



Current status, Challenges and Achievements in Procurement Management

***E. A. Rathnaseela
Department of Public Finance
General Treasury, Sri Lanka***



01

Significance of Public Procurement

02

Issues affecting Procurement

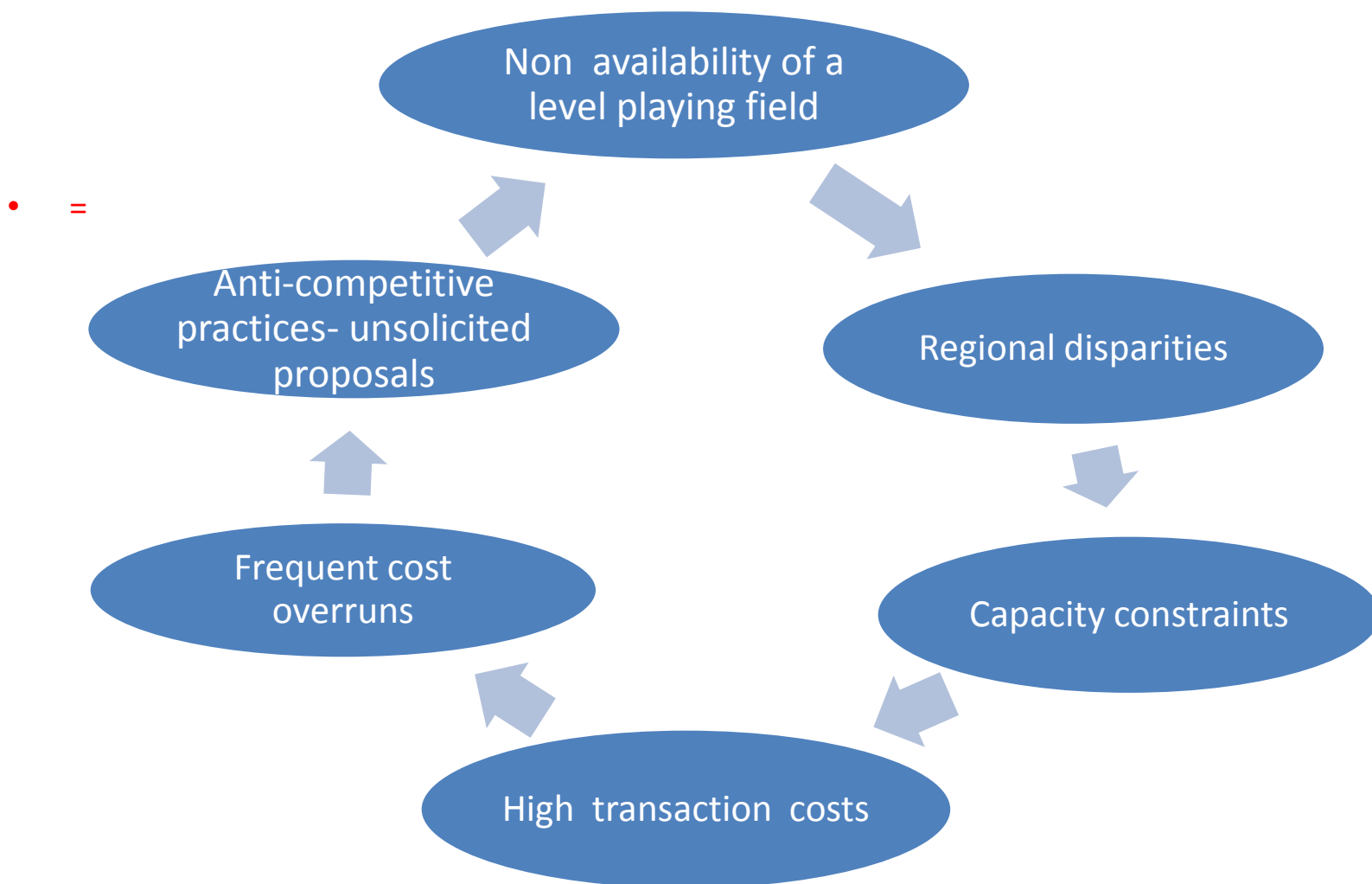
03

Recent Measures Taken

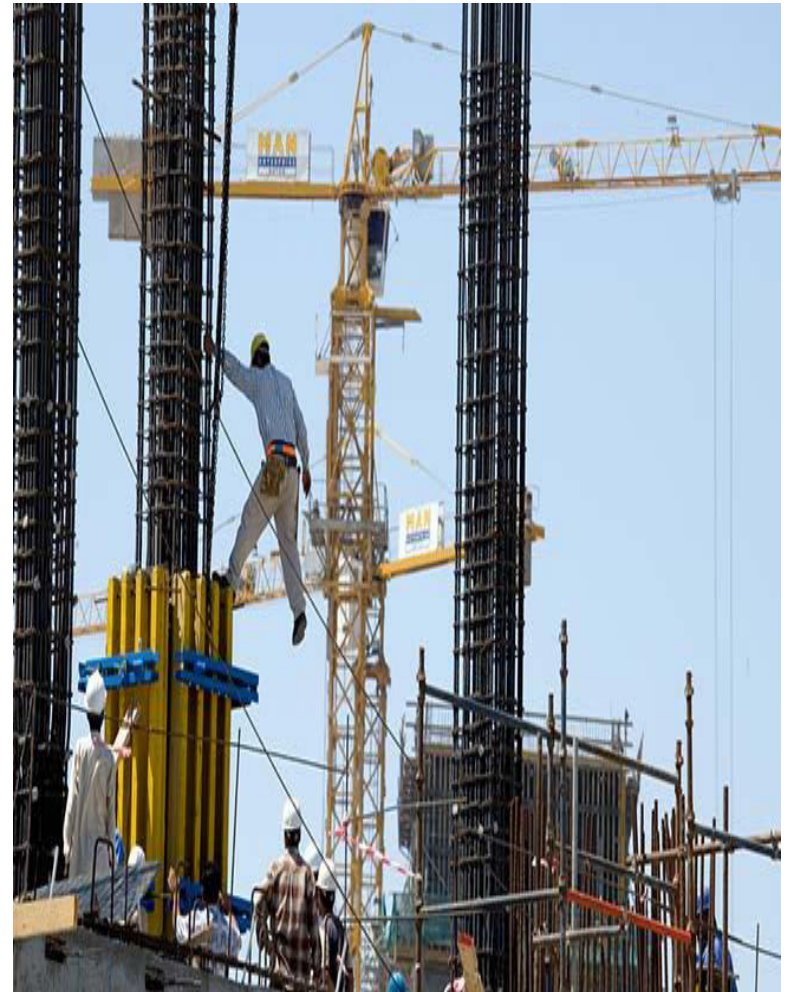


Significance of Public Procurement in the National Economy

- Public procurement is a key economic activity of the government.
- Public procurement remains a significant expenditure item in the Sri Lanka economy, accounting for about US\$ 4.6 Bn or 24% of total government spending and 6.3% of GDP.
- It is believed that significant amount of public resources spent on procurement are wasted by way of delays, capacity constraints, bureaucratic red tapes and corruption.
- According to the World Bank studies, non availability of a e-GP System in the country cost the state approximately US\$ 1.2 Mn per day
- Of all government activities, public procurement is one of the most vulnerable to corruption and bribery. The financial interests at stake and the close interaction between the public and private actors make public procurement a major risk area.
- More focused approach among key stakeholders is a top priority



Some Recent Measures





Some Recent Measures

Regional Procurement

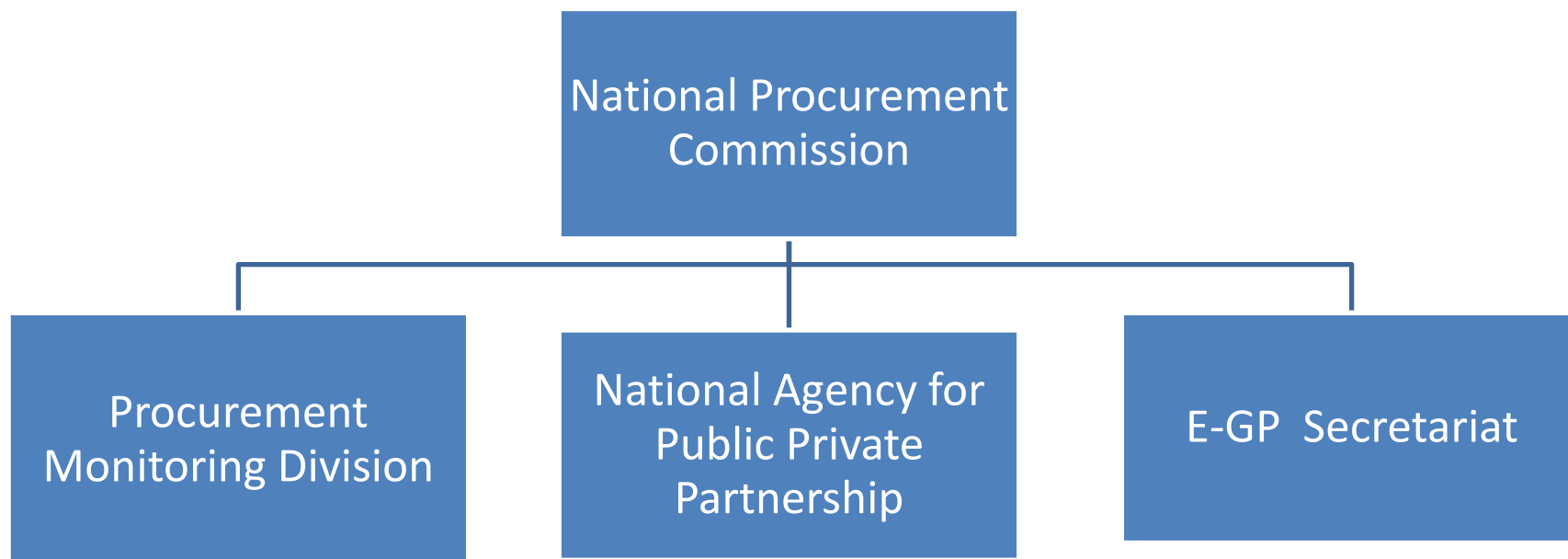
Rationale Behind the Policy innovation

- The Regional contribution to Gross Domestic Product by the Western Province is about 40-50% (Colombo, Gampaha and Kalutara)
- Where as all other provinces contributed only 30-40% to GDP.
- The contribution of construction sector to GDP significant.
- Promote small and medium scale construction and renovation work
- Improving employment opportunities in regions
- Developing capacity of regional contractors
- To utilize local resources
- To reduce income inequality

The process

- The administrative boundaries are defined as respective provincial territories
- Applies to works up to Rs 50 Mn (US\$ 0.37 Mn)
- Bidding is conducted based on National Competitive Bidding Procedure giving preference to Small and Medium regional construction companies.
- CIDA standards are maintained

Establishment of new Entities





Some Recent Measures

- Guidelines on Private Sector Infrastructure Projects (1998) has been revised and the 4th draft on PPP is ready for National Procurement Commission (NPC) comments
- With the assistance of USAID Short–Term Assistance to Improve Public Finance Management Reform (STAIR) project;
 - Trained around 1,000 Government officers on General Public Procurement
 - Trained trainers from a number of government agencies including Treasury
- Manual on Procurement Management and Contract Management has been issued





Some Recent Measures

- Appeal Pool on Procurement has been appointed
- 3 Supplementary Guidelines to the Procurement Manual were issued
 - Supplement 30 (Swiss Challenge Process) to solicit unsolicited proposals
 - Supplement 31 (Expedite the procurement Process)-Procurement Time line has been revised
 - Supplement 29 (Regional Procurement)
- Two Review Committees formed to manage cost estimation and overruns
 - Pre Cost Review Committee
 - Post Cost Review Committee
- Value thresholds for Procurement Entities have been enhanced ensuring more autonomy



Thank You