



## Citation

This submission from the Department of Public Finance, Ministry of Finance, is awarded as the Winner for Sri Lanka for SAPIA 2018. It deals with ways and means of reducing procurement delays.

## Summary

Statistics show that approximately 25 percent of the total government expenditure in Sri Lanka represents procurement related expenses. As such, in an economy where government expenditure is significantly high in provision of essential infrastructure, undue delay in public procurement has resulted in serious negative repercussions to the economic and social development in the country. The public procurement process is often delayed for different reasons. Such delays may damage the Procuring Entity's (PE) reputation causing a waste of scarce public resources; non-delivery of key economic infrastructure facilities to the society, and poor delivery of public goods and services etc. Recently, the Department of Public Finance has brought it to the notice of the Cabinet of Ministers, instances where undue delays have occurred in finalizing the bidding process affecting the efficient and timely implementation of government infrastructure projects. Having considered the reasons for such delays in finalizing the bidding process, the Cabinet of Ministers has observed that most procurement entities do not follow the respective guidelines in the Government Procurement Guidelines-2006 (Goods & Works) especially in respect of procurement preparatory works including consultancy arrangements, preparation of Bills of Quantities (BOQs), Procurement Time Schedules (PTS), bidding documents and specifications and bid evaluation. As a result, making recommendations for contract awards is also not in compliance with the scheduled timelines for each activity. Therefore, in accordance with the directives of the Cabinet of Ministers, action has been taken by the Department of Public Finance to issue several Supplements to the National Procurement Guidelines-2006 by way of Public Finance Circulars giving necessary instructions to overcome those deficiencies and ensure that all the procurements are finalized and awarded within the scheduled time targets. The respective Supplements to the National Procurement Guidelines which were prepared by the Department of Public Finance in consultation with the National Procurement Commission (NPC) and the other stakeholders have addressed number of procurement-related issues as per the available evidence.



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## **Addressing the Delays in Public Sector Infrastructure Procurement**

(This article is a summarized version of the submission entitled “Addressing the Delays in Public Sector Infrastructure Procurement” made by Mr. E. A. Rathnaseela, Director, Department of Public Finance, Ministry of Finance, Colombo, Sri Lanka, for the South Asia Procurement Innovation and Good Practice Awards.)

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The public procurement process is often delayed for different reasons

It is observed that increasing number of PEs are keen to adopt the new measures, thereby signaling an anticipated efficiency improvement in the government procurement process in Sri Lanka

### Challenge(s) Addressed

The challenges addressed include the need for completeness in technical specifications, plans, drawings, accuracy of BOQs and realistic cost estimates, the importance of adhering to Procurement Time Schedules (PTS), and the need for accuracy and complete nature of bid documents. They also include use of appropriate procurement method, revising the minimum time period for bidding, adhering to procurement plan, expediting appeal process, timely award of contracts, initiating the preparedness activities in advance and publication of advance notices on government procurement.

### Impacts

Since the government expenditure on public procurement is significantly high, undue delays have resulted in serious negative repercussions to the entire economy. As such, it is expected that the broad measures that have been introduced will bring about far reaching efficiency improvements in the implementation of public sector infrastructure projects. Thereby, they will have a significant impact on the entire economy by way of savings in time and resources. At the same time, apart from efficiency improvements, new measures have enhanced the transparency of public sector infrastructure projects which inter-alia facilitate healthy competition among larger cross section of prospective bidders who were previously almost ignored. A help desk also has been established at the Department to assist Procuring Entities (PEs) on the new procurement reforms. Based on the numerous queries received by the help desk so far, it is observed that increasing number of PEs are keen to adopt the new measures, thereby signaling an anticipated efficiency improvement in the government procurement process in Sri Lanka.



### Level of Innovation/Good Practice

As stated earlier, several important areas have been identified by the Department of Public Finance (DPF) as the major factors affecting the timely completion of public sector projects. Actions that are necessary to overcome these challenges were also identified in consultation with the relevant stakeholder organizations. In addressing the above issues, apart from issuing a number of supplements to the government procurement guidelines, the DPF in collaboration with USAID Short Term Assistance Project has also organized a series of training programs in Public Procurement, i.e., Training of Trainers, Public Private Partnership (PPP), Contract Administration and Project Management. Nearly four thousand officials both from public and private sector involve in procurement were trained.

### Replicability and Sustainability

Based on the positive feedback received so far from various stakeholders, success of the adoption of new measures is almost visible. While there is a growing interest among PEs to adopt the new measures, credibility of the government procurement process also has been enhanced significantly due to the policy actions taken by the DPF as explained above. The practice is replicable in other countries on a sustainable basis.





## Lessons Learned

The DPF has been able to identify a number of important issues. The solutions provided with the concurrence of the Cabinet of Ministers proved to be well accepted by most stakeholders. More importantly, the measures taken have helped to enhance the reliability and the transparency of the government procurement. Accordingly, the key lesson to be learned from the said exercise is the need to maintain a constant dialogue by the government sector with the rest of the stakeholders in public procurement. This will help provide speedy solutions then and there. At the same time, the action taken by the DPF to conduct awareness programs on procurement-related regulations has largely helped to enhance the understanding of both public and private sector persons who are involved in procurement-related activities.