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MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

මහලේකම් කාර්යාලය, කොළඹ 01,
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எனது இல. } PFD/PMD/Clari/NPC/2026/16-II
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திகதி } 11 .06.2026
Date }

Public Finance Circular No. : 03/2026

Secretaries to Ministries

Chief Secretaries of Provincial Councils

Heads of Departments and District Secretaries

Heads of Local Government Authorities

Chairmen of Government Corporations, Statutory Bodies and Government Owned Companies

Special Measures for Public Procurement to Mitigate the Impact of the Prevailing Global Conflict Situation and Ditwah Cyclone

This Circular is issued with the concurrence of the National Procurement Commission (NPC) to facilitate uninterrupted implementation of procurement activities in the context of country's economic disruption caused by Global Conflict and the adverse effect of Ditwah Cyclone.

2. The Cabinet of Ministers, as a measure to bring in relief to aggrieved parties, vide its decision No. CP 26/0991/827/038 dated 01.06.2026, has instructed the Secretary to the Treasury to issue a Circular.
3. The Cabinet of Ministers has approved the following measures to be adopted by the Government Institutions including Provincial Councils;
 - a. For the Procurements of goods, works, non-consulting services and consulting services, for which bids had been closed on or before 1st March 2026 and affected by the unstable situation in the Middle-East Region.
 - b. For the Procurements of goods, works, non-consulting services and consulting services affected by the Ditwah Cyclone.

The provisions in this circular shall be valid until 30th September 2026 with retrospective effect.

Works Procurements and Contracts

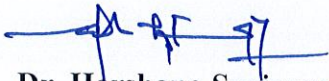
- i. In order to compensate the increased costs due to the price escalations resulted from the increase of fuel price and the prices of other construction materials in Works Contracts of 03 or less than three (03) months duration that have been already awarded by the date of this directive, the Government Institutions shall apply the CIDA “Simplified (Composite) Price Adjustment Formula” (which uses the composite Indices) to accommodate price adjustments arising from fluctuations in all construction inputs.
- ii. For already awarded Works Contracts of more than three months duration, where the price adjustments provisions have not been provided, the CIDA “Standard Price Adjustment Formula” (which uses the individual indices) or CIDA “Simplified (Composite) Price Adjustment Formula” (where the Procurement Entity is unable to calculate input percentages before issuing Bidding Documents) shall be used to accommodate price adjustments arising from fluctuations in construction inputs.

Goods, Non- consulting services and Consulting services procurements and contracts

A suitable price adjustment mechanism be applied for goods, non-consulting services and consultancy contracts by adopting appropriate internationally or locally published, relevant indices including but not limited to producer Price Indices (PPI) Freight and shipping indices and other internationally recognized market indicators published by competent authorities

4. In the absence of relevant indices, where applicable, adjustments may be considered based on the actual additional costs incurred under the specific circumstances. Any claim based on actual additional costs shall be substantiated with satisfactory documentary evidence, including, but not limited to, supplier quotations, supplier invoices, customs invoices, customs declarations and related documentation, bills of lading, shipping and freight invoices, exchange rate records, insurance documents, proof of payment, and any other supporting evidence deemed acceptable by the Procuring Entity.
5. Accordingly, Chief Accounting Officers and Accounting Officers may take appropriate action in relation to price adjustments and extensions of contract periods based on the recommendation of Variation Review Committee.
6. Further, in the case of matters arising out of contractual obligations in the form of waiver of forfeiture of Bid Securities and Performance Securities, non-recovery of liquidated damages, and similar contractual remedies etc, may take appropriate action based on the recommendations of the relevant Procurement Committees and, where deemed necessary a special committee appointed by Chief Accounting Officer as appropriate.

7. Moreover, in order to properly administer and manage future construction contracts, all Procuring Entities shall adhere to the Section 5.16 of the Procurement Guidelines for Goods, Works and Non- consultancy services - 2024 and its Manual when preparing the Bidding Documents and contract documents for the future procurements.
8. Chief Accounting Officers and Accounting Officers shall assess the additional financial implications resulting from price adjustments and ensure the availability of adequate budgetary provisions through transfer of financial provisions or supplementary budget allocation, as required.
9. For further clarification, you may contact the Procurement Division of the Public Finance Department on 011 2484614, 011 2484618 or 011 2484987.



Dr. Harshana Suriyapperuma
Secretary to the Treasury

Copies:

1. Chairperson, National Procurement Commission
2. Chairman, Finance Commission
3. Secretary to the President
4. Secretary to the Prime Minister
5. Secretary to the Cabinet of Ministers
6. Auditor General