PUBLIC PROCUREMENT FOR SUSTAINABLE DEVELOPMENT

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ABSTRACT. This objective of this paper is to contribute to improved capacity in the conceptualization and implementation of environmental and social considerations in procurement, in line with internationally accepted principles and practices. The potential of Sustainable Procurement for promoting sustainable development and realizing its benefits. A well functioning procurement system ensures; better value for money, increased efficiency and effectiveness of delivery, reduces the potential for corruption, positive impact on a country's investment climate, non-discriminatory practices, transparency and accountability. Sustainable procurement is a key indicator of governments' commitment to sustainable development. Achieving sustainable development in practice requires that economic growth supports social progress as well as respect for the environment, that economic performance reinforces social equity, and that environmental policy is cost-effective without compromising the livelihood of future generations.

1. INTRODUCTION

Sri Lanka is a Democratic Socialist Republic and known as Ceylon before 1972, is an island country in South Asia, located about 31 kilometres off the southern coast of India. As a result of its location in the path of major sea routes, Sri Lanka is a strategic naval link between West Asia and South East Asia it has also been a centre of the Buddhist religion and culture from ancient times as well as being a bastion of Hinduism. The country is famous for the production and export of tea, coffee, coconuts, and rubber and cinnamon - which is native to the country. The natural beauty of Sri Lanka's tropical forests, beaches and landscape, as well as its rich cultural heritage, make it a world famous tourist destination. The general trade policy objectives of Sri Lanka include moving towards a more outward-oriented trade regime, strengthening and increasing overseas market access for Sri Lankan products, and further integrating Sri Lanka into the world economy. These objectives have been pursued through multilateral, regional, and bilateral trade negotiations, in particular within the South-East Asian region. [1]

1.1. Background

The Tsunami disaster that struck the Sri Lanka Island on 26th December 2004 added over half a million people to Sri Lanka's internally displaced people (IDP). The devastation resulted in an immediate need for shelter, livelihood, logistical, health care and psycho-social assistance. The summary of the TSUNAMI damages are given in the following Table.

TABLE 1.1 Summary of Tsunami Damages in Sri Lanka

Types	Affect (Number/Cost)
Fatalities	35,322 people
Injured	21,441 people
Widowed, orphaned, affected elderly and disabled	40,000 people
Internally displaced people (IDPs)	516,150 people
People who lost their source of livelihood	150,000 people (75% of the total fishing fleet)

Value of lost assets	$ 900 million
Houses destroyed	88,544 No
Schools destroyed or damaged	168 public schools, 4 universities, 18 vocational centers
Schools used as camps for IDPs	446 No
Schoolchildren affected	200,000 No
Health facilities destroyed or damaged	97 No
Tourism Infrastructure damaged	53 large hotels, 248 small hotels, 210 small enterprises
Cultivated arable land affected by salinity	23,449 acres

The tsunami that engulfed 70 percent of Sri Lanka's northern, eastern and southern coastlines resulted in another half million displaced people in these areas.

1.2 Remeadial Action By GOSL

The Government of Sri Lanka (GOSL) has drawn up medium term rehabilitation and reconstruction plan for the tsunami affected areas- "Plan to Rebuild Sri Lanka" which was released on 19 January 2005. This is a broad based programme focusing on rehabilitation and reconstruction of infrastructure (services, buildings etc) housing and also includes rebuilding of the affected industrial sectors such as tourism and fishery. Moreover, recognizing that the tsunami has destroyed tens of thousands of jobs, the Government has taken steps to design mechanisms of rapid income recovery for the affected individuals and community, through both immediate and longer term measures. With assistance from the ILO, the government has laid out an initial framework for restoring livelihoods, namely the Rapid Income Recovery Programme (RIRP) as a component of the Plan to Rebuild Sri Lanka.

The RIRP for Sri Lanka comprises 3 components: 1. involving protection for those who cannot work; 2. comprising jobs or training for those who can work and 3.comprising support for the revival of small enterprises. An Inter-ministerial Focus Group for Enhanced Employment Initiatives in the Infrastructure Sector has been established to take forward the second and third component of the programme in the infrastructure sector. Income generation within the components for people who can work is justified by: a) the need to provide immediate and longer term employment and enterprise

opportunities for the tsunami affected population now out of work; and b) the broader need to contribute to poverty reduction.

The Terms of Reference for the establishment of an Inter-ministerial Focus Group for Enhanced Employment Initiatives in the Infrastructure Sector (25 January 2005) states that the objective of the Focus Group is to ensure that all GOSL bodies in infrastructure reconstruction use an optimal mix of local resources during the process so as to maximize opportunities for employment of low income and other affected groups. The income generation strategy for the RIRP envisions two phases. The first addresses immediate social protection needs through Short term employment by means of Labour-Intensive (LI) techniques (labour and hand-tools only) which are essential but restricted to a narrow range of works. The second comprising work which will be recurrent under regular budgets of the infrastructure Ministries where by shifting wisely and carefully from the current conventional equipment-based work methods to more Labour-Based (LB) techniques (where there is a shift in balance between labour and equipment in the way the work is specified and executed) for selected works components, it will be possible to realize significant numbers of new jobs without compromising on the quality on the works or without affecting the timelines and costs of the works. There are a number of constraints to the broadening of labour based (LB) and labour intensive (LI) approaches in the immediate aftermath of the Tsunami.

Discussions between the ILO and the Ministry of Urban Development, highways, local government, power & energy and Water Supply have identified through sustainable procurement and tendering as key issues.

2. LITERATURE REVIEW

2.1 **Public Procurement** - the acquisition of works, goods and services on the best possible terms - has historically been based on two criteria, price and quality, with a view to maximising benefits for the procuring organisation (Procurement Entity) along with value for Money considerations.

2.2 **Public Procurement Objectives** are (a) Maximizing economy, timeless and quality resulting in least cost together with the high quality, (b) Adhering to prescribed standards, specification, rules, regulations and good governance,(c) Providing fair, equal, and maximum opportunity for eligible interested parties to participate in procurement,(d) Expeditious execution of works and delivery of goods and services, (e) Compliance with local laws and regulations and international obligations, (f) Ensuring transparency and consistency in the evaluation and selection procedures; and (g) Retaining confidentiality of information provided by bidders.

2.3 What is sustainable procurement?

Sustainable procurement (SP) is about taking social and environmental factors into consideration alongside financial factors in making procurement decisions. It involves looking beyond the traditional economic parameters and making decisions based on the whole life cost, the associated risks, measures of success and implications for society and the environment. Making decisions in this way requires setting procurement into the broader strategic context including value for money, performance management, corporate and community priorities. Also Sustainable procurement is the process by which organizations buy assets, supplies OR services by taking into account a number of factors including: Value for money considerations such as, price, quality, availability, functionality, Environmental aspects; the effects on the environment that the assets, supplies and/or services have over the whole lifecycle ("green procurement") and Social aspects: effects on issues such as poverty eradication, inequality in the distribution of resources, labour conditions, human rights, fair-trade

2.3.1 **Primary Objectives of the Sustainable Procurement** are Procurement in the public sector should take place with the minimum of environmental impact and with respect for fundamental workers' rights and human rights and Environmental and ethical/social considerations in public procurement shall contribute towards an efficient public sector and a competitive business sector.

2.3.2 Principles of Sustainable Procurement

- Good procurement is sustainable procurement: It includes three pillars of sustainable development: social, environmental and economic. In SPP, as in good procurement, transparency, fairness, non-discrimination, competition, accountability, verifiability is all essential elements. Procurement operates in a globalised market; therefore the impacts of SPP activity are felt on a global basis. SPP needs to take account of these impacts at a local, national and international level.

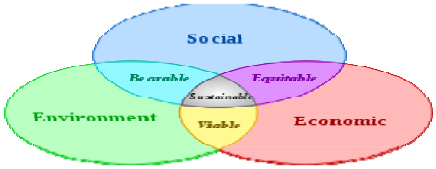

Figure 2.3.2 SP diagram

- **On leadership**: Senior level, influential champions help to promote and embed SPP and ensure that resource is provided for delivery. In addition, organizations that excel in sustainable

procurement can demonstrate leadership by sharing best practice and encouraging others.

- **On policy** through procurement SPP can contribute, or be the main means, to the delivery of a wide range of organizational objectives. Organizational strategies and objectives (reflecting international and national dimensions) will include efficiency, business strategy, sustainable development and sustainable consumption and production. Whilst it is possible to achieve good SPP results without a policy, clear and consistent policies that explain organizational objectives help procurers make good procurement decisions. Policy makers need to understand how procurement works, so that they can produce policies that procurers can implement. Likewise, procurers should be involved at the early stages of policy development, so that they can advise on implementation.

- On enabling delivery: Policy-makers, politicians, internal customers, suppliers, contractors as well as procurers all have a role in enabling delivery. The skills needed for SPP are similar to those usually identified with commercial procurement - influencing, negotiating, communication and analysis. Procurers may need to inform and develop their suppliers and contractors, and engage the market early in the process to maximize the opportunities for more sustainable and innovative solutions. They also need access to information that helps them make the optimal decision, including baseline procurement data. SPP requires the communication of a consistent message designed for the needs of various internal and external audiences. SPP should be supported by clear lines of accountability, with incentives and penalties for delivery.

- **On implementing**: SPP must be based on the principle of continuous improvement and on a life cycle approach. It should be supported by the principles of the procurement hierarchy and recognize the benefits, wherever they occur. SPP should use a risk-based approach, targeting the areas of highest impact or priority, whilst also demonstrating immediate success through a 'quick wins' approach. Integrating SPP into organizational management systems, including environmental management systems, helps in making it part of routine procurement practice.

Procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs. Through sustainable procurement, organisations

use their own buying power to give a signal to the market in favour of sustainability and base their choice of goods and services on:

1. **Economic considerations**: best value for money, price, quality, availability, functionality, 2.**Environmental aspects**, i.e. green procurement: the impacts on the environment that the product and/or service has over its whole life-cycle, from cradle to grave; and

3. **Social aspects**: effects of purchasing decisions on issues such as poverty eradication, international equity in the distribution of resources, labour conditions, human rights.

Also Sustainable procurement considers products and suppliers. This includes issues such as: resource extraction and consumption; manufacturing and production; transport and logistics; product and asset design; use and maintenance; recycling and disposal options; employee rights and conditions, corruption, unfair competition and ethical behaviour. The four key areas of activity Sustainable development cover a very wide range of activities. Four key areas are 1. Sustainable consumption and production: changing the way products and services are designed, produced, used and disposed of – in short, achieving more with less, 2. Climate change and energy – reducing greenhouse gas emissions in the world whilst at the same time preparing for the climate change that cannot be avoided, 3.Natural resources – understanding the limits of the natural resources that sustain life, such as water, air and soil and

4. Sustainable communities – looking after the places people live and work, for example, by developing green, open spaces and building energy-efficient homes.

2.4 What is sustainable development?

The principles of Sustainable development-linking social, economical and environmental goals together with achieving value for money. Sustainable development can be defined as development which meets the needs of the present without compromising the ability of future generations to meet their own needs. It means not using up resources faster than the planet can replenish, or re-stock them and joining up economic, social and environmental goals. It also influences decision making within organisations, and therefore can go towards forming principles and business 'values' - for example, providing information to the public in an open and accessible way and involving people and communities who are affected by those decisions. Or in openly reporting how they run their business and the care they take about the local environment and the people that work for them.

2.5 **Sustainable Targeted Procurement** is a contractual system which incorporates environmental targets, social targets and financial

targets, which are set to meet policies on poverty alleviation, employment, geographical focusing and use of local materials and services.

3. SCOPES AND STAGES OF THE SUSTAINABLE PROCUREMENT PROCEDURE IN SRI LANKA

3.1 T1he Procurement Cycle and Sustainability

Sustainability can be considered at each stage of the procurement cycle. This toolkit has been broken down into steps that follow the tendering process and build in sustainability. Each of the stages has been tested where possible through the course of the of Excellence project. Following the logic of this process, there are now at least four basic approaches of how social and environmental issues are currently addressed in public procurement. Following the logic of this process, there are now at least four basic approaches of how social and environmental issues are currently addressed in public procurement. The first approach arises where the purchaser decides to include social/environmental criteria in the subject matter of the contract itself, and/or the tender laying down the technical specification s that must be met by successful contractors in a way that includes social/environmental criteria. One example of this approach is where the specifications specify that computer equipment must conform to certain accessibility criteria, the second approach; there is a prohibition on obtaining government contracts as a penalty for previous wrongdoing, or to prevent public bodies contracting with those who are currently failing to achieve a particular standard of social/environmental behaviour. Where this approach is adopted, it is most likely that the tender (or general legislation) will specify that a person will be disqualified from tendering for the contract if they have been found to have failed to comply with social/environmental requirements. The point of this use of procurement is, essentially, to add the deprivation of government contracts to the other penalties that the contractor may be subject to, The third approach attempts to get tenderers to commit to social/environmental standards and have their success in doing so taken into account in the award of the contract. The form in which this third approach can be found in practice is where the public body takes conformity to certain social/environmental issues into account in the technical specifications and/or as an award criterion. This approach differs enormously, however, between different programmes and the fourth approach focuses its attention on the stage after the contract has been awarded. It requires whoever is awarded the contract to comply with certain conditions in carrying out the contract once it is awarded. In this approach there is no attempt to build the ability of the contractor to comply with such conditions into the award of the contract. This model presents all contractors with the same requirement that the

contractor must sign up to. It is important to understand that these four basic approaches are not necessarily alternatives, and are frequently combined in any one public procurement procedure.

In Sri Lanka Public Procurement spending amounts to as much as 16% of the gross domestic product. This purchasing power can have a significant impact on the market by influencing the suppliers and setting an example for private procurements. Through adopting the principles of sustainable development to the public procurement procedures, public authorities can provide the industry with incentives to develop new and better technologies and encourage sustainable patterns of behaviour. Procurement as a mechanism to further economic, social and environmental development

4. SRI LANKAN GOVERNMENT SUSTAINABLE PROCUREMENT FRAMEWORK

4.1 Leadership and Governance In order to implement the Sri Lankan Government Sustainable Procurement Framework, it is important to consider the governance elements, which will facilitate implementation in public sector organizations. These include strong and supportive leadership together with the following organizational processes:

4.2 Organizational Integration process to ensure that sustainable procurement is reflected in organizational goals, policies and management performance indicators, promote awareness of sustainable procurement throughout the organization, ensure that staff has the appropriate skills, knowledge and access to information sources to apply the principles and practices of sustainable procurement, support the provision of, and access to, training programs that improve the level of staff awareness about sustainable procurement, consider the establishment of a core of expertise to assist and advise organizations on sustainable procurement processes and practices, review the operational arrangements within organizations that create a barrier to the adoption of sustainable procurement and consider the implementation of environmental management systems that drive sustainable procurement and reduce consumption.

4.3 Policy and Process Development to develop policies that consider sustainability factors in all stages of procurement, provide practical guidance and tools to assist practitioners in the delivery of procurement outcomes that satisfy sustainability objectives, ensure that any related procurement programs and processes involving measures to develop Sri Lankan strategic sourcing and market engagement consider incorporating sustainability objectives in their development and application where applicable and ensure that

government procurement complies with obligations under international agreements.

4.4 Monitoring and reporting process to establish monitoring and reporting systems against sustainable procurement targets to demonstrate progress, consider sustainable procurement reporting into annual performance reports.

5. A REVIEW OF THE SRI LANKAN PROCUREMENT SYSTEM FROM A TARGET PROCUREMENT PERSPECTIVE

5.1 Introduction

Sri Lanka has well developed guidelines for procurement, standard bidding packages and standard specifications which in most instances align well with international best practice. The National Procurement Agency is currently updating the Guidelines on Government Tender Procedure. The Institution for Construction Training and Development has a range of standard bidding packages and standard specifications which must be used when procuring works. The guidelines do address a number of socio-economic objectives which are pertinent to the RIRP in order promoting the use of Sri Lankan materials and the specification of Sri Lankan lab our in works contracts and entrusting construction works to approved societies i.e. community based contracting and check list before the submission of bids is also provided to facilitate compliance with bid requirements.

Employers are required to prepare bidding documents based on the guidance provided in each publication. The bidding and contract data allow the standard instructions to bidders and conditions to be made contract specific and incorporated by reference in the contract. The instructions to bidders allows for preference to be given to domestic bidders as an option. Such preferences have to be included in the standard bid conditions.

No preferences are included in the minor bidding package. Preferences are only applied where foreign bidders are permitted to submit bids. The Conditions of Contract in all cases link contractual requirements to the specifications. The guidance notes for specifications advise that standard specifications published by ICTAD or any other Standard Specifications approved by Government be used.

6. EMERGING NEEDS OF TSUNAMI AFFECTED SRI LANKA

6.1 The role of Sustainable procurement in implementing the Rapid Income Recovery Programme RIRP

Procurement is fundamental to the implementation of the RIRP and has a major impact on the rate and quantum of delivery of

employment opportunities to low income and other affected groups. The Sri Lankan government procurement system needs to: a) be effective and efficient in the processes leading up to the award of contracts to ensure that the works (and the employment generated thereby) commences in the shortest possible time frames once a decision is made to proceed with a project, without compromising the intent and integrity of the procurement system; and b) deliver best value procurement outcomes in terms of quality, cost and the imperative to optimize the use of local resources. At the first meeting of the Inter-ministerial Focus Group for Enhanced Employment Initiatives in the Infrastructure Sector the following flowed out of the discussion: 1) The first priority is the re-construction of houses and related services in the tsunami affected areas and the construction of new houses and related services and the envisaged site clearing operations should the planned 100m “house free” zone from the sea be declared, 2) There a number of employment intensive low volume gravel road projects and 3) There is an increasing demand for surfaced roads

The construction of houses (70% single storey and 30% of multiple storey) using traditional masonry construction in the wake of the tsunami will present a number of challenges in introducing new housing systems. Certain housing systems may not be acceptable to the community. Standards need to be put in place to ensure that these systems are fit for purpose. There is currently no assessment body in Sri Lanka that can undertake the necessary assessments. Building systems that involve on site manufacture of building units are most likely to be acceptable to communities as the technology is not that different from traditional masonry construction. They are also likely to generate significant employment opportunities and thereby present income generating opportunities for those affected by the tsunami. The question of recycling and reusing some of the material in damaged homes also needs to be looked into. This is a very employment intensive activity.

7. RESULTS/OUTCOMES OF THE TSUNAMI AFFECTED AREA PROJECT THROUGH SUSTAINABLE PROCUREMENT

Scale of the recovery and reconstruction process are estimated total need for long-term recovery: US$ 2.1 billion province wise- East: 45%, South: 25.9%, North: 19% and West: 10.1%. and transitional shelters completed: 53,221 units.

7.1 **World Bank** Assistance by funding of US$150 million from: $30 million in an emergency grant $75 million through portfolio restructuring and $45 million in credit for Industry and trade (Housing construction) (55%), Transportation (Roads and highways)

(35%) and Public Administration, Law, and Justice (General public administration sector) (10%)

7.1.1 Housing: Home Owner Driven Program A house is either classified as a partially damaged house (33,208) or a fully damaged house (21,355). Grants provide US$2,500 [LKR 250,000] for a fully damaged house paid in four installments and $ US1000 [LKR 100,000] for a partly damaged house paid in two equal installments, allowing people to rebuild or repair their homes.

7.1.2 Livelihood Support-commitment of US$ 34.4 Million
7.1.3 Roads US$ 33 million [40% of which is in grants, with 60% in credit) rehabilitated the A2 main Southern coastal road from Kalutara to Matara.

7.1.4 Health-to fill gaps in the government- designed plans for post-tsunami rehabilitation of the health sector. IDA provided $500,000 for the design and construction supervision of four health administrative buildings

7.1.5 Water -$US 104,000 [LKR Rs.10, 520,719] for the relief activities of the Ministry of Urban Development and Water Supply to purchase water pumps to clean shallow wells contaminated with saline water; provide safe drinking water tanks to temporary and transition camps; and sleeping mattresses.

7.2 Rebuilding Community Infrastructure & Shelter Project - Japanese Funded by: Government of Japan; US $ 3,000,000 for Housing Located in Galle -701, Batticoloa - 158, Kattankudy -- 238, Jaffna - 40 houses and Killinochchi- 43.

7.3 Spain funded a soft loan € 21.6 million Major bridges have been erected in the north-eastern coastal region of Sri Lanka, three located north of Trincomalee in, Irakkakandy, Pudavakattu and Yan Oya, and one just north of Batticaloa in Oddamavadi by improving access to schools, hospitals and markets for communities in remote eastern areas of the island.

7.4. USAID Project funding more than $134 million for Arugambay Bridge, nine vocational schools, rehabilitation of three damaged fishing harbors, installed a water supply, treatment and distribution system providing the first-ever treated water supply for 40,000 people and built 87 children's play parks.

7.5. ADB Project. Loan No. 2167 & Grant for restoring basic social infrastructure, community and public services, in the tsunami-affected areas. Restoring damaged coastal resources in the tsunami-affected areas.

7.5.1 Grant Outputs

Component A: Legal Assistance and Governance. Legal Aid Commission centers were opened in 11 districts. By the end of June 2007, 7268 client consultations were carried out, 8005 court actions were filed, 1657 legal documentation cases were solved, 259 awareness programs were carried out to schools, police staff, public officials, general public, and bribery and corruption officers.

Component B: Northeast Coastal Community Development 331 GN divisions have been identified to receive support under this component. 322 Village Development plans have been completed, and people are displaced in the balance 9 villages are under preparation. 1330 community sub-projects were screened by the project office. Divisional coordinating committees have approved 1165 proposals. Work has been commenced for 1027 subprojects, and 711 have been completed. 19 subprojects worth of Rs. 5.77 million has been approved for community level environmental intervention programs. Under Livelihood Grant, 352 WRDS formed/Strengthened for livelihood micro credit activities. Rs. 177.75 million grants released to 340 WRDS for the revolving fund program.

Component C: Road Rehabilitation –Road Projects- Matara-Wellawaya, Siyambalanduwa-Akkarapattuwa, Trinco-Pulmoddai, Pottuwil-Panama Road packages for North & South of East Region, completed in March 2010.Contract for 2 ICB packages (C3 & C4) and 5 NCB were completed.

Component D: Water Supply -In Hambantota District, 13 subprojects completed. In Batticaloa District, 6 subprojects completed. In Muttur, 4 subprojects completed

Component E: Southern Province Reconstruction 264 subprojects (1233 works) worth of Rs 3,274 million from all sectors All 3 districts covered and works have been completed and handed over.

Component F: Coastal Resources-Emergency repairs completed for coastal stabilization structures in the Southern and Western Provinces. 29 subprojects worth of Rs, 860 million completed.

Component G: Rural Finance-In all affected districts 21850 end borrowers have been benefited. Savings of $7.08 million have been reallocated to other component

Component H: NECORD-Tsunami -114 subprojects from all sectors have been completed and handed over. Progressive payments have been made to 3712 fully damaged houses and 2994 partly damaged houses under the owner driven housing program in the Northern and Eastern Provinces.

7.6 Trincomalee Integrated Infrastructure Programme (TIIP)

AFD positioned itself on a post-emergency issue: firstly, to contribute to financing the reconstruction of damaged public infrastructure and, secondly, to support the revival of the activities of craft industries and small businesses affected by the tsunami.Coverage/ Project Area: North East Province -Cost: (Mn US$) -Euro 73.6 Mn. Major Components: National Highways, Water Networks, Electricity and Community Development Donor Agencies: AFD (France) & GOSL

8. RECOMMENDED ACTIONS

- When buying products, to reduce the social and environmental impact of purchasing decision.
- Fit for the purpose and value for money Ensure the product for all potential users, including groups with specialist needs where appropriate.
- Biodegradability- to ensure that the materials can break down speedily and safely.
- Design for disassembly- When products are made up with different types of materials, particularly plastics and metals, it helps if they are designed to be easily taken apart or disassembled so that the materials can be recycled. This is particularly relevant to electronic and electrical products such as fridges, televisions, personal computers and printers.
- Minimum use of virgin and non-renewable materials Use of recycled or re-used materials to lower impact on the environment. Examples include computer processor cases or road aggregate.
- Resource Efficiency-Running costs are often overlooked when procuring products. Seek equipment that is energy efficient, such as Energy Star rated products. Also don’t 'knock-on' effect of using more resources, eg specifying paper towels over hand-driers may increase the volume of paper you dispose of, which also has a cost.
- Fault controls to prevent unnecessary waste-when specifying plant equipment, such as boilers, ensure that you specify metering and monitoring equipment. Whilst it might increase acquisition costs it will alert you to inefficient use and enable you to reduce running costs, spills or waste problems.
- Health and safety standards- these should be overlooked and it is sensible to evaluate many products with a qualified health and safety officer. Examples include electrical equipment, vehicles, cleaning chemicals and furniture.

- Local production- sourcing purchases from local suppliers means that the economic benefits to the communities in which you live and work. This in-ward investment help and ensure the ongoing economic sustainability of local area through job creation.

- Maximum durability, reparability, reusability, recyclability and upgradeability- essentially this is a quality issue. Seek long-life products, that will survive being mistreated, that can be repaired, reused and ultimately, recycled. Importantly, seek products to upgrade them and improve performance over time rather than having to buy new equipment to do the same job.

- Minimum packaging- most products are bought with excessive levels of packaging, either to add cosmetic value, or to enable the product to survive poor handling. Packaging has to be disposed of once it has performed its task, and in most cases the cost of disposal falls to the customer, not the supplier.

- Maximum use of post-consumer materials -There are many grades of recycled materials. Where possible seek materials that have been used once and are being reused to perform a repeat or new function, rather than materials that have been reused from a manufacturing process waste which has never been used by the consumer.

- Non (or reduced) polluting with minimum use of toxic chemicals, CFCs, ozone and other pollutants- Not only do these products help reduce environmental impact, but choosing low-polluting alternatives often means avoid lengthy assessments and training, eg cleaning staff or lab technicians.

- Ethically sourced - you should seek to ensure that the products you buy are not exploiting child labour and developing world labour and economies and that you meet recognised fair trade standards wherever possible.

9. CONCLUSIONS

Finally as with other governments throughout Sri Lanka also, sustainable development means meeting its needs of the present without compromising the ability of future generations to meet their own needs. It is not solely an environmental agenda. Fulfilling the duty requires an integrated approach to pursuing economic, social and environmental well-being and all three components are central to success.

Sustainability is recognised by the Government of Sri Lanka as a core component of good procurement and departments to improve their leadership and governance on the issue. Some departments are on course to be practising sustainable procurement across their

business by the end of 2009, the Government's target year. Progress has been made and there are initiatives which have reduced environmental impact and saved money.

Sri Lankan government Action Plan gives a clear direction on how to make real progress toward better, more sustainable procurement which will in turn allow it to move forward on sustainable development and set an example both to business and consumers in the other countries. To achieve value for money, procurement decisions need to be based on a thorough understanding of costs and benefits along with social and environmental impacts.

10. BENEFITS, BARRIERS AND DRIVERS IN ACHIVING THE SUSTAINABLE PROCUREMENT IN SRI LANKA

10.1 Benefits

The public sector, business, industry, have much to gain from the implementation of sustainable procurement practices by their governments. Some of the benefits of sustainable procurement which have been identified include:

1. Reduces adverse environmental impacts arising from Government procurement action. Reduces waste to landfill, saves water, reduces greenhouse gas emissions, decreases air and water pollution, saves money through re-using materials and products, and reduces consumption of both natural and processed resources. Ensures the health and safety of the community.

2. Makes more efficient use of public resources. Reduces costs through greater energy efficiency, reduced waste disposal, and reduced risk management. Lowers the cost for products over their life cycle.

3. Stimulates the local and global markets to innovate and produce more sustainable products and services for public and private organisational purchasers, and consumers. Increases the availability of environmentally preferred products and services at cost-effective prices; expands the market for environmental products and services with potential for local businesses. Improves the level of information available to buyers about the content and performance of products, facilitating the choice to purchase environmentally preferred products.

4. Demonstrates governments are committed to achieving sustainable development objectives. Provides government leadership to the community in demonstrating socialand environmental responsibility through the purchase of environmentally preferred products and services. Reduces the potential negative publicity associated with the purchase and use of products, services and suppliers with poor environmental and social responsibility records. The main benefits

from sustainable procurement can be summarized as follows: 1.controlling costs by adopting a wider approach to whole life costs, 2.achieving internal and external standards, 3.complying with environmental and social legislation, 4.managing risk and reputation of the organization, 5.creating new, vibrant markets, 6.ensuring security of sustainable supply for the future and 7.ensuring maximum community and financial benefits.

10.2 Barriers

The main barriers to achieving sustainable procurement appear to be:

1.habit and the difficulty in changing procurement behaviour, 2.lack of suppliers of sustainable assets, suppliers or services, 3.complexity of comparing costing/value for money assessments, 4. the difficulty of including factors broader than environmental considerations, and

5. a perception that the process and outcomes are more costly or time consuming.

10.3 Drivers

The main drivers towards achieving sustainable procurement are:

1. effective organization wide policies to ensure that everyone is aware of the strategy,

2.training and guidance to help all of those involved in procurement to understand sustainable procurement and whole life costing;

3.regular audits and monitoring to assess where your organization is in the context of sustainable procurement and where you could make further progress in this area commitment to sustainable development as an organizational policy

4.supporting and educating suppliers/creating markets linking up with other organizations to learn from their experience and

5.pooling procurement by forming procurement consortium where relevant.

11. NOTES

1. National Procurement Agency (NPA), which is a Government Organization functioning under Ministry of Finance, playing major role in Sri Lankan Procurement system by preparing Procurement guidelines and manuals and updating also appointing Procurement committees and Tender Evaluation Committees and monitoring and overall performances of each procurement activities. You can see at

http://www.npa.gov.lk .

2.Institute Construction, Training And Development (ICTAD) is an Institute functioning under Ministry of Housing playing major role in

montoring Contractor and grading them and up grading and updating information also traing workers ans skilled operators and Contractors to enhance their activities. You can see at http://www. Ictad.gov.lk

3. Rapid Income Recovery Programme (RIRP) is a programme introduced by Government of Sri Lanka in January 2005 to have the Economic recovery of Sri Lanka after affected by Tsunami Tidal waves affected in 26th December 2004 added over half a million people to Sri Lanka's internally displaced people (IDP).

4. List of foreign funded Projects of the Tsunami Affected Area, you can see at

http://www.adb.org , http://www.wb.org, ,
http://www.adb.org/loanview.htm,
http;//www.spanishprojects/srilanka ;
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