

**MITIGATING CONTRACTUAL ISSUES IN PUBLIC  
PRIVATE PARTNERSHIP PROJECTS IN SRI LANKA**

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Degree of Master of Science in Construction Law and Dispute  
Resolution

Department of Building Economics

University of Moratuwa

Sri Lanka

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## **Declaration**

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

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.....

A.L.A.H. Priyankara

Date 25.07.2023

The above candidate has carried out research for a Master's Dissertation under my supervision.

.....

Dr.Pournima Sridarran

Date 25.07.2023

Dissertation Supervisor

## **Abstract**

### **Mitigating Contractual Issues in Public-Private Partnerships Projects in Sri Lanka**

The government-initiated infrastructure development projects which have considerable private sector involvement in attaining project goals are a sign of economic growth and are common across many developed countries. When the contractual relationship between the government party and the public or private party is considered, where there is a high risk for the private party in maintaining the responsibilities and contributing to the public assets or public service, this is defined as a Public Private Partnership (PPP).

However, due to the complexities of PPP in Sri Lanka, various contractual concerns can be observed. Furthermore, no systematic method has been established in Sri Lanka to resolve contractual difficulties related to PPP.

As a result, the purpose of this research is to investigate contractual problems in PPP projects and to devise effective solutions to address these concerns. As a result of the literature review, the private sector's engagement in public projects and the features of PPP were identified. Further to that, prevailing problems with numerous contractual agreements that aid in monitoring, observing, and controlling the contractual programmes in PPP projects were revealed as a result of contractual issues. Questionnaire surveys were then undertaken to examine the contractual issues of a few recognized PPP contractual arrangements.

It can be shown that financial difficulties, political involvement, renegotiation, unethical finance exchange, erroneous evaluations by finance merchants, delays and cost overruns, and poor performance were identified as key issues in the studies conducted. Engaging experienced professionals is recommended to cope with the identified difficulties according to the contractual terms and further with strategic decision-making. In conclusion, a summary of prioritised contractual problems and recommended solutions are presented, which can be utilised in minimising PPP contractual challenges in the Sri Lankan construction sector.

*Key words: Contractual concerns, Public Private Partnership, Agreement.*

## **Dedication**

*To My Beloved Parents, Wife, and the  
Lecturers who have being the utmost  
inspiration and light of my life.....*

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## **Abbreviations**

AFD	- Agence Francasie De Development
CIDA	- Construction Industry Development Authority
EPC	-Engineering Procurement and Construction
MC	-Municipal Council
PPP	- Public Private Partnership
PSP	- Private Sector Participation
USD	-The United State Dollar
SPV	- Special Purpose Vehicle
RII	- Relative Importance Index
FIDIC	- Federation International Disingenuous-Conseils
BOT	-Build, Own& Transfer
BOOT	-Build, Own, Operate &Transfer
DBO	-Design, Build & Operate
BRT / BLT	-Build, Rent / Lease& Transfer
DBFO	-Design, Build, Finance & Operate
TOR	- Terms of Reference

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