

THE PROSPECT OF IMPLEMENTING PF2 IN SRI LANKA

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ABSTRACT

The Private Finance Initiative (PFI) as a sub-set of broader procurement approach of Public Private Partnerships (PPP), uses private sector capacity and public resources in order to deliver public sector infrastructure and/or services. In 2012, the UK Government publicly launched the new model, called "Private Finance 2 (PF2)" with some significant reforms to the PFI model, which are particularly aimed at tackling inefficiency, increasing transparency, shortening procurement periods and attracting new sources of finance. PF2 can be used as an instrument for producing new and more effective ways of bringing public services. While other countries are moving from PFI model to PF2 and other variants of PFI model, in Sri Lanka, there is a dearth of PFI type projects. However, there is a considerable number of researches on PFI model in Sri Lanka, but there is no evidence for researches on PF2 model. Accordingly, this is an initial study aimed to determine the prospect of implementing PF2 model in Sri Lanka. Applicability of PF2 model in the Sri Lankan context was defined using the collected through expert interviews and suitable sectors to implement PF2 model were ranked based on Relative Importance Index (RII) value. Construction industry advisors of the government and construction organizations who are either familiar and knowledgeable with the model were selected for data collection. Results show that the PF2 model is generally applicable in Sri Lanka compared to PFI features. Transportation, provision of electricity and water, and health care were recognized as the most suitable sectors to apply PF2 model in Sri Lanka. On the other hand, real estate and educational sectors have been recognized as sectors which are not suitable to carry out under the PF2 model.

Keywords: Applicability; PFI; PF2; Sri Lanka.

1. INTRODUCTION

Infrastructure investment and welfare outcomes of countries have a positive correlation in general (Asian Development Bank, 2005). Implementing public private partnership (PPP) as a model for private participation has become one of the utmost popular options worldwide in addressing concern over public resource scarcity in infrastructure delivery (Mahalingam 2010). Carbonara and Pellegrino (2014) highlighted that the period 2002 -2013 shows a growth in the PPP market compared to the public infrastructure market.

PPP projects are complicated and encompass many parties with conflicting purposes. Hence, PPP projects often require extensive expertise involvement, involve high costs and take lengthy negotiation time (Cheung et al., 2009). Li et al. (2005) contended private finance initiative (PFI) as the most dominant and well-documented model of PPP in the UK. Rising debt crisis and reduction of external borrowing capacity have compelled many developing countries to focus on PFI in infrastructure projects (Jefferies et al., 2002). PFI stipulates a method, advanced initially by the UK government, to provide monetary support for PPPs between the private and public sectors. Currently, this procedure has been adopted in numerous other countries as a part of a wider reform programme for the delivery of public services which is driven by the World Trade Organisation (WTO), International Monetary Fund (IMF) and the World Bank as a part of their deregulation and privatization drive (Ashworth et al., 2015).

Despite a range of benefits which can be gained through PFI contracts, there were some dissatisfactions exist in PFI projects such as slow and expensive process of procurement, inappropriate risk allocation, insufficiently

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flexible contracts during operational period, insufficient transparency and concerns about value for money (HM Treasury, 2012a). In 2012, PFI underwent a thorough review. Following a call for evidence, deviations were adopted to the model to improve transparency, value for money and partnership working and it was re-launched as Private Finance Initiative-2 (PF2) (HM Treasury, 2012b). The change came against the backdrop of the unpleasant experiences which have bedevilled the PFI model leading to huge public sector bail-out and sometimes costly buy-back schemes (Zawawi et al., 2014).

PF2 harness the key advantages of PPPs and remains to draw on private finance expertise. Bearing in mind of past issues in PFI, the PF2 model comprises a number of changes promoting a new form of partnership to accomplish improved provision of infrastructure. PF2 also responds to economic conditions in its approach to finance infrastructure (HM Treasury, 2012a). Considering of past issues in PFI, the PF2 model comprises a number of changes promoting a new form of partnership to accomplish better provision of infrastructure. Hence the need of the hour is to switch to PF2 in order to improve the efficiency in infrastructure development. The contention behind this change would be to promote greater efficiency and accountability in public sector projects in Sri Lanka. Despite a number of prior studies that have investigated the critical success factors (CSFs) of PPP/PFI projects in other countries, there seems to be a paucity of research effort on PF2 projects in developing economies. Therefore, in a nutshell, analysing the prospect of implementing PF2 model, offers some insights and useful information for government and private sector providers concerning the important factors that need to be emphasized in ensuring the successful implementation of PF2 model.

While other countries are moving on PF2 and other variants of PFI model, in Sri Lanka, PFI type projects are still lacking. PF2 can be used as an instrument for making new and more effective ways of bringing public services. Despite the researches done on PFI model in Sri Lanka, there is no evidence for researches on PF2 model. Accordingly, this study is aimed to determine the prospect of implementing PF2 model in Sri Lanka consolidated with the objectives to identify the characteristics, advantages and disadvantages of PF2 model and to identify the suitable sectors to which the PF2 model can be successfully applied in Sri Lanka.

2. LITERATURE REVIEW

2.1. PUBLIC PRIVATE PARTNERSHIP (PPP)

According to Reetika et al. (2015), in a competitive atmosphere, governments around the world are concentrating on new ways to finance projects; building infrastructure and deliver services. PPP seems to be an instrument to bring together the strengths of both public and private sectors. In order to maximize efficiency and innovation of private enterprises, PPPs can provide desired capital to finance government programs and projects, thereby releasing public funds for core economic and social programs. Hwang et al. (2013) pinpointed that following the 2007–2008 global financial crises there has been an increasing interest in the adoption of PPP policy by governments in both developed and developing countries.

Ismail (2013) stated that PPPs are a globally-accepted mechanism whereby government organizations utilize the skills and resources of the private sector, and shift responsibility for providing public services to private entities. According to Jefferies et al. (2002), many PPP projects in the UK and other developed economies are regarded as successful. Successful PPP projects are also reported in Hong Kong, Singapore, Australia and also it has become progressively common in India (Reetika et al., 2015).

2.2. PRIVATE FINANCE INITIATIVE (PFI)

PPP is the generic term for the development of projects including both public and private sectors, of which PFI is one variant (HM Treasury, 2000; Tang et al., 2010). The recent definition of PFI in the UK is, where the government enters into a long-term contractual arrangement with private sector companies, the latter undertaking to design, build and operate an asset, based on output specifications (National Audit Office, 2011). According to Wang (2014), PFI is a type of PPP that is the most dominant and well-documented model in the UK. In PFI model projects, the public sector outlines the requirements to meet public needs and ensures delivery of the outputs through the contract, while the private sector is harnessed to offer a better quality of public services (Wang, 2014).

Private Finance Initiative (PFI) is an alternative method of procuring public infrastructure by the private sector finance (Akintoye et al., 2003; Owen & Merna, 1997). PFI model projects involve highly leveraged capital

structure in which the private sector is accountable to design, build, maintain and finance new infrastructure for a long term concession period, more than 25 years (Ismail, 2014).

2.3. BENEFITS OF PFI MODEL

As mentioned by Akintoye et al. (2003), there are many advantages of implementing PFI projects as they grant “value for money”, reduce administration costs, transfer risk away from the public sector to the private sector, facilitate creative and innovative approaches, cap final service costs at predetermined levels, and reduce public money tied up in capital investment. The main purported advantages of PFI are improved efficiency, decreased inflation, reduced public sector expenditure and expanded private financing of capital projects (Chang et al., 2010). PFI projects are reported as mostly delivered on time and within budget, in comparison with traditional procurement (European Policy Forum, 2011). Fischer et al. (as cited in Wang, 2014) pointed out the main features of PFI as being risk-sharing, sharing task and responsibility, private investment, life cycle optimisation, innovation and long-term contractual partnerships. Owen and Merna (1997) pinpointed that having a private provider of a capital asset can enable public bodies to purchase services without the need for the initial capital investment.

2.4. FAILURE OF PFI

Although the PFI was introduced by the UK government in the hope to improve performance of the construction industry and to finance run-down public facilities, it has received increasing public criticism in recent years. The blames were focused on the cost-inefficiency, inflexibility (Heald, 2003) and managerial issues of the mechanism (European Policy Forum, 2011), such as the high competitive cost and the supply of available capital especially after the credit crunch in 2008. Furthermore, according to Handley and Gao (2003), another issue arises out of PFI is the cost of capital. Also in PFI contracts, the involvement of the main construction contractor is short relative to the duration of the PFI contract and therefore, there might be a tendency for the construction contractor to focus on initial construction costs rather than total life cycle costs, which would include future operational and maintenance costs (Swaffield & McDonald, 2008).

2.5. PRIVATE FINANCE 2 (PF2)

On 5 December 2012 the Government of UK published “A New Approach to Public Private Partnerships”. This document sets out the policy conclusions of the Government’s “Call for Evidence and review of PFI” and presents a new approach for connecting private finance in the delivery of public infrastructure and services (Pemberton & Pisanelli, 2013). PF2 has been developed to address the problems of past PFI model projects and to respond to the recent fluctuations in the economic environment, while retaining the advantage of private sector investment. Under the new approach, the private sector will continue to be responsible for designing, building, financing and maintaining an infrastructure asset over a defined period, typically, between 20-30 years (HM Treasury, 2012a). UK Government publicly launched the new model, PF2 and a revised guidance document entitled “Standardisation of PF2 Contracts” (Pemberton & Pisanelli, 2013). Despite some previous indications from those in government sector, that the PFI procurement model might be scrapped entirely, it was immediately clear that the basic structure of the PFI model had remained unscathed within PF2.

2.6. SPECIFIC CHANGES AND BENEFITS OF PF2 OVER PFI

According to HM Treasury (2012b), basically, issues from PFI and reforms from PF2 issues and reforms can split into seven areas as summarized in Table 1. Further, it illustrates specific changes in PF2 and benefits gained as a result of identified changes over PFI.

Table 1: Specific Changes and Benefits of PF2 over PFI

Specific Changes	Benefits
1. Equity Finance	
<p>Increasing the equity funding requirement for PF2 schemes from around 10% to between 20% and 25%.</p> <p>The government taking a stake expected to be between 30% and 49% in the overall equity</p> <p>Introduction of equity funding competitions.</p>	<p>Allocating the potential ‘upside’ of the return gained by the project company as well as the risk of the ‘downside’ of project company losses</p> <p>It is predicted that this percentage of the debt should automatically be cheaper, which will assist with the affordability of the project.</p>
2. Debt Finance	
<p>Implementation of various measures to increase the credit rating of the project to encourage institutional investors/pension funds to participate.</p> <p>Continues to encourage alternative financing sources including loan, guarantee and credit support products provided by commercial banks and other financial institutions.</p>	<p>Capital markets, whether public or private, have a deep pool of investors who are attracted to the relatively low risk infrastructure asset class.</p> <p>Provides deleveraged capital structures, facilitated by public sector co-investment, combined with better risk allocation and the removal of certain operational risks which are expected to facilitate access to institutional investor capital.</p>
3. Greater transparency	
<p>PF2 introduces a range of measures designed around what is considered best practice in this area;</p> <ul style="list-style-type: none"> ▪ the provision and maintenance of building and operating manuals, alongside regular service performance reports; ▪ maintenance of books of account recording costs, overheads, and other payments, including details of life-cycle funds on an open book basis. ▪ provision of ownership details including the price of any shares sold. 	<p>These measures will increase the transparency and accountability of privately financed PPPs and will be introduced in a proportionate way so as not unnecessarily to increase the burden of administration and cost of PF2 projects.</p>
4. Flexibility	
<p>“Soft” services (cleaning, catering etc.) to be removed and “call-of” provisions introduced or minor maintenance etc.</p>	<p>The range of services included in PF2 projects will be reduced to provide greater flexibility and efficiency.</p>
5. Procurement	
<p>Procurement to be routed through new centralised procurement units</p> <p>The competitive tendering phase of PF2 projects, measured from the issuance of project tender to the appointment of a preferred bidder, will not be allowed to take longer than 18 months.</p>	<p>Improve PF2 procurement to ensure it is faster and cheaper going forward, without sacrificing quality and competitiveness</p>
6. Risk Allocation	
<p>Take certain risks back to public sector to avoid private sector pricing inefficiently for these</p> <p>The greater retention and management of certain risks by the public sector, such as the risk of additional capital expenditure arising from an unforeseeable general change in law.</p>	<p>These changes are expected to lead to better value for money for the public sector, since the private sector will no longer need to include contingencies or reserves for such risks in their pricing model.</p>
7. Value for Money and Efficiency	
<p>Implementation of periodic reviews and requirement to tender proposals for continuous improvement</p>	<p>Changes may be made to the service scope to better suit the needs of the users or deliverability for the private sector and deliver savings for the public sector.</p>

Source: HM Treasury (2012b)

2.7. SRI LANKA'S CURRENT POSITION ON PPP/PFIS

Being a small island nation, Sri Lanka needs to integrate with world economy by effective trade and investment policy to obtain required investment flows to the country (Ministry of Finance, 2016). According to Shashimal (2016), after many years of conflicts, the country is presently facing the challenge of reconstructing and expanding its key infrastructure services.

During the post-conflict period of 2009-2015, the government embarked on a fast public investment programme to address the long ignored infrastructure needs of the country that was hampered due to the conflict that prevailed. Nevertheless, for the government to occupy in these development on its own would require nearly a tripling of its public investment per annum (Ministry of Finance, 2016). This will however create significant imbalance due to the limited resources envelope of the Sri Lankan government.

Nonetheless, resource constraints are not unique to Sri Lanka alone, but is in general in many countries that is grappling with many demands on its limited resources. Wibowo and Alfen (2014) pinpointed that acute fiscal problems faced by many governments have also been widely reported to be the major constraint on both new development and on the upgrading of deteriorating infrastructure. Hwang et al., (2013) pointed out that PPP is an increasingly popular choice for policymakers in implementing important public works projects, especially in the face of a shortage of government financial resources and where it is necessary to counter public inefficiency. According to Babatunde et al. (2012), PPPs allow governments to mobilize and allocate private sector capital, technology and entrepreneurship efficiently and effectively, thus enabling governments to meet the responsibilities and the demands placed upon it by its citizens.

It is in this background that the Government of Sri Lanka announced in the Budget 2016, to utilize PPPs in its development strategy especially in urban development, expressways, power generation, and so on (Ministry of Finance, 2016). Nowadays the necessity of implementing PPP/PFI has been realized by Sri Lankan government. "Key Legal Reforms Identified in the Budget 2016" and Public Private Partnership Act are the good examples that show this realization (Ministry of Finance, 2016).

There is no evidence for PF2 type projects in Sri Lanka but other types of PPP models have been utilized in the country. According to Ministry of Finance (2016), Sri Lanka's experiences in PPPs are less in numbers such as South Asia Gateway Terminal Project (SAGT), Colombo South Container Terminal Development Project (SCT) and Colombo East Container Terminal Development Project. Despite government's realization of importance of PPP/PFI, satisfactory PPP/PFI model projects are lacking in the country.

3. RESEARCH METHOD

The research utilised both qualitative and quantitative methods for the purposes of data collection and analysis of the study. Literature was reviewed and synthesised on contemporary PF2 models around the world with special emphasis on UK to outline their structure and functions. Salient features of these PF2 models were superimposed to the Sri Lankan situation to form a comparison with the previous model. Since PF2 model is new to Sri Lanka, the knowledge and expertise of PF2 is limited. However, this study approached senior industry advisors who are either familiar with PPP implementation because they had expertise from overseas or are familiar with the intent and direction for PF2 adoption. Interviews were determined as the appropriate data collection technique since the researcher required to explain the PF2 features and to have a detailed discussion about this new model. Ten senior construction related professionals of government or construction organisations were identified as being for appropriate to interview and out of them, six respondents were from public organizations while four of them are from private organizations. Therefore, the sample can be considered as representative to obtain balanced opinions from both sectors. Experts' opinion was obtained on applicability of PF2 model to Sri Lanka compared to PFI considering their salient features. Collected data was analysed using manual content analysis technique. Eventually, most suitable sectors to apply PF2 in Sri Lankan context were analysed using relative importance index (RII). This study was carried out only to PF2 type procurement in Sri Lanka. Furthermore, Standardization of PF2 Contracts Draft, the publication of HM Treasury, UK, was taken as a standard model and any other models of PFI was not considered. It mirrors the new approach of contracting for projects for the delivery of infrastructure and services using PPP and substitutes "Standardisation of PFI Contracts".

4. DATA ANALYSIS FINDINGS AND DISCUSSION

4.1. RESPONDENTS' AWARENESS ABOUT PPP/PFI/PF2 MODELS

Respondents of the survey were construction professionals working across contracting, consulting, and client organizations in private and government sector at different managerial positions and having different experience in the construction industry. While only two respondents are having less than 10 years of experience, all others have above 15 years of professional experience, except one who has 10-15 years of experience. All respondents acknowledged that they had been experienced in different forms of PPP contracts to varying degrees. Therefore, the sample group can be considered as ensuring reliability of information obtained through the survey. Since PF2 is new in the Sri Lankan context, features of PF2 were explained and further questions were discussed during the interviews.

4.2. RESPONDENTS' ANSWER FOR SECTORS THAT ARE SUITABLE FOR PF2 MODEL

Table 2 shows respondents' view on the suitability of PF2 model in Sri Lanka in general and suitable sectors where PF2 model is to be applied.

Table 2: Respondents' View on Sectors Suitable for PF2 Model

Respondent	Sector Attached to	Experience	Is PF2 model suitable for SL	For which sectors
A	Construction	> 15 years	Yes	Transport, healthcare, education and real estate
B	Construction	> 10 years	Yes	Energy sector and transport
C	Construction	> 10 years	Yes	Provision of electricity, transport and water and sewerage treatment
D	Construction	> 10 years	Yes	Transport and environmental sector
E	Construction	> 20 years	Yes	Transport
F	Construction	> 15 years	Yes	Leisure and tourism
G	Construction	> 10 years	No	-
H	Construction	> 10 years	Yes	Healthcare, transport
J	Construction	> 10 years	Yes	Hospitals, roads and power sectors
K	Construction	> 10 years	Yes	Healthcare and road

Most of the respondents accepted that PF2 model is suitable for Sri Lanka except respondent G (as shown in Table 2) who claimed that because of the Sri Lankan politician's attitude, private parties are fear to invest in Sri Lanka. However, despite this common issue in many developing countries, interviews with experts revealed the applicability of PF2 model in Sri Lanka in general. Also, interviewees were asked for suitable sectors to adopt PF2 model as depicted in Table 2. Moreover, Figure 1 shows the mean score of the opinion of respondents with respect to types of projects which are suitable for the execution of PF2 model.

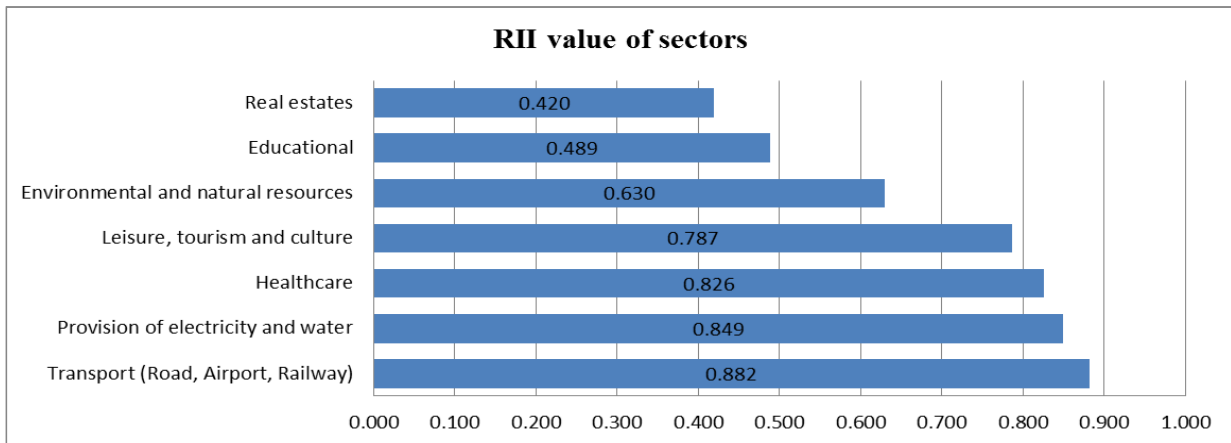


Figure 1: RII Values of Suitability for PF2 model

As per the overall opinion of respondents, transport, healthcare, environment, leisure and education are suitable sectors to adopt this model in Sri Lanka. Results show that transportation projects which include road, airport and rail construction were ranked highest with the RII value of 0.882, followed by provision of electricity and water with RII value of 0.849. This can be buttressed with the fact that these infrastructure projects are usually executed by the government or any private individual successfully without any assistance or intervention from a third party, corporation or individual. Real estate sector has the least RII value of 0.420. This can be buttressed with the fact that real estate sector is not a well-established sector in Sri Lanka yet. Historical data are very much vital for real estate sector. In Sri Lanka, it is tedious to obtain these historical data. So, private parties are not interested in Sri Lankan real estate market to invest individually or with the partnering of public party. Furthermore, education sector was the second least value of RII (0.489). This inference can be hinged on the fact that the projects involved in educational sector faced huge barriers in the form of protests for privatisation of education sector by a majority of Sri Lankan community. For instance, in the past recent, there were protests against a well-known private higher education institute in Sri Lanka which validates this result.

4.3. RESPONDENT'S VIEW ON SPECIFIC FEATURES OF PF2 OVER PFI MODEL

Table 3 illustrates the number of responses received for each category whether 'strongly agree', 'neither agree nor disagree' or 'strongly disagree' on the applicability of specific features of PF2 in the Sri Lankan context over PFI model.

Table 3: Respondents' View on Specific Features of PF2 over PFI Model

Feature No.	Specific Features of PF2 over PFI model	Response out of 10		
		Strong agreement	Neither agreement nor disagreement	Strong disagreement
F1	Increasing the equity funding requirement for PF2 schemes from around 10% to between 20% and 25%.	8	0	2
F2	The government taking a stake expected to be between 30% and 49% in the overall equity of PF2 projects.	7	3	0
F3	Introducing funding competitions for equity investors at the preferred bidder stage of procurement.	10	0	0
F4	Requiring authorities to consider the appropriate scope of the design requirements for the projects under procurement and maximizing value for money in relation to design.	10	0	0
F5	Introducing centralised procurement through departmental procurement oversight units to increase consistency and efficiency by the public sector.	3	5	2

Feature No.	Specific Features of PF2 over PFI model	Response out of 10		
		Strong agreement	Neither agreement nor disagreement	Strong disagreement
F6	Streamlining the procurement process by introducing a standardised procurement protocol and a comprehensive suite of standard procurement documents.	10	0	0
F7	Public sector will retain the entire capital spending risk for general change in law.	10	0	0
F8	The public sector is permitted to cover some risks during the services phase by way of indemnity where it has established a business case that this would provide better value for money than requiring the contractor to procure insurance.	10	0	0
F9	The government has retained "hard" services, but excluded "soft" services from the contract structure.	3	1	6
F10	There will be additional flexibility within the contract structure to add or remove certain "elective" services.	3	4	3
F11	The government has outlined a range of benefits arising from its proposal to act as a minority equity co-investor in future projects, and to participate in the governance of the project company through public sector directors who will be appointed to the board of the project company.	3	4	3
F12	Establishment of a Central Government Unit (CGU), for the purpose of making commercial investment decisions and managing the future portfolio of investments.	8	1	1
F13	The introduction of contract efficiency reviews throughout the life of the project on the basis that any savings are to be shared between the public sector and the project company. The guidance suggests that the public sector should take 75% of any savings with only 25% being retained by the private sector.	0	1	9
F14	Requiring the project company, as part of its services, to provide financial and other details on a regular basis to the public sector authority.	9	1	0

Fourteen major features were asked in order to identify whether the main features of PF2 model is suitable to the Sri Lankan context or not. As can be seen in Table 3, there is a conflict of opinions concerning feature F11. Respondents A, C and F positively claimed that this feature will enrich the transparency of the project and government can ensure the value for money by increased power. However equal amount of respondents strongly disagreed with this feature. All respondents agreed that feature F3; 'increasing competition for equity investment at bidder stage' will help to find most appropriate equity investors. None of the respondents stated that feature F13 'the introduction of clause of public sector will retain the entire capital spending risk for general change in law', as an inappropriate suggestion.

According to the responses given by the construction professionals on special features of PF2 over PFI, most of them said that feature F8, 'the public sector is permitted to cover some risks during the services phase by way of indemnity where it has established a business case that this would provide better value for money than requiring the contractor to procure insurance'.

Respondents A, D, F and J did neither agree nor disagree with 'introducing additional flexibility within the contract structure to add or remove certain "elective" services' (feature F10). Because they argued that this feature will make private party to fear to enter into contract because it can reduce their profitable area. For an instance, giving a particular service to a new contractor can reduce the profit of the existing contractor. Moreover, these respondents stated that developing countries like Sri Lanka are still lacking in attracting private parties to invest in PPP type projects. However, they agreed that this feature helps to increase value for money.

Most of the respondents neither agreed nor disagreed to the feature F5, 'introducing centralised procurement through departmental procurement oversight units to increase consistency and efficiency by the public sector'. Respondent E described the reason as this feature can reflect both positive and negative effect. Since this feature promotes the consistency and efficiency of the procurement process, but the nature of politicians will be a burden for project success.

5. CONCLUSIONS

Suitability of PF2 model in the Sri Lankan context was recognized to be positive through the interviews with experts and suitable sectors for implementing PF2 model were ranked. Accordingly, transportation (road, airport, railway), provision of electricity and water and healthcare sectors were recognized as most suitable sectors while real estates and educational sectors were recognized as not suitable.

Consequently, specific features of PF2 over PFI model were analysed to establish the suitability of PF2 in Sri Lanka. Positive feedback was received on features such as, 'introducing funding competitions for equity investors', 'requiring authorities to consider the appropriate scope of the design requirements for the projects under procurement and maximizing value for money in relation to design', 'streamlining the procurement process by introducing a standardised procurement protocol and standard procurement document', 'facilitating to cover some risks during the services phase by way of indemnity than requiring the contractor to procure insurance' and 'retaining the entire capital spending risk by public sector for general change in law'. Despite the negative feedback on the features in which the public sector should take 75% of any savings with only 25% being retained by the private sector', results show a general acceptance of PF2 model in Sri Lanka. Therefore, this initial study can be concluded with the fact that Sri Lanka will be benefited with implementation of PF2 model according to the view of majority of respondents.

The current study will be extended to analyse critical success factors (CSFs) for implementing PF2 model in developing economics since the identification of CSFs for construction projects enable appropriate decision making to achieve the project objectives. It will be benefited to enhance public infrastructure sector through efficient investments and procurement where there is no researches reported to-date on CSFs for implementing PF2 model.

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