

Sustainable Procurement in the Sri Lankan Construction Industry

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I. INTRODUCTION

The construction industry is a cornerstone of Sri Lanka’s economy, contributing approximately 6% to the national GDP. However, the sector predominantly relies on conventional procurement practices that prioritize initial cost, often overlooking the long-term environmental, social, and economic implications the three pillars of the Triple Bottom Line (TBL). Although there is a global transition toward sustainable procurement, its integration within Sri Lanka’s construction industry remains limited, leading to a significant knowledge gap.

The recent introduction of the 2024 Procurement Guidelines, which recognize Sustainable Public Procurement (SPP), marks a positive policy shift than its earlier version of 2006. Nevertheless, the effective implementation of these principles is currently constrained, as the supporting framework from the National Procurement Commission is still under development.

Therefore, this research aims to address this gap. The primary objective is to critically evaluate the current extent of sustainability integration within procurement processes in the Sri Lankan construction sector.

II. LITERATURE REVIEW

International research [1]-[6] reveals that the challenges associated with integrating sustainability into construction procurement are widespread across different regions. Evidence from the United Kingdom and Canada identifies key barriers such as financial limitations, low stakeholder awareness, inadequate policy frameworks, and resistance to organizational change [1], [2]. Overcoming these challenges requires strong policy support, active stakeholder participation, and enhanced institutional capacity [1], [2].

Findings from the Canadian context indicate that procurement decisions are often influenced by insufficient knowledge and a predominant emphasis on initial capital cost rather than the overall life-cycle value of projects [3]-[5]. Further studies emphasize that effective integration of the Triple Bottom Line (TBL) demands a comprehensive transformation in organizational culture, moving beyond a narrow environmental focus to include social and economic dimensions [6].

Despite the extensive body of international literature, a conspicuous lacuna exists within the Sri Lankan context,

where empirical investigation into the application of sustainable procurement in the construction industry remains scarce. The recent promulgation of new national procurement guidelines, however, presents a critical juncture for analysis. This provides a timely opportunity to gauge the translation of policy into practice. Accordingly, this study undertakes a systematic evaluation of tender documents from key Sri Lankan procurement entities to ascertain the degree to which sustainability criteria are currently being integrated into public sector construction projects.

III. METHODS

This study used Qualitative Document Content Analysis (QDA) to go beyond perception based surveys and examine actual contractual obligations, separating aspirational policy from legally enforceable clauses.

A purposive sampling strategy selected three procurement entities covering different scales and funding types:

- Mahaweli Authority (Donor-Funded): representing large-scale World Bank guided projects.
- Road Development Authority (RDA) (National): representing major nationally funded infrastructure.
- Provincial Road Development Authority (PRDA) (Regional): representing regional-level procurement with limited administrative resources.

The CIDA SBD 02 was used as the control document for benchmarking.

A Deductive Clause Classification framework guided the analysis. Clauses were extracted using keywords

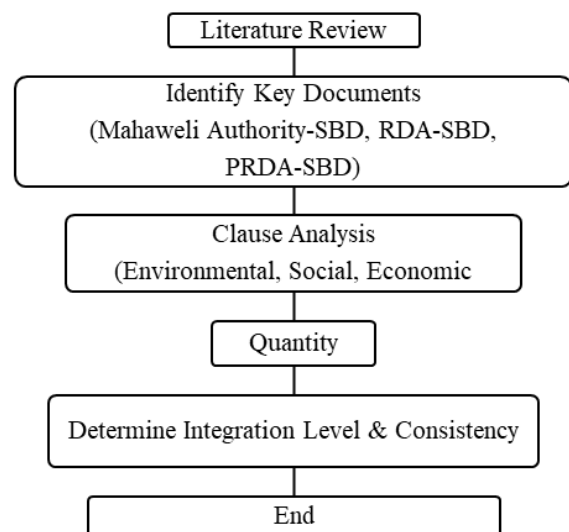


Fig. 1. Methodology Flow Chart

(environment, safety, GBV, security) and assessed for enforceability.

- High Integration: Clear SCC requirements supported by financial tools like Performance Securities.
- Moderate Integration: Procedural requirements (e.g., method statements) without financial penalties.
- Low Integration: Generic GCC provisions with weak enforceability.

IV. RESULTS AND DISCUSSION

TABLE I. COMPARISON OF SUSTAINABILITY INTEGRATION IN SBDS

Agency	Key ESHS Provisions	Main Economic Clauses	Integration Level
Mahaweli Authority	<ul style="list-style-type: none"> • Env. & Social Specialist [2–4.2(e)] • Code of Conduct for GBV/SEA with MSIPs [13.1(b)] • ESHS Performance Security 3% [4–4.2] • C-ESMP & periodic reporting 	<ul style="list-style-type: none"> • Performance Security 7% • Add. ESHS Security 3% 	High
RDA	<ul style="list-style-type: none"> • Environmental protection [3–4.13] • Insurance coverage 115% [4–18.1] 	<ul style="list-style-type: none"> • Performance Security 5% • Liquidated Damages 0.05%/day • Advance Payment 20% 	Moderate
PRDA	<ul style="list-style-type: none"> • Lab testing as per specs [6–02] 	<ul style="list-style-type: none"> • Performance Security 5% • Retention Money 10% 	Low

The Mahaweli Authority shows the strongest sustainability integration, as shown in Table 1, with six ESHS-related requirements, including an Environmental and Social Specialist [2–4.2(e)], a GBV/SEA Code of Conduct with management plans [13.1(b)], a dedicated 3% ESHS Performance Security in addition to the standard 7% bond [4–4.2], and a Contractor’s Environmental and Social Management Plan (C-ESMP) with compulsory reporting. The RDA demonstrates moderate integration, applying environmental protection measures [3–4.13], 115% insurance coverage [4–18.1], and financial enforcement tools such as a 5% performance security, 0.05% per day liquidated damages, and 20% advance payment; however, it still lacks strong social safeguard clauses. The PRDA, following the traditional CIDA model, shows minimal sustainability integration, with requirements limited mainly to laboratory testing [6–02] and basic economic controls like a 5% performance security and 10% retention. Overall, Mahaweli’s framework indicates advanced ESHS integration, whereas RDA and PRDA show limited adoption, highlighting the need for national-level standardization to ensure consistent sustainability practices. To bridge the gap between the 2024 Procurement Policy and actual implementation, this study recommends targeted clause-level reforms: for PRDA, introducing a mandatory Sustainability Compliance Declaration under Section 5.6, used as a pass/fail

eligibility requirement to confirm compliance with EPF/ETF and National Environmental Act obligations; for RDA, inserting a mandatory GBV Code of Conduct through Section 5.15 (Special Conditions of Contract), making social safeguards enforceable contractual obligations rather than voluntary guidelines; and for the National Procurement Commission, formalizing Mahaweli’s proven 1–3% ESHS Performance Security under Section 5.19 so that all agencies can financially incentivize sustained ESHS compliance across project lifecycles.

V. CONCLUSION

This study reveals that sustainability integration in Sri Lanka’s public construction procurement is uneven and largely influenced by funding sources. The Mahaweli Authority demonstrates the strongest ESHS integration with explicit clauses, Codes of Conduct, Performance Securities, and mandatory C-ESMPs. The RDA shows moderate integration, focusing on environmental and financial safeguards but lacking enforceable social provisions, while the PRDA has minimal sustainability measures, mainly laboratory testing and economic controls. These disparities highlight institutional inconsistencies and the dominance of traditional cost- and risk-focused procurement practices. To bridge this gap, provincial agencies should implement eligibility-based Sustainability Compliance Declarations, national agencies should mandate social safeguard clauses through Special Conditions of Contract, and the National Procurement Commission should standardize ESHS Performance Securities, ensuring consistent, enforceable, and financially incentivized sustainability across all public construction projects.

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