

Impact of Exogenous Risk Factors into Actual Construction Price in PPP Projects

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Abstract : Many of Public Private Partnership (PPP) are developed based on a public project is to be awarded to a private party within a one contractual framework. PPP project risks typically include the development and construction of a new asset as well as its operation. Certainly the most severe consequences of risks through the construction period are price and time overruns. These events are among the most generally used situation in value for money analysis risks. The sources of risk change during the time in PPP project. In traditional procurement, the public sector usually has to cover all prices suffering from these risks. At least there is plenty to suggest that price suffering is a norm in some of the projects that are delivered under traditional procurement. This paper will find the impact of exogenous risk factors into actual construction price into PPP projects. The paper will present a brief literature review on PPP risk pricing strategies and then using system dynamics (SD) to analyses of the risks associated with the estimated project price. Based on the finding from these analyses a risk pricing association model is presented and discussed. The paper concludes with thoughts for future research.

Keywords : public private partnership (PPP), risk, risk pricing, system dynamics (SD)

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