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ELECTRONIC GOVERNMENT PROCUREMENT, SRI LANKA

READINESS ASSESSMENT AND ROADMAP

Leadership in Public Financial Management II (LPFM II)

Sri Lanka Short-Term Assistance to Improve Public Financial
Management Reform (STAIR)

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Sri Lanka Short-Term Assistance to Improve Public Financial
Management Reform (STAIR)

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
APFASL	Association of Public Finance Accountants of Sri Lanka
BPR	Business Process Reengineering
CIDA	Construction Industry Development Authority
DPF	Department of Public Finance
e-GP	electronic Government Procurement
GP	Government Procurement
GPGL	Government Procurement Guidelines
GoSL	Government of Sri Lanka
HR	Human Resources
ICTA	Information and Communication Technology Agency of Sri Lanka
ITMIS	Integrated Treasury Management Information System
MoF	Ministry of Finance of Sri Lanka
MSMEs	Micro, Small and Medium-Size Enterprises
NPC	National Procurement Commission
PFM	Public Financial Management
PPP	Public Private Partnership
SLIDA	Sri Lanka Institute of Development Administration
SL-e-GP	Sri Lanka's e-GP (information system)
SMEs	Small and Medium-Size Enterprises
STAIR Reform	Sri Lanka Short-Term Assistance to Improve Public Financial Management
USAID	U.S. Agency for International Development

EXECUTIVE SUMMARY

The present report is part of the project “Sri Lanka Short-Term Assistance to Improve Public Financial Management Reform” (STAIR), which is intended to support the broader USAID/Sri Lanka’s Support for the Sri Lankan Reform Agenda (SSLRA) project during its opening phase. The STAIR project was conceived and developed following the January 2015 presidential election as a supplement to USAID/Sri Lanka’s three-year Legacy Plan that was intended to significantly ramp down USAID assistance in Sri Lanka over a three-year period ending in FY 2019. This new project has an overall goal to promote “*broad-based partnerships to strengthen democratic and economic reform in Sri Lanka*” through the following objectives: 1) Contribute to more effective and democratic governance; and 2) Contribute to more inclusive economic growth. GoSL understands that electronic Government Procurement (e-GP) is an important tool to increase the efficiency, transparency and competitiveness of the procurement system. GoSL also understands that countries which have implemented e-procurement have tended to experience lower transaction costs for procurements, increased number of bids for tenders, decreased cost for awards, and improved audit compliance. GoSL began work to institutionalize e-procurement in 2010 but has not yet fully launched an e-procurement system. The STAIR project works with GoSL stakeholders to move further towards the implementation of e-procurement.

This report is the final output of an assignment carried out by the author under STAIR over the March to June 2016 period. It presents the outcome of two contingent activities: a) Conducting an assessment of e-GP readiness in Sri Lanka; and b) Suggesting a strategic readiness implementation map (e-GP readiness roadmap). As such, it represents a key milestone in a direction suggested in both the recent Public Procurement Assessment Report (The World Bank & Asian Development Bank, 2012) and GoSL’s PFM Reform Strategy.

Progress was achieved on a number of fronts since the publication of the findings of a former e-GP readiness assessment in 2004: release of GoSL’s Procurement Guidelines in 2006; publication of Sri Lanka’s “e-Government Policy” by the Information and Communication Technology Agency of Sri Lanka (ICTA) in 2009; publication of the “e-Sri Lanka” concept paper by ICTA in 2011; instigation of Lanka Government Network and Lanka Government Cloud projects by ICTA over the same period; promulgation of an amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka in 2015 institutionalizing the National Procurement Commission (NPC) as lead agency for procurement oversight, reporting to Parliament and policy development matters.

The e-GP readiness assessment was conducted by means of preliminary desk research, actual field research, interviews and surveys. Desk research implied reviewing the findings of the 2004 e-GP readiness assessment conducted by ADB, reviewing important evolutions during the 2004-2016 period that helped reduce the readiness gap, and analyzing key drivers

of change. The survey instrument developed for the present e-GP readiness assessment was inspired from an e-GP survey framework recommended by the Asian Development Bank (ADB), the Inter-American Development Bank (IDB) and The World Bank.

The present e-GP readiness assessment concludes to a favorable alignment of essential factors to support a successful transition to e-GP. The leadership and strategic capacity of the Government of Sri Lanka appears to be firmly established and recognized. ICT infrastructure and online services have progressed dramatically over the past decade, and are now poised to successfully support a range of e-Government services including e-GP. Moreover, the balance between potentially protagonist and antagonist influence factors is clearly positive, which indicates that the present period and context are particularly conducive to a transition toward e-GP.

Notwithstanding this positive conclusion a number of readiness gaps have been identified, that need to be bridged in a timely and orderly fashion in order to allow a successfully transition to e-GP — which is the purpose of the strategic readiness roadmap. Results are summarized in the table below.

Assessment Components	Readiness Levels
Leadership and Strategy	■■■ 3
Human Resource Management	■■ 2
Policy	■■ 2
Planning and Management	■■ 2
Legislation and Regulation	■■ 2
ICT Infrastructure and Online Services	■■■ 3
Standards	■■ 2
Private sector integration	■■ 2
Environmental Influence	■■■ 3
OVERALL READINESS RATING	2.5

The e-GP readiness roadmap was developed in alignment with the objectives of the ongoing Public Finance Management reform and in support to GoSL's strategic general goals, namely: cascading good governance to all strata of society; increasing government revenue through more effective tax collection; rationalizing unnecessary government expenditure; achieving higher economic performance; digitalizing the economy; enhancing investment and business climate in the country as a result of good governance; exploring the possibility of entering into free trade agreements with countries; following more transparent market-oriented policies; and fostering the development of Micro/Small and Medium Enterprises (M/SMEs).

The roadmap identifies the National Procurement Commission as the best institution positioned for taking the leadership of the transition toward e-GP, with the support and cooperation of the Ministry of Finance as well as other key agencies and stakeholders. A series of recommendations are suggested, beginning with the initial milestone to initiate and expedite a revision of the procurement policy framework.

A phased model of substitution of former procurement practices by e-GP processes is prescribed, composed of two subsequent or overlapping phases (see below table). The first phase timespan is anticipated to last around 24 months, encompassing the following e-GP areas: procurement preparation and planning; information services including e-Advertising; e-Tendering per se; as well as contract awarding. The second phase of a similar timespan, would integrate the following e-GP areas: e-Registration; e-Catalogues; e-Purchasing; e-Auctions; e-Invoicing & e-Payment; contract management; data analytics & reporting; audit trails and other auditing capabilities. The phased-approach to implementation also applies at central, provincial and local government levels to allow for the necessary time in initial phases – smaller pilot schemes – to guide and improve the implementation on a larger scale. Actual implementation at provincial and local government levels might be expected on a longer term timeline.

e-GP function	Phasing	Piloting	Timeline (indicative)
The Procurement Portal: a) e-Advertising; b) Information services; c) e-Tendering. The Procurement MIS: d) Procurement preparation & planning; e) Workflow management capability; f) Awarding.	PHASE 1	Training and evaluation	6 months
		Feedback and enhancements	6 months
		Rollout and parallel use	6 months
		End of former practices	6 months
The Procurement Portal: a) e-Registration; b) e-Catalogues; c) e-Purchasing; d) e-Auctions; e) e-Invoicing & e-Payment. The Procurement MIS: f) Attestation; g) Contract management; h) Data analytics & reporting; i) Audit trails and other auditing capabilities.	PHASE 2	Training and evaluation	6 months
		Feedback and enhancements	6 months
		Rollout and parallel use	6 months
		End of former practices	6 months

I. INTRODUCTION

PROJECT BACKGROUND

The present report is part of a project named “Sri Lanka Short-Term Assistance to Improve Public Financial Management Reform” (STAIR)¹, that is intended to support the broader USAID/Sri Lanka’s Support for the Sri Lankan Reform Agenda (SSLRA) project during its opening phase. The STAIR project was conceived and developed following the January 2015 presidential election as a supplement to USAID/Sri Lanka’s three-year Legacy Plan that was intended to significantly ramp down USAID assistance in Sri Lanka over a three-year period ending in FY 2019. This new project has an overall goal to promote “*broad-based partnerships to strengthen democratic and economic reform in Sri Lanka*” through the following objectives: 1) contribute to more effective and democratic governance and 2) contribute to more inclusive economic growth.

The STAIR project is an integral part of the USG’s overall anti-corruption strategy to support the Government of Sri Lanka (GoSL) in realizing democratic and economic reforms designed to reduce corruption, improve governance, and stimulate economic growth and development. USAID’s focus in the area of public accountability will be to increase the integrity and transparency of Sri Lanka’s Public Finance Management (PFM) systems and processes and, thereby, reducing opportunities for corruption by strengthening prevention mechanisms. Strengthening the governance enforcement and sanctions approaches will be the focus of other USG agencies. Public education and civil society engagement is the third prong of a comprehensive anti-corruption effort and should be an element of both prevention and enforcement approaches in later programming.

GoSL understands that electronic Government Procurement (e-GP) is an important tool to increase the efficiency, transparency and competitiveness of the procurement system. GoSL also understands that countries which have implemented e-procurement have tended to experience lower transaction costs for procurements, increased in the number of bids for tenders, decreased cost for awards, and improved audit compliance. GoSL began work to institutionalize e-procurement in 2010 but has not yet fully launched an e-procurement system. The STAIR project works with GoSL stakeholders to move towards the implementation of e-procurement.

FINDINGS FROM FORMER E-GP READINESS ASSESSMENT

A former assessment was conducted in the former decade. It identified a range of factors already in place and potentially supportive of a transition toward e-GP, along with a number of major readiness gaps. Main findings are summarized hereunder in this section. Further details may be found in the original report (ADB, 2004).

¹ The STAIR project has commenced in 2015 and is currently ongoing at the time of publication of this report.

Regarding **government leadership and planning capacity**, it was found that the vision, objectives and basic structure for the Government to lead and plan for effective procurement were in place, including the existence of a Procurement Support Bureau² mandated with the role of key agency. However, PSB appeared to be lacking the needed resources and internal capacity, and to be having a too narrow scope of responsibilities for undertaking a transition to e-GP. More generally, the 2004 study concluded that further efforts were needed in order to ensure that Government policies and guidelines be understood, supported and enforced, and that agencies meet their responsibilities for procurement.

From the point of view of **direct and supporting legislation**, it was found that well-structured procurement guidelines were in place and enforceable under the law, along with a specific line ministry being assigned the power to amend policy statements and guidelines as need be. In addition, a range of indirect or supporting legislation appeared to exist. On the other hand, specific legislation related to procurement was lacking altogether. The procurement guidelines did enclose quasi-policy statements that needed to be more fully elaborated, and amended in order to cover the issue of accountability across procurement entities and evaluation committees. In addition, no evidence was found of a linkage between procurement legislation (or guidelines) with international arrangements.

As far as regulation was concerned, only sub-components appeared to be in place in addition to procurement guidelines and indirect legislation as alluded to above, such as low level training, limited information on major projects, and oblique auditing capabilities by the Auditor General. The study concluded to major readiness gaps manifesting as issues with economic performance, timeliness, and ability to take corrective actions.

Concerning **ICT infrastructure and online services**, progress was achieved through the formation of the ICT Agency of Sri Lanka (ICTA) and the development of the Sri Lanka Development Gateway (LkDG). While the 2004 study did find evidence of reasonable availability of Internet service and support in urban areas, it also uncovered a problematically high incidence of service faults in rural areas as well as important readiness gaps in terms of Internet access by most public sector agencies (buyer side) and businesses (supplier side).

From the standpoint of Industry and business development, various Chambers of Commerce appeared to be involved in providing feedback to government on the procurement process. Some business associations were found to provide bonds and guarantees to contactors, as well as supply procurement-related training. Procurement information and clarification seemed to be accessible for very large tenders, but not necessarily for all tenders. Feedback on bid was not systematic, and there was no specific appeal mechanism. Another major readiness gap was the confidence in government procurement, which a fair segment of the private sector regarded as low.

² The Procurement Support Bureau was dissolved in the meanwhile and no long exists at the time of publication of this report.

Regarding **procurement management**, it was found that PSB did manage a number of procurement issues including capacity building, support to procurement entities and committees, monitoring of progress of major foreign financed tenders and development of guidelines. Also, a number of procurement planning and monitoring appeared to be in place. So were specialized processes and standardized documents. On the other hand, stakeholders saw a need to enlarge the role of the key agency and capacitate it accordingly, to achieve higher efficiency and shorten average processing timespan, to expand guidelines so as to cover important areas such as tender preparation and, more generally, to prevent contracted projects to run over budget or over time.

ADVANCES SINCE FORMER E-GP READINESS ASSESSMENT

Progress was achieved on a number of fronts since the publication of the aforementioned e-GP readiness assessment results in 2004.

In 2006, GoSL released Procurement Guidelines, which have served ever since as a unique reference for all public sector organizations performing procurement, thereby favoring a stronger consistency of procurement practices across public sector organizations concerned. Content covers essential dimensions of procurement management. The matter of e-procurement is addressed at the very end of the master document under the “Special Procurements” section, and identifies a rather narrow set of procurement activities as potential online service areas, namely: a) advertising process; b) publishing of procurement invitations; c) inspection of pre-qualification (PQ) applications and bidding documents; as well as d) interaction with procurement officers for obtaining clarification.

In December 2009, the Information and Communication Technology Agency of Sri Lanka (ICTA) published the Policy and Procedures for ICT Usage in Government, also commonly referred to as “e-Government Policy”. That legal framework covers a range of essential components, some of which are directly relevant to e-GP i.e. electronic transactions and data protection. Among the seven chapters of the document one is specifically dedicated to Procurement and Contractual Issues, covering policy matters such as: a) procurement procedure; b) ICT technical evaluation committee; c) budget and procurement plan; d) contractual issues in procurement; e) intellectual property rights.

In 2011, ICTA published a concept paper titled “e-Sri Lanka: An Integrated Approach to e-Government Case Study”, presenting a high-level and strategic view for e-Sri Lanka. That view essentially hinges on the development of purposeful Public-Private Partnerships (PPPs) for the prospect of strengthening the national information infrastructure, developing ICT human resources, developing e-Government services per se, and ultimately bring those infrastructure and services to foster economic and social development. The main merit of that white paper is to help induce a common vision among the community of e-Government stakeholders.

In May 2015, GoSL published an amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka, where Chapter XIX.B establishes the foundation and main

function of the National Procurement Commission (NPC)³. At the time of publication of the present report, NPC is still in a process of capacitating toward fulfilling its mandate.

In early 2016, the budget law was introduced by an official speech that is publicly available on the parliament’s website. Important announcements were conveyed in that speech, especially concerning public finance and procurement: a) establishment of a Central Procurement Secretariat which will oversee the awarding of tenders and will handle all purchases over a specific value; b) appointment of a committee to provide education and guidance to companies and contractors.

In addition, further progress was achieved with the Government ICT infrastructure through the launch of two national projects: Lanka Government Network (LGN) in 2008⁴ and Lanka Government Cloud (LGC) more recently⁵.

KEY DRIVERS OF CHANGE

Vision and leadership — The current Government of Sri Lanka (GoSL) has been in place since the 2015 presidential election. It is commonly referred to as “Yaha Palanaya⁶” Government to mark its strong commitment on establishing good governance, which it regards as a precondition for inducing a more conducive business environment, for inviting a greater inflow of foreign direct investment and for allowing a fairer redistribution of economic benefits to all strata of the society, as reminded in the 2016 Budget Speech (Ministry of Finance, 2016). As a sign of such commitment, GoSL has recently advised of its intention to join the Open Government Partnership (OGP)⁷. Such a top-down reinforcement of good governance is certainly an important driver of change, in the recent past and for the years to come.

Economic policy — GoSL acknowledges a concerning decline of fiscal revenues, falling from 19% GDP in 1990 to 10.2% GDP in 2014. GoSL also recognizes that the model for economic growth perused in former years was unsustainable because mainly driven by non-tradable sectors. Consequently, GoSL is now “committed to follow more transparent market oriented policies that facilitate private sector economic activities and remove various barriers in the economy which disrupt the smooth operation of free markets” [...] requiring “drastic reforms to all sectors of the economy, beginning with the fiscal sector”⁸,

³ Excerpt of the Constitution of the Democratic Socialist Republic of Sri Lanka, Chapter XIX.B: “It shall be the function of the Commission to formulate fair, equitable, transparent, competitive and cost effective procedures and guidelines, for the procurement of goods and services, works, consultancy services and information systems by government institutions and cause such guidelines to be published in the Gazette and within three months of such publication, to be placed before Parliament”

⁴ <http://www.slt.lk/en/content/slt-powers-lanka-government-network-2008>

⁵ http://www.economynext.com/Sri_Lanka_to_award_cloud_computing_tender_soon-3-2938-7.html

⁶ “Yaha Palanaya” means “Good Governance” in Sinhala language.

⁷ The Open Government Partnership (OGP) multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance — <http://www.opengovpartnership.org/country/sri-lanka>

⁸ (Ministry of Finance, 2016)

with the objective of upgrading the Sri Lankan economy to an upper middle income level and achieving fairer distributive justice⁹.

Adoption of technology — The trend of ICT development is growth. It is supported by a government program for the digitalization of the economy: providing free limited Wi-Fi in selected public places and all state universities; by end 2018 connecting electronically all the government buildings including Divisional Secretariats offices, Provincial Councils, Pradeshiya Sabhas, Sub Post offices and Police Stations and conducting the majority of day-to-day transactions online; National Digital Identity (NDI); National Payment Platform (NPP); consolidation of all the fiber optics owned by telecommunication companies and other authorities into a single, special purpose company; implementation of a single window concept for citizen centric services integrating with NDI in the provision of public services including hospital services, land matters and Samurdi payments; establishing 200 smart digital classrooms by 2016 and another 1,000 digital classrooms by 2017 across the country. The number of government agencies with a portal or website has continued to increase (about 500 in 2016), and so has the number of e-government services (25 e-services deployed to date). In parallel, ICT adoption has also grown significantly in the recent past. The number of Facebook users has quadrupled in half a decade to reach 3.8 million in April 2016 (18% of the population), and the proportion of households with a mobile phone ramping up from 33% in 2007/08 to 81% in 2012/13 (Department of Census and Statistics, 2015).

Urbanization — Sri Lanka has known a pattern of dynamic urbanization over the past decade that has resulted from the combination of planned development with uncontrolled organic growth (Peter Ellis & Mark Roberts, 2016). It is essentially concentrated along the Kandy-Colombo-Galle urbanization belt as well as single-city agglomerations in the eastern and northern parts of the island i.e. Trincomalee, Batticaloa-Akkaraipattu, and Jaffna. While the Kandy-Colombo-Galle urbanization belt generates more than 80 percent of national output, it also agglomerates the majority of the country's populations living below the national poverty line or in vulnerable conditions that reside within 30km off that belt. As such, the Kandy-Colombo-Galle urbanization belt represents both a dramatic potential for the country in terms of economic and social development in general, and more particularly in terms of promotion of inclusive business, poverty alleviation as well as development of women-owned businesses and SMEs (USAID, 2016).

PURPOSE AND SCOPE OF THIS E-GP READINESS ROADMAP

This report is the final output of an assignment carried out by the author under STAIR over the March to June 2016 period. It presents the outcome of two dependent activities: a) Conducting an assessment of e-GP readiness in Sri Lanka; b) Suggesting a strategic readiness implementation map or “e-GP readiness roadmap”. As such, it represents a key milestone in a direction suggested in both the recent Public Procurement Assessment Report (The World Bank & Asian Development Bank, 2012) and GoSL's PFM Reform Strategy.

⁹ idem

A pivotal concern of GoSL's PFM Reform Strategy is how accountability may be strengthened and propagated throughout financial management systems in general and public procurement systems in particular. To such an end, the ability for GoSL to access public procurement information, analyze that information and perform informed investigations has become essential. In turn, such ability may be developed to an unparalleled level thanks to information and communication technology (ICT) to public procurement.

In addition, this report demonstrates how GoSL's general objectives — such as improving governance, transparency, productivity and efficiency in public procurement; rationalizing public expenditure through tighter integration of procurement plans and Government's budget; achieving better economic performance through increased competition and through a reduction of public procurement transaction costs; increasing public sector's revenue through more effective tax collection; and fostering the development of Micro/Small/Medium Enterprises (MSME's) — are all supported by a transition to e-GP.

2. E-GP READINESS ASSESSMENT

METHODOLOGY OF ASSESSMENT

This e-GP readiness assessment combined preliminary desk research with actual field research, interviews and survey.

Desk research implied reviewing the findings of the 2004 e-GP readiness assessment conducted by ADB (ADB, 2004) as summarized in Section 1.2, reviewing important evolutions during the 2004-2016 interim period causing to reduce the readiness gap as presented in Section 1.3, and analyzing key drivers of change as discussed in Section 1.4.

A survey instrument was developed for the purpose of the present e-GP readiness assessment, that is inspired from an e-GP survey framework recommended by the Asian Development Bank (ADB), the Inter-American Development Bank (IDB) and The World Bank¹⁰. The survey instrument encompassed nine assessment components:

- Leadership and strategy — vision, sponsorship, resources, stakeholder support and implementation support;
- Human resource management — education, skills development, expertise and career development;
- Planning and management — strategic planning and re-engineering of management protocols and processes;
- Policy — intent and guidelines, and their consistent application;
- Legislation and regulation — supporting rules and the external/internal monitoring of the efficiency, performance and compliance in relation to the total approach to e-GP;
- ICT Infrastructure and Online Services — reasonable access to, and quality of e-services, and their sustainable development and maintenance;
- Standards — management, procurement and technical standards to ensure consistency of the approach to e-GP and interoperability across the systems involved;
- Private sector integration — participation of suppliers in e-GP as a result of purposeful engagement and incentive programs; and
- Environmental Influence — factors of protagonist and antagonist influence anticipated by e-GP stakeholders¹¹.

¹⁰ (Procurement Harmonization Project, 2004) — That framework was also perused in a number of other e-GP readiness assessments including the 2004 Sri Lanka e-GP readiness assessment by ADB.

¹¹ idem.

Two versions of the survey instrument were produced: a comprehensive version destined to public sector informants (buyer side); and a shorter version destined to private sector informants (supplier side). Further details on survey methodology may be found in Annex-I.

On the buyer side, information was collected from 14 line Ministries, Government agencies and Cabinet entities as follows¹²:

- Department of Public Finance (Ministry of Finance);
- Auditor General Department;
- Department of Project Management and Monitoring (Ministry of National Policies & Economic Affairs);
- Information and Communication Technology Agency of Sri Lanka (Private) Limited (State-Owned Enterprise controlled by the Ministry of Telecommunication and Digital Infrastructure);
- National Water Supply & Drainage Board (Ministry of Water Supply & Drainage);
- National Procurement Commission;
- Ministry of Higher Education and Highways;
- Ministry of Power & Renewable Energy;
- Ministry of Education;
- Ministry of Health, Nutrition and Indigenous Medicine;
- Ministry of Telecommunication and Digital Infrastructure;
- Ministry of City Planning and Water Supply;
- Ministry of Transport and Civil Aviation;
- Construction Industry Development Authority (under the supervision of the Ministry of Housing and Construction).

On the supplier side, information was collected from the following 6 organizations¹³:

- Lanka Communication Services (Pvt) Ltd — a prominent telecommunication operator;
- The Federation of Information Technology of Sri Lanka — a prominent ICT business association in Sri Lanka and accounts for over 180 members;
- “Ground Zero Summit 2016” conference on information security — which gathered a cross-section of the local business community;

¹² list sorted by chronological order of meetings

¹³ idem

- ICT consulting unit at University of Moratuwa — whose consulting services have been solicited by GoSL on a range of projects;
- National Chamber of Commerce of Sri Lanka — which accounts for 661 corporate members and over 1500 SME associate members spanning the entire spectrum of Industries and activity sectors;
- Verité Research — a local, independent and multi-disciplinary think tank providing strategic analysis to decision-makers and opinion-formers in Asia.

Information was first collected by means of interviews, field observation and online questionnaire, and further consolidated so as to reflect a) the average level of readiness and b) the degree of consensus across respondents' views¹⁴ — for each of the nine e-GP readiness components under scrutiny. A first level of aggregation and synthesis of survey responses may be found in Annex-2. A more refined level of synthesis of findings is presented in Section 2.2 immediately below.

READINESS ASSESSMENT: KEY FINDINGS

This section presents key findings from the e-GP readiness assessment, laid out below according to the nine assessment components (see Section 2.1).

Leadership and Strategy

International best practice

The following statement of international best practice on *Leadership and Strategy* was presented to key informants of the present e-GP readiness assessment: “*Jurisdictions that have successfully adopted e-GP have usually had significant government leadership with funding, resourcing, planning, management and implementation support to create an environment where procurement modernization and change can occur in a sustainable way. Government leadership is evidenced by the degree to which a national vision and objectives for procurement has been articulated, a lead agency(s) is in place with responsibility for procurement policy and guidelines, an integrated implementation strategy for procurement reform and change, procurement career development and education, and the provision of procurement advice to agencies.*”¹⁵

More substantial material on international best practice may be found in ADB's comprehensive procurement handbook on e-GP (ADB, 2013) and the United Nations' recent survey on e-Government (United Nations Department of Economic and Social Affairs, 2014).

¹⁴ Degree of consensus between responses is a dimension that was not considered in the survey framework promoted in (Procurement Harmonization Project, 2004). It is an original addition by the international e-GP expert and author of the present report.

¹⁵ Adapted from (Procurement Harmonization Project, 2004)

Summary of evidence in support of e-GP readiness

- In a few public statements, the Prime Minister has expressed his desire to address the weak procurement system. GoSL is currently focusing on elaborating a strategy for Public Finance Management (PFM) reform. The PFM Reform Strategy was developed subsequent to a workshop that was attended by all the key stakeholders from the government of Sri Lanka.
- Vision and objectives are conveyed in introduction to the Government Procurement Guidelines (GPG) 2006. GPG 2006 were prepared in consultation with key stakeholders in procurement, and reinforced recently in the 2016 Budget Speech.
- GoSL has recognized the importance of procurement modernization. The National Procurement Commission (NPC) was formed and nominated in accordance with 2015 revision of the Constitution of the Democratic Socialist Republic of Sri Lanka, Chapter XIX.B (Parliament Secretariat, 2015). GoSL is open to complementary forms of sponsoring such as foreign aid offered by USAID and the World Bank in support of e-GP development and Public Private Partnership (PPP) development. There exists division of labor and coordination between NPC and the Department of Public Finance (DPF) or the Ministry of Finance in order to provide leadership for procurement management and modernization.

Summary of readiness gaps

- While the dominant view expressed within public sector informants recognized that the government's vision and objectives were developed in consultation with the key stakeholders, diverging views from the same base of public sector informants were also noted.
- The level of awareness of the government's vision and objectives in general and GPG 2006 in particular appears to be limited within the business community.
- The PFM reform strategy is currently at pre-planning or discussion stage.
- Newly formed NPC is currently undergoing the needed capacity building so that it is able to undertake its main function i.e. "formulate fair, equitable, transparent, competitive and cost effective procedures and guidelines, for the procurement of goods and services, works, consultancy services and information systems by government institutions"¹⁶ and drive modernization and change. NPC currently relies on the operational assistance of DPF, which in turn needs to strengthen human resources and technology support. Resolutions pertaining to division of labor between NPC and DPF are currently at pre-planning or discussion stage.
- Application of technology in public procurement is not explicitly covered in the definition of NPC mandate in 2015 revision of the Constitution, Chapter XIX.B.

¹⁶ excerpt from the 2015 revision of the Constitution of the Democratic Socialist Republic of Sri Lanka, Chapter XIX.B

- The dominant view expressed within private sector informants recognized a need for greater involvement of private sector stakeholders, such as chambers of commerce or business associations, in public procurement. That view was also shared amongst a few public sector informants.
- A consensus was noted among public sector and private sector informants recognizing that GoSL needs supplementary expertise and competences in order to lead, resource and implement procurement modernization.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4¹⁷. Their average equals 2.6, placing the *Leadership and Strategy* assessment component among the top readiness ratings. Level of consensus among informant views on *Leadership and Strategy* matters is moderate, in comparison with consensus levels for other components.

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level for *Leadership and Strategy* is rated as 3.

Human Resource Management

Statement of international best practice

The following statement of international best practice on *Human Resource Management* was presented to key informants of the present e-GP readiness assessment: *“In jurisdictions that have successfully adopted e-GP, there have usually been significant government efforts to make provision for the education and training of executives, managers and staff with procurement responsibilities. Education and training is also available to suppliers as they are required to adopt the changes made. The government lead agency has had available to it the appropriate high-level policy, legislative, technical and management expertise and knowledge required. The range of education and training programs may be provided via government agencies, private sector organizations and tertiary institutions.”*¹⁸

More substantial material on international best practice may be found in ADB's comprehensive procurement handbook on e-GP (ADB, 2013) and the United Nations'

¹⁷ Readiness ratings used in the present report have the same meaning as in the original assessment framework (Procurement Harmonization Project, 2004), i.e.:

1 = Inadequate level of readiness. There is no real evidence that the (sub-)component in scope is being addressed and supported.

2 = Low level of readiness. There is little evidence that the (sub-)component in scope is being addressed and supported.

3 = Intermediate level of readiness. There is some evidence that the (sub-)component in scope is being addressed and supported.

4 = Adequate level of readiness. There is adequate evidence that the (sub-)component in scope is being addressed and supported.

¹⁸ adapted from (Procurement Harmonization Project, 2004)

recent survey on e-Government (United Nations Department of Economic and Social Affairs, 2014).

Summary of evidence in support of e-GP readiness

- DPF carries out two essential human resource (HR) activities: a) appointing Procurement Evaluation Committees and Technical Evaluation Committees for Cabinet-level procurement; b) conducting capacity building programs for officers involved in public procurements.
- There are few organizations conducting training in strategic and operational procurement e.g.: DPF; CIDA¹⁹; SLIDA²⁰; APFASL²¹. GoSL is currently benefiting from training seminars on procurement-related topics e.g. performance audit, delivered under STAIR.
- The business community may access important resources on MoF's and CIDA's websites, including MoF annual report. The intent was conveyed in the 2016 Budget Speech regarding to appoint a committee to provide education and guidance to companies and contractors.
- A consensus was noted among informants, supporting the view that a range of expertise required to plan and implement a strategic implementation plan for e-GP is available to government. That includes expertise hosted at the Ministry of Telecommunications and Digital Infrastructure and ICTA. Related expertise is currently made available to GoSL via STAIR, an output of which is the present report.
- A related area of public finance, namely Treasury, has elaborated a change management strategy for the modernization of its operations and the implementation of the Integrated Treasury Management Information System (ITMIS).
- The government has access to internationally recognized sources for human resource development in procurement, primarily supplied through foreign aid programs.

Summary of readiness gaps

- Public procurement has not been identified as a career development path within the set of public sector professions. Neither undergraduate nor postgraduate academic programs appear to cover public procurement as a standalone education path.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4. Their average equals 1.9, placing the *Human Resource Management* assessment component among the lowest readiness ratings. Level of consensus among informant views

¹⁹ CIDA: Construction Industry Development Authority

²⁰ SLIDA: Sri Lanka Institute of Development Administration

²¹ APFASL: Association of Public Finance Accountants of Sri Lanka

on *Human Resource Management* matters is strong, in comparison with consensus levels for other components.

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level for *Human Resource Management* is rated as 2.

Policy

Statement of international best practice

The following statement of international best practice on *Policy* was presented to key informants of the present e-GP readiness assessment: *“The development of policy gives important direction and intent to the procurement environment and its transformation. Typical areas of application include value for money, open and effective competition, risk management, supporting local business, economic development, public procurement performance, common use contracts and integrity and ethics. In jurisdictions that have successfully adopted e-GP, policy is also applied to the development of e-procurement systems and their interfaces to other corporate systems. A policy driven approach to procurement gives broad direction as to what outcomes government procurement should achieve without over specifying how it is done. The procurement guidelines, based on policies, can then provide for some flexibility in how the process is managed for different levels and types of procurement involved. This appears to have sometimes had more success than adopting a rigid set of regulations that have little flexibility and stifle management decision-making. Effective practices include policies that are well understood by all stakeholders and independently monitored for compliance. Changing policy to affect change is often a simpler process than changing the legislation”*²².

More substantial material on international best practice may be found in ADB's comprehensive procurement handbook on e-GP (ADB, 2013) and the United Nations' recent survey on e-Government (United Nations Department of Economic and Social Affairs, 2014).

Summary of evidence in support of e-GP readiness

- GPGI 2006 provide a common platform for public procurement, and are applied by all procurement entities. For projects falling under The World Bank's (TWB) new procurement framework, GoSL will be invited to start applying codes enforceable under TWB-funded projects.
- Some degree of modeling has applied to procurement processes and workflows, that has resulted in text-based descriptions embedded in GPGI 2006. Valuable experience and competence has recently been acquired at the Ministry of Finance, Treasury Department in terms of business process modeling and business process reengineering, on the occasion of developing ITMIS.

²² Adapted from (Procurement Harmonization Project, 2004)

- A variety of projects have been completed or initiated for the purpose of linking e-Government information systems together, namely Lanka Government Network, Lanka Government Cloud, Computer Emergency Readiness Team (CERT).
- Standard specifications are applied in a number of government agencies and procurement entities e.g. Ceylon Electricity Board (CEB), Ministry of Power and Renewable Energy.
- GoSL had requested the World Bank and ADB to carry out an assessment of the public procurement system in Sri Lanka in 2012, that comprehensively covered all aspects of public procurement. Its outcome is now endorsed by the government. Actions have been initiated accordingly, which are visible to the public.
- Specialized procurement processes are in place. Value-based thresholds apply and determine the appropriate level of processing i.e.: Department-level vs Ministry-level vs Cabinet-level. Specialized procurement processes are in place for products such as pharmaceutical goods, petroleum and fertilizers. A Central Procurement Agency (CPA) is to be established to handle common use of goods and services.
- Standard Bidding Documents (SBDs) are used, especially for works.
- Contract outcomes are managed by individual Government agencies, which are expected to report accordingly.
- As per GPG 2006, bidders have access to a variety of information on the process and the outcomes of procurement decisions e.g. bid opening and contract awarding.

Summary of readiness gaps

- The draft PFM Reform Strategy identifies e-GP, PPP and capacity building as critical needs and reform areas, and contains an indication of timeline.
- A need has been recognized to support the private sector and encourage their involvement in public procurement in a more productive manner.
- The need to link GoSL's procurement plans with GoSL's Budget has been recognized. Fulfilling such a need is within the scope of the PFM Reform Strategy.
- Informants have recognized the need to update GPG 2006 on various fronts, and to achieve reinforced consistency and "community of practice" of procurement approaches across various ministries, government agencies and procurement entities.
- It was announced in the 2016 Budget Speech that "a Central Procurement Secretariat will be established which will oversee the awarding of tenders and will handle all purchases over a specific value". The coordination between NPC, DPF and that that Central Procurement Secretariat is to be clarified under the ongoing PFM reform.

- A consensus was noted among public sector and private sector informants recognizing that the private sector has a limited awareness of GPGL 2006, which to date remain the main vehicle for conveying procurement-related policies.
- Assessing the feasibility and risks associated with major procurement projects is a capability that still needs to be established or strengthened within NPC.
- Business process modeling, documentation, reengineering, performance monitoring and continuous improvement are capabilities that still need to be established or strengthened in GoSL in general and within NPC in particular.
- Contract outcomes related to service delivery and product/service quality were not perceived by all informants as well managed and reported. Diverging views were noted about that matter. Moreover, access to information on the process and the outcomes of procurement decisions is perceived as a challenge by a fair portion of the business community.
- The capability to produce consolidated procurement data on usage, trends, and performance so as to assist government decision-making still needs to be established or strengthened within GoSL in general and NPC in particular.
- Management controls for monitoring compliance, probity, quality, risk management, efficiency and the performance of the procurement process in all government agencies are not fully in place. The primary vehicle for emphasizing the importance of good practices such as probity, quality, risk management, efficiency and the performance of the procurement process remains GPGL 2006. Capacity building is currently carried out under STAIR in order to capacitate the Auditor General Department and other relevant Government entities accordingly.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4. Their average equals 2.2, placing the *Policy* assessment component among intermediate readiness ratings. Level of consensus among informant views on *Policy* matters is moderate, in comparison with consensus levels for other components.

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level for *Policy* is rated as 2.

Planning and Management

Statement of international best practice

The following statement of international best practice on *Planning and Management* was presented to key informants of the present e-GP readiness assessment: “*In jurisdictions that have successfully adopted e-GP, that adoption has been the result of developing a purposeful e-GP*”

strategy along with a Strategic Implementation Plan (SIP) or “roadmap” linked to other current e-Government and e-Commerce plans. Plans are developed collaboratively with the involvement and support of major stakeholders in government procurement. These stakeholders represent government functions such as finance, asset planning, audit & review, legislation development, regulation, procurement management, education & training and public sector management. In the private sector they represent industry sectors, professional associations, supplier groups and watchdog organizations. In jurisdictions that have successfully adopted e-GP, procurement guidelines and processes are usually well documented and easy to access by end-users. Contract outcomes are managed and reported, and appropriate action is taken where required. Consolidated procurement data is available to support current understanding of the market and to support future decisions on government procurement. Public information on the procurement process and outcomes is available. Sufficient management controls are embedded in the process to ensure effective compliance with policies and guidelines, risk management, probity and performance auditing, and quality management, so that corrective action can be taken. Independent external audits can be carried out on any agency with responsibilities for government procurement. Procurement staff have access to appropriate competent advice on procurement issues”²³.

More substantial material on international best practice may be found in ADB’s comprehensive procurement handbook on e-GP (ADB, 2013) and the United Nations’ recent survey on e-Government (United Nations Department of Economic and Social Affairs, 2014).

Summary of evidence in support of e-GP readiness

- Economic performance — e.g. value for money — is amongst the core principles of procurement, and emphasized as such in GPGL 2006 to procurement entities and stakeholders.
- A policy review vehicle is in place, namely NPC, that has authority to oversee the national public procurement and recommend change.
- Procurement policies are being developed with suggestions and expert’s advice. Resulting procurement guidelines and manuals are available.
- There is independent monitoring of compliance with policies and policy outcomes. Capital projects of the Government are monitored by the Department of Project Management and Monitoring (DPMM).
- ICT standards including interoperability standards is one of the matters handled by the ICT Agency (ICTA) of Sri Lanka. Important advances have already been realized, and ICTA is well capacitated to offer support and guidance to all line Ministries and Government agencies. For example, Lanka Interoperability Framework (LIFe) is an initiative undertaken by the Ministry of Public Administration and Home Affairs in collaboration with Information and Communication Technology Agency (ICTA) to

²³ Adapted from (Procurement Harmonization Project, 2004)

establish recommendations for common data architecture and standards for data exchange for the Government of Sri Lanka.

Summary of readiness gaps

- Economic performance — e.g. value for money — does not appear to be pursued systematically and there is no mechanism to monitor actual outcomes. It is understood that the ongoing PFM reform will place more emphasis on value for money, transparency, accountability and efficiency.
- Business environment, SME participation and regional economic development have not been the object of specific policy development as yet. They are currently at pre-planning or discussion stage and will be addressed in the ongoing PFM reform.
- Environmental sustainability has not been the object of specific policy development as yet. Green procurement and eco-labeling have been identified as key areas for the revision of Government procurement guidelines.
- Considerations pertaining to ICT standards, interoperability standards, ICT licensing, ICT Total Cost of Ownership (TCO) and ICT capacity building have not been specifically formulated in the prospect of e-GP as yet.
- Setting up a policy review process is as yet one of the priority objectives of NPC.
- Whether procurement policies are supported by education programs and expert advice attracted diverging views among informants.
- A separate monitoring division under MoF is yet to be set up in order to monitor all Government procurements.
- Procurement policy is not clearly linked to policies on Budget, Revenue Administration, Customs, Industry Development, e-Commerce, e-Government or Customs. Such linkages are yet to be established in the prospect and process of introducing e-GP.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4. Their average equals 2.1, placing the *Planning and Management* assessment component among intermediate readiness ratings. Level of consensus among informant views on *Planning and Management* matters is on the lower end, in comparison with consensus levels for other components.

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level for *Planning and Management* is rated as 2.

Legislation and Regulation

Statement of international best practice

The following statement of international best practice on *Legislation and Regulation* was presented to key informants of the present e-GP readiness assessment: “Jurisdictions that have successfully adopted e-GP have either relied legislation (less common) or regulation (more common), and developed legal/regulatory frameworks that allow agile development and change of policies that does not require legislative change. Regulation typically entails: enforcement; good management of behavior and process; external and internal auditing of compliance and performance; and the maintenance of procurement responsibilities at agency level via accreditation and other means of performance management. Setting and monitoring policies and guidelines, acting as an arbiter of disputes, managing the accountability of agencies with procurement responsibilities and conducting reviews of procurement issues are typically handled by independent regulatory agencies with supporting authority”²⁴.

More substantial material on international best practice may be found in ADB’s comprehensive procurement handbook on e-GP (ADB, 2013) and the United Nations’ recent survey on e-Government (United Nations Department of Economic and Social Affairs, 2014).

Summary of evidence in support of e-GP readiness

- Legislation indirectly addressing procurement-related requirements is available. That includes Electronic Transactions Act No. 19 of 2006, Computer Crimes Act No. 24 of 2007, Intellectual Property Act No. 36 of 2003, as well as privacy laws and sales of goods.
- Initiatives to modernize the legal and regulatory framework in relation to procurement are under consideration for funding by foreign aid programs, which include GPGL 2006 revision.
- The responsibility for procurement audit of the public sector organizations is clearly identified and ascribed to the Auditor General Department, NPC, Internal Auditors of individual organizations and the newly set up independent Audit Commission.
- The government has given an agency — i.e. NPC — the responsibility for setting standards for the national and international operation of the procurement function (e.g. item codes).
- Under the current Financial Regulations, Government agencies are required to report on procurement activities, achievements and outcomes.
- Some form of accountability monitoring is applied to agencies with devolved responsibilities for government procurement. The Secretaries are considered as Chief Accounting Officer of their respective ministries. There is a system of surcharging them

²⁴ Adapted from (Procurement Harmonization Project, 2004)

and the responsible officials who deviated from the set principles. In particular sectors — e.g. medical procurement — some form of accountability monitoring is performed by an independent authority — e.g. National Medical Regulatory Authority.

Summary of readiness gaps

- NPC was institutionalized with the 19th amendment to the Constitution, with the authority to regulate both the procurement policy and legislation. As the NPC was set up recently, NPC still lacks the required capacity.
- Legislation that would support the role and authority of NPC is not in place. GPGL 2006 is not supported by a specific legal Act. GoSL is planning to have a separate law on Public Finance which will cover the procurement legislation.
- The legislation that has been already enacted only partly supports the specific requirements of e-procurement. Important areas are not covered yet such as: definitions of boundaries of accountability; scope of controls and auditing; interoperability between e-GP and other e-Government systems.
- Specific legislation is not in place to link procurement law and practice with the requirements of international trade agreements and other international arrangements. This area has been recognized as a weakness in general. Illustrations include procurement of spare parts for railways.
- A process is available to independently audit any government agency that has procurement responsibilities. The Auditor General Department, NPC, Internal Auditors of individual organizations and the newly set up independent Audit Commission are responsible for procurement audit of the public sector organizations. However, it is understood that the Auditor General Department requires further capacity in order to fulfill its mandate.
- Presently GoSL does not have comprehensive procurement information made available to it to assist the management of its procurement function. GoSL has acknowledged the need for a procurement information system and is currently welcoming international assistance therefore.
- Monitoring and evaluation systems are still lacking to ensure a sufficient level and consistency of reporting from procurement entities.
- The system of accountability monitoring in place does not appear to apply systematically to all agencies with devolved responsibilities for government procurement.
- New developments in procurement such as e-GP and PPP are yet to be included in the new Public Finance Bill and be presented in Parliament.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4. Their average equals 2.0, placing the *Legislation and Regulation* assessment component among intermediate readiness ratings. Such rating and ranking may be explained as follows. The Government of Sri Lanka made the courageous choice to engage in a Public Finance Management reform, and pre-planning activities are already well advanced. However further steps still remain to be achieved for converting pre-planning efforts into actual outcomes. Concomitantly, the National Procurement Commission, which is mandated to play a pivotal role in legislation matters, was formed recently and is still undergoing the needed capacity building. While this rating and ranking may appear severe to stakeholders who are closely involved in the PFM reform, it reflects a snapshot of the situation at the time of assessment and publication the report. It is understood that efforts currently deployed around the PFM reform are likely to bear fruits in a near future; and consequently, that the readiness level of the *Legislation and Regulation* assessment component is likely to increase dramatically in a near future.

Level of consensus among informant views on *Legislation and Regulation* matters is moderate, in comparison with consensus levels for other components. The main reason for such moderate level of consensus may be explained by divergences of perception concerning the likelihood and timeliness of the said PFM reform's outcomes — perceived as highly likely and attainable by informants closely involved in the PFM reform, and perceived differently by other informants from either public sector or private sector side.

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level for *Legislation and Regulation* is rated as 2.

ICT Infrastructure and Online Services

Statement of international best practice

The following statement of international best practice on *ICT Infrastructure and Online Services* was presented to key informants of the present e-GP readiness assessment: “*Jurisdictions that have successfully adopted e-GP have typically relied on effective ICT infrastructures, reliable Internet connectivity, a gamut of online services, extended user access to such services, broad adoption by end-users of such services, an extended web presence of line ministries and government agencies, sound information system architectures driven by business process models, widely adopted middleware or open standards enabling effective interoperability across information systems, widely adopted ICT standards and a ICT human capital equipped with adequate skills and competences*”²⁵.

More substantial material on international best practice may be found in ADB's comprehensive procurement handbook on e-GP (ADB, 2013) and the United Nations'

²⁵ Adapted from (Procurement Harmonization Project, 2004)

recent survey on e-Government (United Nations Department of Economic and Social Affairs, 2014).

Summary of evidence in support of e-GP readiness

- Internet connectivity is available almost over the entirety of the national territory. The Internet is commonly in use by nearly 75% of government agencies. Line Ministries and departments in major cities are powered with reliable Internet connectivity and basic online services.
- The government is able to rely on its own data centers in order to operate e-Government applications, while meeting essential requirements such as data consistency, protection and persistence. MoF possesses and operates its own data center, that will host MIS's such as ITMIS (currently under development) and perhaps also the prospective e-GP system. ICTA is responsible for implementing and operating the Lanka Government Cloud (LGC), which will eventually host all e-Government applications and deliver most of them as Software as a Service (SaaS).
- There exists a continuum of support for Sri Lanka official languages i.e. Sinhalese and Tamil scripts: from system keyboards to web browsers, to websites, to desktop and mobile device operating systems, to database management systems. UNICODE encoding of Sinhalese and Tamil scripts is widely supported and adopted, allowing full-text search of standalone documents, websites and more importantly, databases using either Sinhalese or Tamil script.
- Basic online services are available to Internet users such as web search engines, web-based email, online document storage facilities, online collaboration applications, etc.
- The web presence of the government in general — and of government agencies involved in public procurement in particular — allows a sufficient level of awareness among Sri Lankan citizens. Almost 500 government agencies now have a portal or website. Over 25 e-services have been deployed.
- GoSL already has successful experiences with developing, operating, administering and maintaining transactional e-Government systems. ITMIS is an example of a transactional e-Government system, currently under development under the supervision of MoF. Foundational and transferable experience has been gained by MoF in that process.
- GoSL has access to software consulting/engineering firms that adopt international best practices for business analysis, business process modeling, system/software architecture, design, coding, quality assurance and project management. MoF has hired the services of such software consulting/engineering firms for the ITMIS development project.
- Standards have been developed and a purposeful middleware is in place in order to enable effective interoperability across government information systems and third parties. Lanka Interoperability Framework (LIFe) is an initiative co-developed by ICTA to

establish recommendations for common data architecture and standards for data exchange for the Government of Sri Lanka.

- GoSL has access to software consulting firms that supply training and capacity building covering aforementioned aspects: via ICT business associations such as FITIS²⁶ and SLASSCOM²⁷; or via Academia-hosted expertise centers such as the University of Moratuwa.

Summary of readiness gaps

- Quality of Internet connectivity appears to be an issue in some government agencies, especially those located in provinces and not benefiting from a connection to the Lanka Government Network (LGN). A gap of service level still separates urban and rural locations. It is understood that implementation of LGN implies milestones, with 300 organizations to be connected by end of 2016. Lower service levels would represent a challenge for a segment of e-Government users (including prospective e-GP users), from both public sector and private sector sides.
- ICTA is responsible for implementing and operating the Lanka Government Cloud (LGC), which is likely to become GoSL's premier hosting platform for e-Government applications as Software as a Service (SaaS). LGC is due to be fully operational by late 2016 or 2017.
- Basic ICT training appears to be needed in a number of Government agencies in order to install adequate keyboards, apply adequate configuration and derive full benefits from Sinhala and Tamil UNICODE.
- Informants have identified potential challenges regarding the adoption of ICT and online services in geographical areas where potential e-GP users live. Constraining factors include: geographical location (i.e. rural or remote areas); computer literacy (applying to both public sector and suppliers); and cost of ICT equipment (for modest independent workers). However, it is generally considered that all such challenges may be easily overcome.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4. Their average equals 3.4, placing the *ICT Infrastructure and Online Services* assessment component among top readiness ratings. Level of consensus among informant views on *ICT Infrastructure and Online Services* matters is moderate, in comparison with consensus levels for other components.

²⁶ FITIS: Federation of Information Technology Industry

²⁷ SLASSCOM: Sri Lanka Association for Software and Services Companies

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level for *ICT Infrastructure and Online Services* is rated as 3.

Standards

Statement of international best practice

The following statement of international best practice on *Standards* was presented to key informants of the present e-GP readiness assessment: *“The establishment of standards to support electronic based services is a complex and developing area. It poses special risks to governments, including: systems obsolescence; lack of interoperability; higher operating costs; vested interest influences; sub-optimal functionality and reduced innovation; retarded technological enablement of commerce. Standards become essential dimensions of government policy, legislation and leadership. It is important that executives and managers be able to appreciate and engage with these issues if the risks to governments are to be managed. The existence of a well-defined and broadly generic framework in government can play a catalytic role of bringing together major developers and sectors and networks to promote common methodologies, modeling and standards. The standards that underlay e-GP are a combination of technical and operational standards. Identification of standards depends on what processes are to be integrated, the markets to which they are applied, and the qualities inherent in the sustainable technologies and business requirements applied to procurement. Some examples of where standards are being applied are: a) Procurement Market Standards for supplier registries and catalogues, market networks and communities; b) Systemic Qualities Standards for reliability, security, portability, communicability and management; c) Procurement Process Standards for documentation, legal contracting, interpretation of legislation, process workflow and choreography”*²⁸.

More substantial material on international best practice may be found in ADB's comprehensive procurement handbook on e-GP (ADB, 2013) and the United Nations' recent survey on e-Government (United Nations Department of Economic and Social Affairs, 2014).

Summary of evidence in support of e-GP readiness

- GoSL has taken a leadership role in setting a policy framework on standards. GPGL 2006 and revised guidelines provide the basic regulatory framework for public procurement based on key principles.
- GoSL is collaborating with the private sector and/or standardization bodies in attempting to set standards. The development of ICT standards by ICTA has implied some degree of collaboration with the private sector and ICT standardization bodies. ICTA appears to be favoring the utilization of open standards.
- A range of procurement standards appear to be embedded in GPGL 2006.

²⁸ Adapted from (Procurement Harmonization Project, 2004)

- Standards related to the procurement market are in place in some sectors. Examples of Government agencies using market-related standards include Ceylon Electricity Board (CEB).
- Standards related to procurement systems (where applicable) have been put in place. That includes workflows triggered by types of procurement or thresholds of level of procurement.

Summary of readiness gaps

- Standards related to the monitoring of procurement performance are not in place.
- Collaboration between GoSL and the private sector and/or standardization bodies in attempting to set standards appears to be a restricted practice.
- Further policy development is required in order to clarify the position of GoSL regarding standard-related matters such as: a) generalized preference for open ICT standards; b) generalized preference for open source software engineering standards.
- Collaboration between GoSL and its international trading partners to achieve interoperability between information systems is a prospect that was perceived as premature by some informants.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4. Their average equals 2.0, placing the *Standards* assessment component among intermediate ratings. Level of consensus among informant views on *Standards* matters is low, in comparison with consensus levels for other components.

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level for *Standards* is rated as 2.

Private sector integration

Statement of international best practice

The following statement of international best practice on *Private sector integration* was presented to key informants of the present e-GP readiness assessment: *“Jurisdictions that have successfully adopted e-GP have taken extra steps to catalyze the participation of the private sector. Businesses see benefits in e-GP, if it improves their confidence in the integrity, fairness, consistency, transparency and efficiency of the procurement process, provides open access to a wider range of business opportunities, and training and advisory support is made available. Private sector integration can be achieved in a number of ways. International good practices include: a) High level of consultation between government and business in relation to e-GP issues; b) Ready access to information and advice on government policy, regulations and procedures; c) Availability of feedback for unsuccessful bidders and an independent appeal mechanism to deal with industry and*

public complaints; d) Encouraging business systems integration and the development of electronic catalogues. It is recommended that the government have strategies to ensure suppliers, particularly SMEs, have access to the e-GP market through a well-distributed infrastructure or other mechanisms such as Internet kiosks. SMEs should not be disadvantaged by the procurement process or discouraged by the cost of engaging in government procurement. Training and education on procurement should be readily available²⁹.

More substantial material on international best practice may be found in ADB's comprehensive procurement handbook on e-GP (ADB, 2013) and the United Nations' recent survey on e-Government (United Nations Department of Economic and Social Affairs, 2014).

Summary of evidence in support of e-GP readiness

- Information and advice on procurement policy, regulation and process is freely available to the private sector — e.g. GPGL 2006.
- Feedback to suppliers on non-successful bids is available. Unsuccessful bidders are notified and given an opportunity to appeal.
- An independent appeal mechanism is in place. The Procurement Appeal Board is set up to hear appeals on procurement decisions of cabinet-level procurements while ministries and departments have their own appeal system.
- A segment of the private sector has confidence in the integrity, fairness, consistency, transparency and efficiency of the existing system. That includes bidders involved in procurement opportunities funded by The World Bank, a prime reason of bidders' confidence in the system being linked to the assurance of maintaining procurement principles during the procurement process.
- Some private industry sectors have already moved to an e-procurement approach. The Department of Civil Aviation is an example of a Government agency conducting e-GP. Also, a fair range of ministries or departments use ICT to assist procurement in one of the three areas identified under GPGL2006, namely: a) publishing of Procurement invitations on website; b) ability for bidders/consultants to inspect pre-qualification (PQ) applications and bidding documents, electronically or otherwise, according to their preference; c) ability for bidders to obtain clarifications through electronic media. It is understood that a range of private firms are already familiar with conducting procurement electronically (not necessarily public procurement), especially export sectors such as trade or business process outsourcing.

²⁹ Adapted from (Procurement Harmonization Project, 2004)

Summary of readiness gaps

- Government procurement has been and is still conducted in such a fashion that does not imply private sector participation in any aspect of decision-making related to government procurement.
- Diverging perceptions were noted among private sector informants on that particular matter of the availability of information on procurement policy, regulation and process.
- Diverging perceptions were noted among private sector informants concerning the availability of feedback to suppliers on non-successful bids.
- Diverging views were expressed in the private sector regarding the effectiveness of the appeal mechanism.
- Costs to participate in government procurement are not acceptable to big and small business all the time.
- There exist diverging perceptions among the private sector with respect to the integrity, fairness, consistency, transparency and efficiency of the existing system.
- SMEs may be disadvantaged by the procurement process, including in terms of cost and difficulty of access, and competition from large companies. Informants have reported issues of closed tenders relying on supplier lists that are too narrow or inadequate, thereby disadvantaging other suppliers.
- Assisting business to develop catalogues and access to GoSL's infrastructure and systems is a strategic area that is covered in the ongoing PFM reform. So is harmonization of GoSL's approach to procurement with its regional and international trading partners to assist supplier access.
- Training and education on procurement is not readily available to all suppliers. An announcement was conveyed in the Budget Speech 2016 as per the appointment of a committee to provide education and guidance to companies and contractors. An expression of interest was also expressed by a private sector stakeholder, namely the National Chamber of Commerce of Sri Lanka, to bring technical assistance with such training and education program once applicable. Some informants suggested that the transition to e-GP be supported by a comprehensive plan for private sector engagement, including components such as: a) engaging sectoral associations; b) engaging consulting firms; c) training suppliers, especially SME's.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4. Their average equals 1.8, placing the *Private sector integration* assessment component among lower ratings. Level of consensus among informant views on *Private sector integration* matters is low, in comparison with consensus levels for other components.

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level for *Private sector integration* is rated as 2.

Environmental influence

Summary of evidence in support of e-GP readiness

- There are identified incentives for the government to modernize and develop its approach to procurement. The 2012 Country Procurement Assessment Report is providing fundamental inputs to the PFM Reform Strategy, which is currently under preparation. The procurement reform is on top priority of the current government. Procurement-related expenses amount to about 25% of total government spending which is 6% of the GDP — hence creating a strong motivation for modernizing public procurement and yield gains in transparency and economic efficiency. A typical incentive scheme such as PPP is to be addressed in the PFM reform strategy.
- The new government has the political will to support procurement change and modernization as it may result in saving enormous amount of taxpayers' money.
- The civil society in general and business community in particular is pressing the government to carry out its affairs in more transparent and accountable manner. The private sector understands potential benefits derived from updating their ICT skills through handling modernized procurement systems like e-GP. Most business players and sectoral associations are likely to support a transition to e-GP provided an effective change management plan is enacted.

Summary of readiness gaps

There are identified barriers for the government to modernize and develop its approach to procurement. There is will to modernize the public procurement system but the ownership and availability of appropriate skills and competency are the biggest barriers. It is understood that a potential assistance from bilateral or multilateral donors is likely to help overcome such barriers.

Resistance may occur from some profile of businesses, typically business owners with low computer literacy or businesses residing in geographical areas with lower ICT/Internet service levels. However, it is generally considered that all such challenges may be easily overcome. Resistance may be overcome by choosing a regulatory scheme that encourages rather than imposes e-GP. Also, implementation of adequate training and awareness raising programs is expected to help overcome resistance.

Readiness rating

Readiness ratings of related sub-components may be found in Annex-2, expressed on a scale from 1 to 4. Their average equals 2.8, placing *Environmental Influence* among top ratings.

Level of consensus among informant views on change management matters is strong, in comparison with consensus levels for other components.

Based on the overall information collected during this assessment, and taking into consideration the degree of consensus between informants' views, the readiness level linked with *Environmental Influence* is rated as 3.

Priorities for Change

The final section of the questionnaire invited both public sector and private sector respondents to identify critical issues to be addressed, in order to improve procurement practice once e-GP is in place. A synthesis of results is presented below, reflecting issues along with expected benefits from e-GP and prevalence scores. The latter scores were derived from the frequency of occurrence and the prevalence of issues indicated by respondents — see Table I below.

Interestingly, the nature of issues and expectation is fairly varied, from strategy to governance, to performance, and to daily operations and supporting e-GP functionalities. Such diversity is also reflected among the top two priorities, that are operational efficiency on the one hand and enhancement of governance on the other hand.

Table I. Expectations Expressed by e-GP Prospective Stakeholders

Issues Currently Experienced	Benefits Expected from e-GP	Prevalence Scores
Overall efficiency	Gains in efficiency: faster preparation and processing times for bids and tenders; reduced printout volumes and paperwork; workflow support. Enhanced contract management.	■■■ 3
Overall governance	Gains in transparency, consistency, equal opportunity. Gains in accountability, especially regarding medium to high value tenders. Enhanced ability to detect price variations.	■■■ 3
Registration and qualification of potential suppliers	Ability for procurement entities to build strategic sourcing databases, collect important profiling information, and shortlist contractors/suppliers on the basis of profiling information.	■■■ 2
Bid preparation, specifications	Gains in accuracy of specifications, especially specifications linked to works.	■■■ 2
Technical evaluation	Gains in accuracy of evaluation.	■■■ 2
Economic performance, competition	Selection of most appropriate tendering method and criteria (e.g. lifelong costing vs lowest price). Ability to rely on broader and more diverse supplier lists. Increased competition.	■■■ 2
International shopping	Enhanced outreach to international suppliers.	■ 1
Procurement planning	Enhanced planning capabilities, including linkages with treasury information system.	■ 1
Advertising	Enhanced outreach via e-publication.	■ 1
Data analytics	Informed decision-making.	■ 1

READINESS ASSESSMENT: CONCLUSION

The present e-GP readiness assessment concludes to a favorable alignment of essential factors to support a successful transition to e-GP. The leadership and strategic capacity of the Government of Sri Lanka appears to be firmly established and recognized. ICT infrastructure and online services have progressed dramatically over the past decade, and are now poised to successfully support a range of e-Government services including e-GP. Moreover, the balance between potentially protagonist and antagonist influence factors is clearly positive, which indicates that the present period and context are particularly conducive to a transition toward e-GP.

Notwithstanding this positive conclusion a number of readiness gaps have been identified, which need to be bridged in a timely and orderly fashion in order to allow a successful transition to e-GP — which is the central concern of the next chapter presenting a strategic readiness implementation map or “readiness roadmap”.

As shown in Table 2 below, many readiness components have been granted a readiness rating of 2; along with the understanding that important efforts are currently being deployed with the ongoing PFM reform, which are likely to bear fruits in a near future and help increase e-GP readiness.

In many respects, the overall and current situation as assessed shares characteristics of readiness level 3 as described in the original assessment framework (Procurement Harmonization Project, 2004):

“There is some evidence that components are being addressed and supported. Some leadership, planning, implementation, regulation and monitoring are in place. Some sharing of ideas and directions [is happening] with some documentation and/or policy outcomes. Some people with appropriate skills and incentives and other resources are being applied to the issue. Some of the future implications for e-GP have been considered. Some technology and infrastructure is widely available to support procurement. Generally, access to the processes by the users and the public has broadened. Some formal and regular communication regarding the issue is taking place.”

Only two of the main characteristics of readiness level 3 could not be verified during the present assessment, stated as follows in (Procurement Harmonization Project, 2004):

“A few measures of procurement effectiveness or efficiency are monitored and reported. Where components or subcomponents require supporting management strategies, training and education approaches, dissemination and application of sanctions or incentives, they are evidenced to some degree.”

As a result, this e-GP readiness assessment concludes to an overall readiness rating of 2.5.

Table 2. Summary of Readiness Levels

Assessment Components	Readiness Levels
Leadership and Strategy	■■■ 3
Human Resource Management	■■ 2
Policy	■■ 2
Planning and Management	■■ 2
Legislation and Regulation	■■ 2
ICT Infrastructure and Online Services	■■■ 3
Standards	■■ 2
Private sector integration	■■ 2
Environmental Influence	■■■ 3
OVERALL READINESS RATING	2.5

3. E-GP READINESS ROADMAP

STRATEGIC GOALS AND OBJECTIVES

General Objectives Set Forth by the Government

This section synthesizes key strategic objectives as set forth by the Government of Sri Lanka in the 2016 Budget Speech (Ministry of Finance, 2016).

Cascading good governance to all strata of the society — One the main benefits expected from a transition to e-GP is precisely to enhance governance on all stages of the procurement process, and “cascading” enhanced governance to all line ministries, government agencies and procurement entities, all categories of tenders, and all private sector’s potential contractors or suppliers.

Increasing government revenue through more effective tax collection — It was acknowledged in the 2016 Budget speech that Sri Lanka's tax revenue has fallen from 19% of GDP in 1990 to 10.2% of GDP by 2014, identifying weak compliance due to tax administration issues as the primary cause, and compelling to reverse such trend on a priority basis. An expected benefit of e-GP is the ability to link the tendering management system with the Revenue Administration Management Information System (RAMIS) currently under development. Such linkage will empower GoSL’s tax administration with new and more effective means for monitoring tax compliance of public procurement contractors/suppliers, and possibly increase tax revenues including VAT from that segment of the business community.

Rationalizing unnecessary government expenditure, and achieving higher economic performance — The ability to critically analyze and evaluate the expenditure needs of the line ministries and departments, to rationalize unnecessary expenditure and to eliminate excessive administrative overheads was also acknowledged in the 2016 Budget speech. Another key benefit of e-GP lies in the ability to conduct data analytics within and across line ministries and departments, to visualize trends, central tendencies and typical variations, and to detect atypical variations as those occur. Additional benefits of e-GP in support of the sought rationalization of government expenditure include: integrating lifelong costing, product quality requirements and total cost of ownership in bid evaluation criteria; achieving higher accuracy in bid evaluations through computerization; achieving higher effectiveness around the management of contracts and their variations. Furthermore, the introduction of e-GP in several countries of the region has been showed to increase competition among contractors/suppliers and thereby induce reductions in price. It has also been shown to allow drastic reductions in the average transaction cost.

Digitalizing the economy — GoSL intends to engage in the digitalization of the economy, leapfrog to state-of-the art ICT, be in par with many other developed nations of the world on that front, and ultimately induce positive spillovers such as the conduct

of business powered by streamlined systems and controls. A recent study and report by the United Nations Conference on Trade and Development has established the positive spillovers of e-Government in general and e-GP in particular onto the development of ICT sector in a range of countries (UNCTAD, 2013).

Enhancing investment and business climate in the country as a result of good governance — It was acknowledged in the 2016 Budget speech that “major investors have shown a keen interest to invest in the country given our commitment to good governance” (Ministry of Finance, 2016). Upgrading conventional procurement to e-GP is a strategic choice that has been made by several countries in the region, precisely in a prospect of raising profile on the international economic scene. These include Bhutan, Bangladesh, some States of India, Nepal, Singapore, Thailand or Vietnam, to quote a few.

Exploring the possibility of entering into free trade agreements with countries — It was proposed in the 2016 Budget speech to “explore the possibility of entering into Free Trade Agreements (FTA) with countries such as United States, China, South Korea, Singapore, Australia, South Africa and Japan, and also to enhance exports to EU through the GSP+ scheme”. On that front too e-GP may play a key role in meeting bilateral requirements — a sensitive point of discussion of current negotiations around the North American Free Trade Agreement (NAFTA).

Following more transparent market-oriented policies — It was stated in the 2016 Budget speech that the “government is committed to follow more transparent market oriented policies that facilitate private sector economic activities and remove various barriers in the economy which disrupt the smooth operation of free markets”. Transitioning to e-GP is expected to open government tendering and purchasing opportunities to a large segment of the business community, using policies that allow open, transparent, and free-market competition among bidders.

Fostering the development of Micro/Small and Medium Enterprises (M/SMEs) — GoSL has recognized the development of SME’s and MSME’s as a strategic priority, and has formulated an SME policy in such prospect that addresses a range of issues. It has been proposed in the 2016 Budget Speech to further develop and capacitate incubators that will assist M/SME’s. An opportunity shall exist for such incubators to play an education and guidance role on e-GP usage for M/SME’s, thereby contributing to a wider or more effective adoption of e-GP by M/SME’s. In parallel, the National Chamber of Commerce of Sri Lanka has proposed to facilitate seminars of introduction to e-GP to its 600+ corporate members and 1500+ SME associate members. Either initiative may then be supervised by a new committee that GoSL intends to appoint for the very same purpose of education and guidance of companies on tendering practices.

Specific Objectives Driven by e-GP Readiness Gaps

This section presents a summary of e-GP readiness gaps as uncovered by the e-GP readiness assessment and highlighted in Section 2.2. These gaps become specific objectives (for the convenience of further cross-reference, objectives are numbered according to the following convention: [O-nn]).

Leadership and Strategy —

- [O-01] The transition to e-GP and necessary revision of procurement policies should be an occasion to reinforce the perception that policies are developed in consultation with key public sector (buyer side) and private sector (supplier side) stakeholders including, but not limited to chambers of commerce and business associations; such perception being substantiated by actual outcomes.
- [O-02] Efforts should be made in order to raise the awareness of the business community about GoSL's vision and objectives in general and public procurement guidelines in particular.
- [O-03] A perception of swift progress should be reinforced about the components of the PFM reform agenda pertaining to modernization of procurement, substantiated by tangible outcomes on that front.
- [O-04] Higher clarity should be gained as per the division of labor and the coordination between regulators including, but not limited to NPC, DPF and the "Central Procurement Secretariat" whose creation was announced in the 2016 Budget Speech.
- [O-05] Clarifications should cover the question of application of technology in public procurement.
- [O-06] NPC should be resourced and capacitated so as to function accordingly to the mandate defined in the 2015 revision of the Constitution, Chapter XIX.B.
- [O-07] GoSL should acquire necessary expertise and competences in order to lead, resource and implement procurement modernization.

Human Resource Management —

- [O-08] GoSL should implement a cross-ministerial human resource program that is specific to procurement and e-GP, identifying government procurement as a career development path within the set of public sector professions, and promoting preparatory curricula in undergraduate or postgraduate academic programs.

Policy —

- [O-09] A new set of procurement guidelines should be forged, integrating guidelines specific to e-GP.

- [O-10] Change management efforts should accompany the promotion of such new guidelines, with the objective of reinforcing consistency and "community of practice" of procurement approaches across various ministries, government agencies and procurement entities.
- [O-11] Assessing the feasibility and risks associated with major procurement projects is a capability that should be established and strengthened within NPC.
- [O-12] Other capabilities relevant to a successful implementation and operation of e-GP, namely business process modeling/reengineering/documentation/monitoring/improvement, should also be established and strengthened in GoSL in general and within NPC in particular.
- [O-13] The capability to produce consolidated procurement data on usage, trends, and performance so as to assist government decision-making should be established and strengthened within GoSL in general and NPC in particular.
- [O-14] An emphasis should be placed on effective management of contract outcomes related to service delivery and product/service quality, visible outcomes produced, and a perception of tangible progress reinforced.
- [O-15] Management controls should be firmly established for monitoring compliance, probity, quality, risk management, efficiency and the performance of the procurement process in all government agencies; and the Auditor General Department and other relevant stakeholders should be capacitated accordingly.
- [O-16] In particular, the e-GP, PPP and capacity building needs should be addressed fulfilled in the short term as part of the ongoing PFM reform.
- [O-17] So should the need to link GoSL's procurement plans with GoSL's Budget. Objectives [O-01] [O-02] [O-03] also apply here.

Planning and Management —

- [O-18] Components of the PFM reform agenda pertaining to economic performance e.g. value for money should be supported in a near future.
- [O-19] So should components of the PFM reform agenda pertaining to SME participation, enhancement of the business environment and regional economic development.
- [O-20] Environmental sustainability should be addressed clearly in the new procurement guidelines, with the possibility of integrating such matters within bid evaluation criteria.
- [O-21] So should considerations pertaining to ICT standards, interoperability standards, ICT licensing, and ICT Total Cost of Ownership (TCO).

- [O-22] A policy review process should be established by NPC, as a high priority.
- [O-23] Monitoring all Government procurements is a function that should be established as a high priority (being understood that a separate monitoring division under MoF is to be set up to that end).
- [O-24] Linkages between procurement policy with policies on Budget, Revenue Administration, Customs, Industry Development, e-Commerce, e-Government and Customs should be established in the short term.
- [O-25] A perception of support by adequate education programs and expert advice should be reinforced, and substantiated by tangible outcomes on that front.

Legislation and Regulation —

- [O-26] As a medium-term objective, it is recommended that procurement and its modernization through e-GP be validated by means of a specific legal Act, covering important areas such as: delineating boundaries of accountability; defining the scope of controls and auditing; defining interoperability between e-GP and other e-Government systems; linking procurement and its modernization through e-GP to general objectives summarized in Section 3.1.1.
- [O-27] Regulation should be revised in order to strengthen GoSL capabilities for independent auditing of procurement compliance and outcomes, and the Auditor General Department capacitated accordingly.
- [O-28] The ability for GoSL to access comprehensive procurement information and data analytics should be established by the procurement information system, as a short-term objective.
- [O-29] Monitoring and evaluation systems should be established so as to ensure a sufficient level and consistency of reporting from procurement entities. [O-06] also applies here.

ICT Infrastructure and Online Services —

- [O-30] The LGN program under ICTA's responsibility should be expedited so as to provide the needed level of Internet connectivity to all procurement entities throughout the entirety of the public sector.
- [O-31] The LGC program under ICTA's responsibility should be fully operational as per the planned schedule i.e. late 2016 or 2017.
- [O-32] A training program should be put in place in the short-term in order to provided Government agencies with the needed ICT literacy basics e.g. configuration of Sinhala and Tamil UNICODE on all public administration devices.
- [O-33] Adoption of ICT throughout the territory should be subject to periodic monitoring and evaluation.

Standards —

- [O-34] Standards related to the monitoring of procurement performance should be established, in the short term.
- [O-35] A culture of collaboration between GoSL and the private sector and/or standardization bodies in attempting to set standards should be instilled and nurtured.
- [O-36] Further policy development should clarify the position of GoSL regarding standard-related matters such as: a) generalized preference for open ICT standards; b) generalized preference for open source software engineering standards.
- [O-37] As a longer-term objective, GoSL should consider collaborating with its international trading partners in order to achieve interoperability between relevant information systems.

Private Sector Integration —

- [O-38] A culture of involvement of the private sector in decision-making related to government procurement should be instilled and nurtured, in the short term. [
- O-39] A perception should be reinforced within the private sector as per the availability of information and advice on procurement policy, substantiated by actual outcomes on that front. [O-40] A perception should be reinforced within the private sector as per the availability of feedback to suppliers on non-successful bids, substantiated by actual outcomes on that front. [O-41] A perception should be reinforced within the private sector as per the effectiveness of the appeal mechanism, substantiated by actual outcomes on that front.
- [O-42] Pricing policies should be revised so as to be affordable by big and small businesses all the time.
- [O-43] The confidence of the private sector with respect to the integrity, fairness, consistency, transparency and efficiency of the procurement system should be reinforced.
- [O-44] An equal opportunity principle should prevail to the participation of SMEs and MSMEs in public procurement, possibly implying assistance to businesses for developing e-catalogues and access to GoSL's infrastructure and systems.
- [O-45] A committee should be appointed to provide education and guidance to companies and contractors, as announced in the 2016 Budget Speech.

The remainder of this e-GP Readiness Roadmap concerns itself with identifying actionable sub-goals, suggesting implementation options for each sub-goal, highlighting alternative pathways, and pinpointing dependencies where applicable. The narrative is developed along five fundamental dimension: Legislative and Regulatory Considerations (Section 3.2); Human

Resource and Operational Considerations (Section 3.3); Technology Considerations (Section 3.4); Funding and Sustainability Considerations (Section 3.5); and Change Management and Planning Considerations (Section 3.6).

Legislative and Regulatory Considerations

Rationale

In a perspective where public procurement is envisaged as a strategic government function rather than a mere transaction-based administration process, the adoption and implementation of a specific Procurement Legal Act would appear as a necessary milestone. It would appear as a potential source of such substantial benefits as: “(i) enhance stakeholders’ trust in the system; (ii) increase participation in procurement because of added certainty and stability; (iii) introduce greater transparency and accountability; (iv) ensure consistency of application across procuring entities at the Central and Provincial levels; (v) ensure appropriate but regulated flexibility through the introduction (or consolidation of the existing circulars) of detailed implementing regulations; (vi) enhance efficiency and savings in procurement operations; and (vii) improve the country’s image abroad in terms of public procurement, with the potential for attracting direct foreign investments” — a rationale being supported in the assessment of the public procurement system in Sri Lanka commissioned by GoSL in 2012, whose findings and conclusions were endorsed by GoSL (The World Bank & Asian Development Bank, 2012).

Notwithstanding the potential benefits of an adoption and implementation of a procurement law in a medium-term future, concentrating an effort on a short-term horizon may yield other potential benefits, as revealed by the e-GP readiness assessment and explained in Section 2. More particularly, an opportunity exists for taking advantage of favorable factors already in place, such as a generalized desire for e-GP, a commitment and traction on GoSL’s side for e-GP, as well as ICT infrastructure and online services that are sufficiently strong to support the operation of e-GP.

A fair range of readiness gaps may be bridged over a period of one or two years only, i.e. in a timeframe that is shorter than a typical legislative cycle. The remainder of this section concentrates on legislative and regulatory actions that may be initiated readily in order to address current readiness gaps and bridge those in a short-term future — first and foremost the revision of the procurement guidelines.

Revision of Public Procurement Policies Integrating e-GP Requirements

A modernization of public procurement into e-GP will necessarily imply a revision of the public procurement policy framework — a primary motivation for it being to accommodate the new range of requirements driven by the integration and use of ICT within public procurement. Such revision of the public procurement policy framework should be regarded as an opportunity for revisiting and amending the foundational rules of public procurement — in light of the GoSL’s current PFM Strategy, of the recommendations from the recent public procurement modernization and reform assessment (The World Bank &

Asian Development Bank, 2012), and of e-GP readiness objectives set out in section 3.1.2 above. The revision should aim at identifying among current rules and management processes:

- which may be streamlined or modified;
- which should continue to apply unchanged;
- which will become obsolete as a result of the modernization to e-GP.

The revision should also aim at identifying among current rules, which limitations were linked to the processing capacity of *manual* procurement, and reconsider such limitations in the context of *electronic* procurement and expected productivity improvements. For example, a procurement entity that used to resort to pre-qualification of bidders as a means for restricting the inflow of bids should be invited (or perhaps imposed) by the revised guidelines to adhere to open tendering as the default method (see below) — or in case of choosing pre-qualification, to raise the minimum number of bidders significantly.

Key policy areas and related recommendations are presented immediately below.

General principles — The revised policy framework should reflect general principles set out in the PFM strategy, including but not restricted to: effective public expenditure; economic, efficient, transparent and fair procurement processes; fairness of participation for MSME's; value for money; timely and quality delivery of services; ethical employment; risk management; and e-GP per se. In addition, the revised policy and guidelines should establish a principle of non-discrimination between paper-based vs electronic information/transactions (or indicate a clear timeline and scope for the phasing-out of paper-based information/transactions).

Procurement planning — The policy should indicate which periodicity applies to the definition and sharing of procurement plans — i.e. whether procurement entities should prepare and communicate procurement plans every 12 months, or every 3 months, etc. The policy should indicate specific publication methods for the procurement plans — taking into consideration potential positive effects on suppliers' confidence in public procurement processes. The policy should clarify the boundaries of accountability — e.g. whether that particular aspect of preparing and publishing procurement plans should be auditable.

Procurement methods and conditions for their use — The number/complexity of current procurement methods should be reconsidered, aiming at an overall reduction/simplification for the sake of enhanced clarity/productivity. It is understood that the ongoing PFM reform identifies Open Tendering as the default method. Therefore, as part of the revision of the policy framework, the choice may be made to substitute the current National/International Competitive Bidding methods to Open Tendering. A potential areas for simplification identified in (The World Bank & Asian Development Bank, 2012) concerns exceptional procedures such as 'emergency procurement method' — which should be consolidated into a single method i.e. direct

contracting. Another potential area for simplification concerns prequalification — whose circumstances of use may be better confined under the revised policies and guidelines.

Contingency planning — Revised policies should also cover circumstances of failure, malfunction, or breakdown of the electronic system during the procurement process. Appropriate disclaimers of liability/responsibility should be established in the revised framework, and also reflected in bidding documents. So should mentions of rules and procedures applying in contingency situations — e.g. whether an extension of bid submission deadline should apply, whether paper-based submission should be allowed, etc.

Rules of Participation — Revised guidelines and procurement manual should clearly explain the primary purpose of bidder general registration — i.e. collection of general profiling information — as opposed to the primary purpose of requirements for individual procurement-specific qualification — i.e. eligibility conditions for participation in a specific tender. Furthermore, with e-GP comes the capability of informing eligibility decisions with internal information on potential bidders such as their tax compliance status³⁰ — henceforth an opportunity for the revised policies to systematize such practice among procurement entities.

Standard Bidding Documents — Clarification and detailed specification of SBDs for goods, works and consulting services is essential in terms of type, contents, and issuing authority — as SBDs will represent an important component of Sri Lanka's future e-GP system and related workflows.

Correspondence, amendments, and clarifications — The revised policy framework should specify rules applying to the publication of clarifications/amendments of bidding documents — in terms of visibility of GoSL's e-GP Portal³¹. For example, bidders who have already expressed an interest should be directly informed by the system of any clarifications/amendments by way of individual emailing. In addition, the revised policy framework should also:

- specify rules on document control — i.e. amended bidding documents should add to initial/ former versions [recommended] rather than replace initial/former versions;
- determine whether pre-bid amendments and clarifications communicated online should be tracked for acknowledgement of receipt by bidders/consultants [recommended];
- specify when online conferencing and chat facilities are enabled for the purpose of seeking/supplying clarifications — e.g. enabled from initial advertising until bid submission deadline, and disabled otherwise [recommended];

³⁰ As explained in further details in section 3.4.2 below, tax compliance information may be retrieved automatically by GoSL's future e-GP management information system from GoSL's Revenue Administration Management Information System.

³¹ The specifications for GoSL's prospective e-GP Portal are presented in further detail in section 3.4 below.

- determine whether amendments and correspondence by authorized officials should be tracked and recorded for further auditing purpose [recommended].

Submission of bids/proposals, use of electronic bid box³² — The revised policy should impose that time settings are in accordance with regulations and international time-zone standards. The revised policy should specify under which exceptional circumstances bid information may exist in whole or part in a decrypted (i.e. human-readable) form in the e-GP system — e.g. restricted to bid opening, technical evaluation and auditing [recommended]. In addition, the revision of the procurement policy should determine:

- whether a standalone electronic bid box may be an appropriate instrument for maintaining high standards of security and for long term record-keeping and audit [recommended];
- whether strict rules should apply so that bid submissions be systematically and directly routed to such electronic bid box and stay stored in the bid box until bid opening [recommended];
- whether the maintenance and operation of such bid box should be delegated to a third-party in a different country as a supplementary risk mitigation measure³³.

Bid opening — The revised policy should specify rules of publication for information read out at the bid opening (prices, offered discounts, and pertinent information) and for bid opening minutes — e.g. immediate publication on GoSL's e-GP Portal [recommended]. They should specify which roles or individuals are authorized for access. They should also specify appropriate precedence rules and workflows — e.g. for RFPs, completion of technical evaluation of proposals preceding financial evaluation of proposals [recommended];

e-Purchasing — The revised policy should seek consistency with international standards and rules — such as The World Bank e-purchasing guidelines [recommended]. In particular, the revised policy framework should determine:

- whether, upon initiating a new e-purchasing cycle, the e-GP system should provide a shortlist of eligible suppliers [recommended]; and if so,
- which the minimum of size of that shortlist should be (recommended size is three); and if so again; which method of composition for that shortlist should apply (recommended method is random selection among eligible suppliers); whether, upon choosing a given short-listed supplier, a justification of the choice must be entered in the system by the chief procurement officer on a mandatory

³² An electronic bid box may be regarded as an electronic vault where bids are encrypted, securely stored and only accessed/decrypted by authorized users in authorized circumstances.

³³ Countries such as Canada, UK, Scotland, Australia, New Zealand have been quoted as examples in a former e-GP roadmap report (The World Bank, 2007).

basis, and further made available to the organization and to the general public [recommended];

- which degree of synchronization is required between actual order and management of corresponding funds (it is recommended that the e-GP system should interoperate with the relevant finance management information system in order to set aside needed funds);
- which degree of synchronization is required between actual delivery of the ordered good/work, acceptance sign-off, release of funds i.e. payment, update of accounts, resolution of tax compliance issues, and update of inventory records (it is recommended that interoperability between e-GP system and relevant management information system allow such a workflow to occur on a fully automated, streamlined and seamless basis);
- it should also indicate a suitable method for establishing prices.

e-Auctioning — Because of the unprecedented practice of e-auctioning as a public procurement method in Sri Lanka, the revised policy framework should encourage procurement entities and their parent Ministries to exert judgment based on existing intelligence and past transactions in the marketplace, and on market structure — in order to minimize risk of improper practice such as predatory pricing (low-balling), collusion, and other type of market manipulation. The revised policy framework should consider mechanisms for effective monitoring therefore.

Integration of procurement with PFM — The revision of the policy framework should determine:

- an appropriate level of integration of public procurement in the government's financial management system — e.g. from procurement plans during budget formulation and finalization for such plans at confirmation of budgetary allocation [recommended];
- which improvements of budget allocation for multi-year planning are required — e.g. so that multi-year contracts are awarded and completed in an economic and timely manner [recommended];
- appropriate timing or acceptable delays for payments to contractors and suppliers — i.e. making funds available to procuring entities in a timely manner so that they can make payments without delays [recommended];
- appropriate level of support by the e-GP system in order to help integrate contract management and cash management in a synchronized manner, thereby ensuring timely availability of funds for procurement preparedness activities.

Contract management — The revision of the policy framework should imply the preparation and implementation of a comprehensive contract administration manual (and be accompanied with a continuous training program to public officers who are

entrusted with this responsibility). The revised policy framework should discourage practices using contract variations in a deviated way, i.e. so as to avoid entering into what should be a new procurement action. It should include guidelines and mechanisms for tracking important schedules, quality requirements and performance indicators — and in case of failure or shortcoming, specify which corrective measures to apply. It should enforce the use of standardized, structured workflows to manage the sign-off processes required for contract award. It should specify standardized acceptance and sign-off procedures.

Bid complaint review mechanism — The revised policy framework should formalize the appeal process with established procedures, timelines, matters subject to review (which should not be restricted to contract award), remedies, etc. It should specify methods for communicating reasons for rejection of bids after completion of bid evaluation — e.g. individual emailing [recommended] — and targeted audience — e.g. all bidders [recommended].

Standards — The revision of the policy framework should determine:

- whether an alignment of e-GP with Open Contracting standards³⁴ is desirable — e.g. relying on the support of the Open Contracting Partnership³⁵ [recommended];
- a suitable classification standard for goods under procurement, especially codes of goods to be entered in e-catalogues by suppliers — e.g. United Nations Standard Products and Services Code (UNSPSC) [recommended];
- suitable standards for e-tendering management — e.g. standards and qualities required by The World Bank when e-GP systems are to be applied to the loans, grants or credits that it provides [recommended];
- suitable formatting and/or encoding standards for downloadable documents — e.g. PDF for printable or read-only documents, electronic forms for data-capture documents, or open word-processor file formats for word-processor documents [recommended];
- the extent to which ICT open standards should be enforced — as an insurance of further accessibility of GoSL's e-GP portal by common Internet navigation software (“web browsers”), and interoperability of GoSL's e-GP system with ICT products in common use and third-party information systems.

³⁴ <http://wbi.worldbank.org/boost/tools-resources/topics/promoting-open-budgets/open-contracting>

³⁵ <http://www.open-contracting.org/>

Operational and Human Resource Considerations

Change management

The transition toward e-GP is likely to imply changes of various natures: changes induced by procurement policies and guidelines (section 3.2); changes induced by the redesign of procurement processes (section 3.3.2); and changes induced by the integration of ICT (section 3.4). In turn, such changes will affect a variety of e-GP stakeholders: procuring entities per se; suppliers; as well as Government entities responsible for monitoring, auditing and regulating the practice of procurement — hence the need for an underlying and continued change management effort. The remainder of the present section deals with change management on the GoSL side. The aspect of driving e-GP adoption on the private sector side is addressed in sections 3.5.1 and 3.5.3.

In order to successfully guide the transition toward e-GP, it is recommended that NPC take a leadership role and provide the needed oversight. To that end, NPC may wish to appoint a dedicated Project Management Unit (PMU) and mandate PMU with the following responsibilities: business process reengineering (BPR) effort; actual development, delivery, and operation of The SL e-GP System; as well as practical aspects of change management. On the latter front, it will be expected from the PMU to develop a change management plan so as to:

- identify the impact of the proposed business change activities and outcomes;
- identify willingness to accept change and potential barriers;
- identify change agents within the affected units;
- develop a plan that outlines the transition from project delivery to business-as-usual operations; and
- develop a benefits realization and measurement plan³⁶.

In terms of potential barriers, human resource up-skilling was often quoted as the most important need during the present e-GP readiness assessment. Therefore, it is recommended that the change management effort place an emphasis on up-skilling gains for e-GP stakeholders, along with other advantages in day-to-day operations such as reduction of paperwork, alleviation of a number of routine administrative burdens, and reduction of timespan for the overall procurement cycle.

Business process reengineering

The experience accumulated and lessons learnt around former e-GP implementation projects internationally exacerbate the importance of how e-GP projects are approached — highest benefits being yielded when the approach undertaken is driven by a comprehensive and long-term strategy covering legal considerations, technology developments and covering Business Process Reengineering (BPR) (ADB, 2013).

³⁶ recommendations from (ADB, 2013).

With technology comes increased flexibility with organizing procurement tasks, workflows and processes — hence an unprecedented opportunity for taking such flexibility into consideration and redesign the organization of procurement tasks, workflows and processes so as to heighten efficiency, lower costs, lower risks, and strengthen awareness of procurement rules among procuring entities³⁷. Such BPR effort should be carried out at an early stage in the implementation. Such effort may be guided by the following methodology:

1. Produce visual diagrams of current procurement processes and workflows, using standard flowchart diagramming conventions — as an initial modeling step;
2. Analyze current procurement processes and workflows through the lens of newly produced visual diagrams — seeking to identify bottlenecks, delays, complexity, under-utilized resources - i.e. seeking to identify opportunities for heightening efficiency, lowering costs, lowering risks, reducing complexity, and increasing meaningfulness of tasks for procuring officers.
3. Review the revised policy framework and new requirements associated — e.g. reduced number of procurement methods along with reduced complexity (see section 3.2 above);
4. In light of steps #2 and #3, redesign flowcharts and produce new “blueprint” visual diagrams — i.e. models of the future procurement processes including e-GP processes. Those visual diagrams along with text-based descriptions may prove a particularly valuable asset for further communication: as supporting illustrations in the revised procurement guidelines (section 3.2); as an essential foundation for longer-term and gradual improvement (section 3.3.3); and as a basis for specifying the e-GP system’s requirements (section 3.4).

Based on information collected through the present e-GP readiness assessment, it is understood that MoF has recently undertaken such a BPR effort as a preamble for the development of the Integrated Treasury Management Information System (ITMIS), and has been able to rely on the services of a local ICT consultancy to that end. It is suggested to review the experience gained on that occasion, evaluate the performance of the said consultancy and, if deemed relevant, hire their services again in the present context of a transition to e-GP.

Gradual improvement

As noted in the previous section, the recommended BPR effort is intended to produce referential definitions of the new set of procurement processes under the revised policies and guidelines. In turn, such referential definitions may be used to engage in a longer-term initiative for gradual improvement of procurement processes. This may be achieved by

³⁷ For the sake of illustration of BPR concepts an example is proposed, that is drawn from the specific context of *purchasing actions*. With e-GP comes the ability for procuring entities to consult lists of eligible supplier e-catalogues [step #1] and then select a given product [step #2]. Follows the ability to submit a purchase order online [step #3] and the ability for that purchase order to be routed and processed by separate entities within MoF [step #4]. An outcome of BPR may be to integrate these four abilities as four subsequent workflow steps within a single business process.

selecting a purposeful methodology framework, such as Carnegie Mellon University's Capability Maturity Model Integration® (CMMI®) framework³⁸. While CMMI® was originally intended to industry, it has been adopted internationally by both industry and government, and has given rise to three complementary models. These include CMMI® for Acquisition (CMMI-ACQ) which describes best practices for the successful acquisition of products and services for either private sector or public sector organizations³⁹ — in other words, public procurement. An opportunity exists for GoSL to consider undertaking such a gradual improvement journey, for example using CMMI-ACQ as a guiding methodology. Thanks to the outcome of the preliminary BPR effort, GoSL's public procurement would be in a position to aim at an intermediate CMMI level i.e. Level 3 applying to organizations with “defined processes” — in preparation to Level 4 where processes are “quantitatively managed” and Level 5 where processes are “optimized”.

Up-Skilling and Career Development

The e-GP readiness assessment has uncovered major needs for up-skilling across procuring entities, as well as capacity building needs on many levels including the recently formed National Procurement Commission.

This section relates to the e-GP readiness objective [O-08] stated out in section 3.1.2 above. The GoSL should implement a cross-ministerial human resource program that is specific to procurement and e-GP, identifying government procurement as a career development path within the set of public sector professions, and promoting preparatory curricula in undergraduate or postgraduate academic programs.

To that end, PMU should also be mandated to undertake a number of actions for the professionalization of procurement. Recommendations issued in (The World Bank & Asian Development Bank, 2012) also apply in the specific context of the transition to e-GP:

- Establish a dialogue within the GoSL to have procurement established as a separate career stream. This action needs to be supported with separate job descriptions, qualifications, requirements, career structures, and salary scales for procurement professionals, and in due course, an appropriate accreditation system;
- Design and introduce an accreditation system to produce qualified procurement staff;
- Make procurement training a core course in civil service training and for promotion to executive/management positions.

In terms of training and accreditation, further recommendations issued in (The World Bank & Asian Development Bank, 2012), which are also relevant to the specific context of the transition to e-GP, are quoted below:

³⁸ Introductory material on CMMI® may be found in https://en.wikipedia.org/wiki/Capability_Maturity_Model_Integration

³⁹ Comprehensive material on CMMI-ACQ may be found in the reference technical report (Software Engineering Institute, 2010) and in a user-friendly textbook (Brian Gallagher, Mike Phillips, Karen Richter, & Sandra Shrum, 2011).

“Carry out procurement capacity building needs analysis and, based on the findings, prepare a national procurement capacity building strategy considering all the available resources, such as existing public servant training mechanisms, universities, colleges, institutes, associations, etc.

“Design and deliver a capacity building program that meets the needs of public officials at all levels of government, including internal and external auditors, through training courses of appropriate duration and content. The MoF should consult and coordinate this activity with other relevant government bodies, including educational institutions (both public and private). The MoF also should provide necessary training policy and program requirements, as well as quality assurance in procurement training provided by selected educational institutions.

“Train audit staff on a regular basis in effectively carrying out the audit of procurement processes as part of the external and internal audits.”

A finding of the preparatory e-GP readiness assessment that is worth reminding here concerns expression of interest emanating from a few private sector organizations, to assist GoSL in the implementation of training programs. These include the National Chamber of Commerce of Sri Lanka, as well as the Federation of Information Technology Industry.

Technology Considerations

This section presents strategic options regarding Sri Lanka’s future e-GP information system — hereinafter referred to as “The SL e-GP System”. Topics considered include:

- sourcing and development (Section 3.4.1);
- interoperability with key government management information systems (Section 3.4.2);
- hosting and networking (Section 3.4.3);
- information security and other non-functional considerations (Section 3.4.4); and
- functional areas per se (Section 3.4.5).

Potential benefits and risks are put in perspective regarding each strategic option, along with recommendations informing further decision-making.

Sourcing and Development of The SL e-GP System

An important decision point in the e-GP readiness roadmap will be the selection of an appropriate ICT consultancy for the development of The SL e-GP System. Upon reaching such a milestone in the readiness journey, decision-makers will stand at a crossroads with multiple options to consider. Four of such options are presented below, and discussed in light of goals and objectives spelled out in Section 3.1 as well as other important criteria.

This section concludes with a recommendation of the option appearing as the most relevant at the time of publication of the present report (also singling out the least relevant option). However, when the time of actual decision-making comes, changes in conditions and objectives might have occurred; decision-makers may then wish to consider weighing objectives and criteria accordingly, and make the strategic choice of sourcing and development of The SL e-GP System on such new ground.

Domestic sourcing, building upon proven open source e-GP technology (option #1)

GoSL may consider sourcing the development of The SL e-GP System from Sri Lanka's domestic ICT consulting providers. In light of the findings of the e-GP readiness assessment, the local ICT Industry currently hosts the needed spectrum of competences for a successful technology development and implementation: from business process reengineering (see Section 3.3.2 above), to change management (see Section 3.3.1 above), to business process gradual improvement (see Section 3.3.3 above), to business analysis, to system/software architecture, to software engineering per se, to quality assurance, to corrective & evaluative system/software maintenance, and to hosting/networking/infrastructure capacity. Sri Lanka's domestic ICT Industry also hosts fresh and successful experience with developing e-Government applications.

However, it appears to be lacking specific e-GP system development experience. A risk mitigation strategy is proposed that implies submitting the development of The SL e-GP System to open tendering within the domestic market, while imposing in the tender's terms of reference the build upon a proven open source e-GP technology by the contract awardee. In such prospect, the open source e-GP technology named "electronic Public Procurement System" or "e-PPS" is recommended, that is presented in its own website (<http://www.e-pps.eu/>) as "an open, secure, interoperable and re-configurable platform allowing the implementation of a full cycle of electronic public procurement, in compliance to the European Union (EU) and international legislation", "the most complete and advanced platform available today", and "offered as open source software with several installations in the EU and internationally". e-PPS is an offshoot of EU's "Pan European Public Procurement Online" (PEPPOL) project — which itself is an infrastructure set up to enable suppliers to participate in procurement across e-GP systems in multiple different countries in Europe, as noted in (ADB, 2013).

Potential benefits of option #1 are significant and many:

a- Involving the domestic private sector in the design of The SL e-GP System may prove a powerful strategy for reinforcing trust, confidence and engagement in the private sector with respect to public procurement, in alignment with objectives O-01; O-02; O-38; O-39; O-40; O-41; O-43 (see Section 3.1.2) and also in alignment with recommendations in (The World Bank & Asian Development Bank, 2012) — a strong point in favor of option #1 and unparalleled by any other option below.

b- Ease of re-configuration appears to characterize e-PPS design — such a characteristic being particularly relevant in the current and fast evolving context of an ongoing Public Finance Reform (O-03), of a new set of procurement guidelines at pre-planning stage (O-09), and of preparation of new market-oriented policies (GoSL general objective).

c- Sourcing from a local ICT consultancy might prove the most effective approach to building key capabilities within the public sector such as business process modeling/reengineering/documentation/ monitoring/improvement (O-12).

d- Significant knowledge and competences would be gained by the local ICT Industry in the process of the developing The SL e-GP System — in line with GoSL's general objective for the digitalization of the economy. Finally, because of the open source nature of the technology and the competitive cost of the domestic ICT consulting services, it is anticipated that the Total Cost of Ownership (TCO) of The SL e-GP System option #1 would be the lowest in the long run. A caveat applies here. Because of the specific nature of using the requirement imposing an open source technology that is not familiar to the domestic ICT Industry, strict rules of quality assurance and progress monitoring would need to be embedded in the tender's TOR and enforced strictly.

Regional sourcing, using proprietary e-GP technology (option #2)

GoSL may consider sourcing the development of The SL e-GP System from regional ICT consulting providers. Within such geographic scope exist ICT consulting providers possessing specific e-GP system development experience — an example of which is the Bangladeshi software consulting firm named Dohatec⁴⁰ that has recently developed e-GP systems for both Bangladesh and Bhutan. The ability to rely on an ICT consultancy with proven and e-GP-specific competencies is indeed a strong point in favor of option #2. Another strong point is the potential homogeneity of technology design that would underpin three e-GP systems in the same region — namely Bangladesh, Bhutan and Sri Lanka — thereby potentially contributing to further trade development and modernization in the region (GoSL general objective).

However, a number of caveats apply. *Firstly*, because of the proprietary nature of the e-GP platform, and given the fast evolving nature of the local context as evoked in option #1 narrative above, the needed ease of re-configuration of the e-GP platform under option #2 might prove more challenging than for open source-based options. *Secondly*, the objective of building key capabilities within the public sector such as business process modeling/reengineering/documentation/monitoring/ improvement (O-12) might still be achievable under option #2 but it would require stricter clauses in the tender's TOR and tighter project monitoring. *Thirdly*, also because of the proprietary nature of the e-GP platform under option #2, less knowledge and competences would be gained

⁴⁰ Name: Dohatec

Website: <http://www.dohatec.com/default.aspx>

Material on Dohatec e-GP development services: <http://www.dohatec.com/ProductDetails.aspx?id=4>

Press release: <http://www.asianews.network/content/bangladeshi-software-firm-build-e-procurement-system-bhutan-7523>

by the local ICT Industry in the process of developing The SL e-GP System — even under a contractual obligation of knowledge transfer for the contract awardee. Fourthly, because of the proprietary nature of the technology design, keeping the TCO of The SL e-GP System under control might prove more challenging than with open source-based options.

International sourcing, building on proven open source e-GP technology (option #3)

GoSL may consider sourcing the development of The SL e-GP System from international ICT consulting providers, building upon a proven open source e-GP technology. As for option #1, it is recommended to consider e-PPS as the open source platform of choice. Given the number of existing implementations of e-GP systems built using e-PPS, it is assumed that an open tendering initiative based on option #3 would attract multiple bidders with proven competencies and e-PPS-specific experience — a strong point in favor of option #3. Also, because of the open source nature of the technology design, keeping the TCO of The SL e-GP System under control might prove less challenging than with proprietary options — another strong point in favor of option #3. An additional significant advantage is the pursuit of regional economic integration which prevailed to early technology and design choices underpinning the e-PPS platform (because of its compatibility with EU legislation), which may prove equally beneficial for the pursuit of trade development and modernization in South-Asia — an advantage also present in option #1.

However, a number of caveats apply. *Firstly*, because of the geographic gap between the contract awardee and Sri Lanka, the objective of knowledge transfer from the contract awardee toward Sri Lanka's public sector and ICT Industry might prove more challenging to attain, compared with regionally and domestically sourced ICT consulting providers. *Secondly*, notwithstanding the ease of re-configuration characterizing the e-PPS platform but taking the geographic gap into consideration, driving the anticipated iterations for necessary re-configuration of The SL e-GP System (see reasons evoked in option #1 narrative) may prove a more challenging exercise from a project management point of view (in comparison with option #1).

International sourcing, using proprietary e-GP technology (option #4) —

There exists a number of ICT consulting providers commercializing proprietary e-GP platforms as “off-the-shelf” packages — none of which is headquartered in South Asia. Fewer benefits and more disadvantages would derive from choosing option #4 for sourcing The SL e-GP System, for all caveats applying to options #2 and #3 above would also apply here. It is therefore singled out as the least relevant option.

In conclusion, we recommend that the development of The SL e-GP System be sourced from Sri Lanka's domestic ICT Industry and based on the e-PPS open source platform (option #1).

Interoperability between The SL e-GP System and Key Government MIS's

Regardless of which option is chosen for the sourcing and development of The SL e-GP System, it is recommended to pay particular attention to fulfilling the requirements listed below, as early as possible and prior to sourcing the development of the e-GP System.

Interoperability with the Revenue Administration Management Information System (RAMIS) — The SL e-GP System should be capable of interoperating with RAMIS in a number of ways, in alignment with objective O-24. Firstly, RAMIS should be able to retrieve the list of payments to tender contract awardees for the purpose of tracking tax compliance — in alignment with GoSL’s general objective of increasing government revenue through more effective tax collection. Secondly, The SL e-GP System should be able to retrieve tax compliance ratings of registered businesses from RAMIS, for the purpose of informing e-GP processes such as qualification of suppliers or short-listing of bidders — in alignment with the pursuit of good governance and more transparent policies (GoSL general objectives), and with objectives O-43 and O-44.

As an important milestone of this e-GP roadmap, it is recommended that Revenue Administration, NPC and other relevant Public Procurement stakeholders agree on interoperability requirements between RAMIS and The SL e-GP System. That milestone should be scheduled prior to sourcing the development of The SL e-GP System (and as early as possible as it is understood that RAMIS is currently under development).

Interoperability with the Integrated Treasury Management Information System (ITMIS) — The SL e-GP System should be capable of interoperating with ITMIS in a number of ways. The most important requirement is the expected capability for linking procurement planning as managed through The SL e-GP System with GoSL’s general Budget planning as administered through ITMIS, from procurement plans during budget formulation to finalization for such plans at confirmation of budgetary allocation — in alignment with objective O-17, with the pursuit of the rationalization of government expenditure (GoSL’s general objective) and with (The World Bank & Asian Development Bank, 2012).

It is recommended that Treasury Management, NPC and other relevant Public Procurement stakeholders agree on interoperability requirements between ITMIS and The SL e-GP System.

Interoperability with Integrated National Development Information System (INDIS) — The Department of Project Management and Monitoring (DPMM) of the Ministry of National Policies & Economic Affairs makes use of INDIS in order to monitor large-scale foreign funded projects, track deliverables against agreed upon schedule, assure economic efficiency, and program automated alerts where applicable. As above, it is recommended that DPMM, NPC and other relevant Public Procurement stakeholders agree on interoperability requirements between INDIS and The SL e-GP System.

Interoperability with the Government Online Payment Portal System — Recently, several public sector MIS’s have been successfully integrated with the Government Online Payment Portal System under ICTA’s responsibility. These include:

electricity bill payment; water bill payment; and online tax payment. Similarly, The SL e-GP System should be designed so as to interoperate with that online payment portal system.

Interoperability with other Government MIS's — A few other Government MIS's are also currently under development. These include a Contractor Performance Monitoring System commissioned by the Construction Industry Development Authority (CIDA). Given that *contract management* and *performance monitoring* are planned functional areas for The SL e-GP System, it is recommended that CIDA and Public Procurement stakeholders agree on interoperability requirements between both systems.

Hosting and Networking Considerations for The SL e-GP System

In the process of conducting the e-GP readiness assessment, important information was collected regarding hosting, networking and ICT infrastructure capabilities in Sri Lanka in general and within GoSL in particular. More specifically, MoF was said to possess its own data center, with separate and secure data replication capabilities, and planned to host MoF-commissioned MIS's such as RAMIS and ITMIS. The LGN program under ICTA's responsibility continues to expand, and is poised to ultimately connect all entities within the public sector (including MoF's data center). Also LGC is approaching maturity, implying the possibility to host Government MIS's and other e-Government applications on a cloud-based architecture and serve those as Software as a Service (SaaS).

On the basis of that information, the following sequence of milestones is recommended. By chronological order:

1. Elect MoF's data center as hosting solution for The SL e-GP System during development, testing, rollout and early phases of end-user adoption. Elect conventional web application server model as hosting model (as opposed to cloud-based hosting). Concomitantly, ensure that MoF's data center is connected to LGN and powered with sufficient bandwidth. It may represent a timespan of about 24 months.
2. Once LGC is operational and mature, let ICTA conduct feasibility study for the migration of The SL e-GP System to ICTA's LGC, electing cloud as hosting model ("public cloud" model, presumably).
3. Migrate hosting of The SL e-GP System to ICTA LGC's hosting i.e. cloud-based hosting (as opposed to conventional web application server).

Information Security and other Non-Functional Considerations for The SL e-GP System

A comprehensive overview of security concerns in e-GP may be found in (ADB, 2013) — which is a recommended reading for all GoSL decision-makers and influencers involved in the modernization of public procurement into e-GP i.e. NPC, DPF, ICTA and other relevant

stakeholders. In particular, the following concerns should be given particular attention and be the object of specific policy development within this e-GP roadmap:

- Security governance;
- User identification;
- User authentication and digital signature;
- Server authentication and third-party software authentication;
- Encryption of bids, usage of e-vault systems, etc.;
- Security standards and related support for authorization, confidentiality, integrity, non-repudiation.

It is understood that ICTA is mandated to recommend suitable security policies, standards and infrastructure for the entirety of public sector systems. That remark applies to The SL e-GP System, its end-users, as well as other Government or third-party systems interoperating with it. As the endorsed Certification Authority in Sri Lanka, ICTA may consider electing Public Key Infrastructure (PKI) for authentication and digital signature technology for e-GP. A number of known shortcomings of PKI are listed in (ADB, 2013). It is recommended that these be reviewed prior to electing PKI as backbone authentication technology for e-GP. Alternatively, ICTA may choose other methodologies and technologies such as biometrics, two-factor verification, or any suitable solution of its choosing guaranteeing the needed assurance of authentication.

It is also expected from ICTA to issue recommendations regarding standards and e-GP non-functional areas other than security. These include:

- User profile and authorization management, including Single Sign-On (SSO) capability;
- Time-stamping and synchronization matters;
- Storage, backup management, and data restoration;
- System availability, system recovery and business continuity;
- Technical interoperability and related standards;
- Multilingual support;
- Usability policies and standards.

It is recommended that such security and other non-functional matters be given consideration prior to the sourcing of The SL e-GP System, and that such considerations be mentioned in broad terms in the related tendering TOR.

The SL e-GP System — Procurement Portal functionalities

The SL e-GP System may be logically compartmented into two high-level components: The Procurement Portal (presented in this section) and The Procurement Management Information System or “PMIS” (presented in Section 3.4.6).

Whether building upon the e-PPS open source e-GP platform as suggested with sourcing options #1 & #3 or taking inspiration from freshly developed e-GP systems in Bangladesh and Bhutan as suggested with sourcing option #2 (see Section 3.4.1 above), the range of available functionalities in either case covers or exceeds the range of e-GP functions described in the 2006 Government Procurement Guidelines (National Procurement Agency, 2006) — abbreviated as “GPGI 2006” hereinafter. Consequently, in terms of precedence in the roadmap, it is recommended that the revision of the procurement policies and guidelines, and the needed business process reengineering effort precede and feed the technical specification of functional requirements for The Procurement Portal.

For illustration purpose and on the basis of GPGI 2006, a minimum set of functionalities for The Procurement Portal is presented below.

Procurement portal layout per se — Front-end Graphical User Interface (GUI) layout for all high-level functionalities (see below). Supports account management, user authentication, and Single Sign-On (SSO) capabilities. Also supports secondary functionalities such as news, Frequently Asked Questions (FAQs), an online help service, and intelligent search facilities by locality, business type, value, etc.

e-Registration — Supports online registration of suppliers for further categorization. Allows suppliers to upload relevant profiling information, in response to selection and exclusion criteria for specific categories of suppliers.

e-Advertising — Supports mandatory advertising requirements associated to National/International Competitive Bidding. Guarantees transparency of information through free and unrestricted access, and has identical legal value as paper-based advertising counterparts. Serves as reference for the measurement of the bidding period, and allow retrospective auditing as needed.

Information services⁴¹ — Supplies early bid advice on tenders currently under preparation, bidding documents and other information as per rules on correspondence, amendments and clarifications. Ensures online publication of standard bidding documents and Requests for Proposals (RFPs). Ensures integrity of bidding documents Requests for Proposals (RFPs) in electronic format, using the same contract procurement language as the catalogue standard defining related requirements. Alerts bidders, through customized email notification, of any clarification or amendment of the bidding documents, pre-bid conference minutes, official correspondence, etc. Enables online conferencing and chat facilities on or before the bid submission deadline for the purpose of seeking/granting clarifications.

⁴¹ in alignment with recommendations in (The World Bank & Asian Development Bank, 2012)

e-Tendering — Enables online submission of tenders via The Procurement Portal. Provides the capability of automatic validation of electronic tenders, in order for the suppliers to receive immediate feedback concerning the validity of their bids. Ensures confidentiality and integrity of bids/proposals in electronic format. Enables online tracking capacity for suppliers in relation to their bid processing. Guarantees encryption of bid submissions at all times (except for consultation by bidder or bid evaluation committee). Supports retrospective auditing of bid submission channel(s). Ensures long-term preservation of bid submissions for retrospective auditing. Ensures that time settings are in accordance with regulations and international time-zone standards. Ensures mutual acknowledgement of receipts in situations where bidders submit modifications to bids/proposals or withdraw previously submitted bids/proposals (on or before bid submission deadline).

e-Catalogues — Supports population and update of product catalogues by suppliers, to be used by procurement entities for the purpose of e-Purchasing.

e-Purchasing — Supports typical operations by procurement entities including, but not restricted to: searching for suppliers by name, category, locality code, and contract; browsing supplier catalogues; random quote selection with minimum price benchmarking; generating and awarding all procurement requests for information and quotes; creating purchase requisitions; generating purchase orders; acknowledging receipt of goods into the system; e-payment;

e-Auctions — Allows bidders to engage in reversed electronic auctions. Similar to e-Purchasing, however the online quoting facility operates interactively in real time, with bid prices posted instantaneously during the process.

e-Invoicing & e-Payment — Electronic issuing and processing of invoices and payments.

The SL e-GP System — Procurement MIS Functionalities

Remarks in preamble of Section 3.4.5 also apply here. The Procurement MIS may be regarded as the “back office” end of The SL e-GP System, providing a range of transversal capabilities for reporting, auditing, workflow management, tender preparation, bid evaluation, etc.

For illustration purpose and on the basis of GPGL 2006, a minimum set of functionalities for The Procurement MIS is presented below.

Procurement preparation & planning⁴² — Assists with preliminary procurement actions, preparation of Master Procurement Plan (MPP), Procurement Time Schedule (PTS), sanctioning/revision of Total Cost Estimate (TCE), drafting of bidding documents, etc. Provides a facility for electronic tender document construction, and a library of

⁴² In the process of revising the guidelines, NPC may wish to take into consideration a recommendation published in the Public Procurement Modernization and Reform Assessment Report, suggesting a reduction of the number of bidding methods and a simplification of related rules (The World Bank & Asian Development Bank, 2012).

available electronic tender documents with contractual templates allowing browsing and searching. Enables online access to procurement legislation and regulations for all procurement entities.

Attestation — Supplier profiling and database tool. Allows procurement entities to build sophisticated strategic sourcing databases, based on specific profile categories and selection/ exclusion criteria.

Workflow management capability⁴³ — Supports the customization of workflows in accordance with bidding methods and other rules specified in the revised Government Procurement Guidelines.

Awarding — Assists opening and evaluation of tenders, in accordance with bidding methods. Supports e-Auctions, where applicable. Supports video conferencing as a substitute to technical committee meetings. Supports award of contract per se, and also appeal mechanisms.

Contract management⁴⁴ — Establishes, manages and monitors contracts, collates bid history, monitors performance against agreed Service Level Agreements (SLAs) and Key Performance Indicators (KPIs). Alerts buyers to key activities, such as contract renewal dates.

Data analytics & reporting⁴⁵ — Supports indexing, aggregation, analytical querying, statistics and reporting of data managed by The SL e-GP System. Examples of statistics and analytics include, but do not restrict to:

Total number of government procurement opportunities advertised online; breakdown by Ministry, by procurement entity, by economic sector, etc.;

Total number of electronic submissions by bidders; breakdown by size of firm (large/ medium/small/micro); breakdown by economic sector;

Total number of bidders being awarded contracts (or sub-contracts); breakdown by size of firm (large/medium/small/micro); breakdown by economic sector;

Average number of bidders per advertised procurement opportunity;

Price trends in standard items procured;

Total number of government bidding documents made available online;

Average time taken for tender preparation activities;

Average time taken for tender processing;

Average time taken from contract award to commencement of work;

⁴³ In the process of revising the guidelines, NPC may wish to take into consideration a recommendation published in the Public Procurement Modernization and Reform Assessment Report, suggesting a reduction of the number of bidding methods and a simplification of related rules (The World Bank & Asian Development Bank, 2012).

⁴⁴ in alignment with recommendations in (The World Bank & Asian Development Bank, 2012)

⁴⁵ idem

Average transaction cost; breakdown by procuring method;

Proportion of current contract issues: over budget, over time, quality issue, etc; breakdowns by Ministry, by procurement entity, by economic sector, by size of firm (large/medium/ small/micro), etc.;

Proportion of suppliers satisfied with the current procurement process;

Proportion of suppliers lodging complaints regarding transparency, integrity, fairness and efficiency of the government procurement process.

Audit trails and other auditing capabilities⁴⁶ — Logs access to The SL e-GP System. Logs all advertising and e-information entries. Logs bid committee decisions and meeting minutes, and keeps related log available to auditors. Logs all encryption/decryption actions for bid submissions. Logs all transactions committed through e-Ordering and e-Payment. Keeps all logs available to auditors. Supports indexing of all logged information. Supports analytical querying, aggregation, statistics and reporting. Supports cross-querying with information mentioned under Data analytics & reporting above.

IMPLEMENTATION PLANNING AND TIMELINE

Leadership, Institutional Structures and Planning

The mandate of the National Procurement Commission as defined in the Constitution of the Democratic Socialist Republic of Sri Lanka (2015 revision, Chapter XIX.B) makes this institution appear as the best positioned for taking the leadership of the transition toward e-Government procurement.

Henceforth, it is recommended that NPC initiate the transition toward e-Government procurement i.e. the starting point of the e-GP readiness roadmap, by undertaking the following steps:

1. Initiate and drive the revision process of the procurement policy framework⁴⁷, along the guidelines presented in section 3.2;
2. Develop a broad capacity building plan to benefit GoSL in the prospect of the implementation of the present roadmap, and oversee the execution of that capacity building plan;
3. Appoint a dedicated Project Management Unit (PMU), to assist NPC in various aspects of project implementation, including but not restricted to: definition of project scope; business process reengineering; specification of requirements for The

⁴⁶ in alignment with recommendations in (The World Bank & Asian Development Bank, 2012)

⁴⁷ To that end, NPC may wish to consider forming of a steering committee gathering key stakeholders, including but not restricted to MoF Department of Public Finance (DPF), the Auditor General (AG), the ICT Agency of Sri Lanka (ICTA), the Construction Industry Development Authority (CIDA) as well as private sector representatives such as the National Chamber of Commerce of Sri Lanka (NCCSL) and the Federation of Information Technology Industry (FITIS).

SL e-GP System; selection of appropriate ICT consulting providers; and practical aspects of change management;

4. Secure enabling support and resources for PMU toward a successful delivery of The SL e-GP System;
5. Provide continuous oversight of PMU's activities, especially the development of The SL e-GP System, so as to ensure that the system being developed is aligned with GoSL's general objectives and with the readiness roadmap's specific objectives;
6. Develop, and deliver (or outsource delivery of) a capacity building and training plan for GoSL entities involved in transversal activities i.e. DPF with respect to procurement monitoring activities and NPC with respect to procurement audit;
7. Seek possible synergies with GoSL stakeholders at the Ministry of Justice in charge in charge of the Open Government Partnership⁴⁸ and related strategic plan.

Upon its inception, PMU should undertake preliminary steps as follows:

1. Develop an overall implementation plan which should cover the following areas:
 - a. definition of project scope, deliverables and realistic milestones;
 - b. project initiation and startup;
 - c. business process reengineering⁴⁹;
 - d. planned integration with existing systems⁵⁰;
 - e. functional and non-functional specifications⁵¹;
 - f. implementation schedule;
 - g. change request and renegotiation procedures;
 - h. user acceptance testing;
2. Develop a risk management plan for the project;
3. Develop a change management and training program⁵²;
4. Develop an adoption strategy (see section 3.5.2 below).

Then PMU, under the oversight of NPC, should undertake implementation steps as follows:

⁴⁸ <http://www.opengovpartnership.org/about>

⁴⁹ see section 3.3.2

⁵⁰ see section 3.4.2

⁵¹ see sections 3.4.5 and 3.4.6

⁵² see section 3.3.1

1. Determine, within the implementation plan, the scope of activities that may be carried out by GoSL to the best of its capacity, and the scope of activities which should be outsourced to a third-party consulting provider;
2. Compose an implementation team within PMU, or build capacity within PMU so as to cover the areas of competences essential to the project;
3. Source and appoint appropriate consulting provider;
4. Initiate the development of The SL e-GP System according to the agreed upon implementation plan, and drive that development to completion;
5. Initiate and conduct change management and training program;
6. Initiate and conduct adoption strategy.

All of the preparatory steps listed above should be completed over an indicative period of about six (6) months — except for the development of The SL e-GP System, which may extend and overlap with the successive phases of rollout (see next section).

Phasing and Piloting of e-GP Deployment

Based on the information collected through the present e-GP readiness assessment, and akin to recent and successful e-GP development projects in other countries of the region, it is recommended that the deployment of e-GP in Sri Lanka follow a piloting and phasing model.

Each phase will deal with the integration of a given subset of e-GP functions in everyday procuring processes, and will span an overall indicative period of 24 months staged as follows:

1. **Training and evaluation [6 months]:** The subset of e-GP functions under scope is deployed to a small user group (i.e. a pilot group) including initial and/or ongoing training. The pilot group uses that subset of e-GP functions for performing everyday procurement operations, in parallel with the former procurement practice.
2. **Feedback and enhancements [6 months]:** Then the pilot group provides feedback and suggests enhancements. The SL e-GP System and allied business processes are further revised accordingly. During that same period, all other procuring entities aside from the pilot group receive initial training.
3. **Rollout and parallel use [6 months]:** The revised SL e-GP System is deployed and all procuring entities use the subset of e-GP functions for performing everyday procurement operations, in parallel with former procurement practices.
4. **End of former practices [6 months]:** All procuring entities gradually substitute former practices to e-GP, for the subset of e-GP functions under scope.

The recommended sequence of phases is presented in Table 3 below, along with an indicative timeline.

It should be noted that a range of factors might influence the timeline of implementation: quality of training; rate of adoption by end-users (i.e. local governments and private sector); responsiveness of ICT consulting provider in charge of implementing enhancements; to name a few.

Also, the timeline may be further condensed by allowing some degree of overlap between phases, to the best of PMU's management capacity.

Table 3. Phasing of integration of e-GP in everyday operations.

e-GP function	Phasing	Piloting	Timeline (indicative)
The Procurement Portal: a) e-Advertising; b) Information services; c) e-Tendering. The Procurement MIS: d) Procurement preparation & planning; e) Workflow management capability; f) Awarding.	PHASE 1	Training and evaluation	6 months
		Feedback and enhancements	6 months
		Rollout and parallel use	6 months
		End of former practices	6 months
The Procurement Portal: a) e-Registration; b) e-Catalogues; c) e-Purchasing; d) e-Auctions; e) e-Invoicing & e-Payment. The Procurement MIS: f) Attestation; g) Contract management; h) Data analytics & reporting; i) Audit trails and other auditing capabilities.	PHASE 2	Training and evaluation	6 months
		Feedback and enhancements	6 months
		Rollout and parallel use	6 months
		End of former practices	6 months

Driving e-GP Adoption within the Private Sector

Strengthening the Government – Private Sector relationship was identified as an objective of crucial importance (see section 3.1.2). To that end, it is recommended that NPC undertake additional steps as follows:

1. Follow up the progress with appointing a committee to provide education and guidance to companies and contractors, as announced in the 2016 Budget Speech; and in cooperation with the said committee;
2. Develop a business outreach strategy to address existing and potential government suppliers and contractors, with an emphasis on MSME's;
3. Deliver such strategy through information and training seminars on a regular basis, and via business associations and chambers of commerce;
4. Establish a broad-based "consultative committee on public procurement" including key private sector stakeholders with the objective of identifying potential efficiency gains

through improved procurement processes, with particular attention to representatives of the ICT sector;

5. Develop, in collaboration with such consultative committee on public procurement, key performance indicators along procurement processes.

CONCLUSION

A readiness assessment for the transition to electronic Government Procurement (e-GP) was conducted from April to May 2016, which concludes to a favorable alignment of essential factors in support of a successful transition to e-GP.

The leadership and strategic capacity of the Government of Sri Lanka appears to be firmly established and recognized. ICT infrastructure and online services have progressed dramatically over the past decade, and are now poised to successfully support a range of e-Government services including e-GP. Moreover, the balance between potentially protagonist and antagonist influence factors is clearly positive, which indicates that **the present period and context are particularly conducive to a transition toward e-GP.**

An e-GP readiness roadmap was further developed in order to address and bridge remaining e-GP readiness gaps, in alignment with the objectives of the ongoing Public Finance Management reform. That roadmap identifies the National Procurement Commission as the best institution positioned for taking the leadership of the transition toward e-GP, with the support and cooperation of the Ministry of Finance as well as other key agencies and stakeholders. A series of recommendations entail, beginning with the **need to instigate and expedite a revision of the procurement policy framework** — as an initial milestone for the e-GP roadmap.

A phased-approach to substitute former procurement practices by e-GP processes is prescribed, composed of two subsequent or overlapping phases. The first phase is anticipated to be completed within an (indicative) timespan of 24 months, and encompasses the following e-GP areas: procurement preparation and planning; information services including e-Advertising; e-Tendering per se; as well as contract awarding. The second phase of a similar timespan would integrate the following e-GP areas: e-Registration; e-Catalogues; e-Purchasing; e-Auctions; e-Invoicing & e-Payment; contract management; data analytics & reporting; audit trails and other auditing capabilities.

In summary, the present report may be regarded as an **avenue for the Government of Sri Lanka to support its progress toward some of the most essential goals** set out for the present mandate, namely: cascading good governance to all strata of the society; increasing government revenue through more effective tax collection; rationalizing unnecessary government expenditure; achieving higher economic performance; digitalizing the economy; enhancing investment and business climate in the country as a result of good governance; exploring the possibility of entering into free trade agreements with countries; following more transparent market-oriented policies; and fostering the development of Micro/Small and Medium Enterprises (M/SMEs).

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ANNEX I: E-GP READINESS ASSESSMENT

— SURVEY METHODOLOGY

A survey instrument was developed for the purpose of this e-GP readiness assessment conducted under STAIR in 2016. It reused the nine main assessment components of an earlier e-GP survey framework recommended by multilateral development banks (Procurement Harmonization Project, 2004), as briefly described in Table 4 below.

Table 4. Components of e-GP Readiness Assessment

Strategic Foundations	Components
Institutional Capacity (the capacity for government to set directions and lead and resource the changes required).	<p>Leadership and Strategy (vision, sponsorship, resources, stakeholder support and implementation support).</p> <p>Human Resource Management (education, skills development, expertise and career development).</p>
Governance (putting the rules, management support, performance monitoring and evaluation to support e-GP in place).	<p>Planning and Management (strategic planning and re-engineering of management protocols and processes).</p> <p>Policy (setting intent and guidelines that can be consistently applied).</p> <p>Legislation and Regulation (supporting rules and the external and internal monitoring of the efficiency, performance and compliance in relation to the total approach to e-GP).</p>
Business Functionality and Standards (sustainable infrastructure, support services and common standards are developed to ensure accessible, integrated and consistent procurement services can be put in place).	<p>ICT Infrastructure and Online Services (ensuring reasonable access to, and quality of e-services and their sustainable development and maintenance).</p> <p>Standards (development of management, procurement and technical standards to ensure consistency of the approach to e-GP and interoperability across the systems involved).</p>
Third Party Involvement (ensuring the private sector is enabled to both participate and be involved in e-GP)	Private Sector Integration (suppliers are enabled and have incentives to participate in e-GP).
Change Management Considerations (ensuring factors of traction and resistance for the e-GP transition are known a priori)	Environmental influence (protagonist and antagonist factors anticipated by e-GP stakeholders).

Each component was introduced by a statement of international best practices, also adapted from (Procurement Harmonization Project, 2004), and followed by a number of sub-components that were adapted to the particular context of Sri Lanka and the specific

purpose of this assessment — see Annex-2. In addition to the nine components, complementary information was also collected from key informants in terms of priority areas for change. All components, sub-components and complementary information were bundled into a questionnaire that was implemented as both hardcopy and online formats⁵³.

STAIR project consultants and staff captured survey information as per the following sequence:

1. Selecting demand-side informants from line Ministries and Government agencies (donors with specific knowledge on Sri Lanka public financial reform were also invited to complete the online questionnaire);
2. Conducting interviews for the purpose of capturing relevant information;
3. Refilling separate instances of the online questionnaire using the information captured during each interview;
4. Sharing links to online and prefilled questionnaire for further review/editing/addition by informants.

A second and shorter version of the same questionnaire was prepared for supply-side informants by selecting a subset of questions relevant to that audience. A variety of key informants were selected, i.e. representatives of chambers of commerce, sectoral associations, other business associations and large private companies. Then the same information collection sequence as described above ensued. Furthermore, the link to that supply-side version of the questionnaire was also diffused via professional online networks such as selected LinkedIn groups.

Information collected by means of interviews, field observation and online questionnaire was further consolidated so as to reflect, for each of the eight e-GP readiness components under scrutiny: a) the average level of readiness and b) the degree of consensus between respondents' views. Degree of consensus was not considered in earlier e-GP readiness assessment studies and is an original addition by the author of the present report. It may be regarded as the qualitative counterpart to the quantitative variable.

⁵³ The online questionnaire may still be accessible for a limited time after the release date of this report, via the following link: https://usaidstair.formstack.com/forms/e_gp_readiness_assessment_supplier

ANNEX 2: E-GP READINESS ASSESSMENT — SUMMARY OF SURVEY RESULTS

This annex presents a summary of views from respondents for every component and sub-component of the e-GP readiness survey. Information is laid out as follows. Results related to a given sub-component are rendered in a table whose top row reproduces the question in scope and the middle row presents a synthesis of views. In the bottom row, respondent ratings of readiness level are synthesized using either of the following codes: Fully in place | Partly in place | Not in place⁵⁴. Then the degree of consensus between respondent ratings and views is reflected using either of the following codes: Strong | Fair | Weak⁵⁵. The last cell of the table indicates a readiness rating produced by the analyst and author of this report, ranging from 1 to 4⁵⁶ and presented as both a visual code and a figure.

Results related to the ninth component titled “Change Management Considerations” are presented using the same layout. However, because of the phrasing of questions, respondent ratings are aggregated against the following codes: Applies fully | Applies somewhat | Does not apply.

This annex ends with a synthesis of priorities for change as expressed by respondents, reflecting expected benefits from e-GP as well as prevalence scores.

Leadership and Strategy —

Sub-component	[1.1] The government has set a vision and objectives for procurement.		
Synthesis of responses	Vision and objectives are conveyed in introduction to the Government Procurement Guidelines (GPGl) 2006. They were also reinforced recently in the 2016 Budget Speech. Furthermore, the government is currently focusing on elaborating a strategy for public finance management (PFM) reform.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Strong	Analyst readiness rating: ■■■■ (4)

⁵⁴ Possible ratings: [**Fully in place** | **Partly in place** | **Not in place**]. This rating reflects a synthesis of readiness level ratings expressed by informants concerning the sub-component in question.

⁵⁵ Possible ratings: [**Strong** | **Fair** | **Weak**]. This rating was produced by the analyst and author of this report in order to reflect the variability across informant views and ratings.

⁵⁶ Possible ratings: [1 | 2 | 3 | 4]. This rating was produced by the analyst and author of this report in accordance with the following interpretation:

1 = No evidence that subcomponent is in place and no evidence it is supported.

2 = Little evidence that subcomponent is in place and little or no evidence it is supported.

3 = Some evidence that subcomponent is in place and some evidence it is supported.

4 = Adequate evidence that subcomponent is in place and adequate evidence it is supported.

Sub-component	[1.2] The government's vision and objectives were developed in consultation with the key stakeholders in procurement.		
Synthesis of responses	GPGI 2006 were prepared in consultation with the key stakeholders in procurement. Also, the PFM Reform Strategy was developed subsequent to a workshop that was attended by all the key stakeholders from the government of Sri Lanka. However, differing readiness ratings were shared among public sector respondents.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■■ (4)

Sub-component	[1.3] The government's vision and objectives have been made public.		
Synthesis of responses	In a few public statements, the Prime Minister has expressed his desire to attend the weak procurement system. Vision and objectives are clearly mentioned in GPGI 2006. However, the level of awareness of the government's vision and objectives in general and GPGI 2006 in particular appears to be limited within the business community.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[1.4] The government has issued plans for procurement modernization.		
Synthesis of responses	Government has recognized the importance of procurement modernization. The PFM reform strategy is currently under discussion.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■ (2)

Sub-component	[1.5] The government has nominated a sponsor for procurement modernization and change.		
Synthesis of responses	In accordance with the Constitution of the Democratic Socialist Republic of Sri Lanka, Chapter XIX.B (2015 revision), the National Procurement Commission (NPC) has now been nominated. It is currently undergoing the needed capacity building so that it is able to undertake its main function i.e. "formulate fair, equitable, transparent, competitive and cost effective procedures and guidelines, for the procurement of goods and services, works, consultancy services and information systems by government institutions" — implicitly also covering modernization and change. Another form of sponsoring is that offered by USAID and the World Bank in support of e-GP development and possibly entailing Public Private Partnership (PPP) development.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[1.6] A government lead agency is available to provide leadership for procurement management and modernization.		
Synthesis of responses	There exists division of labor and coordination between NPC and the Department of Public Finance (DPF) or the Ministry of Finance in order to provide leadership for procurement management and modernization.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[1.7] The government lead agency has adequate resources to provide its leadership role (for example, an implementation group).		
Synthesis of responses	NPC is newly set up and yet to operate in full strength. It currently relies on the operational assistance of DPF, which in turn needs to strengthen human resources and technology support.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Weak	Analyst readiness rating: ■ (1)

Sub-component	[1.8] The government lead agency has the authority to manage and modernize procurement.		
Synthesis of responses	NPC is newly set up and yet to operate in full strength. It currently relies on the operational assistance of DPF. Resolutions pertaining to division of labor between NPC and DPF are expected soon.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[1.9] The government lead agency is currently providing leadership to resolve some key issues in procurement (such as policies, governance issues, human resources management, standards adoption, third party involvement and application of technology).		
Synthesis of responses	NPC is just established and awaiting the employment of supporting staff. In the interim, DPF resolve key issues in procurement, to the best of its capacity and competences. However, a key issue such as the application of technology in public procurement is currently considered out of the scope of either NPC's or DPF's leadership.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■ (2)

Sub-component	[1.10] The government is involving a range of key public and private sector and community stakeholders to support procurement management and modernization.		
Synthesis of responses	DPF has identified the need for the involvement of key stakeholders in public procurement. So have a range of private sector stakeholders.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Sub-component	[1.11] Overall the government has the capacity to lead, resource and implement procurement modernization.		
Synthesis of responses	Supplementary expertise and competences are required, such as professionals with adequate experience to support modernization interventions.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■■ (3)

Human Resource Management —

Sub-component	[2.1] There is an agency or function responsible for human resource management issues in relation to procurement.		
Synthesis of responses	DPF carries out two essential HR activities: a) appointing Procurement Evaluation Committees and Technical Evaluation Committees for Cabinet-level procurement;		

	b) conducting capacity building programs for officers involved in public procurements.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

Sub-component	[2.2] The government has access to internationally recognized sources for human resource development in procurement.		
Synthesis of responses	GoSL is currently benefiting from training seminars delivered under STAIR, on procurement-related topics e.g. audit manual. Further activities might entail this e-GP readiness assessment and roadmap, including training seminars specific to e-GP.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

Sub-component	[2.3] An education and training program for executives, managers and staff in strategic and operational procurement is in place.		
Synthesis of responses	There are few organizations conducting related capacity building programs, e.g.: DPF; CIDA ⁵⁷ , SLIDA ⁵⁸ and APFASL ⁵⁹ .		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■ ■ (2)

Sub-component	[2.4] Education and training related to government procurement is available to suppliers.		
Synthesis of responses	An announcement was conveyed in the 2016 Budget Speech as per the appointment of a committee to provide education and guidance to companies and contractors.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Sub-component	[2.5] Information related to government procurement is disseminated and available to the business community.		
Synthesis of responses	The business community may access MoF's and CIDA's websites and download MoF annual report.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[2.6] The range of expertise required to plan and implement a strategic implementation plan for e-GP is available to government.		
Synthesis of responses	Related expertise is currently made available to GoSL via STAIR, an output of which is the present report. The Ministry of Telecommunications and Digital Infrastructure and its affiliated agencies and SOEs including ICTA host adequate expertise to support the technology component of a transition to e-GP.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ (3)

⁵⁷ CIDA: Construction Industry Development Authority

⁵⁸ SLIDA: Sri Lanka Institute of Development Administration

⁵⁹ APFASL: Association of Public Finance Accountants of Sri Lanka

Sub-component	[2.7] Actions have been taken to review the jobs and responsibilities of procurement managers and staff, to ensure a viable career structure is in place and modernization issues can be addressed.		
Synthesis of responses	Public procurement has not been identified as a professional career path yet.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Sub-component	[2.8] There is a recognizable change management strategy in operation to assist procurement modernization and change.		
Synthesis of responses	A related area of public finance, namely Treasury, has elaborated a change management strategy for the modernization of its operations and the implementation of the Integrated Treasury Management Information System (ITMIS).		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Policy —

Sub-component	[3.1] The government has assessed the current procurement environment on a wide range of issues to both understand the existing environment and to assist future procurement planning.		
Synthesis of responses	GoSL had requested the World Bank and ADB to carry out an assessment of the public procurement system in Sri Lanka and the outcome of 2012 is now endorsed by the government. This assessment comprehensively covers all aspects of public procurement. Actions have been initiated to address some of the issues identified.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Strong	Analyst readiness rating: ■■■■ (4)

Sub-component	[3.2] The reports on any assessment have been made public and comment invited from key stakeholders.		
Synthesis of responses	Actions have been initiated in order to respond to recommendations of the joint assessment carried out by the ADB and The World Bank in 2012. Those actions are visible to the public.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■ (2)

Sub-component	[3.3] A strategic plan is available, which sets deadlines, responsibilities and financing for the future development of government procurement (which may also include e-GP) at the National and Regional level.		
Synthesis of responses	The draft PFM Reform Strategy identifies e-GP, PPP and capacity building as critical needs and reform areas, and contains an indication of timeline.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■ (2)

Sub-component	[3.4] Any available plan for procurement has the support and involvement of key public sector, business and community stakeholders.		
Synthesis of responses	Need has been recognized to support the private sector and encourage their involvement in public procurement in more productive manner.		

Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)
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Sub-component	[3.5] Any available plan for procurement is linked to other government plans for managing and delivering services (e.g. financial systems plans, e-Government).		
Synthesis of responses	The need to link Action Plan and the Procurement Plan with the Government Budget has been recognized. Fulfilling such need is part of the PFM Reform Strategy. In the interim, ICTA has initiated a variety of projects for the purpose of linking e-Government information systems together e.g.: Lanka Government Network; Lanka Government Cloud; Computer Emergency Readiness Team (CERT); etc.		

Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■ (2)
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Sub-component	[3.6] A consistent approach to procurement based on common processes and guidelines is consistently applied across government agencies.		
Synthesis of responses	GPGl 2006 provide the common platform for public procurement. However, there still lacks monitoring and evaluation systems to gauge compliance. Also, GPGl 2006 need to be updated on a various fronts. There appears to be room for reinforcing a "community of practice" across various ministries and procurement entities.		

Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)
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Sub-component	[3.7] Common management, process and technical standards are being applied to procurement (e.g. UN Standard Product and Services Code).		
Synthesis of responses	For projects falling under The World Bank's new Procurement Framework, The World Bank will invite GoSL to start applying codes enforced under The World Bank-funded projects. Procurement performed in the Ministry of Power and Renewable Energy relies on standard specifications — e.g. those used by Ceylon Electricity Board (CEB).		

Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■ (2)
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Sub-component	[3.8] A lead agency is in place to monitor and guide government procurement on a day-to-day basis.		
Synthesis of responses	The need has been recognized to monitor the Government procurement on a regular basis. The 2016 Budget Speech has announced the creation of such lead agency.		

Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)
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Sub-component	[3.9] Clear procurement guidelines and procedures are well documented and easily available to government agencies and suppliers.		
Synthesis of responses	GPGl 2006 are used on all levels of public procurement. However, the awareness of GPGl 2006 within the business community appears to be somewhat limited.		

Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■■ (3)
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Sub-component	[3.10] Procurement processes and workflows have been modeled. Resulting models have been documented using conventional visual diagrams. Models		
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	and visual diagrams are kept up to date.		
Synthesis of responses	The Procurement Manual includes detailed descriptions of workflows and procurement process. A more thorough business process modeling effort has applied to a related area that is Treasury, while developing ITMIS.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)
Sub-component	[3.11] The procurement procedures and guidelines are consistently applied across government agencies.		
Synthesis of responses	GPGI 2006 apply to all procurement entities.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ ■ (4)
Sub-component	[3.12] Government agencies or a central agency assess the feasibility and risks associated with major procurement projects.		
Synthesis of responses	It is understood that NPC's capability will eventually cover such activities.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)
Sub-component	[3.13] Specialized procurement processes are developed for specialized goods, common goods and/or major capital assets.		
Synthesis of responses	Value-based thresholds apply and determine the appropriate level of processing i.e.: Department-level vs Ministry-level vs Cabinet-level. Specialized procurement processes are in place for products such as pharmaceutical goods, petroleum and fertilizers. A Central Procurement Agency (CPA) is to be established to handle common use of goods and services. The coordination between NPC, CPA and DPF is yet to be clarified under the ongoing PFM reform.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ ■ (3)
Sub-component	[3.14] Standardized and simplified documents are available to support the procurement process.		
Synthesis of responses	Standard Bidding Documents (SBDs) are used, especially for works.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ ■ ■ (4)
Sub-component	[3.15] Contract outcomes related to service delivery and product/service quality are well managed and reported.		
Synthesis of responses	Contract outcomes are managed and reported by individual Government agencies. However, a variety of perception regarding the quality of management and reporting appears to exist within the business community.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■ ■ (2)

Sub-component	[3.16] Consolidated procurement data on usage, trends, and performance is available to assist government decision-making (e.g. type and cost of consultants used by each government agency).		
Synthesis of responses	Such a capability enters the definition of the function of NPC in the Constitution, Chapter XIX.B. However, NPC needs to be capacitated accordingly.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Sub-component	[3.17] The business community has access to information on the process and the outcomes of procurement decisions.		
Synthesis of responses	As per GPGl 2006, bidders have access to various information on the process and the outcomes of procurement decisions e.g. bid opening (actually witnessed on the field during this survey) and contract awarding. However, access to information on the process and the outcomes of procurement decisions is perceived as a challenge by a fair portion of the business community.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■■ (2)

Sub-component	[3.18] Management controls for monitoring compliance, probity, quality, risk management, efficiency and the performance of the procurement process in all government agencies are in place.		
Synthesis of responses	GPGl 2006 provide a regulatory framework for public procurement, emphasizing the importance of good practices such as efficiency, performance, etc. Capacity building is currently carried out under STAIR in order to capacitate the Auditor General Department and other relevant Government entities accordingly.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Planning and Management —

Sub-component	[4.1] Economic performance (e.g. value for money) has been the object of specific policy development, in the prospect of producing tangible progress on that level.		
Synthesis of responses	Economic performance (e.g. value for money) is amongst the core principles, and reminded as such in GPGl 2006. However, it is not practiced systematically and there is no mechanism to monitor actual outcomes. It is understood that the ongoing PFM reform will place more emphasis on value for money, transparency, accountability and efficiency.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■ (2)

Sub-component	[4.2] Business environment, SME participation and regional economic development have been the object of specific policy development, in the prospect of producing tangible progress on that level.		
Synthesis of responses	The ongoing PFM reform will address such concerns.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Weak	Analyst readiness rating: ■ (1)

Sub-component	[4.3] Environmental sustainability has been the object of specific policy development, in the prospect of producing tangible progress on that level.		
Synthesis of responses	Green procurement and eco-labeling have been identified as key areas for the revision of Government procurement guidelines.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Fair	Analyst readiness rating: ■ (1)

Sub-component	[4.4] ICT standards including interoperability standards, ICT licensing, ICT Total Cost of Ownership (TCO) and ICT capacity building have been the object of specific policy development, in the prospect of producing tangible progress on that level.		
Synthesis of responses	ICT standards including interoperability standards is one of the matters handled by the ICT Agency (ICTA) of Sri Lanka. Important advances have already been realized, and ICTA is well capacitated to offer support and guidance to all line Ministries and Government agencies. For example, Lanka Interoperability Framework (LIFe) is an initiative undertaken by the Ministry of Public Administration and Home Affairs in collaboration with Information and Communication Technology Agency (ICTA) to establish recommendations for common data architecture and standards for data exchange for the Government of Sri Lanka. Integration within e-GP policy remains to be realized.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■■ (3)

Sub-component	[4.5] A policy review process is in place that has authority to recommend change.		
Synthesis of responses	NPC is mandated to oversee the national public procurement. It has been instituted recently and is awaiting full capacitation before functioning.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■■ (3)

Sub-component	[4.6] Procurement policies are easily available and supported by education programs and expert advice.		
Synthesis of responses	Procurement policies are being developed with suggestions and expert's advice. Resulting procurement guidelines and manuals are available. However, a structured education program or an expert platform on procurement matters is still lacking.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■■■ (3)

Sub-component	[4.7] There is independent monitoring of compliance with policies and policy outcomes.		
Synthesis of responses	Capital projects of the Government are monitored by the Department of Project Management and Monitoring (DPMM). In addition, a separate monitoring division under MoF will be set up in order to monitor all Government procurements.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■ (2)

Sub-component	[4.8] Procurement policy is linked to policies on e-Commerce, e-Government and industry development.		
Synthesis of responses	Procurement policies are linked to Industry and Regional Economic development. It is understood that the introduction of e-GP will imply further linkage between procurement policy, e-Commerce and e-Government policies. An effort is currently being made in that direction (independently from this e-GP readiness and roadmap).		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

Legislation & Regulation —

Sub-component	[5.1] Direct specific procurement legislation to cover the existing procurement environment is available.		
Synthesis of responses	GPL-2006 is not supported by a specific legal Act. GoSL is planning to have a separate law on Public Finance which will cover the procurement legislation.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Sub-component	[5.2] Other wider supporting legislation addressing procurement related issues is available (e.g. privacy laws, laws on the behavior of public officials, etc.).		
Synthesis of responses	The common law of the country provides the basic legal framework for the procurement which includes privacy laws, sales of goods, electronic transactions, etc.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[5.3] Specific legislation has been enacted to support the requirements of e-procurement (e.g. use of electronic documents).		
Synthesis of responses	Sri Lanka has enacted a suite of legislation relevant for creating an enabling legal environment for the information society. This includes the Electronic Transactions Act No. 19 of 2006, Computer Crimes Act No. 24 of 2007 and the Intellectual Property Act No. 36 of 2003. The government plans to develop an e-procurement system and develop necessary legislation in the medium term.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[5.4] Specific legislation is in place to link procurement law and practice with the requirements of international trade agreements and other international arrangements.		
Synthesis of responses	This area has been recognized as a weakness in general, and regarding the procurement of spare parts for railways in particular.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Sub-component	[5.5] Initiatives to modernize legislation and the law in relation to procurement are in progress or have taken place.		
Synthesis of responses	GPL-2006 is being revised and new guidelines will be issued with the new Financial		

responses	Regulations in 2016. This will be enacted by the Parliament.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■■ (3)

Sub-component	[5.6] An independent agency or agencies (Regulator) with clear, enforceable powers to regulate both the procurement policy and legislation and the conduct of the procurement process is in place.		
Synthesis of responses	NPC was institutionalized with the 19 th amendment to the Constitution, with the authority to regulate both the procurement policy and legislation. It is understood that, once adequately capacitated and in function, NPC will work clarifying regulatory matters where needed.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■■■ (3)

Sub-component	[5.7] Legislation is in place and applied to support the role and authority of the regulator(s).		
Synthesis of responses	GoSL is planning to have a separate law on Public Finance which will cover the procurement legislation. NPC was institutionalized with the 19 th amendment to the Constitution, with the authority to regulate both the procurement policy and legislation.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■ (2)

Sub-component	[5.8] The regulator(s) is sufficiently resourced to carry out its role.		
Synthesis of responses	As the NPC was set up recently, NPC still lacks the required capacity. Actions have taken place in order to strengthen to NPC, including support provided under STAIR.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Fair	Analyst readiness rating: ■ (1)

Sub-component	[5.9] A process is available to independently audit any government agency that has procurement responsibilities.		
Synthesis of responses	The Auditor General Department, NPC, Internal Auditors of individual organizations and the newly set up independent Audit Commission are responsible for procurement audit of the public sector organizations. It is understood that the Auditor General Department requires further capacity building therefore.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■■ (2)

Sub-component	[5.10] The government has comprehensive procurement information made available to it to assist the management of its procurement function.		
Synthesis of responses	Presently GoSL does not have a procurement information system to facilitate public procurement functions of the public sector organizations. Government has acknowledged the need for such a system and is currently seeking international assistance therefore.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Sub-component	[5.11] The government has given an agency responsibility for setting standards for the national and international operation of the procurement function (e.g. item codes).		
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Synthesis of responses	National Procurement Commission was set up with the authority of setting standards for the national and international operation of the procurement function.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

Sub-component	[5.12] Government agencies are required to report on their procurement activities and achievement of procurement outcomes.		
Synthesis of responses	Under the current Financial Regulations, procurement activities and achievement of procurement outcomes should be published. Monitoring and evaluation systems are still lacking.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[5.13] Some form of accountability monitoring is applied to agencies with devolved responsibilities for government procurement.		
Synthesis of responses	The Secretaries are considered as Chief Accounting Officer of their respective ministries. There is a system of surcharging them and the responsible officials who deviated from the set principles. However, that arrangement does not appear to apply systematically. Concerning medical procurement, some form of accountability monitoring is performed by the National Medical Regulatory Authority.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

Sub-component	[5.14] Procurement Laws and regulations may be changed in response to developments in technology, e-GP and e-Commerce.		
Synthesis of responses	New developments in procurement such as e-GP and PPP will be included in the new Public Finance Bill to be presented in Parliament soon. Suggesting changes to laws and regulations in response to developments in technology, e-GP and e-Commerce is part of the mandate of ICTA.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

ICT Infrastructure and Online Services —

Sub-component	[6.1] An effective ICT infrastructure enables reliable Internet connectivity throughout the entirety of the national territory: wireless Internet connectivity based on telecommunication technologies (3G/4G/etc.); wired Internet connectivity based on optic fiber cable or ADSL; etc.		
Synthesis of responses	Internet connectivity is available almost over the entirety of the national territory. Some service level gaps remain in some remote areas. The Internet is commonly in use by nearly 75% of government agencies. However, bandwidth appears to be an issue in some government agencies, especially those located in provinces and not benefiting from a connection to the Lanka Government Network (LGN). A gap of service level still separates urban and rural locations.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ (3)

Sub-	[6.2] The government is able to rely on its own data centers in order to operate e-Government applications, while meeting essential requirements		
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component	such as data consistency, protection and persistence.		
Synthesis of responses	MoF possesses and operates its own data center, that will host MIS's such as ITMIS (currently under development) and perhaps also the e-GP system. ICTA is responsible for implementing and operating the Lanka Government Cloud (LGC), which will eventually host all e-Government applications and deliver most of them as Software as a Service (SaaS). LGC is due to be fully operational by late 2016 or 2017.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[6.3] ICT infrastructure and government data centers enable efficient data flow.		
Synthesis of responses	It is understood that implementation of LGN implies milestones, with 300 organizations to be connected by end of 2016.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[6.4] There exists a continuum of support for Sri Lanka official languages i.e. Sinhalese and Tamil scripts: from system keyboards to web browsers, to websites, to desktop and mobile device operating systems, to database management systems.		
Synthesis of responses	Such continuum of technology support exists. However, basic ICT training may be needed in a number of Government agencies in order to install adequate keyboards and apply adequate configuration.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[6.5] Sinhalese and Tamil scripts are supported by universal data encoding standards — typically UNICODE — allowing full-text search of standalone documents, websites and more importantly, databases using either Sinhalese or Tamil script. Those data encoding standards are widely adopted by the local website/software development community.		
Synthesis of responses	UNICODE is indeed the dominant encoding for Sinhalese and Tamil scripts in Sri Lanka.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Strong	Analyst readiness rating: ■■■■ (4)

Sub-component	[6.6] Basic online services are available to Internet users such as web search engines, web-based email, online document storage facilities, online collaboration applications, etc.		
Synthesis of responses	Such kinds of basic services are available, provided an Internet connection is available and the bandwidth is adequate.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Strong	Analyst readiness rating: ■■■■ (4)

Sub-component	[6.7] Geographical areas where potential e-GP users live are powered with reliable Internet connectivity and basic online services.		
Synthesis of responses	Line Ministries and departments in major cities are powered with reliable Internet connectivity and basic online services. Other Government entities may face challenges.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[6.8] There exists a wide adoption of ICT and online services in geographical areas where potential e-GP users live.		
Synthesis of responses	Challenges have been mentioned due to geographical location (i.e. rural or remote areas), computer literacy (applying to both public sector and suppliers) and cost of ICT equipment (for modest independent workers). However, it is generally considered that all such challenges may be easily overcome.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Fair	Analyst readiness rating: ■■■■ (4)

Sub-component	[6.9] The web presence of the government in general — and of government agencies involved in public procurement in particular — allows a sufficient level of awareness among Sri Lankan citizens.		
Synthesis of responses	Almost 500 government agencies now have a portal or website. Over 25 e-services have been deployed.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[6.10] The government already has successful experiences with developing, operating, administering and maintaining transactional e-Government systems.		
Synthesis of responses	ITMIS is an example of a transactional e-Government system, currently under development under the supervision. Foundational and transferable experience has been gained by MoF in that process.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[6.11] The government has access to software consulting/engineering firms that adopt international best practices for business analysis, business process modeling and system/software architecture.		
Synthesis of responses	MoF has hired the services such software consulting/engineering firms for the ITMIS development project.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Strong	Analyst readiness rating: ■■■■ (4)

Sub-component	[6.12] The government has access to software consulting/engineering firms that adopt international best practices for software engineering including design, coding, quality assurance and project management.		
Synthesis of responses	MoF has hired the services such software consulting/engineering firms for the ITMIS development project.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Strong	Analyst readiness rating: ■■■■ (4)

Sub-component	[6.13] Standards have been developed and a purposeful middleware is place in order to enable effective interoperability across government information systems and third parties.		
Synthesis of responses	Lanka Interoperability Framework (LIFe) is an initiative co-developed by ICTA to establish recommendations for common data architecture and standards for data exchange for the Government of Sri Lanka.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[6.14] The government has access to software consulting firms that supply training and capacity building covering aforementioned aspects.		
Synthesis of responses	Access to such software consulting firms may be gained via ICT business associations such as FITIS ⁶⁰ and SLASSCOM ⁶¹ or via Academia-hosted expertise centers such as the University of Moratuwa.		
Assessment results	Respondent ratings: Fully in place	Degree of consensus: Strong	Analyst readiness rating: ■■■■ (4)

Standards —

Sub-component	[7.1] The government has taken a leadership role in setting a policy framework on standards.		
Synthesis of responses	GPGI 2006 and revised guidelines provide the basic regulatory framework for public procurement based on key principles.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■ (2)

Sub-component	[7.2] The government is collaborating with the private sector and/or standardization bodies in attempting to set standards.		
Synthesis of responses	The development of ICT standards by ICTA has implied some degree of collaboration with the private sector and ICT standardization bodies. However, it appears to be an isolated case of collaborations of that kind.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■ (2)

Sub-component	[7.3] The existing legislation is technology-neutral rather than technology-biased or vendor-biased.		
Synthesis of responses	Further policy development is required in order to clarify the position of GoSL regarding the preference of open source solutions vs proprietary solutions.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Fair	Analyst readiness rating: ■ (1)

Sub-component	[7.4] The government has supported the provision of open standards.		
Synthesis of responses	ICTA appears to be favoring the utilization of open standards. However, further policy		

⁶⁰ FITIS: Federation of Information Technology Industry

⁶¹ SLASSCOM: Sri Lanka Association for Software and Services Companies

responses	development is required in order to clarify the position of GoSL regarding the utilization of open standards vs proprietary solutions.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

Sub-component	[7.5] The government is collaborating with its international trading partners to achieve interoperability while modernizing procurement.		
Synthesis of responses	Such an expectation appears to be premature at this stage.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Fair	Analyst readiness rating: ■ (1)

Sub-component	[7.6] Standards related to the procurement process are in place.		
Synthesis of responses	A number of standards are embedded in GPG 2006. However, standards related to the monitoring the procurement performance are not in place.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[7.7] Standards related to the procurement market are in place.		
Synthesis of responses	Standards are in place in GPG 2006 in relation to works, goods and services. Examples of Government agencies using market-related standards include Ceylon Electricity Board (CEB).		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[7.8] Standards related to procurement systems (where applicable) have been put in place.		
Synthesis of responses	Types of procurement and level of procurement with different thresholds are included in GPG 2006.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■ ■ (2)

Private Sector Integration —

Sub-component	[8.1] The private sector participates in decisions related to government procurement.		
Synthesis of responses	Government procurement has been and is still conducted in such a fashion that does not imply private sector participation in any aspect of decision-making.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)

Sub-component	[8.2] There is a high level of consultation between government and business on procurement issues.		
Synthesis of responses	It is a shared view among both public and private sectors that there is not a high level of consultation between government and business on procurement issues.		

Assessment results	Respondent ratings: Not in place	Degree of consensus: Strong	Analyst readiness rating: ■ (1)
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Sub-component	[8.3] Information and advice on procurement policy, regulation and process is freely available to the private sector.		
Synthesis of responses	Notwithstanding the availability of such information to the private sector, a fair portion of the private sector shares a different impression.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■■ (2)

Sub-component	[8.4] Feedback to suppliers on non-successful bids is available.		
Synthesis of responses	Unsuccessful bidders are notified and given an opportunity to appeal. Some private sector respondents reported that detailed feedback on actual shortcomings justifying the evaluation outcome is not always available.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■■ (2)

Sub-component	[8.5] An independent appeal mechanism is in place.		
Synthesis of responses	The Procurement Appeal Board is set up to hear appeals on procurement decisions of cabinet-level procurements while ministries and departments have their own appeal system. Diverging views were expressed in the private sector as per the effectiveness of that appeal mechanism.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[8.6] Costs to participate in government procurement are acceptable to big and small business.		
Synthesis of responses	It is usual practice that the bidders absorb the cost of bidding including the purchase of the bidding document. Costs to participate in government procurement are not acceptable to big and small business all the time.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[8.7] The private sector has confidence in the integrity, fairness, consistency, transparency and efficiency of the existing system.		
Synthesis of responses	Regarding that particular issue, a spectrum of perception appears to be characterizing the private sector, ranging from strong to weak confidence. An illustration of stronger confidence is that of procurement opportunities funded by The World Bank, where bidders invoke the assurance of maintaining procurement principles during the procurement process as a prime reason of their trust in the system.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Weak	Analyst readiness rating: ■■ (2)

Sub-component	[8.8] Plans to ensure SMEs are not disadvantaged by the procurement process, including in terms of cost and difficulty of access, and competition from large companies, are in place.		
Synthesis of responses	Notwithstanding the existence of such plans, situations have been reported of closed tenders relying on supplier lists that are too narrow or inadequate, thereby disadvantaging other suppliers.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

Sub-component	[8.9] Government is providing strategies to assist business to develop catalogues and access to its infrastructure and systems.		
Synthesis of responses	Such kind of strategy and assistance is expected to be addressed in the ongoing PFM reform.		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Fair	Analyst readiness rating: ■ (1)

Sub-component	[8.10] Government is harmonizing its approach to procurement with its regional and international trading partners to assist supplier access.		
Synthesis of responses	Primary method of for informing international trading partners relies on Sri Lanka's diplomatic representations in foreign countries. The procurement process per se follows the approach described in the GPGL2006.		
Assessment results	Respondent ratings: Partly in place	Degree of consensus: Fair	Analyst readiness rating: ■ ■ (2)

Sub-component	[8.11] Training and education on procurement is readily available to all suppliers.		
Synthesis of responses	<p>An announcement was conveyed in the 2016 Budget Speech 2016 as per the appointment of a committee to provide education and guidance to companies and contractors. An expression of interest was also expressed by a private sector stakeholder, namely the National Chamber of Commerce of Sri Lanka, to bring technical assistance with such training and education program once applicable.</p> <p>It is suggested that the transition to e-GP be supported by a comprehensive plan for private sector engagement, including components such as:</p> <ul style="list-style-type: none"> a) engaging sectoral associations; b) engaging consulting firms; c) training suppliers, especially SME's. 		
Assessment results	Respondent ratings: Not in place	Degree of consensus: Fair	Analyst readiness rating: ■ (1)

Sub-component	[8.12] Some private industry sectors have already moved to an e-procurement approach.		
Synthesis of responses	<p>Department of civil aviation is an example of a Government agency conducting e-GP. Also, a fair range of ministries or departments use ICT to assist procurement in one of the three areas identified under GPGL2006, namely: a) publishing of Procurement invitations on website; b) ability for bidders/consultants to inspect pre-qualification (PQ) applications and bidding documents, electronically or otherwise, according to their preference; c) ability for bidders to obtain clarifications through electronic media.</p> <p>It is understood that a range of private firms are already familiar with conducting procurement electronically (not necessarily public procurement), especially export sectors such as trade or business process outsourcing.</p>		
Assessment	Respondent ratings:	Degree of consensus:	Analyst readiness rating:

results	Partly in place	Fair	■ ■ (2)
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Change Management Considerations —

Sub-component	[9.1] There are identified incentives for the government to modernization and develop its approach to procurement.		
Synthesis of responses	The CPAR 2012 (country procurement assessment report) is providing fundamental inputs to the PFM Reform Strategy which is under preparation. The procurement reform is on top priority of the current government. Procurement-related expenses amount to about 25% of total government spending which is 6% of the GDP — hence creating a strong motivation for modernizing public procurement and yield gains in transparency and economic efficiency. A typical incentive scheme such as PPP is to be addressed in the PFM reform strategy.		
Assessment results	Respondent ratings: Applies somewhat	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[9.2] There are identified barriers for the government to modernize and develop its approach to procurement.		
Synthesis of responses	There is will to modernize the public procurement system but the ownership and availability of appropriate skills and competency are the biggest barriers. It understood that a potential assistance from bilateral or multilateral donors is likely to help overcome such barrier.		
Assessment results	Respondent ratings: Applies somewhat	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[9.3] The government has the political will to support procurement change and modernization.		
Synthesis of responses	The new government has the political will to support procurement change and modernization as it may result in saving enormous amount of taxpayers' money.		
Assessment results	Respondent ratings: Applies somewhat	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ (3)

Sub-component	[9.4] Support for procurement modernization and change may be expected from some business communities or civil society organizations.		
Synthesis of responses	The civil society in general and business community in particular is pressing the government to carry out its affairs in more transparent and accountable manner. The private sector understands potential benefits derived from updating their ICT skills through handling modernized procurement systems like e-GP. Most business players and sectoral associations are likely to support a transition to e-GP provided an effective change management plan is enacted.		
Assessment results	Respondent ratings: Applies fully	Degree of consensus: Strong	Analyst readiness rating: ■ ■ ■ ■ (4)

Sub-component	[9.5] Resistance for procurement modernization and change may be expected from some business communities or civil society organizations.		
Synthesis of responses	Resistance may occur from some profile of businesses, typically business owners with low computer literacy or businesses residing in geographical areas with lower ICT/Internet service levels. However, it is generally considered that all such challenges may be easily overcome.		

	Resistance may be overcome by choosing a regulatory scheme that encourages rather than imposes e-GP. Also, adequate training and awareness raising are expected to help overcome resistance.		
Assessment results	Respondent ratings: Applies somewhat	Degree of consensus: Fair	Analyst readiness rating: ■■■ (3)

Sub-component	[9.6] Data on public and industry perceptions of the transparency and integrity of government procurement has been collected and made public.		
Synthesis of responses	Perception in such regards has not been fathomed directly.		
Assessment results	Respondent ratings: Does not apply	Degree of consensus: Fair	Analyst readiness rating: ■ (1)

Priorities for Change —

The final section of the questionnaire invited respondents to identify critical issues to be addressed, in order to improve procurement practice once e-GP is in place. A synthesis of results is presented below, reflecting issues along with expected benefits from e-GP and prevalence scores. The latter scores were derived from the frequency of occurrence of issues indicated by respondents and the prevalence of issues indicated by respondents. They are rendered on a simplified scale from 1 to 3, using both a visual code and a figure.

Issues Currently Experienced	Benefits Expected from e-GP	Prevalence Scores
Overall efficiency	Gains in efficiency: faster preparation and processing times for bids and tenders; reduced printout volumes and paperwork; workflow support. Enhanced contract management.	■■■ (3)
Overall governance	Gains in transparency, consistency, equal opportunity. Gains in accountability, especially regarding medium to high value tenders. Enhanced ability to detect price variations.	■■■ (3)
Registration and qualification of potential suppliers	Ability for procurement entities to build strategic sourcing databases, collect important profiling information, and shortlist contractors/suppliers on the basis of profiling information.	■■■ (2)
Bid preparation, specifications	Gains in accuracy of specifications, especially specifications linked to works.	■■■ (2)
Technical evaluation	Gains in accuracy of evaluation.	■■■ (2)
Economic performance, competition	Selection of most appropriate tendering method and criteria (e.g. lifelong costing vs lowest price). Ability to rely on broader and more diverse supplier lists. Increased competition.	■■■ (2)
International shopping	Enhanced outreach to international suppliers.	■ (1)
Procurement planning	Enhanced planning capabilities, including linkages with treasury information system.	■ (1)
Advertising	Enhanced outreach via e-publication.	■ (1)
Data analytics	Informed decision-making.	■ (1)

Annex 3: Definitions

The following definitions or interpretations are drawn and adapted from four sources⁶²:

1. Procurement Guidelines 2006, Goods & Works, Democratic Socialist Republic of Sri Lanka;
2. Guidelines of Electronic Government Procurement (e-GP) system of Bangladesh as provisioned under Section 65 of Public Procurement Act, 2006 and Rule 128 of Public Procurement Rules, 2008, for the use of the e-GP System;
3. Singapore's Government Procurement Regulations 2014, No. S 269, first published in the Government Gazette, Electronic Edition, on 4th April 2014;
4. Commonwealth Procurement Rules under S105B(1) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), Australia.

These definitions or interpretations prevail in the scope of the present report, and may be reused for further policy development purpose.

“Advertisement” means: an advertisement published in newspapers, websites or any other mass media for the purposes of wide publicity.

“Annual procurement plan” means: a document published via The SL e-GP System, through which relevant entities provide a short summary of their strategic procurement outlook for the coming year and information on significant procurements they plan to undertake.

“Approach to market” means: any notice inviting potential suppliers to participate in a procurement which may include a request for tender, request for quote, request for expression of interest, request for application for inclusion on a multi-use list, request for information or request for proposal.

“Auditors” means: Comptroller and Auditor General of Sri Lanka and its representative(s), or any external, internal and information technology auditors recognized by national and international professional bodies or Government of Sri Lanka and assigned for the purpose of audit.

“Bid” (or Quotation) means: a formal offer by a potential bidder indicating the price and other terms at which the bidder agrees to provide the Goods or Services or to execute the Works, where the offer tendered by the bidder is accepted by the Procuring Entity.

“Centralized registration system” means: the single place for all e-GP users to register and provide credential documents for verification for authenticity for conducting different activities by utilizing tools provided by the e-GP system.

“Certification Authority (CA)” means: a trusted organization (or server) that maintains and issues digital certificates.

⁶² a few definitions are original contributions of the author

“Commercial goods and services” means: commercial goods and services of a type that are offered for sale to, and routinely purchased by, non-government buyers for non-government purposes, including any modifications common in the commercial marketplace and any minor modifications not common in the commercial marketplace.

“Commodity market” means: a recognized exchange dealing in generic, largely unprocessed, goods that can be processed and resold.

“Conditions for participation” means: minimum conditions that potential suppliers must demonstrate compliance with, in order to participate in a procurement process or for submissions to be considered. This may include a requirement to undertake an accreditation or validation procedure.

“Construction services” means: procurements related to the construction of buildings and procurements of works.

“Consultant” means: A Person under contract with a Procuring Entity for providing intellectual and professional services.

“Contract” means: an arrangement for the procurement of goods and services under which relevant money is payable or may become payable. Note: this includes standing offers and panels.

“Contractor” means: A Person under contract with a Procuring Entity for the execution of any Works.

“Contract Price” means: the price stated in the Notification of Award and thereafter as adjusted in accordance with the provisions of the Contract;

“Contracts for labour hire” means: a contract under which a relevant entity engages an individual to provide labour, when the individual is engaged either directly or through a firm which primarily exists to provide the services of only that individual. This includes the appointment of an eminent individual to a special role by an Accountable Authority, or the appointment of a person or persons by an Accountable Authority to a governance committee (for example, an audit committee, ethics committee or steering committee), but does not include the engagement of consultants.

“Dashboard” means: an interactive user interface that organizes and presents information and links to the different relevant functions into a unified display in a way that is easy to access, track and transact.

“Days” means: calendar days unless otherwise specified as working days.

“Delegation of Financial Powers” means: the instructions with regard to the delegation of financial authority, issued from time to time, relating to the conduct of public procurement or sub-delegation of financial powers under such delegation.

“Digital Signature” means: an electronic signature used through asymmetric cryptography technology or other kind of cryptography technology that can be used to authenticate the identity of the sender of a message or the signer of a document, and possibly to ensure that the original content of the message or document that has been sent is unchanged.

“e-Advertisement” means: advertisement published via The SL e-GP System and visible on the SL-e-GP Portal.

“e-Contract Management System” means: the processes involved between the issuance of a work order and completion of the work, as handled electronically by means of SL-e-GP System functionalities.

“e-Form” means: an electronics form prepared and used in SL-e-GP System for the purpose of Procurement Actions.

“e-GP” means: procurement by a Procuring Entity using The SL e-GP System under the e-GP guidelines.

“e-Lodgment” means: submitting tender documents through the SL-e-GP Portal in order to participate in a tender, thereby legally binding the tenderer with the particular tender as authentic tender participant.

“Electronic” (or **“e-”**) means: electronic per se as well as electrical, digital, magnetic, optical, electromagnetic, Internet-powered or wireless-powered (in the sense of an adjective qualifying the substrate underlying and enabling Information and Communication Technologies).

“Electronic auction” (or **“e-Auction”** or **“Electronic reverse auction”** or **“e-reverse auction”**) means: an iterative process that involves the use of electronic means for the presentation by suppliers of either new prices, or new values for quantifiable non-price elements of a tender related to an evaluation criteria, or both, resulting in the ranking or re-ranking of tenders.

“Electronic Signature” or **“e-Signature”** means: a signature in electronic form attached to or logically associated with an electronic record, in the form of electronic symbol or a process attached to or logically associated with documents, and executed, adopted or agreed upon by a person with the intent to sign the documents.

“e-Payment System” means: electronic payment methods available, and the processing of transactions and their application within SL-e-GP users and payment service providers of The SL e-GP system.

“e-Publishing” means: publish documents by utilizing The SL e-GP System.

“Evaluation criteria” means: the criteria that are used to evaluate the compliance and/or relative ranking of submissions. Evaluation criteria must be clearly stated in the request documentation.

“Evaluation Report” means: the report prepared after the evaluation of Tenders, Quotations, Expressions of Interest or Proposals.

“Foreign Funding Agency” means: any multi-lateral or bi-lateral agency which has entered/intends to enter into an agreement with the Government of Sri Lanka and is not limited to the World Bank, Asian Development Bank, Japan Bank for International Co-operation.

“Foreign Funded Project” means: a project fully or partly financed by a Foreign Funding Agency.

“Goods” means: every type of right, interest or thing which is legally capable of being owned. This includes, but is not restricted to: physical goods, commodities, raw materials, products, equipment and other physical objects of every description, whether in solid, liquid or gaseous form and electricity; real property; as well as intangibles such as intellectual property, contract options and goodwill.

“Invitation For Tenders” (or **“IFT”**) means: all documents, including those either attached or incorporated by reference, used for soliciting tenders.

“Limited tender” means: A Procurement Action whereby a relevant Procuring Entity approaches one or more potential suppliers to submit a tender.

“Minimum content and format requirements” means: criteria that a tenderer’s submission is required to meet, when responding to an approach to market, to be eligible for further consideration in a procurement process.

“Multi-use list” means: a list, intended for use in more than one procurement process, of pre-registered suppliers who have satisfied the conditions for participation on the list.

“Open approach to market” means: any notice inviting all potential suppliers to participate in a procurement which may include a request for tender, request for quote, request for expression of interest, request for application for inclusion on a multi-use list, request for information and request for proposal.

“Open tender” or **“Open tendering”** means: A Tender involving publishing an open approach to market and inviting submissions.

“Performance Security” means: security provided by a contractor solely for the protection of the purchasing agency or user agency receiving the materials, services, or construction, conditioned upon the faithful performance of the contract in accordance with plans, specifications, and conditions of the contract.

“Potential supplier” means: an entity or person who may respond to an approach to market.

“Prequalified tender” means: A Tender that implies publishing an approach to market inviting submissions from all potential suppliers on:

- a. a shortlist of potential suppliers that responded to an initial open approach to market on SL-e-GP;
- b. a list of potential suppliers selected from a multi-use list established through an open approach to market; or
- c. a list of all potential suppliers that have been granted a specific license or comply with a legal requirement, when the license or compliance with the legal requirement is essential to the conduct of the procurement.

“Procurement” means: the purchasing or hiring of Goods, or acquisition of Goods through purchasing and hiring, and/or the execution of Works, and/or performance of Services by any contractual means.

“Procurement Action” means: any action in furtherance of Procurement of Goods, Services or Works.

“Procuring Entity” means: an entity having administrative and financial powers to undertake Procurement of Goods, Works or Services using public funds.

“Public funds” means: any funds allocated to a Procuring Entity under a Government budget, or loan, grants and credits placed at the disposal of a Procuring Entity through the Government by the development partners or foreign states or organizations.

“Public Procurement” means: Procurement using public funds.

“Qualification procedure” means: the procedure which a supplier has to undertake to be eligible to become a qualified supplier.

“Qualified supplier” means: a supplier who has been shortlisted, pursuant to a qualification of suppliers, for a procurement.

“Quotation” (or Bid) means: a formal offer by a potential bidder indicating the price and other terms at which the bidder agrees to provide the Goods or Services or to execute the Works, where the offer tendered by the bidder is accepted by the Procuring Entity.

“Request documentation” means: documentation provided to potential suppliers to enable them to understand and assess the requirements of the procuring relevant entity and to prepare appropriate and responsive submissions. This general term includes documentation for expressions of interest, multi-use lists, open tender, prequalified tender and limited tender.

“Request for Proposals” (or **“RFP”**) means: all documents, including those either attached or incorporated by reference, utilized for soliciting proposals.

“Responsive” means: qualified for consideration on the basis of evaluation criteria so declared and specified in the Tender Document or in the Request for Proposal Document.

“Selective tendering” means: a procurement method whereby only qualified suppliers are invited by a contracting authority to submit a tender.

“Services” means: goods related Services, physical Services, or intellectual and professional Services.

“Short-List” means: a list of applicants deemed suitable to be invited to submit proposals for intellectuals and professional services following the evaluation of Expression of Interest.

“SL-e-GP Portal” means: the portal user interface of The SL e-GP System.

“The SL e-GP System” means: the central, web-based electronic Government Procurement system including but not restricted to buyer-side functionalities, supplier-side functionalities, auditing capabilities, data analytics capabilities, workflow management capabilities and information security capabilities.

“Specification” means: a description of the features of the goods and services to be procured.

“Standard” means: a document approved by a recognized body that provides for common and repeated use, rules, guidelines or characteristics for goods or services, or related processes and production methods, with which compliance is not mandatory.

“Standing offer” means: an arrangement setting out the terms and conditions, including a basis for pricing, under which a supplier agrees to supply specified goods and services to a relevant entity for a specified period.

“Submission” means: any formally submitted response from a potential supplier to an approach to market. Submissions may include tenders, responses to expressions of interest, applications for inclusion on a multi-use list or responses to request for quote.

“Supplier” means: an entity or person who has entered into a contract with a Procuring Entity for the supply of Goods and related Services under the Contract.

“Technical specification” means: a tendering requirement that —

(a) lays down the characteristics of goods or services to be procured, including quality, performance, safety and dimensions, or the processes and methods for their production or provision; or

(b) addresses terminology, symbols, packaging, marking or labelling requirements, as they apply to goods or services.

“Tender Document” means: the document provided by a Procuring Entity to a Tenderer or a Consultant as a basis for preparation of its Tender or Proposal through The SL e-GP System.

“Tenderer” means: an entity or person who has responded with a submission to an approach to market.

“Tender Security” means: an acceptable form of security, either in the form of bank guarantee, or pay order or bank draft.

“Workflow management system” means: a system of overseeing the process of passing information, documents, and tasks from one employee or machine within a business to another.

“Works” means: all activities associated with the construction, reconstruction, demolition, repair or renovation of a building, structure or associated activities, such as site preparation excavation, erection, building, installation of equipment or materials, decoration and finishing.

Revision History

Version Number:	Date Submitted:	Date Approved:	Approved by:	Brief Description:
V1.0	08-JULY-2016			Initial version including: executive summary; introduction; e-GP readiness assessment; e-GP readiness roadmap; annex-1 (survey methodology); annex-2 (summary of survey results); annex-3 (definitions).
V1.1	12-JULY-2016			Revision of final draft V1.0

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