



මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශය  
 நிதி, திட்டமிடல் அமைச்சு  
 MINISTRY OF FINANCE AND PLANNING

මහ ලේකම් කාර්යාලය; කොළඹ 01.

செயலகம், கொழும்பு 01.

The Secretariat, Colombo 01

කාර්යාලය } 2484500  
 අංශලේඛන } 2484600  
 Office } 2484700

දුරකථන }  
 ෆැක්ස් } (94)-011-2449823  
 Fax }

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

මගේ අංකය }  
 අංකය } BD/360/3/101/1/1/P  
 My No. }

ඔබේ අංකය }  
 අංකය }  
 Your No. }

දිනය }  
 දිනය } 24.03.2006  
 Date }

National Budget Circular No. 128

- To: All Secretaries  
 All Heads of Departments  
 All Heads of Corporations & Statutory Bodies  
 Chief Secretaries/Provincial 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)

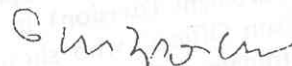
**Sheet 2** - Budget & Time Plan for Procurement Preparatory Activities (New Activities - 2006)

**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

PROPOSED PROCUREMENT PLAN (PPP)

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

Serial #	Description <sup>1</sup>	Estimated Cost (in Rs.)	Procurement Method <sup>2</sup>	Proposed date of Issuing Bid or PQ Invitation/EOI	Proposed Date of Contract Award	Remarks
	<b>Works</b>					
W1						
W2						
W3						
W4						
	<b>Goods</b>					
G1						
G2						
G3						
G4						
	<b>Related Services</b>					
RS1						
RS2						
RS3						
RS4						
	<b>Consultant Services</b>					
CS1						
CS2						
CS3						

<sup>1</sup> Indicate each contract separately.  
<sup>2</sup> Indicate ICB, MCB, Shopping, QCBS, etc

**BUDGET & TIME PLAN FOR PROCUREMENT PREPARATORY ACTIVITIES  
(NEW ACTIVITIES - 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 <sup>4</sup>	Program for Completion of Preparedness Activities		Budget for Procurement Preparatory Activities ('000)	Budget for Post Contract Activity <sup>5</sup> ('000)	Total Budget <sup>6</sup> ('000)	Revised Completion Date <sup>7</sup>		Remarks <sup>8</sup>
					Start Date	End Date				Start Date	End Date	

<sup>3</sup> Separate Contract Numbers should be as shown in the proposed Procurement Plan (Eg. W1, G5, RS4, CS6)

<sup>4</sup> List all the Procurement Preparatory Activities relevant to the contract such as specifications, drawings, plans, BOQ, Bidding documents, obtaining clearances, utility services etc. inclusive of appointment of consultants for preparatory activities.

<sup>5</sup> Estimated expenditure for construction, supply of goods, related services and consultation, etc.

<sup>6</sup> Total Budget Column should tally with the estimated cost as shown in the Procurement Plan.

<sup>7</sup> Revised Completion date & remarks columns should be filled only at the end of ensuing financial year 2006

<sup>8</sup> Remarks column should be filled at the end of ensuing financial year (2006), giving reasons if not completed the activity within expected completion date.

BUDGET & TIME PLAN FOR PROCUREMENT PREPARATORY ACTIVITIES  
(CONTINUOUS ACTIVITIES 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 ('000)	Budget for Post Contract Activity <sup>11</sup> ('000)	Total Budget <sup>12</sup> ('000)	Revised Completion Date <sup>13</sup>		Remarks <sup>14</sup>
					Start Date	End Date				Start Date	End Date	

<sup>9</sup> Separate Contract Numbers should be as shown in the proposed Procurement Plan (Eg. W1, G3, RS4, CS6)  
<sup>10</sup> List all the Procurement Preparatory Activities relevant to the contract such as specifications, drawings, plans, BOQ, Bidding documents, obtaining clearances, utility services etc. inclusive of appointment of consultants for preparatory activities.  
<sup>11</sup> Estimated expenditure for construction, supply of goods, related services and consultation, etc.  
<sup>12</sup> Total Budget Column should tally with the estimated cost as shown in the Procurement Plan.  
<sup>13</sup> Revised Completion date & remarks columns should be filled only at the end of ensuing financial year 2006.  
<sup>14</sup> Remarks column should be filled at the end of ensuing financial year (2006), giving reasons if not completed the activity within expected completion date