

Strengthening the Framework for the Adoption of Private Finance Initiative in Local Government Infrastructure Procurement in Malaysia

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Abstract

Improving local authority's (LAs) responsibility in infrastructure provision is significant if local authorities wish to provide efficiency of public infrastructure and services to communities. The use of a appropriate procurement methods can effect project efficiency and success. Different procurement method will have different effect therefore it is very crucial to consider all factors in the selection of the most appropriate procurement strategy. This situation has forced local authorities to be more creative and innovative in their procurement strategy, and one of the method is to involve the private sector in infrastructure provision. Furthermore, local authorities in many countries have turned to PFI procurement strategies in delivering public infrastructure. However, this methods is still less considered in local authorities in Malaysia, even though the model was introduced in Malaysia since 2006 through Ninth Malaysia Planning. Therefore, the aim of this paper is to discuss the discussions the relevant of PFI adoption model as a procurement strategy in local government, in which to see how PFI implemented in the context of local government, particularly on the critical success factors study experienced of other countries. This paper also looks at the issues and challenges faced by local authorities in Malaysia in implementing PFI.

Keywords: Private Finance Initiative, Public Private Partnership, Local Government, Local Authorities, Procurement.

1. INTRODUCTION

Over the past three decades, local governments have undergone substantial political pressure to increase the efficiency of the investment rules on the financial resource constraints (Preuss, 2009). Many studies (Thomson & Jackson, 2007; Walker & Brammer, 2009; Preuss, 2009) agreed that although the public sector procurement topics are important, the number of studies investigating the role of LAs on procurement strategies is still limited. Despite various reforms in local government procurement methods in Southeast Asia, there are still many weaknesses that need attention, especially on issues of procedures, expertise, tender processes and transparency issues (Jones, 2007). Therefore, procurement planning is one of the key functions that can potentially contribute to the success of local government operations, as well as ensuring better service delivery (Basheka, 2009). However, scientific research to assess how well the right acquisition method can contribute to effective local government performance is limited

(Onyango, 2012). In addition, over the past three decades, local governments are also seen to be under pressure to improve efficiency in determining effective procurement strategies (Preuss, 2009).

In the Malaysian context, the lack of income is said to affect the effectiveness of management in LAs. Many previous studies have questioned the financial resources provided LAs by the government inadequate (Rohaya Atan et al., 2010; Singavello, 2010; Takim et al., 2010; Salleh, 2009). Several of the proposals raised by previous researchers are to increase and diversify of new sources of income to LAs such as issuing long-term and medium-term bonds, and also creating new taxes to the community (Tayib Muhammad, 1995). According to Salleh and Okinomo (2016), there are still considerable lapses on what best practice and method should be used to adopt the provision of local infrastructure, therefore, it is necessary for both private and LAs to adopt a unified and strategic implementation approach which is central to the goal of a development. In addition, it's difficult to ascertain the suitability of a specific procurement system for certain area as their local needs are different, hence, in considering the effectiveness of the implementation of a method, it is important to first determine which method is often used by the subject to be studied (Jaafar & Nuruddin, 2012).

The PFI model is the latest method widely used as a public sector procurement strategy in many countries. In Malaysia, although the PFI procurement model has long been introduced since 2006, at the local level, however, the underdevelopment is seen as under-applied (Salleh & Okinono, 2016). This has confirmed the statement from Mohd Saron et al. (2013), the implementation of PFIs in the public sector in Malaysia is seen as in the early stages of its introduction. Salleh (2009) stressed that some studies focused on the possibility of Malaysian LAs using the PFI scheme as an effective way of their procurement strategies, although some previous studies have shown that private sector and LAs have a good understanding of the basic concepts of local infrastructure provision, but understanding this is seen to have weaknesses especially in determining best practices in providing local infrastructure provision. This situation is in line with the statement of Malaysia Government in Jeddah Economic Forum in 2016, which is stressed that the right Public-Private Partnership model must be adopted in order to achieve an equitable balance of public and private interest (The Star, 2016).

2. PFI IN LOCAL GOVERNMENT

PFI model of procurement was first introduced by the UK government in 1992, where using the PFI allows the private sector to finance the cost of capital for public projects, which will be reimbursed by the public sector in a set time period - the concession period. PFI can also explained as a long-term contract between the private sector and the government whereby the private sector plays a key role in designing building, financing, and operating the facilities for the provision of public services, and in return, the government makes regular payments to the private sector provider over the contract period for the capital and operating costs incurred (Ismail, 2011).

In many writing provide explanatory that PFI is part of the Public-Private Partnership (PPP) (Alshawi, 2009; Li at al., 2005; Akitoye et al., 2003; Chiu & Boshier, 2005). However, according to Ismail (2011), the term of Public Private Partnership needs to understand in its classification. This because, most of previous studies in different

country, the using of term Public Private Partnership has two purposes; the first refers to the involvement and cooperation of private and public sector in public service delivery, and the second types is "*the type that is really PFI by another name*". Because of that in many of his writings used the acronym of 'ppp' to describe the public and private sector partnership, and 'PPP' to refers the Public-Private Partnership model, which is also the PFI. Meanwhile, Broadbent and Laughlin (2003) stated that PFI and PPP are synonymous. In several countries, such as Malaysia, the PFI and PPP are used interchangeably (Kuppusamy, 2010). PFI is usually referred as the government procurement (Wang, 2014; Broadbent et al., 2008), but according to Hughes et al. (2006), the PFI and PPP are a type of funding, rather than a type of procurement.

Among the main reasons local governments require the involvement of the private sector is due to lack of government funds, and at the same time local governments have to carry out its role in providing facilities and services to the people they represent, which requires strong financial resources (ESCAP, 2014). Another the key reasons to consider of using public-private partnerships within the local government is due to the ability of the program, particularly in promoting competition in the provision of services, whether between private companies and between private and public sectors (Kwan, 1999). In addition, local governments have also seen pressure on the financial burden, which is to carry out its functions and responsibilities which are daily increasing, coupled with the growing gap between income and expenditure (Hunting et al., 2014). In this situation, local government should actively exploring how to refocus their self-financing, taking a serious look at how they deliver their services, what resources they hold and how to make best use of their financial capacity ((Hastings et al., 2013).

In the early of introduction, local governments do not see the need for this public partnership program, and is sometimes seen as difficult to involve. However later the government has acknowledged that the system is needed, especially to LAs on several factors, and among the factors are as (Heinecke, 2002):

- i. Local government means very big business,
- ii. Local government offers a strong agreement for the confidence of banks and partners as well as to private sector partners that have the potential,
- iii. Changes already shows that investment and capital allocation provided by traditional revenues will continue to decline.

The introduction to Public Private Partnership (PPP), mainly related to the experimental "front runners" or "best run" for the local government, which is trying to explore new ways to deliver better public services with minimal cost (Grave & Ejersbo, 2003). The term "public - private partnership", or PPP was first used to describe the 'Urban - Renewal' project, where the local government and city administration is trying to work with private business to create the conditions that will support the investment and job creation (Baker, 2012; Wettenhall, 2008). PPP programs was said as a set up to provide procurement advice to local government, which is PPP in many countries, has demonstrated their ability to finance public projects such as schools, hospitals, transport project, waste and water project, communication, leisure facilities etc. (Roe & Craig, 2004; Burnett, 2012).

2.1 Critical Factors of PFI Implementation in Local Government

Factors that considered critical for success of PFI projects have been investigated in many previous study, and most of studies use the concept of Critical Success Factors (CSFs) in their research related to critical factors for the successful implementation of PFI in the

various projects. Many researchers have identified different lists of critical factors of PFI projects based on review of other literature or through empirical studies. However, while many factors are critical, it is quite obvious that the level of “criticality” of the identified factors varies in different places (Li et al. 2005; Muhammad et al., 2016). Based on the review of the literature, some authors hold the view that certain critical factors of PFI projects are common irrespective of the geographic location, also vary in different administrative settings (Muhammad et al., 2016). There are also literature mentions several barriers which are related to procurement process, which include the lengthy bidding, negotiation process and high transaction cost of PPP program (Janssen et al., 2016). A number of research studies have identified different CSFs for PPP/PFI projects in local government (LG) in different countries (**Table 1**).

According to Ismail (2013), identifying CSFs of PFI implementation is crucial, and Sehgal et al.(2015) stated the elements of CSFs is significantly important to help the firm or organisation identified the keys factors that the firm or organisation should focus, in order to be success in a projects. There are several studies indicate there are many of critical factors related to the organizational constraints for PFI implementation programs, however, these aspects have been addressed mainly in general, and adopted of other countries or of previous study without identifying how these factors influence the adoption and implementation of PFI in specifically, either in organization or types of project (Li et al., 2005; Dixon, 2005; Hardcastle et al., 2005; Ismail, 2013).

Table 1 : CSFs of PFI in Local Government

Author(s) Factors	Regions of LG	Critical	Success
Patel & Robison (2010), Carrilo et al. (2008)	UK	Good governance, financial	LAs not fully independent in decision making, lack of experience and expertise.
Dutz et al. (2006) Matthew Nell (2007)	South Africa	Clear regulatory process	Lack of direction, capacity, resources, fiscal, political will, distrust of private ability.
Bae & Joo (2016)	South Korea	Clear regulatory framework,	unfair contract, the power to tax and resources are limited, political interference, regulation at the federal level.
Cuthbert & Cuthbert (2011)	Scotland	Lack of support from central government,	limited ability to

		provide public in fracture, uncertain and fail to access the risk.
Carbonara & Pellegrino (2014)	Italy	complexity of Administration procedure, transparency in competitive bidding, legal provision.
Wibowo & Alfen (2015)	Indonesia	Legal basis, irrevocable contract, sensible, manageable risk-sharing arrangement, clear defined coordination mechanisms and strong political support.
Janssen et al. (2016)	Netherland	National and PFI characteristic, procurement process, the role of LAs and the roles of private sector, the absence of standard framework.
Tijhuis (2015)	Netherland	past experience, business-culture, transparency of public and private sector.
Otairu et al. (2014)	Nigeria	Lack of skill LAs servant, corruption, lack of consensus among policy makers, political instability, high cost of implementation, conceptual understanding.

2.2 CSFS PFI in Malaysia

PFI in Malaysia was officially announced by the Malaysian government in 2006 through the Ninth Malaysia Plan (9MP). Even though it was officially announced under the 9MP, the PFI has never really taken off, but the idea survived with the establishment of the Public Private Partnership Unit, and through the publication of PPP guideline in November 2009 (Johari, 2010). The reasons of government for adopting PFI in the provision of public infrastructure and services includes to relieve their financial and administrative burden, improve efficiency and productivity as well as for economic purposes (Khairuddin et al., 2016). Based on Auditor General's Report (2010), the implementation of PFI project under 9MP, the Federal Government has allocated RM20 billion to 17 Ministries / Departments to finance development projects under the 9MP. Until 31 December 2010, a total of RM15.77 billion of funds received from the company

Construction PFI Sdn. Bhd. where RM11.64 billion (73.8%) have been spent, and based on the analysis of PFI projects Audit of expenditure for the period 2006 to 2010 found that three Ministries/Department not complying with the relevant financial where spending exceeds the allocation made. It is also found to occur weaknesses in planning and monitoring of expenditure where approved budget is not spent or allocated spent less than 50%. The PFI project expenses management position for the period 2006 to 2010 and the analysis of these expenses is shown in the following table (**Table 2**).

Table 2: Weaknesses in PFI Project Management Expense under 9MP Position at the End Of 2010

Item	The number of Ministries or Department	The number of projects	Amount (RM Million)
<i>Not complying with</i>			
Expenditure exceeded the allocation	3	26	33.88
<i>Weaknesses in planning and monitoring</i>			
Allocation unexpended	2	6	107.61
Allocation spent less than 50%	10	150	1602.19

Sources: Auditor General's Report (2010)

The introduction of PFI Program also be regarded as enhancing the Public Private Partnerships (PPP) Program (Hassan & Subari, 2015). PFI in Malaysia often presents as 'Malaysian version' of PFI (Khaderi & Aziz, 2010; Takim et al., 2009; Abdullah et al., 2014; Lou et al., 2013), particularly on the principals and approaches, but in term of the philosophy and concept is still have similarity with the UK model (Khaderi & Aziz, 2010; Ismail, 2009). Since PFI has been understood as a kind of PPP, PPP framework and guideline has been using as guided for PFI implementation in Malaysia, and until now in Malaysia there was no specific framework and guideline for PFI (Ismail, 2009; Khaderi & Aziz, 2010). Kind of framework according of several study (Md Lasa et al., 2015; Ismail, 2009; Khaderi & Aziz, 2010) is significant needed for guiding the PFI implementation in construction industry. As pointed by Ismail and Haris (2014), the need for clear procedure on PFI is considered important by the key players in the industry, and the government should look closely into the critical aspects of PFI, especially from the point of the existence of a clear framework to facilitate the evaluation process.

To ensure this ultimate objectives of PFI, identifying the CSFs of PFI implementation is crucial (Ismail, 2013). Among the studies of CSFs for PFI implementation in Malaysia is by Ismail (2013) who adopted a questionnaire survey from related previous study and the respondent is composed from different levels of the government (i.e. federal, state and local government) and private sector companies with various backgrounds (i.e. financier, facilities management and construction company). Based on the overall respondents' results, the two factors that were ranked as least important for project success are government involvement by providing guarantee and political support. However, his research was seen as relatively limited, because the unique characteristics of PPP/PFI of a particular country, simply adopting success factors of other countries may not provide the exclusive list of CSFs for PFI implementation in Malaysia.

In another study of CSFs PFI in Malaysia, Md Lasa et al. (2015), in their study relating to CSFs in obtaining project financing for PFI projects in Malaysia by using the interview method to the experienced key players in PFI projects, and distributed the questionnaires to respondents which consists of finance, construction and public agency, and found that four main dimensions of CSF in obtaining finance for PFI projects including project attributes, Special Purpose Vehicle (SPV) attributes, government attributes, financing attributes, and for an external environmental factor affecting PFI financing was the political and economic environment. Their research has also submitted the theoretical framework of the relationship between CSFs and success criteria in obtaining finance for PFI project. However, the list of CSFs for the study also adopting from previous studies, which do not reflect the real situation on the subject of the study.

However, most of the research is from a national perspective and in general nature rather than to specific projects or area, such as at local authority area. Until today, there exists very limited empirical study focused on the possibility of using PFI as effective tool for LAs procurement. As stated by Janssen et al. (2015), the research related to local government is needed because the federal government and the local government is required a different approach, and not all results at national level can be used at the local situation. This situation according to Ismail (2013) are not able to a portrait the actual list of critical factors for PFI implementation in specific project or specific area, such as the local level.

3.0 METHODOLOGY

The methods used in this study is analysing the literature review. Literature review was undertaken to find out the PFI in local government, and the critical factor of PFI in local government, including in Malaysia context. Based on the analysis of previous studies and also issues in Malaysia LAs, identified several factors that critical in the context of local government include the hindrance factors to the implementation of the PFI in LAs in Malaysia. The study is carried out in the following manner;

- i. This is a conceptual Research with extensively reviewed the normative literature to provide the comprehensive understanding of PFI in the perspective of local government and the critical factor of PFI in local government is discuss, including in Malaysia context.
- ii. The secondary data was collected from different sources like text books, research papers, articles, newspapers, internet etc.
- iii. The hindrance issues of PFI implement in LAs in Malaysia are discussed.
- iv. With the help of previous literatures that related and the issues, problem areas are identified.

4. THE HINDRANCE FACTORS OF PFI IN MALAYSIA LOCAL AUTHORITIES

Providing public infrastructure and services is the pre-requisite for the sustainability of local authorities (Salleh, 2009), and local authorities (LAs) have a responsibility in ensuring public infrastructure facilities performing well up to public satisfaction level. However, LAs nowadays faced great challenge as self-financing organization (Berahim

et al., 2015). Thereby, LAs are requires to generate enough income to support operational activities of council and service provision to public. Furthermore, the cost to build local infrastructure increased significantly, caused LAs need for alternatives of their financial resources, and should actively exploring their financial strategy (Hastings et al., 2013).

The government embarked on using PFI as one of the procurement method to procure public building and infrastructure development projects, and PFI nowadays become one of the new alternative that often used by many local authorities (LAs) for various reasons. Apart from the introduction of PFI to reduce government's expenditure, PFI is also expected to assist in modernizing public services and infrastructure, thus to achieve the best value of public spending (Takim et al., 2009; Zhou & Kurul, 2013; Cirell et al., 2003). While PFI have received much publicity as efficient and effective models of implementing procurement policy, however, little has been considered in the context of local government experiences (Charles, 2006). This situation has arouse interest for carrying out research on how the PFI as the adoption model operating as procurement strategy within LAs in Malaysia.

4.1 The structures of Malaysia Local Authorities

LAs in Malaysia categorized into three groups, namely the city council for urban centres, municipalities of large town and district councils for small urban centres (Ibrahim, 2004; Khadaroo et al., 2013). There are other agencies establish and charged with the role of LAs, these so called modified LAs were established under newly created, separate and special Act of parliament or state enactment or ordinances (Oluwene, 2010). Beside three types of council, there are also another types called special and modified LAs – called Corporation, Development Board, Development Authority or simply *Pihak Berkuasa Tempatan* (Orluwene, 2010; MAMPU, 2013). As of December 2015, there are a total of 149 LAs in Malaysia comprising of 13 city councils, 38 municipality councils and 98 district councils, and there are another 5 modified local government. Among the unique characteristics of the LAs in Malaysia, which unlike in many other countries is the local councils have no direct accountability to citizens (Khalid, 2010), or according to Tolley et al. (2010) Malaysia is practices a nominative representative governance system, which is the state government has the power to appoint the mayor and councilors of LAs within the state. LAs in Malaysia headed by a civil servant called Yang Di-Pertua (President/Mayor), Councilors and the Secretary, for which they are appointed by the State Authority, and is responsible for performing the duties as Chief Administrative Officer of the LAs.

To carry out its functions and responsibilities, LAs require adequate financial resources to provide perfect service in line with the needs of the population in its area of jurisdiction (Abdullah & Kalainan, 2009). Financial management activities of the LAs are much governed by laws, rules and regulations as stated in the Federal Constitution (The Local Government Act 1976). Based on the Local Government Act 1976 (Act 171) under Section 39 (Financial Recourses), Section 40 (Fund), Section 55 (Annual Budget), and Treasury Instruction is clearly stated the responsibility of LAs including to the management control and finances, which is also stated that the LAs have financial autonomy. Financial autonomy means the LAs is entail to "...freedom to impose local taxation, generate revenue, allocate financial and material resources, determine and authorize annual budget without external interference..." (Okafor, 2010). The Ministry of Housing and Local Government (MHLG), classifies the sources of income for the LAs

into six groups, which are (MHLG, 2013); i) Licenses, ii) Rentals, iii) Car park charges, planning fees, compounds, fines and interests, iv) Loans (from government and/ or financial institutions), v) Financial Allocation In Lieu Of Property Tax, and vi) Annual Grant by federal government.

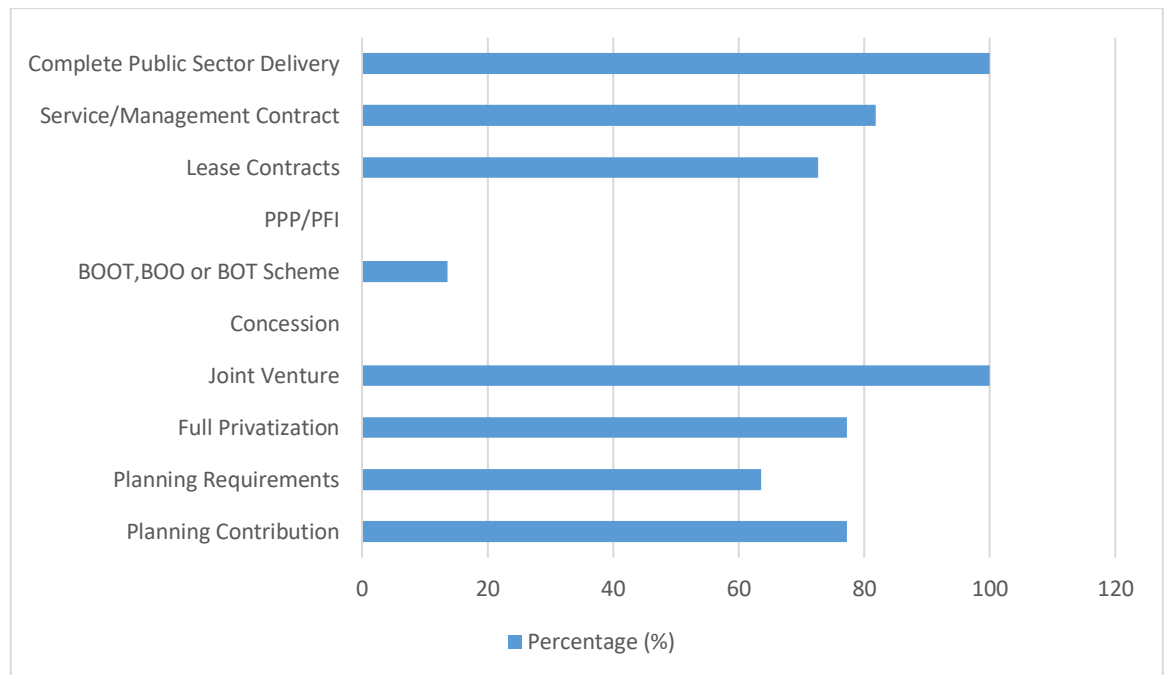
4.2 The Hindrance Factors

PFI is one of the alternative public procurement strategy that using by many LAs in continue their role and functions, especially in the time of financial constrain. However, in recent years, the implementation of PFI widely debated and criticized, particularly in terms of knowledge, understanding and experience of the whole concept of PFI (Khaderi & Aziz, 2010; Abdullah & Kalianan, 2009; Ismail & Rashid, 2007; Zawawi et al., 2014). In the case of PFI implemented in Malaysia, there is criticism that the PFI executed, technically is not coincide with the actual of PFI concept (Khairuddin 2009). Takim et al., (2009b) argued that the implementation of the PFI in Malaysia is overly 'rushed in planning' and the planning are still unclear. Besides, there are many research and report in Malaysia about the vulnerability of the project under the PFI scheme. In a newspaper report (Berita Harian, 2006) pointed out that the weakness in the past that led to a problem that PFI projects including weakness in the early stages of planning, implementation and monitoring in addition to the weaknesses in post-project evaluation.

According to several study, the involvement of private sector in procuring infrastructure facility in LAs is also criticized, and allegedly failing for several reason, such as; poor in the delivery of public infrastructure project (Ismail et al., 2012), weakness on administration and management (Berahmin et al., 2015; Muhammad et al., 2015), unregulated-procedure, lack of clear guideline of the negotiation practice, time consuming (Salleh & Okinono, 2016), also in financing issue (Md Lasa et al., 2015). To reaffirm this statement, the Auditor General's report for the year 2014, revealed that LAs in Terengganu and Pahang were incompetent to manage PPP/PFI projects due to the poor in corporate governance. The report reveal that, the audit of *Majlis Perbandaran Kemaman (MPK)* and *Majlis Daerah Besut (MDB)*, from July to September 2014, their procurement management is less satisfactory, because of there are some non-compliance in the procurement procedure, such as procurement tendering and direct negotiations. Others the weaknesses identified by the National Audit Department in audit 2014, such as; payments made to work that is not done, the project is not completed within the prescribed period, the completed projects that are not utilized, and the contract documents were not available and late signed (National Audit Department, 2016).

There are a report reveal that, in many cases investments on construction projects and facilities in Las under the PFI project was a failure mainly due to the factors of poor management and administration (Berahim et al., 2015; Muhammad et al., 2015; Kuppasamy, 2010), for example, the Construction Industry Development Board (CIDB) report in 2014 (CIDB is a statutory body which aims to lead the industry strategy construction integrated in Malaysia) revealed that, lack of satisfaction with the overall performance of the 'employer' and also 'employers agents', especially for projects for the regional or districts councils. The report also mentioned that the management of verification order (VO) and the claims process for the contractor at local level seems to be a difficulties.

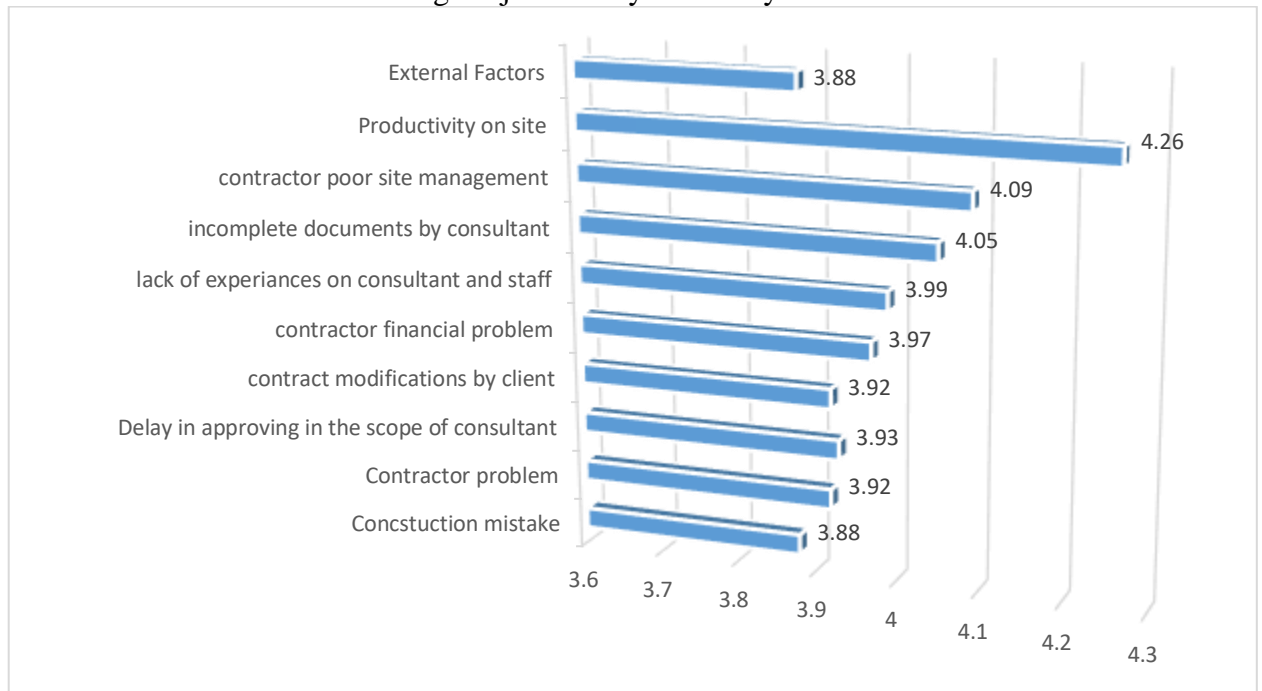
Figure 1:
The Present practices of infrastructure provision in Malaysia Local Authorities



Sources: Salleh & Okinono (2016) Fieldwork survey in 2014

Ministry of Housing and Local Government (MHLG) is reviewing the implementation of the People's Housing Project (PPR project) with a private developer through the PFI to be implemented by next year (Sinar Online, 2016), however there are also housing projects carried out by public-private partnerships program at the local government level that has the issues. There are many cases of abandoned projects under PPP scheme reported at the LAs in Malaysia. Based on the study by Mydin et al. (2014) that related to assess and identify the causes and consequences of the delay in development projects of private housing in Malaysia, which are divided into four group; delays due to contractor factors, consultant factors, client factors, and external factors (**Figure 2**). Based on the finding, Mydin et al. (2014) was submitted a recommendation, among are project management (customers and consultants) need to be more professional and responsible, especially in the control of their respective roles, and not rely on contractors or private parties to resolve their problems, especially in matters that involve the LAs.

Figure 2:
Factors of Private Housing Projects Delays in Malaysia



Sources: Survey conducted by Mydin et al. (2014).

Another study by Muhammad et al. (2014) has mentioned that, the inefficiencies of management can contribute to the failure of project development. This statement may be parallel with the reported by Berahim et al. (2015), which a lot of money invested in the construction of buildings and facilities in Malaysia LAs, either from the government or private, has been wasted because of the failure to utilize of property management. This point is revealed based on an audit of thirteen (13) selected projects in LAs, which mentioned that, there are some weaknesses, particularly in the planning, implementation and monitoring by LAs. Other factors were also revealed in that audit report are as; poor maintenance, delay of project due to unexperienced of contractors, lack of monitoring by LAs, poor documentation and record system and weakness of enforcement. Among recommendations made by the auditor to overcome that issue are; LAs can imitate the marketing strategy adopted by private developers, to ensure that the property is managed by giving VFM for each spending, and the need for changes to the administration and management, especially to the councilors (Berahim et al., 2015).

CONCLUSION

Based on of the discussion above it can be summarized that most of the hindrance factors that will facing by the LAs if considered to implement the PFI is the weaknesses in terms of LAs management and administration skill in the process of PFI implementation. Besides, other factors such as weaknesses of planning, lack experiences, understanding and knowledge toward PFI scheme will also the factors that should be considered if LAs have to involve in PFI scheme for their project development. Although the PFI model of adoption is not a new in Malaysia, but most of the studies conducted more to the national perspective, and also applies the factors from other countries or from previous studies

related. This circumstance, according to some researchers may not reflect the actual situation of the area under study. This is because not all the experiences and lessons of other countries are relevant to PFI in Malaysia LAs, especially when their resources, capabilities, socio-political context, as well as institutions in Malaysia are taken into account. Even in Malaysia, the issues and solution at national level and local levels are not the same, and require a different approach, as not all studies on the national level can be applied to the local level. Moreover, based on the issues and criticized toward the PFI implementation as presented by many previous studies, especially on the failures of infrastructure projects in LAs in Malaysia, has raised the question of whether the key factors that influence the adoption of PFI for infrastructure projects in LAs in Malaysia and, how these influenced factors have been or are being addressed. In addition, PFI implement in Malaysia has also received criticisms and debated, in which these emerging issues is require urgent attention if Malaysia want to excel under PFI program. To ensure the ultimate objectives of PFI achieved, identifying the critical factors of PFI implementation is consider crucial. Furthermore, most PFI studies in Malaysia are in a national perspective, not to specific projects or more specific areas, and most of studies related to critical success factors of PFI implement merely adopt the factor from other countries or from previous studies, in which these approaches are not able to reflect the real situation that faced in the area under of study.

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