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Adjustment of KPIs in performance assessment of PPPs

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ABSTRACT

The construction industry has often been criticised for inefficiency in completing a project in terms of time and cost, for low productivity, bad quality and dissatisfaction of customers. The development of project management in combination with the continuous effort for improvement of quality and performance led to the determination of models and methodologies of performance assessment of projects. Public Private Partnerships (PPPs) are collaborations of the private and public sector, characterized by complicated economic and legal relationships, long-term contracts and a lot of stakeholders. The tendency for adopting PPPs in the construction industry may increase in the future, because governments face problems of budgetary deficit and search alternative ways for financing the governmental services. This master thesis focused in the effort of determining a performance assessment model for PPPs, that will include the basic stakeholders and will cover the main phases of the life circle of a project. Except time, cost and quality, the performance objectives of PPPs are value for money, the exploitation of administrative abilities and the know-how of the private sector, the suitable distribution of resources, the profitability and the economic viability of the project, by achieving long-lasting contracts. By adopting PPPs, the end users aim in innovation, which strengthens the long term competitive advantage and the sustainable growth. Finally, as in most projects, quite important objectives are the rapid delivery of the project, the environmental effects, the accessibility etc. Because of the aforementioned objectives it is quite difficult to create a model of performance assessment that will satisfy all the stakeholders. The most common method of performance assessment is the use of Key Performance Indicators (KPIs). KPIs are determined quantitatively with mathematic types or qualitatively with surveys and they are adapted each time in the particular type of the project which is examined. Consequently it was needed to readjust the indicators that were found in the literature, so that they are related with the performance objectives of PPPs. The major conclusions of this thesis were that most KPIs are referred to the state and the contractor of the project and mostly at the procurement and construction phase. Moreover there are many positive results when connecting the payment mechanism with the outcomes of the performance assessment. The future performance assessment models of projects are required to include quantitative, objective and many subjective and qualitative criteria and they must continuously readjust and evolve.

KEYWORDS

Partnership, Indicators, Performance