

### මුදල් හා කුමසම්පාදන අමාතනාංශය තිුණි, නිුட்டமிடல் அமைச்சு MINISTRY OF FINANCE AND PLANNING

මහ ලේකම් කාර්යාලය, කොළඹ 01.

செயலகம், கொழும்பு 01.

The Secretariat, Colombo 01.

සාජ්යාලය අඹුකුක්ෂ් 2484600 Office 2484700

ලැස්ස් Guseiv Fax } (94)-011-2449823 ටෙබ අවවිය මෘග්කරේ Website

මගේ අංකය යෙසු මූමා My No.

BD/360/3/101/1/1/P

වමේ අංකය 2.03. යුත. Your No. දිනය එණු Date

24.03.2006

National Budget Circular No. 128

To: All Secretaries

All Heads of Departments

All Heads of Corporations & Statutory Bodies

Chief Secretaries/Pro icial Councils

### Accelerating Government Procurement Activities

It has been observed that the persistent delays and inefficiencies in public procurement activities have become a barricade for economic development activities of the country during the last few decades. This situation, not only affects the economic development efforts of the country but also causes an additional cost to the government due to cost overrun and commitment charges levied by the foreign funding agencies on un-disbursed amounts in accordance with loans and credit agreements

The National Procurement Agency, being the regulatory body and the facilitator to streamline the government procurement process, has already taken some initiatives to overcome this situation by way of revising the existing 'Government Tender Procedure harmonized with foreign funding agencies, issuance of Standard Bidding Documents and Standard Requests for Proposals, Standard Specifications, continuous monitoring, provide advise, capacity building and training etc.

The following provisions shall be enforced with immediate effect on all government organizations.

There should be a separate division/unit for procurement activities (named as Procurement Division) in every ministry under the supervision of the 'Procurement Liaison Officer' who should be responsible to the Secretary of the line ministry and coordinate with the NPA in respect of all procurement activities on all sources of financing. A similar arrangement has to be set up in Provincial Councils as well as Departments where large value procurements are involved and project offices. The Dept. of Management Services has already granted approval to create 2 posts of Procurement Assistant in each Ministry and for this purpose 2 graduate trainees can be recruited.

It is suggested to commence preparatory activities immediately after the project is approved by the Treasury in principle. This delay is mainly due to improper attention of procurement preparedness activities. It is also identified that lack of financial provisions is also a cause in carrying out such activities.

You are kindly advised to split the capital budget into two components from the year 2006 onwards showing budget for procurement preparatory activities and post contract activities separately. It is also required to indicate the budget for continuation procurement activities from previous year and new activities separately. However, if savings are available under capital expenditure budget, that could be used for preparatory activities in respect of the current year or ensuing year. If savings are not sufficient to meet the expenses relating to preparatory activities additional funds should be requested from the Director General of National Budget using the dated format.

If financial provisions could not be obtained for an expenditure proposal for post contract activities in a particular financial year, where all required documents are prepared, all such documents should be made use for the next financial year with required amendments and revisions.

Secretaries of line Ministries/Chief Secretaries of PCC and Heads of Departments are kindly advised to pursue the above instructions and provide information outlined with the annual expenditure estimates to the Director General of National Budget (DGNB) with a copy to the Chairman/CEO of the National Procurement Agency (NPA) for procurement monitoring purpose, using the formats attached with this circular.

- Sheet 1 Proposed Procurement Plan (PPP)
- Sheet 2 Budget & Time Plan for Procurement Preparatory Activities (New Activities -2006)
- Sheet 3 Budget & Time Plan for Procurement Preparatory Activities (Continuation Activities from 2006)

#### Time Schedule for Implementation

- 2006 Budget Submit the Proposed Procurement Plan (PPP) and the Budget and Time Plans (Sheet 1-3) along with annual expenditure estimates and complete preparatory activities before the end of current financial year.
- 2007 Budget Submit the Proposed Procurement Plan (PPP) and the Budget and Time Plans (Sheet 1-3) along with annual expenditure estimates and complete preparatory activities before the budget discussion stage. Budgetary provision will not be made available to any government agency which fails to comply with the requirements of this circular.

S.B. Divaratne

Deputy Secretary to the Treasury

 Combitment preparedness activities of dentitional and lack and lack of financial provise sections, these the grayrith in being to ode of all

approved by the Transuct to perpendic, This delay is mainly due to improper hosemen of

#### PROPOSED PROCUREMENT PLAN (PPP)

Ministry/Provincial Council/Department/Corporation/Board ......

Serial #	Description		Estimated Cost (in Rs.)	Procurement Method <sup>2</sup>	Proposed date of Issuing Bid or PQ Invitation/EOI	Proposed Date of Contract Award	Remarks
	Works	Taging to the	73 g0 013 75 a 21 10 15	Managara y			
Barres	test less l		dereman (1947)	P16997.	ni orași a să		l ligarit
WI	The Basic Annual Property of the San	facilitate Lines	WhiteAll	19 2	al region Committee	to make any little	Ca Ca
W2	Sale said	DAMMED 1 640	(008))17	No. of the last of	Setbod Preparat	4 Gendanski 49	No.
W3	The state of the s	25 100 1 5 4 100 mag - 1 - 1 5 40	bud.	I Italia	IDIVIDAK-7		9
W4	I osci i madi i vi		/ sract	- Statie			
	Goods						
G1							
G2	,						
G3			eres e conserva de la				
G4		e in applicable man armony are 100	Birther Colonia Colonia Colonia				
	Related Services						
RS1					e are a consequence and a consequence and		
RS2		on the same of the					
RS3			10				
384	The state of the s						
	Consultant Services						
CS1	Control of the Contro						
CS2	Coasules						
CS3	CONTRACTOR OF THE PARTY OF THE			(2.0 kg/s 10 cm s	Nacht Stephensen (Ameliana)		

Indicate each contract separately
Indicate ICR NCR Shanning OCBS etc

## BUDGET & TIME PLAN FOR PROCUREMENT PREPARATORY ACTIVITIES (NEW ACTIVITES $-\,2006)$

Name of the Ministry / Provincial Council / Department / Statutory Body : .....

Serial No.	Capital Exp. Code	Contract Number <sup>3</sup>	Proc. Method	Description of Preparatory Activities	Program for Completion of Preparedness Activities		Budget for Procurement Preparatory	Budget for Post Contract	Total Budget <sup>6</sup>	Revised Completion Date		Remarks
					Start Date	End Date	Activities ('000)	Activity <sup>5</sup> ('000)	('000)	Start Date	End Date	- 1% - W2
											7 may 2	1-W3
												N/4
											30005	
												1 10
						,						1 02
					-					202117109	The said	1 (63)
												1 601
											16197	
		W.			-8	-						1231
												133
									201	Mag Sony		1.883
												1 854 1

Separate Contract Numbers should be as shown in the proposed Procurement Plan (Eg. WI, GS, RS4, CS6)

List of the Procurement Preparatory Activities relevant to the contract such as specifications, drawings, plans, BOQ. Bidding documents, obtaining clearances, willipy services etc.

activities.

Estimated expenditure for construction, supply of goods, related services and consultation, etc.

Food Budget Column should tally with the estimated cost as shown in the Procurement Plans.

Arest etc Completion duct of remarks columns should be filled only at the end of ensuing financial year 2005

Remarks column should be filled at the end of ensuing financial year (2003), giving reasons if not completed the activity within expected completion date.

# BUDGET & TIME PLAN FOR PROCUREMENT PREPARATORY ACTIVITIES (CONTINUOUS ACTIVITES FROM 2006)

Name of the Ministry / Provincial Council / Department / Statutory Body:

Serial No.	Capital Exp. Code	Contract Number <sup>9</sup>	Proc. Method	Description of Preparatory Activities <sup>10</sup>	Program for Completion of Preparedness Activities		Budget for Procurement Preparatory Activities	Budget for Post Contract Activity <sup>11</sup>	Total Budget <sup>12</sup>	Revised Completion Date <sup>13</sup>		Remarks14
				Accornics	Start Date	End - Date	('000)	('000)	(000)	Start Date	End Date	
				9.								
	-					>.						
				-								
								-				
-												
				100	12.7						~~~	
			74.		1-							
				***	.63							
		100		V 2.000								
						-				-		

Sparate Contract Numbers should be as shown in the proposed Procurement Plan (Eg. WI, GS, RS4, CS6)

"List all the Procurement Preparatory Activities relevant to the contract such as specification, drowings, plans, BOQ. Bidding documents, obtaining elearances, utility services etc. inclusive of appointment of consultants for preparatory activities.

Estimated expenditure for construction, supply of pools, related strictes and consultation, etc.

"Estimated expenditure for construction, supply of pools, related strictes and consultation, etc.

"Estimated commens and talk play with the estimated does at whom in the Procurement Plan.

"Total Budget Commensated flay with the estimated does at whom in the Procurement Plan.

"Revised Completion date & remarks columns should be filled only at the end of ensuing financial year 2005

"Remarks column should be filled at the end of ensuing financial year (2003), giving reasons if not completed the activity within expected completion date.