

**Risks of Non-Performing Mitigation Actions for Contractual Risks
by Contractors in Sri Lanka with Reference to International Forms
of Contract**

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Declaration

I declare that is my own work and this dissertation does not incorporate without acknowledgment any material previously submitted for a degree or Diploma 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 acknowledgment is made in the text.

Further, I acknowledge the intellectual contribution of my research supervisor, Dr. Kapila Devapriya 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 as contributing author unless otherwise, I have obtained written consent from my research supervisor.

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Dr. Kapila Devapriya

Dissertation Supervisor

Dedication

“Tireless effort of this dissertation is a replication of my enthusiasm, hard work, and self-belief.

I dedicate it to my beloved family for replenishing it in me during the hard times, and my batch mates for being my pillars of support.”

Acknowledgement

“This page is dedicated to those who stood beside me and helped me succeed in accomplishing this dissertation”

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ABSTRACT

Contractual risks are common in the construction industry and can result in significant losses for the parties involved. To mitigate these risks, international forms of contract such as the FIDIC 1999 have been developed. However, the effectiveness of these contracts depends on the implementation of the mitigation actions by the contractors. Therefore, this research aims to identify the non-performing mitigation actions for contractual risks by contractors in Sri Lanka with reference to the FIDIC 1999. The research conducted an evaluation of contractual risks using the Risk Impact Index (RII), providing an overview of the level of contractual risks involved. The study identified the top 20 risks with the highest impact when considering all subclasses together, which were further analyzed in subsequent subsections. These selected highly impactful risks were examined not only for mitigation procedures but also for the risks associated with non-compliance with these procedures, as outlined in the guidelines.

The RII methodology, which incorporates the likelihood and severity of each risk, was utilized to calculate the impact of these risks. Those with the highest RII scores have the potential to exert the greatest impact on the project. These risks encompass various aspects of construction projects, including legislative changes, time and cost extensions, payment issues, force majeure events, defects notification periods, suspensions, terminations, and dispute resolution. Project managers and stakeholders are urged to identify and assess these risks to formulate effective risk management strategies aimed at minimizing their impact on project success. Addressing these risks proactively can mitigate delays, cost overruns, and disputes, ultimately enhancing project outcomes. It is important to recognize that while this table offers valuable insights, it alone cannot provide a comprehensive risk assessment of the project. Other factors, such as project context, team experience, and overall project management approach, should also be considered. Contractual risk mitigating procedures were derived and listed from the literature findings, and prioritized contractual risks were identified based on sub-clauses. The risk of non-compliance with mitigation procedures was further evaluated based on responses from construction industry professionals. A guideline was developed based on the overall inputs and data received from respondents, with efforts made to summarize responses to minimize complexity.

Keywords: *Contractual risks, Contractors, FIDIC 1999, Risk register, Qualitative analysis, Mitigating procedures, Risk impact, Likelihood, Severity, Construction industry*

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LIST OF ABBREVIATIONS

BIM	Building Information Modelling
COVID	Corona Virus Disease
FIDIC	Federation Internationale Des Ingenious Conseils
ICTAD	Institute of Construction Training and Development
JCT	Joint Contract Tribunal
LOA	Letter Of Acceptance
NEC	New Engineering Contract
RII	Relative Importance Index
SBD	Standard Bidding Document