

## TABLE OF CONTENTS

<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>3</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>4</b>
<b>1.0 INTRODUCTION</b> .....	<b>11</b>
<b>1.1 Methodology</b> .....	<b>12</b>
<b>2.0 COUNTRY PROFILE</b> .....	<b>13</b>
<b>2.1 Country Background</b> .....	<b>13</b>
<b>2.2 Procurement in Sri Lanka</b> .....	<b>16</b>
<b>2.3 Procurement Reform Initiatives</b> .....	<b>19</b>
<b>3.0 BASELINE INDICATORS</b> .....	<b>20</b>
<b>3.1 BLI ASSESSMENT</b> .....	<b>20</b>
<b>3.2 ANALYSIS OF ASSESSMENT</b> .....	<b>23</b>
3.2.1 Overview of Analysis.....	23
3.2.2 Pillar I – Legislative and Regulatory Framework (average 3.0).....	23
3.2.3. Pillar II. Institutional Framework and Management Capacity (average 2.13) .....	23
3.2.4 Pillar III. Procurement Operations and Market Practices (average 2.04).....	24
3.2.5 Pillar IV. Integrity and Transparency of the Public Procurement System average 0.90) .....	24
<b>3.3 RECOMMENDATIONS AND STRATEGY</b> .....	<b>25</b>
<b>4.0 COMPLIANCE INDICATORS</b> .....	<b>28</b>
<b>4.1 DERIVED COMPLIANCE/PERFORMANCE INDICATORS</b> .....	<b>28</b>
4.1.1 Procurement carried out through open tendering (by number & volume).....	28
4.1.2 Time (in days) allowed for submission of international and national tenders .....	29
4.1.3 Time (in days) allowed for evaluation of international and national tenders.....	30
4.1.4 Number of tenders where award exceeds estimate (% by which exceeded) .....	30
4.1.5 Confidence in the system .....	31
4.1.6 Procurement Cells in Ministries .....	31
4.1.7 Training Programmes conducted by the NPA.....	32
<b>4.2 Compliance / Performance Indicators for the future</b> .....	<b>33</b>

## ANNEXES

Annex 1	Methodology
Annex 2	Explanatory notes for the BLI assessment
Annex 3	Questionnaire for Data Collection from selected Ministries
Annex 4	Questionnaire for the private sector
Annex 5a	Percentage of procurement carried out through open tendering by no. of contracts and in volume)
Annex 5b	Procurement carried out through open tendering for ICB & NCB and by other methods
Annex 6	Time (in days) allowed for submission of international and national tenders
Annex 7	Time (in days) allowed for evaluation of international and national tenders
Annex 8	Number of tenders where award exceeds estimate, and percentage by which the estimate is exceeded
Annex 9	Procurement related data for all contracts, including Bid received, Appeals, Rejections and Audit Queries
Annex 10	Training Programmes carried out by the NPA in 2006
Annex 11	Photographs of Validation Workshops

## **ABBREVIATIONS AND ACRONYMS**

OECD	- Organization for Cooperation and Development
DAC	- Development Assistance Committee
BLI	- Baseline Indicator
WB	- World Bank
ADB	- Asian Development Bank
FR	- Financial Regulations
GOSL	- Government of Sri Lanka
PSB	- Procurement Support Bureau
NPA	- National Procurement Agency
CPI	- Compliance / Performance Indicators
CAPC	- Cabinet Appointed Procurement Committee
CANC	- Cabinet Appointed Negotiating Committee
MPC	- Ministry Procurement Committee
DPC	- Department Procurement Committee
PPC	- Project Procurement Committee
ICB	- International Competitive Bidding
NCB	- National Competitive Bidding
SBD	- Standard Bidding Documents
PPP	- Public Private Partnership
CCI	- Chamber of Construction Industries
SLIDA	- Sri Lanka Institute of Development & Administration
SLIPTAR	- Sri Lanka Institute of Procurement Training and Research
CIABOC	- Committee to Investigate Allegations of Bribery and Corruption
DIPPCA	- Diploma in Public Procurement and Contract Administration

(Note: considered Exchange rate - 1 US Dollar = 100 Sri Lanka Rupee)

# EXECUTIVE SUMMARY

## INTRODUCTION

The Government of Sri Lanka [GOSL] is a signatory to the Paris Declaration on Aid Effectiveness. It was agreed with the OECD-DAC Joint Venture on monitoring the Paris Declaration<sup>1</sup> that the procurement baseline indicators would be used to help monitor the qualitative procurement target of the Paris Declaration. In response Sri Lanka agreed to participate in a procurement assessment pilot exercise. This exercise, arising out of the harmonizing of Donor practices for effective aid delivery, is directed at improving the quality of the local procurement system. This will further enhance Donor confidence in the national procurement system. The assessment of the procurement system is based on the OECD – DAC Benchmarking Framework<sup>2</sup>. The National Procurement Agency [NPA] of Sri Lanka as the procurement regulatory agency in the country, is conducting the pilot exercise, in collaboration with central and provincial Government agencies. Guidance and support has been provided by key Donor agencies. The main elements considered are:

- Equivalence and Acceptability – to determine the extent to which the national procurement system matches internationally accepted procurement policies
- Addressing Gaps – to determine and implement strategies to address the shortfalls identified

This project is a multi-year one and the initial phase of the project will be to assess the standing of the national procurement system. The first phase of the project will be to assess the standing of the national procurement system with respect to accepted international practices, to identify shortfalls and develop strategies for improvement. The regular assessments carried out over the period of the project will result in an effective procurement system. With this Sri Lanka will be able to stop using multiple procurement systems, Donors will stop insisting on the use of their own systems, and a harmonized procurement system will be developed.

---

<sup>1</sup> Paris Declaration : see [www.oecd.org](http://www.oecd.org)

<sup>2</sup> Methodology for the Benchmarking and Assessment of Public Procurement Systems : Vol.4 – Used Guide  
- OECD – DAC Joint Venture for Procurement

## BENCHMARKING FRAMEWORK

For this assessment a system of indicators referred to a Baseline [BLI] and Compliance /Performance [CPI] Indicators has been developed. The BLIs are grouped under four categories referred to as “Pillars”. The four pillars are,

- Pillar I - Legislative and Regulatory Framework
- Pillar II - Institutional Framework and Management Capacity
- Pillar III - Procurement Operations and Market Practices
- Pillar IV - Integrity of the Public Procurement System

The BLIs gives a “snapshot” comparison of the actual system against international standards. THE CPIs deal with how the procurement system actually operates, and are more closely related to the applications of the regulations and to the prevailing procurement practices in the country.

## BASELINE INDICATORS

The BLIs were assessed on the basis of the benchmarking guidelines developed by the OECD-DAC JV. On a scoring scheme of 0 to 3.0, it was found that Pillar I (score = 3.0) is fully compliant and that Pillars II (score = 2.13) and Pillar III (score = 2.04) have shortcomings which need to be addressed. Major deficiencies are shown in Pillar IV (score = 0.90), the Integrity and Transparency of the Public Procurement System, and corrective action is necessary to uplift this Pillar to an acceptable standard.

### **Pillar I – Legislative and Regulatory Framework (av. = 3.0)**

Although the NPA is not incorporated by an Act of Parliament, the NPA carries out its duties on behalf of the Cabinet and the NPA Procurement Guidelines are issued with the approval of the Cabinet of Ministers. The assessment of the two Pillar I BLIs comprising 14 sub-indicators, indicates that there is a well established quasi-legislative and regulatory framework for the procurement system in Sri Lanka

## **Pillar II. Institutional Framework and Management Capacity (av. = 2.13)**

In the assessment of the three BLIs comprising of 12 sub-indicators, it is seen that while BLI 4 is fully compliant, there are short comings in BLI 3 (score of 2.25) and BLI 5 (score of 1.13). The main reasons for these are :

BLI 3 - there is a need to ensure the timely preparation of Completion Reports for certification of implementation and reconciliation with budget programmes.

*Recommendation – Contract monitoring to be expanded beyond CAPC level. Detailed contract completion procedures to be prepared.*

BLI 5 - it is noted that the present manual systems for the collecting and disseminating of procurement information, and monitoring of procurement statistics are cumbersome and ineffective. Further the training and capacity building of government sector staff appears inadequate to meet the need, and is almost non-existent for the private sector.

*Recommendation – Implementation of interactive website for dissemination of information. Training programmes to be expanded..*

## **Pillar III. Procurement Operations and Market Practices (av. = 2.04)**

In the assessment of the three BLIs comprising of 10 sub-indicators, it is seen that there are short comings in all with BLI 6 (score of 2.0), BLI 7 (score of 2.0) and BLI 8 (score of 2.13). Some of the reasons for this are that :

BLI 6 - there are no procurement related cadre positions in the State services, and procurement activities are handled by general staff. Although they have received training in basic procurement procedures, updating of skills is not apparent.

*Recommendation - State sector recruitment structure to include specialized procurement related cadres. Senior staff to be developed as “trainers” for in-house training. Information on available training programmes to be widely circulated.*

BLI 7 – Although there are no constraints to the private sectors access to the procurement markets, there are no established guidelines for public – private sector

partnerships. Also the private sector is small, with competition for large contracts being limited to a few of the larger organizations.

*Recommendation - Guidelines for public-private sector partnerships to be finalized.*

BLI 8 – For “Works” contracts, contract administration and dispute resolution are well defined and practices, but contract administration is weak in respect of “Goods” contracts.

*Recommendation - Contract administration procedures for “Goods” contracts to be strengthened*

#### **Pillar IV. Integrity and Transparency of the Public Procurement System (av. = 0.90)**

In the assessment of the four BLIs comprising of 18 sub-indicators, it is seen that there are shortcomings in all with BLI 9 (score of 0.60), BLI 10 (score of 1.0), BLI 11(score of 1.0) and BLI 12 (score of 1.0). The main reasons for these are :

BLI 9 – Although there are financial audit procedures in place for State sector organizations, they are not customized for addressing procurement related issues, and also the staff of the Auditor General’s dept. is not adequately trained in procurement procedures.

*Recommendation - Auditor General dept. staff to trained in procurement procedures.  
Procurement and contract administration to be included in audits*

BLI 10 – In terms of the country’s Constitution, the Appeals Board for CAPC contracts cannot issue enforceable final decisions and hence the Appeals Board has no independence for the resolution of complaints. There is also a lack of transparency as the outcome of appeals reviews are not made public.

*Recommendation - Although the Appeals Board is constrained by constitutional requirements, maximum publicity should be given to appeals made and the recommendations of the Board*

BLI 11 – Access to information in respect of contract awards is minimum, and there is no public information on the decisions made regarding appeals.

*Recommendation - NPA and Ministry websites to carry procurement related information at all stages.*

BLI 12 – Procurement procedures do not address means of preventing corruption, fraud, conflict of interest and unethical behaviour. There is a Commission to Investigate Allegations of Bribery & Corruption which investigates grievances relating to corruption as defined by law, vide the Bribery Act. Although many cases have been investigated, only three cases have resulted in Court action. A lack of transparency is evident.

*Recommendation - Procurement procedures to include provision to prevent corrupt practices and actions to be taken Allegations proven by CIABOC investigations to be given wide publicity*

## **COMPLIANCE INDICATORS**

Compliance/Performance Indicators [CPI] are intended to provide information based on the review of data and surveys. CPIs were derived from the data collected from the seven Ministries selected for the pilot project.

### **Procurement carried out through open tendering (by number & volume )**

At CAPC level 79% of the procurement by numbers and 97% by value, are through Open Tendering. Single Source procurement of spare parts for plant and equipment results in the relatively low 79% of open procurement here. At MPC level 96% of the procurement by numbers and 99% by value, through Open Tendering.

### **Time (in days) allowed for submission of international and national tenders**

It is seen that the bulk of the bidding periods lie with 50 days (7 weeks), which is in line with the NPA requirement as specified in the NPA Procurement Manual<sup>3</sup>.

---

<sup>3</sup> Procurement Manual 2006 – Goods & Works : Reference 4.2.3.



### **Time (in days) allowed for evaluation of international and national tenders**

For CAPC level contracts, while for the majority of cases, evaluations are completed within a 100 day period, there are a substantial number that take a considerable period of time, with some going beyond a year. In the case of MPC level contracts, the situation is better with 67% being completed within a 50 day period. The NPA Procurement Manual<sup>4</sup> specifies a time frame for the evaluation of bids ministries and agencies making procurement should be advised to adhere to the NPA guidelines. An upper time limit as shown, is proposed.

100 days - for CAPC level contracts

50 days - for MPC level contracts

These time-frames lie within the suggested Bid Validity Periods

### **Number of tenders where award exceeds estimate (% by which exceeded)**

Although Procurement Planning as a mandatory requirement to get budgetary allocations was introduced in 2006 and was applicable to all Govt. agencies, it is found that budget over-runs are still evident. However as the NPA provides guidance on preparing implementation plans to make the procurement plans more realistic, it is expected that this situation will improve in the near future. Presently the NPA monitors Procurement Planning for high level procurements. The implementing agencies monitor and report on lower value contracts. However it is seen that the Ministry of Health has awarded seven contracts for Food items over 50% and two contracts over 100%. An upper time limit of **20%** excess should be set for both CAPC and MPC Level contracts.

### **Confidence in the system**

The confidence placed in the procurement system by suppliers of Goods, Works and Services is reflected by the number of bids received for each contract. It is found that for CAPC level contracts there are an average of 5 bid/contract and for MPC level contracts an average of 4 bid/contract. In both cases the figures could be considered as been acceptable.

---

<sup>4</sup> Procurement Manual 2006 – Goods & Works : Reference 4.2.3.

### **Procurement Cells in Ministries**

The NPA targets the setting up of Procurement Cells in all Cabinet level Ministries and non-Cabinet level Ministries and also in Provincial Councils. These Cells are headed by a Liaison Officer with support staff and are responsible for the preparation and monitoring of the procurement plan. They also maintain their own database and support the NPA in maintaining the national database on procurement. So far there are Cells established in 72% of the Cabinet status Ministries, 10% in non-Cabinet level Ministries and 100% in the Provincial Councils. While reasonable progress has been made, the ultimate aim would be to establish Procurement Cells in all Ministries having significant procurement.

### **Training Programmes conducted by the NPA**

The NPA conducts a wide range of Training programmes for the State sector. However although a number of programmes have been conducted, what emerged from the two Workshops held was the need for more training at the awareness level and more importantly at the specialized level. This was reflected in the BLI assessment. Further the need for awareness and training courses for the private sector is evident.

### **Compliance / Performance Indicators for the future**

The CPI derived for this exercise deal with procurement and capacity building aspects of procurement. For the next phase of the exercise the following aspects of procurement will be considered for developing additional CPIs :

- Appeals / Complaints – number received, time for inquiry, outcomes.
- Unethical behaviour – allegations of corruption, investigations by CIABOC, outcome of investigations, resulting prosecutions.
- Audit queries – queries raised by Auditor General, response time, outcome.
- Public-Private Partnerships – interaction with private sector through respective Chambers, specialized training programmes for private sector.
- Institutional development – expansion of Procurement Cells in Ministries, focused training for Liaison Officers and other procurement staff.

**GOVERNMENT OF SRI LANKA : NATIONAL PROCUREMENT  
ASSESSMENT PILOT EXERCISE  
BASED ON  
OECD – DAC JOINT VENTURE BENCHMARKING FRAMEWORK**

## **1.0 INTRODUCTION**

The Government of Sri Lanka [GOSL] is a signatory to the Paris Declaration on Aid Effectiveness. It was agreed with the OECD-DAC JV on monitoring the Paris Declaration, that the procurement baseline indicators would be used to monitor the qualitative procurement target of the Paris Declaration. In response Sri Lanka agreed to participate in a procurement assessment pilot exercise. This exercise, arising out of the harmonizing of Donor practices for effective aid delivery, is directed at improving the quality of the local procurement system. This will further enhance Donor confidence in the national procurement system. The assessment of the procurement system is based on the OECD – DAC Benchmarking Framework<sup>5</sup>. The National Procurement Agency [NPA] of Sri Lanka as the procurement regulatory agency in the country, is conducting the pilot exercise, in collaboration with central and provincial Government agencies. Guidance and support has been provided by key Donor agencies. The key elements considered are:

- Equivalence and Acceptability – to determine the extent to which the national procurement system matches internationally accepted procurement policies
- Addressing Gaps – to determine and implement strategies to address the shortfalls identified

This exercise is a multi-year effort and the initial phase covers an assessment of the status of the national procurement system with respect to accepted international practices and identifies shortfalls and improvements where required. The annual assessments carried out will help GOSL to progressively iron out the irregularities in the system and improve performance, thereby achieving an effective and efficient procurement system. This will ensure optimum utilization of development funding.

---

<sup>5</sup> Methodology for the Benchmarking and Assessment of Public Procurement Systems : Vol.4 – Used Guide  
- OECD – DAC Joint Venture for Procurement

For this assessment twelve Baseline Indicators (BLI) of Policies and Institutions have been developed, which are grouped under four categories referred to as “pillars”. The four pillars are,

- Pillar I - Legislative and Regulatory Framework
- Pillar II - Institutional Framework and Management Capacity
- Pillar III - Procurement Operations and Market Practices
- Pillar IV - Integrity of the Public Procurement System

The BLIs are used to assess the quality of Sri Lanka’s procurement system. Out of the BLIs a further set Performance Indicators are derived, which are used to assess the implementing agencies track record against acceptable standards, identifying strengths and weaknesses and evaluating performance. These sub-indicators, which are classified as either “mandatory” or “standard”, with the former sub-indicators being considered to be of critical importance where satisfactory compliance must be achieved.

### ***1.1 Methodology***

It is planned to carry out the exercise in a number of stages, starting with seven Ministries and gradually expanding the scope of the exercise to cover practically all Ministries. This will be a consultative process of focused group discussions and stakeholder validation to agree on methodology and outcomes.

Phase 1 – To carry out sample survey using existing data (2005/2006) focusing on the high end of the procurement range, i.e. Ministries with total procurement in 2006 in excess of US\$ 90M. Seven Ministries were selected for this phase, and they were the Ministries of :

- Healthcare & Nutrition
- Transport
- Power & Energy
- Urban Development & Water Supply
- Education
- Highways
- Local Government & Provincial Councils

Conduct validation workshop on chosen indicators, scope and methodology with key stakeholders. The Procurement Cells in identified Ministries were then mobilized to collect required

procurement data for the specified period. Focus group consultations were had with public and private sector agencies. Once the preliminary analysis had been made from data collected, a second workshop (Annex 11) was conducted with a broader range of stakeholders, to validate results and devise strategies for improving weak areas through partnerships with public and private sector institution and civil society.

Phase 2 – The survey will be expanded to Ministries having annual procurement in excess of US\$ 10M in 2007 and the process repeated, including the validation workshops.

Phase 3 -Repeat Phase 2 for annual procurement in all Ministries in 2008

The Methodology employed is given in detail in Annex 1.

## 2.0` COUNTRY PROFILE

### 2.1 *Country Background*



Sri Lanka, formerly Ceylon, is an island republic in the Indian Ocean off the south-eastern coast of India. It is a member of the British Commonwealth. The Palk Strait and Gulf of Mannar separate Sri Lanka from India. The map of Sri Lanka and the table giving relevant data are given below.

### Sri Lanka: Facts and Figures

Area	65, 610 sq. km.
Greatest length from North to South	435 km
Greatest width	240 km
Total Population (2002)	19.6 million
Population Density	314 persons per sq. km.
Urban Population	23 %
Administrative Capital	Sri Jayawardhanepura (Kotte)
Commercial Capital and Largest City	Colombo
Annual Rainfall 2005 (average)	1,706 mm
Literacy Rate	92.5 %
GDP	US\$ 2,366 (billion)
Per Capita GNP	US\$ 1,194
Life Expectancy (2001): Male	71.7 years
Female	76.4 years
Average Household size (2004)	4.31
Mean Household income (2004)	US\$ 171 per year
Employed Persons	7.5 million
<b>Water Supply &amp; Sanitation :</b>	
Access to safe water	92.5%
Access to pipe borne water	39%
<b>Electricity :</b>	
Households with electricity	75%
<b>Transport :</b>	
Network of Roads (A and B)	11,547 km
Operated rail road track	1,447 km
<b>General Education :</b>	
School density (area covered by a school)	6 sq.km
Pupil : Teacher ratio	21 : 1
<b>University Education :</b>	
Pupil : Teacher ratio	17 : 1
Eligible for University admission	54%
Admissions as % of eligible	13%
Govt. spending % of GDP	2.7%
<b>Public Health :</b>	
Hospital Beds	3.1 per 1000 persons
Persons per Doctor	2,168
Govt. spending % of GDP	1.9%

*Source: Annual Report of the Central Bank 2005*

Sri Lanka gained independence on February 4, 1948, and became a Republic on May 22, 1972. The country is a member of the British Commonwealth of Nations, governed under a constitution adopted in 1978. The chief of state and head of government of Sri Lanka is the President, who is elected directly for a term of six years. The President appoints the Prime

Minister and members of the Cabinet. The 225 members of parliament are elected directly by a system of proportional representation.

Sri Lanka is divided into 9 Provinces and 25 Administrative Districts. Each District is headed by a Government Agent, District Secretary; Local Government Units include 12 Municipal Councils, 39 Urban Councils and 200 plus Pradeshiya Sabhas (local councils).

In November 1987, the Parliament by the 13<sup>th</sup> Amendment to the Constitution, established a Provincial Councils in each of the nine Provinces. Each Province had a Governor, a Chief Minister and a Board of Ministers, who were responsible for the administration of the Province. The Provincial Councils were responsible for the implementation of provincial economic plans, provincial education, housing and construction, roads and bridges, other than national highways, health, agriculture and agrarian services, Local government, and many other administrative functions. The Provincial Council is in effect a sub-national government at provincial level.

The Sri Lanka legal system is based on British Common Law, Roman Dutch Law and customary practices of Sinhalese, Tamils and Muslims. Sri Lanka was a British Colony from 1802 (the entire Island came under British control in 1818) until 1947, after the Dutch ceded the Island's maritime provinces to the British. Today, the influence of the British common law system is much greater than the Roman Dutch Law. The legal system is very well established. There is a hierarchy of courts, the apex body in the country being the Supreme Court of Sri Lanka. The country is divided into five judicial circuits, subdivided into districts with district courts. Lowest courts are conciliation boards with responsibility to deal with minor criminal and civil cases. The Chief Justice of the Supreme Court and two subordinate justices appointed by the President make up the Judicial Service Commission, which has appellate and judicial powers in criminal cases and exclusive powers in most serious criminal cases.

Sri Lanka is an outlier among developing nations, with social indicators comparable to those of high income countries. Its per capita income remains second highest in the region, after

the Maldives. It is strategically well placed in the Indian Ocean and was ahead of its neighbours in liberalizing the economy. With strong social indicators and natural endowments, Sri Lanka could have achieved a substantially high socio-economic status, had it not been for the twenty five year history of conflict, an excessively large public sector, and deteriorating governance. This conflict situation continues to drain human and financial resources of the country.

Per capita employment in the public sector is the largest in Asia, providing employment for more than 1.1 million people. In addition to Ministries and Departments, Sri Lanka has over 150 statutory Boards, public corporations and public enterprises, which combine commercial and regulatory activities. Public sector contribution to GDP is 12.3 percent and that of the private sector 87.7 percent.

The tsunami of 26<sup>th</sup> December 2004 caused the loss of 35,322 human lives, injured 21,441 persons, displaced about 500,000 persons and left about 1,500 children bereft of parents. It caused immense damage to physical property and infrastructure, and loss of livelihood. The immediate relief and rescue operations were carried out successfully and infrastructure was restored and temporary accommodation provided within a short time of the disaster. It must be mentioned here that these operations were carried out by public sector agencies even before relief aid made its impact. The post-tsunami recovery and reconstruction activities are expected to take 3 to 5 years and are being implemented under four major programmes, namely, (i) construction of houses (ii) restoring livelihoods (iii) providing health, education and protection and (iv) construction of national infrastructure.

## ***2.2 Procurement in Sri Lanka***

During the pre-independence era, procurement for the colonial administration was done by the Crown Agents. After independence the Government continued to use the Crown Agents for some international purchases, while the Ministries also had autonomy in procurement. In 1966 the Government published the Financial Regulations which contained rules for the procurement of works, goods and services. Apart from this there was no central law regulating public procurement.



Amendments to the Financial Regulations were issued from time to time and the FR of 1966 was finally replaced by the Revised Financial Regulations of 1992. This new FR was binding on all Ministries, Departments and Statutory Bodies. Government Corporations too were subject to the FR of 1992, unless they had their own comprehensive financial rules and guidelines. Although the FR provided a adequate framework for tender and contract procedures, they were outdated and non-transparent.

With a view to the country obtaining the maximum advantage from its procuring and ensuring complete transparency of the process, the Ministry of Finance & Planning issued in 1996 the “Guidelines on Government Tender Procedure”. These were periodically amended based on user feedback received and the current national economic requirements, especially with regards to foreign investment and donor funding.

In April 1999 the Ministry of Finance & Planning set up the Procurement Support Bureau [PSB], with assistance from the ADB, who were assigned the task of:

- i. streamlining the Government procurement procedures
- ii. monitoring of donor and Government funded procurement
- iii. providing training in procurement

A multi-layered procurement decision making structure was instituted, depending on the value of the procurement, with authority levels at CAPC, MPC, DPC and PPC. This system still continues and the authority of the respective procurement committees for contract award recommendation / determination is set for both GOSL and Foreign funded projects.<sup>6</sup> A Provincial Council has the same authority level as the MPC.

In 2003 the GOSL-World Bank Country Procurement Assessment Report<sup>7</sup>, recommended that *“a small high powered, professionally staffed, independent Procurement Regulatory Authority (PRA) should be established to develop, review and revise the procurement legal framework. Its functions should be confined mainly to policy, documentation development of*

---

<sup>6</sup> NPA Procurement Manual 2006 :Goods & Works – Reference 2.14.1

<sup>7</sup> Sri Lanka Country Procurement Assessment Report 2003

*rules. The exact modalities of the PRA/PSB should be developed by GOSL. The Regulatory/Policy Agency should be kept distinctly separate from the Agency carrying out Line functions.”*

In 2004, considering the above recommendation GOSL established a high powered entity, the National Procurement Agency (NPA), to regulate public procurement activities of the country. The objectives of NPA are:

1. Standardize the Government Procurement Procedure;
2. Accelerate procurement process
3. Improve transparency and good governance;
4. Ensure equal opportunity to eligible and desirous of participating in public bidding
5. Ensure value for money in terms of price, quality and timely delivery
6. Ensure that the Government procurement system is made efficient and simplified to promote development need of the country
7. Monitor the system relating to selection of successful bidders and award of contracts

The NPA performs in three main areas; Policy and Regulation, Monitoring, and Capacity Building.

Under the area of Policy and Regulatory initiatives, NPA covers the issuance of Guidelines, Manuals & Directives for Procurement of Goods, Works, Services & Consultant Services and PPP; formulation of Standard Bidding Documents; Indicative Specifications for Procurement of Goods; Appeal Board Procedures; formulation of black-listing procedures and plays the key advisory role in public procurement.

In respect of Procurement Monitoring, the NPA’s role focuses on the preparation of National Procurement Plan, monitoring of procurement activities, accreditation of personnel for Procurement Committees & Technical Evaluation Committees, appointment of Procurement Committees & TECC, assisting and advising Line Ministries/Agencies on issues related to the procurement process, and facilitating and coordinating the publishing of information on procurement activities and awards.

Preparation of curriculum for procurement training, conducting short-term training & Diploma programmes on every aspect of Public Procurement & Contract Administration, conduct ‘Training of Trainers’ programmes, conduct training programmes for private sector

and professional organizations, establishment & maintenance of Resource Center on procurement, and conduct research and development activities relating to public procurement are being carried out by NPA in order to strengthen the capacity building in public procurement.

### ***2.3 Procurement Reform Initiatives***

The NPA is constantly striving to increase the efficiency and effectiveness of public procurement and in doing so has introduced a number of initiatives in the three areas of policy, monitoring and capacity building as listed in the previous section. Some of the important developments here have been:

- a. The introduction of Pre-procurement Activities. In March 2006 the Secretary to the Treasury instructed that all institutions were required to furnish details of Procurement Preparedness activities when seeking annual financial allocations. This led to the mandating of procurement planning for Treasury budget allocation.
- b. Ministries and Provincial Councils prepare Master Procurement Plans based on the institutional plans for the purpose of monitoring.
- c. NPA has introduced a web based system for monitoring large value procurement based on the master plans.
- d. Established Procurement Cells in each line Ministry and Provincial Councils headed by a senior Ministry official designated as the Procurement Liaison Officer. In furtherance of this initiative a circular was issued by the General Treasury establishing the Procurement Assistants Service – cadre for providing specialized procurement services.
- e. Initial steps have been taken to initiate e-Government Procurement [e-GP] such as posting of advance procurement notices, SBDs, bid notices, contract awards, etc. on the NPA web site.
- f. Introduction of a Diploma programme in Public Procurement and Contract Administration [DIPPCA] in addition to short term and certificate level programmes on different facets of public procurement and contract administration.

- g. Introduced Public Procurement as a subject of the Masters programme in Public Management conducted by SLIDA.
- h. Initiated a dialogue with the private sector and professional institutions with a view to improve public procurement practices.

### 3.0 BASELINE INDICATORS

The Baseline Indicators present a “snapshot” of the actual system against the international standards that the BLIs represent. The twelve BLIs are based on the four “Pillars” dealing with the regulatory framework and the institutional and operational arrangements. The BLIs are further divided into fifty three sub-indicators dealing with specific concerns of each BLI, Fig 1.

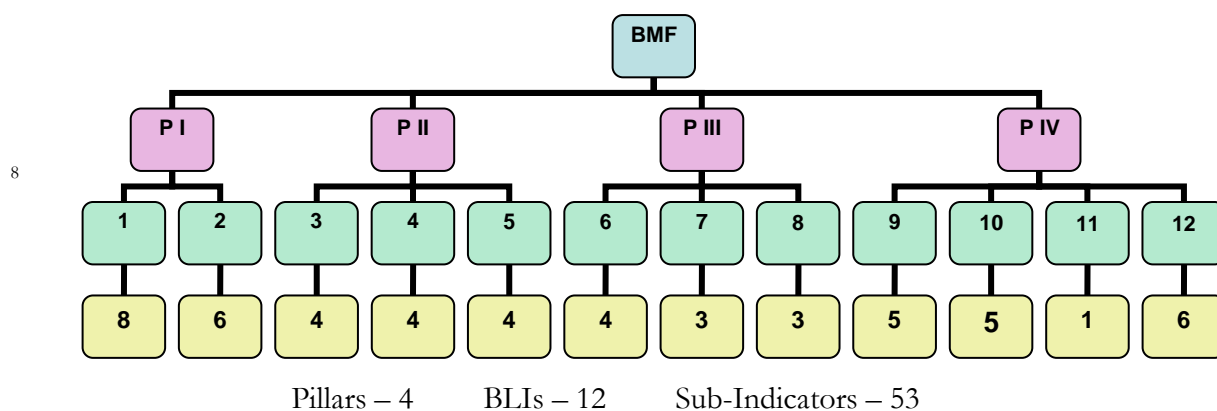


Fig 1 : Benchmarking Framework

### 3.1 BLI ASSESSMENT

The BLIs were assessed on the guidelines given by the OECD-DAC<sup>9</sup>. The assessment was carried out by the project team and to validate the results, the CEO, Board of Investments, the Deputy Auditor General<sup>10</sup> and the Chairman, Board to Investigate Allegations of Bribery & Corruption<sup>11</sup> were interviewed in respect of BLI 8, 10 and 12. The details of the assessment are given in Annex 2. A questionnaire (Annex 3) was sent to the Ministries

<sup>8</sup> Methodology for the Benchmarking and Assessment of Public Procurement Systems – Volume 4

<sup>9</sup> Methodology for the Benchmarking and Assessment of Public Procurement Systems – Volume 4

<sup>10</sup> Mr. P.A. H. Samaraweera - Deputy Auditor General

<sup>11</sup> Justice Ameer Ismail – Chairman, CIABOC

selected for the pilot study to elicit information which would be used for both the BLI and CPI assessments. A separate questionnaire (Annex 4) designed for the Private sector was given to the CCI and other selected firms. The assessments obtained for each BLI on a scale of 0 to 3.0, and the subsequent average for each Pillar is given in Table 1.

No.	Baseline Indicator	Score	Score for Pillar
<b>Pillar I – Legislative and Regulatory Framework</b>			
1	The public procurement legislative and regulatory framework.	3.0	
2	Existence of Implementing Regulations and Documentation	3.0	
	<b>Average for Pillar I</b>		<b>3.0</b>
<b>Pillar II. Institutional Framework and Management Capacity</b>			
3	The public procurement system is main-streamed and well integrated into the public sector governance system.	2.25	
4	The country has a normative / regulatory body	3.0	
5	Existence of Institutional development capacity.	1.13	
	<b>Average for Pillar II</b>		<b>2.13</b>
<b>Pillar III. Procurement Operations and Market Practices</b>			
6	Efficiency of procurement operations and practices.	2.0	
7	Functionality of the public procurement market.	2.0	
8	Existence of contract administration and dispute resolution provisions.	2.13	
	<b>Average for Pillar III</b>		<b>2.04</b>
<b>Pillar IV . Integrity and Transparency of the Public Procurement System</b>			
9	Effectiveness of control and audit systems	0.60	
10	Efficiency of appeals mechanism.	1.0	
11	Accessibility to information.	1.0	
12	Ethics and anticorruption policy and measures.	1.0	
	<b>Average for Pillar IV</b>		<b>0.09</b>

Table 1 – Baseline Indicator Assessment

A graphical representation of the BLI assessment is shown in Fig 2 and that showing the overview of the national procurement system is in Fig 3.

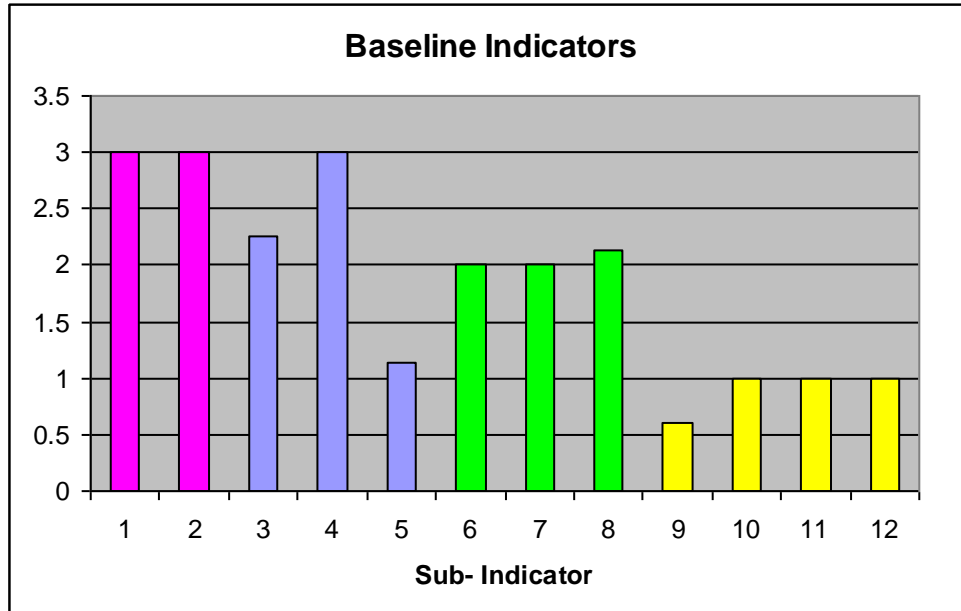


Fig 2 – Baseline Indicator Scores

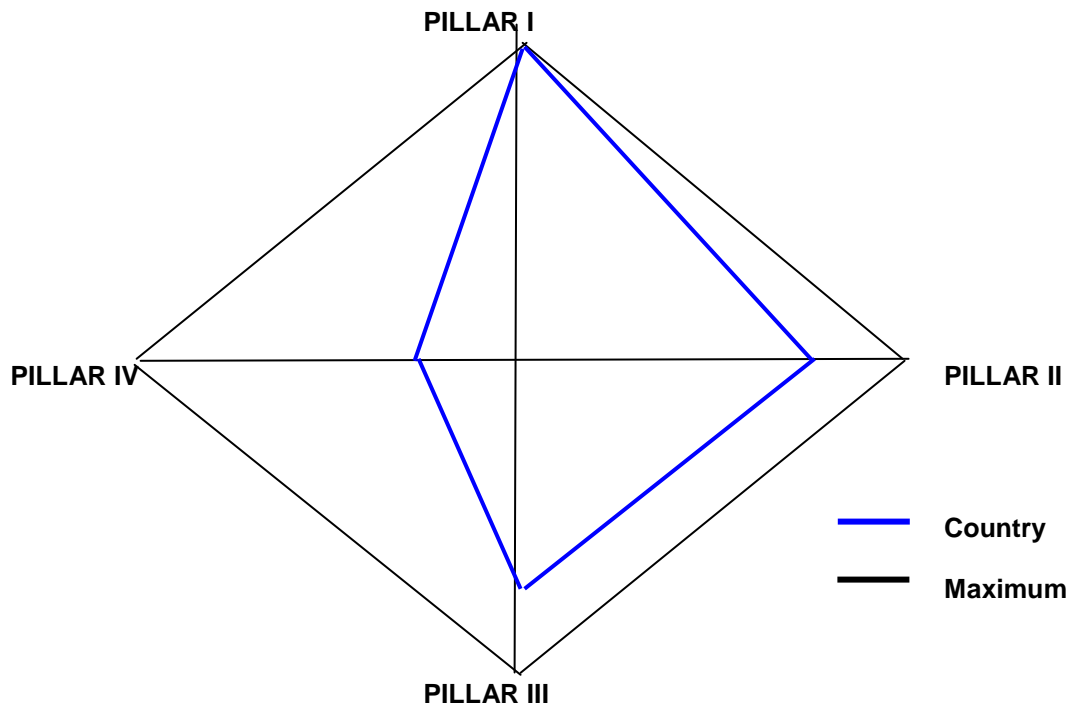


Fig 3 – Overall Ratings for the Pillars

## **3.2 ANALYSIS OF ASSESSMENT**

### **3.2.1 Overview of Analysis**

It is found that Pillar I is fully compliant and that Pillars II and III have shortcomings which need to be addressed. Major deficiencies are shown in Pillar IV, the Integrity and Transparency of the Public Procurement System and corrective action is necessary to uplift this Pillar to an acceptable standard.

### **3.2.2 Pillar I – Legislative and Regulatory Framework (average 3.0)**

Although the NPA is not incorporated by an Act of Parliament, the NPA carries out its duties on behalf of the Cabinet. The Procurement Guidelines developed by the NPA are issued with the approval of the Cabinet of Ministers. As such the procurement Guidelines are referred to by the national legal system

The assessment of the two BLIs here comprising 14 sub-indicators indicates that there is a well established quasi-legislative and regulatory framework for the procurement system in Sri Lanka

### **3.2.3. Pillar II. Institutional Framework and Management Capacity (average 2.13)**

In the assessment of the three BLIs comprising of 12 sub-indicators, it is seen that while BLI 4 is fully compliant, there are shortcomings in BLI 3 (score of 2.25) and BLI 5 (score of 1.13). The main reasons for these are :

BLI 3 – the need to ensure the timely preparation of Completion Reports for certification of implementation and reconciliation with budget programmes.

BLI 5 – The present manual systems for the collecting and disseminating of procurement information, and monitoring of procurement statistics are cumbersome and ineffective. The training and capacity building of government sector staff appears inadequate to meet the need, and is almost non-existent for the private sector.

### **3.2.4 Pillar III. Procurement Operations and Market Practices (average 2.04)**

In the assessment of the three BLIs comprising of 10 sub-indicators, it is seen that there are short comings in all with BLI 6 (score of 2.0), BLI 7 (score of 2.0) and BLI 8 (score of 2.13). The main reasons for these are :

BLI 6 – Procurement related positions in the State services are not included in the cadre and officials responsible for procurement are administrative officers transferred into these positions, rather than being recruited for the post. Although they have often received training in basic procurement procedures, updating of skills is not apparent. Although there are established procedures for the retention of records, post-award documentation need to be improved.

BLI 7 – Although there are no constraints to the private sectors access to the procurement markets, there are no established guidelines for public – private sector partnerships. Also the private sector is small with competition for large contracts being limited to a few of the larger organizations.

BLI 8 – For “Works” contracts, contract administration and dispute resolution are well defined and practices, but contract administration is weak in respect of “Goods” contacts.

### **2.3.5 Pillar IV. Integrity and Transparency of the Public Procurement System average 0.90)**

In the assessment of the four BLIs comprising of 18 sub-indicators, it is seen that there are short comings in all with BLI 9 (score of 0.60), BLI 10 (score of 1.0), BLI 11(score of 1.0) and BLI 12 (score of 1.0). The main reasons for these are:

BLI 9 – Although there are financial audit procedures in place for State sector organizations, they are not customized for addressing procurement related issues. Further the staff of the Auditor General’s dept. is not adequately trained in procurement procedures.

LI 10 – In terms of the country’s Constitution, the Appeals Board for CAPC contracts cannot issue enforceable final decisions and hence they Appeals Board has



no independence for the resolution of complaints. There is also a lack of transparency as the outcome of appeals reviews are not made public.

BLI 11 – Access to information in respect of contract awards is minimum, and there is no public information on the decisions made regarding appeals.

BLI 12 – Procurement procedures do not address means of preventing corruption, fraud, conflict of interest and unethical behaviour. There is a Commission to Investigate Allegations of Bribery & Corruption which investigates grievances relating to corruption as defined by law, vide the Bribery Act. Although many cases have been investigated, to date only three cases have resulted in Court action. Here too a lack of transparency is evident.

### 3.3 RECOMMENDATIONS AND STRATEGY

<b>Pillar II. Institutional Framework and Management Capacity</b>		<b>Action</b>
BLI 3	<p>NPA to expand monitoring of contracts to beyond CAPC level, covering MPC, Project and other levels progressively. <i>Strategy – The Ministry Procurement Cells to be given the required resources and training to monitor procurement contacts at all levels. The NPA to independently cross-check.</i></p> <p>Detailed contract completion procedures to be prepared, including mandatory submission of Completion Report. <i>Strategy – The procurement system to be sufficiently integrated with the financial management and budgetary systems to provide information of the completion of major projects.</i></p>	<p>Ministerial Procurement Cells, NPA</p> <p>NPA, Treasury and Auditor General’s dept.</p>
BLI 5	<p>NPA to expedite completion of interactive website for dissemination of information to authorized parties. <i>Strategy – While launching of the NPA’s interactive web site should be expedited, Procurement Cell staff should be given necessary IT training to ensure accurate inputs</i></p> <p>NPA together with relevant Ministries to expand training scheme for in-house procurement staff accommodating feedback and needs. SLIPTAR Business Plan to be developed on needs analysis <i>Strategy - An independent institution (SLIDA, University) to do a need based assessment of procurement training with periodic feedback and adjustments to suit.</i></p>	<p>Procurement Cells, NPA</p>

	<p>Quality Control standards for procurement activities to be developed  <i>Strategy – NPA to prepare quality assurance standards for procurement activities and carry out operational audits to ensure compliance with quality assurance standards.</i></p>	NPA
<b>Pillar III. Procurement Operations and Market Practices</b>		
BLI 6	<p>Specialized procurement related cadres to be introduced into State sector recruitment structure.  <i>Strategy – A specialized procurement cadre has been created with the Procurement Assistants Service. As these are at a junior level, specialized cadre should be created for senior grades. A clear and attractive career path should be introduced to encourage staff to remain in procurement.</i></p> <p>Selected senior staff to be developed as “trainers” to handle continuing in-house training  <i>Strategy - NPA and other institutions with required capability to train Liaison Officers to become “trainers”</i></p> <p>Information on available training programmes to be widely circulated to both State and private sector  <i>Strategy – While the public sector training is reasonably well established, procurement training for the private sector is limited. The various Chambers for commerce and industry should be made aware of upcoming training programmes. Customized programmes should be conducted for their members.</i></p>	<p>General Treasury</p> <p>NPA</p> <p>NPA, Chambers for commerce, industry</p>
BLI 7	<p>NPA together with other stakeholders to finalise guidelines for public-private sector partnerships  <i>Strategy – While a draft Guideline for public-private sector partnership is under review, it is necessary that the private sector knowledge of the procurement process be enhanced.</i></p>	NPA, Chambers for commerce, industry
BLI 8	<p>Contract administration procedures for “Goods” contracts to be strengthened  <i>Strategy – It is seen that in “Works” contracts, which are mainly civil engineering construction, the contract administration is reasonably well executed. However for “Goods” contracts this aspect is weak. Procedures for acceptance of the final product together with unambiguous specifications and quality assurance procedures must be prepared. Awareness sessions must be conducted for suppliers of “Goods” in the various categories.</i></p>	NPA, Chambers for commerce, industry

<b>Pillar IV. Integrity and Transparency of the Public Procurement System</b>		
BLI 9	<p>Auditor General dept. staff to be adequately trained in procurement procedures with mechanism for regular updates. Emphasis to be placed on procurement and contract execution issues in audits</p> <p><i>Strategy - NPA to customize training for Auditor General's staff to ensure more effective and meaningful auditing and extend their scope to beyond financial auditing. The resources of the dept. also need to be strengthened to ensure timely audits and a response time insisted on.</i></p>	NPA, Auditor General, Treasury
BLI 10	<p>Although the Appeals Board is constrained by constitutional requirements, maximum publicity should be given to appeals made and the recommendations of the Board</p> <p><i>Strategy – All appeals received for contracts &gt; US\$10K to be published regularly in the press and on NPA website. NPA to collate information from Ministries and publish one prominent notice. Ministries web sites too should also carry their relevant details.</i></p>	NPA, Ministries
BLI 11	<p>NPA and Ministry websites to carry all information related to procurements</p> <p><i>Strategy - NPA to collate information from Ministries and publish on website. Ministries websites should also carry their relevant details. Tender notices are presently published in the daily press: Details of Awards too to be published</i></p>	NPA, Ministries
BLI 12	<p>Procurement procedures to include provision to prevent corrupt practices and actions to be taken</p> <p><i>Strategy – Procurement Guidelines to have more stringent rules with regards to Ethics in Procurement. Consultation with Civil Society groups</i></p> <p>Allegations proven by CIABOC investigations to be given much publicity</p> <p><i>Strategy – CIABOC resources to be strengthened and given focused training on procurement related matters. Allegations once investigated and found correct to be given maximum publicity</i></p>	<p>Civil Society, NPA</p> <p>CIABOC</p>

## **4.0 COMPLIANCE INDICATORS**

Compliance/Performance Indicators [CPI] are intended to provide information based on the review of data and surveys. The CPI which are associated with BLIs, help to identify those areas where the compliance or performance is weak, and where a more detailed investigation of deficiencies and their probable causes may be warranted. However it should be noted that not all BLIs are addressed by comparable source of compliance/performance information.

Information relating to procurements made in 2006 at both CAPC and MPC levels was called for from the seven Ministries chosen for the pilot project, namely:

- Healthcare & Nutrition
- Transport
- Power & Energy
- Urban Development & Water Supply
- Education
- Highways
- Local Government & Provincial Councils

Using the questionnaire prepared for the project (Annex 4). The CPIs were computed using this data and from data available from the NPA, in consultation with the selected Ministries.. These CPI results provided an useful reference point for stakeholders to discuss and agree on compliance and performance benchmarks. It must be noted here that this initial assessment covered only seven of the fifty seven Cabinet level Ministries and procurements over US\$ 0.5M. However although this represents a small sample by number, the selection of the Ministries was based on high value spenders, and the data represents a substantial value by expenditure, though small in volume (number of contracts).

### **4.1 DERIVED COMPLIANCE/PERFORMANCE INDICATORS**

#### **4.1.1 Procurement carried out through open tendering (by number & volume)**

From Table 2a it is seen that at CAPC level, 79% of the procurement by numbers and 97% by value, are through Open Tendering.

Single Source procurement of spare parts for generation plants by the Ministry of Power & Energy and Limited Procurement of spares by the Ministry of Transport results in the relatively low 79% of open procurement here.

From Table 2b it is seen that at MPC level, 96% of the procurement by numbers and 99% by value, are through Open Tendering.

The procurement details are found in Annex 5

<b>CAPC</b>		
	<b>No.</b>	<b>Value Rs.</b>
ICB	16	38,104,224,661.00
NCB	10	5,925,000,913.00
Total Open	26	44,029,225,574.00
Sgl.Source	4	1,130,387,504.00
Limited	3	308,730,000.00
	7	1,439,117,504.00
<b>TOTAL</b>	<b>33</b>	<b>45,468,343,078.00</b>
<b>% Open</b>	<b>79%</b>	<b>97%</b>

Table 2a –Open tenders CAPC

<b>MPC</b>		
	<b>No.</b>	<b>Value Rs.</b>
ICB	31	1,772,254,716.00
NCB	78	3,202,409,687.41
Total Open	109	4,974,664,403.41
Sgl.Source	3	28,538,934.00
Limited	1	9,015,400.00
	4	37,554,334.00
<b>TOTAL</b>	<b>113</b>	<b>5,012,218,737.41</b>
<b>% Open</b>	<b>96%</b>	<b>99%</b>

Table 2b- Open tenders MPC

#### **4.1.2 Time (in days) allowed for submission of international and national tenders**

The NPA in its Procurement Manual<sup>12</sup> specifies a time frame for the bidding period based on the value of contracts. From Annex 6 it is seen that the bulk of the bidding periods lie with 50 days (7 weeks), which is in line with the NPA requirement.

<sup>12</sup> Procurement Manual 2006 – Goods & Works : Reference 4.2.3.

### 4.1.3 Time (in days) allowed for evaluation of international and national tenders

Here too the NPA Procurement Manual<sup>13</sup> specifies a time frame for the evaluation of bids based on procurement value. The results of Annex 7 as summarized in Table 3 show that for CAPC level contracts, while the majority of cases evaluations are completed within a 100 day period, there are a substantial number that take a considerable period of time, some going beyond a year.

	0 - 50	51 – 100	101- 200	201 - 365	> 365
<b>CAPC</b>	47%		19%	13%	13%
<b>MPC</b>	67%	20%	6%	3%	0%

Table 3: Time for bid evaluation

In the case of MPC level contracts, the situation is better with 67% being completed within a 50 day period. However here too there are delays in completion of the evaluation. It is proposed to determine the reasons for the undue delays.

Ministries and agencies making procurement should be advised to adhere to the NPA guidelines and an upper time limit as shown below be set for evaluation.

100 days - for CAPC level contracts

50 days - for MPC level contacts

These time-frames lie within the suggested Bid Validity Periods<sup>14</sup>

### 4.1.4 Number of tenders where award exceeds estimate (% by which exceeded)

Although Procurement Planning as a mandatory requirement to get budgetary allocations was introduced in 2006 and was applicable to all Govt. agencies, it is found that budget over-runs are still apparent, as seen in Annex 8, and summarized in Table 4.

<sup>13</sup> Procurement Manual 2006 – Goods & Works : Reference 4.2.3.

<sup>14</sup> NPA Procurement Manual 2006 : Goods & Works – Reference 5.3.10

	<b>Total Tenders</b>	<b>Tenders over Estimate</b>	<b>% Over</b>
<b>CAPC</b>	<b>32</b>	<b>6</b>	<b>19%</b>
<b>MPC</b>	<b>113</b>	<b>52</b>	<b>46%</b>

Table 4: Awards vs Estimates

Two CAPC contracts are well over 100%, with the Ministry of Highways contract being 214%, and the Ministry of Health being 181% over budget.

However as the NPA provides guidance on preparing implementation plans to make the procurement plans more realistic, it is expected that this situation will improve in the near future. Presently the NPA monitors Procurement Planning for high level procurements. The implementing agencies monitor and report on lower value contracts. However it is seen that the Ministry of Health has awarded seven contracts for Food items over 50% and two contracts over 100%. An upper time limit of **20%** excess should be set for both CAPC and MPC Level contracts.

#### **4.1.5 Confidence in the system**

The confidence placed in the procurement system by suppliers of Goods, Works and Services is reflected by the number of bids received for each contract. From Annex 9 it is seen that for CAPC level contracts there are an average of 5 bid/contract and for MPC level contracts an average of 4 bid/contract. In both cases the figures could be considered as been acceptable.

#### **4.1.6 Procurement Cells in Ministries**

The NPA targets the setting up of Procurement Cells in all Cabinet level Ministries and non-Cabinet level Ministries and also in Provincial Councils. These Cells are headed by a Liaison Officer with support staff and are responsible for the preparation and monitoring of the procurement plan. They also maintain their own database and support the NPA in maintaining the national database on procurement. To date the Cells established are as shown in Table 5

	TOTAL	PCs in	%
<b>CABINET MINISTRIES</b>	<b>57</b>	<b>41</b>	<b>72%</b>
<b>NON - CABINET MINISTRIES</b>	<b>30</b>	<b>3</b>	<b>10%</b>
<b>PROVINCIAL COUNCILS</b>	<b>9</b>	<b>9</b>	<b>100%</b>

Table 5: Established P/cells

While reasonable progress has been made, the ultimate aim would be to establish Procurement Cells in all Ministries having significant procurement.

#### **4.1.7 Training Programmes conducted by the NPA**

The NPA conducts a wide range of Training programmes for the State sector. Details of the Training programmes conducted in 2006 are given in Annex 10 and the summary of these programmes is shown in Table 6

<b>Training Programme Category</b>	<b>No. of Programs/ Modules</b>	<b>Duration (Days/Modules/ Hours)</b>	<b>No. of Participants</b>	<b>No. of Participant Days</b>
Calendar	15	27	575	1057
Specialized/ Customized	45	43	4000	3600
In – House	5	8	100	50
International	12	145	12	165
DIPPCA	2	592	136	4575
Masters	1	7	47	329
	106	822	5387	9776

Table 6: NPA training statistics- 2006

Although a number of programmes have been conducted, what emerged from the two Workshops held was the need for more training at the awareness level and more importantly at the specialized level.



## ***4.2 Compliance / Performance Indicators for the future***

The CPI derived for this exercise deal with procurement and capacity building aspects of procurement. For the next phase of the exercise the following aspects of procurement will be considered for developing additional CPIs :

- Appeals / Complaints – number received, time for inquiry, outcomes.
- Unethical behaviour – allegations of corruption, investigations by CIABOC, outcome of investigations, resulting prosecutions.
- Audit queries – queries raised by Auditor General, response time, outcome.
- Public-Private Partnerships – interaction with private sector through respective Chambers, specialized training programmes for private sector.
- Institutional development – expansion of Procurement Cells in Ministries, focused training for Liaison Officers and other procurement staff.

## **METHODOLOGY**

The Core Team brought together for this assignment will comprise Chairman/CEO of National Procurement Agency, National Coordinator, two members of National Procurement Agency involved in policy, monitoring, CEO/Secretary General of Chamber of Construction Industries of Sri Lanka and the Consultant (external).

### **Phase 1**

#### **Carry out sample survey using existing data (2005/2006) focusing on the high end of the procurement range**

i.e. Ministries with total procurement in 2006 in excess of Rs 9,000M

Step 1.1 Identify Ministries with procurement over Rs 9,000M in 2006 and details of data currently collected and analysed.

Here the following Ministries have been identified as meeting the above criteria:

- Healthcare & Nutrition
- Transport
- Power & Energy
- Urban Development & Water Supply
- Education
- Highways
- Local Government & Provincial Councils

Step 1.2 Using the ministry-specific information, identify country-specific indicators to be assessed and develop scope and methodology to carry out the assessment

- Step 1.3 Conduct validation workshop on indicators, scope and methodology with key stakeholders
- Step 1.4 Develop and fine-tune questionnaire for collection of necessary data
- Step 1.5 Mobilise Procurement Cells in identified Ministries to collect required procurement data for specified period.
- Step 1.6 Focus group consultation with public and private sector agencies.
- Step 1.7 Analyse collected data and determine status of Performance indicators and compare with compliance criteria
- Step 1.8 Conduct workshops with a broader range of stakeholders, to validate results and devise strategies for improving weak areas through partnerships with public and private sector institution and civil society.
- Step 1.9 Prepare assessment report on CPI 2006
- Step 2.0 Develop monitoring systems to ensure maintenance of compliance

## **Phase 2**

### **Expand survey to Ministries having annual procurement in excess of Rs 1,000M in 2007**

- Step 2.1 Repeat steps 1.4 to 1.7 for procurement completed in 2007, to verify that status of compliant sub-indicators are maintained and an improvement in the non-compliant sub-indicators identified
- Step 2.2 Conduct workshop with a broader range of stakeholders, to validate results and devise strategies for upgrading in instances of non-compliance.
- Step 2.3 Develop monitoring systems to ensure maintenance of compliance

## **Phase 3**

### **Repeat Phase 2 for annual procurement in all Ministries in 2008**

- Step 3.1 Repeat steps 1.4 to 1.7 for procurement completed in 2008, to verify that

status of compliant sub-indicators are maintained and an improvement in the non-compliant sub-indicators identified

Step 3.2 Conduct workshops with a broader range of stakeholders, to validate results and devise strategies for upgrading in instances of non-compliance.

Step 3.3 Develop monitoring systems to ensure maintenance of compliance

#### **Phase 4**

Step 4.1 If considered necessary, repeat Phase 3 for annual procurement in all Ministries for procurement completed in 2009.

#### **Phase 5**

Step 5.1 Assuming Full Compliance, prepare Final Report on indicators. If necessary, repeat steps 'e' to 'h' for procurement completed in 2009, ensuring that status of compliant sub-indicators are maintained and an improvement in the non-compliant sub-indicators identified

## **MILESTONES**

<b>Activity</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Appoint Core Team	5 <sup>th</sup> May		
<b>Phase 1</b> <b>Selected ministries with annual procurement in 2005 and 2006 &gt; Rs 9,000 M</b>			
<b>Activity</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Determine the Terms of Reference and Methodology for the Project	11 <sup>th</sup> May		
Discussion with Bank re. TOR and Methodology	12-13 May		
Finalise TOR and Methodology	3 <sup>rd</sup> June		
Workshop on Project with stakeholders	18 – 22 June		
Data Collection and preparation of indicators	31 <sup>st</sup> July		
Validation of results with stakeholders	15 <sup>th</sup> August		
Submission of final Report inclusive of processes for correcting areas of non-compliance	31 <sup>st</sup> August		
Implement and monitor corrective measures	31 <sup>st</sup> December		
<b>Phase 2</b> <b>Ministries with annual procurement in 2006 and 2007 in excess of Rs 1,000 M</b>			
Collection and analysis of data		31 <sup>st</sup> December	
<b>Phase 3</b> <b>All procurement made by Ministries in 2008</b>			
Collection and analysis of data			31 <sup>st</sup> December

**EXPLANATORY NOTES FOR THE BLI ASSESSMENT****Pillar One: Legislative and Regulatory Framework****1. Public procurement legislative and regulatory framework**

- a) There is no procurement Law enforced in Sri Lanka. However, properly organized Procurement Guidelines, approved by the Cabinet of Ministers, are in place to regulate and guide on Public Procurement. A Procurement Manual has been published, complementing the guidelines, with more details on the procedures and procurement decision-making levels of authority. Every Line Ministry and Line agencies has accepted these Guidelines and therefore, regulatory framework and public access to legislation is covered. Further Guidelines are mandated for use by the central administration, and even Provincial Councils have adopted the Guidelines under Council decision 3
- b) Procurement Methods have been clearly defined in the Procurement Guidelines and instruction were illustrated on how to apply them in general practice. At present, this is being applied for the every public procurement as appropriate. 3
- c) Advertising rules and time limits applicable to deferent Procurement Methods are stated in the Procurement Guidelines and those are being followed by Procuring Entities (PEs). 3
- d) Applicable rules and eligibility criteria in respect of the bidders are usually stated in the bidding documents. Upon scrutiny of these rules by a Technical Evaluation Committee they are included in the conditions of contract of the bidding documents. Current procurement system of Sri Lanka complies with this requirement. 3
- e) Standard Bidding Documents (SBDs) in respect of Goods, Works, and non-consultant Services are published and available for use. Functional specifications of more than 100 items also published. Therefore, it covers the necessity of this sub indicator. 3
- f) Inclusion of Tender evaluation and award criteria to the bidding document is a normal practice and it is being complied with. 3
- g) The mechanism of receipt and opening tenders is included in the bidding documents. Accordingly, a Bid Opening Committee will carry out the task with the participation of bidders. 3
- h) Bidders could make complaints to the relevant authorities [Procurement Appeal Board (PAB) at CAPC level, the Secretary of the line Ministry for MPC and below and the Chief Secretary for Provincial Council procurements],before the bid 3

submission and before the contract award, on any incorrect practice followed by procuring entities. A fee of Rs 50,000/- is levied for PAB review: refundable if appeal is successful. The PAB is independent of the procuring entity.

## 2. Existence of implementing regulations and documentation

- a) Procurement Guidelines, which is the sole legislation on procurement provides the process and procedures that should be followed in procurement. 3
- b) Model tender documents for goods, works and non-consultant services are available as Standard Bidding Documents (SBDs). 3
- c) Procedure for pre-qualification has been clearly mentioned in the Procurement Guidelines and Manual. 3
- d) Procedure for contracting of services or other requirements where the technical capacity is the key aspect is clearly laid down in the Consulting Guidelines, which have been approved by the Cabinet. A separate chapter will cover other Services e.g, Janitorial, Security, etc. 3
- e) Requirement for user's guide and manual fulfilled by the Guidelines and manual. Moreover a separate User manual has been developed for Suppliers and Contractors to enable them to submit bids correctly.. 3
- f) General Condition of Contracts (GCC) in line with National and International requirement is covered by the SBDs developed by the NPA. 3

## Pillar Two: Institutional Framework and Management Capacity

### 3. The Public Procurement system is mainstreamed and well integrated into the public sector governance system

- a) NPA with the assistance of the Treasury had requested that Procurement Planning is a mandatory requirement to get budgetary allocations. This applies to all Govt. agencies The Treasury Circular was initiated in 2006 and was definitely followed for budget 2007. The NPA provides guidance on preparing implementation plans to make the procurement plans more realistic 3
- b) The introduction of Procurement Planning will assist timely procurement and contract execution. At the moment the NPA monitors Procurement Planning for high level procurements. The implementing agencies monitor and report on lower value contracts. However, a satisfactory level is still to be achieved. 2

- c) Current practice is that, no procurement could be initiated without budgetary provisions. Clear instructions are given in the Government Financial Regulations. 3
- d) Completion reports are not prepared satisfactorily in order to reconcile with budgetary planning. 1

**4. The Country has a normative/regulatory body**

- a) The status and basis for the regulatory body is covered in legislative framework, as the NPA and Guidelines issued by NPA are approved by the Cabinet of Ministers. 3
- b) National Procurement Agency has a defined set of responsibilities in it's mandate. 3
- c) NPA has the independence and authority to execute its duties and responsibilities. 3
- d) NPA does not engage in implementing procurement activities for any public institute, and therefore no conflict of interest could arise. However the NPA does appoint CATB level TECs to ensure the independence and integrity of the tender evaluation. 3

**5. Existence of institutional development capacity**

- a) System for collecting and disseminating procurement information, including tender invitation, etc is not sufficiently organized. NPA website provides a central location for information dissemination but procuring entities do not always provide the information to NPA to publish. NPA is developing an interactive website which will enable entities to directly publish information through secured access 2
- b) A manual system for collecting statistics is currently in place, with Ministry Procurement Liaison Officers taking the lead in collecting and providing the information to NPA. Systems and procedures for collecting and monitoring national procurement statistics also should be further improved with the assistance of the proposed interactive web-based monitoring system. 1
- c) Sustainable strategy and training capacity for Government and private sector on procurement is in place. However there is no evidence to indicate that training programmes are adjusted on feedback and needs. SLIPTAR Business Plan is to be developed which will be based on a needs analysis. 1.5
- d) Quality control standards for procurement processes are not fully developed. Currently, there are only standards for evaluation time for large value contracts. There is no formal staff performance evaluation process in the public service. Promotions and salary increases are generally based on seniority in service. Some 0



government entities carry out an interview process for high level appointments, where performance is assessed.

### **Pillar Three: Procurement Operations and Market Practices**

#### **6. Efficiency of procurement operation and practice**

- a) Government officials still lack the competence in procurement activities. Although there are defined skills and knowledge profiles for each level of procurement i.e TEC members, Procurement committee members, Liaison officers, etc. these are not matched against requirements for recruitment. Discussions with concerned organizations is required to address this shortcoming 1
  
- b) Procurement training programmes for Government agencies are not consistent with a skills gap inventory and hence do not cater adequately to the needs of the organizations. Also information and training programmes for both Government and private sector participants cannot cope with the high demand. A cohort of competent trainers needs to be built up. A training of trainers program is envisaged in the future. Better dissemination of information re. training programmes is needed and discussion with agencies with regards to customized training programmes. 2
  
- c) Currently, there are general guidelines on recordkeeping in the government's financial and administrative regulations. All procuring entities maintain a register of all procurement activities carried out. In addition, separate files are maintained for each large value transaction. Post-award record-keeping is less well organized, with no records on suppliers' after-sales service performance. Norms for safekeeping of records and documents related to transaction and contract management should be further improved. 2
  
- d) The established procurement guidelines allow for the delegation of the decision making authority to be decentralized to different level, eg. CAPC, MPC, PPC, DPC, etc. with each level (other than the CAPC) having a upper financial limit. Further all decisions are made collectively by the respective procurement committee. 3

#### **7. Functionality of the public procurement market**

- a) A draft Guidelines for public-private sector partnership is under review and there are ongoing discussions with the stakeholders. 1
  
- b) Private sector institutions are also not well organized and competition for large contracts is restricted to a few firms. 2
  
- c) No systematic constrains inhibiting the private sector's capacity to access the procurement market. 3

**8. Existence of contract administration and dispute resolution provisions.**

- a) For “Works” contracts, especially engineering projects, there are detailed procedures consistent with internationally accepted practice for acceptance of the final product and issuance of contract amendments included in the contract. Provision for QC procedures and independent supervision and project management are also included. It is found however that interim and final payment usually gets delayed. 2.5
- a1) For “Good” contracts however the contract administration procedures are not adequately enforced. 1
- b) There is an Arbitration Act – Sri Lanka Arbitration Act No. of 11 of 1995. Provision exists for recourse to arbitration as a means of dispute resolution with these being written into the contract. Further Alternative Dispute Resolution is permitted and encouraged as an avenue for faster dispute resolution. International arbitration is accepted for international bidding. 3
- c) Sri Lanka is signatory to *the* UN Convention [UNCITRAL] for the enforcement of international arbitration awards. The Rules of the International Chamber of Commerce [ICC] may also be used. Nationally provision exists for the legal enforcement of arbitration awards. 2

**Pillar Four: Integrity and Transparency in the Public Procurement System**

**9. The country has effective control and audit system.**

- a) Legal framework, organization, policy and procedures for internal and external control and audit of public procurement are available, but effective implementation should be further improved. There is a need work with the Auditor General’s dept. in this connection 1
- b) Enforcement and follow up on findings and recommendation should be further developed.. 1
- c) Internal control system does not provide timely information on compliance to enable management action. 0
- d) The internal systems are not sufficiently defined to allow performance audit to be conducted. 0
- e) Although the Auditors have undergone a basic awareness course, there have been no follow up or further courses and hence are not sufficiently informed about procurement requirements. 1

**10. Efficiency of appeal mechanism**

- a) An Appeal Board exist for CAPC contracts, while for other procurement the Secretary, line Ministry, together with concerned officials of the Ministry will review any representation made. The Appeal Board can only make a recommendation, based on available evidence submitted, to the Cabinet. In terms of the Constitution of the country, the decision of the Executive i.e. HE the President and Cabinet of Ministers is final. Hence the Appeals Board cannot issue final enforceable decisions. 1
- b) While there are terms and timeframes only for award decision complaints established for the resolution of complaints, the capacity of the complaint review system and enforcement of decision should be further improved. 2
- c) The system operates in fair manner, with outcomes of decisions balanced and justified on the basis of available information. This also to be further improved, 2
- d) Decisions are not published and will not available for the interested parties. 0
- e) The complaint review body only can make recommendations to the Cabinet of Ministers and the final decision in respect of CAPC level procurements will be made by the Cabinet. 0

**11. Degree of Access to the information**

- a) Information with regards to the award of a tender is notified to those participating in the bidding. The awardee and award sum are published in the press and on the NPA and ministry websites.. However all details of the bids are not disclosed. Also information regarding complaints/appeals is not made public. Improvements through use of IT to be implemented. 1

**12. The country has ethics and anticorruption policy and measures in place.**

- a) Although “Ethics in Procurement” is mentioned in the Procurement Guidelines, procurement procedures do not provide sufficient provisions to prevent corruption, fraud, conflict of interest and unethical behavior and set out actions that can be taken. However, judicial system of the country provides such provisions. 1
- b) The legal system does not sufficiently define the responsibilities, and penalties for individuals and firms found to have engaged in fraudulent or corrupt practices. 1
- c) Evidence of enforcement of rulings and penalties also to be further improved. 1

- d) No sufficient special measures exist to prevent and detect fraud and corruption in public procurement. 1
  
- e) Stakeholders provide limited support the creation of a procurement market known for its integrity and ethical behaviors. 1
  
- f) Mechanism for reporting fraudulent, corrupt or unethical behavior should be further improved. 1
  
- g) Codes of conducts/codes ethics for participants and provision for disclosure for those in decision making positions also to be improved. 1

**Questionnaire for Data Collection from selected Ministries**

- REQUIREMENT ( WORKS/ GOODS/SERVICES/CONSULTANCY)
- NATURE - OPEN OR LIMITED/ RESTRICTED
- NATURE – INTERNATIONAL / NATIONAL
- FUNDING –GOSL / DONOR
- ESTIMATED COST (RS. MN.)
- VALUE AT WHICH AWARD WAS MADE (RS. MN.)
- NO. OF DAYS BETWEEN ADVERTISING AND OPENING
- NO. OF DAYS BETWEEN OPENING AND AWARD
- NO. OF BIDS RECEIVED
- NO. OF BIDS OPENED PUBLICLY AND RECORDED
- NO. OF CLARIFICATIONS SOUGHT BY BIDDERS
- NO. OF BIDS REJECTED FOR NON-COMPLIANCE IN – DOC / SPEC
- NO. OF COMPLAINTS / PROTEST RECEIVED
- NO. OF DAYS BETWEEN RECEIPT OF COMPLAINT AND DECISION
- NO. OF TENDERS MODIFIED AS RESULT OF PROTEST
- WAS PRE-QUALIFICATION REQD ?
- NO. OF BIDS FAILING TO MEET PRE-QUALIFICATION CRITERIA.
- NO. OF BIDS USING MODEL TENDER DOCUMENTS / CLAUSES
- WERE THERE AUDIT QUERIES ?

## **Draft Questionnaire for Sri Lanka Private Sector**

We would like to ask you about your experience dealing with the public procurement system in Sri Lanka. Please answer the question based on your specific experience.

This questionnaire is for works contractors.

1. Has your company competed in any public procurement tenders during the last year
  - a. Yes
  - b. No
  - c. Don't know
  
2. Has your company competed in any public procurement tenders during the last 5 years?
  - a. Yes`
  - b. No
  - c. Don't know
  
3. If you participated in public sector tenders last year, approximately how many tenders did you submit bids for?
  - a. One
  - b. Less than 5
  - c. Less than 10 but more than 5
  - d. Over 10.
  
4. Does your firm currently have a state contract?
  - a. Yes
  - b. No
  
5. If yes, how many contracts does it have?
  - a. One
  - b. Less than 5
  - c. Less than 10 but more than 5
  - d. Over 10.
  
6. In those cases where you submitted a bid for a state contract, over the last year, approximately how many other bids were received?
  - a. 3 or fewer
  - b. Between 5 and 3
  - c. More than 5
  - d. I do not know.

7. Which statement do you think is most accurate to describe the competition for state contracts in Sri Lanka?
  - a. There is free and open competition for most state contracts.
  - b. Competition for state contracts exists but it is somewhat limited.
  - c. There is limited competition for state contracts because only a few firms compete for each contract.
  
8. Which statement do you think is most accurate to describe who wins state contracts in Sri Lanka?
  - a. A small number of firms who dominate the market
  - b. A number of firms, most of which have won contracts before
  - c. The firm with the substantially responsive, lowest evaluated bid
  
9. What do you think could be done to increase the number of firms that compete for state contracts? Please rank the following in order of importance, with 1 being the action that would have the biggest effect on competition.
  - a. Increasing information about procurement opportunities. \_\_\_\_\_
  - b. Improving the quality of technical specifications. \_\_\_\_\_
  - c. Making it clear the criteria for evaluating proposals and ensuring fairness in the evaluation process. \_\_\_\_\_
  - d. Increasing the accessibility of credit to Sri Lankan firms \_\_\_\_\_
  - e. Improving the available financing with which the Government pays bills. \_\_\_\_\_
  - f. Other (describe): ..... \_\_\_\_\_
  
10. Which statement is most close to your opinion in regard to competition in public procurement?
  - a. There are no major constraints inhibiting private sector access to the public procurement market
  - b. There are some constraints inhibiting private sector access to the public procurement market but competition is sufficient.
  - c. There are major constraints that discourage competition and private sector firms are generally reluctant to participate in public procurement
  
11. How would you rate your knowledge in public procurement?
  - a. I have a full understanding of the Government guidelines and procedures
  - b. I have a fair understanding of the Government guidelines and procedures
  - c. I have little understanding of the Government guidelines and procedures
  - d. I am not aware of the Government guidelines and procedures.

12. How would you rate the availability of training seminars and courses designed to familiarize private firms with public procurement rules and how to participate in tenders?
- Training opportunities are readily available and meet the needs of the private sector.
  - There are some training opportunities but not enough to meet the needs of firms like mine.
  - There are very limited training opportunities and/or available training courses do not provide the information that I need.
13. Which statement would you agree with relating to bidding documents?
- Bidding documents are well prepared and non-prescriptive and evaluation criteria disclosed are fair and transparent.
  - Bidding documents are not well prepared and specifications/qualification requirements are prescriptive.
  - I cannot comment on bidding documents.
14. Which statement would you would agree with relating to the taking of award decisions relating to public procurement?
- Almost all decisions are taken by the delegated officials (procurement committees) as per the official decision-making rules
  - Delegated officials have the authority to make procurement-related decisions but they do not always use their authority.
  - Most decisions are made by top officials who are not familiar with the project and the specific contract information.
  - I do not know the procedures.
15. Do you have first-hand information regarding a procurement decision which did not follow the rules, was not fair and transparent and affected a bid in which your company participated?
- Yes
  - No
  - Have heard of instances from other parties
16. Which of these statements do you believe most accurately reflects the situation in Sri Lanka regarding access to information on public procurement?
- I have an easy time finding the information that I want to know about public procurement opportunities since there is one central place that contains comprehensive, reliable, and up-to-date information.
  - It is hard for me to get the information that I want on public procurement because the information is posted in many different places and is often hard to understand or incomplete.
  - Information is difficult to get and very limited in content and availability.



17. Which of these statements do you believe most accurately reflects the situation in Sri Lanka regarding resolution of complaints raised in the public procurement process?
- a. I know the process of filing a complaint and there are clear rules about how long it will take for there to be a resolution of the complaint.
  - b. There are clear rules about how long it will take for a complaint to be resolved but there is no real clear and simple way for the decision to be enforced.
  - c. The entire complaint process is very confusing – how to file a complaint, how long it will take to get it resolved, and how the decisions will be enforced.
  - d. There is no complaint process.
18. What do you think would be the most effective thing to do to improve public procurement in Sri Lanka? Please rank the following actions in order of priority with “1” being the most important thing to do to improve public procurement, etc.
- a. Increase the accessibility of information about procurement opportunities\_
  - b. Organize regular meetings between business associations and the government to identify and resolve problems in procurement. \_\_\_\_\_
  - c. Improve the rules and regulations relating to procurement. \_\_\_\_\_
  - d. Improve the training and skills of the people responsible for procurement\_
  - e. Establish a more effective and independent system for handling complaints

**COMPLIANCE INDICATORS****PROCUREMENT**

Annex 5a

Percentage of procurement carried out through open tendering (by no.of contracts and in volume)

Ministry	Type	Total No.	Volume Rs	Open No.	Volume Rs	% Open No.	% Open Vol
<b><u>CAPC</u></b>							
Education	Goods	4	1,561,091,129.00	4	1,561,091,129.00	100%	100%
P & E	Goods	8	3,536,356,708.00	4	2,405,969,205.00	50%	68%
	Works	2	15,105,393,960.00	2	15,105,393,960.00	100%	100%
Transport	Goods	5	3,246,848,620.00	2	2,938,118,620.00	40%	90%
	Services	2	3,144,836,800.00	2	3,144,836,800.00	100%	100%
Highways	Works	8	16,806,870,000.00	8	16,806,870,000.00	100%	100%
Health	Works	1	402,636,408.90	1	1,168,636,000.00	100%	100%
	Goods	2	724,356,600.00	2	724,356,600.00	100%	100%
<b><u>MPC</u></b>							
Education	Works	4	146,312,000.00	4	146,312,000.00	100%	100%
	Goods	13	256,517,930.00	11	246,067,320.00	85%	96%
P & E	Goods	17	1,273,820,061.00	15	1,246,716,338.00	88%	98%
Transport	-	-	-	-	-	-	-
Highways	Works - CAARP	3	422,520,000.00	3	422,520,000.00	100%	100%
	Works - Central	8	901,100,000.00	8	901,100,000.00	100%	100%
	Works - Sab'gmw	6	552,600,000.00	6	552,600,000.00	100%	100%
Health	Goods 25M-100M	31	1,003,480,000.00	31	1,003,480,000.00	100%	100%
	Goods - Food	31	454,627,750.41	31	454,627,750.41	100%	100%

## COMPLIANCE INDICATOR

## PROCUREMENT

Annex 5b

Procurement carried out through open tendering for ICB &amp; NCB and by other methods (by no.of contracts and in volume)

		Open bids							
		ICB		NCB		Single Source		Limited Bids	
Ministry	Type	No.	Volume Rs	No.	Volume Rs	No.	Volume Rs	No.	Volume Rs
<b>CAPC</b>									
Education	Goods	-	-	4	1,551,091,129.00	-	-	-	-
P & E	Goods	1	109,005,275.00	1	42,080,000.00	4	1,130,387,504.00	-	-
	Works	3	15,105,393,966.00	-	-	-	-	-	-
Transport	Goods	2	2,938,118,620.00	-	-	-	-	3	308,730,000.00
	Services	2	3,144,836,800.00	2	3,144,836,800.00	-	-	-	-
Highways	Works	8	16,806,870,000.00	-	-	-	-	-	-
Health	Works	-	-	2	480,850,206.00	-	-	-	-
	Goods	-	-	1	706,142,778.00	-	-	-	-
		<b>16</b>	<b>38,104,224,661.00</b>	<b>10</b>	<b>5,925,000,913.00</b>	<b>4</b>	<b>1,130,387,504.00</b>	<b>3</b>	<b>308,730,000.00</b>
<b>MPC</b>									
Education	Works	1	49,670,000.00	3	96,613,000.00	-	-	-	-
	Goods	-	-	11	247,337,316.00	1	1,435,210.00	1	9,015,400.00
P & E	Goods	12	1,135,474,716.00	3	111,241,621.00	2	27,103,724.00	-	-
Transport	-	-	-	-	-	-	-	-	-
Highways	Works - CAARP	-	-	3	422,520,000.00	-	-	-	-
	Works - Central	-	-	8	901,100,000.00	-	-	-	-
	Works - Sab'gmw	-	-	6	552,600,000.00	-	-	-	-
Health	Goods 25M-100M	18	587,110,000.00	13	416,370,000.00	-	-	-	-
	Goods - Food	-	-	31	454,627,750.41	-	-	-	-
		<b>31</b>	<b>1,772,254,716.00</b>	<b>78</b>	<b>3,202,409,687.41</b>	<b>3</b>	<b>28,538,934.00</b>	<b>1</b>	<b>9,015,400.00</b>

COMPLIANCE INDICATOR

PROCUREMENT

Annex 6

Time (in days) allowed for submission of international and national tenders

Ministry	Type	Bidding Period (days)								
		Total	0 - 21		22 - 49		50 – 100		> 100	
			Int.	Nat.	Int.	Nat.	Int.	Nat.	Int.	Nat.
<b>CAPC</b>										
Education	Goods	4	-	-	-	-	-	-	-	-
Power & Energy	Works	3	-	-	1	-	1	-	1	-
	Goods	6	2	-	3	1	-	-	-	-
Transport	Services	7	2	1	2	1	-	-	-	-
	Goods	-	-	-	-	-	-	-	-	-
Health	Works	1	-	1	-	-	-	-	-	-
	Goods	2	-	-	-	1	-	1	-	-
Highways	Works	8	5	-	3	-	-	-	-	-
		31	9	2	9	3	1	1	1	0
<b>MPC</b>										
Education	Works	4	-	2	1	-	-	-	-	-
	Goods	13	-	11	-	1	-	-	-	-
Power & Energy	Goods	17	3	-	9	2	2	-	-	-
	Transport	-	-	-	-	-	-	-	-	-
Highways	Works - CAARP	3	-	-	-	3	-	-	-	-
	Works - Central	8	-	-	-	4	-	4	-	-
	Works - Sab'gm	6	-	3	-	-	-	3	-	-
Health	Goods 25M-100M	31	16	13	1	-	1	-	-	-
	Goods - Food	31	-	31	-	-	-	-	-	-
		113	19	60	11	10	3	7	-	-

**COMPLIANCE INDICATOR**

**PROCUREMENT**

**Annex 7**

Time (in days) allowed for evaluation of international and national tenders

Ministry	Type	Total	Evaluation Period (days)				
			0 – 100	101-200	201 – 365	> 365	
<b>CAPC</b>							
Education	Goods	4	2	-	-	-	
Power & Energy	Good & Works	10	8	2	-	-	
Transport	Good & Services	7	3	-	2	1	
Health	Works	1	1	-	-	-	
Highways	Goods	2	1	1	-	-	
	Works	8	-	3	2	3	
		32	15 47%	6 19%	4 13%	4 13%	
<b>MPC</b>							
			<b>0 – 50</b>	<b>51 - 100</b>	<b>101-200</b>	<b>201 - 365</b>	<b>&gt; 365</b>
Education	Works	4		2	-	-	-
	Goods	13	10	1	1	-	-
Power & Energy	Goods	17	12	5	-	-	-
Transport	-	-		-	-	-	-
Highways	Works - CAARP	3		-	-	3	-
	Works - Central	8		8	-	-	-
	Works - Sab'gm	6	1	2	3	-	-
Health	Goods 25M-100M	31	24	3	3	-	-
	Goods - Food	31	29	2	-	-	-
		113	76 67%	23 20%	7 6%	3 3%	0 0%

COMPLIANCE INDICATOR

PROCUREMENT

Annex 8

Number of tenders where award exceeds estimate, and percentage by which the estimate is exceeded

Ministry	Type	Total	Contracts where Award exceeds Estimate					
			Over Estimate	<10%	10 - 30%	30 - 50%	50 - 100%	> 100%
<b>CAPC</b>								
Education	Goods	4	0	-	-	-	-	-
Power & Energy	Good & Works	10	0	-	-	-	-	-
Transport	Good & Services	7	0	-	-	-	-	-
Health	Works	1	0	-	-	-	-	-
Highways	Good Works	2	1	-	-	-	-	1
	Works	8	5	1	3	-	-	1
		32	6	1	3	0	0	2
			19%	3%	9%			6%
<b>MPC</b>								
Education	Works	4	0	-	-	-	-	-
	Goods	13	2	1	1	-	-	-
Power & Energy	Goods	17	8	4	4	-	-	-
Transport	-	-	-	-	-	-	-	-
Highways	Works - CAARP	3	3	-	3	-	-	-
	Works - Central	8	4	-	3	1	-	-
	Works - Sab'gmw	6	6	1	3	3	-	-
Health	Goods 25M-100M	31	6	1	3	2	-	-
	Goods - Food	31	23	3	6	5	7	2
		113	52	10	23	11	7	2
			46%	9%	20%	10%	6%	2%

COMPLIANCE INDICATOR

PROCUREMENT

Annex 9

Procurement related data for all contracts, including Bid received, Appeals, Rejections and Audit Queries

Ministry	Type	Contracts	Total Bids	Clarifications	Appeal/Complaint	Rejections	Audit Queries
<b>CAPC</b>							
Education	Goods	4	39	??	0	0	0
Power & Energy	Good & Works	10	25	5	0	0	0
Transport	Good & Services	7	20	4	2	14	0
Health	Works	1	6	0	1	0	0
	Goods	2	12	4	1	0	0
Highways	Works	8	52	0	0	0	0
		32	154	13	4	14	0
	<b>Bids/contract =</b>		<b>5</b>	<b>8%</b>	<b>3%</b>	<b>9%</b>	
<b>MPC</b>							
Education	Works	4	5	0	0	0	0
	Goods	13	98	67	0	0	2
Power & Energy	Goods	17	71	4	1	0	0
Transport	-	-	-	-	-	-	-
Highways	Works - CAARP	3	6	4	0	0	0
	Works - Central	8	31	0	0	0	0
	Works - Sab'gmw	6	20	1	0	0	0
Health	Goods 25M-100M	31	148	1	2	0	1
	Goods - Food	31	69	0	0	0	0
		113	448	77	3	0	3
	<b>Bids/contract =</b>		<b>4</b>	<b>17%</b>	<b>1%</b>		<b>1%</b>

Training Programmes carried out by the NPA in 2006

### Progress Report on Training Programmes Conducted by the Directorate of CB, R&D of the NPA from 01/01/2006 - 31/12/2006

Description/Programme Category	Name of the Programme	No. of Programmes/Modules	Duration (Days/Modules/Hours)	No. of Participants	No. of Participant Days
A) Calendar Training	Bid Evaluation * (1 day)	1	1	33	33
	Bid Evaluation * (2 day)	7	14	277	3878
	Contract Administration	1	1	33	33
	Preparation of Bidding Documents	3	2	107	214
	Procurement Preparedness & Planning	1	1	27	27
	Value for Money in Public Procurement	2	2	98	196
<b>Sub Total</b>		<b>15</b>	<b>21</b>	<b>575</b>	<b>4381</b>
B) Special/Customized Training		21	1	2363	2363
	Awareness Programme on the New Guideline & Manual **	1	3	55	165
		17	1/2	1343	672
		1	2	50	100
		1	1 1/2	35	53
	Procurement Planning & Monitoring	1	1	44	44
	Training of Trainers (2 Day)	1	2	19	38
	Training of Trainers (3 Day)	1	3	48	144
	Progress Review Meeting with Liaison Officers	1	1/2	43	21.5
<b>Sub Total</b>		<b>45</b>	<b>14.5</b>	<b>4000</b>	<b>3599.5</b>
C) In-House Training	5S Concept	1	1.30	20	10
	Strategic Mgt.	1	1.30	20	10



	Introduction to New Guidelines	1	1.30	20	10
	Creative & Innovative Thinking	1	1.30	20	10
	Technical Writing	1	1.30	20	10
<b>Sub Total</b>		<b>5</b>	<b>6.5</b>	<b>100</b>	<b>50</b>
D) International Training	World Bank Procedures, India	7	10	7	70
	Advanced procurement, USA	3	27	3	81
	Training at ILO, Italy	2	7	2	14
<b>Sub Total</b>		<b>12</b>	<b>44</b>	<b>12</b>	<b>165</b>
E) DIPPCA	Weekday 2005/2006	2	26	24	624
	Weekday 2005/2006	2	24	21	504
	Weekday 2005/2006	4	40	15	600
F) DIPPCA	Weekend 2006/2007	5	37	41	1517
	Weekend 2006/2007	4	38	35	1330
<b>Sub Total</b>		<b>17</b>	<b>165</b>	<b>136</b>	<b>4575</b>
G) Public Procurement Module in Master Programme in Public Mgt. (Master Programme conducted by SLIDA)	Introduction to Public Procurement	1	1/2	47	23.5
	New Procurement Guideline & Manual	1	1/2	47	23.5
	Procurement Planning & Monitoring	1	1/2	47	23.5
	Strategic Procurement Planning	1	1/2	47	23.5
	Bid Opening & Evaluation	1	1	47	47
	Problems & issues in Bid Evaluation	1	1/2	47	23.5
	Bidding Documents	1	1	47	47
	Pre-Qualification	1	1/2	47	23.5
	Selection of Consultants	1	1/2	47	23.5
	Value for Money in Public Procurement	1	1/2	47	23.5
	Case Studies	1	1/2	47	23.5

	Contract Administration	1	1/2	47	23.5
<b>Sub Total</b>		<b>12</b>	<b>7</b>	<b>564</b>	<b>329</b>
<b>GRAND TOTAL</b>		<b>106</b>	<b>258</b>	<b>5387</b>	<b>13100</b>

<b>* Bid Evaluation Prog. Conducted for,</b>	6) HODs, District Secretaries, Heads/Municipal & Urban Councils	17) Surveyor General's Office	28) Doctors of Teaching Hospitals (Min./Health)		
1) TEC members	7) Chairpersons of Statutory Bodies	18) Procurement Assistants of Ministries	29) Dept.of Agriculture		
2) Senior Staff of National Water Supply & Drainage Board	8) National Water Supply & Drainage Board	19) CCI staff	30) Rajarata Uni.		
3) Senior & Middle level Staff of IESL	9) NIE Senior Staff	20) CEB staff	31) D.S-Galle		
4) CAPCC & CANCC Retired Officers	10) RDA- Western Province	21) Senior Officers -UGC	32) BOI staff		
<b>** Awareness on the New Guideline &amp; Manual Prog. Conducted for,</b>	11) Staff/Presidential Secretariat	22) Auditors of Auditors General's Dept	33) Min./Agriculture, Irridation & Mahaweli Dev.		
1) Senior Officers of Provincial & District level (7 programmes)	12) Liaison officers of Ministries	23) Senior Staff- Min/Finance & Planning	34) Min./Regional Dev.		
2) Project Directors	13) Secretaries & Chief Secretaries	24) Senior Staff- Min/Housing & Construction	35) Min./Posts & Telecommunications		
3) Members-Accounts Service Association	14) IESL Senior Staff	25) Senior Staff-University of Peradeniya			
4) Staff of SECSL	15) TOT Participants	26) Engineers of CECB			
5) Staff of UDA	16) Min/Resettlement	27) Min/Agriculture Dev.			

ANNEX 11

PHOTOGRAPHS FROM WORKSHOP 1 (27 JULY 2007) AND WORKSHOP 2 ( 3 SEPTEMBER 2007)



