- Request for Proposal
ROI – Return on Investment
SB- Managing Social Barriers
SLPA- Sri Lanka Ports Authority
SS- Support from the UDA
UDA – Urban Development Authority
UK- United Kingdom
UNESCAP- United Nations Economic and Social Commission for Asia and the Pacific
USAID- United States Agency for International Development
USD- United State Dollars
VFM - Value for Money