

# Infrastructure development: Need to fast track implementation

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**Good infrastructure – key to economic development**

Infrastructure is the key to economic development. Investors will come to countries with good infrastructure. Investors will go to even remote areas of the country if the infrastructure is developed. Sri Lanka is far behind other countries in the Region in infrastructure development.

We need a good road network. We need expressways to open up the regions. Only the Southern Expressway is presently under implementation and that too at a slow pace. Katunayake Expressway is presently stalled. We need a high speed railway network. We need an optical fibre cable network to cover the main regional centres. We need a Mass Transit System for Greater Colombo. We need Ring Roads round Colombo. We need sewerage systems for our towns. In the whole of Sri Lanka only part of Colombo has a sewerage system where raw sewage is pumped into the sea. This may not be permitted for long under international covenants. So we need treatment plants. We need reliable and affordable power. We need a second Runway at Katunayaka to develop it as a Regional Hub Airport. We need our ports to be developed. Colombo Port Expansion – the South Port, Galle Port where feasibility and design is completed and funding is available, Hambantota with its tremendous potential as an international port, Trincomalee harbour again with great potential and KKS in the North – all have to be developed and completed expeditiously.

Successive governments have neglected the development of infrastructure. Investment in infrastructure has to be planned on a long term basis. Unfortunately the horizon of our politicians is short term, from election to election. They do not seem to have any understanding of the importance of infrastructure.

## The constraints?

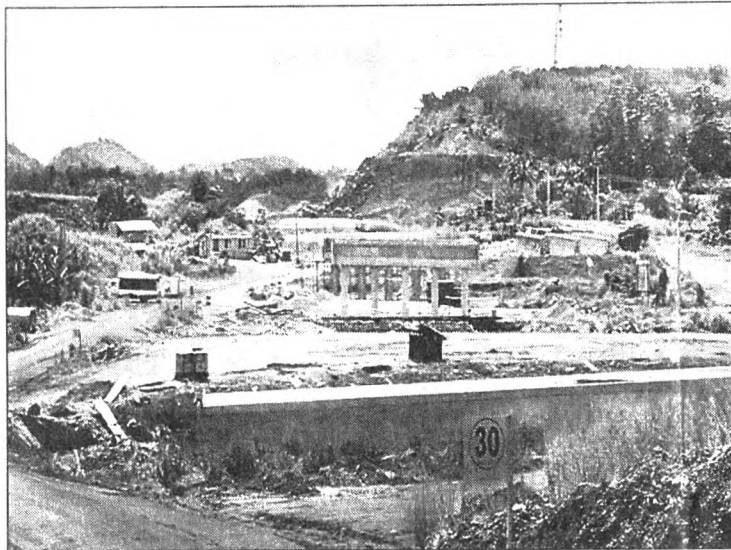
**Poor Project formulation.** Very often Projects are not formulated by the line agencies to the satisfaction of donor agencies. Sometimes too many agencies under different Ministries are involved leading to "turf" battles which slows down project approval and make coordination of utilities difficult. Projects are formulated by bureaucrats sidelining professionals who have the expertise.

**Lack of Counterpart Funds.** All Donors require some counterpart funds from the recipient. Very often the Treasury is unable or unwilling to provide these funds. How do we find this? Can we persuade the donors to allocate some amount for Counterpart Funds as a long term loan?

**Delay in disbursement of Budgetary Allocations.**

Even approved budget allocations are provided by the Treasury in drips upsetting implementation programmes. Very often implementation agencies have to go before Treasury bureaucrats and plead to obtain the release of approved budgetary allocations. There is a need to change the mind set of these bureaucrats or bring in others who are more sympathetic to the development needs of the country.

The role of the Dept. of National Planning In the same



vein the role of the Dept. of National Planning has to be considered where previously budgetary requests have been arbitrarily reduced hampering progress. Projects are evaluated by bureaucrats who generally have no knowledge of the subject. Projects should be evaluated by multi-disciplinary teams.

**The role of the External Resources Department.** The external Resources Department also has to streamline procedures for speedy approval and disbursement of donor funds.

**Cumbersome Procurement Procedures & The bottleneck of the Technical Evaluation Committee and the Cabinet Appointed Tender Board.** These are serious impediments to speedy implementation of projects. While ensuring transparency there is a need to simplify an streamline procedures. Long delays are experienced between Tender and award.

**The Cabinet Memorandum.** Another bottleneck with potential for corruption is the need for line Ministers to sign a Cabinet Memorandum for project approval. Stories abound of delays or refusal to sign until kickbacks are promised or paid. Procurement decisions should be removed from the control of politicians.

Long drawn out land acquisition procedures. Whenever land has to be acquired for infrastructure requirements the following aspects should be considered. The aim being speedy acquisition in the case of well planned out nationally important projects where some coercion is needed to accompany adequate and speedy compensation. There is a definite necessity to fast track procedures. This is crucial for infrastructure projects.

If national projects such as an expressway or a power project is stalled in implementation after procuring the much needed funds due to procedural short comings or the lack of political will, it is a crime committed against future generations for which the present leadership will one day surely be held accountable.

**Deeply flawed Decision Making Process.** Role of committees of bureaucrats in the decision making process with discussions and postponements of decision making where more often than not the buck gets passed around ultimately leads to the decisions having to be taken at the highest level. Thus, the part played by these committees is not worth the delay involved as such there is a need to delegate. There is a need to delegate decision making powers to technically competent officials directly involved in the implementation of projects with the prime motive of minimizing delays.

**Lack of Follow Up and Monitoring of Implementation of Projects.** Implementation of projects is where we fail miserably. Lack of co-ordination between different agencies is another drawback. A strong Progress Monitoring Unit should be set up under the Office of the President. Perhaps the function can be out sourced to a reputed Management firm.

**Political interference in appointment of Project Directors** for donor funded projects results in appointing of poor quality people who cannot perform. A reported case in point is of a Minister abusing the Ministry Secretary for refusing to appoint the Minister's nominee instead of the person selected by the Selection Panel and approved by the Lending Agency. In fact the 17th Amendment to the Constitution was intended to prevent this type of abuse of power by politicians. Professionals will find it extremely difficult to perform in such an environment and perhaps the leadership should seriously consider whether such people are suitable for ministerial office. Cases have also been reported of attempts by some Ministers to change agreed scope and objectives of donor funded projects to serve narrow political/personal interests leading to conflict with donor agencies and delays in implementation.

**Need to package projects for BOO/BOT.** As an example a Highway Project will require Feasibility Studies, Route Identification, Reservation of Land and Freezing of Development, Land Surveys, Land Acquisition and payment of compensation, Environmental Clearances etc. prior to its implementation. No major international developer will spend on any of these items for a project where the feasibility is not established. Government must carry out all this work and present the Packaged Project for financing, design and implementation. This is true of many other projects.

## Cost of delays in implementation

Delay in implementation increases project costs. You have to pay for project staff, project offices, transport and so on for a much longer period and part of the funds will be consumed by such overhead expenses leaving less for actual capital expenditure. Delays also result in escalation of costs due to inflation.

The cost of delays in social and economic terms cannot be quantified but would be substantial.

The ultimate result will be that the donor agencies may get fed up with implementation delays and channel funds elsewhere.

## Some suggestions for fast tracking implementation of projects

1. Set up an Infrastructure

Development Authority under the President to undertake and implement – through line agencies – key infrastructure projects which have an impact on the economic development of the country. To be staffed by persons with experience in Donor Agencies such as World Bank, ADB, JBIC etc. and professionals with experience in infrastructure development.

2. Prepare Master Plans for each Economic Region and identify key infrastructure projects that impact on the economy for implementation by the Infrastructure Development Authority. Fast track project formulation. Use local expertise where ever possible. A Master Plan for the Western Region has already been prepared.

3. Speed up the Decision Making Process of Government. For instance we cannot afford to have procurement decisions being delayed by as much as 12 to 18 months as at present. Decisions must be taken in one to two months.

4. Donor funds take anything up to two years from concept to approval. So, use domestic funds to carry out pre-feasibility and feasibility studies, land surveys, land acquisition, geotechnical investigations, and if possible design and documentation. It would then be possible to obtain donor funding expeditiously.

5. Speed up land acquisition procedures for nationally important projects. A good example is the National Highways Authority of India which has been set up by Act of Parliament. Once a Highway Project is gazetted by the Authority it cannot be contested in Courts except on quantum of compensation. In Sri Lanka the UDA has similar provisions where the gazetting has to be under the signature of the President.

6. Identify projects for private sector investment under BOO/BOT by the Infrastructure Development Authority, carry out all necessary preliminary work and package the project for presentation to investors.

7. Do away with TEC's, CATB's. Set up a separate organization headed by persons of proven integrity to undertake their functions. Perhaps the National Procurement Agency can be expanded to take on this function. Revise the so called 'Blue Book' to facilitate fast tracking of procurement procedures.

8. Set up a separate Project Progress Monitoring Unit who will report on progress of key projects direct to the President. This Unit should track progress and identify responsibility for delays so that those responsible may be held accountable. Perhaps the support of professional bodies such as the OPA, Inst. of Engineers, Association of Consulting Engineers, Inst. of Architects, Inst. of Chartered Accountants and the various Chambers can be enlisted for this.

Finally, the high growth rates required to meet the increasing demands for employment by our young people will need massive investment, mainly Foreign Direct Investment(FDI). Sri Lanka at present is considered to be the least attractive for FDI in the Region mainly because of poor infrastructure. So, the incoming President has to concentrate on fast tracking infrastructure development from day one. Planning and Implementation is the key. There is a saying "A Vision without Execution is Hallucination."

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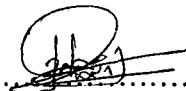
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