Significance of Public Procurement in Sri Lanka

- Procurement of goods, works and services constitutes a major share of the government expenditure.

- In 2012 total public procurement including public investment expenditure accounted to approximately 22% of total government Spending.

- This was disbursed through more than 1000 procurement committees assisted by TECs and Pcs.

- Total Government expenditure - SLR 2192 Bn.

- Public Procurement expenditure - SLR 432 Bn.
  - Goods - RS.227 Bn.
  - Works – Rs.196 Bn.
  - Services - Rs. 09 Bn.
Legislative & Regulatory Framework for Public Procurement

- Constitutional Provisions
- Government Procurement Guidelines and Best Practices
  - Public Finance Department
  - Standard bidding documents
  - TEC & PC
  - Standardized process / Evaluation methods
  - Procurement Appeal Board
  - Policy Directions

- Civil Law

- Development partners
  - Procurement Guidelines and Provisions of the Financial agreement
  - Parliament control
  - Auditor General
  - COPA/COPE
  - Accountability

- Contract Management
- Corruption practices
- Fiscal Responsibility Act
- Arbitration Law

Policy Directions
Legislative & Regulatory Framework Contd......

Existing legislative and regulatory framework ensures;

- Effective use of public funds to the best performance, value for money
- Greater Transparency and Accountability
- Timely, cost effective and qualitatively best procurements through competition
- Follow standardize procedures, documents specifications providing uniformity across Procuring Entities
- Fair and equal opportunity for eligible interested parties to provide maximum competition in procurement
Institutional framework

Procurement Regulatory Service

Department of Public Finance

Advisory service
Capacity building
Best Practices
Procurement review
Progress monitoring

Best Practices
Reforms in Public Procurement

- Establishment of Standing Cabinet Appointed Procurement Committees (Special) comprising Senior public officials with multi disciplines to ensure transparent and time efficient procurement
- Integrate the Public Procurement in the Government Financial Management system to ensure uninterrupted implementation of projects
- Introduce a procedure for administering cost over run
- Streamline procedure for Public Private Partnership arrangements and unsolicited bids to bridge the financing gap of public investment.
Reforms in Public Procurement

Contd....

- Set up a data-base for public officers, subject specialists and academia for the appointment of Technical Evaluation Committees (TECs)
- Limit the No. of TECs per member at a given time to 3.
- Strengthen of the Appeal Procedure
- Establishment of Procurement Steering Committee comprises 5 top senior Secretaries under the chairmanship of the Secretary to the Treasury to take policy decisions in public procurement.
Enhancement of Capacity Building

- Establishment of Academy of Financial Management (MILODA) under Ministry of Finance & Planning to build capacity of the officers involved in Public Financial Management which includes Public Procurement.
- Procurement Management has recognized as a subject in number of graduate/undergraduate schemes at Higher Education Institutions.
- Establishment of a separate carrier stream on procurement with separate job description and designation under consideration.
Integration of Public Procurement with PFM

- Preparation of procurement plan
- Public Procurement
- Provide timely funds
- Contract management and monitoring
- Inclusion of needs in the Medium-Term budget
Promotion of Value for money and Performance Measurement

- **Promotion of Value for money**

  Procurement is an area for audit under the External/ internal Audit programme.

  Need has realized to change from compliance audits to result oriented/value for money audit.

  Conduct real time audit and continuous audits to address the lapses on time.

  Constant dialogue with external/ internal auditors at the Audit and Management Committee Meetings for the review of entire public financial management with the special attention to public procurement.
Performance measurement

- Number of procurements completed within projected time target and cost
- Instances where cost overruns arisen (as a percentage of total procurements)
- Occasions that the issuance of addendum to the bidding documents
- Number of instances where uncertainties arising during the bid evaluation period.
- Number of Appeals received in selection procedure – from both unsuccessful bidders as well as other stakeholders.
- Number of procurements which reported Quality failures - critics, complains. Commendations.
Further Reforms …..

- Building capacity of the officials engaged in procurement including external/internal auditors
- Timely Availability of accurate, relevant and complete procurement statistics
- Implementation of Accreditation scheme to create a pool of resources in wide range discipline for consideration of Procurement Committees and Technical Evaluation Committees
- Revisit of the Standing Bidding Documents to address practical issues especially in Water, Roads and Power sectors
- Steps toward e-Procurement
## Way Forward

<table>
<thead>
<tr>
<th>Area</th>
<th>Current status</th>
<th>Purpose</th>
<th>Time frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrading procurement Guidelines</td>
<td>A draft is prepared for consultation</td>
<td>To replace current guidelines with new Procurement Guidelines</td>
<td>Mid 2014</td>
</tr>
<tr>
<td>Availability of Procurement statistics</td>
<td>Collect manually ,recognized real time data collection</td>
<td>Review and monitor status of procurement</td>
<td>on going</td>
</tr>
<tr>
<td>Enhance the skills of Internal and external Audit officers</td>
<td>Focus on non - compliances with procedures and reported financial losses</td>
<td>Performance base value for money audit to reduce procurement delays &amp; poor performances.</td>
<td>on going</td>
</tr>
<tr>
<td>Revision of Standard Bidding documents</td>
<td>Followed by all PEs irrespective of specific sectors such as Water, Road, power &amp; Energy etc.</td>
<td>To introduce separate SBDs considering the sector specialty</td>
<td>Medium term</td>
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</tbody>
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