Issue **19** - March 2026

Ceylon Institute of Builders
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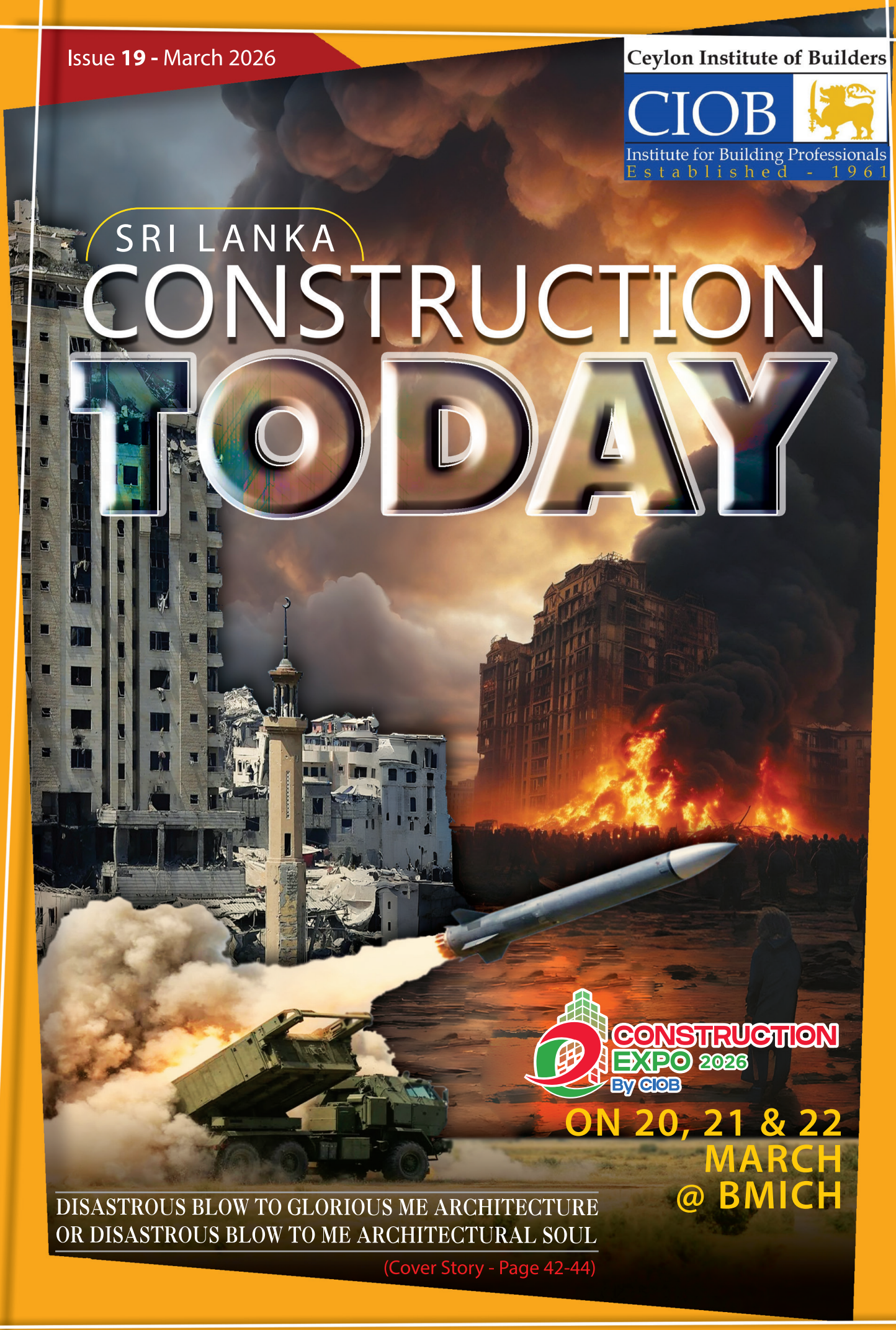
Established - 1961

SRI LANKA CONSTRUCTION TODAY



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DISASTROUS BLOW TO GLORIOUS ME ARCHITECTURE OR DISASTROUS BLOW TO ME ARCHITECTURAL SOUL

(Cover Story - Page 42-44)

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4 -1/2, Bambalapitiya Drive
Colombo 4.
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Email: info@ciob.lk
Web: www.ciob.lk

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Editor's Note

After the Storm: Rebuilding Amid Global Uncertainty

Sri Lanka's construction industry has faced an extended period of disruption in recent years. Once a rapidly expanding sector, it was first shaken by the 2019 Easter attacks, followed by the global pandemic and the economic crisis that significantly slowed development activity across the country. Government capital expenditure—traditionally the backbone of construction—declined sharply, leaving contractors competing for a much smaller pool of projects. Many firms exited the industry altogether, while those that remained have struggled to sustain operations in what was once a USD 10 billion market.

At the beginning of 2025, there were signs of cautious optimism. The national budget acknowledged infrastructure development as a driver of economic recovery, with allocations for expressways, railway rehabilitation, water supply systems, and urban development initiatives. While these commitments signaled progress, they were not yet sufficient to fully restore confidence across the sector.

The devastation caused by Cyclone Dithwa has now introduced a new and urgent challenge. Lives have been lost, families displaced, and homes, roads, bridges, and public utilities damaged or destroyed. Communities across the country now face the difficult task of rebuilding their homes and livelihoods. While the human cost of such disasters cannot be measured purely in economic terms, the nation must now focus on recovery with empathy, coordination, and long-term vision.

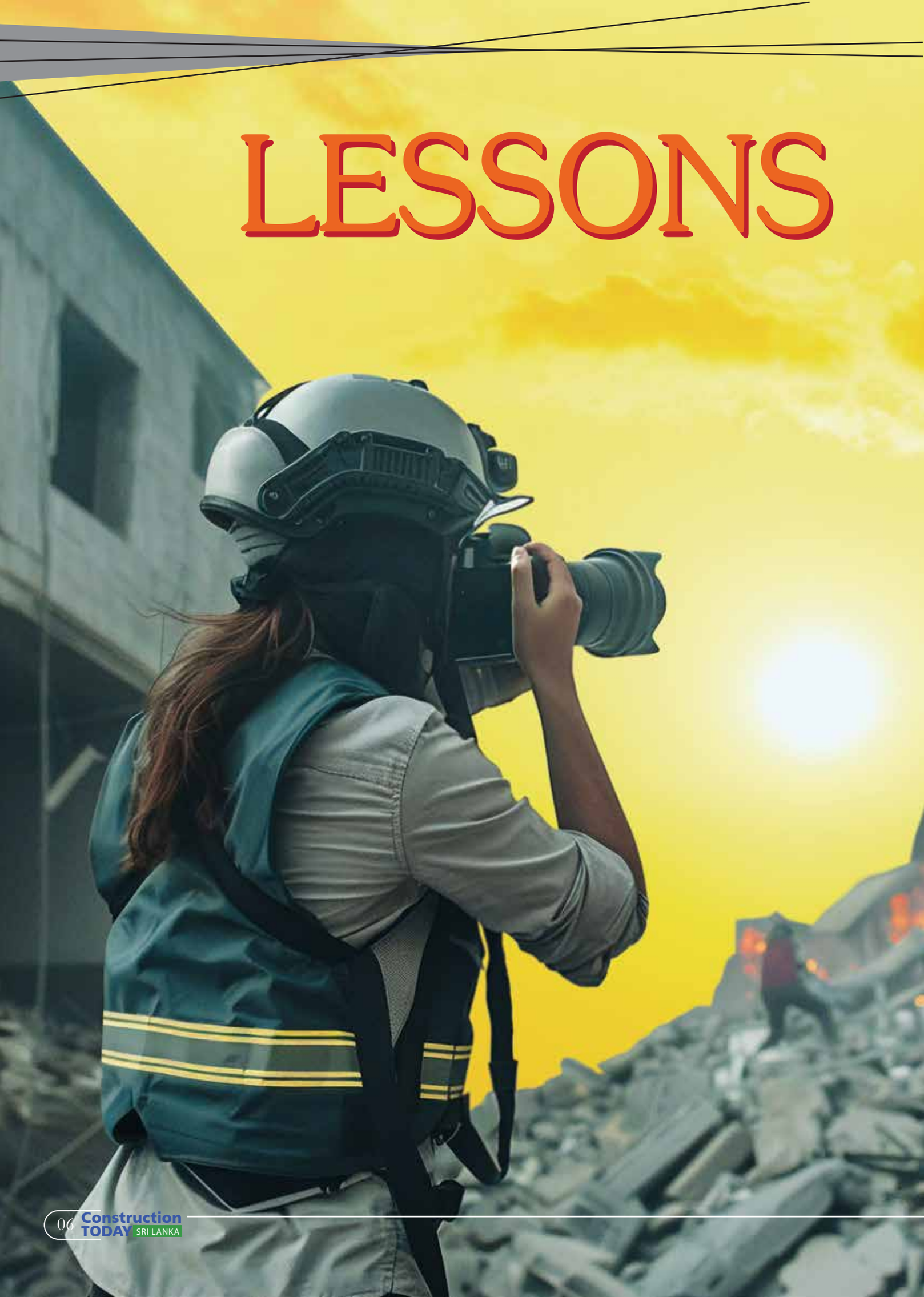
Yet even in tragedy, reconstruction presents an important opportunity. Sri Lanka now has the chance not merely to replace damaged infrastructure but to rebuild in a stronger and more resilient way. For years, weaknesses in infrastructure planning—including inadequate drainage systems, fragile coastal protection, and inconsistent enforcement of building standards—have amplified the impact of natural disasters. Rebuilding after Cyclone Dithwa must therefore prioritize resilience through stronger engineering standards, climate-responsive designs, and improved regulatory oversight.

At the same time, Sri Lanka's rebuilding efforts are unfolding within an increasingly uncertain global environment. The ongoing conflict in the Middle East and rising geopolitical tensions are disrupting key trade routes and energy markets, pushing up fuel costs and the price of construction materials worldwide. For a country that relies heavily on imported fuel, steel, and machinery, these global pressures could affect project costs and timelines during the reconstruction phase.

Despite these challenges, reconstruction can become a powerful catalyst for economic revival. Construction is one of the few sectors capable of generating widespread economic activity, supporting industries ranging from cement and steel to engineering services, transport, and skilled labor. Structured rebuilding programs can therefore stimulate employment, restore contractor capacity, and revive supply chains weakened over recent years.

Sri Lanka now stands at a critical crossroads. The nation can respond with temporary repairs, or it can seize this moment to rebuild with foresight and resilience. While the devastation caused by Cyclone Dithwa cannot be undone, it can become a turning point. With strong leadership, transparent governance, and the expertise of the construction industry, Sri Lanka has the opportunity to rebuild stronger and more prepared for the future.

LESSONS



LEARNT ON DISASTER RISK

As a tropical country located strategically in the center of the monsoon zone in the Indian Ocean, droughts, floods and landslides are not novel to Sri Lanka. However, the 2004 tsunami disaster was different in terms of the intensity and the extent of the human, infrastructure and capital damage it caused. It was the most devastating natural disaster that the Sri Lankans experienced in recent memory in view of its suddenness and gravity. In a matter of minutes at least over 30, 000 people died. The tsunami affected two thirds of the coastline of the country over 1000 kilometers in total. The first, spontaneous response came from the community. The people in the areas not affected by the tsunami stood up to the occasion. The outpouring of the public sympathy and the massive community response, often unorganized and chaotic, were remarkable. Government also responded swiftly by declaring an emergency in the affected districts. National emergency and security services were deployed. However, the mobilization of the instruments of the state, other than the forces was chronically slow. In this context, before the agencies of the state intervened, the people had entered the scene to attend on the urgent requirements of the survivors.

The Sri Lankan track record in meeting the tsunami disaster is a mixed one. In five years after the tsunami, Sri Lanka has almost recovered from the trauma. The communities that were badly affected have emerged once again as live entities laying aside the traumatic experience they underwent. It was proved that community action and societal resilience would be sufficient only to get out of the debris. Whether a disaster is major or minor, of national or local proportion, it is the people at the community or village level who suffer its adverse effects.

They use coping and survival strategies to face and respond to the situation long before outside help from the government or NGOs arrives. They are interested to protect themselves from the damage and harm. Within the last decade, growing recognition of the necessity of community participation for sustainable disaster reduction was translated into actions to realize community based disaster management. At the same time, individuals and communities facing simultaneous or repeated shocks, such as economic crises, disease epidemics, or natural disasters with destruction of shelter or productive assets, are better supported when humanitarian action also addresses the underlying vulnerabilities and builds capacities to better cope with future shocks.

Efforts and lessons through pre-post Tsunami called for a shift in perspective from the prevailing emergency management framework to disaster risk management to reverse the trend of exponential increase in disaster occurrence of and loss from small- and medium-scale disasters. These highlighted the need for proactive disaster management activities and the significant role of local communities. The community based approach also corrected the defects of the top-down approach in development planning and disaster management which failed to address local needs, ignored the potential of indigenous resources and capacities, and may have even increased people's vulnerabilities. Community based disaster risk management (CBDRM) is anchored in the disaster risk reduction framework. CBDRM covers a broad range of interventions, measures, activities, projects and programs to reduce disaster risks, which are primarily designed by people in at-risk localities and are based on their urgent needs and capacities. Simply put, the aim of CBDRM is to 1) reduce

vulnerabilities and increase capacities of vulnerable groups and communities to cope with, prevent or minimize loss and damage to life, property, and the environment, 2) minimize human suffering, and 3) hasten recovery.

With the shifting of paradigms from reactive emergency management to disaster risk reduction, there is more stress on proactive pre-disaster interventions, which are usually categorized as prevention, mitigation, and preparedness.

It is noted that risk reduction must be integrated into public investments policies and planning including community based interventions. Risk assessments at all levels, should be based on analysis of loss and estimation of potential future losses, are essential for informed decision-making. Policy makers and other relevant key stakeholders should encourage the development and financing of plans for in a coordinated and coherent manner across sectors recognizing community voices.

Risk knowledge is a cross-cutting requirement within each resilience element. Enhancing resilience in all of these elements is considered essential to reduce risk from coastal hazards, accelerate recovery from disaster events, and adapt to changing conditions in a manner that is consistent with community goals.

Analysis of disaster and climate change risk should seek to complement local and traditional knowledge with the results of scientific research in order to continue to co-generate new knowledge. Measures to build disaster and climate resilience should promote replication of effective practices, encourage autonomous innovation and introduce, where appropriate, external technology to help address new or magnified challenges.

This means recognizing that top-down programming and policies must support bottom-up initiatives, in order to build on the people's knowledge and capacities. It means identifying that local resilience comes from the ability to organize, prepare for and respond to local shocks and stresses.

Disaster risk management agencies have recognized that the divisional planning platform is the arena for forwarding disaster risk management activities as a component of the overall socio-economic development of a divisional secretariat or a particular locality. This recognition has been reinforced by the rationalized local planning system of Sri Lanka, wherein disaster risk reduction has to be integrated. The people are to be given the opportunity to take part in decision-making and in the implementation process. After all, Risk Reduction as experienced by external agencies succeeds only with the mutual cooperation among national and local governments and the community.

Courtesy : MDM-Sri Lanka

CONSTRUCTION COSTS IN SRI LANKA CONTINUE TO STABILISE, COLOMBO REMAINS AMONG ASIA'S LOWEST-COST MARKETS- SAYS CIOB

Advisor CIOB
Prof. Chitra Weddikkara

Director, VFORM
Consultants (Pvt) Ltd
Ch. Qs. Lalith Ratnayake

President of CIOB
Dr. Rohan Karunaratne

Sri Lanka's construction sector has entered a period of cost stabilisation, with Colombo maintaining one of the most competitive construction cost positions in the Asian region, according to the latest Ceylon Institute of Builders (CIOB) Sri Lanka Construction Cost Report 2025 – Colombo, prepared by VFORM Consultants Private Limited.

The annual report provides updated benchmarks across six major building categories and confirms that Colombo ranks among the lowest-cost construction markets in Asia, despite moderate increases in labour-driven costs during 2025.

COLOMBO AMONG THE LOWEST IN ASIA ACROSS BUILDING CATEGORIES

The report compares construction costs per square metre in Colombo against key Asian cities including Singapore, Hong Kong, Seoul, Shanghai, Beijing, Kuala Lumpur, Jakarta, and Bangalore.
Findings show that in 2025:

- Colombo recorded the lowest construction cost position in five of the six building categories analysed
- Colombo held the second-lowest position for industrial warehouses
  This positioning is reflected across:
- High-rise apartments
- Prestige office towers
- 3-star hotels
- 5-star resort hotels
- Large shopping complexes
- Industrial warehouses

The report's overall cost comparison places Colombo as the second-lowest cost city in Asia in aggregate construction cost per m².

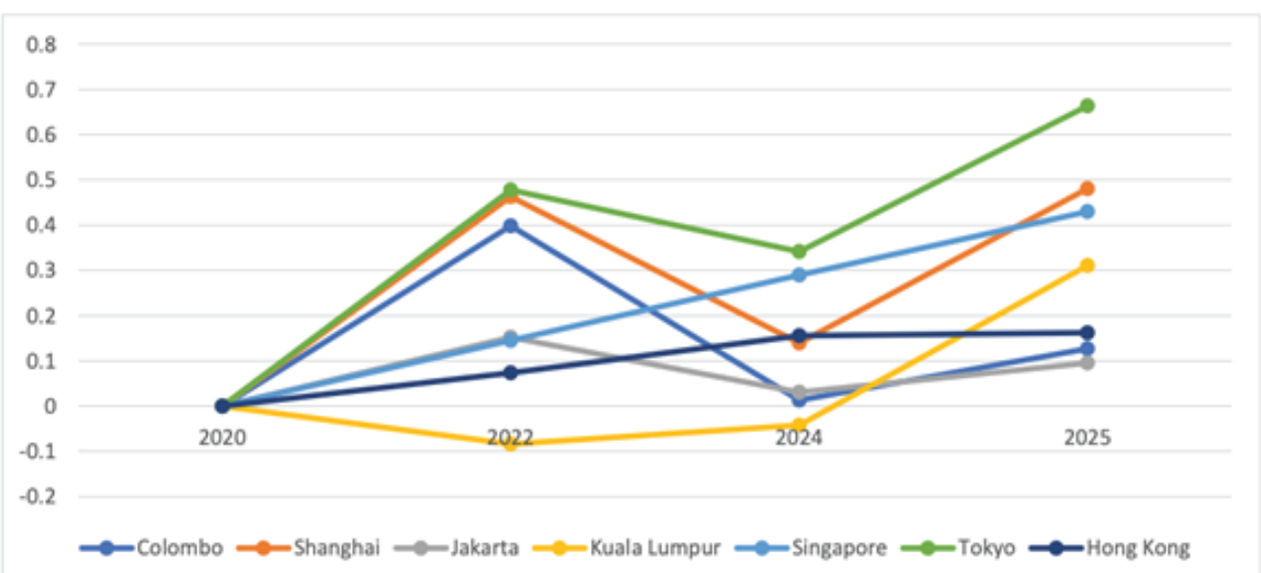


Figure 12: Percentage Deviation of Construction Costs in USD

(Noteworthy to see that some countries have not been negatively impacted by the COVID pandemic and therefore a further verification of data available may be necessary on same).

MATERIAL PRICES DECLINED IN 2025

A key contributor to cost stabilisation has been the reduction in several major material inputs.

According to Construction Industry Development Authority (CIDA) statistics cited in the report, average prices in 2025 compared with 2024 changed as follows:

- Reinforcement steel: –21%
- Fuel: –10%
- Concrete: –1%
- Cement: +3%

The report notes that the decline in concrete prices was largely linked to lower fuel costs, while cement increases followed higher global production input prices.

The Figure 10 shows the percentage deviation of material prices and USD exchange rate from September 2024 to October 2025.

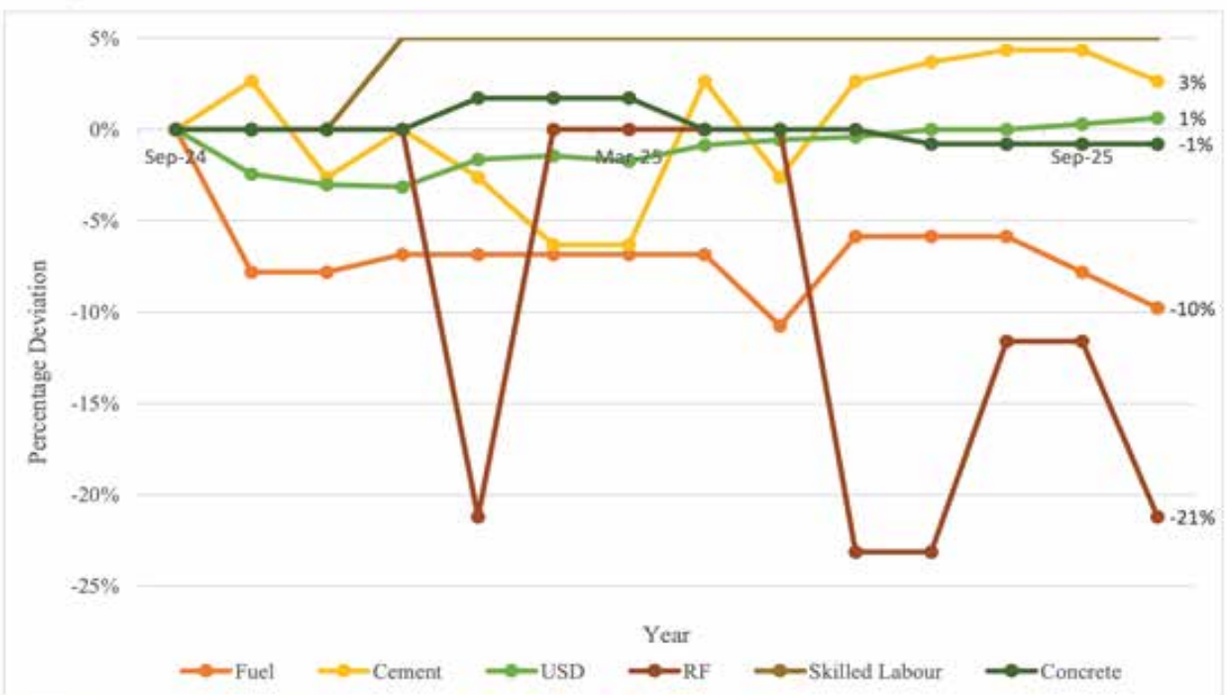


Figure 10: Percentage Deviation of Material Prices and USD Exchange Rate

EXCHANGE RATE STABILITY SUPPORTED COST CONTROL

The Sri Lankan rupee remained relatively stable over the review period, with the USD exchange rate fluctuating within a margin of approximately 1%, reducing volatility in imported material pricing.

The report also highlights that construction cost increases appear significantly larger when measured in local currency terms, due primarily to exchange rate depreciation since 2020.

From 2020 to 2025:

- Construction costs increased 13% in USD terms
- Construction costs increased 81% in LKR terms

LABOUR COSTS REMAIN THE PRIMARY UPWARD PRESSURE

While material costs declined, overall construction costs rose moderately in 2025 compared with 2024, driven mainly by labour-related factors.

The report identifies:

- Statutory wage adjustments
- Skilled labour migration overseas
- Increased reliance on foreign labour

CIDA indices indicate skilled labour wages increased by approximately 5% in 2025.

CONSTRUCTION SECTOR GROWTH STRENGTHENS MARKET CONFIDENCE

The report notes that Sri Lanka's construction sector recorded measurable economic recovery in 2025.
Key indicators include:

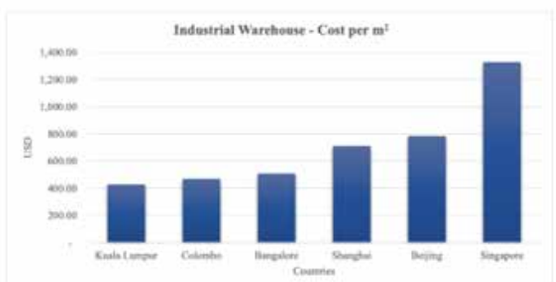
- 12.2% growth in construction activity in the third quarter of 2025
- Gross Value Addition of Rs. 499.9 billion
- Expansion in construction-related subsectors including mining and material supply

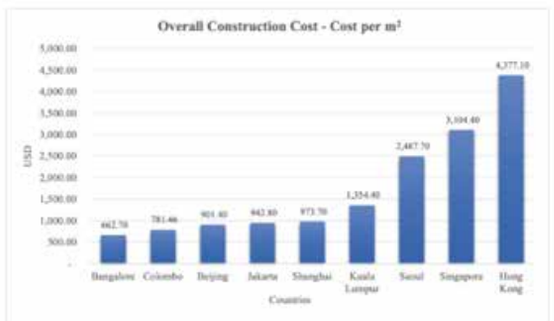
RELIABLE BENCHMARKS FOR GOVERNMENT AND INVESTORS

The CIOB President emphasises that the Construction Cost Report serves as a critical annual reference for:

- Government infrastructure planning
- Board of Investment (BOI) project appraisal
- Foreign direct investment structuring
- Multilateral development feasibility analysis
- Private sector and individual housebuilding decisions

Figure 6: 5 Star Hotel - Construction Cost per m²





CONCLUSION: COLOMBO REMAINS REGIONALLY COMPETITIVE

Despite cost pressures from labour and financing conditions, the report concludes that Colombo continues to sustain its relative cost advantage within Asia. The report reinforces the importance of transparent, up-to-date cost data for investment decision-making and long-term industry planning. Further benchmarks are available through CIOB's digital platform buildmarket.lk.

The Ceylon Institute of Builders (CIOB)'s initiative to have digital platform (buildmarket.lk) will help to have more reliable data and information with industry partners. However, it may be necessary to induce joint ventures: of local firms; local and international firms; and Public and Private partnerships in going forward and to resolve; capacity issues,
capital infusion and to introduce new technologies.

Overall, the findings suggest that Sri Lanka's construction industry has entered a phase of postcrisis realignment characterized by rising absolute construction costs but sustained regional competitiveness. Colombo's continued positioning among the lowest cost construction cities in Asia underscores the sector's capacity to absorb fiscal, labour, and energy related shocks without losing its relative market attractiveness.

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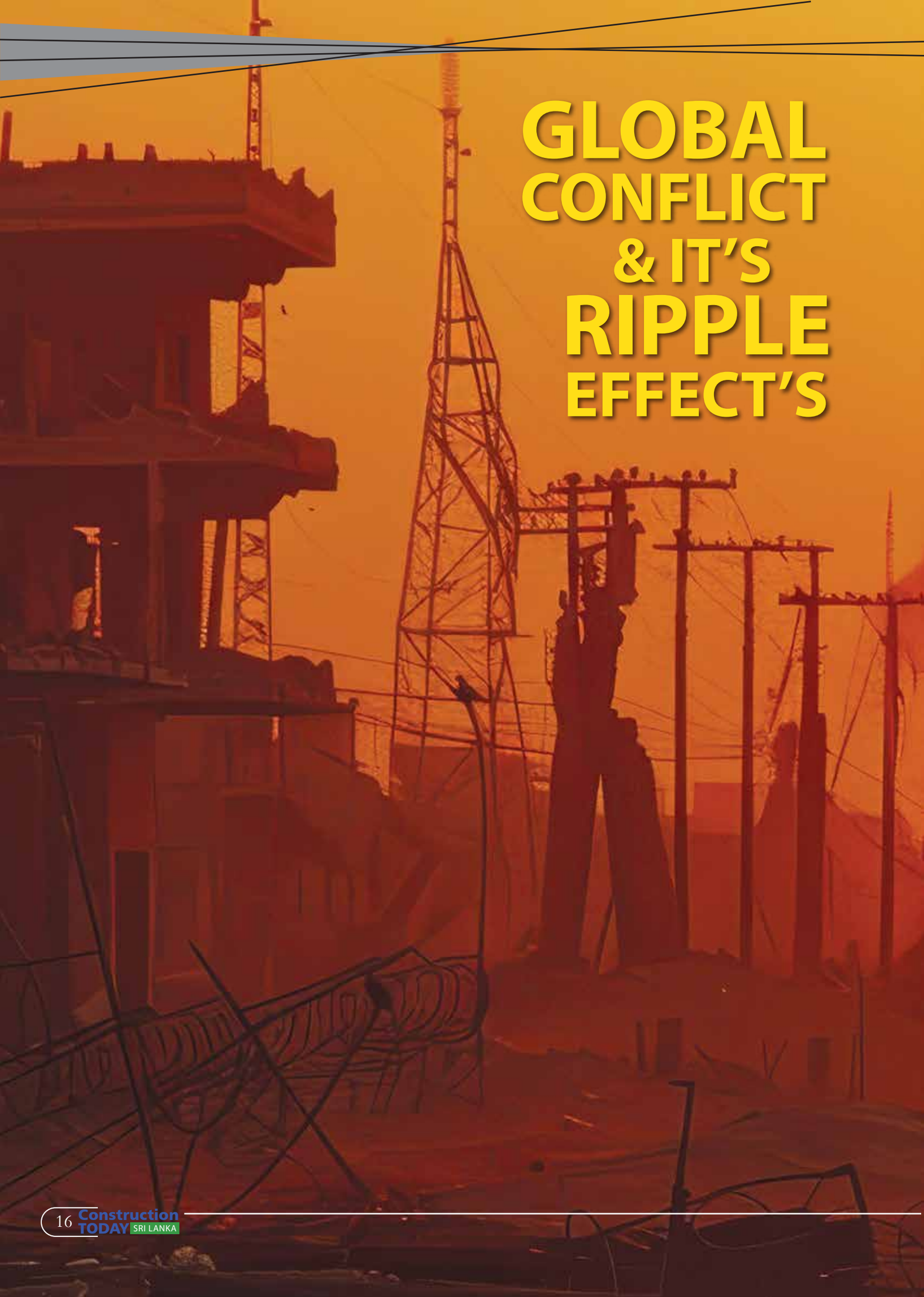
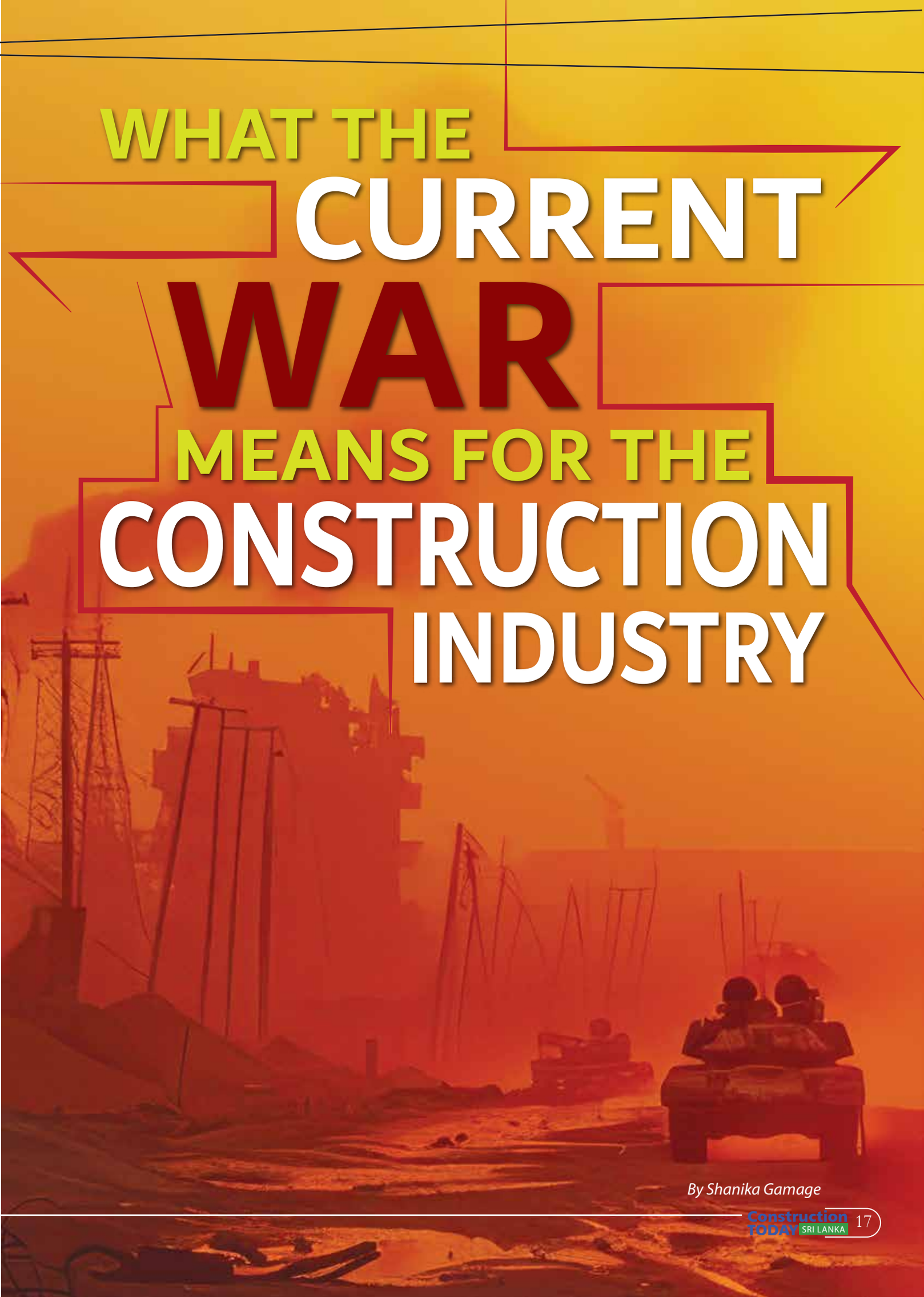


GLOBAL CONFLICT & IT'S RIPPLE EFFECT'S

WHAT THE CURRENT WAR MEANS FOR THE CONSTRUCTION INDUSTRY



By Shanika Gamage

The global construction industry has always been deeply interconnected with geopolitics. From the cost of steel and cement to the availability of energy and logistics, the sector depends heavily on stable international trade. As tensions and armed conflicts escalate in different parts of the world—including the ongoing conflicts in Eastern Europe and the Middle East—the construction industry is once again feeling the ripple effects. While wars are primarily humanitarian and political crises, their economic consequences extend far beyond the battlefield, reshaping supply chains, commodity markets, and investment flows across industries worldwide.

For the construction sector, which relies heavily on imported raw materials, energy, and transportation networks, geopolitical instability can create immediate and long-term disruptions.

GLOBAL CONSTRUCTION INDUSTRY UNDER PRESSURE

One of the most immediate impacts of war on construction is the disruption of global supply chains. Modern infrastructure projects depend on complex networks of suppliers, manufacturers, and logistics providers. When conflict occurs in strategically important regions, these supply chains can quickly become strained.

Recent geopolitical tensions have disrupted major shipping routes and trade corridors. The Strait of Hormuz, one of the world's most critical maritime chokepoints, is responsible for transporting a significant portion of global oil shipments. Any instability in this region can delay cargo movement and increase freight costs across the world. The consequences for construction are significant:

- Rising transportation costs
- Delays in material delivery
- Increased project timelines
- Escalating project budgets

Construction projects depend heavily on materials such as steel, aluminium, cement additives, copper, and petroleum-based products.

Conflict in key production regions can create shortages and push prices upward. For instance, disruptions in Middle Eastern aluminium production—responsible for nearly 10% of global supply—have already begun affecting global metal markets.

Similarly, earlier conflicts such as the Russia–Ukraine war demonstrated how geopolitical crises can sharply increase construction costs. Fuel price spikes and material shortages significantly raised operational costs for construction companies worldwide.

Energy Prices and Construction Costs

Energy is another critical factor linking global conflict and construction. Construction equipment, transportation, and manufacturing processes are all energy-intensive.

Recent geopolitical tensions have caused oil prices to rise by around 15%, reflecting market fears of supply disruptions.

Higher oil prices translate directly into higher construction costs because:

- Diesel powers construction machinery and transportation vehicles
- Petrochemicals are used in materials such as insulation, plastics, and coatings
- Energy-intensive industries like cement and steel manufacturing become more expensive

As a result, infrastructure developers across the world may face increased project costs, delayed timelines, and renegotiated contracts.

INVESTMENT UNCERTAINTY AND DELAYED PROJECTS

Wars also create uncertainty in global financial markets, discouraging large-scale infrastructure investments. Construction projects—especially megaprojects such as ports, highways, and energy infrastructure—require long-term capital commitments.

When geopolitical instability rises, investors tend to become cautious. Large construction firms with operations in conflict-prone regions have already seen market reactions reflecting this risk, with concerns about project delays or cancellations.

For multinational construction firms, such uncertainty can lead to:

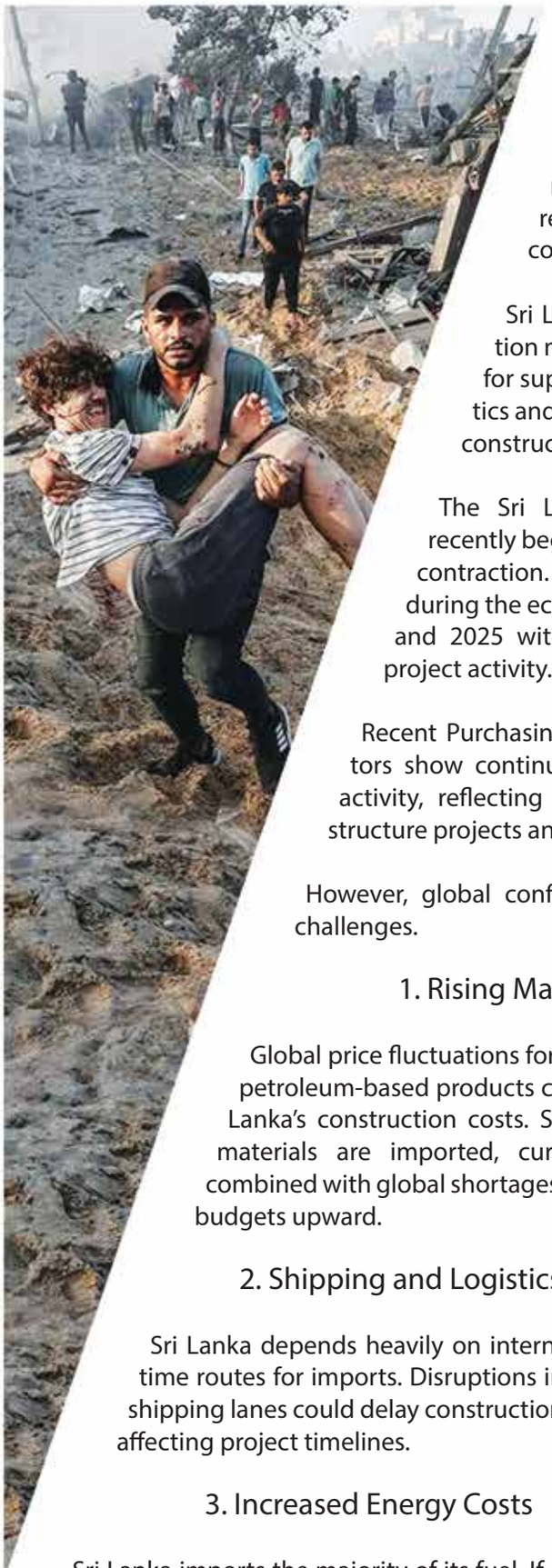
- Postponement of infrastructure investments
- Reduced foreign direct investment (FDI) in construction
- Increased insurance and risk management costs

OPPORTUNITIES THROUGH RECONSTRUCTION

While war disrupts construction in the short term, it often creates significant reconstruction demand in the long term.

Historically, post-conflict reconstruction has driven large-scale construction activity. Rebuilding damaged infrastructure—such as roads, bridges, ports, housing, and public utilities—requires massive investments and international cooperation. Countries affected by war often become major construction markets during the recovery phase, attracting global contractors, engineers, and infrastructure developers.

However, the benefits of reconstruction are typically delayed and depend heavily on political stability and international funding.



IMPLICATIONS FOR SRI LANKA'S CONSTRUCTION INDUSTRY

Although Sri Lanka is geographically distant from many global conflict zones, its construction sector remains highly exposed to international economic conditions.

Sri Lanka imports a large portion of its construction materials and relies on global shipping routes for supplies. Therefore, disruptions in global logistics and commodity markets inevitably affect local construction costs.

The Sri Lankan construction sector has only recently begun recovering after years of economic contraction. The industry shrank significantly during the economic crisis but rebounded in 2024 and 2025 with renewed growth and increased project activity.

Recent Purchasing Managers' Index (PMI) indicators show continued expansion in construction activity, reflecting improved demand for infrastructure projects and building developments.

However, global conflicts could introduce new challenges.

1. Rising Material Costs

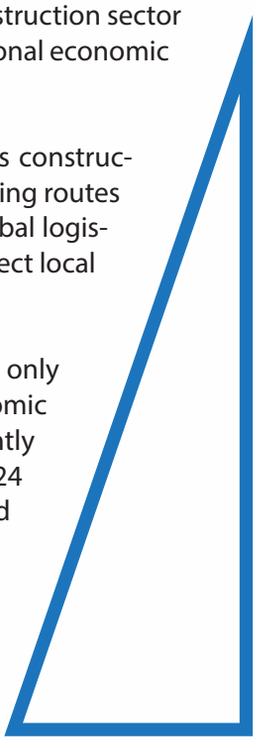
Global price fluctuations for steel, aluminium, and petroleum-based products can directly impact Sri Lanka's construction costs. Since many of these materials are imported, currency fluctuations combined with global shortages may push project budgets upward.

2. Shipping and Logistics Delays

Sri Lanka depends heavily on international maritime routes for imports. Disruptions in key global shipping lanes could delay construction materials, affecting project timelines.

3. Increased Energy Costs

Sri Lanka imports the majority of its fuel. If global oil prices rise due to geopolitical tensions, construction companies will face higher operational costs, particularly in heavy machinery operations and transportation.



4. Reduced Foreign Investment

International investors may adopt a cautious approach during periods of geopolitical uncertainty. This could slow down foreign-funded infrastructure projects in developing economies, including Sri Lanka.

A SECTOR BUILT ON RESILIENCE

Despite these challenges, the construction industry has historically demonstrated remarkable resilience. The sector has already navigated significant global disruptions in recent years—from the COVID-19 pandemic to supply chain crises and financial instability.

Sri Lanka's construction industry, in particular, has shown its capacity to adapt.

With increasing government focus on infrastructure development, public–private partnerships, and regional investment collaboration, the sector remains a vital engine of economic recovery.

In the long term, geopolitical shifts may even open new opportunities. Countries seeking to diversify supply chains and infrastructure partnerships may increasingly look toward emerging economies in South Asia.

LOOKING AHEAD

The current global war environment serves as a reminder of how interconnected modern industries have become. For the construction sector, geopolitical stability is not merely a political issue—it is an economic necessity.

While global conflicts may temporarily disrupt supply chains and raise costs, they also highlight the importance of resilient infrastructure systems, diversified supply networks, and strategic planning.

For Sri Lanka, the key lies in strengthening domestic production capabilities, improving logistics efficiency, and attracting stable long-term investment into infrastructure development.

In an uncertain world, the construction industry will continue to play a crucial role—not only in building structures, but in rebuilding economies and shaping the future of nations.

SRI LANKA:
A QUARTER CENTURY OF EXCELLENCE (2000–2025)

PORTRAYING CHANGE-MAKERS IN THE CONSTRUCTION INDUSTRY

BUILDING BEYOND STRUCTURES

A CONVERSATION WITH JAIKISH TUDAWE, FCIOB (UK)

Over the past twenty-five years, Sri Lanka's construction sector has navigated conflict, reconstruction, economic volatility, and global integration. Few leaders have witnessed—and shaped—that transformation as closely as Jaikish Tudawe, FCIOB (UK), Fellow Member of the Chartered Institute of Building and a key figure at Tudawe Brothers (Pvt) Ltd. Representing the second generation of an 83-year-old construction legacy, he reflects on leadership, resilience, and the responsibility of building institutions that endure.

Q: LOOKING BACK OVER THE PAST 25 YEARS, WHAT DO YOU CONSIDER THE TRUE TURNING POINT IN YOUR PROFESSIONAL JOURNEY?

The early 2000s marked a decisive shift. We moved towards structured governance, quality systems, and professional management practices. As the second generation of leadership at Tudawe Brothers, I realised that legacy alone would not secure the future. Institutional strength—not individual leadership—is what sustains organisations across decades. That decision still matters because it laid the foundation for long-term resilience.

Q: SRI LANKA'S CONSTRUCTION INDUSTRY HAS EVOLVED THROUGH PROFOUND NATIONAL TRANSITIONS. HOW DID THESE SHAPE YOUR LEADERSHIP APPROACH?

Those transitions demanded discipline and long-term thinking. During post-conflict expansion and later economic challenges, maintaining liquidity, financial prudence, and stakeholder confidence became essential. Balancing heritage with transformation required measured growth and governance-driven stability.

Q: WHICH INITIATIVE BEST REFLECTS YOUR PHILOSOPHY OF EXCELLENCE?

For me, excellence is less about a single landmark project and more about strengthening systems—quality assurance, safety standards, accountability, and professional integrity. The true value lies in capacity building: developing skilled professionals, supporting supply chains, and reinforcing credibility beyond financial success.

Q: HOW HAS YOUR ORGANISATION CONTRIBUTED TO NATIONAL CAPACITY BUILDING?

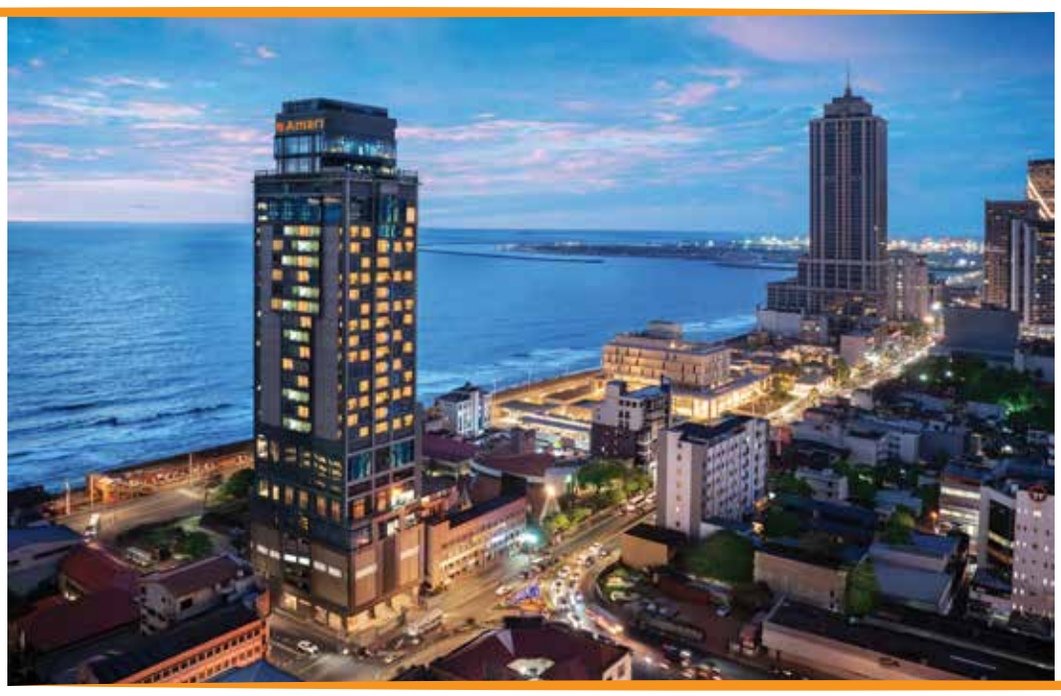
We have consistently generated employment, mentored engineers and technical staff, and strengthened local subcontractor ecosystems. By aligning with international benchmarks and collaborative partnerships, we have facilitated knowledge transfer that elevates domestic capability and competitiveness.

Q: WHAT ROLE HAS ETHICAL PRACTICE PLAYED IN SUSTAINING YOUR GROWTH?

Ethical practice is foundational. Transparent procurement, contractual integrity, regulatory compliance, and financial discipline safeguard trust. In a complex, high-risk industry, reputation built over decades becomes one of your most valuable assets.

Q: HOW HAS YOUR WORK POSITIONED SRI LANKA WITHIN REGIONAL OR GLOBAL CONSTRUCTION MARKETS?

As a Fellow of the Chartered Institute of Building, I have consistently aligned operations with internationally recognised standards. Strategic collaborations and adherence to global benchmarks demonstrate that Sri Lankan contractors are capable of delivering projects comparable to regional standards, strengthening international confidence in our industry.



Q: WHAT LEADERSHIP LESSON DID THE MOST CHALLENGING PERIODS TEACH YOU?

Challenging times reinforce that financial stewardship and team cohesion are as critical as technical expertise. It deepened my commitment to decentralised leadership, transparent communication, and structured governance to ensure continuity beyond any one individual.

Q: WHAT DISTINGUISHES A 'BUILDER OF STRUCTURES' FROM A 'BUILDER OF INSTITUTIONS'?

A builder of structures completes projects; a builder of institutions creates systems, culture, and leadership continuity. Structures define skylines, but institutions define industries. Working alongside the emerging third generation now active in management, my focus has been on strengthening foundations that will endure.

Q: HOW HAVE YOU ENSURED CONTINUITY BEYOND YOUR PERSONAL TENURE?

Through structured succession planning, mentorship, and embedding professional governance into our culture. Today, management responsibilities are shared between the second and third generations, ensuring stability while encouraging progressive thinking.

Q: AS SRI LANKA LOOKS TOWARD ITS NEXT PHASE OF DEVELOPMENT, WHAT RESPONSIBILITY DO ESTABLISHED LEADERS CARRY?

Established leaders must promote financial discipline, sustainability, innovation, and ethical governance. Multi-generational institutions, in particular, must safeguard legacy while preparing the next generation to lead a more resilient, inclusive, and globally competitive construction sector.

In an industry often measured in concrete and steel, Jaikish Tudawe's reflections remind us that the most enduring achievements are less visible: systems strengthened, professionals mentored, and institutions prepared for generations yet to come.

MR. JAIKISH TUDAWE

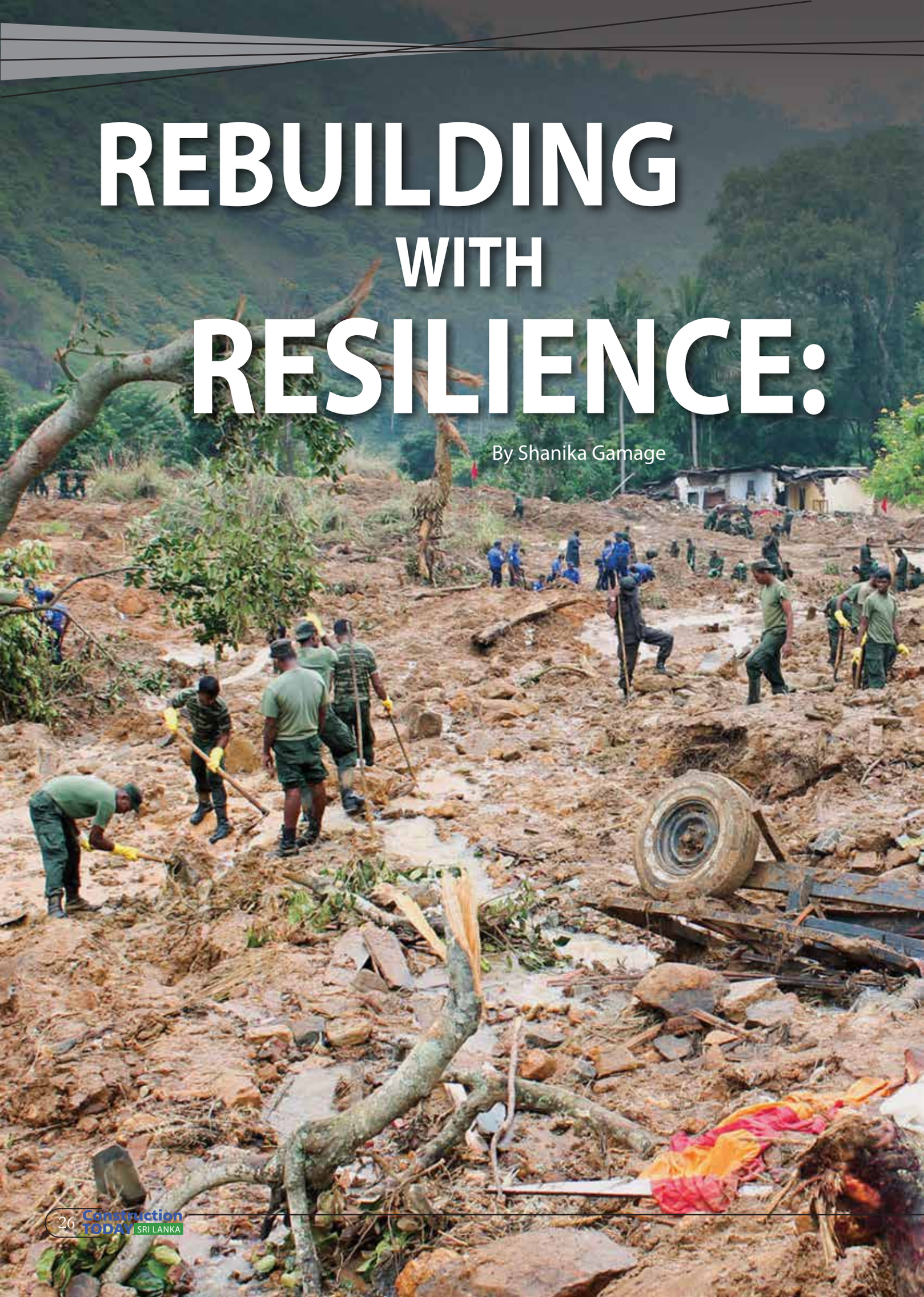
BIO

With over four decades of experience in Sri Lanka's construction industry, Jaikish Tudawe is widely recognized for his deep technical expertise and leadership in the sector. Serving as the Deputy Chairman and Senior Director of Tudawe Brothers (Pvt) Ltd, he has played a significant role in shaping the company's reputation as one of the country's leading construction firms.

Mr. Tudawe holds a Diploma in Civil Engineering from the London South Bank University and is a Fellow of the Chartered Institute of Builders (FCIOB), a Chartered Builder, as well as a Fellow of the Chartered Institution of Highways & Transportation (FCIHT). In addition to his corporate responsibilities, he currently serves as the Vice President of the Ceylon Institute of Builders, where he actively contributes to advancing professional standards and promoting sustainable development within Sri Lanka's construction industry.

REBUILDING WITH RESILIENCE:

By Shanika Gamage



SRI LANKA'S POST-DITWAH CYCLONE NATIONAL RECOVERY STRATEGY

An Exclusive Interview with
Mr. G.M.R.D. Aponsu,
Senior Additional Secretary to the
President – Finance & Economic Affairs

In the aftermath of the Ditwah Cyclone, Sri Lanka has embarked on an ambitious and reform-driven path toward national recovery, one that seeks not only to restore what was lost but also to fundamentally strengthen the country's resilience against future shocks.

In an exclusive interview with Mr. G.M.R.D. Aponsu, Senior Additional Secretary to the President – Finance & Economic Affairs, insights were shared into the Government's multi-layered strategy led by the Presidential Task Force for Rebuilding Sri Lanka, highlighting a **"Beyond Recovery"** model built on transparency, technical rigor, climate adaptation, and institutional reform.

"The Government's response to the Ditwah Cyclone goes beyond immediate recovery," Mr. Aponsu explained. "Our objective is to rebuild affected areas in a way that strengthens resilience, improves institutional systems, and ensures that Sri Lanka is better prepared for future disasters."

IMMEDIATE RESPONSE: RESCUE, RELIEF, RESTORATION AND RAPID MOBILIZATION

Mr. Aponsu emphasized that the Government introduced several new interventions that distinguish this response from previous disaster recovery efforts. Skilled personnel and volunteers were mobilized from unaffected districts, particularly from the South, to reinforce rescue and relief operations in the hardest-hit areas. This rapid redeployment of human capital strengthened operational capacity during the most critical stages of the emergency response.

Relief materials received from international partners and communities were managed introduced simplified procedures for disaster relief cargo clearance. Modernized warehouses equipped with digital inventory systems and real-time tracking databases ensured efficient and equitable distribution of aid. These systems enhanced accountability and set a new benchmark for disaster logistics management in Sri Lanka.

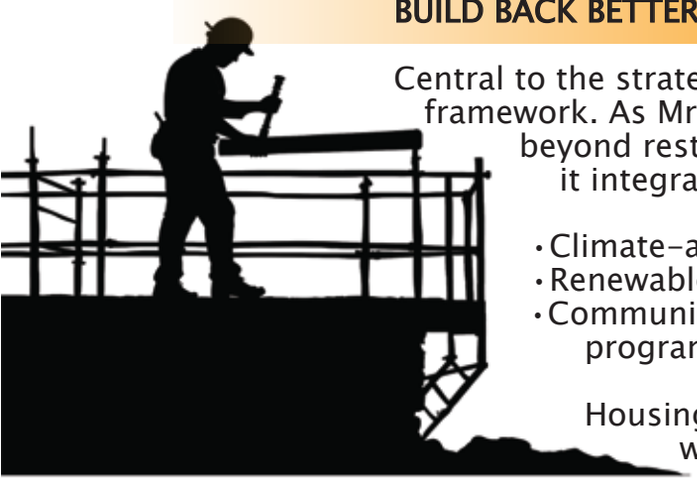
A STRUCTURED, GLOBALLY-BENCHMARKED PLANNING FRAMEWORK

The rebuilding process is anchored in internationally recognized methodologies. Damage and loss assessments are being conducted using the GRADE methodology of the World Bank, alongside the Post-Disaster Needs Assessment (PDNA) framework.

These assessments are being coordinated by the Sri Lanka's Disaster Management Centre in collaboration with the United Nations Development Programme (UNDP) and the Asian Development Bank (ADB), ensuring that findings are comprehensive, credible, and aligned with global standards.

Looking ahead, the Government has proposed the creation of a legislatively empowered authority for upper watershed management. This body will integrate ecosystem conservation, water resource security, biodiversity protection, and sustainable land-use practices, addressing environmental vulnerabilities that intensify disaster risks.

BUILD BACK BETTER: EMBEDDING CLIMATE RESILIENCE



Central to the strategy is the "Build Back Better" policy framework. As Mr. Aponsu explained, reconstruction goes beyond restoring structures to their previous state; it integrates:

- Climate-adaptive architectural designs
- Renewable energy solutions
- Community-based disaster risk reduction programmes

Housing and infrastructure are being rebuilt to withstand future hazards, guided by Sub-Committee on Restoration of Housing for Affected Communities. Resilience is being embedded at every level, from individual homes to national infrastructure systems.

STRENGTHENING THE REGULATORY FRAMEWORK FOR CONSTRUCTION

Sri Lanka is currently strengthening its national building regulatory framework to incorporate disaster resilience standards.

The National Building Research Institute (NBRI), the Construction Industry Development Authority (CIDA) and Urban Development Authority (UDA), with support from the experts, in consultation of stakeholders, are developing a "National Building Code for Sri Lanka" to be integrated into the national framework.
A comprehensive Building Regulatory Capacity Assessment (BRCA) is also underway to ensure that future construction standards align with disaster resilience and climate adaptation principles.

In parallel, the Government is:

- Enforcing professional oversight through mandatory certifi cations and independent audits
- Strengthening material governance under the Geological Survey and Mines Bureau (GSMB) to regulate sand, soil, and gravel resources sustainably
- Advancing housing policy reforms, including vertical housing solutions in urban areas
- Introducing fast-track regulatory approval processes for investors
- Utilizing emergency procurement mechanisms via digital e-procurement platforms with independent monitoring

These measures ensure that resilience and accountability are embedded in reconstruction projects even while broader regulatory reforms are being finalized.

INTEGRATING LOCAL AUTHORITIES INTO NATIONAL RECOVERY

The efficacy of national recovery efforts is fundamentally relies on the seamless integration of sub-national administrative tiers into a unified rebuilding framework. Mr. Aponsu, emphasized that embedding local authorities and provincial administrations into the national strategy is not merely an administrative preference but a functional necessity for long-term resilience.

District Secretariats and Provincial Councils serve as the primary channels for precise, community level data. This information flow is formalized through the Disaster Data Collection System (DDCS), managed by the Department of National Planning. By leveraging this system, local authorities provide the specific evidence required for the Post-Disaster Needs Assessment (PDNA), ensuring that national resource allocation reflects the diverse socio-economic realities of affected regions. This integration allows the Task Force to bridge the gap between high level policy and localized implementation, particularly in the restoration of public infrastructure and the revival of rural economies.

Beyond immediate relief, the framework emphasizes local ownership through transparent funding mechanisms. The "Rebuilding Sri Lanka" (rebuildingsrilanka.gov.lk) and Official Government Donation Portal (donate.gov.lk) platforms provide a project-based approach where donors can support specific regional initiatives, ranging from agricultural recovery to the reconstruction of local road networks. This administrative alignment ensures that recovery interventions are not isolated actions, but are instead integrated into the broader regional development pathways of the respective provinces.

THE PRIVATE SECTOR AS A STRATEGIC PARTNER

The private construction sector is regarded as a vital partner in accelerating recovery. Through joint management committees and Public-Private Partnership (PPP) frameworks, industry stakeholders contribute innovation, workforce mobilization, and technology transfer. Structured private sector engagement mechanisms guided by the task force for Rebuilding Sri Lanka, ensure efficiency, shared responsibility, and transparency in project delivery.

FINANCING LARGE-SCALE RECONSTRUCTION

To support large-scale rebuilding, the Government has established a dedicated fund mobilization mechanism to raise financial resources beyond the traditional channels of donor support, including contributions from international partners, expatriate communities, and private sector stakeholders. Further, the Sub-Committee on Finance and Funding ensures diversified financing mechanisms that help reduce fiscal strain while maintaining long-term economic sustainability.

BALANCING SPEED WITH QUALITY AND TRANSPARENCY

While speed is critical, Mr. Aponsu underscored that accountability remains non-negotiable.

Competitive bidding systems, digital procurement platforms, and independent audits are in place to safeguard transparency. In addition, the sub-committees established to operationalize the Task Force decisions will provide a platform for continuous monitoring and community oversight, ensuring that rapid reconstruction does not compromise safety, durability, or construction standards.

REVITALIZING LIVELIHOODS AND SOCIAL INFRASTRUCTURE

Recovery efforts extend beyond physical infrastructure. Programs are underway to support agriculture, fisheries, small and medium-sized enterprises (SMEs), and tourism revival in impacted regions. Schools, healthcare facilities, and community centers are being systematically reconstructed to restore essential services and social cohesion.

The Sub-Committees on Revival of Local Economies and Livelihoods and on Restoration of Social Infrastructure ensure that communities regain both economic stability and social resilience.

KEY MILESTONES FOR THE NEXT 12-24 MONTHS

The construction industry and the public can expect measurable progress in the coming months, including:

- Completion of the first phase of housing reconstruction
- Restoration of critical transport and energy infrastructure
- Launch of community livelihood recovery programs
- Establishment of climate-resilient pilot towns serving as future models for sustainable development

These milestones will demonstrate tangible progress while reinforcing the Government's commitment to resilience, transparency, and long-term sustainability.

A DEFINING MOMENT FOR SRI LANKA'S CONSTRUCTION INDUSTRY

As articulated by **MR. G.M.R.D. APONSU,** this rebuilding phase is more than a recovery and restoration effort; it represents a structural transformation in how Sri Lanka approaches risk management, regulatory reform, and climate adaptation.

With Sri Lanka's ongoing rebuilding efforts, opportunities across the construction ecosystem have expanded significantly. Compared to previous years, public investment in development activities has increased substantially, reaching nearly Rs. 1.7 billion this year. This reflects renewed economic momentum, which has strengthened confidence in long-term development and encouraged further investment in infrastructure.

In addition, the national rebuilding programme is estimated to require around Rs. 4 billion for the reconstruction of houses, roads, bridges, and other critical infrastructure. As an immediate priority, nearly 25,000 houses are expected to be constructed for affected communities. Sri Lanka rebuilding investment creates significant opportunities across the construction ecosystem, while encouraging the industry to strengthen its capabilities in skills, modern technologies, disaster-resilient design, sustainable materials, and climate-adaptive construction practices.

Notably, the Port City development is attracting significant foreign direct investment, creating high-value construction projects. As

many firms and skilled workers move towards these developments, a vacuum is emerging in other construction activities across the country highlighting the growing demand for capacity and innovation throughout the sector.

Taken together, these developments place the construction industry at the forefront of Sri Lanka's national recovery and development. This pivotal phase goes beyond traditional reconstruction, calling on industry stakeholders to apply their expertise to close infrastructure gaps while raising standards in disaster-resilient, sustainable, and climate-adaptive construction.

For the construction sector, this moment presents both a responsibility and a historic opportunity—to mobilize skills, innovation, and capacity across the construction ecosystem, support national rebuilding efforts, and help shape a stronger, more resilient, and future-ready Sri Lanka.

BIO

MR. G.M.R.D. APONSU
SENIOR ADDITIONAL SECRETARY TO THE PRESIDENT (FINANCE & ECONOMIC AFFAIRS)

Mr. G.M.R.D. Aponsu is a senior officer of the Sri Lanka Planning Service (SLPS) with extensive experience in national planning, public finance, macroeconomic forecasting, development financing, fiscal analysis, taxation policy, and higher education planning. He currently heads the Finance and Economic Affairs Division at the Presidential Secretariat, providing strategic policy guidance on economic governance and national development priorities.

Mr. Aponsu began his schooling at Roman Catholic School in Lunawa and Uyana Primary School in Moratuwa. He continued his lower secondary education at BW/ Keppetipola Maha Vidyalaya and later attended BW/ St. Joseph's College for his upper secondary education.

He holds a BSc (Special) in Physics from the University of Ruhuna (1994), an MSc in Atmospheric Physics from the University of Colombo, and a Master's Degree in Economics from the Australian National University,along with Postgraduate Diplomas in Development Studies from the Institute of Developing Economies Advanced School in Japan and in Economics from the Australian National University.

Over the course of his public service career, Mr. Aponsu has served in several key government institutions, including the Department of National Planning, the Department of National Budget, and the Department of Inland Revenue, and has also held senior responsibilities at the Ministry of Education, leading initiatives in infrastructure development, quality assurance in education, and donor coordination.

Mr. Aponsu served as an Assistant Lecturer in Physics at the University of Ruhuna. In addition, he has contributed to professional and postgraduate education as a Visiting Lecturer in Planning and Development Economics at the Sri Lanka Institute of Development Administration (SLIDA), while also lecturing on Project Management for postgraduate programmes under the Institute of Human Resource Advancement (IHRA) of the University of Colombo) and serving as a Senior Consultant in Planning and Development Economics at SLIDA.

The 14 th World Construction Symposium

TOWARDS A REGENERATIVE BUILT ENVIRONMENT: FROM FORESIGHT TO ACTION

10TH & 11TH JULY, 2026
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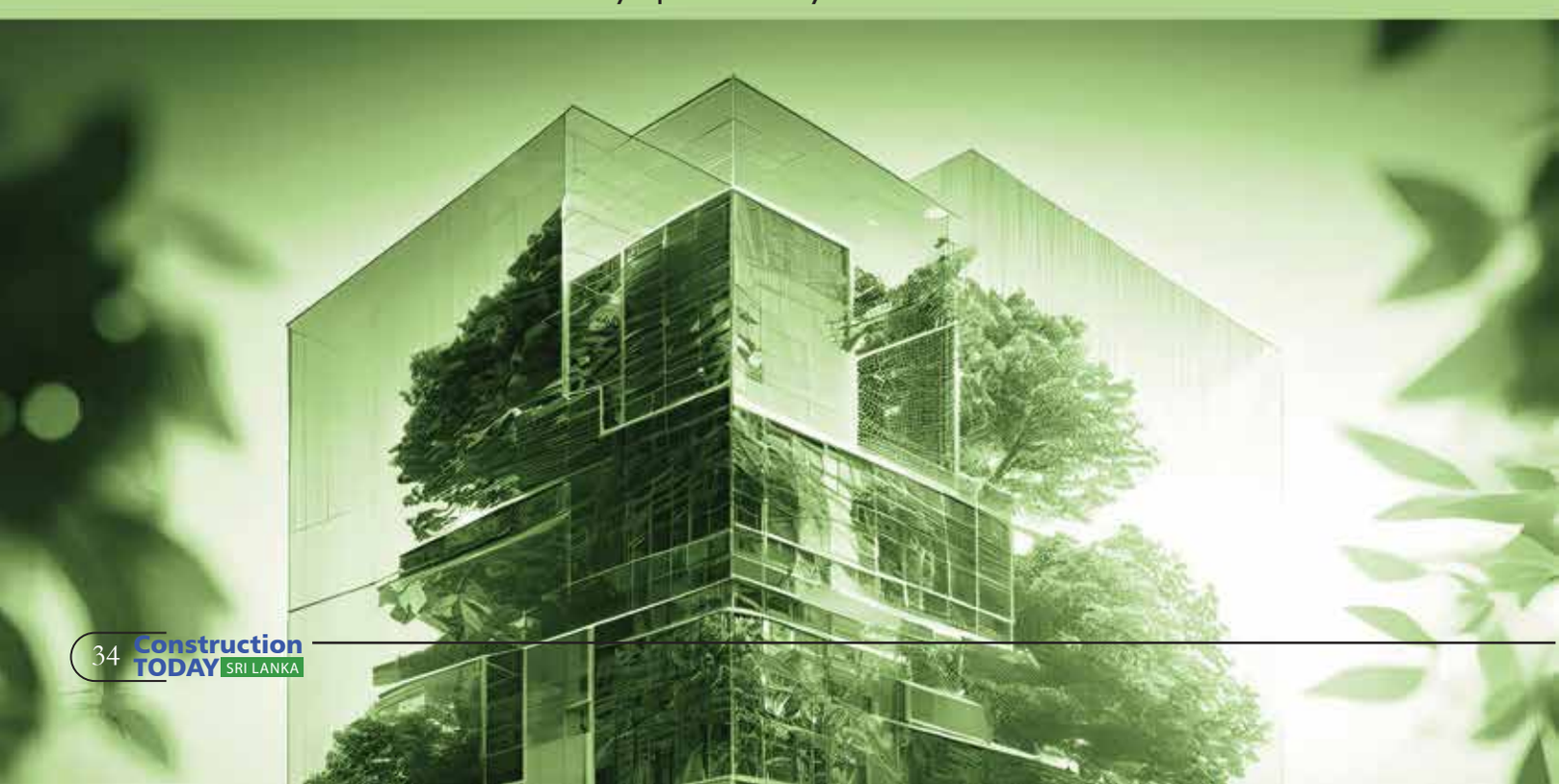
The Ceylon Institute of Builders (CIOB) and Building Economics and Management Research Unit (BEMRU), Department of Building Economics, University of Moratuwa.

This annual symposium will provide a special forum for researchers and practitioners in the areas of built environment and construction industry related research worldwide to share their knowledge, experiences and research findings. The symposium is intended to be held physically. However, the international participants are given the opportunity to attend the symposium in hybrid mode.



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EVENT MANAGER
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CONSTRUCTION & SUSTAINABLE ENERGY EXPO 2026

MARCH
20 21 22
BMICH - COLOMBO -
10.00 a.m to 8.00 p.m

Moments to Remember: Highlights from Our Past Event

Past Event 2025

Colombo, Sri Lanka – Sri Lanka's most influential construction industry gathering, Construction & Sustainable Energy Expo 2026, is set to return in grand scale from 20th, 21st & 22nd March 2026 at the BMICH, Colombo, from 10.00 AM to 8.00 PM. This landmark 11th edition is organized by the Ceylon Institute of Builders (CIOB) and managed by Event Max Exhibitions (Pvt) Ltd (EME), reaffirming its position as the country's premier platform for construction, infrastructure, and sustainable energy innovation.

With the construction industry playing a pivotal role in national development, Construction Expo 2026 is designed to be more than just an exhibition—it is a powerful business marketplace, a knowledge-sharing hub, and a future-focused convergence of industry leaders, decision-makers, professionals, and innovators from across Sri Lanka and the region.

A MEGA PLATFORM FOR THE ENTIRE INDUSTRY

Construction Expo 2026 will bring together manufacturers, suppliers, contractors, engineers, architects, developers, investors, government stakeholders, and trade professionals under one roof. The exhibition is expected to attract thousands of trade visitors and serious buyers, creating unmatched opportunities for networking, partnerships, and commercial growth.

KEY EXHIBITION SEGMENTS

The expo will comprehensively cover the full construction value chain, with dedicated focus on high-growth and high-demand segments, including:

- Construction & Building Materials
- Power & Sustainable Energy Solutions
- Solar, Renewable & Energy-Efficient Technologies
- Tile & Sanitaryware (Special Focus Segment)
- Furniture & Interior Solutions
- Hardware, Tools & Fasteners
- Industrial Machinery & Equipment
- Construction Heavy Machinery & Equipment
- Smart Building Technologies & Green Construction Solutions

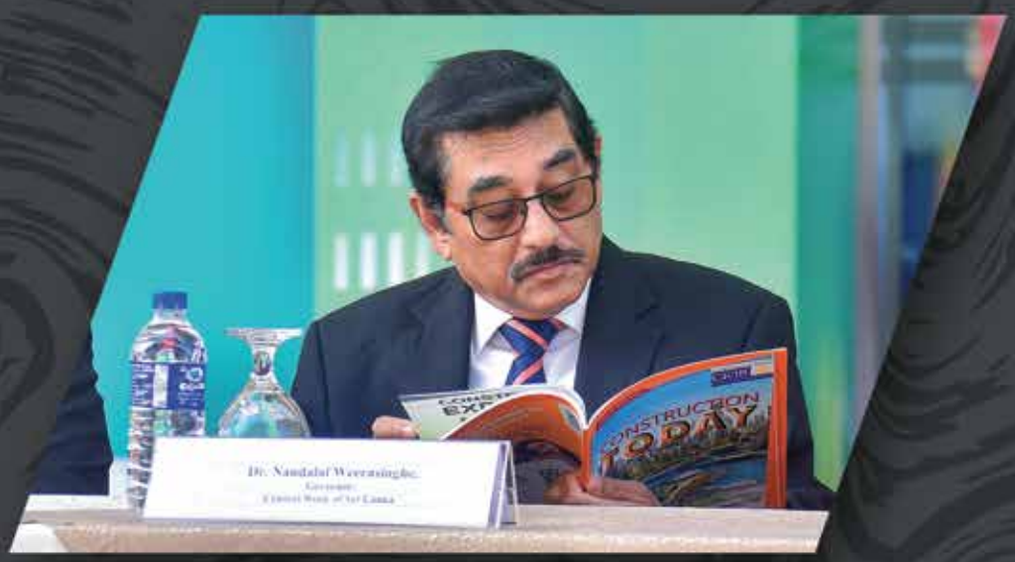
A special emphasis on sustainable energy and green construction aligns the expo with global trends and Sri Lanka's future development goals, making it a timely and essential platform for forward-thinking businesses.

UNMATCHED VALUE FOR EXHIBITORS

Exhibitors at Construction Expo 2026 will benefit from:

- Direct access to high-quality trade visitors and decision-makers
- Strong brand visibility at a nationally recognized exhibition
- Opportunities to launch new products, demonstrate technologies, and generate leads
- Strategic positioning within a professionally managed, high-impact event

With prime stall locations now open for reservation, early confirmation ensures maximum exposure and strategic placement within high-traffic zones.



THE INDUSTRY'S MOST TRUSTED EXPO

With the support of all time industry strongholds who are dedicated to the development of the Construction industry in Sri Lanka such as St. Anthony's Ventures Ltd joining as the Main Sponsor, Tokyo Cement Group, Home Lands Skyline as Platinum Sponsors and Alumex PLC and Taian Lanka Steel Co. as Gold Sponsors, and committed stallholders backed by the credibility of CIOB and the proven event management expertise of Event Max Exhibitions, Construction Expo has consistently delivered results-driven exhibitions year after year. The 2026 edition promises to be bigger, stronger, and more impactful than ever before.

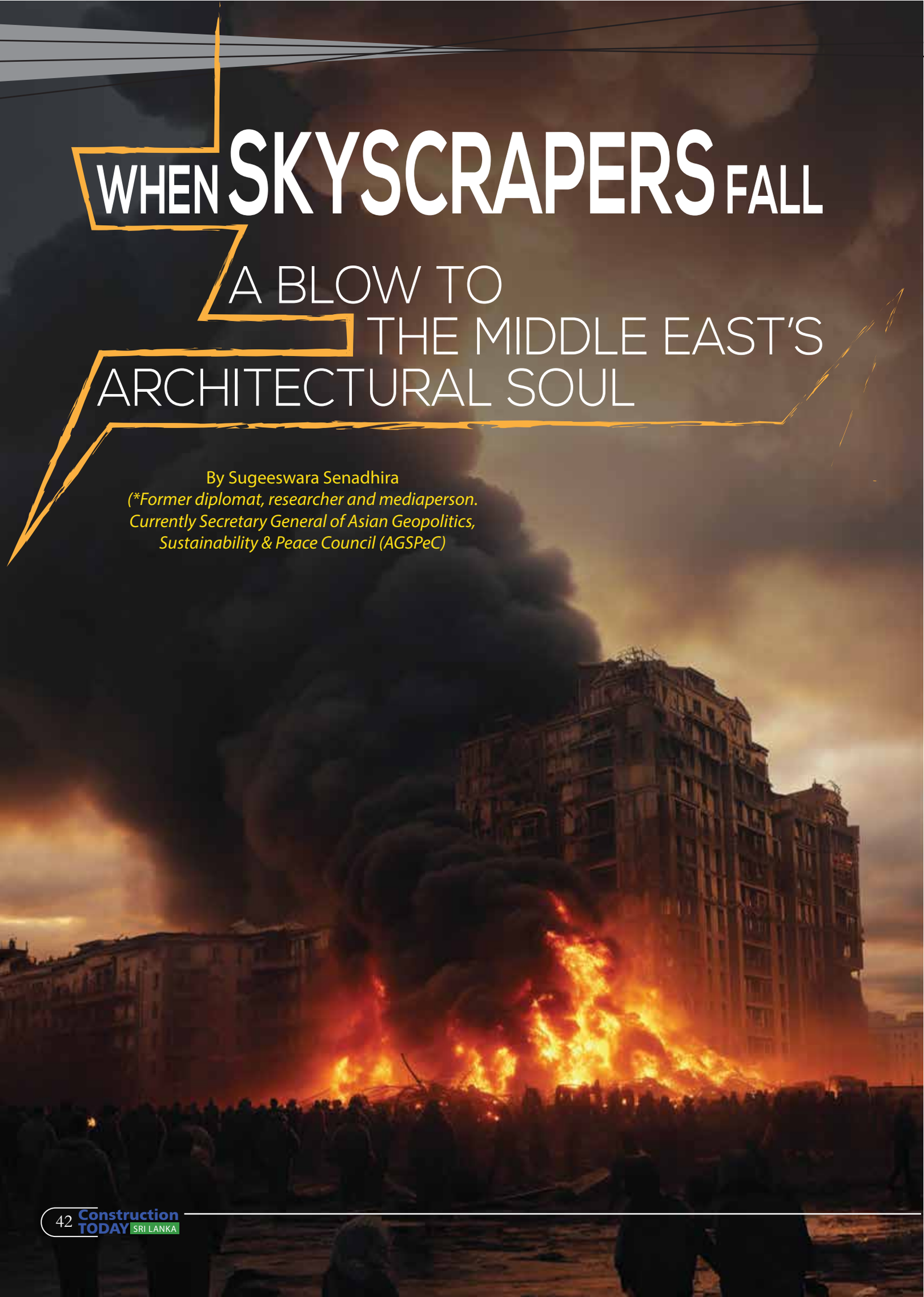
EVENT DETAILS

Dates: 20th, 21st & 22nd March 2026
Venue: BMICH, Colombo
Time: 10.00 AM – 8.00 PM

WHEN SKYSCRAPERS FALL

A BLOW TO THE MIDDLE EAST'S ARCHITECTURAL SOUL

By Sugeeswara Senadhira
*(*Former diplomat, researcher and mediaperson. Currently Secretary General of Asian Geopolitics, Sustainability & Peace Council (AGSPeC)*



Across the skylines of the Middle East, towers of glass and steel have long symbolized ambition, wealth and modernity. From the futuristic silhouette of Burj Khalifa to the elegant coastal skyline of Dubai and the financial towers of Doha, architecture has become a defining expression of the region's economic rise. Yet the recent destruction and damage to several distinctive skyscrapers and heritage structures amid current devastating conflict has dealt a painful blow not only to city skylines but also to the construction industry that helped build the Middle East's modern identity.

Many of these buildings were not merely office blocks or luxury apartments. They were engineering marvels, representing decades of architectural innovation and billions of dollars in investment. When a skyscraper collapses or burns, the loss goes beyond steel and concrete. It erases design achievements, specialized craftsmanship, and the work of thousands of engineers, architects and construction workers who shaped these landmarks.

The Middle East's construction boom over the past three decades transformed desert skylines into global icons. Firms across the world competed to design record-breaking towers, advanced urban complexes and futuristic business districts. The region became a laboratory for architectural imagination pushing boundaries in structural engineering, sustainable design and urban planning.

But when conflict damages these buildings, the ripple effect severe. Insurance costs skyrocket, investor confidence weakens, and ongoing construction projects slow down. Contractors, material suppliers and engineering consultancies all feel the shock. The construction industry—one of the largest employers in the region faces uncertainty when iconic projects become casualties of nstability.

Equally tragic is the loss of heritage architecture. Historic marketplaces, mosques, caravanserais

and early modern civic buildings form the cultural backbone of Middle Eastern cities. Their destruction means the disappearance of living history—structures that connected modern societies to centuries of trade, culture and craftsmanship.

For architects and conservationists, rebuilding is not simply about replacing damaged towers. It is about preserving the spirit of the region's architectural legacy while restoring confidence in the future of urban development.

The Middle East has repeatedly shown resilience. Cities have rebuilt after wars and crises before. Yet every fallen skyscraper and shattered heritage building reminds us that architecture is more than infrastructure. It is a symbol of human aspiration—one that takes decades to create but only moments to destroy.

In these dark clouds, there is a silver-lining for Sri Lanka. Heightened Middle East tensions increase the strategic value of alternative maritime logistics hubs in the Indian Ocean. A prolonged crisis in the Strait of Hormuz could shift shipping insurance patterns.

Shipping lines may seek reliable transshipment points outside high-risk zones. Sri Lanka's location along key East–West sea lanes strengthens the role of Colombo and Hambantota.

In the long run, the ongoing instability stemming from the Iran-Israel conflict and related disruptions in the Red Sea/Strait of Hormuz is creating a paradoxical, short-term opportunity for the Port of Colombo to boost its cargo handling. Furthermore the Colombo Port City will also get additional opportunities to attract foreign investments through financial services.

When a skyscraper collapses or burns, the loss goes beyond steel and concrete. It erases design achievements, specialized craftsmanship, and the work of thousands of engineers, architects and construction workers who shaped these landmarks.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CONSTRUCTION INDUSTRY UNDER STRAIN

AN ECONOMIC, SOCIAL & CONTRACTUAL ALERT FOR SRI LANKA

MR. RUWAN DE SILVA

SRI LANKA'S CONSTRUCTION INDUSTRY—ONE OF THE COUNTRY'S MOST IMPORTANT ECONOMIC DRIVERS—IS CURRENTLY NAVIGATING ONE OF THE MOST COMPLEX OPERATING ENVIRONMENTS IN ITS MODERN HISTORY. THE SECTOR HAS HISTORICALLY PLAYED A CRITICAL ROLE IN INFRASTRUCTURE DEVELOPMENT, EMPLOYMENT GENERATION, AND SUPPORTING A WIDE NETWORK OF SUPPLY CHAINS ACROSS MANUFACTURING, TRANSPORT, LOGISTICS, ENGINEERING SERVICES, AND REGIONAL SME BUSINESSES.

HOWEVER, OVER THE PAST DECADE, THE INDUSTRY HAS BEEN SUBJECTED TO MULTIPLE LAYERS OF ECONOMIC, INSTITUTIONAL, AND OPERATIONAL DISRUPTIONS. THESE DISRUPTIONS HAVE CREATED CASCADING EFFECTS ACROSS THE CONSTRUCTION ECOSYSTEM, AFFECTING CONTRACTORS, ENTREPRENEURS, WORKERS, FINANCIAL INSTITUTIONS, AND NATIONAL INFRASTRUCTURE DELIVERY.

TODAY, THE SECTOR IS FACING WHAT MAY BE DESCRIBED AS A STRUCTURAL CRISIS ENVIRONMENT, WHERE THE COMBINED EFFECTS OF POLICY INSTABILITY, REGULATORY COMPLEXITY, LABOUR SHORTAGES, FINANCIAL DISTRESS, PRODUCTIVITY DEFICIENCIES, AND CONTRACTUAL CHALLENGES CONTINUE TO UNDERMINE RECOVERY EFFORTS.

A DECADE OF COMPOUNDING CRISES

The current distress within the construction industry has evolved through a series of successive shocks that have progressively weakened the sector.

AMONG THE MOST SIGNIFICANT EVENTS AFFECTING THE INDUSTRY WERE:

- Political instability and policy uncertainty since 2016
- Frequent changes in government leadership and senior public sector administration
- The Easter Sunday attacks in 2019
- The COVID-19 pandemic and related economic disruptions
- Foreign exchange shortages and import restrictions
- The macroeconomic crisis beginning in 2022

These shocks did not occur in isolation. Instead, they created layered and interconnected pressures, gradually eroding contractor balance sheets, disrupting project pipelines, and weakening investor confidence. Many contractors and entrepreneurs have therefore spent nearly a decade operating under conditions of persistent uncertainty, operational disruption, and financial stress.

REGULATORY & PROCUREMENT COMPLEXITY

An additional layer of operational pressure arises from the regulatory and procurement environment governing the construction sector.

Sri Lanka's procurement systems—including Standard Bidding Documents (SBD), procurement guidelines, contract conditions, regulatory rules, and compliance frameworks—are designed to promote transparency, accountability, and good governance.

However, contractors increasingly report that the combined regulatory requirements, procurement procedures, and compliance obligations introduce additional complexity and cost into construction projects.

COMMON CHALLENGES INCLUDE

• Extensive bidding documentation and compliance procedures
• High bid securities and performance bond requirements
• Multiple approval stages within procurement processes
• Administrative delays in certification of work and interim payments
• Contractual rigidities within SBD frameworks
• Regulatory compliance costs associated with taxation and statutory obligations

While strong governance systems are essential, the cumulative effect of procurement procedures, contractual conditions, and regulatory requirements can increase transaction costs, administrative delays, and operational bottlenecks.

Compared with regional construction markets, contractors indicate that these regulatory layers contribute to a higher cost structure for construction in Sri Lanka, affecting the competitiveness of the industry.

THE FOUR CRITICAL PRESSURES: MEN, MACHINERY, MONEY AND MATERIAL

The operational challenges currently faced by the construction sector can be understood through the traditional 4M framework of construction production: Men, Machinery, Money and Material.

Each of these production factors has been significantly affected by the prolonged crisis environment.

Men: Construction Labour Shortages

LABOUR AVAILABILITY HAS BECOME ONE OF THE MOST PRESSING CHALLENGES FACING THE INDUSTRY.

Over the past seven years, Sri Lanka has experienced increasing shortages of skilled, semi-skilled, and unskilled construction labour. This shortage intensified following the COVID-19 pandemic and the economic crisis as many workers migrated overseas in search of employment opportunities.

THE REDUCTION IN AVAILABLE LABOUR HAS CREATED SEVERAL OPERATIONAL CHALLENGES FOR CONTRACTORS, INCLUDING:

• Reduced workforce availability at project sites
• Rising labour wage costs
• Increased labour turnover and instability
• Disruptions to construction schedules
• Lower productivity and work continuity

Social and economic pressures experienced by workers during the crisis period have also affected workforce morale, attendance patterns, and working hours. These factors have contributed to lower productivity levels across construction sites, slowing project progress and increasing overall project costs.

Professional Migration and Technical Skills Drain

In addition to labour shortages, the construction sector has experienced a significant migration of professional and technical personnel, creating another layer of operational pressure.

PROFESSIONALS AFFECTED INCLUDE:

• Civil engineers
• Mechanical and electrical engineers
• Architects
• Quantity surveyors
• Technical officers and supervisors
• Draftsmen and technicians
• Surveyors and site managers
• Accounting, finance, and administrative professionals

Many of these professionals have migrated overseas following the economic crisis in search of better employment opportunities.

THIS MIGRATION HAS REDUCED THE AVAILABILITY OF EXPERIENCED PERSONNEL REQUIRED FOR:

- Project planning and design coordination
- Contract administration and claims management
- Cost control and quantity surveying
- Technical supervision and quality assurance
- Project management and financial administration

As a result, contractors increasingly face shortages of experienced professionals and must offer significantly higher salary packages to retain skilled personnel.

This situation increases operational costs and weakens project management capacity across the industry.

Machinery: Aging Equipment and Reduced Technological Capacity

Another major challenge facing the construction sector is the deterioration of machinery and equipment fleets.

Due to the slowdown in construction activity during the economic crisis, many contractors have been unable to reinvest in modern equipment and technology.

AS A RESULT:

- Machinery fleets have aged significantly
- Maintenance and spare-part costs have increased
- Equipment efficiency has declined
- Fuel consumption remains high due to outdated machinery

Compared with regional construction markets, Sri Lanka's equipment base is becoming less productive and less technologically efficient, which directly affects construction productivity and project costs.

Money: Liquidity Constraints and Contractor Debt Traps

Financial stress is perhaps the most serious structural challenge facing construction entrepreneurs and companies.

OVER THE PAST DECADE, CONTRACTORS HAVE ACCUMULATED FINANCIAL PRESSURE DUE TO:

- Project delays and slow progress
- Cost overruns caused by inflation and supply disruptions
- Contract valuation gaps between actual costs and recoverable contract payments
- Certification delays and payment uncertainties
- High borrowing costs and limited access to affordable credit

To sustain project operations, many contractors have relied on bank overdrafts and short-term borrowing.

As these financial obligations accumulated, contractors entered a debt trap, where rising financing costs and delayed payments gradually eroded working capital.

Today, a large portion of the contractor community—particularly SMEs and entrepreneurial firms—operate under severe liquidity constraints.

Severe Productivity Decline and Industry Contraction

One of the most serious consequences of the prolonged crisis affecting the construction sector has been the sharp decline in industry productivity and operational efficiency.

Over several consecutive years, the contraction of construction activity, combined with labour shortages, professional migration, financial constraints, aging machinery, and project implementation delays, has significantly weakened the productive capacity of the industry.

Many contractors have been operating below optimal capacity, while equipment utilization rates, labour productivity, and project output have declined compared with pre-crisis levels.

The cumulative effect of these factors has been a systemic erosion of productivity across the construction ecosystem, reducing the sector's ability to deliver infrastructure efficiently and competitively.

Reversing this productivity decline and rebuilding industry capacity will therefore be essential for restoring contractor confidence, improving project delivery performance, and supporting Sri Lanka's broader economic recovery.

OPERATIONAL COST ESCALATION, OVERHEAD BURDENS AND CASH-FLOW DISTORTIONS

Another critical dimension of the current construction industry crisis relates to the escalation of operational costs and overhead expenditures faced by contractors during prolonged project execution periods.

Construction companies must maintain a range of operational structures in order to deliver projects effectively. These include both site-based operational costs and head-office administrative overheads, which continue to accumulate throughout the duration of projects.

KEY OPERATIONAL COST COMPONENTS INCLUDE:

- Site establishment and temporary facilities
- Project supervision and technical staff salaries
- Utilities, communication systems, and security services
- Equipment mobilization and standby costs
- Transport and logistics support
- Insurance, statutory compliance, and safety requirements
- Head-office management, accounting, and contract administration functions

During the recent crisis period, many of these operational expenditures increased significantly due to inflation, wage pressures, energy costs, logistics disruptions, and financing costs.

However, contractors often experienced situations where these actual operational costs were not fully recovered through contractual payment mechanisms, particularly in projects affected by delays, certification issues, or valuation gaps.

As a result, many companies experienced a widening cash-flow imbalance between project expenditures and recoverable revenues.

THIS IMBALANCE PRODUCED SEVERAL COMPOUNDING FINANCIAL PRESSURES:

Working Capital Erosion

Contractors were required to continue funding project operations while awaiting payment certifications and financial adjustments.

Liquidity Distortions

Cash inflows from project payments often lagged behind operational expenditures, creating liquidity shortages that forced companies to rely on short-term financing.

Debt Accumulation

To sustain project execution and maintain business operations, contractors increasingly relied on overdrafts, bank loans, and private financing.

Interest Cost Escalation

As borrowing increased, the interest burden associated with financing project operations also increased, further weakening contractor balance sheets.

Over time, these financial pressures created a structural liquidity distortion within the

construction sector, where companies continued delivering projects while accumulating debt obligations and financial liabilities.

This environment significantly increases the risk of contractor insolvency, particularly among small and medium-sized enterprises (SMEs) that operate with limited financial buffers.

Unless these cash-flow distortions and operational cost recovery gaps are addressed, many contractors may remain trapped in a cycle of rising operational costs, liquidity shortages, and increasing debt exposure, ultimately undermining the financial stability of the construction industry.

IMPACT ON ENTREPRENEURS AND SME CONSTRUCTION BUSINESSES

Small and medium-sized enterprises (SMEs) form the backbone of Sri Lanka's construction ecosystem.

These businesses include subcontractors, equipment suppliers, material distributors, and specialized service providers operating within regional markets.

However, SMEs are particularly vulnerable to prolonged economic disruptions because they operate with limited financial reserves.

OVER THE PAST DECADE, CONSTRUCTION ENTREPRENEURS HAVE EXPERIENCED:

- Declining project pipelines
- Rising operational and compliance costs
- Cash-flow uncertainty
- Debt accumulation
- Reduced access to financing

Many firms have been pushed into financial distress or bankruptcy, while others continue operating under severe financial pressure.

Barriers to Recovery and Contractor Debt Cycle

When the pressures affecting labour shortages, machinery deterioration, financial constraints, material cost escalation, regulatory complexity, and contractual rigidities combine, they create structural barriers and bottlenecks within the construction sector.

THESE FACTORS COLLECTIVELY:

- Undermine contractor financial stability
- Deviate project timelines and cost structures
- Create administrative bottlenecks in project implementation
- Increase project delays and cost over runs
- Push contractors deeper into financial distress

This creates a self-reinforcing cycle, where contractors continue financing projects under increasingly difficult economic conditions while struggling to recover costs.

Economic and Social Implications

The distress within the construction sector extends far beyond the industry itself.

Construction has historically been one of Sri Lanka's largest generators of employment across multiple skill levels.

When construction activity slows, the consequences ripple across the wider economy.

THESE EFFECTS INCLUDE:

- Reduced employment opportunities
- Lower household income levels
- Reduced demand for local materials and services
- Slower infrastructure development

Given the strong multiplier effect of construction activity, prolonged industry distress can contribute to higher poverty risks and slower economic recovery.

Regulatory Reform and Ease of Doing Business

Sri Lanka's ongoing economic reform program supported by the International Monetary Fund (IMF) places significant emphasis on improving governance, strengthening institutional efficiency, and enhancing the overall business environment in order to support economic recovery and private sector growth.

Within this broader reform context, regulatory frameworks affecting key productive sectors may also benefit from periodic review to ensure that they remain responsive to evolving economic conditions. In the case of the construction industry—particularly after several consecutive years of crisis conditions—industry stakeholders increasingly highlight the importance of examining regulatory and procedural requirements that influence project implementation and contractor operating environments.

Procurement procedures, Standard Bidding Document (SBD) provisions, compliance obligations, and contract administration processes form an important part of the regulatory architecture governing construction activity. While these mechanisms play a critical role in safeguarding transparency and accountability in public infrastructure procurement, the cumulative administrative and compliance burden associated with these frameworks may warrant review in the context of industry recovery and ease-of-doing-business improvements.

As Sri Lanka continues to pursue economic stabilization and structural reform, aligning procurement efficiency, contract administration practices, and regulatory procedures with broader ease-of-doing-business objectives could help reduce operational bottlenecks, improve project implementation efficiency, and support the recovery of the crisis-affected construction sector.

Such dialogue would be consistent with wider efforts to strengthen the investment climate while maintaining strong governance standards in public sector procurement.

A Balanced Path Forward for the Construction Ecosystem

It is important to recognize that Sri Lanka's procurement systems, regulatory frameworks, and contractual standards were developed with the objective of ensuring transparency, accountability, and protection of public resources. These governance mechanisms remain essential for maintaining public trust in infrastructure development and financial management.

At the same time, the prolonged economic crisis created operating conditions that were far beyond what most construction contracts,

procurement frameworks, and financial structures were originally designed to accommodate. Inflation, supply disruptions, labour migration, and financial market instability significantly altered the economic environment within which construction projects were being executed.

Under such circumstances, the challenges currently faced by contractors, consultants, project owners, and financial institutions should not be interpreted as the result of shortcomings by any single stakeholder group. Rather, they reflect the interaction between extraordinary economic disruptions and institutional systems that were originally structured for more stable market conditions.

Moving forward, strengthening the resilience of Sri Lanka's construction sector will require collaborative engagement among all stakeholders. Government institutions, procurement authorities, consultants, contractors, financial institutions, and professional bodies each play an important role in ensuring that infrastructure projects are delivered efficiently while maintaining strong governance standards.

A balanced approach that combines robust accountability mechanisms with adaptive contract administration and practical industry support will help restore confidence within the construction ecosystem and enable the sector to contribute effectively to Sri Lanka's long-term economic recovery.

A Sector Critical to National Recovery

Sri Lanka's long-term economic development strategy depends heavily on infrastructure development and construction investment.

However, sustaining this momentum requires a financially stable and operationally efficient construction industry.

Unless the structural challenges affecting labour availability, financial sustainability, regulatory complexity, and productivity are addressed, the industry may struggle to regain its capacity to support national development programs.

Stabilizing the construction industry will therefore require coordinated engagement between government institutions, industry stakeholders, financial institutions, and policy research organizations.

Ensuring the survival and recovery of contractors—particularly SMEs and entrepreneurial businesses—will be a critical step toward rebuilding the construction ecosystem and supporting Sri Lanka's broader economic recovery.

FIGURE 1
ILLUSTRATIVE CONTRACTOR CASH FLOW STRENGTH INDEX
(CONCEPTUAL MODEL)

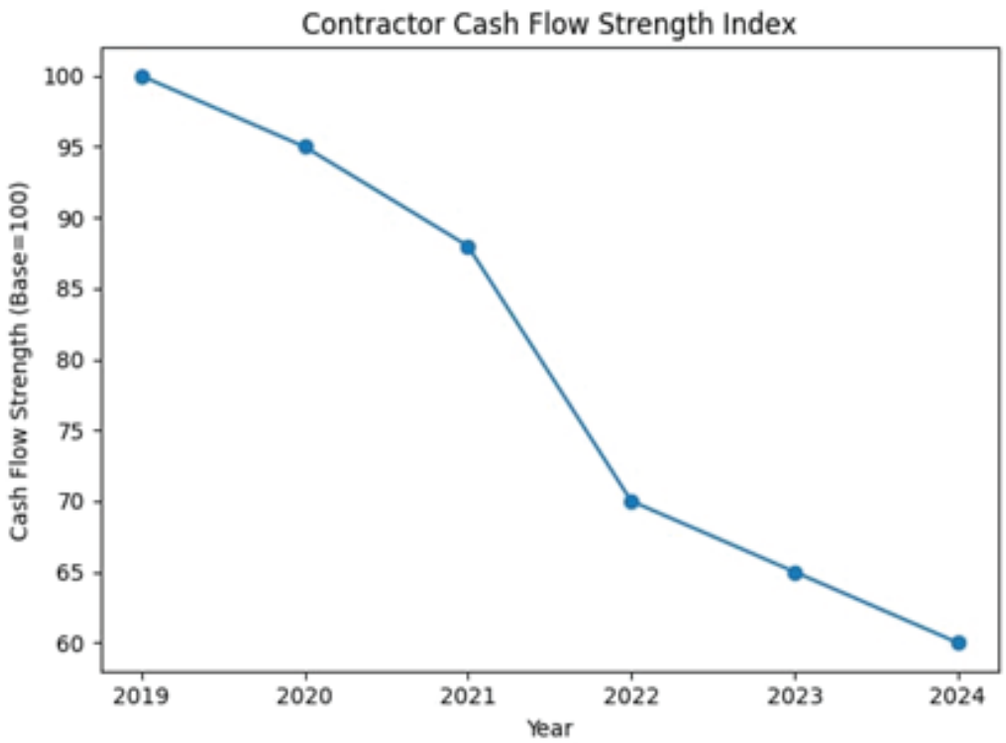


FIGURE 2
ECONOMIC LINKAGES OF THE CONSTRUCTION SECTOR
(ILLUSTRATIVE SECTORAL IMPACT MODEL)

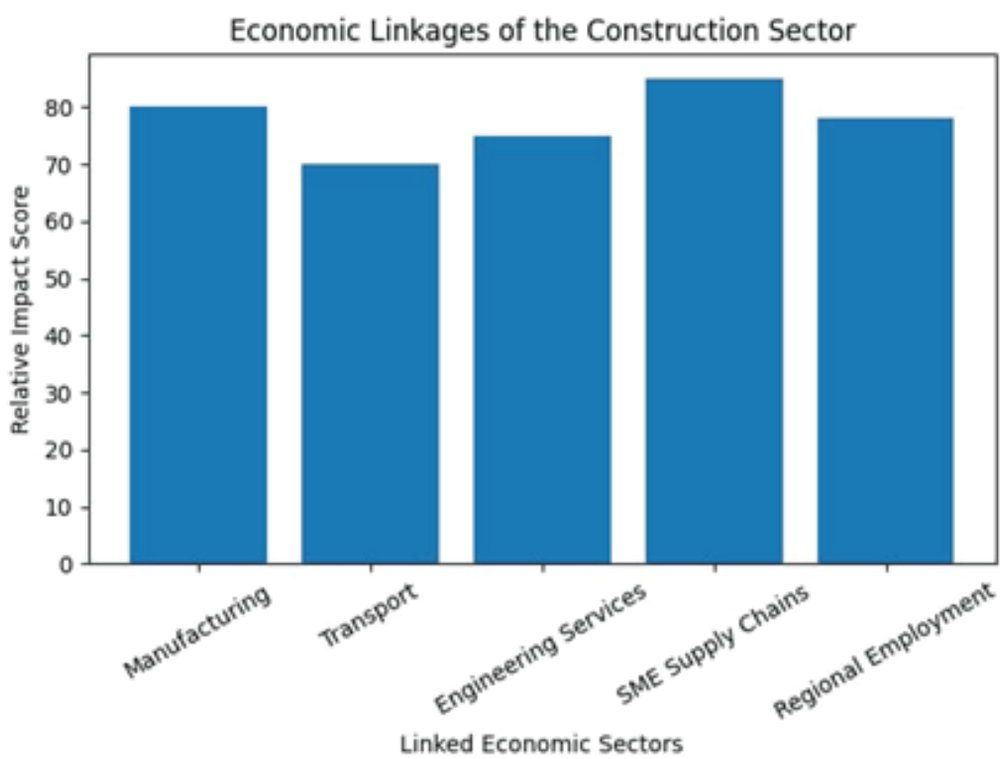


FIGURE 3
CONSTRUCTION COST ESCALATION VS CONTRACT PRICE RECOVERY
(CONCEPTUAL GAP ANALYSIS)

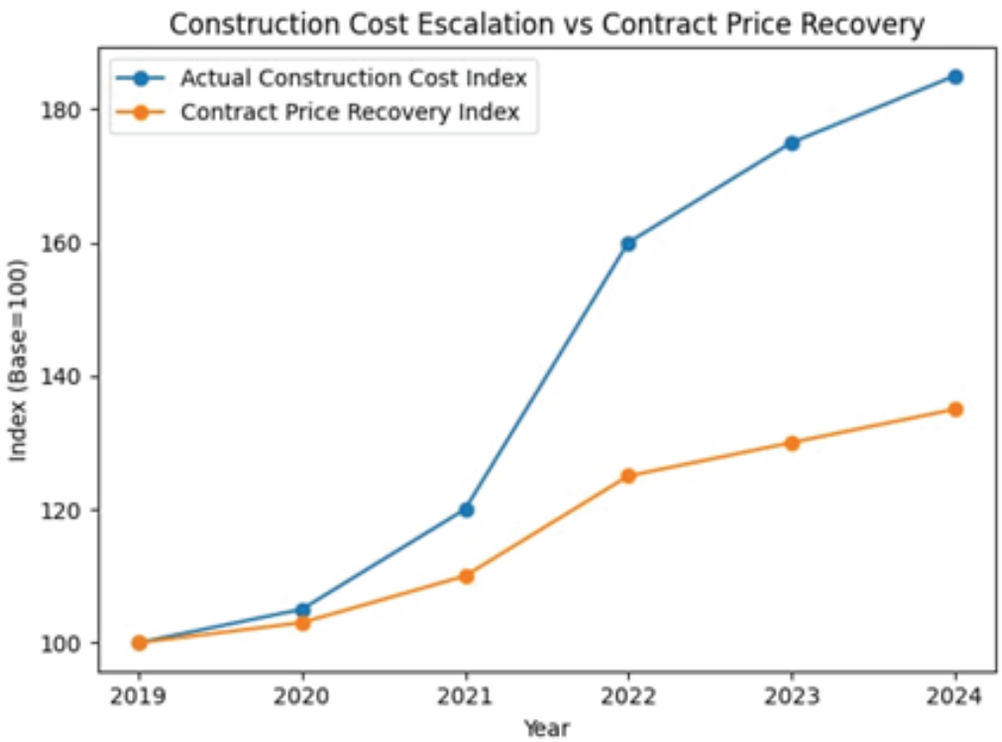


FIGURE 4
ILLUSTRATIVE NATIONAL CONTRACTOR SURVIVAL RISK INDEX COMPONENTS

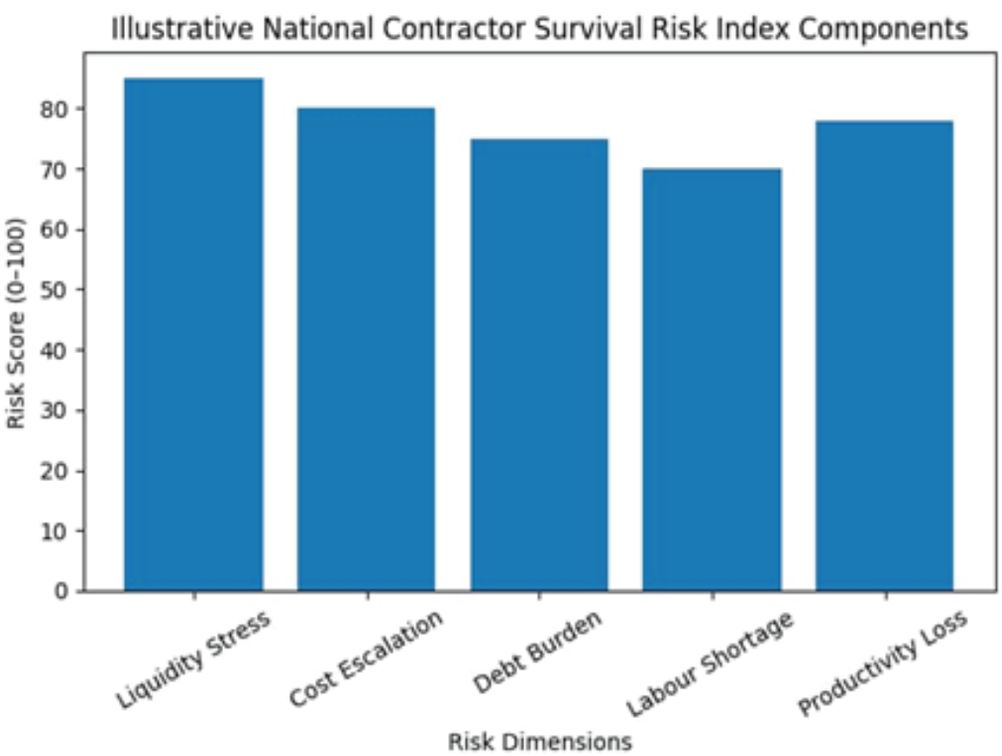


FIGURE 5
PROJECT COST RECOVERY VS CONTRACTUAL ADJUSTMENT GAP
(CONCEPTUAL REPRESENTATION)

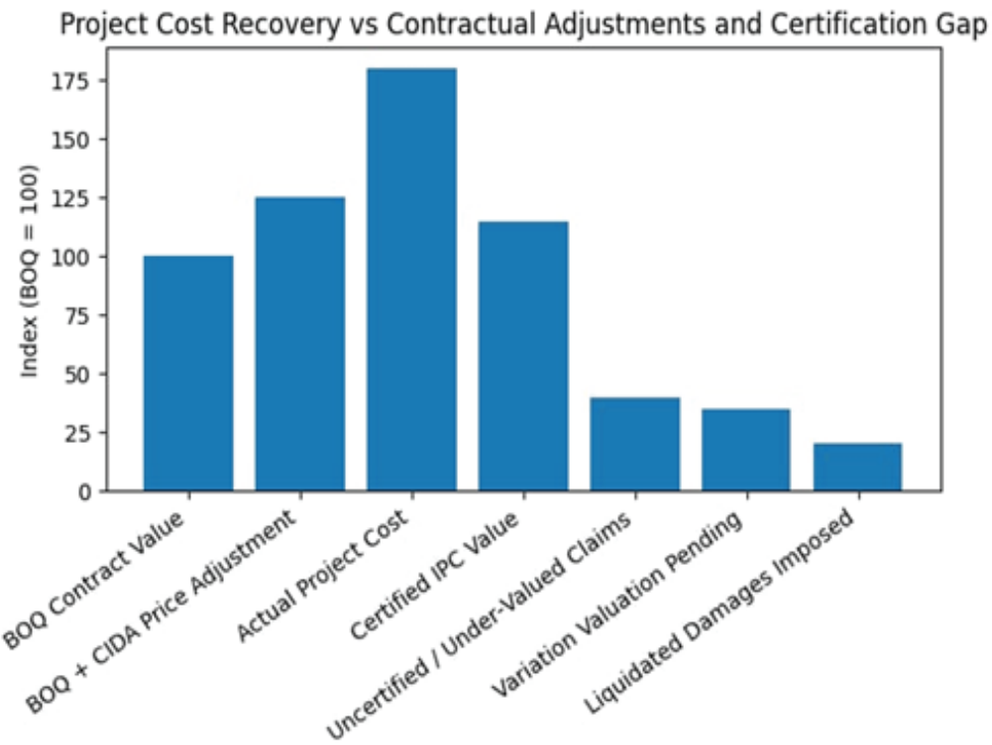


FIGURE 6
CONCEPTUAL TREND OF CONSTRUCTION LABOUR AVAILABILITY IN SRI LANKA (2020 - 2024)

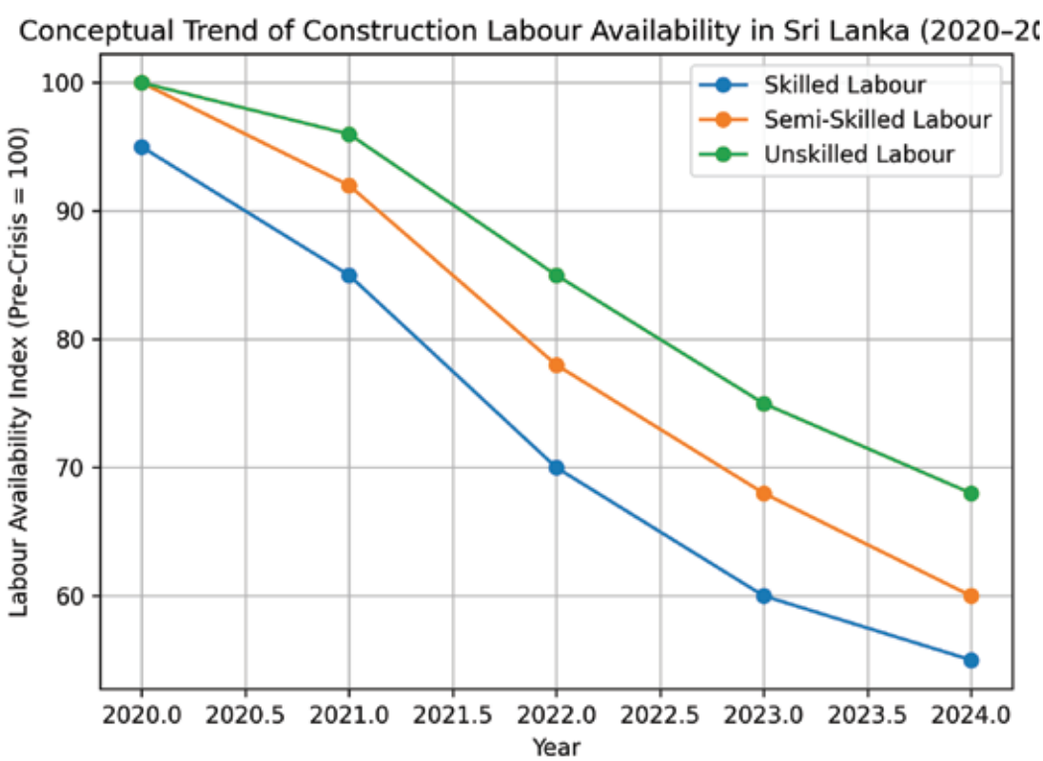
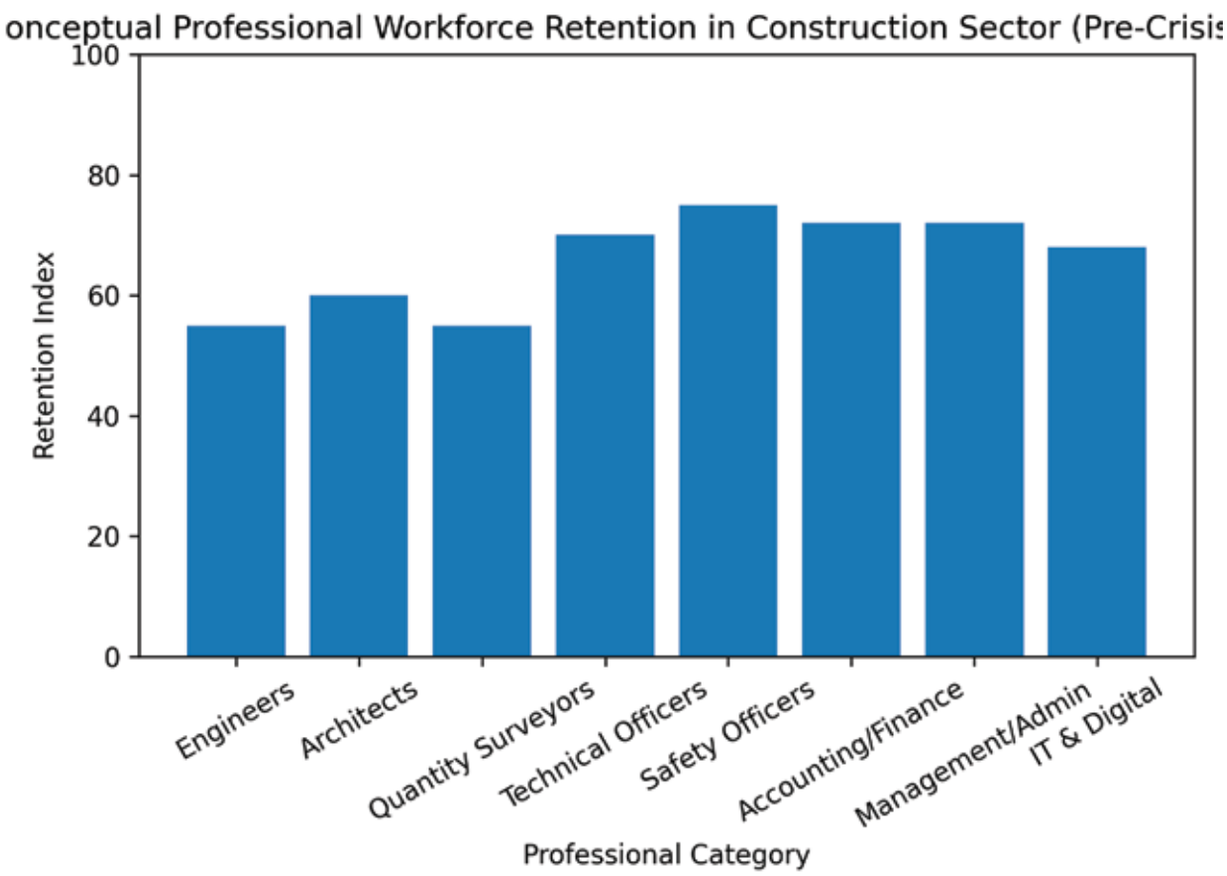


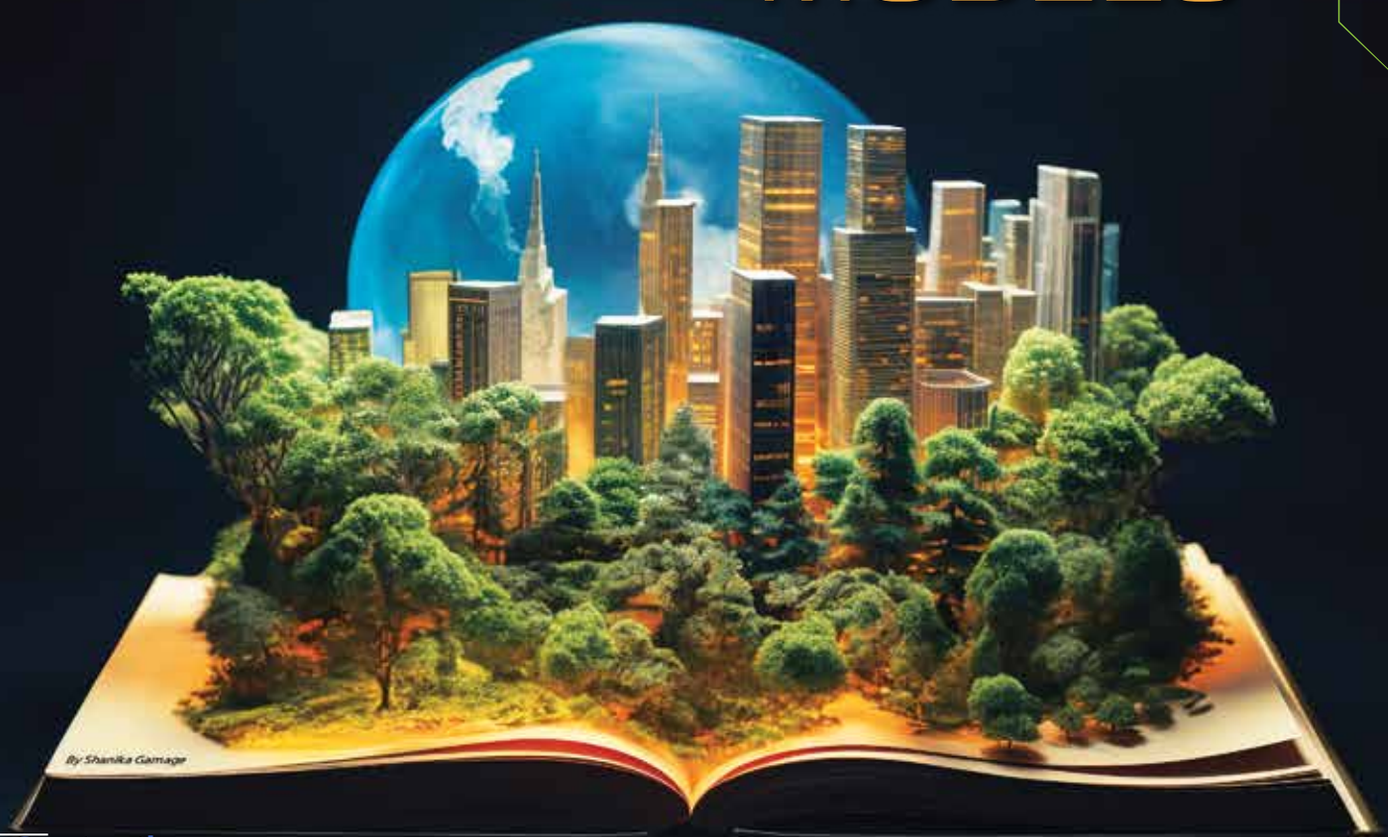
FIGURE 7
CONCEPTUAL PROFESSIONAL WORKFORCE RETENTION IN CONSTRUCTION SECTOR
(PRE - CRISIS)



FIGURES ARE CONCEPTUAL ANALYTICAL ILLUSTRATIONS GENERATED FOR EXPLANATORY PURPOSES AND SHOULD NOT BE INTERPRETED AS OFFICIAL STATISTICAL MEASUREMENTS.

LEARNING FROM THE WORLD

WHAT SRI LANKA CAN GAIN FROM GLOBAL SUSTAINABLE CONSTRUCTION MODELS



In the face of climate change, energy insecurity, rapid urbanization, and increasing social inequality, sustainable construction is no longer a choice but an urgent global necessity. Across the world, countries are rethinking how they design, build, and maintain their buildings and cities. For Sri Lanka—a nation both rich in heritage and vulnerable to climate risk—this global shift offers lessons, inspiration, and ready-made solutions.

While we've made some local progress through policy development and pilot projects, we still face a critical question: How do we build sustainably, affordably, and inclusively in our own context? The answer may lie in learning from how others have already done it—not to copy blindly, but to adapt smartly.

This article explores leading global models in sustainable construction and identifies what Sri Lanka can adopt, localize, and scale.

1. SINGAPORE: URBAN SUSTAINABILITY IN A TROPICAL CLIMATE

Singapore, with its limited land and high-density population, has transformed into a global leader in green building. Its Building and Construction Authority (BCA) created the Green Mark Scheme, which has become a model of sustainability in the tropics.

KEY FEATURES TO LEARN FROM:

- Mandatory green building certification for all new buildings.
- Integrated planning: Urban planning, transport, water, and greenery are developed in tandem.
- Incentives: Tax breaks, funding for green retrofitting, and training grants for green professionals.
- Public sector leadership: Government buildings lead the way in adopting sustainable standards.

Sri Lanka's takeaway: We have a similar tropical climate and urban challenges. With stronger regulation, clearer incentives, and public-sector example-setting, we too can shift the market toward greener choices.

2. GERMANY: ENERGY-EFFICIENT BUILDING WITH PASSIVE DESIGN

Germany's Passivhaus (Passive House) concept focuses on ultra-energy-efficient buildings that require little to no heating or cooling. By prioritizing insulation, airtightness, and natural lighting, these buildings reduce energy use by up to 90%.

Key Features to Learn From:

- Rigorous energy performance standards.
- A thriving ecosystem of trained builders, certifiers, and suppliers.
- High performance without high technology design does most of the work.

Sri Lanka's takeaway: While we don't need heating systems, energy efficiency in cooling and lighting is essential. Passive design principles—orientation, ventilation, shading—are low-cost solutions rooted in traditional Sri Lankan architecture. We can blend the old with the new.

3. RWANDA: GREEN CONSTRUCTION IN AN EMERGING ECONOMY

Rwanda has positioned itself as a green leader in Africa. With support from international agencies, it launched the Green Building Minimum Compliance System and constructed Africa's first green-certified building, the Kigali Green City.

KEY FEATURES TO LEARN FROM:

- Clear national green building standards.
- Green building materials database to support local sourcing.
- Integration of affordability with sustainability targeting low-income housing.

Sri Lanka's takeaway: Rwanda shows that even a low-income country can lead in sustainability. By developing national green guidelines, promoting local materials, and linking green goals to poverty reduction, Sri Lanka can make sustainability inclusive.

4. UNITED ARAB EMIRATES (UAE): SUSTAINABLE SOLUTIONS IN HARSH ENVIRONMENTS

The UAE—particularly Dubai and Abu Dhabi—has shifted focus from glamour to green. The Estidama Pearl Rating System and Masdar City (a planned eco-city) represent efforts to adapt sustainability to extreme desert climates.

KEY FEATURES TO LEARN FROM:

- Use of solar energy and thermal mass for tem perature control.
- Focus on water efficiency in water-scarce environments.
- Emphasis on integrated community planning—green spaces, walkability, and energy sharing.

Sri Lanka's takeaway: While our climate differs, the UAE's use of renewable energy, smart urban planning, and net-zero goals offers a vision for how developing nations can aim high with the right vision and partnerships.

5. COSTA RICA: POLICY-LED SUSTAINABILITY WITH PEOPLE AT THE CENTER

Costa Rica, famous for its green image, has implemented nationwide programs linking sustainable buildings, renewable energy, and community wellbeing. It prioritizes biodiversity, public participation, and education as part of its development model.

KEY FEATURES TO LEARN FROM:

- National policies that link infrastructure to conservation goals.
- Emphasis on eco-tourism infrastructure—green hotels, trails, visitor centers.
- Education campaigns to build a culture of environmental stewardship.

Sri Lanka's takeaway: As a tourism-driven economy with immense natural beauty, we can align construction practices with eco-tourism, conservation, and community-based development. This adds long-term economic value while protecting our environment.

WHAT SRI LANKA MUST DO TO LOCALIZE THESE LESSONS

Bringing global models home isn't about replication—it's about smart adaptation. Here's how we can act on these global insights:

* *DEVELOP CONTEXTUAL GREEN BUILDING CODES*

- Learn from Green Mark (Singapore) and Estidama (UAE) to build a Sri Lanka Green Code that considers our climate, culture, and cost realities.
- Include minimum energy and water efficiency standards, material guidelines, and waste management protocols.

* *TRAIN AND CERTIFY A LOCAL GREEN WORKFORCE*

- Like Germany and Rwanda, invest in training programs for architects, engineers, and site supervisors.
- Introduce national green construction certifications with real industry value.

* *PROMOTE LOCAL MATERIALS AND INNOVATION*

- Create a Green Materials Registry of local, low-carbon, affordable options (e.g., Clay bricks, coconut wood, bamboo).
- Encourage R&D partnerships between universities, industry, and government.

* *INCENTIVIZE THE PRIVATE SECTOR*

- Offer tax incentives, reduced permit fees, or green procurement preferences for sustainable buildings.
- Showcase case studies and conduct awards to shift public perception and business interest.

* *ALIGN CONSTRUCTION WITH BROADER DEVELOPMENT GOALS*

- Like Costa Rica, position green buildings as part of Sri Lanka's tourism, health, and education strategies.
- Encourage community-owned infrastructure with sustainable design—especially in rural and disaster-prone areas.

THE ROLE OF GLOBAL COLLABORATION

Sri Lanka doesn't need to go it alone. By engaging in South-South cooperation, regional green building alliances, and global sustainability forums, we can:

• Access technical assistance and climate finance.
• Participate in pilot projects or knowledge exchanges.
• Align with global efforts like the UN Sustainable Development Goals (SDGs) and Paris Climate Accord.

International collaboration can also help de-risk investment in green projects and attract ethical foreign investors looking for long-term returns.

The construction choices we make today will define Sri Lanka's environmental health, economic stability, and global relevance in the decades to come. As global models show, sustainability is achievable—even in resource-constrained settings—when guided by clear policy, strong incentives, and deep collaboration.

We don't need to reinvent the wheel. But we do need to study how the wheel was made, adapt it to our terrain, and drive forward with purpose.

Sri Lanka stands to gain immensely from global best practices in sustainable construction. The blueprint for a greener, smarter, more resilient future is already out there. Now it's our turn to build.

Learning from the World: What Sri Lanka Can Gain from Global Sustainable Construction Models

By Shanika Gamage

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SUSTAINABLE BY DESIGN:

INTEGRATING ECO-FRIENDLY ARCHITECTURE INTO SRI LANKA'S URBAN GROWTH

By Shanika Gamage

As Sri Lanka's urban centers continue to expand, the challenge before us is not just to build more—but to build smarter. With growing concerns over climate change, resource scarcity, and urban livability, there is a pressing need to transition toward eco-friendly architecture that supports both sustainability and urban resilience.

The solution lies not in high-tech fixes alone, but in intentional, sustainable design—a concept that blends architectural innovation with environmental stewardship. As cities like Colombo, Kandy, and Galle experience intensified urbanization, integrating sustainability into the heart of design and planning is no longer optional. It is essential for a thriving, future-proof Sri Lanka.

WHY SUSTAINABLE ARCHITECTURE IS CRUCIAL FOR URBAN SRI LANKA

Sri Lanka is undergoing rapid urbanization. According to the World Bank, by 2030, over 60% of Sri Lankans are expected to live in urban areas. This urban sprawl places enormous pressure on land, water, energy, and waste systems. Without careful planning, our cities risk becoming heat islands, pollution hotspots, and energy guzzlers.

Sustainable architecture offers an alternative. It reduces a building's carbon footprint, conserves resources, enhances occupant well-being, and creates spaces that work in harmony with nature, not against it.

Globally, sustainable architecture is already a cornerstone of smart cities and green economies. Sri Lanka must now catch the wave before the cost of inaction becomes unbearable.

PRINCIPLES OF ECO-FRIENDLY DESIGN: MORE THAN SOLAR PANELS

Too often, sustainable design is reduced to a list of features: solar panels, rainwater harvesting, LED lights. While these are important, truly eco-friendly architecture begins with the design process itself.

1. PASSIVE DESIGN STRATEGIES

- **Orientation** of buildings to optimize natural light and ventilation.
- **Thermal insulation** using walls, roofs, and materials that reduce heat gain.
- **Shading elements** like overhangs, pergolas, or native trees to cool structures naturally. These strategies reduce dependency on artificial cooling and lighting, cutting energy use by up to 40%.

2. LOCAL AND LOW-IMPACT MATERIALS

SUSTAINABLE ARCHITECTURE FAVORS:

- **Locally sourced materials** like clay, stone, and bamboo, which reduce transportation emissions.
- **Recycled or upcycled materials** that reduce construction waste.
- **Natural finishes** that are healthier for both the environment and human occupants.

Sri Lanka has a rich architectural heritage that uses such materials—think of ancient temples and colonial bungalows built to last with passive cooling and local stone. We must reclaim and modernize these traditions.

3. EFFICIENT WATER AND ENERGY USE

ECO-FRIENDLY BUILDINGS INTEGRATE:

- **Rainwater harvesting and greywater recycling**
- **Low-flow fixtures**
- **Photovoltaic panels and solar thermal systems**
- **Smart meters and sensors** for efficient utility usage

With Sri Lanka increasingly vulnerable to both droughts and floods, these features are no longer luxuries—they are vital for urban resilience.

4. GREEN SPACES AND BIODIVERSITY

GREEN ROOFS, VERTICAL GARDENS, AND NATIVE LANDSCAPING:

- Improve **air quality**
- Support **urban biodiversity**
- Reduce **ambient temperatures**
- Provide **mental and physical health benefits**

Especially in dense urban zones like Colombo, preserving and creating green zones can dramatically improve urban livability.

URBAN POLICY MEETS DESIGN THINKING

While individual buildings matter, the full impact of eco-friendly design emerges when it is integrated into city planning and policy. Sri Lanka's Urban Development Authority (UDA) and local municipalities must:

- **Update zoning regulations** to encourage mixed-use, walkable communities
- **Enforce green building codes** that mandate passive design and resource efficiency
- **Create incentives** (like expedited approvals or tax breaks) for developers who adopt sustainable architecture
- **Invest in public green infrastructure** such as tree-lined streets, parks, and wetlands

In other words, sustainability must be embedded at every level of urban growth—from a single home to entire neighborhoods.

CASE STUDIES AND EMERGING MODELS IN SRI LANKA

While still limited in number, several pioneering projects in Sri Lanka demonstrate the **feasibility and value** of sustainable architecture:

- **Jetwing Vil Uyana (Sigiriya):** Combines eco-lodging with wetland conservation and traditional design elements using mud, bamboo, and thatch.
- **House in a Small Garden (Colombo):** A private residence integrating passive cooling, green roofs, and natural lighting within an urban plot.
- **Access Towers II (Colombo):** A commercial high-rise implementing energy-efficient systems and aiming for LEED certification.

These projects show that sustainable design is viable across sectors—hospitality, residential, and commercial—and can be both aesthetic and efficient.

GREEN DESIGN AS A MARKET DIFFERENTIATOR

In a competitive property market, eco-friendly architecture offers a clear value proposition:

- **Higher rental and resale value**
- **Lower utility costs** for occupants
- **Improved brand image** for developers
- **Access to green financing** from banks and international agencies

As consumer awareness grows, buyers and tenants are beginning to prioritize wellness, sustainability, and energy savings—creating a market shift that rewards green design.

EDUCATING A NEW GENERATION OF ARCHITECTS AND BUILDERS

A transition to eco-friendly architecture requires more than policy—it demands a cultural and educational transformation within the construction sector.

- **Architecture schools** must teach climate-r sponsive design as core curriculum.
- **Technical colleges** should train masons and builders in sustainable materials and techniques.
- **Industry bodies** can host design competitions, awards, and seminars to spread awareness.

Bridging the gap between traditional knowledge and modern green technology will be key to developing local expertise tailored to Sri Lanka's unique geography and climate.

OBSTACLES AND THE WAY FORWARD

Despite the growing momentum, several challenges persist:

- **Higher initial** costs of sustainable materials or certifications
- **Resistance to change** from traditional developers and clients
- **Lack of regulatory enforcement**
- **Limited awareness** among the general public

Yet, with the right incentives, strong leadership, and public-private collaboration, Sri Lanka can move past these hurdles. Pilot projects, demonstration buildings, and media campaigns can help normalize sustainable design.

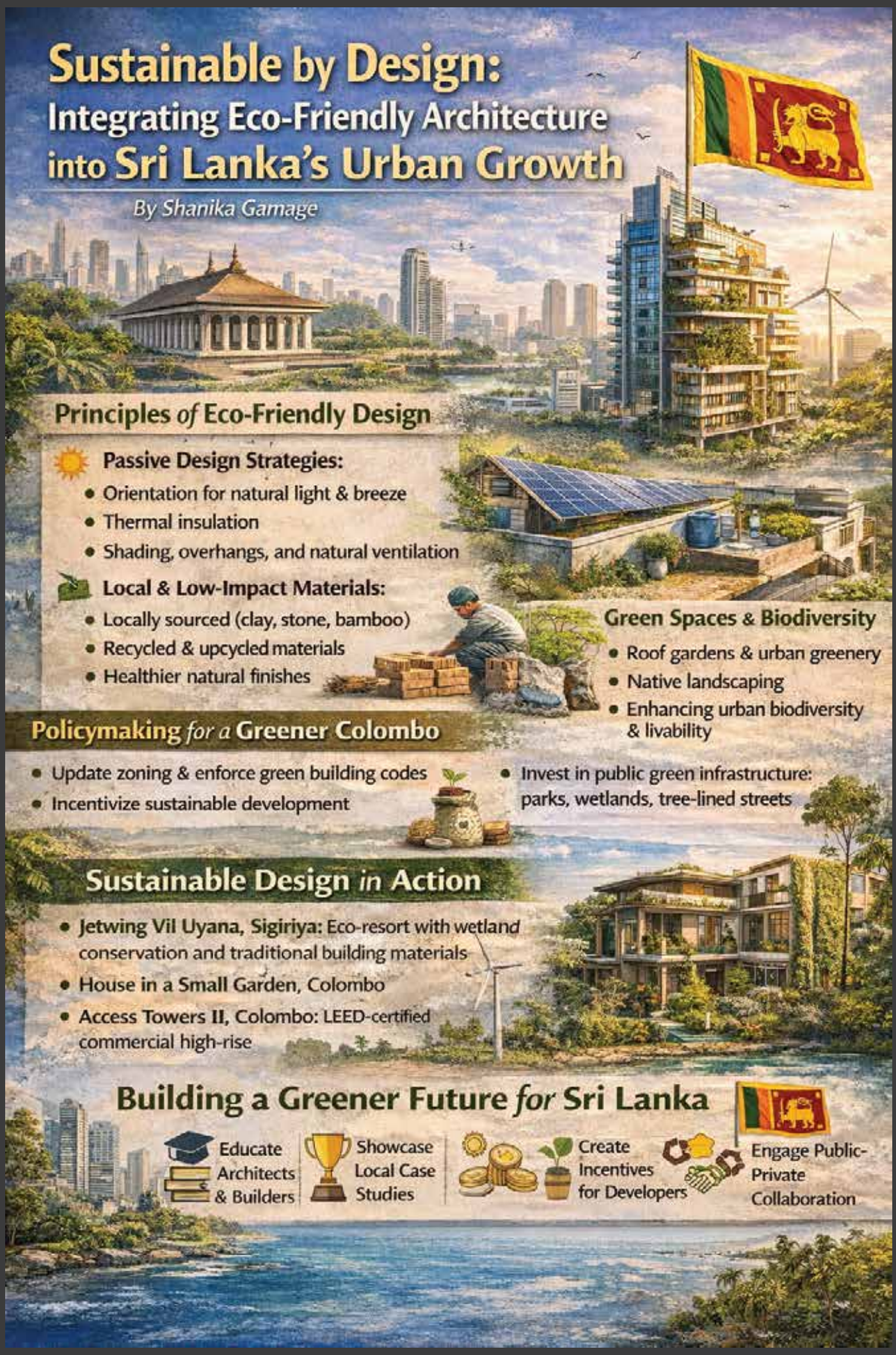
Sustainable architecture is not just about reducing emissions or saving energy. It's about designing cities that nourish life—human and ecological. As Sri Lanka urbanizes, we have the opportunity to build not just taller or faster, but smarter and greener.

The integration of eco-friendly design into urban development is a long-term investment in our health, our economy, and our environment. If we act now—with vision and intent—we can create urban landscapes that honor tradition, embrace innovation, and serve generations to come.

Let us ensure that every new building adds not just to the skyline, but to the sustainability and soul of our nation.

Sustainable by Design:
Integrating Eco-Friendly Architecture into Sri Lanka's Urban Growth

By Shanika Gamage



Principles *of* Eco-Friendly Design

Passive Design Strategies:
- Orientation for natural light & breeze
- Thermal insulation
- Shading, overhangs, and natural ventilation

Local & Low-Impact Materials:
- Locally sourced (clay, stone, bamboo)
- Recycled & upcycled materials
- Healthier natural finishes

Green Spaces & Biodiversity
- Roof gardens & urban greenery
- Native landscaping
- Enhancing urban biodiversity & livability

Policymaking *for a* Greener Colombo
- Update zoning & enforce green building codes
- Incentivize sustainable development
- Invest in public green infrastructure: parks, wetlands, tree-lined streets

Sustainable Design *in* Action
- **Jetwing Vil Uyana, Sigiriya:** Eco-resort with wetland conservation and traditional building materials
- **House in a Small Garden, Colombo**
- **Access Towers II, Colombo:** LEED-certified commercial high-rise

Building a Greener Future *for* Sri Lanka
- Educate Architects & Builders
- Showcase Local Case Studies
- Create Incentives for Developers
- Engage Public-Private Collaboration

PROCUREMENT MUST BE FAST-TRACKED — & DONE RIGHT — TO REBUILD SRI LANKA

Dr. Rohan Karunaratne

BY THE PRESIDENT, CEYLON INSTITUTE OF BUILDERS

Cyclone Ditwah has left a scar on our built environment and our economy. Rapid, large-scale reconstruction is not only a moral imperative for affected communities — it is an economic one. The construction sector is a major engine of growth: when projects move, workers earn, suppliers sell, and GDP follows. If procurement is not fast-tracked and professionally managed, Sri Lanka risks losing that economic momentum, wasting scarce funds, and eroding public trust.

Initial damage and the scale of reconstruction needs are already substantial. Early government and multilateral assessments place physical losses in the billions and identify tens of thousands of damaged homes and critical infrastructure that require urgent attention. Rapid reconstruction therefore requires emergency procurement at scale — but emergency does not mean ad hoc. Fast procurement that is poorly designed will magnify losses rather than recover them.

WHY SPEED MATTERS — AND WHY SPEED ALONE IS NOT ENOUGH

When procurement is executed quickly and transparently, expenditure flows back into the economy: contractors mobilise, local suppliers are engaged, labour income rises and multiplier effects follow — returning money into local markets and supporting GDP. Conversely, if procurement stalls or becomes riddled with delays, cost overruns, and misprocurement, the expected GDP uplift is blunted; funds are trapped in disputes, projects stall, and confidence — including that of foreign donors and investors — deteriorates. The sooner practical rebuilding contracts are awarded and payments flow, the sooner the national economy begins to recover.

WHAT CAN GO WRONG IF POST-DITWAH PROCUREMENT GOES BADLY

From our sector's experience (and the international literature on emergency procurement), the following failure modes are both likely and damaging if not actively prevented:

• Corruption and favoritism. Reduced competition and rushed processes increase the risk of corrupt awards and poor value for money. That erodes donor confidence and can trigger freezes or withdrawals of funds.

• Delays and contractor capacity mismatch. Awarding contracts without proper prequalification can lead to contractors who cannot mobilise, causing project stoppages and cascading delays across the reconstruction programme.

• Cost escalation and poor contract management. Inadequate scope definitions, change control and weak payment mechanisms drive overruns and disputes. Money that should have rebuilt communities is eaten by administrative costs and rework.

• Substandard work and safety risks. Rapid rebuild without firm quality assurance results in structures that fail to meet resilience standards — increasing future disaster risk and future fiscal burden.

• Social conflict and exclusion. If procurement favours large firms without mechanisms to include local small and medium contractors, displaced families and local economies may not benefit equitably, creating social tensions.

These outcomes are avoidable — but only if procurement reform and strong governance accompany speed.

WHAT MUST BE DONE — A PRACTICAL, ACTIONABLE CHECKLIST

As president of the Ceylon Institute of Builders I urge government, donors and industry to adopt the following, immediately:

1. Adopt an emergency procurement framework with clear rules. Use a published, time-bound emergency procurement regulation that preserves competition, defines thresholds for direct awards, and clarifies documentation requirements. Emergency frameworks exist in global best practice and can be adapted quickly to local law.

2. Prequalify and tier contractors now. Create fast, transparent prequalification panels (by capacity, specialty and geography). Prioritise firms with proven mobilization capacity for immediate works while setting aside packages for local SMEs under supervised subcontracts.

3. Standardise contracts and use unit-rate packages. Standard contracts with clear deliverables, payment milestones and robust performance bonds reduce ambiguity and accelerate administration. Unit-rate contracts for housing and standard infrastructure speed estimates and payments.

4. Ensure prompt, predictable payments The single biggest impediment to contractors' mobilization is late payment. Establish a clear rebuilding fund with transparent disbursement rules and independent oversight to ensure money flows to the works.

5. Deploy e-procurement and open data. Publish tender documents, awards and contract amendments on a central portal in real time. E-procurement reduces discretionary decision points and enables auditability.

6. Build quality assurance and resilience standards into every package. "Build back better" must be non-negotiable: specifications for slope stability, drainage, climate resilience and safety must be part of procurement deliverables and independent inspection regimes.

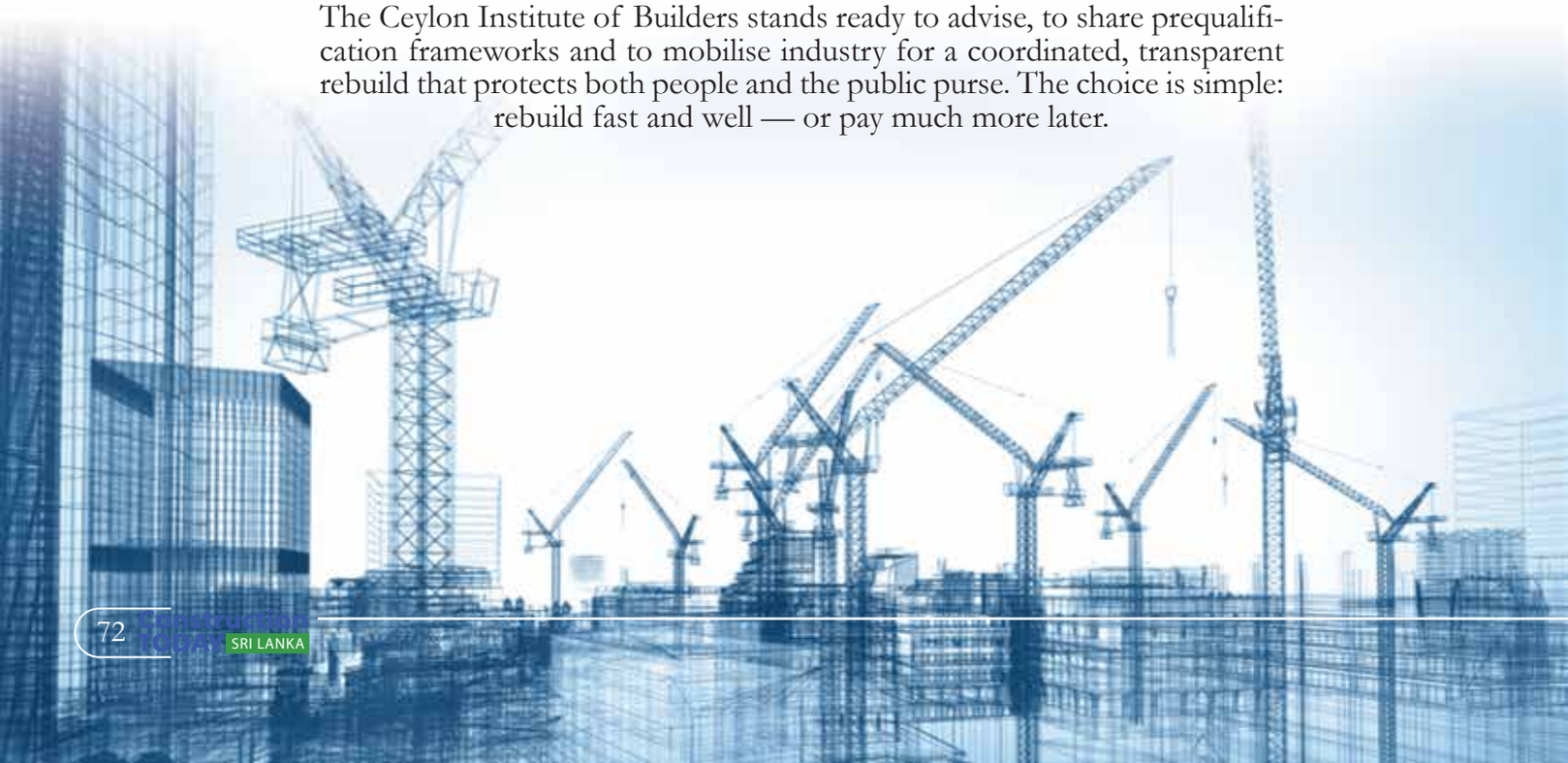
7. Invest in local capacity and labour-intensive works. Where appropriate, design packages that maximise local employment and supply chains so the economic multiplier remains local and immediate.

8. Communicate with communities. Transparent beneficiary selection, grievance redress mechanisms and community oversight panels reduce social friction and strengthen legitimacy.

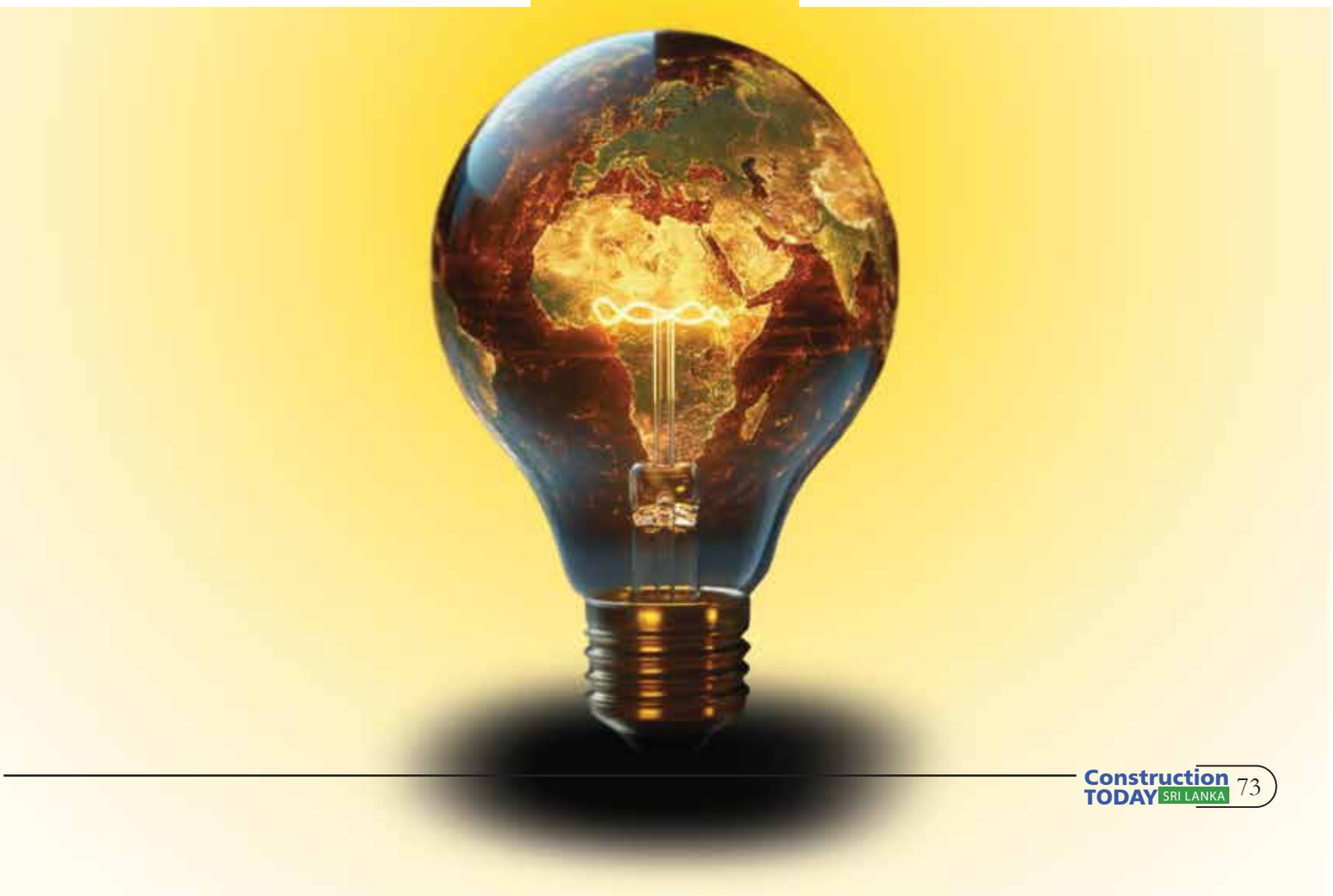
CLOSING — FAST, ACCOUNTABLE, AND NATIONAL

Speed is essential — but speed without accountability is waste. As custodians of the built environment we must deliver procurement that is both rapid and rigorous. If we get this right, reconstruction will return money to communities, sustain construction sector employment, and contribute materially to national GDP recovery. If we get it wrong, reconstruction itself becomes a source of future fiscal and social risk.

The Ceylon Institute of Builders stands ready to advise, to share prequalification frameworks and to mobilise industry for a coordinated, transparent rebuild that protects both people and the public purse. The choice is simple: rebuild fast and well — or pay much more later.



GLOBAL ELECTRICITY DEMAND IS SET TO GROW STRONGLY TO 2030, UNDERSCORING NEED FOR INVESTMENTS IN GRIDS AND FLEXIBILITY



Latest IEA report on the sector forecasts the share of renewables and nuclear in the world's power mix to rise to 50% by the end of this decade as natural gas grows, too Global power demand is set to grow by more than 3.5% per year on average over the rest of this decade, with electricity generation from renewables, natural gas and nuclear all expanding to keep pace, according to a new IEA report.

Electricity 2026, out today, is the IEA's annual report on global electricity systems and markets. It provides in-depth analysis of recent trends and policy developments, and includes forecasts for electricity demand, supply and carbon dioxide (CO_2) emissions over the five-year period through 2030.

According to the report, electricity demand is on course to grow at least 2.5 times as fast as overall energy demand through 2030 as the Age of Electricity takes hold. This is driven by rising industrial use of electricity, the continued uptake of electric vehicles, higher air conditioning use and the expansion of data centres and AI. While emerging and developing economies remain the main engines of electricity demand growth, consumption from advanced economies is also rising after 15 years of stagnation – contributing to a fifth of the total increase in power demand through 2030.

The report finds that global electricity generation from renewables – boosted by record deployment of solar PV – is now in the process of overtaking generation from coal, after virtually drawing level with it in 2025 based on the latest available data. Nuclear power output also rose to a new record. The momentum behind low-emissions sources of generation continues to 2030, by which time renewables and nuclear are together set to generate 50% of global electricity, up from 42% today.

Natural gas-fired output is also set to grow through 2030, supported by rising electricity demand in the United States and the continuing shift from oil to gas for power in the Middle East. Coal fired generation loses ground globally as renewables expand, returning to 2021 levels by the end of the decade. As a result, global CO_2 emissions from electricity generation are expected to remain roughly flat between now and 2030.

The report emphasizes that these trends – growing demand, an increasingly weather-dependent mix of power generation sources, and evolving electricity consumption

patterns and technologies – require a rapid and efficient expansion of both electricity grids and system flexibility. Today, more than 2 500 gigawatts worth of projects – encompassing renewables, storage, and projects with large loads, such as data centres – are currently stalled in connection queues worldwide.

New analysis in the report finds that as the expansion of grids advances, deploying grid-enhancing technologies and implementing regulatory reforms that enable more flexible grid connections and usage could allow for the integration of up to 1 600 gig watts of queued projects in the near term. Together, these measures would allow the grid to be used more efficiently and unlock substantial capacity.

"At a moment of significant uncertainty across energy markets, one certainty is that global electricity demand is growing much more strongly than it did over the past decade. In this Age of Electricity, the increase in global power consumption through 2030 is set to be equivalent to adding more than two European Unions," said IEA Director of Energy Markets and Security Keisuke Sadamori. "Meeting this demand will require annual investment in grids to rise by 50% by 2030. Expanding flexibility will also be crucial as power networks continue to evolve – so will a strong focus on security and resilience."

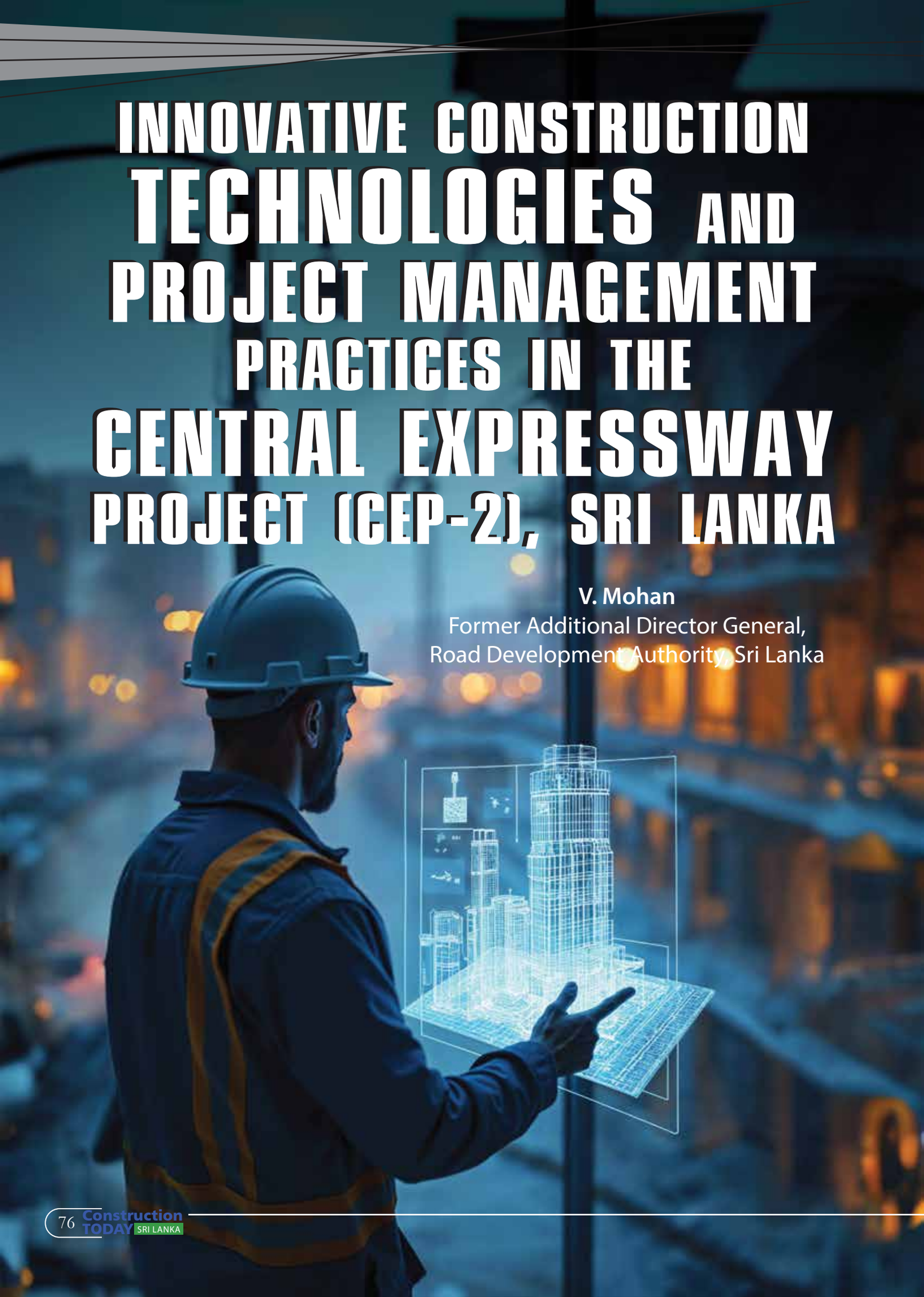
The report finds that installations of utility-scale battery storage have risen sharply, providing an important source of short-term flexibility. Markets such as California, Germany, Texas, South Australia and United Kingdom have all seen strong growth in utility-scale battery capacity deployment in recent years.

Electricity 2026 also notes that the affordability of electricity remains a key and growing concern. Household electricity prices in many countries have risen faster than incomes since 2019. Elevated prices are also putting pressure on industries and businesses. As a result, policymakers are focusing on policies, market designs and regulations that deliver not just additional investment but also greater flexibility and efficiency across all parts of the power system, including demand, supply and the use of infrastructure.

According to the report, greater efforts are needed to improve the security and resilience of power systems around the world, which face rising risks associated with ageing infrastructure, extreme weather events, cyber threats and other emerging vulnerabilities. Modernizing how systems operate, as well as strengthening the physical protection of critical infrastructure, will be essential to countering these threats, the report emphasizes.

INNOVATIVE CONSTRUCTION TECHNOLOGIES AND PROJECT MANAGEMENT PRACTICES IN THE CENTRAL EXPRESSWAY PROJECT (CEP-2), SRI LANKA

V. Mohan
Former Additional Director General,
Road Development Authority, Sri Lanka



Abstract

The development of modern expressway infrastructure is essential for improving national connectivity and economic growth in developing countries. The Central Expressway Project (CEP-2) represents one of the major highway infrastructure initiatives undertaken in Sri Lanka to enhance regional accessibility and support long-term economic development.

This paper presents a practical engineering case study of innovative construction technologies and project management practices adopted during the implementation of the project. Particular emphasis is placed on the use of industrialized precast bridge construction techniques involving heavy precast girders, advanced quality control procedures in girder production, and efficient logistics for transportation and erection of large structural elements.

In addition, the application of digital monitoring techniques, including drone-based construction supervision, is discussed as a modern approach to improve construction progress monitoring and project coordination.

The paper also examines key engineering challenges encountered during project implementation and identifies lessons learned that may benefit future expressway and large-scale infrastructure development projects in similar environments.

1. Introduction

Modern highway infrastructure plays a crucial role in supporting economic development, improving mobility and strengthening regional connectivity. Over the past two decades, Sri Lanka has invested significantly in the development of a national expressway network aimed at improving transport efficiency and reducing travel times between major urban centers.

The Central Expressway Project represents a key component of this national infrastructure programme. The project involves the construction of a high-standard access-controlled highway designed to enhance connectivity between the central region and the western economic corridor.

This paper presents a technical and managerial overview of innovative construction technologies and project management practices adopted during the implementation of the CEP-2 section. The study highlights the application of precast bridge construction technology, advanced logistics management and modern monitoring tools used to facilitate efficient project delivery.

2. Project Overview

The Central Expressway was developed to improve transport connectivity between key economic and administrative centers in Sri Lanka. The project forms part of the national strategy to modernize the country's road infrastructure. CEP-2 extends from Meerigama to Kurunegala and includes multiple bridges, viaducts and interchanges constructed using modern expressway engineering standards.

3. Construction Technologies

3.1 Industrialized Precast Girder Construction

A key innovation in the project was the extensive use of precast concrete girders for bridge construction. Precast girders weighing up to 150 tonnes were produced in dedicated casting yards and transported to bridge locations for erection. Standard girder spans used in the project included: 35 m,30 m,20 m,15 m and 10 m.The adoption of precast bridge construction significantly improved construction efficiency and quality control.

3.2 Precast Girder Production Cycle and Quality Control

The girder production process involved:

- Reinforcement cage fabrication
- Form-work preparation
- Concrete casting
- Curing and strength monitoring
- Dimensional inspection

Strict quality control procedures were implemented to ensure compliance with structural design requirements.

3.3 Heavy Girder Transportation and Erection Logistics

Transporting heavy precast girders required careful planning and specialized equipment. Multi-axle trailers were used for transporting girders from casting yards to bridge locations. Erection was carried out using heavy-duty cranes and carefully planned lifting operations to ensure safety and efficiency. Industrialized precast girder production, specialized heavy transport systems and advanced erection methods were adopted for bridge construction across the project corridor.

4. Digital Construction Monitoring

Drone-Based Construction Monitoring in Mega Infrastructure Projects

The use of unmanned aerial vehicles (drones) provided an effective method for monitoring construction progress and documenting site activities.Drone-based monitoring enabled,aerial inspection of structures,improved progress reporting, and better coordination between project stakeholders,enhanced safety monitoring.

5.Conclusions.

The CEP-2 project demonstrates the effectiveness of industrialized construction and modern monitoring technologies in delivering complex expressway infrastructure in developing countries.

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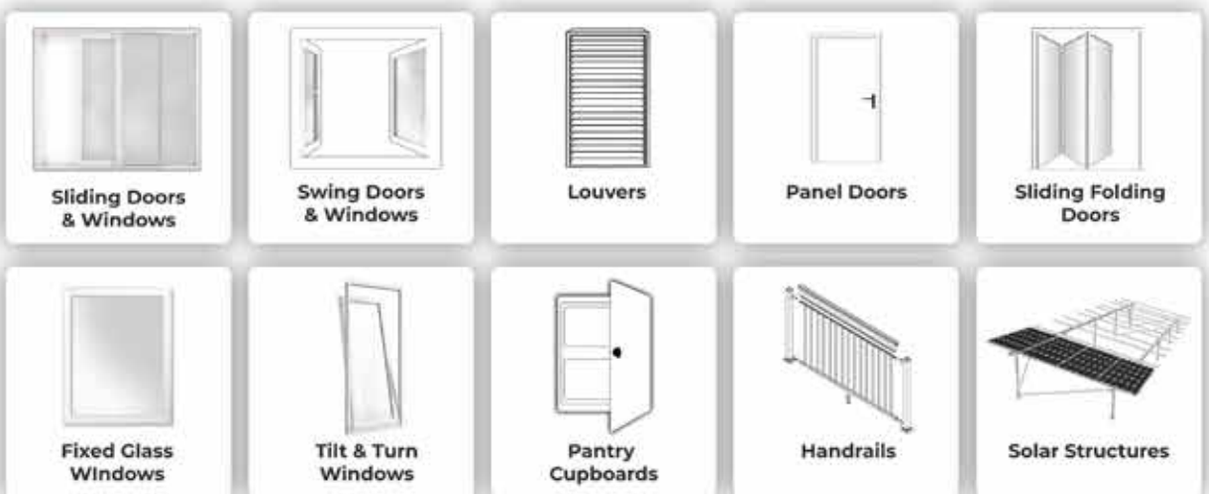

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BUILDING BACK BETTER

Disasters continue to increase in frequency and magnitude. The asymmetries of advancing technological capacities and the narrowing choices of poor communities are possibly contributing to hazard exposure while the rate of urbanization is accelerating and the climate is changing—to calamitous outcomes.

Efficient and effective post disaster reconstruction and recovery can arrest the devastation inflicted on humanity and impede the fall of poor communities into cyclical poverty. Recovery and reconstruction, through their phases, provide the opportunity to rebuild beyond pre-disaster states for safer, more sustainable and resilient communities.

WHAT IS BUILDING BACK BETTER?

Building Back Better (BBB) is an approach to post-disaster recovery that reduces vulnerability to future disasters and builds community resilience to address physical, social, environmental, and economic vulnerabilities and shocks. Recovery within a BBB framework gives impacted communities the chance to reduce risk not only from the immediate hazard but from threatening hazards and conditions as well.

Risk reduction now permeates development activities. Yet BBB, distinct from development, does not focus on rectifying a country's development deficits but on ensuring the result of recovery is sustainable safety for more resilient communities.

To Which Sectors Does BBB Apply? BBB applies to all aspects and sectors of post-disaster recovery. In infrastructure reconstruction, BBB concertedly supports communications, education, energy, health, housing, transport, and water and sanitation. In livelihood recovery, BBB extends to such sectors as agriculture and livelihoods, commerce, employment, industry, and public services. BBB also applies to cross-cutting issues such as environment, gender, and governance.

BBB IN INFRASTRUCTURE RECONSTRUCTION

BBB offers the opportunity to rebuild stronger, safer, and more disaster-resilient infrastructure and systems. The following activities would constitute BBB in the reconstruction of physical assets:

■ Introducing disaster risk reduction measures (including building codes and regulations) to increase the resilience of physical assets being reconstructed, such as earthquake-resistant building designs or raised-floor elevation in flood-prone areas.

■ Introducing and enforcing appropriate land-use planning regulations, which curtail reconstruction in high-risk areas.

■ Reconstructing improved hazard-control infrastructure, such as flood embankments.

■ Replacing damaged assets with context sensitive, technologically updated alternatives. For example, modernizing damaged telecommunications equipment to keep up with technological advances

■ Using recovery as an opportunity to right size infrastructure to better meet community needs. For example, reconstructing hospitals with an adequate number of beds.

BBB IN LIVELIHOOD RECOVERY

BBB builds resilience in the employment and livelihoods sector by using recovery as an opportunity to promote disaster-resilient livelihoods that are sustainable in the long term and able to withstand the risks from disaster events.
Examples of specific interventions include:

■ Promoting resilient agriculture and livestock. For example, communities in Bangladesh started farming ducks instead of chickens as ducks are naturally more resilient to and able to withstand the effects of a flood.

■ Introducing business continuity systems for employment and livelihoods, enabling large businesses as well as small and medium enterprises to quickly resume operations after a crisis.

■ Promoting the use of materials and technology in manufacturing processes that are easily repaired after damage from disasters.

■ Building financing mechanisms that fast disburse affordable, low-interest financing to businesses affected by the disasters.

BBB IN CROSS-CUTTING ISSUES

BBB is also an integral part of the cross-cutting issues of recovery, including environment, gender, and governance.

Some examples of BBB activities in cross-cutting areas are as follows: Environment

■ Rebuilding/restoring physical and environmental infrastructure to reduce vulnerability, protect the environment, and restore natural ecosystems. For example, using mangroves as natural protection against sea intrusion.

■ Integrating sustainable environmental practices and natural resource management within recovery activities. For instance, promoting forestry and/or agro-forestry initiatives like fruit or commercial tree farming as alternative sources of income. Gender

■ Providing gender-specific support for reconstruction and recovery, so that the differing needs of women and men are met through recovery.

■ Using recovery as an opportunity to bridge the gender-resilience gap. Women may be more vulnerable to the impact of disasters; gender-specific support has the capacity to improve future resilience.

■ Rebuilding in a way that is inclusive of women, girls, boys, and men from the affected population.

GOVERNANCE

■ Introducing business continuity for government systems and public services.

■ Preparing contingency response mechanisms.

■ Mainstreaming disaster risk management across all sectors.

KEY PROPOSITIONS FOR BBB

Ten key propositions for Building Back Better were gleaned from the Indian Ocean Tsunami disaster recovery process. The United Nations Special Envoy Report1 provides insight into reducing the number of casualties when disasters strike and to improving the safety and economic vitality of affected communities.

1. "Governments, donors, and aid agencies must recognize that families and communities drive their own recovery." Speeding the completion of recovery programs, and in the process shortcircuiting the rights of affected populations, is pointless.

2. "Disaster recovery must promote fairness and equity." Exacerbating any existing patterns of vulnerability and discrimination within societies is contrary to disaster response.

3. "Governments must enhance preparedness for future disasters." Increasingly, the world is becoming more vulnerable to hazards of different kinds.

4. "Local governments must be empowered to manage recovery efforts, and donors must devote greater resources to strengthening government recovery institutions, especially at the local level." Sub-national civil servants can link recovery assistance and sustainable development effectively.

5. "Good recovery planning and effective coordination depend on good information." Timely and accurate information— the basis of good analysis—is crucial throughout a relief and recovery process.

6. "The UN, World Bank, and other multilateral agencies must clarify their roles and relationships, especially in addressing the early stage of a recovery process." Disaster recovery and reconstruction gains efficiencies when multilateral agencies are aligned and work in complement.

7. "The expanding role of NGOs and the Red Cross/ Red Crescent Movement carries greater responsibilities for quality in recovery efforts." As recipients of significant humanitarian funding, a rethink to better harmonize and coordinate their roles is needed.

8. "From the start of recovery operations, governments and aid agencies must create the conditions for entrepreneurs to flourish." Reviving and expanding private economic activity, employment, and securing diverse livelihood opportunities for affected populations is necessary for sustainable recovery.

9. "Beneficiaries deserve the kind of agency partnerships that move beyond rivalry and unhealthy competition." Instead, harnessing efforts across local and international organizations and working (or not working) well together can determine the quality and outcome of the recovery process.

10. "Good recovery must leave communities safer by reducing risks and building resilience." An important test for a good recovery effort is whether it leaves survivors less vulnerable to natural hazards. This underscores the importance of identifying mechanisms to reduce risk and operability plans at the outset.

Courtesy : Global Facility for Disaster Reduction & Recovery

TRI.K HOLDINGS

Company Profile

TRI.K Holdings is a professionally recognized construction and infrastructure service provider in Sri Lanka. The company is led by Managing Director Mr. Chalitha Gunawardena together with Director Mr. Thuditha Kumarasiri, supported by a skilled technical team including experienced Quantity Surveyors and engineering professionals.

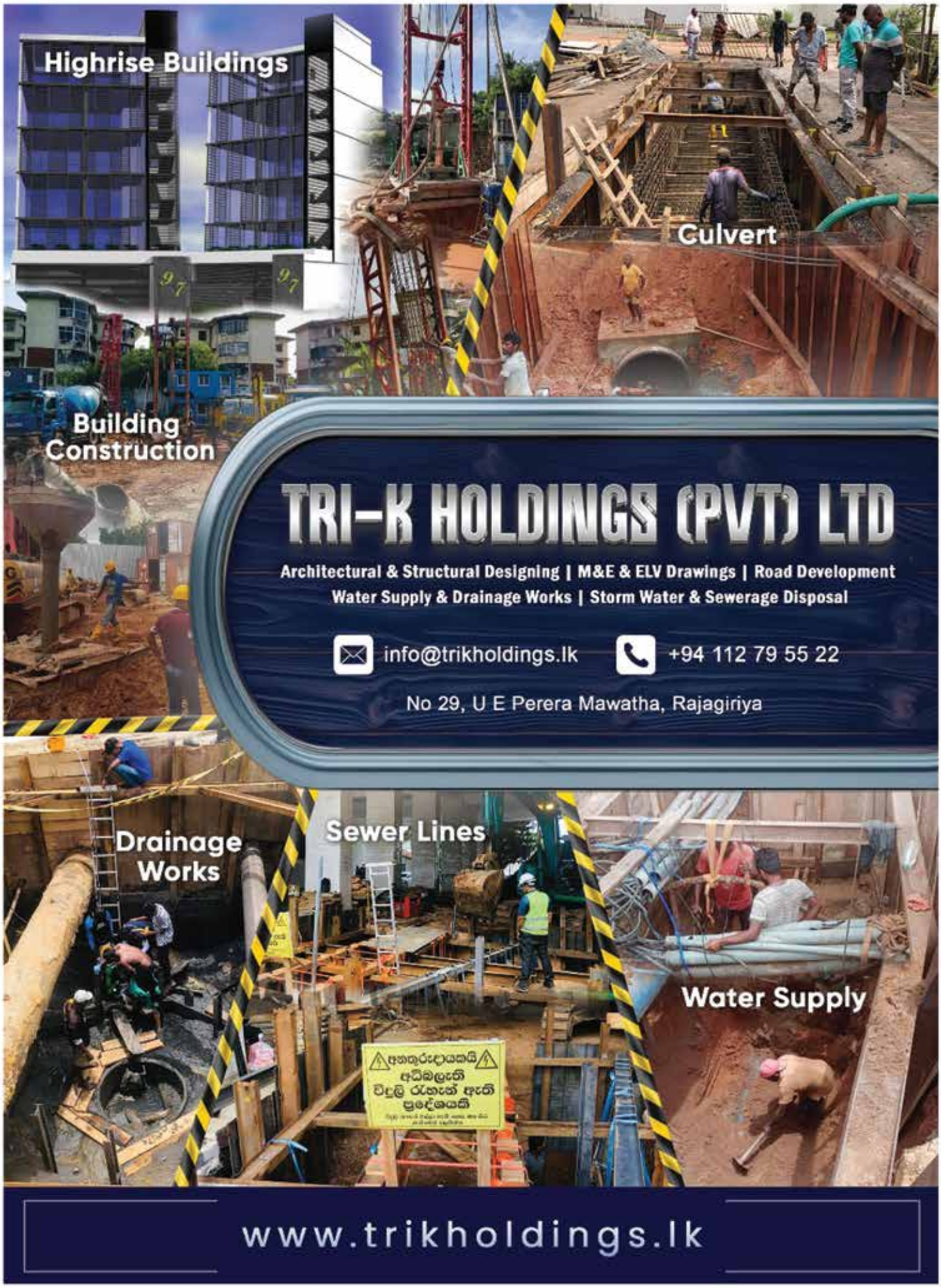
TRI.K Holdings is a registered house connection contractor with the Colombo Municipal Council (CMC) and actively contributes to the development and maintenance of essential urban infrastructure within the Colombo city area. The company is recognized as a CMC Colombo City Infrastructure and Maintenance Contractor, providing reliable services for both public and private sector projects.

The company has successfully undertaken several underground culvert construction projects, including infrastructure works in the Harbour Village development area, demonstrating strong expertise in urban drainage and underground civil engineering.

TRI.K Holdings also specializes in sewerage and water pipeline laying, ensuring proper urban utility management and environmental sustainability. In addition to civil infrastructure works, the company provides Electrical, Mechanical and Plumbing (EMP) engineering contracting services, delivering integrated solutions for modern construction projects.

In recognition of its commitment to quality and sustainable development, TRI.K Holdings was honored with the Sustainable Award 2025 in the Infrastructure Category, highlighting the company's dedication to responsible construction practices and innovation in infrastructure development.

Through strong leadership, technical expertise, and commitment to excellence, TRI.K Holdings continues to contribute significantly to the development and maintenance of Sri Lanka’s urban infrastructure.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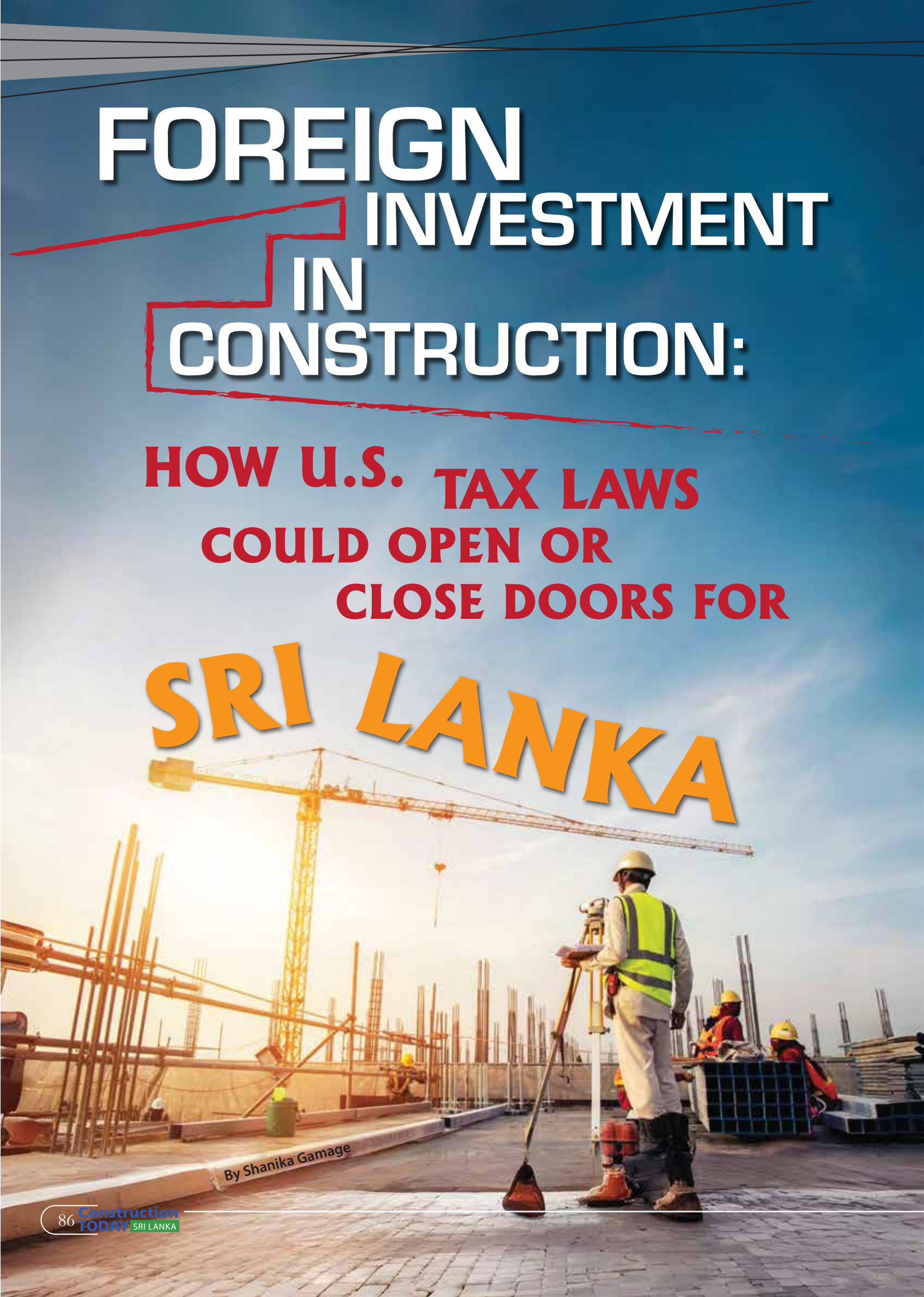
FOREIGN INVESTMENT IN CONSTRUCTION:

HOW U.S. TAX LAWS COULD OPEN OR CLOSE DOORS FOR SRI LANKA



By Shanika Gamage

In an increasingly interconnected world, domestic policy decisions in economic powerhouses like the United States have far-reaching consequences. For developing countries like Sri Lanka, where construction is a key pillar of growth and modernization, such policy shifts can mean the difference between a surge of foreign investment—or a worrying capital drought.

One critical but often overlooked factor is U.S. tax law. Recent and proposed changes to U.S. corporate, capital gains, and overseas investment tax frameworks could significantly influence how—and where—American investors and multinational companies decide to allocate capital. For Sri Lanka's construction sector, the implications are both opportunistic and cautionary.

UNDERSTANDING THE U.S. TAX–INVESTMENT NEXUS

Tax policy is a powerful tool that shapes investor behavior. When the U.S. government lowers corporate tax rates or provides incentives for overseas investments, American firms are more inclined to expand their global footprint—including in infrastructure and construction projects.

Conversely, tax hikes or increased regulation on overseas earnings can discourage capital from flowing out of the U.S., prompting companies to keep their operations and money within American borders.

Key tax mechanisms that influence foreign investment include:

- **Corporate tax rates:** Lower rates mean more retained profits to invest abroad.
- **Global intangible low-taxed income (GILTI) provisions:** Designed to prevent base erosion and profit shifting, but may deter offshore investment.
- **Foreign tax credits:** Affect the net benefit of investing in countries with higher or lower tax burdens than the U.S.
- **Capital gains tax rates:** Higher rates may slow down private investment in long-term overseas projects.

THE CONSTRUCTION SECTOR'S DEPENDENCE ON FOREIGN CAPITAL

Sri Lanka's construction industry has historically leaned on foreign direct investment (FDI) for large-scale infrastructure projects—urban development, commercial properties, highways, ports, and energy facilities. Multilateral agencies, private equity funds, and multinational developers—many of which are U.S.-based or U.S.-linked—have played a significant role.

When U.S. investors are incentivized to invest overseas, countries like Sri Lanka can tap into not only funds but also expertise, technology, and high-quality project execution. But when U.S. tax law penalizes offshore ventures or becomes overly complex, the flow of funds can slow dramatically.

CURRENT U.S. TAX TRENDS: WHAT'S CHANGING?

Under recent administrations, there has been a tug-of-war in Washington between corporate tax cuts and efforts to clamp down on offshore profit shifting. Some key developments:

1. INCREASED FOCUS ON GLOBAL MINIMUM TAXATION

The U.S. has been part of OECD-led efforts to implement a global minimum corporate tax rate of 15%, aimed at preventing multinational corporations from exploiting low-tax jurisdictions. While this doesn't directly target Sri Lanka, it may reduce the appeal of investing in certain developing countries unless other benefits (like returns or risk mitigation) compensate.

2. POTENTIAL INCREASE IN CORPORATE & CAPITAL GAINS TAXES

Proposals to raise taxes on high-income individuals and corporations could lead American investors to reassess their foreign holdings, preferring safer or more profitable home-ground opportunities.

3. INCENTIVES FOR ONSHORING & DOMESTIC INFRASTRUCTURE

The **Inflation Reduction Act** and similar legislation are directing huge sums toward domestic construction and infrastructure in the U.S. This could divert attention and resources from international projects.

The implication for Sri Lanka? Foreign investors may become more selective—favoring politically stable, high-growth, green-certified projects over riskier or low-return ventures.

OPPORTUNITIES FOR SRI LANKA AMID SHIFTING U.S. POLICIES

While some U.S. tax changes could dampen enthusiasm for foreign investment, others open doors—especially for countries ready to adapt. Here's how Sri Lanka can position itself:

1. EMBRACE GREEN CONSTRUCTION

As the U.S. aligns more with climate-conscious investing, so too do its investors. American funds are increasingly channeled toward sustainable, ESG-compliant projects abroad. Sri Lanka can attract this capital by:

- Promoting green-certified buildings (LEED, EDGE, etc.)
- Offering incentives for sustainable design and materials
- Streamlining approvals for climate-resilient infrastructure

This aligns with U.S. investors' priorities while addressing Sri Lanka's own climate vulnerabilities.

2. ATTRACT DIASPORA CAPITAL

Many Sri Lankans living in the U.S. have both the desire and the means to invest back home—especially in real estate and commercial construction. If Sri Lanka creates tax-efficient, transparent pathways for diaspora investment, it can mitigate the impact of broader U.S. tax shifts by tapping into this niche but potent funding stream.

3. TARGET STRATEGIC PARTNERSHIPS

With increased scrutiny on foreign operations, American firms may prefer joint ventures or PPPs that reduce their exposure and regulatory burden. Sri Lankan firms can:

- Offer land, permits, and labor
- Provide local market insights
- Share project risks

Such partnerships allow American investors to participate in Sri Lankan construction without the full burden of overseas compliance or operational risk.

RISKS AND REALITIES: WHY VIGILANCE IS CRUCIAL

It's not all opportunity. There are real risks that the Sri Lankan construction sector must prepare for:

- Delayed or withdrawn investments in large infrastructure projects
- Increased project financing costs as risk premiums rise
- Currency volatility triggered by shifts in global capital flows
- Tighter due diligence and compliance requirements by U.S. firms wary of tax penalties

Failure to adapt may leave Sri Lankan projects underfunded or stuck in bureaucratic limbo.

POLICY RECOMMENDATIONS: A NATIONAL RESPONSE

To insulate and empower the construction industry, Sri Lankan policymakers must act proactively. Some strategic steps include:

- **Tax treaties and clarity:** Ensure Sri Lanka's tax agreements with the U.S. and other major economies are up-to-date, transparent, and attractive to investors.
- **Ease of doing business:** Streamline permits, approvals, and land acquisition to attract faster and more confident foreign investment.
- **FDI-friendly construction zones:** Create special zones or corridors with clear incentives for overseas developers.
- **Robust dispute resolution mechanisms:** Legal and regulatory frameworks must assure foreign investors that their investments are protected.

THE BIGGER PICTURE: IT'S NOT JUST ABOUT THE U.S.

While U.S. tax law plays a disproportionately large role in global investment trends, Sri Lanka must also stay aligned with other global capital sources—from the EU, China, India, and the Middle East. Learning from how U.S. tax policy affects investor sentiment provides valuable insights into what all global investors want today: stability, transparency, returns, and sustainability.

CONCLUSION

American tax laws may be drafted in Washington, but their consequences are felt in Colombo. Whether they open the gates of capital or quietly shut them depends on how prepared Sri Lanka is to read global signals, adapt local policies, and position its construction sector as a competitive, future-ready industry.

For developers, contractors, and policy planners, the message is clear: stay informed, stay agile, and think globally—because tomorrow's skyscrapers, roads, and smart cities may very well rise or fall on the back of a tax bill passed in the U.S. Senate.


Foreign Investment in Construction:
How U.S. Tax Laws Could Open or Close Doors for
Sri Lanka
By Shanika Gamage
U.S. Tax Policy Shifts
Corporate Tax Changes
15%
Global Minimum Tax
Onshoring Incentives
Impact on Sri Lanka's Construction Sector
• FDI & Large-Scale Projects • Risks & Challenges
Opportunities for Sri Lanka
Green Investments • Diaspora Capital
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THE MOST BEAUTIFUL BUILDINGS IN THE WORLD

Whether you're an architecture enthusiast or just an innate curious traveler, this post is for you. We'll take you on a tour of the most impressive architecture on the globe.

Certain buildings carry a lot of cultural heritage, and paying attention to a destination's architecture helps you learn more about the history of the place you're visiting.

From the ancient Great Pyramid of Giza, in Egypt, to the gorgeous Moorish-style Royal Alcazar in Seville, Spain, here are the top 30 most impressive architectural buildings on earth.

Beautiful Architecture: What Makes a Building Beautiful?

Beauty lies in the eye of the beholder. With beauty being such a subjective and broad subject, we created a diverse list, using a mix of sources.

PALACE OF VERSAILLES
FRANCE

The Palace of Versailles is a Baroque-style royal residence. Listed as a World Heritage Site for 30 years, the palace of this opulent complex was inhabited by Louis XIV until the start of the French Revolution in 1789.

In the 19th century, by order of King Louis-Phillipe, Versailles became the Museum of the History of France, with its rooms being devoted to housing new collections of paintings and sculptures.

With 2,300 rooms spread over 63,154 m2, Versailles is one of Frances' top architectural wonders. The palace is located 20km from Paris, and during your tour, you can also take some time to see the Estate of Trianon, the gardens, and the Royal Stables.

TAJ MAHAL
INDIA

Listed as a New 7 Wonder of the World, the Taj Mahal was built by Emperor Shah Jahan from 1632 to 1648 for his beloved wife, Mumtaz Mahal, who died on June 17, 1631. The monument, which is a mausoleum, was erected in the first half of the 17th century and finished over a 20-year period using more than 20,000 artisans' labor. It is located in the Northern Indian city of Agra, on the southern bank of the Yamuna river in India, and its architecture is one of the most significant examples of Mughal architecture style. The complex also houses a mosque and guest house.

Made of white marble from Makrana, in Rajasthan, the Taj Mahal combines a range of architectural styles, such as Islamic, Persian, and Indian styles. For the construction, other noble materials were used, such as turquoise from Tibet, jade and crystal from China, sapphire from Sri Lanka and Arabia, and lapis lazuli from Afghanistan.

NEUSCHWANSTEIN CASTLE
GERMANY

The castle is a 19th century Romanesque Revival palace that sits on a hill above the village of Hohenschwangau, in southern Bavaria, Germany. Neuschwanstein was commissioned by King Ludwig II of Bavaria as a retreat and in honor of Richard Wagner, a famous German composer and theatre director. Interestingly enough, the place was built with the King's personal funds, rather than the Bavarian public money.

Today, when entering Neuschwanstein, you'll see that many rooms, such as the Singers Hall, were inspired by some of Wagner's characters. The word "Neuschwanstein", by the way, literally means "New Swan Castle," which is a reference to "the Swan Knight," one of the composer's characters.

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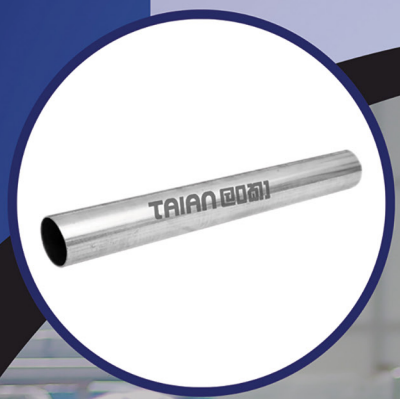

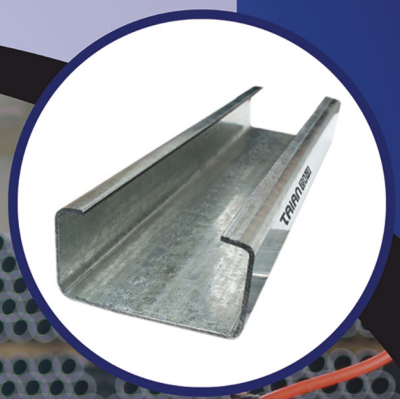

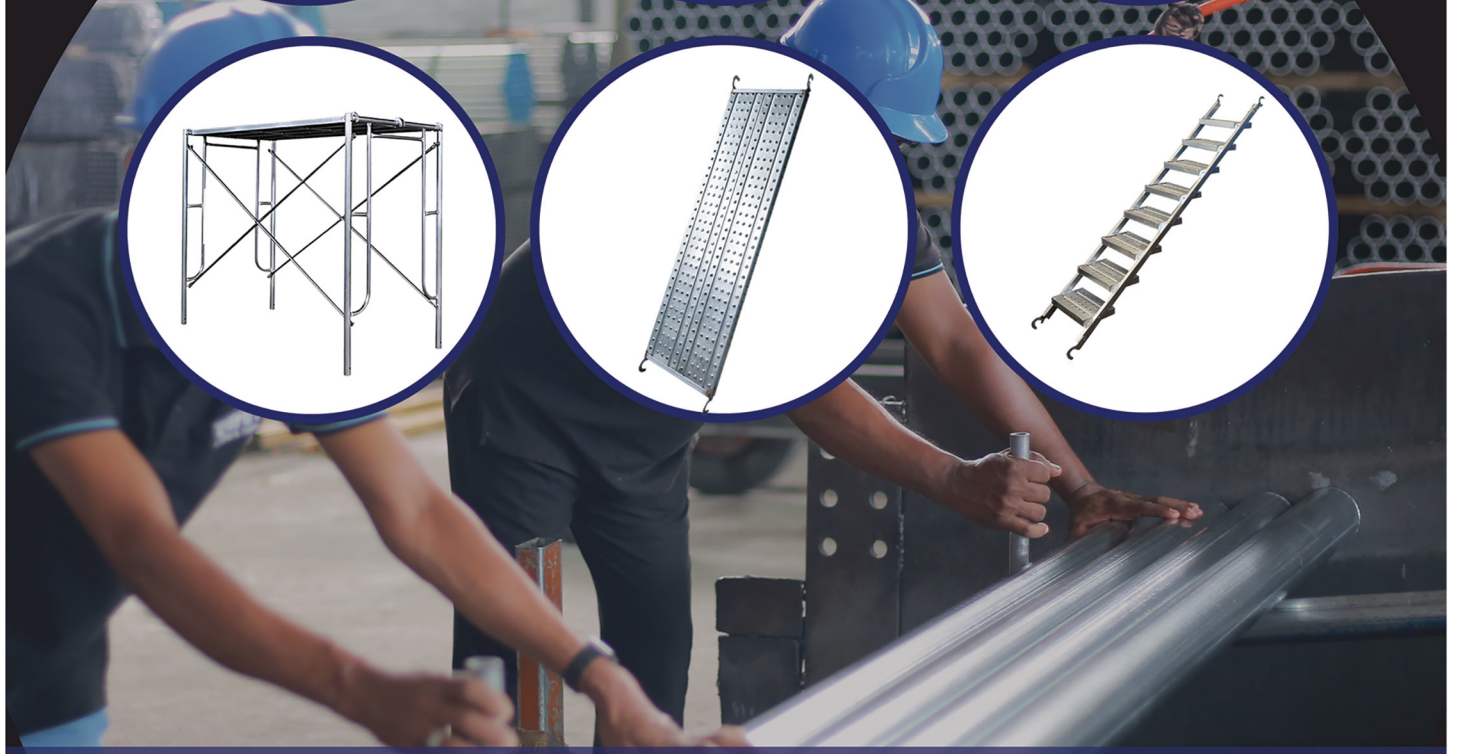

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