Founded
1981

# National Construction Association of Sri Lanka

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Incorporated
1989

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**The Presidential Secretariat**
**Galle Face**
**Colombo 01**
**Sri Lanka**

**His Excellency Anura Kumara Dissanayake**
**President of the Democratic Socialist Republic of Sri Lanka**

**Your Excellency,**

**Subject: Request for measures to ensure fair and genuine competition**
**CEP 3 (Section 2) Package 2**

Public infrastructure projects are expected to be awarded through transparent, fair and genuinely competitive procurement procedures as per the published procurement guidelines. NCASL respectfully writes to highlight concerns that the current bidding conditions for Central Expressway Project (CEP) 3 (Section 2) – Package 2 (Packages 2A to 2G) may not deliver effective competition in practice, safeguard price discovery and public value.

**1. Structural constraints are narrowing the bidder pool**

While the published eligibility framework for the above-mentioned project requires top-tier highway construction grading (CS1/CS2) and relevant experience, the effective pool of bidders appears significantly smaller than the number of contractors who meet grading thresholds in principle. Based on information available to the Association, the number of qualified bidders for this tender appears to be very limited (industry indications suggest roughly six to seven). Given seven packages are being offered, this results in an extremely tight bidder-to-package ratio, which weakens competitive tension and increases the risk of higher prices. Publicly reported blacklisting of several top-grade contractors in late 2025 have further reduced the number of active, eligible bidders available to participate, even where grading criteria are satisfied in principle.

**2. Qualification that relies on scarce prior project experience entrenches an incumbency loop**

In practice, pre-qualification appears to rely heavily on prior involvement in CEP II-type expressway works. CEP II reportedly had a wider set of bidders at the time; however, only a smaller subset of those contractors remains operational and available today. With very limited large-scale highway works were undertaken in Sri Lanka over the past five years, few new contractors have been able to build comparable expressway credentials, which concentrates bidding within a small circle of incumbents and creates a de facto incumbency advantage.

**3. High susceptibility to coordinated pricing outcomes**

When the number of viable bidder's approaches (or falls below) the number of packages, the incentive to compete aggressively on price weakens. Under such conditions, the tender becomes more vulnerable to coordinated pricing outcomes (tacit or explicit), including market allocation, bid rotation, or "cover" bidding.

**4. Pricing risk and public value for money**

Industry expectations under these conditions are that bid prices may be materially above the engineering estimate, despite no exceptional changes in scope, technology, or market conditions that would normally justify such a premium.

**5. Bid security restriction and timing risk (process fairness)**

At the pre-bid meeting held on **21st January 2026**, bidders were informed that bid securities issued by the **Bank of Ceylon** will not be accepted by the Road Development Authority. However, this restriction was **not clearly stated** in the Invitation for Bids, the original Instructions to Bidders, or the Bid Data included in the issued bidding documents.

Bid security requirements constitute a fundamental component of procurement procedures and compliance. Accordingly, the introduction or modification of such conditions **after the issuance of bidding documents**, without being incorporated into the original Invitation for Bids or bidding documents, is inconsistent with the **Sri Lanka Procurement Guidelines 2024**. The Guidelines clearly state that bid securities shall be submitted by all bidders **as specified in the Procurement Documents**, which requires that the type, form, and acceptable issuing institutions for bid securities be explicitly stated in the published bidding documents.

Furthermore, the relevant clarification/addendum was communicated only a few working days prior to the bid submission deadline, leaving bidders with insufficient time to arrange bid guarantees from alternative banks. Such late-stage changes or clarifications relating to bid security requirements can unintentionally restrict bidder participation and adversely affect fair competition.

**Request**

Public procurement process must protect and maintain public trust and good governance. In view of the above, NCASL respectfully requests the following measures to help ensure genuine and fair competition for the CEP 3 (Section 2) – Package 2 tender:

1. Extend the bid submission deadline to allow adequate time for compliant bid securities and to support wider participation.
2. Introduce provisions to maximize the number of eligible local bidders, and/or open the tender to eligible international bidders currently operating in Sri Lanka (including through joint ventures), so that bidder numbers exceed package numbers and competitive tension is restored.
3. Remove any restriction on bid securities issued by Bank of Ceylon, or alternatively incorporate the requirement clearly in the bidding documents and allow adequate time for bidders to comply.

Yours faithfully,

**National Construction Association of Sri Lanka.**

**M D Paul**
**Chairman**