

## Guide to Project Management and Contract Management (GPMCM) – New Approach to Improve Efficiency and Effectiveness of Procurement Outcomes



{This article is an abridged version of the submission on “New Approach to Improve Efficiency and Effectiveness of Procurement Outcomes” made by Mr. MKP Kumara, Director, Procurement Monitoring Unit, Ministry of Finance, Colombo, Sri Lanka, for the South Asia Procurement Innovation Awards.}



### Summary

The public sector in Sri Lanka enters into a large variety of contracts, which vary significantly in value, their duration, and complexity. Consequently, the nature and extent of contract management practices also vary depending on the size, nature, complexity, and risk profile of each contract. Entities and others involved in managing contracts must therefore be conversant with the general principles and practices that apply to such contracts. This will enable them to choose contract administration and management practices that are appropriate to their particular situation. Lack of such knowledge will lead to considerable wastage in terms

of time, quality, and public money. To avoid these, a “Guide to Project Management and Contract Management (GPMCM)” has been prepared as a comprehensive document to aid and help the stakeholders engaged in project management.

### Background

Government of Sri Lanka has implemented a large number of infrastructure development projects during the past decades. Some of them experienced scope changes, delays, cost overruns, disputes, and protests from society. This resulted in additional costs, prolonged social and environmental impact

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- | Delivering service to the satisfaction of both the contracting parties.
- | Ensuring benefits and value for money.
- | Making provisions to ensure that there are no disputes, surprises, or delays.

during construction that denied the general public use of infrastructure facilities for years, and underutilization of local and foreign funds. Key factors that contributed to this were lack of proper project management and contract management skills, and dispute resolution within Project Management Units. To overcome these issues, the Ministry of Finance in Sri Lanka decided to streamline project and contract management activities, which led to formulation of GPMCM, with technical assistance from the Asian Development Bank (ADB).

### Challenges Addressed

GPMCM includes a recap of the legislation and related policies relevant to public sector contracting. It focuses broadly on effective management of a contract, right from entering into a contract to closure/ termination of the contract. GPMCM:

- Defines responsibility and authority for specific activities in contract management;
- Assists project staff in ensuring compliance with contractual obligations when carrying out contract management functions;

- Ensures uniformity in contract management activities of diverse projects belonging to different organizations;
- Checks recurrence of problems/ weaknesses through lessons learned and corrective/ preventive measures;
- Facilitates training of project staff in project/ contract management, thereby enabling them to apply proper contract management practices;
- Provides for establishment of a Quality Management System;
- Assists project staff in safeguarding Employer's interests and fulfilling contractual obligations, so as to avoid unnecessary claims, delays, additional costs, and disputes; and
- Helps the implementation agency in completing the contract within time, budget, and quality specified.

### Impacts Generated

Operationalization of GPMCM has impacted three key stakeholders – citizens, government officials, and



contractors. The impacts are by way of: i. Meeting needs of citizens in time, ii. Delivering service to the satisfaction of both the contracting parties, iii. Ensuring benefits and value for money, iv. Understanding of obligations by stakeholders under the contract, and v. Making provisions to ensure that there are no disputes, surprises, or delays.

### Level of Innovation

GPMCM has 3 three broad sections:

(i) Introduction, Principles, and Concepts of Contract Management;

increases on timely completion of quality infrastructure.

### Replicability

GPMCM provides guidance to staff involved in implementation and monitoring of infrastructure development projects. For the purpose, it uses the harmonized version of FIDIC (Fédération Internationale des Ingénieurs-Conseils) Multi-Lateral Development Banks (FIDIC Pink Book). The Guide will also be of interest to members of Procurement Committees,



(ii) Contract Management Procedures; and

(iii) Forms, templates, and specimen letters for each contract management action. Forms, templates, and specimen letters have been customized to meet various projects needs. There are IT-based project management tools to facilitate project and/or contract management. The templates and forms are downloadable for free from the Ministry of Finance website, with facility for e-filling. Value created by this Guide is confined not only to post award but applies to the whole procurement process. There are both monetary and non-monetary value creations, where value for money

Technical Evaluation Committees, and staff in Project Management Units. GPMCM can be used by both public and private sector organizations in Sri Lanka for better management and administration of government construction contracts. As GPMCM incorporates many foreign funding agency requirements, standard forms and formats, and FIDIC conditions, this guide can be replicated for any other country with minimal changes to suit the local situations. GPMCM has already been shared with member states of the South Asia Region on consent of the South Asia Region Public Procurement Network (SARPPN).

## Scalability and Sustainability

Both public and private sector organizations are under pressure to reduce costs and improve financial and operational performance. New regulatory requirements, globalization of markets, increase in contract volumes, and complexity of projects have underlined the importance and benefits of effective contract and project management. There is also need to reengineer and improve contractual processes for compliance. GPMCM has thus been presented to various professional organizations and groups representing the construction industry including the Construction Industry Development Authority (CIDA). Their observations and suggestions for improvements have also been incorporated into the GPMCM, which is currently available on the website of the Ministry of Finance.

### Lessons Learned

This Guide has been written in simple English, as it is intended to serve as a first reference point for project staff in managing their projects effectively and efficiently. Irrespective of the source of funding, the guide provides generally accepted practices and procedures common to many projects, which are useful in addressing issues at the project implementation stage.

The rights and obligations of parties to contracts have also been explained in the Guide. Recognizing that users of the Guide will have different information needs, templates have been provided for project management documents/forms with reference to each aspect of contracting activity.

The Guide does not attempt to address all issues that may need to be considered in a particular circumstance. It identifies the key issues and considerations that entities should be aware of in administration and management of contracts.

As such, the Guide is intended to be a general reference document for senior managers, contract managers, and stakeholders involved in project management.

