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நிதி அமைச்சு  
MINISTRY OF FINANCE

මහලේකම් කාර්යාලය, කොළඹ 01.  
ශ්‍රී ලංකාව

செயலகம், கொழும்பு 01.  
இலங்கை

The Secretariat, Colombo 01.  
Sri Lanka

කාර්යාලය } (94)-11-2484500  
அலுவலகம் } (94)-11-2484600  
Office } (94)-11-2484700

ෆැක්ස් }  
பெக்ஸ் } (94)-11-2449823  
Fax }

වෙබ් අඩවිය }  
වෙබ් සයිට් } www.treasury.gov.lk  
Website }

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Your No. }

දිනය } 29.09.2021  
திகதி }  
Date }

**Public Finance Circular No 01/2021**

All Secretaries to Ministries,  
Secretaries to State Ministries,  
Chief Secretaries of Provincial Councils,  
Heads of Departments and District Secretaries,  
Chairmen of Public Corporations, Statutory Boards, Authorities and State-Owned Enterprises

**Scheme for Awarding Direct Contracts to Community Based Organizations**

Your attention is drawn to Section 3.9 and 3.9.1 of the Government Procurement Guidelines - 2006 which provides Guidelines on Community Participation in Procurement.

2. Accordingly, the conditions applicable to awarding direct contracts to Community Based Organizations with effect from 29.09.2021 and the procedure to be followed in this regard are explained below.

2.1 Contracts of construction work can be awarded to the following Community Based Organizations after verifying the qualifications mentioned in No. 2.3, by a three-member committee consisting of two representatives nominated by the Head of the Department and the Divisional Secretary of the area.

- i. Samurdhi Community Based Organizations / Samurdhi Regional Organizations
- ii. Multi-Purpose Co-Operative Societies
- iii. Co-operative Labour Societies (for labour services only)
- iv. Rural Development Societies

- v. School Development Societies (The area of authority is the relevant school premises only)
- vi. Registered Farmers' Organizations
- vii. Community Development Societies (Societies registered under the Local Government Commissioners which contribute to the development activities in the Local Government Sector)
- viii. Gemidiriya People's Companies
- ix. Condominium Management Corporations registered under the Condominium Management Authorities
- x. Temple Development Performance Societies (operated in their own temples and religious school premises)
- xi. Temple Donors' Committees (operative in their own temples and religious school premises)
- xii. Rural Elders' Committees / Societies registered under the National Secretariat for Elders which is functioning under the Ministry of Social Services
- xiii. Community Organizations are identified by the Ministries, Heads of Department, and societies registered under the said Divisional Secretariat to the satisfaction of the Divisional Secretary.

2.2 Under this scheme, the aggregate value of the balance portion of the contracts already awarded and the value of the proposed contract should not exceed Rs. 5 million.

2.3 The Committee on the Community Based Organizations referred to in 2.1 above shall review the following documents and recommend the awarding of work contracts to the appropriate Community Based Organizations.

- i. Documents proving the availability of bank accounts and credit facilities from financial institutions such as Samurdhi Banks, Co-operative Banks or Rural Banks.
- ii. Relevant certificates of having contributed to previous experience in similar work or satisfactory evidence of the work done as well as their standards.
- iii. Statements issued by the relevant societies regarding the contract work awarded to them during the past year including the contract work which was awarded a year ago but still remains incomplete (contract name, location, client, contract value and current status of the contract)
- iv. A statement issued by the relevant societies that the work will not be subcontracted (If subcontracted, such societies/organizations should be blacklisted)

- 2.4 At the time of awarding the contract, the Community Based Organization shall not be engaged in more than three contracts. However, when a Community Based Organization has been established to cover a Divisional Secretariat Division, and the jurisdiction of such organization is relevant to the whole area of that Divisional Secretariat Division, and if the Divisional Secretary is satisfied with the financial, labour, and entrepreneurial capacity of that organization to carry out the contract work in various fields within the Division, such Community Based Organization can be awarded more than three contracts upon the approval of the District Secretary.
- 2.5 The works so entrusted should be within the area of authority and purview of the Society.
- 2.6 If any Community Based Organization breaches the Contract Agreement then such Societies / Organizations should be blacklisted and update the blacklist register by the procurement entity
- 2.7 The Head of the Department, the relevant District Secretary or the Divisional Secretary should ensure that, the contract works of these Community Based Organizations are carried out according to the proper standards and necessary technical supervision is undertaken during the entire period of the project implementation.
- 2.8 A signboard should be displayed for the knowledge of the community in the area which carries the name of the Community Based Organization, by whom the work is performed, the cost incurred by the government for the project, the name of the organization which has awarded the contract to the community-based organization, the number of beneficiaries and etc.
- 3 The community-based organizations are not required to be registered under the Construction Industry Development Authority (CIDA) as a criterion for assessing eligibility to be awarded government contracts.
- 4 The Public Finance Circular No. 01/2012 dated 05.01.2012 issued in this regard is hereby repealed with effect from the date of this circular.

5 Any further clarification on this Circular could be obtained from the Director General of Public Finance by contacting the Telephone Number 011-2484614.

Sgd: S.R Attygalle

Secretary to the Treasury

Copies: 1. Secretary to the President

2. Secretary to the Prime Minister

3. Secretary to the Cabinet of Ministers

4. Auditor General