

### AN ANALYSIS OF THE REASONS FOR DELAYS IN IMPLEMENTING HIGH VALUE PROJECTS

The main reasons for the delays in implementing projects the Total Estimated Cost of which is over Rs.1,000 Mn., are as follows

Reason	Number of Foreign Funded Projects that reported this reason as a cause for delay	Number of Locally Funded Projects that reported this reason as a cause for delay	Total Number of Projects that reported this reason as a cause for delay
No imprest	-	01	01
Inadequate imprest	03	02	05
Delays in conducting critical activities	24	12	36
Procurement delays	26	05	31
Project Management Issues	05	04	09
Delay in obtaining Donor funds	05	-	05
Civil unrest in the North & East	06	-	06
Inadequate financial allocation	03	02	05
Defective Design resulting in cost escalation	01	-	01
Defective Design resulting in other implementation issues	-	01	01
Litigation	02	01	03
Other reasons	15	01	16

The analysis indicates that implementation progress of large projects are affected mainly due to the following reasons –  
*delays in procurements including delays in awarding contracts,*  
*delays in critical activities such as land acquisition, poor/non- performance of contractors, project management issues*  
*delays due to civil unrest* in respect of Projects located in the North and East

These reasons can be contrasted with the reasons for delays in respect of the lower value projects which are less than Rs.1,000 Mn, which are reported to be *inadequate financial allocation* and *inadequate imprest*.

An analysis of the three sectors which have the largest number of projects with the highest budgetary allocation (i.e. Power, Roads and Water) revealed the following:-

#### Power Sector:

Overall financial progress of power sector is marginally higher than the overall average financial progress of all projects. However, the following issues are reported in respect of large Power Sector Projects

No.	Name of the Project	Issues
1	Upper Kothmale Hydro Power Project	Delay in release of land
2	Trincomalee Coal Power Project	Delay in decision on selection of site
3	Combined Cycle Power Project	Procurement delays
4	Kerawalapitiya – Kotugoda Transmission Project	Delay in piling work for transmission lines
5	Power Sector Development Project – Part C	Delay in civil works
6	Colombo City Electricity Distribution Development Project	Procurement delays
7	Vavuniya Kilinochchi Transmission Project	Civil Unrest

#### Road Sector:

The road sector recorded a financial progress of 42% which is higher than the overall average financial progress of all projects. However, the following issues are reported in respect of large projects

No.	Name of the Project	Issues
1	Southern Transport Development Project	Poor performance of contractor
2	Colombo – Katunayake Expressway	Non-availability of funds
3	Colombo – Kandy Road Project	Investor is available and negotiations are underway
4	Road Sector Assistance Project	Release of counterpart funds
5	National Highways Sector Project	Procurement delays
6	Rehabilitation/Reconstruction of National Highways Sector Project	Delay in award of contracts

#### Water Sector:

The overall water sector financial progress is 42% and is higher than the overall average financial progress of all projects. The delays in 14 large water sector projects are due to issues related to procurements and award of contracts. Two projects are affected due to land acquisition issues and two large projects in the North and East are affected due to civil unrest.