



**THE SUCCESS OF PPP IN TRANSPORTATION
INFRASTRUCTURE IN SRI LANKA: REFLECTIONS
FROM THE CASE STUDY OF' QUEEN ELIZABETH
QUAY OF COLOMBO HARBOR**

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Submitted in Partial Fulfillment of the Requirement of the
Degree of Master of Science

2009

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Abstract

Public Private Partnership (PPP) is a popular concept accepted worldwide for the provision of infrastructure in a country. It is an arrangement where both the public and the private sector committed jointly towards common goals that are determined by themselves. There are various options within PPP Procurement System, and the decision on which PPP Option to be selected is varied from case to case.

Even though PPP Procurement System is popular in other countries in developing of Economic infrastructure, in Sri Lankan context the success has not been highlighted. As per the available literature, only eight projects of PPP have been successful so far and out of those, seven are from the power sector. The remaining project is from the transport sector, with the scope of developing, operating and maintaining the Queen Elizabeth Quay of Colombo Harbor (QEQ).

The purpose of this research was to identify the success factors that helped the successful implementation of the said only project in the transport sector.

By referring various relevant literatures, a large number of individual factors could be found. For this research those individual factors were combined carefully to make 16 factors that will determine the success or failure of an economic infrastructure project implemented under PPP procurement system. Failure factors were considered as negative side of the success factors. This research found that ten out of those sixteen factors, viz. competent private sector providers; measurable output/outcome specifications; developed legal/ regulatory /fiscal/economic framework; sufficient time to plan and procure through PPP, compatible goals, acceptance; credibility and transparency; PPP structure; existing infrastructure; and selecting the right project as critical success factors for this QEQ project. The balance six critical factors viz manageable interfaces with other projects or existing contracts; avoiding delays and cost overruns; feasibility study; political stability and support; environmental impact



statement; and favorable inflation, exchange rate, and interest rates were found not to be critical towards the success of the QEQ project.

Keywords:*Public Private Partnership, Critical Success Factors, Queen Elizabeth uay.*

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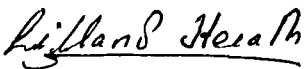
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Declaration

I hereby declare that this submission is my own work and that, it contains no material previously published or written by another person nor material which, to a substantial extent, has been accepted for the award of any other degree or diploma of a University or other institution of higher learning, except where an acknowledgement is made in the text.


E M L C Herath

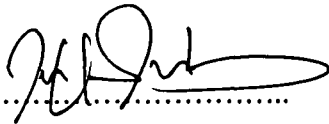
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Certification

I hereby acknowledge that Mrs E M L C Herath has followed the dissertation process set by the Department of Building Economics.


.....

Mr Suranga Jayasena
Dissertation Supervisor

23 Jan 2009
.....

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Dedication

To my parents



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Acknowledgement

I express sincere gratitude to my dissertation supervisor Mr Suranga Jayasena of the Department of Building Economics of University of Colombo for his expertise, guidance, valuable instructions and encouragement given to me in order to make this dissertation a reality. Without him this report would never have been materialized. Let me extend my gratitude also to Dr R Rameezdeen , Head of the department and Mr Indunil Senevirathna, Course Coordinator/ MSc (PM) of Department of Building Economics for giving me advice and support to complete the report.

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LIST OF ABBREVIATIONS

ADB	- Asian Development Bank
BII	- Burro of Infrastructure Investment
BOI	- Board of Investment of Sri Lanka
BOLT	- Build-Operate-Lease-Transfer
BOO	- Build-Own-Operate
BOT	- Build-Operate- Transfer
BTO	- Build-Transfer-Operate
CDC	- Commonwealth Development Corporation
CEA	- Central Environmental Authority
EIA	- Environmental Impact Assessment
EMC	- Evergreen Marine Corporation
IFC	- International Finance Corporation
JKH	- John Keells Holdings Limited
LDO	- Lease-Develop-Operate
NWS&DB	- National Water Supply & Drainage Board
PA	- People's Alliance
P&O	- P&O Nedlloyd B.V.
P&OP	- P&O Netherlands B.V.
PPP	- Public Private Partnership
PCIDC	- Private Sector Infrastructure Development Company
QEY	- Queen Elisabeth Quay of Colombo Harbor
ROT	- Rehabilitate- Operate-Transfer
SAGT	- South Asia Gateway Terminals (Pvt.) Ltd
SLPA	- Sri Lanka Ports Authority
TEU	- Twenty Equal Units
UNP	- United National Party

ABSTRACT

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Public Private Partnership (PPP) is a popular concept accepted worldwide for the provision of infrastructure in a country. It is an arrangement where both the public and the private sector committed jointly towards common goals that are determined by themselves. There are various options within PPP Procurement System, and the decision on which PPP Option to be selected is varied from case to case.

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